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Congressional Record

PROCEEDINGS AND DEBATES OF THE 99th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES—*Wednesday, November 13, 1985*

The House met at 10 a.m.

Rabbi Haim Asa, Temple Beth Tikvah of northern Orange County, Fullerton, CA, offered the following prayer:

Our God, the Lord of all mankind:

It is our prayer that Your blessings of wisdom and courage come upon this assembly, upon our Government and our Nation.

The eyes of all of Your children are focused upon the forthcoming summit. Our respective religions teach that a summit is a place on top of a mountain. Your presence, O Lord, has often been revealed from the summit mountaintops.

Be with our President and his advisers at the summit, just as you were with Abraham our patriarch at Mount Moriah, with Moses at Mount Sinai, with Joshua at Mount Nebo, and with Jesus at the Calvary summit of Golgotha.

We pray that all who come to the summit would work toward shalom, for the survival of our planet, hopefully without sacrificing our freedom.

Bless this House and its Members, our President and his advisers with the blessing bestowed upon our Biblical ancestors:

"Be strong and of a good courage" and let me say amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. COBEY. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. COBEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 269, nays 131, answered "present" 3, not voting 31, as follows:

[Roll No. 403]

YEAS—269

Ackerman	Daschle	Hertel
Akaka	Davis	Hillis
Alexander	Dellums	Holt
Anderson	Derrick	Horton
Andrews	Dicks	Howard
Annunzio	Dingell	Hoyer
Anthony	DioGuardi	Hubbard
Applegate	Dixon	Huckaby
Archer	Donnelly	Hughes
Aspin	Dorgan (ND)	Hunter
Atkins	Dowdy	Hutto
AuCoin	Downey	Jeffords
Barnard	Duncan	Jenkins
Barnes	Dwyer	Johnson
Bateman	Early	Jones (NC)
Bates	Eckart (OH)	Jones (OK)
Bedell	Eckert (NY)	Jones (TN)
Beilenson	Edwards (CA)	Kanjorski
Bennett	English	Kaptur
Berman	Erdreich	Kastenmeier
Bevill	Evans (IL)	Kennelly
Biaggi	Fascell	Kildee
Boggs	Fazio	Kleczka
Boland	Feighan	Kolter
Boner (TN)	Fish	Kostmayer
Bonior (MI)	Flippo	LaFalce
Bonker	Florio	Lantos
Borski	Foglietta	Leath (TX)
Boucher	Foley	Lehman (CA)
Boxer	Ford (TN)	Lehman (FL)
Breaux	Frank	Leland
Brooks	Frost	Levin (MI)
Broomfield	Fuqua	Levine (CA)
Brown (CA)	Garcia	Lipinski
Broyhill	Gejdenson	Lott
Bruce	Gephardt	Lowry (WA)
Bryant	Gilman	Lujan
Burton (CA)	Glickman	Luken
Bustamante	Gonzalez	Lundine
Byron	Gordon	MacKay
Carper	Gradison	Manton
Carr	Gray (IL)	Markey
Chapman	Gray (PA)	Martinez
Chappell	Green	Matsui
Coelho	Guarini	Mavroules
Coleman (TX)	Hall (OH)	Mazzoli
Collins	Hall, Ralph	McCloskey
Combest	Hamilton	McCurdy
Conyers	Hammerschmidt	McDade
Cooper	Hatcher	McHugh
Coyne	Hawkins	Mikulski
Crockett	Hayes	Miller (WA)
Daniel	Hefner	Mineta
Darden	Henry	Mollohan
Montgomery	Rinaldo	Studds
Moody	Ritter	Sweeney
Moore	Robinson	Swift
Morrison (CT)	Rodino	Synar
Mrazek	Roe	Tallon
Murphy	Rose	Tauzin
Murtha	Rostenkowski	Thomas (GA)
Myers	Rowland (GA)	Torres
Natcher	Roybal	Torricelli
Neal	Rudd	Traficant
Nichols	Russo	Traxler
Nielson	Sabo	Udall
Nowak	Savage	Valentine
Oakar	Scheuer	Vento
Oberstar	Schneider	Visclosky
Obey	Schulze	Volkmer
Olin	Schumer	Walgren
Ortiz	Sharp	Watkins
Owens	Shelby	Waxman
Packard	Shumway	Weaver
Panetta	Sisisky	Weiss
Parris	Skelton	Wheat
Pease	Slattery	Whitley
Pepper	Smith (FL)	Whitten
Perkins	Smith (IA)	Wilson
Petri	Smith (NE)	Wirth
Pickle	Smith (NJ)	Wise
Price	Snyder	Wolpe
Pursell	Solarz	Wortley
Quillen	St Germain	Wright
Rahall	Staggers	Wyden
Rangel	Stallings	Wylie
Ray	Stark	Yates
Regula	Stenholm	Yatron
Reid	Stokes	Young (MO)
Richardson	Stratton	

NAYS—131

Armey	Dyson	Lloyd
Badham	Edwards (OK)	Loeffler
Bartlett	Emerson	Lungren
Barton	Evans (IA)	Mack
Bereuter	Fawell	Madigan
Bilirakis	Fiedler	Martin (IL)
Bliley	Fields	Martin (NY)
Boehlert	Franklin	McCain
Boulter	Gallo	McCandless
Brown (CO)	Gekas	McCollum
Burton (IN)	Gingrich	McEwen
Callahan	Goodling	McGrath
Carney	Gregg	McKernan
Chandler	Grotberg	McMillan
Clay	Gunderson	Meyers
Clinger	Hansen	Michel
Coats	Hiler	Miller (CA)
Cobey	Hopkins	Miller (OH)
Coleman (MO)	Ireland	Molinari
Conte	Jacobs	Monson
Coughlin	Kasich	Moorhead
Courter	Kindness	Morrison (WA)
Craig	Kolbe	Oxley
Crane	Kramer	Pashayan
Dannemeyer	Lagomarsino	Penny
Daub	Latta	Ridge
DeLay	Leach (IA)	Roberts
DeWine	Lent	Roemer
Dickinson	Lewis (CA)	Rogers
Dornan (CA)	Lewis (FL)	Roth
Dreier	Lightfoot	Roukema
Durbin	Livingston	Rowland (CT)

Saxton	Smith, Robert (NH)	Taylor
Schaefer	Smith, Robert (OR)	Thomas (CA)
Schroeder	Snowe	Vander Jagt
Schuette	Solomon	Vucanovich
Sensenbrenner	Spence	Walker
Shaw	Stangeland	Weber
Shuster	Strang	Whitehurst
Sikorski	Stump	Whittaker
Siljander	Sundquist	Wolf
Skeen	Swindall	Young (AK)
Slaughter	Tauke	Young (FL)
Smith, Denny (OR)		Zschau

ANSWERED "PRESENT"—3

Dymally	Long	Towns

NOT VOTING—31

Addabbo	Frenzel	Mica
Bentley	Gaydos	Mitchell
Bosco	Gibbons	Moakley
Campbell	Hartnett	Nelson
Chappie	Heftel	O'Brien
Cheney	Hendon	Porter
Coble	Hyde	Seiberling
de la Garza	Kemp	Spratt
Edgar	Lowery (CA)	Williams
Ford (MI)	Marlenee	
Fowler	McKinney	

□ 1025

Mr. ANDERSON changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

RABBI HAIM ASA, GUEST CHAPLAIN

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute.)

Mr. DANNEMEYER. Mr. Speaker, I have the very great honor today of representing Rabbi Haim Asa, of Fullerton, CA, who gave the invocation.

Rabbi Asa was born in Bulgaria and emigrated to Palestine in 1944, living there for 10 years. In 1954 he came to the United States to study agricultural economics at the University of Arizona. Soon thereafter, he decided to enter rabbinic studies and attended the Hebrew Union College Jewish Studies Institute.

Rabbi Asa served for 3 years as director of the World Union for Progressive Judaism for South America in Argentina. He is a past president of the Jewish Federal Council and a past president of the Fullerton Ministerial Association.

Rabbi Asa and his wife have four children. They have lived in Fullerton since 1963, where he serves at Temple Beth Tikvah.

My wife and I, with DENNY SMITH and his lovely wife, Kathleen, had the distinct pleasure of traveling to Israel earlier this year with Rabbi Asa, where he offered keen insight and observation on that historical land.

I am indeed very pleased to present Rabbi Haim Asa to the House today.

Mr. DENNY SMITH. Mr. Speaker, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Oregon [Mr. DENNY SMITH].

Mr. DENNY SMITH. Mr. Speaker, I thank the gentleman for yielding.

It is my distinct pleasure to have Rabbi Asa here today. The gentleman from California [Mr. DANNEMEYER] and his wife and my wife toured Israel with him last April, and we had a tremendous time with a tremendous individual, and it is a real pleasure to have him here in the House today as the visiting chaplain.

JOINT CHIEFS OF STAFF REFORM GAINING MOMENTUM

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, as many of my colleagues know, I have been interested in the reform of the Joint Chiefs of Staff for quite some time, having introduced legislation on this subject.

Recently the House Armed Services Committee reported out H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985 by a vote of 38 to 2. This bill how has 137 cosponsors, and I take pride in the fact that this is a bipartisan effort, and that those who support the bill represent the entire political spectrum found here in the House.

Over the past few days, other supporters have declared themselves. For instance, the Veterans of Foreign Wars recently sent a letter to all Members of the House of Representatives stating that this bill will improve the flow of military advice and strengthen the independence of the Joint Staff in dealing with interservice problems.

Just yesterday, Mr. Speaker, the House Republican Policy Committee heard from some of the Republican members of the House Armed Services Committee about this issue, and as a result of this meeting, that group drafted a resolution supporting the Joint Chiefs of Staff reorganization bill.

This truly reflects the bipartisan effort to make the management within the Pentagon work better.

Mr. Speaker, I encourage my colleagues from both sides of the aisle who have not yet studied this bill to review it and to cosponsor H.R. 3622, the Joint Chiefs of Staff reorganization bill of 1985. Now is the time to act.

THE SUMMIT AND THE DEMOCRATIC LEADERSHIP

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, either the New York Times is in error or unnamed Democrats owe the Speaker of the House an apology.

I refer to the lead story on the front page of the New York Times this morning. The headline reads: "O'NEILL Reported To Be Optimistic of Summit Success."

The Times says that the Speaker's optimism is—and I quote—"part of a Democratic political strategy for the Geneva summit."

The Times then goes on to quote unnamed "Democratic sources in the House" as saying the Speaker's statement of optimism is part of a plan to—and I quote—"place the responsibility (for the summit) squarely on Mr. Reagan" and seek "to blunt the effect on Democrats of a successful Geneva meeting".

As I understand this, Mr. Speaker, the Times is saying that the Speaker of the House is injecting partisan politics into the summit meeting.

I, for one, refuse to believe that the Speaker of the House would use his high office for such a partisan purpose.

Therefore, I can only conclude either that the Times got the story wrong or that the Times Democratic sources are spreading vicious rumors about the Speaker.

In either case it is deplorable. If we ever come to a time in this country when the Speaker of the House would try to inject partisan politics into a summit meeting, we'd be in sorry shape, indeed.

A UNITED AMERICA IN SUPPORT OF PRESIDENT REAGAN AT THE GENEVA SUMMIT

(Mr. O'NEILL asked and was given permission to address the House for 1 minute.)

Mr. O'NEILL. Mr. Speaker, I want to thank the Republican minority leader, the gentleman from Illinois, BOB MICHEL, for bringing that matter up. We, the Democratic leadership had a full press conference this morning. As a matter of fact, I made reference to the article in the New York Times.

As you know, I am an avid reader of the Times, and the Washington Post, and the Boston Globe, the majority of the liberal papers in America. I do not always follow their policy, but I admire and respect their reporters, excepting, of course, when they editorialize.

That writer went out to editorialize in the article that I read this morning. He was absolutely and completely wrong. Where he got his information was the figment of somebody's imagination.

The gentleman from Illinois [Mr. MICHEL] was in Russia with me when we talked to Gorbachev. We had 4 hours with him, an excellent meeting.

I remember when I went in first to meet with him, face-to-face, just the two of us, he spoke to me in English.

He said, "You are the leader of the opposition." He said, "I do not know what the opposition means, Democrat, Republican, you all oppose communism."

I said, "Mr. Gorbachev, let me say this to you: At home, on the domestic front, we have issues and we have opposition philosophically, oftentimes on foreign affairs. But when the President of the United States goes to Geneva with you, he is representing our country, and we talk as one. So yes, you may say you do not know what the opposition is because both Democrats and Republicans are opposed to communism. But we stand together in support of the President of the United States, not only TIP O'NEILL, but the party that I stand for, and the party that I represent, and the Congress of the United States."

I urge all Americans to give their support to the President of the United States.

IN OPPOSITION TO THE LABOR-MANAGEMENT AND CONSULTATION ACT OF 1985

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, I think H.R. 1616 could be more aptly called the Federal Interference Authorization Act of 1985. That's what this bill would really do, after all. It would codify more needless and misguided Federal intrusion into business management decisions.

I've always thought businesses were responsible enough to determine, for themselves, how best to preserve their economic viability. H.R. 1616 would stunt that prerogative by restricting companies from shedding unprofitable operations.

Now that's a great way to combat innovation and efficiency, but will it really save that many jobs? Maybe in the short term, but in the long term, America's job-creating abilities will be hurt. Hampering the mobility and adaptability of American businesses is going to result in less expansion, reduced competitiveness, and fewer jobs. Fewer jobs, not more.

I'm afraid requiring advanced notification also ascribes more clairvoyant capacities to business managers than is realistic. The status of a financially troubled business is often too murky, pending reorganization and refinancing efforts. And for those businesses already on the brink of financial disaster, H.R. 1616 would almost surely provide a pair of cement shoes.

I urge my colleagues to defeat this misguided measure.

RAISING THE ISSUE OF MIA'S AND POW'S AT GENEVA SUMMIT

(Mr. APPLEGATE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. APPLEGATE. Mr. Speaker, I would like to take this opportunity to address my colleagues on the matter of our missing Americans who remain in Southeast Asia following the war in Indochina. As President Reagan prepares to depart for the upcoming summit meeting in Geneva, I feel that the issue of our MIA's and POW's should be raised with Secretary General Gorbachev of the Soviet Union and that the President should impress upon Mr. Gorbachev the need to apply pressure on the Government of Vietnam to assist our Nation to a much greater extent in resolving this important issue. I am, today, circulating a letter to the President asking that he raise the issue of our 2,441 missing Americans while in Geneva. I would like to request the assistance of my colleagues through your signature on this letter.

I have the letter with me. So, if anybody would like to sign it, I have it right here.

VOTE NO ON ANOTHER DEBT LIMIT EXTENSION

(Mr. BARTON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, I am told today that we are going to be given the opportunity to vote for another temporary debt extension. This is the third one in the last 2 months.

I am going to suggest to other Members that we vote no. We have been asked to vote, we will be asked to vote for this particular extension because the President is going to Geneva. Last time, it was because of the Social Security checks, and the time before that, it was because we just had not had enough time to debate the Gramm-Rudman Deficit Reduction Act.

Mr. Speaker, there will never be enough time to advocate our responsibility on how to reduce spending. I think that we should vote no on this, get the conference committee, which is in session right now, to go ahead and make the decision on what type of legislation we need to get the deficit under control, and send the President to Geneva in the most strongest possible term, and that is with an agreement to get our deficit spending under control.

□ 1040

THE TRADE CRISIS IS SWEEPING OUR ENTIRE MANUFACTURING SECTOR

(Mr. TALLON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TALLON. Mr. Speaker, like so many parts of our Nation, South Carolina has been severely hurt by surging imports. In my district—the hardest hit areas are textiles, apparels, and forestry products—but the problem is certainly not confined to these important industries. The trade crisis is sweeping across our entire manufacturing sector—affecting industry after industry.

A conversation I had recently with the general manager of Alumax, Inc., in Goose Creek, SC, demonstrates the magnitude of the trade problem.

Alumax has announced that it is being forced to lay off 60 workers and curtail production by 30,000 tons. Alumax is a state-of-the-art aluminum manufacturing facility, but Alumax is forced to compete not only against foreign produced aluminum but also against foreign governments. Australia, Brazil, Canada, and other nations are subsidizing and operating their aluminum production at 110 percent of capacity, completely ignoring market conditions.

As a result, any excess capacity during an economic downswing is taken out of aluminum production in the United States.

Mr. Speaker, by its actions the administration has already demonstrated its response to the trade problem—do nothing and let imports flood our markets and displace our workers.

America is in a trade war and all the administration will do is watch our Nation being batted around the ring of international trade like a punch drunk noncontender.

This rope-a-dope strategy may have worked for Muhammad Ali, but it will not work for the United States. Our trade problems are much too critical to continue on our current course.

The President is fiddling while Rome is burning. The American people expect and deserve a trade policy that will unshackle our people and our resources—allowing America to compete.

IF YOU CARE ABOUT AMERICAN WORKERS, OPPOSE H.R. 1616

(Mr. BROWN of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Colorado. Mr. Speaker, H.R. 1616 has to win the title as one of the most economic-illiterate bills ever offered in this Congress.

H.R. 1616 requires early notice of plant closing.

What happens when you give notice that the plant is going to close? Suppliers may cut off deliveries, or at least demand cash on delivery. Lenders may reexamine the credit lines. Customers may begin to look for other suppliers. It may provide a death knell to an operation that may have a chance of making it without the announcement.

If you care about American workers H.R. 1616 should be opposed.

THE COMMISSAR'S NAVY

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, the "hammer and sickle" is replacing the "stars and stripes" on the oceans of the world. This occurrence is no accident. It is part of a well thought out Soviet strategy. The Soviets have recognized since the fifties, that if the U.S.S.R. is to achieve world power status it first must become a major sea power. It is clear they have achieved their goal.

Not only are naval vessels important to their plans, but merchant, fishing, and scientific research vessels play a key role. Thus, the modern merchant fleet of the Soviet Union—totally controlled by Moscow—can be, and ofttimes is, diverted to military tasks in support of state objectives. Look at a few examples:

Soviet fishing boats obtain fishing and landing rights in Third World countries. Those landing rights are eventually extended to Soviet naval vessels.

Mor Flot, the Soviet merchant marine, has transported arms and Cuban troops to Angola, Ethiopia, South Yemen, and Nicaragua.

Soviet missiles were transported to Cuba not by naval vessels but rather by merchant vessels.

We need a merchant marine to complement our Navy, just as the Soviet merchant fleet expands the capacity and reach of its naval forces. We have a lot of catching up to do. The Soviets have 1,750 merchant ships compared to less than 400 active U.S. merchant ships. Clearly, the United States must expand its merchant fleet if we are to defend our vital interests. It is time to recommit ourselves to a larger, modern U.S. merchant marine. Before it's too late.

LIMITING THE LIABILITY OF VOLUNTEERS IN AMATEUR ATHLETIC ACTIVITIES

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, and Members of the House, last summer in a Little League game in New Jersey, the manager sent in a youngster to play left field, as a result of which the youngster, seemingly unfamiliar with the position, was struck by a fly ball as he misjudged it.

As a result of that, the parents of the youngster sued, in court, the manager and the coach and the entire aggregation that was responsible for putting the Little League game on in the first place. This is an unfortunate result. We must do something to limit the liability of the volunteers, the thousands of volunteers across the Nation, managers and coaches who put these programs into effect and who sacrifice a lot of their time and their energy and personal resources on that account.

I am today introducing a piece of legislation that would go a long way to limit the liability and thus preserve the greatest amateur volunteer youthful program situation that the world has ever known here in the United States.

REFERENDA IN NEW ENGLAND: THE PEOPLE SPEAK

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, to those of my colleagues who hide their heads in the sand whenever a bill with an abortion rider comes to the floor, to those of my colleagues who say privately that they support a woman's right to control her own body but publicly must reflect the views of their constituents, to those of my colleagues who say they have no desire to take on the vitrolic antiabortion lobby, I call your attention to the results of referenda held November 5 in three small, conservative New England towns—Dover, NH; Derry, NH; and Bristol, CT.

The question posed to the voters in each town was essentially the same: "Should the 1973 decision of the Supreme Court in Roe versus Wade regarding abortion be overturned?" The three towns were targeted for the referenda by antiabortion forces precisely because of their small town, conservative nature. Yet in each community, the majority of the voters supported the Supreme Court's ruling—65 percent in Dover, 60 percent in Derry, and 56 percent in Bristol.

The voters of these communities are sending you a message—get that sand out of your ears and listen to them.

SEATBELT DEMONSTRATION PROGRAM AN IMMEDIATE SUCCESS

(Mr. SHUSTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUSTER. Mr. Speaker, I would like to give a progress report to my colleagues on the seatbelt safety demonstration program authorized by this Congress being conducted in the Ninth Congressional District of Pennsylvania.

This is a program to promote the voluntary use of seatbelts through intensive media and educational programs. Two months into the program we are experiencing a 40-percent increase in the voluntary use of seatbelts, according to a professional research organization's observations on the highways, which shows that certainly we can have a substantial improvement in the wearing of seatbelts, although we still have a long way to go.

During this same period of time, nine fatalities occurred on our highways. The State police tell us that in not a single instance was the victim wearing a seatbelt.

Conversely, at the same time, reports are pouring in; letters and phone calls from people telling us of accidents they have been involved in when they had their seatbelt on and they were able to walk away from it with minor injuries, or unscathed.

So I am hoping that in the future we are going to be able to turn this demonstration project into a national program to help save lives on our Nation's highways.

RETIREMENT OF FAYE MERRILL AS DISTRICT MANAGER OF THE HAZARD, KY, SOCIAL SECURITY OFFICE

(Mr. PERKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PERKINS. Mr. Speaker, in about 1 month, Faye Merrill will retire as district manager of the Hazard, KY, Social Security office, in Perry County.

Faye began serving with Social Security as a steno clerk in the Hazard district office on August 14, 1950. I might add that August 14 is the birthday of Social Security. She steadily advanced up through the ranks of Social Security to become district manager of the Hazard office in 1978. Such progress is most unusual within Social Security. This is a recognition of Faye's ability and dedication. Faye was also one of the early women district managers with Social Security. There is only one other woman manager in the Commonwealth of Kentucky.

She has served the people of eastern Kentucky for over 35 years with dedication, competence, and compassion. Faye Merrill is an outstanding public servant and stands as an example for all who seek to serve the people in any capacity.

Faye Merrill also found time to be a dedicated wife and mother, as well as an active participant in her community.

I personally think Faye is too young to retire and hope she will change her mind, but she has made her decision. On behalf of the tens of thousands of people who have benefited from her competence and compassion, I wish her well in her retirement and I know she will continue to serve her community for many years to come.

IT IS TIME TO MODERNIZE THE FALSE CLAIMS ACT

(Mr. SHAW asked and was given permission to address the House for 1 minute and revise and to extend his remarks.)

Mr. SHAW. Mr. Speaker, we are all aware of the recent fraud perpetrated upon the U.S. Government by some defense contractors. Most of us are also aware of the shortcomings inherent in the False Claims Act, which prevents our Federal Government from obtaining an adequate damage award against those that defraud the U.S. Government.

The False Claims Act currently provides that the United States may be awarded double damages in cases involving fraud.

□ 1050

The act has not been amended since 1963. I believe it is time we brought our Government up to the same legal standards that we as U.S. citizens enjoy under some of our State laws.

On Friday of last week, the President signed into law the conference report of the Department of Defense authorization for 1986. The new law included a provision that allows the United States, despite our current statutes, to receive triple damages against those found to have defrauded our Defense Department. I think it is an excellent new law.

However, today, Mr. Speaker, I am introducing a bill to amend the False Claims Act to allow our Government triple damages against any person who defrauds any arm or agency of the U.S. Government.

OUR DEMOCRATIC CONFEREES SHOULD REMAIN STEADFAST ON THE DEMOCRATIC ALTERNATIVE

(Mr. OWENS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OWENS. Mr. Speaker, I understand there has been an extension in the time before the conferees will conclude and come back with a report on Gramm-Rudman, and I think it is a very positive development. Every day that passes increases the possibility that a little more of the collective wisdom will prevail and we will therefore avert a disaster with this piece of legislation.

Mr. Speaker, I urge the Democratic conferees to remain steadfast in their defense of the Democratic alternative which passed this House. In that alternative there are nine critical programs, means tested, and safety net programs which have already in 1981 paid the price and been drastically cut.

I hope that the conferees will refuse to negotiate away the responsibility of saving these means tested programs. They have already paid the price in 1981; they should not be asked again to give.

It is critical that we hold fast and make this a nonnegotiable provision in the process with the conferees from the other body.

FULL COMPLIANCE IS NECESSARY FOR MEANINGFUL ARMS REDUCTION AND HUMAN RIGHTS AGREEMENTS

(Mr. DREIER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER of California. Mr. Speaker, as we look toward next week's historic summit conference, it is critically important that we realize that only one country, the United States of America, has protested Soviet violations of the 1972 ABM Treaty, the 1975 Helsinki accords, the SALT agreement, the 1963 Nuclear Test Ban Treaty, and other violations.

The only way, Mr. Speaker, that we can have meaningful arms reduction and human rights agreements is to ensure full compliance.

This past weekend, Congressman DUNCAN HUNTER led a delegation to Western Europe. I am very pleased to report that members of parliament from Western European countries, will be joining us in demanding that the Soviet Union fully comply with past agreements so that we will be able to trust future agreements.

REAGAN'S GENERIC SUPPORT MEANS NO SUPPORT

(Mr. BOSCO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOSCO. Mr. Speaker, we have all heard of genetic engineering. I would like to just discuss generic engineering.

Yesterday the White House said the President would probably veto the balanced budget proposal because Mr. Reagan's support for it had only been generic. Likewise, his astonishing statement that star wars should be instituted only after both sides had completely eliminated nuclear weapons was also placed in the generic file by Larry Speakes.

Since the President has not endorsed any specific tax reform proposal including that of the Treasury Department and now talks of a veto on that as well, one can only surmise that his support for tax reform is also generic.

Generic engineering occurs when the Congress tries to apply specifics to the Presidential generics. We provide a great target, one that the President often shoots down with specifics.

HERE WE GO AGAIN, AVOIDING OUR RESPONSIBILITY TO REDUCE THE DEFICIT AND BALANCE THE BUDGET

(Mr. SMITH of New Hampshire asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of New Hampshire. Mr. Speaker, a rather famous American has made the statement, "Here we go again."

Today the temporary extension of the debt ceiling is going to be voted on, extending the debt ceiling one more time to December 13, a very appropriate day, an unlucky day again for the American people.

Business as usual; instead of cutting spending we are going to avoid our responsibility again to reduce the deficit and balance the budget. We are going to add to our national debt and increase the interest on that debt and pass it on, selfishly, to our children.

It is interesting what the latest excuse is. The latest excuse is, we cannot afford to undermine President Reagan in Geneva. Many of the same people who will vote to extend this debt ceiling today have been undermining President Reagan on the floor of this House day after day, not giving him the defense programs that he needs to be strong in Geneva.

The real undermining of President Reagan, Mr. Speaker, is $200 billion deficits and $2 trillion debt that threatens the very defense and security of the United States of America.

MARGARINE LOBBY DENIES BUTTER COMMODITIES TO MILLIONS OF NEEDY AMERICANS

(Mr. WILSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILSON. Mr. Speaker, once again I would like to rise to congratulate the margarine lobby on their vast influence on the inner circles of our Government. As I mentioned 2 weeks ago, the margarine lobby; that is, Parkay, Crown, Blue Bonnet, and the rest have been successful in denying some 10 to 15 million needy Americans butter commodities that otherwise would be thrown into the sea or disposed of in a wasteful manner.

Now, Mr. Speaker, nobody ever intended this to be the case. Nobody ever intended for commodities that are needed by needy Americans to be absolutely thrown away at vast expense to the American taxpayer. I call on the committees involved in Congress, in this House and in the other body, to please do what they can to rectify this miscarriage of justice and certainly something that is not desirable by the American people.

H.R. 1616, A BAD BILL

(Mr. DELAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELAY. Mr. Speaker, many speeches have been made on this floor by Members of this body about trade and protecting Americans and American industries. Though, Mr. Speaker, these same people that say they are the only ones that are concerned about protecting industry against unfair trade have brought to the floor yesterday a bill that would do more to hurt our ability to compete in the world than any other bill in this country. This is H.R. 1616, the so-called plant closings bill.

I call it the antitrade bill. This bill would hog-tie our industry to efficiently change to world market conditions. This bill will help our world competitors by diverting capital and therefore jobs away from the United States and toward our foreign competitors in foreign markets. The proponents of H.R. 1616 say that if we do not pass protectionist bills we are exporting jobs. I say H.R. 1616 demands that we export jobs from America.

STATUS OF OUR HOSTAGES IN BEIRUT

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, over the weekend my colleague, GEORGE O'BRIEN, and I had a great burden put upon us, and, quite frankly, I want to share it with all the rest of our colleagues in the House. On Friday, November 8, a letter was sent to Mr. O'BRIEN and myself from four of the six American hostages that we pray are still alive in Beirut. Keep in mind that there are seven other hostages from France, Great Britain, Kuwait, and Saudi Arabia also held there in brutal captivity.

The letter to us has been authenticated by the State Department. The signatures have been verified.

In the last paragraph, the four of our American hostages point out that, Father Jenco has been a hostage for 10 months, Terry Anderson for 8 months, David Jacobsen 6 months, and Tom Sutherland for 5 months. They said, "We seem no closer to release than the day we were taken, and our physical and mental condition is slowly deteriorating. Our release can be very rapid, our captors say."

They asked Mr. O'BRIEN and myself to ask our colleagues in the House and in the Senate "to try to persuade President Reagan to take the only course available to win our release and to take it quickly. May the Lord bless you."

Mr. Speaker, President Reagan cannot deal with terrorists; religious people can. The representative of the Archishop of Canterbury, who also received a letter from these four Americans, is on his way to Beirut now. I hope all of us will pray for a rapid solution. And I ask my colleagues to share their ideas for a peaceful resolution to this challenging situation with me.

I thank the Speaker.

MORE ON SOVIET VIOLATIONS OF INTERNATIONAL AGREEMENTS

(Mr. HUNTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUNTER. Mr. Speaker, last week a number of us laid out for NATO and French leaders a briefing that consists of artists' renderings of satellite imagery that clearly shows that the Soviet Union is cheating on arms control agreements. The SS-25 radar at Krasnoyarsk and the SA-12 missiles are all evidence that the Soviets are driving for armed superiority.

Mr. DREIER, who was a member of our delegation, is circulating throughout the legislative bodies of the free world a letter taking to task Mikhail Gorbachev for ABM violations, SALT violations, and chemical warfare violations.

I would urge every Member in this body to sign that letter to let Mr. Gorbachev know that it is not only the executive branch of the United States that is concerned about these violations.

Let me simply close by saying that the Europeans are very relieved, in my estimation, that an American President is going to Geneva who is not concerned or who does not feel that he has to make an agreement for agreement's sake. We have a President who will only make an agreement if it is clearly in Western interests, if violations and compliance with agreements can clearly be verified by onsite inspection.

WHAT THE INCREASING DEFICIT MEANS TO THE AVERAGE AMERICAN FAMILY

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, this bill raises the national debt to $1,903,800 million. Nobody in this House understands what that figure means. Certainly no one in the country understands what it means.

It raises the debt by $80 billion. No one in this House knows what $80 billion means; no one in the country understands it.

But let me put it in terms that maybe you do understand: It raises the debt burden on every American family of four in this country by $1,600. You put that together with what we did last week when we raised the debt burden by $17 billion. That was $340 of additional debt for every American family. That means combined with last week's action the action that this House is prepared to take today will raise the debt burden on the American people by nearly $2,000 per family. Now, there are going to be attempts to gloss over this fact on the floor today by talking about Social Security and all kinds of other extraneous things. The only thing we did last week and the only thing we are doing here is increasing debt to the American people that they have to pay interest on to the tune of $2,000. Two thousand dollars, it may not be a lot of money around here, but it is a lot of money out in the country, and I think we had better think twice before we take this kind of action.

TRIBUTE TO PELLE LINDBERGH

(Mr. MORRISON of Washington asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORRISON of Washington. Mr. Speaker, both sorrow and joy come from the tragic accident of Philadelphia Flyers' goalie Pelle Lindbergh. Sorrow comes as a natural response to death. The joy becomes because, thanks to modern medical science, Pelle Lindbergh can live on through others, others to whom he gives life through the donation of usable organs and tissue. I congratulate and thank the Lindbergh family for making the decision to allow this gift of life.

Last night I introduced, with over 200 cosponsors, the "Declaration of

National Organ and Tissue Donor Awareness Week" in April 1986.

Mr. Speaker, I encourage others to join us in thanks to Pelle Lindbergh for through his death his gift of life to others.

TRIBUTE TO BOB WICHSER

(Mr. ZSCHAU asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZSCHAU. Mr. Speaker, last Sunday Bob Wichser, who had served with distinction as the administrative assistant to our former colleague, Paul Findley, for 16 years and as my administrative assistant for 2½ years, was buried on his farm in Woodstock, VA. He lost his life trying to save some sheep from the rising water in the flooding that took place last week. Miraculously, his wife, Pat, who had served most recently as the administrative assistant to our colleague TOM TAUKE, was rescued from the swirling waters by the heroic efforts of Bob's father.

□ 1105

Professionally, Bob was the best. He was competent, hard working, creative, and loyal. Without his guidance, I would have been lost here as a rookie Congressman. But he was far more than an outstanding professional. Bob was a warm, caring person, who made his staff feel like a family rather than just a group of employees. He took a personal interest in each staff member, praising them when they succeeded, encouraging them when they were down, and treating their personal difficulties as his own. They and I will always remember him for all he did for us, for his happy-go-lucky manner, his colorful attire, and his winning smile.

My wife, Jo, and I extend our deepest sympathies to Pat, her parents, Bob's parents, Bob's many friends, and particularly his former staff members, whom he loved and who loved him in return.

BUY AMERICA IS DEAD

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Speaker, I came to the Congress under the impression that all Federal purchases, both civilian and military, had to be bought in America. One of the few comforts I derived from budget votes was that the money would—at least—be spent inside of our economy to bolster our faltering industrial base.

It's not so. In the 1979 Trade Agreements Act, the Congress voted to the President the power to "waive, in whole or in part * * * with respect to eligible products of any foreign country or instrumentality * * * the application of any law" which would "result in treatment less favorable than that accorded to U.S. products and suppliers of such products."

This law was followed by the 1982 NATO law and the 1984 Defense appropriations bill which allows now for weapons parts, necessary to our defense, to be manufactured abroad, and for licensing of weapons which we developed and paid for, to be manufactured in other nations.

We have lost our fastener industry—8 out of 10 nuts, bolts, and screws are imported; 80 percent of ball bearings under 30 millimeters are imported. The steel industry and the machine tool industry are under seige from imports. And, our taxpayers' money is being exported to build foreign industry.

Mr. Speaker, what the Congress has given away, the Congress can take back. I think it is time to be considering just that.

THE DEBT LIMIT INCREASE

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, I just want to point out that the gentleman from Pennsylvania earlier had tended toward exaggeration. The fact is that we have had an opportunity for several weeks to pass the Gramm-Rudman proposal which would bring us into a balanced budget by 1991. It is not nearly $2,000, as the gentleman from Pennsylvania said. We will, if we vote for today's debt limit increase, only have raised the budget $1,940 per family.

I think every Member of this Congress ought to look at what we are doing. The fact is that we should not pass a debt limit extension without having first brought spending under control. The whole fight has been over that. I think the administration has made a major mistake today in effect flinching and trying to buy time, so they go to Geneva looking like what? Looking like they have simply said, "We can't bring the Congress to control spending, we can't bring the Congress to get the American Government under control."

Now, I think the fact is we are going to be right back in the same mess when we come back after the Geneva conference. I think the Congress does have an obligation to control spending, and I think it is wrong to raise the debt ceiling $1,940 per family without controlling spending.

I do appreciate the gentleman from Pennsylvania bringing that to our attention.

PROVIDING FOR CONSIDERATION OF H.R. 3722, EXTENSION OF APPLICATION OF CERTAIN EXCISE TAXES AND PROVISIONS RELATING TO TRADE ADJUSTMENT ASSISTANCE, MEDICARE REIMBURSEMENT, AND RAILROAD UNEMPLOYMENT BORROWING AUTHORITY

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 317 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 317

Resolved, That upon the adoption of this resolution it shall be in order, any rule of the House to the contrary notwithstanding, to consider the bill (H.R. 3722) to extend until December 14, 1985, the application of certain tobacco excise taxes, trade adjustment assistance, certain medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program, in the House, debate on the bill shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, and the previous questions shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore (Mr. SKELTON). The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the custumary 30 minutes, for the purpose of debate only, to the gentleman from Missouri [Mr. TAYLOR], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 317 provides for consideration of H.R. 3722, extension of certain tobacco taxes, trade adjustment assistance, certain Medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program.

This rule provides for consideration of H.R. 3722 in the House, and waives all points of order against consideration of the bill. No amendments to the bill are in order under this rule, unless offerred by the chairman of the Committee on Ways and Means.

The rule provides that debate on the bill shall not exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

At the conclusion of debate, the previous question shall be considered as ordered. No intervening motion is in order under the rule, except one motion to recommit.

Mr. Speaker, H.R. 3722 is a straightforward extension of four programs: application of certain tobacco excise taxes, trade adjustment assistance,

certain Medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program, through December 14, 1985. The authorities under three of these programs would otherwise expire tomorrow, November 14, and the fourth would expire on Friday, November 15.

The rule before the House this morning will allow for expeditious consideration of this measure, providing for a straight up-or-down vote on moving the expiration dates for these four programs to December 14, 1985.

Mr. Speaker, I urge adoption of the rule.

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 317 is a closed rule under which the House will consider H.R. 3722, which is emergency legislation extending until December 14 the application of four provisions of law under the jurisdiction of the Committee on Ways and Means.

The Committee on Rules met yesterday in emergency session and granted this rule by voice vote. There was no opposition to the request of the distinguished gentleman from Illinois, the chairman of the Committee on Ways and Means, Mr. ROSTENKOWSKI. The chairman was joined in his request by the distinguished gentleman from Tennessee, the ranking Republican member, Mr. DUNCAN.

Mr. Speaker, the rule provides for consideration of H.R. 3722 in the House. As the gentleman from South Carolina [Mr. DERRICK] has explained, this effectively forecloses the possibility of floor amendments unless the manager of the bill yields for the purpose of an amendment.

Mr. Speaker, our colleagues should also be made aware that this rule waives all points of order against consideration of H.R. 3722 and provides for one motion to recommit. The bill made in order by this rule, H.R. 3722 extends four provisions of law. It continues the Federal excise tax on cigarettes at the rate of 16 cents per pack. The tax rate had been scheduled to drop to 8 cents a pack on October 1, and the 16-cent tax was extended earlier this year.

It extends the 1974 trade adjustment assistance program, which retrains workers who have lost their jobs due to imports of foreign products, and it provides aid to firms hurt by foreign imports.

It continues the authority for the railroad unemployment insurance account to borrow money from the railroad retirement account if needed to pay benefits of unemployed railroad workers, and it continues the existing limits on Medicare payments to hospitals and physicians. Without this extension, payments would have increased on October 1, which would have cost the Federal Government an estimated $230 million by November 1.

This is the second extension for this provision.

Mr. Speaker, none of us likes to legislate in this fashion, none of us likes to be forced to be put in a position of limping along on 30-day extensions. This is truly a unique situation that I hope will not be repeated as we approach the middle of December.

I support the rule, so that these provisions of law can continue in effect, without change, while permanent legislation is being worked out by the Committee on Ways and Means.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair is waiting for the Committee on Ways and Means to come to the floor for the purpose of debating the bill.

PARLIAMENTARY INQUIRY

Mr. WALKER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WALKER. Could the Speaker inform us what the schedule is? There seems to be a good deal of confusion as to what we are taking up next, what comes after that. Could the Chair give us some idea as to what is going on here?

The SPEAKER pro tempore. The House will proceed to consider of H.R. 3722, and the Chair will recognize the gentleman from Illinois.

Mr. WALKER. Which is the cigarette tax bill?

The SPEAKER pro tempore. That is right.

Mr. WALKER. Could the Chair tell us what comes up after that?

The SPEAKER pro tempore. The conference report.

Mr. WALKER. On HUD?

The SPEAKER pro tempore. On HUD appropriations.

Mr. WALKER. And then after that, the rule on the debt limit, and then the debt limit?

The SPEAKER pro tempore. That is the Chair's understanding at this time.

Mr. WALKER. I thank the Chair.

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 3722, the bill to be presently considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF APPLICATION OF CERTAIN EXCISE TAXES AND PROVISIONS RELATING TO TRADE ADJUSTMENT ASSISTANCE, MEDICARE REIMBURSEMENT, AND RAILROAD UNEMPLOYMENT BORROWING AUTHORITY

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to the provisions of House Resolution 317, I call up the bill (H.R. 3722) to extend until December 14, 1985, the application of certain tobacco excise taxes, trade adjustment assistance, certain Medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill, H.R. 3722, is as follows:

H.R. 3722

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF INCREASE IN TAX ON CIGARETTES.

Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to increase in tax on cigarettes) is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 15, 1985".

SEC. 2. EXTENSION OF TRADE ADJUSTMENT ASSISTANCE PROGRAM.

Section 285 of the Trade Act of 1974 (19 U.S.C. note preceding section 2271) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

SEC. 3. EXTENSION OF BORROWING AUTHORITY UNDER THE RAILROAD UNEMPLOYMENT INSURANCE ACT.

Section 10(d) of the Railroad Unemployment Insurance Act is amended by striking out "November 14, 1985" each place it appears and inserting in lieu thereof, "December 14, 1985.

SEC. 4. EXTENSION OF MEDICARE HOSPITAL AND PHYSICIAN PAYMENT PROVISIONS.

Section 5(c) of the Emergency Extension Act of 1985 (Public Law 99-107) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

□ 1120

The SPEAKER pro tempore. Under the rule, the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 30 minutes and the gentleman from Tennessee [Mr. DUNCAN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all

Members may have 5 legislative days in which to revise and extend their remarks on H.R. 3722, the bill presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3722 is very important legislation. The bill extends provisions of present law which are currently scheduled to expire on November 14, 1985. These same provisions were extended for a 45-day period in H.R. 3452.

A long-term extension or modification of each of these issues will be enacted in the near future, but not before tomorrow night when they expire. The permanent extensions or modifications of these provisions are contained in the Committee on Ways and Means' fiscal 1986 reconciliation legislation which the House passed several weeks ago. The Senate is expected to act on this reconciliation legislation next week.

The bill before you today, H.R. 3722, extends the present cigarette excise tax rate of 16 cents per pack through December 14, 1985.

Second, the bill extends the trade adjustment assistance programs for workers and firms adversely affected by import competition through December 14, 1985.

Third, H.R. 3722 extends borrowing authority for the railroad unemployment insurance account. Under the bill, the unemployment account could borrow through December 14, 1985, from the railroad retirement account if there are insufficient funds in the unemployment account to pay benefits to unemployed rail workers.

Last, H.R. 3722 keeps in place for an additional 30 days the Medicare reimbursement rules for doctors and hospitals that were in use last fiscal year. This extension will minimize confusion in the Medicare Program.

For hospitals, the prospective payment regulations prepared for implementation October 1, 1985, and delayed earlier under H.R. 3452 until November 14, would not be implemented. This means that hospital payment rates would continue to be frozen for an additional 30 days. Also, implementation of a new wage index would be delayed. And, the hospital specific and Federal DRG components of the prospective payments would remain unchanged for a further 30 days.

For physicians, reimbursement amounts would also remain unchanged for a further 30 days. There would also be no change in the amounts that nonparticipating physicians are allowed to change Medicare beneficiaries.

Because of the delay in passage of the deficit reduction amendments, doctors do not know what the Medicare payment rules will be for fiscal 1986. Therefore, it is my strong intention to work in the conference committee on H.R. 3128 to provide for a new election period for all physicians to decide whether to elect to become participation physicians in the Medicare Program. This new enrollment period is important so that physicians will know exactly what the rules will be for fiscal 1986 when they elect to participate.

Mr. Speaker, the Committee on Ways and Means has unanimously approved this emergency legislation. Its enactment will minimize confusion and potential economic distortions from changes scheduled under current law. This bill will allow time for subsequent enactment of permanent solutions.

In the interest of avoiding unwarranted and unnecessary disruptions, I urge approval of H.R. 3722.

Following my statement is a more thorough explanation of H.R. 3722:

H.R. 3722

I. BACKGROUND AND SUMMARY

Background

This bill extends provisions of present law, currently scheduled to expire after November 14, 1985, that were extended for a 45-day period in H.R. 3452 (P.L. 99-107). This bill extends these same provisions for a further 30-day period, through December 14, 1985, in order to give Congress time to consider these matters in the budget reconciliation process. These provisions are addressed in H.R. 3128 (Deficit Reduction Amendments of 1985), as passed by the House on October 31, 1985, and awaiting Senate consideration. These provisions are summarized below.

Summary of provisions

1. Temporary Extension of Cigarette Excise Tax Rates

The bill extends the present cigarette excise tax rates (i.e., 16 cents per pack for small cigarettes) from November 15, 1985 through December 14, 1985.

2. Temporary Extension of Trade Adjustment Assistance Programs

The bill extends the trade adjustment assistance (TAA) programs from November 15, 1985 through December 14, 1985.

3. Temporary Extension of the Authority for the Railroad Unemployment Insurance Account to Borrrow From the Railroad Retirement Account

The bill extends for 30 days (through December 14, 1985) the authority for the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account.

4. Temporary Extension of Medicare Hospital and Physician Payment Provisions

a. Medicare hospital payment program

Under the bill, medicare hospital payment rates are frozen for a 30-day period, implementation of a new wage index is deferred, and the proportions of hospital-specific and Federal DRG components in the prospective payment amounts would remain unchanged during the 30-day period, November 15-December 14, 1985.

b. Medicare physician payment program

Under the bill, medicare physician reimbursement amounts would remain unchanged for the 30-day period, November 15 through December 14, 1985, and the amounts that nonparticipating physicians may charge beneficiaries would remain frozen for this 30-day period.

II. EXPLANATION OF THE BILL

1. Temporary Extension of Cigarette Excise Tax Rates

Present law

An excise tax is imposed on cigarettes manufactured in or imported into the United States (Code sec. 5701(a)). The present tax rate on small cigarettes is $8 per thousand (i.e., 16 cents per pack of 20 cigarettes). The tax rate on large cigarettes generally is $16.80 per thousand; proportionately higher rates apply to large cigarettes that exceed 6.5 inches in length. Small cigarettes, which comprise most taxable cigarettes, are cigarettes weighing no more than 3 pounds per thousand.

Under Public Law 99-107, the present cigarette excise tax rates are scheduled to decrease by one-half on November 15, 1985 (e.g., to 8 cents per pack of 20 for small cigarettes).

H.R. 3128, passed by the House on October 31, 1985, would extend the present-law cigarette excise tax rates on a permanent basis. H.R. 3128 is part of the fiscal year 1986 budget reconciliation legislation that has passed the House, and is awaiting Senate consideration.

Reasons for change

The Committee believes that the present cigarette excise tax rates should be extended on a parmanent basis, but that this permanent extension should be enacted as part of budget reconciliation. The November 15, 1985, scheduled reduction in those rates is imminent. To permit cigarette tax rates to decline and then be increased again could cause economic distortions in the market for that product and hardship for the businesses involved, and would also lose revenue to the Government. The committee determined, therefore, that another temporary extension of the present cigarette tax rates is necessary to allow Congress adequate time to examine this issue as part of the budget reconciliation process.

Explanation of provision

The bill extends the present cigarette excise tax rates for 30 days, through December 14, 1985.

Effective date

The cigarette excise tax rate extension applies to cigarettes removed after November 14, 1985, and before December 15, 1985.

Revenue effect

This provision is estimated to increase net fiscal year budget receipts by $140 million in 1986, and not affect future fiscal years.

2. Temporary Extension of Trade Adjustment Assistance Programs

Present law

The trade adjustment assistance (TAA programs under the Trade Act of 1974 for workers and firms adversely affected by increased import competition terminate by statute of November 14, 1985. Public Law 99-107 extended these programs through November 14, 1985, from the prior September 30, 1985 expiration.

Reasons for change

H.R. 3128, "Deficit Reduction Amendments of 1985", as passed by the House on October 31, 1985, reauthorizes the TAA programs for four years, through September 30, 1989. The Senate Committee on Finance has also agreed to reauthorize TAA as part of its budget reconciliation legislation. The Further Continuing Resolution for FY 1986 (H.J. Res. 441) as passed by the House on November 12, 1985, continues funding for worker and firm TAA at fiscal year 1985 levels through December 12, 1985.

The purpose of the provision is to remove any possible question as to legislative intent and the legality of spending funds included in the Further Continuing Resolution for present TAA programs during the interim period, pending completion of House and Senate consideration of the reauthorizing legislation.

Explanation of provision

The bill changes the trade adjustment assistance termination date under section 285 of the Trade Act of 1974 from November 14, 1985 to December 14, 1985.

3. Temporary Extension of the Authority for the Railroad Unemployment Insurance Account to Borrow from the Railroad Retirement Account

Present law

The Railroad Unemployment Insurance Account can borrow from the Railroad Retirement Account if there are insufficient funds in the unemployment account to pay benefits to unemployed rail workers. This authority expires after November 14, 1985. Public Law 99-107 extended this authority through November 14, 1985, from the prior September 30, 1985 expiration.

Reasons for change

About 40,000 unemployed rail workers are currently receiving unemployment and sickness benefits payable from the unemployment account. If the account were to be depleted, benefits to these workers would cease if the account could not borrow. The Railroad Retirement Board has developed a contingency plan to reduce unemployment benefits by $25 a week in the event that reserves in the unemployment account are substantially reduced. The Board initially intended to implement the reduction in benefits on October 1, 1985, but has suspended implementation of the plan because account balances appear sufficient to pay full benefits at the present time.

The borrowing authority is permanently extended in both H.R. 3129, passed by the House on October 31, 1985, and in the reconciliation bill approved on September 20, 1985, by the Senate Committee on Finance (and currently being considered by the Senate).

A temporary extension of the borrowing authority will provide certainty that full unemployment benefits will be paid to unemployed rail workers.

Explanation of provision

The bill extends the authority for the Railroad Unemployment Account to borrow from the Railroad Retirement Account through December 14, 1985.

4. Temporary Extension of Medicare Hospital and Physician Payment Provisions

a. Maintaining existing hospital payment

Present law

Present law provides that the medicare prospective payment rates should be updated annually by the Secretary of Health and Human Services. Regulations implementing the revised rates are required to be published September 1, for implementation October 1 of each year. The law states that the update should reflect increases in hospital input prices but, for FY 1986, may not exceed the rate of increase in the hospital market basket plus one quarter of a percentage point. These regulations also implement other adjustments to the prospective payment system such as wage index adjustments, revisions of the weights assigned to the diagnosis related groups (DRGs), etc.

Public Law 99-107 extended the prior medicare payment rates for hospitals for a 45-day period, October 1-November 14, 1985.

Reasons for change

The Committee on Ways and Means and the House have already approved legislation (H.R. 3128, the Deficit Reduction Amendments of 1985) that would make significant changes in the PPS and PPS-exempt hospital payment rates. The Senate Committee on Finance has approved different legislation. The Committee on Ways and Means believes that another temporary extension of the freeze on payment rates at the September 30, 1985 level, will minimize confusion and simplify the administration of the medicare program until permanent action can be taken in the budget reconciliation legislation, now before the Senate.

Explanation of provision

The bill retains, for an additional 30 days, the current medicare payment rates for hospitals under section 1886 of the Social Security Act. The provision applies both to prospective payment (PPS) hospitals and to PPS-exempt hospitals.

Regulations prepared pursuant to current law for fiscal year 1986 would not be implemented. Hospital payment rates would therefore be frozen at the September 30, 1985 levels, for an additional 30-day period (through December 14, 1985). Implementation of a new wage index would be deferred, and the proportions of the hospital-specific and Federal DRG would be deferred, and the proportions of the hospital-specific and Federal DRG components in the prospective payments amounts would remain at the fiscal year 1985 levels during the 30-day period.

b. Maintaining existing payment rates for physicians' services

Present law

Medicare pays for physician services on the basis of medicare-determined "reasonable charges." Reasonable charges are the lowest of: (1) a physican's billed charge; (2) the charge customarily made by an individual physician; or (3) the prevailing charge limit, derived from charges made by all physicians for services in a geographic area. The customary and prevailing charge screens are generally updated annually, on October 1. Increases in the prevailing charge levels are limited by an economic index that reflects general inflation and changes in physicians' office practice costs.

Under the Deficit Reduction Act of 1984 (P.L. 98-369) the medicare customary and prevailing charges for all physicians' services provided during the 15-month period beginning July 1, 1984, are frozen at the levels that applied for the 12-month period ending June 30, 1984. The actual charges of nonparticipating physicians are also frozen during the 15-month period, at the levels they charged during April-June 1984.

The Deficit Reduction Act also instituted a medicare participating physician and supplier program. Participating physicians and suppliers voluntarily agree to accept assignment on all medicare claims for the 12-month period beginning on October 1 of a year. Nonparticipating physicians and suppliers can decide on a claim-by-claim basis whether or not to accept assignment.

Public Law 99-107 extended the prior law level for medicare payments and for nonparticipating physicians' charges to beneficiaries from October 1, 1985 through November 14, 1985.

Reasons for change

A continuation of the freeze on medicare payment rates for physicians' services is intended to prevent confusion that may ensue from lifting the freeze, given the likelihood that the Congress will pass legislation in the very near future to extend the freeze on medicare payments to nonparticipating physicians and on their actual charges to beneficiaries.

Without the extension, the freeze on nonparticipating physicians would increase their charges to beneficiaries. The committee is especially concerned that medicare beneficiaries be protected from such increases in out-of-pocket costs.

Explanation of provision

The bill extends provisions of law now in effect (under P.L. 99-107) to provide for a further 30-day extension period (through December 14, 1985), during which medicare payments would be made at the levels in effect on September 30, 1985. The freeze on nonparticipating physicians' actual charges to beneficiaries is also extended for the additional 30-day period.

The bill does not alter the duration of the physician participation agreements. Rather, the participation decisions physicians make for the year beginning October 1, 1985 determine whether they are participating or nonparticipating physicians for that year.

It is the committee's firm intention to provide in the conference committee on budget reconciliation for a second election period for physicians, so that they can decide once more to opt into, or out of, the participation program when the physician payment rules are finally determined in conference on H.R. 3128.

III. BUDGET EFFECTS

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effect on the budget of the bill (H.R. 3722).

From the Congressional Budget Office (CBO) baseline budget assumption, the bill will reduce the fiscal year budget deficit by $294 million in 1986 and by $27 million in 1987, as follows:

[In millions of dollars]

	Deficit reduction	
	Fiscal year 1986	Fiscal year 1987
Cigarette excise tax extension (net revenue increase)	140	
Medicare provisions:		
(a) Hospital payments (outlay reduction)	117	
(b) Physician payments (outlay reduction)	37	27
Total deficit reduction	294	27

The trade adjustment assistance and railroad unemployment borrowing authority provisions will have no fiscal year 1986 (or later year) budget effects in reference to the CBO baseline budget estimate.

Mr. Speaker, I reserve the balance of my time.

Mr. DUNCAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support H.R. 3722, which would provide emergency extensions—through December 14, 1985—of some important provisions of law that otherwise would expire.

Specifically, the bill would extend the 16-cent-per-pack cigarette excise tax, borrowing authority for the unemployment insurance account, Trade Adjustment Assistance Authority, and Medicare hospital and physician reimbursement rules. This is merely an extension of 31 days for these provisions. There are no policy changes involved.

Long-term extensions of these four provisions are included in H.R. 3128, passed by this body recently. Unfortunately, it will be impossible for a conference resolution on these items, with the other body, prior to the expiration dates. Therefore, this bill permits current law to run long enough to allow us to go to conference and reach an acceptable agreement. I strongly believe that this action is needed to prevent unnecessary loss of revenue, increased costs for Medicare, and unwarranted confusion and administrative disruption.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. DELLUMS].

PERMISSION TO CHANGE DISTRICT DAY FROM NOVEMBER 11 TO NOVEMBER 18

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that District Day be observed under House rule XXIV, clause 8, on Monday, November 18, instead of Monday, November 11, because the House was not in session on November 11, Veterans Day, a legal holiday.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I have no requests for time and I yield back the balance of my time.

Mr. DUNCAN. Mr. Speaker, I have no requests for time and I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 317, the previous question is ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 3038, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATION ACT, 1986

Mr. BOLAND. Mr. Speaker, pursuant to the order of the House of November 12, 1985, I call up the conference report on the bill (H.R. 3038) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Friday, November 8, 1985.)

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. BOLAND] will be recognized for 30 minutes and the gentleman from New York [Mr. GREEN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. BOLAND].

GENERAL LEAVE

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on conference report on H.R. 3038, as well as the Senate amendments reported in disagreement, and that I may include tables, charts, and other extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BOLAND. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we bring back to the House today the conference report on the 1986 HUD-independent agencies appropriations bill. I think I can say, without reservation, that in the 15 years that I have chaired this Appropriations Subcommittee, the 1986 bill has been the most difficult to fashion. Our problems have not been with the subcommittee in the other body, because in truth, working with the Senator from Utah, Senator GARN, is always a pleasure and a rewarding experience.

Our problems have been, as everyone in this body is fully aware, in trying to agree to a number that will be acceptable to the Senate and to the President.

□ 1130

In the waning days of the session we are faced with a great struggle, a struggle that in many ways we cannot seem to come to grips with, and that is how we are going to fix the deficit. And, Mr. Speaker, until we fix that problem, either by raising taxes or by cutting spending, or a combination of the two, we are going to look at $200-plus billion deficits each year for the next 3 or 4 years.

It is those facts that influenced the outcome of this appropriations bill. When the 1986 HUD-independent agencies bill left this body more than 3 months ago, it was well within the House-passed budget resolution, as interpreted by the House Budget Committee and the tentative 302(b) allocation of the House Appropriations Committee.

In fact, Mr. Speaker, we were assured by the leadership on the other side of the aisle, after $1.5 billion had been cut from the assisted housing programs on this floor, that this bill had the approval of OMB and might very well have the approval of the administration.

As it turned out, those assurances were a little bit premature. What we found out was that when this bill passed the Senate, it was approximately $700 million in outlays below the comparable House-passed bill. And all of a sudden, Mr. Speaker, that became the magic number.

What did this committee do? We went back to the Senate with a proposal that would have come within $100 million of their outlay number, but that still was not good enough. So when we went to conference last Thursday, we took another $100 million in outlays from a number of programs, including an extra $53 million from revenue sharing, making that cut 8.3 percent.

So what we have before us today is a 1986 HUD-independent agencies appropriation bill which meets, to the dollar, the outlay ceiling imposed by the 302(b) allocation as defined by the other body. There is no sense in trying to hide that fact because that is the reality. Why did we do it? We did it because on balance every agency carried in this bill is better served by getting a bill through the House and through the other body and signed by the President.

Now, Mr. Speaker, I will not go into a great deal of detail on each and every account in this bill. The conference agreement and a table reflecting that agreement are printed in the RECORD. But let me assure my colleagues that what we did do in coming to this agreement was to protect these programs that we felt had the highest priority.

After the $1.5 billion reduction in assisted housing was passed on this floor, the Senate cut it another $1.2 billion. But we prevailed, and the conference agreement includes the House number of $9.2 billion.

And that is not all. We have succeeded in protecting other critical programs in this bill.

We protected the EPA's operating programs at the higher numbers.

We protected the NASA programs and the National Science Foundation programs, and, Mr. Speaker, we have also protected both the VA medical construction program and the medical care program.

From the beginning of this year, this committee has fought long and hard to maintain 193,941 full-time equivalent employment in 172 VA hospitals and nursing homes. It has been a very difficult struggle. But I believe this agreement, when we combine it with anticipated carryovers and some selected savings, will maintain that 193,941 FTE through fiscal year 1986.

Mr. Speaker, on pages 37 and 38 of the House report is a statement concerning the emergency planning process for nuclear facilities. In conference the Senate conferees asked that the statement of the managers reflect agreement with the House report language on this subject. By action of the committee of conference, that language was to be included in the statement of the managers on amendment No. 53. In assembling the statement of the managers, the agreement with the House report language was inadvertently omitted. Thus the statement of the managers is in error. I want the record to show that the committee of conference did agree with the House report language on this subject.

I would also note that it was that part of the agreement that Senator D'AMATO excepted to on Senate amendment numbered 53.

Mr. Speaker, I will insert the text of the House report language that the committee of conference agreed to at this point:

As indicated in its reports for the previous two years, the Committee is concerned that the emergency planning process for nuclear facilities may unnecessarily delay the operation of new facilities, threaten continued operation of currently licensed plants and involve unnecessary expenditure of Federal funds and personnel time by FEMA. In particular, the Committee is concerned about situations where State or local government entities arbitrarily refuse to develop radiological emergency preparedness plans or to participate in the exercise or implementation of such plans. The Committee does not believe that the State and local government entities should be permitted to veto the operation of commercial nuclear facilities simply by refusing to participate in the preparation, exercise or implementation of such plans.

It is the Committee's desire that FEMA explore all alternatives for establishing adequate offsite preparedness at commercial nuclear facilities in the event that State and local governments do not participate in the preparation, exercise or implementation of radiological preparedness plans. In that regard, it is still the Committee's intention that, in its review of such plans, FEMA should presume that Federal, State and local governments will abide by their legal duties to protect public health and safety in an actual emergency. The Committee expects that States and localities will fulfill their responsibility to carry out critical aspects of the emergency planning process and will take the necessary steps to be able to implement the resulting plan if an emergency occurs. However, where State or local participation in the exercise or implementation of offsite plans is inadequate, the Committee intends for FEMA, as a last resort, to coordinate the supplemental assistance of Federal agencies that are expected to provide requisite resources within their authorities. The Committee believes it is clear that FEMA has the authority to perform that function and intends that such authority should be exercised where necessary for an effective emergency response.

Now, Mr. Speaker, let me discuss for just a minute the issue of revenue sharing. I know that when I stood in this well just 3 months ago, I gave a commitment that if the budget resolution assumed the full funding for revenue sharing in fiscal year 1986, we would agree to the full $4,566,700,000 in the 1986 appropriations bill.

The fact is that we did not do that, but I want to add quickly that we did not do it for a number of very good reasons.

The first reason is that the Senate did not include full funding for revenue sharing. Why did they not include full funding? The answer is simple. There would never have been a bill without making some reduction in revenue sharing.

When we had to find that last $100 million in outlays, we took $53 million of it, as I said earlier, from revenue sharing. Why was this done? Because we felt it was important to get this bill passed and signed. If this bill went into the continuing resolution at the traditional rate of the lower of the House or Senate number for every account, then the cut in revenue sharing would not be 8.3 percent; it would be the full 25 percent that passed this House in July.

So the simple answer is that I felt it was better to take the 8.3-percent cut than the 25-percent cut when this bill left the House.

Mr. Speaker, given the budget climate around here, given the priorities of the other body, which sometimes are different, I think we have done the best job we could possibly do. This is not what I would have wanted if I could have had every issue the way I wanted it. But it is the best we could do, and I think when we look at all the ramifications of the budget process and we reflect on those ramifications, it would be in everybody's best interest to vote in favor of this conference report.

Mr. Speaker, I will include in my remarks at this point a table comparing the conference agreement with the amounts appropriated for 1985, the budget estimates and the actions of the House and the Senate:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	Fiscal year 1985 enacted	Fiscal year 1986 estimates	House	Senate	Conference	Conference compared with—			
						Enacted	Estimates	House	Senate
TITLE I—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Housing Programs									
Annual contributions for assisted housing (contract authority)	10,759,482,775	499,000,000	9,200,902,781	8,108,355,781	9,965,607,781	−783,874,994	+9,466,607,781	+764,705,000	+1,857,252,000
(Rescission of assisted housing deobligations)	−1,292,000,000	−859,000,000	−859,000,000	−710,650,000	−859,000,000	+433,000,000			−148,350,000
Annual contributions for assisted housing (net)	9,467,482,775	−360,000,000	8,341,902,781	7,397,705,781	9,106,607,781	−360,874,994	+9,466,607,781	+764,705,000	+1,708,902,000
(Increased limitation for annual contract authority)	(847,524,808)	(356,445,540)	(756,897,547)	(862,597,440)	(838,803,547)	(−8,721,261)	(+482,358,007)	(+81,906,000)	(−23,793,893)
(Rescission of assisted housing deobligations annual contract authority)	(−34,675,000)	(−33,611,000)	(−33,611,000)	(−33,611,000)	(−33,611,000)	(+1,064,000)			
(Increased limitation for annual contract authority (net)	(812,849,808)	(322,834,540)	(723,286,547)	(828,986,440)	(805,192,547)	(−7,657,261)	(+482,358,007)	(+81,906,000)	(−23,793,893)
Rent supplement (rescission of contract authority, indefinite)	(−1,597,882,000)				(+1,597,882,000)				
(Limitation on annual contract authority, indefinite)	(−72,631,000)				(+72,631,000)				
Rental housing assistance (rescission of contract authority, indefinite)	−598,000,000	−56,000,000	−56,000,000	−55,384,000	−56,000,000	+542,000,000			−616,000
(Limitation on annual contract authority, indefinite)	(−27,698,000)	(−2,000,000)	(−2,000,000)	(−1,978,000)	(−2,000,000)	(+25,698,000)			(−22,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	Fiscal year 1985 enacted	Fiscal year 1986 estimates	House	Senate	Conference	Conference compared with—			
						Enacted	Estimates	House	Senate
Housing for the elderly or handicapped fund (authority to borrow, indefinite)	564,428,000	19,929,000	601,133,000	594,191,637	601,133,000	+36,705,000	+581,204,000	.....	(+6,941,363)
(Limitation on direct loans)	(600,000,000)	(50,000,000)	(631,033,000)	(624,091,637)	(631,033,000)	(+31,033,000)	(+581,033,000)	.....	(+6,941,363)
Congregate services	4,144,000	.....	2,700,000	2,670,300	2,670,300	−1,473,700	+2,670,300	−29,700	.....
Payments for operation of low-income housing projects	1,138,500,000	1,010,600,000	1,210,600,000	1,226,953,400	1,210,600,000	+72,100,000	+200,000,000	.....	−16,353,400
Housing counseling assistance	3,500,000	.....	4,000,000	3,461,500	3,461,500	−38,500	+3,461,500	−538,500	.....
Federal Housing Administration Fund	387,683,000	239,762,000	239,762,000	239,762,000	239,762,000	−147,921,000	.....	.....	.....
Portion applied to debt reduction	−215,000,000	−155,375,000	−155,375,000	−155,375,000	−155,375,000	+59,625,000	.....	.....	.....
(Limitation on guaranteed loans)	(50,900,000,000)	(50,900,000,000)	(50,900,000,000)	(59,340,000,000)	(60,000,000,000)	(+9,100,000,000)	(+9,100,000,000)	(+9,100,000,000)	(+660,000,000)
Temporary mortgage assistance payments (limitation on direct loans)	(65,448,000)	(89,222,000)	(89,222,000)	(88,240,558)	(88,240,558)	(+22,792,558)	(−981,442)	(−981,442)	.....
Total, Federal Housing Administration Fund	172,683,000	84,387,000	84,387,000	84,387,000	84,387,000	−88,296,000	.....	.....	.....
Nonprofit sponsor assistance (limitation on direct loans)	(1,880,000)	(500,000)	(500,000)	(989,000)	(1,000,000)	(−880,000)	(+500,000)	(+500,000)	(+11,000)
Government National Mortgage Association									
Payment of participation sales insufficiencies	745,000	.....	.....	.....	.....	−745,000	.....	.....	.....
Guarantees of mortgage-backed securities (limitation on guaranteed loans)	(68,250,000,000)	(68,250,000,000)	(68,250,000,000)	(67,499,250,000)	(68,250,000,000)	.....	.....	.....	(+750,750,000)
Total, Housing Programs	10,753,482,775	698,916,000	10,188,722,781	9,253,985,618	10,952,859,581	+199,376,806	+10,253,943,581	+764,136,800	+1,698,873,963
SOLAR ENERGY AND ENERGY CONSERVATION BANK									
Assistance for solar and conservation improvements	15,000,000	.....	20,000,000	.....	.....	−15,000,000	.....	−20,000,000	.....
COMMUNITY PLANNING AND DEVELOPMENT									
Community development grants	3,472,000,000	3,124,800,000	3,124,800,000	2,991,527,200	3,124,800,000	−347,200,000	.....	.....	+133,272,800
(Limitation on guaranteed loans)	(225,000,000)	.....	(225,000,000)	(222,525,000)	(222,525,000)	(−2,475,000)	(222,525,000)	(−2,475,000)	.....
Urban development action grants	440,000,000	.....	330,000,000	348,128,000	330,000,000	−110,000,000	+330,000,000	.....	−18,128,000
Urban homesteading	12,000,000	12,000,000	12,000,000	11,868,000	11,868,000	−132,000	−132,000	−132,000	.....
Neighborhood development demonstration	.....	.....	.....	1,978,000	.....	.....	.....	.....	−1,978,000
Total, Community Planning and Development	3,924,000,000	3,136,800,000	3,466,800,000	3,353,501,200	3,466,668,000	−457,332,000	+329,868,000	−132,000	113,166,800
POLICY DEVELOPMENT AND RESEARCH									
Research and technology	16,900,000	18,900,000	16,900,000	18,692,100	16,900,000	.....	−2,000,000	.....	−1,792,100
FAIR HOUSING AND EQUAL OPPORTUNITY									
Fair Housing assistance	6,700,000	5,000,000	6,700,000	6,626,300	6,626,300	−73,700	+1,626,300	−73,700	.....
Fair housing initiatives	.....	(10,000,000)	.....	.....	.....	.....	(−10,000,000)	.....	.....
Total, Fair Housing and Equal Opportunity	6,700,000	5,000,000	6,700,000	6,626,300	6,626,300	−73,700	+1,626,300	−73,700	.....
MANAGEMENT AND ADMINISTRATION									
Salaries and expenses	288,316,000	324,027,000	341,427,000	318,774,480	336,427,000	+48,111,000	+12,400,000	−5,000,000	+17,652,520
(By transfer, limitation on FHA corporate funds)	(288,797,000)	(242,404,000)	(251,404,000)	(251,567,974)	(251,404,000)	(−37,393,000)	(+9,000,000)	.....	(−163,974)
Total, title I, Department of Housing and Urban Development:									
New budget (obligational) authority	15,004,398,775	4,183,643,000	14,040,549,781	12,951,579,698	14,779,480,881	−224,917,894	+10,595,837,881	+738,931,100	+1,827,901,183
Appropriations	5,785,488,000	4,735,089,000	5,308,889,000	5,170,441,280	5,283,115,100	−502,372,900	+548,026,100	−25,773,900	+112,673,820
Portion applied to debt reduction	−215,000,000	−155,375,000	−155,375,000	−155,375,000	−155,375,000	+59,625,000	.....	.....	.....
Contract authority	10,759,482,775	499,000,000	9,200,902,781	8,108,355,781	9,965,607,781	−793,874,994	+9,466,607,781	+764,705,000	+1,857,252,000
Rescission of contract authority, indefinite	−1,890,000,000	−915,000,000	−915,000,000	−766,034,000	−915,000,000	+975,000,000	.....	.....	−148,966,000
Authority to borrow	564,428,000	19,929,000	601,133,000	594,191,637	601,133,000	+36,705,000	+581,204,000	.....	+6,941,363
(Increased limitation for annual contract authority)	(847,524,808)	(356,445,540)	(756,897,547)	(862,597,440)	(838,803,547)	(−8,721,261)	(+482,358,007)	(+81,906,000)	(−23,793,893)
(Limitation on annual contract authority, indefinite)	(−100,329,000)	(−2,000,000)	(−2,000,000)	(−1,978,000)	(−2,000,000)	(+98,329,000)	.....	.....	(−22,000)
(Limitation on direct loans)	(667,328,000)	(139,722,000)	(720,755,000)	(713,321,195)	(720,273,558)	(+52,945,558)	(+580,551,558)	(−481,442)	(+6,952,363)
(Limitation on corporate funds to be expended)	(288,797,000)	(242,404,000)	(251,404,000)	(251,567,974)	(251,404,000)	(−37,393,000)	(+9,000,000)	.....	(−163,974)
TITLE II—INDEPENDENT AGENCIES									
AMERICAN BATTLE MONUMENTS COMMISSION									
Salaries and expenses	11,065,000	11,004,000	10,954,000	10,833,506	10,833,506	−231,494	−170,494	−120,494	.....
CONSUMER PRODUCT SAFETY COMMISSION									
Salaries and expenses	36,500,000	34,575,000	37,000,000	34,516,100	36,000,000	−500,000	+1,425,000	−1,000,000	+1,483,900
DEPARTMENT OF DEFENSE—CIVIL									
Cemeterial Expenses, Army									
Salaries and expenses	7,812,000	14,932,000	7,759,000	14,615,442	14,615,442	+6,803,442	−316,558	+6,856,442	.....
ENVIRONMENTAL PROTECTION AGENCY									
Salaries and expenses	665,698,000	670,416,000	690,176,000	670,913,864	684,176,000	+18,478,000	+13,760,000	−6,000,000	+13,262,136
Research and development	188,875,000	212,400,000	223,400,000	216,343,750	223,400,000	+34,525,000	+11,000,000	.....	+7,056,250
Abatement, control and compliance	480,500,000	495,500,000	577,600,000	566,301,400	577,600,000	+97,100,000	+82,100,000	.....	+11,298,600
Buildings and facilities	12,500,000	5,000,000	5,000,000	4,945,000	5,000,000	−7,500,000	.....	.....	+55,000
Subtotal, operating programs	1,347,573,000	1,383,316,000	1,496,176,000	1,458,504,014	1,490,176,000	+142,603,000	+106,860,000	−6,000,000	+31,671,986
Payment to the hazardous substance response trust fund	44,000,000	.....	.....	.....	.....	−44,000,000	.....	.....	.....
Hazardous substance response trust fund	620,000,000	900,000,000	.....	1,186,800,000	900,000,000	+280,000,000	.....	+900,000,000	−286,800,000
Construction grants	(2,400,000,000)	(2,400,000,000)	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred	Deferred
Total, Environmental Protection Agency	2,011,573,000	2,283,316,000	1,496,176,000	2,645,304,014	2,390,176,000	+378,603,000	+106,860,000	+894,000,000	−255,128,014
EXECUTIVE OFFICE OF THE PRESIDENT									
Council on Environmental Quality and Office of Environmental Quality	700,000	732,000	700,000	723,948	700,000	.....	−32,000	.....	−23,948

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	Fiscal year 1985 enacted	Fiscal year 1986 estimates	House	Senate	Conference	Conference compared with—			
						Enacted	Estimates	House	Senate
Office of Science and Technology Policy	2,334,000	2,153,000	2,343,000	2,317,227	2,317,227	−16,773	+164,227	−25,773	
Total, Executive Office of the President	3,034,000	2,885,000	3,043,000	3,041,175	3,017,227	−16,773	+132,227	−25,773	−23,948
FEDERAL EMERGENCY MANAGEMENT AGENCY									
Disaster relief	100,000,000	194,000,000	194,000,000	118,680,000	100,000,000		−94,000,000	−94,000,000	−18,680,000
Salaries and expenses	129,363,000	119,031,000	118,746,000	110,768,000	114,746,000	−14,617,000	−4,285,000	−4,000,000	+3,978,000
Emergency management planning and assistance	329,932,000	232,362,000	248,910,000	268,198,998	248,910,000	−81,022,000	+16,548,000		−19,288,998
National flood insurance fund	200,205,000	92,852,000	92,852,000	91,830,628	91,830,628	−108,374,372	−1,021,372	−1,021,372	
Portion applied to debt reduction	−200,205,000	−92,852,000	−92,852,000	−91,830,628	−91,830,628	+108,374,372	+1,021,372	+1,021,372	
National insurance development fund				(9,890,000)	(10,000,000)	(+10,000,000)	(+10,000,000)	(+10,000,000)	(+110,000)
Emergency food and shelter program	20,000,000		70,000,000	74,175,000	70,000,000	+50,000,000	+70,000,000		−4,175,000
Total, Federal Emergency Management Agency	579,295,000	545,393,000	631,656,000	571,821,998	533,656,000	−45,639,000	−11,737,000	−98,000,000	−38,165,998
GENERAL SERVICES ADMINISTRATION									
Consumer Information Center	1,086,000	1,249,000	1,249,000	1,235,261	1,235,261	+149,261	−13,739	−13,739	
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Office of Consumer Affairs	2,096,000	1,988,000	1,988,000	2,005,692	1,988,000	−108,000			−17,692
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION									
Research and development	2,462,600,000	2,881,800,000	2,756,800,000	2,745,266,200	2,756,800,000	+294,200,000	−125,000,000		+11,533,800
Space flight, control and data communications	3,601,800,000	3,509,900,000	3,402,900,000	3,345,688,100	3,397,900,000	−203,900,000	−112,000,000	−5,000,000	+52,211,900
Construction of facilities	150,000,000	149,300,000	139,300,000	139,745,700	139,300,000	−10,700,000	−10,000,000		−445,700
Research and program management	1,332,300,000	1,387,000,000	1,367,000,000	1,340,095,000	1,362,000,000	+29,700,000	−25,000,000	−5,000,000	+21,905,000
Total, National Aeronautics and Space Administration	7,546,700,000	7,928,000,000	7,666,000,000	7,570,795,000	7,656,000,000	+109,300,000	−272,000,000	−10,000,000	+85,205,000
NATIONAL CREDIT UNION ADMINISTRATION									
Central liquidity facility:									
(Limitation on direct loans)	(600,000,000)	(600,000,000)	(600,000,000)	(593,400,000)	(593,400,000)	(−6,600,000)	(−6,600,000)	(−6,600,000)	
(Limitation on administrative expenses: corporate funds)	(850,000)	(850,000)	(850,000)	(840,650)	(840,650)	(−9,350)	(−9,350)	(−9,350)	
NATIONAL SCIENCE FOUNDATION									
Research and related activities	1,301,012,000	1,399,593,000	1,347,205,000	1,346,029,000	1,352,205,000	+51,193,000	−47,388,000	+5,000,000	+6,176,000
Program development and management (limitation on administrative expenses)	(71,972,000)	(69,900,000)	(71,743,000)	(72,197,000)	(72,500,000)	(+528,000)	(+2,600,000)	(+757,000)	(+303,000)
United States Antarctic Program activities	110,830,000	120,100,000	115,100,000	111,855,900	115,100,000	+4,270,000	−5,000,000		+3,244,100
Science education activities	87,000,000	50,550,000	60,550,000	49,993,950	55,550,000	−31,450,000	+5,000,000	−5,000,000	+5,556,050
Scientific activities overseas (special foreign currency program)	2,800,000	1,000,000	1,000,000	989,000	1,000,000	−1,800,000			+11,000
Total, National Science Foundation	1,501,642,000	1,571,243,000	1,523,855,000	1,508,867,850	1,523,855,000	+22,213,000	−47,388,000		+14,987,150
NEIGHBORHOOD REINVESTMENT CORPORATION									
Payment to the Neighborhood Reinvestment Corporation	15,512,000	14,669,000	17,669,000	16,485,641	17,669,000	+2,157,000	+3,000,000		+1,183,359
SELECTIVE SERVICE SYSTEM									
Salaries and expenses	27,780,000	27,664,000	27,780,000	27,780,000	27,474,420	−305,580	−189,580	−305,580	−305,580
DEPARTMENT OF THE TREASURY									
Payments to Local Government Fiscal Assistance Trust Fund	4,566,700,000	4,566,700,000	3,425,025,000	4,237,897,600	4,185,000,000	−381,700,000	−381,700,000	+759,975,000	−52,897,600
Office of Revenue Sharing, salaries and expenses	7,841,000	8,000,000	8,000,000	7,714,200	7,714,200	−126,800	−285,800	−285,800	
Financing public housing	300,000,000					−300,000,000			
Total, Department of the Treasury	4,874,541,000	4,574,700,000	3,433,025,000	4,245,611,800	4,192,714,200	−681,826,800	−381,985,800	+759,689,200	−52,897,600
VETERANS' ADMINISTRATION									
Compensation and pensions	14,167,900,000	14,160,800,000	14,160,800,000	14,160,800,000	14,160,800,000	−7,100,000			
Readjustment benefits	1,137,800,000	1,026,000,000	1,026,000,000	826,000,000	826,000,000	−311,800,000	−200,000,000	−200,000,000	
Veterans insurance and indemnities	11,000,000	9,750,000	9,750,000	9,750,000	9,750,000	−1,250,000			
Medical care	8,941,169,000	9,292,974,000	9,368,694,000	9,162,694,000	9,255,694,000	+314,525,000	−37,280,000	−113,000,000	+93,000,000
Medical and prosthetic research	192,695,000	191,370,000	195,840,000	189,264,930	189,264,930	−3,430,070	−2,105,070	−6,575,070	
Medical administration and miscellaneous operating expenses	67,891,000	57,119,000	61,119,000	53,523,691	53,523,691	−14,367,309	−3,595,309	−7,595,309	
General operating expenses	753,954,000	768,250,000	760,547,000	736,864,340	736,864,340	−17,089,660	−31,385,660	−23,682,660	
Construction, major projects	568,194,000	417,200,000	516,160,000	481,247,400	507,360,000	−60,834,000	+90,160,000	−8,800,000	+26,112,600
Construction, minor projects	199,823,000	195,406,000	144,400,000	143,806,534	136,950,092	−62,872,908	−58,455,908	−7,449,908	−6,856,442
(Limitation on administrative expenses)	(39,475,000)	(35,307,000)	(36,313,000)	(35,913,557)	(35,913,557)	(−3,561,443)	(+606,557)	(−399,443)	
Grants for construction of State extended care facilities	34,500,000	22,000,000	22,000,000	21,758,000	21,758,000	−12,742,000	−242,000	−242,000	
Grants for construction of State veterans cemeteries	5,000,000	3,000,000	3,000,000	2,967,000	2,967,000	−2,033,000	−33,000	−33,000	
Grants to the Republic of the Philippines	500,000	500,000	500,000	494,500	494,500	−5,500	−5,500	−5,500	
Direct loan revolving fund (limitation on direct loans)	(1,000,000)		(1,000,000)	(989,000)	(989,000)	(−11,000)	(+989,000)	(−11,000)	
Loan guaranty revolving fund	306,600,000	404,600,000	235,000,000	200,000,000	200,000,000	−106,600,000	−204,600,000	−35,000,000	
Total, Veterans Administration	26,387,026,000	26,548,969,000	26,503,810,000	25,989,170,395	26,101,426,553	−285,599,447	−447,542,447	−402,383,447	+112,256,158
Total, title II, independent agencies:									
New budget (obligational) authority	43,005,662,000	43,560,587,000	41,361,964,000	42,642,083,874	42,510,660,609	−495,001,391	−1,049,926,391	+1,148,696,609	−131,423,265
Appropriations	43,205,867,000	43,653,439,000	41,454,816,000	42,733,914,502	42,602,491,237	−603,375,763	−1,050,947,763	+1,147,675,237	−131,423,265
Portion applied to debt reduction	−200,205,000	−92,852,000	−92,852,000	−91,830,628	−91,830,628	+108,374,372	+1,021,372	+1,021,372	
(Limitation on administrative expenses)	(111,447,000)	(105,207,000)	(108,056,000)	(108,110,557)	(108,413,557)	(−3,033,443)	(+3,206,557)	(+357,557)	(+303,000)
(Limitation on direct loans)	(601,000,000)	(600,000,000)	(601,000,000)	(594,389,000)	(594,389,000)	(−6,611,000)	(−5,611,000)	(−6,611,000)	
(Limitation on corporate funds to be expended)	(850,000)	(850,000)	(850,000)	(840,650)	(840,650)	(−9,350)	(−9,350)	(−9,350)	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY—Continued

	Fiscal year 1985 enacted	Fiscal year 1986 estimates	House	Senate	Conference	Conference compared with— Enacted	Estimates	House	Senate
TITLE III—CORPORATIONS									
Federal Home Loan Bank Board:									
(Limitation on non-administrative expenses, corporate funds)	(43,184,000)	(45,032,000)				(−43,184,000)	(−45,032,000)		
(Limitation on administrative expenses, corporate funds)	(25,491,000)	(25,877,000)	(26,213,000)	(26,581,353)	(26,877,000)	(+1,386,000)	(+1,000,000)	(+664,000)	(+295,647)
Federal Savings and Loan Insurance Corporation, (limitation on administrative expenses, corporate funds)	(1,343,000)	(1,440,000)	(1,404,000)	(1,424,160)	(1,440,000)	(+97,000)		(+36,000)	(+15,840)
Total, title III, Corporations	(70,018,000)	(72,349,000)	(27,617,000)	(28,005,513)	(28,317,000)	(−41,701,000)	(−44,032,000)	(+700,000)	(+311,487)
RECAPITULATION									
Grand total:									
New budget (obligational) authority	58,010,060,775	47,744,230,000	55,402,513,781	55,593,663,572	57,290,141,490	−719,919,285	+9,545,911,490	+1,887,627,709	+1,696,477,918
Appropriations	48,991,355,000	48,388,528,000	46,763,705,000	47,904,355,782	47,885,606,337	−1,105,748,663	−502,921,663	+1,121,901,337	−18,749,445
Portion applied to debt reduction	−415,205,000	−248,227,000	−248,227,000	−247,205,628	−247,205,628	+167,999,372	+1,021,372	+1,021,372	
Contract authority	10,759,482,775	499,000,000	9,200,902,781	8,108,355,781	9,965,607,781	−793,874,994	+9,466,607,781	+764,705,000	+1,857,252,000
Recission of contract authority, indefinite	−1,890,000,000	−915,000,000	−915,000,000	−766,034,000	−915,000,000	+975,000,000			−148,966,000
Authority to borrow	564,428,000	19,929,000	601,133,000	594,191,637	601,133,000	+36,705,000	+581,204,000		+6,941,363
(Increased limitation for annual contract authority)	(847,524,808)	(356,445,540)	(756,897,547)	(862,597,440)	(838,803,547)	(−8,721,261)	(+482,358,007)	(+81,906,000)	(−23,793,893)
(Limitation on administrative expenses)	(111,447,000)	(105,207,000)	(108,056,000)	(108,110,557)	(108,413,557)	(−3,033,443)	(+3,206,557)	(+357,557)	(+303,000)
(Limitation on annual contract authority, indefinite)	(−100,329,000)	(−2,000,000)	(−2,000,000)	(−1,978,000)	(−2,000,000)	(+98,329,000)			(−22,000)
(Limitation on direct loans)	(1,268,328,000)	(739,722,000)	(1,321,755,000)	(1,307,710,195)	(1,314,662,558)	(+46,334,558)	(+574,940,558)	(−7,092,442)	(+6,952,363)
(Limitation on guaranteed loans)	(119,375,000,000)	(119,150,000,000)	(119,375,000,000)	(127,061,775,000)	(128,472,525,000)	(+9,097,525,000)	(+9,322,525,000)	(+9,097,525,000)	(+1,410,750,000)
(Limitation on on corporate funds to be expended)	(359,665,000)	(315,603,000)	(279,871,000)	(280,414,137)	(280,561,650)	(−79,103,350)	(−35,041,350)	(+690,650)	(+147,513)

Mr. GREEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join the distinguished chairman of the HUD-Independent Agencies Appropriations Subcommittee, the gentleman from Massachusetts [Mr. BOLAND], in presenting this conference report to the House and asking for its approval.

First, let me confirm the statement of the gentleman from Massachusetts on the accidental omission from the conference report of the decision of the conferees to include in the conference report the House report language addressed to FEMA on the question of evacuation planning. The gentleman from Massachusetts has stated that situation accurately, and I join him in making the record clear.

Let me share with my colleagues the problems, as very well outlined by the gentleman from Massachusetts, that the conferees faced in this conference. Essentially, the conference was driven by the decision of the chairman of the Senate Budget Committee to fight very hard in the other body to preserve the outlay limitations under section 302 in the individual appropriation bills. This is a bill where outlay savings do not come easily. Most of the activities encompassed by this bill are of a kind where budget authority that is voted for a fiscal year does not outlay until future fiscal years. The necessity to find places where additional outlay savings could be accomplished weighed very heavily on us in the conference. Essentially, we were faced with the choice of bringing back a bill that would meet the Senate outlay requirements or, alternatively, having the bill held at the desk in the other body and then forcing this appropriation into the continuing resolution.

It was our view that it would be better to come back to the House with this bill than to leave this appropriation to the perils of the continuing resolution. So that is what we have done. That has resulted in cuts which very much concern me in a number of the programs.

For example, I have been a supporter of general revenue sharing throughout my career in this House, and the cut that was necessary in that program is not one that I like to present to this House. But, like the distinguished chairman of the subcommittee, on balance, it is my feeling that we are better off to have this bill than to have no bill at all and to be dependent on what the continuing resolution may bring.

For those of my colleagues who are concerned as to the future of this bill when it reaches the President, let me say that in consultations by my staff with staff of the Office of Management and Budget this morning, my staff was assured that OMB had no objection to the bill in its present form. I must say that the history of this bill and a number of other measures this year indicates that that assurance is like the proverbial excursion ticket—good for this day, and this day only—but at least on this day, there is no objection from the administration to this bill. Therefore, it is my hope that if we pass the conference report, the bill will be acceptable to the President.

So, Mr. Speaker, I join the distinguished chairman of the full committee in urging my colleagues to adopt this conference report.

Mr. Speaker, I now yield 4 minutes to the gentleman from Pennsylvania [Mr. WALKER].

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Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I appreciate the hard work the conference committee did on this bill. However, the figures, I must say, leave me a little bit disturbed, and I am taking them strictly from the conference report that was distributed to the House.

As I read the conference report, what we have before us is a bill which is $1.9 billion more than the bill that left the House of Representatives, and it is $1.7 billion more than the bill that left the Senate. In other words, the conference has managed to take both the Senate bill and the House bill, go to conference and come out with a figure that is between $1.5 billion and $2 billion higher than either House passed.

Now, that does not sound to me as though it is something that this gentleman can get very enthusiastic about when we start talking about saving money around here. We are talking about appropriating levels that are higher than either the House or the Senate approved on the initial passage of this particular legislation.

Then I look at how much we are over—again the conference report—at how much we are over the administration. We are $7.1 billion more than the administration originally requested in these same areas.

Now, I have got to say that I have disagreed from time to time with people on the other side of the aisle who have said that Ronald Reagan is a part of the deficit problem. Looking at this bill and hearing that the administration may in fact agree with this bill, I have to say Ronald Reagan is becoming a part of the deficit problem if he does not veto legislation which does this. This is $7 billion more than he wanted to spend, $1.9 billion more than the House wanted to spend, and

$1.7 billion more than the Senate wanted to spend.

You know, it seems to me that somewhere along the line here, we have to come to the realization that we have met the big spenders and it is us, and it is right here in this conference report.

When I look down through some of the details, I find one of these things, for instance. I happen to serve on the authorization committee that deals with NASA. We have been dealing with an issue of whether or not the National Commission on Space should get $400,000 more over the $1 million that we have already allocated for them. In this conference report, we are authorizing that additional $400,000.

I just last week asked for justification of that $400,000, and found among other things that they had down in there for a 6-month period, if we annualize what they were going to do—and the chairman may be interested in these figures if he has not seen them—the documents, and the only documents they could provide to me, was that on an annualized basis that money was going to go for an $80,000 secretary—I doubt the chairman has anyone in his office that is making $80,000 for clerical work—and for two $100,000-a-year, professional employees.

You know, I would suggest that that $400,000 figure has not been scrubbed very well, and yet here it appears in this conference report where the spending levels are enormous.

So it seems to me that at the very least on that particular issue, we should have taken a closer look at it. Maybe the committee has better figures than I saw. I hope the committee does. If so, I would like to be told about them. But those were the figures that were presented to me.

I certainly find grave disagreement with the fact that this bill exceeds both the House-passed figure and the Senate-passed figure.

Mr. Speaker, I will yield to anyone who can tell me what that $400,000 is going to be spent for, for the Commission on Space.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Speaker, I think the gentleman is making a fine statement. I wish I could agree with him on the $400,000 item with respect to the National Space Commission.

Actually, that was originally authorized by the Committee on Science and Technology.

Mr. WALKER. Well, I am on the subcommittee, I am the ranking member. We have passed no authorization at all for the $400,000. We are looking at the situation right now, but the fact is that when I asked for justification of those figures, $200,000 of the money was one $80,000 secretary and two $100,000 a year annualized—now, those were annualized figures—two $100,000 a year professional employees, and I think that is an outrage.

Mr. BOLAND. Mr. Speaker, if the gentleman will yield further, the original request from the Commission was for $800,000—and subsequently it was suggested to us that the House Committee on Science and Technology would like to see at least $500,000 for the Commission.

Mr. WALKER. Mr. Speaker, if the gentleman will let me reclaim my time, I do not think, at least we did not hear from this gentleman requesting $800,000. It would be interesting to know who it was the gentleman heard from asking for $800,000, because it is my understanding that we were involved in good faith negotiations that had lowered the figure from the original request for the National Commission on Space from $800,000 down to $400,000 and then I even raised questions about the $400,000 and found some real questions there.

We simply cannot afford on some of these commissions to be paying $100,000 a year annualized to employees or $80,000 for a secretary.

I am glad to yield to the gentleman.

Mr. BOLAND. Well, let me say that the Senate's position in this area was $500,000. I would think the gentleman would probably give us a little credit for reducing it by $100,000.

I think the gentleman makes a good point on the expenditures this Commission is expected to make. I would hope that we will monitor it carefully over the next year and determine whether or not it ought to be continued.

Mr. WALKER. Mr. Speaker, if the gentleman will let me reclaim my time, the problem is, of course, this Commission is going to run out before we have a chance to do very much monitoring of it. It runs out in March or April of next year. That is the problem.

I mean, the money is going to get spent and we are going to have to look at it after the fact.

Does the committee have a line-by-line justification of what this $400,000 of add-on spending to the $1 million the Commission already had is going to be used for? I would love to see it, because what they showed to us the other day was simply unacceptable.

I am glad to yield further to the gentleman.

Mr. BOLAND. I must say that this committee does not have a great deal of specific detail with reference to the Commission itself. We are actually accepting the position of the Senate with an amendment reducing it to $400,000.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding.

Mr. BOLAND. Mr. Speaker, I yield myself such time as I may consume.

Let me just comment on why this conference report, as the gentleman from Pennsylvania has clearly indicated, is $57,290,141,490, as compared to the Senate-passed level of $55,593,663,572 and the House-passed bill of $55,402,513,781.

The reason that the conference report is higher than either the House or the Senate, and that is the complaint I am hearing here, is that the House bill deferred funding for Superfund and cut revenue sharing by 25 percent, or $1,141,675,000.

In the conference agreement, we added $759,975,000 about the House level for revenue sharing, for a total of $4,185 million.

We also included $900 million for the Superfund account.

At the same time, the Senate accepted the higher House number for assisted housing of $9.2 billion; hence the conference report is higher than both the House or the Senate bills.

Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. BONER].

Mr. BONER of Tennessee. Mr. Speaker, I rise in strong support of the conference report on H.R. 3038, the HUD-independent appropriations bill for fiscal year 1986.

As a conferee, I would like to state to my colleagues that the conference represents difficult funding choices between the many important programs that touch the lives of nearly every family in our Nation. I would like to commend our chairman, ED BOLAND, and our ranking minority member, BILL GREEN, for leading the committee through the long and difficult conference process.

Let me highlight a number of the conference report provisions. The committee did an admirable job maintaining a high level of funding for both NASA and the Veterans' Administration. In particular, I believe the space and science programs of NASA will be able to continue on schedule, although equally difficult choices will have to be made next year, whether or not a Gramm-Rudman type of deficit reducing proposal is enacted. I know that it is the committee's intention to provide the highest level of funding for the Manned Space Station Program, a program which promises to be the launching pad to future space exploration as well as a laboratory platform for exciting and important scientific and commercial experiments. The conference report provides for $205 million for space station, earmarking $5 million for the continued research on automation and robotics. Automation and robotics, as my colleagues know, is a critical component to the successful operation of the manned space station. The conferees have also approved $10

million in funding for the orbital maneuvering vehicle, which will retrieve satellites from high orbit and bring them to the station for maintenance and repair.

In addition, the conferees agreed to continue funding for a number of important satellite programs, including the advanced communications satellite [ACTS], which should address some of the problems of too few satellite slots in geosynchronous orbit, and the solar optical satellite.

Within the Veterans' Administration, the conferees have been able to agree to a level of funding sufficient to continue the high quality of medical care our veterans deserve. In addition, the conferees have provided funding for several new VA replacement hospitals, as well as the final funding necessary to complete a hospital project at Mountain Home in my own State of Tennessee.

Last, I would like to address some remarks to the conference report language on the authority of the Federal Emergency Management Agency to be involved in emergency planning around nuclear electrical generating facilities. The conferees voted to include the House report language reaffirming FEMA's authority to explore all alternatives for establishing adequate offsite preparedness at commerical nuclear facilities in the event that State and local governments do not participate in the preparation, exercise or implementation of emergency evacuation and radiological preparedness plans.

This issue certainly is a sensitive one for many of our citizens. Yet the safety of all Americans, in addition to those living adjacent to a commercial nuclear facility, is at stake. Inadequate emergency preparedness around these facilities can only lead to uncertainty, if not injury, in the event of some facility leak or other accident. Opponents of nuclear power are pressuring local and State officials to withdrawal from emergency preparedness plans in an effort to close currently operating nuclear facilities. Should their efforts succeed in persuading local and State officials to withdrawal, the lives of their fellow citizens will be jeopardized since the plant will not immediately close. In fact, until the Nuclear Regulatory Commission determines that emergency preparedness plans are inadequate, which is most likely discovered during an emergency drill required of nuclear licensees and local and State governments, the plant will continue to operate. Without a clear direction from the Congress that FEMA has the authority to intervene and participate in assuring the adequacy of emergency preparedness plans, nuclear opponents appear to be willing to put the lives of their neighbors in danger.

The conference report clarifies FEMA's authority and directs FEMA to exercise that authority in implementing emergency plans and coordinating the efforts of other Federal agencies to respond to any emergency. During debate in July on this bill, the statutory authorities for FEMA's participation were clearly stated. They are the Civil Defense Act of 1950 and the Disaster Relief Act of 1974, both of which directly, or by Presidential delegation, give FEMA the authority as well as obligation to intervene and compensate for inadequacies in our Nation's civil defense and disaster response programs. These authorities necessarily include responses to natural and man-made disasters, include nuclear power plant accidents.

This is clear under the specific language of the Disaster Relief Act, 42 U.S.C. 5131. This section authorizes FEMA, regardless of existing emergencies or disasters, to establish a program of disaster preparedness that utilizes the services of all agencies, including FEMA. The program is to include, among other things, "preparation of disaster preparedness plans for mitigation, warning, emergency operations * * * and recovery" and "training and exercise." The message could hardly be clearer. The authority is there and the conference report directs FEMA to exercise it.

Mr. Speaker, I urge my colleagues to support the conference report.

Mr. GREEN. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. COUGHLIN], a member of the committee.

Mr. COUGHLIN. Mr. Speaker, I want to compliment the distinguished chairman of the subcommittee, the gentleman from Massachusetts, as well as my colleague and friend, the gentleman from New York, the distinguished ranking minority member, for bringing this conference report to the floor, for bringing a good bill to the floor, one that all Members of the House can support and one that we believe can be signed into law. I think that is a real accomplishment in this day of very difficult times on appropriation bills.

Let me call attention to the fact that this bill indeed contains programs that are vital to every single community in the United States. It is really a community-based bill. If there was ever a bill that was a community-based bill, it is this bill, because it is important to your local governments, your State governments, and it brings to every single community, large and small in this country, very important programs that are of enormous importance to them. Whether it is the Community Block Grant Program or revenue sharing, even in its reduced form in this bill, whether it is all of our housing programs, whether it is the urban development action grant program which has produced very good results in many communities, it affects every single community.

In addition, it affects our veterans, the veterans of the United States, the veterans of our wars, this bill protects them and provides for them both in veterans' hospitals, medical care, and all the veterans' benefits that are absolutely critical to our veterans and to the Members of this House.

So I urge as we look at the bill to support this bill because it is one that can be signed into law and a bill that I think merits very great support.

Mr. GREEN. Mr. Speaker, I yield 3 minutes to the gentleman from New Hampshire [Mr. GREGG].

Mr. GREGG. Mr. Speaker, I thank the gentleman from New York for yielding.

I have very serious reservations about this bill and about the spending posed in this bill. As the chairman of the committee has explained, the bill is over the House budget, or the House-passed bill, as I understand, by about $1.7 billion.

In effect, as I understand the explanation, basically the majority of that increase or a significant proportion of that increase comes from the decision the conference made that revenue sharing should not be phased down as much as the House appropriations bill suggested that it should be.

Now, as I understood it, there was general agreement on both sides as we tried to get into this budget issue and the question of reducing the deficits which we confront here, that revenue sharing was one of the items that should be scaled back, if not eliminated.

In fact, I recall a statement from the Speaker of the House to the effect that it was very hard to justify revenue sharing, if I can paraphrase it, in a time when we have basically a debt. This is not revenue sharing. This is debt sharing.

As a practical matter, it is very hard for me, and I think for most Members of this House, to go back to our constituents and to justify our votes here as being fiscally responsible when we are continuing to fund the revenue sharing program at very high levels and we cannot even agree to maintain a reduction in funding as passed originally by the House. That reduction was not that dramatic, let us remember. It reduced it to $3.4 billion, a program which was $4.5 billion, a reduction of approximately a billion dollars, or 25 percent—not that hard, in my opinion, a decision. I would like to have seen it reduced significantly more at a time when we are running a $200 billion deficit for which we are going to have to find some leveling of expenditures at the Federal level in order to address.

In general, it seems to me that what we have here is a bill that clearly does not meet the obligations which we as a House have to try to address the deficits of this country. We have been spending the last 2 weeks in the middle of what is almost a major national crisis and could be a national crisis if we do not pass a debt extension over the issue of how we are going to reduce the Federal debt, and yet at the same time we bring to the floor a bill which is $1.7 billion over our own attempt to pass the legislation for appropriations in this area.

I would say that our original attempt in this area was not anywhere near, for example, what the President requested. In fact, it was $7 billion over what the President requested.

So to pass this bill in the context when we are allegedly debating substantive deficit reductions in the form of Gramm-Rudman is in my opinion a bit of hypocrisy because clearly we are not saying that when it comes to the substance of passing legislation that we are going to make the tough decisions, but only when it is in the superficial aspect of debating of Gramm-Rudman that we are going to talk about reducing the deficit.

□ 1155

This is clearly not deficit reduction.

Mr. GREEN. Mr. Speaker, I yield myself such time as I may consume.

Let me respond very briefly. First, I think the Members should understand that this is, by any measure, a very tight bill. The bill is below the fiscal year 1985 appropriation by $3,119,919,285, and I can only say that if we could do that in other areas of the Government, I think this House and the other body would have accomplished a great deal toward getting started on the path of deficit reduction.

I think this bill does very much start us on that path with that very significant cut from last year's spending levels. The bill is higher than when it left the House, without question, for two reasons: First, on the question of general revenue sharing, the budget resolution which this House and the other body adopted provided for full funding of general revenue sharing for the 1986 fiscal year and that, in a sense, put us in a position where we did to some degree have to recede to the Senate, which had a higher general revenue sharing figure than the House-passed bill had, the House-passed bill having eliminated the final quarter's payment under general revenue sharing.

The other major increase from the House-passed version of the bill is the decision to include funding for the Superfund, which was omitted from the House bill. We felt, however, that it was now time to address that issue, and we therefore have included $900 million for the Superfund in the conference report.

So that is the explanation for why we come in higher than the original House bill. I repeat: We are over $3 billion below the fiscal year 1985 bill, which I think reflects the very tight nature of this bill we are bringing you.

Mr. Speaker, I yield 4 minutes to the gentleman from Georgia [Mr. GINGRICH].

Mr. GINGRICH. I thank the gentleman for yielding this time to me.

Mr. Speaker, let me say first of all that I think all of us in the House have to have some sense of sympathy for the conferees, who spent a very great deal of time in a highly technical and complicated area and produced a document which involves some $57 billion in spending.

I wanted to take this time not to directly disagree with their work, but more to comment on what I think is a significant failure of leadership from the Reagan administration and from the White House in trying to organize where we are going.

We were in this very body yesterday voting on a veto of a National Institutes of Health bill which had passed this body overwhelmingly. We overrode the veto overwhelmingly. For the life of me, I have no idea why anyone in the White House would have suggested to the President that it made any sense to veto a National Institutes of Health bill.

We are now dealing with a bill which is of enormous complexity, which involves, I think, the classic process of the U.S. Congress in that it left this body at $55,400 million, it left the other body at $55,593 million, it then arrived through a conference at $57,290 million, which is sort of classically the way we have acted, that is, over time we logroll, and this is an institution that goes back into the early 19th century and probably into the opening days of the first session of the First Congress.

That is the way legislative bodies operate. We accommodate each other. We are never going to control spending in this country without a strong, consistent, systematic leadership from the executive branch in favor of controlling spending.

There is something absurd about an executive branch which would have vetoed a National Institutes of Health bill and which would then turn around and accommodate this bill and send no clear sign to any Member of the Congress or to the general public or to the news media about what the standards of the Reagan administration are.

My concern is, as the gentleman from Pennsylvania earlier commented as the ranking Republican on the Space Subcommittee, I think there are things we desperately need. I favor a very strong effort on behalf of the space station. I favor a strong effort on behalf of housing.

There are things we do not need. An extra $400,000 for the Commission on Space, I suspect, is one of those minor extras. My only complaint is not with the gentlemen on the Committee on Appropriations, who work very hard, it is not with the Members of the other body which, as I think the chairman of this particular subcommittee reported, was not the primary problem.

My concern is that week in and week out, day in and day out, there is no systematic leadership in the executive branch, and I do not blame President Reagan. All of us understand that Ronald Reagan, personally, has been busily involved in getting ready for a summit with Gorbachev and that he has, personally, invested a considerable number of hours trying to understand what the Russian position will be and how to deal with it.

I will just close by saying that I would say very strongly to the President, if he is going to run an executive branch, he has to have a team that understands what he intends, and that team has be systematic. Currently that team looks like a yoyo. Yesterday they are for a veto, today they are for passage, and tomorrow I assume they will be for a veto. It is impossible to have any continuous pattern on spending and to have any continuous effort to reshape the Federal Government as that Reagan team is in total disarray.

Mr. GREEN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise really on a point of clarification of the bill, to make sure that the Members of the House understand a couple of essential points with regard to the housing portion of this appropriation. I do not disagree with many of the things that my good friend and colleague, the gentleman from Georgia, had to say, but I do want it to be on record that the House understands what happened in the housing portion of this bill.

On the House floor this past July we adopted two amendments. One was to roll back the number of new units of public housing to 5,000 units, and the second one was to delete the new program reserve of an additional half a billion dollars.

It is my understanding that the conference agreed to both of those amendments, and there is no dispute as to that. As a matter of fact, it is my further understanding, and I have read the conference report very specifically, that the level of funds for housing appropriations in this conference report is the same as it was when it left the House floor, adjusted only for a financing change of $700 million,

which was an accounting change which was much of the source of controversy.

So in terms of an apples-to-apples comparison, the amount of money appropriated in the conference report for housing is the same as it was when it left the House floor in July.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. BARTLETT. I would yield to the gentleman from Massachusetts.

Mr. BOLAND. I thank the gentleman for yielding.

Mr. Speaker, the gentleman from Texas is exactly right in the statement he is making, precisely right. He probably knows as much or more about the housing programs as any particular individual in this House. He is a valued member of the Committee on Banking, Finance and Urban Affairs and this body.

I appreciate the gentleman from Texas, [Mr. BARTLETT] clarifying remarks on this matter. Because of the different methods used to finance individual assisted housing programs, the figures are not easily understood.

Mr. BARTLETT. I thank the gentleman.

So, Mr. Speaker, I would urge Members to very carefully consider their vote. There are other things in this conference report, including an additional sum of money for general revenue sharing, and an additional $900 million for the Superfund. In addition to that, I think Members ought to consider whether they support the priorities that are in the current housing authority and housing appropriation.

But in fairness to the conference committee, the conference committee did fund in the conference precisely the level under the housing provisions that this House instructed them to do. I am, personally, pleased to say that and commend the conferees for making those precise adjustments and instructions.

Mr. GREEN. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. BOLAND. Mr. Speaker, I yield such time as he might require to the distinguished gentleman from Michigan [Mr. TRAXLER], a very valuable member of this subcommittee.

Mr. TRAXLER. I thank the distinguished chairman, the gentleman from Massachusetts, for yielding time to me.

Mr. Speaker, I would encourage adoption of the conference report. This report, and the figures, are within the House-Senate budget resolution.

We do have a process that is being followed by the Committee on Appropriations, and basically it is a format that was set forth through the congressional budget process in the adoption of the congressional budget resolution. So this conference report that we have before us falls within those totals that were set forward in that resolution adopted earlier this year. There is method, there is rationality, there is sanity. We are not Teflon coating anything. We are not blaming staff for the failure to understand.

What we are saying is that this is the will and the mandate of this Congress. We had dollars that we could move about within the totals that were assigned to us, and that was done. This is a prerogative of the various subcommittees of the Committee on Appropriations, both within the House and the Senate. It represents a continuation of the budget process that started with the President submitting his budget to us in January 1985 with the Committee on the Budget meeting and coming forward with their resolution that was approved by this House, the Senate approving theirs, and then, of course, the conference committee arriving at those totals. And the Congress approving the final product.

□ 1205

We are acting within that total. That is the congressional budget process.

That does not mean that we have abandoned the budget process. We have our own process and we are following it specifically and exactly, and it is rational and it is sane. The fact that it does not agree with the President's priorities, a greater defense buildup, and less spending on the domestic side, does not make ours incomprehensible or incorrect. It means that the congressional budget rearranged his priorities within his total spending limit and said, no, we do not want to continue this massive defense buildup, we want to emphasize the domestic programs at a continuing level and not make increases in them. We want to exercise fiscal responsibility and restraint, and that is what the congressional budget process is about.

This conference report is part of it, and that is why it is before you today in the form that it is. It is responsible.

I do not agree with everything in it, as always is said by many Members who stand at the microphone, and it is true. I do not. I would like to have rearranged the priorities a little further within the total budget process and slowed down the massive defense increases. But that is not my decision to make solely. And the best judgment of all the Members of this body was that we would act reasonably in the course of the budget process and we would balance out the equities, and we would do justice and right for all of the people of America, not a select, narrow few who have sort of a perverted view, in my judgment, of what this Nation is about, and what its priorities ought to be.

I urge the adoption of the conference report.

Mr. GREEN. Mr. Speaker, I yield myself such time as I may consume.

I simply would like to conclude first by reminding the Members again that this bill is $3 billion below the fiscal year 1985 comparable bill, and it is $4 billion below our 302(b) allocation, and the staff was advised by OMB this morning that OMB has no objection to the bill.

I would also like to conclude by thanking the distinguished chairman of the subcommittee for his remarkable leadership in getting us this far under very, very difficult circumstances.

I yield back the balance of my time.

Mr. BOLAND. Mr. Speaker, I yield myself such time as I may consume.

I want to pay tribute to the distinguished ranking minority member of this committee, the gentleman from New York. I know of no man in this House who has spent more time on this bill than he has. And as a member of this subcommittee he has contributed substantially to the knowledge that Members have, particularly with reference to housing problems, because he served as a regional administrator of the Department of Housing and Urban Development in New York for some time. I know of no man who is better to work with, from the standpoint of personality, knowledge, interest, and time spent on this committee, than the distinguished gentleman from New York. I want to thank him very much for the cooperation that he gives the majority, and also to indicate to this House that his contributions are valuable on this particular bill, as on a lot of others.

Mr. MCCAIN. Mr. Speaker, it is good to see a problem that is capable of resolution actually resolved. The conferees on this bill deserve great credit for their actions regarding emergency planning for nuclear facilities. The language agreed to by an overwhelming majority of the conference requires the Federal Emergency Management Agency, as a last resort, to compensate for State and local inadequacies in emergency preparedness for nuclear accidents. The language is directed at a problem that, absent the action we take today, could threaten the operation of numerous nuclear facilities. The concern is that States and localities could refuse to participate in the emergency planning process and thereby attempt to veto new and existing nuclear facilities throughout the country.

Federal participation in the exercise and implementation of emergency plans is the solution adopted by the conferees. The basic argument against a veto is that it conflicts with traditional concepts of Federal preemption in nuclear safety regulation. There is no indication that Congress is in any way dissatisfied with preemption as a governing principle. The veto prospect has arisen, rather, as an unintended by-

product of a Nuclear Regulatory Commission rule requiring adequate emergency evacuation plans for nuclear facilities. Since States and localities normally exercise and implement such plans, their refusal to participate in the emergency preparedness process has the potential to threaten facility operation under the rule.

A unanimous NRC has stated, however, that participation by Federal agencies can satisfy the rule's requirements. A veto will be avoided, therefore, if Federal agencies agree to act when States and localities refuse to do so. The statements adopted by the conferees on this bill and on the energy and water development appropriation bill have now directed FEMA and the Department of Energy to act in such circumstances.

The direction goes not simply to participation in emergency plan drills. It also requires participation in the administration of a plan in the event of an actual nuclear accident. Thus, while FEMA's decision to participate in a drill at Shoreham is welcome, it must now also agree to participate in actual plan implementation. One would hope that, in the end, that commitment would not be necessary. The language makes clear that the conferees expect States and localities to carry out their responsibility both to exercise and implement emergency plans. Yet the statement also provides that, in the event that those responsibilities are neglected, FEMA must step into the breech. As a result of the energy and water development appropriation, DOE must assist FEMA to the full extent of its authority. These directives by the Congress should thus put an end to vetoes of nuclear facilities.

They should, that is, if they are heeded. While I would expect the agencies involved to follow the instructions of their appropriations committees as quickly as possible, it is the view of some in the Congress that they lack the authority to do so. It is significant, therefore, that the conferees have indicated that "it is clear that FEMA has the authority" to perform the relevant functions. I wholeheartedly agree. As I indicated when this bill was before us earlier, the Civil Defense Act and the Disaster Relief Act give FEMA all the authority it needs. Moreover, those acts, the Economy Act, and Executive Order 11490 permit FEMA to delegate any portion of its authority to DOE and other Federal agencies and to utilize the services of those agencies in the performance of emergency planning activities. The language we are considering creates no new authority because it does not need to. It simply directs that adequate existing authority be used to the extent necessary to solve a nagging problem. In issuing that mandate, this Congress performs a valuable service.

Mr. PASHAYAN. Mr. Speaker, I should like to congratulate the conference for its work on the issue of emergency planning for nuclear facilities. When this bill was before the House prior to conference, I spoke in favor of the House committee report language on this matter. I am delighted that the overwhelming sentiment of the conference was to adopt that language as the position of the conferees.

What the language does is simply stated. It directs the Federal Emergency Management Agency to prevent a State or local veto of a nuclear powerplant license. That is a significant directive, since without it the operation of nuclear facilities can be threatened throughout the country. Nuclear Regulatory Commission rules require that to obtain and retain a powerplant license, a utility must demonstrate that there is adequate emergency preparedness with respect to its facility. Since States and localities normally are the major participants in such preparedness, there is a risk that some will attempt to veto facilities by refusing to take part in the preparedness process.

State and local vetoes will no longer be possible, however, if the direction of the conferees is heeded. Under the language agreed to, FEMA, and any other agency with responsibility in this area, must fill in the gap left by the refusal of a State or local government to participate. This complements language that was recently adopted by the conferees on the Energy and Water Development appropriation bill. There the conferees directed the Department of Energy to compensate for State and local inadequacies in emergency preparedness to the full extent of the Department's authority. By virtue of the bill before us today, Congress is now directing FEMA to coordinate the assistance of DOE and other relevant agencies to ensure that there is adequate emergency preparedness for all nuclear facilities.

The direction applies both to the exercise of emergency plans and to their administration in the event of an actual emergency. FEMA is already committed to participate in the exercise of a plan in the case of the Shoreham reactor. This language tells the agency that similar commitments are expected at other facilities, if necessary to prevent a State or local veto. Moreover, it tells the agency—and this should be stressed—that it is also expected to carry out emergency plans, at Shoreham and elsewhere, in the event of an actual nuclear accident. If a veto is threatened, FEMA is expected to perform command and control functions to the extent necessary to avoid the veto and to provide for an effective emergency response. In sum, the message is that there will be no vetoes—only effective emergency management.

In closing, let me say a word about the underlying authority of FEMA and DOE to respond to these directives of the Congress. When the House considered this bill earlier, I spoke to the legal issues involved at some length. I do not want to rehash what I said then other than to repeat that it is clear that FEMA and DOE have the authority to perform the functions we are directing them to perform. I am inserting in the RECORD at this point a summary of the statutes and executive orders that are controlling on this question:

AUTHORITY OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY TO EXERCISE AND IMPLEMENT EMERGENCY PLANS FOR NUCLEAR FACILITIES AND TO USE THE SERVICES OF THE DEPARTMENT OF ENERGY OR OTHER AGENCIES IN CONNECTION WITH SUCH ACTIVITIES

I. AUTHORITY UNDER THE FEDERAL CIVIL DEFENSE ACT OF 1950

The Federal Civil Defense Act of 1950 was adopted "to provide a system of civil defense" for protection from enemy attack and from natural and man-made disasters. 50 U.S.C. App. §§ 2251 and 2252(b). The relevant authority under the act has been delegated to the Director of the Federal Emergency Management Agency (FEMA). Executive Order 12148, § 4-103, reprinted in 50 U.S.C. App. § 2251 note. The authority to "provide a system" of necessity includes the authority to intervene directly to compensate for deficiencies in that system.

Section 201 of the Act authorizes the Director of FEMA to "delegate, with the approval of the President, to the several departments and agencies of the Federal Government appropriate civil defense responsibilities." 50 U.S.C. App. § 2281(b).

In addition, section 401(c) of the Act provides that the Director may "utilize the services of Federal agencies." 50 U.S.C. App. § 2253(c). Indeed, the Director is instructed to use existing resources of the federal government to the maximum extent possible. 50 U.S.C. App. § 2257. The Director is authorized to reimburse assisting departments for expenditures or for compensation of their personnel. 50 U.S.C. App. § 2253(e).

II. AUTHORITY UNDER THE DISASTER RELIEF ACT OF 1974

The Disaster Relief Act of 1974 authorizes the President to declare an emergency or major disaster and to provide assistance at the request of the Governor of the affected state. 42 U.S.C. § 5141. Authority to declare an emergency or major disaster remains with the President, but all other relevant authority has been delegated to the Director of FEMA. Executive Order 12148, § 4-203, reprinted in 50 U.S.C. App. § 2251 note.

Once an emergency or major disaster has been declared, Federal agencies are authorized, at the direction of FEMA, "to provide assistance by (1) utilizing . . . their equipment, supplies, facilities, personnel, and other resources." Federal agencies are also authorized to perform "emergency work or services essential to save lives and to protect and preserve property, public health and safety, including but not limited to . . . movement of supplies or persons, clearance of roads," etc. 42 U.S.C. § 5146(a).

Moreover, regardless of existing emergencies or disasters, the Director of FEMA is "authorized to establish a program of disaster preparedness that utilizes services of all appropriate agencies . . . and includes (1) preparation of disaster preparedness plans for mitigation, warning, emergency operations, rehabilitation, and recovery; [and] (2) training and exercises." 42 U.S.C. § 5131.

III. AUTHORITY UNDER EXECUTIVE ORDER 11490

Executive Order 11490, as amended, reprinted in 50 US.C. App. § 2251 note, delegates numerous civil defense authorities to various federal agencies and departments. The order provides that these authorities are to be exercised under the guidance and coordination of FEMA. Section 3013 of the order provides:

"Transfer of Functions. Any emergency preparedness function under this order, or parts thereof, may be transferred from one

department or agency to another with the consent of the heads of the organizations involved and with the concurrence of the Director, FEMA. Any new emergency preparedness function may be assigned to the head of a department or agency by the Director, FEMA by mutual consent."

IV. AUTHORITY UNDER THE ECONOMY ACT

The Economy Act authorizes federal departments and agencies to perform services for other federal departments and agencies. 31 U.S.C. § 1535. The act is implemented by letters of agreement between such departments and agencies. *Id.* The agreement must be in the best interests of the U.S. government; the department or agency must be able to provide the services; and the services must not be available as conveniently or cheaply from a commercial source. *Id.*

Mr. Speaker, the conferees have come to grips with a difficult problem and have resolved it. In adopting this conference report, we will be embracing their solution. I am delighted to see us take that step, since it benefits both those served by nuclear power and those who rightfully insist on adequate protection from its potential risks. I should expect the agencies to respond quickly to our instructions, and I intend to monitor those responses closely.

Mr. MONTGOMERY. Mr. Speaker, I rise in support of the conference report on H.R. 3038, making appropriations for the Department of Housing and Urban Development and independent agencies, including the Veterans' Administration. When this measure was before this body originally, I expressed the belief that we could be truly proud of the effect that this measure had on veterans' programs. The conference agreement is about $400 million less than the funding for these programs that was approved by the House. I am certain that the chairman of the HUD-Independent Agencies Subcommittee, Mr. BOLAND, and the ranking minority member, Mr. GREEN, did the best that they could to defend the House position in conference, and I want to commend them for their efforts. However, the VA appropriation was cut disproportionately when compared to other programs such as space exploration and contributions for assisted housing.

In a number of instances, the conference report approves amounts higher than those approved by either House. At the same time, the conference agreement takes additional amounts away from the accounts which support the VA's Department of Veterans Benefits, as well as the account which supports the invaluable Medical and Prosthetic Research Program of the VA. As an example, the general operating expenses account is cut by over $23 million when compared to the amounts contained in the House-passed bill and the bill reported by the Senate committee. This means that employment supported by this account will have to be reduced by between 550 and 600 employees. This will have a serious impact on the day-to-day operations of the VA, and will exacerbate problems for those offices that were required to reduce staff in 1986 even before these additional cuts were made. "The quality and timeliness of decisionmaking by VA adjudicators will deteriorate below levels that the VA's inspector general has indicated are marginal already in some locations. The VA's Loan Guaranty Program people are trying to manage a serious challenge arising from the high number of loan foreclosures over the past several years. How can we expect them to improve performance when we don't provide the personnel resources necessary to continue at the present level? In addition, the VA has projected that the number of days necessary to process simple insurance policy loans may triple.

In past years, the Congress has recognized the wisdom of adding personnel to the staff of the inspector general and the general counsel. We have seen the beneficial effects and actual cost-savings generated by this investment. It appears that we now must forgo these benefits.

I recognize that the cuts insisted upon by the other body in the VA's medical care account have been partially restored by the conferees. But in my opinion, we have gone beyond fat and started to cut into the fiber of these programs. I believe that the American people, when given a choice between one more shuttle flight, or correct and timely decisions on thousands of claims for veterans' benefits, would choose the latter more often than not. I am also confident that most Americans would insist that the VA care for service-disabled or needy veterans who show up at VA hospitals, even if it meant that we could not spend $205 million on a space station next year.

Again, Mr. Speaker, I commend Mr. BOLAND, Mr. GREEN, and the other House conferees for their efforts. It should be clearly understood that the House places the highest priority on our Nation's veterans.

Mr. CONTE. Mr. Speaker, I rise in support of the conference report to accompany H.R. 3038, the fiscal year 1986 HUD-independent agencies appropriations bill.

I would like to take this opportunity to commend the distinguished chairman of the conference committee, Mr. BOLAND, for working so conscientiously with his counterpart in the other body to reach agreements on a $57.29 billion appropriations bill. While no Member, including those of us who served as managers, can be completely satisfied with each of the compromises reached, I am satisfied that this report is the best reflection of our priorities in funding vital, domestic programs during fiscal year 1986 in accordance with budgetary limitations.

I also want to commend the ranking minority member of the subcommittee, Mr. GREEN, for his extraordinary contribution to this committee and to the conference report before us. As he has noted, we were informed this morning by the Office of Management and Budget that OMB does not object to this report.

What we have before us today is a very lean, but fiscally responsible agreement, the fourth conference agreement on a regular fiscal year 1986 appropriations bill to come before us this year. As many of my colleagues know, the HUD-independent agencies bill is the third largest of the 13 appropriations bills. It is the second largest in terms of discretionary budget authority. Domestic programs funded through this measure, including assisted housing, community development, environmental protection, veterans care, emergency management, consumer protection, scientific and educational advancement are among the most important in our Nation.

The managers on the part of the House faced some very difficult decisions on levels of funding and provisions for programs, projects, and activities affecting the Department of Housing and Urban Development and 17 independent agencies. By weighing the priorities established by our committee and approved by this House last July, we worked to preserve and maintain those considered most critical. However, faced with the very real possibility of having this bill held up or rejected by the other body, and a Presidential veto, we agreed to some $550 million in programmatic reductions.

Just 4 months ago, our committee came before this House with what we considered to be a bare-bones bill. We had carefully crafted this bill after 20 long days of hearings which included testimony from more than 300 witnesses who filled 7,500 pages and nine volumes of hearing records. Our funding recommendations were below 1985-enacted levels and within the assumptions and allocations made in the House-passed budget resolution. We also deferred action on three programs for which authorizing legislation had not been enacted.

The bill which passed the House contained $55.4 billion in new budget authority and, as we know all too well, contained significant reductions in funding for programs such as UDAG, CDBG, and revenue sharing.

After nearly 3 weeks of negotiations with the other body, we report to you today an agreement which contains further reductions. I am personally pleased that we were able to reject additional cuts in the section 202 program, so that the fiscal year 1986 program will allow for 12,000 units; the community development block grants, which are maintained at the House-passed level of $3.125 billion; the urban development action grants, which are also included at the House level of $330 million; housing development grants, which are maintained at $75 million; EPA's operating programs, including $50 million for the school asbestos abatement program and $1.5 million for the national emissions data system to support acid rain data collection and analysis within the total of $1.49 billion; FEMA's Emergency Food and Shelter Program, which is funded at the House level of $70 million; and a number of programs essential for the care of U.S. veterans and their dependents.

In an effort to reduce outlays to conform with the Senate 302(b) allocation and have the agreement adopted by the other body and signed into law by the President, we agreed to make further cuts from House-passed levels in 29 accounts. These were not easy decisions. Our agreements to

make $900 million available for Superfund upon enactment of authorizing legislation, our agreement to continue the traditional method of financing public housing modernization, and our agreement to restore as much of the fiscal year 1986 reduction in revenue sharing payments assumed by both bodies required offsets in several accounts. These included: $100 million from FEMA disaster relief, $5 million from NASA space flight control and data communications, $5 million from NASA research and program management, EPA salaries and expenses by $6 million, HUD salaries and expenses by $5 million, FEMA salaries and expenses by $4 million, $200 million from VA readjustment benefits, $113 million from VA medical care, $6.6 million from VA medical and prosthetic research, $7.6 million from VA medical administration, $23.7 million from VA operating expenses, $16.3 million from VA construction accounts, and $35 million from the VA loan guarantee revolving fund.

Mr. Speaker, as a long-time supporter of the HUD solar energy and energy conservation bank, I regret that we could not recommend new budget authority for the bank in fiscal year 1986. Because of the success with which this program has met in such States as my own, House conferees have successfully fought to continue the program over the requests of the other body and the administration for program termination. For fiscal year 1986, however, the managers recommend that HUD continue to allocate the $5–$7 million expected to be available through recaptures and other funds on the normal annual schedule using performance-based distribution.

With regard to revenue sharing, I regret that constraints imposed on the conferees required us to reduce funding by $381.7 million from fiscal year 1985 levels. As my colleagues will recall, H.R. 3038 as passed by the House contained a 25 percent or $1.14 billion reduction from 1985. It was my intention, and the intention of our committee, to restore this reduction in conference in the event that the budget resolution would assume full 1986 funding and the other body included the entire $4.566 billion. Unfortunately, despite the budget resolution assumptions as adopted, the other body reduced revenue sharing payments by $328 million. Our conference agreement includes $4.185 billion, a $381.7 million reduction from last year. In order that we give our local governments the greatest possible amount of time to prepare for this reduction, we further recommended that the entire 8.36 percent reduction be made in the final quarterly payment.

Mr. Speaker, in accordance with the terms of Public Law 99–103, the fiscal year 1986 continuing resolution, funding for HUD and the independent agencies is provided at the lower of the House-passed fiscal year 1986 rate or the fiscal year 1985 rate, whichever is lower. It was the unanimous desire of the conferees to have the funds and provisions for these agencies disengage from the restrictive, short-run terms as soon as possible. Our agreement, including the addition of $900 million for Superfund and the $760 million partial restoration for revenue sharing, is $1.89 billion over the House-passed level. The total is, however, still $3.119 billion below fiscal year 1985 enacted levels, and within the House 302(b) allocation.

I urge my colleagues to support the adoption of the conference report.

Mr. DOWNEY of New York. Mr. Speaker, I want to commend the excellent work on the HUD/Independent Agencies appropriations bill done by my colleagues, Mr. BOLAND and Mr. GREEN, the chairman and ranking member of the Subcommittee on HUD and Independent Agencies respectively. I support H.R. 3038, providing funds for the Department of Housing and Urban Development and other agencies of the Federal Government.

Although I support the bill, Mr. Speaker, I must indicate my strong opposition to language contained in the report which pertains to the Federal Emergency Management Agency. This language seeks to convey the impression that FEMA has the authority to override State and local government authorities if it deems it necessary to ensure an effective emergency response plan for a nuclear power facility.

Earlier this year, when H.R. 3038 first came to the floor, I indicated that this provision was a cause for great concern. Now, 4 months later, we face a situation in which the Nuclear Regulatory Commission and FEMA propose to exercise a test of an emergency response plan for Long Island's Shoreham facility, drawn up by a private utility, not the local government. They propose to do this, Mr. Speaker, in the face of opposition from the Governor of the State of New York, the county executive of Suffolk County, in which the plant is located, and the county legislature.

The situation which concerned us as a hypothetical case in July is now about to happen.

My colleague, Mr. MARKEY of Massachusetts, who is the chairman of the Subcommittee on Energy Conservation and Power which has oversight responsibility over the NRC, has pointed out that the language contained in the report would seem to provide extraordinary powers to FEMA. These powers, Mr. MARKEY points out, were never provided in any authorizing bill. We must be quite clear that even if this language is adopted, it does not have the force of law. It is simply report language—nothing more.

Nonetheless, I take this opportunity to state my firm conviction that FEMA must work closely and cooperatively with State and local authorities to develop emergency response plans to deal with radiological accidents. I take seriously the assurance that the former director of FEMA, Mr. Louis Giuffreda, gave to the National Governors' Association in 1983:

FEMA does not support the idea that the Federal Government should be empowered as the last resort to develop a plan even if all other responsible entities fail to do so. The role of the Federal Government is to enhance, not supplant, State and local government capabilities to prepare for and respond to radiological and other types of emergencies.

Mr. Speaker, we have no formal administration statement that nullifies that position. Nor do we have authorizing language to give FEMA the power that this report language seeks to endow it with. In the absence of legislation, I must strongly oppose this far-reaching language.

Mr. BOLAND. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 268, nays 153, not voting 13, as follows:

[Roll No. 404]

YEAS—268

Ackerman	Darden	Heftel
Akaka	Daschle	Hillis
Alexander	Davis	Holt
Anderson	Dellums	Horton
Annunzio	Derrick	Howard
Anthony	Dickinson	Hoyer
Aspin	Dicks	Hunter
Atkins	Dingell	Hutto
Barnes	DioGuardi	Jacobs
Bateman	Dixon	Jenkins
Bates	Donnelly	Johnson
Bedell	Dowdy	Jones (NC)
Beilenson	Downey	Jones (TN)
Bennett	Duncan	Kastenmeier
Bentley	Durbin	Kennelly
Berman	Dwyer	Kildee
Bevill	Dymally	Kleczka
Biaggi	Dyson	Kolbe
Boehlert	Early	Kolter
Boggs	Eckart (OH)	Kostmayer
Boland	Edwards (CA)	LaFalce
Boner (TN)	Emerson	Lantos
Bonior (MI)	Erdreich	Lehman (CA)
Bonker	Evans (IL)	Lehman (FL)
Borski	Fascell	Leland
Bosco	Fazio	Levin (MI)
Boucher	Feighan	Levine (CA)
Boulter	Fields	Lewis (CA)
Boxer	Fish	Lewis (FL)
Brooks	Flippo	Lloyd
Broomfield	Florio	Long
Brown (CA)	Foglietta	Lowery (CA)
Bruce	Foley	Lowry (WA)
Bryant	Ford (MI)	Lundine
Burton (CA)	Ford (TN)	Madigan
Bustamante	Frank	Manton
Byron	Frost	Markey
Carr	Gallo	Martin (NY)
Chandler	Garcia	Martinez
Chappell	Gaydos	Matsui
Clay	Gejdenson	Mavroules
Clinger	Gephardt	Mazzoli
Coats	Gilman	McCain
Coelho	Glickman	McCloskey
Coleman (MO)	Gonzalez	McDade
Coleman (TX)	Gray (IL)	McHugh
Collins	Gray (PA)	McKernan
Conte	Green	Meyers
Conyers	Guarini	Mica
Cooper	Hall (OH)	Michel
Coughlin	Hatcher	Mikulski
Courter	Hawkins	Miller (CA)
Coyne	Hayes	Miller (WA)
Crockett	Hefner	Mineta

Mitchell	Ridge	Sundquist
Moakley	Rinaldo	Swift
Molinari	Ritter	Synar
Mollohan	Rodino	Tallon
Montgomery	Roe	Thomas (GA)
Morrison (CT)	Rogers	Torres
Morrison (WA)	Rose	Torricelli
Murphy	Rostenkowski	Towns
Murtha	Roth	Traficant
Myers	Roukema	Traxler
Natcher	Rowland (CT)	Udall
Nichols	Rowland (GA)	Valentine
Nowak	Roybal	Vento
Oakar	Sabo	Visclosky
Oberstar	Savage	Volkmer
Olin	Saxton	Walgren
Ortiz	Scheuer	Watkins
Owens	Schneider	Waxman
Packard	Schuette	Weiss
Panetta	Seiberling	Wheat
Parris	Shelby	Whitley
Pashayan	Sikorski	Whitten
Pease	Skeen	Williams
Pepper	Skelton	Wilson
Perkins	Smith (FL)	Wise
Petri	Smith (IA)	Wolf
Porter	Smith (NJ)	Wolpe
Price	Snowe	Wortley
Pursell	Solarz	Wright
Quillen	Spratt	Yates
Rahall	St Germain	Yatron
Rangel	Staggers	Young (AK)
Ray	Stark	Young (FL)
Regula	Stokes	Young (MO)
Reid	Stratton	
Richardson	Studds	

NAYS—153

Andrews	Hammerschmidt	Penny
Applegate	Hansen	Pickle
Archer	Hartnett	Roberts
Armey	Hendon	Robinson
AuCoin	Henry	Roemer
Badham	Hertel	Rudd
Barnard	Hiler	Russo
Bartlett	Hopkins	Schaefer
Barton	Hubbard	Schroeder
Bereuter	Huckaby	Schulze
Bilirakis	Hughes	Schumer
Bliley	Hyde	Sensenbrenner
Breaux	Ireland	Sharp
Brown (CO)	Jeffords	Shaw
Broyhill	Jones (OK)	Shumway
Burton (IN)	Kanjorski	Shuster
Callahan	Kaptur	Siljander
Carney	Kasich	Sisisky
Carper	Kindness	Slattery
Chapman	Kramer	Slaughter
Chappie	Lagomarsino	Smith (NE)
Cobey	Latta	Smith, Denny (OR)
Coble	Leach (IA)	Smith, Robert (NH)
Combest	Leath (TX)	Smith, Robert (OR)
Craig	Lent	Snyder
Crane	Lightfoot	Solomon
Daniel	Lipinski	Spence
Dannemeyer	Livingston	Stallings
Daub	Loeffler	Stangeland
DeLay	Lott	Stenholm
DeWine	Lujan	Strang
Dorgan (ND)	Luken	Stump
Dornan (CA)	Lungren	Sweeney
Dreier	Mack	Swindall
Eckert (NY)	MacKay	Tauke
Edwards (OK)	Marlenee	Tauzin
English	Martin (IL)	Taylor
Evans (IA)	McCandless	Thomas (CA)
Fawell	McCollum	Vander Jagt
Fiedler	McCurdy	Vucanovich
Franklin	McEwen	Walker
Gekas	McGrath	Weaver
Gibbons	McMillan	Weber
Gingrich	Miller (OH)	Whitehurst
Goodling	Monson	Whittaker
Gordon	Moody	Wirth
Gradison	Moore	Wyden
Gregg	Moorhead	Wylie
Grotberg	Neal	Zschau
Gunderson	Nielson	
Hall, Ralph	Obey	
Hamilton	Oxley	

NOT VOTING—13

Addabbo	Fowler	Mrazek
Campbell	Frenzel	Nelson
Cheney	Fuqua	O'Brien
de la Garza	Kemp	
Edgar	McKinney	

□ 1220

The Clerk announced the following pairs:

On this vote:

Mr. Fuqua for, with Mr. Cheney against.

Mr. McKinney for, with Mr. Nelson of Florida against.

Messrs. LIPINSKI, GROTBERG, SWEENEY, SISISKY, ANDREWS, and HERTEL of Michigan changed their votes from "yea" to "nay".

Messrs. HALL of Ohio, COLEMAN of Missouri, HUNTER, VOLKMER, and LEWIS of Florida changed their votes from "nay" to "yea."

So the conference report was agreed to

The result of the vote was announced as above recorded.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 2, line 14, strike out "$9,200,902,781" and insert "$8,108,355,781".

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that all Senate amendments in disagreement be designated by number, considered as read, and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "$9,965,607,781".

The motion was agreed to.

□ 1230

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 3: Page 2, line 15, strike out all after "herein," down to and including "$163,800,000" in line 17 and insert "$327,600,000".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein with an amendment, as follows: In lieu of the matter stricken and proposed by said amendment, insert the following: "$1,306,500,000 shall be for assistance in financing the development or acquisition cost of public housing, of which $327,600,000".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 10: Page 3, line 14, after "1437f)" insert ", for use in connection with the rental rehabilitation program under section 17 of such Act and, notwithstanding section 8(o)(4), for other purposes as determined by the Secretary".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 10 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ", for use, notwithstanding the limitations in section 8(o)(1) of such Act that the Secretary conduct a demonstration, and in section 8(o)(4) of such Act that the Secretary use substantially all authority in connection with certain programs, in connection with the rental rehabilitation program under section 17 of such Act and for any other purposes as determined by the Secretary".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 12: Pages 3, line 21, after "1986" insert "; *Provided further*, That notwithstanding the immediately preceding ("merger") proviso, notwithstanding any requirement of section 235(c)(3) of the National Housing Act, as amended, and notwithstanding the proviso in this paragraph concerning rescission of recaptured budget authority, any balances of the contract authority and budget authority provided in the Second Supplemental Appropriations Act, 1984 (Public Law 98-396, 98 Stat. 1369, 1380) for the home ownership assistance program under section 235 of the National Housing Act, as amended (12 U.S.C. 1715z), for which the Secretary has made fund reservations prior to the date of enactment of this Act shall remain available for obligation without regard to any fiscal year limita-

tion until such reserved budget authority is expended, and the Secretary of Housing and Urban Development shall have the authority to enter new contracts for assistance payments and to insure mortgages under section 235 until such reserved budget authority is expended notwithstanding any sunset date specified in the last sentences of section 235(h)(1) and section 235(m), respectively: *Provided further,* That notwithstanding the "merger" proviso, and notwithstanding the proviso in this paragraph concerning rescission of recaptured budget authority, any amounts of budget authority heretofore made available for obligation until September 30, 1986 for rental rehabilitation grants and development grants, pursuant to section 17(a)(1) of the United States Housing Act of 1937, as amended, shall remain available until such date

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 12, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 16: Page 4, line 3, after "1986" insert "except such amounts provided for assistance payments contracts under section 235 of the National Housing Act of 1937, and for grants under section 17(a)(1) of the United States Housing Act of 1937,".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 16, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 17: Page 4, line 3, strike out all after "That" over to and including "bedrooms" in line 8 on page 5 and insert "the first sentence of section 6(b) of the United States Housing Act of 1937 is amended by striking out "by more than 10 per centum" and inserting before the period at the end thereof "except that the Secretary shall increase such amount if the Secretary determines such action to be necessary to account for location or other factors related to a particular project" ".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 17 and concur therein with an amendment, as follows: In lieu of the matter stricken and proposed by said amendment, insert the following: "section 6(b) of the United States Housing Act of 1937 is repealed".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 20: Page 7, line 13, after "$1,210,600,000" insert "to remain available for obligation in accordance with section 9(a), notwithstanding section 9(d), of such Act until September 30, 1987".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 20, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 43: Page 17, line 4, strike out "contractors" and insert "persons".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 43, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 46: page 17, after line 12, insert:

PAYMENT TO THE HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

For payment, as repayable advances to the Hazardous Substance Response Trust Fund, as authorized by law, such borrowed sums as may be necessary to carry out the purposes of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.).

HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, including sections 111 (c)(3), (c)(5), and (e)(4) (42 U.S.C. 9611), $1,200,000,000, to be derived from the Hazardous Substance Response Trust Fund to remain available until expended: *Provided,* That not to exceed $140,000,000 shall be available for administrative expenses. Funds appropriated under this account may be allocated to other Federal agencies in accordance with section 111(a) of Public Law 96-510: *Provided further,* That for performance of specific activities in accordance with section 104(i) of Public Law 96-510, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, $21,000,000 shall be made available to the Department of Health and Human Services on October 1, 1985, to be derived by transfer from the Hazardous Substance Response Trust Fund, of which no less than $5,125,000 shall be available for toxicological testing of hazardous substances.

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 46 and concur therein with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert the following:

PAYMENT TO THE HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

For payment, as repayable advances to the Hazardous Substance Response Trust Fund, when specifically authorized by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, such borrowed funds as may be necessary to carry out the purposes of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, including sections 111 (c)(3), (c)(5), (c)(6), and (e)(4) (42 U.S.C. 9611), $900,000,000, to be derived from the Hazardous Substance Response Trust Fund, to remain available until expended: *Provided,* That funds appropriated under this account may be allocated to other Federal agencies in accordance with section 111(a) of Public Law 96-510: *Provided further,* That for performance of specific activities in accordance with section 104(i) of Public Law 96-510, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, $21,000,000 shall be made available to the Department of Health and Human Services, to be derived by transfer from the Hazardous Substance Response Trust Fund, of which no less than $5,125,000 shall be available for toxicological testing of hazardous substances. For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, not to exceed $90,000,000 shall be available for administrative expenses.

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 54: Page 21, line 21, after "Appropriations." insert "For the purpose of the determination of premium rates under the National Flood Insurance Act of 1968, the flood protection system in Winfield, Kansas, shall, at the 50 per centum stage of completed construction, as required by section 1307(e) of such Act, be considered to comply with the requirements and conditions of section 1307 of such Act, notwithstanding the source of funding.".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 54, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 55: Page 21, after line 21, insert:

NATIONAL INSURANCE DEVELOPMENT FUND

For one-time payments from the National Insurance Development Fund to participating Federal Crime Insurance Program States, as authorized by section 1242 of the Urban Property Protection and Reinsurance Act of 1968 as amended, not to exceed $10,000,000, to remain available until October 31, 1985. Eligibility for payment under this appropriation shall be contingent upon certification by a State that it shall develop, on an expeditious basis, an alternative mechanism for providing access to crime insurance to all current Federal Crime Insurance policyholders in that State who apply. Such certification shall be made not later than September 30, 1985. Payments to each State shall be determined by the proportionate share of this amount based on the number of policies in force in each State, as of July 31, 1985. The Administrator of the Federal Insurance Administration, Federal Emergency Management Agency, shall provide such funds no later than October 31, 1985. The Administrator shall provide complete policyholder lists to all States participating in the program by August 31, 1985.

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 55 and concur therein with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert the following:

NATIONAL INSURANCE DEVELOPMENT FUND

For one-time payments from the National Insurance Development Fund to participating Federal Crime Insurance Program States, as authorized by section 1242 of the Urban Property Protection and Reinsurance Act of 1968, as amended, not to exceed $10,000,000. Eligibility for payment under this appropriation shall be contingent upon certification by a State that it shall develop, on an expeditious basis, an alternative mechanism for providing access to crime insurance to all current Federal Crime Insurance policyholders in that State who apply. Such certification shall be made not later than 30 days following the effective date of this paragraph. Payments to each State shall be determined by the proportionate share of this amount based on the number of policies in force in each State, as of July 31, 1985. The administrator of the Federal Insurance Administration, Federal Emergency Management Agency, shall provide such funds no later than 60 days following the effective date of this paragraph. This paragraph shall become effective on January 1, 1986: *Provided*, That the provisions of this paragraph, and eligibility for payments hereunder, shall not become effective or shall cease to be effective during any period that the authority of the Federal Crime Insurance Program for issuance of insurance policies is effective.

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 63: Page 26, line 18, after "Act" insert ": *Provided further*, That the Administrator may authorize such facility lease or construction, if he determines that deferral of such action until the enactment of the next appropriation Act would be inconsistent with the interest of the Nation in aeronautical and space activities".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 63 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided further*, That the Administrator may authorize such facility lease or construction, if he determines, in consultation with the Committees on Appropriations, that deferral of such action until the enactment of the next appropriation Act would be inconsistent with the interest of the Nation in aeronautical and space activities".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 66: Page 27, line 13, after "conclusive" insert ": *Provided further*, That, of such funds, $500,000 shall be available for the activities of the National Commission on Space, established by the National Aeronautics and Space Administration Authorization Act, 1985 (Public Law 98-361; 98 Stat. 422)".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 66 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided further*, That of funds provided for the National Aeronautics and Space Administration under this or any other account, $400,000 shall be available for the activities of the National Commission on Space, established by the National Aeronautics and Space Administration Authorization Act, 1985 (Public Law 98-361; 98 Stat. 422)".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 68: Page 27, after line 13, insert:

MISSISSIPPI TECHNOLOGY TRANSFER CENTER

(a) The Congress finds that—

(1) section 9 of Mississippi Senate Bill No. 2984, 1985 Regular Session, which became effective on July 1, 1985, provides appropriations for constructing, furnishing and equipping a building and related facilities, to be known as the Mississippi Technology Transfer Center, at the National Space Technologies Laboratories in Hancock County, Mississippi; and

(2) operation and maintenance of the Mississippi Technology Transfer Center by the Federal Government is in the national interest.

(b) The Administrator of the National Aeronautics and Space Administration may—

(1) enter into an agreement with the State of Mississippi by which title to the Mississippi Technology Transfer Center shall be transferred to the Government of the United States and by which such Center

shall be operated by the Government of the United States;

(2) accept title to such Center on behalf of the Government of the United States; and

(3) after title has been transferred under paragraph (2) of this subsection, operate and maintain such Center, subject to the availability of appropriations for such purposes.

(c) It is the sense of the Congress that, to the extent practicable, the National Space Technology Laboratories should apply its existing reimbursement policies to occupants of such Center.

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Boland moves that the House recede from its disagreement to the amendment of the Senate numbered 68, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 88: Page 42, line 13, after "year" insert ", of which not to exceed $500,000 shall be available for purposes of training State examiners and not to exceed $1,500 shall be available for official reception and representation expenses".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 88, and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 91: Page 45, line 2, after "1980;" insert "travel under the Solid Waste Disposal Act as amended;".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 91 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: "to site-related travel under the Solid Waste Disposal Act, as amended;".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 92: Page 45, line 4, after "schedules" insert ": *Provided further*, That if appropriations in titles I and II expendable for travel expenses exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may likewise exceed the amounts therefor set forth in the estimates in the same proportion as the amounts expendable for travel expenses exceed the estimates therefore".

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 92 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided further*, That if appropriations in titles I and II exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly exceed the amounts therefor set forth in the estimates in the same proportion".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the final amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 94; page 49, strike out lines 18, 19, and 20 and insert:

SEC. 417. Except as otherwise provided in this section, each dollar amount contained in this Act, as amended, which is provided for nondefense discretionary programs and activities is hereby reduced 1.1 per centum: *Provided*, That this section shall not apply to the amount on page 2, line 16: *Provided further*, That, notwithstanding the provisions of 31 U.S.C. 6701-6724, payments to local governments are hereby reduced by 7.2 per centum: *Provided further*, That, notwithstanding the provisions of 31 U.S.C. 6701-6724, in the fiscal year ending September 30, 1986, persons charged with administration of any provision of 31 U.S.C. 6701-6724, shall limit the value of any payments conferred by 31 U.S.C. 6701-6724 to amounts not in excess of the amount provided in this annual appropriation Act, as amended by this section, and if the requirements of 31 U.S.C. 6701-6724 exceed the amount so provided, the payments shall be reduced to the extent necessary to stay within the amount provided in this annual appropriation Act, as amended by this section. Notwithstanding the provisions of titles I and II of this Act, the following accounts are reduced in budget authority by the following amounts:

Management and Administration (HUD) $10,000,000;

Salaries and Expenses (EPA) $10,000,000;

Salaries and Expenses (FEMA) $10,000,000;

Research and Program Management (NASA) $15,000,000;

Medical Administration and Miscellaneous Operating Expenses (VA) $3,000,000; and

General Operating Expenses (VA) $15,000,000.

SEC. 418. Any funds previously appropriated for the purposes of construction grants under title II of the Clean Water Act shall be available for all projects for which such funding was initially available when such appropriations were made and not be limited to phases or segments of previously funded projects.

SEC. 419. Notwithstanding any other provision of this Act (including any provision reducing certain dollar amounts by a specified percentage), the appropriation made by this Act for the Veterans' Administration for "Medical care" shall be $9,162,694,000.

SEC. 420. Notwithstanding any other provision of the law, none of the funds appropriated in this Act or any previous Acts shall be used to issue any permit not intended for limited-duration research purposes for the ocean incineration of hazardous wastes, unless the Administrator of the Environmental Protection Agency prepares an environmental impact statement (as described in clause (i) et seq. of section 102(2)(C) of the National Environmental Policy Act of 1969) with respect to the loading, transportation, and incineration of such wastes which will be involved under the terms of the permit.

TITLE V—SHELTER PROGRAM: GENERAL PROVISIONS

SHORT TITLE

SEC. 501. The following titles may be cited as the "Homeless Housing Assistance Act of 1985".

DEFINITIONS

SEC. 502. For the purpose of this Act—

(1) the term "emergency shelter", as used in section 608(b) of this Act, means an entire facility, or that part of a facility, which is used or designed to be used to provide temporary housing to not fewer than twenty individuals;

(2) the term "homeless" means individuals who are poor and who have no access to either traditional or permanent housing;

(3) the term "local government" means a unit of general purpose local government;

(4) the term "locality" means the geographical area within the jurisdiction of a local government;

(5) the term "operating costs" means expenses incurred by State, local governments, and private nonprofit organizations operating transitional housing for the homeless under title VII of this Act with respect to—

(A) the administration, maintenance, minor repairs, and security of such housing;

(B) utilities, fuel, furnishings, and equipment for such housing;

(C) the conducting of the assessment required in section 705(a)(2) of this Act; and

(D) the provision of supportive services to the residents of such housing;

(6) the term "private nonprofit organization" means a secular or religious organization described in section 501(c) of the Internal Revenue Code of 1954 which is exempt from taxation under subtitle A of such

Code, and which has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance;

(7) the term "Secretary" means the Secretary of Housing and Urban Development;

(8) the term "shelter", as used in title II of this Act, means broadly the provision of protection from the elements for homeless individuals;

(9) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, or any territory or possession of the United States;

(10) the term "supportive services" means assistance to the residents of transitional housing in obtaining permanent housing, medical and psychological counseling and supervision, employment counseling, referral to job training, nutritional counseling, and such other services essential for establishing independent living as the Secretary determines to be appropriate. Such term includes the provision of assistance to the residents of transitional housing in obtaining other Federal, State, and local government assistance available for such persons, including mental health benefits, employment counseling, referral to job training programs, and medical assistance; and

(11) the term "transitional housing" means a single- or multi-family structure suitable for the provision of housing and supportive services for not more than 15 homeless persons, who cannot presently live independently without supportive services in a supervised residential setting but who are believed capable of transition to independent living with 6 months of assistance in a stable environment.

TITLE VI—EMERGENCY FOOD AND SHELTER PROGRAM

EMERGENCY FOOD AND SHELTER PROGRAM NATIONAL BOARD

SEC. 601. (a) The Director of the Federal Emergency Management Agency shall, as soon as practicable after September 30, 1985, constitute a national board for the purpose of carrying out an emergency food and shelter program.

(b) The national board shall consist of seven members. The United Way of America, the Salvation Army, the National Council of Churches of Christ in the United States of America, the National Conference of Catholic Charities, the Council of Jewish Federations, Inc., the American Red Cross, and the Federal Emergency Management Agency shall each designate a representative to sit on the national board.

(c) The representative of the Federal Emergency Management Agency shall chair the national board.

NATIONAL BOARD TRANSITION

SEC. 602. (a) The national board constituted by the Director of the Federal Emergency Management Agency, pursuant to section 601, shall continue to be authorized until March 30, 1986, and on such date, the personnel, property, records, and undistributed program funds of such national board shall be transferred to the national board constituted under subsection (b).

(b) On or before March 30, 1986, the Secretary of Housing and Urban Development shall constitute a national board for the purpose of carrying out an emergency food and shelter program. This national board shall consist of the same representatives, or their successors, of the same organizations as the national board constituted pursuant to section 601(b), except that the Secretary of Housing and Urban Development shall designate a representative to replace the Federal Emergency Management Agency representative. Such national board shall assume authority on March 30, 1986.

(c) The representative designated by the Secretary of Housing and Urban Development shall chair the national board constituted pursuant to subsection (b).

DISTRIBUTION OF PROGRAM FUNDS

SEC. 603. The national boards constituted pursuant to sections 601 and 602(b) shall determine how program funds are to be distributed to individual localities. The national boards shall identify localities having the highest need for emergency food and shelter assistance, based on unemployment and poverty rates and such other need-related data as the national boards deem appropriate, determine the amount and distribution of funds to these localities, and ensure that funds are properly accounted for.

AGENCY RESPONSIBILITIES

SEC. 604. (a) The Director of the Federal Emergency Management Agency shall award a grant for such amount as Congress appropriates for this program to the national board constituted pursuant to section 601 within 30 days after the beginning of fiscal year 1986, for the purpose of providing emergency food and shelter to needy individuals through private nonprofit organizations and through units of local government.

(b) The Director of the Federal Emergency Management Agency, or his representative, shall have the following responsibilities: provision of guidance, coordination, and staff assistance to the national board in carrying out the program; and cooperation and coordination with the Secretary of Housing and Urban Development in the conducting of an audit of program funds awarded to the national board constituted pursuant to section 601 or transferred to the national board constituted pursuant to section 602(b). The responsibilities of the Director of the Federal Emergency Management Agency with respect to this program shall end with the completion of the audit for program funds distributed during fiscal year 1986.

(c) The Secretary of Housing and Urban Development shall award a grant for such amount as Congress appropriates for this program to the national board constituted pursuant to section 602(b) within 30 days after the beginning of fiscal years 1987 and 1988, for the purpose of providing emergency food and shelter to needy individuals through private nonprofit organizations and through units of local government.

(d) The Secretary of Housing and Urban Development shall have the following responsibilities: provision of guidance, coordination, and staff assistance to the national board in carrying out the program; and the conducting of an audit of program funds awarded to and transferred to the national boards constituted pursuant to sections 601 and 602(b).

(e)(1) In carrying out the responsibilities under subsection (d), the Secretary shall coordinate activities with the Federal Interagency Task Force on Food and Shelter, chaired by the Secretary of Health and Human Services, to identify vacant and surplus Federal facilities which could be renovated or converted for use as emergency shelter facilities for the homeless.

(2) Not later than 3 months after the end of fiscal year 1986, the Secretary shall submit to the Congress a report on obstacles, if any, including agency rules or procedures, to the availability of vacant and surplus Federal facilities for renovation or conversion to use as emergency shelter facilities for the homeless, with recommendations for legislative or administrative changes to overcome such obstacles.

LOCAL BOARDS

SEC. 605. (a) Each locality designated by the national boards constituted pursuant to sections 601 and 602(b) shall constitute a local board for the purpose of determining how program funds allotted to the locality will be distributed. The local board shall consist, to the extent practicable, of representatives of the same organizations as the national boards, except that the mayor or other appropriate heads of government will replace the Federal Emergency Management Agency or Department of Housing and Urban Development member. The chair of the local board shall be elected by a majority of the members of the local board. Local boards are encouraged to expand participation of other private nonprofit organizations on the local board.

(b) Local boards shall have the following responsibilities: determining which private nonprofit organizations or public organizations of the local government in the individual locality shall receive grants to act as service providers; monitoring recipient service providers for program compliance; reallocation of funds among service providers; ensuring proper reporting; and coordinating with other Federal, State, and local government assistance programs available in the locality.

(c) Prior to March 30, 1986, local boards constituted pursuant to subsection (a) shall be accountable to the national board constituted pursuant to section 601. On and after March 30, 1986, local boards constituted pursuant to subsection (a) shall be accountable to the national board constituted pursuant to section 602(b).

LOCAL HOMELESS ASSISTANCE PLAN

SEC. 606. (a) At the end of each fiscal year, each local board shall submit to the national board constituted pursuant to section 602(b), a plan describing programs, goals, and objectives for providing assistance to the homeless in that locality. The plan shall be developed in cooperation with the local government head represented on the local board.

(b) The local plan shall address the following subjects: description of existing shelter, mass feeding, and food bank activities in that locality, including activities not receiving assistance under this title; use and availability of all public and private resources in the locality to assist the homeless; coordination of all public and private services and resources in that locality to assist the homeless; coordination among all shelter providers in the locality to use all available shelter space for the homeless; and preservation of low-income housing in the locality.

(c) The local plan shall be placed on file in the office of the local government head represented on the local board and shall be made available to the public. The local plan shall be forwarded to that individual locality's representatives in Congress. The national board shall maintain files of local plans and make them available upon request to other localities.

(d) The preparation and submission of the local plan shall be regarded as the legal duty of the local board, but failure to do so shall not be grounds for the withholding of funds appropriated under this title from

that locality. Any citizen residing in the locality in which such local board is constituted shall have standing in the Federal district court of jurisdiction to seek an order compelling the preparation and submission of the local plan as required by this section. The substance and contents of the local plan shall be within the sole discretion of the local board and shall not be subject to administrative or judicial review.

SERVICE PROVIDERS

SEC. 607. Designation by the local board of a service provider to receive program funds should be based upon a private nonprofit organization's or unit of local government's ability to deliver emergency food and shelter to needy individuals and such other factors as are deemed appropriate to program objectives by the local board.

USE OF FUNDS

SEC. 608. (a) The national boards constituted by sections 601 and 602(b) may authorize the following use of funds to address the emergency food and shelter needs of needy individuals:

(1) Expenditures necessary to purchase emergency food and shelter for needy individuals, to supplement and extend currently available resources and not to substitute or reimburse ongoing programs and services; and

(2) Expenditures necessary to conduct minimum rehabilitation of existing mass shelter or mass feeding facilities to make facilities safe, sanitary, and bring them into compliance with local building codes.

(b)(1) Local boards are authorized to expend up to 25 percent of the funds allotted to that locality for substantial renovation or conversion, but not acquisition or new construction, of buildings for use as emergency shelter facilities to provide additional shelter space. Such expenditures shall be made in the form of noninterest bearing advances, repayment of which shall be waived if—

(A) the applicant utilizes the building as an emergency shelter facility for not less than the 10-year period following the completion of such renovation or conversion, or

(B) the Secretary determines that such facility is no longer needed to provide shelter to the homeless and approves use of the building for another charitable purpose for the remainder of such 10-year period. If the recipient of such advance fails to comply with the conditions for such a waiver, the recipient shall repay to the Secretary in cash the full amount of the advance received on such terms as the Secretary shall require. It shall be the responsibility of the local board to obtain documentation, signed by the responsible official, showing that the recipient of such advance is aware of and agrees to the conditions of its receipt.

(2) Local boards are encouraged to provide, to the neighborhood in which a new emergency shelter facility is to be located, adequate notice and an opportunity to comment. Local boards are also encouraged to achieve the widest possible distribution of emergency shelters throughout the locality to avoid a disproportionate burden on any one section or neighborhood of the locality.

LIMITATION ON CERTAIN COSTS

SEC. 609. Not more than 3 percent of the total appropriation for this program each year may be expended for the costs of administration.

PROGRAM GUIDELINES

SEC. 610. (a) The national boards constituted pursuant to sections 601 and 602(b) shall establish written guidelines for carrying out this program, including methods for identifying localities with the highest need for emergency food and shelter assistance; methods for determining amount and distribution to these localities; eligible program costs, with the aim of providing emergency essential services based on currently existing needs; and responsibilities and reporting requirements of the national boards, local boards, and service providers.

(b) These guidelines shall be published annually, and whenever modified, in the Federal Register. The national boards shall not be subject to the procedural rulemaking requirements of subchapter II of chapter 5 of title 5, United States Code.

(c) Guidelines established by the national board constituted pursuant to section 601 shall continue in effect until modified or revoked by that board or by the national board constituted pursuant to section 602(b).

PROGRAM AUTHORIZED

SEC. 611. (a) To carry out this title, there are authorized to be appropriated $70,000,000 in fiscal year 1986, $88,000,000 in fiscal year 1987, and $91,000,000 in fiscal year 1988.

(b) Any appropriated funds not obligated in a fiscal year shall remain available for obligation during the following fiscal year.

SURPLUS FOOD DISTRIBUTION

SEC. 612. The Commodity Credit Corporation shall process and distribute surplus commodities acquired by the Corporation for the purpose of carrying out the food distribution and emergency shelter program in cooperation with the national boards constituted pursuant to sections 601 and 602(b).

TITLE VII—TRANSITION TO INDEPENDENCE DEMONSTRATION PROJECT

AUTHORITY TO MAKE GRANTS

SEC. 701. (a) The Secretary of Housing and Urban Development shall make grants to States, local governments, or private nonprofit organizations for the operation of demonstration projects to develop and apply innovative approaches in providing transitional housing and supportive services to the homeless to assist them in the transition to independent living.

(b) Grants under subsection (a) may be made in the form of:

(1) annual payments for operating expenses of transitional housing, not to exceed 75 percent of the annual operating expenses of such housing;

(2) technical assistance in establishing and operating transitional housing and providing supportive services to the residents of such housing to assist them in the transition to independent living; and

(3) a one-time only non-interest bearing advance, not to exceed $100,000, for the purposes of acquiring, rehabilitating, or acquiring and rehabilitating an existing structure for use in providing transitional housing, if the applicant agrees to utilize such structure as transitional housing for not less than 5 years. Repayment of such advance shall be waived if the applicant utilizes the structure as transitional housing for not less than the 10-year period following the initiation of operation of such transitional housing facility, or if the Secretary determines that such structure is no longer needed for use as transitional housing and approves the use of such structure for another charitable purpose for the remainder of such 10-year period. If the applicant fails to comply with the conditions for waiver of repayment, the applicant shall repay to the Secretary in cash the full amount of the advance received on such terms as the Secretary shall require.

(c) Grants made under this section are to be used to supplement and extend currently available resources and not to substitute or reimburse ongoing programs and services.

APPLICATIONS FOR GRANTS

SEC. 702. Each application for a grant submitted by a State, local government, or private nonprofit organization shall contain—

(1) documentary material demonstrating that such applicant has the ability and resources necessary to operate transitional housing;

(2) documentary material describing the program and supportive services intended to be provided in such transitional housing, including the innovative quality of the proposed program;

(3) documentary material demonstrating that the State, local government, or private nonprofit organization involved has provided the emergency food and shelter program local board, constituted pursuant to section 605 of this Act, if such local board has been constituted in the locality where the proposed transitional housing will be located, an opportunity to comment with respect to this application, and a statement as to whether the local board approves or disapproves of such application and its reasons for any disapproval; and

(4) such other information or material as the Secretary shall establish.

ALLOCATION OF GRANTS

SEC. 703. In selecting States, local governments, or private nonprofit organizations for assistance in providing transitional housing under this title, the Secretary shall consider—

(1) the innovative quality of the proposal to provide transitional housing and supportive services to the homeless to assist them in the transition to independent living;

(2) the ability of the State, local government, or private nonprofit organization to develop and operate transitional housing for homeless persons and to provide supportive services to the residents of such housing;

(3) the need for such transitional housing and supportive services in the locality to be served; and

(4) such other factors as the Secretary determines to be appropriate for purposes of carrying out the demonstration project established in this Act in an effective and efficient manner.

DISTRIBUTION OF GRANTS

SEC. 704. (a)(1) Not later than 120 days after the beginning of each fiscal year for which Congress makes appropriation to carry out this title, the Secretary shall make grants under section 701.

(2) If the aggregate amount of funds requested in applications submitted and approved, during the 120-day period referred to in paragraph (1), is less than the amount of such appropriation available to make such grants, then the Secretary shall publish in the Federal Register a notice that additional funds are available for distribution under this title.

(b) The aggregate amount of all appropriations made to carry out this title shall be used to make grants under section 701 unless the sum of the administrative costs incurred by the Secretary to carry out this title and the aggregate amount of funds requested in applications approved under this

title is less than the aggregate amount of such appropriation.

PROGRAM REQUIREMENTS

SEC. 705. (a) Each State, local government, or private nonprofit organization receiving assistance under this title shall agree—

(1) to operate transitional housing assisting residents in the transition to independent living and limiting the stay of individual residents to not more than 6 months;

(2) to conduct an assessment of the supportive services required by the residents of such transitional housing to assist them in the transition to independent living;

(3) to employ a full-time residential supervisor with sufficient expertise to provide, or supervise the provision of, supportive services to the residents of such housing;

(4) to keep and make available to the Secretary such records of the expenditure of funds as the Secretary may require by rule; and

(5) to comply with such other terms and conditions as the Secretary may establish for purposes of carrying out the demonstration project established by this title in an effective and efficient manner.

(b) Each homeless individual residing in transitional housing assisted under this title shall pay as rent an amount determined in accordance with the provisions of section 3(a) of the United States Housing Act of 1937.

REGULATIONS

SEC. 706. Not later than 120 days following the date of enactment of this Act, the Secretary shall issue such regulations as may be necessary to carry out the provisions of this title.

REPORTS TO CONGRESS

SEC. 707. (a) The Secretary shall submit to Congress—

(1) not later than 3 months after the end of each of the fiscal years 1986 and 1987, an interim report summarizing the activities carried out under this title during such fiscal year and setting forth any preliminary findings, conclusions, or recommendations of the Secretary as a result of such activities; and

(2) not later than 6 months after the end of fiscal year 1988, a final report summarizing all activities carried out under this title and setting forth any findings, conclusions, or recommendations of the Secretary as a result of such activities.

(b) Such interim and final reports shall address—

(1) the cost of operating transitional housing and providing supportive services to the homeless to assist them in the transition to independent living;

(2) the various types of transitional housing assisted under this title, including innovative approaches to assisting the homeless in the transition to independent living;

(3) the social, financial, and other advantages and disadvantages of transitional housing and supportive services as a means of assisting the homeless;

(4) the success of transitional housing programs assisted under this title, as measured in terms of placement of homeless individuals in permanent housing, placement in employment, and reductions in welfare dependency; and

(5) such other findings, conclusions, and recommendations as the Secretary deems appropriate with regard to assisting the homeless in the transition to independent living.

PROGRAM AUTHORIZED

SEC. 708. To carry out this title, there are authorized to be appropriated $5,000,000 in fiscal year 1986, and there are authorized to be appropriated $15,000,000 in each of the fiscal years 1987 and 1988.

MOTION OFFERED BY MR. BOLAND

Mr. BOLAND. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BOLAND moves that the House recede from its disagreement to the amendment of the Senate numbered 94 and concur therein with an amendment, as follows: In lieu of the matter stricken and proposed by said amendment, insert the following:

SEC. 416. Notwithstanding any other provision of this Act, amounts otherwise provided by this Act for the following accounts and activities are reduced by the following amounts:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

"Congregate services", $29,700;

"Housing counseling assistance", $38,500;

"Federal housing administration fund (limitation on gross obligations for direct loans under section 230(a) of the National Housing Act, as amended)", $981,442;

COMMUNITY PLANNING AND DEVELOPMENT

"Community development grants (limitation on total commitments to guarantee loans)", $2,475,000;

"Urban homesteading", $132,000;

FAIR HOUSING AND EQUAL OPPORTUNITY

"Fair housing assistance", $73,700;

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

"Salaries and expenses", $120,494;

ENVIRONMENTAL PROTECTION AGENCY

"Salaries and expenses", $6,000,000;

EXECUTIVE OFFICE OF THE PRESIDENT

"Office of science and technology policy", $25,773;

FEDERAL EMERGENCY MANAGEMENT AGENCY

"Disaster relief", $20,000,000;

"Salaries and expenses", $4,000,000;

"National flood insurance fund (appropriation)", $1,021,372;

"National flood insurance fund (transfer to 'Salaries and expenses')", $96,360;

"National flood insurance fund (transfer to 'Emergency management planning and assistance')", $503,250;

"National flood insurance fund (earmark, of transferred funds, for expenses under section 1362 of the National Flood Insurance Act of 1968, as amended)", $52,558;

GENERAL SERVICES ADMINISTRATION

"Consumer information center (appropriation)", $13,739;

"Consumer information center (limitation on administrative expenses)", $17,941;

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

"Research and program management", $5,000,000;

NATIONAL CREDIT UNION ADMINISTRATION

"Central liquidity facility (limitation on loans)", $6,600,000;

"Central liquidity facility (limitation on administrative expenses)", $9,350;

SELECTIVE SERVICE SYSTEM

"Salaries and expenses", $305,580;

DEPARTMENT OF THE TREASURY

"Office of revenue sharing, salaries and expenses", $85,800;

VETERANS ADMINISTRATION

"Medical and prosthetic research", $2,105,070;

"Medical administration and miscellaneous operating expenses", $3,595,309;

"General operating expenses", $23,195,660;

"Construction, minor projects (appropriation)", $7,449,908;

"Construction, minor projects (limitation on expenses of the office of contruction)", $399,443;

"Grants for construction of State extended care facilities", $242,000;

"Grants for construction of State veterans cemeteries", $33,000;

"Grants to the Republic of the Philippines", $5,500;

"Direct loan revolving fund (limitation on direct loans)", $11,000.

SEC. 417. Any funds appropriated in a previous Act for construction grants under Title II of the Clean Water Act shall be made available immediately and shall not be limited to phases or segments of previously funded projects.

This Act may be cited as the "Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1986".

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts [Mr. BOLAND].

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 203. Concurrent resolution authorizing printing of the brochure—entitled "How Our Laws Are Made".

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1042) "An act to authorize certain construction at military installations for fiscal year 1986, and for other purposes."

The message also announced that the Senate had passed a bill and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 583. An act to authorize the Smithsonian Institution to plan and construct facili-

ties for the Cooper-Hewitt Museum, and for other purposes;

S. Con. Res. 80. Concurent resolution to authorize the printing of 2,000 additional copies of the Committee Print of the Committee on Armed Services (99th Congress, 1st Session) entitled "Defense Organization: The Need for Change";

S. Con. Res. 84. Concurrent resolution to authorize the temporary placement of a bust of the late Doctor Martin Luther King, Jr., in the rotunda of the Capitol for dedication ceremonies, and for other purposes; and

S. Con. Res. 85. Concurrent resolution to authorize the compilation and printing of the Bicentennial Edition of the Biographical Directory of the United States Congress.

TEMPORARY PUBLIC DEBT LIMIT INCREASE AND RESTORATION OF INVESTMENTS OF CERTAIN TRUST FUNDS

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 318 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 318

Resolved, That upon the adoption of this resolution it shall be in order, any rule of the House to the contrary notwithstanding, to consider the bill (H.R. 3721) to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds, in the House, debate on the bill shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, and the previous question shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Mississippi [Mr. LOTT] for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 318 provides for the consideration of H.R. 3721 in the House and waives all points of order against consideration of the bill. The 1 hour of debate is to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. The rule provides one motion to recommit.

Mr. Speaker, H.R. 3721 provides for a temporary increase in the public debt limit of $80 billion, which will allow the Government to function through December 13, 1985. In addition to providing the necessary increase in the debt limit, H.R. 3721 requires the Secretary of the Treasury to restore to the Social Security Trust Funds and any other trust fund, the securities that have been disinvested since September 30, 1985. According to Social Security Administration actuaries, the recent redemptions could mean as much as $875 million in lost revenue by the year 2000.

In fact, redemptions that occurred on 1984 bonds, which were subsequently replaced, will cost some $440 million in lost interest by 1991.

Disinvestment of the Social Security and other trust funds has already occurred. Even with this disinvestment it is clear that the Government faces an impending financial crisis absent an extension of the debt ceiling. H.R. 3721 averts that crisis by temporarily extending the debt ceiling by $80 billion, allowing the Government to function and to meet its obligations through December 13, 1985.

As my colleagues are aware, the House and the other body are currently in conference over legislation permanently extending the debt ceiling. With this extension, we will be able to reasonably proceed with the matters that have delayed the final disposition of legislation permanently extending the debt ceiling.

Mr. Speaker, I ask that all Members support this rule so that we can proceed to the consideration of this important legislation.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the purpose of this rule is to make in order a bill which will move the "drop-dead date" to Friday, the 13th of December. Of course, what we mean by "drop-dead date" is the date on which the Government would default rather than be able to honor its financial obligations. We cannot allow this to occur because the financial stability of this country and indeed the free world depends upon the U.S. Government honoring its obligations.

Late yesterday, the Ways and Means Committee reported H.R. 3721 to temporarily increase the debt limit from $1.824 trillion to $1.9 trillion, and to direct the Secretary of the Treasury to fully restore the Social Security and any other trust funds disinvested since September 30 of this year.

Mr. Speaker, last night the Rules Committee met and granted this rule providing for the consideration of H.R. 3721 in the House instead of the Committee of the Whole. There will be 1 hour of debate, divided between the chairman and ranking minority member on the Ways and Means Committee. And the previous question is ordered on the bill to final passage without intervening motion, except one motion to recommit. That means that no amendments will be in order unless offered as part of instructions in a motion to recommit.

Mr. Speaker, ordinarily I would be opposed to this pattern of piddin' and procrastinatin' with short-term extensions. At the rate we're going, we could wind up short-terming ourselves through Christmas and into the New Year on a variety of expiring laws. But, in this instance, I think there are two compelling circumstances which argue strongly for a 1-month extension of the debt limit.

First and foremost is the Geneva summit meeting between President Reagan and Mr. Gorbachev. I don't think anyone wants to send the President into such an important, foreign policy conference with the Government teetering on the brink or over the brink of financial default. That's not exactly leading with your strong suit. The bipartisan leadership in the House concluded yesterday, and I fully concurred, that this further short-term extension of the debt limit was in the best interests of our country at that summit meeting.

The second reason I support this extension has to do with the ongoing House-Senate conference over the permanent increase in the debt limit and the so-called Gramm-Rudman deficit reduction plan. Yesterday the new conference of 66 House and Senate Members was broken down into a smaller, informal working group of 29 conferees. As a member of that mini-conference, I was impressed at yesterday's opening round that both sides are finally talking with and listening to each other, and that we are finally making some progress toward a workable compromise.

But it was also apparent from yesterday's public and private sessions that there are numerous major, substantive differences which remain between the House and Senate versions of Gramm-Rudman, and that it will take more than just 2 days to resolve them all. But, I am optimistic that if we keep the pressure on our conferees and keep at these working sessions in an intensive manner, we can iron out our differences and come up with a deficit-reduction plan we can be proud of. We've come a long way in 1 short week, from loggerheads to cooler heads. And I think the cooler heads can now prevail.

In conclusion, Mr. Speaker, I support this short-term extension of the debt limit bill both for the sake of the arms reduction talks in Geneva and the deficit reduction talks here in Washington. I hope by our actions here today we can contribute to the success of both.

The Speaker, I yield 2 minutes to the gentleman from Kentucky [Mr. HOPKINS].

□ 1245

Mr. HOPKINS. I appreciate the gentleman yielding.

Mr. Speaker, I guess for those who might want to just read into the RECORD as to why we are where we are and perhaps where we are going, is it not true that we have changed the

dates now I believe four times in the last 100 days? Is that accurate? Does somebody on the committee know if that is true or not? Have we extended this time four times in the last 100 days?

Mr. LOTT. If the gentleman will yield to me on that, I do not think that is the case with regard to the debt ceiling. We did not have the Federal Financing Bank that was used, and then there was the situation with the Social Security Trust Fund, which we are trying to correct with this rule and this bill. I think the gentleman may be confusing that with the continuing resolution, which we have changed now at least a couple of times, and I guess if you put the continuing resolution, which is a separate issue—it has to do with appropriations bills—that has probably been done two or three times, and maybe a combination of the two of them might add up to four; but on the debt ceiling, I believe this is the first one that we have actually had a vote on a temporary extension this year.

Mr. HOPKINS. I thank the gentleman.

Again for those people who may just want to read into the RECORD—and I heard the gentleman from Georgia in his 1-minute speech this morning talk about the increase of this debt to $1,940 per family in this country—those people have a right to know why, perhaps, we find ourselves in this position and, basically, from whom are we borrowing this money, who is this guy, where do we get this money?

Does somebody have an answer to that?

Where are we going to get this money?

Does anybody on the committee have an answer?

Does anybody on the floor have an answer to that question?

The SPEAKER pro tempore. The time of the gentleman from Kentucky [Mr. HOPKINS] has expired.

Mr. HOPKINS. May I have an additional 2 minutes?

Mr. LOTT. Mr. Speaker, I must say that the gentleman is asking questions that perhaps members of the Ways and Means Committee could answer. This is the rule. I cannot give the gentleman an answer on that as much in depth as the gentleman would like to have.

I yield 2 additional minutes to the gentleman from Kentucky.

Mr. HOPKINS. I appreciate the gentleman yielding.

Let me ask this question, and perhaps members of the Rules Committee might be able to answer: If in fact we go into default, as would happen, I believe, this week, if something is not done, in that unlikely event, but should that happen, in what order would the people of America not receive checks? Who would be the first group not to receive a check that they might be entitled to from the Federal Government? Would it be the veterans? Would it be the senior citizens? What group could we expect first not to receive their Government checks? Could somebody tell me that?

Mr. LOTT. If the gentleman will yield, I would be glad to yield to the gentleman from Oklahoma, but I might say, in answer to his question, there would be a default on Government securities. I think that military salaries, Federal employees' salaries, farm subsidies, HHH payments, all of that would begin to hit Friday or Saturday or sometime in the next 2 or 3 days and, hopefully, the Gramm-Rudman conference can reach an agreement by tomorrow night. I do not see it. But those are some things that could be affected.

Mr. HOPKINS. I appreciate the gentleman's answer. But what I was really looking for, and I guess what I am seeking, is that we name the people who are going to be affected who are really not at fault. Those are just taxpayers out there. I wonder if there was any consideration given to reach a satisfactory conclusion in this body, since the Senate and the House do not seem to be able to agree, was there any consideration given at all to taking away the checks of Members of Congress and the staff until this thing is settled? Did anybody consider that at all as a solution? Does anybody have an answer to that? Is there a possible amendment to that effect?

The SPEAKER pro tempore. The time of the gentleman from Kentucky [Mr. HOPKINS] has expired.

Mr. HOPKINS. Could I have 1 additional minute?

Mr. LOTT. Mr. Speaker, the gentleman is asking questions that he is not going to get answers to, apparently, from this group. I assume that in the general debate he would want to propound that question again to members of the Ways and Means Committee. But I would be glad to give him 1 additional minute to ask some questions.

Mr. HOPKINS. I appreciate the gentleman yielding.

PARLIAMENTARY INQUIRY

Mr. HOPKINS. Maybe the Chair could help me with this in a parliamentary procedure.

Would it be out of order to offer an amendment to that bill whereby the first thing that would be set aside until this thing is settled would be the checks of the Members of Congress and their staffs? Could the Chair answer that for me?

The SPEAKER pro tempore. No amendments are in order under the rule, if the rule is adopted.

Mr. HOPKINS. So we would have to vote against the rule in order for that to happen; is that correct?

The SPEAKER pro tempore. The gentleman would have to make his conclusion on that.

Mr. HOPKINS. Was there any consideration given—I am just asking either side—to that at all? Was that ever brought up or even considered by anybody?

Mr. BONIOR of Michigan. It was not raised at the committee meeting.

Mr. HOPKINS. Does the gentleman on the minority side know, was that issue ever brought up by anybody, to his knowledge?

Mr. LOTT. I do not believe it was raised in the committee.

Mr. HOPKINS. I thank the gentleman.

Mr. LOTT. Mr. Speaker, I yield 4 minutes to the gentleman from Georgia [Mr. GINGRICH].

Mr. GINGRICH. Mr. Speaker, we are being asked to vote today to raise the debt of the average American family by $1,600 without having first taken any steps to control spending and work toward a balanced budget.

I think there are four reasons to vote against this debt increase.

In the first place, there is currently no strategy that makes any sense that anyone can discern out of either the executive branch or this House that gets us toward controlling strategy, toward controlling spending.

The fact is that yesterday we overrode a veto, because the veto did not make any sense, of the National Institutes of Health. Today we accepted a conference report which had an increase from the President's request in one item of $5 billion to a total of $15 billion. We have been on a track to have deliberately forced a collision on the debt ceiling in order to pass a spending cut. Now we have suddenly reversed fields and are deliberately avoiding any kind of collision on the debt ceiling in order to be able to go to Geneva.

In the absence of a strategy, I do not see any reason why we should burden the American families with $1,600 more in debt because we cannot get our act together.

Second, from a conservative standpoint, flinching is a very bad habit. There is always a new excuse. The current excuse is that the President is going to Geneva.

Frankly, I am not so sure it is bad for Gorbachev to have to study democracy in action. I am not so sure it is wrong for Gorbachev to see that democracies are complicated, difficult, and cantankerous institutions, radically different from dictatorships, beyond which, candidly, at any point in the last 5 weeks, including this week, had President Reagan wanted to go on national television and explain to the country what the choice was and deliberately arouse the Nation, I suspect we could have passed Gramm-

Rudman. I think the conservatives have an obligation to say, "Let's not flinch, let's go ahead and stand firm and not raise the debt of the American family $1,600 without doing our job."

Third, there is some concern that because the words "Social Security Trust Fund" appear in this bill that the Democratic Congressional Campaign Committee will send out newsletters attacking people. Well, the fact is they are going to send out newsletters anyway. The fact is that press releases are a habit on both sides of the aisle, and the more important question is: What should you really do?

Congressman ARCHER of Texas has a bill in, H.R. 3688, which provides both for full restoration of the Social Security Trust Fund and prohibits the Secretary of the Treasury from ever again doing what he did. That is a good bill. It is a perfect answer for any kind of Democratic Congressional Campaign Committee press release. Voting for this should not be done as a form of blackmail.

Finally, conservatives in general and Republicans in particular, it seems to me, face a choice. We either learn to run and hide, vote for whatever the establishment sends out here because it is worded cleverly, or we learn to win the argument.

The correct argument is that the American people have enough debt, the Congress is irresponsible enough, that in fact we do not need to increase the debt of every American family $1,600, that now is the time to solve the problem. And, after all, would it not be far better to give President Reagan the victory of going to Geneva having passed Gramm-Rudman rather than giving him the temporary and phony truce of going to Geneva with seeming peace in America because in fact we all caved in and did what was necessary to paper it over for 30 days?

Mr. BONIOR of Michigan. Mr. Speaker, I yield myself such time as I may consume just to respond briefly to the gentlemen who have spoken on the other side of the aisle.

The fact of the situation is this: If the Government goes into default, no one is going to get paid. Members of Congress will not get paid, staff members will not get paid, veteran pensioners will not get paid, Social Security recipients will not get paid. Disabled American veterans will not get paid. And we are trying to facilitate a very difficult situation, trying to help those in the conference come to some reasonable conclusion on a very important issue and a very difficult problem.

To the extent that we need extra time, as the gentleman from Mississippi has indicated, to help facilitate that need, I think we ought to go forward and do that.

Now, wrapped up in all this, by coincidence, by timing, by whatever, are the needs of our Chief Executive, who is leaving for Geneva for a very important meeting. And, as the Speaker indicated earlier today and the minority leader, we need to stand behind our Chief Executive, as Americans, and it is important that he be not encumbered with the difficulties and distractions that a default would certainly play upon him and the people that are surrounding him.

So I think, putting this all together, it makes just a tremendous amount of sense, it seems to me, anyway, that we go along with this rule and that we passed this temporary limit to roughly $80 billion until the 13th of December.

Mr. Speaker, I yield 8 minutes to the gentleman from Oklahoma [Mr. JONES].

Mr. JONES of Oklahoma. Mr. Speaker, I want to commend the leadership of both political parties here in the House for adopting a sensible approach to this deadline on the debt limit that we are coming upon. I do not like these temporary extensions of debt limit authority, but I think it is much more insane to be playing Russian roulette with our fiscal management and try to come to an agreement in the very wide differences among and between the parties and the two Houses of Congress on this balanced budget amendment.

There are some wide differences. There are some very legitimate differences in terms of when does this deficit reduction bite take place, does it take place before the 1986 elections or after, who is going to be the umpire to determine whether the targets are met, will it be the Congressional Budget Office or the Office of Management and Budget?

There are a number of questions like that that take some reasonable sitting down and working out a reasonable compromise.

That, literally, cannot be done, as the gentleman from Mississippi said, in the timeframe we have between now and Thursday midnight, when this country defaults on its obligations.

So this is a sensible approach to make.

I would point out that the differences I talk about in the Gramm-Rudman balanced type amendments are mainly differences in determining the right kinds of mechanics to make the thing work. There are very few differences of opinion on the need to have some discipline imposed on the President and on Congress to reach a balanced budget by 1990 or 1991.

So I support this temporary extension of borrowing authority to give the sides more time to work out a responsible solution and a mechanism that will make the thing work both responsibly, mechanically and constitutionally.

But let me suggest to my colleagues that this extension to December 13 will be useless in terms of coming together with a meaningful deficit reduction mechanism unless and until the President of the United States, the Speaker of the House and the bipartisan leadership of both Houses of Congress get together and put everything on the table and come up with a truly meaningful deficit reduction package.

I have suggested, as well as others, that the best way to do this is an economic summit meeting where the President, the Speaker and the bipartisan congressional leaders sit down in the same room and do not leave until they come up with a bipartisan solution. I think if this were to occur, after the President comes back from his Geneva summit, and we got this kind of domestic economic summit going, I think both the expectations of the American people and the pressure the American people would bring on the political leadership of this country would be such that we could come out with a very good agreement that could balance the budget over the next 5 years or so.

□ 1300

That is the goal that we ought to be aiming for. It is obvious when we discussed this temporary extension in the committee that this was not something appropriate to put a mandate of a domestic economic summit on this legislation. But I would hope that my colleagues would encourage both sides of the aisle, both political parties and the White House to adopt this concept so that we could come together and come up with a very good package.

Mr. VOLKMER. Mr. Speaker, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman.

Mr. VOLKMER. I thank the gentleman for yielding to me.

Mr. Speaker, I would like to commend the gentleman from Oklahoma for his very timely remarks. As I have listened to some of the debate here on the question of the rule and the legislation that the rule addresses, the need for it, I have not had anyone yet address the problem of how much it is actually going to cost the Federal Government if we do go into default and the ramifications of that.

I think we have got to realize that that alone would be an additional billions and billions of dollars in default or in expense to the budget, and that we should realize that and that also it would probably encourage other nations to decide that if the United States does not have to pay its obligations when they are due, then we do not have to pay ours either. So I think it is very necessary that we take this step at this time.

Mr. JONES of Oklahoma. I think the gentleman makes an excellent point.

Mr. HUGHES. Mr. Speaker, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman.

Mr. HUGHES. I thank the gentleman for yielding.

Mr. Speaker, I wonder if the gentleman can tell me just what it costs us in interest as a result of the disinvestment of long-term bonds from the Social Security Trust Fund. I presume that they were 12-, 13-, 14-percent bonds procured at a time when interest rates were very high, and of course, the bond rate is very much lower at this time.

Does the gentleman have any idea how much in millions of dollars it cost us in interest?

Mr. JONES of Oklahoma. The disinvestment from the Social Security Trust Fund that has already occurred in September and October and November 1 of this year cost the Social Security Trust Fund over the next 5 years as much as $2 billion. If you project that out to the year 2000 when these long-term, higher yield securities would have matured, it could cost the Social Security Trust Fund $5 billion or so.

Mr. HUGHES. If the gentleman would yield further, obviously this could have all been avoided if in fact we had extended this on a short-term basis? We could have avoided all this accrual, loss of interest on the part of the Social Security Trust Fund?

Mr. JONES of Oklahoma. The gentleman is correct. The fact is that in order to make the Social Security Trust Fund whole, as I assume this Congress will demand, it is going to cost some additional borrowing authority and cost some additional money to make it whole again.

Mr. HUGHES. If the gentleman will yield further, where is that going to come from? I heard a lot of questions asked a little while ago by one of my colleagues about where the money is going to come from. Obviously, it means that we are going to have to float more bonds, roll over more Treasury notes and bill in order to amass that kind of money to make the Social Security Trust Fund whole?

Mr. JONES of Oklahoma. The gentleman is correct. The Treasury will have to go into the marketplace, the financial markets, and raise the money. That will further crowd out private borrowing that will also be competing for credit that is available in the financial markets.

Mr. HUGHES. If the gentleman will yield further, I would assume that if in fact we have to go into the markets once again to borrow enough money to make the Social Security Trust Funds whole, that will add an additional $2 to $5 billion to the deficit.

Mr. JONES of Oklahoma. That would be my judgment.

Mr. HUGHES. I thank the gentleman.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to comment on the colloquy that I just heard. We continue to have this discussion around here about how this Social Security disinvestment occurred.

Let me first emphasize that if the House and the Senate had gotten together on the Gramm-Rudman conference report, if we had not had that exercise with 48 conferees 2 weeks ago, this whole process would not have been necessary.

The conferees did not even get serious about sitting down and discussing this thing until yesterday. The second point I have is if the House, on November the 1st, had not adjourned and high-tailed it, disinvestment may not even have been necessary. But we passed a defective debt ceiling increase here in the House and sent it over to the Senate and passed the adjournment resolution and left town. I am not going to stand here while we are trying to do something here that is basically right for the good of the country, and allow that issue to continue to be pounded on and distorted when, look, there is plenty room around for everybody to point fingers. I am not going to talk about, I did not intend to talk about how we got here. I am talking about trying to find a way to be responsible on the debt ceiling tomorrow night, and I am also talking about trying to find a way to make sure the Social Security Trust Fund is whole.

I am not going to allow distortions to continue to be propounded here on the floor.

Mr. JONES of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman.

Mr. JONES of Oklahoma. I hope the gentleman was not referring to anything I said as a distortion because what I said was what the financial facts were with regard to disinvestment. I was not trying to lay blame; there is plenty of blame on both sides of this aisle and both sides of the aisle in the other body.

The point is, one correction I would like to make, the temporary debt extension that we sent over was not defective.

Mr. LOTT. Reclaiming my time, as a matter of fact, the Speaker, in an unusual process, by unanimous consent by him, corrected the RECORD to make sure the RECORD reflected what we thought we were passing. As a matter of fact, I asked the question in the Rules Committee last night of the chairman of the Ways and Means Committee about whether there was a problem with it, and he acknowledged as much, at least in the view of the Senate, that they felt like there was a hole there big enough to drive a Mack truck through, and that that problem had been taken care of in this resolution.

Mr. JONES of Oklahoma. If the gentleman would yield further, the only thing I was trying to point out is that when I read that in the paper, I had checked on that also with the Parliamentarian. It was my understanding that the document itself was not defective but what was printed in the CONGRESSIONAL RECORD was defective. That I think is a minor point.

The point is that is the sensible thing to do.

Mr. LOTT. In this particular resolution.

Mr. JONES of Oklahoma. In this resolution. The default that comes up Thursday presumably will not be a further invasion of the Social Security Trust Fund. We do have to make that whole. It has not cost the Social Security Trust Fund money. I am not trying to lay blame; those are the facts of life.

Mr. LOTT. I appreciate the gentleman's comments there, and I agree with him in his comments on the debt ceiling and the fact that we need to make that correction.

Mr. HUGHES. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman.

Mr. HUGHES. I thank the gentleman.

Mr. Speaker, I do not disagree with what the gentleman has said. In fact, the gentleman made an eloquent statement on the floor about the work of the conference, and I quite agree: We had resolved about three-fourths of the issues in conference, and I shared the gentleman's distress that he alluded to when he took the well, just a week ago, over the fact that all of a sudden it just fell apart for no apparent reason. I shared the gentleman's disenchantment with what occurred.

I say to the gentleman that when he suggests that that the debt limit was flawed the other body had ample time to bring that to our attention; we could have resolved that. The other body had our debt limit extension for some time and they could have dealt with it a long time before they did, but they chose not to do so.

So as a result they point to certain defects in the report, but that occurred after they had the debt extension for a long time. Is that not so?

Mr. LOTT. I would like to point out that in the bill we are considering today, on line 6, the word "temporarily" is in there. The bill that we had earlier on November the 1st I understand did not have that word in there, and therefore it left open a very serious situation.

Mr. HUGHES. If the gentleman will yield further, I understand, and the gentleman probably makes a valid point. But my point is that the other

body had ample time to deal with that and they did not do it. They waited until the 12th hour.

Mr. LOTT. As a matter of fact, the House adjourned and left town before the Senate even got our papers over there.

□ 1310

Mr. HUGHES. But they had our debt limit extension for a long time before that as part of our budget; did they not?

Mr. LOTT. I am not sure what the gentleman is referring to.

Mr. MACK. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I am glad to yield to the gentleman from Florida.

Mr. MACK. Mr. Speaker, is the gentleman suggesting, with regard to the debt ceiling increase that the Senate had all this time, that what he wanted to say was that that is the position he takes, to just go ahead and increase the debt ceiling?

Mr. HUGHES. Oh, no.

Mr. MACK. Without any conditions attached to it except for Gramm-Rudman?

Mr. HUGHES. No.

Mr. MACK. Because that is what the debate is about. If that is your party's position, then so be it, state it that way. But what did happen is that you passed the short-term debt extension and then left town before the Senate could act.

Mr. HUGHES. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Speaker, I do not want to prolong the debate. The point is that we passed the debt limit as part of our budget a long time ago. We had ample time to deal with it, and if there was a flaw in it, we could have resolved it a long time before the 12th hour. That is the only point I want to make.

Mr. LOTT. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I think that maybe the point needs to be emphasized that, yes, we passed the debt limit as a part of our budget bill, and that is what the Senate did take up, and that is what they attached balanced-budget language to in order to try to guarantee that we are going to do something about debt in the future. So to suggest that that is the problem is to suggest that what the liberals in this body do not want to do is do anything about attaching balanced-budget language to the debt ceiling.

I guess that that is probably really the case, because every time we come up to one of these situations where we have a wall to be faced and have to face the reality of whether we are going to increase the debt ceiling again or really deal seriously with balanced budgets, we always get something out here on the floor to slide by the balanced budget and increase the debt again.

That is what we are doing here. We are increasing the debt by $80 billion. None of my constituents understand what $80 billion means, but they do understand one thing: They understand what $1,600 worth of debt for their family means, and that is what we are doing. With our vote today, regardless of all the Social Security talk, whatever you hear, we are imposing $1,600 worth of additional debt on every family of four in this country. Everybody in your district is now going to assume $1,600 worth of debt more than what they had before, and that is a big, big chunk of money for most families. Most families think long and hard about taking on $1,600 worth of debt themselves. They think about that. It is a major appliance for their home; it is something that they really have to do; it is educating their kids, it is all of that, and $1,600 means a lot to a family that only makes $17,000 a year on an average.

That is what we are talking about here, and everybody who votes for this rule, everybody who votes to increase the debt ceiling, is in fact imposing another $1,600 worth of debt on Americans that they do not now have.

We had a very esoteric discussion here a few minutes ago about going into the markets and borrowing. Every bit of this $80 billion is going out in the markets and borrowing, and we are borrowing in the name of the American people to the tune of $1,600 for each family of money that they do not have, and we are then going to ask them to pay interest on it as well.

It seems to me we are acting very cavalierly around here about the kinds of costs that we impose on those families. We have already put $37,000 worth of debt on them by what we have done in the past, and now we are saying with this bill that we are going to put on another $1,600 without even a guarantee that we will do something in the future to stop this process.

That is the point. If we are going to pass increases in debt around here, at the very least what we ought to be able to say to the American families is we are going to stop the process somewhere along the line, we are going to get our house in order, and we are going to do something to stop imposing more and more debt on them that they cannot afford.

That is what we are not willing to do here. This bill is just a clear indication that we are unwilling to do anything except raise debt ceilings again. We raised the debt ceiling last week, and here we come back this week with another debt-ceiling increase and we will probably come back again on December 13 with another. We will continue to increase debt as long as we possibly can.

Mr. HOPKINS. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from Kentucky.

Mr. HOPKINS. Mr. Speaker, I thank my colleague for yielding.

When the gentleman makes the point or asks the question, how do we stop this, it seems to me the best way to stop it is to get this House and Senate together, which we are not able to do.

I asked just a few minutes ago if anyone gave any consideration to putting Members of Congress and their staffs up front. In other words, if there is going to be bad news, let us get it first. If checks are going to be cut off, they ought to be cut off right here first.

That is why I hope the Members will join me in attempting to stop this rule so an amendment can be offered or can be at least considered that says if we are really sincere about doing something, let us not put the veterans' checks up first or the senior citizens' checks up first; let us put the Members of Congress' checks up first if we want to stop this and if we want to see these two bodies stick together.

Mr. WALKER. Mr. Speaker, the gentleman knows, of course, that we have an automatic pay plan around here for Members of Congress. It not only pays us automatically, it also increases our pay automatically, so we never get a chance to vote on issues like that. I think it would be very worthwhile to vote on that issue to make certain, if we are going to increase the debt to American families by $1,600, that somehow we also should be a part of the process.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, let us try to put this thing in perspective. I have been around here for about 11 years now. We passed something on this side that said we would balance the budget in 1980. But the cry has come up now that "This is too soon; you can't do it."

I remember on past occasions when there was a gentleman from California who year after year offered a balanced-budget amendment now, one that said, "Do it now."

As for voting on this and leaving town, I have never known the other body to act that quickly on anything. If we want to be political about it, which seems to be the vogue around here now, why did they not act on it and blast us in the press? They had no intention of acting.

So let us get down to the nitty-gritty and pass this debt extension. We have

got to pay our bills. Everybody knows that. Whether it affects Members of Congress pay or Social Security or veterans or what have you, let us get past the rhetoric and get this passed. But let us not forget that it was not irresponsible to leave town, because the other body has never been known to act on anything in a couple of hours and come back and say, "Fellows, we've done it." So that is a ridiculous argument.

I say, "Come on, guys, let's get on with the business."

Mr. LOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Speaker, let me say to my colleagues that I am going to support this rule, and I am going to support the temporary extension of the debt ceiling. If it were not for the fact that the President was about to take off for a very serious negotiation in Geneva, I would not be here making that case. Let me bring the Members up to the reasons for my coming to this conclusion.

Yes, we had a debt ceiling that was held up somewhat over in the other body, for one reason. They felt strongly earlier in the year, when they wanted to do something about deficit reduction, that they were had—not one time but two times—for a variety of reasons. They wanted to force on the entire Congress a program for deficit reduction in an orderly manner.

When it first came over, when it first surfaced, I heard that it was to include Social Security and it was to be for 5 years, roughly in $40 billion increments. My first reaction to that was that it was too much for the House to take. First, Social Security would never fly in the House. Second, the $40 billion increment was far too much. It needed to be something less than that. That is how we got to stretching it out to 6 years and excluding Social Security.

Then we got the argument on this side of the aisle: "Oh, you're only doing it for politics, to protect yourself, or whatever, for next year's election, so let's make it effective in fiscal year 1986."

I have no problem with that if you are going to be reasonable in using your baseline figures from which you make your calculations. But we have this ridiculous figure of $161 billion when a few months ago we already said our budget was going to have to be at $172 billion of deficit, and in the meantime we have had $8 billion less revenue. If you want to talk frankly about what is really the realistic figure for the deficit in fiscal year 1986, it is up about $185 billion. You can ask CBO or OMB or the Comptroller General, whoever you want to ask, but you have got a fetish about relying solely on CBO.

Within the last week, when I asked them, "Well, now, let's implement that doggone $161 billion. How much do we take out of the CR?" It was 8.2 percent. Three days later or so, after making that case up in the Rules Committee, your leader or one of your leaders—I think it was the gentleman from Washington [Mr. FOLEY]—asked for another calculation. It comes down to about 2.8 or 3.2. The point is that within a few days CBO, upon which we are all supposed to rely, is having the most omnipotent figures and was way off within 3 days.

The point is that they do not have it all up to date, even as much as OMB.

So what I am talking about here is that when you crystallize this all down, our earlier meetings of the conference committee admittedly, as my friend, the gentleman from Mississippi, has pointed out, were far too large to get real reasonable action. Nevertheless we broke down into several task forces, and we ironed out some of those differences that really existed and, frankly, that needed to be cleaned up from the original Gramm-Rudman. It needed to be doctored up.

□ 1320

And that is agreed to by all sides. I would say that we have agreement on a number of those items that had to be cleaned up.

Now we get down to the nitty-gritty. What is really the real difference? And the difference is that Gramm-Rudman basically only exempts Social Security, or did.

Now the argument is that on this side, but in order to get a sufficient number of Democratic Members, you have to exempt some other programs, maybe nine in number. And when you total that number up and exempt Social Security, and then if we cannot meet our targets and have to sequester from what is left, it takes an inordinate amount of defense. If there is one item that is still the nagging point here, it is how the administration and the President can live with that defense figure in Gramm-Rudman, if you really want to be frank and honest about it.

Yesterday, as late as yesterday, the President with our joint leadership meeting said, "I feel we have had what I agreed to is zero growth in 1986," earlier on, which is a considerable come-down from what he was talking about earlier, 3 percent growth in 1987, 3 percent growth in 1988. He does not get that under Gramm-Rudman, first, second, third, or whatever. And you all ought to understand that. That is what this thing is all about.

I am not about to send my President abroad with any kind of calculation that indicates what he is going there from a position of strength, from a position of economic strength, and have us cut the ground out from under him within a couple days of that meeting. I am not going to do that. That is why I am here arguing for a temporary ceiling increase until that can get behind us, and then we can get back up here and I will be just as strong getting up against that deadline, because we have to have a drop-dead deadline or we never do anything around here.

It is just unfortunate that under these circumstances, that is what we are faced with today. That is what it is in a nutshell form. That is the issue.

So that is why I have to get up here arguing for this rule and arguing for this temporary extension. I hope when we get over this conference, after the Thanksgiving recess and all the rest, hopefully we will be charitable enough in mind a few weeks before Christmas that we can talk in terms of compromising.

That is what this whole art of differences between that body, this body and the two sides of the aisle are all about.

Mr. BONIOR of Michigan. Mr. Speaker, in conclusion, I would urge my colleagues to support the reasonable request that the President has made the minority leader has made, that Mr. LOTT has made, and that our leadership has made, and that we pass this resolution and that we go on and pass the temporary extension of the debt limit.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

For what reason does the gentleman from Kentucky rise?

PARLIAMENTARY INQUIRY

Mr. HOPKINS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOPKINS. Mr. Speaker, how do I make in order at this time an amendment simply stating that in the event of default that Members of Congress and their staff checks would be up front?

The SPEAKER pro tempore. Only by unanimous consent, and the Chair would state that the gentleman from Michigan moved the previous question. The previous question has been ordered at this point, at any rate.

Mr. HOPKINS. Would it take an unanimous-consent request?

The SPEAKER pro tempore. The question is on the resolution.

Mr. HOPKINS. I am sorry. I did not hear the Chair.

The SPEAKER pro tempore. The Chair is putting the question now on the adoption of the resolution. The previous question has been ordered. Nothing is in order now except putting the question.

The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. GEPHARDT. Mr. Speaker, pursuant to House Resolution 318, I call up the bill (H.R. 3721) to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

The Clerk read the title of the bill.

The text of the bill, H.R. 3721, is as follows:

H.R. 3721

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, during the period beginning on the date of the enactment of this Act and ending on December 13, 1985, the public debt limit set forth in subsection (b) of section 3101 of title 31, United States Code, shall be temporarily increased by an amount determined by the Secretary of the Treasury as necessary to permit the United States to meet its obligations. The Secretary of the Treasury shall immediately upon enactment restore to the Social Security Trust Funds, or any other trust funds established pursuant to Federal law, any securities disinvested since September 30, 1985. No increase under this Act shall result in a public debt limit in excess of $1,903,800,000,000.

The SPEAKER pro tempore. Under the rule, the gentleman from Missouri [Mr. GEPHARDT] will be recognized for 30 minutes, and the gentleman from Tennessee [Mr. DUNCAN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Missouri [Mr. GEPHARDT].

GENERAL LEAVE

Mr. GEPHARDT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material on the bill, H.R. 3721, presently under consideration.

The SPEAKER pro tempore. Is that objection to the request of the gentleman from Missouri?

There was no objection.

Mr. GEPHARDT. Mr. Speaker, H.R. 3721 temporarily increases the debt ceiling by $80 billion. The new limit would be $1,903.8 billion. This amount will be sufficient for the Government to meet its financial obligations through December 13, 1985, at which time the debt ceiling would revert to its current limit of $1,823.8 billion. It also provides sufficient debt authority for the Secretary of the Treasury to replace the securities recently disinvested from the Social Security trust funds and other trust funds. Indeed, this legislation directs the Secretary of Treasury to restore those securities to the trust funds.

This action is necessary because there are no funds available to meet the $16.5 billion interest payment on various debt obligations that comes due on the 15th, this Friday. As Members are aware, action on a permanent increase on the debt ceiling sufficient to meet the Federal Government's need for funds through this fiscal year has been delayed by the conference on the Gramm-Rudman amendment. The conferees have made some progress, but came yesterday to the realization that more time will be necessary to work out a procedure designed to put us on a path toward a balanced budget. I believe there is bipartisan support for taking this action at this time. As the President leaves for a summit meeting with Mr. Gorbachev, he should not have to confront the possibility that, for the first time in its history, the Federal Government might default on its fiscal obligations.

As I indicated earlier, this legislation directs the Secretary of the Treasury, in effect, to restore the Social Security and other trust funds to the position they would have been in were it not for the constraints recently imposed by the debt limit. The Treasury disinvested, that is, certain securities held by the trust funds were redeemed which would not have been redeemed under normal procedures. This legislation will reverse those actions. It will not, however, restore to the trust funds the interest payments that they would have received under normal conditions. Such a restoration would require an appropriation. It is my expectation that any agreement reached by the conference committee on Gramm-Rudman will provide for a full restoration of those interest payments.

I urge my colleagues to support H.R. 3721.

Mr. Speaker, I include the following explanatory material:

INCREASE IN LIMIT ON PUBLIC DEBT

The Committee on Ways and Means, to whom was referred the bill (H.R. 3721) to increase the statutory limit on the public debt temporarily, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. SUMMARY

H.R. 3721 provides for a temporary increase in the public debt limit from $1,823.8 billion to $1,903.8 billion. The temporary higher limit may be in effect for the period from enactment through December 13, 1985.

The bill provides that the amount of outstanding debt may be increased by an amount necessary to permit the United States to meet its obligations, as determined by the Secretary of the Treasury.

In addition, the bill also instructs the Secretary, immediately upon enactment, to restore to the Social Security Trust Funds, or any other trust funds established under Federal law, any securities disinvested since September 30, 1985.

II. EXPLANATION OF PROVISIONS

A. Increase in the public debt limit

Present Law

The present permanent limit on the public debt is $1,823.8 billion. A permanent limit has no expiration date.

Reasons for Change

Under the present debt limit, the Secretary of the Treasury has not been able to borrow sufficient funds to meet all of the Federal Government's obligations to make payments or to invest trust fund balances in U.S. securities.

As of November 1, 1985, the Secretary was able to finance payments to beneficiaries of the social security and other Federal trust funds by disinvesting securities in the trust fund reserve balance accounts. Without taking these steps, benefit payments could not have been made under the present permanent debt limit.

On November 15, 1985, the Secretary must pay $16.5 billion in interest on various U.S. debt obligations. Failure to make such payment would be a default on the obligations. This has never happened in the history of the United States.

Explanation of Provision

The bill authorizes the Secretary of the Treasury to incur up to an additional $80 billion (to a total of $1,903.8 billion) in Federal debt obligations in order to make the payments of $16.5 billion of interest payments due on November 15, 1985, to restore disinvested securities to the social security and other trust funds, and to make other necessary payments as they arise.

The increased debt authority is available through December 13, 1985, and after that date, the limit reverts to the permanent limit of $1,823.8 billion. It will not be necessary to redeem any outstanding debt in excess of the permanent limit after December 13, 1985, but no additional debt may be incurred at that time without further action to increase the limit on outstanding debt.

B. Restoration of disinvested trust fund securities

Present Law

Cash balances in Federal trust funds are required to be invested in U.S. debt obligations. These obligations are to have maturities that are fixed with due regard for the needs of the trust funds. The obligations bear interest at a rate equal to the average market yield on all marketable interest-bearing obligations of the United States.

Reasons for Change

The committee believes that the Secretary should immediately reverse his action in disinvesting the trust fund securities and restore the disinvested issues in order to restore the trust funds to the investment position they were in on September 30, 1985.

Explanation of Provision

The bill instructs the Secretary, immediately upon enactment of the bill, to restore to the Social Security Trust Funds, and any other trust funds established under Federal law, any securities disinvested since September 30, 1985. It is the intent of the committee that restoration of securities means to restore the identical amounts, maturities and investment yield of the disinvested securities. For this purpose, disinvestment of securities means the redemption of securities which would not have occurred to meet the ordinary needs of the trust funds unaffected by the constraint of the debt limit.

Mr. DUNCAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am not in the habit of voting for debt-ceiling increases. I would say through the years I have voted against more debt-ceiling increases than most Members, especially

on this side of the aisle; however, I think that the responsible thing for us to do today is to support H.R. 3721, which I intend to do.

I do not wish to see the Government go into default and the people I represent do not want to.

I must say that if it did go into default, there is enough blame to go around for every Member of the House and every Member of the Senate.

H.R. 3721 provides for a temporary increase in the public debt ceiling. This was brought up at the mini-conference on the budget yesterday. Mr. GRAMM and Mr. RUDMAN were both present and did not object. Mr. RUDMAN was for an extension a little closer to the time the President comes back from the Geneva Conference, but the request was made by Senator PACKWOOD of the Senate Finance Committee that we set the date on December 13 at midnight.

The higher ceiling in this bill would go into effect, as I say, would be effective through December 13. We are providing a twofold limitation in both the amount and length of time. The temporary increase in the debt ceiling is necessary to allow us enough time to continue our progress on the Gramm-Rudman-Hollings amendment to the long-term debt ceiling.

The short-term extension will also provide a domestic financial crisis virtually on the eve of the President's departure for Geneva.

It was mentioned yesterday, and I think sincerely by each member of the miniconference whether or not we were serious about pursuing in a fashion that would try to finish with the Gramm-Rudman-Hollings agreement. I think everyone is sincere.

I think we have reached the place where we will have a successful conclusion.

Mr. Speaker, I strongly urge my colleagues to support this extension, because it is the only thing that we can do.

Mr. GEPHARDT. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. Bosco].

(Mr. BOSCO asked and was given permission to revise and extend his remarks.)

Mr. BOSCO. Mr. Speaker, if you have ever watched a youngster out at the end of a high diving board for the first time and he looked down at the water way below and then prays for an excuse not to jump, I think that is the position we are all in today.

Last week this House would not even consider a 1-month extension of the debt limit, but one factor has now changed. President Reagan just discovered that he cannot have Gramm-Rudman and his defense budget as well.

The President also cannot live with tax increases or cuts in Social Security. All the patriotic rhetoric we can muster today is not going to fool the American people, much less the Kremlin. Even the President has said that Geneva is only the beginning of a long process.

The fact is that we do not have the courage to really make the cuts necessary to balance this budget. There will always be another Geneva.

We are at the end of the high dive. We have looked down and we are quickly making our way back down the steps.

□ 1355

Mr. DUNCAN. Mr. Speaker, I yield 4 minutes to the gentleman from Wyoming [Mr. CHENEY].

Mr. CHENEY. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise today in support of H.R. 3721. I think most Members know that I am one of the original supporters and sponsors of the Gramm-Rudman legislation in the House. I have consistently supported the notion of strategy of tying Gramm-Rudman style legislation to the debt ceiling and have previously opposed any increases in the debt ceiling.

I have reluctantly concluded, however, that I think it is important that we approve this particular resolution before us today to authorize a short-term increase in the debt ceiling to carry us through the middle of December. I would not support this legislation if it provided for a long-term extension of the debt ceiling through the remainder of the year.

Specifically, it has been mentioned repeatedly, but I think it bears repeating, that the President is about to embark upon a very significant international venture in terms of the summit in Geneva. As he expressed it to us in the bipartisan leadership meeting yesterday at the White House, he did not want to find himself in Geneva after the summit was over without adequate funds to buy gas to come home.

I think it is vitally important that we keep in mind that we are talking about the full faith and credit of the U.S. Government, and that it is important that we not default at this particular point.

There is one additional condition that I think needs to be kept in mind as we weigh the possibilities of whether or not we ought to have a short-term extension of the debt ceiling, and that is specifically what is transpiring within the conference on the debt ceiling and on the Gramm-Rudman legislation. I personally am hopeful that we will be able to reach a bipartisan solution to the ongoing debate over how we deal with the deficit problem. I will reiterate again my opposition to extending the debt ceiling without some significant debt reduction added to it, but I do think that based on the conversation we have had to date that we are making some progress, that the possibilities of achieving a bipartisan solution that will, in fact, lead to significant reform of the budget process is very real.

I look upon our willingness on this side of the aisle to support H.R. 3721 as a measure of our good faith that we would, in fact, like to find some resolution of those differences and that ultimately we will be able to solve our deficit problem later on this month.

So with that, Mr. Speaker, I would urge my colleagues to vote for and support H.R. 3721.

Mr. GEPHARDT. Mr. Speaker, I yield 3 minutes to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in support of extending the debt ceiling.

Mr. Speaker, I am very pleased that the bill which is currently before the House to extend the debt ceiling contains a provision sponsored by Mr. JONES of Oklahoma and myself to restore moneys that were disinvested since September 30 of this year from the Social Security, civil service retirement, and other trust funds. It is my understanding that approximately $17 billion was disinvested from these funds over the past few weeks.

While this provision is extremely important, there is still more work ahead for us in order to make the trust funds whole and to prevent unwarranted intrusions into the trust funds in the future. Hearings held in both the House and in the Senate have revealed that interest lost to the Social Security trust funds alone is estimated at $1.3 billion over the last 5 years. In addition, testimony presented before my Subcommittee on Compensation and Employee Benefits by the Deputy Secretary for the Treasury revealed that $65 million has been lost from October 1 to November 5 in interest on civil service retirement trust fund moneys that were not invested.

It is only fair to our Nation's retired workers who had no role in precipitating the current debt limit crisis that these moneys should be fully restored to the trust funds. They should not be required to place any portion of their retirement security at risk.

Mr. Speaker, I would also like to call to the attention of my colleagues a bill that I introduced yesterday with Congressman JOHN MYERS of Indiana to prohibit the Secretary of the Treasury from using retirement trust fund moneys for any reason other than paying beneficiaries. My bill specifically applies to Social Security, the Federal disability insurance trust fund, the Federal hospital insurance trust fund, Federal supplementary medical insurance trust fund, the railroad re-

tirement account, the civil service and disability fund, and the Department of Defense military retirement fund. This bill, H.R. 3738, would make certain that these thrust funds will never again be placed in jeopardy or subject to financial loss as a result of a debt limit crisis.

I would urge all of my colleagues to join Mr. MYERS and myself in cosponsoring this bill and to support the Jones-Oakar provision in the legislation that is now before us.

Mr. MACK. Mr. Speaker, will the gentlewoman yield.

Ms. OAKAR. I would be happy to yield to the gentleman from Florida.

Mr. MACK. I thank the gentlewoman for yielding.

Mr. Speaker, a minute ago I thought I heard the gentlewoman say that this bill would provide for no further disinvestment of the trust funds.

Ms. OAKAR. This bill provides for an amendment that pays back to the trust funds the money that was lost because of disinvestment over the last month or so.

Mr. DUNCAN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from South Carolina [Mr. HARTNETT].

Mr. HARTNETT. I thank the gentleman for yielding this time to me.

Mr. Speaker, I have sat here for a while during this debate and listened to some of the remarks, some of which I would like to take issue with.

The gentleman from Tennessee, in his statement, said that he thought there was ample blame to go around to cover all Members of Congress, all Members of the House and Senate, on both sides of the aisle. I take issue with that.

I do not want to accept any of the blame for allowing us to get to the spot where we are right now, Mr. Speaker, and I think there are other Members of this House and certainly Members of the other body who should not have to accept any of the blame either.

There are those of us who, when we set what we called a drop-dead deadline, think we ought to adhere to that drop-dead deadline. It is my understanding that the President does not leave for Geneva until Friday morning and our drop-dead deadline is tomorrow night at midnight.

I am confident if the House leadership on the conference committee would inform the leadership of the other body on the conference committee that this respective body intends not to go anywhere or not to vote for any increases in the debt limit, not any extensions, that we are going to stay here until we do it, or are we going to let the Government run out of money.

Political courage, fiscal responsibility, and patriotism can be best taught by example and not by rhetoric. My colleague, the gentleman from Wyoming, in his remarks, said he would not vote for a long-term extension, like to the end of the year, which is about 48 more days, but we should have had this taken care of by October 1, which was about 48 days ago. It is all right to vote in short spurts, but not in one long spurt. Apparently that soothes one's conscience.

The American people ought to know, Mr. Speaker, that this Congress is unwilling, because of our political system, to accept its responsibility to deal with this country's fiscal and economic affairs in any way whatsoever unless there is someone else to whom they can pass the blame. Each and every Member of this House could vote right now to stay here until we settle this issue and not increase this debt limit 1 minute and 1 dollar. It could be done here today, but the men and women in these two respective bodies just do not have the political courage to lead by example.

My colleague, the gentleman from Kentucky, wanted to put in an amendment to make sure that Congressmen and all their staffs would be the first ones to suffer if we run into a worst-case scenario, but because of the rule, which did not include that, and because of the previous question having been ordered, we could not do that.

We are unwilling to do to ourselves what we are going to do to the American people. But in summary, Mr. Speaker, what I want to say is that there are those of us who are going to vote against this and who are telling our colleagues they are not acting responsible to increase this debt limit one day or one dollar. We, as Members of this House, can change that by staying here and voting down H.R. 3721.

□ 1345

Mr. DUNCAN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, as could be expected, we heard the Social Security issue raised here.

Well, let us talk to the elderly people of this country, and let us explain to them that already the spending of this Congress over the last several decades has imposed upon them, on each elderly couple in this country, $18,500 worth of debt. That is their portion of the national debt burden that has already been placed on them by our spending habits here.

With this bill, we are going to impose another $800 worth of debt on that elderly couple in order to do what we do here. In order to reimburse the Social Security Trust Fund that was disinvested only because of the spending irresponsibility of this place in the past. In other words, for our own irresponsibility, we are now going to say to elderly Americans, you should assume $800 worth of additional debt so that we can get by our problem.

Not only that, we are going to say this to them, $800 worth more in debt for you, $400 worth of debt for each of your children, and $400 worth of debt for each of your grandchildren. So the bigger your family, the more the debt imposed; $400 for every man, woman and child in this country is the additional debt burden imposed as a result of passing this bill.

I think that is what we need to talk to elderly America about. We are spending in this body at rates which cause them to go further and further in debt. And then what do we do? We send along the interest bill to them a little bit later, the end bill in terms of higher interest payments on everything in society, the higher interest payments that we charge on virtually everything that happens, with inflation, in spending habits, the whole bit across the country.

It seems to me that we do have a message for elderly America in this bill. We have got an $80 billion message, $400 per person, $800 for each elderly couple. That is what we are charging them, supposedly to do them some good. I doubt many of them will think that is doing them very much good.

Mr. DUNCAN. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. MACK].

Mr. MACK. Mr. Speaker, I rise really to see if I can get a couple of questions answered. As I understand it, this is a debt ceiling increase of $80 billion to carry us through December the 13th; is that correct?

Mr. GEPHARDT. Mr. Speaker, will the gentleman yield?

Mr. MACK. I yield to the gentleman from Missouri.

Mr. GEPHARDT. The gentleman is correct.

Mr. MACK. I also understand that $30 billion of that $80 billion is for the purpose of reinvesting or putting the funds back into the Social Security Trust Fund, approximately $30 billion?

Mr. GEPHARDT. Approximately $30 billion. I do not have the exact amount.

Mr. MACK. And there is no provision in this legislation, as I understand it, to keep the Secretary of the Treasury from disinvesting those funds in the future?

Mr. GEPHARDT. It is my understanding that that provision is to be included in the final conference report on the Gramm-Rudman bill.

Mr. MACK. Assuming that were to take place by the 13th of December.

Mr. GEPHARDT. That is correct.

Mr. MACK. Is there any prohibition or any direction in this bill with reference to the repayment of the $15 bil-

lion borrowed from the Federal Financing Bank?

Mr. GEPHARDT. No.

Mr. MACK. Could these moneys be used for that purpose?

Mr. GEPHARDT. I take it they could be if that specific prohibition is not written in. That is not anyone's intent.

Mr. MACK. Without asking too many more questions, the reason I am raising this is because we are told that we have established another drop-dead date of December 13, which frankly I do not believe anybody believes any longer that there really is any crisis atmosphere related to the passage of the Gramm-Rudman proposal. We have blinked three times already.

It seems to me that without any additional language here that we have set up a scenario that we will have an instant replay on December 13. First, there can be the use of the disinvestment of the Social Security Trust Fund. Second, there may be funds available again through the Federal Financing Bank and, therefore, there is no real deadline of December 13, and that is really the purpose, I think, of my question.

Mr. GEPHARDT. If the gentleman will yield, I believe we do have a real deadline in the middle of December for a couple of important reasons.

First, we will have plenty of time by then to know whether or not we can reach agreement on an automatic budget-cutting mechanism. As the gentleman knows, at the present time we have not had sufficient time to finish that conference.

Mr. MACK. If I can reclaim my time, if I may respond, that is a matter of opinion. I think we have had plenty of time to come up with a proposal.

Mr. GEPHART. Second, I think it is important to note that the Treasury Department has said that it does not want to enter into this procedure of disinvesting Social Security again. We will be in a period when the Congress must close off its business for the year. If we are to do that, we have to get a debt ceiling passed.

So I would say to the gentleman I think there is every likelihood that there will be action on a debt ceiling bill with some kind of automatic mechanism in the middle of December.

Mr. MACK. If I can reclaim my time, I appreciate the comments, but I do not think by the end of the calendar year is a particularly important date. I think it is more important to be talking about the fiscal year.

It seems to me again we have done nothing in here to establish this situation where there cannot be a disinvestment. The Secretary of the Treasury told us over and over again the implication was we are running out of money on each of the dates that came up, and we have found out since then that that is absolutely untrue.

All I am raising here is the point that we very well could find ourselves believing that we have established another deadline of December 13, which, in fact, will turn out not to be the case at all.

Mr. GEPHARDT. If the gentleman will yield again, let me say to him that the only time the Social Security managers can actually disinvest is as they did the last two times, when they are in the process of paying checks, or when they are doing that in order to pay checks. It would seem that in the middle of the month that is not the case. I would think it would be much more difficult, even if the Treasury had not stated their desire not to do this.

Mr. DUNCAN. Mr. Speaker, will the gentleman yield?

Mr. MACK. I yield to the gentleman from Tennessee.

Mr. DUNCAN. May I tell my friend from Florida that no one on our side of the aisle or the other side wishes to disinvest Social Security.

Mr. MACK. I think that is pretty clear.

Mr. DUNCAN. The gentleman from Texas [Mr. ARCHER] and the gentleman from Nebraska [Mr. DAUB] have introduced a bill, H.R. 3688, which would prohibit that. I am sure we will have the same kind of bills from the other side.

So I think I can almost assure the gentleman that it will not happen again.

Mr. MACK. Again, I appreciate the assurances.

I do not think that anyone on either side of the aisle intended, wished or desired the disinvestment of the Social Security Trust Funds in the first place. But the Secretary's argument was that he has a responsibility as Secretary of the Treasury to see that the Government's obligations are paid and, therefore, he used whatever resources were available to him.

There is no prohibition that says that these funds cannot in essence pay off the funds that were borrowed by the FFB, and if that is the case in the middle of December, those funds could be used again. So all of a sudden now, we are past December 13, and then we are now up to a date of the 1st of January.

Of course, on the 1st of January, we certainly would not want to see the Social Security checks not be paid. So what is going to happen potentially again is there would be another disinvestment of the Social Security Trust Funds, the Civil Service Trust Funds and so forth, and, therefore, we would have an instant replay, as I mentioned a minute ago, in that we have not absolutely established a deadline that could not be broken.

Mr. DUNCAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. GEPHARDT. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN of Michigan. Mr. Speaker, I am going to vote for this extension, and I want to, as I do so, make three comments.

First of all, some have said this is just another extension. I do not think that is true at all.

The handwriting is on the wall. We are going to act. That fact has been obscured by other events, including the summit. But after the summit is over and everybody is back in Washington, we are going to face the music on this critical issue, and the next time around is not going to be just another dance.

The second point I want to make relates to charges about spendthrift congressional action. Some have said that the problem is Congress just cannot wait to spend money.

The truth of the matter is that our budget actions these last years, the 3 years I have been here, and that was true some years before, have been within the limits that were proposed by the President of the United States. The problem is not that we have had a spendthrift Congress. The problem is that there is a difference of opinion about priorities in this country.

When we come back here, as the conference meets, they are going to face some very, very thorny and difficult issues, and we ought to face up to that, and quit hurling the charges back and forth. And that relates to my third point and why I more than anything else wanted to speak this afternoon.

I appreciated the comments of the minority leader about an hour ago. I think he threw a blanket over those who wanted to simply demagogue this issue. I think he was candid about the failure of the President to face up to the issue of Gramm-Rudman on the defense priorities set by the President of the United States, and I hope that the remarks of the minority leader will cause his side of the aisle to follow the example and will set a new tone of candor as we go into this last month, and will set a new tone of realism.

Everybody is going to have to be in this process, including the White House. All issues are going to have to be in this process as we face what is a real deadline of mid-December, a real deadline of December 13 or December 14.

I think that we can resolve these issues if we will act within the spirit set by the minority leader of just an hour ago. I urge that we support this resolution.

Mr. McCANDLESS. Mr. Speaker, it is politics as usual. And it is politics with a capital "P."

Back in September, we began discussing the need to raise the public debt ceiling. We were told that unless we acted by October 7, the Federal Government would have to close. October 7 came and went, as did other so-called drop-dead dates, and we're still here. All Government checks have gone out and have been honored.

But now we are told that unless we pass H.R. 3721, the Federal Government will run out of money at midnight tomorrow. Further, we are told that we can't deal with the problem that has lead us to this point because the President is leaving for Geneva. Hence, the solution that is offered is an $80-billion increase in the debt ceiling, enough money to tide us over until December 13, appropriately enough, Friday the 13th.

Mr. Speaker, I have never voted in favor of an increase in the debt ceiling. Nor have I made any secret of the fact that I will not vote in favor of increase in the debt ceiling unless it is coupled with a tough, but realistic plan to balance the Federal budget. To that effect, I am a strong advocate, and a sponsor, of the Gramm-Rudman-Mack proposal in the House.

The temporary extension does not meet that criteria. It is nothing more than a Band-Aid on a massive hemorrhage of Federal spending. Little or nothing will change between now and December 13. Further delay is unnecessary and inexcusable. It is unfortunate that our timing has lead us to the eve of the Geneva Summit—but that is our doing and our failure to act in a timely manner. If the extension is approved, it would hardly be prophetic to state that on December 13 we will once again find our backs to the wall and be asked to vote on yet another "temporary" increase.

An up-or-down vote on the debt ceiling should stand on its own. Unfortunately, politics prevailed and once again Social Security has become a political football. Totally unrelated to the debt ceiling increase is the repayment of the interest lost because of the disinvestment of some of the bonds held by the Social Security Trust Fund. There is no question that those funds should and will be repaid. In fact, I am a cosponsor of legislation that would not only repay the funds, but would prohibit similar action in the future. But, there is no urgency here, and there is absolutely no reason, other than political, to consider the Social Security provisions as a part of the debt ceiling increase. Social Security should not be used for political purposes. I have sponsored and cosponsored legislation that would remove the Social Security System from the Federal budget process and restore it to an independent agency.

In conclusion, Mr. Speaker, once again the House leadership has contrived a vote to camouflage what we are doing. This is not a vote on Social Security. This is a vote to increase the debt that we are leaving for our children and our grandchildren. Therefore, I must vote "no."

Mr. GEPHARDT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 318, the previous question is considered as ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 300, nays 121, not voting 13, as follows:

[Roll No. 405]

YEAS—300

Ackerman	Coughlin	Hall (OH)
Akaka	Courter	Hamilton
Alexander	Coyne	Hammerschmidt
Andrews	Daniel	Hatcher
Annunzio	Darden	Hawkins
Anthony	Daschle	Hayes
Archer	Davis	Hefner
Aspin	Dellums	Heftel
Atkins	Derrick	Hendon
Barnard	DeWine	Hertel
Barnes	Dickinson	Hillis
Bateman	Dicks	Holt
Bedell	Dingell	Horton
Beilenson	DioGuardi	Howard
Bennett	Dixon	Hoyer
Bentley	Donnelly	Hughes
Berman	Dowdy	Hutto
Bevill	Downey	Hyde
Biaggi	Duncan	Jacobs
Bilirakis	Durbin	Jeffords
Boehlert	Dwyer	Jenkins
Boggs	Dymally	Johnson
Boland	Early	Jones (NC)
Boner (TN)	Eckart (OH)	Jones (OK)
Bonior (MI)	Eckert (NY)	Jones (TN)
Bonker	Edwards (CA)	Kanjorski
Borski	Emerson	Kaptur
Boxer	Erdreich	Kasich
Breaux	Evans (IL)	Kastenmeier
Brooks	Fascell	Kemp
Broomfield	Fazio	Kennelly
Brown (CA)	Feighan	Kildee
Bruce	Fish	Kleczka
Bryant	Flippo	Kolter
Burton (CA)	Foglietta	Kostmayer
Bustamante	Foley	LaFalce
Byron	Ford (MI)	Lantos
Campbell	Ford (TN)	Latta
Carney	Frank	Leach (IA)
Carper	Frost	Lehman (CA)
Chandler	Gallo	Lehman (FL)
Chapman	Garcia	Leland
Chappell	Gaydos	Lent
Cheney	Gejdenson	Levin (MI)
Clay	Gephardt	Levine (CA)
Clinger	Gibbons	Lewis (CA)
Coble	Glickman	Lightfoot
Coelho	Gonzalez	Lipinski
Coleman (MO)	Goodling	Livingston
Coleman (TX)	Gordon	Loeffler
Collins	Gradison	Lott
Combest	Gray (IL)	Lowery (CA)
Conte	Gray (PA)	Lowry (WA)
Conyers	Green	MacKay
Cooper	Guarini	Madigan
Manton	Penny	Spratt
Markey	Pepper	St Germain
Martin (NY)	Perkins	Staggers
Martinez	Pickle	Stangeland
Matsui	Price	Stark
Mavroules	Quillen	Stokes
Mazzoli	Rahall	Stratton
McCain	Rangel	Studds
McCloskey	Regula	Sundquist
McCollum	Reid	Sweeney
McCurdy	Richardson	Swift
McDade	Ridge	Synar
McGrath	Rinaldo	Tallon
McHugh	Rodino	Tauzin
McKernan	Roe	Thomas (GA)
McMillan	Rogers	Torres
Michel	Rostenkowski	Torricelli
Mikulski	Roukema	Towns
Miller (OH)	Rowland (CT)	Traficant
Miller (WA)	Rowland (GA)	Traxler
Mineta	Roybal	Udall
Mitchell	Rudd	Valentine
Moakley	Sabo	Vento
Mollohan	Savage	Visclosky
Montgomery	Saxton	Volkmer
Moody	Scheuer	Walgren
Moore	Schneider	Watkins
Morrison (CT)	Schroeder	Waxman
Morrison (WA)	Schuette	Weiss
Murtha	Schulze	Wheat
Natcher	Schumer	Whitehurst
Neal	Seiberling	Whitley
Nichols	Sharp	Whitten
Nowak	Shaw	Williams
Oakar	Shelby	Wilson
Oberstar	Sikorski	Wirth
Obey	Sisisky	Wise
Olin	Skelton	Wolf
Ortiz	Slattery	Wolpe
Owens	Slaughter	Wortley
Oxley	Smith (FL)	Wyden
Panetta	Smith (IA)	Wylie
Parris	Smith (NJ)	Yates
Pashayan	Snowe	Young (FL)
Pease	Solarz	Young (MO)

NAYS—121

Anderson	Gregg	Ray
Applegate	Grotberg	Ritter
Armey	Gunderson	Roberts
AuCoin	Hall, Ralph	Robinson
Badham	Hansen	Roemer
Bartlett	Hartnett	Rose
Barton	Henry	Russo
Bates	Hiler	Schaefer
Bereuter	Hopkins	Sensenbrenner
Bliley	Hubbard	Shumway
Bosco	Huckaby	Shuster
Boucher	Hunter	Siljander
Boulter	Ireland	Skeen
Brown (CO)	Kindness	Smith (NE)
Broyhill	Kolbe	Smith, Denny (OR)
Burton (IN)	Kramer	Smith, Robert (NH)
Callahan	Lagomarsino	Smith, Robert (OR)
Carr	Leath (TX)	Snyder
Chappie	Lewis (FL)	Solomon
Coats	Lloyd	Spence
Cobey	Lujan	Stallings
Craig	Luken	Stenholm
Crane	Lungren	Strang
Crockett	Mack	Stump
Dannemeyer	Marlenee	Swindall
Daub	Martin (IL)	Tauke
DeLay	McCandless	Taylor
Dorgan (ND)	McEwen	Thomas (CA)
Dornan (CA)	Meyers	Vander Jagt
Dreier	Mica	Vucanovich
Dyson	Miller (CA)	Walker
Edwards (OK)	Molinari	Weaver
English	Monson	Weber
Evans (IA)	Moorhead	Whittaker
Fawell	Mrazek	Yatron
Fiedler	Murphy	Young (AK)
Fields	Myers	Zschau
Florio	Nielson	
Franklin	Packard	
Gekas	Petri	
Gilman	Porter	
Gingrich	Pursell	

NOT VOTING—13

Addabbo	Fuqua	O'Brien
de la Garza	Long	Roth
Edgar	Lundine	Wright
Fowler	McKinney	
Frenzel	Nelson	

□ 1410

Mr. MICA changed his vote from "yea" to "nay."

Messrs. BILIRAKIS, RINALDO, WATKINS, and RICHARDSON, and Ms. KAPTUR changed their votes from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 441. Making further continuing appropriations for the fiscal year 1986.

The message also announced that the Senate agrees to the amendment of the House to the amendments of the Senate to the bill (H.R. 505) "An act to amend title 38, United States Code, to improve the delivery of health care services by the Veterans' Administration, and for other purposes," with amendments.

APPOINTMENT OF CONFEREES ON H.R. 3327, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1986

Mr. HEFNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3327), making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. MACK. Mr. Speaker, reserving the right to object, I do so merely to ask whether this has been cleared with the minority.

Mr. HEFNER. Mr. Speaker, will the gentleman yield?

Mr. MACK. Under my reservation, I yield to the gentleman from North Carolina.

Mr. HEFNER. I thank the gentleman for yielding.

Mr. Speaker, it has been cleared.

Mr. MACK. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina? The Chair hears none and without objection, appoints the following conferees: Messrs. HEFNER, BEVILL, ALEXANDER, COLEMAN of Texas, ADDABBO, CHAPPELL, EARLY, WHITTEN, EDWARDS of Oklahoma, LOEFFLER, RUDD, LOWERY of California, and CONTE.

There was no objecton.

WATER RESOURCES CONSERVATION, DEVELOPMENT, AND INFRASTRUCTURE IMPROVEMENT AND REHABILITATION ACT OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 305 and rule XXIII, the Chair declares the House in the Committee of the Whole House of the State of the Union for the further consideration of the bill, H.R. 6.

□ 1421

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6) to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure, with Mr. ECKART of Ohio, Chairman pro tempore in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Wednesday, November 6, 1985, title XI of the text of the bill, H.R. 3670, which is considered as an original bill for the purpose of amendment, was open for amendment at any point.

Pending at that time were an amendment offered by the gentleman from Florida [Mr. MACK] and a substitute for the amendment offered by the gentleman from New Jersey [Mr. ROE].

Mr. MACK. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the purpose for my rising today is to, in a moment, ask unanimous consent to withdraw my amendment, but first of all I want to make a couple of comments in order to set the stage for doing so.

Last week I offered an amendment that would require an 8.2 percent reduction in the authorization level, and in the discussion about that amendment we determined what we were referring to was the cap that is in the bill. I did so for the purpose of beginning to establish a target on which we all could agree, where spending reductions should be made in order to reach the targets established in the Gramm-Rudman proposal.

I did that based on a letter that I had received from the Congressional Budget Office.

Subsequent to that time and, as you know, we did not conclude the debate or the vote on that particular amendment, a subsequent letter came from CBO which indicated that if those targets were to be met we would establish a 3.8-percent reduction. Not only do we have a moving letter, so to speak, from CBO, we also, apparently, have somewhat of a moving target as far as the deficit reduction target under the Gramm-Rudman proposal, from this standpoint.

□ 1425

It is my understanding that there is some movement toward a compromised position, as far as the deficit reduction target for 1986 is concerned.

As the gentleman knows, our target was 180, yours was 161. There seems to be some agreement that 172 ought to be that number. And for the purpose of being consistent, because it is my intention, wherever I have the opportunity, to come to the floor and ask for reductions in spending, in either appropriations or authorization bills, that I want to establish a meaningful target. And for that reason, since it has been constantly changing over the last 3 or 4 days, it will be my intention here in a moment to withdraw the amendment.

Mr. ROE. Mr. Chairman, will the gentleman yield?

Mr. MACK. I yield to the gentleman from New Jersey.

Mr. ROE. I recall well the excellent colloquy that had developed during the submission of the gentleman's amendment, and I think the gentleman raised some excellent points at that point, as we mentioned, and we have had a chance to clarify.

As the gentleman had pointed out, we had arrived at a point of view that, in our own understanding of the issue, we have a number of moving targets, as the gentleman had so well said, and that to strike the 8.2 percent at this point would not be as meaningful as the gentleman is attempting to achieve in his efforts, which I respect and applaud.

By the same token, in our CBO letter that we received, if we go to use the 3.8 figure, we are then switching in the opposite way and we may be suggesting what the Budget Committee would accept as far as the debt limitation would be concerned, which we do not want to achieve.

Mr. MACK. If I may, I believe that the gentleman from Washington [Mr. FOLEY] probably came to the same conclusion, and that is the reason he did not offer that amendment on the continuing resolution.

Mr. ROE. At the gentleman's suggestion, I did follow up directly with the gentleman from Washington [Mr. FOLEY], and he corroborated the gentleman's understanding, in other words, of the so-called moving target, and that it would be really counterproductive at this point to be in a position where we would be vitiating any of the efforts that the conferees are carrying out now in the Gramm-Rudman and the budget situation.

Mr. MACK. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN pro tempore. The Chair will remind the committee that this has the parliamentary effect of also withdrawing from consideration the substitute amendment offered by the gentleman from New Jersey [Mr. ROE].

Mr. MACK. I thank the Chair.

Mr. HUGHES. Mr. Chairman, I rise in support of H.R. 3670, the committee substitute for H.R. 6, the Water Resources Development Act of 1985. I wish to commend committee chairman JIM HOWARD and subcommittee chairman BOB ROE of New Jersey, along with ranking minority members GENE SNYDER of Kentucky and ARLAN STANGELAND of Minnesota, for developing a bill which will provide so many economic benefits to our Nation.

It is hard to believe that we have not had an omnibus water resources development bill passed and signed into law since 1976. Since that time, literally hundreds of public works projects around the country have been backed up, awaiting authorization or reauthorization by the Congress. These projects are of vital importance to many communities and States, and have the potential to create thousands of jobs.

My own district in southern New Jersey, for example, encompasses some 180 miles of coastline along both the Atlantic Ocean and the Delaware Bay. Our beaches, inlets, and waterways are the mainstay of the local economy. It is important that these resources be maintained and protected in a sensible way, so that they can be enjoyed by the public, and because so many thousands of jobs in the tourism, boating, and commercial fishing industries depend on these resources.

The Public Works Committee has gone to great lengths to develop a bill which is both economically sound, and responsive to the fiscal constraints which we face in Washington. H.R. 3670 proposes to deauthorize more than 300 water projects which are not essential. For many projects in the bill, new cost-sharing requirements have been imposed to ensure that State and local interests pay their fair share of the costs. Finally, the committee has broken new ground in some instances by authorizing the Army Corps of Engineers to develop innovative flood control and navigation projects. I am hopeful that these nontraditional methods will prove successful, and they can serve as a model for other low-cost, low-risk projects to stabilize our beaches, maintain our waterways and protects our coastal resources.

There are other compelling reasons to enact this legislation besides jobs. There are flood control projects proposed in this legislation which offer many communities a badly needed line of defense against natural disasters. In still other instances, there are projects included in the bill which are designed to protect existing Federal investments.

That is the case in Cape May, NJ, where the U.S. Coast Guard Training Center is located. This is the only Coast Guard training facility in the country, and the Federal Government has more than $100 million invested there. Unfortunately, the Coast Guard base is in the process of washing out to sea for lack of a beach stabilization project. The helicopter landing areas have already been breached, and the Coast Guard estimates that significant damage will occur by 1990 unless the federally authorized project is constructed there. Unfortunately, this project has been stymied for lack of an authorization bill, and the Coast Guard base remains extremely vulnerable to storms like Hurricane Gloria, which just missed causing a major disaster when it swept through southern New Jersey last month.

It has been 9 years since the last Water Resources Development Act was signed into law. I urge my colleagues to support this bill, so that we can finally move forward with these important projects.

AMENDMENT OFFERED BY MR. KEMP

Mr. KEMP. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEMP: Page 399, after line 5, insert the following new section:

SEC. 1199K. The project for flood protection and other purposes, Ellicott Creek, New York, authorized by Section 201 of the Flood Control Act of 1970 (84 Stat. 1824), as modified, is further modified to allow a credit against the non-Federal share of the cost of construction, required to be provided during the period of construction pursuant to subsection (b)(1) of Section 302 of this Act, equal to the fair market value, as determined by the Secretary, of any lands, easements, rights-of-way, or relocations provided by non-Federal interests which is greater than 25 percent of total project costs. Nothing in this section shall affect the rights or obligations of the Secretary or the non-Federal interest under subsection 302(b)(2) of this Act.

Mr. KEMP (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEMP. Mr. Chairman, the amendment allows the non-Federal interests in the Ellicott Creek flood control project, located in Amherst, NY, to receive credit equal to the fair market value for contributions to the project's cost in excess of the required 25 percent contribution. The credit would be applied against the non-Federal share of the cost of construction.

H.R. 6 generally requires non-Federal interests to pay for 25 percent of the cost of flood control projects, with a 30 percent cap. However, the non-Federal interests involved in the Ellicott Creek flood control project, which was first authorized in 1970, will ultimately pay almost 45 percent of the cost of the project, under the cost-sharing agreement finalized by the State of New York and the Corps of Engineers in January 1984. The cost-sharing formula was initially agreed to in March 1982, and the non-Federal interests have proceeded with their work on the basis of that understanding.

While the non-Federal share of the project is high, the State and local governments agreed to the arrangement because of the desperate need for the project and their willingness to shoulder part of the costs in order to expeditiously complete the project. The need for the project was highlighted this past winter when the creek went over its banks, flooding hundreds of homes and causing millions of dollars in damage. Obviously, area residents are anxious that the project be built without any further delays.

Any attempt to renegotiate the cost-sharing agreement to modify the non-Federal interest contribution will cost valuable time and could delay construction of the project further. With the uncertain weather conditions prevalent in western New York and the difficulty in performing some types of work during our harsh winters, a delay would further expose the residents to additional devastating flooding. The amendment I am offering will allow the work on the project to continue without delay, while recognizing that the non-Federal interests are making contributions in excess of the required amount, and probably in excess of any other flood control project in the country.

Part of the project was constructed prior to the 1981 authorization by New York State and the Federal Highway Administration, according to the corps' plans and specifications for the project. Funds for the next section of the project are contained in the fiscal year 1985 Supplemental Appropriations Act, which was enacted into law earlier this year. All preliminary work on the next phase has been completed, and the corps is simply waiting for the release of this money to award construction contracts.

Because of the unique situation of the Ellicott Creek flood control project—an authorized project which has a satisfactory cost-sharing agreement and which has been partially constructed—this amendment will alleviate the potential confusion that could arise and allow this long-awaited project to continue toward completion.

Mr. ROE. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from New Jersey.

Mr. ROE. Mr. Chairman, I do not mean to intrude upon the gentleman's time, but this is, really, an amendment that simply clarifies the situation that we have been faced with at Ellicott Creek, simply on the point of a program that is under construction and there is some conflicting language. The gentleman's language straightens the conflicting language out. We have no objection on this side.

Mr. KEMP. I appreciate the remarks of the chairman.

Mr. STANGELAND. Mr.Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Minnesota.

Mr. STANGELAND. We on this side have looked at the amendment and certainly think that it improves the bill. We support the amendment.

Mr. KEMP. I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment by the gentleman from New York [Mr. KEMP].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. VOLKMAR

Mr. VOLKMER. Mr. Chairman, I offer an amendment, and I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The text of the amendment is as follows:

Amendment offered by Mr. VOLKMER: On page 399, after line 5, insert the following new section:

"SEC. 1199K. The Secretary is authorized and directed to continue construction of the remaining authorized recreation facilities for the Clarence Cannon Dam and Mark Twain Lake, Missouri, project at full Federal funding. Construction shall continue until completion, subject to availability of funds."

Mr. VOLKMER. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. ROE].

Mr. ROE. I thank the gentleman for yielding.

Mr. Chairman, we have reviewed the amendment. This is a technical-correction amendment. It does not create any additional use or needs of funds, so we have no objection at all to the gentleman's amendment.

Mr. VOLKMER. Mr. Chairman, I yield to the gentleman from Minnesota [Mr. STANGELAND].

Mr. STANGELAND. I thank the distinguished gentleman from Missouri for yielding.

Mr. Chairman, we have reviewed the amendment and we think it is in proper form and that it is correct to be a part of the bill.

Mr. VOLKMER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. VOLKMER].

The amendment was agreed to.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

(Mr. CALLAHAN asked and was given permission to revise and extend his remarks.)

Mr. CALLAHAN. Mr. Chairman, I rise in strong support of the bill and request unanimous consent to revise and extend my remarks.

Our highest priority in the Congress is to provide for the national defense of this country. The waterway transportation system is an integral part of the defense system, and I do not think we should lose sight of that fact. I pray we will never have to utilize the waterway network to defend our borders, but we must be prepared for any worst-case eventuality. The system must be adequately maintained to achieve maximum efficiency, and this bill provides for badly needed maintenance. We have neglected this vital segment of our infrastructure for entirely too long and simply cannot afford to procrastinate any longer.

It also authorizes funds for flood control projects to protect the lives and welfare of our citizens. It is also well known that our port system must become more competitive to increase exports and reduce our miserable trade imbalance—a problem which, unfortunately, is overshadowed by the budget deficit. This bill seeks to improve the viability of our ports.

I urge my colleagues to support this bill. I do not like every provision in it, and many of my constituents have some serious concerns about it. But, the entire package is well-balanced and merits passage. We have resolved many of the controversies which have prevented passage of a water projects bill for so many years. Let's not miss this opportunity. Let's pass H.R. 6.

AMENDMENT OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEAVER:

Such re-evaluation shall be completed and reported by the Secretary no later than March 1, 1986.

Mr. STANGELAND. Mr. Chairman, I reserve a point of order on the amendment.

Mr. WEAVER. Mr. Chairman, the House debated the Elk Creek Dam issue last week, and by a vote of 220 to 200 decided, at that moment anyway, that my amendment to deauthorize the Elk Creek Dam should not prevail.

There is, however, language in this bill now requesting an evaluation of the dam project by the Corps of Engineers. Unbeknownst to me as a number of amendments were put en bloc by unanimous consent, an amendment was offered and accepted by unanimous consent last week to this provision calling for reevaluation of the dam. That amendment struck out a provision dealing with the hydroelectric power study and added the words "the Secretary shall include in this study funds appropriated by previous Congresses as well as any funds appropriated by the 99th Congress as sunk costs."

Now, there is $32 million that has been appropriated for this dam but not spent, and this amendment would say even though the money is sitting up in the Treasury right now and no contracts have been let on the dam, that this $32 million should not be counted toward the cost of the dam. Have you ever heard anything crazier than that? $32 million sitting in the Treasury unspent, unobligated, but intended for the dam, should, under this amendment that was put in the bill last week, be not counted toward the cost of the dam when the corps evaluates the dam. That is outrageous. It is ridiculous. It is the most puerile language. Imagine what we could do with the deficit that way. We would not count the deficit toward the cost of government. Now, how could you deal with the deficit that way?

Let me read to you what story in the Medford Mail Tribune, on the front page of that paper, written by Dana Bottorff, of the Ottaway News Service, says. It says:

WASHINGTON.—The House Wednesday turned down a move to halt financing of the proposed Elk Creek Dam—but by a surprisingly close vote and only after Rep. Bob Smith, R-Ore., offered arguments which, by some accounts, were misleading.

That is the opening paragraph of the story.

The story goes on to say:

Smith said a recent analysis of the dam that Smith requested of the Corps gave the project a benefit-cost ratio of 1.62 to 1 * * *.

The story goes on to say:

However, a Corps official in Washington (D.C.) said that, in calculating the figure, the Corps used methods that Smith insisted upon and which "did not follow the Corps' normal and acceptable methods."

SMITH's methods were used, but the standard methods of the Corps of Engineers to evaluate were not used.

"Using the normal corps method of calculating benefit-cost ratios," the story goes on to say, "the dam would provide only 48 cents in benefits for every dollar spent, a corps official said. . . . SMITH instructed the corps to calculate $33 million that Congress recently appropriated for Elk Creek as money already spent—even though it has not been," the corps official said.

"Adding that $33 million to the $21 million that actually has been spent, it appeared that $54 million—or nearly half of the dam's total cost of $120 million—has been spent, he said. He said less than 20 percent has been spent."

Now, not only did our colleague from Oregon [Mr. ROBERT F. SMITH] ask the corps to make their evaluation in this way, but language was put into the bill requiring the corps to evaluate the dam under this phony, ridiculous, absolutely spurious method, of saying $32 million that the Treasury has, unspent, no contracts awarded for the dam, the $32 million shall not be considered a cost of the dam. Now, how would you like to run your household accounts that way?

The CHAIRMAN pro tempore. The time of the gentleman from Oregon [Mr. WEAVER] has expired.

(By unanimous consent, Mr. WEAVER was allowed to proceed for 30 additional seconds.)

Mr. WEAVER. My amendment that I offer here today simply strikes out language and tells the corps to have their report in by March 1, 1986. I do not do anything else. Strike that phony language and ask the corps to have the report done by March 1, 1986.

Mr. ROBERT F. SMITH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hate to bring this issue back to us again, but it seems it has occurred here. This is the fourth time in 2 years we have discussed this issue, and this is another back-door attempt to defeat what has already occurred on the floor of the House of Representatives four times.

This amendment is an attempt again to defeat what has occurred and the decision of the House of Representatives.

Now, there is no question about the fact that the House has spoken and appropriated $33 million. It has passed the House and the Senate, has been all through the committee system, has been signed by the President of the United States, and there is no question that $24 million has already been spent on this project in the State of Oregon. It is under construction. This project is under construction.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. ROBERT F. SMITH. No; I did not interrupt the gentleman. I will not yield. If I have time, I will be happy to.

The gentleman's amendment, of course, looks innocent enough but has a very serious impact upon what may occur in projects all across this Nation.

The gentleman's amendment, by the way, changes the interest rates by which you compute methods to build flood control structures across this Nation. He increases the interest rate from 3¼ percent, at that rate which it was authorized, to 8⅛ percent, I am told by the Corps of Engineers, if his amendment stands.

And let me quote from the Corps of Engineers, because I think this has implications beyond the issue of spending money, beyond the question of whether or not this is or is not a money bill, which it is not, it has implications on every project that is currently under construction in America today. I quote from the Corps of Engineers:

> Never before in the history of this country has Congress or the Corps of Engineers changed the interest rate of a project under construction.

I suggest to the House of Representatives that if today we change the interest rate while this project is under construction, is there any argument we spent $24 million of the people's money? This project is in construction mode. If we change the interest rate now in the middle of the stream, this is and will become a precedent for every project in America, and each project in every State in America may well be subject to revisitation, to a reevaluation, from the authorized interest rate to some new interest rate that may come down the road, who knows what it may be or who knows where it may come from.

□ 1440

I suggest again that this issue has no money in it. For those of you who are concerned about budgetary matters, I ask you to look at this. This is an amendment to a study that is in the bill. It has nothing to do with either the construction of the dam or spending money for the dam. It is an amendment to increase the interest rate, intercept what has been the authorized interest rate for this project, and change it to a new one, which, I say again, may well be a precedent for this Nation.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. ROBERT F. SMITH. I yield to the gentleman.

Mr. WEAVER. The gentleman is just astounding. Utterly incredible. He argued just a few moments ago——

Mr. ROBERT F. SMITH. Reclaiming my time, I stood the word spurious; I will not stand much more.

I continue to yield to the gentleman from Oregon.

Mr. WEAVER. I am not sure how much more we can stand, because the gentleman, 2 months ago, argued on the floor of the House that it was only the road that was being built; that only the road was under construction. The gentleman said these things; he said the dam is not an issue. I will be glad to debate the dam with the gentleman later. But last summer be said only the road was under construction, which, of course, was absolutely correct.

Mr. ROBERT F. SMITH. Thank you.

Mr. WEAVER. Now, you are saying that the dam was under construction. Which does the gentleman want?

Mr. ROBERT F. SMITH. In answering the gentleman's argument, the point remains that from the time I mentioned that argument, there has been an additional $33 million approved by this House of Representatives, by the Energy and Water Committee of the Appropriations Committee, by the Public Works and Transportation Committee. It has gone to the Senate, it has been debated there, it has been signed by the President of the United States, and now, the gentleman wants to interrupt what has been the authorized interest rate.

The CHAIRMAN pro tempore. The time of the gentleman from Oregon [Mr. ROBERT F. SMITH] has expired.

(By unanimous consent, Mr. ROBERT F. SMITH was allowed to proceed for 1 additional minute.)

Mr. ROBERT F. SMITH. The gentleman is interrupting what has been the authorized rate, and I say it is a precedent. I am quoting the Corps of Engineers in that statement that, "Never before in the history of this country has ever the Congress or the Corps placed a new interest rate on a project in America."

I suggest to those who are concerned this is not a money bill. The Committees of Public Works and Appropriations ask you to vote "no" and I ask you to vote "no" again against Mr. WEAVER's amendment.

Mr. STANGELAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Oregon [Mr. WEAVER], concerning the Elk Creek project on the Rogue River in Oregon.

Last Wednesday this body debated yet another time the merits of the Elk Creek project in connection with an amendment offered by the gentleman from Oregon to deauthorize the project. During the debate, the affected Members argued the merits of the project. The Members on both sides are to be commended for the strength of their arguments, the depth of their conviction and, above all, their willingness to address the issue in a polite and gentlemanlike manner. As the Members of the House will recall, the House worked its will and the amendment to deauthorize the project was defeated. I had assumed that that would put the issue to rest and that we could proceed to other matters.

Earlier this week, however, I discovered that the gentleman from Oregon, whose amendment was defeated last week, would once again try to kill the project by amending H.R. 6's existing provision concerning the Elk Creek project.

Mr. Chairman, under existing law, this project is required by statute to be evaluated under the interest rate in effect at the time the project was originally developed. The statutory requirement is not unique to the Elk Creek project. It applies to all corps projects in the same category as Elk Creek. It is on the basis required by law that local interests provided their cost sharing commitments and made decisions on the merits of the project. To come back now, years later, and change the ground rules would run counter to the statutory requirement and counter to the understandings that have been arrived at by the parties affected and would unfairly penalize this one project.

Furthermore, the amendment would result in significant delay in connection with a project that is already underway. Land acquisition is virtually complete, $55 million has been appropriated thus far for the project, and the contracts for construction of the project are expected to be let shortly.

When Members consider how they should vote on this project, they should consider the concept of finality. I am concerned, and I believe the Members of this House should be concerned, about establishing a precedent that would allow projects which have been thoroughly studied and are in the process of being implemented to be treated as fair game for anyone that wants at any time to change the ground rules under which the project was developed. Such an ad hoc approach leads to disruptive, wasteful decisionmaking related to water resources development investments and I would urge my colleagues to join me in opposing this amendment.

The CHAIRMAN pro tempore. The Chair would inquire, before the gentleman yields back the balance of his time, does he continue to reserve a point of order on the amendment?

Mr. STANGELAND. Mr. Chairman, I withdraw my reservation of a point of order.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to the gentleman from Oregon [Mr. WEAVER] at this time.

Mr. WEAVER. I thank my friend, I know he rises to give me the opportunity to speak in the last minute or two on this amendment, and that is all the time I will take.

Mr. Chairman, remember, we have debated Elk Creek dam, true. But this is not my language in the bill. This language was put in by Mr. ROBERT F. SMITH. The bill still calls for a study of the dam; that is in the bill.

Furthermore, this language was amended last week. So I am raising no old issue; I am raising an issue that exists in this bill that Members of this House have seen fit to amend, and I will simply say in conclusion that I stood where the dam is to be built just a month or two ago. Not a thing has been done. There is nothing done on this dam at all.

A road is being built above the mountains. True, from nowhere to nowhere we have built a $24 million road so far, from nowhere to nowhere. I can tell you there are other parts of Oregon that desperately need roads from city to city such as Coos Bay, OR. There is a desperate need for a road from Coos Bay into Roseburg, and they could use that $24 million that has been spent on a road from nowhere to nowhere. I can tell you that.

Nevertheless, not a penny has been spent on this dam except from old, old, old land acquisition. There is no construction; no contracts have been let. So I am merely amending language in the bill to take out, and let me tell you what this newspaper story says the corps says about this.

A corps official said, "The results from the benefit-cost ratio are SMITH's results, not ours," and that the corps' opposition to the dam remains unchanged.

"Smith rejected the notion that his method of calculating might be misleading. 'It is true,' " this newspaper is quoting Congressman SMITH. "It is true, the money has not been spent, but it is in the budget," SMITH said.

"So I see nothing wrong in that money being considered already spent." Well, I will tell you, if you have one view about the deficit that as soon as we think about spending some money around here it is already spent, then Congressman SMITH is right; the money is down the rathole. But I am trying to save it. I am saying $32 million is a lot of money. I am saying that $32 million, let us see before we spend that and before we commit that whether the dam is worthwhile.

Now the dam evaluation is in here at the request of Mr. SMITH, not me. So I am merely saying let us really evaluate the dam; let us not have a phony evaluation of the dam. The language Mr. SMITH put in here would say that $32 million that has been appropriated but not spent should not be counted as a cost of the dam.

Oh, my heavens. My heavens. Not spent but not be a cost of the dam. All I am doing in my amendment is striking that, saying, "Corps of Engineers, truly evaluate this project." At the request of Mr. SMITH. I commend him for requesting the evaluation, because let me tell you, this dam reeks to high heaven and needs an evaluation.

I thank my friend from California for yielding.

Mr. DELLUMS. Mr. Chairman, I rose specifically for the purposes of yielding to my distinguished colleague to allow him an opportunity to amplify upon his arguments in support of his amendment.

With that explanation, I yield back the balance of my time.

Mr. ROE. Mr. Chairman, I move to strike the requisite number of words.

Mr. ROE. Mr. Chairman, far be it from me, although fools rush in where angels fear to tread, as it is written where brothers and sisters from respective States have differences of opinion. I would not particularly appreciate, nor would you, if someone were to wander into my State on an area that concerned me, nor would I wander into another State.

However, sometimes we are called upon to be the arbitrator, vis-a-vis the point of view that we are responsible for the committees that we are in charge of.

We have listened to this debate, and in due candor, I went to school in Orgeon. I do not know whether both the gentlemen realize that. I know this area. I also went to school in the great State of Washington, so the Northwest is by no means other than a great place that I remember in my youth, 40 years ago.

Be that as it may, this issue is not an issue you are arguing on Elk Creek Dam.

□ 1450

The issue that is being argued is that somebody can just surreptitiously at will change cost-benefit ratios.

Now, let me just give a grave warning. For those of us who come from New Jersey or Massachusetts or Louisiana, and for other distinguished Members here, how will it be in the next amendment when somebody rises in the well—and I do not appreciate differences of people's personalities—and says, "I'm sorry, but in Iowa we just decided to change the rules on you."?

Well, they come into my great sovereign State, too, and we have had to fend off some amendments here where someone had suggested that beach nourishment was an ugly thing and what we ought to be doing is let the beaches run into the sea and let the sea decide how the coast of New Jersey or California or any coastal State will be.

There must be some ground rules. There must be some point of fair play.

We have been through this drill on this reservoir a hundred times. The committee has looked into it. The committee has had hearings on it. We have visited it. We have listened to the arguments. And I had not intended to rise today; I wanted to let brothers solve their own issue, if you will indulge me with what may appear to be aggrandizement.

But what we are faced with here is changing the corps rules and the rules of the House as far as cost-benefit ratio is concerned, and I do not think that is right; I think it is wrong.

I have listened to the debate. We go back in the history of this bill and this particular project and we look at the original point in 1962 when it was a tripart system, and that is what the representatives, you know, fought for at that point. The figures have been given to me and I have rechecked them. The ratio was 1.3. Now, here it is 18 to 20 years later, and now we are talking about getting into construction. It takes 20 years to get anything done. All you have to do is talk something to death around here. If you talk enough and delay something, the cost-benefit ratio changes because of inflation and everything else we are dealing with.

We hear all kinds of specious arguments. We hear about the deficit, that are going to fall apart on the deficit. That is not the issue. We still have to go through appropriations.

So it is eminently not fair. It is the wrong thing to do, and it does not protect the sovereignty of the other States and their programs that are involved. Otherwise we would be in a position where we would come up with a whole group of amendments, and we would say, "All right, now, Louisiana, New Jersey, New York, we are going to change the ground rules. We are going to add other things that are going to reduce your cost-benefit ratio."

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. ROE. Of course, I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, I thank the gentleman for yielding.

I tell the gentleman that he is my dear friend and colleague, and I ask the distinguished chairman this: If this has been argued and debated and studied and thought out, why does the gentleman have in his bill this requirement that——

Mr. ROE. Mr. Chairman, if the gentleman will give me back some of my time, he does not have that in his bill. That bill the gentleman is holding up there is the bill of the Public Works Committee of the House of Representatives. That is not Mr. SMITH's bill. I would almost have to take a little umbrage on that. That was decided. What is in this bill was decided by a vote of the subcommittee unanimously and decided by the full Committee on Public Works unanimously.

Mr. WEAVER. Mr. Chairman, will my friend yield for another question?

Mr. ROE. Of course, I yield to the gentleman from Oregon.

Mr. WEAVER. Then why did the Public Works Committee put in the bill another study?

Mr. ROE. Because of you.

Mr. WEAVER. Excuse me?

Mr. ROE. Because of you.

Mr. WEAVER. Oh, I see.

Mr. ROE. We did not want to doubt you. You had asked us for this over the last 3 or 4 years. You said, "Give us fair play. Give it another evaluation." And because you asked to put it in there, that is why it is in there.

Mr. Chairman, I hope that we will vote down this amendment.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am a little puzzled by this debate we have just heard, and I would like to ask the distinguished chairman of the subcommittee if he can clarify something.

As I understood this debate, a technical amendment was offered which said that the money already appropriated shall not be considered by the corps in making its cost-benefit analysis; is that correct? And it was agreed to by a unanimous-consent request; is that correct?

Mr. ROE. Mr. Chairman, if the gentleman will yield, is he talking about the amendment that the gentleman is offering now?

Mr. SEIBERLING. No, I am talking about the amendment that he was talking about which, as I understand it, was offered under an unanimous-consent request as a technical amendment that directed the corps not to consider money already appropriated in making its cost-benefit analysis. Is that correct?

Mr. ROE. Mr. Chairman, if the gentleman is asking me to respond and if the gentleman will yield, if the gentleman is suggesting that because the unanimous-consent request was offered and not voted on or no one objected to it, I would answer that that is the process of the House.

Mr. SEIBERLING. No, I am asking, was that offered as a technical amendment?

Mr. ROE. No amendments are offered as technical amendments. They are offered as amendments. This was under the rule.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. Yes, I am happy to yield to the gentleman from Minnesota.

Mr. STANGELAND. It was offered as part of the committee amendment and printed in the RECORD.

Mr. SEIBERLING. All right. Then that gets me to the next question.

The gentleman said that we cannot change the rules surreptitiously. Well, this amendment was printed in the RECORD, so it was not surreptitious. But is it not changing the rules when you direct the corps to delete from consideration in the cost-benefit analysis money that has been appropriated but not yet spent or even obligated? Is that not changing the rules a bit?

Mr. ROE. Mr. Chairman, if the gentleman will yield, what we are talking about here is that this project has been approved since 1962.

Mr. SEIBERLING. Yes, but that is not my question.

Mr. ROE. Do I have a right to answer it in my way, or does the gentleman want to answer it for me?

Mr. SEIBERLING. I am happy to yield to the gentleman from New Jersey.

Mr. ROE. I would respectfully request the right to answer it in my way, and I think I am owed that courtesy. I just want to give you the background. It is important.

This project was approved in 1962. If the committee did not take any action to reevaluate it, we would go ahead and build it. The gentleman for Oregon would go ahead and build it. The gentleman from Oregon would go to the Appropriations Committee, and so forth. After debate and discussion, with the concerns of the distinguished gentleman from Oregon, we said, "Let's have another reevaluation before going ahead."

So this is the language the committee put in, because we considered that to be appropriate language. That is why we put it in there, and it was adopted unanimously by the committee in both subcommittee and full committee.

Mr. SEIBERLING. Be that as it may, it does strike me that it is changing the rules to direct that money that has not been spent or even obligated not be considered in doing a cost-benefit analysis.

Mr. ROE. Mr. Chairman, will the gentleman yield further?

Mr. SEIBERLING. Yes, of course, I yield to the gentleman from New Jersey.

Mr. ROE. There are forces among us who have differences in opinion and philosophy, and I know from the gentleman's distinguished record here in the House that he appreciates that.

Mr. SEIBERLING. Absolutely.

Mr. ROE. So I cannot fault Members who seek accommodation. They try to foster their philosophy that this project should be killed.

Now, we had a dozen amendments all over the lot time ad nauseam on the issue. So this is just another amendment for another methodology to kill this project. In fair play—and that is what I am using—we understand where this is coming from. If we were dealing in logic and fact, that would be one thing, but we are dealing with a methodology—and I respect the system—to defeat this project.

So I am not so sure that the gentleman's logic, although I have the greatest respect for his work, really does what we should be doing.

Mr. SEIBERLING. Mr. Chairman, let me say that I think the gentleman's committee has worked very hard, and the gentleman has worked very hard to try to do some pioneering work here and bring out a bill that we can all support. I think we are all grateful to him and the committee for doing that.

But this kind of manipulation of the cost-benefit analysis that the Corps of Engineers would otherwise have made differently strikes me as bringing discredit on the whole bill.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. SEIBERLING] has expired.

(By unanimous consent, Mr. SEIBERLING was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. Mr. Chairman, it also seems to me to be a little ironic, in view of all the calls we have been hearing from that side of the aisle in particular in recent days about the terrible deficit and how we have to get it

under control, and then we find that they want to pull something like this.

I would think that the gentleman from New Jersey ought to accept the amendment offered by the gentleman from Oregon simply to eliminate any question about the validity of this project, and the gentleman from Oregon [Mr. ROBERT F. SMITH] ought to be glad to have that done.

Therefore, Mr. Chairman, I am going to strongly support the amendment offered by the gentleman from Oregon [Mr. WEAVER], particularly at this time when we have just passed a bill to increase the debt limit by $80 billion and we are using this kind of maneuvering of the figures to make it appear that the cost-benefit ratio of the project is quite different from what it actually would be otherwise.

□ 1500

Mr. HOWARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to the gentleman from New Jersey [Mr. ROE].

Mr. ROE. I thank our distinguished chairman for yielding to me.

I respect very much where the gentleman is coming from; but you know, why should it be at the night's final hour after we have worked for 3 years on this legislation, we have met with just about everybody in every State. There has not been a problem that has been brought to us, it has nothing to do with the elephant and the donkey, it has to do with the needs of this country.

If there was ever a bill going through the House of this magnitude and in fair play and equity, it is this bill.

When we had the argument on the cross-Florida barge canal, we did not just surreptitiously—again, pardon me, I have to learn a new word—we did not just go and take that for granted. We went to Florida. Granted, it was in the summertime, it was not in the wintertime. Maybe we will think better on that schedule the next time around; but we solved it between the brothers and the sisters, because it was equitable and fair, and so the litany goes.

Now, in effect, this language would knock out the grandfathering clause going back to 1962 of this bill. It is that simple and that same maneuver can be used on this floor on any single project from any single State. That is the issue. It does not have to do with manipulation.

This gentleman, BOB ROE, does not manipulate anything. He does not have to manipulate. It either stands on its own or it does not.

I have to take umbrage with that word manipulation, because I resent it. We do not have to manipulate, and the other side is not manipulating, because projects have come up on this side where Members in your States who needed help got help from the other side, as we tried to work together.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. Yes, I yield.

Mr. SEIBERLING. Mr. Chairman, let me just say, I am not saying the gentleman from New Jersey [Mr. ROE] is manipulating. He accepted an amendment which was offered under unanimous consent, was printed in the RECORD, and no one objected, but I say the person who drafted that amendment was trying to manipulate what would be a cost-benefit ratio on a different basis, that is all.

Mr. ROE. I would hate to see us get into this kind of a personalized approach.

May I respectfully suggest to the distinguished gentleman that every word and every paragraph and every section that is written in this bill has been thoroughly reviewed by the subcommittee, by the full committee, by 52 Members of this House. There is no manipulation, and that is the point I want to make.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, would the gentleman, and he is my dear friend and a most distinguished man imaginable, address the issue? Is it right or is it wrong to count into the costs of the dam the $32 million that has been appropriated, and not spent? That is the specific issue.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, I thank my colleague.

I am on the side being accused of manipulation. I do not appreciate it, either. I am not on this committee, but I can assure the gentleman from Ohio that anything that is printed in the RECORD for everyone to examine, if there was manipulation, what was it?

The gentleman suggests the rules were changed. The rules were changed whan an accommodation was made by Chairman ROE for the gentleman from Oregon for a restudy.

The law does not require a restudy during construction, does not require this; but the manipulation or the change in the rules was a change to make another examination; so when you do that, you are doing something out of the order of law, so you have to spell out the ground rules and it is not unprecedented.

Would you consider money that has been appropriated as already funded, because it is construction money subject to being funded at any moment?

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, let me assure our distinguished colleague, the gentleman from Ohio, that the gentleman from Oregon did not manipulate. The gentleman from Minnesota did not manipulate. This side did not manipulate. The gentleman from Oregon came to us with a request and the committee wrote that language. It was not the language of the gentleman from Oregon. It was not my language. It was committee language.

With that, with the acquiescence of my Chairman, I yield back.

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield further, I would not suggest that anybody did not follow the rules, that anybody in the House did not follow the rules. The rules were followed completely; but what is not being followed is the rules that the Corps of Engineers said they would otherwise follow if it were not for this particular provision in the bill. That is the change in the rules that would otherwise have been followed. It seems to me that that is a form of manipulation.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. HOWARD] has expired.

(By unanimous consent, Mr. HOWARD was allowed to proceed for 1 additional minute.)

Mr. HOWARD. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. ROE].

Mr. ROE. Mr. Chairman, on my wall I have a plaque that says, and I may be sending it to everyone for Christmas—maybe I should not say that, that is going to cost me—on the wall it says, "More mistakes are made from lack of facts than from poor judgment."

Let me repeat that, "More mistakes are made from lack of facts than from poor judgment."

We speak of changing the ground rules. When this project was approved in 1962, the authorized discount rate was 3¼ percent and the cost-benefit ratio was 1.3.

The Government over a period of years has changed the discount rates on every project, by the way. Now the new discount rate is 8⅛ percent, almost 3 times as much.

Who changed the rules? That is all you have to ponder. Who changed the rules?

Mr. MILLER of California. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, it is hard to believe that we are redoing this argument, but maybe it is a service to those members of the committee who supported this project in the past. One of the reasons we are now arguing over the cost-bene-

fit study is the same reason we are arguing over the project.

This project cannot stand on its own two feet. This project cannot stand on the merits. That is what the GAO has said. That is what the Bureau of Reclamation said when they were invited to participate at one point and that is what the Corps of Engineers has said about this project.

So the question is whether or not we are going to go ahead and vote for the project in spite of the kind of detrimental information and discussion of facts that has taken place on behalf of this project.

I would hope that the membership of this committee would consider that. That is what gives Government spending a bad name, if you will, because we have an entirely worthless project that nobody wants, and yet we now find out that we cannot stop ourselves from spending this money.

We are like junkies hooked on this expenditure. The question here is very simple, whether or not for one time we can show a little bit of restraint.

As I told members of this committee, I am the chairman of the Authorizing Committee for a number of water projects in this country. It is rare that I find one where the Corps of Engineers and the other agencies that have looked at it have said this one will not work, because they are under tremendous political pressure to suggest that all of them work.

There are many, many valid projects throughout the United States. There is far less money to fund those projects than there are requests for the expenditures of that money and if we do not start weeding out and reformulating and reconfiguring a number of these projects that were authorized in the forties, the fifties, and the sixties, we will never be able to meet the real needs of this country with respect to water development, to the infrastructure development.

If we are simply going to carry forth every project whether or not we any longer have a need for it, then I suspect we will never get on to the real agenda in this country of rebuilding and building anew for the needs of this country.

I would hope that the Congress would reject this project as they had an opportunity to do last week, but failed to by a very narrow margin.

As for the argument that somehow the gentleman from Oregon or myself or the gentleman from Ohio or the gentleman from Massachusetts were somehow meddling, that we were meddling in another Member's district, I just do not think that holds water; because, you know what, I represent 500,000 people in my district, many, many of whom are taxpayers who work hard for that money and we have some obligation to look at how we expend that money, whether it is in your district or any other Member's district in this House.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, I thank the gentleman for yielding and for his good words. He makes eminent good sense and we should ponder his words.

But I would like to tell my friend, the gentleman from New Jersey, that I was a builder for many, many years. I built office buildings, apartment houses, housing developments, and if I want to the bank in 1962 and got a commitment from the bank for a mortgage loan, they would guarantee me a 3¼-percent interest rate, or some such interest rate, but I had to build it right then. If I said, "Now, I want you to give me that commitment for 23 years," they would have laughed me out the window.

If I said, "I'm going to come back in 23 years and build this project and I still want the 3¼-percent interest rate," they would have said, "You're crazy," or I would have had to pay through the nose for it.

You know those commitments cost you money. You have got to pay a point or two points or three points or five points sometimes for a commitment just for a couple years.

So the idea that you are changing rules midstream by saying you have to have a current interest rate, I mean if the Government were still borrowing for 3¼ percent, fine, but the Government is not borrowing for 3¼ percent anymore. They are borrowing for a lot more than that. So that argument I am afraid does not hold.

Remember what the issue is in this amendment. The issue is, shall the $32 million appropriated, but not spent on the dam, be counted as a part of the cost of the dam?

My friend, the gentleman from Oregon [Mr. ROBERT F. SMITH] says, Oh, no, it has been appropriated, so it is not part of the cost of the dam.

I cannot tell that to my taxpayers. I cannot tell that to the people at Goose Bay who want their road built.

I thank the gentleman for yielding.

Mr. ROBERT F. SMITH. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Oregon.

Mr. ROBERT F. SMITH. Mr. Chairman, that is not true at all. The point of the issue here is changing the interest rate on a dam that is under construction from 3¼ to 8⅛. It has nothing to do with money.

I have always said that the appropriated money ought to be a part of the sum cost. I think the gentleman is saying just the opposite. Therefore, there is precedent, and the Corps of Engineers has told me personally that they evaluate projects under construction with appropriated funds. They relicit the cost-benefit ratio under those same procedures.

I am not changing the procedures. This has nothing to do with money. The issue is changing the interest rate and I suggest again it is a precedent that could apply to every project.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has expired.

(At the request of Mr. WEAVER, and by unanimous consent, Mr. MILLER of California was allowed to proceed for 1 additional minute.)

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, let me quote the language that the gentleman put in the bill last Wednesday. In the valuation, the Secretary shall include in this study funds appropriated by previous Congresses as well as any funds appropriated by the 99th Congress—that is the $32 million—as sum costs.

The gentleman can read.

Mr. MILLER of California. That is how we get into these situations, where pretty soon we will all be told that it is more expensive to stop this project than it is to complete it, because now you are moving funds from one category to another for the purpose of doing that evaluation, so you will be back here next year when once again you are embarrassed by the actions you took this year. You will be told now that it will be far more expensive to not complete this dam, even though this dam has not been started, to not complete this dam than it will be to finish it, and then you will really be in a terrible situation vis-a-vis the taxpayers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. WEAVER].

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title XI?

AMENDMENT OFFERED BY MR. OBERSTAR

Mr. OBERSTAR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OBERSTAR: Page 399, after line 5, insert the following:

SEC. 1199K. The Secretary shall conduct studies, in cooperation with Canada, for the purposes of providing plans for the development, utilization, and conservation of water and related land resources in the Rainy River Basin, Minnesota, and Ontario, at an estimated cost of $400,000. Such studies shall include appropriate consideration of the needs for flood reduction, wise use of flood plain lands, navigation facilities, hydroelectric power generation, water supply, water quality, general recreation facilities, enhancement and conservation of fish and wildlife, and wild rice production. Such study shall be compatible with comprehensive development plans formulated by other agencies.

Mr. OBERSTAR (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ROE. Mr. Chairman, will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from New Jersey.

Mr. ROE. Mr. Chairman, we are prepared to accept this amendment. The study amendment is an excellent amendment. Again, we have reviewed it on the Rainy River Basin project. It is very appropriate and we have no objection to it.

Mr. OBERSTAR. It deals with structures on the water flow on the river basin that are more than 50 years old and need to be reviewed, but before we do anything, we need an analysis of the total impact.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, I want to commend my distinguished colleague, the gentleman from Minnesota, for his amendment. I think it is a very appropriate amendment. It certainly improves the bill. It is a much needed study that should be conducted in northern Minnesota on these facilities.

I commend the gentleman and ask that the House accept the amendment.

Mr. OBERSTAR. Mr. Chairman, I thank the gentleman for his comment. The water flows affect our joint district and both of us will benefit from an appropriate study.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. OBERSTAR].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title XI?

Mr. PETRI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to engage in a colloquy with the distinguished chairman of our subcommittee, the gentleman from New Jersey. It seems to me that section 1159 of the bill and the committee report on that section both lend themselves to misinterpretation. It is my understanding that section 1159(a) is meant to provide that in deciding whether or not to prepare feasibility reports for flood control projects, the Secretary shall not take into account frequency of flooding, drainage area, and amount of runoff.

However, once the decision to prepare a feasibility report has been made, any such report will take into account all factors pertinent to a sound cost benefit analysis, including frequency of flooding, drainage area, and amount of runoff, where appropriate. Is that a correct interpretation of the committee's intent.

Mr. ROE. If the gentleman will yield, the gentleman is absolutely correct.

Mr. PETRI. In that case, I will not offer the amendment I had prepared to eliminate section 1159(a). I personally have some concern that the corps should not get involved in de minimis projects, but I do not wish to oppose the consensus view of the committee on that issue.

□ 1515

Mr. BLILEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I can see where the opponents of this bill in the House and in the Senate think they have good reasons not to support this legislation. They'll say, "It's costly pork-barrel politics." And, quite frankly, if one were to just look at the bottom line of this bill, it does appear to simply authorize a great deal of taxpayer money to be used for building pet projects in our home districts.

Ladies and gentlemen, nothing could be further from the truth—and you're hearing that from a staunch fiscal conservative. I have always strongly supported Chairman ROE and Chairman HOWARD because I know first hand the economic benefits of this bill. Economic benefits which stem not only from the revenue these projects will generate, but also because of the dollars they will save our Federal, State, and municipal governments from payouts in disaster relief.

In 1969, the floods from Hurricane Camille caused $9 million worth of damages in my district. In 1972, Richmond was flooded by Hurricane Agnes and the damages came to $38 million. Last week, the second most devastating flood in Richmond's history left behind an estimated $47 million in damages. If you add that up, Richmond alone has suffered $94 million in losses in the past 13 years. The Federal Government has had to pay at least 75 percent of those damages. That amounts to about $66 million.

If Richmond's floodwall had been built in 1972, when it was first requested, the cost to the Federal Government would have been $32 million—$32 million versus $66 million that has already been spent in emergency flood relief. Because of those costs in relief money, Congress has managed to double the cost of the floodwall in the 15 years we've held this bill up. I ask you: Is that the fiscal responsibility that opponents of this bill are asking for?

The figures I've just given you do not even account for the revenue forgone which could have been generated were the floodwall already in place. In the last 2 years, millions of dollars of private money was used to rebuild historic Main Street Station, which is located in a flood-prone section of the city. This investment was made in good faith on the city's commitment to build a floodwall. The day before the Main Street Station Shopping Mall was to open for business, the latest flood pushed the James River's waters onto the first floor of that structure. Who in their right mind would continue to invest in an area that is so prone to disaster?

Financial impact studies conservatively estimate $400 million in new development behind the floodwall when and if it is ever built. That would add $6 million per year to the tax base of the city of Richmond and the good Lord only knows how many new federally taxable incomes would be born out of this new development.

With the income from the new development and the saving of emergency relief funds, this floodwall will pay for itself in a few short years. After that, you can consider this floodwall a revenue-generating project for Richmond. For Richmond, for Virginia, and for America. The city of Richmond understands that. The Richmond City Council unanimously passed a resolution to raise its share of the funds in order to get the project underway. The managers of this bill know this project will pay off. They have fought hard for it for 15 years and for that I could never thank them enough.

For those who do not think this bill is fiscally responsible—that argument just does not hold water—if you'll pardon the expression. And that doesn't just go for my project. I trust Mr. ROE, Mr. HOWARD, Mr. STANGELAND, and Mr. SNYDER have scrutinized all of the projects in this bill as closely as they did mine, and I am sure that all of those projects will one day enhance the Treasury just like the project in Richmond.

I hope the day never comes when you have to tour your district after a disaster like I had to do last Friday. The damage that occurred was one of the greatest tragedies I have ever witnessed and the potential for even greater damage was there as well. In 1972, during the Agnes flood, the city was without water for nearly 4 days. Luckily, no tragedies occurred during that time. But, what would have happened if the city lost its water again and there were a fire? My guilt would be tremendous, knowing that, along with my colleagues, I could have prevented that life-threatening disaster.

It is time to lend overwhelming support to this bill to show the President and the Senate that this time we mean business—and that if they mean business about balancing the budget, which I believe they do, making this bill law is one good shortcut to doing

so. Anybody who is willing to look a few years down the road will see my point.

I thank all of those who have labored so hard for so long to see this bill passed, and I hope this is the end of their battle.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. BLILEY. Certainly. I am happy to yield to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding.

Mr. Chairman, I want to compliment the gentleman from Virginia for a very thoughtful statement. There is a perception, I think, in this country that is very unfortunate that the projects in this bill are somehow things at the margin, or frills, and not really necessary.

I think the gentleman, who is known and respected in this House as a fiscal conservative, has done a very major and important thing by stating that there are real values to be achieved by the building of these projects.

I come from the great Pacific Northwest. I can tell my colleagues of the many projects that have been built out there over the years that have vitally helped our economy, protected us from the kinds of floods and disasters that the gentleman is talking about. I think it is important for the people and for the media of this country to understand that the projects that we are talking about in this bill have been scrutinized beyond scrutiny. We could not have looked over projects more closely than the projects in this bill.

I want to compliment the chairman, and the ranking minority member, and the members of this committee for the job that they have done. It is a thankless job because of this perception problem that we continue to battle, but I think the projects in this bill are good and can be defended, and I want to compliment the gentleman from Virginia for a very thoughtful and courageous statement.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. BLILEY] has expired.

(By unanimous consent, Mr. BLILEY was allowed to proceed for 1 additional minute.)

Mr. BLILEY. I want to thank the gentleman for his comments, and I must also say, as he well knows, that after the scrutiny of this committee that we must also go through the scrutiny of the Committee on Appropriations in this body and the other body as well.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. BLILEY. I yield to the gentleman from Minnesota.

Mr. STANGELAND. I thank the gentleman for yielding.

Mr. Chairman, I want to add my word of commendation to the gentleman from Virginia, and also my commendation to the gentleman from Washington for some things that he pointed out.

From the years 1978 to 1984, 7 years, corps flood control projects have saved $78.5 billion in damages. That is in 7 years. And those are just the flood control projects.

Mr. BLILEY. Reclaiming my time, would the gentleman repeat that figure?

Mr. STANGELAND. $78.5 billion in 7 years in savings because of flood control projects.

Mr. BLILEY. I thank the gentleman for his comments.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words, and I do so to engage the distinguished chairman of the subcommittee in a colloquy, if I might. I am interested in a colloquy relating to the cost-sharing provisions of section 1122 of the bill.

Mr. Chairman, as you know, section 1122 deals with the upper Mississippi River System Management Act of 1985, which includes various habitat rehabilitation and environmental enhancement projects designed to provide for the balanced development of the Upper Mississippi River. Specifically, this section calls for individual projects to be undertaken both on Federal and State lands. The member States of the Upper Mississippi River Basin Association are concerned over the cost-sharing formulas as they pertain to the unique programs included in this section.

Recognizing that many of the projects included in this section will be done on lands within the Upper Mississippi Refuge, a federally owned wildlife refuge, the association feels the costs associated with these projects should be borne at the Federal level. In fact, the comprehensive master plan for the management of the Upper Mississippi River System, which is the study responsible for this section of the bill, calls for a 100 percent Federal share for these projects.

Is it the chairman's intent that the cost-sharing provisions as they exist in this legislation, be consistent with the cost-sharing provisions in the master plan?

Mr. ROE. If the gentleman will yield, I want to thank, the gentleman from Wisconsin for his excellent understanding of this complicated piece of legislation.

The gentleman is correct in his understanding of the cost-sharing provisions as they relate to the Upper Mississippi River master plan.

Let me add, if a may, that the committee recognizes the unique nature of the Upper Mississippi System. We recognize this system as a nationally significant ecosystem, and a nationally significant commercial navigation system and have directed the Secretary to administer this system in recognition of these purposes.

Mr. GUNDERSON. I want to thank the chairman for his assurance that cost sharing for projects authorized pursuant to section 1122 of this legislation is consistent with cost sharing for such projects as envisioned in the master plan study.

As a followup then, Mr. Chairman, is it the Committee's intent to also provide for full Federal cost for those projects located on State lands which are provided for under section 1122 of the bill?

Mr. ROE. I can assure the gentleman from Wisconsin that it is the intent of this committee that the Federal Government stand ready to assume the responsibility for the projects listed in section 1122, as provided for in the master plan.

I would point out, however, that any new authorization of projects on the Upper Mississippi River not a part of the master plan included in this authorization bill must observe, of course, the same cost-sharing requirements implemented in the legislation for any new projects.

Mr. GUNDERSON. I would like to thank the chairman for his explanation, and thank him for his commitment and his hard work not only on the bill but, as I have said so many times, what the gentleman has done in this bill, his efforts personally, along with those of the gentleman from Minnesota [Mr. STANGELAND], have done more to save the Upper Mississippi River than probably any two Members of Congress in the history of this country and we thank them very sincerely for that.

□ 1525

AMENDMENT OFFERED BY MR. HUGHES

Mr. HUGHES. Mr. Chairman, I offer an amendment

The Clerk read as follows:

Amendment offered by Mr. HUGHES: Page 323, line 4, after the period insert the following:

With respect to the Delaware River, Philadelphia to the sea navigation project, the Secretary—

(1) shall conduct continuous monitoring of the materials being disposed of at the area known as the Penns Grove Disposal Area in Carneys Point, New Jersey:

(2) shall conduct continuous monitoring to ensure that there is no leakage into or contamination of any underground aquifer from such area;

(3) shall not fill such area, or allow such area to be filled, to an elevation in excess of ten feet; and

(4) shall not use, or allow to be used, for disposal of dredged material from such project any area immediately adjacent to the Penns Grove Disposal Area.

Mr. HUGHES (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HUGHES. Mr. Chairman, first I want to take an opportunity to congratulate the chairman of the subcommittee and the ranking member, the gentleman from Minnesota [Mr. STANGELAND] for an outstanding job. I know it has been a labor of love, and I know in BOB ROE's instance, and I am sure this is the case with the gentleman from Minnesota [Mr. STANGELAND] that they have spent more time on this legislation I am sure than most committees spend on legislation. It has been a career. It is very finely tuned legislation, something that we can all be very proud of, and I strongly support the bill.

Mr. Chairman, the amendment I have offered today is designed to correct a very difficult situation which we currently face involving the Penns Grove disposal area, located in Salem County, NJ.

This area consists of some 335 acres located in Carneys Point Township. The Army Corps of Engineers, which owns the property, plans to use it as a disposal site for materials dredged from the Delaware River as part of the Philadelphia-to-the-Sea project.

In order to prepare the site for use as a disposal area, the Army corps entered into a contract with a private firm to excavate the site. Between 1974 and 1979, this contractor removed some 3 million cubic yards of sand and gravel from the site, leaving behind a huge gravel pit. These excavation activities were a cause of great concern to the local community from the day they started until the day they stopped.

The huge trucks rumbling through the area caused noise and dust problems; they tore up the roads and they unnecessarily disrupted and despoiled an otherwise beautiful neighborhood. In return, the local communities received no ratables from the commercial operations and no compensation from the Army corps.

What's more, the contractor violated the terms of his agreement with the Army corps by digging so deep that he actually breached the underlying aquifer, causing a significant exposure of the so-called Cape May formation. This aquifer is the primary source of drinking water in Salem County. It was apparent that disposal of the heavily contaminated dredged materials from the anchorages in and around Philadelphia at the Penns Grove site would pose an immediate threat to public health and safety in the area.

The Army corps finally threw the contractor off the site, and has otherwise acted to address this problem by installing a slurry trench cutoff wall and a ground water protection blanket. They are designed to prevent leakage of contaminants into the ground water. Although this slurry trench is now in place, the local residents and I remain extremely concerned about the possible contamination of the drinking water in Salem County. Accordingly, the first part of my amendment would require the Army Corps of Engineers to conduct continuous monitoring of both the Penns Grove disposal area and the materials which are being dumped into it, to make sure there is no leakage of harmful material from the site.

The second part of my amendment would restrict the Army corps from filling this site to an elevation higher than 10 feet. This is a prime waterfront site which will have great value once the disposal activities are completed. My amendment would preserve that value by ensuring that the Army corps does not fill as proposed to an elevation of 35 feet—thereby creating a huge mound—and then walk away from the site, leaving it useless and unsightly. That would not be fair or reasonable.

The final part of my amendment would prohibit the Army corps from excavating or using any areas immediately adjacent to the Penns Grove disposal area for disposal activities related to the Philadelphia-to-the-Sea project. I realize that Salem County benefits both directly and indirectly from the commercial operations along the Delaware River, and that it is important to maintain the river at a proper depth to support these activities. I also realize that the Army corps is in need of suitable disposal sites.

At the same time, however, this area has done more than its fair share over the years to meet the Army corps' demands for disposal areas. It is time for the Army corps to begin looking elsewhere for disposal sites—including the other side of the Delaware River. Moreover, it doesn't make sense to jeopardize the region's water supply any more than they already have.

My amendment would allow the Army corps to use the Penns Grove disposal area in a limited and responsible way over the next few years, while also providing a reasonable amount of time for the corps to identify and prepare alternative disposal sites. I believe that this is a fair and sensible solution to a bad situation, and I would urge the House to adopt my amendment.

Mr. ROE. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I will be happy to yield to the gentleman from New Jersey.

Mr. ROE. Mr. Chairman, I appreciate the extraordinarily kind words the gentleman has expressed to our committee and its members, and not because of that alone, but because we have had a chance to review the language, we think it is an improvement in the Delaware-Philadelphia naviagation project, and it is a better monitoring system than is going on now. We have no objection to the amendment on this side.

Mr. HUGHES. I thank the gentleman.

I think the gentleman would agree it is really important to make sure that this disposal area, which basically is a gravel pit right now because the contractor exceeded his authority and dug into the acquifer, that it is both important to monitor the disposal going in there, and second of all, to put a cap on it so that when this choice waterfront property is completed that we have something that can be used by the communities in the surrounding area.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I am happy to yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, I, too, want to commend the gentleman and thank him for his fine words and commend him for the amendment.

This House has passed a clean water bill and what the gentleman is saying is let us monitor this disposal area to make sure that we keep that water clean, and I want to commend him for it. Certainly we on this side accept the amendment and think it is an excellent addition to the bill.

Mr. HUGHES. I thank the gentleman. Also, to put a cap on the amount of fill so that we can use the property in the years ahead after the disposal is completed in that area, and so that we do not have a giant mountain on this choice waterfront property.

I thank the gentleman and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. HUGHES].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DAUB

Mr. DAUB. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAUB: On Page 399, after line 5, and immediately before title XII, insert the following section:

SEC. 1199K. Papillion Creek and Tributaries Lakes, NE, Site 20 on the West Papillion Creek shall hereafter be known and designated as the 'Wehrspann Lake'. Any reference in a law, map, regulation, document, record, or other paper of the United States to such Site shall be held to be a reference to the 'Wehrspann Lake'."

Mr. DAUB (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. DAUB. Mr. Chairman, I recently learned that the general manager of

the Papio Natural Resources District, Mr. Jerry R. Wehrspann is terminally ill. Mr. Wehrspann has been the driving force behind the Papio watershed project in eastern Nebraska to prevent related flooding problems that have occurred and reoccurred in our part of the State. He has been the head of the Papio Natural Resources District since it was first organized in 1972.

My amendment will name the lake at dam site 20 on the West Papillion Creek as "Wehrspann Lake." This dam site is a part of the project Mr. Wehrspann has so devotedly promoted over the last 13 years.

Considering the tremendous contribution that Mr. Wehrspann has made to flood control in Nebraska, I ask that the amendment be adopted.

Mr. ROE. Mr. Chairman, will the gentleman yield?

Mr. DAUB. I am happy to yield to the gentleman from New Jersey.

Mr. ROE. Mr. Chairman, I want to compliment the gentleman for his splendid amendment. I too join him in recognizing the great work that Mr. Wehrspann has carried out in his contribution to our country. So we certainly accept the amendment.

Mr. DAUB. I thank the chairman, and as a former Member of this distinguished subcommittee and full committee that brings a bill that I got to help work on 2 years ago to the floor today again, and because I am in full support of the effort that we are about to pass on the floor of the House this afternoon, I want to thank the distinguished chairman and ranking Member for their support of this particular noncontroversial amendment.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. DAUB. I am happy to yield to the distinguished ranking Member of the subcommittee, the gentleman from Minnesota [Mr. STANGELAND].

Mr. STANGELAND. I want to commend the distinguished gentleman from Nebraska and also point out that in these kinds of instances, it is well to recognize people who have made a major contribution, and recognize them while they are here to enjoy that recognition. I commend the gentleman.

Mr. DAUB. I thank the gentleman for his support. I want to indicate that all of the people of Nebraska will very much appreciate this gesture on behalf of Mr. Wehrspann today in the House of Representatives.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. DAUB].

The amendment was agreed to.

The CHAIRMAN. Are there additional amendments to title XI of the bill?

If not, the Clerk will designate title XII.

The text of title XII is as follows:

TITLE XII—WATER RESOURCES POLICY ACT

SUBTITLE A—SHORT TITLE

SEC. 1201. This title may be cited as the "Water Resources Policy Act of 1985".

SEC. 1202. Nothing in this title shall be construed to expand or dimish either Federal or State jurisdiction, responsibility, or rights in the field of water or related land resources planning, development, or control; nor to displace, supersede, limit, or modify any interstate compact or the jurisdiction or responsibility of any legally established joint or common agency of two or more States, or of two or more States and the Federal Government; nor to limit the authority of Congress to authorize and fund projects.

SUBTITLE B—NATIONAL BOARD

SEC. 1221. There is hereby established a National Board on Water Resources Policy (hereinafter in this title referred to as the "Board") which shall be composed of seven members as follows: (1) the Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, and the Administrator of the Environmental Protection Agency, or their respective designees, (2) two members who shall be appointed by the President with the advice and consent of the Senate, one from among nominations made by the Speaker of the House of Representatives, and one from among nominations made by the President pro tempore of the Senate; and (3) a Chairman who shall be appointed by the President by and with the advice and consent of the Senate. Any person designated a member by a Secretary or Administrator must be designated from among persons who are officers of the United States appointed by the President with the advice and consent of the Senate. The Chairman shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code. The two additional members appointed by the President shall be compensated on a daily basis for each day of service at the daily rate applicable to level IV of the Executive Schedule under section 5313 of title 5, United States Code, and shall be reimbursed for necessary travel and reasonable expenses incurred in attending meetings of the Board. During the period of his service on the Board, the Chairman and the members appointed by the President shall not hold any other position as an officer or employee of the United States, except as a retired officer or retired civilian employee of the Federal Government. No retired officer or employee shall receive from the Federal Government for retirement benefits and service to the Board total compensation which exceeds the applicable rate for level III or IV of the Executive Schedule, as the case may be. The Chairman of the Board shall request the Secretary of Commerce, the Secretary of Housing and Urban Development, the Secretary of Transportation, and the Secretary of Energy and the heads of such other Federal agencies as may be appropriate to participate without a vote with the Board when matters affecting their responsibilities are considered by the Board. The Board shall meet at least once during each quarter of the year. Any action of the Board shall require a quorum to be present and a majority vote of those members present and voting.

SEC. 1222. The Board shall—

(1) perform studies and prepare assessments at such intervals as the Board may determine, of the adequacy of supplies of water (both quality and quantity) necessary to meet the water requirements in each water resource region in the United States and the national interest therein, taking into consideration the special needs of rural areas due to increasing demands for water to provide sustained economic development and agricultural productivity; and

(2) perform studies and prepare assessments of the relation of regional or river basin plans and programs to the requirements of larger regions of the Nation and of the adequacy of administrative and statutory means for the coordination of the water and related land resources policies and programs of the several Federal agencies; appraise the adequacy of existing and proposed policies and programs to meet such requirements; and make recommendations to the President and to Congress with respect to Federal policies and programs.

For purposes of this section. policies and programs shall include, but not be limited to, water and related land resources planning, development, management, and conservation; integration of water quantity and water quality planning and management; and enhancement of State and local capabilities with respect to water and related land resources planning, development, management, and conservation.

SEC. 1223. (a) The Board shall assist in interagency coordination of Federal water resources research. Such coordination shall include, but not limited to, (1) continuing review of the adequacy of Federal programs in water resources research and identification of technical needs in various water resources research categories, (2) identification of duplication and overlapping between two or more Federal water resources research programs and elimination of such duplication and overlapping to the extent that this may be accomplished under existing law, (3) recommendations to the Federal agencies involved in Federal water resources research with respect to allocation of technical efforts among such agencies, (4) recommendations to such Federal agencies concerning management policies to improve the quality of Federal research efforts, and (5) actions to facilitate interagency communication at management levels.

(b) The Board shall report annually to Congress concerning actions taken to implement this section and include in such report any recommendations for changes in legislation that it deems appropriate to meet the objectives of this section.

(c) For the purposes of this section, the Board shall make use of the Water Resources Scientific Information Center, established under section 302 of the Water Research and Development Act of 1978 (Public Law 95-467), or any successor agency.

SEC. 1224. (a) The Board shall establish by rule, after such consultation with other interested entities, both Federal and non-Federal, as the Board may find appropriate, principles, standards, and procedures for Federal participants in the preparation of comprehensive regional or river basin plans and for the formulation and evaluation of Federal water and related land resources projects. The objectives of enhancing regional economic development, the quality of the total environment (including its protection and improvement), the well-being of the people of the United States, the prevention of loss of life, and national economic development shall be the objectives to be in-

cluded in each such project, and the benefits and costs attributable to such objectives, both quantifiable and unquantifiable, shall be included in the evaluation of the benefits and costs of each such project. Such principles, standards, and procedures shall require that every report relating to any such water or realted land resources project include specific information on the benefits and costs attributable to each of such objectives. Such principles, standards, and procedures shall also define the objective of water conservation as including projects, programs, or features thereof, designed to (1) improve efficiency in use and reduce losses and waste of water (including by storage), (2) reduce the demand for water, or (3) improve land management practices to conserve water.

(b) The Board shall establish separate principles, standards and procedures as described in subsection (a) for small Federal water or related land resources projects administered by the United States Department of Agriculture.

(c) The principles, standards, and procedures promulgated under the Water Resources Planning Act by the Water Resources Council, as contained in sections 711.1 through 716.309 of title 18 of the Code of Federal Regulations as those sections were in effect on March 9, 1983, shall be in effect until such time as principles, standards, and procedures established under this section take effect.

SEC. 1225. (a) For the purpose of carrying out the provisions of this subtitle, the Board may (1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute so much of its proceedings and reports thereon as it may deem advisable; (2) acquire, furnish, and equip such office space as is necessary; (3) use the United States mails in the same manner and upon the same conditions as other departments and agencies of the United States; (4) employ and fix the compensation of such personnel as it deems advisable; (5) procure services as authorized by section 3109(b) of title 5, United States Code, as rates not in excess of the daily equivalent of the rate prescribed for grade GS-18 under section 5332 of title 5 of the United States Code in the case of individual experts or consultants; (6) purchase, hire, operate, and maintain passenger motor vehicles; and (7) incur such necessary expenses and exercise such other powers as are consistent with and reasonably required to perform its functions under this subtitle.

(b) Any member of the Board is authorized to administer oaths when it is determined by a majority of the Board that testimony shall be taken or evidence received under oath.

(c) To the extent permitted by law, all appropriate records and papers of the Board may be made available for public inspection during ordinary office hours.

(d) Upon request of the Board, the head of any Federal department or agency is authorized (1) to furnish to the Board such information as may be necessary to carrying out its functions and as may be available to or procurable by such department or agency, and (2) to detail to temporary duty with such Board on a reimbursable basis such personnel within his administrative jurisdiction as it may need or believe to be useful for carrying out its functions, each such detail to be without loss of seniority, pay, or other employee status.

(e) The Board shall be responsible for (1) the appointment and supervision of personnel, (2) the assignment of duties and responsibilities among such personnel, and (3) the use and expenditures of funds.

SEC. 1226. (a) There is hereby established a regional-State water resources advisory committee (hereinafter referred to as the "committee").

(b) The Board shall appoint one member from each of the major water resources regions described in the document entitled "Second National Water Assessment", dated December 1978, and transmitted to the President on January 25, 1979. The Board shall give consideration to recommendations of the Governors of the States which lie wholly or partially within such a region when appointing a member from such region. Each member of the committee shall be selected on the basis of knowledge of water resources management and water resources needs of the region that he or she represents. The chairman of the committee shall be selected by the members from among the members of the committee.

(c) The committee is authorized to submit to the Board the recommendations of the committee on any matter which is before the Board, and the recommendations of the committee shall be included in any recommendations of the Board reported to the President and Congress under section 1222(2) of this subtitle, with respect to such matter.

SEC. 1227. (a) Simultaneously with promulgation or repromulgation of any rule by the Board, under authority of any law of the United States relating to principles, standards, and procedures for Federal participants in the preparation of comprehensive regional or river basin plans and for the formulation, evaluation, and review of Federal water and related land resources projects, the Board shall transmit a copy thereof to the Secretary of the Senate and the Clerk of the House of Representatives. Such rule shall not take effect before 90 calendar days of continuous session of Congress following the date of such transmission.

(b) For purposes of subsection (a) of this section—

(1) continuity of session is broken only by an adjournment of Congress sine die; and

(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of 90 calendar days of continuous session of Congress.

(c) For purposes of this section, the term "rule" includes, but is not limited to, any rule, regulation, principle, standard, or procedure, or any part thereof.

SEC. 1228. No later than fifteen days following the transmission of the President's budget submittal to the Congress the Board shall transmit to the Speaker of the House of Representatives and the President pro tem of the Senate reports on, as appropriate, Bureau of Reclamation, Army Corps of Engineers, and Department of Agriculture water resource studies or projects (1) which are not included in the President's budget submittal; (2) for which feasibility studies or construction have previously been authorized; and (3) the construction of which have not been completed. Such reports shall include a detailed description of each project, the President's explanation for not including the projects in his budget submittal, and information on the compliance of each project with any relevant principles, standards, and procedures.

SEC. 1229. There is authorized to be appropriated to carry out the provisions of this subtitle, the sum of $3,000,000 for each of the fiscal years 1986, 1987, 1988, 1989, and 1990 of which no more than $50,000 is authorized each such fiscal year to carry out section 1226.

Subtitle C—Assistance for State Water Planning and Management

SEC. 1241. (a) In recognition of the controlling role of the States in State and regional water and related land resources planning and management and a national need for—

(1) water conservation;

(2) State integration of water quantity and water quality planning and management;

(3) State integration of ground and surface water planning and management;

(4) protection and management by the States of ground water supplies;

(5) protection and management by the States of instream values; and

(6) enhanced cooperation and coordination between Federal, State, and local units of government to achieve these goals;

the Congress hereby authorizes the Board to make grants to the States to assist them in the development, implementation, and modification of comprehensive programs and plans for the use, development, conservation, and management of State and regional water and related land resources.

(b) The Board shall, after consultation with the States, prescribe guidelines by rule, no later than one hundred and eighty days after enactment of this title, to carry out its functions and responsibilities under this subtitle.

SEC. 1242. (a) From the sums appropriated for any fiscal year pursuant to section 1244 and upon application of a State, the Board shall make grants to States in accordance with the guidelines prescribed pursuant to section 1241(b) on the basis of population, land area, financial need and the need for water and related land resources planning and management assistance, except that each State shall receive not less than the sum of $100,000 for each of the fiscal years 1986, 1987, 1988, 1989, and 1990.

(b) The sums allocated under this section shall be matched on the basis of not less than one non-Federal dollar for every Federal dollar. Contributions by the States to fulfill the matching requirements of this subsection may be in cash or in kind.

(c) No funds under this section may be withheld in an effort to force States to alter their water policies to comply with Federal policies or policies of the Board.

SEC. 1243. The assistance provided for State water planning and the programs established pursuant to this subtitle shall be consistent with the provisions contained in section 1202 of this title.

SEC. 1244. There are authorized to be appropriated to carry out the provisions of this subtitle $20,000,000 per fiscal year for each of the fiscal years 1986, 1987, 1988, 1989, and 1990 all of which is to remain available until expended.

SEC. 1245. For the purposes of this subtitle, "State" means each of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

Subtitle D—General Provisions

SEC. 1261. The Water Resources Planning Act (42 U.S.C. 1962 et seq.) is repealed.

SEC. 1262. Notwithstanding any other provision of this title, no payment under this

title shall be effective except to such extent or in such amounts as are provided in appropriation Acts.

The CHAIRMAN. Are there amendments to title XII of the bill?

If not, the Clerk will designate title XIII.

The text of title XIII is as follows:

TITLE XIII—BRIDGES OVER NAVIGABLE WATERS

SEC. 1301. (a) The Secretary shall reimburse, from sums appropriated under this section—

(1) the owner of the Port of Houston Authority bridge over Greens Bayou, Texas, appropriately two and eight-tenths miles upstream of the confluence of Greens Bayou and the Houston Ship Channel, and

(2) the owner of the pipeline bridge over Greens Bayou, Texas, immediately adjacent to the Port of Houston Authority bridge over Greens Bayou,

for work done before the date of enactment of this Act for alterations to each such bridge which were reasonably necessary for the purposes of navigation.

(b) There is authorized to be appropriated not to exceed $450,000 to carry out paragraph (1) of subsection (a) and not to exceed $250,000 to carry out paragraph (2) of subsection (a).

SEC. 1302. The Secretary of Transportation, in consultation with the Secretary, is authorized and directed to transmit to Congress a list of those bridges over navigable waters of the United States which have Federal permits and which were constructed, reconstructed, or removed during the period January 1, 1948, to January 1, 1985.

SEC. 1303. Section 5 of the Act of August 18, 1894 (33 U.S.C. 499), shall not apply to the drawbridge known as the James A. Burke Bridge crossing the Fore River on Route 3A between Quincy and Weymouth, Massachusetts. The State of Massachusetts shall have the exclusive authority to regulate the opening of such bridge.

The CHAIRMAN. Are there amendments to title XIII of the bill?

If not, the Clerk will designate title XIV.

The text of title XIV is as follows:

TITLE XIV—REPORTS

SEC. 1401. If any report required to be transmitted under this Act to the Committee on Environment and Public Works of the Senate pertains in whole or in part to fish and wildlife mitigation, benthic environmental repercussions, or ecosystem mitigation, the Federal officer required to prepare or transmit that report also shall transmit a copy of the report to the Committee on Merchant Marine and Fisheries of the House of Representatives.

The CHAIRMAN. Are there amendments to title XIV of the bill?

If not, the Clerk will designate title XV.

The text of title XV is as follows:

TITLE XV—REVENUE PROVISIONS

SEC. 1501. SHORT TITLE.

This title may be cited as the "Port Revenue Act of 1985".

SEC. 1502. IMPOSITION OF TAX.

(a) GENERAL RULE.—Chapter 36 of the Internal Revenue Code of 1954 (relating to certain other excise taxes) is amended by inserting after the chapter heading the following new subchapter:

"SUBCHAPTER A—PORT USE TAX

"Sec. 4461. Imposition of tax.
"Sec. 4462. Definitions and special rules.

"SEC. 4461. IMPOSITION OF TAX.

"(a) GENERAL RULE.—There is hereby imposed a tax on any port use.

"(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) on any port use shall be 0.04 percent of the value of the cargo involved.

"(c) LIABILITY FOR TAX.—The tax imposed by subsection (a) shall be paid by—

"(1) in the case of cargo entering the United States, the importer,

"(2) in the case of cargo to be exported from the United States, the exporter, or

"(3) in any other case, the shipper.

"SEC. 4462. DEFINITIONS AND SPECIAL RULES.

"(a) PORT USE.—For purposes of this subchapter—

"(1) PORT USE.—The term 'port use' means—

"(A) the loading of commercial cargo on, or

"(B) the unloading of commercial cargo from, a commercial vessel at a port in the United States.

"(2) PORT.—The term 'port' means any port or channel in the United States with a depth authorized by law of more than 14 feet. The term does not include any port or channel with respect to which no Federal funds have been used for construction, maintenance, or operation.

"(b) OTHER DEFINITIONS.—For purposes of this subchapter—

"(1) COMMERCIAL CARGO.—The term 'commercial cargo' means any cargo other than fuel supplies, ship's stores, sea stores, or legitimate equipment for the vessel.

"(2) COMMERCIAL VESSEL.—The term 'commercial vessel' means any vessel used—

"(A) in the business of transporting cargo by water for compensation or hire, or

"(B) in transporting cargo by water in the business of the owner, lessee, or operator of the vessel (other than fish or other aquatic animal life caught on the voyage).

"(3) VALUE.—The term 'value means—

"(A) in the case of an arms length transaction, the sales price determined under the principles of section 4216(a); or

"(B) in any other case, a constructive sales price determined under regulations prescribed by the Secretary.

To the extent provided in regulations, value may be determined on the basis of standard commercial documentation.

"(c) EXEMPTION FOR HAWAII AND POSSESSIONS.—

"(1) UNITED STATES NOT TO INCLUDE HAWAII OR POSSESSIONS.—For purposes of this subchapter, the term 'United States' shall not include Hawaii or any possession of the United States.

"(2) SHIPMENTS TO HAWAII OR POSSESSIONS.—No tax shall be imposed by this subchapter with respect to any cargo loaded on a vessel for transportation to Hawaii or any possession of the United States for ultimate use or consumption in Hawaii or any possession of the United States.

"(d) TREATMENT OF SAINT LAWRENCE SEAWAY TOLLS.—

"(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this subchapter an amount equal to the Saint Lawrence Seaway tolls treated as paid under paragraph (2).

"(2) ALLOCATION OF TOLLS.—For purposes of this subsection, if—

"(A) any person is liable for the tax imposed by this subchapter with respect to any cargo, and

"(B) such cargo was (or is to be) transported through the Saint Lawrence Seaway,

such person shall be treated as paying the portion of any Saint Lawrence Seaway toll paid by any person which is attributable to such cargo.

"(3) CREDIT MAY NOT EXCEED TAX.—

"(A) IN GENERAL.—The amount of the credit allowable under paragraph (1) to any person for any period shall not exceed the amount of the tax imposed by this subchapter for which such person is liable.

"(B) CARRYOVER OF UNUSED CREDIT.—If the amount allowable as a credit under paragraph (1) to any person for any period exceeds the amount of tax imposed by this subchapter for such period for which such person is liable, such excess shall be treated as a credit allowable under paragraph (1) in the succeeding period.

"(4) SAINT LAWRENCE SEAWAY TOLL.—For purposes of this subsection, the term 'Saint Lawrence Seaway toll' means any toll paid to or on behalf of the Saint Lawrence Seaway Development Corporation.

"(e) EXEMPTION FOR TAX WHERE TRANSPORTATION SUBJECT TO TAX IMPOSED BY SECTION 4042.—No tax shall be imposed under this subchapter with respect to any cargo if any portion of the transportation of such cargo on the vessel concerned has (or will be) transportation subject to the tax imposed by section 4042 (relating to tax on fuel used in commercial transportation on inland waterways).

"(f) EXEMPTION FOR UNITED STATES.—No tax shall be imposed under this subchapter on the United States or any agency or instrumentality thereof.

"(g) EXTENSION OF PROVISIONS OF LAW APPLICABLE TO CUSTOMS DUTY.—

"(1) IN GENERAL.—Except to the extent otherwise provided in regulations, all administrative and enforcement provisions of customs law shall apply in respect of cargo subject to the tax imposed by this subchapter (and in respect of persons liable therefor) in the same manner as if such cargo were cargo imported into the United States. For purposes of the preceding sentence, any penalty expressed in terms of a relationship to the amount of the duty shall be treated as not less than the amount which bears a similar relationship to the value of the cargo.

"(2) JURISDICTION OF COURTS AND AGENCIES.—For purposes of determining the jurisdiction of any court of the United States or any agency of the United States, the tax imposed by this subchapter shall be treated as if such tax were a customs duty.

"(3) ADMINISTRATIVE PROVISIONS APPLICABLE TO TAX LAW NOT TO APPLY.—The tax imposed by this subchapter shall not be treated as a tax for purposes of subtitle F of this title or any other provision of law relating to the administration and enforcement of internal revenue taxes.

"(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subchapter including—

"(1) regulations providing that only 1 tax shall be imposed under this subchapter with respect to the transportation of any cargo on the same vessel, and

"(2) regulations exempting any transaction or class of transactions from the tax imposed by this subchapter where the collection of such tax is not administratively practical."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 36 of such Code is

amended by inserting the following before the item relating to subchapter D:

"SUBCHAPTER A. Port use tax."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

SEC. 1503. CREATION OF PORT INFRASTRUCTURE DEVELOPMENT AND IMPROVEMENT TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9504 the following new section:

"SEC. 9505. PORT INFRASTRUCTURE DEVELOPMENT AND IMPROVEMENT TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is hereby established in the Treasury of the United States a trust fund to be known as the 'Port Infrastructure Development and Improvement Trust Fund' (hereinafter in this section referred to as the 'Port Trust Fund'), consisting of such amounts as may be—

"(1) appropriated to the Port Trust Fund as provided in this section,

"(2) appropriated to the Port Trust Fund pursuant to section 1503(b) of the Port Revenue Act of 1985, or

"(3) credited to the Port Trust Fund as provided in section 9602(b).

"(b) TRANSFER TO PORT TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—There are hereby appropriated to the Port Trust Fund amounts equivalent to the taxes received in the Treasury under section 4461 (relating to port use tax).

"(c) EXPENDITURES FROM PORT TRUST FUND.—

"(1) IN GENERAL.—Amounts in the Port Trust Fund shall be available, as provided by appropriation Acts, for making expenditures for—

"(A) feasibility studies for, and construction, operation, and maintenance of, projects for ports by the Secretary,

"(B) feasibility studies for, and construction, rehabilitation, operation, and maintenance of, projects for ports for the Saint Lawrence Seaway by the Saint Lawrence Seaway Development Corporation,

"(C) relocations of utilities, structures, and other improvements, necessary for construction, operation, and maintenance of projects referred to in subparagraph (A) or (B),

"(D) making payments to any non-Federal interest which has planned and designed or planned, designed, and constructed a port in accordance with section 104 of the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985,

"(E) grants under sections 113 and 114 of such Act, and

"(F) the payment of all expenses of administration incurred by the Department of the Treasury in administering subchapter A of chapter 36 (relating to port use tax).

"(2) DEFINITIONS AND SPECIAL RULE.—For purposes of paragraph (1)—

"(A) CONSTRUCTION DEFINED.—The term 'construction' includes any planning, designing, engineering, and surveying which is necessary to carry out a project for a port and which is performed after authorization of the project.

"(B) PORT DEFINED.—The term 'port' has the meaning given such term by section 115 of the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985.

"(C) REFERENCE TO SECTIONS.—Any reference to a section of the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985 shall be treated as a reference to such section as in effect on the date of the enactment of this section."

(b) AUTHORIZATION OF APPROPRIATIONS TO PORT TRUST FUND.—There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to the Port Infrastructure Development and Improvement Trust Fund for each fiscal year beginning after September 30, 1985, an amount equal to the excess of—

(1) $1,000,000,000, over

(2) the amount of tax imposed by section 4461 of the Internal Revenue Code of 1954 (relating to port use tax) which the Secretary of the Treasury estimates will be received by such Trust Fund during such year.

(c) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9504 the following new item:

"Sec. 9505. Port Infrastructure Development and Improvement Trust Fund."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

SEC. 1504. INLAND WATERWAYS TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding at the end thereof the following new section:

"SEC. 9506. INLAND WATERWAYS TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is hereby established in the Treasury of the United States a trust fund to be known as the 'Inland Waterways Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—There are hereby appropriated to the Inland Waterways Trust Fund amounts determined by the Secretary to be equivalent to the taxes received in the Treasury under section 4042 (relating to tax on fuel used in commercial transportation on inland waterways).

"(c) EXPENDITURES FROM TRUST FUND.—

"(1) IN GENERAL.—Except as provided in paragraph (2), amounts in the Inland Waterways Trust Fund shall be available, as provided by appropriation Acts, for making construction and rehabilitation expenditures for navigation on the inland and coastal waterways of the United States described in section 206 of the Inland Waterways Revenue Act of 1978, as in effect on the date of the enactment of this section.

"(2) EXCEPTION FOR CERTAIN PROJECTS.—

"(A) CONSTRUCTION PROJECTS.—Not more than ⅓ of the cost of any construction to which section 202(a) of the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985 applies may be paid from the Inland Waterways Trust Fund.

"(B) CERTAIN RELOCATION EXPENSES.—Not more than ⅙ of the cost of any relocation to which section 202(b) of such Act applies may be paid from the Inland Waterways Trust Fund."

(b) CONFORMING AMENDMENTS.—Sections 203 and 204 of the Inland Waterways Revenue Act of 1978 (relating to Inland Waterways Trust Fund) are hereby repealed.

(c) FUEL USE ON TENNESSEE-TOMBIGBEE WATERWAY SUBJECT TO INLAND WATERWAYS TAX.—Section 206 of the Inland Waterways Revenue Act of 1978 is amended by adding at the end thereof the following:

"(27) Tennessee-Tombigbee Waterway: From Pickwick Pool on the Tennessee River at RM 215 to Demopolis, Alabama, on the Tombigbee River at RM 215.4.".

(d) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding at the end thereof the following new item:

"Sec. 9506. Inland Waterways Trust Fund."

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1986.

(2) Inland waterways trust fund treated as continuation of old trust fund.—The Inland Waterways Trust Fund established by the amendments made by this sections shall be treated for all purposes of law as a continuation of the Inland Waterways Trust Fund established by section 203 of the Inland Waterways Revenue Act of 1978. Any reference in any law to the Inland Waterways Trust Fund established by such section 203 shall be deemed to include (wherever appropriate) a reference to the Inland Waterways Trust Fund established by this section.

SEC. 1505. COORDINATION WITH OTHER PROVISIONS.

Nothing in any provision of this Act (other than this title) shall be construed as—

(1) imposing any tax (or exempting any person or property from any tax),

(2) establishing any trust fund, or

(3) authorizing amounts to be expended from any trust fund which are not also authorized by this title.

Mr. LIGHTFOOT. Mr. Chairman, I rise in support of H.R. 6, the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985.

This legislation is badly needed and long overdue. The last true comprehensive water resources legislation to pass this body was in 1970. The Nation's infrastructure is directly tied to the Nation's economic well-being and our quality of life, and it is badly in need of repair and improvement.

I would like to take a moment to cite a couple of examples of what this bill would do. One of these is a project near Hamburg, IA, which provides for the installation of pumping facilities to correct a longstanding problem with flooding in that area. Mr. Lyle Hodde has organized and recruited membership for a pumping district in the area which will pay for operation and maintenance of the pumping facilities. I believe this is a fine example of how Federal resources can be used in cooperation with a local initiative to provide widespread benefits.

The bill also addresses the inequities which have resulted from the construction of Red Rock Dam. Many farmers and property owners have suffered substantial losses from unforeseen flooding caused by the reservoir's lack of holding capacity. This bill authorizes the Secretary of the Army to purchase land adjacent to the reservoir which should have been part of the project from the beginning. The owners of that land would then be compensated for their property which has been rendered virtually useless because of constant flooding

which is beyond the control of the regulation of the Army Corps of Engineers.

While I now support H.R. 6, I want to note that I withheld my support until I saw the inclusion of the cost-sharing measures which will require non-Federal sources to help finance these improvements. Under these new requirements, State and local sponsors would pay between 10 and 55 percent of the cost of the project.

I believe these cost-sharing measures are essential to a responsible water resources bill. These requirements will result in a savings of Federal tax dollars as well as shift the responsibility for payment to those who more directly benefit from them. More importantly, it will discourage the use of Federal funds for projects with a low cost-benefit ratio, and help to ensure that only the well-planned, worthwhile projects will be funded.

This bill also deauthorizes 310 projects not yet under construction, which have an estimated completion cost of $11.1 billion. In addition, H.R. 6 provides that projects authorized by this bill will be automatically deauthorized 5 years after enactment of this law if they have not received construction funding by that time.

I would also like to take this opportunity to express my appreciation to the chairman of the Water Resources Subcommittee, the gentleman from New Jersey [Mr. ROE,] and the ranking minority member of the subcommittee, the gentleman from Minnesota [Mr. STANGELAND,] and all of the members in both Public Works and other committees who have helped develop this bill.

Again, Mr. Chairman, I believe H.R. 6 is a responsible water resources bill, and I urge my colleagues to join me in supporting this badly needed legislation.

Mr. DE LA GARZA. Mr. Chairman, H.R. 6 is very important legislation that addresses the need to provide for a coordinated national water resources use policy. The bill, which is quite long, covers a wide range of programs and projects that affect Federal water resources policy.

Included in the bill are provisions over which the Committee on Agriculture has jurisdiction under rule X of the rules of the House. These include—

First title XII of the bill, as reported by the Committee on Public Works, entitled the Water Resources Policy Act of 1985; and

Second, section 1155 of the bill, as reported by the Public Works Committee, which will permit the use, by local agencies, of Farmers Home Administration grant money to provide the local share of water pollution cost-share projects.

The Committee on Agriculture has not sought sequential referral of the bill for consideration of the matters under its jurisdiction, in order to assist in facilitating consideration of the legislation. However, this action by the Committee on Agriculture was done with the understanding that it would not waive the committee's jurisdiction over the pertinent areas covered by the bill.

Further, the provisions of title XII of H.R. 6 are identical to provisions of similar legislation considered by the House in 1984. At that time, the Committee on Agriculture took advantage of its right to sequential referral and reported those provisions favorably.

With respect to the FmHA cost-share provisions, the Committee on Agriculture's action was based on the understanding that certain provisions in H.R. 2100, the Food Security Act of 1985, address the same problem and that the H.R. 2100 provisions, which are broader, will prevail over the provisions of H.R. 6. This issue was covered in an exchange of letters between Chairman HOWARD of the Public Works Committee and me. Those letters read as follows:

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC, August 1, 1985.

Hon. JAMES J. HOWARD,
Chairman, Committee on Public Works and Transportation, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This serves to acknowledge your letter of July 29, 1985, concerning H.R. 6, the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985 and the provisions of the bill that come within the jurisdiction of our Committee.

Thank you for your assurance and agreement that the broader language of section 1302 (the Bedell amendment) of H.R. 2100, the Food Security Act of 1985, will prevail over the provisions of section 1155 of H.R. 6 (the Shuster amendment), thus addressing our salient concerns.

With this recognition of the jurisdiction of the Committee on Agriculture over the Farmers Home Administration and your assurance that there is no intention to alter our respective jurisdictions under the Rules of the House of Representatives, we will not request sequential referral of H.R. 6.

Kind personal regards and warm greetings,

Sincerely,

E (KIKA) DE LA GARZA,
Chairman.

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, July 29, 1985.

Hon. E DE LA GARZA,
Chairman, Committee on Agriculture, Washington, DC.

DEAR MR. CHAIRMAN: H.R. 6, the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985, was ordered to be reported by our Committee on Public Works and Transportation on July 18th. We hope to file the report on this bill very soon.

Section 1155 of H.R. 6 provides that Federal assistance made available by the Farmers Home Administration to any political subdivision of a state may be used to provide the non-Federal share of the cost of any sewage treatment works carried out under Section 201 of the Federal Water Pollution Control Act.

Section 1302 of H.R. 2100, the Food Security Act of 1983, as reported by the Committee on Agriculture, provides that assistance made available by the Farmers Home Administration may be used to pay the non-Federal share of any other Federal grant-in-aid program. It is my understanding that the Committee on Agriculture will not seek a sequential referral of H.R. 6 if the provision in our bill is modified to contain the broader language in H.R. 2100. We will be pleased to make this change.

In taking this action, we fully recognize the jurisdiction of the Committee on Agriculture over the Farmers Home Administration program and do not intend that this provision alter the jurisdictions of our two committees under the Rules of the House of Representatives.

Every best wish.

Sincerely,

JAMES J. HOWARD,
Chairman.

I appreciate being given this opportunity to clarify the jurisdictional matters relating to the Committee on Agriculture.

Mr. RINALDO. Mr. Chairman, I must emphasize the urgent necessity of passing this authorization bill. It has been 9 years since the last flood control authorization bill was enacted. Since that time, the Public Works Committee has spend countless hours holding hearings and drafting legislation to deauthorize obsolete projects and authorize work on new ones.

The projects in my own area that need authorizations are a good example of the kind of work that must be allowed to go forward. Under H.R. 6, approximately $137 million will be provided for the new Green Brook flood control project affecting communities in my district. This is not a spur-of-the-moment, ill-conceived, pork barrel project, but one that has been planned for several years and has been determined to be cost effective.

In 1973, a flash flood along the Green Brook killed six people and caused several million dollars in property damage. The Army Corps of Engineers by that time had been studying flood control measures for the Green Brook area for 18 years, since 1955. By 1981, the corps finally made its recommendations for improved flood control along the Green Brook. Work on this project cannot go forward, however, until Congress passes this authorization bill. Even after the project is authorized, it will still be many years before work on it can be completed. In the meantime, another serious flood could very well cause more fatalities and further damage to property in the Green Brook area.

In order to avoid the controversy that arose last year, the Public Works Committee has included in this bill new cost-sharing requirements that will make the measure more acceptable in light of the Federal deficit. I commend the committee for their fiscal responsibility and I would urge my colleagues to support the passage of this measure.

Mr. BONKER. Mr. Chairman, I support H.R. 6, the Water Resources Development Act of 1985 because it represents a long overdue commitment to meet our Nation's critical infrastructure needs. It has been nearly 15 years since the Congress sent a comprehensive water resource bill to the President. We cannot ignore for much longer the vital port and harbor projects so essential to our Nation's economic well-being.

While I intend to vote "yes" on the overall measure, I want to register my strong

opposition to inclusion of the so-called waterway-user fees. Over the past 200 years, the Federal Government has assumed the responsibility for developing and maintaining our port system. The imposition of the port-user fee contained in H.R. 6 clearly jeopardizes that partnership and threatens the future of many of our smaller ports. Moreover, I am, of course, particularly concerned that the Pacific Northwest economy, which is heavily dependent on international shipping trade, will eventually force a sharp curtailment of port activities in many of the counties I represent. The operating margin of exporters using these ports is not adequate to take on a new tax. I fear much of the export-import business in Washington State will shift to Canada where the Government plays a more supportive role of their transportation system.

Mr. Chairman, the Nation's 189 public ports are an impressive international trade asset for our country. Some 75 percent of our wheat is produced for export, and nearly all of its goes through our port system. Fully 99 percent of our international trade passes through the ports. In addition, the economic and employment contribution of our Nation's ports to the national economy is tremendous. America's ports contribute $70 billion annually to our GNP, generating $10 billion each year in Federal taxes, an additional $8 billion in customs duties, $5 billion in State and local taxes, and $27 billion in personal income.

In my own State of Washington, ports and international trade provide one job out of ever five statewide. Fully 60 percent of our agricultural work force, 50 percent of our aerospace work force, and 60 percent of our forest industry workers are dependent upon international trade and the ports for their jobs.

At a time when our trade deficit is projected to be $150 billion this year and millions of Americans are unemployed due to this imbalance, it simply makes no sense to impose even higher costs on our exports and jeopardize the economic strength of our Nation's ports. We should be promoting, encouraging exports and trade—not imposing back-door taxes that inhibit our competitive position relative to our trading partners.

Mr. Chairman, 2 years ago I pressed for legislation that would have earmarked federally collected customs duties to pay for 100 percent of all port maintenance work nationwide. Customs revenues stand as the fourth largest source of Treasury revenues at approximately $8 billion. My proposal would have dedicated 6 percent of these revenues for port operations and maintenance work. I still believe that is the path we should have taken. Instead, we are risking an even greater trade imbalance and a loss of valuable commerce through our Nation's ports. Neither risk strikes me as justified under present economic circumstances.

We should stop viewing the Nation's ports as simply another opportunity to reduce this administration's record deficits. For the ports generate revenue, jobs, trade, and investment. They produce these benefits nationwide—not simply for those who own barges, towboats, or grain elevators. They are, in fact, one of the most important elements of a vigorous international trade system. No one who believes in enhanced trade should forget the role of the ports or ignore the dangers posed by the ad valorem user fee contained in this bill.

In closing, I want to compliment Chairman HOWARD and his subcommittee and Chairman ROBERT ROE for their splendid effort to bring this very difficult bill to the floor. I know they too have concerns about the user fee, but it is obvious that this administration's insistence on user fees and threats of a veto if one is not included in the bill has forced us to deal with the issue in this manner. There are numerous vital projects in this package which simply cannot be delayed any longer.

America is now part of a fiercely competitive global economy. Our projected $150 billion trade deficit shows we are not holding our own, and a port-user fee will only exacerbate our trade problems. The administration will get the user tax it wants and win its battle in Congress, but our Nation could lose the economic war.

Mr. SLATTERY. Mr. Chairman, I would like to thank my colleagues on the Water Resources Subcommittee and the Public Works Committee for incorporating as part of the Omnibus Water Resources Act a provision to deauthorize the Onaga Lake project in my district.

Onaga Lake was conceived as a flood control, water supply, and recreation facility as a result of the 1944 Missouri River study, and authorized through the Flood Control Act of 1962. As proposed, the lake would be located primarily in Pottawathomie County, KS, covering approximately 16,000 acres of prime farmland.

The corps' Chief of Engineer's cost estimate for the Onaga Lake project at the time of authorization was $21 million. The corps estimates that $2.1 million has been spent on study of the Onaga Lake project: The most recent expenditure occurring in 1979 for preconstruction phase engineering and planning. As a result of that study, the corps in 1982, reclassified the Onaga Lake project to the inactive category.

The reclassification by the corps can be attributed to the fact that the State of Kansas had in the early 1980's developed, and has since enacted, a State water plan which gives no consideration to the development of the Onaga Lake project. The corps determined that the project was no longer justified in that the State of Kansas no longer had a demonstrated interest in purchasing the water supply of the proposed lake.

Lakes, levees, and watershed projects in the Kansas River basin provide a high degree of flood control for the area. There is little need and little desire on the part of my constituents residing in the area, to continue the authorization of the Onaga Lake project.

Deauthorization of Onaga Lake will permit the owners of the land in question—who now want to sell their property—to assure prospective buyers that the Federal Government does not have any intentions of building a water project on this farmland. The deauthorization is essential for property transaction on agricultural land which at one time was slated for inundation.

Just last week, I received a letter from the Pottawatomie County Planning Director, John W. Keller, regarding the status of Onaga's Deauthorization. In his letter, Mr. Keller stated: "The county has now made substantial capital investments in the project area—roads, bridges, and reconstruction—and is now, more than ever, anticipating the final deauthorization of this project."

Thanks to the fine efforts of my colleagues on the committee, I will be able to report to my constituents that we are one step closer to final deauthorization.

Mr. GILMAN. Mr. Chairman, I rise to applaud the passage of H.R. 6, the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985. I would like to commend Mr. HOWARD, chairman of the Committee on Public Works and Transportation along with the committees ranking minority member, Mr. SNYDER. These two individuals along with Mr. ROE and Mr. STANGELAND, the chairman and ranking minority member of the subcommittee, provided the necessary leadership to see this measure through to fruition.

The need for this legislation is evident. The Congress has not authorized any flood control projects since 1976. Additionally, no major omnibus legislation has passed since 1970. It has been 15 years since we have passed authorizing legislation to address the desperate needs of Americans who are subject to the ravages of flooding. We hear the cry for action, but disagreements over issues such as costsharing between the House, Senate, and the administration have continued to roadblock the passage of authorizing legislation. I am much too aware of the need to take a hard look before we allocate Federal moneys in light of the need for fiscal restraint. However, costs for our action or inaction are exacted in different forms. Our inaction results in a cost denominated in lives and homes.

Accordingly, Mr. Chairman, I am pleased we have moved closer to enacting an authorization bill. In my own 22d Congressional District of New York, individuals residing along the Ramapo and Mahwah Rivers have been subject to the repeated flooding of their homes. The Ramapo-Mahwah project which sits along the New York-New Jersey border has been under review as part of the Passaic River basin study. This study examined a number of different projects within the basin including the Nakoma Brook in Sloatsburg, NY. The Nakoma Brook project is authorized for $4,500,000.

The Army Corps of Engineers has estimated the cost of the Ramapo-Mahwah project in Suffern, NY, at $4,340,000. I am pleased to see the planning for this project proceeding ahead without final authoriza-

tion. During this fiscal year, $250,000 has been appropriated for the continuation of planning and engineering. I have been informed that the Army Corps of Engineers anticipates completion of all planning stages of this project by fiscal year 1987, with construction likely to begin in late fiscal year 1987 or early fiscal year 1988. While the project is long overdue, I welcome the fact that construction is now in sight.

While at first glance these projects appear to represent substantial cost, we must look behind the numbers. The damage to property that has resulted from the river in the project area approached half a million dollars in a 1968 storm. In 1977, the damage that resulted from the river swelling exceeded $3.5 million. Not to act, and not to act quickly, is penny wise and pound foolish.

Accordingly, I would like to thank my colleagues for their support of this measure which is so important to all Americans who live in constant fear of their lives and property. Failure to act as we have in the past would have been to shirk our responsibility to those we represent. I hope we can look forward to the speedy passage of this measure in the other body before the end of the year.

Mr. MINETA. Mr. Chairman, I rise in strong support of H.R. 6, the Water Resources Development Act. As a member of the Water Resources Subcommittee of the Public Works and Transportation Committee, I have seen first hand the enormous effort and work that has gone into this bill.

Our chairmen, Mr. ROE and Mr. HOWARD, have done an excellent job of bringing together the many views and interests that must be reconciled to enact legislation as complex as this bill.

I know from my own experience in trying to find a solution to flooding along the Guadalupe River and Coyote Creek in my district, the committee leadership has been uniformly helpful and thoughtful.

I also want to thank the committee staff who have also worked on this bill for months as detail after detail was hammered into shape.

This is a good bill. This is a bill which resolves many issues such as cost sharing, which have plagued us for far too long. This bill strips from the law inactive projects, and sets a new up-to-date working agenda for the flood control and water resources development program in this Nation.

I urge my colleagues to support this legislation, which I hope will soon find itself not just the work product of this House, but truly the law of the land.

Mr. MATSUI. Mr. Chairman, I rise in support of the bill H.R. 6. I am particularly proud of the Ways and Means Committee action to impose an excise tax in the Internal Revenue Code on the value of commercial cargo loaded onto or unloaded from a vessel at a port in coastal and Great Lakes ports. The concept of an ad valorem tax, such as the one incorporated into H.R. 6, is adopted from legislation which I introduced in 1983.

H.R. 6 imposes the ad valorem tax at 4 cents per $100 which will be paid by importers and exporters and not vessel owners. The revenues will be collected by the U.S. Customs Service and is targeted to pay the operations and maintenance costs incurred by our ports. It is not intended to be a revenue raising tax.

I urge my colleagues to join me in voting for H.R. 6. This legislation is necessary if we are to maintain the health of our Nation's ports.

Mr. BIAGGI. Mr. Chairman, I want to express my support for H.R. 6, the Water Resources Development Act. This legislation authorizes a number of vital water development, shoreline protection, flood protection, and navigation projects that deserve our support.

The project for beach erosion control, Orchard Beach, NY, which is in my district, is a good example of the important work authorized by this legislation. Specifically, this bill authorizes $2,480,000, or 70 percent of the estimated total cost, for beach fill and periodic nourishment at Orchard Beach.

Orchard Beach, like the other projects authorized by this bill, is not included without good reason. Significantly, Orchard Beach was last nourished in 1964, more than 20 years ago. During that time, the beach has been receding and is greatly reduced in size. Not only has this caused serious overcrowding, but certain steep offshore slopes have been created posing a threat to those who use the beach. It should be noted that Orchard Beach is the major beach serving the densely populated area of northern New York City, with a population of more than 2 million people. On a busy day at the beach, attendance has soared to over 150,000 people. The nearest alternative public beaches are located at Coney Island, 31.5 miles to the south and Rye Playland, 18 miles to the northeast.

Further, it should be emphasized that this authorization for construction of the Orchard Beach erosion control project is the result of a nearly 2-year detailed project study that was initiated in October 1983 by the U.S. Army Corps of Engineers. Only after careful deliberation did the corps reject other alternative plans and recommend the plan for beach erosion control that is authorized in this bill. The corps has concluded that the recommended plan is "economically justifiable * * * environmentally acceptable * * * and is the locally preferred plan."

Mr. Chairman, I want to take this opportunity to commend the distinguished chairman of the Water Resources Subcommittee, Mr. ROE, for the skill and countless hours of careful research that he has contributed to this vital piece of legislation. His high level of commitment to protecting and enhancing our Nation's valuable water resources is clearly reflected in the bill before us today. I urge my colleagues to join me in supporting this measure.

Mr. DIOGUARDI. I would like to commend the Public Works and Transportation Committee for the excellent work they have done on this bill. In particular, I would like to commend the work of the committee chairman, Mr. HOWARD and the ranking minority member, Mr. SNYDER, each of whom has displayed tremendous attention and care to all of the provisions in this legislation. I believe that their efforts have produced a bill that should be fully supported by all Members of this body.

I would especially like to praise their work with regard to an area of tremendous economic importance to the citizens of New York, the Eastchester Creek.

A great amount of materials that are vital for the survival of the construction industry in New York are transported through the creek. Over the years, deterioration of the Y-shaped portion of the creek has led to more costly and dangerous transportation of these materials. The channel has become unsafe and unnavigable for tugs, scows and their crews. Unless the channel is dredged, it will become virtually impossible for any shipper to navigate the creek. Shippers have already expressed their intentions to discontinue service unless something is done to rectify the current situation.

Since the channel is the only available means of transporting goods to the businesses which need them, its deterioration would mean the shutdown of these companies. In addition, shippers would lose valuable customers and revenue. In all, as many as 500 jobs would be directly affected.

The estimated $500,000 cost of this project pales in comparison to the economic disheavel that would result if this project were not undertaken. Mr. HOWARD and Mr. SNYDER were fully cognizant of this fact and took the necessary steps to resolve the current problems. On behalf of the people in my district, I would like to extend our thanks to them and let them know that we will not forget their efforts on our behalf.

Mr. BORSKI. Mr. Chairman, H.R. 6 is an historic piece of legislation. It breaks the impasse which has delayed desperately needed water projects and is the product of years of negotiation and compromise.

However, I want to voice my concerns that the 0.04 percent ad valorem tax in H.R. 6 could be interpreted as opening the door to escalating user fees. As a longstanding opponent of user fees, I would not have been willing to break with our 200-year policy of providing full Federal funding for channel dredging if I did not believe that this fee was essential to win passage of this very important legislation. But, I intend to actively oppose any attempts to raise the level of this fee in the future.

User fees are a serious threat to our ports, especially those with the greatest dredging requirements. My own Port of Philadelphia is uniquely disadvantaged; its operation and maintenance costs represent almost 10 percent of the national dredging budget. And even this 0.04 percent ad valorem fee will adversely affect the multitude of interests dependent upon waterborne commerce: shippers, carriers, consumers and the more than 124,000 Delaware Valley

citizens whose livelihoods depend on Delaware River ports.

Although it appears that the 0.04 percent ad valorem tax is a national fee, in fact, the ports in the Northeast would be particularly hard hit. For example, the Port of Philadelphia moves 58 million tons of international cargo each year; over 44 million tons is imported crude petroleum destined for Delaware Valley refineries. These refineries are 100 percent served by foreign crude and would be 100 percent subject to the proposed ad valorem fee. Our refineries are already suffering from a surplus market and can ill afford this additional burden.

I believe that our efforts to eliminate budget deficits must be combined with sound water policy, and concern for the increasing number of American jobs which are dependent upon foreign trade. We are experiencing record trade deficits and we can ill afford to increase the already serious disadvantages for American business in foreign commerce.

Finally, I want to point out that H.R. 6 makes it clear that the 0.04 ad valorem tax will be assessed on domestic cargoes only once. Domestic cargoes, especially petroleum products, frequently move through several ports before reaching their final waterborne destination. And consequently they are more sensitive to the impact of user fees than those which move in international commerce.

Moreover, domestic waterborne transportation directly competes with land-based transportation modes and any additional costs imposed on waterborne movements have a direct impact on this competitive modal relationship. The imposition of multiple fees on domestic cargoes would only serve to further diminish the competitive posture of our domestic merchant marine.

Mr. ROTH. Mr. Chairman, I am pleased that the Committee on Public Works and Transportation has incorporated my legislation to deepen Green Bay Harbor, H.R. 430, into the omnibus water resource legislation that is now before the House. There has not been a water resources development act since 1976. It is vital that this Chamber act promptly to preserve and develop our waterway infrastructure.

In planning for increased import-export traffic, Green Bay port officials and users recommend that the Fox River channel be deepened by 3 feet. With a current harbor depth of only 24 feet, Green Bay has been impeded in maximizing traffic with the 27 feet deep St. Lawrence Seaway. Foreign trade has become increasingly important to the Nation's economic health and Green Bay is no exception. The Seaway is our lifeline.

Both domestic and international tonnage are on the rise for the harbor. Waterborne commerce through Port of Green Bay resulted in an economic impact on the Brown County area totaling over $30 million. But this is just the tip of the iceberg if we can allow deeper draft ships to dock.

This is a long-term project. It is essential that planning begin now for the future needs of Green Bay's port. I applaud the committee's wisdom in recognizing the need for such long-term planning. I urge my colleagues to support H.R. 6.

Mr. HORTON. Mr. Chairman, I rise in strong support of this legislation and wish to commend my colleagues Congressmen HOWARD, SNYDER, STANGELAND, and ROE for their efforts in developing this bill and bringing it to the floor.

Of particular concern to me and my constituents are the provisions regarding the Federal-local cost-sharing formula for new-start water projects. I believe that the cost-sharing formula developed by the committee represents a conscientious effort to resolve a longstanding controversy.

There are those who may oppose this formula believing that too little of the cost is borne by the beneficiaries. Conversely, I have spoken with Members who believe that not enough of the cost is being borne by the Federal Government. I have tremendous respect for my colleagues on both sides of this issue, but I would remind them that this longstanding debate has delayed the implementation of many critical projects. These projects were delayed, not because they lacked merit or support, but because we in Congress have been unable to agree on a new formula. In our struggle to define a fair and fiscally responsible way of sharing these costs, many worthwhile projects, and the communities which depend upon them, have been the losers.

To illustrate my point, I offer an example from my own congressional district—the Port Ontario Harbor of Refuge in Oswego County, NY.

In 1945, the Port Ontario project and several other Harbor of Refuge projects on Lake Ontario were authorized to provide safe haven to boaters caught in Lake Ontario storms. My colleagues representing Great Lakes States know firsthand the severity of these storms and the importance of adequate refuge.

It took the Corps of Engineers and the local community until 1978 to complete the final designs for Port Ontario. Upon completion of these designs, a local cooperation agreement was drafted, signed by the State of New York, and returned to the COE for final execution. That final endorsement was never received pending congressional approval of a new cost-sharing formula.

Make no mistake. This project has the full support of the State of New York and the residents of Oswego County. The Office of Parks, Recreation, and Historic Preservation, describing Port Ontario as its No. 1 priority project, went ahead and developed its share of the harbor project. To date, New York has invested over $11 million in fish hatcheries and new boating facilities. I might point out that the Federal portion of this project is only $5 million.

The tremendous need for this project was seen and understood by my good friends Congressmen BEVILL and MYERS and they worked to include funding in the fiscal year 1985 supplemental appropriations bill. Despite the availability of funding and an authorization going back to 1948, the absence of a new cost-sharing continues to delay this project.

The Corps of Engineers has introduced their discretionary authority in such a way as to allow them to renegotiate cost sharing even in cases where a formula is legislatively stated. Passage of this bill will restore congressional authority over the cost-sharing controversy and reaffirm the Federal commitment to the development of critical projects such as Port Ontario.

In addition, I would like to take special note of the assistance my good friend and ranking member of the committee, Congressman GENE SNYDER, has given me. Recently, a controversy developed over whether the Corps of Engineers would honor their historic commitment to maintain Port Ontario once it is completed. Language has been included in the committee amendments package which would reaffirm the responsibility of the corps to maintain Port Ontario.

Passage of this bill, and resolution of the cost-sharing controversy, will clear the way for construction of this and other desperately needed projects. I commend the authors of this bill for their efforts and urge my colleagues to support this legislation.

Mr. GAYDOS. Mr. Chairman, in H.R. 6, the Water Resources Development Act, the Committee on Transportation and Public Works has recognized the importance of river transportation to the lifeblood of America.

While the act contains many vital and worthwhile projects, none are more important to southwestern Pennsylvania than the replacement of locks and dams 7 and 8 on the Monongahela River.

The committee report on H.R. 6 notes that present and future navigation tonnage moving through the Monongahela River system make the replacement project a necessary link. The report notes that locks and dams 7 and 8 were built in 1925 for the commerce flow at that time.

Since then, commerce has increased more than 12 times and is expected to increase another 4 times in the next 50 years, making it even more imperative to replace the locks and dams now before even more serious traffic delays result in serious interference with navigation.

The replacement structures will be compatible with the new barges used and proposed for use and will lead to a fuller realization of benefits from a modernized waterway.

The cost effectiveness of this project cannot be overstated. In addition to better use of the river system and the use of newer and larger barges that can carry more material at lower per unit costs, the project will result in savings for the communities along the river which have already been hard hit by plant closings and high unemployment.

Thousands of jobs are directly and indirectly dependent on the flow of traffic along the Monongahela River System. If this project had not been included, we in southwestern Pennsylvania were faced with additional job losses that could have totaled more than 15,000 in the next 15 years.

Including this project, as well as some of the others that will have a positive impact on the navigability of the entire Ohio valley river system, including the Monongahela, will create new jobs and save thousands of others.

That reason alone is enough for every Member of the House to support this bill.

The CHAIRMAN. Under the rule, no amendments to title XV are in order.

The question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. BROWN of California] having assumed the chair, Mr. BOUCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6) to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure, pursuant to House Resolution 305, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HOWARD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 358, nays 60, not voting 16, as follows:

[Roll No. 406]

YEAS—358

Ackerman	Aspin	Bellenson
Akaka	Atkins	Bentley
Anderson	AuCoin	Bereuter
Andrews	Badham	Berman
Annunzio	Barnard	Bevill
Anthony	Barnes	Biaggi
Applegate	Bateman	Bilirakis
Bailey	Gejdenson	McHugh
Boehlert	Gekas	McKernan
Boggs	Gephardt	Meyers
Boland	Gibbons	Mica
Boner (TN)	Gilman	Mikulski
Bonior (MI)	Gingrich	Miller (CA)
Bonker	Glickman	Miller (OH)
Borski	Gonzalez	Mineta
Bosco	Gordon	Mitchell
Boucher	Gray (IL)	Moakley
Boulter	Gray (PA)	Molinari
Boxer	Green	Mollohan
Breaux	Guarini	Monson
Brooks	Gunderson	Montgomery
Broomfield	Hall (OH)	Moody
Brown (CA)	Hall, Ralph	Moore
Bruce	Hamilton	Moorhead
Bryant	Hammerschmidt	Morrison (CT)
Burton (CA)	Hansen	Morrison (WA)
Bustamante	Hartnett	Murphy
Byron	Hatcher	Murtha
Callahan	Hayes	Myers
Campbell	Hefner	Natcher
Carney	Heftel	Neal
Carper	Hendon	Nichols
Chandler	Henry	Nielson
Chapman	Hillis	Nowak
Chappell	Holt	Oakar
Chappie	Horton	Oberstar
Cheney	Howard	Olin
Clay	Hoyer	Ortiz
Clinger	Huckaby	Owens
Coble	Hughes	Oxley
Coelho	Hutto	Packard
Coleman (MO)	Hyde	Panetta
Coleman (TX)	Ireland	Parris
Collins	Jenkins	Pashayan
Combest	Johnson	Pease
Conte	Jones (NC)	Penny
Conyers	Jones (OK)	Pepper
Cooper	Jones (TN)	Perkins
Courter	Kanjorski	Petri
Coyne	Kaptur	Pickle
Craig	Kasich	Porter
Crockett	Kastenmeier	Quillen
Daniel	Kemp	Rahall
Dannemeyer	Kennelly	Ray
Darden	Kildee	Regula
Daschle	Kindness	Reid
Daub	Kleczka	Richardson
Davis	Kolter	Ridge
DeLay	Kostmayer	Rinaldo
Dellums	LaFalce	Roberts
Derrick	Lagomarsino	Robinson
DeWine	Lantos	Rodino
Dickinson	Leath (TX)	Roe
Dicks	Lehman (CA)	Roemer
Dingell	Lehman (FL)	Rogers
DioGuardi	Leland	Rose
Dixon	Lent	Rostenkowski
Donnelly	Levin (MI)	Roukema
Dorgan (ND)	Levine (CA)	Rowland (CT)
Dornan (CA)	Lewis (CA)	Rowland (GA)
Dowdy	Lewis (FL)	Roybal
Downey	Lightfoot	Rudd
Duncan	Lipinski	Russo
Durbin	Livingston	Sabo
Dwyer	Lloyd	Savage
Dymally	Loeffler	Saxton
Dyson	Long	Schaefer
Early	Lott	Scheuer
Eckart (OH)	Lowery (CA)	Schuette
Edwards (CA)	Lowry (WA)	Schulze
Edwards (OK)	Lujan	Schumer
Emerson	Luken	Shaw
English	Lundine	Shelby
Erdreich	Lungren	Shuster
Evans (IL)	MacKay	Siljander
Fascell	Madigan	Sisisky
Fazio	Manton	Skeen
Feighan	Markey	Skelton
Fiedler	Marlenee	Slattery
Fields	Martin (IL)	Slaughter
Fish	Martin (NY)	Smith (FL)
Flippo	Martinez	Smith (IA)
Florio	Matsui	Smith (NE)
Foglietta	Mavroules	Smith (NJ)
Foley	Mazzoli	Smith, Denny (OR)
Ford (MI)	McCain	Smith, Robert (OR)
Ford (TN)	McCandless	Snowe
Frank	McCloskey	Snyder
Franklin	McCollum	Solarz
Frost	McCurdy	Spence
Fuqua	McDade	Spratt
Gallo	McEwen	St Germain
Garcia	McGrath	Staggers
		Stallings
		Stangeland
		Stark
		Stenholm
		Stokes
		Strang
		Stratton
		Studds
		Stump
		Sundquist
		Sweeney
		Swift
		Synar
		Tallon
		Tauzin
		Taylor
		Thomas (CA)
		Thomas (GA)
		Torres
		Torricelli
		Towns
		Traficant
		Traxler
		Udall
		Valentine
		Vander Jagt
		Visclosky
		Volkmer
		Vucanovich
		Watkins
		Waxman
		Weiss
		Wheat
		Whitley
		Whittaker
		Whitten
		Williams
		Wilson
		Wirth
		Wise
		Wolf
		Wortley
		Wright
		Wyden
		Wylie
		Yatron
		Young (AK)
		Young (FL)
		Young (MO)

NAYS—60

Archer	Gregg	Schneider
Armey	Grotberg	Schroeder
Bartlett	Hertel	Seiberling
Barton	Hiler	Sensenbrenner
Bates	Hopkins	Sharp
Bedell	Hubbard	Shumway
Bennett	Hunter	Sikorski
Brown (CO)	Jacobs	Smith, Robert (NH)
Broyhill	Jeffords	Solomon
Burton (IN)	Kolbe	Swindall
Carr	Kramer	Tauke
Coats	Latta	Vento
Cobey	Leach (IA)	Walker
Coughlin	Mack	Weaver
Crane	McMillan	Weber
Dreier	Michel	Wolpe
Eckert (NY)	Miller (WA)	Yates
Evans (IA)	Mrazek	Zschau
Fawell	Obey	
Goodling	Pursell	
Gradison	Ritter	

NOT VOTING—16

Addabbo	Gaydos	Rangel
Alexander	Hawkins	Roth
de la Garza	McKinney	Walgren
Edgar	Nelson	Whitehurst
Fowler	O'Brien	
Frenzel	Price	

□ 1550

The Clerk announced the following pairs:

On this vote:

Mr. McKinney for, with Mr. Frenzel against.

Messrs. WOLPE, ZSCHAU, HUNTER, and DREIER of California changed their votes from "yea" to "nay."

Messrs. CHENEY, DENNY SMITH, and ZSCHAU changed their votes from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN THE ENGROSSMENT OF H.R. 6, WATER RESOURCES CONSERVATION, DEVELOPMENT, AND INFRASTRUCTURE IMPROVEMENT AND REHABILITATION ACT OF 1985

Mr. ROE. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, H.R. 6, the Clerk be authorized to correct section numbers, punctuation, and cross-references, and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in

amending the bill (H.R. 6) to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

THE GENEVA SUMMIT AND GLOBAL MILITARY SPENDING

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter).

Mr. ALEXANDER. Mr. Speaker, Congress is united behind the President as he prepares for his meeting next week with the Soviets. Not only is the level of danger heightened by military buildup, but the whole world realizes that both the United States and U.S.S.R. are having a close encounter with bankruptcy because of military spending.

A report released yesterday by World Priorities shows just how much the military buildup is costing the United States and U.S.S.R. According to the report, both nations accounted for much of the $60 billion increase in world military spending this year. Total arms spending is expected to reach a record $800 billion in 1985.

How long can this spiral continue before we and the Soviets have a close encounter with national bankruptcy? Not very long, I submit. Much of the $1 trillion increase in the U.S. national debt is a direct result of the defense budget.

Let us hope that next week's summit is a success for all the world.

MILITARY SKYROCKET—GLOBAL SPENDING TOPS $800 BILLION

WASHINGTON.—World military spending increased $60 billion this year, continuing a post-World War II weapons buildup that is hurting efforts to improve health, welfare and education, a report by arms control advocates says.

The study blames the Soviet Union and the United States for the high figure, which will come to $800 billion in 1985, compared to $740 billion last year. The superpower share was about half the total.

The findings were published yesterday in the 10th annual report by World Priorities, a research group sponsored by the Rockefeller Foundation, Arms Control Association and other organizations. The statistics, gleaned from official U.S. and international reports, were presented to demonstrate the disparity between spending on weaponry and outlays for social programs.

The report says, for example:

Among the United States and its European allies, annual per capita military research spending amounts to about $45, compared with $11 for health research.

The world spends about $450 to educate each child and $25,600 to support each soldier.

The Soviet Union's $176 billion in military spending for 1983 was more than the governments of all the developing countries spent for education and health care for their 3.6 billion people.

The budget of the U.S. Air Force is larger than the total educational budget for 1.2 billion children in Africa, Latin America and Asia including Japan.

The Soviet Union maintains more than 778,000 troops in 22 foreign countries; the United States has 479,000 troops at bases in 40 foreign countries.

The U.S. put global military spending at $940 billion in 1985.

AMERICAN HOSTAGES IN BEIRUT

(Mr. WEBER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WEBER. Mr. Speaker, I yield to our colleague, the gentleman from California [Mr. DORNAN].

Mr. DORNAN of California. I thank my good friend, the gentleman from Minnesota.

Mr. Speaker, because of the seriousness of this message from our four American hostages in Beirut, I wanted to finish my thoughts and to include in its entirety in the RECORD the message from the hostages.

To continue where I left off, the President cannot deal with terrorists who have killed Americans. But Senator Bobby Kennedy, who was then Attorney General, showed us that there is a possible solution to our dilemma. He arranged, through Cardinal Cushing of Boston, to deal with Fidel Castro, by trading medicine and tractors for the release of those who fought in our name and in our uniforms at the Bay of Pigs. Perhaps we can arrange, through private donations, a fund for the innocent victims in Beirut to trade for our four courageous Americans.

There must be some key, Mr. Speaker, and I earnestly implore you, and all the Members of this body—since this letter to George O'Brien and me speaks to all of us—to help me. We must all be involved in working toward a solution to help our fellow Americans who are in deep trouble and in fear of their lives. It appears that one of them may have already been killed. We simply don't know. Another American may have died of a heart attack when he was kidnaped, we don't know for sure. I ask for all the advice I can get from every Member of the House.

I told our State Department there was only one thing I would not do and that is nothing. We must do something.

The text of the letter from the hostages in Beirut is as follows;

NOVEMBER 8, 1985.

AN OPEN LETTER TO U.S. REPRESENTATIVES O'BRIEN AND DORNAN

GENTLEMEN: We have read of your efforts on our behalf and are grateful. We hope you are still speaking daily for us in the House. But we would ask more of you, our captors say they are adamant on their demands, that there is no alternative.

They say they are not subject to pressure from Syria, Iran, or Lebanese leaders, since no one knows who they are or where we are. President Reagan's efforts on our behalf have accomplished nothing—they have not won release of a single hostage from this group in nearly two years.

Those people have made a gesture in voluntarily releasing Pastor Ben Weir they say shows they want a peaceful and rapid solution. But they say the U.S. government has failed completely to indicate any willingness to negotiate. We understand President Reagan's reluctance to give in. Does he, and do you, understand what that means for us? We are told William Buckley is dead, after 19 years in capitivity.

Father Jenco has been a hostage 10 months, Terry Anderson eight months, David Jacobsen six months and Tom Sutherland five months. We seem no closer to release than the day we were taken, and our physical and mental condition is slowly deteriorating. Our release can be very rapid, our captors say.

They ask you, your fellow congressmen and members of the U.S. Senate to try to persuade President Reagan to take the only course available to win our release, and to take it quickly. May the Lord bless you."

Father LAWRENCE MARTIN JENCO, OSM.
TERRY ANDERSON.
DAVID JACOBSEN.
THOMAS M. SUTHERLAND.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina [Mr. HARTNETT] is recognized for 5 minutes.

Mr. HARTNETT. Mr. Speaker, yesterday I was unavoidably absent from the proceedings of the House due to a death in my family. Had I been present, I would have voted "yea" on House Resolution 314, expressing the sense of the House with regard to the defection of Miroslav Medvid, rollcall No. 399; "no" on the vote to override the veto of H.R. 2409, NIH authorizations, rollcall No. 400; "no" on House Joint Resolution 441, continuing appropriations for fiscal 1986, rollcall No. 401; and "no" on the rule to provide for consideration of H.R. 1616, the plant closing bill, rollcall No. 402.

AS LAWS ARE FLOUTED, CONGRESS SEETHES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. BROOKS] is recognized for 5 minutes.

Mr. BROOKS. Mr. Speaker, I would like to insert into the RECORD an excellent article "As Laws Are Flouted, Congress Seethes," which appears in today's New York Times. The author, Martin Tolchin,

has done a fine job in showing the anger and frustration legislators, both Democrat and Republican, feel about this administration's tremendous disrespect for the law. It is a fundamental of the American political and judicial system that law represents the highest expression of democratic self-government. Once enacted, and until it is repealed, a law governs and controls both citizens and political leaders alike. This administration, however, has displayed an overbearing arrogance about law. Rather than attempting to overturn those laws it thinks unwise through the political process, this administration has instead chosen to simply ignore or circumvent them.

In the process, it not only destroys those particular laws it chooses to disregard, but more importantly, it undermines the entire concept of the rule of law which has so fortunately distinguished our Nation from most around the world.

I commend this article to my colleagues.

[From the New York Times, Nov. 13, 1985]

AS LAWS ARE FLOUTED, CONGRESS SEETHES

(By Martin Tolchin)

WASHINGTON, Nov. 12—Down through history, Presidents have occasonally flouted laws passed by Congres or decrees issued by courts. They have tended to be highly selective on such matters, however, usually reserving head-on action for issues of great moment, typically those involving national security.

Abraham Lincoln, for example, suspended the writ of habeas corpus and ordered the kidnapping of legislators and news reporters in the Civil War, and Andrew Jackson told Chief Justice John Marshall to enforce his own decision in a case involving the Government's relocation of the Cherokee nation. Harry S. Truman, John F. Kennedy, Lyndon B. Johnson and Richard M. Nixon flouted the Constitution by sending troops into combat without benefit of a Congressional declaration of war.

Congressional critics say some Reagan Administration officials have ignored the laws and courts on issues great and small, from those involving war and peace to those dealing with regulation of infant formulas.

A number of legislators, Democrat and Republican alike, say former Presidents tended to give Congress the benefit of the doubt on legislation whose constitutionality they have questioned and enforced the law pending a judicial determination. But the legislators contend that Reagan Administration officials frequently have refused to enforce such laws until, and sometimes long after, the courts have ordered them to do so.

RISING TENSION ON CAPITOL HILL

It is a measure of the rising tension on Capitol Hill over such actions that Democrats and Republicans on two House committees recently assailed Administration officials and the White House budget office for what they considered unlawful actions.

Further, the Senate Judiciary Committee refused to promote William Bradford Reynolds at the Justice Department, with some committee members saying that as Chief of the department's civil rights division he had failed to enforce the civil rights laws. Even as conservative a Senator as Jesse Helms of North Carolina has accused the Administration of flouting the law, in this case an amendment barring United States funds to any organization that supports coercive abortions or sterilizations.

Senators also closely questioned James C. Miller 3d, the new director of the Office of Management and Budget, on what they considered the agency's unauthorized role as regulatory overseer.

Michael Johnson, an aide to Representative Robert H. Michel of Illinois, the House Republican leader, said there was widespread, bipartisan resentment toward what is considered the Administration's high-handed attitude toward Congress. "Bob's big complaint is that the Administration doesn't understand the sensitivities of the legislative branch," he said.

Dale Tate, an aide to Senator Robert Dole of Kansas, the Senate Republican leader, said Mr. Dole had stressed the need for the Administration to "listen a little better to what is being said and done" in Congress.

Representative Jim Wright, the Texas Democrat who is the House majority leader, said the other day: "Ronald Reagan has fashioned a regal Presidency, like the divine right of kings. He considers himself beyond and unanswerable to the laws passed by the legislative branch."

Administration officials acknowledge that they are frequently perceived as flouting Congress and the courts. But they say they are preserving the executive branch from unwarranted encroachments by the other branches of government. As legal justification for action or inaction, they cite constitutional prerogatives, the need for swift executive branch movement on various matters and ambiguity in laws the President must enforce, with some of the ambiguity, they say, deliberately written into legislation by a tentative Congress.

'WE SEEK TO RESOLVE CONFLICTS'

"There are times when the Administration has been accused of ignoring the law," Fred F. Fielding, counsel to the President, acknowledged. "But remember that the President is sworn to uphold both the Constitution and the laws. We seek to resolve the conflicts. Strong Presidents especially are mindful of their responsibility to those who come after them, and seek to assure that they do not erode any executive prerogative."

Congressional critics contend, specifically, that Administration officials have failed to enforce laws intended to protect civil rights, the environment and public health and safety. They say the Administration has defied the reporting requirements of the War Powers Resolution, ignored a Congressional ban on aid to the Nicaraguan rebels, ignored Federal court decisions on Social Security disability benefits, designated the Office of Management and Budget as regulatory overseer without benefit of Congressional authority and declined to fully enforce a law on contract review.

Underscoring the bipartisan nature of some of the criticism, Senate Democrats and Republicans joined in the criticism of both Mr. Reynolds and Mr. Miller. Senator Arlen Specter, a Pennsylvania Republican, said, for example, that the Administration's civil rights policies were "directly at variance with established law" because Mr. Reynolds had attacked affirmative action programs that give preference to women, blacks and other minority groups.

Senator Charles McC. Mathias Jr., a Republican from Maryland, added, "It is now clear that Mr. Reynolds does not support the approach that Congress, for the past 20 years, has taken to the problem of assuring civil rights."

Similarly, Republicans and Democrats on the House Government Operations committee contended in a report last summer that the Administration's selective enforcement of the new contract review law was unconstitutional. "It is regrettable that our nation's chief executive and law officers have to be so forcefully reminded of their constitutional obligations," Representative Jack Brooks, the Texas Democrat who is chairman of the panel, said after a Federal district judge directed the Administration to enforce the entire law.

Just last month a House Energy and Commerce subcommittee said the Office of Management and Budget had been engaged in "an unlawful abuse of power" in obstructing proposed rules for the Environmental Protection Agency that would ban some asbestos products.

The issue of Presidential disregard of Congress and the courts is almost as old as the Republic. "On great occasions," Thomas Jefferson wrote at one point, "every good officer must be ready to risk himself in going beyond the strict line of the law, when the public preservation requires it; his motives will be his justification." Jefferson thus explained purchasing munitions with unappropriated funds after the British had attacked the United States frigate Chesapeake.

But Congressional critics of the Reagan Administration say it has ignored the law routinely, not merely on "great occasions."

"They're certainly not faithfully executing the laws, in my view," said Alan Morrison, a liberal, pubic interest lawyer who successfully argued the case in which the Supreme Court held the legislative veto unconstitutional. "They're law-stretchers, not law violators," he continued. "They're clever enough to cover their violations with something that purports to be reason under the statute."

Michael Horowitz, counsel to the director of budget office, counters that when the Administration publicly challenges legislation or court decisions, "there are major constitutional issues involved." He said noncompliance was intended to lay the groundwork for court tests.

Other Administration officials say laws are often intentionally ambiguous, giving a President wide latitude in interpretation. They say, for example, that the definition of "hostilities" that brings into action the War Powers Resolution is intentionally murky, as are Congressional mandates to agencies such as the Occupational Safety and Health Administration, which is charged, simply, with assuring a safe workplace for every American. Enforcement is thus a matter of judgment, they say.

SEMANTIC DISTINCTIONS

In this same vein, officials sometimes rely upon semantic distinctions to justify circumventing Congress. Just as Truman referred to the Korean War as a "police action" that did not require a Congressional declaration of war, so the Reagan Administration initially said that its assistance to the Nicaraguan rebels was part of a strategy of "interdicting" supply lines to Salvadoran rebels, and thus did not violate a ban on arms aid to the rebels.

Critics say the tone of disregard of laws and courts was set in the opening days of the Reagan Presidency, when Administration officials delayed implementation of all pending regulations. The regulations, authorized by Congress, were finally issued,

sometime years later, in what critics considered a diluted state.

"They absolutely refused to enforce the law," said Senator Albert Gore, the Tennessee Democrat who as a House member had sponsored the Infant Formula Act of 1980. The legislation, intended to require certain levels of nutrients in infants formula, was in response to reports that a lack of such nutrients had caused brain damage in thousands of babies. The Administration delayed the issuance of the regulations for 18 months.

Critics say such flouting continues to this day, saying, for example, that the Administration has delayed for three years responding to a Congressional mandate on guidelines for the handling of radioactive materials.

RESOLUTION RELATING TO THE CAPITOL POLICE FORCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. PANETTA] is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, I am introducing a resolution today which would create an agency training representative position on the Capitol Police Force. The officer filling this position would represent the Capitol Police Force at the Federal Law Enforcement Training Center and would serve at the rank of lieutenant. The Committee on House Administration approved this action on October 23, and this resolution would allow the Capitol Police Force to implement the action of the committee.

At present, the Capitol Police utilizes the Federal Law Enforcement Training Center [FLETC] for the training of new recruits. Other Federal law enforcement agencies also utilize this facility for training. Each participating agency assigns a representative to represent the agency in administrative and policy matters. The Capitol Police representative must command 3 sergeants, up to 72 trainees, advise the Chief on policy decisions, and evaluate recommendations on staffing, budgetary, and physical facility requirements at FLETC.

The Capitol Police Board reviewed the duties and responsibilities of the representative at FLETC and concluded that the rank of lieutenant more appropriately reflects the duties of this position. This resolution follows the recommendation of the Capitol Police Board. I trust that the House will give its approval to this resolution.

Following is the text of the resolution:

H. RES. 320

A bill providing for one additional position on the Capitol Police for duty under the House of Representatives

Resolved, That there is established one additional position of agency training representative on the Capitol Police (at a rate of compensation equal to the rate in effect for the position of lieutenant) for duty under the House of Representatives. Each appointment to the position of agency training representative shall be made—

(1) by the Capitol Police Board from among members and officers of the Capitol Police, with prior approval of the Committee on House Administration; and

(2) without regard to political affiliation and solely on the basis of fitness to perform the duties of the position.

SEC. 2. The former position of an officer or member serving as agency training representative shall not be filled while that officer or member is so serving. Unless otherwise provided by law, upon ceasing to serve as agency training representative, an officer or member shall revert to that former position.

SEC. 3. Until otherwise provided by law, there shall be paid out of the contingent fund of the House such sums as may be necessary to carry out this resolution.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mr. BONKER] is recognized for 5 minutes.

Mr. BONKER. Mr. Speaker, on Tuesday, November 12, 1985, I was necessarily absent from the House and missed several recorded votes. On that particular day, I attended the Pacific Basin Information Industry Conference and Trade Fair in Seattle, WA. As one of the chief sponsors of the conference, I felt obligated to be there for all the activities of the day. The conference drew delegations from seven Pacific Rim nations and was the largest telecommunications trade mission ever to visit the Pacific Northwest.

On rollcall No. 399, the vote on House Resolution 314 expressing the sense of the House that Miroslav Medvid should not be removed from the United States, I would have voted "aye" in favor of the resolution.

Additionally, I would have voted "aye" in favor of the following: Rollcall No. 400, the vote to override the Presidential veto of H.R. 2409, the Health Research Extension Act; rollcall No. 401, House Joint Resolution 441, to further continuing appropriations to December 12; and rollcall No. 402, House Resolution 313, the rule for the consideration of H.R. 1616, the Plant Closing and Notification Act.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On October 30, 1985:

H.J. Res. 308. Joint resolution designating the week beginning on October 20, 1985, as "Benign Essential Blepharospasm Awareness Week"; and

H.J. Res. 322. Joint resolution to provide for the designation of October 1985, as "National Sudden Infant Death Syndrome Awareness Month."

On October 31, 1985:

H.R. 3605. An act to provide that the authority to establish and administer flexible and compressed work schedules for Federal Government employees be extended through December 31, 1985.

On November 1, 1985:

H.R. 2959. An act making appropriations for energy and water development for the fiscal year ending September 30, 1986, and for other purposes.

On November 7, 1985:

H.J. Res. 126. Joint resolution to designate the week of November 3, 1985, through November 9, 1985, as "National Drug Abuse Education Week."

On November 11, 1985:

H.R. 1903. An act to provide for the use and distribution of funds appropriated in satisfaction of judgments awarded to the Chippewas of Lake Superior in Dockets Numbered 18-S, 18-U, 18-C, and 18-T before the Indian Claims Commission, and for other purposes.

On November 12, 1985:

H.J. Res. 282. Joint resolution designating the week beginning October 27, 1985, as "National Alopecia Areata Awareness Week."

ALLEVIATING PROBLEMS WITHIN THE PENTAGON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. SKELTON] is recognized for 60 minutes.

Mr. SKELTON. Mr. Speaker, I have asked for time this evening to discuss the problems within the Pentagon and our attempt here in Congress to alleviate those problems which have existed in one form or another for quite some time.

Many, of course, date back to the Spanish-American era, but particularly, Mr. Speaker, I refer to the fact that President Harry Truman made a speech in 1946 pointing out the structural problems and the management problems within the Defense Department, within the Pentagon, and recommendations on how to change it.

As the result of that initiation, there was a bill passed in 1947 which was the Reorganization Act of the Department of Defense, and that act at that time created a Secretary of Defense, three service secretaries (a Secretary of the Army, a Secretary of the Navy, and a Secretary of the Air Force) and also created a Joint Chiefs of Staff presided over by a chairman, with each of the service chiefs, at that time the Air Force, the Army, and the Navy, serving as part of the Joint Chiefs of Staff.

At a later time, the Commandant of the Marine Corps was added to this, and the Joint Chiefs of Staff consist of all four of the services plus the chairman today.

Well, as a result of this law that was passed in 1947, which was changed slightly in 1949, changed slightly in 1958, and then again last year there were some slight changes as a result of some initiatives that came out of the

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Subcommittee on Investigations of the Committee on Armed Services headed by Chairman "BILL" NICHOLS.

But basically the structure has remained what it is.

□ 1605

There are three problem areas within the Pentagon. One is that of the Joint Chiefs of Staff area. The second is in the Office of the Secretary of Defense. The third is here on Capitol Hill, that is, how Congress deals with the military.

I am pleased to say that as a result of a great deal of work by the Armed Services Committee and coming from Chairman NICHOLS' subcommittee we will have before us this coming week a bill that directly attempts and we feel does solve the problem dealing with the Joint Chiefs of Staff.

This, of course, is only one of the three areas, but in so many respects it might very well be the most important and the most serious problem within the Pentagon.

I will set forth what is in this bill and what it attempts to solve.

At the present time, you have the Joint Chiefs of Staff, all four of the Service Chiefs, and the chairman, and their primary advice as members of the Joint Chiefs of Staff, as opposed to the other duties they have as the head of the various Services, is to advise the President of the United States and to advise the Secretary of Defense.

Now, in so doing, they are presided over by a chairman, who, for all practical purposes, is really the first among equals and, for all practical purposes, must lead as a result of force of character, which fortunately we have had there for some time, as opposed to the elevation of him as the supreme leader of that group by statute. As a result, the advice that has been given to the President and to the Secretary of Defense through the years has been advice that has been committee-type advice, consensus-like advice, advice that on many occasions has been watered down in order for all of them to reach a consensus and to agree. As a result, the advice to the President and to the Secretary has not always been timely, has not always been clear, has not always been concise, and as a result it has been watered down advice from time to time.

This has created a situation where some Presidents have not relied fully or, in many instances, have not relied at all, on the advice of the Joint Chiefs of Staff. President John Kennedy was an example of this, where he had his own military adviser and chose, in any number of instances, to avoid and not accept the advice of the Joint Chiefs of Staff.

As a result of that, the Joint Chiefs of Staff have not been as important as the law contemplated them to be in giving advise.

Another problem in that area has been the fact that the chairman did not control or appoint his own staff.

Now, this is a serious situation because he had staff supplied him by the 4 separate Services and, as a result, those staffs, although they were assigned to the chairman, some 400 or less, were really still Service people and, consequently, much of the recommendations that they made that went up the ladder, that ended up in the Joint Chiefs of Staff arena, were watered down or so often skewed toward that particular Service from whence they came because they knew that their promotions and their futures and all that goes with that came about from their own particular Service.

Mr. Speaker, during the invasion of Grenada 2 years ago there was a resourceful officer that used his own ingenuity and called his headquarters in North Carolina in an effort to coordinate fire and support for his position with the Navy. He was forced to resort to this rather unorthodox method of communication because he was unable to talk directly with the Navy ships to provide the proper type of support. This incident exemplifies the very woeful lack of interservice coordination that exists in our Armed Forces at this time.

Over 30 studies, Mr. Speaker, in the past 40 years, have examined the issue of improving the workings of our Defense Establishment. The focus of most of these studies has been on the organization of the Joint Chiefs of Staff, as I mentioned a moment ago, the nation's top military body. General David Jones, former chairman of the Joint Chiefs, and Gen. "Shy" Meyers, former Army Chief of Staff, triggered this latest effort at reform in 1982 while still on active duty, and each wrote separate articles describing the problems of bad advice, poor staff procedures, interservice rivalry that have been the hallmark of the Joint Chiefs of Staff system.

Now, as I mentioned earlier, legislative efforts began here in the House. Since 1982 the House Armed Services Subcommittee on Investigations has looked long and hard into ways of improving the workings of the Joint Chiefs of Staff. After a series of very thorough hearings, the House passed a bill in 1982, which died in the Senate, and in 1983, both times with broad bipartisan support, and on both occasions the Senate did not address the issue.

On the second time, however, somewhat out of frustration with the Senate, the House included in its bill this last year, in 1984, as an amendment to the 1985 defense authorization bill, the Joint Chiefs of Staff reform measure, and this legislative maneuver enabled the issue to be raised as part of the Defense authorization conference between the House and the Senate. Several provisions that survived that conference sought to strengthen the chairman's authority. For example, one of those changes deals with allowing the chairman to select the officers he wants on the Joint Staff rather than the four services selecting them. Previously, some of the services preferred to keep their best officers on their service staffs, and the chairman was unable to have or request them as candidates for his staff.

Yet trying to correct the failings of the Joint Chiefs of Staff as part of the DOD authorization conference is not the best way to address this very serious problem. So this year, under the leadership of Chairman NICHOLS and the Subcommittee on Investigations, the Armed Services Committee did report out a bill known as the Nichols-Skelton-Aspin bill, the Joint Chiefs of Staff Reorganization Act of 1985. It is the most significant change in military organization since the Defense Department was created in 1947.

Until now, the chairman of the Joint Chiefs has officially been only the spokesman of the corporate views of the four service Chiefs. As a result, the chairman has been stuck with positions written by a committee that protects the institutional interests of each of the four services.

This 1985 Joint Chiefs of Staff bill strengthens the role of the chairman of the Joint Chiefs by making him the principal military advisor, that is, the No. 1 advisor, to the President and Secretary of Defense.

The chairman is the only member of the Joint Chiefs of Staff with no Service responsibilities, unlike the four service Chiefs. The chairman is uniquely positioned to speak for the broader military point of view. This change that is in the bill undoubtedly will strengthen his voice and help the parochial interests of the four services.

In addition, the Joint Staff will now work directly for the chairman rather than for the Joint Chiefs as a whole.

Another important provision contained in this bill creates a new position of Deputy Joint Chiefs of Staff Chairman. At the present time, the Secretary of Defense, the three service Secretaries and each of the four service Chiefs has a Deputy, someone who can assist him in his duties and carry on when he is not in Washington.

The chairman needs an alter ego. The deputy chairman, I think, is a most important part of this bill.

At this time I yield to the gentleman from Alabama, the distinguished chairman of the subcommittee [Mr. NICHOLS].

Mr. NICHOLS. I thank the gentleman for yielding, and I want to com-

mend the gentleman from Missouri for having a special order on this very important subject.

Mr. Speaker, it is my privilege to report to the Committee on Armed Services today H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985. The first thing that should be said about this bill is that it is third-generation JCS legislation. This committee reported, and the House passed, JCS reorganization legislation in both the 97th and 98th Congresses. I believe we are not about to do it again. And we will continue to do so, I hope, until we achieve meaningful legislative reform of the Joint Chiefs of Staff.

BACKGROUND

REPRESENTATIVE WHITE'S ROLE

I mentioned the history of the JCS bill for two reasons. First, the original author of JCS legislation was a distinguished former member of the committee, the Honorable Richard C. White of Texas. His contribution should be recognized today. He, like most of us, I suspect, was not familiar with the intricacies and complexities of the U.S. military structure when two of the five members of the Joint Chiefs of Staff sounded an alarm in 1982, warning that the present structure is seriously flawed and could lead to disaster if tested in wartime.

Chairman White was, however, very familiar with the Constitution. He knew that it makes Congress solely responsible "to raise and support armies * * * provide and maintain a navy * * * make rules for the Government and regulation of the land and naval forces."

Congressman Dick White knew that the Constitution assigns Congress the responsibility for the organization of the national defense establishment, and, because the Investigations Subcommittee has jurisdiction over organizational matters, he realized that he was responsible in the first instance to the House for carrying out this constitutional mandate.

Chairman White proceeded to hold a historic series of hearings, receiving testimony from more than 40 witnesses. The witness list included names like Curtis LeMay, Stuart Symington, Thomas Moorer, David Packard, Brent Scowcroft, Harold Brown, Maxwell Taylor, and John Vessey. Somewhere during the testimony that consumed over 1,000 pages, Chairman White decided that the allegations were true; that is, that there are serious structural problems in the JCS as organized, and that something must be done. He wrote a bill, the JCS Reorganization Act of 1982, and shepherded it through the House. It died in the Senate at the end of the 97th Congress.

Although Dick White did not run for reelection in 1982, I believe it is fitting today that he should be remembered as the first Member of Congress to recognize the significance of the issue we address today and the first to take action to correct JCS problems.

THE ROLE OF THE ARMED SERVICES COMMITTEE AND THE CONGRESS

It is also fitting to call Members' attention to the fact that this committee was the first governmental body to recognize and call attention to Defense organization problems and to support reform. That is the second reason I am taking the time of the committee to discuss the history of the legislation before us. I want to remind Members of the constructive and far-sighted role played by the committee on this issue.

More than any other legislation in my memory, this bill is the progeny of this committee. Since the 1930's the executive branch has become the initiator, drafter, and chief proponent of legislation. The Congress adds, subtracts, edits, approves, or disapproves. Not so in the case of JCS reorganization legislation. In this area, the Congress seized the legislative initiative. This committee is the author and principal proponent of JCS legislation.

When I became Investigations Subcommittee chairman in 1983, I realized that JCS reorganization was unfinished business. The Honorable LARRY HOPKINS, the ranking minority member of the subcommittee, agreed. And the members of the subcommittee supported both of us. We held hearings in 1983 and the subcommittee reported the 98th Congress JCS bill. It differed in particulars, but was entirely consistent with the previous JCS bill. Once again, this committee gave its full support to the legislation and the House approved it.

For the second time the other body proved to be the stumbling block. Consequently, I added the JCS bill as rider to the Defense authorization bill in 1984. Thanks to strong, determined support from the senior members of this committee from both parties—and especially from Representative IKE SKELTON—several modest, though not inconsequential, provisions of the 1983 legislation were accepted in conference in 1984. Such is the strength of the opposition to reform that those were the first meaningful changes in JCS organization in a quarter of a century.

This year the climate has changed. Reorganizing the joint structure, and indeed the entire national defense establishment, has recently become a national issue. Suddenly, there is concern on all sides—and support for change. After crying in the wilderness, so to speak, for two Congresses, Members of this committee should be proud of the part we have played in placing this issue on the national agenda. We have sometimes been criticized, justly or not, for failure to recognize and take action to correct problems relating to the Department of Defense. That is not the case with regard to the JCS issue. This committee has been the leader in sounding the alarm that serious flaws exist and something must be done. In my view, it is our finest hour in the years I've been privileged to serve on this committee. I congratulate each and every one of you who has had the foresight to assist in correcting the problems that plague our senior military structure.

Now let me turn to an explanation of the JCS reorganization issue and then to the legislation before you.

DISCUSSION OF JOINT PROBLEMS

Why is it necessary to alter the structure of the Joint Chiefs of Staff? Why does the Investigations Subcommittee repeatedly report legislation to change it? What, in short, is the problem?

First, let me state what is not the problem. The problem is not with the individual service chiefs themselves. Witnesses uniformly distinguished between the performance of individual service chiefs, whose personal advice was given high marks by civilians they had served, and the performance of the JCS as a group of advisers acting as a corporate body.

It is also incorrect to claim that the problem is that this Nation erred in creating the Joint Chiefs of Staff. To the contrary, while recognizing the existence of defects in the JCS as structured, this committee has consistently recognized and affirmed the validity of the principle established by the framers of the National Security Act that the President, National Security Council, and Secretary of Defense should have available a body composed of the chiefs of the military services to render military advice on national security issues when needed. Former Air Force Chief of Staff Lew Allen testified that the JCS "provide the essential linkage between joint strategic planning and the resultant force programming, equipping, and training performed by the Services." The existing joint military framework is the right one. I do not want to get into an argument over whether it is "broke" or "not broke." It has defects that need correcting. But it certainly should not be eliminated.

STRUCTURE OF THE JCS

Now, having got that off my chest, let me attempt to answer the question concerning JCS problems. In doing so, I want to caution Members that I am answering based on the testimony and other documents pertaining to the JCS. Neither you nor I, not having been there, understand through firsthand experience the workings of our senior military structure. That is one reason the Investigation Subcommittee has done its homework. We have gone to great lengths to hear from all sides on this issue.

The problem, then, based on the testimony, is that the Joint Chiefs of Staff—by law the principal military advisers to the President, National Security Council, and Secretary of Defense—is a committee composed of coequal individuals, four of whom represent strong, often conflicting service interests. There is considerable testimony indicating a built-in contradiction between the responsibilities of an individual as a member of the Joint Chiefs of Staff and as chief of his service. As a JCS member, a chief is called upon to transcend service interests and to participate in developing advice from a joint, unified military perspective—a "national" viewpoint. Yet, as a chief of service, the same individual is looked upon as the principal advocate of the service. Former Secretary of Defense Melvin Laird pointed out the contradiction in testimony earlier this year:

A chief cannot be expected to argue for additional aircraft carriers, army divisions, or air force wings when constructing a service budget and then agree in the joint forum that such programs should be dropped in favor of another service's programs.

The result is that the JCS frequently acts as a negotiating forum in which each service seeks to maximize its position through bargaining.

What is wrong with such a system. We all know how a committee system based on bargaining works. The question is whether that is the way we want military advice to be formulated. I believe there are two things wrong with the bargaining approach.

First, JCS bargaining produces military advice fundamentally different from what was intended by the legislators who created the JCS—and, more important, of less value, because it is "bartered," to the President and Secretary of Defense. Does anyone here believe that the Iran hostage rescue attempt would have been planned and executed as it was, with all four services involved, if the Joint Chiefs of Staff were not structured as a committee of five coequal members? Rather than bargaining in the best interests of the services, the framers of the National Security Act sought in the JCS an organization composed of the highest military leaders that would deliberate and render advice from a national perspective detached from, but cognizant of, service interests. Instead, because they created a committee of equals, with no mechanism for enforcing a joint military perspective, the JCS is a group that arrives at its positions either by dividing along the lines of the competing interests or negotiating a mutually acceptable consensus in which each member supports the claims of the others.

The second reason I believe the Nation can ill afford a barter system in achieving military advice is that bargaining cannot produce compromises acceptable to the services in a number of contentious areas. As a result, the JCS does not adequately address a broad range of fundamental issues that shape the very core of the U.S. defense posture. These issues include advice on programs and budgets that determine the very composition and structure of U.S. armed forces, roles and missions of the services, joint military doctrine, the composition, geographical assignments, and missions of our combat commands around the world, and joint military training. Members should take note of the implication of what I just said: The principal military advisers in this country cannot deal effectively with fundamental military issues. Thus these issues are dealt with elsewhere, either "by the services" or by civilians in the Office of the Secretary of Defense.

EXAMPLES

Civilian officials, who are by law the individuals the JCS advises, are critical of that advice, to the point of almost holding it in contempt in some cases:

Former Secretary of Defense Harold Brown testified that recommendation from the JCS during his tenure were "almost without exception either not useful or the reverse of being helpful. That is, worse than nothing."

Former Secretary James Schlesinger said that "the preferred advice is generally irrelevant, normally unread, and most always disregarded."

Former Secretary Melvin Laird testified that "as now organized, the JCS are too frequently unable to provide effective, cross-service advice on issues that affect important service interests or prerogatives.

Henry Kissinger said that "the * * * concern of the service chiefs * * * is the future of their services . . . Their incentive is more to enhance the weapons they have under their exclusive control than to plan overall defense policy."

Gen. David Jones testified that the JCS spent hours debating which service would fill the top U.S. advisory position in Egypt. Gen. Lyman Lemnitzer, another former JCS Chairman, testified that he had "always felt that many of the previous shortcomings in the Joint Chiefs of Staff resulted from issues remaining undecided for far longer periods than they should by engaging in endless and useless arguments in order to get unanimous agreement."

The Joint Staff labors under a set of procedures imposed by the JCS that requires staff papers to advance through five levels of bureaucracy before they reach civilian officials. The procedures give each service a veto over each sentence, phrase, or work. The result is the watered down advice that former officials criticized so strongly.

The commanders of the joint combatant commands—the CINCs—do not have influence commensurate with their responsibilities. Joint directives drawn up by the Joint Chiefs of Staff severely limit their authority.

Moreover, the unified commanders do not exercise sufficient control over their subordinate service-oriented component commands. A CINC, for example, can neither select nor dismiss his subordinate commanders. And he cannot communicate with the service chiefs directly; he must communicate through his subordinate commanders.

The Steadman report found that:

The CINCS' forces are trained and equipped by their parent Services who control the flow of men, money, and material to the CINCs' components. The Services (and the components) thus have the major influence on both the structure and the readiness of the forces for which the CINC is responsible.

The chain of command to the Marines at the Beirut airport where 251 young men died in a terrorist bombing extended through seven intermediate military levels. Despite the obvious need to steamline the chain, it was not done until a few days before the Marines were withdrawn. Each of the four services was represented in that chain of command to Lebanon.

The United States has a Strategic Air Command, but no strategic command. The Air Force and Navy cannot agree on the arrangements for such a unified command and the JCS is structurally unable to address the issue authoritatively. By the same token, there is a Military Airlift Command but no unified lift—or transportation—command encompassing air, land, and sea transport. Nor is there an adequate joint service command to deal with low intensity warfare, as our Special Operations Panel has pointed out repeatedly. It has been more than half a decade since the Iranian hostage rescue attempt graphically pointed to the need to improve special operations command arrangements.

No one can be sure that the United States should have new or reorganized joint commands. But I am sure that we need a joint structure that can examine the questions objectively. And we do not have it today.

The joint structure has repeatedly failed to ensure that the basic requirements of joint military operations are fulfilled.

Grenada after action reports cited "poor interservice cooperation as a primary cause of major foul-ups." Army helicopters with wounded aboard were waived away from Navy carriers that could have provided medical assistance because the Army pilots were not trained in joint operations with the Navy. Air Force, Army, Marine, and Navy units could not communicate with each other. This possibly contrib-

uted to deaths from friendly fire and prohibited the Army from calling for naval gunfire support.

Military intelligence, supposedly under the overall supervision of the JCS, has been faulted as a key component of operational shortcomings in the *Pueblo* incident, the Sontay raid, the *Mayaguez* incident, the Iranian hostage attempt, the Beirut Marine bombing, and the Grenada invasion.

Many missions that are important from a joint warfare perspective are slighted by the services. These include airlift and sealift. Though these missions are not "glamorous," inadequate Air Force and Navy support for them may mean that the United States has an Army that stays home and does not show up in time to fight a future war. Similarly slighted has been Army support for its mission of providing air defense of air bases. Also, the Navy until recent years has discouraged Air Force pursuit of its mission to assist in sea control. Finally, the Air Force has historically slighted its mission of close air support for Army troops in combat. In fact, earlier this year the Air Force Secretary reportedly held the advanced tactical fighter, prized by the Air Force, hostage in an attempt to force the Air Force to make progress on a followon close air support aircraft.

The JCS Chairman testified that it was not the job of the JCS to advise either the President or the Congress on where to make cuts to meet the defense budget ceilings approved by Congress. That, he said, is the job of the "service chiefs looking at the individual budgets." That is, on one of the most fundamental military issues—allocation of resources to buy guns, tanks, airplanes, and ships, and support military personnel—the JCS passes, its Chairman declaring that it is not a JCS responsibility.

To bring the point home, the services are now going through the exercise of cutting back on their budget projections for the next 5 years. Traditionally, the services respond to cutbacks by stretching out programs and slighting munitions and other readiness accounts that are crucial to joint field commanders. True to form, the Army chief of staff last week announced that $90 billion had been cut from Army 5-year projections but no major program was terminated. Instead, programs were stretched out and munitions stocks in Europe were cut. That is, joint readiness received its usual low priority.

In 1984 a Pentagon report found that "today, the U.S. European Command—that is, a joint military command—has neither adequate medical readiness resources nor effective joint plans for the resources it has." Recently, the Assistant Secretary of Defense for Health Affairs testified that far less than half the U.S. casualties in a war in Europe could be given adequate medical attention. Planning for medical readiness is in the first instance a joint responsibility.

DISCUSSION OF H.R. 3622 APPROACH TO CORRECTING JCS PROBLEMS

I think you will agree that the present JCS structure has problems that should be corrected. Let me turn now to an explanation of how H.R. 3622 would attempt to correct the problems I have outlined.

MILITARY ADVICE

The bill would alter the way joint military advice is developed and the responsibility for performing other joint functions by strengthening the Chairman of the Joint Chiefs of Staff, making him the principal military advisor to the President, the National Security Council, and the Secretary of Defense.

The Chairman would continue to preside over the Joint Chiefs of Staff and would benefit from the Chiefs' deliberations. The "essential linkage" between the input and output sides of the Armed Forces, emphasized by General Allen, would be maintained. But the Chairman would correct the flaw in the established coequal committee structure. He would formulate his advice and perform the other duties now assigned to the Joint Chiefs of Staff from a national perspective.

The Chairman of the Joint Chiefs of Staff is uniquely qualified to assume additional responsibilities as an adviser championing the unified military viewpoint. He is the only member of the Joint Chiefs of Staff who has no service responsibilities. Though Chairmen continue to wear the uniforms of their services, experience has shown that they have traditionally assumed a joint or unified perspective in evaluating military issues, unbiased by former service ties.

H.R. 3622 would give the Chairman control of the Joint Staff to assist him in developing his formal advice. In addition, the bill would create a Deputy Chairman who would act as Chairman in the absence of the Chairman and would become the director of the Joint Staff. The Chairman's term would be increased from 2 years to 4 years, making it the same as the other JCS members. Though the Chairman's advisory responsibility would be all-inclusive, the subcommittee intends that the Chairman give special attention to those issues that the corporate JCS has been unable to address effectively—programs and budgets, roles and missions, et cetera.

In strengthening the Chairman, the subcommittee also intends to expand the sources of military advice, thereby correcting other shortcomings in the current structure. Notwithstanding the advantages afforded by an advisory body consisting of service chiefs, the present structure suffers from the absence of a corresponding mechanism for obtaining the advice of the unified and specified commanders. The Nation places on the CINC's the awesome responsibility of employing U.S. forces in wartime, and maintaining the peacetime preparedness of the combat forces for war. Yet they play a relatively small role as military advisers and their lack of influence in Washington is notorious. One way to ensure the quality of military advice is to seek it from those who would be responsible for carrying it out. In the 1984 changes to the joint military structure, the JCS Chairman was made the spokesman for the unified and specified commanders. H.R. 3622 would make the Chairman their day to day supervisor, under the direction of the Secretary of Defense. Furthermore, the bill directs, that, when it is appropriate, the Chairman will consult with the CINC's as well as the Joint Chiefs of Staff in performing his legally assigned joint responsibilities. The subcommittee believes that the Chairman should integrate the recommendations of the unified and specified commanders, establish priorities, and provide civilian authorities a coherent set of combatant command proposals.

Some Members have questioned whether H.R. 3622, in strengthening the Chairman, would not exclude the Joint Chiefs from rendering advice to civilian authorities. It would not. But it would alter their role. At present the JCS system addresses approximately 3,000 issues a year. Only a small fraction of those issues—perhaps as few as 200—involve major national security issues. Yet any service chief who wants his way on any issue can slow down the entire system, or bring it to a halt. That is one reason, apparently, for the repeated criticism heard during the hearings that the JCS is slow in rendering advice.

The subcommittee intends that the Chairman assume sole responsibility for handling the second-order joint military issues, and that both the Chairman and the full JCS address major joint issues. In strengthening the Chairman, the subcommittee intends to create a counterpoise to, but not a substitute for, the corporate JCS body. The subcommittee believes that the advice of the entire JCS, from whatever perspective it is derived, should be available to the President and Secretary of Defense on major issues. Consequently, the subcommittee has included provisions in H.R. 3622 that ensure that the President and Secretary of Defense will receive the advice of the full JCS when they request it. I believe the Secretary should establish directives after this legislation is enacted that establish guidelines for the submission of advice by the full JCS. The bill also affords each chief the right to render his

advice directly to the Secretary of Defense and then to the President if he disagrees with the advice rendered by the Chairman or the other members of the JCS.

NATIONAL SECURITY DELIBERATIONS

Possibly as a result of the deterioration in the quality of joint military advice, the influence of the military in deliberations at the highest levels concerning issues of the utmost concern to the survival of the Nation has diminished. The subcommittee believes that political leaders should avail themselves of the advice of the Chairman and, when they deem it necessary, the Joint Chiefs of Staff and the combatant commanders, on all issues in which the military component is significant. Moreover, the subcommittee believes that advice rendered by these most senior military officers should receive careful consideration when decisions are made. If shortcomings in the quality or timeliness of joint military advice have rendered it inadequate in the past, H.R. 3622 should correct these faults.

Consequently, the subcommittee has included a provision in the bill that requires that the JCS Chairman or his deputy shall attend all meetings of the National Security Council and shall participate fully in its deliberations.

STREAMLINING THE MILITARY CHAIN OF COMMAND

A number of witnesses during the hearings expressed concern that a committee, the Joint Chiefs of Staff, has been included in the military chain of command by Department of Defense directive. These witnesses recommended placing a single military individual in the chain. Secretary Weinberger in 1983 requested that this change be adopted by placing the JCS Chairman in the chain of command. The 1983 bill complied with his request. However, the subcommittee received a communication earlier in 1985 from Secretary Weinberger recommending that the national military chain of command not be specified in the law and consequently we have not placed the Chairman in the chain of command. Secretary Weinberger now believes that such a provision would "breach the principle of civilian control."

Secretary Weinberger suggested that, if he were given the authority in statute, he would change Pentagon directives to provide that the military chain of command below the President and Secretary of Defense is routed through the Chairman of the Joint Chiefs of Staff.

□ 1620

Mr. Speaker, I want to commend the gentleman from Missouri [Mr. SKELTON] on his diligent efforts to assist us with this bill. We hope to be able to get a rule next week and possibly bring this bill to the floor of the Congress. I also hope that we will have a great deal of bipartisan support and I appreciate the gentleman yielding me this time.

Mr. SKELTON. Mr. Speaker, I thank the gentleman and I wish to return this compliment. This is an example of persistence paying off, and the gentleman is the example of that because if it were not for your persistence and determination this bill would not be the reality which it is becoming.

We thank you for the hard work and the several years you invested in it. We do see light at the end of the tunnel. I might add at this point that we on the House side, your subcommittee, and those of us who have been interested in this legislation have been the only ones sounding the clarion call, and we have met with resistence in the other body, although we were able to get a few of the items adopted in conference last year.

This year, I think the whole complexion has changed as a result of speeches made on the floor and in the other body by Senators NUNN and GOLDWATER. I think that we will see a much brighter prospect for actually having legislation signed into law.

Mr. Speaker, at this time I am pleased to yield to my colleague from Georgia [Mr. GINGRICH].

Mr. GINGRICH. I thank the gentleman for yielding.

Mr. Speaker, I just want to say that I am particularly grateful that both Mr. NICHOLS and yourself have worked very, very hard to make this a bipartisan effort. As you were pointing out, you have both Senator GOLDWATER and Senator NUNN in the other body actively engaged in a bipartisan effort and the kind of work you have done, the fact that on the report as I understand if from the Armed Services Committee on your reform bill, that not a single Republican voted against it. The fact that this week the policy committee of the Republican Party of the House endorsed it. I think that there is a clear sign that in the Congress there is now a very deep, bipartisan commitment to real military reform.

I know that the gentleman from Missouri has worked very hard over the last 3 years to fashion the right kind of fundamental improvements in the Joint Chiefs of Staff system, and I just want to take a minute as a member of the Republican Party in this House and somebody who has been, for a very long time, actively working on the problem of how we develop a more effective defense, I want to take a moment to thank you for the leadership you have shown and also say that I think you will find on our side of the aisle a great deal of support for this kind of reform and a great deal of support for the efforts that have been undertaken in a bipartisan manner by the Armed Services Commiteee.

Mr. SKELTON. I thank the gentleman. I would like to put a thought or two to the gentleman from Georgia.

You will recall, and I appreciate your mentioning the fact that the Republican policy committee did endorse this and set forth a resolution. You will also recall that we have some 137 cosponsors of both parties and I believe all political spectrums are involved there.

What concerns me in that we in Congress are going to have to bear this burden all the way through to the finish. This issue surfaced as a proper issue in 1947 as addressed, and the gauntlet was thrown down as you recall by President Truman in 1946, and it got derailed somewhere along the line in compromises and I think that a good part of the U.S. Congress was split along some service lines for one reason or the other. As a result of that, you came up with the 1947 act, the basis of which we have had in the law ever since. As a result, it does not work. It does not work nearly as well as they intended on what they wanted.

Consequently, the bipartisan efforts that we have here, and I truly appreciate them. I truly appreciate your interest so much. I speak to many others on your side of the aisle that have either directly or indirectly been of great assistance in and outside of the Armed Services Committee.

I yield to the gentleman from Georgia.

Mr. GINGRICH. I just wanted to comment that I think that we in the Congress should recognize that no large bureaucracy ever reforms itself. It was Alfred Mahane, the developer of the art of naval strategy at the Naval War College who made the comment, I think it was around 1914, to Theodore Roosevelt, that no one should ever expect a navy to reform itself. The fact is that large systems cannot do that, so that is the job of the outside.

It is important if you look at the Constitution of the United States to recognize that the Founding Fathers established in the Congress, in the legislative branch, the responsibility in peacetime for the raising of armies and navies and providing for their structure. I think we have to recognize that the buck, really, on this kind of organizational reform, the buck stops in the Congress. I think we can expect to have some elements of the uniformed services opposed. We can expect to have some of the appointed bureaucrats opposed, but I think that it is very important, as you said earlier, that when people of the courage and of the professionalism of General Jones of the Air Force and General Myer of the Army come in in the position of having been the Chairman of

the Joint Chiefs and having been Chief of Staff of the Army, respectively, and tell us that in their professional judgment the current system does not permit the development of the kind of effectiveness the American people should expect of their Defense Department.

□ 1630

Then I think the burden clearly is on the Congress to take these steps.

I just want to say again that I think it is very important for people around the country to realize this is not a Democratic issue, this is not a Republican issue, it is not a liberal or conservative issue; it is a case where people of all ideologies and of both parties who have looked at this problem have collectively come to the conclusion that while the current uniformed officers manning the positions are well intentioned and sincere and intelligent and dedicated, they are bound by their own parochial interests to oppose this kind of reform.

And we have, I think, an obligation to look past immediate short-term arguments and recognize the historical requirement that if America is to survive and be safe, we have to have the kind of prudent reform that the gentleman from Alabama and the gentleman from Missouri have brought to the House.

I just again want to thank the gentleman for the work he has undertaken.

Mr. SKELTON. I appreciate the gentleman's comments.

In reflection, I think that we must realize that the buck does stop here. It is Congress that will have to draft and redraft and make this law a workable law. For the military to do it itself, we may be asking too much.

We can think back to the old adage that there is only one thing more difficult than getting an old idea out of the military mind, and that is getting a new idea in. We say that somewhat with tongue in cheek, but when you do urge the military to change itself, it is very difficult for them to do from within.

I might also add, and the gentleman was kind enough to mention the names of several of the gentlemen, that other people have been raising the problem, Secretary of Defense Laird, Secretary of Defense Brown, Secretary of Defense Schlesinger—I should say all Secretaries of Defense—and a gentleman who was of great assistance to me in drafting the first piece of legislation that I introduced to reform the Joint Chiefs of Staff was a very wonderful soldier from Missouri, Maxwell Taylor. I want to pay public tribute to his great contribution and the fact also that he came over and testified before the Armed Services Committee. It was of great benefit not just to me personally in putting this together, but also to the committee itself. So he should have the plaudits due him.

A number of problems have been raised with the system as it is. The former Chief of Staff Shy Meyer, who is now retired from the Army, has explained several. He explained that there are two important questions connected with the issue of organizational changes, why it changed now and how much change.

He stated that today's system fails to provide the quality of military advice needed by senior civilian officials, both elected and appointed.

He cited two problems with the Joint Chiefs of Staff system. One is the inadequate amount of time for a service chief to do the two jobs at the same time and, second, the conflicting loyalties of a service chief between his two jobs; one as the service chief, such as the head of the Air Force and the Army and the Navy and the Marines, and the other as a member of the Joint Chiefs of Staff. There is an inherent conflict there.

Well, there have been a number of other issues raised, but suffice it to say that I do see light, a bright light, at the end of the tunnel as a result of this legislation.

The cooperation that we have had throughout the hearings in the Armed Services Committee, the leadership of our chairman, LES ASPIN, the leadership of the subcommittee chairman BILL NICHOLS, the ranking minority member, LARRY HOPKINS on the Investigations Subcommittee, all have been so very, very helpful, and I appreciate it.

We will see this bill before us next week, and I would take this opportunity to urge my colleagues who have not been one of the 137 cosponsors as yet to cosponsor it and, of course, to study it, review it and hopefully they can see their way clear not only to vote for it, but to give us a substantial majority as we bring this bill up and send it to the Senate next week.

DEVELOPMENTS CONCERNING NATIONAL EMERGENCY WITH RESPECT TO IRAN—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 99-127)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs and ordered to be printed.

(For message, see proceedings of the Senate of today, Wednesday, November 13, 1985.)

PLAYING GAMES OVER THE DEBT CEILING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. GINGRICH] is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I want to talk this afternoon about the mess we are in and the fact that anyone who has been watching the House in recent days has watched us pass, I believe it was an 8-day debt limit extension, and now we are passing a 30-day debt limit extension, this one I think is ending with peculiar appropriateness on Friday the 13th of December.

Now, I think that it is fair for the American people to ask of this Congress, why do we continue to play maneuvering games over the debt ceiling? Why is there a process again and again of Congress either coming within a day or so of defaulting, as some people have suggested, of not sending the checks out, of not paying the bills, why is all this going on? And why are we not able to do business better?

I think the central reason that we are in the mess we are in is that there is a serious underlying fight in the city of Washington between those of us who would balance the budget by controlling spending and those who would try to balance the budget by raising taxes.

And the importance of the Gramm-Mack proposal to bring the budget into balance is that it gave a clear formula, a clear project line, for how you could control spending so that the budget would be balanced without a tax increase. That frankly means that, with the exception of Social Security, everything else the Federal Government spends money on would potentially change. It means we have to look carefully at defense spending. We would have to look carefully at national parks, at the Interior Department, at the way we run the Congress, at health care, at every single thing we do. No part of the welfare state, no part of the Defense Establishment, nothing would be a sacred cow, because if you are going to really change things, the fact is you are going to have to change them.

And one of the reasons Washington has not been able to control spending is that every time we talk about change in general people applaud, and every time we get down to really changing things, people start to say, "No, no, you can't do it."

Conservatives, led by Senator GRAMM in the other body and by CONNIE MACK in this body, came to the conclusion that if we refused to extend the debt ceiling, if we refused to allow the Government in effect to borrow more money without controlling spending, we would be in a position to

then say to the liberals in the Congress, "All right, either you're going to be responsible for Government closing down or you're going to agree to control spending, but we are not going to go back home and tell our citizens that we raised their debt by thousands of dollars per family and did nothing to control spending."

□ 1640

The idea was so ingenious that when Senator GRAMM first proposed it, it had remarkable power. The liberals could not figure out what to do. They were totally confused.

There was a brilliant article in this week's New Republic by Fred Barnes on "TEDDY" KENNEDY's decision to vote for the Gramm-Barnes proposal. The essence of the New Republic article is very simple, that there are a number of Democrats who recognize that the old policy of spend and tax, spend and tax, which has recently become spend and borrow, spend and borrow, was not sustainable, that it was necessary for us to begin to bring spending under control in some fashion. That is why in the other body there was a considerable element of support for this proposal; however, when the proposal to control spending came to the House, the liberal Democratic leadership refused—refused to take it seriously. They deliberately assigned a conference committee so large that they knew from the very beginning that nothing could be accomplished. They deliberately dragged out every possible element of negotiation, and those Republicans I have talked with who served on the conference committee agree that it was speech after speech. It was long rhetorical opportunity after long rhetorical opportunity, but there was no action, there was no real effort to bring spending under control.

Then we came to the first real crisis. The Government was about to run out of money. It was, in effect, going to have to cash in some of its bonds in order to be able to send out the Social Security checks. At that point, the House of Representatives engaged, under Democratic leadership, in absolutely ridiculous behavior. First having said that we had to do something on a Friday or the world would fall apart, the Democrats promptly passed a debt-limit extension for 8 days and walked out, adjourned, left without the other body having done anything.

In effect it was like saying, "I'm going to give you an IOU. I don't know if the bank will cash it and I'm leaving town."

In fact, the other body did not accept it. We were left with the House under the liberal Democratic leadership having failed to meet its obligations.

This week we would once again have run into a ceiling. This week we would once again have no money.

I think from the conservative standpoint, that is good, because the truth is that until we run into a crisis, the Congress of the United States is not going to control spending.

The truth is that unfortunately a great number of Democrats in this body are not going to vote to control spending. In fact, the Rostenkowski amendment which was adopted 2 weeks ago was in itself designed to fail. It first included a clause which was clearly unconstitutional, denying the President the power to veto, and then said, "By the way, if any part of this amendment is taken to be unconstitutional, the whole amendment is dead." It was a deliberate design to make sure that nothing that would work could be passed.

Where are we today? Today, just a few days away from another crisis, we sidestepped it by passing a 30-day limit extension. We increased the debt of the average American family of four by $1,600. That's right, every American citizen, every man, woman, and child, is $400 more in debt today than they were yesterday; but, of course, that debt is just to the Government. It is just part of the huge almost $2 trillion debt which we have now built up because we are spending more than we are paying for.

Have we solved anything by today's actions? No. We have papered over a problem which frankly we sooner or later have to confront.

Are we likely to solve anything by December 13? Not necessarily. This body may find another way to hide from reality. The administration may find another way to not force a crisis. The President may decide not to appeal to the country. We may be back in the same soup and then the question will be, "Do you really want to make Christmas miserable? Do you really want to spend December fighting over this? Shouldn't we adopt a 30-day extension to January and that will get us through the Christmas season with good feelings, and then we can worry about it in January."

Of course, in January the question will be that the President is, after all, going to make his State of the Union Address. We really do not want to embarrass him. Why don't we have another 30-day extension?

Yet the fact is simple. The people of the United States want a balanced budget. The people of the United States do not want a tax increase. That means by definition the people of the United States want us to control spending.

In fact, I suspect if you went to the American people and said, "How would you feel about a 5-year plan to control spending to produce a balanced budget, which as a result would both lower interest rates and increase economic activity to create more jobs, thereby raising more tax revenues as more people went to work and got wealthier?" I suspect 90 percent of the American people would favor some kind of program which would control spending.

Mr. MACK. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am glad to yield to my friend, the gentleman from Florida.

Mr. MACK. To pick up on the point about interest rates and tying it into this constant renewing of the crisis; that is we said, October 1 was the first deadline that was supposed to be a crisis and the Treasury found the financing bank and no longer was there a need to act on a deficit-reduction package; at least that was the excuse.

Then second, the Social Security trust funds were disinvested, and now today a third way of avoiding coming to a conclusion was found.

It is almost as if the other side had the impression that there was nothing else out there that was being affected by our inactivity, or I should say their inability to come up with an agreement on our part of how to go about solving the spending problem.

I am sure that the farmers in the Midwest would be real interested in understanding that if in fact we could come up with a conclusion and solve the problem and set upon a course that would reduce deficits over a period of time, that there would be a significant impact as far as interest rates are concerned. Those interest rates would affect them both directly in the cost of their day-to-day operations and, second, would impact them on their ability to sell products abroad.

I am sure that the unemployed workers of this Nation would be real interested to see what would happen if a growing economy could expand at a 1 percent higher rate than we have been experiencing during the last 9 months or so.

I am sure that those bankers in small communities throughout this country who are feeling the effect of disinflation would also like to be able to protect their depositors.

So it is not as if we were sitting in some kind of a vacuum where the only thing that is either approved or disproved is the relationship between the two parties here in Washington. The end result is a very real one. It is the impact on our Nation. It is the impact on our Nation's ability to grow. It is on our Nation's ability to produce goods and sell them abroad. That is the real problem that need to be solved.

I thank the gentleman for yielding.

Mr. GINGRICH. Well, If I can pursue that for a minute, it seems to me that we once had an estimate from

the Chairman of the Federal Reserve System, Mr. Volcker, that every $50 billion in spending cuts or deficit reduction was worth about 1 percentage point in interest rates. That would mean, in theory, that next year alone you would have at least a 1-percentage-point drop in the interest rate if we in fact passed the Gramm-Mack proposal.

I suspect if you went to the farmers of the Midwest and said to them, "If we could get interest rates 1 percentage point lower in 1986, in 1987, and 1988 and 1989 and 1990, and we were able to drop the interest rates you are paying on your farm, the interest rates you are paying on your tractor, the interest rates you are paying on your fertilizer and your seed," I think you would see that an awful lot of farmers would tell you that interest rates today are a bigger factor in farm costs than anything else they are paying for. They pay more for interest on the money they borrow than they pay, for example, on the gasoline they use, than they pay on all the operating costs to farm.

I think if the average person is worried about America's agricultural crisis could understand that every month that the liberals try to wiggle away from passing the Gramm-Mack proposal, they increase the interest rates for American farmers. In fact, every time we fail to pass any kind of control on spending, we increase the pressure on American farmers. Nothing would do more to save American farms than to pass the Gramm-Mack proposal.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am glad to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding.

You know, someone once described Washington, DC, as an island that is surrounded by reality. The fact is, in the debate we saw today on the House floor we saw a good example of that.

The gentleman has mentioned the fact that what we did today, if in fact it becomes law, would increase the debt burden assigned to each American family by $1,600; yet we come to the floor here and we pretend as though that has no impact on their lives. We increase the debt burden on every elderly couple in the country by $800. We pretend as though that has no impact on their lives. We increase the debt burden on each family of four in the country by $1,600. We pretend as though that has no impact on their lives. We increase the debt burden on every youngster in school by $400 and we pretend as though that has no impact on their lives, either now or in the future.

I mean, it is a great job of pretending that has no basis in reality. Obviously, that kind of a debt burden being assigned to people does have an impact on their lives. It raises their interest rates. It reduces their ability to do with their own money those things that they would like to do. If in fact you take money out of their pockets, by whatever means, whether it is by the Federal Government borrowing and wrenching that money out of the economy or whether it is with taxes, ultimately you have a direct impact on their lives. That is what the proponents of the liberal welfare state seem to fail to recognize. They talk about all the good things that they want to do with this money. We heard again today a litany of all the good things that were going to be done with the money that we were raising in debt.

The fact is, though, that they are preventing a lot of families from doing good things with their own money, with their own resources every time they do this.

My guess is that if you went to the average American family and you said to them "What would you prefer to do, would you prefer to be able to incur $1,600 worth of debt on your own for priorities you define, or would you prefer to have Congress incur $1,600 worth of debt on your behalf?" The fact is that most American families would say, "I would prefer to use that money for my own priorities."

Yet Washington operating in unreality, this body operating in unreality, instead decides that we will impose $1,600 worth of debt. We know best. We will determine the priorities and wrench it away from every American family.

I think the time has come to begin to call the people who are spending the money and who are then going out and borrowing the money and taking it away from every American family on what it is they are doing. It does not matter what smokescreens they put up. The most recent smokescreen has been Social Security. They will have another smokescreen today. They had the smokescreen of the summit conference. In December they will have the smokescreen of getting home for Christmas. Somewhere along the line they will always have a smokescreen.

The fact is what they are doing is taking money away from American working families. They are taking it away in such large chunks that it is unimaginable.

The average working family in this country gets about $17,000 in income. We placed $1,600 more debt on that family with what we did today. That is almost 10 percent of what that family can expect to earn in a year. That is an appalling statistic. I think Congress deserves to be held accountable for it.

I thank the gentleman for yielding.

Mr. GINGRICH. Well, let me dwell on that for a second. I want to say to the gentleman from Pennsylvania that I would be much happier with the December 13 deadline if I thought there was any likelihood of an organized, effective White House effort to communicate to the country to organize the forces that want to control spending and to really bring to a vote on that day the Gramm-Rudman proposal; but my fear is, that when you have a White House which totally and inexplicably decided to veto the National Institutes of Health bill, knowing it would be overridden—we will not see such an effort from the White House—I forget the exact number, but I believe it was over 400 votes in favor and 10 against, so the President, in effect, ran headlong into a hurricane of opposition on a very popular program which virtually every American would agree ought to in fact be sustained.

Mr. WALKER. Mr. Speaker, if the gentleman will yield further, my staff has just informed me, so that we have it clear, it was 395 to 10.

Mr. GINGRICH. I appreciate that very much.

Mr. WALKER. I checked the numbers earlier today. I wanted to be certain the gentleman was accurate.

Mr. GINGRICH. I did not want to exaggerate the scale of the President's defeat yesterday. It was 395 in favor of overriding his veto to 10 against.

□ 1655

Mr. WALKER. That was the original vote. The original vote was 395 to 10.

Mr. GINGRICH. In other words, when it first went through the House and the first signal was sent to the White House whether or not this bill was a plausible target for a veto, the signal that they received was 395 Members of the House voted in favor of the bill?

Mr. WALKER. Yes. They had a 39-to-1 chance of not having their veto sustained in the House.

Mr. GINGRICH. So when we talk about Washington being an island of fantasy surrounded by reality, we now have somewhere in the White House an island of intense fantasy surrounded by lesser fantasies.

Mr. WALKER. That is exactly correct.

Mr. GINGRICH. The point I want to make, and I hope the President at some point has a chance to consider all this, the fact is that the President is the greatest visionary leader of our lifetime and there is no question in my mind that at any point in the last 6 weeks, if President Reagan had gone to television and said to the American public what he has been saying to the Republican leadership at their weekly meetings, had he ever gone and, for a half hour, explained to the American people the crossroads we are at, had he ever used the example of the gen-

tleman from Pennsylvania and said, "Now, look. We have a choice of borrowing $1,600 more on your family's future or controlling spending and I want you to make sure we bring spending under control," I am confident that this evening we would be standing here talking about how the President can go to Geneva having finally, completely, brought under control the American deficit problem.

I am confident that this evening we would see interest rates dropping, we would see the American farmer in better shape, we would see the rest of the world understand that our economic progress is going to continue because everyone around the world would be able to say, "The American Congress was finally forced by Ronald Reagan and the American people to do something."

My fear is, and I would say the odds are overwhelming, that between now and December 13 the President will not make a speech to the Nation, between now and December 13 there will not be a rational, coherent White House strategy, between now and December 13 there will not be a systematic effort to organize the Nation at the grassroots and, therefore, we will have wasted 30 more days.

Mr. WALKER. If the gentleman will yield further, I think I share many of those concerns, because it comes across to me that there are people within the admininstration who are attempting to send mixed signals even on the issue of a balanced budget; that there is no doubt where President Reagan stands on the issue of a balanced budget. For 20 or 30 years he has gone to the country talking about the need to balance this country's budget, so he has a long-standing record.

The problem is he seems to have people around him who are saying, "Yes, that is a nice idea, but we do not really want to support any given plan," and then they try to define for the President how harmful this might be to some of the programs he favors and we begin hearing reports back that that is the kind of attitude that is being taken by some of his key advisers. That is, first of all, destructive of the process; but second, it leads to the kinds of conclusions that we find where the President does not come out and take a strong stand on something which is very, very important to his long-term program.

I find it very disappointing. I think that we do need Presidential leadership at this point. We certainly need to have a united effort among conservatives in this country in order to get us to a balanced budget, and right now I am afraid we are a house divided on some of these questions simply because we cannot get the kind of leadership signal that moves us toward a balanced budget.

Mr. GINGRICH. If I can build on that for just a minute, because I think the gentleman has been, frankly, too kind, I think that there are some people in the administration in fairly high appointive office who, if they had been working systematically to avoid the passage of the Gramm-Mack proposal, could have hardly been more successful.

The first key to the Gramm-Mack proposal was to force a real crisis, to keep the Congress' feet to the fire, to not let us go home, to make us vote, and there was a systematic effort in the Department of the Treasury to find every possible mechanism for avoiding that crisis. I think this was very destructive of the effort to pass the Gramm-Mack proposal.

In the second place, in order to really control spending, there is no question we are going to have to reform the Pentagon. We have to face up to it. Every conservative in Americal has got to come to the conclusion that there is no excuse for wasting money just because you are in a uniform and there is no excuse for wasting money just because you happen to be in the Department of Defense.

Let me tell my colleague, I make speeches to an awful lot of military groups. I do not find any career officers who are very excited about being in the most wasteful branch of Government. They are not currently, but they are in the race. They are as willing to have the opportunity to reform the Pentagon as anybody else, but if we had leadership in the administration that would say, "Yes, I am willing to come back and challenge the Congress; yes, I am willing to go to multiyear procurement; yes, I think there are ways we can close bases and we can trim waste and we can cut red tape," then the President would be in a lot better shape.

Finally, I would say to the gentleman from Pennsylvania, it is very clear that the Reagan administration is itself divided over the Gramm-Mack proposal. From everything I can tell, the President personally likes the idea of cutting spending. There seems to be very indication that the President would like to see something like the Gramm-Mack proposal. He would like to see a 5-year plan to bring the budget into balance. He would love to leave office as the President who not only got the economy moving and strengthened defense, but also who finally put America on a path to a balanced budget.

On the other hand, it is very clear that there is tremendous infighting inside the administration between those who are afraid of the Gramm-Mack proposal, those who frankly are more closely allied right now with liberal Democrats than they are with House Republicans, and those on the other side who, as conservatives, believe in Ronald Reagan's speeches, really do think that we ought to be in a position of fighting very hard to get some kind of Gramm-Mack proposal.

So my point in taking this time this evening is to say, look, if all we are going to do is waste the next 30 days, if the President is going to go off to Geneva, come back home and get mixed up in some secondary fight and waste his credentials and his energy and his IOU's on something less important than controlling spending, then we are going to be right back in the same fix 30 days from now.

We have the potential to try to make lemonade out of this lemon. We have the opportunity to take this 30 days that, frankly, we should never have gotten, to go ahead and spend the time developing a Gramm-Mack offensive that goes to the grassroots, that explains the case, and to have the President make a nationwide address on television in the evening and ask all of us, all Americans who want to control spending, to contact their Members of Congress.

I think if that is what is going to happen, then we have used this time wisely, but I think it would be a tremendous waste of this opportunity if, at the end of the next 30 days, we are no better off than we are right now. If all that happens 30 days from now is that the liberal welfare state special interest groups have gotten all their mailings out, the various liberal welfare state groups that want more Federal money, all the groups that want tax increases are out there working every day, if all the people who oppose Ronald Reagan's vision are out there working, if the people who carried one State are more energetic and more effective and more decisive than the people who carried 49 States, then I think we will have lost ground.

Mr. MONSON. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I would be very glad to yield to my friend, the gentleman from Utah.

Mr. MONSON. I appreciate the gentleman from Georgia yielding to me.

Mr. Speaker, I think the point the gentleman just made is very important, because I am already starting to get mail from these special interest groups. I do not use the term "special interest groups" in a negative way. I happen to believe that people have a right to let us know what their views are. But I am getting that mail already, and instead of talking about not cutting programs from a general sense, they are now saying, "Do not cut it because of Gramm-Mack." They have already started to flood the mail with this and it is just going to get worse and worse as we go along unless, as the gentleman says, we do something to get on the offensive with it and I

think it is very important that we start that.

I do not go home on a weekend without getting the message that people still want me to do something about cutting spending and getting the deficit taken care of. They really do not offer me any suggestions on how to do that other than say we have to cut spending. But the main point is that they say we have got to do it. They do not ask me why it is not being done. They say, "Why have you not done it?" They lay it right on my shoulders.

I voted today against an appropriation bill. I voted against extending the debt limit. Some of my colleagues suggested I should have voted for it just because of the way it might help my reelection chances.

I do not look at it that way. I think there is a principle involved here and we need to fight for that principle or else we are not going to get anywhere. The people who are so frightened by this really bother me because I do not think there is any indication that they are committed to real deficit reduction and yet they get up and give these nice speeches that sound as if they are, and apparently people buy it. A lot of people who are voting opposite to me are probably going to get reelected a lot easier than I will get reelected next year, and I do not understand that.

But the point is, we have to do something about it. I come from a State where we have a similar proposal on the books already, and people say, "Well, you cannot compare the Federal Government to State government and you cannot say we need a balanced budget amendment because there are no teeth in it." My State has a balanced budget requirement in its constitution and there are not teeth in that. We do not get arrested if we do not balance the budget. But it is a violation of your oath of office if you do not balance the budget, and the same thing would be true if we did it here. If those are not enough teeth, I do not know what is. I do not want to be in violation of my oath of office, and I do not think anybody else does who has been elected to this body.

So there are teeth. On top of that, the easiest way to accomplish this is to take something from everybody. Nobody is going to like that, and I recognize it. Every time we have to go through it in Utah, it causes pain for people, but it gets done because it is required and because people recognize that is what we have to do to maintain that.

□ 1705

That is all we are asking people to do here.

Yes, there are some that have decided we should exempt certain things. I am not so certain that is even the right thing to do. But we want to keep that as little as possible.

My Governor told me last weekend that in order to make it as fair as possible and to inflict as little pain on the States as possible, we need to make it across the board, and I would be all for that myself. But I recognize the Social Security recipients and others are expecting certain things. I frankly do not think Social Security should be part of the budget anyway, and that is the easiest way to resolve that. But we cannot take the easy solution very often. We figure the easy solutions must have something wrong with them because they are too obvious. Maybe we ought to try them once in a while and see if maybe they would work.

Mr. GINGRICH. Let me commend the gentleman from Utah for his courage, because I know you were in a very tight race last year. There are three things you made me think of, and I just want to say this because I really think you have put your finger on something.

In the first place, the liberal welfare State Democrats desperately cling to Social Security as the shield behind which they hide every piece of bad legislation and every piece of bad spending they want to get, and again, in today's debt limit extension, they deliberately put the words "Social Security Trust Fund" not because it had any meaning, or not because the words mattered, but because they were convinced that they could convince people to vote for it just by having the words in there. It is almost a magic voodoo that they have, and they believe there is a magical incantation. I think you can go back home and tell folks the truth and say to them, look, do you want somebody with guts to go to Washington and try to change things, or do you want somebody that is going to leave your children $10,000, $15,000, $20,000 in debt each? I think most grandparents on Social Security love their grandchildren and are just as concerned as the gentleman from Pennsylvania about seeing their children and grandchildren left behind having another $1,600 in debt per family. And I think they want somebody with courage up here.

In the second place, we Republicans are going to have to acquire the skills and the toughness and the courage to stand up to the kind of distortions, and the kinds of downright fabrications that the Democratic congressional campaign committee is going to send out, and we are just going to have to turn to and go into the editorial board, and go into the radio call-in show and townhall meeteings and tell it like it is when they do something that is absolutely totally phony as was when we passed the debt limitation extension and then adjourned without ever seeing whether the other body would act. We are going to have to acquire the skill to get that message across, that when you hear from the Democratic Campaign Committee, what you are hearing is that fantasyland from fantasy city.

The third thing is we have to recognize that there are some interest groups in Washington who have, over the years, hired very liberal staffers, who are far to the left of the people back home who pay dues to those interest groups. I am frankly taking the position that I am very willing to go back to my district and to have those interest groups bring their executive director in and talk about what is in the interest of the people of my district, because I will tell you flatly, as far as I am concerned, we have an obligation, as Barber Conable, a former Member from New York used to say, to represent the general interest.

We have an obligation, it seems to me, to stand up and say to every citizen in our district that I am not willing to sell America out just because I am scared of you. If you want to elect somebody who is afraid, and elect somebody up here who votes from fear, get somebody new because America is not going to survive as a free country or a great Nation if our politicians are afraid.

Mr. MONSON. Will the gentleman yield?

Mr. GINGRICH. I am glad to yield to the gentleman from Utah.

Mr. MONSON. I appreciate the gentleman yielding again. I just want to make a couple of more points.

The point the gentleman raised about the debt that will be incurred on people in this country, the children of this country, the $10,000, $15,000, $20,000 possibility, that is going to be just paying the interest, and that is not paying the principal. That is going to pay the interest on the debt and we will not even make a dent in the principal amount.

Mr. GINGRICH. If I may correct you, I think the amount we have been talking about, which is $1,600 per family increased debt, is literally just the amount that we have added with this one vote today, just for the next 30 days.

Mr. MONSON. I recognize that.

Mr. WALKER. If the gentleman will yield to me, the interest payments on that right now, the Federal Government is borrowing money at about 7 percent, so it would be about 7 percent of that $1,600 is actually going to come out of the pockets of the families on a regular basis.

Mr. GINGRICH. That is about $112 a year that they will pay every year from now on in interest.

Mr. MONSON. If the gentleman will continue to yield on that, what I am saying is, if we continue at the rate we are, $15,000, $20,000 is going to be the

interest rate annually that our children are going to owe this country.

Second, before I came to Congress, I watched many times votes taken similar to the one we took today extending the debt without ever dealing with it in a way that would solve this problem once and for all. We just continue merrily along our way passing these debt extensions, and we never do anything to solve it. Every time, just about, we have left with the promise that something is going to happen that will get us there. But when it comes right down to it, we never do it.

That is another reason I voted against it today. We cannot continue to go on like this. We have got to put the brakes on, and the Gramm-Mack proposal does that. We need to add a balanced budget amendment, in my belief, to make it more secure, and then I think we have accomplished something.

As I say, it has been tried in States similar to mine with similar proposals. I think it will work. But we will not ever know unless we try it.

Mr. GINGRICH. If I might comment briefly, first of all, the gentleman is right. There is almost a next-time mentality: next time we will somehow solve it, next time we will really solve it. I think this is our third or fourth run-up against the next-time opportunity. And I have to say to you that I am looking forward to seeing what gimmicks they come up with so that on Friday the 13th of December, there is another next time.

Mr. MACK. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I will be glad to yield to the gentleman from Florida.

Mr. MACK. Mr. Speaker, I am not sure what the end result of the extension that was passed in the House will really be, and I am not sure that anyone who voted for it knows the answer. I am not even sure that the committee that put it together knows the answer.

Let me just raise a couple of questions. The amount of money that we approved or that was approved today was $80 billion, is that right?

Mr. WALKER. That is correct.

Mr. MACK. If I understand it, the target that has been established by the Democratic party for the deficit for 1986 is $161 billion for this year. Is that correct?

Mr. GINGRICH. That is correct.

Mr. MACK. We were told that what we were voting on today was a 30-dlay extension—correct?

OK. Now it seems to me if you pass a debt extension of $80 billion, what you have really done is you have passed a 6-month extension.

Mr. GINGRICH. Not the way we spend money.

Mr. MACK. That is a good response, but let me take you back to the mathmatical position. That $161 billion is supposed to be the deficit for the year, and we approved the $80 billion addition to the debt, which seems pretty straightforward to me that that is 6 months' worth of borrowing.

But the point I am trying to raise is that I do not think that December 13th is really a deadline. I think everyone has been fooled once again.

Mr. GINGRICH. Can I make a point to the gentleman? I do not want to offend him because he is a very dear friend. The gentleman happens to have been a banker. When you came to this building, you actually behaved as though numbers mattered, and actually read what the numbers were.

Now this is a building dominated by lawyers, and lawyers basically say to their staff, "What do I need?" And the staff writes in the numbers, and the lawyers make the fancy speeches that the gentleman from Utah is referring to that surround the numbers because the rules of the game of this building are that liberals say whatever it takes to get reelected, and vote for whatever it takes to pay to get their coalitions together to make sure that they get reelected with whatever they are saying, and that is the lawyer's game, you see. You have a problem as a man who has dealt with people's money and is concerned about their checking accounts, and has tried to make sure their savings account was actually good, who tried to loan money out that you are going to get back in. You are actually looking at the numbers that are involved in the U.S. Government.

Let me tell you, there is not a single liberal Democrat who seriously pays any attention to the numbers, because they figure there are just two versions: a whole lot more and somewhat more. And they know that in 30 days, they are going to come here for a debt limit that is probably a whole lot more, or they may come in for a debt limit that is somewhat more. It is the same thing we do with continuing resolutions. We get two sizes of continuing resolutions, we get the real big continuing resolution and the pretty big continuing resolution. The kinds of politicians running the liberal Democratic party could not care less what the actual numbers are.

I have to say to the gentleman that I know that it is puzzling to him, and I know that it seems strange when you are used to dealing in real numbers with people who live real lives outside of this city. But in this building, whatever set of fancified numbers of staff figures out yesterday, they will do until tomorrow, and then tomorrow you get the staff to work up a new set. It is an absolute tragic ripoff of the American people the way we mishandle this Government.

Mr. MACK. If I may, I realize, and I guess the message is——

Mr. GINGRICH. If you are going to insist on being clear one more time, go ahead.

Mr. MACK. I guess the message you have been giving me is that I have been duped once again.

Mr. GINGRICH. You are actually trying to do your job and you do not understand. That is not the purpose. The role you are supposed to play here is to sort of relax, and recognize when the time comes we are going to do exactly as the gentleman from Utah said, we are going to say, oh well, we will solve it next time.

Mr. MACK. If I could, the point I am trying to make is I am not sure that December 13 really is the next time. And again, let me expand a little bit further about the $80 billion figure in this way: I asked the question today about whether if we took some of that $80 billion and reinvested those dollars back into the Social Security Trust Fund, and the answer that I got was, yes, some of those dollars are going to go back into the Social Security Trust Fund. Then I ask the question whether part of the $80 billion could be used to pay off the debt incurred by the Federal Financing Bank. If you remember, the Federal Financing Bank was the bank that was used when we thought we had the first deadline, and we all of a sudden found out there was this magical opportunity to get out from under the problem by using the $15 billion credit line that the Federal Financing Bank had. And the answer from the gentleman from Missouri, I believe, was that he was not aware that there was any restriction to keep that $15 billion from being paid off.

The point I am raising there is if you pay off the $15 billion of the Federal financing credit line, that means you can come back in and use it at some later date.

The whole point I am trying to get to, and I will be quiet for a moment, is on December 13, I would not be real surprised to hear someone say, guess what, we have just discovered that we can use the Federal Financing Bank again, and therefore, we really do not have a problem. And that will get us to somewhere around January 1.

Then on January 1, probably we are not going to be here, and so what is going to happen? The Secretary of the Treasury is going to say once again, gee, I have no choice. You see, if I do not use the money that was reinvested back into the Social Security Trust Funds, those checks will not get paid and I am sure that you do not want that to happen.

So what appears to be on the surface, and I understand the remarks that I expect real numbers to mean real situations, that we are going to find ourselves well into January before there is the opportunity once again to come up with another extension.

Mr. GINGRICH. If I can build on that just for a second, let me just say to my friend that it is conceivable if the Treasury bureaucrats really work hard at it that they will be able to find not only ways to do what you suggested, but for example, that they could sell the gold supply. There is $90 billion in gold which the U.S. Government owns which they could use to produce additional cash. And it is very interesting, and I think this is a point that I would hope the gentleman from Utah would feel free to make when he goes back home also, the temporary debt extension that we passed today does not include a prohibition against selling Social Security bonds.

Now the gentleman from Texas [Mr. ARCHER] has a bill in the House which I am cosponsoring which specifically provides not only for restituting all of the funds back to Social Security, but would specifically prohibit the Secretary of the Treasury from doing that again.

It is very interesting that after all of the screaming and yelling on the liberal Democratic side, nobody put in that debt limit today a prohibition against going back and doing precisely what the gentleman from Florida is suggesting.

Mr. WALKER. If the gentleman will yield, when that point came up on the floor, they said, well, that is another bill and we are going to take care of that. Maybe when we take care of Gramm-Mack, we will take care of that, and certainly that provision will be built in there. In other words, it is one more chance at that point to raise the Social Security issue in some other way, one more chance at phony numbers coming to the floor with some Social Security tied to it.

I think that it is clear that that is what they are attempting to do, and I thank the gentleman for yielding.

Mr. MONSON. If the gentleman will continue to yield further, I appreciate all that has been said here today. The gentleman from Florida made a good point, and the gentleman from Georgia about wanting to look at the numbers. As a CPA, I have found it very difficult to look at the numbers here because there are not very good numbers to look at. So if the gentleman from Florida has found a better way to do it, then I would certainly like to be educated by him in that.

□ 1720

Aside from that, I think the main point I wanted to make as I came over here to join in——

Mr. GINGRICH. I want to just break in for a second and make the point, for those who are interested in this dialog that none of the four of us are attorneys, and that is a very important underlying factor, I think, in how we approach this.

Mr. MONSON. Will the gentleman yield further?

Mr. GINGRICH. I will be glad to yield.

Mr. MONSON. The main point I wanted to make, Mr. Speaker, was that, and I made this point partially earlier; as I go home the people say they want something to happen. Once again, we have said we are going to wait. "We are going to wait, see what happens, we'll deal with it later."

I think it is time we started doing what the people who elected us want us to do and whether it is Republican or Democrat, they are telling me that they want to see a balanced budget; they want to see deficits eliminated, and I think that it is time that we get on with that program.

Mr. WALKER. Will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman.

Mr. WALKER. To build on the point that the gentleman from Utah [Mr. MONSON] has just made, what would the gentleman suppose would be the response of the American people if you asked them about last week's vote, whether or not they felt that the taxes or the debt burden on the American people should be raised by another $340 per family with no guarantee we were going to do anything to control debt attached to the proposal.

What do you suppose the American people would say to a question asking them whether or not Congress should do that?

Mr. GINGRICH. My guess is that overwhelmingly the American people would rather have a fight and get it over with and start cleaning up the spending.

Mr. WALKER. If the gentleman will yield further, if we ask them about today's vote, whether or not the debt burden on the American people should be increased by $1,600, with no guarantee that we were going to do anything to control deficits in the future, what do you suppose the response of the American people would be to that?

Mr. GINGRICH. I think they would very strongly like us to act now to control spending, because the American people are a little bit jaded by the frequency with which politicians say to them, "Oh, next time, we'll take care of it. Trust us a little while longer."

Mr. WALKER. If the gentleman will yield further, my guess is that he would probably get 80 to 90 percent of the American people that would say that rather than piling debt on me, do something to get your house in order.

I think they would also say that the time has come. "You guys have been talking about this Gramm-Rudman proposal. The time has come to do something about it; quit talking about it; quit breaking up into little meetings; quit demagoging it and so on, do something. You have now had 4 or 5 weeks, and surely in 4 or 5 weeks you can understand what it is you are going to do," and that by 80 or 90 percent of the American people, they would be willing to have us move ahead in that regard.

The point being that the gentleman from Utah [Mr. MONSON] is absolutely right. The American people are very clear in what they want. They have said not just in the last few weeks, they have said now for years they want something done toward a balanced budget. This is an opportunity, that we have got to move in that direction; and yet we are trying to find ways in this town to avoid that particular issue. We have tried to avoid the balanced budget amendment in the Constitution now for years, and we are back to the same old game.

With regard to raising the debt ceiling, I would guess that on nearly any way you pose the question to the American people about raising the debt limit of this country without doing something to control spending and control future deficits, the American people would be against it and yet we are proceeding ahead to try to find vehicles to raise the debt despite the wishes of the American people.

I think that it is high time that we do begin to listen to the folks at home who are sending a very clear message here. The only problem is that too many people in this place do not want to listen.

Mr. DORGAN of North Dakota. Will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman.

Mr. DORGAN of North Dakota. I thank the gentleman for yielding to me. I an wondering, since we are talking about Gramm-Rudman and Federal deficits, and since all of us share the same goal but a substantially different vision of how we reach that goal, do you gentlemen, and particularly the gentleman from George [Mr. GINGRICH] who is in the well, agree with what I have heard the President say about Gramm-Rudman, that we should go ahead and pass Gramm-Rudman; we will move toward a balanced budget, but he will still get his increases in defense in the two outyears.

Mr. GINGRICH. Reclaiming my time, in my judgment, whether we pass Gramm-Rudman or not, the President is not going to get his increases in defense in the outyears unless the Russians do something as insane as invade Pakistan.

Mr. DORGAN of North Dakota. If the gentleman will yield further, as I understand it, just this morning the President reiterated to a group of Members of Congress at the White House that he fully expected that within Gramm-Rudman he was going

to get his increases in defense spending in two of the three years.

Mr. GINGRICH. Yes.

Mr. DORGAN of North Dakota. If that is the President's view of Gramm-Rudman, is that a different view of Gramm-Rudman than yours?

Mr. GINGRICH. If that is the President's view of Gramm-Rudman, I would say it is a sign of how much he must have been studying for Gorbachev in Geneva.

Mr. DORGAN of North Dakota. And not studying Gramm-Rudman?

Mr. GINGRICH. I think that is correct.

Mr. MACK. If the gentleman will yield to me, if I could build on that. There are different aspects of the proposal. One of the aspects allows, as the gentleman knows, I am sure, that both the President and the House and the Senate have the opportunity under the proposal to offer their own budgets.

The President clearly, I think, is saying that he intends to offer a budget that includes the 033 in it. That is not precluded, as far as the Gramm-Rudman proposal is concerned.

Mr. DORGAN of North Dakota. If the gentleman will yield, no, it seems to me you have got to have been playing with coloring books rather than reading real books if you really believe that we can pass Gramm-Rudman, have no additional revenues, and have increases in defense spending. That is patently absurd.

Mr. GINGRICH. Reclaiming my time, Mr. Speaker, let me commend the gentleman from North Dakota, because I happen to think the gentleman is putting his finger on one of the major weaknesses of where we are at right now; that the Secretary of Defense and his team in the Pentagon right now ought to be looking at a 5-year plan that takes a projected Gramm-Rudman level of expenditure, and ought to be asking themselves the question: What do you have to ask the Congress to do? Do you have to go to multiyear procurement to bring down the cost of tanks and airplanes? Do you have to close some bases? What do you have to do to give America the defense it needs for a reasonable dollar?

I will tell the gentleman, I have been looking at Churchill, in the fifties; when he was Prime Minister he cut defense spending in Britain because as a conservative, he was worried about the British economy. You go back and you look at Eisenhower; he was very tough on the Pentagon, because as a President who had both been a general and understood the importance of the economy and was opposed to raising taxes, he was concerned about spending.

I think it is not illegitimate for you to say that there has been a certain amount of disingenuousness at times and interpretations.

Mr. DORGAN of North Dakota. If the gentleman will yield further, let me say this: If in the determination of the best minds in this country we feel that we need $50 billion, $80 billion more in defense spending in the next 3 or 4 years, do you believe as I believe that we ought to, if we embark on that kind of additional spending for defense, ask the American people to pay $50 to $80 billion in additional taxes?

It seems to me that one of our difficulties is, we say we want this increase in spending, whether it be the domestic side or the military side, and incidentally, the biggest increases in the last 5 years have come on the military side; we say we want that spending but we do not have the guts to tell you that you are going to have to pay for it. We are going to charge it someplace.

Mr. GINGRICH. Yes.

Mr. DORGAN of North Dakota. I understand what the gentleman says about Congress; you bet, we are not very responsible down here. Unfortunately, our greatest irresponsibility in my judgment is that we follow the leadership. If the President says, "I want a big deficit" we say, "Oh, OK. We'll give you a big deficit; we'll quibble a few billion on either side"—last year we gave him pretty much what he wanted, this year we gave him pretty much what he wanted. We both; they, the White House and the Congress cooked the numbers both times.

We have been guilty of following that kind of leadership, and it has led us in the wrong direction.

Mr. GINGRICH. Reclaiming my time, I think it is fair to say on a bipartisan basis, and we were talking about this before the gentleman came into the Chamber; that there is a "next time" phenomenon in this city that sort of wishes away whatever it does not want to deal with.

Part of the reason we got together this afternoon to talk about this is that I think, as I understand it, and the gentleman from Florida [Mr. MACK] may want to clarify it since he helped develop it; that the Gramm-Mack proposal is very explicit in how it would deal with the failure by the President and the Congress to reach an agreement.

I am not willing to vote for Gramm-Mack as reinterpreted by Weinberger, or Gramm-Mack as reinterpreted by anybody else. I am willing to vote for Gramm-Mack as it is written, and I think that is a pretty tough document, with whatever technical modifications are currently in the works; that something like that is a very tough formulation that says: "If you guys can't get your act together, the House, the other body, the President, then here is a system—which is not a fancy system; it is not a pretty system; it is not what we could probably invent if we could all get just the five of us together—but here is a system that, by George, drives us toward a balanced budget."

Would you just comment on that?

Mr. MACK. Well, very simply, the point is that it does not protect defense. It was never designed to protect defense; the defense numbers are left in there; it is something that will get at defense.

In fact, Mr. Speaker, I think the lowest estimate that anybody has made is that a sequester of roughly $20 to $25 billion would see that the Defense Department actually has, minimum, 45 percent of the dollars that would be reduced would come out of defense.

I do not think that that is a system that has been designed, then, to protect the defense expenditure.

Mr. GINGRICH. Let me just ask the gentleman one question. As we had talked earlier, and the gentleman represents a very important farming State and one which has experienced all of the pain of the agricultural crisis.

We were commenting on the fact, Mr. Speaker, that if we were to adopt and the country were to believe it was real; if we really passed a bill and the President signed it; a clear 5-year tract to a balanced budget, that chairman Volker of the Federal Reserve Board had said at one point that, for about every $50 billion in deficit shrinkage he thinks there is a 1 percentage point drop as sort of a rule of thumb.

Would that not in fact be a pretty dramatic improvement over a 5-year period in the economic future of family farms in North Dakota and in the whole Wheat Belt?

Mr. DORGAN of North Dakota. If the gentleman will yield to me, there is no question that if we were serious about really solving this deficit problem, and passed some formula or some approach that moved in that direction, it would help in interest rates; it would help my constituents and yours.

The question that I have, and I think the place where we differ is not on goal, it is on method. We spend, on budget authority now, about $300 billion on defense, $200 billion on Social Security, $145 billion interest on the debt. Add that up, that is nearly $650 billion.

□ 1730

You have another $80 billion on Medicare, so you are at about $730 billion. Now, those are the big parts. Now, where are you going to cut in those areas? Do you believe $300 billion is too much for defense? If so, how much should we reduce it? How about Medicare?

When we finally come to the issue of where we solve this problem, where do

we make the cuts, where do you come down on those issues?

Mr. GINGRICH. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I think we always get into that kind of argument. The point is, the gentleman talked a few minutes ago about whether or not if we decided the priority was to raise defense spending by $50 to $80 billion, whether we should not raise taxes. The fact is, growth is producing increases in revenues. Over the next 5 years, if we grow at anywhere close to the rate we grew in the past year, we are going to have $300 to $400 billion worth of additional revenue coming in to the Federal Government. The question that we have got in order to meet the demands of Gramm-Mack is, are we going to prioritize that additional revenue coming in? We do not have to cut Social Security, we do not have to cut Medicare, we do not have to cut defense. What we have to do is begin a reallocation of it. We have to take where we are right now, begin to freeze some things at that level, but also then reallocating expenses.

I happen to think that defense is an important priority. You can, in fact, go find in new growth revenues some room to allocate some additional money to defense.

I also agree with the gentleman from Georgia. We can massively reform defense in order to get at some of that money. We can massively reform some things in Social Security. Your party comes out here and talks about defense all the time and treats Social Security as though there are no reforms there. Yet there are millionaires who are getting very, very large payments from Social Security every month. Now, is that right? We hear complaints about the tax system in this House, about the fact that millionaires get tax breaks. Yet we pay out in Social Security benefits billions of dollars every year to people who have very, very high incomes. And we do not do anything about reforming that system.

I thank the gentleman for yielding.

Mr. GINGRICH. I want to follow up on a point, and that is, my position, I guess, is one of very severe reform. I would say to you, yes, if we are spending $300 billion a year in defense approximately this year, and that means over the next 5 years, and I think you could hold it fairly close to even, but over the next 5 years we could say to the Pentagon, "You are going to spend $1,500,000,000,000, no increase." If they come back and say they cannot defend the country for $1,500,000,000,000, I would get a new team.

Take Medicare, if we had 5 years at a flat $80 billion a year and we said to this country: "Can we take care of our parents, our grandparents, and sick Americans for $400 billion?" and we cannot find an answer, then we need a whole new lot of hospital directors, we need a whole new lot of medical societies. I think the fact is that our generation is in a crisis. We are either going to turn to the country at large and get everybody involved in solving this crisis or we are all going to resemble North Dakota farmers.

Mr. DORGAN of North Dakota. If the gentleman will yield, I respect your opinions here, but the difficulty is, if we really believe that we are going to grow our way out of this mess on the revenue side, then we are going to be here 5 years from now wondering what we are going to do about the deficit.

Now, let me say this, if the gentleman will let me finish my statement: We now collect revenues at about 19 percent of GNP. That has been fairly constant as a percent of GNP.

For years we have been hearing this growth stuff. That is wishbone economics. It is not going to happen. We are not going to close the gap between revenues and spending simply by wishing for growth. What I am asking is, on the spending side, where are we going to make those cuts to come down off the 24 percent? Because I assume the gentleman does not believe we are going to get 24 percent in revenues.

Mr. GINGRICH. The gentleman is not hearing me.

I yield to the gentleman from Pennsylvania.

Mr. WALKER. The evidence is there. The liberals in this body want to ignore it, but last year revenues into this Government grew by 10.1 percent. That is $65 billion to $75 billion of new revenues we collected. The problem was not that we did not have new revenues coming in, the fact is, we were spending it more.

We spent at a rate of 11.4 percent. We increased spending. If, in fact, we had held spending relatively constant, we would have had growth revenues.

You cannot get growth revenues if you spend it away plus some. That is the point. It is the spending machine that is out of order, not the revenue machine. There is growth revenue coming in to the Federal Government, except that we are spending it away.

Mr. GINGRICH. I would say to the gentleman first of all I would accept cuts, if necessary, including defense; I would accept cuts in domestic discretionary; I would accept looking at every part of Medicare. Yes, I think this country is in a real long-term crisis, and we are not going to solve it by playing games. But I do think the gentleman ought to look at the fact that if you simply held even for 5 years in growth spending, and assume you had economic growth, and assume that interest rates came down, which I think is the other component, because interest rates, as you point out, is the third highest expenditure in the budget; the effect of that would be that you would have grown into the balance by curtailing spending.

Mr. DORGAN of North Dakota. What I am saying is very precise. What I am saying is that spending has risen to 24 percent of GNP, revenue has stayed constant at about 19 percent. That 5 percent gap represents the deficit. The President says, "I expect to see an increase in spending in the biggest part of the Federal budget." That is what he says.

Mr. GINGRICH. But he is not going to get it, he is not going to get it.

Now, I will say to the gentleman, I think you will agree with this: If the four of us, given our position in the Republican Party and our value system, the degree to which we are conservatives, if we say to you that we do not think the President is going to get a big increase in defense, I think the gentleman will agree that there "ain't" much of a base in the House for an increase in defense.

Mr. DORGAN of North Dakota. With due respect to my friend, let me say that you are not leading. The President is the leader in this town. The leadership that comes from the President is critical in determining whether or not we reach our expectations in the Congress.

Mr. GINGRICH. Let me reclaim my time.

Now, come on, the gentleman knows full well under the Constitution, if the House does not approve it, it cannot be spent. He can make speeches all year; if we do not vote through the money, he cannot spend it.

Mr. DORGAN of North Dakota. With due respect, the gentleman understands there are three steps in that process. First, it is recommended by the President; second, it is appropriated by the Congress; and third, it is either signed or vetoed by the President. Please do not suggest that only the dollars that originate here or in an appropriation bill is the only way that those dollars get spent. The President is an active part of that process. I am saying without his leadership we will not solve that problem. That is all I am trying to say.

Mr. GINGRICH. I yield to the gentleman.

Mr. WALKER. If the gentleman is correct, then, it seems to me that we should have enacted a 13-percent increase in defense because that is what the President asked for originally in the budget this year. The fact is, we came out with zero. The fact is, we did not lower spending in the Federal Government. The gentleman is precisely correct in what he said before, that Congress shifts around the numbers. So we took all of the savings that we made in defense that we have been hearing so much about out here, and

we transferred them off to other spending programs. But the President's original proposal up here was a 13-percent increase in defense this year. He did not get it. He is not going to get it next year either.

I thank the gentleman for yielding.

Mr. MACK. If the gentleman will yield, I think it is only fair, because I think the response you have gotten from us ought to be pretty clear about our position as to defense spending. If the gentleman is really interested in that, he can go back and take a look at the voting record. He will find that at least in this gentleman's case he put his vote where his mouth is. OK?

The second point I would like to raise with the gentleman is, it is clear defense is not the only area where we spend money. I would challenge you, as you challenged us, to get your party to find ways to reform Social Security. As the gentleman has indicated, and let me finish now, the second thing I would say is, were you willing to make the tough votes to cut out some of the programs that were proposed to be cut out?

Mr. DORGAN of North Dakota. Is that a question?

Mr. MACK. That is a question.

Mr. DORGAN of North Dakota. Let me respond, because the gentleman says, "Let's reform Social Security." I say if you reform Social Security, are you going to take dedicated Social Security tax revenue and use it to build more MX's and XM1 tanks? because that is the proposal. I say this: If you get additional revenue from Social Security, you cannot use it someplace else because it is a dedicated revenue. The President was right about that.

Mr. MACK. You are the one who said that. We never said that.

Mr. DORGAN of North Dakota. The gentleman from Pennsylvania talked about getting money from Social Security.

Mr. WALKER. No; if the gentleman would yield to me, what I would suggest is, we could save big money in Social Security if we had a flat and fair COLA. Instead of giving 3 percent to people who are getting $2,000 a month out of Social Security and giving the same 3 percent to somebody who is getting $300 a month, we should have a flat and fair COLA. That would be a way of dealing with millionaires at one end of the scale and dealing with people at the other end, low-income people, and also saving billions of dollars. That would be a reasonable proposal. I have not heard anybody on your side suggest you are willing to go to a flat and fair COLA in Social Security. That is the kind of reform that I am talking about.

Mr. DORGAN of North Dakota. Does the gentleman agree with President Reagan that that would do nothing for the deficit if you make those changes? Because the Social Security money comes from a dedicated tax that cannot be used for anything else, and in fact should be outside of the unified budget, in any event.

Mr. WALKER. If the gentleman will yield to me, it was the Democratic Party back in 1967 that included the budget in Social Security.

Mr. DORGAN of North Dakota. Nineteen sixty-nine.

Mr. WALKER. No, it was not. Well, it was proposed in 1967, went into effect in 1968, and it was done in order to try to jiggle around the budget for Vietnam war purposes. We are in the process right now of phasing it back out of the general revenue budget. So that is, in fact, the case.

What I am saying to you is, as long as you want to use the figures, you used the Social Security figures first in comparison with defense; I am simply saying to you that there are reforms in Social Security that could also be made that would ultimately shore up the Social Security system pretty well and would serve the taxpayers of this country very well.

Mr. GINGRICH. Let me say in closing I think all five of us, on a bipartisan basis, have proven that had we been forced to stay here, there is the potential to in fact pass some kind of fundamental spending cut pattern and to begin to move toward a balanced budget. I think the five of us proved on a bipartisan basis that if we had been forced to do it we probably could have done it.

I thank the Speaker.

OVERVALUED DOLLAR AND ITS HARMFUL CONSEQUENCES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas [Mr. ALEXANDER] is recognized for 30 minutes.

Mr. ALEXANDER. Mr. Speaker, today I had the privilege of addressing the Congressional Summit on Exchange Rates and the Dollar at the National Academy of Sciences. I congratulate the participants at the conference for demonstrating that the overvalued U.S. dollar has been recognized at long last as a serious threat to the economic well-being of the United States and the world.

We can no longer ignore the problem of the dollar. The overvalued dollar has four harmful consequences:

First, it raises a barrier to the export of U.S. products;

Second, it subsidizes the import of foreign products;

Third, it destroys American jobs, American businesses and American industries; and

Fourth, it destabilizes the governments and economies of debt-ridden Third World countries.

There are three courses of action we can take to solve the dollar problem. The first is protection. We can erect trade barriers to keep foreign goods out of U.S. markets. However, protection is no real solution. The lesson of the 1920's and 1930's, is that high tariffs create conflict among nations that hurt all of us and leave the underlying problems unresolved. Moreover, history shows us that nations make more progress through trade rather than through conflict.

The second is intervention. We can intervene in the international currency markets to bring down the dollar to a level where it is competitive with other currencies. However, intervention is only a limited tool. The actions of one country have only short-term results. Moreover, as with protection, it does not solve the underlying causes of the dollar's problem.

The third course is an international agreement. This is where we must focus our efforts. The major contribution of the congressional summit has been to demonstrate the necessity of this approach. If all the nations of the world are to trade with each other, as they must, then monetary stability is required. This can only be achieved through an international accord that stabilizes the exchange rates of world currencies and restores a sense of certainty that is required for long-term, broad-based economic expansion.

Reaching an agreement is easier said than done. A vehicle is required that moves the United States and the world's other trading nations toward an accord. I want to take the opportunity to suggest a mechanism to move in the direction of an accord.

The idea is for the world's nations to establish currency valuation boards to address the question of the real value of each of the nation's currency. This is one way for all of the nations to deal with the critical problem of monetary stability.

As a first step, I suggest that the United States establish its own Dollar Valuation Board to work with the Federal Reserve to ascertain the "real" value of the dollar. In doing this, the underlying competitiveness of the U.S. economy must be considered.

The establishment of the Dollar Valuation Board would be the first step in achieving an international agreement or treaty to mutually determine the relative real value of each participating nation's currency and thus avoid radical and unreasonable shifts in any currency's value.

The Board would serve three major functions:

First, it would be responsible for determining daily the "real" value of the dollar with respect to the other trading nations. These findings would be released to the President, Congress, the Treasury Department, the Federal Reserve Board, the International Monetary fund, and the general public.

Second, in addition, it would make recommendations for short-term and long-term monetary policy that would encourage the realignment of the dollar to fall within the target zone. These recommendations would be presented to the President, Congress, the Federal Reserve Board, and other relevant Government agencies.

Third, it would also present an agenda to the President for international economic conferences so that the United States can work with our trading partners to establish realistic currency values. Included in this agenda should be the recommendation to each trading partner, starting with the G–5 countries, to establish their own currency valuation boards to assist their central banks. The cooperation of these boards would constitute an integral part of an international effort to achieve and maintain currencies of trading nations within target zones that represented their true competitive values.

This is one approach to dealing with the problem of the overvalued dollar. I welcome other proposals. This is the only way that we can assure the debate that will allow us to resolve the dollar problem and achieve the monetary stability required for the healthy United States and world economy.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. McKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

Mr. CAMPBELL (at the request of Mr. MICHEL), for today until 12:30 p.m., on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mrs. VUCANOVICH) to revise and extend their remarks and include extraneous material:)

Mr. HARTNETT, for 5 minutes, today.

Mr. LUNGREN, for 60 minutes, November 19.

Mr. LUNGREN, for 60 minutes, November 21.

Mr. LUNGREN, for 60 minutes, November 22.

Mrs. BENTLEY, for 10 minutes, November 20.

Mr. GINGRICH, for 60 minutes, today.

(The following Members (at the request of Mr. DONNELLY) to revise and extend their remarks and include extraneous material:)

Mr. BROOKS, for 5 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. BONKER, for 5 minutes, today.

Mr. ALEXANDER, for 30 minutes, November 14.

Mr. DONNELLY, for 30 minutes, November 14.

(The following Member (at the request of Mr. SKELTON) to revise and extend his remarks and include extraneous material:)

Mr. ALEXANDER, for 30 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. PASHAYAN, prior to the vote on H.R. 3038, today.

Mr. BONKER, prior to the vote on H.R. 6, in the Committee of the Whole, today.

Mr. SLATTERY, prior to the vote on H.R. 6, in the Committee of the Whole, today.

Mr. FOLEY of Washington, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,188.75.

(The following Members (at the request of Mrs. VUCANOVICH) and to include extraneous matter:)

Mr. RITTER.

Mr. MOORHEAD.

Mr. LIGHTFOOT.

Mr. HENRY.

Mr. WORTLEY in two instances.

Mrs. BENTLEY.

Mr. VANDER JAGT in three instances.

Mr. DANNEMEYER.

Mr. GINGRICH.

Mr. WEBER in two instances.

Mr. GILMAN in two instances.

Mr. COURTER in two instances.

(The following Members (at the request of Mr. DONNELLY) and to include extraneous matter:)

Mr. HOYER in two instances.

Mr. LEVINE of California.

Mr. FASCELL.

Mr. APPLEGATE.

Mr. MORRISON of Connecticut in two instances.

Mr. MOAKLEY in two instances.

Mr. STOKES in two instances.

Mr. RAHALL.

Mr. EDWARDS of California.

Mr. STARK.

Mr. PANETTA in two instances.

Mr. COELHO.

Mr. MATSUI.

Mr. MURTHA.

Mr. SMITH of Florida in two instances.

Mr. FASCELL in three instances.

Mr. DYMALLY.

Mr. GARCIA.

Mr. WOLPE.

Mr. MILLER of California.

Mr. LEHMAN of Florida.

Mr. SOLARZ.

Mr. DYSON in two instances.

SENATE CONCURRENT RESOLUTIONS REFERRED

Concurrent resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 80. Concurrent resolution to authorize the printing of 2,000 additional copies of the committee print of the Committee on Armed Services (99th Congress, 1st session) entitled "Defense Organization: The Need for Change"; to the Committee on House Administration.

S. Con. Res. 84. Concurrent resolution to authorize the temporary placement of a bust of the late Dr. Martin Luther King, Jr., in the rotunda of the Capitol for dedication ceremonies, and for other purposes; to the committee on House Administration.

S. Con. Res. 85. Concurrent resolution to authorize the compilation and printing of the bicentennial edition of the biographical directory of the United States Congress, to the Committe on House Administration.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3036. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1986, and for other purposes, and

H.J. Res. 441. Joint resolution making further continuing appropriations for the fiscal year 1986.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 228. Joint resolution relating to the proposed sales of arms to Jordan.

BILL PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following day present to the President, for his approval, a bill of the House of the following title:

On November 12, 1985:

H.R. 1210. An act to authorize appropriations to the National Science Foundation for the fiscal year 1986, and for other purposes.

ADJOURNMENT

Mr. LEVIN of Michigan. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p.m.), the House adjourned until tomorrow, Thursday, November 14, 1985, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2248. A communication from the Director, Office of Management and Budget, transmitting a cumulative report on rescissions

and deferrals of budget authority, pursuant to 2 U.S.C. 685(e) (H. Doc. No. 99-126); to the Committee on Appropriations and ordered to be printed.

2249. A letter from the Secretary of Education, transmitting a draft of proposed legislation to improve the educational achievement of educationally deprived children by expanding opportunities for their parents to choose schools that best meet their needs, to foster diversity and competition among school programs for educationally deprived children, to increase private sector involvement in providing educational programs for educationally deprived children, and for other purposes; to the Committee on Education and Labor.

2250. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notice of a proposed license for the export and production of defense articles and defense services to Egypt valued at $50 million or more, pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

2251. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting the report of political contributions for Rockwell A. Schnabel, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Finland, pursuant to 22 U.S.C. 3944(b)(2); to the Committee on Foreign Affairs.

2252. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting a list of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL. Committee on Interior and Insular Affairs. H.J. Res. 382. A resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project with an amendment (Rept. 99-370). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL. Committee on Interior and Insular Affairs. H.R. 3372. A bill to grant the consent of the Congress to the Northeast Interstate Low-Level Radioactive Waste Management Compact (Rept. 99-371, Pt. 1). Ordered to be printed.

Mr. DELLUMS. Committee on District of Columbia. H.R. 3718. A bill to waive the period of Congressional review for certain District of Columbia acts authorizing the issuance of revenue bonds (Rept. 99-372). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ROWLAND of Connecticut:

H.R. 3742. A bill to amend title 11 of the United States Code to make nondischargeable any debt arising from a judgment or consent decree requiring an individual debtor to make restitution as a result of the commission of a crime by the debtor; to the Committee on the Judiciary.

By Mr. BENNETT:

H.R. 3743. A bill to provide for the establishment by law of the goals for the National Defense Stockpile, and for other purposes; to the Committee on Armed Services.

By Mr. BIAGGI:

H.R. 3744. A bill to amend the Social Security Act to ensure the fiscal integrity of the Social Security Trust Funds; to the Committee on Ways and Means.

By Mr. COELHO:

H.R. 3745. A bill to delegate authority to the States to regulate and tax gambling activities on Indian reservations or trust land; to the Committee on Interior and Insular Affairs.

By Mr. DANNEMEYER:

H.R. 3746. A bill to amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes; to the Committee on Ways and Means.

By Mr. DASCHLE (for himself, Mr. EDGAR, Mr. MCEWEN, Mr. EVANS of Illinois, Ms. KAPTUR, Mr. BRYANT, Mr. FLORIO, and Mr. GRAY of Illinois):

H.R. 3747. A bill to amend chapter 30 of title 38, United States Code, to provide for educational assistance for apprenticeship or other onjob training under the All-Volunteer Force Educational Assistance Program; to the Committee on Veterans' Affairs.

By Mr. FRANK:

H.R. 3748. A bill to establish a sanitation occupational health and safety standard with respect to agricultural employees engaged in hand-labor operations in the field; to the Committee on Education and Labor.

By Mr. GARCIA (for himself, Mr. DE LA GARZA, Mr. GINGRICH, Mr. BARNES, Mr. GONZALEZ, Mr. MITCHELL, Mr. NEAL, Mr. TOWNS, and Mr. RANGEL):

H.R. 3749. A bill to amend the Internal Revenue Code of 1954 to allow deductions from gross income for contributions to education savings accounts; to the Committee on Ways and Means.

By Mr. GEJDENSON (for himself, Mr. MCCAIN, Mr. HUCKABY, Mr. DENNY SMITH, Mr. COELHO, Mr. WEAVER, Mr. SWIFT, Mr. THOMAS of California, Mr. UDALL, Mr. MURPHY, Mr. KOSTMAYER, Mr. VENTO, Mr. YOUNG of Alaska, Mr. SEIBERLING, Mr. MILLER of California, Mr. MARKEY, Mr. RICHARDSON, Mrs. VUCANOVICH, Mr. LAGOMARSINO, Mr. ANNUNZIO, Ms. OAKAR, Mr. JONES of Tennessee, Mr. ALEXANDER, and Mr. LEVINE of California):

H.R. 3750. A bill to amend the Act establishing the United States Holocaust Memorial Council; to the Committee on Interior and Insular Affairs.

By Mr. RANGEL:

H.R. 3751. A bill to amend the Federal Food, Drug, and Cosmetic Act to require that the label or labeling of a food state the specific common or usual name and the amount of each fat or oil contained in the food, the amount of saturated, polyunsaturated, and monounsaturated fats contained in the food, the amount of cholesterol contained in the food, and the amount of sodium and potassium contained in the food; to the Committee on Energy and Commerce.

By Mr. RICHARDSON:

H.R. 3752. A bill to establish a commission to regulate Indian gaming, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SHAW:

H.R. 3753. A bill to amend title 31, United States Code, to increase the liability of any person who violates section 3729 of such title (relating to false claims) to three times, rather than two times, the amount of damages the U.S. Government sustains as a result of such violation; to the Committee on the Judiciary.

By Mr. SWEENEY:

H.R. 3754. A bill to amend title 38, United States Code, to authorize the Veterans' Administration to reimburse eligible veterans for additional kinds of emergency health care provided in non-Veterans' Administration facilities; to the Committee on Veterans' Affairs.

By Mr. EDWARDS of California:

H.R. 3755. A bill to prohibit the incarceration of innocent children of persons held for deportation in a place separate from their parents or in places where criminals or juvenile delinquents are incarcerated; to the Committee on the Judiciary.

By Mr. GEKAS:

H.R. 3756. A bill to limit the civil liability of certain persons associated with nonprofit sports programs; to the Committee on the Judiciary.

By Mr. PANETTA:

H. Res. 320. Resolution providing for one additional position on the Capitol Police for duty under the House of Representatives; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII.

281. The SPEAKER presented a memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to nuclear arsenals; to the Committee on Foreign Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 44: Mr. PORTER.

H.R. 239: Mrs. VUCANOVICH.

H.R. 442: Mr. JACOBS.

H.R. 555: Mr. ROE, Mr. KOLTER, Mr. MOORE, Mr. LIGHTFOOT, Mr. SMITH of New Hampshire, Mr. MCCOLLUM, Mr. HENRY, Mr. BURTON of Indiana, Mr. KEMP, Mr. WOLF, and Mrs. SMITH of Nebraska.

H.R. 669: Ms. OAKAR, Mr. GILMAN, Mr. JENKINS, and Mr. FLIPPO.

H.R. 864: Mr. ROEMER.

H.R. 979: Mr. BUSTAMANTE and Mr. RIDGE.

H.R. 1197: Mr. FUSTER and Mr. EVANS of Illinois.

H.R. 1268: Mr. PRICE, Mrs. BENTLEY, and Mr. EDWARDS of Oklahoma.

H.R. 1272: Mr. ATKINS, Mr. HUTTO, and Mr. BIAGGI.

H.R. 1436: Mr. ENGLISH and Mr. JONES of North Carolina.

H.R. 1458: Mr. GUARINI and Mr. MANTON.

H.R. 1479: Mr. SUNIA and Mr. GONZALEZ.

H.R. 2189: Mr. GILMAN.

H.R. 2280: Mr. HOYER.

H.R. 2295: Mr. MCGRATH.

H.R. 2535: Mr. NIELSON of Utah, Mr. CLINGER, Mr. SUNIA, Mr. HAYES, Mr. PENNY,

Mrs. SCHNEIDER, Mrs. JOHNSON, and Mr. JEFFORDS.

H.R. 2582: Mr. HOWARD, Mr. DURBIN, Mr. TRAFICANT, and Mr. MATSUI.

H.R. 2741: Mr. ANDERSON, Mr. MCEWEN, and Mr. ADDABBO.

H.R. 2854: Mr. SAXTON.

H.R. 2897: Mr. SMITH of New Hampshire, Mr. YOUNG of Alaska, and Mr. SWINDALL.

H.R. 3041: Mr. JONES of Oklahoma, Mr. MACK, Mr. SYNAR, Mr. WHEAT, Mr. DWYER of New Jersey, Mr. EARLY, and Mr. BROOKS.

H.R. 3263: Mr. JEFFORDS and Mr. RICHARDSON.

H.R. 3305: Ms. KAPTUR and Ms. MIKULSKI.

H.R. 3371: Mr. NIELSON of Utah.

H.R. 3373: Ms. MIKULSKI, Mr. FAUNTROY, Mr. WEISS, and Mr. WEAVER.

H.R. 3436: Mr. BIAGGI, Mr. FISH, Mr. SUNIA, Mr. MINETA, and Mr. HYDE.

H.R. 3460: Mr. RUDD.

H.R. 3470: Mr. SMITH of New Hampshire, Mr. SWIFT, Mr. MCHUGH, Mr. MADIGAN, Mrs. VUCANOVICH, Mr. CARNEY, Mr. TALLON, Mr. OBERSTAR, Mr. DELLUMS, Mr. WORTLEY, Mr. ROWLAND of Connecticut, Mr. SCHULZE, Mr. HENDON, Mr. BONIOR of Michigan, Mr. MCEWEN, Mr. LELAND, Mr. MURPHY, Mr. SAXTON, Mr. ROBINSON, Mr. ANDERSON, Mr. HENRY, Mr. MORRISON of Washington, Mr. DIOGUARDI, and Mr. FORD of Michigan.

H.R. 3482: Mr. DYMALLY, Mr. FOGLIETTA, Mr. LELAND, Mr. DELLUMS, Mr. HAWKINS, Mr. ADDABBO, Mr. SAVAGE, Mr. CONYERS, Mrs. COLLINS, Mr. CROCKETT, Mr. RANGEL, Mr. BARNES, Mr. DIXON, Mr. OWENS, and Mr. ORTIZ.

H.R. 3502: Mr. WEISS, Mr. BEVILL, Ms. KAPTUR, Mr. MATSUI, and Mr. STAGGERS.

H.R. 3537: Mr. MORRISON of Connecticut, Mr. EDWARDS of California, Mr. STUDDS, and Ms. MIKULSKI.

H.R. 3564: Mr. MILLER of Washington, Mr. MAVROULES, Mr. NEAL, and Ms. SNOWE.

H.R. 3567: Mr. MCGRATH, Mr. MARTINEZ, Mr. BARNES, Mr. BIAGGI, Mr. DE LUGO, Mr. CONYERS, and Mr. BUSTAMANTE.

H.R. 3583: Mr. GINGRICH, Mr. CHAPMAN, Mr. DEWINE, Mr. EDWARDS of Oklahoma, and Mr. DARDEN.

H.R. 3626: Mr. NEAL.

H.R. 3630: Mr. ROE, Mr. FUSTER, Mr. SEIBERLING, Mr. WEISS, Mr. CONYERS, and Mr. BORSKI.

H.R. 3660: Mr. NOWAK, Mr. ANDERSON, Mr. SABO, Mr. RAHALL, Mr. KLECZKA, Mr. ST GERMAIN, Mr. SCHEUER, Mr. DASCHLE, Mr. BOEHLERT, Mr. COLEMAN of Texas, Mr. DELLUMS, Mr. CARR, Ms. KAPTUR, Mr. DOWNEY of New York, Mr. KOLTER, and Mr. MILLER of California.

H.R. 3661: Mr. BEVILL, Mr. BIAGGI, Mr. BROWN of California, Mr. DARDEN, Mr. FAZIO, Mr. LEVINE of California, Mr. MARKEY, Ms. MIKULSKI, Mr. MURPHY, Mr. SMITH of Florida, Mr. STALLINGS, Mr. TALLON, Mr. VALENTINE, Mr. WILSON, Mr. BLILEY, Mr. BURTON of Indiana, Mr. GINGRICH, Mr. LAGOMARSINO, Mr. MONSON, and Mr. PORTER.

H.R. 3667: Mr. CARPER.

H.R. 3688: Mr. SMITH of New Hampshire, Mr. MCMILLAN, Mr. RINALDO, Mr. LIGHTFOOT, Mrs. JOHNSON, Mr. GREGG, Mr. FAWELL, Mr. QUILLEN, Mr. MOORE, Mr. LAGOMARSINO, Mr. GRADISON, Mr. LOEFFLER, Mr. GALLO, Mr. STRANG, Mr. SCHUETTE, Mr. ARMEY, Mr. MONSON, Mr. MILLER of Washington, Mr. WORTLEY, Mr. VANDER JAGT, and Mr. SCHULZE.

H.R. 3706: Mr. RANGEL.

H.R. 3713: Mr. LEWIS of Florida.

H.J. Res. 49: Mr. SWEENEY.

H.J. Res. 94: Mr. KLECZKA, Mr. SUNDQUIST, and Mr. SOLOMON.

H.J. Res. 266: Mr. LAFALCE, Mr. CAMPBELL, Mr. GORDON, Ms. SNOWE, Mr. DUNCAN, Mr. COOPER, Mr. BEVILL, Mr. DASCHLE, Mr. PERKINS, Mr. ECKERT of New York, Mr. LEACH of Iowa, Mr. KOLTER, Mr. NEAL, Mr. DE LA GARZA, Mr. ROE, Mr. MATSUI, Mr. BORSKI, Mr. DORNAN of California, Mr. YATRON, Mr. EDGAR, Mr. MOORHEAD, Mr. HARTNETT, and Mr. KRAMER.

H.J. Res. 347: Mr. RALPH M. HALL, Mr. LANTOS, Mr. LEACH of Iowa, Mr. DYMALLY, Mr. LUKEN, Mr. LOWRY of Washington, Mr. MOAKLEY, Mr. MURPHY, Mr. PRICE, Mr. RINALDO, Mr. HUCKABY, Mr. WYDEN, Mr. TORRICELLI, Mr. WEBER, Mr. ECKERT of New York, Mr. BUSTAMANTE, Mr. SABO, Mr. ROWLAND of Georgia, Mr. CHAPPIE, Mr. CONTE, Mr. DANIEL, Mr. MCCLOSKEY, Mr. DASCHLE, Mr. SCHULZE, Mr. SCHEUER, Mr. BEDELL, Mr. DORGAN of North Dakota, Mr. YOUNG of Missouri, Mr. SPRATT, Mr. GINGRICH, Mr. GRAY of Pennsylvania, Mr. SWINDALL, Mr. LEVINE of California, Mr. SHELBY, Mr. ATKINS, Mr. FASCELL, Mr. GREEN, Mr. HUBBARD, Mr. LUNDINE, and Mr. MAVROULES.

H.J. Res. 357: Mr. FISH.

H.J. Res. 421: Mr. PEPPER, Mr. DWYER of New Jersey, Mr. MCEWEN, and Mr. TAUZIN.

H.J. Res. 424: Mr. BOSCO, Mr. DARDEN, Mr. RICHARDSON, Mr. BATEMAN, Mr. BLILEY, Mr. BOEHLERT, Mr. CHAPPIE, Mr. GRADISON, Mr. KOLBE, Mr. KRAMER, Mr. LIVINGSTON, Mr. MCCAIN, Mr. MORRISON of Washington, Mr. PARRIS, Mr. ROBERT F. SMITH, Mr. DENNY SMITH, Mr. SNYDER, Mr. STANGELAND, Mr. STUMP, Mr. VANDER JAGT, Ms. FIEDLER, Mr. SCHULZE, and Mr. ARCHER.

H.J. Res. 430: Mr. BONIOR of Michigan, Mr. WHITTAKER, Mr. OWENS, Mr. SCHEUER, Mr. TOWNS, Mr. DIOGUARDI, Mr. SMITH of Florida, Mr. HAYES, Mr. RAHALL, Mr. BLILEY, Mr. FROST, Mr. HENRY, Mr. HERTEL of Michigan, Mr. GINGRICH, Mr. BOUCHER, Mr. ASPIN, Mr. CHAPMAN, Mr. WOLF, Mr. HATCHER, Mr. FRANKLIN, Mr. BRYANT, Mr. LUNDINE, Mr. VOLKMER, Mr. FUQUA, Mr. STENHOLM, Mr. LIVINGSTON, Mr. MORRISON of Connecticut, Mr. GOODLING, Mr. MCDADE, Mr. SCHAEFER, Mr. MONSON, Mr. SNYDER, Mr. COOPER, Mr. MADIGAN, Mr. GUNDERSON, Mr. YATRON, Mr. EVANS of Illinois, Mr. WEAVER, Mr. YOUNG of Missouri, and Mr. DE LA GARZA.

H.J. Res. 440: Mr. MURPHY, Mr. BOUCHER, Mr. HENRY, Mr. ACKERMAN, Mr. DIOGUARDI, Mr. GILMAN, Mr. GREEN, Mr. LUNDINE, Mr. SCHEUER, Mr. TOWNS, and Mr. LIVINGSTON.

H.J. Res. 450: Mr. MOLLOHAN, Mr. SWINDALL, Mr. ROSTENKOWSKI, Mr. GREEN, Mr. DYSON, Mr. WOLF, Mr. DICKS, Mr. JEFFORDS, Mr. SHUMWAY, Mr. COBEY, Mr. JONES of Tennessee, Mr. DASCHLE, Mr. LUNDINE, Mr. SMITH of New Hampshire, Mr. HAMMERSCHMIDT, Mr. BEREUTER, Mr. COELHO, and Mr. BOUCHER.

H. Con. Res. 129: Mr. STENHOLM, Mr. WHITTAKER, Mr. YOUNG of Missouri, and Mr. DOWDY of Mississippi.

H. Con. Res. 211: Mr. DEWINE, Mr. MARTINEZ, Mr. LOWRY of Washington, Mr. CROCKETT, Mr. MCCLOSKEY, Mr. MORRISON of Connecticut, Mr. GARCIA, Mr. SEIBERLING, Mr. LAGOMARSINO, Mr. DURBIN, Mr. CHANDLER, Mr. SYNAR, Mr. SMITH of Florida, Mr. FEIGHAN, Mr. UDALL, Mr. DIXON, and Mr. KOSTMAYER.

H. Con. Res. 219: Mrs. BENTLEY, Mr. BIAGGI, Mr. BLILEY, Mr. BURTON of Indiana, Mr. GINGRICH, Mr. HANSEN, Mr. HUNTER, Mr. LAGOMARSINO, Mr. LIVINGSTON, Mr. LUKEN, Mr. MOORHEAD, Mr. PORTER, Mr. REID, Mr. SAXTON, Mr. SMITH of Florida, and Mr. WHITEHURST.

H. Con. Res. 227: Mr. RICHARDSON, Mr. MAVROULES, Mr. PEASE, Mr. MARTIN of New York, Mr. FAUNTROY, Mr. SIKORSKI, Mr. MOODY, Mr. BEVILL, Mr. NEAL, Mr. GEJDENSON, Mr. RANGEL, Mr. RUSSO, Mr. BUSTAMANTE, Mr. FOWLER, Mr. ENGLISH, Mr. DARDEN, Mr. LIPINSKI, and Mr. SMITH of Florida.

H. Con. Res. 228: Mr. BEREUTER.

H. Con. Res. 232: Mr. STUDDS and Mr. ZSCHAU.

H. Res. 180: Mr. DAUB, Mr. MCCOLLUM, and Mr. EDWARDS of Oklahoma.

H. Res. 277: Mr. SWINDALL and Mr. BADHAM.

H. Res. 303: Mr. SHAW.

SENATE—*Wednesday, November 13, 1985*

(Legislative day of Tuesday, November 12, 1985)

The Senate met at 8:45 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. Our opening prayer will be offered by Dr. Stanley M. Wagner, rabbi, Beth ha Medrosh Hagodol Congregation, chaplain, Colorado State Senate, Denver, CO. He is sponsored by Senator GARY HART.

PRAYER

Dr. Stanley M. Wagner, rabbi, Beth ha Medrosh Hagodol Congregation, Denver, CO, offered the following prayer:

Almighty God, Sovereign of the Universe and Father of all mankind:

Fervently we pray that we may so order our lives that we may be worthy of Your presence in our midst. May Your spirit rest upon the Senators gathered in these Chambers, whom the people have set in authority. May they be guided by the wisdom which comes from You that by the faithful discharge of their responsibilities they may together promote goodwill among the citizens of our country and peace throughout the world.

We are mindful, O Lord, that our Nation is a multipatched quilt of nationalities, ethnic groups, races, and religions bound together by love of America and its ideals. Even this day in this great Capital, 3,000 leaders of the American Jewish community have gathered for the General Assembly of the Council of Federation and Welfare Funds to fashion a strategy for strengthening the threads of Jewish existence within the fabric of our society.

Grant them, we pray Thee, success in their deliberations even as we beseech Your grace upon all the inhabitants of this blessed land. Endow us all with the determination to live harmoniously and cooperatively to the end that our lives will be blessed with security, serenity, and prosperity forever and ever.

This we ask in Your name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished acting majority leader is recognized.

Mr. SIMPSON. I thank the President.

Mr. HART. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

RABBI WAGNER'S PRAYER

Mr. HART. Mr. President, I am very pleased that the Senate's morning prayer could be delivered by a friend from my home State—a distinguished religious leader who has previously graced us in this Chamber to offer our invocation—Rabbi Stanley M. Wagner. As always, Rabbi Wagner's eloquent words are a source of comfort and inspiration.

Rabbi Wagner leads the Beth ha Medrosh Hagadol congregation in Denver, CO. He is uniquely qualified to deliver our opening prayer, for he also serves as the chaplain of the Colorado State Senate.

Rabbi Wagner's distinguished career has included positions as professor of Judaic studies at the University of Denver, director of Colorado's Mizel Museum of Judaica, president of the Rocky Mountain Rabbinical Council, and, earlier, national executive vice president of the Religious Zionists of America. It is an honor to be joined by a religious leader of such distinction.

During his stay in Washington, Rabbi Wagner will be attending the General Assembly of the Council of Jewish Federation and Welfare Funds. That meeting will include some 3,000 Jewish leaders from communities all over America, and I am sure my colleagues join me in hoping that Rabbi Wagner and the council will have a productive and enjoyable meeting.

Mr. President, let me conclude by reminding my colleagues that tonight begins the month in the Jewish calendar when Jews throughout the world will celebrate the Festival of Lights, Hannukah. The rich tradition of this historic commemoration holds lessons for all of us as we contemplate next week's summit between President Reagan and Mr. Gorbachev.

Hannukah symbolizes freedom and redemption from oppression. Our hopes for the summit are surely for a safer world and for the message of freedom and human rights to be heard in the Soviet Union—for Soviet Jewry, and for that country's other religious minorities.

Mr. President, may Rabbi Wagner's prayer this morning, and the message of Hannukah illuminate the profound aspirations of so many yearning to be free.

Mr. SIMPSON. Mr. President, I thank our colleague from Colorado, my neighbor to the south.

The chaplain's prayer contained very fine remarks which were most appreciated.

SCHEDULE

Mr. SIMPSON. Mr. President, the two leaders are to be recognized under the standing order. The convening hour is evident. Routine morning business is not to extend beyond the hour of 9 a.m., with Senators permitted to speak for not more than 5 minutes each.

At 9 a.m., by unanimous consent, we will resume consideration of the House message to accompany H.R. 505, veterans' health care. Two amendments are pending to the motion to concur. Therefore, rollcall votes will occur prior to the hour of 10 a.m.

If time permits, following disposition of H.R. 505 and until 10 a.m., there will be a period for the transaction of routine morning business, with Senators permitted to speak therein for not more than 5 minutes each.

Also by unanimous consent, at 10 a.m., the Senate will vote on cloture on H.R. 1562, the House textile bill. If three-fifths vote in the affirmative, then a Hollings-Thurmond amendment dealing with textiles will be offered, and 23 additional amendments will be in order to the Hollings-Thurmond amendment.

Obviously, then, rollcall votes can be expected to occur through the day today.

With that, Mr. President, I reserve the remainder of the time for the majority leader.

SENATOR PROXMIRE'S BIRTHDAY

Mr. SIMPSON. Mr. President, I indicate that I did not have the opportunity yesterday to extend every good wish to my colleague from Wisconsin, Senator PROXMIRE, who on Monday celebrated his 70th birthday, which is terribly deceptive, because I would not have dreamed that, and I mean that sincerely. This man is a man of spirit, agility, and intellect, and not only mentally, but physically. I have come to admire him greatly in my time here. I wish him well, and may he savor many more years of life.

With that, I yield to my colleague from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank my good friend, the majority whip. He is a most gracious and generous Senator. I have admired him from the moment he came here. I knew his father well. There is a great Simpson tradition here in the U.S. Senate, and

certainly ALAN SIMPSON is one of our outstanding leaders in this country.

CAN THE SUMMIT MEETING BE AN ARMS CONTROL SUCCESS?

Mr. PROXMIRE. Mr. President, both sides have made strikingly similar proposals for moving in the direction of an arms control agreement at the summit in Geneva. For that reason, a week or so ago the outlook for an arms control agreement seemed reasonably bright. The likely agreement would have required both superpowers to reduce nuclear warheads to 6,000 with limited exceptions. That would have meant a roughly 40-percent reduction in the nuclear arsenal of both sides.

Why would that be significant? First, it would be a very sharp reduction. Second, it would have marked the first arms control agreement in the nuclear age that had actually achieved a reduction both superpower nuclear arsenals.

Why then do both sides seem to be rushing to reduce the expectations of success at Geneva? Reason: both want a success. Both want that success on their own terms. Each would gain in his own country and in world esteem with a success. But each would lose with a failure. So now we are in the reduce-the-expectations period. The lower the expectations the less the disillusionment with a modest outcome and the more likely almost any outcome will seem to be a success or at least not a serious failure.

Why are both sides afraid the summit will be an arms control failure? What is the stumbling block? Didn't both the United States and the Soviet Union call for a sharp reduction of nuclear warheads? And didn't the Soviet Union and the United States both suggest a drop from the present level of about 10,000 on each side to 6,000? Since both proposed this objective, what stands in the way of achieving it in a mutual agreement? Answer: the Soviet Union made a definite condition for agreeing to the reduction. They will not reduce the number of Soviet nuclear warheads, unless the United States agrees it will not proceed beyond laboratory research on its defense against offensive nuclear missiles, that is star wars. Why the condition? Because the Soviet Union judges that the new United States missile defense might succeed in stopping most of the Soviet's offensive missiles. If the United States did not construct a defense against Russian offensive missiles, the Soviets would still have a credible retaliatory capability with 6,000 missiles.

On the other hand, if the United States goes ahead with star wars the Soviets would need all of their present 10,000 offensive strategic missiles and perhaps another 20,000 to assure their ability to saturate and overwhelm the United States defenses.

So what stands in the way of an agreement in principle to try to work at the Geneva summit toward the 40 percent reduction in offensive nuclear warheads on both sides? What is the big obstacle? It is this: the United States insists that it will proceed vigorously with the star wars missile defense. President Reagan has repeatedly asserted that the U.S. star wars missile defense is not on the bargaining table.

So now both sides are no longer talking about reaching an agreement or even the beginning of an agreement at Geneva to reduce strategic nuclear warheads on both sides to 6,000. Now the President is talking about the two superpower leaders simply agreeing on guidelines at Geneva that would instruct the arms control negotiators of the two superpowers who have been meeting much of this year on the principles that should serve henceforth as their guidelines. Both sides want to avoid a charge of stubbornly and unreasonably sabotaging the arms agreement. What is wrong with that? Isn't a 2-day summit conference an impossibly brief and awkward basis for reaching a final definitive arms agreement? Sure it is, and guidelines make sense. But developing such guidelines will be agonizingly difficult. The guidelines will be ridiculous if, after the mutually expressed objective of jointly reducing nuclear weapons, the guidelines do not instruct the negotiators to strive for that goal.

On the other hand, the guidelines will be a futile joke if they fail to specifically recognize the roadblock posed by star wars. Possibly the guidelines might propose that the negotiators work to phase the offensive missile reduction down over a period of several years. Meanwhile the guidelines could also call for a reaffirmation of the 1972 ABM Treaty with the ambiguities in that treaty that relate to star wars testing spelled out, and with a 5-year cancellation requirement specified in a treaty amendment instead of the current 6-month provision. That would give the Soviets ample time to rebuild their offensive missile arsenal, if the United States proceeds beyond laboratory research with its missile defense.

Of course, far and away the most logical solution would be for President Reagan to do what he has so often done in the past. The President could make another of his patented U turns. He could announce that he would hold star wars in abeyance. He would not proceed with it, if the Russians agree in principle to reduce their offensive missiles in concert with United States reduction by 90 percent with an immediate agreement to a mutual cut in offensive missile strength of 40 percent. If the President would then agree to a mutual, verifiable end to nuclear weapons testing, the superpowers would have taken the biggest steps toward peace since the dawn of the nuclear age. Such an agreement would provide a marvelous economic dividend. Just consider: It would end the immensely expensive arms race. It would kill the skyrocketing cost of researching, producing, and deploying a star wars defense. It would terminate the hugely expensive offense the United States would build to overcome any Soviet star wars. The agreement would provide a solid basis for ending record smashing Federal budget deficits. Those deficits are pushing this country toward both painful tax increases and national bankruptcy. If the arms race speeds on, so does Federal spending. If we end the arms race we will have both a safer world and a government we can afford.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that arms sales can solve the differences between the People's Republic of China and the United States. This administration seems to believe that arms sales are the diplomatic equivalent of Dorothy's ruby slippers in the "Wizard of Oz." Those slippers made wishes come true for Judy Garland. With the People's Republic of China the administration seems to believe that if we sell some arms and close our eyes, our fervent wish to become allies will come true. Unfortunately, hoping will not make our real differences with the People's Republic of China disappear, and selling arms now only makes the inevitable disagreements later more heated and potentially more dangerous.

But for now the administration is happily traveling down the yellow-brick road of more arms sales. The Defense Department recently gained tacit congressional approval for the first government to government arms sale to the People's Republic of China. The sale could include as much as $98 million worth of technology and equipment to modernize Chinese production of artillery ammunition. Recent trips to Beijing by high-ranking defense officials—including Secretary Weinberger, Secretary of the Navy Lehman, and then Chairman of the Joint Chiefs Vessey—underscore the administration's hope that arms sales to the People's Republic of China will only increase in volume and sophistication.

But you cannot paper over 30 years of disagreements with a declaration of recognition. We should not forget that the People's Republic of China is the most populous Communist country in the world. Our relations with the People's Republic of China largely remain untested and many disputes remain between our two countries, with the

most glaring disagreement over the future of Taiwan.

The United States Government's agreement to disagree over policy toward the Beijing and Taipei can be seen in the puzzling guidelines that govern the sale of arms to Taiwan. After President Carter recognized the People's Republic of China in 1979, the Congress passed the Taiwan Relations Act declaring that the United States would sell Taiwan weapons adequate for the island's self-defense. The Reagan administration initialed the so-called Shanghai II agreement in 1982 after disputes over proposed arms sales to Taiwan chilled relations between Washington and Beijing. Shanghai II declared that United States arms sales to Taiwan would not exceed in either qualitative or quantitative terms the level of arms sold in 1979 and that United States arms sales would be reduced and eventually ended.

Now all of these guidelines add up to a very difficult equation. First, we can't sell increased amounts of arms to Taiwan. Second, we're increasing the threat to Taiwan through sales of both arms and military technology to Beijing. Third, Taiwan's ability to defend itself must not be compromised. So much for coherent policy emerging from Washington.

Politically, our sale of weapons to Beijing carries a stamp of approval for People's Republic of China policies that we should avoid. Militarily, we are foolish to sell arms to the People's Republic of China when there remains a chance—however undesired—that military conflict could erupt between our two countries over the future of pro-Western Taiwan and South Korea. I am not arguing that we should forego ties with the People's Republic of China I am simply arguing that we should pursue the type of ties that our level of political agreement with Beijing makes appropriate.

I am pleased to note that commercial trade with the People's Republic of China is looking stronger all the time. Our exports to the People's Republic of China in 1984 hit a record high of $6.1 billion. This year looks like trade will prove even stronger with United States exports in the first 8 months up 26 percent from 1984.

But while we seek closer economic ties, we must remember that our differences with the People's Republic of China particularly over the future of Taiwan, are real and will not soon be resolved. It is a myth to believe, however fervently, that selling arms will buy us an ally in the People's Republic of China.

THE MAN THE HIJACKERS WANTED

Mr. PROXMIRE. Mr. President, on October 8 members of the Palestinian Liberation Front hijacked the Italian cruise ship the *Achille Lauro*, the most spectacular act of piracy in a quarter of a century.

They demanded the immediate release of Palestinian prisoners held in Israeli jails. The list of Palestinian prisoners the hijackers wanted Israeli to free was headed by Samir Qantari. Mr. Qantari is somewhat of a folk hero to some Palestinians. Here's why.

The Washington Post writes,

* * * early in the morning of April 22, 1979, two Palestinian guerrillas burst into the seaside apartment of Danny and Semadar Haran in the northern Israeli town of Nahariya. They grabbed Mr. Haran and his daughter, Einat, 5 years old, and dragged them out of the building, Mrs. Haran, who was on an upper level, hid in a closet with the couple's younger daughter Yael, age 2.

The two Palestinians were the survivors of a group of four members of the Palestinian Liberation Front, who had landed on the beach in a rubber boat. They were soon detected and two of them were killed in a gun battle. An Israeli policeman also was killed.

The two remaining terrorists first thought of using Mr. Haran and his daughter as hostages. Then they changed their minds. One of the Palestinians shot and killed Mr. Haran. Mr. Qantari killed the girl by dashing her head against a rock. They were captured shortly thereafter, eventually tried and sentenced to life in prison.

Sadly, the Nahariya incident claimed one other victim. After the Palestinians left with her husband and child, Mrs. Haran discovered that in the effort to keep her youngest daughter quiet, she had suffocated her.

Mr. President, Samir Qantari's savagery offends us. What is it that leads a man to crush the innocent life of a young girl as well as her father? I fear it is the same reason that led Adolf Hitler to massacre 6 million innocent men, women, and children of Jewish ancestry: hatred of Jews.

Mr. President, in 1948, the U.N. General Assembly, with the enthusiastic support of the U.S. delegation, unanimously adopted the Genocide Convention. This document protects the most fundamental right known to mankind, the right to life.

The U.S. Senate must ratify the Genocide Treaty making clear to the world that we abhor the heinous crime of genocide and the actions of Samir Qantari. The cold, calculated, premeditated, destruction of Jews must never happen again.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. EVANS). Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 9 a.m., with statements therein limited to 5 minutes each.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may reserve the balance of the minority leader's time for his use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

GORDON F. HARRISON

Mr. PELL. Mr. President, it is with sadness that I bring to the attention of the Senate the death last week of Gordon F. Harrison.

Gordon Harrison was a native of Rhode Island who, until his retirement in 1972, served the Senate with great distinction for more than 17 years as staff director of the Senate Committee on Rules and Administration.

It was my predecessor in the Senate, Senator Theodore Francis Green of Rhode Island, who appointed Gordon Harrison staff director of the Rules Committee on January 15, 1955. Through his ability, his competence, and his unsurpassed knowledge of Senate operations, Gordon became an almost indispensable man in the Senate. After the retirement of Senator Green, four succeeding chairmen of the Committee on Rules and Administration chose to retain Gordon as staff director of the committee.

From the time of my own arrival in the Senate and my assignment to the Rules Committee, Gordon Harrison was a source of sound counsel, good judgment, and warm personal friendship. Gordon was a gallant and gracious man who always found time to share with whoever sought it his wisdom, his experience, and his keen and kindly sense of humor.

Gordon's service to the Senate was but one part of a career of public service that spanned 35 years, including service as an attorney in the Justice Department's Civil Division and service in the U.S. Navy in the Pacific theater during World War II, retiring as a captain in the Naval Reserve.

Gordon Harrison was a man of intellect and great ability, a person of great warmth, and a good friend. I mourn his passing and extend to his family my deepest sympathy.

I ask that the obituary in today's Providence Journal be inserted in the RECORD.

There being no objection, the obituary was ordered to be printed in the RECORD, as follows:

G.F. HARRISON, 71; EX-COUNSEL, HEAD OF U.S. SENATE RULES PANEL

McLEAN, VA.—Gordon F. Harrison, 71, a native Rhode Islander who retired in 1972 as counsel and staff director of the U.S. Senate Rules & Administration Committee, died Nov. 5 in Arlington Hospital.

He served as a legislative assistant to the late Sen. Theodore Francis Green from 1947 to 1954, when Green appointed him to be counsel and staff director of the rules committee. He served in that position until retiring.

Sen. Claiborne Pell described Harris as an individual who "through his ability, his competence, and his unsurpassed knowledge

of Senate operations, became an almost indispensable man in the Senate.

"After the retirement of Senator Green," said Pell, "four succeeding chairmen of the committee on rules and administration chose to retain Gordon as staff director. From the time of my own arrival in the Senate, and my assignment to the rules committee, Gordon Harrison was a source of sound counsel, good judgment, and warm personal friendship."

Harrison was a legal resident of Cranston when he retired from the Senate staff. Then, and until his death, he practiced law and was counsel to the Arlington, Va., firm of Fensterwald & Associates.

Born in Providence, he was a son of the late Albert and Ella (Morralley) Harrison. He was an honors graduate of Providence College and moved to the Washington, DC area in 1935. He graduated from Georgetown University Law School in 1941.

He was a trial lawyer for the Justice Department from 1941 to 1954, and earned his master's in international law at George Washington University in 1952, along with the university's annual award for internation relations and world peace.

During World War II he served on active duty with the Navy in the Pacific. His service in the Reserve after the war included command of the Naval Reserve Law Unit in Washington, DC, and tours teaching law at Naval Reserve officers' schools. He retired from the reserve with the rank of captain in 1974.

Harrison was a member of the U.S. Supreme Court bar, the American Society of International Law, and the Federal and American Bar Associations.

He leaves his widow, Phyllis (Swanson) Harrison; a son, Peter Gordon Harrison of Singapore; a daughter, Naomi Opdycke of Rocky River, Ohio; and five grandchildren.

His funeral Mass was held Friday in McLean, and burial was in Arlington National Cemetery.

SALUTE TO OUR NATION'S VETERANS ON VETERANS DAY

Mr. DOLE. Mr. President, over the years, I have written and spoken many times about our Nation's veterans. Veterans Day is a poignant reminder of the special bond between our society and those who serve and defend it. That bond, in fact, shows us what service really means.

One of the most moving Veterans Day ceremonies that I have ever had the opportunity to participate in occurred yesterday at Arlington National Cemetery. Those of my colleagues that were present know how stirring the President's remarks were as he saluted our Nation's veterans.

For those of my colleagues who were not able to attend, I am inserting a copy of President Reagan's inspiring remarks in today's CONGRESSIONAL RECORD. I urge my colleagues to read it. I think you will be moved as well.

Let me just say to America's veterans: Thank you for your commitment to our way of life. You best exemplify the words of Thomas Paine, who said * * * "Those of us who wish to reap the blessings of liberty * * * must undergo the fatigue of supporting it."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS OF THE PRESIDENT AT TOMB OF UNKNOWN SOLDIER ON VETERANS DAY

The PRESIDENT. Thank you. Thank you all very much. Secretary Weinberger, Harry Walters, Robert Medairos, Reverend Clergy and ladies and gentlemen. A few moments ago I placed a wreath at the Tomb of the Unknown Soldier, and as I stepped back and stood during the moment of silence that followed, I said a small prayer. And it occurred to me that each of my predecessors has had a similar moment, and I wondered if our prayers weren't very much the same, if not identical.

We celebrate Veterans Day on the anniversary of the Armistice that ended World War I, the Armistice that began on the 11th hour of the 11th day of the 11th month. And I wonder, in fact, if all America's prayers aren't the same as those I mentioned a moment ago.

The timing of this holiday is quite deliberate in terms of historical fact. But somehow it always seems quite fitting to me that this day comes deep in autumn when the colors are muted and the days seem to invite contemplation.

We are gathered at the National Cemetery which provides a final resting place for the heroes who have defended our country since the Civil War. This amphitheatre, this place for speeches is more central to this cemetery than it first might seem apparent, for all we can ever do for our heroes is remember them and remember what they did—and memories are transmitted through words.

Sometime back I received in the name of our country the bodies of four Marines who had died while on active duty. I said then that there is a special sadness that accompanies the death of a serviceman, for we're never quite good enough to them—not really; we can't be. Because what they gave us is beyond our powers to repay. And so when a serviceman dies, it's a tear in the fabric, a break in the whole, and all we can do is remember.

It is, in a way, an odd thing to honor those who died in defense of our country, in defense of us, in wars far away.

The imagination plays a trick. We see these soldiers in our mind as old and wise. We see them as something like the founding fathers, grave and gray-haired. But most of them were boys when they died, and they gave up two lives—the one they were living and the one they would have lived.

When they died, they gave up their chance to be husbands and fathers and grandfathers. They gave up their chance to be revered old men. They gave up everything for our country, for us. And all we can do is remember.

There's always someone who is remembering for us. No matter what time of year it is or what time of day, there are always people who come to this cemetery, leave a flag or a flower or a little rock on a headstone. And they stop and bow their heads and communicate what they wished to communicate. They say, "Hello, Johnny," or "Hello Bob." "We still think of you. You're still with us. We never got over you and we pray for you still and we'll see you again. We'll all meet again."

In a way, they represent us, these relatives and friends, and they speak for us as they walk among the headstones and remember. It's not so hard to summon memory, but it's hard to recapture meaning. And the living have a responsibility to remember the conditions that led to the wars in which our heroes died. Perhaps we can start by remembering this—that all of those who died for us and our country were, in one way or another, victims of a peace process that failed; victims of a decision to forget certain things; to forget, for instance, that the surest way to keep a peace going is to stay strong. Weakness, after all, is a temptation—it tempts the pugnacious to assert themselves. But strength is a declaration that cannot be misunderstood. [Applause.]

Strength is a condition that declares actions have consequences. Strength is a prudent warning to the belligerent that aggression need not go unanswered. Peace fails when we forget what we stand for. It fails when we forget that our Republic is based on firm principles—principles that have real meaning, that with them, we are the last, best hope of man on Earth. Without them, we're little more than the crust of a continent.

Peace also fails when we forget to bring to the bargaining table God's first intellectual gift to man—common sense. Common sense gives us a realistic knowledge of human beings and how they think, how they live in the world, what motivates them. Common sense tells us that man has magic in him, but also clay. Common sense can tell the difference between right and wrong. Common sense forgives error, but it always recognizes it to be error first.

We endanger the peace and confuse all issues when we obscure the truth; when we refuse the name an act for what it is; when we refuse to see the obvious and seek safety in Almighty. Peace is only maintained and won by those who have clear eyes and brave minds. Peace is imperiled when we forget to try for agreements and settlements and treaties; when we forget to hold out our hands and strive; when we forget that God gave us talents to use in securing the ends He desires. Peace fails when we forget that agreements, once made, cannot be broken without a price.

Each new day carries within it the potential for breakthroughs, for progress. Each new day bursts with possibilities. And, so, hope is realistic, and despair a pointless little sin. And peace fails when we forget to pray to the source of all peace and life and happiness.

I think sometimes of General Matthew Ridgeway, who, the night before D-Day, tossed sleepless on his cot and talked to the Lord, and listened for the promise that God made to Joshua: "I will not fail thee, nor forsake thee."

We're surrounded today by the dead of our wars. We owe them a debt we can never repay. All we can do is remember them, and what they did, and why they had to be brave for us. All we can do is try to see that other young men never have to join them.

Today as—[applause]—today, as never before, we must pledge to remember the things that will continue the peace. Today, as never before, we must pray for God's help in broadening and deepening the peace we enjoy. Let us pray for freedom, and justice, and a more stable world. And let us make a compact today with the dead, a promise in the words for which General Ridgeway listened, "I will not fail thee, nor forsake thee."

In memory of those who gave the last full measure of devotion, may our efforts to achieve lasting peace gain strength. And through whatever coincidence or accident of

timing, I tell you that a week from now when I am some thousands of miles away, believe me, the memory and the importance of this day will be in the forefront of my mind and in my heart. [Applause.]

Thank you. God bless you all. And God bless America. [Applause.]

TRIBUTE TO SOUTH CAROLINA STATE SENATOR ISAIAH DeQUINCEY NEWMAN

Mr. THURMOND. Mr. President, today I would like to pay tribute to the memory of a remarkable leader and fellow South Carolinian, the Reverend Isaiah DeQuincey Newman, who, as a patriarch of the civil rights movement in our State, proved that the ballot box and diplomacy were more effective than violence as instruments of change.

Reverend Newman was born in Darlington County to the Reverend and Mrs. Melton C. Newman, and his early religious training was gained through hearing his father's sermons. He was graduated from Clark College in Atlanta in 1934 and from Gammon Theological Seminary 3 years later. In 1937, he married his gracious wife, Anne Pauline Hinton, and they had one daughter, Emily.

The first black elected to the South Carolina State Senate since Reconstruction, Reverend Newman described himself as "an activist in the tradition of John the Baptist." He served as State field director for the National Association for the Advancement of Colored People from 1960–69 and played a key role in voter registration drives and other activities to improve black and white cooperation. His belief in mutual trust and that "in the long run, the wide and wise use of the ballot will do more to solve the problems of racial discrimination than any one other thing" undoubtedly promoted racial harmony in South Carolina during the 1960's.

This outstanding citizen was one of the most insightful yet remarkably dedicated men I have ever had the privilege of knowing. Although he died on October 21, 1985, Reverend Newman will never be forgotten by the thousands who shared his dream and received the benefit of his lifelong work. Mr. President, I ask unanimous consent that the following editorials be inserted in the RECORD as a tribute to Isaiah DeQuincey Newman.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From The State, Columbia, SC, Oct. 23, 1985]

"THE REVEREND MR. NEWMAN; A MAN FOR HIS TIMES"

South Carolina history will record that the Rev. Isaiah DeQuincey Newman played a paradoxical role. He was a civil rights activist who promoted civil calm; yet he helped achieve milestone gains for his race.

He stoutly maintained to the end that "in the long run, the wide and wise use of the ballot will do more to solve the problems of racial discrimination than any one other thing."

It was years before the State's leadership recognized the mark of the former shoeshine boy. In the twilight of his years, this Darlington County native was appropriately elected a state senator. He died Monday at the age of 74, having reaped some of the tribute he deserved.

The Rev. Mr. Newman determined early that he would lead the fight to right some wrongs to his race. He was a youngster living near a chain gang camp when the Ku Klux Klan set fire to a caboose where a black prisoner was being held temporarily. Mr. Newman, hearing the cries of the burning man, woke his father who, knowing he would have been killed if he tried to help the man, advised, "Go back to bed, boy." The boy vowed to fight for change. Fate provided him a role.

After college, the Rev. Mr. Newman became a Methodist minister and remained an active and respected one throughout his life. In 1943, he helped organize the Orangeburg branch of the National Association for the Advancement of Colored People and in 1960 became State field director.

Former Gov. Robert E. McNair surmised, "If it were not for the Rev. Newman, his leadership and his approach to things, South Carolina could have ended up like other Southern States."

But Mr. Newman was no Uncle Tom. He was arrested about a half dozen times during civil rights demonstrations at segregated lunch counters, state parks and schools.

In 1961 after a "wade-in" at Myrtle Beach State Park, he had to flee for his life.

"He walked a tight rope," said Mr. McNair, "He maintained his credibility with his own people, many who were more militant than he. But he also kept the communications open with the white leadership."

After years of controversy, demonstrations and negotiations, the small man in the Panama hat and bow tie had won acceptance from the people he once confronted. He was named to many official and civic boards and positions, finally becoming the first black man in almost 100 years to win a State Senate seat.

The late Sen. L. Marion Gressette, once known as "Mr. Segregation," paid an ironic compliment to the new lawmaker. The senior State senator asked fledgling Senator Newman if he would do him the honor of posing with him for a photograph.

The Rev. Mr. Newman, a man of great dignity, left his mark on South Carolina history by winning solid victories for his black constituency and setting the tone for the civil rights movement in his native state.

[From the Columbia Record, Columbia, SC, Oct. 23, 1985]

"NEWMAN MOURNED"

Few individuals had a more lasting, positive impact on the civil rights movement in South Carolina than I. DeQuincey Newman. His grace, serenity and his certainty of purpose helped as much as anything to keep the lid on racial passions and discord during the turbulent '50s and '60s.

Persuasion and cool, mellifluous eloquence masked a strong will and resolve which never lapsed into demagoguery, bitterness or stridency. I.D. Newman was a forceful presence who reflected at all times the voice of reason and accommodation, rarely confrontation.

He earned the respect and confidence of the white establishment, no small achievement during the dying days of Jim Crowism when radicals of both extremes were spoiling for a fight at the expense of law and order and common sense.

When Newman was elected to the State Senate in 1983, former Gov. Robert McNair said, "It is providential that he ended up the first senator (since 1886). It was only right."

It was a characteristic mark of Newman's selflessness and commitment to the interests of his constituents that he decided to resign his seat in the Senate this year when he realized his health was rapidly declining.

Three decades ago, Newman was the black outsider, fighting firmly, yet calmly, for an end to the indignities and affronts of segregation. By the '70s, he had become a part of the political establishment, a member of the responsive and responsible coalition of leaders of both races. Today, blacks and whites mourn the death of this good, gentleman after his long, losing battle against lung disease.

BURTON MOORE, JR., WINNER OF THE 1985 FEDERAL DUCK STAMP COMPETITION

Mr. HOLLINGS. Mr. President, last week, the U.S. Fish and Wildlife Service selected a striking acrylic-on-masonite painting of a male fulvous whistling duck as the one which will adorn the 1986–87 Federal Migratory Bird Hunting and Conservation Stamp. I am proud to say that the artist is Burton E. Moore, Jr., who lives in my hometown of Charleston, SC.

Mr. Moore's painting was selected from among more than 1,200 entries in the Fish and Wildlife Service's annual competition. The Migratory Bird Hunting and Conservation Stamp, more commonly known as the duck stamp, must be purchased yearly by all waterfowl hunters 16 years of age and older. The stamps are also coveted by collectors and nonhunters who want to contribute to the Nation's wildlife conservation effort. Nearly 2 million are sold each year, with proceeds going to acquire wetlands and other wildlife habitat for the National Wildlife Refuge System.

Mr. Moore's winning entry was judged on anatomical accuracy of the subject and the suitability of the design for reproduction as a stamp. In addition, the judges considered the visual impact, overall design, style, and distinctiveness of the entry.

Mr. Moore, a 40-year-old native of Columbia, SC, who has had no professional art training, has been painting professionally for 8 years, specializing in waterfowl and hunting dogs. He had previously won second place in South Carolina's State duck stamp contest, and his work has been displayed at the Smithsonian Institution, the Cleveland Museum of Natural History, and the Southeastern Wildlife Exposition in Charleston.

Mr. Moore's interest in wildlife extends beyond his artistic endeavors. He is an active hunter and a sponsor of Ducks Unlimited, a private waterfowl conservation organization.

Since 1935, when duck stamps first went on sale, the program has raised approximately $300 million for the acquisition of about 3.5 million acres of vital wildlife habitat for the National Wildlife Refuge System. Prior to 1949, the Federal Government commissioned artists to produce a design for the stamp. Since then, the design has been chosen through the contest, which is open to all residents and citizens of the United States.

The Federal Government awards no prize to the winner of the duck stamp contest, other than a sheet of the stamp autographed by the Secretary of the Interior. But there is little doubt that Mr. Moore's career and reputation will be enhanced considerably. Commercial wildlife art dealers have in the past been eager to market limited addition reprints of the winning design under private agreements with the winner.

So I congratulate Burton Moore, Jr., on his achievement. His painting is beautiful, most deserving of recognition, and I'm sure that it will be a most attractive duck stamp when it is issued next year. We in South Carolina are certainly proud of this talented artist and his contribution to the commemoration and conservation of our wildlife.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, what is the pending business?

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

VETERANS' ADMINISTRATION HEALTH-CARE AMENDMENTS

The PRESIDING OFFICER. Under the previous order, the hour of 9 a.m. having arrived, the Senate will now resume consideration of the House message on H.R. 505, which the clerk will state.

The legislative clerk read as follows:

Resolved, That the House agree to the amendment of the Senate to the text of the bill (H.R. 505) entitled "An Act to amend title 38, United States Code, to improve the delivery of health care services by the Veterans' Administration, and for other purposes", with an amendment:

AMENDMENT NO. 967, AS MODIFIED

Mr. CRANSTON. Mr. President, I send an amendment to the desk on behalf of the Senator from Florida [Mr. CHILES] and myself. It is a modification of our amendment. I ask that it be stated.

The PRESIDING OFFICER. The clerk will state the modification.

The legislative clerk read as follows:

The Senator from California [Mr. CRANSTON], for himself and Mr. CHILES, proposes an amendment numbered 967, as modified.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Amend the amendment of Mr. MURKOWSKI by striking out "specifications." and inserting in lieu thereof:
"specifications: *Provided*, That this section shall not be construed to require the Administrator to provide a feasibility plan with respect to the purchase of a facility that would have the effect of making it infeasible to construct, acquire, or lease a medical facility in the Florida panhandle or to expand the Biloxi/Gulfport Veterans' Administration Medical Center to furnish health care to veterans in the area."

Mr. CRANSTON. Mr. President, the modification makes two changes in the amendment (No. 967) we submitted last Wednesday.

First, it corrects a printing error; the word "furnish" was incorrectly printed as "finish". Second, it adds to the purpose of the amendment making sure that the feasibility study would not have the effect of making it infeasible to expand the existing VA Medical Center at Biloxi/Gulfport.

The reasons for this latter change were amply spelled out by both Senators from Mississippi [Mr. COCHRAN and Mr. STENNIS] during our debate last week. Biloxi is about an hour's drive away from Mobile and one feasible way of serving the Florida Panhandle and southern Alabama when the demographics support a need for such service would be to expand the existing facility at Biloxi/Gulfport in Mississippi.

The PRESIDING OFFICER. Is there further debate?

Mr. CRANSTON. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendent (No. 967, as modified) was agreed to.

Mr. CRANSTON. I move to reconsider the vote by which the amendment was agreed to.

Mr. MURKOWSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 966, AS MODIFIED

Mr. MURKOWSKI. Mr. President, I ask unanimous consent to send to the desk a modified amendment that is already pending. I ask for its adoption.

The PRESIDING OFFICER. Is there objection? If not, the clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Alaska [Mr. MURKOWSKI] proposes an amendment numbered 966, as modified.

In the table of contents in section 1(b), after the item relating to section 304 insert the following:

Sec. 305. Feasibility plan for the purchase of a facility for furnishing hospital and nursing home care.

At the end of title III, add the following:

SEC. 305. FEASIBILITY STUDY OF AND PLAN FOR THE PURCHASE OF A FACILITY FOR FURNISHING HOSPITAL AND NURSING HOME CARE

In the documents submitted by the Administrator of Veterans' Affairs to the appropriate committees of the Congress at the time of and in connection with the submission, pursuant to section 1105 of title 31, United States Code, of the Budget for fiscal year 1987, the Administrator shall conduct a feasibility study of, and if indicated by such study provide a feasibility plan for, the purchase for Veterans' Administration use of a medical facility that is located in an urban area and is suitable for furnishing both hospital and nursing home care services, and meets the current and projected needs and specifications of the Veterans' Administration for furnishing health care to eligible veterans. In such Budget, the President, as warranted by such feasibility plan, shall include a request for an appropriate amount to purchase such a facility which meets these needs and specifications.

(Later the following occurred:)

Mr. MURKOWSKI. Mr. President, the pending amendment No. 966, as amended and modified, has a technical error in the first sentence.

I have discussed this with the ranking minority member of the Veterans' Affairs Committee [Mr. CRANSTON]. It is my understanding he is prepared to accept the technical change in the first sentence.

I ask unanimous consent that it be so modified.

Mr. CRANSTON. Mr. President, I concur in the request.

The PRESIDING OFFICER. Will the Senator send the modification to the desk?

Mr. MURKOWSKI. Mr. President, I send the modification to the desk.

The PRESIDING OFFICER. Without objection, the modification is agreed to.

The amended and modified amendment (No. 966), as further modified is as follows:

In the table of contents in section 1(b), after the item relating to section 304 insert the following:

Sec. 305. Feasibility plan for the purchase of a facility for furnishing hospital and nursing home care.

At the end of title III, add the following:

Sec. 305. FEASIBILITY, STUDY OF AND PLAN FOR THE PURCHASE OF A FACILITY FOR FURNISHING HOSPITAL AND NURSING HOME CARE

In the documents submitted by the Administrator of Veterans' Affairs to the appropriate committees of the Congress at the time of and in connection with the submission, pursuant to section 1105 of title 31, United States Code, of the Budget for fiscal year 1987, the Administrator shall include the results of a feasibility study which he shall conduct of, and if indicated by such study provide a feasibility plan for the purchase for Veterans' Administration use of a medical facility that is located in an urban area and is suitable for furnishing both hospital and nursing home care services, and meets the current and projected needs and specifications of the Veterans' Administration for furnishing health care to eligible veterans. In such Budget, the President, as warranted by such feasibility plan, shall include a request for an appropriate amount to purchase such a facility which meets those needs and specifications: *Provided*, That this section shall not be construed to require the Administrator to provide a feasibility plan with respect to the purchase of a facility that would have the effect of making it infeasible to construct, acquire, or lease a medical facility in the Florida panhandle or to expand the Biloxi/Gulfport Veterans' Administration Medical Center to furnish health care to veterans in the area."

(Conclusion of later proceedings.)

The PRESIDING OFFICER. Is there further debate? The yeas and nays have been ordered.

Mr. MURKOWSKI. Mr. President, I rise in support of H.R. 505, the proposed "Veterans' Administration Health Care Amendments of 1985," and urge my distinguished colleagues to join with me in approving its final passage today. I am pleased to support H.R. 505. This compromise reflects the hard work and diligent efforts of the members and staffs of the Committees on Veterans' Affairs of the Senate and House. The provisions of the bill are designed to improve the quality and efficiency of the Veterans' Administration health care delivery system. I believe that this compromise agreement will facilitate the provision of health care to our Nation's veterans. Thus, I urge my most capable colleagues in the Senate to join with me in assuring the final passage of H.R. 505.

This measure is now before the Senate as a privileged matter in lieu of a formal conference report. The compromise agreement is derived from provisions contained in S. 876 as passed by the Senate on July 30, 1985, and from provisions of H.R. 505 as passed by the House of Representatives on May 21, 1985. Certain important authorities were extended in each of these bills. But because it was expected that the conference would not be completed by September 30, 1985, the date by which the authorities were due to expire, I along with the ranking minority member of the committee, Senator ALAN CRANSTON, introduced S. 1671, an interim measure to address the expiration of these authorities.

The bill provided for temporary 30-day extensions for certain authorities, including the authority to first, operate a regional office in the Republic of the Philippines; second, contract for hospital care and outpatient services in Puerto Rico and the Virgin Islands; third, contract for the treatment and rehabilitation for alcohol and drug-related disabilities in halfway houses and other community-based programs; and fourth, extend the period, until July 1, 1986, for entering into training under the Emergency Veterans' Job Training Act of 1983. This measure was signed by the President on September 30 and became Public Law 99-108. These extensions did expire on October 31, 1985. This measure we are considering today would extend each of these authorities.

The compromise agreement on H.R. 505 contains many diverse issues and as they are all described in the joint explanatory statement which follows my remarks, I will not mention all of them. However, I wish to cite several major provisions which I believe are most vital to the quality and efficient provision of VA health-care services.

As I have often mentioned, the veteran population and the provision of health-care services in this country are changing. These changes are the result of a number of factors. First, our veteran population is aging and their demand for acute and long-term health care services is increasing. Second, advances in medical knowledge and technology for the diagnosis and treatment of disease is continuing to increase at a rapid rate. Third, efforts to contain astronomical health-care costs and to improve the quality of life for the sick and the elderly have led to the development of more appropriate and less costly alternatives to institutional hospital and nursing home care. And fourth, the need to reduce the Federal budget deficit and exercise fiscal restraint has required Congress to examine measures designed to promote the most effective utilization of valuable VA health-care resources. Thus, it is vital that the Congress plan in a creative manner in order to allow the VA the flexibility to carry out its mission. This creative process must begin now. I am confident that the compromise agreement contained in H.R. 505 begins this important first step.

CONSTRUCTION

Since I assumed the chairmanship of the Senate Veterans' Affairs Committee last January, a major effort of mine has been to continue the close examination of all aspects of the VA's construction planning process started by my distinguished colleague and the former chairman of the committee, ALAN SIMPSON. The committee's investigation into this matter, the results of reviews by outside experts, including the General Accounting Office, and testimony received at the committee's hearings this year and in 1983 have led me to conclude that the VA's current construction planning process is lengthy, burdensome, and extremely costly.

With those concerns in mind, I developed a comprehensive package of legislative proposals, which were included in the Senate-passed version of H.R. 505, to seek to define the parameters and future direction of the VA's construction program. The proposals sought to streamline the VA's construction planning process and maximize, in a fair and equitable manner, the expenditure of limited construction dollars. It further proposed methods by which the construction programs could be made more cost efficient by requiring the VA to develop a standardized hospital size and design to consider alternatives to construction, such as purchasing or leasing already existing facilities.

I am pleased that my initiatives in the Senate resulted in these issues receiving a great deal of examination and consideration and that the final compromise agreement contains certain provisions which would begin to address the concerns that I have raised. The agreement includes provisions which would, among other things, greatly improve the annual process by which major VA construction projects are authorized. In lieu of the current authorization process whereby the House and Senate Veterans' Affairs Committees take separate action, the bill would provide for the Committees on Veterans' Affairs of the House and Senate to adopt annual construction resolutions with identical texts. Subsequent to that adoption, appropriations could not be made for major VA construction projects except in compliance with the committees' resolution. In addition, the compromise agreement requires the VA to submit annually to the Congress a 5-year strategic plan detailing the missions and goals of VA medical facilities and a construction plan based on those goals. At this time, there is no formal link between the VA's planning process for medical programs and for medical facility construction. It is our intent to remedy this planning gap.

I regret, however, that the House did not accept certain Senate-passed provisions. I believe that the provisions contained in the Senate-passed version of H.R. 505 would have more strongly and appropriately addressed these important issues. Although the provisions contained in the compromise agreement falls somewhat short of the goals established in the Senate bill, I believe we have begun an important task that I will continue to pursue vigorously in the coming years.

QUALITY ASSURANCE

Mr. President, I am pleased that the final compromise agreement includes provisions which will improve the VA's already existing efforts to monitor the quality of care provided to our Nation's veterans. I am extremely proud of this endeavor.

By the adoption of these quality-assurance initiatives, the Congress has for the first time identified in law quality assurance as a top priority for programs and services administered by the VA. As passed by the Senate and included in the final compromise agreement, the VA would be required to establish and conduct a comprehensive quality-assurance program to evaluate the quality of care provided by the VA. Among other things, the VA would be required to compile national mortality and morbidity standards for all types of surgical procedures and collect local and national mortality and morbidity statistics for VA surgical programs which include VA cardiac surgery, heart transplant, and renal transplant programs.

The VA would be required to compare, analyze, and evaluate the aforementioned data to determine whether there are significant deviations from the standards that would indicate deficiencies in the quality of care and to explain any such deviations. Mr. President, in light of the results of a September 30, 1985, VA Inspector General [IG] audit, "Quality Standards for Professional Programs," this provision is extremely timely. As a result of his findings, the IG recommended "that the Chief Medical Director develop an information reporting system which will enable comparisons and analyses of mortality data as a means to enhance the VA quality assurance system." I expect that combined with new initiatives started by the VA's Chief Medical Director, Dr. John Ditzler, the quality assurance provisions will help to aid the VA in their efforts to monitor the quality of its care and maintain effective quality assurance records.

Another major component of the Senate-passed version of H.R. 505 addressed the issue of credentialing of certain VA health care professionals. As a result of my investigations into the problems relating to credentials of certain health-care professionals, legislation was included in S. 876 as reported by the committee to address this matter. As reported and passed by the Senate, the Administrator of the VA would be required to submit a report to Congress which would describe in detail the VA's current and future efforts for the monitoring of credentials of VA health care professionals to ensure that potential and current VA employees are appropriately licensed and to inform appropriate medical authorities when a VA employee leaves the VA with credentials difficulties.

An October 11, 1985, VA inspector general report confirmed my belief that the VA could greatly improve its policies and procedures in this critical area. The inspector general concluded that "While the number of physicians identified in our review with impaired licenses represents only a small percentage of the total VA physician staff, they may have unnecessarily exposed the veteran population and the agency to medical and legal risks resulting from treatment by individuals with impaired licenses." The inspector general has identified 87 physicians who have licensing problems. The VA is currently examining these cases to determine what problems may exist and what actions should be taken. In light of current national attention regarding this issue in both the public and private sectors, I am most pleased that the compromise agreement contains this provision.

NONINSTITUTIONAL CARE

As chairman, I am extremely concerned about, first, the growing demand, particularly among elderly veterans, for hospital and nursing home care; second, the extraordinary cost of institutional care; and third, the VA's efforts to integrate into its broad continuum of care currently available community-based alternatives to institutional care. Thus, I introduced S. 876 which contained several provisions which would require the VA to conduct pilot programs in order to evaluate the advantages and disadvantages of alternatives to institutional care. It was my intent that these pilot programs would assist the VA in determining if these alternative forms of care would provide the veteran with a level of care more appropriate to the veteran's health and health-related needs and do so in a more cost effective manner.

One such pilot program would have provided the VA with the specific authority to contract for the care, treatment and rehabilitative services in halfway houses for certain chronically mentally ill veterans. This provision was designed to fill a gap in the VA's otherwise comprehensive and high quality continuum of psychiatric care. A need for this kind of program has been documented by the General Accounting Office and the VA inspector general, who in a September 30, 1985 report, indicated that 33 percent of VA psychiatric inpatients could be treated in less restrictive and less costly environments.

"The House Veterans' Affairs Subcommittee on October 8 held a hearing to examine issues pertaining to the VA's mental health programs including the aforementioned provision. At that time, Dr. D. Earl Brown, Jr., the VA's Associate Deputy Chief Medical Director, expressed the agency's support for the Senate provision and the need for the specific authority which is provided in that provision. I greatly regret that the House did not accept this provision and it is not contained in the compromise measure. A question remains concerning the VA's existing authority to provide such halfway house care as an extension of hospital care and the extent of the VA's use of the authority. I hope that the need for such a priority contained in the Senate provision and by witnesses during the House hearing will send a message to the VA to take specific steps to address the needs of this group of deserving veterans as documented by both the GAO and the IG to the extent possible under existing law. I intend to revisit this issue during this next year, particularly the need for further specific statutory language to clarify the VA's authority in this most important area. I continue to believe that this provision providing a specific authority would be a major step in providing the chronically mentally ill with more appropriate levels of care and treating them in a more compassionate and humane manner.

The Senate-passed bill also included a pilot program which was derived from my original bill, S. 876. As introduced, S. 876 would allow the VA to provide health-related services to certain eligible veterans. Many elderly and totally disabled veterans who do not require hospitalization or intensive levels of care could stay at home if some basic services could be provided to them. That is, many need health-related, so-called personal care services, such as, bathing, dressing, and eating assistance and other additional daily living services. Though I deeply regret that the House did not agree to accept this pilot program as part of the compromise package, we did agree to request the VA to examine veterans' needs for these kinds of services. It is my strong belief that the VA, in order to best serve veterans, must examine alternatives to institutionalization. We will continue to monitor closely their willingness and ability to do so. I am committed to pursuing these matters which I believe will provide the veteran with more compassionate forms of health care.

VIETNAM VETERAN RESOURCE CENTERS

Finally, Mr. President, I am gratified that the compromise agreement includes a proposal which I introduced in S. 875 pertaining to the special needs of Vietnam-era veterans. The provision would require the VA Administrator to conduct a 33-month pilot program in 10 existing Vet centers to be designated at Vietnam Veteran Resource Centers [VVRC's]. The VVRC's would provide services additional to the readjustment counseling services already provided by the vet centers to this group of eligible veter-

ans. Among those services are first, employment counseling, training, and placement; second, intake, referral, and followup services for veterans with alcohol and drug-related disabilities; and third, coordination of services received through the Veterans' Administration, Department of Labor, and other Federal agencies. I believe that this program would help the VA to be more responsive to the many changing needs of Vietnam-era veterans.

CONCLUSION

Mr. President, in concluding I am pleased with the resolution of the many complex issues contained in the final version of H.R. 505 now before the Senate for final consideration. I thank the distinguished ranking minority Member from California, my friend Senator ALAN CRANSTON. I recognize the fine work of my most dedicated staff which includes my chief counsel and staff director, Anthony Principi, Julie Susman, Cynthia Alpert, Lisa Moore, Kathleen McTighe, and Becky Hucks, Kay Eckhardt, Judy Boertlein, Jody Sanders, and Lisa Gilman, and our printing clerk Jim MacRae.

I further acknowledge the diligent efforts of the entire minority staff, headed by JON STEINBERG, minority chief counsel, and including Ed Scott, Bill Brew, Babette Polzer, Nancy Bilica, Ingrid Post, and Charlotte Hughes. Finally, I thank my most worthy counterpart on the House Veterans' Affairs Committee, G.V. "SONNY" MONTGOMERY, and JOHN PAUL HAMMERSCHMIDT, the ranking minority members, and their hard working staffs which include Mack Fleming, majority chief counsel, Pat Ryan, Jack McDonnell, Victor Raymond, Richard Fuller, and minority counsel, Rufus Wilson, and Kingston Smith also of the minority staff.

Mr. President, I urge my colleagues to join me in supporting this measure.

Mr. President, I submit the House/Senate explanatory statement which has been prepared in lieu of the joint statement which would accompany a formal conference report and ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATORY STATEMENT OF HOUSE BILL (H.R. 505), SENATE AMENDMENT (S. 876), AND COMPROMISE AGREEMENT ON THE VETERANS' ADMINISTRATION HEALTH-CARE AMENDMENTS OF 1985

This document, except as otherwise noted, explains the provisions of H.R. 505 as passed by the House of Representatives on May 21, 1985, the provisions of the bill as passed by the Senate on July 30 with an amendment incorporating the provisions of S. 876 as reported and a further floor amendment, and the provisions of a compromise agreed to by the Veterans' Affairs Committees of the House and Senate. The differences between the House bill, the Senate amendment, and the compromise agreement are noted below, except for clerical corrections, conforming changes made necessary by agreements reached between the Committees, and minor drafting, technical, and clarifying changes.

ALCOHOL AND DRUG TREATMENT AND REHABILITATION

Both the House bill (section 203) and the Senate amendment (section 203) would amend present section 620A of title 38, U.S. Code, relating to treatment and rehabilitation for alcohol or drug dependence or abuse disabilities, to delete references to "pilot" in the description of the VA's program for the provision of alcohol and drug treatment and rehabilitation through contracts with non-VA halfway houses and other community-based programs and to extend by 3 years, through September 30, 1988, the authority for this program. The House bill would require a report to the Committees not later than December 31, 1987, on the operation of the program; the Senate amendment would require a report not later than February 1, 1988, on the experience under the program during the four fiscal years 1985 through 1988, and would require that the report provide certain detailed information on the success and cost of the program.

The compromise agreement (section 101) contains this provision with the reporting requirement based on the provision in the Senate amendment.

CONTRACT HEALTH-CARE AUTHORITY OUTSIDE THE 48 CONTIGUOUS STATES

The House bill (section 204), but not the Senate amendment, would amend section 601(4)(C)(v) of title 38, relating to the authority to provide hospital care and certain outpatient services in noncontiguous "States" (defined in section 101(2) of title 38 to include United States Territories and possessions and the Commonwealth of Puerto Rico), to extend for 3 years, from September 30, 1985, until September 30, 1988, the VA's authority in Puerto Rico and the Virgin Islands and other United States' Territories and possessions to provide on a contract basis hospital care for non-service-connected disabilities and outpatient services to obviate the need for hospital admission. With respect to Puerto Rico, the House bill would also have provided for a phase-out, over the 3-year extension period, of the Administrator's authority to waive the restrictions limiting the use of this contract authority to jurisdictions where the overall levels of hospital care and medical services provided at VA expense are consistent with the levels provided in the contiguous states.

The compromise agreement (section 102) would make the contract authority permanent with respect to the Virgin Islands, would delete the waiver authority with respect to the Virgin Islands, and, instead of phasing out the waiver authority with respect to Puerto Rico, would phase out the contract authority over a 3-year period. Thus, in Puerto Rico in fiscal year 1986, the VA would be authorized to expend under this authority no more than 85 percent of the amount expended there under this authority in fiscal year 1985; in fiscal year 1987, the limitation would be 50 percent of the fiscal year 1985 expenditure level; and, in fiscal year 1988, 25 percent.

The Committees note that it is their intention that this be the final extension of this extraordinary contract authority in Puerto Rico. The Committees also note that they intend the contract authority for the Virgin Islands to be exercised only for Virgin Islands residents and that they expect the Department of Medicine and Surgery to monitor use of that authority to ensure that result.

EXTENSION OF INTERIM HEALTH-CARE ELIGIBILITY BASED ON EXPOSURE TO DIOXIN OR OTHER TOXIC SUBSTANCES IN VIETNAM OR TO NUCLEAR RADIATION

The Senate amendment (section 201), but not the House bill, would amend section 610(e)(3) of title 38 relating to the period during which veterans exposed to dioxin or certain other toxic substances used in a herbicide or defoliant used in connection with military purposes in Vietnam during the Vietnam era or to ionizing radiation from the detonation of a nuclear device are eligible for certain VA health-care services for the treatment of any disability, notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure, to extend the period of eligibility by 2 years and 7 months—from the end of the 1-year period beginning on the date that the Administrator submits the first report on a mandaged Agent Orange epidemiological study of Vietnam veterans (which, by statute, is due to be submitted by February 14, 1986, two years after the study protocol was approved)—until the end of fiscal year 1989.

The compromise agreement (section 103) contains this provision.

OUTPATIENT AND AMBULATORY SERVICES FOLLOWING NURSING HOME OR DOMICILIARY CARE

The House bill (section 103), but not the Senate amendment, would amend section 612(f)(1)(B) of title 38, relating to eligibility for outpatient and ambulatory care, to authorize followup medical services on an outpatient or ambulatory basis, for a period generally not to exceed 12 months following discharge, to a veteran who has received nursing home or domiciliary care (in addition to the current statutory authority to provide followup medical services to a veteran who has received hospital care) and who requires such services to complete treatment incident to such care.

The compromise agreement (section 104) includes this provision.

VIETNAM VETERANS RESOURCE CENTERS PILOT PROGRAM

The Senate amendment (section 101), but not the House bill, would amend section 612A of title 38, relating to readjustment counseling and related mental health services for Vietnam-era veterans, to add a new subsection (h) which would require the Administrator to conduct a pilot program, during the period January 1, 1986, through December 31, 1988, at 10 existing readjustment counseling centers (Vet Centers), which would be designated as Vietnam Veterans Resource Centers (VVRC), to provide at the centers certain additional services to eligible Vietnam-era veterans. Under the program, the Administrator would be required to provide (1) counseling and assistance relating to the application for all VA benefits and services, (2) specified employment counseling, training, placement, and related services, (3) intake and referral for veterans with alcohol or drug abuse-related disabilities and follow-up services for veterans who have been treated for such disabilities, and (4) coordination of services received by veterans participating in this program or other VA, Department of Labor

(DOL), or other Federal programs. The Administrator would be required (1) to provide such additional staff and other resources necessary to enable the VVRC's to provide the aforementioned services; (2) to notify the Secretary of Labor as to the need for the assignment of personnel to the VVRC's to provide employment assistance; and (3) to coordinate the assignment and use of employees, on full- or part-time basis, in each VVRC and, in doing so, make maximum feasible use of the VA employees at the facility on the date it is designated as a VVRC. The Secretary of Labor would be responsible for the assignment to the VVRC's, on full- or part-time basis, of personnel to provide employment services. In order to ensure appropriate coordination, direction, implementation, and assessment of the program, the Administrator would be required to establish and provide support for a VVRC Coordinating Committee composed of certain VA and DOL representatives, which would be required to report, by June 30, 1986, and at least every 6 months thereafter, to certain VA and DOL officials on the program's status. The Administrator would be required to submit to the Committees, not later than April 1, 1987, an interim report on the first 15 months' experience of the pilot program and, not later than April 1, 1989, a final report on the full 36 months of operation of the pilot program.

The compromise agreement (section 105) includes this provision, with amendments.

Under the compromise agreement, the program would have a termination date of September 30, 1988, which coincides with the date by which, under current law, the Administrator is required to arrange for the transition of the readjustment counseling program to a program in which counseling services are provided primarily through VA health-care facilities. Under the compromise agreement, the Administrator would be required generally to assign personnel as are necessary for the VVRC's to accomplish their goals but would require that the function of coordinating services be carried out by the personnel assigned to the Vet Center when it is designated a VVRC. The compromise agreement would not require the Secretary of Labor to provide certain personnel to the VVRC's but, instead, clarifies that the Secretary would be required to assign such personnel to the VVRC's as the Secretary considers appropriate. The compromise agreement would require the interim and final reports on the program to include, among other things, an evaluation of the appropriateness of staff utilization and would delete the requirement that the report include any legislative recommendations by the Administrator relating to this program. The Administrator's final report would be due by January 1, 1989. The provision to establish the VVRC Coordinating Committee is not included in the agreement.

In connection with the deletion of the provision for establishing the VVRC Coordinating Committee, the Committees expect the administrator to ensure that greater coordination between the VA's Department of Veterans Benefits and the Department of Medicine and Surgery is achieved through the implementation of the program.

TECHNICAL AMENDMENT RELATING TO CONTINUING AVAILABILITY OF READJUSTMENT COUNSELING

The Senate amendment (section 501), but not the House bill, would make a technical, conforming amendment to section 612A(g)(1)(B) of title 38, relating to the Administrator's responsibility during the 12-month period ending September 30, 1988, for planning for the continuing availability of readjustment counseling, to delete a reference to a date by which veterans would have to request such counseling in order for the administrator to be required to take them into account in the planning required by section 612A(g)(1). Thus, the planning requirement in section 612A(g)(1) would be conformed to the permanent counseling entitlement provided for in section 612A(a).

The compromise agreement (section 106) contains this provision.

COUNSELING FOR FORMER PRISONERS OF WAR

The Senate amendment (section 202), but not the House bill, would amend Subchapter II of chapter 17 of title 38, relating to VA hospital, nursing home, or domiciliary care and medical treatment, to add a new section 612B to authorize the establishment of a program to provide, upon request, counseling to any veteran who is a former prisoner of war (POW) to assist such veteran in overcoming the psychological effects of detention or internment as a POW.

The compromise agreement (section 107) contains this provision.

TRANSFERS FOR NURSING HOME CARE

The House bill (section 104), but not the Senate amendment, would amend section 620 of title 38, relating to transfers for nursing home care, to authorize the direct transfer to a non-VA nursing home of (1) a veteran who has received VA nursing home or domiciliary care (in addition to the current statutory authority for such a transfer for a veteran who has received hospital care) and who requires long-term nursing home care, or (2) a veteran who has received VA hospital care and who is currently receiving VA hospital-based home care services. The House bill would also make inapplicable to certain veterans receiving nursing home care for a service-connected disability the general 6-month limitation on the duration of contract nursing home care.

The compromise agreement (section 108) contains these provisions and a provision requiring the Chief Medical Director to develop improved procedures for notifying the Chief Benefits Director of the transfer to a non-VA nursing home of a veteran who is in receipt of VA pension. This provision is designed particularly to ensure such notification in the cases of VA pensioners who were receiving VA hospital-based-home-care services prior to their transfer to a nursing home under a VA contract.

CHIROPRACTIC SERVICES PILOT PROGRAM

Both the House bill (section 303) and the Senate amendment (section 104) would provide for the VA, upon consulting with the Department of Defense, to provide chiropractic services to veterans as part of demonstration projects.

The House bill, in a freestanding provision, would require the VA to carry out demonstration projects in three geographically dispersed locations in order to evaluate the cost-effectiveness and medical effectiveness of providing chiropractic care, as compared to medical care, for veterans with neuromusculoskeletal conditions. The Administrator would obtain advice and recommendations from recognized scientific authorities in the treatment of neuromusculoskeletal conditions and ensure adequate participation by chiropractors, including chiropractic colleges, in the design and evaluation of demonstration projects. One report on the demonstration project, due not later than October 1, 1988, would be required to be submitted to the Committees.

The Senate amendment, in a new section 630A of title 38, would require the VA, during calendar years 1986 through 1988, to carry out a pilot program consisting of not less than one demonstration project in each of five geographic regions in order to furnish chiropractic services to certain categories of veterans and to evaluate the therapeutic benefits and cost-effectiveness of such services. The Senate amendment would limit the services under the pilot program to (1) the treatment of a veteran for a service-connected neuromusculoskeletal condition of the spine, (2) the treatment of a veteran who has been furnished hospital care by the VA for a neuromusculoskeletal condition of the spine within the 12-month period prior to receiving the chiropractic services, and (3) the treatment of a neuromusculoskeletal condition of the spine of a veteran with a service-connected disability rated at 50 percent or more disabling. Under the Senate amendment, the Administrator, in consultation with appropriate entities, would establish a schedule of reasonable charges for chiropractic care, which would be consistent with the schedule for such charges under the Medicare program. The amount of reimbursement that any one veteran could receive in any 12-month period would be limited to $600 and total expenditures for the pilot program in any fiscal year would be limited to $2 million. Expenditures for the pilot program would come from funds appropriated for beneficiary travel reimbursement.

Three reports on the program, due April 1 of 1987, 1988, and 1989, would be required to be submitted to the Committees. Also, section 601 of title 38, relating to definitions for the purpose of chapter 17 of title 38 (the chapter relating to VA hospital, nursing home, domiciliary care and medical services), would be amended to add a paragraph defining "chiropractic services" as the manual manipulation of the spine by a licensed chiropractor who meets Medicare standards to correct a subluxation of the spine and as not including physical examinations, laboratory tests, radiologic services, or other tests or services determined by the Administrator to be excluded.

Under the compromise agreement (section 109), the VA, pursuant to a freestanding provision, would be required to carry out a pilot program consisting of not less than one demonstration project in each of five geographic regions. Under this pilot program, the VA (1) would provide chiropractic services only to veterans who have received VA hospital care or medical services within the prior 12 months for the treatment of a neuromusculoskeletal condition of the spine and, (2) in consultation with appropriate entities, would establish a schedule of reasonable charges for chiropractic care which would be consistent with the schedule for such charges under the Medicare program. The compromise agreement contains a $2-million limitation on total expenditures for the pilot program in any fiscal year and would require the VA, in designing, conducting, and evaluating the pilot program, to obtain advice and recommendations from recognized medical or scientific authorities in the treatment of neuromusculoskeletal conditions of the spine and ensure adequate participation by chiropractors, including representatives of chiropractic colleges. A report on the pilot program would be due April 1, 1989. The term "chiropractic services" would be defined, in the freestanding

provision, in the same way as in the Senate amendment.

The Committees note that there is not an explicit requirement in this legislation, as there is in the Medicare law, that the neuromusculoskeletal condition of the spine must be demonstrated by an x-ray because such a requirement is unnecessary in this provision since the only veterans eligible for chiropractic services under the pilot program would be those who had in the preceding 12 months received VA health care for such a condition and that treatment would invariably include a diagnostic x-ray.

MEDICAL QUALITY-ASSURANCE RECORDS

The Senate amendment (section 302), but not the House bill, would amend section 3305 of title 38, relating to limitations on the disclosure of certain VA medical quality-assurance records (1) to specify that nothing in section 3305 authorizes or requires the VA to withhold the disclosure of statistical information on VA health-care programs, including information on aggregate morbidity and mortality rates at individual VA health-care facilities, so long as that information does not identify, either implicitly or explicitly, individual VA patients or employees, or individuals who participated in medical quality-assurance activities, and (2) to add a cross-reference to new section 4152 of title 38 (which would be added by section 204 of the compromise agreement) specifying that reports submitted pursuant to that new section (bi-ennial reports on the VA's medical quality-assurance program which would include, among other things, data on mortality and morbidity rates for all VA surgical programs and procedures)—which might implicitly identify VA employees—would not be confidential under section 3305.

The compromise agreement (section 201) contains this provision.

AUTHORITY TO EXPAND GERIATRIC RESEARCH, EDUCATION, AND CLINICAL CENTERS PROGRAM

The House bill (section 105), but not the Senate amendment, would amend section 4101(f)(1)(A) of title 38, relating to the designation of VA health-care facility locations for centers of geriatric research, education, and clinical activities, to increase from 15 to 25 the maximum number of facilities that the Administrator may so designate.

The compromise agreement (section 202) contains this provision.

REVISION OF APPOINTMENT AUTHORITY FOR GRADUATE AND STUDENT NURSES

The House bill (section 202), but not the Senate amendment, would amend section 4114 of title 38, relating to personnel appointments in the VA other than to full-time permanent positions, to authorize the VA to give temporary full-time appointments as nurses for more than one year to individuals who have completed nursing school and who are pending registration in a State as a graduate nurse and to authorize the reappointment for one year of a student nurse who is pursuing a full course of nursing in a recognized school of nursing.

The compromise agreement (section 203) contains these provisions with an amendment limiting the appointment of graduate nurses to a period not to exceed two years.

QUALITY ASSURANCE AND CREDENTIALING

The Senate amendment (section 304), but not the House bill, would amend subchapter V of chapter 73 of title 38, relating to the organization of the VA's Department of Medicine and Surgery (DM&S), to add new subsections 4151 and 4152 to require the Administrator to (1) establish and conduct a comprehensive quality-assurance program to monitor and evaluate the quality of health care furnished by DM&S, (2) delineate the responsibilities of DM&S with respect to the conduct of the VA quality assurance program, and (3) allocate sufficient resources, and sufficient personnel with the necessary skills and qualifications, to enable DM&S to carry out such delineated quality-assurance responsibilities. The Inspector General (IG) of the VA would be required to allocate sufficient resources, and sufficient personnel with the necessary skills and qualifications, to enable the IG to monitor the quality-assurance program conducted by DM&S. The Administrator would be required to direct the Chief Medical Director (CMD) of the VA (1) in consultation with certain Department of Defense and other officials, to establish and maintain mortality and morbidity standards for all types of surgical procedures conducted by DM&S, (2) to collect data on mortality and morbidity rates for each surgical procedure conducted by DM&S and compile those data for each VA cardiac surgery, heart transplant, and renal transplant program and in the aggregate for all other VA surgical procedures, (3) compare the aforementioned data to the national mortality and morbidity standards, (4) analyze and evaluate the data and the relationship between the data and certain specified factors in order to determine significant deviations from the standards that indicate quality of care deficiencies, (5) explain the deviations, and (6) make recommendations based on these data, comparisons, analyses, evaluations, and explanations. The CMD would be required to submit to the Administrator, not later than January 1 of 1987, 1988, and 1989, a report on the experience of the quality-assurance program. Within 60 days after receiving each report, the Administrator would be required to submit to the Committees a copy of the report, together with any comments regarding the report that the Administrator considers appropriate.

In addition, the Administrator would be required, not later than 90 days after the date of the enactment of this Act, to submit to the Committees a report describing in detail the VA's current and future plans for monitoring the credentials of certain VA health-care professionals. The report would be required to include certain specified information concerning the VA's policies, procedures, and formal arrangements regarding the exchange of relevant information with certain State medical and other health-professional licensing bodies and other entities (including the Drug Enforcement Administration) for the purposes of (1) determining the current and past licensure and clinical-privilege status of health-care professionals who are seeking VA employment or who are currently employed by the VA, and (2) providing information to appropriate non-VA entities about health-care professionals whose VA employment is terminated in certain specified circumstances. The report would also be required to include, with respect to any of the aforementioned policies, procedures, and formal arrangements not yet implemented at the time the report is submitted to the Congress, a timetable for their implementation.

The Administrator would be required to report to the Committees every 3 months until full implementation has occurred. At that time, a final report would be required to be submitted to the Committees.

The compromise agreement (section 204) includes this provision, with an amendment, deleting the requirement for the CMD, in establishing and maintaining morbidity and mortality standards, to consult with the Assistant Secretary for Defense for Health Affairs and the Surgeons General of the Armed Forces. Although the requirement of consultation with DOD officials is not included in the compromise agreement, it is the Committees' intent that the CMD consult with appropriate DOD officials and others in the process of establishing and maintaining such standards.

AVAILABILITY OF STATE FINANCIAL SUPPORT FOR APPROVED STATE HOME PROJECTS

The House bill (section 107), but not the Senate amendment, would amend sub-chapter III of chapter 81 of title 38, relating to the VA's program of matching-fund grants for State Veterans Home construction projects, (1) to authorize appropriations of $40 million for fiscal year 1986, $50 million for fiscal year 1987, and $60 million for fiscal year 1988, (2) to require the Administrator to submit to the Committees, at the time that the President's budget is submitted to the Congress, annual reports concerning the operation of the program during the preceding and current fiscal years, including a list of those States which have submitted pending preapplications and the Administrator's recommendations concerning the relative priority of the projects involved, (3) to revise the grant application and approval processes, and (4) to repeal the current restriction that no State could receive in any fiscal year more than one-third of the funds appropriated for the program. In lieu of current-law provisions that the VA interprets as requiring it to fund applications in the order in which formal "preapplications" for grants are received, the Administrator would be required to determine, in accordance with specified criteria, the relative need for each project for which a preapplication has been submitted in comparison to the need for other projects for which preapplications were submitted; would be required to determine the relative need for each project for which an application is submitted; would be given authority to approve—rather than being required to approve—projects that meet the basic criteria for funding; and would be given discretion to fund qualifying projects in amounts other than the amounts applied for and in accordance with a priority ranking determined by the Administrator.

In lieu of these provisions, the compromise agreement (section 205) would require the Administrator to defer approval of a project that has been provided a notice of approval for funding if, by July 1 following such notice of approval, the State financial support has not been provided. Any project that is passed over would be placed on the list—ahead of all projects not approved before the end of the fiscal year in which it was passed over—for funding in the next fiscal year but would be subject to being passed over again if the project is not ready for funding by July 1 of that fiscal year.

The Administrator would be required to apply the funds from projects passed over to any nursing home project on the list of projects whose preapplication has been approved. The Administrator would be allowed to select such project based on need pursuant to guidelines established by the Administrator.

With 72 or more projects now awaiting Federal funding (totaling more than $175 million) and only $22 million in appropriations available in fiscal year 1986, the Com-

mittees' view is that States must be ready to proceed when the VA is ready to make the grant so that it will not be necessary to carry over funds from one fiscal year to another.

PROCEDURES FOR CLINICAL PRIVILEGES, REDUCTION OR REVOCATION

The Senate amendment (section 303), but not the House bill, would amend section 4110 of title 38—relating to disciplinary actions against physicians and certain other health-care personnel employed in the VA's Department of Medicine and Surgery under the authority of title 38—to provide that (1) the provisions of that section are applicable in any case in which the VA proposes to reduce or revoke the clinical privileges of any title 38 employee by reason of inaptitude, inefficiency, or misconduct; (2) any action to reduce or revoke clinical privileges could be taken only after the individual was provided with notice of the proposal to reduce or revoke his or her privileges and only on the basis of a deficiency in the individual's clinical practice; and (3) nothing in that section, either under current law or as proposed to be amended, limits the Administrator's authority to protect the health and safety of veterans by temporarily reassigning a title 38 employee for the purpose of either suspending the employee's exercise of clinical privileges or otherwise restricting his or her clinical activities pending the outcome of a proceeding under section 4110.

The compromise agreement (section 206) contains a requirement that the Administrator prescribe by April 1, 1986—and submit to the Committees by May 1, 1986, a copy of and a report on—uniform guidelines for the handling of cases involving the proposed reduction or revocation of the clinical privileges of VA health-professional employees. The Committees intend that the uniform guidelines include, at a minimum, provisions specifying that (1) any action to reduce or revoke clinical privileges based on an employee's performance of professional responsibilities could be taken only after the individual was provided with notice of the proposal to reduce or revoke his or her privileges and only on the basis of a deficiency in the performance of such professional responsbilities; (2) requiring that any proceeding to reduce or revoke clinical privileges proceed in a timely fashion and that a written decision of such a proceeding be provided in a timely fashion; (3) entitling the health-professional employee involved (A) to have access to all evidence that will be considered as part of the proceeding, (B) to have the opportunity to participate fully in the proceeding and be represented by counsel throughout, and (C) if any hearings are held, to be present throughout the evidentiary proceedings, to confront witnesses, and to purchase a copy of a transcript or tape of the proceedings; and (D) to appeal to a VA employee who is senior in grade to the head of the employee's duty station and is not stationed at the employee's duty station (including at any subsidiary unit thereof).

In a case involving a proposed revocation of clinical privileges, the Committees intend that the guidelines affort the employee the same procedural protections and appellate rights as are afforded in connection with a proceeding before a board under section 4110 of title 38, or afford the employee a combined revocation of privileges and removal proceeding before a board under section 4110 in order to avoid the need for two hearings, one for revocation of privileges and one for removal. The guidelines should address the proper use of confidential quality assurance documents under present section 3305 of title 38 inasmuch as that section severely restricts the disclosure of such documents. Once a quality-assurance document has triggered concerns and possibly an investigation concerning the exercise of clinical privileges, a case against the employee must proceed independently of quality-assurance documents, especially in view of the Committees' intended requirement that the evidence on which the VA may base a proposed action must be provided to the employee and the employee's representative, if any.

The Committees note their intent that nothing in the proposed guidelines would limit the Administrator's authority to protect the health and safety of veterans by temporarily reassigning a title 38 employee for the purpose of either suspending the employee's exercise of clinical privileges or otherwise restricting his or her clinical activities pending the outcome of a proceeding involving a proposed reduction or revocation of clinical privileges.

If the guidelines do not substantially comport with the Committee's above-described intentions, the Committees are prepared to recommend legislation establishing these or similar procedures.

VETERANS' ADMINISTRATION MEDICAL FACILITY CONSTRUCTION AND ACQUISITION

Both the House bill (section 201) and the Senate amendment (section 401(a)(1)(A)) would amend section 5004(a) of title 38, relating to the prohibition against the making of an appropriation for a major (over $2 million) VA medical facility construction or acquisition project unless both Committees have adopted a resolution approving the project and setting forth the estimated cost. The House bill, but not the Senate amendment, would require that any law appropriating funds for the construction, alteration, or acquisition of any major VA medical facility construction project specify the medical facility for which the appropriation is made and the amount appropriated for the project. The House bill also would prohibit the total amount appropriated for any major construction project from exceeding the estimated cost of the project as set forth in either Committees' construction resolutions required by present section 5004(a)(1).

The Senate amendment, but not the House bill, would revise the Committee approval process, provided for in present section 5004(a)(1) for the approval of major VA medical facility construction projects, to require the authorization, by a law based on legislation reported from the Committees specifying the amount that may be appropriated and expended, of appropriations for any such project.

The compromise agreement (section 301) contains the House provision with a technical amendment and would also revise the Committee approval process, provided for in present section 5004(a)(1) for the approval of major VA medical facility construction projects, to provide for the Committees to adopt construction resolutions with identical texts. Subsequent to the adoption of such a resolution, appropriations could not be made for major VA projects during the period beginning on the day that such resolutions are adopted and running through September 30 of the ensuing fiscal year except in strict compliance with the resolutions' text.

The Senate amendment (section 411) would also authorize the appropriation to the VA for fiscal year 1986 of $417.2 million for the major medical facility construction account and of $194.4 million for the minor medical facility construction account. The Senate amendment would authorize specified maximum amounts to be appropriated for the three large major construction projects which were requested in the President's budget for fiscal year 1986 (Houston, Mountain Home, and Philadelphia). The Senate amendment would limit further the maximum amounts to be appropriated for these projects to $170.4 million, $35.8 million, and $85.6 million, respectively, unless the Administrator certified to the Committees, not later than 60 days after enactment, that a contract for work cannot feasibly be awarded within 180 days after (1) the date on which a contract for the construction was scheduled to be awarded as of June 1, 1985, in the case of Houston and Mountain Home, or (2) September 1, 1986, in the case of the Philadelphia project. The Senate amendment would also authorize the expenditure during fiscal year 1986 of funds in the VA's major construction working reserve account for the redesign of three other large major construction projects (a replacement medical center in Augusta, Georgia; a replacement medical center in Baltimore, Maryland; and outpatient/clinical additions and alterations in New York, New York) if the total expenditures for the redesigned projects did not exceed $94 million, $88.8 million, and $70.6 million for the Augusta, Baltimore, and New York projects, respectively.

The compromise agreement does not contain this provision.

The Senate amendment (section 401(a)(1)(B)), but not the House bill, contains provisions relating to the VA's construction planning process. Any expenditure of funds beyond the development of project requirements (i.e., expenditures for preliminary plans and all subsequent stages) for the construction, remodeling, extension, or acquisition of a VA hospital facility that would cost more than $20 million would be prohibited unless the expenditure were authorized by a law based on legislation reported from the Committees.

The Senate amendment (section 401(a)(1)(B)), but not the House bill, would also prohibit the construction or acquisition of any new or replacement medical facility with more than 700 hospital beds and the remodeling or extending (involving more than $20 million in total expenditures) of a project that would, upon completion, exceed 700 hospital beds.

The Senate amendment (section 402), but not the House bill, would amend subchapter 1 of chapter 81 of title 38, relating to acquisition and operation of medical facilities, to add a new section 5004A which would require the Administrator and the Comptroller General of the United States to develop jointly a methodology (otherwise known as "bed-sizing methodology") for determining the appropriate types and numbers of hospital beds for each proposed new or replacement VA hospital. The Administrator and the Comptroller General would be required to consult with the Assistant Secretary of Defense for Health Affairs, veterans' service organizations, and representatives of the private hospital industry and to take into account (1) the projected needs of service-connected disabled veterans and veterans who meet the income criteria for VA pension under chapter 15 of title 38, and (2) recent or planned changes in treatment modalities for medical care that could affect

the demand for inpatient beds. The Administrator and the Comptroller General would also be required, not later than October 1, 1986, to submit to the Committees a joint report on the new bed-sizing methodology and not later than October 1, 1987, to submit to the Committees a report on the implementation of the new methodology. The Comptroller General alone would be required to submit to the Committees any additional reports considered appropriate. After April 1, 1987, the expenditure of any funds for preliminary plans for any VA hospital would be prohibited unless the new methodology was used to determine the facility's types and number of beds.

In lieu of these provisions, the compromise agreement (section 302) would amend section 5007 of title 38, relating to a requirement that the Administrator annually submit to the Congress a five-year medical facility construction plan, to require the Administrator to submit, on an annual basis, a five-year strategic operation plan and to base the construction plan on the strategic operation plan.

The Committees intend that the newly-required plan include a comprehensive needs assessment of both medical program operation and medical facility construction needs and a detailed plan designed to address those needs. The plans should also include, but not be limited to, data on (1) the numbers of service-connected-disabled veterans and non-service-connected-disabled veterans whom the VA plans to serve, and (2) the scope (including bed size) for replacement, major modernization, and clinical addition projects involving substantial expansion of capacity, on which actual construction is planned to be initiated during the first three of the five years covered by the construction plan. The Committees also intend that the plans take into account the impact on VA medical program and medical facility construction planning of such matters as VA's use of diagnosis related groups (DRG's) and other resource allocation methodologies and the need for and use of noninstitutional forms of care when making resource allocation and construction planning (including the scope of the planned projects) decisions.

The Senate amendment (section 421), but not the House bill, would amend section 5002 of title 38, relating to the acquisition and construction of VA medical facilities, to require the Administrator, in connection with the assessment of health-care needs of veterans in particular areas and in order to plan how best to meet those needs, to develop criteria to determine whether to construct or acquire a new or replacement facility and to choose between the alternatives of constructing, leasing, or purchasing. The Administrator would also be prohibited, after January 1, 1986, from developing preliminary plans for a new or replacement medical facility unless the option of leasing or purchasing was considered. The Senate amendment would also amend section 5004(b) of title 38, relating to the process of Committee approval of certain medical facility acquisition and construction projects, to require the Administrator to submit, as part of a prospectus required to be submitted to the Committees in connection with a proposed medical facility, a description of the consideration given to leasing or purchasing an existing facility.

The Senate amendment (section 423), but not the House bill, would require the Administrator to submit to the Committees, in connection with the President's budget for fiscal year 1987, a feasibility plan for the purchase, for use as a VA hospital and nursing home, of a medical facility that meets the current and projected needs and specifications of the VA and is located in an urban area. The President, as warranted by the results of the feasibility plan, would be required to include in the VA's fiscal year 1987 budget a request for an appropriate amount for the purchase of such a facility which meets the VA's needs and specifications.

The compromise agreement (section 303) contains the provision requiring the Administrator, as part of a prospectus for a new or replacement medical facility, to submit to the Committees a description of the consideration given to leasing or purchasing an existing facility.

The Senate amendment (section 424), but not the House bill, would require the Administrator, not later than 180 days after enactment, to contract for the development of a modular approach to the planning and design of VA hospitals in order to evaluate the applicability, efficiency, and cost-effectiveness of this approach to the design and construction of VA hospitals.

The compromise agreement (section 304) contains this provision with amendments deleting the requirement for contracting and requiring development within one year after the date of enactment.

The Senate amendment (section 422), but not the House bill, would require the Administrator, effective October 1, 1985, to contract for the construction and operation of a nursing home to furnish nursing home care to eligible veterans. The nursing home would be required to meet the VA's current and projected needs and specifications. The contract would be required to contain terms (1) establishing a minimum 5-year contract duration (2) requiring the contractor to provide the same types, levels, and quality of care that would be provided in a VA nursing home, (3) giving the Administrator the option to renew the contract for up to five years, (4) requiring the referral of eligible veterans to the nursing home so as to ensure a specific occupancy rate, (5) specifying the per diem rate payable to the contractor, and (6) providing that title to the facility would vest in the United States.

The compromise agreement does not contain this provision.

SERVICEMEN'S GROUP LIFE INSURANCE AND VETERANS' GROUP LIFE INSURANCE

The Senate amendment (section 507) and section 5 of H.R. 2343, as passed by the House of Representatives on May 20, 1985, would increase from $35,000 to $50,000 the maximum amount of coverage available under the Servicemen's Group Life Insurance/Veterans' Group Life Insurance programs and make such insurance available to members of the Individual ready Reserve and the Inactive National Guard. The Senate amendment would provide for these increases and modifications to become effective on January 1, 1986; H.R. 2343 would provide for the effective date to be the first day of the fourth month beginning after the date of the enactment of the measure.

The compromise agreement (section 401) contains this provision with an effective date of January 1, 1986.

EXTENSION OF AUTHORITY TO OPERATE AN OFFICE IN THE REPUBLIC OF THE PHILIPPINES

The Senate amendment (section 509) and section 7 of H.R. 2343, as passed by the House of Representatives on May 20, 1985, would extend for 3 years, until September 30, 1988, the authority for a VA office in the Republic of the Philippines.

The compromise agreement (section 402) contains this provision.

VETERANS' ADMINISTRATION GRADE REDUCTION

Both the House bill (section 304) and the Senate amendment (section 301) contain provisions that would prohibit the Administrator from implementing a systematic grade reduction, for the purpose of reducing the average salary costs for the VA employees involved, of certain categories of VA employees unless the Administrator has first submitted to the Committees a report on the proposed reduction. The report would be required to contain a detailed plan and justification for the proposed reduction, including the Administrator's determination, supported by appropriate data, that, in the personnel area proposed for the reduction, the VA has a disproportionate number of employees at the salary grade or grades involved in comparison to employees who perform comparable functions in other departments and agencies of the Federal Government and in non-federal entities. The report would have to be submitted not less than 90 days prior to the effective date of the proposed reduction (not counting any day on which either House of Congress is not in session). The Comptroller General would be required, not later than 45 days after the report is submitted to the Committees, to submit a report to the Committees on the Administrator's compliance with this section, including the accuracy of the Administrator's determination and supporting data.

The House bill would apply to all VA personnel; the Senate amendment would apply to VA health-care personnel who provide direct patient-care services or services incident to direct patient-care services and to professional employees who are employed by the VA as attorneys and engineers. As to those VA employees not covered by the above-described provision in the Senate amendment, the Senate amendment would prohibit the administrator from implementing with respect to VA employees at any specific grade level a systematic grade reduction at a rate greater than the rate of reductions being applied at that grade level in all other Federal government entities combined.

Under the compromise agreement (section 403), the advance-reporting requirement would apply to VA health-care personnel who provide direct patient-care services or services incident to direct patient-care services, to all "professional employees" as that term is defined in section 7103(a)(15) of title 5, United States Code, and to employees in computer-related fields. These categories encompass approximately 13,750 total VA employees at present—approximately 10,500 direct and indirect health-care personnel, 2,337 "professional employees" (883 engineers, 551 attorneys, 278 psychologists working outside of the Department of Medicine and Surgery, 169 accountants, 124 auditors, 138 librarians working outside of the Department of Medicine and Surgery, 93 architects, 73 physicians employed under the General Schedule, 24 statisticians, and 4 actuaries) and 926 individuals employed as "computer specialists" (9 computer equipment analysts, 11 computer programmers, 84 computer systems programmers, 216 computer programmer analysts, 247 computer specialists, and 359 computer systems analysts).

The Committees note that the compromise agreement does not concern itself with

the VA proceeding with a downgrading effort carried out in accordance with standard personnel practices designed to correct a clear example of overgrading in a particular occupational category as demonstrated by an evaluation of job responsibilities. Specifically, the VA would not be prevented from reorganizing work, implementing new classification standards, complying with classification consistency review requirements directed by OPM, or generally reclassifying positions properly even if the actions would result in a lower grade structure for any group of employees. In the case of employees other than those in the specified categories, the VA could exercise these authorities even if the resultant downgrading affected a greater percentage of VA workers in the grade level involved than were being downgraded in other Federal agencies. This is because such a downgrading would not be, in the words of the compromise agreement, "for the purpose of reducing average salary costs" rather, it would be for the purpose of properly categorizing and compensating functions carried out by certain occupations.

The Committees further note that neither the proposed advance-reporting requirement nor the limitation against disproportionate VA reductions would be applicable at all to standard personnel management activities aimed at protecting against overgrading—such as individual desk audits to determine if a particular job is overgraded—so long as those activities are not carried out as part of a systematic effort to achieve grade reductions pursuant to some arbitrary formula.

LAND TRANSFER, PHOENIX, ARIZONA

The House bill (section 302) and the Senate amendment (section 504) would require the transfer to the VA, without compensation, of a certain parcel of land in Phoenix, Arizona. The House bill would require the transfer of 3.4 acres of land, more or less; the Senate amendment, 3.25 acres of land, more or less, and the structure thereon.

The compromise agreement (section 404) would provide for the transfer to the VA, without compensation, of 3.4 acres of land, more or less, and the structures thereon.

MODIFICATION OF RESTRICTION ON REAL PROPERTY, MILWAUKEE COUNTY, WISCONSIN

The Senate amendment (section 506), but not the House bill, would require the Administrator to modify the restrictions on the use of land previously conveyed to Milwaukee County, Wisconsin, so as to permit the County to lease the land to a nonprofit corporation that would be required (1) to construct on the land and equip permanent improvements useful for public recreational or general civic purposes, and (2) to use the land for such recreational or civic purposes.

The compromise agreements (section 405) contains this provision.

AUTHORITY TO RELEASE LIMITATION ON USE OF REAL PROPERTY, MCKINNEY, TEXAS

The House bill (section 301), but not the Senate amendment, would authorize the Administrator to remove a limitation on land previously conveyed to the City of McKinney, Texas, which restricts the use of the land to recreational purposes. The VA no longer maintains a facility in McKinney.

The compromise agreement (section 406) contains this provision.

MODIFICATIONS OF RESTRICTIONS ON REAL PROPERTY AND CONVEYANCE OF A FENCE ON SUCH PROPERTY, SALT LAKE CITY, UTAH

The Senate amendment (section 505), but not the House bill, would require the Administrator (1) to modify the restrictions on the use of land previously conveyed to the Utah State Armory Board so as to permit the land to be used for hospital, educational, civic, residential, or related purposes, and (2) to convey to the Armory Board, without compensation, a fence located on the property.

The compromise agreement (section 407) contains this provision.

PILOT PROGRAM OF COMMUNITY-BASED PSYCHIATRIC RESIDENTIAL TREATMENT FOR CHRONICALLY MENTALLY ILL VETERANS

The Senate amendment (section 102), but not the House bill, would amend Subchapter II of chapter 17 of title 38, relating to hospital, nursing home, and domiciliary care and medical treatment, to add a new section 620B to authorize the conduct of a pilot program, during the period January 1, 1986, through December 1, 1989, under which the VA would contract for care and treatment and rehabilitative services in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities for certain eligible veterans suffering from chronic mental illness disabilities. A veteran would be eligible to participate in the program if, at the time of referral to a contract facility, the veteran were (1) receiving VA hospital, domiciliary, or nursing home care for a service-connected chronic mental illness disability, or (2) a veteran with a service-connected disability rated at 50 percent or more who is receiving VA care for a chronic mental illness disability. The program would be planned, designed, and conducted to demonstrate (1) the medical advantages and cost-effectiveness of providing care in contract facilities compared to providing care in VA facilities, and (2) the veterans' potential for living outside of medical facilities as a result of participating in the pilot program. The Administrator would be required to approve the quality and effectiveness of the program in a facility before referring veterans to it and to designate a VA employee to provide case-management services for each veteran. The Administrator would also be authorized to provide in-kind assistance to a participating contract facility provided that the VA were reimbursed for the assistance. The Administrator would be required to submit to the Committees an interim report on the first 36 months of the pilot program and, by April 1, 1990, a final report on the 48 months of operation of the pilot program.

The compromise agreement does not contain this provision.

In the cases of veterans requiring treatment for service-connected chronic mental illness disability, and veterans in Alaska, Hawaii, Puerto Rico, the Virgin Islands, and U.S. Territories or women veterans requiring such treatment for nonservice-connected chronic mental illness disability, the VA, in the opinion of the VA General Counsel, has authority under current law (section 610(a) and section 601(4)(C) of title 38) to furnish directly, as well as to contract for, the type of halfway-house residential care (considered to be an extension of "hospital care") envisioned in the Senate provision. Moreover, in the cases of these veterans as well as certain others, such as those with service-connected disabilities rated 50 percent or more disabling and those requiring post-VA-hospital followup care for chronic mental illness disability, the VA also has authority under current law (section 612(f)(1)(B) and (2) and section 601(4)(C)(ii)) to contract for the provision of the medical and related services component of this type of care for such veterans' chronic mental illness disabilities and to negotiate on behalf of veterans with respect to the provision, at the veterans' expense or financed by other non-VA services, of the residential (room and board) component. Noting the support for this provision by the VA, the National Association of VA Chiefs of Psychiatry, and the American Psychiatric Association, the Committees intend to examine the issues relating to the extent of the VA's use of the existing authority described above. The Committees are aware that such an arrangement would not be workable in the case of chronically mentally ill veterans whose illnesses incapacitate them from earning a living and who have no other means available to them to pay for the residential components of such halfway-house care, but note that many of the veterans eligible for contract medical services are recipients of substantial disability compensation payments.

VETERANS READJUSTMENT APPOINTMENTS

Section 3 of H.R. 1408, as passed by the House of Representatives on May 20, 1985, but not the Senate amendment, would increase the maximum grade level at which appointments may be made under the veterans readjustment appointments (VRA) program, eliminate the 14-year education limitation on the VRA eligibility of Vietnam-era veterans who do not have service-connected disabilities, and provide that a service-connected disabled Vietnam-era veteran who has more than 14 years of education must be given preference for a VRA over other Vietnam-era veterans who have more than 14 years of education.

The compromise agreement does not contain this provision.

STATE HOME PER DIEM RATES

The House bill (section 104(3)), but not the Senate amendment, would amend section 620(e) of title 38, relating to the rate at which the VA reimburses community nursing home for "intermediate care" (a level of care less intensive than nursing-home care but more intensive than domiciliary care), in order to specify that VA payments to State homes for intermediate care shall be at the same per diem rate that is paid for nursing home care.

The compromise agreement does not contain this provision.

PHYSICIANS AND DENTISTS SPECIAL PAY

The House bill (section 205), but not the Senate amendment, would amend section 4118 of title 38, relating to special pay for physicians and dentists (1) to clarify that the employee's entitlement to special pay runs from the date of employment or from the date the employee signs a special pay agreement, whichever is later, (2) to modify the amounts of special pay that are counted in determining the annuity of employees who retire during fiscal years 1986 through 1990 so as to increase by 10 percentage points per year, from 60 percent for those retiring in fiscal year 1986 to 90 percent for those retiring in fiscal year 1990, the percentages of special pay counted toward annuities (under current law, 50 percent of such pay is counted toward annuities for those who retire during 1986 through 1990 and 100 percent after 1990), and (3) to specify that an employee must receive a perform-

ance rating of at least "fully satisfactory" in order to be eligible to receive special pay.

The compromise agreement does not contain this provision.

STATUS OF VETERANS' ADMINISTRATION OUTPATIENT CLINIC IN TOLEDO, OHIO

The House bill (section 305), but not the Senate amendment, would mandate a change in the status of the VA outpatient clinic in Toledo, Ohio, from that of a satellite clinic (of the Ann Arbor, Michigan, VA Medical Center) to an independent clinic.

The compromise agreement does not contain this provision.

The Committees appreciate the concerns that led to the adoption of the House provision and note the substantial strides made in recent months by the Department of Medicine and Surgery, in conjunction with the University of Michigan through its affiliation with the Ann Arbor VAMC, to expand and upgrade medical services at the Toledo clinic, specifically, the establishment at the clinic of specialty clinics for Dermatology in April, for Ophthalmology and Orthopedics in June, and for Ear, Nose, and Throat in July. In order to continue this progress and provide greater ties to and continuity with medical care in the community, it is the Committees' view that the Toledo clinic should also establish a meaningful affiliation with the Medical College of Ohio and that DM&S Central Office should closely monitor the provision of services at the clinic. The Committees do not intend, however, that the affiliation between the Toledo clinic and the University of Michigan Medical School be diminished.

The Committees direct the Chief Medical Director to report to them by April 1, 1986, on the actions regarding such a new affiliation and to submit at that time an evaulation, based on DM&S's monitoring, of the range, quality, and responsiveness of the care provided by the clinic.

PILOT PROGRAM OF NONINSTITUTIONAL ALTERNATIVES TO INSTITUTIONAL CARE

The Senate amendment (section 103), but not the House bill, would require the Administrator to conduct a 4-year pilot program, through 10 demonstration projects, under which veterans eligible for and otherwise in need of VA hospital, nursing home, or domiciliary care, would instead receive care, including health-related services from non-VA entities, in noninstitutional settings. Priority for participation in the program would be accorded to veterans with service-connected disabilities, to veterans who are 65 or older, and to veterans who are totally and permanently disabled. The VA would be required to utilize geriatric evaluation units as part of 5 of the projects and to assign VA employees to provide case-management services for all veteran-participants.

The compromise agreement does not contain this provision.

The Committees note that they intend to request that the VA explore the need of eligible veterans for noninstitutional health-related services and intend to consider next year the need for such services and for this pilot program.

REPORT ON FEDERAL GOVERNMENT RESPONSIBILITY TO INDIVIDUALS WHO SERVED WITH VOLUNTARY CIVILIAN ORGANIZATIONS IN VIETNAM

The Senate amendment (section 503), but not the House bill, would require the Administrator and the Secretaries of Defense and of Health and Human Services to submit to the appropriate Congressional committees, not later than 180 days after the date of enactment, a joint report on the question of U.S. Government responsibility for providing benefits and services (including, but not limited to, health care and monetary compensation for disabilities which may be related to experiences in Vietnam), either through the VA or otherwise, to individuals who served in Vietnam with voluntary organizations that provided significant assistance to the U.S. Armed Forces.

The compromise agreement does not contain this provision.

COVERAGE OF RESPITE CARE

The House bill (section 101), but not the Senate amendment, would amend section 610(a) of title 38, relating to eligibility for hospital and nursing home care, to authorize the provision of respite care, defined as care furnished by a VA facility on an intermittent or temporary basis to a veteran who is suffering from a chronic illness and who is receiving care at home or in a hospice program.

The compromise agreement does not contain this provision.

The Committees note, however, that the Senate Committee, in the context of further consideration next year of the need for alternatives to institutional care, will consider the need to provide the Administrator with explicit authority to provide respite care.

ASSISTANCE FOR CERTAIN FORMER POLITICAL HOSTAGES

The Senate amendment (section 502), but not the House bill, would require the Administrator to take appropriate action under existing authority to ensure that VA expertise in diagnosing and treating individuals who have experienced unusual trauma and stress and in training health-care personnel in such diagnosis and treatment is made available to other Federal agencies and other organizations which have provided or may provide assistance to (1) the passengers of hijacked TWA flight number 847 who were held in captivity as political hostages, or (2) other United States citizens returning from such captivity, in order to attempt to minimize the potential psychological effects of their captivity.

The compromise agreement does not include this provision.

The Committees urge the Administrator to provide such assistance as may be permitted under existing authority and to continue to provide similar assistance to Federal agencies and other organizations which provide readjustment services to U.S. citizens who are victims of floods, tornados, earthquakes, and other natural or man-made disasters.

EMERGENCY VETERANS' JOB TRAINING ACT

The Senate amendment (section 508) and section 2 of H.R. 1408 as passed by the House of Representatives on May 20, 1985, would amend the Emergency Veterans' Job Training Act of 1983 (Public Law 98-77; 29 U.S.C. 1721 note).

Both H.R. 1408 and the Senate amendment would extend the deadline for veterans already enrolled in the program to begin a program of training. The House bill would extend the deadline from September 1, 1985, to July 1, 1986; the Senate amendment, from September 1, 1985, to March 1, 1986.

The compromise agreement does not contain these provisions; however, Public Law 99-108 extended the deadline to July 1, 1986.

H.R. 1408, but not the Senate amendment, (1) would amend section 17 of the Act to extend, from February 28, 1985 to December 31, 1985, the deadline by which a veteran must apply to participate in the program; (2) would amend section 5(a)(1)(B) of the Act, relating to the period of unemployment required to qualify for participation, to reduce the number of weeks of unemployment required in the 20 weeks prior to application from 15 to 5; and (3) would amend section 16 of the Act, relating to authorizations of appropriations for the programs under the Act, to authorize an appropriation of $75 million for fiscal year 1986.

The compromise agreement does not contain these provisions.

DOMICILIARY CARE

The House bill (section 102), but not the Senate amendment, would amend section 610(b) of title 38, relating to eligibility for domiciliary care, to establish a single basis for eligibility for care in a domiciliary facility by deleting the provision in current law which authorizes domiciliary care for a service-connected disabled veteran who is suffering from a permanent disability, tuberculosis, or a neuropsychiatric ailment, is unable to earn a living, and has no adequate means of support and leaving in place the existing authority to provide domiciliary care to any veteran which is in need of domiciliary care and is unable to defray the expenses of such care.

The compromise agreement does not include this provision.

Both Committees have included provisions in the Omnibus Budget Reconciliation Act of 1985 (H.R. 3500 and S. 1730) that would change current law relating to domiciliary care eligibility. The Committees have agreed to resolve their differences on this issue in the reconciliation conference.

ADMINISTRATIVE REORGANIZATION OF CERTAIN PROSTHETICS SERVICE FUNCTIONS

The House bill (section 304(a)), but not the Senate amendment, would authorize the VA to proceed, during fiscal year 1985, with an administrative reorganization, of which the Committees were given advance notice on February 1, 1985, pursuant to section 210(b)(2) of title 38, involving the transfer of two elements from the Prosthetics Center in New York—the Technology and Performance Evaluation Section and the Information and Education Service—to a Prosthetics Assessment and Information Center in Washington, DC. Section 210(b)(2) prohibited this reorganization from being carried out in FY 1985.

The compromise agreement does not contain this provision.

VETERANS' ADMINISTRATION HEALTH-CARE AMENDMENTS OF 1985

Mr. CRANSTON. Mr. President, as the ranking minority member of the Committee on Veterans' Affairs, I am delighted to join with my colleague from Alaska, the able committee chairman [Mr. MURKOWSKI] in urging the Senate to concur in the House amendment to the Senate amendments to H.R. 505, the proposed Veterans' Administration Health-Care Amendments of 1985. The House amendment reflects a compromise agreed to, in all but one respect which I will discuss later, between the two Veterans' Affairs Committees after extensive discussions and negotiations. This is an important measure which, if enacted, will help to maintain and improve the the quality and efficiency of

health-care services provided by the Veterans' Administration to eligible veterans.

Mr. President, H.R. 505 was first passed by the House on May 21, 1985. On July 30, 1985, the Senate took up S. 876 as reported by the Committee on Veterans' Affairs on July 8. The Senate substituted the provisions of S. 876, as amended by a floor amendment, as an amendment to the text of H.R. 505 as passed by the House and then passed H.R. 505, returning it to the House. Yesterday, the House of Representatives amended the Senate amendment with a substitute which, as I just noted, basically represents a compromise agreement reached by the Veterans' Affairs Committees. Hence, this legislation as it comes before the Senate today is in the nature, although not the form technically, of a conference report.

The measure is a compromise and, as with all compromises, it does not contain all of the provisions each of the parties would like to have included. In fact, because the bills passed by the two Houses had little common ground, many provisions—some of which I will describe in a moment—were dropped in reaching the final agreement. Nevertheless, the measure as it comes before the Senate today represents, I am convinced, the best outcome that the Senate could obtain in resolving the differences between the two Houses.

BACKGROUND

Mr. President, this legislation, which I will refer to as the compromise agreement, is the culmination of the legislative process for S. 6, which I introduced on January 3, 1985, and amendment No. 22 to S. 6, which I introduced on April 1. I refer my colleagues and others with an interest in the background and development of S. 6 and amendment No. 22 to my introductory remarks on these two measures—beginning on page S611 of the RECORD for January 24, 1985, for S. 6 and on page S3796 of the RECORD for April 1, 1985, for amendment No. 22—and to my remarks at the time of Senate action on S. 876, which begin on page S10383 of the RECORD for July 30, 1985.

Mr. President, I am very grateful to our committee chairman [Mr. MURKOWSKI] and the chairman [Mr. MONTGOMERY] and ranking minority member [Mr. HAMMERSCHMIDT] of our counterpart committee in the House and to the chairman of the House Committee's Hospitals and Health Care Subcommittee [Mr. EDGAR] for their cooperation in the development of the compromise agreement and particularly for their generally favorable consideration of provisions from S. 6 and amendment No. 22.

Mr. President, each of the provisions of the compromise agreement is described authoritatively in the explanatory statement developed by the two Committees on Veterans' Affairs that the chairman of the House committee [Mr. MONTGOMERY] inserted in the RECORD as part of his remarks yesterday and which will be inserted in substantively identical form as part of our record of consideration of this measure. Because of that detailed explanation of the provisions of the compromise agreement, which I fully endorse as my intent regarding this legislation, I will at this time just highlight certain elements of the measure.

VA GRADE REDUCTIONS

Mr. President, I am particularly pleased that the compromise agreement in section 403 contains a provision—derived from section 301 of S. 876, which in turn was derived from section 3 of S. 6—that would protect the VA from being forced to make arbitrary reductions in the numbers of employees at particular grade or salary levels. As I discussed in some detail in my introductory remarks on S. 6, beginning on page S611 of the RECORD for January 24, 1985, providing for such protection is necessitated by the ongoing effort by the Office of Management and Budget to reduce the number of employees governmentwide in grades GS-11 through GS-15. As I have noted previously, this effort may or may not be defensible governmentwide outside the VA; it is not justified in the case of the VA and, if unchecked, the wholly arbitrary reductions that OMB is proposing for the VA could seriously impair the VA's ability to carry out its vital mission, pursuant to congressional mandate, to serve and assist veterans. This result would be particularly damaging to the VA's health-care system and the compromise agreement thus would protect the VA's ability to recruit, hire, and retain the personnel it needs for its programs of assistance to veterans.

Section 3 of S. 6 would have precluded any systematic grade-level reduction by the VA, for the purpose of reducing agency salary costs, unless and until the Administrator of Veterans' Affairs had first submitted to the two Veterans' Affairs Committees a report containing information showing that, in each personnel area affected, the VA had a disproportionate number of employees in the grade level targeted for reduction in comparison to the number of employees at that salary level who perform comparable functions in other Federal departments or agencies and in non-Federal entities. Such a report would have to have been submitted at least 90 days in advance of the proposed grade-level reduction and, as a further check on this process, the Comptroller General would have been required to submit a report on the Administrator's compliance with the reporting requirements and on the accuracy of the Administrator's determination and supporting data.

On May 7, the House Committee on Veterans' Affairs inserted a provision identical to section 3 of S. 6 into H.R. 505 as reported, and the House of Representatives passed H.R. 505 with that provision intact. I am grateful to the other body for its adoption of that provision and to the chairman [Mr. MONTGOMERY] for his kind remarks yesterday about my efforts in proposing this provision.

S. 876 as reported by our committee retained the process set forth in S. 6 but, instead of it being applicable to all VA employees, it was modified so as to apply only to certain health-care personnel—those providing patient-care service or services incident to patient-care services—and to professional employees serving as engineers and attorneys. These changes were made to reflect our committee's belief that those employee categories were the most in need of protection from arbitrary reductions in GS-11 to GS-15 range because they are the major categories as to which the VA is required to pay high entry-level salaries in order to recruit and retain needed professional personnel. I intend, however, to monitor the overall situation very closely and should it appear that other employees categories—beyond those added as part of the compromise with the House, which I will describe in a moment—should be covered by this provision, I will actively pursue legislation to provide such a result.

The provision in the compromise agreement follows the approach of S. 876 with a further modification to include among the covered personnel all professional employees as that term is defined in title 5, United States Code, and individuals employed by the VA as computer specialists. As is set forth in more detail in the explanatory statement, these categories encompass approximately 13,750 VA employees at present.

Mr. President, as to those VA employees not covered by the above-described provision, the compromise agreement retains provisions from the Senate bill that would prohibit the Administrator from implementing a systematic grade reduction at any specific grade level at a rate greater than the rate of reductions being applied at that grade level in all other Federal Government entities combined.

As I noted in my introductory remarks on S. 6, I, along with many of my colleagues in both Houses and from both parties, have worked hard over the years to ensure that the VA has sufficient, qualified staff to carry out the agency's missions. This has been particularly true with respect to the VA's Department of Medicine and Surgery, the department where the vast majority of the VA's employees work. The VA is frequently at a disadvantage competing in the relevant

health-care personnel marketplace and the numbers of health-care employees in grades GS-11 through GS-15 and in the equivalent rates under the VA's title 38 personnel system generally reflect the entry-level salaries necessary to meet this competition—not the grade creep of supervisory employees which may provide some justification for the OMB-directed grade reduction in some other agencies. It is vital to the continued ability of the VA to provide quality health care that DM&S not be forced to make unwarranted personnel changes that could seriously disrupt its ability to attract and retain needed personnel. I have received reports in recent weeks from many VA facilities that the recruitment of psychologists, pharmacists, and other key personnel has been seriously adversely affected by the OMB requirement. In this regard, I note a VA white paper which I placed in the RECORD on October 17, 1985, during debate on H.R. 3038, which indicated that, as a result of the grade reductions in grades GS-11 through GS-15, Va medical centers earlier this year found it difficult to recruit quality people. The enactment of this provision in the compromise agreement should help to prevent a recurrence of this difficulty.

Finally, in this regard, I note my view that, if the points made by the VA, which were highlighted in our committee's report on S. 876, remain true about the agency's employment record—namely, that the VA has been successful at keeping the percent of its employees at the upper grade levels relatively low as a percentage of total employees when compared to the overall Government experience—I do not see how the Administrator will be able to submit a report justifying a downgrading in the covered employee categories in terms of comparability with the proportion of the same type of employees in the private sector and other Federal agencies paid comparable salaries.

EXTENSION OF HEALTH CARE ELIGIBILITY BASED ON EXPOSURE TO DIOXIN OR OTHER TOXIC SUBSTANCES IN VIETNAM OR TO NUCLEAR RADIATION

Mr. President, I am also very pleased that the compromise agreement in section 103 contains a provision, identical to section 4 of S. 6 and section 202 of S. 876 as reported, to extend until September 30, 1989, the provision in current law which provides certain veterans—those who during their service were exposed to dioxin or other toxic substances used in herbicides or defoliants in Vietnam or to ionizing radiation from nuclear detonations—with eligibiltiy for priority health care from the VA for the treatment of disabilities which cannot be attributed to a cause other than the exposure in question.

Under curent law, this authority is scheduled to terminate one year after the Administrator submits the first report on the epidemiological study of Vietnam veterans that was mandated by Public Law 96-151. That law required the VA to submit a first report on the study not later than 24 months after the study protocol is approved, an event which occurred on February 14, 1984. Thus, under current law, the first report on the study is due by February 14, 1986, and the health care eligibility is scheduled to expire on February 14, 1987.

It has been clear to me for some time that the major studies—the Public Law 96-151 study I just mentioned and study mandated by Public Law 98-160 relating to radiation exposure—designed to yield the information necessary to make final decisions about eligibility for VA benefits, including health care, for the veterans exposed to dioxin or radiation will not be sufficiently advanced by 1987 to provide the needed data. For this reason, I believe this extension is appropriate and warranted both as a matter of appropriate public policy and also so as to assure the veterans involved that they are not about to lose their access to VA care. I am pleased and grateful that my colleagues on the two committees agreed with me on this point.

ALCOHOL AND DRUG TREATMENT AND REHABILITATION

Mr. President, section 101 of the compromise agreement, as would section 5 of S. 6 and section 204 of S. 876 as reported, would extend for 3 years, through the end of fiscal year 1988, the VA's existing authority to contract with various community facilities to provide care and treatment to veterans suffering from alcohol or drug dependence or abuse disabilities and would eliminate the designation of this authority as a pilot program. Last year, our committee reported similar legislation, which the Senate passed but which did not gain House support.

It is gratifying that the two Veterans' Affairs Committees have again expressed their support for this program, which was first established in 1979 pursuant to legislation I authored that was enacted in Public Law 96-22.

On the basis of all the evidence I have reviewed—including a report submitted in May 1984 on the operations of the program through September 30, 1983, and reactions from veterans who have been treated in halfway houses and other community-based facilities under the program, VA employees who work with veterans with drug or alcohol abuse dependencies, and individuals in California and elsewhere associated with various community-based drug and alcohol treatment programs—I am convinced that the pilot program has achieved considerable success in enabling significant numbers of veterans to receive the most appropriate kind of assistance to help overcome their substance abuse.

This extension will allow a continuation of this record.

HEALTH-CARE MANAGEMENT

Mr. President, there are three provisions in title II of the compromise agreement, sections 201, 204, and 206, that address in various ways the concerns first raised by our committee in connection with consideration of S. 6 and S. 876 about the need to ensure that the VA is providing quality health care.

The overall issues of the quality of VA health care and of quality assurance matters have been of particular concern to our committee and our counterpart committee in the House in recent years and these provisions in the compromise agreement—which were derived originally both from the chairman's bill, S. 876, and my legislation, S. 6, and modifications we developed together first in our committee and recently with our colleagues on the House Committee—represent the culmination of a great deal of work by the committees to address these concerns.

QUALITY ASSURANCE AND CREDENTIALING

Section 204 of the compromise agreement deals with the overall issue of VA quality assurance activities, including matters relating to how the agency monitors the credentials of VA health-care professionals.

This provision, which builds on efforts already underway within the VA, would require the Administrator to establish and conduct a comprehensive quality assurance program and to provide sufficient personnel and resources to the Department of Medicine and Surgery to carry out such a program. It would also require the Administrator to provide sufficient personnel and resources to the VA's inspector general to monitor and evaluate the effectiveness of the program.

One key element of the mandated Quality Assurance Program would require the agency to determine prevailing national morbidity and mortality standards for all the types of surgical procedures carried out by the VA and then to collect data on the VA's experience for all such procedures and compare the VA experience to the national standards. The VA data would be collected and compared in two ways: First, for cardiac surgery, heart transplant, and renal transplant activities, data would be collected on each separate VA program, that is, for each facility, conducting these activities and compared to national and community standards; for all other surgical procedures, the data would be collected and compared on an aggregate, that is, systemwide, national basis.

Having compared with VA data and the standards, the VA's Chief Medical Director would be responsible for identifying and explaining any deviations between the VA experience and the national standards and for making recommendations in light of the comparisons. The Chief Medical Director would be required to submit to the Administrator three reports—one by February 1, 1987, one by February 1, 1989 and the third by February 1, 1991—on the experience under this mandated Quality Assurance Program. The Administrator would be required to submit each such report together with any comments to the two Committees on Veterans' Affairs within 60 days after receiving it.

MEDICAL QUALITY ASSURANCE RECORDS

Section 201 of the compromise agreement, which derives from section 7 of S. 6 and section 202 of S. 876 as reported, concerns the degree of confidentiality that should be provided to records created through the VA's Quality Assurance Programs.

There are two principal elements to the VA's current medical Quality Assurance Program. One is an external review process which involves teams of VA health care professionals from outside of a particular VA facility who come to that facility and conduct a comprehensive review of all facets of the facility's operation. The other is an ongoing program of internal reviews at each VA facility which are carried out by designated committees of health care professionals from the facility's own staff. Each element of the Quality Assurance Program produces various documents which contain information identifying individual VA patients or employees and citing and describing any inappropriate medical practices and deficiencies discovered in the provision of health care and making recommendations for corrective actions.

As I have noted in the past, it is my belief that these quality assurance efforts depend to a very significant degree on the willingness of the VA personnel conducting the reviews—as well as those whom they interview in the course of the reviews—to be completely candid in their comments. Because concerns were expressed that this vital degree of candor could be lost if the participants could not be assured that their remarks and evaluations incorporated in quality assurance reports would be kept confidential, the Congress acted in 1980 to place stringent limitations on the disclosure of these documents.

However, a number of recent cases have arisen in which VA facilities have relied on this provision of law—section 3305 of title 38, United States Code—to refuse disclosure of information and records which were not generated by quality assurance reports and which did not appear to come within the coverage of that section. In some of these cases, the material requested consisted of aggregate data relating to morbidity and mortality rates for various procedures at VA health care facilities, information that resulted from a simple compilation of information and which did not implicate any quality assurance activity.

In order to ensure that the intent of Congress in enacting section 3305 is clear—namely, that medical quality assurance records should be kept confidential but only to the extent necessary to promote the candor of individuals involved in the quality assurance process—and to specify generally that withholding aggregate data relating to morbidity and mortality associated with various VA programs is not necessary to achieve this purpose, section 201 of the compromise agreement adopts my proposal from S. 6 which was included in S. 6 to make clear that such aggregate information is generally not to be made or considered confidential as medical quality assurance records. Unless some other basis for nondisclosure exists, such as a provision of the Privacy Act, the information would be available for disclosure. The only exception would be aggregate information that would identify an individual VA patient or employee or an individual participant in a quality assurance activity. However, to the extent that that information were required to be included in the Chief Medical Director's and the Administrator's biennial reports on the VA's Quality Assurance Program submitted to the Veterans' Affairs Committees by the Administrator pursuant to new section 4152 of title 38, United States Code, discussed above, it would be made available to the public on a regular, periodic basis.

DISCIPLINARY BOARD ACTION INVOLVING CLINICAL PRIVILEGES

Section 206, which is derived directly from section 8 of S. 6 and section 303 of S. 876 as reported, addresses another matter relating to VA quality-of-care issues and the overall management of the VA health care system, namely, the process by which the VA may reduce or revoke a health care professional's clinical privileges.

Clinical privileges in the VA—the type of direct patient care services that an individual is authorized to perform as a VA employee at a particular VA facility—are a very fundamental component of physicians' and other health care professionals' employment with the VA and, indeed, of their proprietary interest in their professional careers. Because a reduction or revocation of clinical privileges could have a very serious impact on an individual's professional reputation and career opportunities, this provision in the compromise agreement would require the VA to prescribe uniform guidelines that would ensure that employees receive appropriate due process protections before a reduction or revocation of clinical privileges could take place. As is set forth in the explanatory statement inserted in the RECORD, it is the two committees' intention that, in cases involving a proposed revocation of privileges, the VA guidelines should provide that the employee would receive the same due process protections as would be provided in cases involving what is presently characterized as "disciplinary action" against a VA health care professional. These protections include the right to notice of the basis for the proposed action, the right to confront all witnesses giving evidence, the right to be present throughout the proceeding, and the right to a decision on the record. These procedures are described in broad outline in section 4110 of title 38, United States Code, and are set forth in more detail in VA personnel manual MP-5, part II.

VA MEDICAL FACILITY CONSTRUCTION ISSUES

Mr. President, I believe that the provisions of title III of the compromise agreement relating to VA medical facility construction issues will result in significant improvements in the VA's construction process and the role of the Congress in that process, and I wish to comment on two of those provisions.

First, section 301 of the compromise agreement is an amalgam of the House-passed provision to clarify and improve and make more precise the process whereby appropriations are not to be made for any VA major construction project unless both Committees on Veterans' Affairs have adopted committee resolutions approving the project and the Senate-passed provision under which the committee approval process would be replaced by a legislative authorization process. The compromise would revise the process of committee approval of major VA medical facility construction projects, in section 5004 of title 38, to provide that, subsequent to the House and Senate Veterans' Affairs Committees' adoption of construction approval resolutions with identical texts, appropriations for major VA projects for the fiscal year in which the resolutions were adopted or the succeeding fiscal year could be made only in compliance with the resolutions. This provision is designed to clarify the process and resolve certain doubts that have arisen regarding its effect and to make clear that in order to prevent an authorization from being made for any project, the committee must be in total agreement on the entire text of a resolution regarding all the projects involved.

Second, section 302 of the compromise agreement would provide for earlier, more effective congressional input into the planning of major replace-

ment and modernization projects and more meaningful control over the size of such projects. It would do this by amending section 5007 of title 38, which requires the annual submission of a 5-year medical facility construction plan to the Congress, so as to require the Administrator annually to submit, along with the annual construction plan, a 5-year strategic operational plan and to base the construction plan on the strategic operational plan. This newly required 5-year plan would represent a comprehensive needs assessment of both medical program and medical facility construction needs and a detailed plan designed to address those needs. It would also provide data on the numbers of service-connected disabled veterans and non-service-connected disabled veterans whom the VA plans to serve in each of its facilities. As noted in the explanatory statement, it is also intended that each construction plan contain, in the case of replacement, major modernization, clinical addition, or other expansion projects, the scope—including the bed size—of each project on which actual construction is planned to be initiated during any of the first 3 years covered by the plan.

In addition, the compromise agreement would require the Administrator to submit, as part of the prospectus required to be submitted to the committees for each proposed project for the construction of a new or replacement medical facility, a description of the consideration that the VA gave to leasing or purchasing an existing facility in lieu of construction.

Mr. President, these changes in the law in order to facilitate congressional participation in the VA construction planning process are amply justified and sorely needed. Under the current process, even the very largest hospital construction projects go through the preliminary plans stage long before there is any congressional involvement. When congressional input finally comes, in response to a request for funds for working drawings, the agency may already have devoted years of effort into a construction concept and bed size that the Congress has not approved and may wish to change.

For the Veterans' Affairs Committees, the Appropriations Committee, or others in the Congress to attempt to influence significantly the ultimate shape of the project at that late stage can result—according to the VA—in up to 3 to 4 years of delay in the construction project. This is an untenable situation. Indeed, I might say it is an almost unbelievable situation. Our committee believes strongly that the VA process for determining the size of the hospital facilities it is planning is defective and results in the construction of projects with more beds than is appropriate given limited VA appropriations and the need to spread the VA's construction funds across a system with great construction needs at many, many facilities. The needs of service-connected disabled veterans and financially needy veterans should be a principal basis for hospital construction and acquisition planning.

As the committee has learned this year in connection with its consideration of the VA's request for fiscal year 1986 funding of three major replacement/modernization projects—in Houston, Philadelphia, and Mountain Home—any opportunity for congressional control over a large project, other than a decision to proceed or not to proceed, virtually ceases once the project has completed the preliminary planning stage.

Mr. President, I believe the provisions of the compromise agreement will be a vast improvement over the construction planning process and procedures which now exist. The requirement for the VA to develop a strategic operating plan, to base its construction planning on that plan, and to share this information with the two Veterans' Affairs Committees well in advance of actual construction, should enable the committees to have a more effective role in the planning for and construction or acquisition of VA health care facilities involving the expenditure of billions of dollars over the next few years alone.

STATE VETERANS' HOME MATCHING FUND CONSTRUCTION GRANTS

Mr. President, section 304 of the compromise agreement relates to VA matching funding grants for the construction of State homes for veterans. This provision would require the Administrator, when a project next in line on the list of projects with approved preapplications is not ready to receive funding by the July 1 following notice of the approval of funding, to bypass the project in that fiscal year. When such a bypass occurs, the Administrator would be required to select, and provide the funding to a preapproved project or projects for a nursing home care facility that is determined, pursuant to guidelines established by the Administrator, to be most in need. Any project bypassed in this fashion would be placed at the top of the list, in its original order of ranking, for the next fiscal year but would again be subject to being bypassed if not ready for funding by July 1 of that fiscal year.

Mr. President, I am aware that not all of the issues that have been raised this year with respect to the State veterans home program—such as the requirement that grants be awarded on a first-in/first-out basis and the prohibition against awarding to any one State in any fiscal year more than one-third of the amount appropriated for the program in that year are addressed by the compromise agreement. However, it should be stressed that since the authorization of appropriations for the program continues through fiscal year 1986, the committee plans to give further consideration next year to these issues and all other issues relating to the State veterans home program.

SENATE-PASSED PROVISIONS NOT INCLUDED IN THE COMPROMISE AGREEMENT

Mr. President, as I noted at the outset, because the bills passed by the two Houses had so little common ground, a number of provisions were dropped from each bill in reaching agreement on the final legislation. Of the Senate-passed provisions which are not included in the measure as it comes before the Senate today, there are three in particular that I want to highlight briefly at this point.

PILOT PROGRAM OF NONINSTITUTIONAL ALTERNATIVES TO INSTITUTIONAL CARE

S. 876 as passed by the Senate included provisions in section 103 that were derived from provisions in both S. 6, which I introduced on January 3, and S. 876, which Chairman MURKOWSKI introduced on April 3, that would have required the VA to conduct a 4-year pilot program at 10 demonstration sites to evaluate noninstitutional alternatives to institutional care.

Under the Senate-passed bill, through this pilot program the VA would have provided certain veterans—with a priority being accorded to veterans with service-connected disabilities, veterans 65 years of age or older, and veterans who are totally and permanently disabled—with medical, rehabilitative, and other health services and, by contract with non-VA entities, with health-related services. These health and health-related services would have been provided in noninstitutional settings—such as a veteran's home or a board-and-care home—with the goal of avoiding institutional care, such as in a hospital, nursing home, or domiciliary facility, for the participants in the program.

Mr. President, I am very disappointed that our colleagues in the House were unwilling to accept this provision. Both Chairman MURKOWSKI and I, along with the other members of our committee, are convinced that the VA must take steps now to develop new, noninstitutional approaches for addressing the health care needs of veteran patients, particularly in light of the rapid increase in the number of veterans age 65 and older who may be turning to the VA for needed care in the months and years ahead.

I will continue to explore options to enhance the VA's activity in this area and note that, although the provisions from the Senate-passed measure are not included in the legislation as it comes before the Senate today, the chairman [Mr. MONTGOMERY] and the ranking minority member [Mr. HAMMERSCHMIDT] of the House Committee

have agreed to join with Chairman MURKOWSKI and me in a joint oversight letter to the VA in which we will seek to acquire more information on the extent to which eligible veterans could benefit from noninstitutional care, the VA's ongoing efforts to provide such care to eligible veterans, and on the VA's views on what legislation is needed to enhance the agency's efforts in this area.

PILOT PROGRAM OF COMMUNITY-BASED PSYCHIATRIC RESIDENTIAL TREATMENT FOR CHRONICALLY MENTALLY ILL VETERANS

Mr. President, another provision in S. 876 as passed by the Senate also had the general goal of meeting the health-care needs of certain veterans—in this case, certain chronically mentally ill veterans—in other than traditional institutional settings. Regrettably, this provision also is not in the legislation as it comes before the Senate today.

As reported by our committee and passed by the Senate, this provision was one of those that was the result of collaboration between the chairman and me. This provision would have given the Administrator a 4-year authority to contract for care and treatment and rehabilitative services in halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities for veterans suffering from service-connected chronic mental illness or veterans who have 50 percent or more service-connected disabilities and are suffering from chronic mental illness.

Mr. President, I believe that this was a very desirable proposal and I greatly regret that we could not convince the House to accept it. It would have enabled the VA to provide certain service-connected chronically mentally ill veterans with an additional, necessary option for care which is not now but clearly should be provided by the VA to carry out its responsibilities to these service-connected veterans.

Mr. President, I would also note that, as we pursued the Senate-passed provision, I learned that, although the VA's General Counsel rendered an opinion in 1973 that the VA has the authority to provide halfway house care and to contract for it when such care is indicated for the treatment of a service-connected disability, the VA makes little or no use of that authority. A discussion of this issue is included in the explanatory statement. As our committees pursue this issue further, it will be my objective to see to it that the VA takes steps to ensure that in all cases in which halfway house or similar care is medically indicated for a service-connected mental disability, the veteran is furnished that mode of care. In my view, there can be no excuse for such service-connected disabled veteran receiving anything other than optimal care.

As is also discussed in the explanatory statement, the VA, in the case of certain other veterans—those with service-connected disabilities rated at 50 percent or greater and those in need of post-VA hospital care—has the authority to contract for the provision of the medical and related services of halfway house care for veterans suffering from chronic mental illnesses and to negotiate on behalf of such veterans with respect to the provision, at the veterans' expense, of the residential component of this care. As with the authority to contract for the care of veterans with service-connected chronic mental illness, it appears that the VA has made little or no use of this authority. I will likewise pursue this option with a view toward encouraging VA consideration of this approach.

Mr. President, I again note that the chairman [Mr. MONTGOMERY] and the ranking minority member [Mr. HAMMERSCHMIDT] of the House committee have agreed to join Chairman MURKOWSKI and me, as part of the joint oversight letter I just discussed with reference to the other pilot program, in seeking information from the VA on the extent to which eligible veterans suffering from chronic mental illness could benefit from noninstitutional care, what the agency is currently doing to assist such veterans, and on what additional authority the agency believes it needs to meet these veterans' need for care and treatment.

REPORT ON FEDERAL GOVERNMENT ASSISTANCE TO INDIVIDUALS WHO SERVED WITH VOLUNTARY CIVILIAN ORGANIZATIONS IN VIETNAM

Mr. President, I also regret very much that the legislation as it comes before the Senate today does not include a provision—included in my bill, S. 6, and in S. 876 as passed by the Senate—addressing the concerns of non-Federal civilians who served in Vietnam with voluntary organizations, such as the Red Cross and the USO. This is the second time that the Senate has passed such legislation only to be unable to persuade our colleagues in the House to accept it.

As I noted in connection with the introduction of S. 6 earlier this year, I authored this legislation in response to the concerns that had been expressed to me by certain civilians that their health might have been affected by certain incidents of their Vietnam service, such as exposure to agent orange, and about the difficulties they have encountered in trying to have these concerns addressed. I continue to believe that the Federal Government has an obligation to evaluate those concerns and to consider possible alternative approaches for addressing them. Unfortunately, my colleagues on the House Committee on Veterans' Affairs do not share that viewpoint.

Accordingly, I will proceed to pursue this legislation in some other appropriate fashion.

CONCLUSION

In closing, Mr. President, I wish to express my appreciation to the chairman [Mr. MURKOWSKI] and to the other members of the committee for their cooperation and assistance as we have worked to develop this compromise. I also thank my good friends on the House committee, the chairman of the full committee [Mr. MONTGOMERY], the ranking minority member of both the full committee and the Hospitals and Health Care Subcommittee [Mr. HAMMERSCHMIDT], and the chairman of the Hospitals and Health Care Subcommittee [Mr. EDGAR] for their usual fine work and cooperation.

Mr. President, I also express warm thanks to the staff members of the House committee who played key roles in the development of the compromise agreement, Pat Ryan, Jack McDonell, Vic Raymond, Richard Fuller, Rufus Wilson, Kingston Smith, and, as always, the House committee's chief counsel and staff director, Mack Fleming. To the members of our committee's majority staff, Cindy Alpert, Lisa Moore, Julie Susman, and Tony Principi, my thanks for their effective work and fine cooperation in this measure. As always, I am deeply indebted to our minority staff, Bill Brew, Babette Polzer, Ed Scott, Nancy Billica, Charlotte Hughes, Ingrid Post, and Jon Steinberg, for their excellent assistance.

Mr. President, as I noted at the outset of my remarks, although several provisions passed by the Senate have been deleted in the compromise agreement, I am satisfied that the compromise represents a generally fair resolution of the differences between the measures passed by the two bodies and will contribute in meaningful ways to the VA's ability to fulfill its various missions, most especially the mission of providing quality health care services to eligible veterans. It is with this understanding that I commend this compromise to the Senate and urge that it be agreed to.

Mr. DENTON. Mr. President, we find ourselves in a truly remarkable situation. I find it deeply disturbing, and I believe that my colleagues should find it disturbing too.

We in the Veterans' Affairs Committee agreed on a compromise provision that was included in our version of the bill before us. It was not what I wanted, but it was agreed to by both the majority and the minority.

That provision was adopted by the full Senate. The bill went to the House, where it remained for 3 months, from July 30 to October 30. There were several items to be worked out, and all but one of them was. That one was the provision that I supported

in committee. So when the House acted on the bill, that provision was deleted.

I might just add that, while the bill was sitting in the House, three subcommittee chairmen on the House Veterans' Affairs Committee formally requested a conference with the Senate, but their request was rejected by the chairman of the House committee.

So the bill has come back to us. The chairman of our committee, my distinguished friend from Alaska [Mr. MURKOWSKI] has moved to concur with an amendment to restore the original Senate language. The distinguished ranking Member from California [Mr. CRANSTON], on behalf of Senator CHILES, then offered an amendment to the amendment. That amendment, the second degree amendment, is the pending business.

All of us involved in the matter have believed that it ought to be possible to find a compromise. Indeed, we tried to work one out, under which the chairman and ranking member of the committee wrote to the Administrator of Veterans' Affairs to ask him to agree to an outside, impartial study to look at the merits of the proposal that I suggested. Had the Administrator been willing to agree to that, I am confident that the matter could have been easily resolved.

Unfortunately, and for whatever reason, the Administrator of Veterans' Affairs has refused to agree to that proposal. His letter of yesterday morning is just the latest example of the refusal of the Veterans' Administration to face up to the real issues and opportunities inherent in this situation.

The Administrator says that "the essential issue for VA has not been whether or not to acquire Providence Hospital but whether there is a need for a VA medical center in Mobile."

I submit, Mr. President, that that is not the key issue at all, and that it has never been the key issue.

The issue is that of providing needed health care services to veterans along the gulf coast, in Mississippi and in Alabama and in Florida.

As in so many cases, however, the interests of the veterans themselves have been subordinated to the other considerations that we have seen here on the floor and in the actions of the other body.

There is clearly a problem with the provision of health care on the gulf coast. The data show that the veterans population there, which is growing, is one of the most underserved in the country. My colleague from Florida [Mrs. HAWKINS] talked about that the other day in terms of the difficulty of veterans in the Florida Panhandle in obtaining care. The same problem exists for veterans in southern Alabama and, I believe my colleagues from Mississippi would grant, with care for veterans in some regions of that State.

Even the Veterans' Administration has recognized the problem. Its long-range planning provides for the construction of a new hospital to serve the veterans in the Florida Panhandle and in southern Alabama. Such a hospital would assist the veterans in Mississippi as well by easing the current demands on the hospitals there, demands that those hospitals now cannot meet.

Unfortunately, however, that new hospital, which might well be located in the Florida Panhandle, will not be built before the mid-1990's at the earliest. During the intervening 10 years or more, the veterans in the Florida Panhandle and southern Alabama will continue to suffer from inadequate access to care, and my colleagues from Florida will be able to join with the Senators from Alabama in bemoaning that fact.

And, of course, by the time that that hospital gets built—if, in a time of tight budgets, it is ever built at all—many of the veterans who do not have care will have died, some of them no doubt because the care is not available. Ten years is a long time without care, and the junior Senator from Florida the other day well described the problems that those veterans face.

What I have repeatedly asked the Veterans' Administration to do, and what it has refused to do, is to look at the alternatives to providing for the urgent health care needs of the veterans along the gulf coast. The availability of the Providence Hospital is just one alternative.

But let me correct one major misstatement, that somehow the proponents of the Murkowski-Denton amendment are mandating the purchase of a particular facility. Nothing could be further from the truth. The fact is that, although I and nearly everyone else who has looked at the problem has concluded that the acquisition of Providence makes good sense, I believe that it should and must stand on the merits. What we are asking is simply a study or plan based on the merits, and the proposing of any action that may be clearly justified on the merits. The problem is that the VA refuses to look at the merits of the hospital.

Consider its advantages. It is available now. It is available for considerably less than the cost of building a new hospital, now or later. It has been inspected by the Veterans' Administration and found suitable for conversion. It includes a substantial facility that could serve as a nursing home. It is modern and fully equipped. It is handy to transportation. It is located virtually next door to a fine medical school. It could easily be a tertiary care hospital, the only one on the gulf between Atlanta and New Orleans.

What are its disadvantages? Well, the major one, clearly, is that it is not in Florida, and not in Mississippi.

My distinguished colleague from California [Mr. CRANSTON] suggested another disadvantage the other day. He said that it would cost money because it would take $35 million per year to operate it.

Obviously there is no cost for services that are not provided. I am not ready, and I doubt that the Senators from Florida are ready, to urge that we continue to save money by failing to serve our veterans.

I say to my friend from California that if that is his criterion for cost effectiveness, we could make the whole Veterans' Administration health care system far more cost effective by closing it down.

I was surprised, I must say, to hear the Senator from California make that argument, because it is so contrary to his reputation and his staunch support of essential services for our veterans. I hope that he will reconsider his position, for the veterans of the gulf coast area are alarmed and angered by it.

The fact is, Mr. President, that there is no disadvantage to the use of the Providence facility by the Veterans' Administration except that it is located in Mobile, AL, and it is not already included in "the plan."

The analysis conducted by the Veterans' Administration all comes down to a statement along the lines of " it is not in the plan so we cannot do it."

The Veterans' Administration has not looked at whether it would be cost effective. It has not looked at whether it would be better to provide services now through the acquisition of an existing hospital rather than to provide services 10 years hence through a new hospital that may or may not be built. It has refused to look at the problem from the standpoint of providing essential services to veterans who need them rather than of whether acquisition of the facility satisfies criteria that have no meaning to anyone except those who want to prevent the acquisition of that hospital.

Or, indeed, to prevent the study of the acquisition of that hospital.

The Administrator of Veterans' Affairs is my personal friend, and I introduced him at his confirmation hearing before the Veterans' Affairs Committee, but I cannot for the life of me understand why he has refused to agree to the request of the chairman and ranking member of our committee for an impartial outside study.

For that matter, Mr. President, I cannot understand why anyone would object to such a study. Even though my distinguished friend from California is adamantly opposed to my position, it is not on the merits of the issue. He initiated and supported the

request to the Administrator. The answer is, of course, found in the "Dear Colleague" letter that he distributed last evening: The chairman of the House committee refuses to accept the legislation that the Senate offers, and has indicated that he would kill the bill if we approve it.

Had the chairman in the other body been willing to accept any of several compromise legislative provisions, we would not be here now.

I am dismayed that my good friend the chairman of the Veterans' Affairs Committee in the other body has refused to come to conference with us to discuss the provision in disagreement. I hope that he might reconsider his view if the Senate reaffirms its earlier position.

Mr. President, what is the issue here? The issue is whether we, the Federal Government, will act to provide necessary services to our veterans in the most cost-effective possible way. It is not whether a facility should be located in any particular State or place, or whether some Members of Congress are more able than others to generate active interest from the veterans service organizations.

Indeed, I would support the acquisition of Providence Hospital for the purpose were it located in some other place in Alabama, or in Florida, or in Mississippi. I would support it because it would enable us to provide medical service to veterans who are desperately in need of it.

Mr. President, it may be that Providence Hospital is the F-20 of the VA system. Were it the F-20, however, I suspect that more of my colleagues would be down here on the floor expressing deep concerns about it.

There would be more interest if we were talking about $1,100 hammers or $800 toilet seats.

Of course we are not talking about those things. We are talking about $65 million hospitals and the possibility that we could save many millions of dollars of taxpayers money by acquiring existing medical facilities rather than building new ones.

If what we have encountered on this matter of veterans' affairs were being encountered in the programs of the Pentagon, nearly all of my colleagues would be on the floor waxing in righteous wrath. And well they should be.

I say to my colleagues, think carefully about what is going on here. Think carefully about the amount of money that will be wasted because the Veterans' Administration refuses to consider alternative ways of providing services to veterans.

Think carefully about the veterans in Florida and in Alabama and in Mississippi who will be ill, who will suffer, who will perhaps die because the Veterans' Administration will take 10 years to build a brand new hospital to provide services that are needed now, and that, in the view of this Senator, could be provided now.

Think carefully about what someone should say to the family of a veteran who dies of a heart condition because he could not get into one of the existing VA hospitals in Mississippi or Alabama, or could not get to them from Pensacola or Fort Walton Beach or Mobile or Dothan or any of a number of places because they are too far away.

Think carefully about what you will say to veterans in your State when their interests, and yours, are treated in the same way as has marked this situation. If the Veterans' Administration is allowed to proceed on other issues as it has in this instance, you and your veterans sooner or later will be in a sitution that will have many of the same aspects as this one.

Mr. President, there is another aspect of this matter that bothers me as well.

I received, last week, a letter from Mr. John S. Staum, national commander in chief of the Veterans of Foreign Wars. It was on his personal letterhead. It bore his signature. Copies were sent to the chairman and ranking members of the Veterans' Affairs Committee.

I am a member of the VFW, and I did it the hard way. The post of which I am a member in Mobile, AL, is either the second or the third largest post in the country. I have been a strong supporter of the VFW, and I listen with great care when its national commander in chief speaks.

In his letter to me, Mr. Staum opposed my effort to put back in the bill the language that our committee and the Senate included. He told me that I should refrain from continuing my effort to have the possibility of acquiring Providence Hospital carefully considered.

He said, "Although I am well aware that you have a compelling personal interest in such acquisition, I urge you to abstain from its further pursuit."

He noted that the House had deleted the provision, and said that "for the sake of propriety I would encourage each House Member to 'hang tough' on this issue." He described my amendment as "language many view as offensive" and accused me of trying to hold hostage the bill before us.

"Again, Senator DENTON," he concluded, "I urge you to abstain."

Mr. President, I ask unanimous consent that the text of Mr. Staum's letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
November 4, 1985.

Hon. JEREMIAH DENTON,
U.S. Senate, Washington, DC.

DEAR SENATOR DENTON: Informal information indicates that when the Senate again considers H.R. 505, the "Veterans' Administration Health-Care Programs Improvement Act of 1985," as amended in the House of Representatives, you will attempt to restore language aimed at having the Veterans Administration purchase the Providence Hospital in Mobile, Alabama, not later than January 1, 1987. Although I am well aware that you have a compelling personal interest in such acquisition, I urge you to abstain from its further pursuit.

On October 30th, the House of Representatives rejected the language you so espoused. As is of record, the Honorable G. V. "Sonny" Montgomery and the Honorable Richard C. Shelby engaged in a colloquy on this very issue. I seriously doubt the position of the other body will change and for the sake of propriety I would encourage each House member to "hang tough" on this issue. Therefore, even if you prevail in restoring language many view as offensive, it will be tantamount to holding hostage an otherwise meritorious legislative initiative and, also, hold in limbo several important programs the extension of which expired last month.

Again, Senator Denton, I urge you to abstain.

Sincerely,

JOHN S. STAUM,
National Commander-in-Chief.

Mr. DENTON. Mr. President, I was somewhat taken aback to receive that letter, because the people who are most strongly behind the Providence hospital project are the veterans and their organizations in Alabama. Indeed, they are adament in their support for it.

Then, however, it happened that Mr. Staum arrived in Mobile last Thursday, only 3 days after his letter. The veterans, sorely upset, asked him about the letter. What was Mr. Staum's reply?

According to the press in Mobile, Mr. Staum said:

That he did not write the letter;

That he did not authorize the letter;

That someone else in his office signed the letter;

That he did not have any knowledge of the letter until he was shown a copy when he arrived in Mobile on last Thursday afternoon;

That he had not read the language of the amendment offered by the chairman and myself. He did say that he disagreed with the use of the word "offensive," because he had not read the amendment and did not know whether it was offensive.

Nonetheless, Mr. Staum said, he agrees with the letter because "We support the Veterans' Administration 100 percent, and they have thought it was not feasible to put it—a new VA hospital—here."

Mr. President, I ask unanimous consent that the text of the Mobile Press

Register news story of November 8, 1985, headlined "Official Backs VA Decision," be printed in full at this point in the RECORD.

Their being no objection, the text was ordered to be printed in the RECORD, as follows:

[From the Mobile Register, Nov. 6, 1985]

OFFICIAL BACKS VA DECISION

(By Debbie Breland)

U.S. Veterans of Foreign Wars Commander-In-Chief John S. Staum in Mobile Thursday said he agrees with a letter issued by his Washington office this week encouraging U.S. Sen. Jeremiah Denton of Mobile to drop his attempt to have the Veterans Administration purchase Providence Hospital in Mobile.

Denton, however, after receiving the letter, intensified his efforts on Wednesday by reintroducing in a House bill a provision intended to boost Providence's prospects for becoming a VA medical and nursing home facility.

Although Staum's signature was on the letter to Denton dated Nov. 4, Staum said he did not write or authorize the letter. He said that someone else in his office signed the letter.

"My office which it oftens does, sent the letter," Staum said during an interview, adding that he had no knowledge of the letter until he was shown a copy when he arrived in Mobile Thursday afternoon.

V.F.W. Post 49 on Dauphin Island Parkway held a dinner in Staum's honor Thursday night.

Robert Bosarge, assistant national inspector general for the V.F.W., said he was "very displeased" that Staum was backing the position taken in the letter.

"We are going to attempt to get him to change his mind," John Tyson, cochairman of the Veterans Providence Hospital Committee, said of Staum. Tyson said that he and Bosarge were going to try to get Staum to tour Providence Hospital on Friday, but they did not know as of Thursday * * *.

The letter to Denton said: "Informal information indicates that when the Senate again considers H.R. 505, the 'Veterans' Administration Health-Care Programs Improvement Act of 1985,' as amended in the House of Representatives, you will attempt to restore language aimed at having the Veterans Administration purchase the Providence Hospital in Mobile, Ala., not later than Jan. 1, 1987. Although I am well aware that you have a compelling personal interest in such acquisition, I urge you to abstain from its further pursuit.

"On Oct. 30, the House of Representatives rejected the language you so espoused. . . . I seriously doubt the position of the other body will change and for the sake of propriety I would encourage each House member to 'hang tough' on this issue. Therefore, even if you prevail in restoring language many view as offensive, it will be tantamount to holding hostage an otherwise meritorious legislative initiative and, also, hold in limbo several important programs the extension of which expired last month."

Staum said that the only point in the letter he disagreed with was the use of the word "offensive." He said he had not read the language of Denton's amendment, and therefore he did not know whether or not it was offensive.

"We support the Veterans Administration 100 percent, and they have thought it was not feasible to put it (the VA hospital) here," Staum said.

Staum added that he believes the VA wants the hospital located in north Florida, but if the VA decides it wants the hospital in Mobile, then he would support that decision.

"We leave it up to the VA," Staum said.

"Denton has asked that it be mandated here," Staum said. "We feel that it would be a disaster if it were mandated here. Then the senator from Iowa could mandate that it be located in Podunk, Iowa. He's kind of ordering it."

Denton's office denied that Denton was mandating that the VA hospital be located in Mobile.

Denton spokesman Bob Hardy said the provision Denton reintroduced on Wednesday called for a study to find out whether or not it would be cost effective to acquire Providence Hospital for use as a VA hospital.

The amendment "simply asks if this would be reasonable," Hardy said.

Regarding Staum's contention that Denton's move will hold up other veterans' legislation, Hardy said, "Denton felt he had to do what was right for veterans. The letter implies that Denton's attempt to serve the veterans in this area is going to adversely impact veterans' benefits. No services are going to be discontinued. There will flow from this absolutely no impact on veteran's health care."

Denton wants to require the VA to examine the possible benefits of acquiring an existing building in an "urban area" rather than constructing a new facility to serve the region.

The Senate approved the provision earlier this year, but it was removed last week in the House.

Supporters of the Providence plan contend that the facility's estimated $24 million purchase price would be much cheaper than building a new hospital and nursing home to serve veterans in the south Alabama-northwest Florida area.

Mr. DENTON. Mr. President, Mr. Staum escaped Mobile without being tarred and feathered, but it was a near thing, and attributable perhaps more to Alabama hospitality than to the merits of his case. The veterans have, however, learned that the national offices of service organizations do not always work in the interest of their members.

The veterans realize that even more because they had been in touch with their service organizations earlier and been told that those organizations do not interfere in local matters. They were, consequently, somewhat taken aback to find one major organization doing exactly that.

I have received telegrams from the State Commander of the VFW in Alabama, my close friend Pete Ganey, and from my friend Melvin D. Buerckley, the commander of VFW Post 49 in Mobile. They take strong exception to the position of the VFW as expressed in Mr. Staum's letter.

Mr. President, I ask unanimous consent that those two telegrams be printed at this point in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

[Telegram]

Senator JEREMIAH DENTON,
U.S. Senate,
Capitol One, DC.

I am proud to inform you I have sent a strong telegram to Senators Heflin, Cranston, and Murkowski telling them that Alabama veterans do not agree with National Commander in Chief John Staum's letter of November 4, 1985 opposing your amendment to H.R. 505 and urge them to support your amendment.

Sail on sail on Admiral Columbus we support you.

PETE BOATS GANEY,
Commander, Dept. of Alabama VFW.

[Telegram]

Senator JEREMIAH DENTON,
Capitol One, DC.

In regards to the letter you received from Veterans of Foreign Wars Commander in Chief John S. Staum we at VFW Post 49 feel you were done a very serious injustice by the lobbyists of the VFW we would like to see you continue fighting H.R. 505 with more enthusiasm than before.

MELVIN D. BUERCKLEY,
VFW Post 49 Commander.

Mr. DENTON. Mr. President, I have also received many other telegrams from individuals and organizations in Alabama. I ask unanimous consent that some of them be printed at this point in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

[Telegram]

Senator DENTON,
Capitol One, DC.

Advocate full assistance of Senator Denton's efforts in favor of H.R. 505 to promote cost effectiveness.

WILLIAM STOUDENMIRE,
Chairman, Mobile County Republican Party.

Senator DENTON,
Capitol One, DC.

Please support H.R. 505 on reconsidering the VA hospital location in Mobile, Alabama.

BEN R. ODESSA HATFIELD.

Senator JEREMIAH DENTON,
Capitol One, DC.

The Mobile County Chapter of American Red Cross respectfully urges your support of Senator Denton's position on H.R. 505. We feel it is essential to examine the cost effectiveness of acquiring a veterans hospital in Mobile.

TERRY GAUTIER.

Mr. DENTON. Mr. President, it may be worth noting that the American Legion and the Paralyzed Veterans of America have also officially opposed my efforts on behalf of veterans on the gulf coast. The other organizations have not expressed themselves so formally, although my staff and I are aware that there is interest in the matter and that some State officers have opposed my activities based on totally inaccurate information that they claim has been provided by the Washington offices of their organizations.

I submit, Mr. President, that the conduct of the VFW in this instance has not been helpful to the interest of veterans.

Mr. President, let me reiterate the key points.

First, the issue is not now and never has been whether the Congress should prescribe the location of a hospital. It is that the Veterans' Administration should and must consider the most cost-effective way of providing essential services to America's veterans.

Second, the reason that we are here at all has nothing to do with the actions of this body. It has to do with the refusal of the other body to accept any language that would enable us to deal effectively and reasonably with the situation.

Mr. President, let's get on with the business before us. This bill sat for 3 months in the other body. It has been here only since October 30. We can resolve the issue effectively and fairly today, whether by adopting the compromise or by voting on the merits, whichever my colleagues on the other side of the aisle prefer.

Mr. President, I ask unanimous consent to have printed in the RECORD a Dear Colleague letter which I sent on November 12, 1985.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEAR COLLEAGUE: On Wednesday morning, November 13, at 9 o'clock, the Senate will continue and conclude its consideration of the House amendments to H.R. 505, the "Veterans' Administration Health Care Amendments of 1985."

There has been a great deal of misinformation promulgated about the one issue in contention. Let me set the record straight.

—The issue has never been that of mandating the establishment of a Veterans Administration hospital in Mobile, Alabama, or anywhere else. It has been purely and simply whether the Veterans Administration and the Congress will seriously consider the provision of essential services in the most economical and effective way.

—The amendment that Senator Murkowski and I offered was drafted with the active participation of Senator Cranston, was approved by every Republican and Democrat on the Senate Veterans Affairs Committee, and was adopted by the full Senate in July.

—The amendment was deleted by the House at the unilateral decision of the Chairman of the House Veterans Affairs Committee, over the opposition, of members of his own Committee and after his rejection of a request from three of his own Subcommittee Chairmen for a formal conference with the Senate.

—There has been no compromise on legislative language because the House Chairman has threatened to kill the whole bill if any language is included. Why should the House tell us what we *must* do?

—An effort to arrange a non-legislative compromise, which was supported on the merits by Senator Cranston and others, failed because the V.A. refused to conduct an *impartial study* of the question.

—I have no fear of an impartial evaluation of the situation and of action on the basis of that evaluation. Why are other people opposed to such a reasonable proposal?

I ask my colleagues not to be misled by massive misinformation. Please look carefully at the arguments and vote to allow the full examination of a reasonable and responsible course.

Sincerely,

JEREMIAH DENTON,
United States Senator.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the yeas and nays be vitiated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question is on agreeing to the motion to concur in the House amendment to the Senate amendment with an amendment (No. 966) as amended and modified.

The motion to concur in the House amendment to the Senate amendment with an amendment (No. 966), as amended and modified, was agreed to.

Mr. CRANSTON. I move to reconsider the vote by which the motion was agreed to.

Mr. DENTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DENTON. Mr. President, I am delighted that we have worked out the resolution of a problem which arose after the Senate Veterans' Affairs Committee unanimously agreed upon the last provisions. The agreement was obtained by the distinguished chairman of the committee, and we have had the final vote on this matter.

I have no objection to the amendment which Senator CRANSTON, the distinguished leading minority member on the Veterans' Affairs Committee, introduced this morning.

I want to use just a few moments to support the thesis that is at the heart of the maneuvering which has gone on between the Senate and House on this matter.

The feasibility study which is agreed to is aimed at a practice on the part of the Veterans' Administration which often results in the denial of the most cost-effective provision of health care to our veterans. That practice, which has been denounced by the Office of Management and Budget upon many occasions, and which has been criticized by various members of the Veterans' Affairs Committees on both sides of the aisle here and in the House, is that the Veterans' Administration has been prone over the years and without exception to build brand new hospitals at current building costs and with purchase of real estate, when a more desirable procedure would be to search out existing facilities found suitable by the Veterans' Administration that could be purchased at great savings.

The provision we have agreed to will guarantee that the feasibility study is conducted. It will be the first move in that direction.

The Veterans' Administration has been prone to build new hospitals because that benefits the districts in which they are built, the real estate people, the insurance people, the banking people, the contractors. Everybody gets his share of money at the expense of cost effectiveness which could be achieved by the procedure that OMB has indicated many times; namely, purchase where feasible of existing hospitals.

That is what we have addressed on our side here this morning. It is something that, if successful, can start a trend at the Veterans' Administration to buy existing facilities where feasible. That will result in better health care nationally for veterans. That is all we wanted to do in the first place, and that is what I believe we have agreed to this morning.

The amendment now makes it clear that the Veterans' Administration shall conduct a feasibility study and that study shall be directed at the Providence Hospital facility in Mobile, AL.

I thank the committee chairman, the ranking minority member, and my distinguished colleague from Alabama, Senator HEFLIN, for their patience and diligence on this matter and helping us to arrive at this position. I also thank the staffs for the work they have done.

I believe that we have reached an amicable conclusion which will result in a deliberate study, hopefully with effective results in terms of improving the efficiency and cost-effectiveness in obtaining better health-care facilities for our veterans.

I am happy to yield to my senior colleague from the State of Alabama, Senator HEFLIN.

Mr. HEFLIN. Mr. President, the Senate has had before it this thorny issue for a number of days.

The Denton amendment is identical to a provision unanimously approved by the Veterans' Affairs Committee and subsequently adopted by the Senate in July of this year. It merely requires the Veterans' Administration to provide a feasibility plan for the purchase of an existing medical facility in an urban area which could provide both hospital and nursing home services to veterans. Report language adopted by the Veterans Committee indicates that the VA should study Providence Hospital in Mobile, AL, for this purpose.

Mr. President, additional medical facilities for veterans residing along the central gulf coast are desperately needed. There are approximately 45,000 veterans in the Mobile metropolitan area. Of these 45,000 veterans, 7,200 are over the age of 65 years, with a projected increase of 14,000 over the age of 65 by 1990. While Alabama is authorized for 1,055 veterans home

beds, only 240 are operational and none of these exist in south Alabama. Because of the increasing number of aging veterans, it is clear that they will need comprehensive and highly specialized medical services. Currently, medical care of this nature is available only at VA medical centers in New Orleans, LA, Birmingham, AL, Atlanta, GA, or Jackson, MS. The distances involved demonstrate the need for a medical care facility in Mobile. Furthermore, the Veterans' Administration has also recognized the deficiency in health care services and hospital beds in this area.

The accessibility of the University of South Alabama's superb medical school represents another significant advantage for consideration of a VA medical center in Mobile. The Veterans' Administration has made a strong commitment to locate their facilities in close proximity to medical schools. Affiliations of this nature have proven to foster technological advancements in medical services and training as well as the cure and prevention of diseases. An affiliation with the university medical center would permit the VA to recruit a more outstanding medical staff than might otherwise be possible. Also, the VA could have the use of professional and administrative resources of the college, as well as have access to its sophisticated medical equipment.

Mr. President, this amendment would require the Veterans' Administration to follow a new direction with respect to the VA health care system by studying the feasibility of purchasing or leasing existing medical facilities instead of constructing new facilities. At no time since its inception has the Veterans' Administration acquired and converted existing facilities for its own use despite the fact that it has the authority of law to do so. With Congress' current emphasis on trimming Federal programs in order to cut spending, it's time for the VA to study this type of approach. Not only would such an approach save the Federal Government millions of dollars, it would also provide needed medical care to veterans in the Mobile area much faster than building a new facility.

Mr. President, the needs of thousands of veterans residing in the central gulf coast area are at stake. These veterans and their families deserve the best health care services we can provide them. I urge my colleagues to support this humane and cost-effective proposal.

Mr. President, I am delighted that things have worked out to the liking of the sponsor of this amendment, who has been pushing it for a good while. I have been in a supportive role to him. I thank Senator CRANSTON, Senator CHILES, Senator STENNIS, Senator COCHRAN, and others who are vitally interested in this, for their cooperation in working it out.

Mr. MURKOWSKI. Mr. President, I defer to my colleague, the ranking minority member of the Senate Veterans' Affairs Committee.

Mr. CRANSTON. Mr. President, I thank the distinguished chairman of the committee, the Senator from Alaska, for his cooperation in this matter. It required the cooperation of many Senators. It was a pleasure, as always, to work with the Senator from Alaska [Mr. MURKOWSKI].

I also thank the two Senators from Alabama, Mr. HEFLIN and Mr. DENTON, for their cooperation in this matter, also the two Senators from Florida, Mr. CHILES and Mrs. HAWKINS, and the two Senators from Mississippi, Mr. STENNIS and Mr. COCHRAN.

I also thank the staff of the Veterans' Affairs Committee, minority and majority, and the staffs of the various Senators involved for their diligent and effective work on this matter. I regret that the basic bill was delayed, but I am delighted we have now worked it out and that, after acceptance by the other body, which I anticipate, the bill will be on its way to the White House.

I hope the House will accept what we have done so that the bill can swiftly become law and so that important veterans' programs will not be interrupted. Some very important measures are in the underlying bill and I have already spoken about them at length this morning. It is very important to get the three expired authorities extended, as the compromise legislation would do, in order to avoid any further adverse affects from the interruption which has already occurred—most unnecessarily, in my view—for 2 weeks. The three authorities which expired on October 31 were the authority to operate a VA regional office in the Philippines, the authority to provide fee-basis care for certain veterans in Puerto Rico, and the authority to contract with halfway houses to provide treatment to veterans suffering from drug or alcohol abuse disabilities.

Mr. President, yesterday I sent a "Dear Colleague" letter to all Senators explaining the controversy that has brought us back to the floor. I see no need to rehash any of that material at this point. However, for the record, I ask unanimous consent that there be printed in the RECORD at this point a copy of the November 12 letter and of the November 12 letter to me from the Administrator of Veterans Affairs, Harry Walters, described in the "Dear Colleague" letter.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, November 12, 1985.

DEAR COLLEAGUE: On Wednesday morning, November 13, the Senate will return to consideration of the House amendment on H.R. 505, the proposed "Veterans' Administration Health Care Amendments of 1985". We began consideration on this measure last Wednesday, November 6. As you can see from the debate in the Congressional Record for that day—on pages S14898 to S14904 and on pages S14924 to S14926—the current status of the measure centers on a dispute over an amendment offered on behalf of Senator Denton by Senator Murkowski which is aimed at having the Congress force the Veterans' Administration to reconsider the feasibility of purchasing a hospital facility in Mobile, Alabama, that is being vacated.

We have tried very hard to reach agreement on this matter in order to avoid embroiling the Senate in a regional dispute. However, there is more at stake here than whether any new VA hospital to be established to serve the Florida Panhandle/Southern Alabama area will go in Alabama or Florida.

First, after two evaluations of the situation, the VA has concluded that no new facility is needed in that region before FY 1993 and that the demographics demand that it then be located in the Florida Panhandle. Just today, Administrator of Veterans' Affairs Harry Walters rejected Senator Murkowski's and my request (made in order to try to resolve the legislative impasse) that he retain an independent consultant to make such a feasibility study, and reiterated that "the establishment of a VA medical center there [in Mobile] is not supportable." I think it is a fundamental mistake for the Congress to dictate where a particular facility should be located and to force a new facility to be started-up 5 or more years before it is needed.

Second, the House amendment to H.R. 505 is legislation in the nature of a conference report—a basic compromise arrived at between the two Veterans' Affairs Committees based on veterans' health-care legislation (S. 876 and H.R. 505) that each House had passed. It is a fair compromise of the issues involved.

It is wrong, in my opinion, for the interests of one State to be placed ahead of the interests of all veterans in terms of the need for this legislation. Among other things, this bill, which has been held up for weeks because of this dispute, would extend three authorities, described in the Record, that expired on October 31. One of these—a $7 million program—permits the VA to contract with community-based residential halfway-house facilities for the care of veterans with drug or alcohol abuse problems. Although the VA has not yet terminated the contract care of the veterans who were in the program under the 343 contracts which existed on October 31, its authority to continue this treatment is highly questionable.

The House Committee gave full and fair consideration to the provision proposed by Senator Denton and modified by the Senate Committee that was included in the Senate-passed version of H.R. 505 and is now again being proposed by Senator Denton. The House Committee Chairman made clear his objections to this provision on October 30 when the House returned the bill to the Senate with the House amendment (H9370). The House refused to accept a number of

provisions in the Senate bill, several that I had initiated and felt strongly about.

Third, it has been suggested that purchasing the Providence Hospital in Mobile would save money. This is just not the case.

If that hospital were purchased in fiscal year 1987 for the $25 million asking price, it would set in motion the following process:

Certain funds would be needed to make modifications in that structure and to equip it with new equipment to bring it up to VA standards for furnishing first-rate medical care. The extent of necessary modifications and new equipment needs is not known at this time, but figures in the vicinity of $15-20 million have been used.

The VA would begin to operate the hospital in FY 1987 or 1988. The cost of operating the approximately 300-bed VA hospital that would then exist in Mobile would be approximately $35 million per year. For over 5 or 6 years this would total (including the purchase price) $200-235 million, plus inflation costs, plus modification costs, plus equipment costs, that would not otherwise be spent.

Where would this huge additional cost come from as massive budget cuts are made in Federal spending over the next several years? Would funds needed for other VA facilities be cut deeper, or what hospital (in what State?) would be closed in order to operate the Mobile facility?

The Chairman of the House Committee has told me in the clearest terms that if the Senate adds the Denton amendment as it has been offered or any amendment which fails to protect Mississippi and Florida interests, it will again be rejected by the House. So, this exercise is totally futile.

We are still hard at work trying to produce a compromise which will enable us to send the bill to the President. However, if we are unable to do so, I ask for your support in opposition to the Denton amendment to try to force the VA to acquire this Mobile, Alabama, hospital. I also ask you to support the Chiles amendment that is pending on the Denton amendment, which would nullify the Alabama bias inherent in the Denton amendment by protecting the interests of Florida (as well as neighboring Southeastern Mississippi).

In a nutshell, the votes I am urging would (1) defend the integrity of objective Executive Branch decision-making on questions of the location of VA medical facilities—once the Congress enters this thicket there is no getting out, (2) let the important legislation in the compromise agreement on H.R. 505 go forward to the President, including the provisions to extend the three expired authorities, and (3) avoid the possibility of over $200 million in unnecessary spending over the next 6 years.

If you have any questions on this matter, please have your staff contact Bill Brew or Ed Scott of the minority staff of the Veterans' Affairs Committee (42074).

With warm regards,

Cordially,

ALAN CRANSTON,
Ranking Minority Member.

VETERANS ADMINISTRATION, OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington DC., November 12, 1985.

Hon. ALAN CRANSTON,
Ranking Minority Member, Committee on Veterans' Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR CRANSTON: Thank you for your letter asking that we seriously consider undertaking a further effort to examine acquisition of Providence Hospital in Mobile, Alabama, in an effort to break the impasse in the Senate over further action on H.R. 505. We appreciate the opportunity you have extended us to help resolve this issue and have given your suggestion the most serious consideration.

I must respectfully note that the essential issue for VA has not been whether or not to acquire Providence Hosptial but whether there is a need for a VA medical center in Mobile. Our determination regarding that need was made only after the most exhaustive study and analysis. We formally reviewed the Mobile proposal, and our study culminated in the conclusion that the establishment of a VA medical center there is not supportable.

As you know, the VA did conduct an in-depth review of the independent data advanced by proponents of this project. We found that the data provided no basis for rejecting or reexamining our planners' methodology, findings, or conclusions. A VA official testifed in Mobile at a congressional hearing on this matter. I, myself, have spent a considerable amount of time reviewing the Mobile matter, and I have visited Providence Hosptial. We appreciate the importance that some Alabamans have attached to this proposal. However, VA's planning must necessarily proceed from a national perspective.

The thoroughness of our own evaluation and the precedent that adoption of your suggestion would set for this office both persuade me that the VA should not initiate still another planning study on this matter. I have reached this decision fully mindful of the importance of prompt action in connection with the expired authorities which would be extended with enactment of H.R. 505.

I would be pleased to make our planning documents and analyses available to the Committee staff or to any other congressional entity if you believe such an independent review might afford a basis to bridge the impass you described.

Sincerely,

HARRY N. WALTERS,
Administrator.

Mr. President, I suggest the absence of a quorum for a moment, so that I may confer with the Senator from Alaska.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. Mr. President, I thank my colleague, the ranking minority member of the Senate Veterans Committee, the senior Senator from California, for his efforts to bring this entire matter to a resolution.

There was also a diligent effort on the part of the Senators from Alabama, Florida, and Mississippi. I commend Senator DENTON, as well as the staff of the Senate Veterans' Affairs Committee, who worked diligently to resolve this matter.

Considering the time of day, we have moved in a significant way toward this accomplishment. We are right within our timeframe. We are just a few minutes off.

Mr. CRANSTON. We have beat our timeframe by 15 minutes.

Mr. MURKOWSKI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TEXTILE AND APPAREL TRADE ENFORCEMENT ACT OF 1985 (H.R. 1562)

Mr. DURENBERGER. Mr. President, I rise to indicate that I am voting today in favor of the motion to invoke cloture on this measure. My objective in doing so is to advance this fatally flawed proposal toward its eventual and clearly justified demise. The sooner the Senate comes to a final judgment on this matter—in my opinion—the sooner this bill will die.

This bill represents disastrous trade policy and worse economic policy. Were this bill to be approved, the American people would be forced to shoulder a cost far, far in excess of the most optimistic projection of benefit. I hope that following this vote, the Senate can get attach amendments to this bill which correct some of its deficiencies and restore some sanity to this proposal. Failing that, Mr. President, I am confident that the President will do his duty and forestall this foolish effort.

VOTE

The PRESIDING OFFICER. The question before the Senate is: Is it the sense of the Senate that debate be brought to a close on H.R. 1562, the textile and apparel bill?

Mr. WEICKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is: Is it the sense of the Senate that debate be brought to a close on H.R. 1562, the textile and apparel bill? The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Florida [Mrs. HAWKINS] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Connecticut [Mr. DODD], is necessarily absent.

I also announce that the Senator from Florida [Mr. CHILES], is absent because of illness.

The PRESIDING OFFICER (Mr. HATFIELD). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 91, nays 6, as follows:

[Rollcall Vote No. 298 Leg.]

YEAS—91

Abdnor	Gramm	Moynihan
Armstrong	Grassley	Murkowski
Baucus	Harkin	Nunn
Bentsen	Hart	Packwood
Biden	Hatch	Pell
Bingaman	Hatfield	Pressler
Boschwitz	Hecht	Proxmire
Bradley	Heflin	Pryor
Bumpers	Heinz	Quayle
Byrd	Helms	Riegle
Chafee	Hollings	Rockefeller
Cochran	Humphrey	Roth
Cohen	Inouye	Rudman
Cranston	Johnston	Sarbanes
D'Amato	Kassebaum	Sasser
Danforth	Kasten	Simon
DeConcini	Kennedy	Simpson
Denton	Kerry	Specter
Dixon	Lautenberg	Stafford
Dole	Laxalt	Stennis
Domenici	Leahy	Stevens
Durenberger	Levin	Symms
Eagleton	Long	Thurmond
East	Lugar	Trible
Evans	Mathias	Wallop
Ford	Mattingly	Warner
Garn	McClure	Weicker
Glenn	McConnell	Wilson
Goldwater	Melcher	Zorinsky
Gore	Metzenbaum	
Gorton	Mitchell	

NAYS—6

Andrews	Burdick	Matsunaga
Boren	Exon	Nickles

NOT VOTING—3

Chiles	Dodd	Hawkins

The PRESIDING OFFICER. On this vote, the yeas are 91, the nays are 6. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1015

(Purpose: To achieve the objectives of the multifiber arrangement, to promote the economic recovery of the United States textile and apparel industry and its workers, to provide for orderly trade in nonrubber footwear, to reduce unemployment, and for other purposes)

Mr. THURMOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from South Carolina [Mr. THURMOND], for himself, Mr. HOLLINGS, Mr. MOYNIHAN, Mr. HELMS, Mr. HEFLIN, Mr. HEINZ, Mr. COHEN, Mr. WARNER, Mr. KENNEDY, Mr. MITCHELL, Mr. EAGLETON, Mr. SPECTER, Mr. EAST, Mr. COCHRAN, Mr. TRIBLE, Mr. DENTON, Mr. D'AMATO, Mr. SASSER, Mr. HATCH, Mr. PELL, Mr. MATTINGLY, Mr. ROCKEFELLER, Mrs. HAWKINS, Mr. GORE, Mr. DIXON, Mr. DODD, Mr. SIMON, Mr. FORD, Mr. DECONCINI, Mr. PRYOR, Mr. MATHIAS, Mr. LONG, Mr. LEAHY, Mr. METZENBAUM, Mr. RIEGLE, Mr. WEICKER, Mr. MCCONNELL, Mr. KASTEN, Mr. GLENN, Mr. BUMPERS, Mr. NUNN, and Mr. BYRD, proposes an amendment numbered 1015.

Mr. THURMOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

TITLE I

SEC. 101. SHORT TITLE.

This title may be cited as the "Textile and Apparel Trade Enforcement Act of 1985".

SEC. 102. POLICY.

The policy of this title is—

(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

SEC. 103. FINDINGS.

The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December, 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most producing countries and provides for a lower rate of growth for imports from significant producing countries;

(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain producing countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of significant producing countries, with five large producing countries now accounting for more than 50 per centum of all imports of textiles and textile products;

(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies

producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(16) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this title;

(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textiles and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

SEC. 104. DEFINITIONS.

For purposes of this title—

(1) The term "textiles and textile products" includes, but is not limited to, all tops, yarns, man-made fibers, piece goods, made-up articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, part 1 (except subpart A, but including item 700.75), 4, 5 (except subpart E), 7 or 13 (except item number 790.57) of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to the Tariff Schedules of the United States; such term does not include apparel containing 70 per centum or more by weight of silk except articles classified under item numbers 373.20 and 373.22 of the Tariff Schedules of the United States;

(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this Title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

(C) a category consisting of the man-made fiber products not covered by a category described in subparagraph A and classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

(D) each category consisting of each of the following products when, because of fiber content, that product is not subject to the Multi-Fiber Arrangement:

(i) yarn,

(ii) fabric,

(iii) apparel, and

(iv) other textile products;

(3) The term "import sensitive category" means—

(A) Each category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

(B) Each category covering wool products;

(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the Customs territory of the United States;

(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph (2)(A) of this section during calendar year 1984 equalled or exceeded 10 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph 2(A) of this section during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(7) The term "small producing country" means a country other than a major producing country and a producing country;

(8) The term "country in the Caribbean region" means the United Mexican States and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

(9) The term "wool product" means an article containing over 17 per centum by weight;

(10) The term "cotton, wool and man-made fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States; and

(12) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

SEC. 105. LIMITS ON TEXTILE AND APPAREL IMPORTS.

(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

(1) in the case of textiles and textile products that are a product of a major producing country, other than textile luggage and textile handbags and textile flat goods subject (as of the date of enactment of this Act) to a specific limitation under an agreement with a major producing country, the lesser of an amount equal to 101 per centum (A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983, and 1984, or (B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

(2) in the case of textile luggage and textile handbags and textile flat goods subject (as of the date of enactment of this Title) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of the Title;

(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of (A) such products from such country classified under such category that entered during calendar year 1984, or (B) in the case of textile luggage and textile handbags and textile flat goods subject (as of the date of enactment of this Title) to specific limitation under an agreement with a exporting country, the specific limitation quantity in effect as of the date of enactment of this Title;

(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and manmade fiber sweaters described in paragraph (5)), an amount equal to the sum of—

(A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus

(B) an amount equal to—

(i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or

(ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

(5) in the case of cotton, wool and manmade fiber sweaters that are—

(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, notwithstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

(b) GROWTH ADJUSTMENT.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 111(b), then, in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 111(b) in previous calendar years.

(c) MINIMUM QUANTITIES.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products of such country that may be entered under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar year after the aggregate quantity of products of such country entered under such category equals the minimum quantity prescribed under this subsection.

(d) SPECIAL RULE.— For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country (other than a country in the Caribbean region) and that are entered under the categories referred to in subparagraph (2)(A) of section 104 of this Title equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

(e) ENFORCEMENT.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this Title.

SEC. 106. IMPORT LICENSING.

In order to ensure the equitable and efficient administration of section 105 of this Title, the Secretary of Commerce shall, within six months after the date of enactment of this Title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system. The Secretary of the Treasury shall make all determinations regarding classification under the Tariff Schedules of the United States, appraisement, and valuation of products subject to licensing under this section.

SEC. 107. ANNUAL REPORT.

Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this Title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 105. The report shall also include a detailed report by the Department of Commerce on the implementation and enforcement for the provisions of this Act exempting from import limitations certain articles of silk apparel, with special regard to the extent to which nonsilk articles, and silk articles not exempt from import limitations, are erroneously or fraudulently classified as silk items exempt from import limitations and are entered under this Act. All departments and agencies shall cooperate in preparation of this report, as requested by the President.

SEC. 108. REVIEW.

The Secretary of Commerce shall commence ten years after the date of enactment of this Act a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and industries affected by the program, the Secretary of the Treasury, and other appropriate government officials. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recom-

mendations for the future conduct of the program.

SEC. 109. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

"	385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 105(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 105(b) of such Act that adjust the quotas under such section 105(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free ".

SEC. 110. PRODUCTS OF THE INSULAR POSSESSIONS OF THE UNITED STATES.

(a) GENERAL RULE.—Notwithstanding section 104(4) of this Title, textiles and textile products that are the product of an insular possession of the United States shall not be considered to be products of a country, within the meaning of section 104(4), if such products meet the requirements of subsection (b).

(b) Possession Content.—

(1) Subsection (a) shall apply to an article if—

(A) that article is imported directly from an insular possession of the United States into the customs territory of the United States; and

(B) the sum of (i) the cost or value of the materials produced in such insular possession of the United States or in the customs territory of the United States plus (ii) the direct costs of processing operations performed in such insular possession of the United States is not less than 85 per centum oif the appraised value of such article at the time it is entered.

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this section, except that the rules of origin contained in 19 C.F.R. 12.130 shall be the rules of origin for purposes of this section.

(3) As used in this subsection, the phrase "direct costs of processing operations" includes—

(A) all actual labor costs attributable to permanent residents of the insular possession involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control, and similar personnel; and

(B) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.

Such phrase does not include costs which are attributable to non-permanent resident labor, are not directly attributable to the merchandise concerned, or are not costs of manufacturing the product, such as (i) profit, and (ii) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance advertising, and salesmen's salaries, commissions or expenses.

SEC. 111. EFFECTIVE DATE.

(a) IN GENERAL.—Subject to the provisions of subsection (b), the provisions of this Title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Title

(b) CALENDAR YEARS 1985 AND 1986.—The Secretary of Commerce shall prescribe by regulation the aggregate quantity, if any, of textiles and textile products that may be entered under section 105 (a) or (c) of this Title from each country under each category during the period beginning on the date of enactment of this Title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products of a country entered under a category after December 31, 1984, and before the date of enactment of this Title exceeds the quantity permitted entry for such products of such country and such category during calendar year 1985 under subsection 5 (a) or (c) of section 105, then the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986, shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

TITLE II

SEC. 201. SHORT TITLE.

This Title may be cited as the "American Footwear Industry Recovery Act of 1985".

SEC. 202. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

(A) the loss of 155,000 footwear jobs since 1968,

(B) a decline in domestic production and production capacity, and

(C) the permanent closure of over 500 plants during the same period.

(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 percent in 1981 to 77 percent in 1985.

(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical than the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

(B) in the absence of an effective remedy under such process, legislative relief is essential.

(b)(1) It is the purpose of Congress in enacting this section to—

(A) promote and expand the economic health of the United States nonrubber footwear industry,

(B) preserve the jobs of American workers, and

(C) prevent the further decline of this important domestic industry.

(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

SEC. 203. DEFINITIONS.

For purposes of this Title—

(1) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(2) The term "Secretary" means Secretary of Commerce.

(3) The term "nonrubber footwear" means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on January 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95; except alpine (down hill) ski boots and nordic (cross country and jumping) ski boots.

(4) The term "apparent domestic consumption" means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

SEC. 204. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

(a)(1) During the 8-year period beginning on the date of enactment of this Title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 percent of the estimated apparent domestic consumption of nonrubber footwear for such period.

(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 percent of apparent domestic consumption of nonrubber footwear for such period,

(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 percent of apparent domestic consumption of nonrubber footwear for such period, and

(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 percent of apparent domestic consumption of nonrubber footwear for such period.

(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1 year period thereafter, the next succeeding 1 year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

(c) On the first days of the first, second, and third quarters of each 1 year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1 year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1 year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1 year period a revision to the determination of expected apparent domestic consumption for such 1 year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the purposes of this section and to enforce the provisions of this section.

(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

(i) consult with interested domestic parties,

(ii) afford an opportunity for such parties to comment on the proposed regulations, and

(iii) consider all such comments before prescribing final regulations.

SEC. 205. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

Mr. THURMOND. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. THURMOND. Mr. President, I yield back my time.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I would like to briefly explain some slight changes made in the amendment on the reconciliation bill so that all our colleagues will understand.

The amendment is essentially the same as the one Senator THURMOND and I offered on October 24 to the budget reconciliation bill. Five changes have been made. Language has been added to exclude toys for pets from coverage by the bill.

Mr. President, you will notice one of the amendments on this sheet that has been passed around is an amendment related to textile toys for dogs and cats. So we changed the language and I think we can forego that amendment.

Language has been added to the bill to exclude fabric footwear from the definition of a "textile."

This was a concern of the distinguished Presiding Officer, the senior Senator from Oregon [Mr. HATFIELD], and others. Fabric footwear, such as athletic shoes, were never meant to be covered by the bill. There is one exception—felt footwear and linings. These items are included in the bill because they have always been part of the textile program.

Third, Mr. President, silk apparel, except for neckties for men and boys, is excluded from the bill. To be excluded, however, the article must be over 70 percent by weight silk.

Further, the President is required to include in his annual report on the administration of the textile program a report by the Department of Commerce on the enforcement of this silk apparel exemption. This report is required to include information as to erroneous or fraudulent misclassification of articles under this exemption.

This will guard against the mislabeling of articles in order to qualify for an exemption. We are very much concerned that polyester, for example, could be imported and labeled as polyester but coming in as silk. We did not want to open a floodgate for violations there.

Our distinguished colleageus from Hawaii, Senator INOUYE and Senator MATSUNAGA, both raised a very important concern. They said the insular possessions, namely, Guam, Samoa, the Marianas, Saipan, and others, are American possessions. Why not treat them as Americans? In other words, why treat them as foreign countries?

Mr. President, they have been used as locations for transshipment, transshipment violations. On the House side, some of those exemptions were sort of accepted in the spirit of making sure that it was passed over without much difficulty. We conferred at that particular time with Representatives on the House side and included in the language existing quotas on sweaters from Guam and the Marianas. We exempted those.

However, when it got over to the Senate side, the ante was sort of raised in that regard, and I think properly so, by Senator MATSUNAGA to provide that the insular possessions be treated as American. So language has been added which would exclude from the bill textiles and textile products that are products of the insular possessions if those products meet a "possession content" requirement, which is, one, that the value added in the insular possession must be 85 percent, which is what we agreed on—50 percent for material and 35 percent for labor—and that labor costs for the value-added requirement must be attributable to permanent residents of the possessions.

In the Virgin Islands, they had a shell of a building owned by the Virgin Island Manufacturing Co. When we went in, the Customs agents found an empty building. They were operating under the current law whereby if they doubled the value, namely from $2 to $4 on men's T-shirts, those shirts could come into the United States duty free. All they were doing was adding the overhead and profit. They were not adding value. They were really adding a profit. We finally caught that violation only 2 months ago.

That is the reason for the language that the labor costs be attributable to permanent residents of the possessions and that the article meet the content requirement.

Articles that do not meet the requirement are not exempt from the bill. Under current regulations, the special provisions for sweaters assembled in Guam as I explained earlier and the Marianas, are not accepted because those sweaters are the products of the People's Republic of China, not to Guam and the Marianas. They have a bunch of importers over there who instead of importing goods, they import the Chinese importers. We ought to put them on Senator SIMPSON's immigration bill. Maybe that will work. Just bring them over here and not worry about it. We can give them Social Security, Medicare, Medicaid. That will go over good with some around this place.

This amendment will allow into the United States any imports from the insular possessions which are truly made in the insular possessions by permanent residents of the insular possessions, which I am confident are the intentions of the Senator from Hawaii.

Finally, language has been added to exempt ski boots from coverage under the footwear title. I know we worked all day yesterday and every Senator with a mountain in his State is interested in ski boots. They do not make ski boots in America. So, rather than waste the time of the Senate on a long amendment, language has been added to exempt ski boots from coverage under the footwear title.

Ski boots were not part of the case brought by the footwear industry before the International Trade Commission.

These are the only substantive changes we have made in consultations with our colleagues, trying to forego some amendments that would just take the time of the Senate. I think with these exceptions and some technical corrections, the amendment we are offering here is the same that was adopted by the Senate on October 24.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, the Senator from Washington had indicated that he wanted to deal with it by a voice vote. Does he still want to do that?

The PRESIDING OFFICER. Who seeks recognition?

Mr. BAUCUS, Mr. BOSCHWITZ, and Mr. THURMOND addressed the Chair.

Mr. THURMOND. Mr. President, do I have time?

The PRESIDING OFFICER. The Senator from South Carolina controls the time.

Mr. THURMOND. Mr. President, the distinguished Senator from Washington indicated that it would suit him just to have a voice vote on this amendment and then we would take up the other amendments. Does he still want to do that or not?

Mr. EVANS. Yes, Mr. President, I would be perfectly willing to do that. We have voted twice on essentially this same amendment. This gives us a base from which the other amendments come, and it would save considerable time. I would be willing to do that.

Mr. THURMOND. Mr. President, in view of that and to save time, I ask unanimous consent to vitiate the yeas and nays and just have a voice vote. Then we can proceed to the amendments.

Mr. BAUCUS. Mr. President, a parliamentary inquiry.

Mr. HOLLINGS. Mr. President, Senator BOSCHWITZ is seeking recognition.

Mr. BOSCHWITZ. Reserving the right to object, Mr. President.

The PRESIDING OFFICER. The Senator from Montana wishes to make a parliamentary inquiry. The Senator will state it.

Mr. BAUCUS. Mr. President, it is my understanding that if this substantive amendment is agreed to, no more amendments would be in order except by unanimous consent.

The PRESIDING OFFICER. The Senator is correct.

Mr. THURMOND. Mr. President, we have agreed to take up certain amendments that were included in the unanimous-consent agreement. That is all taken care of. In other words, as the distinguished Senator from Washington said, it would just save a rollcall if we wanted to dispense with the yeas and nays now and proceed to the amendments. If there is no objection to that, we might just proceed.

Mr. HOLLINGS. If the distinguished Senator will yield, I think there is a bit of confusion here. What we really have is the yeas and nays on the Thurmond-Hollings amendment, as and if amended. We will have to have a rollcall on that, but right now, amendments would be in order. We would not adopt the amendment itself under the unanimous-consent agreement. But other amendments, if offered, will be presented and then we will have a vote.

Mr. BAUCUS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAUCUS. Mr. President, for amendments other than the present pending Thurmond substantive amendment to be in order, would it be necessary that there be a unanimous-consent agreement that other amendments be in order?

Mr. THURMOND. Mr. President——

The PRESIDING OFFICER. Will the Senator withhold until the Chair responds to the Senator from Montana?

The amendments on the list under the unanimous-consent agreement are the only amendments that will be in order. They are in order only after the time has been yielded back or utilized on the pending amendment, prior to the adoption of the pending amendment.

Mr. BAUCUS. Mr. President, therefore, these amendments that are on the list have to be offered prior to the adoption of the pending amendment.

Mr. HOLLINGS. Exactly.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAUCUS. Therefore, Mr. President, we cannot adopt this amendment by voice vote unless we first dispose of the other amendments on the list, assuming the Senate wants to take up and dispose of those other amendments.

The PRESIDING OFFICER. The Senator is correct.

Mr. THURMOND. Mr. President, if we yield back our time on this amendment and if it will save a rollcall, I am willing to do it according to the suggestion of the Senator from Washington.

The PRESIDING OFFICER. The Senator from South Carolina has propounded a unanimous-consent request.

Mr. THURMOND. Mr. President, I just yield my time back.

The PRESIDING OFFICER. Until that time, there is a unanimous-consent request—does the Senator withdraw his unanimous-consent request?

Mr. THURMOND. Yes, Mr. President, I withdraw it and yield my time back.

The PRESIDING OFFICER. The Senator withdraws his unanimous-consent request and yields his time back. All time is yielded back.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. EVANS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator is recognized for a parliamentary inquiry.

Mr. EVANS. Will the Chair indicate who has control of the time?

The PRESIDING OFFICER. The time has been yielded back at this point.

Mr. EVANS. Who has control of the time on each side at this point?

The PRESIDING OFFICER. The time on the amendments that will be offered is controlled between the sponsor of the amendment and the managers of the bill.

Mr. EVANS. Will the Chair indicate the position of the fundamental Thurmond-Hollings amendment to H.R. 1562? Is that not the pending business?

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina is an amendment as a complete substitute for the bill. Amendments offered from the floor may be drafted to that amendment.

Mr. EVANS. So the amendment will remain pending with no votes on it to be taken on that amendment until other amendments have been offered. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

AMENDMENT NO. 1016

(Purpose: To exempt from the textile and nonrubber footwear quotas any country that buys more than $400,000,000 in agricultural products)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Montana.

The bill clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 1016 to Amendment No. 1015.

At the end of the pending amendment, add the following:

SEC. . (a) Notwithstanding any other provision of this Act, any provisions of this Act that impose a limitation on the quantity of textiles, textile products and nonrubber footwear that may be entered shall not apply with respect to the products of any foreign country entered in a calendar year if the aggregate value of agricultural products of the United States exported to such foreign country during the calendar year preceding such calendar year exceeded $400,000,000.

(b) For purposes of this section, the term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

Mr. BAUCUS. Mr. President, this amendment is very, very simple. It provides that countries that export textiles to the United States are exempt from the provisions of this bill if those countries purchase $400 million annually of American agricultural products. That is the amendment.

I will repeat that. The amendment provides that countries purchasing $400 million per year of agricultural products from the United States are exempt from the provisions of the textile bill.

The reasons for the amendment are obvious. Countries which export textiles to the United States are, for the most part also, countries which purchase agricultural products from the United States. In fact, Mr. President, the countries covered by the underlying textile bill and excluded by my amendment are countries which purchase nearly one-third of all U.S. agricultural exports—over $12 billion.

We all know the miserable state of American agriculture today. It is in very, very tough shape. Between 1980 and 1984, net farm income was one-half the level it was in the previous 4. Land values have declined over 18 percent on average and 40 percent in some States. The foreclosure rate was up 75 percent from the levels in the previous 2 years. We lost 90,000 jobs in wheat production over the last 2 years.

On top of that, U.S. agricultural sales abroad have declined dramatically. Our exports have fallen more than 100 percent since 1981. However you slice it, American agriculture is suffering through its worst economic period since the Depression. Indeed there are those who say it is even worse now than it was during the Depression.

Mr. President, we must not solve the textile problem on the backs of American agriculture. It is obvious that if the underlying bill passes, those countries hurt will retaliate. They will stop buying U.S. agricultural products.

Why do I believe this?

Many of these countries are economically dependent on their sales of textiles. Would any country idly permit such an important export industry to be devastated without reacting?

There are other reasons these countries will retaliate. China needs foreign currency to purchase United States products, particularly agricultural products.

Debtor nations like Brazil need these exports to begin to pay interest on their debts and to begin to import again.

Faced with these needs and pressures, some countries will feel forced to retaliate.

And who will this retaliation be directed against? The American farmer.

Most agricultural products are in the fancy vernacular, "fungible." They are standardized commodities, routinely bought and sold by many countries at a "world price." A Congressional Research Service study of the textile bill recently concluded:

There is very little cost to a nation which foregoes purchases of these commodities from any one source, even a substantial source such as the United States.

Retaliation is also likely because the textile bill violates the MFA. The MFA permits parties to impose quotas on textile imports without risking retaliation so long as the quotas are imposed consistent with the provisions of the MFA.

However, this bill makes a mockery of the MFA. It tells the world that the United States has renounced the MFA. And when we send that signal to foreign countries, they will feel free to abandon the MFA's restructions on retaliation.

Any serious cutback in purchases by these countries would be a kick in the teeth to America's farmers.

We cannot afford to lose the market for one-third of our agricultural exports.

Mr. BIDEN. Will the Senator yield for a question?

Mr. BAUCUS. I am glad to yield.

Mr. BIDEN. Will the Senator tell us—and I mean this very seriously—what are the countries that in fact fall within the prescription of $400 million per year covered by the act? Does he have a list of those countries?

Mr. BAUCUS. I am glad to answer the Senator from Delaware. The countries covered would be China, Korea, Taiwan, Hong Kong, Japan, Indonesia, and Brazil.

Mr. BIDEN. I thank the Senator.

Mr. BAUCUS. Mr. President, if we are going to try to address the problem of the textile industry, we should do so fairly. To force protection for the textile industry on the backs of America's farmers is not fair and reasonable.

I might add, Mr. President, history shows us that countries do retaliate. I need only remind the Senate of a case just 2 years ago—in 1983. The United States imposed quotas restricting about $50 million of Chinese textile imports; the Chinese retaliated by cutting their agricultural purchases $500 million. In 1984, when the United States made changes in its customs regulations that significantly cut back on Chinese textile imports, the Chinese again cut back their agricultural purchases from the United States by 2.5 million metric tons.

The point is clear, simple and direct. The historical precedent is there. When we restrict textile imports from agricultural customers, they retaliate by reducing their purchases from us. They say to the United States, "No more agricultural purchases. If you are not going to buy from us, we are not going to buy from you."

Mr. President, I strongly urge the Senate to adopt this amendment because it is not right or fair for those States hard hit by textile problems to say to the agricultural States, "You are going to bear the brunt of all this. You are the ones who are going to pay the price."

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 5 minutes to the Senator from Minnesota.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana and the Senator from South Carolina control the time.

Mr. THURMOND. Mr. President, how much time is left to the proponents? They have 15 minutes, I believe. Is that correct?

The PRESIDING OFFICER. Seven minutes and thirty-five seconds remain with the proponents of the amendment, 15 minutes remain with the opponents of the amendment.

Who yields time?

Mr. EVANS. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Washington is recognized for a parliamentary inquiry.

Mr. EVANS. Mr. President, it is my understanding that the Chair has indicated the proponents of an amendment and the managers of the bill have control of the time on each amendment. Is that correct?

The PRESIDING OFFICER. The Senator is correct, unless the managers favor the amendment, and then the minority member or the designee will control the time of the opposition.

Mr. EVANS. Will the Chair indicate who would then be a minority member?

The PRESIDING OFFICER. The designee of the minority leader.

Mr. EVANS. Will the Chair further explain the amount of time remaining on the underlying amendment?

The PRESIDING OFFICER. The time on the underlying amendment had been yielded back by the managers of the bill.

Mr. EVANS. Will the President further indicate, is that the normal action of the Senate, that when the managers of the bill—in this case both in favor of the bill—yield back time, they effectively shut out any opposition from being heard?

The PRESIDING OFFICER. That is the practice of the Senate.

Mr. EVANS. The practice of the Senate is to have the managers of the bill not include those who favor and those who oppose a particular piece of legislation but who both support legislation?

The PRESIDING OFFICER. Under the precedent of the Senate, when the managers of the bill yield back the time, the time has been yielded back.

Mr. EVANS. Mr. President, I understand that originally the amount of time on the final proposal, before it was to be voted upon, was 1 hour equally divided. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. EVANS. Mr. President, I ask unanimous consent that I be allowed half-an-hour under my control on final debate on this bill, when it comes to final debate.

The PRESIDING OFFICER. Is there objection?

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I suggest an equal amount of time be agreed upon to debate the bill. The Senator was the one who suggested we yield it back. If we are going to have a half-hour or an hour, let us reinstitute a half-hour to either side on final passage.

Mr. EVANS. I am perfectly willing to add that to the unanimous-consent request. It was my understanding on the voice vote we had to adopt the amendment that the Senator had provided earlier and not after we have had these other amendments, and that was the reason I made that suggestion.

Mr. President, I renew my unanimous-consent request that each side be given one half-hour on final debate, one half-hour to be under my control and one half-hour to be under the control of the Senator from South Carolina [Mr. THURMOND].

Mr. THURMOND. We have no objection, Mr. President.

The PRESIDING OFFICER. Is there objection?

Mr. BOSCHWITZ. Mr. President, reserving the right to object, I ask the Senator from Washington if my amendment would be within his time frame. Is that correct?

Mr. EVANS. This was only on final debate, after we had accomplished all amendments. Each amendment, as I understand it, has its own particular time limit; and, as I further understand, that time is under control, half by the sponsor of the amendment and half by the opposing manager.

The PRESIDING OFFICER. The Senator from Washington is correct.

Is there objection to the unanimous consent request proposed by the Senator from Washington, to have 1 hour equally divided between the Senator from Washington and the Senator from South Carolina on the underlying amendment, the substitute amendment offered by the Senators from South Carolina?

The Chair hears none, and it is so ordered.

Who yields time on the pending amendment of the Senator from Montana?

Mr. THURMOND. Mr. President, if no one else desires to speak, I yield myself such time as I may require.

Mr. President, one of the concerns expressed by spokespersons for segments of the farm community is that foreign countries will retaliate by decreasing purchases of U.S. agricultural products when the Textile and Apparel Trade Enforcement Act of 1985 is enacted. This concern is not shared by U.S. cotton producers who are heavily impacted by textile and apparel imports containing foreign grown cotton.

However, in general, there is no direct relationship between trade in agricultural products and textile and apparel trade. While U.S. textile and apparel imports have been increasing, our farm products exports have actually decreased. In fact, they have declined in each of the past 5 years.

In addition, there would be little advantage to the textile and apparel exporting countries to exclude U.S. farm products. For example, the four major foreign suppliers—Hong Kong, Taiwan, Korea, and China—supply about half of the U.S. textile and apparel imports but purchase only about a tenth of our agricultural exports. The value of textile and apparel imports from these countries is 80-percent higher than the value of our agricultural exports to them.

To some extent, the U.S. farm community is facing some of the international market conditions which have adversely affected the U.S. textile industry. U.S. commodity prices have risen dramatically in comparison to those of other countries. This is resulting in increased competition from foreign producers and lost sales for U.S. products.

For example, the Soviet Union, which is not a textile and apparel exporting country, is the major foreign market for the U.S.S.R. switched an order to Argentina because of lower prices. China, which has been a major textile and apparel exporter, has also looked for lower prices. Lower foreign prices have also attracted U.S. grain buyers. For example, a major U.S. grain trading company purchased lower priced foreign wheat early in 1985 but then canceled the order because of opposition from domestic farm groups.

Mr. President, this amendment would tend to gut the textile bill, and I hope that the Members of the Senate will vote against it.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, does the Senator from Minnesota desire time?

Mr. BOSCHWITZ. The Senator from Minnesota will offer his amendment on his own time.

The PRESIDING OFFICER. Who yields time on the amendment offered by the Senator from Montana?

Mr. HOLLINGS. Mr. President, will the distinguished Senator yield to me?

Mr. THURMOND. I yield to the distinguished Senator from South Carolina [Mr. HOLLINGS] such time as he may desire.

Mr. HOLLINGS. Mr. President, this amendment would effectively kill the bill. It affects, of course, the four main textile exporting countries—namely, Taiwan, Korea, China, and Japan.

The Senator from Montana really pointed out his own dilemma. All he needs to do is pick up the front page of the business section of the Washington Post.

In an article there, we are going to use the Export-Import Bank in order to win some contracts because the French are subsidizing.

In the Presidential campaign 2 years ago, in the Midwest, in Iowa, that is exactly what the discussion was—the wheat sale to Egypt, whereby the French were subsidizing to the tune of 25 percent their wheat sales to Egypt, which we had to match.

Textiles is not your problem. In fact, textiles and wheat and America's agri-

culture are all in the same boat. That is why the American agricultural movement—the National Farmers Union, the National Farmer's Organization, the National Cotton Council, and the National Wool Growers Association—endorse this textile bill. They realize what has been going on.

Ask the cotton farmer. They used to sell cotton to China. Now they do not sell any to the People's Republic of China. China has practically cut back all its imports of wheat. By next year sometime, they will be producing what they consume.

In July of this year, China came along and landed corn at Los Angeles at 18 cents a bushel cheaper than Nebraska corn. So China is a real competitor at 18 cents an hour in textiles, at 18 cents a bushel for corn, wheat, cotton, and all the other agricultural products.

So what we are trying to do is save the basic productive capacity of a world power. We are not a Third World country. We must have the productive capacity in agriculture, in textiles, in steel, and in all these other industrial products.

So this is not the time to say it is the farmer versus the textile worker, as the distinguished Senator from Washington says. We have thousands and thousands of textile workers on the west coast. It is not East against West, North against South, or farmer against industry. On the contrary, farmers, industry, North, South, capital, labor, East, West—all have joined together to seek enforcement of the objectives of the Multi-Fiber Arrangement and enforcement of our 34 bilateral agreements.

Our bilateral agreement with the People's Republic of China is dated October 18, 1983, and it has been signed by the Chinese, Zheng Tuo Bing signed it. They enforce it. Incidentally, as others enforce, they have no devastation of their industry. The Chinese cannot go a few miles over into Korea to sell Chinese textiles. Absolutely not. The ATMI of Korea approves or disapproves of what they sell. They do not sell Chinese textiles in Korea or Japan. They dump them in the United States, many times in violation of this agreement.

Our proposal is to forgo that, and I will respectfully move to table that amendment at the appropriate time, when all time is yielded back.

I think I have made my point: We cannot kill that bill by a seemingly innocent amendment to protect agriculture. We are protecting agriculture, industry, and America by this particular bill. The Senator's proposal would ruin it.

Mr. BAUCUS. Mr. President, I yield 3 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, the amendment offered by the Senator from Montana goes to the crux of the dilemma. The crux of the dilemma is with regard to trade policy or lack thereof, and I think the latter is the main problem we have in America today.

I certainly recognize and realize the total devastation that has hit America's textile industry.

We have some textiles in Nebraska also, although we are primarily a food-producing State, but we have substantial textiles, and the textile industry in Nebraska is supporting the underlying amendment offered by the two Senators from South Carolina.

I certainly feel for their cause. I say that this amendment goes to the crux of the situation, especially with regard to agricultural products that are on the same devastating slide to be wiped out of the international market as textiles basically have been for a whole series of reasons, the main one, of course, I believe to be the high value of the dollar that has been fostered by this administration.

Those of us from the agricultural sector are simply trying to get across once again that we are in the same boat as the textile industry. We are trying some protection so that these countries would not retaliate against the devastating slide of exports of agricultural products from the United States as history has clearly indicated they will.

If this bill that is before us, the textile bill, married textiles in with agricultural products and some of the other major exporting products of the United States, then I would be strongly in support of it.

The problem with the textile bill is it addresses only one important sector, that being textiles, at the expense of other industries, that being agriculture and some more.

I simply say that the crux of the situation is addressed by the Senator from Montana. I salute him and I urge the Senate to back his amendment.

The PRESIDING OFFICER (Mr. KASTEN). Who yields time?

Mr. BAUCUS. Mr. President, how much time is remaining on each side?

The PRESIDING OFFICER. There are 4 minutes and 14 seconds remaining on the side of the Senator from Montana and 7 minutes and 20 seconds on the opposition side.

Mr. HOLLINGS. Mr. President, how many minutes do we have over here?

The PRESIDING OFFICER. Seven minutes and nineteen seconds.

Mr. HOLLINGS. Mr. President, will my distinguished senior Senator yield me 3 minutes? He has 7.

Mr. THURMOND. Mr. President, I yield to the distinguished junior Senator from South Carolina 3 minutes.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the Senator from Nebraska told me about the Nebraska corn at 18 cents a bushel. We are not—I do take exception—taking care of textiles to the injury of agriculture.

Five major agricultural organizations have endorsed the bill. They have studied it. They realize exactly what has happened. This does not hurt agriculture whatsoever.

When we went to the People's Republic or the Soviet Union last year, he and I discussed it.

The U.S.S.R. ordered 500,000 tons of wheat. The People's Republic of China ordered from the United States 250,000 tons.

Thereupon, Mr. President, as a result of the Argentine prices, they could get it from Argentina 23 percent cheaper. This is the free market. This is not free trade. It is not fair trade. It is competitive trade.

And so they just canceled those orders, and they bought from Argentina at a price 23 percent cheaper.

Now the distinguished Senator also made a misstatement with respect to the value of the dollar. If we brought the dollar's value down to its true level, we would not sell any more textiles in downtown Tokyo or Korea. These are the barriers that they have set up and as a result of those barriers that have been set up over many, many years, it was our industry that was injured, not to the injury of agriculture. The most employable industry with respect to minorities and women for one thing, and second to the food industry in the United States in number of employees. It is for our industry that we entered into these 34 agreements, including the agreement with the People's Republic.

Now there has been a lot of transshipping. I can go right on down the line. We have the Thailand case. We have all the other cases.

So, it is not the value of the dollar; it is the violations of our agreements and our own administration's lack of enforcement of these agreements which is our problem, and we cannot get an administration to enforce these agreements.

We had the same thing with President Carter. We had to filibuster all Friday, Saturday, and Sunday, until we finally got a white paper and then they started enforcing it. The Senator from Louisiana remembers that.

And every administration comes in superimposed and overpowered by the State Department on diplomacy. "Do not worry about the agreements. We are rich, fat, and happy. We can let the industry go." That is what they tell us.

I was on "Face the Nation" with Mr. Martin Feldstein. He said let the shoe industry go, let the textile industry go, let the steel industry go.

They will let the Senator's agricultural industry go, too, and we are in this boat together.

If the Senate can let us establish an orderly arrangement which is based on the objectives of the multifiber arrangement and enforcement of these agreements maybe we can turn this around to competitive trade.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, will the Senator from Montana yield me 1 additional moment so I might reply?

Mr. BAUCUS. I yield to the Senator from Nebraska 1 minute.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, the distinguished Senator, my friend and great colleague from South Carolina, has explained in his way exactly what I tried to say a few moments ago.

The facts of the matter are simply that textiles are in the same boat as agriculture for whatever reason, and I thought I tried to make it clear that I sympathized with the textile industry that has been devastated for whatever reason. Let us not get into the argument on the reason.

I wish that I could be with the Senator from South Carolina except that I am very fearful that if this passes, it is going to be more devastating to agriculture than is freely admitted on the floor of the Senate.

From that standpoint I ask that we exercise some caution.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, the Senator from South Carolina basically makes my point. The Senator from South Carolina mentions that the United States had to act against France when we participated in a blended credit program in order to undercut a French subsidy on flour sales to Egypt.

The point that the Senator makes is that we did respond. We retaliated against unfair actions that France was taking in order to seize that market in Egypt. That's precisely my point.

The point I am making is that when we enact restrictions against other countries those countries will retaliate against the United States. Politically it would be almost impossible for them to take a course of action other than direct retaliation against the offender.

I am saying that China and these other countries will retaliate. They will retaliate just as the United States retaliated against France.

Mr. President, I remind my colleagues that this is not just theory. There is historical precedent for retaliation. I again remind the Senate about China in 1983. When the United States imposed quotas on textiles and it retricted $50 million worth of textile products, what did China do? China retaliated by cutting back agricultural purchases, not by $50 million, but by $500 million, 10 times the amount of our restrictions against China.

In 1984, the same thing happened. We restricted Chinese textile imports again, this time through Customs regulations. What did China do? China cut back on its agricultural purchases by 2.5 million tons. They retaliated. And that is exactly what the other countries hit by this bill will do.

In summary, Mr. President, I submit that the underlying textile amendment kills agriculture. It says, "Agriculture, we will kiss you goodbye. It is all over. We are going to send you down the drain."

This is particularly sad at a time when agriculture is suffering so badly; when other countries are increasing production to compete with us. Corn and wheat are fungible products. Source matters little. The textile countries will go elsewhere to buy their agricultural products. They will do this at the expense of American agriculture.

Mr. President, many organizations support this amendment. The wheat growers support this amendment. So do the Corn Growers, the Grange, the Soybean Producers, the Cattlemen's Association. They all support this amendment because they know that this textile bill, if it passes without this amendment, is going to mean the further decline of American agriculture.

Mr. President, I urge the adoption of this amendment. It does not gut the bill. It sets objective standards. It makes the bill fairer and more balanced. It offers some protection to American agriculture.

The PRESIDING OFFICER. The time of the Senator from Montana has expired.

Mr. THURMOND. Mr President, how much time do I have remaining?

The PRESIDING OFFICER. Four minutes.

Mr. THURMOND. Mr. President, I yield to the able Senator from North Carolina [Mr. HELMS] such time as he may desire.

Mr. HELMS. Mr. President, I thank the able Senator from South Carolina and I will take a minute or less.

I have listened with interest to my friend from Montana. And, with all due respect, he is wrong.

I will tell you why the Chinese did not buy as much wheat from us. We have jacked the price up of our wheat and feedgrains so that we no longer are competitive with Argentina. The Senator is entirely wrong in his argument. The Chinese buy on price. Maybe we ought to do the same thing.

Mr. THURMOND. Mr. President, I yield a minute to my distinguished colleague from South Carolina.

Mr. HOLLINGS. Mr. President, I say to my distinguished friend from Montana, we are now being retaliated against. We know what retaliation is. We are being retaliated against—barriers, subsidies, procurement laws, all the different types of retaliation are taking place against our free, open market, the United States of America.

I will give you the best example with respect to both the European Economic Community and the United States of America. We both had a $4 billion deficit in the balance of textile trade in 1980. The Europeans went in and started enforcing their agreements and cutting back. They have cut their deficit back to $2 billion without any retaliation whatsoever.

We, in turn, with that same talk and argument the Senator has made, have gone to a deficit of $16.2 billion and the loss of another 150,000 jobs. We know what retaliation is. They will do anything to get into this market.

The PRESIDING OFFICER. The 1 minute allocated to the Senator from South Carolina has expired.

Who yields time?

Mr. BUMPERS. Mr. President, the amendment of the Senator from Montana also guts the pending textile and shoe import amendment, but it does so even if U.S. agricultural exports are unaffected by the adoption of the Thurmond-Hollings amendment.

That there is no retaliation whatever—and we all hope there will be none and believe there will be none—this amendment would nullify the textile and shoe import restrictions if U.S. agricultural exports to the country exceed a certain level. Indeed, this amendment guts the pending amendment even if U.S. agricultural exports to the affected country increase.

This makes no sense to me. This amendment has nothing directly to do with retaliation or even with threats of retaliation against U.S. agricultural exports. It is just an indirect way to kill the pending bill.

Mr. THURMOND. Mr. President, we yield back the time on our side.

The PRESIDING OFFICER. Time is yielded back.

AMENDMENT NO. 1017

(Purpose: To condition the application of the import quota on a Presidential determination that agricultural exports will not be reduced as a result of the quota)

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. BOSCHWITZ], for himself Mr. CRANSTON, Mr. ABDNOR, Mr. ANDREWS, Mr. ZORINSKY, Mr. NICKLES, Mr. QUAYLE, Mr. SYMMS, Mr. GRASSLEY, Mr. DURENBERGER, Mr. MCCLURE, Mr. BOREN, Mrs. KASSEBAUM, Mr. DANFORTH, Mr. GRAMM, Mr. GORTON, and Mr. DOLE proposes an amendment numbered 1017 to amendment numbered 1016.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. HOLLINGS. Mr. President, reserving the right to object.

Is this the same amendment that is in the unanimous-consent agreement?

Mr. BOSCHWITZ. That is correct.

Mr. HOLLINGS. I have no objection.

Mr. THURMOND. Mr. President, I understand the distinguished Senator from Minnesota plans to offer his amendment here as an amendment to the Baucus amendment rather than offering it later as an independent amendment, is that correct?

Mr. BOSCHWITZ. The Senator is correct. This is an amendment in the second degree to the amendment of the Senator from Montana.

The PRESIDING OFFICER. Is there objection to the further reading of the amendment being dispensed with?

Mr. THURMOND. I have no objection on that basis.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending question, add the following:

Sec. . (a) Notwithstanding any other provision of this Act, any limitation imposed by this Act on the quantity of any article that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States shall apply only if the President certifies to the Congress under subsection (b)(2) that—

(1) the aggregate quantity of worldwide agricultural exports of the United States would not be reduced by any amount as a result of such limitation, and

(2) the aggregate quantity of agricultural exports of the United States to each foreign country or territory whose products are subject to such limitation would not be reduced by any amount as a result of such limitation.

(b) The President shall—

(1) determine—

(A) whether the aggregate quantity of worldwide agricultural exports of the United States would be reduced by any amount as a result of the limitation described in subsection (a), and

(B) whether the aggregate quantity of agricultural exports of the United States to each foreign country or territory whose products are subject to such limitation would be reduced by any amount as a result of such limitation, and

(2) certify such determination to the Congress, by no later than the date that is 90 days after the date of enactment of this Act.

Mr. BOSCHWITZ. Mr. President, I offer this amendment on behalf of my self and Senator CRANSTON. Additional cosponsors are Senators ABDNOR, ANDREWS, ZORINSKY, NICKLES, QUAYLE, SYMMS, GRASSLEY, DURENBERGER, MCCLURE, BOREN, KASSEBAUM, DANFORTH, GRAMM, GORTON, and DOLE.

Mr. President, this amendment is quite similar to the amendment of my friend from Montana, Senator BAUCUS. It is, however, a little broader.

Senator BAUCUS' amendment would say that no quotas can be imposed on countries that purchase $400 million of U.S. agricultural products and effectively exempts the countries that he mentioned. My amendment would not set such a $400 million floor. My amendment is very simple and straightforward and does nothing more than assure that our farmers are not going to be hurt by these textile quotas by stating that, in the event the textile and apparel quotas would injure our agricultural exports or decrease them as a result, then the President would not be able to enforce those textile quotas.

Technically, my amendment requires the President to certify to the Congress that agricultural exports will not decrease before the import quotas can be implemented or enforced.

Mr. President, most of the debate on this amendment really has been held on the previous amendment, Senator BAUCUS' amendment. Many of the points have already been made.

Mr. President, supporters of the textile quotas legislation have recognized the concern of farm State Senators about the potential for retaliation by our trading partners. Indeed, the legislation has been modified to minimize the effect of the legislation on the People's Republic of China, which retaliated earlier—as the debate just described—against our wheat exports in recent years. As modified, its most severe restrictions—that is, as the modified textile bill apply principally to Taiwan, Korea, and Hong Kong. Supporters of this legisaltion have circulated a fact sheet which States that these modifications remove concerns over retaliation.

More recently, my friends from South Carolina have asserted that: "There will be little advantage to foreign countries to exclude U.S. farm products." As I just heard my friend, the distinguished chairman of the Agriculture Committee, point out, our goods are often excluded because of price. And there are all kinds of factors that can arise that would lead to an exclusion of the U.S. agricultural products.

Mr. President, my amendment is consistent with the spirit of the modifications and assertions that the proponents of the textile bill have included in their own statements.

Mr. President, my amendment is very simple, straightforward and does nothing more than ensure that our farmers quotas on textile and apparel imports if our agricultural exports would decrease as a result. Technically, my amendment requires the President to certify to Congress that agricultural exports will not decrease before the import quotas can be implemented or enforced.

Mr. President, supporters of the textile quotas legislation have recognized the concern of farm-state Senators about the potential for retaliation by our trading partners. Indeed, the legislation has been modified to minimize the effect of the legislation on the People's Republic of China, which has retaliated against our wheat exports in the past. As modified, its most severe restrictions apply to only three exporters: Taiwan, Korea, and Hong Kong. Supporters of the legislation have circulated a fact sheet which states that these modifications remove "concerns over retaliation." More recently, they assert that "There would be little advantage to foreign countries to exclude U.S. farm products."

Mr. President, my amendment is consistent with the spirit of these modifications and assertions. Indeed, if supporters of the quota legislation want to address the issue of retaliation, they should be willing to support my amendment. My amendment is the surest way to prevent retaliation against our farmers.

In my opinion, retaliation can occur in two ways. First, our trading partners can specifically and intentionally close their markets to our exports, either through nontariff trade barriers or by simply refusing to buy. This is a straightforward approach—if you won't buy our goods, we won't buy yours. Second, retaliation can result indirectly through the marketplace. Our trading partners earn foreign exchange from their exports to the United States, and use those earnings for a number of purposes, including the purchase of our goods and services. Restricting their exports reduces their earnings which in turn reduces their ability to buy our exports. In both cases, the possibility of a decrease in our exports is substantial, and very real.

Mr. President, I would like to take a moment to analyze this possibility. As I understand the quota legislation, it would allow textile and apparel imports to penetrate 42 percent of our market, compared to a current market share of about 40 percent. In effect, the legislation would restrain the growth of imports and provide a stable market share of 42 percent. In general, this is accomplished by limiting the growth of import sensitive products to 1 percent over the previous year and limiting the growth of other products to an annual growth of 6 percent per year. These growth rates, however, do not apply to Taiwan, Korea, and Hong Kong. Instead, imports from these countries would be reduced from their 1984 levels as follows: Taiwan 18.7 percent; Korea 17.4 percent; and Hong Kong 8.4 percent. In addition to overtly discriminating unfairly against these three exporters, their ability to

buy our exports would be reduced substantially.

And, Mr. President, these three countries purchase a substantial amount of agricultural products. In 1984, South Korea purchased $1.8 billion, Taiwan $1.4 billion and Hong Kong $400 million. This $3.6 billion of purchases represents over 10 percent of all agricultural exports in 1984. And, it is nearly twice the $2 billion worth of Minnesota agricultural exports in the same year.

And, that is the point of my amendment. Without my amendment, I fear that textile quotas could have the same effect on our farmers as the grain embargo of 1980. The embargo directly reduced our exports, farmers' income and provide the impetus for other countries to become major suppliers. Without my amendment, similar results could occur. As I noted, the three countries may not be able to afford to purchase the same amount of our products. And, they may look to other suppliers to purchase their needs.

Mr. President, the effects of the embargo led to important legislation to preserve the sanctity of agricultural contracts. Under current law, contract sanctity exists for agricultural exports. My amendment provides "export sanctity" for agricultural products consistent with our national policy of contract sanctity.

But, I firmly believe that we must be very careful about how we get tough on trade. We must not take action that hurts us more than it helps. We must not pass legislation to restrict imports if the effect is reduced exports—that will not help our trade deficit.

Mr. President, I understand the motives of my colleagues for wanting to impose quotas on textile and apparel imports. They point to the human tragedy that results when unemployment increases in an industry, regardless of the reason, But, the textile and apparel industry is not alone in experiencing human tragedy.

The farm economy is also experiencing great human tragedy. America's farmers are experiencing the worst economic conditions in 50 years. Land values have decreased dramatically—by more than half in many parts of rural America. Farm foreclosures and rural bank failures are occurring at an alarming rate.

Since last May, the Agriculture Committee has been meeting almost daily to write a new farm bill. Those efforts have been contentious and have generated widely differing approaches. But, a common theme emerges—the farm bill must provide certainty and stability at this crucial time for American agriculture.

Mr. President, quotas on textiles and apparel imports represent the clear risk of undermining the certainty and stability America's farmers require. My amendment eliminates that risk. It simply ensures that America's farmers do not pay the price for textile and apparel quotas. Whatever, the price our farmers cannot afford to pay it. And, we in Congress cannot, in good conscience, force them to do so. We must perform our duties with a sense of fairness and compassion. My amendment is a clear opportunity to do so. I urge my colleagues to support it.

Mr. BAUCUS. Will the Senator yield?

Mr. BOSCHWITZ. I will yield for a question, yes.

Mr. BAUCUS. May I ask the Senator, is the effect of the amendment of the Senator from Minnesota to substitute his amendment for the amendment of the Senator from Montana?

Mr. BOSCHWITZ. Well, technically, my amendment is an amendment to the Senator from Montana's amendment in the first degree to the textile bill, which is a substitute to the bill.

Mr. BAUCUS. Mr. President, is the effect of this amendment—which grants the President authority to prevent the textile provisions of this bill from going into effect if some country decides not to purchase our agricultural products—to be a substitute for the provisions of the amendment of the Senator from Montana, that is, the amendment saying the provisions of the textile bill do not apply to countries which purchase more than $400 million of agricultural products? Is that the effect of the amendment of the Senator from Minnesota?

Mr. BOSCHWITZ. The Senator from Montana is kind of putting the cart before the horse. The President must certify in advance before any form of retaliation. I know that the Senator from Montana will say that the very slightest form of retaliation would prevent the President from certifying it. This amendment is not intended to be a de minimis type of amendment. This amendment is offered in good faith and not to be destructive. But let me rephrase it.

Mr. BAUCUS. Will the Senator yield for one further question?

Mr. BOSCHWITZ. If the Senator will allow me to respond first, it is the meaning and intention of this amendment that if the President finds that agricultural exports will be meaningfully impaired, then he would be unable to implement the provisions of the textile bill.

I now yield for a question.

Mr. BAUCUS. I appreciate the Senator from Minnesota yielding. I ask the Senator if he would agree to withdraw his amendment at this time so that his amendment, which is on the same subject but takes a different approach, could be discussed and voted on at a later time. I make the request of the Senator from Minnesota for the following reason: American agriculture, I believe, deserves at least two separate votes on this basic, underlying problem. The Senator from Minnesota and the Senator from Montana have two different approaches to the problem, but we both care about American agriculture.

The Senator from Montana has offered an amendment and I believe American agriculture deserves the opportunity to have a vote on that amendment, on that approach. I also believe that agriculture in our country deserves the opportunity to have a vote on the other approach, the approach of the Senator from Minnesota if the amendment of the Senator from Montana is not agreed to.

So I ask the Senator from Minnesota respectfully if he will withdraw his amendment so that we can have at least two separate bites at the apple on behalf of American agriculture.

Mr. BOSCHWITZ. I say to my friend from Montana that as a practical matter I believe there will be a motion to table my amendment. In the event that were to succeed—as it might, though I am not certain by any means—then the question would recur on his amendment anyway.

My amendment is broader than the amendment of the Senator from Montana. As a result, it would be logical to vote first on my amendment, and then in the event it is not adopted perhaps a more narrow version of my amendment—this is the way I would characterize the amendment of the Senator from Montana—would then properly be before the Senate.

Mr. BAUCUS. Mr. President, I appreciate the views of the Senator from Minnesota. The difficulty is there is no guarantee that the next motion will be a tabling motion on the amendment of the Senator from Minnesota.

It might be a motion to table the amendment of the Senator from Montana. This would encompass both, and we would have only one vote.

Therefore I again respectfully request that the Senator from Minnesota withdraw his amendment at this time so that we can get two separate votes on the issue.

Mr. BOSCHWITZ. Mr. President, let me make a parliamentary inquiry. The Senator from Montana brings forth an interesting point.

In the event that the motion to table the amendment of the Senator from Montana is made, would my amendment in that case fall?

The PRESIDING OFFICER. The amendment would fall.

Mr. BOSCHWITZ. In the event that I have not yielded back the balance of my time, would I be able to offer my amendment at the conclusion of the motion to table?

The PRESIDING OFFICER. Will the Senator restate his parliamentary inquiry?

Mr. BOSCHWITZ. In the event there is a motion to table the amendment of my friend from Montana, and I have not yielded back the balance of my time, would I be able to offer my amendment again?

The PRESIDING OFFICER. The motion to table the amendment of the Senator from Montana would not be in order until the time on the amendment of the Senator from Minnesota is either yielded back or used.

Mr. BOSCHWITZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. HOLLINGS. On his time.

The PRESIDING OFFICER. The time will be charged to the Senator from Minnesota.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FURTHER CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1986

Mr. DOLE. Mr. President, I ask unanimous consent that the time that I will use and the time the distinguished minority leader will use not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate turn to the consideration of House Joint Resolution 441, continuing resolution, for the fiscal year 1986, received from the House of Representatives.

Mr. BYRD. Mr. President, reserving the right to object, there is no objection to this matter. It has been cleared on this side of the aisle. We are ready to proceed.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 441) making further continuing appropriations for fiscal year 1986.

The PRESIDING OFFICER. Without objection, the joint resolution will be considered as having been read twice by title.

Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HATFIELD. Mr. President, House Joint Resolution 441 passed by the House yesterday extends the provisions of the existing continuing resolution (Public Law 99-103) until December 12, 1985. These 4 additional weeks will give us the time necessary to reach conference agreements with the House on the six fiscal year 1986 appropriations bills that have been passed by the Senate and are awaiting conference, and act on the three bills that have not yet been passed. With this additional time, I am confident that we can reach agreement with our colleagues in the House on fiscal year 1986 appropriation levels that will be acceptable to the administration, and finish our work in December with few, if any, bills to be covered in a final continuing resolution.

That prediction may be overly optimistic, but no one expected us to pass two clean CR's, either. And I can point to the conference agreement on the HUD bill as an example. Senator GARN and Representative BOLAND worked very hard to cut spending down to acceptable levels, with the result that their bill will be signed by the President and drop out of the CR. They are to be congratulated and emulated.

Mr. President, I urge my colleagues to adopt this joint resolution without delay and without amendment.

Mr. LONG. Mr. President, what is the date of the extension?

Mr. DOLE. It extends the continuing appropriations until December 12.

Mr. LONG. I have no objection.

The joint resolution (H.J. Res. 441) was ordered to a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. HATFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TEXTILE AND APPAREL TRADE ENFORCEMENT ACT OF 1985

The Senate continued with the consideration of the bill (H.R. 1562).

AMENDMENT NO. 1017

Mr. HOLLINGS. Mr. President, how much time does the distinguished Senator have?

The PRESIDING OFFICER. There are 4 minutes remaining to the Senator from Minnesota, and 15 minutes remaining to the opposition.

Who yields time?

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. BOSCHWITZ. Mr. President, I will conclude my remarks on my amendment inasmuch as the amendment of the Senator from Montana and my amendment are quite similar.

Mine is a little broader. Mine does not set a $400 million floor that must be reached before the textile bill cannot be invoked, and mine would apply to agricultural exports in general. If the President certifies that the textile bill—if passed—will reduce agricultural exports then the textile bill cannot be implemented.

That really is the sum and substance of my amendment. Agricultural exports clearly will be reduced in my judgment.

Agricultural exports are essential not only to farmers or rural areas of the Nation but to the Nation itself. It is one of the few areas where we have a very positive export balance. Even after the decline in agricultural exports, agricultural exports still exceed imports by 2 to 1.

With the decline of the dollar, and with the change in OPEC's attitude toward requiring dollars for payments of its oil, it may well be that the dollar will decline yet further, and indeed commodities will become more readily affordable to some of our customers around the world.

Finally, Mr. President, the reason I do not set a $400 million floor is that the growing markets of agricultural trade really are in the countries which do not purchase $400 million of our products.

So, in short, my amendment would say that the textile bill cannot be implemented if agricultural exports are going to decrease.

Mr. President, I reserve the balance of my time.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, prior to the reply of the distinguished Senator from Montana, I would like to say that a country wishing to increase textile and apparel imports beyond the orderly level provided in the textile bill could accomplish that by simply threatening to cut back their purchases of U.S. agricultural products. This "escape clause" would have the effect of rendering the Textile and Apparel Trade Enforcement Act of 1985 meaningless.

I repeat, if this amendment is passed, it makes the textile bill meaningless.

Mr. President, the revised version of the textile bill rolls back textile and apparel imports only from the three largest importers into the United States.

There would be little advantage to foreign countries to exclude U.S. farm products. The four major foreign suppliers of U.S. textile and apparel imports—Taiwan, Korea, Hong Kong, and China—supply about one-half of U.S. textile and apparel imports, but purchase about a tenth of our agricultural exports. The value of our textile and apparel imports from these countries is 80 percent higher than the value of our agricultural exports to them.

To some extent, the U.S. farm community is facing some of the international market conditions which have adversely affected the U.S. textile in-

dustry. This is resulting in increased competition from foreign producers and lost sales for U.S. products. For example, the Soviet Union, which is not a textile and apparel exporting country, is the major foreign market for U.S. wheat. In recent months, the U.S.S.R. switched an order to Argentina because of lower prices. China, which has been a major textile and apparel exporter, has also begun to purchase wheat from Argentina.

This amendment will not produce the desired result for the U.S. agricultural community and it will surely do great harm to the U.S. fiber, textile and apparel industry and its workers.

The effect of this amendment would be to give the administration unlimited discretion to refuse to enforce the provisions of this legislation as well.

Our combined trade deficit with those three countries leaped from $4.6 billion in 1980 to $19.7 billion in 1984—a 328-percent increase. It just would not make sense for these countries to retaliate and risk jeopardizing their large overall trade surplus with the United States simply because the rate of growth of their textile/apparel imports into our country was being held to a moderate, reasonable level.

Mr. President, the proponents of this amendment claim it is needed in order to prevent retaliation. This applies to the original Baucus amendment and to the Boschwitz amendment.

Mr. President, we feel the amendment should not be adopted.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. I yield to my distinguished colleague such time as he may require.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, we live in the real world and the farmers of America should understand that there is one group that loves them. That is we politicians. We love the farmers. I come from a farm State.

The Senator from Minnesota is not just from a farm State. I am from a farm State.

We produce all kinds of agricultural products and as a result of the competition, I say to the Senator, we have had to move along to different competition in different products.

We used to be heavy in cotton. We produced the best in the world. Now the Senator from Arizona produces more and better cotton. It is long-staple cotton.

Not only that, but the Peoples Republic of China quit buying cotton. So we moved to soybeans. Now we have moved to poultry and other agricultural products.

Understanding and loving the farmers as we do, we put in protective quotas to protect the price supports, which this Senator, as a farm Senator, voted for. When we put them in, the textile people did not come running to me to say, "No, let us not put in protective quotas for agriculture because they might retaliate against our textiles."

We live in the real world and we understand it is a give-and-take competition. American agriculture has been one of the great showcases of our success.

When we put in subsidies for American agriculture and the Export-Import Bank so that sales could be subsidized sales, the textile people did not say, "Senator HOLLINGS, run up there quickly and make sure we get a subsidy."

They never have asked for a subsidy.

Let us look at what happens. Moving into the real world of competition, the Chinese do not love you. We might as well understand that. They bought wheat from Argentina because it was cheaper. The Senator from North Carolina is right on target. The Senator from Minnesota knows it and I know it. The order had already been made with the United States but it was cancelled. They wheel and deal, as business people do.

It is impossible to control international business or the international economy. It is dynamic. It is competitive.

They are using their government as an integral part of their competition. They use all these subsidies, financing, research, protection, licensing, and inspection practices. You can go right on down the list.

Our Government is dormant. It is dreaming of one world or detente or peace in our time or arms control—whatever. They will go off on these which have never meant anything, while the United States of America goes out of business. We are losing our agriculture; we are losing our industry. This has been going on for 30 years.

Just to cut it short, we have been through all these different tests. Here is another Senator who requires a certificate from the President. You know what that means. He never sees it. The State Department writes it out. The certificate from the President? Senator DANFORTH has a similar amendment. We have gone from a $4 billion deficit to a $16 billion deficit in the balance of trade on textiles alone, in violation of all of these agreements, and due to a lack of enforcement.

All we ask for is the enforcement of these agreements, and you come and say, this amendment will require the President to issue a certificate that there will not be any retaliation. That is what you are saying. Everyone informed will write a letter saying, "We intend to retaliate," if this amendment carries. That is what they are saying now.

They did not retaliate. They canceled the contract because they could get the goods cheaper elsewhere and then wrote the letter and said they retaliated. You bit on that and you are taking it as the truth. That is not the truth.

In that way, they get not only increased trade in textiles but they get a cheaper price in agriculture. They are smart business people. Politicians running around with a certificate from the President that there will be no competition? That is the Boschwitz amendment.

We live in the real world and we have to start competing and we have to start enforcing these agreements. We cannot rely on certificates that there is no competition in the international competition. These politicians run around asking for fair trade, fair trade, like it is a welfare program. There is nothing fair. It is competitive. Business is business and trade is trade. When these Senators wake up and finally learn it they will tell the truth to their farmers. Our farmers do understand it. The National Farmers Union understands it. They endorse the textile bill. The American Agricultural Movement endorses it. The National Farmers Organization and the National Cotton Council endorse it.

They do not sell any more cotton now as a result of the barriers and retaliation.

The National Wool Growers depend on this industry. Why? Because if this industry goes down those farmers lose. We are saving not only the industry, but the wool farmers, the cotton farmers, and the other agricultural movements in this country. They understand what the facts of life are, even if some here on the Senate floor would come around just to get a little political alignment, to save agriculture, to save the farmers.

Well, the farmers are beginning to understand differently today. We live in a real world that is competitive. Our Government has to move in and take a position on agriculture that keeps them competitive and on the playing field and equal with respect to its industry. This is the one industry where we have had hearings and it has been determined it is necessary to national security. You cannot win a war with a Japanese uniform.

I hope we will get ready. We will give a vote on both of them, but we want to move to table.

The PRESIDING OFFICER. Who yields time?

Mr. BOSCHWITZ. Mr. President, I yield 1½ minutes of my remaining 2 minutes to the Senator from the State of Washington [Mr. EVANS].

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. EVANS. Mr. President, I think it will only take 1½ minutes because my distinguished colleagues from South Carolina and their colleague from North Carolina have given the best argument I know. They have talked about the fact that China, for instance, does not retaliate; they buy on the basis of price. It seems to me that is exactly what the importers of textiles in this country are doing: they are buying on the basis of price. If the price of textiles in this Nation were the same or lower than those imported, we would not have any imports.

I do not think there is any question that the Chinese did, in fact, retaliate in terms of the wheat agreement which they had signed. This was an agreement to purchase wheat over a 4-year period. They purchased for the first 3 years, then decided not to purchase in the fourth year. I think it is quite clear that they decided not to purchase—certainly because they had alternatives. But they had an agreement and they chose not to go through with the agreement. They chose not to go through with the agreement because we had instituted regulations adversely affecting them as related to textiles.

Mr. President, if we get to the point in this Nation where trade—competitive, fair, whatever you want to call it—is shut out, then we are in a sorry state; we are headed downhill. We need to be a country that is ingenious enough and strong enough and productive enough to hold our own.

Mr. BOSCHWITZ. Mr. President, I agree with the Senator from Washington that the junior Senator from South Carolina has made our case. He said, "We live in a real world, we have to start competing." That is entirely the case we are trying to make.

He said, "The silliest charade is U.S. politicians running around here trying to control world trade." That is exactly our case and why we are opposing the textile bill.

The junior Senator from South Carolina has said, "It is the dynamics of world trade that control." We agree with that as well.

I thank the Chair.

Mr. HELMS addressed the Chair.

Mr. THURMOND. Mr. President, I yield to the distinguished Senator from North Carolina such time as he may require.

Mr. HELMS. Mr. President, I thank the able manager of the bill.

I submit that the Senators from South Carolina did not make the case for the Senator from Washington and the Senator from Minnesota. The fact is that unless they want to do away with all trade agreements, they have no argument.

The point, Mr. President, is, and I believe that both Senators from South Carolina have made this point repeatedly, that the trade agreements extant have been violated over and over again and the administrations—and I use the plural there—have rolled over time and time again at the behest of the Department of State. If we are going to have trade agreements, both sides ought to abide by them. But that has not been the case.

With respect to China's purchase of grain from Argentina and other places, the fact is that we have a long-term grain agreement with Red China which they broke. I am not attempting to speak for the Senator from South Carolina [Mr. HOLLINGS] but I believe that the point he was making is that it is not fair trade, it is not free trade.

I thank the Senator from South Carolina for yielding.

Mr. DOLE. Mr. President, I rise in support of the amendment by my distinguished colleague from Minnesota, Mr. BOSCHWITZ. Under this amendment, the President would be required to determine whether U.S. agricultural exports, in the aggregate or to specific markets, would be impaired as a result of this legislation. If so, the restrictions this act would place on imports of foreign textiles and apparel items would be suspended.

It seems to me, Mr. President, that the sponsors of this amendment may be losing sight of the inseparable interrelationships in international trade. To say we can simply cap textile or apparel imports at some arbitrary level and not expect our trading partners to respond in kind against our exports is naive in the extreme. And to say that U.S. exports—particularly farm exports—are somehow less important and should be put at risk is as parochial an attitude as I have seen.

The fact that the U.S. merchandise trade deficit was $127 billion last year and could reach $150 billion in 1985 is cited as a justification for restraining imports. But the other side of the coin is that those deficits would be even higher if we saw our agricultural exports reduced in a trade war. In fiscal year 1985 alone, the United States sold a total of $9.7 billion in farm commodities and products to nine Asian countries which could be affected by this legislation. Two of the largest markets in this region—South Korea and Taiwan—each bought about $1.4 billion in farm goods. I have no doubt that these purchase levels would be directly affected by the measures being contemplated in the textile bill.

Mr. President, last August I led a delegation of six of my Senate colleagues to Asia for an unvarnished review of our current trade problems with South Korea, Japan, Taiwan, Hong Kong, and the People's Republic of China. We told officials in these countries that, without immediate attention to our growing trade imbalance, the United States would be forced to take some unilateral steps of its own.

We may now be reaching that point. But when we do, I for one want to be sure that our decisions do not unfairly prejudice one sector of the economy in favor of another. I do not want to pit my wheat and cattle producers in Kansas against textile workers in the Southeast or garment workers in New York City. And I also want to find a solution to our trade dilimma that does not just trigger a new round of retaliation and leave us worse off than we are now.

Mr. NICKLES. Mr. President once again, efforts are stirring which would deal farmers' efforts to sell their products overseas a thundering blow. The protectionist measure known as the textile bill flies in the face of agriculture's attempts to bolster sagging farm exports.

No way will I stand idly by and allow legislation to sail through Congress which would have a detrimental impact on sales of farm products. That is why I am proud to offer an amendment along with my colleagues which will ensure that agriculture will not once again become the "whipping boy" when it comes to international trade.

This amendment is straightforward. It requires the President to certify to Congress that our agricultural exports will not decrease before the textile bill's trade restrictions can be implemented or enforced. This is the surest way to prevent farmers from being injured by this legislation.

Farmers and ranchers are tired of being battered about by poorly conceived Government actions. They have had more than their fill of grain embargoes, OSHA regulations, cargo preference restrictions, and IRS intrusions. In these instances, as all too often, the branches of big Government have been a disservice to rural America. The textile bill will be added to this antiagriculture list unless we make changes such as the one we are promoting.

Agriculture is a major export industry with a positive trade balance. It was $16.7 billion in 1984. However, it won't stay that way if the protectionists and politicians continue to wreak havoc on our agricultural export markets.

Let's not forget the grain embargo imposed on Russia in 1980. We've never regained the market share we lost from that misguided gesture.

Let's not forget 2 years ago when the United States further restricted purchases of Chinese textiles. China immediately retaliated by refusing American cotton and soybeans and cut back on purchases of wheat and corn as well. Wheat farmers alone lost $500 million of sales over the $50 million of textile imports in question.

It is estimated that the legislation before us limiting Asian textiles would save the textile industry about $5 bil-

lion and could cost agriculture $12 billion. Those figures make this bill a losing proposition—especially for the agriculture sector.

In Oklahoma, one-third of all jobs relate to agriculture. Eight of ten acres of wheat produced by Oklahoma farmers are exported. Also, a recent study conducted by Oklahoma State University shows that 125 fulltime nonfarm jobs are created for each 1 million bushels of wheat exported. Now, I'm no statistician, but all this spells trouble to me in the face of a bill that is telling some of our best customers we will no longer buy what they are selling. Reducing exports by passing this textile legislation will mean fewer jobs in Oklahoma and throughout rural America.

The 12 nations most affected by the textile bill accounted for over 36 percent of U.S. wheat exports last year. Our amendment will prevent retaliation against these and all other agricultural exports.

I urge my colleagues to support the amendment. A vote for the amendment is a vote for American agriculture.

Mr. BUMPERS. Mr. President, I share the concern expressed in the amendment by Senator BOSCHWITZ, but it is drafted in a way that both guts the textile and shoe import legislation and actually encourages threats of retaliation against U.S. agriculture exports.

Under the amendment, if any one country threatens to any degree to retaliate against any U.S. agriculture export, the President would be required to suspend implementation of the entire bill to all countries covered by the bill. This encourages countries to at least threaten retaliation against U.S. exports of agriculture products, and we clearly want to discourage threats of retaliation, not encourage them. The amendment gives any single foreign country an effective veto of the entire textile and shoe import bill; all a nation has to do is threaten to retaliate.

Why do we want to encourage threats of retaliation against U.S. exports of agriculture products? The answer is clear—we don't. This amendment is counterproductive to its announced purpose, and I will vote to table it.

Mr. ABDNOR. Mr. President, as I speak, farmers in South Dakota and all across the United States are being forced off the land, largely because of Government action or inaction. The overriding concern for all of agriculture will be our action on the farm bill over the next few weeks. Thus, I am amazed that today we would consider a proposal which would be a giant step backward for American agriculture. Therefore, I am in full support of the Boschwitz amendment prohibiting quotas on textile and apparel imports if these quotas would result in retaliation against our agricultural exports.

The textile quotas legislation has been modified so that it is now most restrictive on Taiwan, Korea, and Hong Kong. The proponents of this legislation have argued that these modifications address agriculture's concern about retaliation. However, these changes don't go far enough to remove the threat of retaliation, the potential adverse effects on agriculture exports are still too great! These three countries (Taiwan, Korea, and Hong Kong) are major importers of U.S. wheat. In the July 1984/June 1985 export year, they imported 2.74 million metric tons of wheat; this is almost 14 percent of total U.S. wheat exports. To place this in an easily understandable perspective—without this amendent, we risk losing the export market for over 100 million bushels of wheat; in 1984, South Dakota farmers harvested 126 million bushels of wheat. I do not feel that South Dakota or any other agricultural State can affcrd to jeopardize this important market when all of rural America is in agony.

Mr. President, quotas on texitle and apparel imports could well result in the loss of agriculture exports. The Boschwitz amendment would ensure that agriculture is given the market availability and price stability which it so desperately needs. I wish to ensure that farmers are not asked to bear the cost of any quotas on textile and apparel imports. I urge my colleagues to support this amendment.

Mr. GORTON. Mr. President, I am pleased to support the worthwhile amendment offered by my friend and colleague, the distinguished Senator from Minnesota. That his amendment is necessary and illustrates that this piece of special interest legislation is at the very least, and for many reasons, a blatantly unfair bill. One of those reasons stands out clearly. The proponents of this bill are asking our exporting industries to bear the significant and unreasonable costs of protecting jobs in the textile and apparel industries while risking their own security for their altruism. As a Senator from a State that is highly dependent on international trade, whose ports, farms, and export industries face retaliation that will certainly result in the loss of jobs and in business failures if this bill is passed, I urge my colleagues to support this fine amendment.

There are other ramifications that this bill will have if it passes. One of the most significant touches the tip of debt crisis iceberg. The countries that would be affected by this bill import $12 billion worth of agricultural products annually. Their foreign exchange earnings would be reduced by more than $3 billion if this bill becomes law. Considering the large foreign debt burdens borne by many of these countries, it is clear that even apart from deliberate retaliation, they will simply be unable to continue importing U.S. agricultural imports at current levels. Farmers across the country, already ravaged by high interest rates, credit crunches, and falling prices, will deeply feel this reduction. It is incredibly shortsighted and naive for us to sacrifice necessary and healthy export markets for American products, along with the ability of our allies to repay their debt to American banks, for the purpose of giving short-term protection to one sector of our economy.

Mr. President, the textile industry and the farm community, along with the other industries that have suffered from effective foreign competition, face a common problem in remaining internationally competitive—the strong dollar. The overvalued dollar has literally robbed American industries of their chance to beat foreign competitors, and we all know who is culpable.

The strong dollar, like high interest rates, is a direct symptom of the recurrent high Federal deficits which Congress has not yet sucessfully reined in. Over the course of this year, this body has seen lengthy and frustrating battles over spending cuts and even revenues. I suggest that, instead of embracing superficial and damaging solutions designed to camouflage the symptoms of a much larger problem, we make it our highest priority to make significant progress toward reducing our destructive deficits so that we can relieve our industries of the damage the high dollar has inflicted on them. Only when we develop the self-discipline and employ the foresight to adopt a responsible budget will we truly aid our industries in becoming and remaining competitive in the international market place.

Mr. THURMOND. Mr. President, I yield 1 minute to the junior Senator from South Carolina [Mr. HOLLINGS].

Mr. HOLLINGS. Mr. President, to complete the thought on importing on price, they are exactly right. Let us go to China: They do not increase their price by requiring as we do on this floor, Social Security, unemployment compensation, minimum wage, clean air, clean water; the other day, a $7.5 billion toxic waste fund. That is the cost of doing business in this country. We are the ones here, right on this floor who raise the price. In contrast, they have slave wages—18 cents an hour in the People's Republic.

That is why we need to do something. That it why we need Government to level up this playing field.

Are we going to do away with American standards? That is the fundamental involved. We politicians, Republican and Democrat, yes, we raise the price, then talk about free trade with

Communist China. Ha, ha, ha. There is no Social Security, unemployment, clean air, clean water, toxic waste, or any of those other things in the People's Republic of China. Visit the place.

We cannot have free trade and raise the prices. You raise the price and then you do not give the U.S. industry a fair chance to compete and they need our Government.

Mr. THURMOND. Mr. President, I move to lay on the table the amendment of the distinguished Senator from Minnesota [Mr. BOSCHWITZ].

The PRESIDING OFFICER. All time has not been yielded back.

Mr. THURMOND. Mr. President, I yield back the time remaining and move to table the amendment of the distinguished Senator from Minnesota.

Mr. BOSCHWITZ. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Minnesota. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 62, nays 37, as follows:

[Rollcall Vote No. 299 Leg.]

YEAS—62

Bentsen	Hawkins	Moynihan
Biden	Heflin	Murkowski
Bradley	Heinz	Nunn
Bumpers	Helms	Pell
Byrd	Hollings	Proxmire
Chafee	Humphrey	Pryor
Cochran	Inouye	Riegle
Cohen	Johnston	Rockefeller
D'Amato	Kennedy	Roth
DeConcini	Kerry	Rudman
Denton	Lautenberg	Sarbanes
Dodd	Laxalt	Sasser
Eagleton	Leahy	Simon
East	Levin	Specter
Ford	Long	Stennis
Garn	Mathias	Stevens
Glenn	Mattingly	Thurmond
Goldwater	McConnell	Trible
Gore	Melcher	Warner
Harkin	Metzenbaum	Weicker
Hatch	Mitchell	

NAYS—37

Abdnor	Durenberger	McClure
Andrews	Evans	Nickles
Armstrong	Exon	Packwood
Baucus	Gorton	Pressler
Bingaman	Gramm	Quayle
Boren	Grassley	Simpson
Boschwitz	Hart	Stafford
Burdick	Hatfield	Symms
Cranston	Hecht	Wallop
Danforth	Kassebaum	Wilson
Dixon	Kasten	Zorinsky
Dole	Lugar	
Domenici	Matsunaga	

NOT VOTING—1

Chiles

So the motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1016

Mr. BAUCUS. Mr. President, I ask unanimous consent that there be 2 minutes allowed to explain the next vote, evenly divided between each side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. DOLE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The question is on agreeing to the amendment.

Mr. THURMOND. Mr. President, I move to lay on the table the amendment of the Senator from Montana.

Mr. BAUCUS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Montana.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 60, nays 39, as follows:

[Rollcall Vote No. 300 Leg.]

YEAS—60

Bentsen	Hatch	Moynihan
Biden	Hawkins	Murkowski
Bradley	Heflin	Nunn
Bumpers	Heinz	Pell
Byrd	Helms	Proxmire
Chafee	Hollings	Pryor
Cochran	Inouye	Riegle
Cohen	Johnston	Rockefeller
D'Amato	Kennedy	Roth
DeConcini	Kerry	Rudman
Denton	Lautenberg	Sarbanes
Dixon	Laxalt	Sasser
Dodd	Leahy	Simon
Eagleton	Levin	Specter
East	Long	Stennis
Ford	Mathias	Stevens
Garn	Mattingly	Thurmond
Glenn	McConnell	Trible
Goldwater	Metzenbaum	Warner
Gore	Mitchell	Weicker

NAYS—39

Abdnor	Bingaman	Cranston
Andrews	Boren	Danforth
Armstrong	Boschwitz	Dole
Baucus	Burdick	Domenici
Durenberger	Hecht	Packwood
Evans	Humphrey	Pressler
Exon	Kassebaum	Quayle
Gorton	Kasten	Simpson
Gramm	Lugar	Stafford
Grassley	Matsunaga	Symms
Harkin	McClure	Wallop
Hart	Melcher	Wilson
Hatfield	Nickles	Zorinsky

NOT VOTING—1

Chiles

So the motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEFLIN. Mr. President, throughout the history of our great Nation—in good times and in bad, during both peace and war—there has been a consistency which has always served to inspire the citizens of this country. This inspiration of which I speak has been the continual presence of the American dream, the constant knowledge that, in America—for the rich and the poor, the urban and the rural—dreams can come true.

In reading the chronicles of American history, we see that there have been, in reality, a succession of American dreams, for the dreams of the pioneers of the western frontier in the early 1800's are surely not identical to those of the technological pioneers of the 21st century. At the same time, however, there have always been certain constants running through these dreams, certain hopes and aspirations we all identify with the American dream.

One such constant is the hope of owning a home—whether it be a townhouse in the city or a farmhouse in the country, we all want a home that our family can grow in. Another such constant is the desire to provide ourselves and our families with a quality education, not only to discipline and instruct, but to free the mind from the groundless fears and self-defeating passions of ignorance, and to provide a window of opportunity for a better future and a finer quality of life.

There are, of course, Mr. President, countless other facets of the American dream—peace on Earth, victory in the war on poverty, freedom and justice under both God and law—but the part of that dream which is most affected by the debate we engage in today is a very cornerstone of the American dream of our generation and of every generation, past and future. It is such a cornerstone because no other part of the dream can be built in its prolonged absence—neither a home, nor an education, nor a better quality of life—none of this is possible without the subject we are dealing with today—jobs.

In reality, Mr. President, that is what we are dealing with today—jobs, American jobs. We can couch it, if you like, in terms of the trade deficit, or of the health of the textile industry, or in any number of other ways, but, in the long run, it all comes back to that one word—jobs.

A few years ago, everyone in America was concerned about unemployment. We were suffering under the worst scourge of unemployment since the Great Depression. Today, a lot of this concern has lessened. Today, we can pick up a newspaper or magazine and, although we will probably see a story about the dangers of our budget deficit, we will also be able to read about economic recovery and economic growth and see all sorts of statistics and charts indicating just how healthy our economy is today.

Mr. President, I do not mean to stand here today as a "nay-sayer" or a prophet of doom. All I want to express to my colleagues is the fact that the recovery is not complete, and all is not rosy in the American economy. In my home State of Alabama, the unemployment rate has improved, but it is still running at more than 9 percent. In fact, in my home area of northwest Alabama, the rate is even much higher than that.

The cruelest part of all, Mr. President, is that without positive action on the measure now before us, my State's already intolerable unemployment rate will go even higher, as will those in other textile-oriented States.

It is also important for us to realize that, when I use the term "textile-oriented States," I am, in reality, talking about almost every State in our Nation. Many people have formed the opinion that this is largely a southern industry, and, clearly, it is vitally important to many Southern States. At the same time, however, we should take note that there are textile plants located in 42 of the 50 States; 45 States have apparel plants located within their boundaries; and 48 States produce raw products used by these industries, such as cotton, wool, and man-made fibers.

The textile-apparel industry is our Nation's largest manufacturing employer, accounting for 1 of every 10 factory workers in the United States. The industry's contribution to our gross national product can be calculated at $48 billion, as compared to $51 billion for the automobile industry and only $31 billion for the petroleum industry.

Clearly, Mr. President, this is a national industry, not a regional one, and its problems are, just as clearly, national problems.

Mr. President, I must admit that I find a certain bit of cruel irony in the problems we are confronting today. Throughout the extended debate regarding the Textile and Apparel Trade Enforcement Act of 1985, we have seen a great deal of attention paid to the efforts which the administration has reportedly made to assist the American textile and apparel industry.

The cruel irony of this lies in the fact that, while the administration has reportedly been doing so much to help the industry, more than 50 textile plants have closed this year. More than 20 others have imposed permanent layoffs this year. Returning directly to what I see the lowest common denominator of this debate—jobs, during the last 5 years, more than 350,000 textile and apparel workers have lost their jobs, their means of providing for themselves and their families, their very livelihoods. Today, the unemployment rate in the textile and apparel industry stands at 13 percent, almost double the overall national figure.

Mr. President, with all of these horribly negative statistics coming about while the administration has supposedly been so supportive of the textile industry, I, for one, would surely hate to see what the situation would be like if they weren't supporting the industry. With continued support like this, in the near future we may have to face the near-total elimination of this entire industry.

Perhaps the clearest indication of the urgent need for congressional action lies in the fact that the domestic textile and apparel industry has made every effort to keep pace with their foreign competition. Over $1 billion a year has been reinvested to improve the industry's technology. This year, a record $2.1 billion will be reinvested in these efforts, which have resulted in a 10-percent improvement in the industry's productivity since 1980, which is significantly higher than the national average.

Still, despite these determined and concerted efforts, the domestic textile and apparel industry continues to lose ground to foreign imports. During the last 5 years, the problem has grown geometrically. In 1984, textile imports accounted for 23 percent of the American market, double the level for 1979. Clothing imports took 33 percent of the market, up 11 percent in 5 years.

In this same time period, while our textile imports from Third World countries have tripled, Japanese and European imports from those same countries have declined. Today, this trend has resulted in our buying 60 percent of the textile and apparel production of the Third World.

Of course, Mr. President, we all need to realize is that, when an American textile company goes against a foreign competitor, they also are competing against the foreign government in question. Critics of the legislation pending before us have spoken fervently in favor of "free trade." Personally, I think it is high time that we realize free trade does not really exist, and, just as importantly, neither does fair trade. In the instance at hand, free trade will never exist as long as foreign textile companies receive preferential loans, grants, tax breaks, and other subsidies from their governments. As long as we force our companies to compete with both foreign companies and foreign governments, it isn't fair trade, either.

Mr. President, as we all know, the textile industry is not the only domestic industry suffering at the hands of illegal and unfair foreign competition. It is not the only domestic industry whose situation points out the complete and total inadequacy of our national trade policy—if, indeed, it can be said that we have a national trade policy.

We all know that, this year, the trade deficit will be the highest in history. We may not all realize, however, that—again, translating this to human terms—this deficit has resulted in the loss of 340,000 American manufacturing jobs this year. Every second, we are exporting more and more jobs, just as fast as we import subsidized foreign products. In fact, in terms of the textile industry, for every 1 billion square yards of foreign produced textiles, apparel, and fibers that we import, we can chalk up a loss of 100,000 American job opportunities. One billion square yards may sound like an extremely high amount, but it isn't; that is less than the import level for September 1985—1 month that cost American textile workers 100,000 job opportunities; 100,000 chances to support their families; 100,000 chances to build a better future for their children; 100,000 chances to dream the American dream. All this was lost—in only 1 month.

On the other hand, Mr. President, we have heard how this legislation will hurt the American consumer. To my way of thinking, Mr. President, it can only help the consumer. It will help keep our textile and apparel companies in business, workers on the job, it will help keep our economy from losing the contributions of an important sector.

Mr. President, we cannot afford to write off the textile and apparel industries. We cannot afford to tell these hundreds of thousands of workers, that we do not care about their jobs, that we do not care about giving them a fair chance, that we do not care if we turn their dreams into nightmares. In short, we cannot afford not to care. We cannot afford not to help. The time to begin is now, and we can only pray it is not too late.

NECKTIE IMPORTS

Mr. JOHNSTON. I had intended to offer an amendment to the textile quota bill once consideration of this measure resumed by the Senate. My

amendment which is my bill, S. 1709, specifically addresses the problem of neckwear imports. It would temporarily snap back the duties on necktie imports to pre-MTN—Toyko round—levels when duties on neckties were cut by a much larger amount than for other textile and apparel products. The reason why I thought this amendment necessary is because the current textile bill which we are considering does not adequately address the problem of necktie imports. Because the majority of necktie imports are of silk materials, and such neckties are from Italy, the industry is afforded virtually no relief under the current Multifiber Arrangement. Under the current bill, Italy would be excluded from its provisions. I have discussed the offering of this amendment with the bill's sponsors. Because my amendment is a tariff measure, we have agreed that this is not the appropriate vehicle for my amendment. Senator HOLLINGS, however, has agreed to work with me in the future to address the very unique circumstances that this industry faces that would not be addressed by this bill. I appreciate the Senator's support.

Mr. HOLLINGS. I have spoken at great length with the Senator from Louisiana about the special problems of the necktie industry. He is a great friend to the industry and has been working hard to resolve their specific problems. As the Senator has stated, I pledge to work with him to resolve these issues in subsequent legislation. We cannot afford to see this industry left defenseless against growing imports.

Mr. JOHNSTON. I appreciate the Senator's support.

AMENDMENT NO. 1018

(Purpose: To eliminate the application of quotas against countries that have lower quotas or tariffs than the United States)

Mr. GRAMM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 1018.

At the end of the pending amendment, add the following:

SEC. . Notwithstanding any other provision of this Act, any limitation imposed by this Act on the quantity of any article that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States shall not apply to a country if—

(1) the President, after consulting with the United States Trade Representative, determines the tariffs and quotas such country imposes on United States exports to such country (based on the weighted average of the value of such exports) are lower than tariffs and quotas the United States imposes on exports of such country to the United States (based on the weighted average of the value of such foreign exports), and

(2) the President submits to the Congress a written statement certifying such determination within 90 days after the date of enactment of this Act.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, as I understand, the distinguished Senator from Texas will offer two amendments. Is that correct?

Mr. GRAMM. The Senator is correct.

Mr. DOLE. I ask unanimous consent unless there is some disagreement—I know there are a number of Senators who have official engagements at noon—that we stack the votes on these two amendments whether it is an up or down vote or a motion to table.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, throughout this long and difficult debate on protectionism, on the textile bill, and on the subject of the so-called trade issue, one Member after another has stood up and said, "I am for free trade but I want fair trade. I am willing to engage in international trade and commerce, but I am not willing to see countries impose tariffs and quotas against American goods, deny us jobs, and at the same time grant them access to our markets."

Mr. President, I think the amendment that I have presented here might be called a protectionist smoke-out amendment because this amendment is going to differentiate the fair traders from the protectionists.

If anybody votes against this amendment, they are going to have a difficult time standing up and saying, "I am for free trade but I am also for fair trade. I simply want countries to treat us as fairly as we treat them" because in essence that is what this amendment is about.

Mr. President, this amendment says that in carrying out the mandate of the textile bill the President shall look at each country so affected and determine on a value weighted average basis whether or not that country has a higher level of protective tariffs against American goods than the United States has protective tariffs on a value average basis against their goods.

This amendment clearly will affect Hong Kong. What an interesting paradox it is that this bill, in the name of fair trade, seeks to impose its toughest rollback in terms of impact on trade and employment on the one place on Earth that has no quotas, no tariffs, and no licensing fees against the United States or against any other nation.

So if you are for free trade but fair trade, then I urge you to vote for this amendment, and apply the provisions of this bill to those that have a greater degree of restriction on American imports than we have on their goods. If in fact what you want is fair trade, if you are not just a raw protectionist trying to promote your own individual special interests of your State, which is a perfectly respectable position—we do it here every day—I want people to admit it. I do not mind people being protectionist. But I resent the cloak of the American flag in jobs that they try to drape about their shoulders.

So I have proposed this amendment to smoke out the protectionists. I urge those who want fair trade, and who believe that we are being cheated in international trade because of protectionism to put a provision in this bill that says any place that is less protectionist than the United States will not be penalized but those who have not been fair do not deserve the benefits of free trade under this bill.

I urge my colleagues to adopt this amendment to show that we are for fair trade, and to show on the basis of fair trade that we want to engage in trade and commerce.

I urge my colleagues to accept this amendment and to reject protectionism.

I yield the floor.

Mr. THURMOND. Mr. President, I yield myself such time as may be required.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, what the distinguished Senator wants to do here is to let Hong Kong out. Why should Hong Kong be let out?

In 1980, textile and apparel imports from Hong Kong totaled 787 million square yard equivalents, in 1981, 860 million; 1982, 843 million; 1983, 965 million; and in 1984 totaled 1,048 million—a 4-year increase of 33 percent.

Mr. President, it is unreasonable to talk about letting Hong Kong out.

If we look at dollars, in 1980, the U.S. textile and apparel imports from Hong Kong were $1.588 billion; U.S. exports of textiles and apparel to Hong Kong were $55 million; in 1981, U.S. imports from Hong Kong, $1.792 billion; U.S. exports to Hong Kong $98 million; in 1982, U.S. imports from Hong Kong, $1.864 billion; U.S. exports to Hong Kong $47 million; in 1983, U.S. imports from Hong Kong $2.041 billion; U.S. exports to Hong Kong $39 million; and, in 1984, U.S. imports from Hong Kong, $2.392 billion; U.S. exports to Hong Kong $37 million.

The textile and apparel deficit, in other words, in 1980 was $1.533 billion from Hong Kong; in 1981 the deficit was $1.694 billion; in 1982 the deficit was $1.817 billion; in 1983 the deficit

was $2.002 billion; and in 1984 the U.S. deficit was $2.355 billion from Hong Kong.

Now, Mr. President, figures on the overall U.S. trade balance with Hong Kong, in millions of dollars: U.S. imports from Hong Kong, in 1980, $5.157 billion; our exports to Hong Kong, $2.653 billion or a deficit of $2.504 billion; in 1981, U.S. imports from Hong Kong, $6.062 billion; exports to Hong Kong, $2.576 billion; U.S. deficit, of $3.486 billion. In 1982, U.S. imports from Hong Kong, $6.074 billion; U.S. exports to Hong Kong, $2.549 billion; a U.S. deficit, in dealing with Hong Kong, $3.525 billion.

In 1983, U.S. imports from Hong Kong, $7.069 billion; U.S. exports to Hong Kong, $2.637 billion; the U.S. deficit of $4.432 billion; in 1984, U.S. exports from Hong Kong, $9.405 billion; U.S. exports to Hong Kong, $3.121 billion; resulting in a U.S. deficit in dealing with Hong Kong for 1984, $6.284 billion.

From 1980 to 1985, imports from Hong Kong increased 82 percent; from 1980 to 1985, the trade deficit with Hong Kong increased by 151 percent.

Mr. President, I think these figures explain why this amendment should not be adopted. It is not reasonable to let Hong Kong out from coverage. Here are the figures and they speak for themselves. They will all be in the record.

I hope the Senate sees fit to table this amendment.

Mr. President, in October, Time magazine published an article about trade. A professor from the University of Wisconsin, John K. Culbertson, made a very brief reply to that Time article. I want to give his reply here:

> Your article ignores the real cause of the U.S. trade crisis. Our products are being undersold by goods from nations that use the same technology and production methods we do but have wage rates one-half to one-tenth as high. In addition, these countries often subsidize their exports or avoid costly environmental and safety regulations on production. Free trade under these conditions has the same effects as free migration. The only reasonable policy is to insist on trade that benefits us as well as the countries that sell to us. Achieving mutually beneficial trade requires limitations on imports to keep our trade in balance in the face of the wide differences in national wage levels. These import limitations are the counterpart of the immigration limitations that prevent an excess inflow of people from low-wage nations from undermining our standard of living. In the world as it is, free trade is as suicidal for a high-income nation as is free immigration.

Mr. President, I want to repeat that last sentence by Professor Culbertson of the Department of Economics at the University of Wisconsin.

> In the world as it is, free trade is as suicidal for a high-income nation as is free immigration.

Mr. President, that is what we have been contending here. Free trade could destroy America if we are the only nation practicing it. It is fair trade we want.

My good friend, and I hold him in high esteem, is advocating free trade. I agree with this professor from the University of Wisconsin and I am confident he is correct on this. I urge the Senate to kill this amendment.

Mr. GRAMM. Mr. President, I yield myself such time as I might require.

Mr. President, let me begin by asking for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GRAMM. Mr. President, I want to respond to my dear colleague from South Carolina. In fact, I think as highly of my two colleagues from South Carolina as I do any who serve in this body or who have ever served here.

Unfortunately, on this issue, we disagree.

This amendment is not about free trade. If this amendment were about free trade, it would be an effort to repeal the entire bill.

This amendment is about fair trade.

You can cite all the figures you want to about imports and exports as they relate to Hong Kong, but the fact remains that Hong Kong is the only nation on Earth that practices free trade. American goods going into Hong Kong face virtually no impact from government whatsoever.

What this amendment says is simply this: If we are going to impose massive new quotas on textiles in the name of fair trade, let us impose it on those who are not trading fairly. Let us impose it on those who are not permitting American goods to enter their ports. But let us have the President assess the degree of protectionism practiced by others and let us impose this penalty against those who are protectionists, not those who are not. Those who have a more open market than we do should not be penalized.

After all, as our distinguished senior Senator and President pro tempore of the Senate has said, we want fair trade. This amendment gives us fair trade and I urge my colleagues to support the amendment.

Mr. THURMOND. Mr. President, I believe we have 2 minutes left. I yield the 2 minutes to my distinguished colleague.

Mr. HOLLINGS. Right quickly, Mr. President, we do not take seriously the statement that Hong Kong is a nation. Hong Kong does not take seriously the statement that it is a nation. The only nation practicing free trade? It is a port; it is a dock. If you do not step carefully, you will end up in the Sea of China. They import a billion yards that comes from the People's Republic, change it into garments and keep grinding it out.

The U.S. Customs Service says it is by far and away the greatest violator for transshipment, misdescription, and outright violations of this particular agreement.

For 5 years they have been using false documents on young men's sportswear.

You know what the situation is with Hong Kong. It is not free trade. It is not competitive trade. We are trying to direct the Secretary of Commerce to say, "Here is the license, here is the amount, and do not admit any more." Then we do not have to have these certificates with respect to so-called free trade with Hong Kong.

The amendment should be tabled. I am sure my senior colleague will move at the appropriate time.

Mr. GRAMM. Mr. President, I yield my remaining time to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington.

Mr. EVANS. Mr. President, very briefly, there has been a lot of talk about free trade and free immigration. The distinguished senior Senator from South Carolina mentioned the article in Time magazine.

We are not talking about free trade. We are not talking about free immigration. But this country has built its strength on the fact that it was open as a nation to others. We built our strength on the fact that we brought people in here, the Einsteins and the Nobel laureates and the others who have helped make this country strong to a large degree having come as immigrants and having come as part of a reasonably free immigration.

We are not talking about free trade. But we are talking about reasonably free trade. We are talking about trade under reasonable circumstances.

I do not think anyone can state that Hong Kong has not lived up to the agreements which have been signed, which my colleagues from South Carolina would now abrogate.

Mr. President, I ask unanimous consent that a letter be printed in the RECORD from Mr. E.P. Ho, Secretary for Trade Industry of Hong Kong, which I think states the case quite well. They have been under extreme limits and continue to be extreme limits. All that my colleague from Texas would do is suggest that in the case where they are as open as they are, far more open than this country, for instance, that we ought to not lay on unusual and more restrictive limits than already exist for that part of the world.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GOVERNMENT SECRETARIAT,
Hong Kong, August 28, 1985.

Senator DANIEL J. EVANS,
Hart Senate Office Building,
The Capitol, Washington, DC.

DEAR SENATOR EVANS, We greatly appreciated the chance to meet you and your colleagues during your recent visit to Hong Kong, and to exchange views on matters of mutual concern. It will have been apparent to you that a prime concern to us at present is the threat to our trade posed by the Thurmond-Jenkins Bill. I would like to take this opportunity, in the light of your visit, to summarize the main points as we see them.

First, import penetration. In the context of a Bill which purports to deal with the proper enforcement of the Multi-Fibre Arrangement (MFA), the relevant statistics on imports penetration are those which relate to goods covered by the MFA. The Bill refers to import penetration in apparel products having reached a level of 50% in 1984. This is misleading in two respects:

(a) The Bill relates to both textile and apparel products, and for these taken together import penetration is approximately 20%.

(b) Even if apparel alone is taken, import penetration is only about 20%–26%.

Indeed, it is perhaps worth noting that in some of the categories of goods brought under restraint by the U.S. recently, through the "call system", U.S. industry has over 90% of the domestic market. [Details of these statistics are attached as Note 1].

Secondly, unemployment. Whilst U.S. concern over unemployment is entirely understandable, the facts do not appear to support the argument that recent increases in unemployment are mainly attributable to increases in imports. A Retail Industry Trade Action Coalition pamphlet ("A second look at the need for textile import legislation") quotes detailed statistics demonstrating that while most of the growth in imports during the 1980–84 took place in the past two years, virtually all the job losses occurred prior to 1982.

Thirdly, whilst imports, and indeed domestic production, naturally fluctuate year by year in accordance with changes in demand, the strength of the dollar and so on, it is misleading to conclude from recent increases in imports that these show that the restraints imposed by the MFA and associated bilaterial agreements are not working.

For a start, a substantial part of the increase is from unrestrained sources such as the EEC. The major developing suppliers have been effectively restrained for most of their exports over the life of the MFA. Taking Hong Kong as an example, over the period of the MFA (1974–1984) the increase in US imports of MFA products has averaged only 5.2% per annum according to official US statistics. [And in the same period our U.S. import share has declined from 14.1% to 10.5%.]

Moreover those categories regarded by the U.S. as "sensitive" are only permitted 0.5%–1.5% growth under the current HK/U.S. Agreement (which incidentally still has nearly two and a half years to go). Furthermore, the pressure for increased protection has coincided with a leveling off of MFA imports into the USA. In the first half of 1985, compared with the first half of 1985, compared with the first of 1984, the overall increase of such imports is only 1.3%. Moreover, the major restrained suppliers actually show a decrease (e.g. Hong Kong −7.6%) whilst the major unrestrained suppliers show an increase (eg EEC +37%). In such circumstances, to seek to cut back restrained suppliers is hardly reasonable.

Finally, if despite these and other arguments, some new U.S. restrictions are somehow imposed (and it is difficult to see how this can be done without triggering off a trade war), then we would strongly suggest that those suppliers such as Hong Kong who because of long standing restraints are not the cause of perceived problems, and indeed practise the open market principles espoused by the U.S. should not be adversely affected by any such measures. It does not seem reasonable or desirable that a ground swell of protectionist feeling apparently largely fanned by resentment at the unfair trade practices of Japan should result in seriously injuring a territory which is an outstanding example of observance of the rules and ideals of liberal international trade. We estimate that the Bill if enacted would cut HK exports by nearly US $1 billion, about one-eighth of our domestic exports to the USA.

Yours sincerely,

E.P. Ho,
Secretary for Trade and Industry.

NOTE 1

There are a number of different statistics available on this:

(a) The U.S. International Trade Commission ("The MFA 1980–84", May 1985) estimates 1984 import penetration in textiles and apparel at 22% (on a volume rather than value basis).

(b) The Deputy Assistant Secretary for Textiles and Apparel, Walter C. Lenahan, testifying before the House Government Operations Committee earlier this year, stated that 1984 imports were about 21% of US consumption of textiles and apparel products.

(c) In background material prepared by trade staff of the House Ways and Means Committee from U.S. Department of Commerce statistics for the Textile Hearing on 3/4/85, import penetration in 1984 was estimated at 19.9% for apparel and 5.9% for textiles (on a value basis).

(d) The Retail Industry Trade Action Coalition in their August pamphlet estimate import penetration in apparel in 1984 at 26.4% (on a volume basis).

Mr. THURMOND. Mr. President, we yield back our time, if we have not used it anyway.

Mr. GRAMM. I yield back any time I might have.

Mr. THURMOND. Mr. President, I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. By unanimous consent, the vote is postponed.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 1019

[Purpose: To eliminate application of the quota against Taiwan if trade between Taiwan and the People's Republic of China is not equivalent]

Mr. GRAMM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] for himself and Mr. GOLDWATER proposes an amendment numbered 1019.

At the end of the pending amendment, add the following:

SEC. . Notwithstanding any other provision of this act, any limitation imposed by this Act on the quantity of any article that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States shall apply to the products of Taiwan only if—

(1) the President determines that the trade treatment the United States grants Taiwan is not diminished relative to the trade treatment the United States grants the People's Republic of China by reason of this Act, and

(2) the President submits to the Congress a written statement certifying such determination within 90 days after the date of enactment of this Act.

Mr. GRAMM. Mr. President, I will be brief on this amendment.

There is a tremendous inequity in this bill. It is, that for all practical purposes in terms of a rollback on quotas related to the People's Republic of China, the provisions in the pending amendment that have been made as this bill has evolved through the legislative process—is such that the People's Republic of China is exempted from a rollback.

We all know why that is so—because we imposed a quota on the People's Republic of China and they responded by stopping their purchases of American cotton. And they are in fact an exporter of cotton today. On the other hand, while we do not roll back the quota on Communist China, we do in this bill roll back the quota on Taiwan by a substantial margin.

I do not believe that it is the intent of the United States Senate to adopt a bill which exempts Communist China from rollback but which decimates the economy of Taiwan. To assure that does not happen, this amendment states simply that if the President determines the impact of this bill is to diminish the trade position of Taiwan as it relates to the United States relative to the trade position of Communist China as it relates to the United States, Taiwan shall be exempt from this bill.

The question that we face here, and I think quite frankly, Mr. President, this amendment makes clear the problems with this bill—that is, the bill is not equitable—is a provision of this bill that would roll back the quota on Taiwan but would not roll back the quota on Communist China. Under this amendment, if the President found that that provision changed the status of Taiwan relative to Communist China as it relates to trade with the United States, then Taiwan would

be exempt. I urge my colleagues to adopt this amendment.

Mr. THURMOND. Mr. President, I yield myself such time as I may require.

I want to say in the beginning that I am a friend of Taiwan. I have been a friend of Taiwan all of these years and I do not want to do anything to hurt Taiwan. I am a much better friend of Taiwan than I am of the People's Republic of China.

But here is what I want to call to the attention of my colleagues: The actual imports from Taiwan in 1984 were 1 billion, 578 million square yard equivalents; from the People's Republic of China, 990 million square yard equivalents. In 1985, Taiwan would still be able to send in 1 billion, 105 million; the People's Republic of China, only 990 million. In 1990, Taiwan, 1 billion, 161 million yards; People's Republic of China, 1 billion, 40 million yards. In 1995, Taiwan, 1 billion, 220 million yards; People's Republic of China, 1 billion, 93 million yards. So, Mr. President, Taiwan—and I am glad that is the case—will still send in much more than the Republic of China will. So I do not think there is merit in the position the distinguished Senator has taken.

The countries rolled back, Mr. President, are the ones that are sending in excessive amounts. Even after the roll backs, Taiwan will still be allowed to send in more imports than the Republic of China will be able to send in both now and in the future.

We are not cutting off Taiwan. We want to treat Taiwan right. We have great admiration for the people of Taiwan and I want to help them every way we can.

I might say Taiwan currently is the No. 1 textile and apparel importer into the United States and will remain the No. 1 importer under this bill after it is passed if it is passed.

Mr. President, I yield to my distinguished colleague such time as he may require.

Mr. HOLLINGS. Mr. President, following the comments of my distinguished senior Senator, Taiwan imported into the United States in 1980, 783 million square yards. That has gone up each year: In 1981, 825 million square yards; in 1982, 938 million square yards; in 1983, 1,402; 1984, 1,578. That is a 101 percent increase, if you please, over the 5-year period where it was supposed to stay relatively steady at the 783-million-yard level; a 5-year period where its imports, according to President Reagan's commitment and the agreement made with the country of Taiwan specifically should have increased around 1 percent because the United States domestic market had increased that amount.

I have heard the argument also with respect to the devalued dollar and I think this is a good place to note that the dollar is up in Taiwan some 7.1 percent over the past 5 years, gone up 7.1 percent, but imports have gone up 135 percent. You have, then, imports from Taiwan increasing by 135 percent and the trade deficit with Taiwan increased by 370 percent.

The Senator from Texas would compare it to the People's Republic. I compare it to the People's Republic, as has just been pointed out. Here a country with over a billion people will receive one-third less allocation under this bill, one-third to one-half less than the country of Taiwan with 18.5 million people. I ask unanimous consent that these statistics be printed in the RECORD.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

Textile/apparel imports from Taiwan

[Millions of square yards]

1980	783
1981	825
1982	938
1983	1,402
1984	1,578
4-yr increase (percent)	101

IMPORT LEVELS FOR TAIWAN—1985 [1]

	Million square yard	Rollback (percent)
Original S. 680	843	47
Revised S. 680	1,105	30

[1] 1 percent annual growth allowed for years after 1985.

OVERALL U.S. TRADE BALANCE WITH TAIWAN

[Millions of dollars]

	1980	1981	1982	1983	1984	1985 estimate
U.S. imports from Taiwan	6,760	8,163	8,758	11,334	14,868	15,900
U.S. exports to Taiwan	4,673	4,766	4,563	4,646	5,042	6,090
U.S. deficit	2,087	3,397	4,195	6,688	9,826	9,810

Note.—1980–85: All imports from Taiwan increased by 135 percent. Trade deficit with Taiwan increased by 370 percent.

Mr. HOLLINGS. Mr. President, the main point here is that Taiwan has been hopscotching new products all over the globe. The U.S. Customs Service has Taiwan now under investigation for quota fraud. I can tell you also candidly that the United States has been conspiring with it.

What happens if we do not pass this particular bill and we do not get some stability in the industry? Administration after administration promises us enforcement but if they do not keep those promises, the U.S. textile industry, will tell you, if they do not get some kind of relief under this bill now, they will be forced to go to Taiwan. What we have been doing in reality, due to the violations, due to the lack of enforcement, is forcing American industry and investment to go overseas.

So Taiwan has not necessarily been all of that dynamic. On the contrary, American free enterprise has been that dynamic. We politicians in Washington have failed in our duties to either provide the statutes on the one hand or administer them on the other hand.

I hope when we look at this particular provision about giving them the same treatment, we would still continue to give Taiwan better treatment under this bill.

If we adopt Senator GRAMM's amendment in this instance, I can tell you, Mr. President, we would create the biggest loophole in the world, because they will use Taiwan itself as a point of transshipment. There is no free trade there, no fair trade. You cannot go to downtown Taipei and sell your textiles.

I notice the distinguished Senator from Texas did not get up and say Taiwan is a great free trading country. He did not use the fair trade-free trade argument on this particular amendment. He says compare it to the People's Republic. They are way overproduced; it is not just the value of the dollar, it is the ingenuity of American and Taiwanese businessmen conspiring together to drain the United States of America of its industrial capacity in the field of textiles.

I thank my distinguished colleague, and I hope at an appropriate time we would move to table and ask for the yeas and nays.

Mr. THURMOND. Does the Senator yield back his time?

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. I yield such time as he might use to the distinguished Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. EVANS. Mr. President, I just want to take a couple minutes to talk about two items that have been brought up by my distinguished colleagues from South Carolina. First, both profess to have the greatest admiration and support for Taiwan, especially as it relates to the People's Republic of China. The distinguished senior Senator from South Carolina pointed out through repetitive statistics that somehow Taiwan is going to be treated better. Well, if that is the case, then there should certainly be no complaint or no quarrel about this amendment because that is all this amendment suggests, is that Taiwan ought to be treated better than the People's Republic of China. In fact, I am curious, rather than the tabling motion, why it is not just accepted by the managers of the bill, because if they are convinced that they want to treat Taiwan better than the People's Republic of China, this is an amendment to carry that out. I would suggest that it would be very easy to do

so. We could save time by just having the amendment accepted.

Now, the junior Senator from South Carolina talks about these huge violations and the enormous growth in the amount of textile imports from Taiwan. He knows, and I do, too, that the agreements which have been entered into were agreements that this country and Taiwan signed. They were agreements that industries locally were very much involved with, and they were agreements made at that time to concentrate on certain very sensitive imports to the United States, and those have been and continue to be restricted and restricted very harshly. In trade for that other nonsensitive items were not controlled and it is there where the huge increases have been. We made our own agreement. The agreements do not last forever. We have an opportunity starting in the next month to renegotiate a multifiber agreement and the bilateral agreement with Hong Kong has 2 years to run. We will be engaged in renegotiating that very shortly. That is the appropriate place to change, if we think we should, agreements which we once made and ought to continue to live up to. But much more fundamentally, I wonder if there is one Senator in this Chamber who really believes that in this or in any other way we want to treat those who have stood for and with us in Asia as strongly and for as long as the people of Taiwan. I think not. I urge my colleagues to join in support of the amendment of my colleague from Texas.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. How much time is left on each side?

The PRESIDING OFFICER. The Senator from South Carolina has 3 minutes, the Senator from Texas has 4 minutes.

Mr. THURMOND. The distinguished majority leader does not want another vote until 1:30. Therefore, I ask unanimous consent that the votes on these two amendments begin at 1:30, in the sequence in which they were ordered.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Is there objection to the unanimous-consent request?

Hearing no objection, it is so ordered.

Mr. THURMOND. I now move to table the amendment of the Senator from Texas.

Mr. HOLLINGS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GRAMM. Madam President, I yield back the remainder of my time.

Mr. THURMOND. We have yielded back our time. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MITCHELL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from South Carolina [Mr. THURMOND] to table amendment No. 1018 offered by the Senator from Texas [Mr. GRAMM]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Massachusetts [Mr. KERRY] is necessarily absent.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 68, nays 30, as follows:

[Rollcall Vote No. 301 Leg.]

YEAS—68

Abdnor	Glenn	Melcher
Bentsen	Gore	Metzenbaum
Biden	Grassley	Mitchell
Boren	Harkin	Moynihan
Bradley	Hatch	Murkowski
Bumpers	Hawkins	Nunn
Burdick	Heflin	Pell
Byrd	Heinz	Pressler
Chafee	Helms	Proxmire
Cochran	Hollings	Pryor
Cohen	Inouye	Riegle
Cranston	Johnston	Roth
D'Amato	Kassebaum	Rudman
Danforth	Kasten	Sarbanes
DeConcini	Kennedy	Sasser
Denton	Lautenberg	Simon
Dixon	Laxalt	Specter
Dodd	Leahy	Stennis
Dole	Levin	Thurmond
Domenici	Long	Trible
Eagleton	Mathias	Warner
East	Mattingly	Weicker
Ford	McConnell	

NAYS—30

Andrews	Gorton	Packwood
Armstrong	Gramm	Quayle
Baucus	Hart	Rockefeller
Bingaman	Hatfield	Simpson
Boschwitz	Hecht	Stafford
Durenberger	Humphrey	Stevens
Evans	Lugar	Symms
Exon	Matsunaga	Wallop
Garn	McClure	Wilson
Goldwater	Nickles	Zorinsky

NOT VOTING—2

Chiles	Kerry

So the motion to lay on the table amendment No. 1018 was agreed to.

Mr. THURMOND. I move to reconsider the vote by which the motion was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on the motion to table amendment No. 1019. The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. EAST). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 68, nays 31, as follows:

[Rollcall Vote No. 302 Leg.]

YEAS—68

Baucus	Glenn	Melcher
Bentsen	Gore	Metzenbaum
Biden	Harkin	Mitchell
Bradley	Hart	Moynihan
Bumpers	Hatch	Murkowski
Burdick	Hawkins	Nunn
Byrd	Heflin	Pell
Chafee	Heinz	Proxmire
Cochran	Helms	Pryor
Cohen	Hollings	Riegle
Cranston	Inouye	Rockefeller
D'Amato	Johnston	Roth
Danforth	Kassebaum	Rudman
DeConcini	Kennedy	Sarbanes
Denton	Kerry	Sasser
Dixon	Lautenberg	Simon
Dodd	Laxalt	Specter
Domenici	Leahy	Stennis
Durenberger	Levin	Thurmond
Eagleton	Long	Trible
East	Mathias	Warner
Ford	Mattingly	Weicker
Garn	McConnell	

NAYS—31

Abdnor	Gramm	Pressler
Andrews	Grassley	Quayle
Armstrong	Hatfield	Simpson
Bingaman	Hecht	Stafford
Boren	Humphrey	Stevens
Boschwitz	Kasten	Symms
Dole	Lugar	Wallop
Evans	Matsunaga	Wilson
Exon	McClure	Zorinsky
Goldwater	Nickles	
Gorton	Packwood	

NOT VOTING—1

Chiles

So the motion to lay on the table amendment No. 1919 was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I understand there are about 10 amendments left, or somewhere in that neighborhood. The distinguished Senator from Hawaii is prepared to offer one or two amendments. I ask unanimous consent that votes on amendments offered between now and 3 o'clock occur at 3 o'clock.

Mr. MATSUNAGA. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. We have Members on both sides of the aisle at a White House signing ceremony.

VISIT TO THE SENATE BY AMBASSADOR AND MEMBERS OF INDIAN PARLIAMENT

Mr. BOREN. Mr. President, if the majority leader will yield to me, I am very pleased and honored to introduce today a distinguished delegation from India. Accompanying them as their Ambassador to the United States is Ambassador Pajpai. Members of the Indian Parliament who are with us today are:

Professor Tiwari, Mr. Jacob, Mr. Ramakrishnan, Mr. Swell, Mr. Shervani, and Mrs. Kaur

[Applause.]

Mr. BOREN. Mr. President, I should like to suggest the absence of a quorum very briefly so that our colleagues might come and greet these distinguished visitors from India.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUMMIT MEETING AT GENEVA

Mr. DOLE. Mr. President, if the managers of the bill will permit me, I should like to offer not an amendment but a separate resolution dealing with Geneva. Both the managers are cosponsors.

The PRESIDING OFFICER. Will the majority leader so ask unanimous consent?

Mr. DOLE. I should have, yes. I do.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I am proud to join the distinguished minority leader in offering a resolution dealing with the upcoming summit meeting of President Reagan and Soviet Secretary General Gorbachev. It is a bipartisan show of support, to demonstrate our support for the President, for a number of things we believe the President has indicated to us will be on the agenda. It is cosponsored by a number of my colleagues, and I ask unanimous consent it remain at the desk until the conclusion of the day so that other Senators have a chance to be added as cosponsors. The original cosponsors are Senators DOLE, BYRD, LUGAR, PELL, GOLDWATER, NUNN, STEVENS, KENNEDY, WARNER, HOLLINGS, THURMOND, EXON, NICKLES, DECONCINI, SIMPSON, and BOREN.

I would further ask unanimous consent that Senators have the right to insert statements on the resolution into the RECORD as if read.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 257) relating to a summit meeting at Geneva, Switzerland, between President Ronald Reagan and General Secretary Mikhail Gorbachev, November 19–20, 1985:

Whereas President Ronald Reagan and Soviet General Secretary Mikhail Gorbachev will meet at Geneva, Switzerland, on November 19–20, 1985;

Whereas the leaders of the United States of America and the Union of Soviet Socialist Republics have not met for over six years;

Whereas serious dialogue, exchanging the views of the United States and the Soviet Union, is a necessary step in any attempt to narrow the range of disagreements between the two countries and to reduce the possibility of basic misunderstandings which either nation may have concerning the intentions, policies and actions of the other;

Whereas bilateral arms control negotiations between the United States and the Soviet Union were resumed in Geneva, on March 12, 1985, on a complex of questions concerning space and nuclear arms, both strategic and intermediate range, a series of proposals and counterproposals for the reduction and control of those arms having been offered by both nations;

Whereas the President has stated that he is "encouraged" by the beginning of "legitimate negotiations" with the Soviet Union at the Geneva arms talks;

Whereas, there is a basic unity of purpose among all Americans that any arms control Treaty be verifiable, equitable, lead to increase strategic stability, and be fully complied with by both sides;

Whereas the Senate is deeply concerned that any arms control Treaty meet these standards, as well as satisfy the constitutional requirement for the advice and consent of the Senate, concerns reflected in the creation of the Arms Control Observer Group by the Senate leadership in January, 1985;

Whereas our NATO allies, Japan, and our other allies and friends, in the pre-summit period, have demonstrated the unity of the Western alliance in support of the American position on arms control;

Whereas Soviet policies and actions with regard to regional matters, such as the continued presence of Soviet combat forces in Afghanistan, and to implementation of internationally-recognized standards of human rights, such as unconscionably harsh restrictions on the right of individuals to freely emigrate, constitute difficult obstacles to a more constructive relationship between the Soviet Union and the United States; and

Whereas a number of other cooperative bilateral matters might productively be pursued if a more constructive basic relationship were to be developed between the United States and the Soviet Union: Now, therefore, be it

Resolved, That the Senate hereby—

SEC. 1. (A) commends the President for his initiative to meet with the new Soviet General Secretary in Geneva on November 19–20, 1985;

(B) extends to the President full support, and best wishes for success in his efforts to engage the Soviet leader in a constructive dialogue on the complete range of matters in dispute with the Soviet Union;

(C) views this summit as an important opportunity for possible progress on crucial international and bilateral issues, including arms control; and

(D) encourages the President, in his meeting with the Soviet leader: to (i) pursue a framework for progress on the full range of arms control questions now being negotiated with the Soviet Union; (ii) press for an end to Soviet aggressive behavior in the Third World, particularly the removal of Soviet combat forces from Afghanistan; (iii) emphasize the importance of demonstrable progress in Soviet adherence to internationally-recognized standards of human rights, including each individual's right to freely emigrate; (iv) include, as items on his agenda for discussion, "confidence building measures," such as the proposal for establishment of Nuclear Risk Reduction Centers and resumption of the annual Navy-to-Navy talks pursuant to the Incidents-at-Sea Agreement of 1972; and (v) attempt to make progress on other bilateral matters, such as cooperative environmental, medical, and scientific initiatives as well as cultural and educational exchange programs.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

The Senate proceeded to consider the resolution.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I am pleased to be joined by the distinguished minority leader in offering a resolution dealing with the upcoming summit meeting of President Reagan and Soviet General Secretary Gorbachev.

I ask unanimous consent that the names of the following Senators be added as cosponsors of this resolution: Senators LUGAR, PELL, GOLDWATER, NUNN, STEVENS, KENNEDY, WARNER, HOLLINGS, THURMOND, EXON, NICKLES, DECONCINI, SIMPSON, and BOREN.

Much—perhaps, in some ways, too much—has already been written and said about the summit. So I do not want to say a great deal more. But I would like to talk about three things which go to the heart of the resolution I and the distinguished minority leader offer today and which go to the heart of the summit itself.

OPPORTUNITY FOR PROGRESS

The first is opportunity. The summit offers one of the most important opportunities we have had in this decade to begin the process of forging a more productive relationship between our country and the Soviet Union.

It is a chance to explore whether we can agree on guidelines for a real negotiation on reducing nuclear and space weapons.

It is a chance to make progress on the question of nonproliferation, in

which we and the Soviets should share the same fundamental goals.

It is a chance to talk about regional issues and to determine if there is a common interest in establishing a framework to deal with them.

It is a chance to let the Soviets know, in no uncertain terms, that their conduct on human rights issues is a major barrier to better relations.

It is a chance to discuss a mechanism through which our two countries can communicate better, at the national leader level and at all other levels.

REALISTIC EXPECTATIONS

So the opportunity is there. But opportunity must be weighed against a second factor, reality.

One reality is that the Soviet Union is our adversary, a very powerful adversary. Its goals are different from ours. Its strategy is different from ours. Its conduct is different from ours. If we expect that we will find Gorbachev to be other than a tough, diehard Communist, determined to do whatever he can to advance the interests of the Soviet state, then we shall be badly disappointed. If we expect these talks to be easy or suffused with friendship and goodwill, then we shall be badly disappointed.

Another reality is that the problems we are dealing with, especially the arms control issues, are among the most complex that confront mankind. Comprehensive, detailed solutions to these problems are just not going to happen in Geneva. Major breakthroughs, which might lead to easy solutions, are just not going to happen in Geneva.

The best we can hope for—and what we can realistically hope for—is that our national leaders will confirm that our countries have a real interest in finding solutions and can setup some general kind of framework in which negotiations on these matters can proceed. If we accomplish that, it will be a lot.

UNITY WITH OUR ALLIES, UNITY AT HOME

Finally, I want to speak of unity, in two respects. First, we would not have come this far—we would not have Gorbachev coming to a summit and we would not have the Russians negotiating arms control in Geneva—were it not for the unity of the Western alliance in the face of Soviet threats and blandishments. I would cite, in particular, the NATO alliance decision to go forward with the INF deployments, which was an essential factor in bringing us to where we are today.

Second, there is our own unity here at home. The President, the Congress, and the people are united in their support for a strong America; united in their support for the Western alliance; united in their determination to explore all reasonable avenues for dialog and cooperation with the Soviet Union; and united in their commitment to freedom around the globe and human rights for all people.

This unity is the foundation for the position of strength from which the President will negotiate with Gorbachev. It is the foundation for our hope that the Soviets will recognize the futility of their aggressive, threatening policies, on matters ranging from nuclear armaments to regional conflicts around the globe.

The resolution I offer today strikes these three themes—opportunity; reality; and unity. It offers us the vehicle to make clear our support of the President, as he approaches these important meetings in Geneva. Its passage will be of direct help to the President in achieving the goals we all seek—a more secure America, a more peaceful world, a more comprehensive commitment to human rights around the globe.

The administration has made clear to me that it would welcome this resolution. The minority leader's leading role in bringing this resolution to fruition indicates its bipartisan nature.

So, Mr. President, let us speak with one voice, Republicans and Democrats alike. Let us do that by voting, all 100 of us, for this resolution.

Mr. BYRD. Mr. President, the first summit meeting between the leaders of the United States and the Soviet Union presents significant opportunities as well as substantial dangers. I believe all Members of this body welcome the opportunity for the President to engage in a serious dialog, involving a comprehensive and frank exchange of views, with the new Soviet leader.

This is a particularly propitious time in the development of Soviet-American relations, when movement on a variety of issues which separate the United States and the Soviet Union may be more possible than during recent years. The past few years have been unproductive in terms of the Soviet-American dialog and of specific aspects of the relationship along a broad front, ranging from consular arrangements to technical exchanges to arms control. Now, after the ascendancy of a new, more vigorous leadership to power in the Soviet Union, there is an opportunity for the United States to test that leadership. If there is a significant opportunity to make progress, we should not miss it. This is the essential importance of the upcoming summit meeting.

As the resolution now before the Senate points out, a meaningful dialog, in which both sides attempt to address the range of fundamental disagreements which exist between the United States and the Soviet Union, can be very important in heading off the possibility of basic misunderstandings on the part of either nation regarding the policies or actions of the other. Careful exchange of views can be productive if both leaders approach their counterparts realistically, with the knowledge that each of them will do whatever is necessary to protect the vital interests of his nation.

In recent weeks, there appears to have been a reduction in negative rhetoric, and, it seems to me, the atmosphere is now relatively more productive. Nevertheless, no one should expect major breakthroughs on the key issues—which include, in particular, arms control, strategies toward the Third World, and treatment of human rights—in one such meeting.

During the recent visit of a bipartisan Senate delegation to the Soviet Union, led by myself and Mr. THURMOND, we had an opportunity to exchange views with Mr. Gorbachev for some 3½ hours. The delegation concluded that Mr. Gorbachev seems able, is articulate, presents an impressive amount of personal confidence and control, and has an open debating style.

However, as yet it is unclear whether Soviet positions on any major policy matters have changed, regardless of this apparently new style. That remains to be seen. The Soviets have made a series of arms control proposals, in somewhat rapid-fire style, over the last couple of months, and that is a departure from their past practice. A clear purpose in this strategy has been to present a better Soviet face to the world, and improve the Soviet public image.

But, the substance of their arms control proposals has been a mixed bag, containing some promising features and some unacceptable ones. As the President has said, the Soviet proposals have aspects that we should nurture. It will be a long road to any fair and final agreements which might be reached, particularly in arms control, and to the sound development of a more constructive relationship with the Soviets. A great deal of patience will be required on our side. But, if we exhibit that patience, the summit provides an opportunity for the beginning of such a process. Yet, we must remember that no agreement is better than a bad agreement.

Therefore, Mr. President, this resolution commends the President for taking the initiative to meet with Mr. Gorbachev, and extends the Senate's full support to the President to engage Mr. Gorbachev in a constructive dialog. We encourage the President, through this resolution, to pursue a framework for progress on the full range of arms control questions now being negotiated with the Soviets, in Geneva and elsewhere; to press for a change in Soviet aggressive behavior toward the Third World, particularly the removal of Soviet combat forces from Afghanistan; to emphasize the need for demonstrable progress in

Soviet adherence to internationally recognized standards of human rights; to include, on the summit agenda, confidence building measures, such as the proposal crafted by Messrs. NUNN and WARNER for the establishment of nuclear risk reduction centers, and resumption of the annual Navy-to-Navy talks pursuant to the incidents-at-sea agreement of 1972; and to attempt to make progress on a number of other bilateral cooperative and exchange programs.

VOTE—SENATE RESOLUTION 257

The PRESIDING OFFICER. Under the previous order, the question recurs on the resolution of the majority leader.

Mr. CHAFEE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Under the previous order, the question recurs on agreeing to the resolution of the majority leader and others on the subject of the President's trip to the summit. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. (Mr. ABDNOR). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 304 Leg.]

YEAS—99

Abdnor	Goldwater	Melcher
Andrews	Gore	Metzenbaum
Armstrong	Gorton	Mitchell
Baucus	Gramm	Moynihan
Bentsen	Grassley	Murkowski
Biden	Harkin	Nickles
Bingaman	Hart	Nunn
Boren	Hatch	Packwood
Boschwitz	Hatfield	Pell
Bradley	Hawkins	Pressler
Bumpers	Hecht	Proxmire
Burdick	Heflin	Pryor
Byrd	Heinz	Quayle
Chafee	Helms	Riegle
Cochran	Hollings	Rockefeller
Cohen	Humphrey	Roth
Cranston	Inouye	Rudman
D'Amato	Johnston	Sarbanes
Danforth	Kassebaum	Sasser
DeConcini	Kasten	Simon
Denton	Kennedy	Simpson
Dixon	Kerry	Specter
Dodd	Lautenberg	Stafford
Dole	Laxalt	Stennis
Domenici	Leahy	Stevens
Durenberger	Levin	Symms
Eagleton	Long	Thurmond
East	Lugar	Trible
Evans	Mathias	Wallop
Exon	Matsunaga	Warner
Ford	Mattingly	Weicker
Garn	McClure	Wilson
Glenn	McConnell	Zorinsky

NOT VOTING—1

Chiles

So the resolution (S. Res. 257) was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TEXTILE AND APPAREL TRADE ENFORCEMENT ACT OF 1985

The Senate continued consideration of the bill (H.R. 1562).

Mr. THURMOND. Mr. President, I believe the distinguished Senator from Hawaii wishes to offer an amendment.

AMENDMENT NO. 1020

(Purpose: To apply the textile quota to all foreign countries)

Mr. MATSUNAGA. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Hawaii [Mr. MATSUNAGA], for himself and Mr. MURKOWSKI, proposes an amendment numbered 1020:

At the end of the amendment, add the following:

SEC. . For purposes of applying the provisions of this Act relating to the imposition of a limitation on the quantity of textiles and textile products that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States, the term "country", notwithstanding any other provision of this Act shall mean any foreign country, or any territory of a foreign country, which has not entered into an agreement with the United States under Section 102 of the Trade Act of 1974 establishing a free trade area.

Mr. MATSUNAGA. Mr. President, I rise in support of the amendment which I have offered together with the distinguished junior Senator from Alaska [Mr. MURKOWSKI]. Our amendment would expand the coverage of the pending legislation to all foreign countries with which we have trade relations.

Mr. President, H.R. 1562, as amended by the Thurmond-Hollings amendment, in applying additional quota restrictions on textile and apparel imports, blatantly discriminates against Asian-Pacific nations and Brazil. The European Economic Community [EEC] is totally exempt from the bill's coverage, as is Canada, despite the fact that textile and apparel import growth from these areas are increasing faster than from most developing countries. Imports from Multi-Fiber Arrangement [MFA] developing countries during the period October 1984 to March 1985 declined 4 percent, as compared with the same period in the preceding year, while imports from the EEC and Canada increased by 35 percent during the corresponding period, according to an International Business & Economic Research Consultants [IBRC] report. Imports from the EEC alone increased 22.5 percent from January 1984 through August 1985, while imports from Taiwan, Korea, Hong Kong, and China experienced a marked decline during this same period. Asian/Pacific rim nations, however, are the major targets of the import restrictions under the Thurmond-Hollings amendment. The Matsunaga-Murkowski amendment would simply extend the reach of the bill to all countries.

Incidentally, Mr. President, the insular possessions of the United States such as Guam, American Samoa, and the Northern Mariana Islands, were included in the term foreign country under the original Thurmond-Hollings amendment and made subject to the same restrictions as foreign countries. After discussions with the distinguished Senator from South Carolina [Mr. HOLLINGS], a principal sponsor of the amendment, he agreed that the provision ran counter to our national policy of recognizing U.S. possessions as part of the U.S. family.

I am happy to note that a special new section has been included in the modified amendment to properly provide for our American citizens and permanent residents of our U.S. insular territories, and in their behalf I wish to thank the Senator from South Carolina.

Surely, Mr. President, the Congress of the United States should not pass legislation which imposes discriminatory actions against nations among friendly nations.

The language of the Thurmond-Hollings amendment would do this. The Matsunaga-Murkowski amendment would simply redefine the term foreign country in order to eliminate unfair discrimination and restore American fairness to the pending legislation.

Mr. President, I yield 10 minutes to the distinguished junior Senator from Alaska [Mr. MURKOWSKI], cosponsor of the pending amendment.

Mr. MURKOWSKI. I thank my distinguished colleague, the Senator from Hawaii [Mr. MATSUNAGA].

Mr. President, I acknowledge to those who originated the textile bill that there naturally would be a certain sensitivity on the part of representation from Hawaii and Alaska, since in the original bill it could be construed that both Alaska and Hawaii, in their former state of existence—namely, territorial status—would have been treated as foreign countries. But that has been taken care of by the distinguished Senator from South Carolina in omitting that particular portion.

Mr. President, I rise on a point of equity. As chairman of the East Asian and Pacific Affairs Subcommittee of the Foreign Relations Committee, it does not seem equitable to me that those nations in the Pacific should be directed and attended to in the legislation, while Canada and the European

Economic Community should be excluded.

I have supported the textile bill during its entire consideration by this body. I have supported the appropriate tabling motions and am on record as recognizing the very difficult state of affairs America's textile industy and America's shoe industry is in, for that matter, America's entire industrial sector, is losing market shares throughout the world. Make no mistake about it.

I do not consider myself a protectionist, but I think that in order to gain market accessibility by our friends throughout the world, we will have to indicate that if their markets are not open to us, then we must react appropriately.

I believe that the legislation before us, the textile bill, brings to the forefront for the first time the unfortunate situation of having to take our trading partners up to the very cutting edge of protectionism in order to get their attention on market accessibility for U.S. products and services.

My colleague from Hawaii has supplied statistics with regard to what is happening. Indeed, textile exports from South Korea to the United States are down 3 percent; Taiwan, 3.6 percent; Hong Kong, 1.3 percent; People's Republic of China, 6.2 percent.

What we are proposing is a bill which would cut back textile imports from countries like Bangladesh 66 percent.

Cut imports from Bangladesh 66 percent and yet allow imports unrestricted from Canada and the European Economic Community to increase 35 percent? If there is any country that needs support it is a country like Bangladesh.

My point, Mr. President, is simply the matter of equity. As we consider what we must initiate with regard to trade to enhance our own industrial capability if we are going to make exemptions we should either exempt or include everybody.

This is the first major trade legislation in this Congress. Why should we begin this process discriminating against countries? That certainly is what this bill proposes.

I think the amendment as proposed by my colleague, Senator MATSUNAGA, and myself, addresses forthright the question of equity. It treats all countries equally with regard to having market accessibility into our country and I think represents a responsible effort. We do not have to be apologetic, recognizing that we have those countries that currently would be excluded and those that would be included.

The amendment of my colleague from Hawaii would treat everybody equitably.

I thank my colleague for his allocation of time.

Mr. MATSUNAGA. I thank the junior Senator from Alaska. I believe he has made some cogent points which Members should fully consider.

Mr. President, I ask unanimous consent that my senior colleague from Hawaii [Mr. INOUYE], be made an original cosponsor of the amendment now pending.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. I am happy now to yield to my senior Senator as much time as he shall need.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. I thank my friend very much.

Mr. President, I wish to rise and voice my support for this amendment and to associate myself with the remarks of my distinguished friend from Alaska and my colleague from Hawaii.

Mr. MATSUNAGA. Mr. President, I reserve the remainder of my time.

Mr. THURMOND. Mr. President, I rise in opposition to this amendment.

Regarding the EEC and Canada, I want to say that the legislation does not limit imports from the EEC and Canada because to be consistent with the MFA it limits imports from those countries whose wages and regulatory costs are much lower than those of the United States.

Mr. President, the markets of the EEC and Canada are open to United States exports. In fact, the United States had a textile and apparel trade surplus with the EEC and Canada from 1980 through 1982.

The surge in imports from the EEC which has occurred in the last 2 years is a result of an overvalued dollar. It has occurred primarily in commodity products which are extremely sensitive to exchange rate movements such as yarn and fabric.

This legislation is not designed to correct surges due to overvaluation of the dollar.

Mr. President, for these reasons I think the amendment is unnecessary and should be defeated.

Mr. President, I yield such time to my distinguished colleague as may be utilized.

Mr. HOLLINGS. I thank my distinguished colleague.

Mr. President, our distinguished friend from Alaska said "very forthright." I wonder when I find the chairman of the Pacific Rim Subcommittee of the Foreign Relations Committee, not the chairman of the European Economic Community Subcommittee, not the Canadian-North American Desk, but from the Pacific Rim; Why they talk about discrimination against Canada and the European Economic Community. I find the Senator from Hawaii has been voting consistently against the bill. We have tried to please his constituents out there. We understand the concern and we respect it. But he has been trying to kill the bill ever since we put it in. So he comes and he talks about discriminatory legislation against whom? Not against Hawaii, not against the insular possessions—we have taken care of them as everyone has recognized—but against Canada and the EEC.

Let us not talk about what a forthright amendment it is. It is confused. The truth of the matter is it has no relation whatsoever to these 34 bilaterals which we have with Bangladesh and others. We can go right down each one of these agreements. We made these agreements. The Bangladesh agreement continues until February 1987.

But I say to our friends we are not bashing Bangladesh or bashing Japan. We are bashing Washington. Down there in the executive branch they do not enforce them. I will join in. The Senator from Washington talks about customs agents. We have been providing money for customs agents. They do not hire them.

There was testimony in the House Ways and Means Committee that the Department of State refuses to issue some of the calls.

We have, relatively speaking, open trade between Canada and the United States and between the European Economic Community and the United States. That is not the case with Japan, Korea, Taiwan, or the People's Republic.

If you go to Korea, talking about discrimination, do you know where you get the license? The Textile Manufacturing Association of Korea.

We have heard earlier about selling cigarettes. You have to advertise them in the English language. So they do not understand the advertisement. We can go on down.

I was on a television program with Victor Kiam. He is the owner of Remington, and he tried for 5 years and finally Japan said, "Yes, you can bring in Clairol." The only trouble is they classified Clairol as a medical product and you had to get a doctor's certificate for each one of the shipments. So they do not sell Clairol there.

We do not have that nonsense with the EEC and Canada. Do not worry about protecting Canada and protecting the EEC; about being forthright for Canada and forthright for the EEC. We are going after the violators of these agreements. We are intentionally excluding the EEC and Canada. It is not a fairness or welfare bill. This is a bill to force our administration to enforce the agreements we have made and our own laws.

Now, as our distinguished colleague has pointed out, we have relatively the same standard of living. The high productivity of America's textile industry has proven itself. It has shown a 4.5 increase in productivity each year for

the past 10 years. They have invested $8 billion in new machinery. They have been selling to the EEC and Canada. You who are telling us to get more competitive and invest more money—we have been investing the money. We are competitive. We are productive. And we sell to Canada and we sell to the EEC. Up to 1982, until we had the overvalued dollar, we had a favorable balance of trade.

So, yes, if the Senator and I can pay the bill, balance the budget, get the dollar down to its true value, we will be back to a favorable balance of trade. The Senator and I are the enemy there, the problem there.

If we got the dollar back to its normal value, you would still have the protectionist practices, the barriers from the Pacific Rim that we are trying to get. The Senator is right. We are trying to get the Pacific Rim. It is not discriminatory. It is to stop their discrimination. That is what this bill is all about.

So that is why we exclude Europe and Canada. Do not come from the Pacific Rim and tell me you are worried about Canada and the EEC, because Canada likes this bill and the EEC likes this bill. No one from that area has asked us to do anything differently.

In fact, we are emulating what the EEC did. In 1980, both the European Economic Community and the United States had a $4 billion deficit in the balance of textile trade. Rather than just signing agreements and not enforcing them, they cut back on the discriminatory conduct of the Pacific Rim. They have limited and cut back that deficit from $4 billion to $2 billion. They have cut it in half. We, through failure of enforcement of these agreements here, have gone from $4 billion to $16.2 billion. And, incidentally, there was not any retaliation. This is a give-and-take competitive situation.

They talk about retaliation, that you are not going to sell a bushel of wheat. The whole country is going to close down. What will happen if you pass this bill? The whole country will get back up and go to work.

The trouble with America today is, it is not competing and the Government up here in Washington says it is wrong to compete, as if we should be the welfare agency for the entire world. They do not give Americans a fair chance to produce and a fair chance to compete.

It is a national disgrace. It is time we sober up and look at exactly what we are doing. We are not passing discriminatory legislation. On the contrary, we are trying to stop the discrimination that they have been engaged in here for the past 5 years, just decimating a fundamental industry to our economy and our capacity to continue as a world power.

I hope we will table the amendment.

Mr. MATSUNAGA. Mr. President, how much time do we have on this side?

The PRESIDING OFFICER. Four minutes for the Senator from Hawaii and 6 minutes for the Senator from South Carolina.

Mr. MURKOWSKI. Could I direct a question to my colleague from Hawaii?

Mr. MATSUNAGA. I yield for a question.

Mr. MURKOWSKI. Will the Senator yield me just 1 minute?

Mr. MATSUNAGA. I yield to the Senator from Alaska 1 minute.

Mr. MURKOWSKI. I thank my colleague. I think the point that has been overlooked here in the very eloquent argument of my colleague from South Carolina is the reality of equity. Obviously, he is coming from a point of view of his constituency, representing a substantial textile industry in the South. Whether I happen to be chairman of the Pacific and East Asian Subcommittee or the chairman of the Water and Power Committee, it is an association that we all have.

But the reality here is equity. And the question is why should we exclude the countries of the Pacific Rim and not the countries of the European Community and Canada, particularly when we are talking about market penetration and the reality that Canada and the European Free Market trade with the United States has risen 35 percent, which displaces textiles and shoes that are produced in this country?

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. MURKOWSKI. My point, Mr. President, is simply, as far as I am concerned, this is a matter of equity and it should be treated fairly. I thank my colleague from Hawaii.

Mr. HOLLINGS. Will the Senator yield to me?

Mr. THURMOND. I yield another minute to the Senator from South Carolina.

Mr. HOLLINGS. Just on that point, on the growth rate of 35 percent, the Senator is accurate, but that is like 35 percent of Kaiser-Frazer as compared to 2 percent of General Motors. It is nothing. The entire European Economic Community and Canada are responsible for 15 percent of our imports. We are not worried about them, so that growth rate that the Senator is talking about an increase of 5 percent in an already high growth rate decimates our particular industry. We are not worried about the EEC's and Canda's 15 percent—that is give-and-take, because we have had a good, favorable balance with them over the years. We know where the growth is coming from. And we are not just coming from the South, we are coming from the East and the West and the North, and in Alaska, I believe we have textile industries up there. If we do not, we will have to get some up there.

Mr. MURKOWSKI. Furs.

Mr. HOLLINGS. Furs. We got ski boots exempted; I know they will favor that.

Do not talk about percentage. We know where our troubles are and we are aiming at the four or five big counties and violators who continually discriminate against us. That is who is discriminating. Try to sell anything that you make in downtown Honolulu in Japan or Korea or China. Now, you can sell it in the European Economic Community and in Canada.

I thank the Senator.

Mr. MATSUNAGA. Mr. President, I yield such time as I may consume.

In direct response to the last question put by the Senator from South Carolina, I will say Japanese tourists who come from Japan to Hawaii buy a considerable amount of aloha shirts and muumuus which we manufacture in Hawaii. As a matter of fact, visitor expenditures on clothing and accessories totaled $417.8 million in 1983.

Mr. HOLLINGS. Is that selling muumuus to Japanese in Hawaii or Hawaiian mumus in downtown Tokyo?

Mr. MATSUNAGA. Muumuus made and sold in Hawaii, and aloha shirts, also.

Mr. HOLLINGS. Aloha.

Mr. MATSUNAGA. The Senator from South Carolina has the mistaken impression that, from the beginning, I was out to kill the textile measure to protect Canada and to protect the EEC. I did not quite understand what the Senator meant when he said: "What does he do? Introduce an amendment here not to protect Hawaii, but to protect Canada and protect EEC."

Well, actually, as the Senator well knows, I have been in touch with him from the very beginning because, according to the representatives of the garment manufacturing industry in Hawaii and the Lieutenant Governor of Hawaii who were here to testify before the Subcommittee on International Trade of the Finance Committee; this bill, as proposed by the Thurmond-Hollings amendment, would wipe out the industry in Hawaii and we would lose 2,950 jobs directly involved in the industry.

Now, I am merely saying what the representatives of the industry have said and the Lieutenant Governor testified to.

Well, being a Senator from Hawaii, I could not sit still. I had to oppose the textile measure in order to protect American jobs in Hawaii because, as it has been consistently said on this floor, the bottom line is to save American jobs. And we have at stake 2,950 jobs directly involved in the garment manufacturing industry.

The PRESIDING OFFICER. The time of the Senator from Hawaii has expired.

Mr. MATSUNAGA. So soon?

Mr. President, will the senior Senator from South Carolina yield me just 30 seconds?

Mr. THURMOND. Mr. President, I will be generous and yield the Senator 60 seconds.

Mr. MATSUNAGA. I thank the Senator from South Carolina for his generosity.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. I will be introducing an amendment later to exclude Hawaii from the restrictive provisions of the act. The language is rather difficult to draft. Of course, according to the unanimous-consent request, I have that one amendment still to offer. So I will be in touch with the Senator from South Carolina on this matter.

I thank the Senator from South Carolina for yielding.

Mr. HOLLINGS. Mr. President, I wonder if I could ask a question on our time?

Mr. THURMOND. Mr. President, I yield 1 minute to my distinguished colleague.

Mr. HOLLINGS. In all respect, let us not exclude Hawaii. Hawaii is part of the 50 States. Let us keep it in the Union. Just to exclude Hawaii would be unconstitutional.

On what basis does the Senator say this bill eliminates jobs in Hawaii?

Mr. MATSUNAGA. Because the garment manufacturers in Hawaii practically exclusively obtain textile prints from the Orient, for the reason that in previous attempts to purchase similar prints from domestic textile manufacturers, they were unsuccessful for several reasons. One, they would not sell, as I have indicated to the Senator earlier, in bundles of less than 3,000 yards; and, two, the types of prints, comparable prints were not being made on the mainland as compared to those made in the Orient.

Mr. HOLLINGS. Still on our time, Mr. President, if the Senator please, we took care of that 3,000-yard order because I found that Greenwood Mills and Springs Mills is selling in downtown Honolulu now from the State of South Carolina. They have not had a sale date in Los Angeles. I have letters from them, from Senator RIEGLE, and from Senator STEVENS. They are ready to supply orders of 3,000 yards or less.

With respect to the prints, they would still continue under this bill. Hawaii's prints come primarily from Japan. Those same prints would be admitted because Japan's exports are the same for 1985 as 1984, which was a recordbreaking year.

So I respectfully submit that I do not see how we can eliminate jobs in Hawaii any more than we would be eliminating jobs in South Carolina, and that would have me worried.

Mr. MATSUNAGA. If I may further elaborate what I have been trying to convey to the Senator: Hawaii is unique in that we do manufacture aloha gowns, shirts, and muumuus, that are strictly made in Hawaii for tourists visiting the Aloha State. Tourists, even from South Carolina, purchase our garments, and go back to South Carolina.

I thank the Senator.

Mr. THURMOND. I want to say to the distinguished Senator that we will manufacture them in South Carolina. The Senator will not have to go abroad to get them.

Mr. MURKOWSKI. Will the sponsor of the bill, my senior colleague from South Carolina, yield for a question?

Mr. THURMOND. I am glad to yield for a question.

Mr. MURKOWSKI. I thank the senior Senator.

I find it curious, as one who has supported the textile bill, why the amendment, as proposed by my colleague the junior Senator from Hawaii and myself, does not in effect strengthen and add to the Senator's position, simply recognizing that the amendment would restrict the importation of both textiles and shoes from any country coming into the United States, as opposed to just those in the Pacific.

I think the case has been made that they feel that the greatest exposure is from the Pacific. But equity is equity. Why do we treat some of our friends one way and some of our friends another? Why would it not just strengthen the entire effort—this is why I support the basics of the textile bill—to include the amendment as proposed by my colleague from Hawaii?

I pose that question. It strengthens the Senator's position. It makes it much easier to vote from the standpoint of consistency that we treat everybody equally.

Mr. THURMOND. Mr. President, in response to that question, I want to say that I thought I had covered it earlier. This legislation does not limit imports from the EEC and Canada because consistent with the MFA it is designed to limit imports from countries whose wages and regulatory costs are much lower than those of the United States.

Canada and the EEC are more in line with our country in wages and costs. Therefore, they are not included in this bill.

Mr. GORTON. Mr. President, I realize that my opposition to this amendment might be difficult to understand, so I want to take this opportunity briefly to explain my position.

As I pointed out earlier, the Thurmond/Hollings bill would have disastrous results for our economy and for world trade in general. It is a bad bill for a number of reasons too large to enumerate here, but one of its most offensive features is the exclusion of the Eureopean Community and Canada from its coverage. There is simply no acceptable excuse or explanation for this blatantly discriminatory provision. Recent statistics indicate that imports from the EC are increasing at a faster rate than those from the Pacific Rim. The unabashed purpose of this bill is to protect domestic textile manufacturers. I fail to see how EC imports pose any less of a threat to those manufacturers than Asian imports. While I value immeasurably our Nation's close relationships with the EC and Canada, I value equally our friendship with the Pacific Rim nations that will suffer under this bill, and will be forced to retaliate.

Because I have stated my strong beliefs in this outspoken manner, one might wonder why I am voting against this amendment. I believe that a bad bill cannot be improved by extending its destructive and unjustifiable provisions further. I do not believe that this bill will be improved by extending its insidious effects to all countries including our allies in the EC and our friends to the north. I am voting against this amendment so as to contain the damage that this bill will inflict on our vital export-oriented industries and on the countries that are extremely dependent on their trade relationship with our country. Its damage must be contained.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. MATSUNAGA. Mr. President, I ask for the yeas and nays.

Mr. THURMOND. Mr. President, has all time expired on both sides?

The PRESIDING OFFICER. That is correct.

Mr. THURMOND. I move to table the amendment.

The PRESIDING OFFICER. Is there sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Under the previous order, the vote will not occur until 3 o'clock.

Mr. DANFORTH. addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. DANFORTH. Parliamentary inquiry. What I would like to do is offer an amendment and debate it. Supposing the hour of 3 o'clock arrives, can we go over a little until we have the next rollcall vote?

The PRESIDING OFFICER. By unanimous consent.

Mr. DANFORTH. Mr. President, I ask unanimous consent that it be in order for me to offer an amendment, to debate the amendment now under the time agreement, and then subsequent to disposition or after the debate on my amendment then there

be a vote on the Matsunaga amendment.

The PRESIDING OFFICER. Is there objection?

Mr. THURMOND. Mr. President, under the unanimous consent arrangement that was accepted I believe Senator DANFORTH, my good friend, has 30 minutes. I presume he will want to stay with it equally divided.

Mr. DANFORTH. That is right.

Mr. THURMOND. On the section 210 amendment?

Mr. DANFORTH. Yes.

Mr. THURMOND. We have no objection.

Mr. HOLLINGS. No objection.

The PRESIDING OFFICER. Is there any further objection? If not, it is so ordered.

AMENDMENT NO. 1021

(Purpose: To delay the application of the import quotas and to condition the application of the import quotas on injury determinations by the United States International Trade Commission)

Mr. DANFORTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. DANFORTH], for himself and Mr. CHILES, proposes an amendment numbered 1021.

Mr. DANFORTH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending Amendment No. 1015, add the following:

SEC. —. Notwithstanding any other provision of this Act, any limitation imposed by this Act on the quantity of any textiles, textile products, or nonrubber footwear that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States—

(1) shall not apply with respect to textiles and textile products before August 1, 1986,

(2) shall not apply after the first date on which the President provides—

(A) import relief under section 203 of the Trade Act of 1974 (19 U.S.C. 2253) that is substantially equivalent to the import relief recommended by the United States International Trade Commission under section 201(d)(1)(A) of such Act in connection with an investigation conducted under section 201(b) of such Act (19 U.S.C. 2251) with respect to imports of textiles,

(B) import relief under section 203 of such Act that is substantially equivalent to the import relief recommended by the United States International Trade Commission under section 201(d)(1)(A) of such Act in connection with an investigation conducted under section 201(b) of such Act with respect to textile products (including apparel), and

(C) import relief under any provision of law, that is substantially equivalent to the import relief recommended by the United States International Trade Commission under section 201(d)(1)(A) of such Act on June 12, 1985, in connection with the investigation conducted under section 201(b) of such Act with respect to nonrubber footwear,

(3) shall not apply with respect to textiles after the date on which the United States International Trade Commission makes a negative injury determination under section 201(b) of such Act with respect to imports of textiles, and

(4) shall not apply with respect to textile products (including apparel) after the date on which the United States International Trade Commission makes a negative injury determination under section 201(b) of such Act with respect to imports of textile products.

Mr. DANFORTH. Mr. President, this amendment is offered on behalf of myself and Senator CHILES. I do not anticipate a rollcall vote.

During this description of my amendment, I hope that the amendment would be viewed in the nature of a friendly suggestion of the two Senators from South Carolina and anybody else who is interested in textile legislation as to what the eventual outcome of this legislative initiative may be.

Mr. President, it is clear to me that what is going to happen is the following: We, in the Senate, are going to pass the textile bill. I am one of those who will vote against it. I think that it is very bad legislation. It violates the General Agreement on Tariffs and Trade, the Multi-Fiber Arrangement, some 32 bilateral agreements with other countries. It is highly discriminatory. It is costly. It is protectionist legislation at its worst.

That is the essence of the argument against the bill.

Mr. President, there are any number of Senators who, because of constituent interests, are going to be voting for this bill, and they are going to be voting for it with many qualms. They are not going to like it at all. But they are going to feel that they have to vote for it.

What will then happen is that the bill will go to conference, something will be finally reported out of conference, and the conference reports will be agreed to. And the bill will go to the President. The President will veto the bill.

There is no doubt about that. The President has stated so in so many words to the Senator from Washington to his face. The President has stated the same thing to the majority leader. This bill is going to be vetoed. Then it is going to come back to the floor of the House and to the floor of the Senate. And the issue is going to be on whether or not we are going to sustain or override the veto of the President.

I believe—I hope for the sake of the trade policy of this country—that we will sustain the President's veto because this bill is really bad. It is an embarrassment to the Congress to pass a bill like this.

Mr. President, the question then will be after the President has vetoed the textile bill and we have sustained the veto, then what? Are we in the soup? It is my hope at that time that we will begin focusing on the sort of legislation, and the sort of initiative that we should have been taking in the first instance. That is the amendment that Senator CHILES and I are offering right now.

Mr. President, this amendment transforms special legislation, and quota legislation into a case under section 201 of the Trade Act of 1974.

In other words, this amendment takes quota legislation and says, "We do not want to have quotas. We do not want special legislation. We want to utilize the basic remedies that are available under the trade law and that are provided for by international agreement. We want section 201 of the Trade Act to work."

What the bill does is to compel the President to initiate a section 201 case in the International Trade Commission. If injury is found by the ITC, and if a remedy is recommended by the ITC, this amendment provides that the President then will implement that remedy, or a substantially equivalent remedy.

Furthermore, with respect to shoes, this amendment says that we do not need special quota legislation on shoes. What we need is for the President to implement the remedy that was proposed by the International Trade Commission last summer.

Under this amendment the President would be required to put in place a substantially equal remedy as was proposed by the ITC for the shoe case.

If, for some reason, the President does not do that, if, for some reason, the section 201 remedy is not utilized, the President ignores the legislation, then under this proposal the program that is envisioned by the Hollings-Thurmond legislation would come into effect.

In other words, Mr. President, the theory of the amendment is that quota legislation, special legislation, violations of the international agreement, are not the course we should be following in the Congress of the United States; that remedies for injured industries now exist pursuant to the GATT and those remedies should be put in place and can be put in place.

That is the whole theory of the amendment.

Mr. President, I am going to ask only for a voice vote. Why? Because I can see the train rolling along on the textile bill. There is no doubt in my mind that my amendment, the Chiles-Danforth amendment, would be tabled if we had a rollcall vote on it. I do not want that to happen.

What I do want to happen is for this suggestion to be in the minds of the senior and junior Senators from South Carolina because when their bill reaches the end of the track, when the President's veto is sustained on the floor of the Senate, I want them to know that there is another alternative for solving the problem of the shoe industry and for solving the problem, so far as it exists, of the textile industry, which is compatible with the agreement, which is compatible with the law, which is compatible with the honor of the United States, which is ultimately at stake when we get into the business on the floor of the United States of abrogating international agreements.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I hold the Senator from Missouri in the highest esteem. But, of course, he has been against this bill all the while. The bill was introduced and sent to his subcommittee but never came out. The bill was passed by the House and we have now amended it.

He says it is a bad bill.

How can it be a bad bill when the textile and apparel industry in this country is suffering to such an extent? Textile and apparel jobs constitute 1 out of every 10 manufacturing jobs in this country. There are 2 million people engaged in textile and apparel manufacturing and 2 million more employed in related industries.

In the last 5 years, this Nation has lost 350,000 jobs in textiles and apparel. We have lost 24,000 jobs in my State alone. It has had a bad effect on the imbalance of trade in this country. We had a trade deficit last year of $125 billion; $16.5 billion of that, 13 percent, resulted from massive textile and apparel imports coming into this country.

Mr. President, the commitment the President gave me in 1980 when he was running, and reaffirmed 2 years later in 1982, was that he favors keeping the import growth in line with domestic growth.

What has happened? Import growth is currently 33 percent while the domestic growth is only 3 percent.

How can we remain in business under those circumstances?

Our domestic industry pays higher wages and they are not government subsidized here. They have the most modern machinery that can be found in the whole world. Yet, imports are killing us because trade agreements are not being enforced.

Textiles rank second only to steel in importance to national defense. They are vital to the national security of this country. If we have a war, are we going to depend on foreign countries to send textiles in? In wartime, we have to have uniforms, parachutes, and many other things which are made from textiles.

It is very vital that this industry continue to survive, but it cannot survive under present conditions.

Mr. President, we want to trade with the world, but we want it to be fair trade. It is not free trade or fair trade when we pay higher wages and when other countries subsidize their industries. We cannot continue to operate under such circumstances as that. It is very vital that this industry survive. For that reason, we have introduced this legislation and we hope the Senate will pass it.

Mr. President, I just want to say this: Unless something is done now to stop this massive import growth we will not have a textile industry. A study has been made which says that in 10 years the textile industry will be gone in this country unless something is done.

What I am talking about, I say to my distinguished friend from Missouri, is jobs, jobs for Americans. Why does he want to continue to send the jobs overseas? Why does he not want to keep them here?

Our primary obligation should be to the American people.

Let us keep these jobs here because the American people are entitled to them first.

I yield 5 minutes to the distinguished Senator from Maine.

Mr. COHEN. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Missouri. While I recognize that he is attempting to provide an avenue of relief for the American footwear industry after the remarkably imprudent and unfair decision by the President last August in the 201 proceeding, I must emphasize that this amendment is a vague remedy that comes far too late to be considered an acceptable alternative to the provisions of the Hollings-Thurmond amendment.

Since the President refused to heed the recommendation of the International Trade Commission to provide temporary import relief to the beleaguered American footwear industry, my colleagues and I in the Senate footwear caucus have been considering various means by which the remedy recommendation by the ITC could be legislatively implemented. I believe that the footwear language contained in the underlying Hollings-Thurmond amendment meets both the need of the domestic industry and, just as importantly, the criteria for relief mandated by the General Agreement on Tariffs and Trade. In my mind, Senator DANFORTH's amendment does nothing to strengthen the existing language and, in many ways, lessens the probability for relief for this embattled industry.

I would like to make a few observations on the specific points of concern I have with the Danforth amendment. First, the term substantially equivalent is far too ambiguous. There is general agreement that the principal shortcoming of section 201 lies in the breadth of discretionary authority accorded the President in making a final remedy determination. I believe that the President's decision to grant no import relief to the domestic footwear industry, despite a unanimous injury finding by the ITC and a 4 to 1 recommendation for the implementation of a quota, is conclusive evidence that existing law needs to be tightened up. To further broaden the discretionary authority with the addition of language allowing the President to implement a remedy that is substantially equivalent to that recommended by the ITC solves no problems, and continues to leave the final decision solely with the President.

The American Footwear Industry Recovery Act of 1985, which is contained in the Hollings-Thurmond amendment, embodies the main tenets of the ITC's recommendation to the President. Specifically, the legislation would do the following:

It would provide an 8-year, global, market share quota for nonrubber footwear.

Imports would retain 60 percent of the U.S. market, leaving only 40 percent for the domestic industry.

To prevent upgrading by importers, and to insure an adequate supply of low price footwear, this legislation allows imports of shoes with a customs value of $2.50 and under at the 1984 record-high level of 15.4 percent of the U.S. apparent domestic consumption as reported by the Department of Commerce.

Imported footwear with a customs valuation of $2.50 and over will be allocated 44.6 percent of the U.S. market.

To insure that this legislation is consistent with the GATT, language has been included which refers to the injury finding of the ITC, and authority is granted to the President to grant compensation to any trading partner disadvantaged by these temporary quotas.

The Department of Commerce and the Department of the Treasury are authorized to implement a licensing system to fairly allocate the 60 percent import market share among the various footwear importers.

Although other Senators will undoubtedly speak at greater length on the textile provisions of this amendment, I find it somewhat ironic that the Senator from Missouri is advocating the use of section 201 by the textile and apparel industry after he so eloquently stated this past August that "section 201 is a dead letter, and that using the law is for suckers." If

this reasoning is correct, and I happen to agree with the Senator's assessment, then I can find no reason to recommend this approach.

Mr. President, I might pick up Senator THURMOND's point about jobs.

Just this past week, Nike announced it was closing its remaining factory in Maine, laying off some 650 workers. Of course, the bulk of those jobs are going to Korea where most of the operations of Nike are already located.

I know the Wall Street Journal does not think much about this legislation, pointing out the fact that the shoe industry has lost only 100,000 people in the past 10 years or so. That is a lot of lost jobs in this country. It is certainly a lot in the State of Maine. We have lost well over 10,000 jobs and we are losing more every single week.

I simply would point out, and I think the Senators from South Carolina have spoken very passionately and vigorously about this issue, that it is folly from my perspective to now tell the textile and apparel industry, "Go do what the shoe industry did." We have seen what happened to them. They got no relief from this administration because this administration has said, for all practical purposes:

There will be no relief under section 201. We are not concerned with injury tests for our industries.

So do not come in here and show us that you have had 40 percent or 50 percent penetration by foreign competition; do not come in here like the shoe industry did and show that you have 78 percent market penetration, because we do not care. We simply do not care about the amount of market penetration by foreign competition.

I can point to Canada on other issues, where they subsidize the storage, production, exports, and transportation of various commodities. Yet we keep bowing down to this god of free trade, while we appear to be one of the few countries, if not the only country, practicing it.

We are the only ones invoking free trade. When you talk to our Canadian neighbors to the north about free trade, you find they are having their doubts. A recent article in the Washington Post said the Canadians are not too sure they would like to have free and open trade with the United States because they think it would work to their detriment. They know it will work to their detriment because, in fact, they erect so many barriers to our products.

In closing, let me remind my colleagues that the American footwear industry played by the rules, followed the administrative procedures, received a unanimous injury finding and a 4-to-1 quota recommendation from the ITC, only to see relief pass them by under the cloak of national economic policy considerations. The footwear language contained in the underlying Hollings-Thurmond amendment implements a remedy which is substantially equivalent to that recommended by the ITC, is fully consistent with U.S. obligations under the GATT, and will provide the American footwear industry the breathing room necessary to again become competitive in the world market place. I urge my colleagues to defeat the pending amendment.

The PRESIDING OFFICER (Mr. GORTON). The Senator's time is up.

Who yields time?

Mr. DANFORTH. Mr. President, I simply would like to lift the clouds of doubt from my friend from Maine and explain to him the apparent mystery of my amendment.

This amendment is in no way inconsistent with the vigorous objection I took to the President's decision on shoes. Far from it. I think the President's understanding of 201 is in disrepair. Therefore, I think if we are going to preserve 201 and also preserve the remedy of quota legislation, we have to do it by limiting the discretion that is in the hands of the President. That is precisely what this amendment envisions.

What this amendment would do would be to turn what otherwise would be quota legislation into the initiation in the case of textiles of a 201 case and the putting in place of the 201 remedy that was suggested by the ITC. It has to be done by limiting the discretion of the President because the President has indicated in the shoe case that he will continue to what I would call abuse Presidential discretion in rendering 201 a useless remedy.

There is no reason it has to be a useless remedy. Therefore, what this amendment does is utilize 201 but restrict Presidential discretion in the case of the ITC recommendation. I think it is perfectly consistent.

I know that the textile industry is suffering right now. It certainly is not suffering from lack of restrictions on imports. It has been the most protected industry in the country. The textile and apparel industry right now is the most protected industry in this country. It has had protections in place for over 20 years, very strict protections. So the question is not whether or not the textile and apparel industry has been somehow ignored by the Government of this country. It has received our rapt attention. I think the question now is whether we are going to take some kind of quantum leap beyond where we are right now.

Make no mistake about it, the bill that is now on the floor of the Senate is a blockbuster of a bill. This is no small item relating to one specific industry. This bill deals with whether or not America is going to live up to international agreements, whether or not the basic international trading system is going to work or whether we are going to abandon it and what is going to become an orgy of protectionism if this is the route we go.

Now they are making deals with the copper people. First it was textiles, then it became a textile-shoe bill, then a textile-shoe-copper bill. This is the slippery slope if we want to go the route of quotas, if we want to give up entirely on free trade.

I do not give up on free trade. I think it can be made to work. I think section 201 can be made to work. That is what the Danforth-Chiles amendment is all about.

Mr. THURMOND. Mr. President, I yield to my colleague from Maine.

Mr. COHEN. First, Mr. President, anyone here who would accept giving any kind of flexibility to the administration is making a grave mistake. To argue that we should allow this administration to implement an ITC recommendation or something substantially equivalent, I think, is as vague as any standard I have seen. For example, as soon as the ITC recommendation came down, I started receiving calls from the administration saying, "Quotas are out; we might talk about tariffs." Well, tariffs are the wrong response here.

Or "Quotas are out. What about orderly marketing agreements?" I suspect the administration could come out with a proposal having orderly marketing arrangements and voluntary restraint agreements and say this is substantially what the ITC recommended, even though the ITC recommended fixed quotas. I would not under any circumstance be willing to allow this kind of flexibility and vague standard to be given to the administration to see if they would uphold an ITC recommendation. It is too flexibile and far too vague.

Mr. HATFIELD. Mr. President, I rise in response to a comment made earlier by the distinguished Senator from Maine, Mr. COHEN, regarding the closing of a shoe factory in his home State. The Senator pointed out that Nike Corp. had closed a shoe factory and laid off 650 to 700 workers. I would agree, and Nike would agree, that this was a regrettable move. However, the Senator's contention that the factories closed because of foreign wage rates alone, would be to misstate the facts.

Nike opened factories in Saco and Sanford, ME, in 1978. They found labor readily available and costs competitive. Through fiscal year 1981, Nike made money on the Saco factory. But in the last 4 years, the company lost $8 million in the two plants. The main reason for this was a rise in workmen's compensation rates from 6 cents per pair of shoes in 1978 to an astronomical 95 cents per pair last year. Costs beyond the control of the company or its suppliers made further operations in the State impossible.

Again, Mr. President, we all regret that any American worker loses his job, but let us examine the cause for the job losses closely before simply blaming foreign wage rates.

Mr. DANFORTH. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has just over 3 minutes left.

Mr. DANFORTH. I yield all 3 minutes to the Senator from Washington [Mr. EVANS].

Mr. EVANS. Mr. President, I suggest maybe the Senator from Missouri would like to have the time yielded by the Senator from South Carolina, since we are going to speak against his amendment.

Would the Senator from South Carolina like to yield me 3 minutes?

Mr. THURMOND. Mr. President, I am going to yield to my colleague.

Mr. President, did the Senator say he is speaking against the Danforth amendment?

Mr. EVANS. Yes, indeed, Mr. President.

Mr. THURMOND. Against his amendment?

Mr. EVANS. That is correct.

Mr. THURMOND. Then, Mr. President, we yield him the remainder of the time.

Mr. EVANS. I thank the Senator. I shall take nowhere near the amount of time which has been yielded.

Let me say two things: I concur with my colleague from Maine in his concern over the question of substantially equal, but from the other side of the coin. If we are going to have the ITC make a decision—however good, however rigid, however bad it may be—and then say the President must implement something that is substantially equal, I suggest we are tying the President's hands too much, not authorizing something that is too loose. But I speak against this amendment on another and, I think, very important consideration.

A new administration comes into office faced with an ITC of a previous administration's appointment. We may have great division in administration view as to trade policies. I know there is considerable complaint by the sponsors of this bill about the current administration's attitude toward trade policy. I am sure that does not extend to their overall view of the administration, but assume that another administration comes into office that had exactly the same views toward trade as the sponsors of this bill but was faced with a majority of members of the ITC as holdovers from a previous administration with a totally different attitude. Given the fact that only one appointment comes up about every year, it would take the better part of a term of a President finally to have an ITC with substantially equal views or reasonable views with that of the administration with a new trade policy which may have been the major reason for that administration's being brought into office.

And so I suggest that while my colleague from Missouri has worked as hard or harder than anyone in this Senate for responsible ways to achieve fair trade and responsible ways when they are necessary to preserve American interests, I would suggest, Mr. President, that this is not one of them.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. How much time remains?

The PRESIDING OFFICER. Two minutes and eight seconds.

Mr. THURMOND. How much time?

The PRESIDING OFFICER. Two minutes and five seconds.

Mr. THURMOND. On our side?

The PRESIDING OFFICER. That is correct.

Mr. THURMOND. Or on both sides?

The PRESIDING OFFICER. Altogether there is 5 minutes.

Mr. THURMOND. Mr. President, I yield the remainder of the time on this side to my distinguished colleague.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Right to the point, Mr. President, I sometimes wonder where my distinguished colleague from Missouri is when he talks about sliding down the slippery slope. What we are doing here is heading in the opposite direction. We are digging out of the hole as a result of the lack of enforcement and indifference. We are not up on any slippery slope. We are trying to dig out.

And right to the point, when he says we are trying to live up to the agreements, that is exactly what this provision is, this textile, shoe, and copper bill. The copper provision is not on a slippery slope. We only urge the administration negotiate some bilaterals in accordance with the findings of the ITC, similarly with shoes. Embarrassment to the Congress? On the contrary, I am embarrassed for the administration not enforcing the laws passed by the Congress. We put in the escape clause, counter-vailing duties, trigger price mechanism, antidumping provisions. They are totally ignored. The bilateral agreements, the multifiber arrangement is ignored and then you talk about the slippery slope, we are trying to dig out. It is not an embarrassment. On the contrary, Mr. President, we have a history of doing exactly what the distinguished Senator asks us to do. We started back 25 years ago. There is no sense of history. And having tried it, that is how we developed over a 30-year period this multifiber arrangement.

We passed the textile bill out here on the floor of the Senate in 1968 and heard the same argument. We passed a textile bill on the floor of the U.S. Senate in 1978 and heard the same argument. Now we are back here in 1985. We have been knocking on the door doing all of the reasonable, logical, peaceful, and free things, and we are going out of business. Now is the time to put a stop to it and get the enforcement of these agreements and certainly not go the section 201 route, which is, as the Senator has characterized it, for suckers. I happen to agree with him. Going the 201 route is for suckers. We ought to table the amendment. I hope we will do that.

Mr. THURMOND. Mr. President, how much time remains?

The PRESIDING OFFICER. Two minutes and 40 seconds remain to the Senator from Missouri and no time remains for the Senator from South Carolina.

Mr. DANFORTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. DANFORTH. I had not intended to speak any longer, but I will now that I have 2 minutes. First on this myth, it is a myth that the MFA has just not been enforced, that it is worthless. The fact is that according to the Congressional Budget Office imports of textiles and apparel since the inception of the multifiber arrangement have been 81 percent of the limit that is possible under the multifiber arrangement. So it has worked and it has worked effectively and it has kept imports standard.

Now, with respect to the comments made by the Senator from Washington, I was sitting here thinking that it is very hard to please everybody. I wonder if it is possible to please anybody. I do not think it is going to be possible to withstand the surge of protectionist sentiment which has been so vigorously presented on the floor of the Senate in connection with this bill with nothing. I do not think that it is going to be possible for our country to withstand this tremendous pressure for special quota protection for one industry after another if we are going to have no alternative way of managing the pressures that are going to be coming from all of these sectors. That is why I am confident that section 201 has to be made to work or we are going to be swept under by textile bills and other bills of the same kind. I do not know how to fix section 201 unless we do something to limit Presidential discretion.

Yes, this amendment does limit Presidential discretion. Of course it does. Does it give the President absolutely no discretion whatever? He does have the power under this amendment to tailor the ITC recommendation, but if you give the President total discretion, then we are in the same soup that this President has put us in as a result of the shoe decision.

You have to limit Presidential discretion at least somewhat. Section 201 still is the responsible way to go. It does offer relief. It can offer relief to the shoe people and to the textile and apparel people. It can be made to work. But if we rule that off the table, if we say we are not going to have an effective section 201, then we are going to be back on this floor time and time again with special legislation, with quota legislation, such as what is now before us.

The PRESIDING OFFICER. All time on the amendment has now expired. Subject to the previous order, the question recurs on the motion of the Senator from South Carolina to table the Matsunaga amendment. That is the pending question.

Mr. DOLE. Mr. President, I ask unanimous consent that we might dispose of the Danforth amendment prior to that.

The PRESIDING OFFICER. Is there objection to disposing of the Danforth amendment prior to the Matsunaga amendment? Hearing no objection, it is so ordered. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I move to table the amendment of the distinguished Senator from Missouri.

The PRESIDING OFFICER. Does the Senator request the yeas and nays?

Mr. HOLLINGS. No.

The motion to lay on the table the amendment (No. 1021) was agreed to.

Mr. HOLLINGS. I move to reconsider the vote by which the motion was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The PRESIDING OFFICER. The motion to lay on the table was agreed to.

AMENDMENT NO. 1020

The PRESIDING OFFICER. The question now recurs on the motion to table the Matsunaga amendment.

The question is on agreeing to the motion of the Senator from South Carolina to lay on the table the amendment of the Senator from Hawaii. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 67, nays 32, as follows:

[Rollcall Vote No. 303 Leg.]

YEAS—67

Bentsen	Burdick	Dixon
Biden	Byrd	Dodd
Bingaman	Cochran	Domenici
Boren	Cohen	Durenberger
Bradley	Cranston	Eagleton
Bumpers	Denton	East
Ford	Laxalt	Pryor
Garn	Leahy	Quayle
Glenn	Levin	Riegle
Gore	Long	Rockefeller
Gorton	Mathias	Rudman
Hatch	Mattingly	Sarbanes
Hawkins	McConnell	Sasser
Heflin	Melcher	Simon
Heinz	Metzenbaum	Specter
Helms	Mitchell	Stennis
Hollings	Moynihan	Thurmond
Johnston	Nickles	Trible
Kassebaum	Nunn	Warner
Kasten	Packwood	Weicker
Kennedy	Pell	Zorinsky
Kerry	Pressler	
Lautenberg	Proxmire	

NAYS—32

Abdnor	Exon	Matsunaga
Andrews	Goldwater	McClure
Armstrong	Gramm	Murkowski
Baucus	Grassley	Roth
Boschwitz	Harkin	Simpson
Chafee	Hart	Stafford
D'Amato	Hatfield	Stevens
Danforth	Hecht	Symms
DeConcini	Humphrey	Wallop
Dole	Inouye	Wilson
Evans	Lugar	

NOT VOTING—1

Chiles

So the motion to table the amendment was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico.

AMENDMENT NO. 1022

(Purpose: To revitalize the U.S. copper industry)

Mr. DOMENICI. Mr. President, I send an amendment to the desk on behalf of myself and Senators GARN, DECONCINI, BINGAMAN, LEVIN, HECHT, HATCH, MELCHER, MCCLURE, and GOLDWATER. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for himself and Mr. GARN, Mr. DECONCINI, Mr. BINGAMAN, Mr. LEVIN, Mr. HECHT, Mr. HATCH, Mr. MELCHER, Mr. MCCLURE, and Mr. GOLDWATER, proposes an amendment numbered 1022.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the matter proposed to be inserted, add the following:

TITLE —COPPER

SEC. . SHORT TITLE.

This title may be cited as the "Copper Free Market Restoration Act of 1985".

SEC. . FINDINGS, PURPOSE, AND POLICY.

(a) FINDINGS.—The Congress finds that—

(1) the copper industry of the United States is critical to the national defense and the maintenance of a strong economy, but has suffered a substantial economic setback, including a 50 percent reduction in employment levels, a 25 percent drop in production, the closure of 16 major mines, and the permanent loss of copper reserves;

(2) the substantial economic setback to the domestic copper industry is attributable to the steep decline in world copper prices that has resulted from—

(A) the continued overproduction of copper by government-owned foreign producers that—

(i) have been encouraged to overproduce by their host governments in order to generate foreign exchange and maintain employment levels, and

(ii) enjoy unfair competitive advantage over United States producers because of subsidized loans from their governments and from international lending institutions, such as the World Bank, and the absence of adequate environmental regulation; and

(B) the overvaluation of the dollar and its impact on domestic copper prices;

(3) the extent of the economic setback to the domestic copper industry was documented in 1984 when the United States International Trade Commission unanimously found that the industry had been injured by foreign competition under the terms of section 201 of the Trade Act of 1974 and recommended that appropriate relief be granted;

(4) while copper producers in the United States have made a substantial commitment to the mondernization of the industry, more improvements are needed, and the reinvestment in the United States copper industry that is needed for those improvements is seriously jeopardized by the failure of existing trade statutes to deal effectively with the problem of excess world production; and

(5) a 5-year stabilization of foreign copper production is needed if the doemstic copper industry is to attract the necessary capital for reinvestment.

(b) PURPOSE.—The purpose of this title is to—

(1) ensure an adequate supply of domestic copper.

(2) expand employment in the copper industry, and

(3) stabilize foreign copper production at levels that will enable domestic copper producers to make necessary improvements and modernization.

(c) POLICY.—The Congress declares it to be the national policy that the United States must seek to negotiate agreements temporarily limiting copper production by foreign copper producers so that the purposes of this title can be fulfilled.

SEC. . DEFINITIONS.

For purposes of this title—

(1) The term "agreement negotiation period" means the 9-month period beginning on the first day of the first calendar month beginning after the date of enactment of this Act.

(2) The Term "major copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 300,000 metric tons.

(3) The term "significant copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 200,000 metric tons but did not exceed 300,000 metric tons.

(4) The term "unwrought copper" means articles provided for in items 612.02 through 612.06 of the Tariff Schedules of the United States.

(5) The term "restraint period" means the 5-year period beginning at the close of the agreement negotiation period.

SEC. . NEGOTIATIONS AND ACTION REGARDING AGREEMENTS TO VOLUNTARILY RESTRAIN COPPER PRODUCTION.

(a) NEGOTIATIONS.—

(1) The President, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all major copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the major copper producing countries during each 1-year period within the restraint period will not exceed the aggregate production of unwrought copper by those countries during calendar year 1982.

(2) The president, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all significant copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the significant copper producing countries during each 1-year period within the restraint period will not exceed the sum of—

(A) the aggregate production of unwrought copper by those countries during calendar year 1984, plus

(B) the estimated growth in demand for unwrought copper for such 1-year period within the restraint period.

(b) REPORTS.—

(1) At the close of each 3-month period within the agreement negotiation period, the President shall submit to the Congress a report on the progress of negotiations conducted under subsection (a). Such report shall—

(A) set forth the terms of any voluntary restraint agreement that has been entered into under subsection (a) during such 3-month period,

(B) contain a summary of the actions taken by the President during such 3-month period to obtain agreements under subsection (a) with each major copper producing country and significant copper producing country that has not entered into such an agreement,

(C) contain a summary of the responses (including counteroffers) made during such 3-month period by each of the countries described in subparagraph (B) to the actions of the President described in subparagraph (B),

(D) include a description of the obstacles and objections encountered by the President during such 3-month period to the achievement of agreements under subsection (a), and

(E) include an assessment of whether each country described in subparagraph (B) is negotiating in good faith.

(2) The final report that is required to be submitted under paragraph (1) shall include—

(A) a determination by the President of whether the agreements entered into under subsection (a) will achieve the purposes of this title, and

(B) recommendations of the President regarding any actions if any that should be taken against any major copper producing country or significant copper producing country which refuses to enter into a voluntary restraint agreement under subsection (a).

(c) ACTION IF VOLUNTARY RESTRAINT AGREEMENTS TAKE EFFECT.—If voluntary restraint agreements described in subsection (a) take effect between the United States and the major copper producing countries or significant copper producing countries—

(1) the United States Trade Representative, with the cooperation of other appropriate Federal officers, shall monitor the production of unwrought copper by those countries during each 1-year period within the restraint period for the purposes of ascertaining if the terms of the agreements are being complied with during such 1-year period, and

(2) the United States Trade Representative shall, within 30 days after the close of each 1-year period within the restraint period, report to the Congress on the results of the monitoring carried out during such 1-year period.

Mr. DOMENICI. Mr. President, the amendment that I am offering today addresses a problem that I have talked about many times on the floor of the U.S. Senate. As time passes, I have witnessed a continual deterioration of the U.S. copper industry. Unfortunately, the problem continues to get worse. I am referring to the trade problems facing the copper industry and the mining industry in general.

The financial condition of the copper industry has deteriorated for the past 5 years to the point that all of the companies are carrying large debt and all but one are suffering massive operating losses.

The current price of copper is the lowest in real terms this century. Some copper producers claim the price has not been so low since the French Revolution.

Numbers serve to discipline rhetoric, so let me give you a few dramatic figures. Only 7 of the country's 25 largest mines were operating at the end of last year. For every three copper workers that there were in 1979, one is out of work and unlikely to be called back. Those that still have a job, live from day to day worrying if they will be the next workers layed off.

The largest copper producers—Kennecott, Ascarco, and Phelps Dodge—were deep in the red in 1984. Together the majors' losses for 1984 total almost $1 billion.

Why is the price of copper so low? Because of the production policies of many foreign producers; 40 percent of the free world's copper is government owned. These producers have no incentive to adhere to the law of supply and demand, and as a result are wrecking the copper market. Their overproduction is responsible for copper prices that are lower, in real terms, than those of the depression era. And vast quantities of copper are flooding the U.S. market.

Despite the oversupply, these countries continue overproduction to maintain employment and political stability. Many Government producers mine at full capacity even when the market price falls below their costs. The profit incentive, vital to free enterprise, has been replaced there by the need for maximum revenue to service their international debt.

In 1983 alone, such policies led these nations to seek $4.1 billion in assistance from the International Monetary Fund's compensatory financing facility, which funnels aid to countries whose income from export sales falls below expected earnings—an escape route for countries that disregard the law of supply and demand. Meanwhile, 18,000 U.S. copper workers have lost their jobs, and more and more U.S. copper mines closed. Ironically, our country provides more than 20 percent of this aid.

The copper glut and the resulting depressed prices hurts every producer. Chile has a target price for copper of 75 cents. For every penny the price falls below that level, Chile experiences a $30 million shortfall in revenues.

The U.S. industry is not losing out because it is not competitive. It is a formidable competitor. Its workers are the most productive in the world. Millions of dollars have been spent developing the best technology. Of the 25 largest mines, 14 have been completely overhauled with state-of-the-art equipment since 1952. Those who believe that the United States should adhere to free trade and open competition should know that 18 of this country's facilities are sitting idle, even though some of them are the most modern in the world—victims of the surge in imports.

The copper glut has been so long and so extensive that the individual companies, even the government-owned producers, cannot by themselves correct the problem. At times like these, what is needed is a government-to-government negotiation for voluntary production restraint agreements with the major copper producers.

The benefits of such an agreement would be many and include:

Such an agreement would deal directly with the root cause of the copper industry's problem—excessive foreign production.

The significant increase in world price which would result from a relatively moderate reduction in foreign production provides the most effective relief for the U.S. industry.

Since this approach creates no gap between United States and foreign copper prices, it ensures that there will be no adverse impact on U.S. fabricators. For this reason, the fabricators have publicly supported such a resolution.

While the price of copper would go up, it would not adversely affect the consumers.

Assuming that the reductions in production are spread among several for-

eign countries, the increase in their revenues from the higher world price will more than offset the revenue loss from their production cuts.

An improvement in the world copper price would be of substantial benefit to numerous foreign nations which depend, in significant part, on copper export revenues to service their international debt obligations. Countries in this category include Chile, Mexico, Peru, the Philippines, Zambia, and Zaire.

The amendment that I am offering today on behalf of the copper caucus would mandate that the United States enter into negotiations for voluntary production restraint agreements with the major copper-producing countries. A similar provision passed the Senate last year, but was reduced to a sense of the Congress in the conference on the omnibus trade bill.

I ask unanimous consent that a description of the amendment, some quotations by the Commissioners from the ITC who decided unanimously that the copper industry should receive relief, and an excerpt from the Interagency Task Force report on copper be printed in the RECORD. I want to thank the Senators from South Carolina, Senator HOLLINGS and Senator THURMOND, for their cooperation and understanding of the copper industry problem.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DESCRIPTION OF THE COPPER AMENDMENT

The centerpiece of the legislation is a mandate to the President to negotiate a production restraint agreement to address the oversupply problem that is depressing the price of copper.

The amendment provides for congressional oversight of the negotiation process by requiring periodic reports on the negotiation process, and the enforcement of the agreement.

Countries are divided into two categories, "major copper producing countries" and "significant copper producing countries."

The major copper producing countries are Chile, Zambia, Zaire, Peru and Canada. The U.S. and these countries produce 80% of the world's copper. The negotiating goal would be a reduction to 1982 levels.

The significant copper producing countries are Australia, Mexico, Philippines, and South Africa. The goal of the negotiations would be production levels based on their 1984 levels with an adjustment for the projected growth in demand. These countries have already made a cut-back since 1984.

STATEMENTS OF THE VARIOUS MEMBERS OF THE ITC IN THE COOPER SECTION 201 CASE

Chairman ECKES. "Unlike some of the complicated escape clause cases the commission has encountered . . . this case is unambiguous. The issues are clearly defined and the evidence compelling."

"In 1978 this Commission made an affirmative determination on a Cooper investigation. Imports were increasing absolutely and as a share of domestic production. The domestic industry had substanital unutilized capacity, and both production and capacity were down. there was depressed employment, and profit margins were negative. The ratio of imports to consumptions had climbed from 8.4 percent to 17.7 percent . . ."

Six years later the situation looks remarkably similar. Imports are increasing, the domestic industry is seriously injured, and import market penetration has reached 26 percent."

Commissioner Stern said, "This case presents a unique set of circumstances. Usually when we have an injured industry, our next step is to examine, within the context of the U.S. market, whether increasing imports have been a substantial cause. We look at all the factors behind domestic supply and demand. This case is the first I have encountered where the Commission has squarely before it the issue of what to do when the major problem facing a U.S. industry is the low price created by global supply and demand."

"Global overproduction has had the strongest influence on world price of copper and is the major reason the price of cooper has fallen and injured U.S. producers."

Commissioner Rohr wrote in his opinion, "The growth of imports relative to U.S. production has been noteworthy as well, rising from 10.1 percent in 1979 to 29.0 percent in 1983. . . . First quarter 1984 statistics show this trend continuing."

COPPER CAUCUS POSITION ON THE INTERAGENCY TASK FORCE REPORT

The full report which has never been released confirms that the U.S. copper industry is in a serious and continuing state of decline, that the world copper market is distorted and depressed as a result of the policies of government-owned foreign producers and lending by international agencies, and that continuation of these trends will make our country dependent on potentially unstable foreign supplies of a strategic metal.

The report supports and confirms what we have been saying all along, that is that the U.S. copper industry and its workers are not getting a fair shake. Furthermore, that the only help for reversing this trend is a government-to-government negotiation.

The draft report concludes that, if appropriately structured, an internationally-negotiated production restraint would both save the U.S. copper industry and benefit foreign producers as well.

The report includes findings regarding (1) the current condition of the U.S. copper industry; (2) the impact of foreign, government-owned copper producers, and international lending institutions on the copper market; (3) the strategic importance to the United States of maintaining adequate domestic copper production; and (4) the potential benefits to the U.S. industry and to foreign producers of negotiated production cutbacks by foreign producers.

CONDITION OF THE U.S. COPPER INDUSTRY

The report states that, contrary to administration expectations, the price of copper has declined 6½ percent since September 1984, when President Reagan rejected a recommendation by the International Trade Commission to impose import relief for the copper industry. This decline brought the 1984 year-end price 20 percent below the already disastrous 1983 year-end price. The report finds that "U.S. mine production could contract 75 percent from current levels" if current copper price levels persist.

The report concludes that "the current financial situation of most of the U.S. copper industry is so precarious that dramatic reductions in copper production could take place within the next six months. Such reductions might involve the bankruptcy of a major copper firm and/or further divestiture of copper holdings by parent companies."

ROLE OF FOREIGN PRODUCERS AND INTERNATIONAL LENDING INSTITUTIONS

The interagency report confirms that government ownership and support of foreign copper producers has distorted the free market. The report states that foreign government infusions of capital into foreign copper production are providing "a distinctive advantage at a very critical time." The report indicates that government loans and equity financing to foreign producers "may enable production to be maintained at a significantly higher level than would otherwise be the case." Further, the draft report states that government financing in Zambia. Zaire, and the Philippines has been provided "without requiring a reasonable rate of return."

According to the report, "the market behavior of some government-owned or controlled copper enterprises is significantly different from that of private sector firms."

The report suggests that even the low-cost government owned copper producer in Chile, Codelco, "[k]eeps production high regardless of market conditions" due to inflexible government-imposed payment schedules. "[T]he institutional framework within which Codelco functions causes it to act as a revenue, rather than a profit maximizer," according to the report. With respect to Zambia and Zaire, the report states that these countries are "clearly influenced by governmental commitments to maintain high production levels so as to maximize foreign exchange earnings and employment."

The practices of international lending institutions have also distorted the free market in copper, according to the findings of the task force. Their draft report finds multilateral development bank loans to foreign producers are "encouraging private sector financing which might otherwise stay from the project."

THE STRATEGIC CONCERNS

The interagency report also discusses the strategic considerations favoring a strengthened U.S. copper industry. The report states, "the shutdowns in capacity which are now threatening the U.S. copper mining industry could not be easily reversed in the short-term and would make the U.S. more dependent on imports from outside North America."

BENEFITS OF FOREIGN PRODUCTION RESTRAINTS

The draft report analyzes the potential economic effects of production restraints by major foreign producers. Assuming no increase in current U.S. production, a production cutback for two years or more by Chile, Zambia, Zaire, and Peru would produce an increase in export revenues for these countries as well as an increase in U.S. copper revenues, according to the task force report. Only in scenarios where uneconomic U.S. production is brought back onstream do the foreign production cutbacks prove disadvantageous for the foreign producers.

The report notes that production cutbacks are an acceptable form of relief to the domestic copper fabricators.

These negotiations will not be easy, the task force report makes that clear. But the facts and conclusions of this report make it obvious that action must be taken promptly

to save our copper industry. The report makes it very clear that an internationally negotiated solution offers a prospect of achieving that goal while also benefitting the foreign producing nations as well.

Mr. DOMENICI. Mr. President, I thank all Senators who are my cosponsors. Particularly, I want to thank the distinguished Senator from Utah [Mr. GARN] for all of his help.

As we have moved through the last 2 or 3 years of complete turmoil in the copper market, it has been my distinct pleasure to have the copper caucus totally behind this legislation and our efforts to do something to stop the dramatic increase in imports into the United States and the sudden demise of the copper industry in each of our respective States.

We are all aware that the problem with copper is foreign government engineered overproduction. It is not an industry that is entrepreneurial on a worldwide basis. It is about 40 percent noncapitalistic, and many of the countries produce copper as a means of employment without regard to profit or the law of supply and demand. According to the ITC Codelco must turn over all of its profits to the government. It has even reached the point now where the more these government-owned companies produce the more they lose; the more they borrow the more they produce to be able to pay what they borrow. It has reached dramatic overproduction without regard to the price. American copper can no longer endure the losses that result from such a distorted copper market.

Mr. President, I have discussed this legislation with the sponsors of the basic textile amendment. It is my understanding that since it contains no tariffs or quotas they are willing to accept it. The amendment provides for our Government to try and negotiate voluntary production restraint agreements with the major foreign producers.

At this time, I yield the floor. From the standpoint of the Senate, I do not think we will take very long on this amendment unless there is someone seriously opposed to it. It should not take more than another 5 or 10 minutes.

Mr. GARN. Mr. President, I will just take 1 minute.

Mr. President, I commend the Senator from New Mexico for his leadership not only on this amendment but on the copper problem over a long period of time.

Mr. President, the only copper-producing mine in the State of Utah is now closed. Kennecott Copper's open pit mine that used to be the largest open pit mine in the entire world, the biggest private employer in the State of Utah, is now totally closed down and all of those people are out of work, largely due to subsidized, unfair foreign competition.

Mr. President, I join my distinguished colleague from New Mexico, Senator DOMENICI in offering an amendment requiring this administration to negotiate production restraint agreements with foreign copper producers. As I have said many times over the past few years, America's copper industry is almost a legend of the past. Over 50 percent of the work force in this once great American industry are unemployed, copper production has collapsed, and America is dangerously close to forfeiting its ability to produce this strategic mineral. And all for what?

I guess the answer is that for a time our domestic industries got a little lax and lost their competitive edge. But, productivity has rebounded in those remaining U.S. copper operations. Our problem now is uncontrolled overproduction by foreign producers. This frenetic production by Chile, Peru, Zaire, Zambia, and others has forced the world price of copper to its lowest real dollar price on commodity markets in 100 years. This situation, coupled with a surge in imports of copper into the United States, has flattened our domestic copper markets.

Mr. President, over 1 year ago, the International Trade Commission [ITC] declared that the copper industry had been damaged due to unfair practices by foreign producers. The ITC, however, could not unanimously agree on a recommended response for this finding. The ITC was split between recommending quotas or tariffs. As a result of this and because of intense pressure from domestic copper fabricators, the President elected to do nothing.

The administration is woefully misguided on this issue. For some reason, it continues to refuse to help solve the problem. So, those of us who care about the survival of the copper industry have no choice but to force the administration's hand.

Simply stated, the amendment we are offering required by statute that the U.S. Government enter into negotiations with foreign copper producing nations for a period of up to 9 months. The amendment provides for congressional oversight of the negotiation process by requiring periodic reports of the progress of the negotiations and the enforcement of the agreement.

I am confident that foreign producers will respond positively to the United States when they are approached. A temporary production restraint agreement is not only in our own interest but in theirs as well. Many of our copper mines and smelters may be able to reopen if such an agreement is reached. I urge my colleagues to support the amendment.

Mr. BINGAMAN. Mr. President, I commend my colleague from New Mexico and the cosponsors for putting forward this amendment.

I agree that the problem is severe in the copper industry. We have had a marked reduction in employment in my hometown of Silver City in the area of the State of New Mexico where I am from, because of the worldwide supply of copper.

This last weekend I heard Lester Thurow, a noted MIT economist, describe what happened to his hometown in Anaconda, MT, where he had gone through high school.

He indicated when he was in high school there nearly 30 years ago, there were 17,000 people employed in the copper industry. Today there are none.

The reason is very clear, as he sees it: These foreign copper-producing countries need the foreign exchange and, accordingly, will produce at full capacity regardless of the demand and regardless of the price.

Something like this amendment is needed. I regret that the administration has not been willing to take some action on this serious problem without the need for mandatory legislation like this, but I am hopeful that this will finally bring this matter to their serious attention.

I again commend my colleague, Senator DOMENICI, and the others who have worked on this problem.

Mr. DECONCINI. Mr. President, I am pleased to cosponsor Senator DOMENICI'S amendment which provides for some type of relief to our Nation's ailing copper industry. This amendment requires the U.S. Trade Representative, along with a representative from the Department of the Interior, to enter into voluntary negotiations with copper-producing nations to restore balance to our depressed world copper market. Although this amendment does not go as far as I would have liked, it is, nevertheless, an important first step toward stopping the rapid erosion of the strategically vital copper industry. Requiring the U.S. Trade Representative and a designated individual from the Department of the Interior to negotiate production restraints with other copper-producing nations is one of a number of options available to Congress when considering copper trade relief legislation. Because of the seriousness of the deterioration of the domestic copper industry we must not rule out future considerations of imposing tariffs or quotas if negotiations by the U.S. with foreign copper-producing countries for voluntary restraints are unsuccessful.

This body has repeatedly heard the pleas from members of copper-producing states for some type of relief for our Nation's domestic copper industry. The American copper industry is in desperate shape and without some type of Government intervention, this condition will only continue to worsen. If we allow this to happen, Mr. Presi-

dent, we are knowingly giving consent to complete dependence on unstable foreign suppliers for a strategic material such as copper.

The President's recent letter to the Congress on this decision not to seek voluntary production restraints contains the same lame excuses we have heard from this administration over the past year or two on why help for the copper industry is not in the national interest. The letter states that it is not feasible to "conclude or implement production restraint agreements." The President instead offers assistance to the industry through the Dislocated Workers Program. I cannot buy arguments or solutions such as this, Mr. President. To say negotiations won't work before even trying is absurd! We have a dying domestic industry here which produces a strategic metal—one that is critical to the national security of this Nation. We have thousands of workers whose jobs have been eliminated.

Mr. President, I do not understand how this administration can sit back and let a strategic industry like copper die in the United States of America!

If the President and his Trade Specialists refuse to do anything, the Congress must. This Senator cannot sit back and watch the copper industry fade when there are workable, feasible solutions, to helping it regain its strength.

I would once again like to explain to my colleagues in the Senate the desperate situation our U.S. copper industry is in. Since 1979, nearly 50 percent of all domestic mines have closed. Cooper mining capacity in the United States was 1.9 million tons per year in 1981. Thirteen percent of that capacity—250,000 tons—has been permanently eliminated and over 34 percent of production capacity has been temporarily closed down.

Employment in the copper production industry has been reduced by almost 50 percent since 1981. That's 21,000 people who have lost their jobs. Of course, this number does not include the effects of mine closures and job losses on the people providing goods and services to the mines and miners. This ripple-effect is all the more costly because in most cases the closed mines had been the dominant regional employer.

American copper producers have taken two logical steps. They have lowered their production levels by approximately 18 percent between 1981 and 1983 and engaged in a vigorous program of streamlining and modernization. The U.S. Bureau of Mines has estimated that between 1981 and 1984 the American copper industry has lowered production costs by 25 percent. Now, one would assume that in the face of falling prices, the other copper-producing nations would also take these two logical steps. Unfortunately, while the American copper producers were cutting back production, output by Third World producers increased by 9.8 percent.

The problem facing our domestic copper industry are not the result of inefficiencies, lack of modern technologies, or failure to be cost-competitive. These problems are, Mr. President, due to a distorted and depressed world copper market which is the result of policies of government-owned foreign producers and their failure to comply with free market principles. Only privately owned producers in the United States and Canada have responded to recent reductions in world demand for copper by decreasing production. Most other foreign producers, at the same time, have either maintained or increased their production. Rather than responding to market forces, these some producers are motivated by their government's need to generate foreign exchange, maintain domestic employment, and service massive international debt obligations. For example, Chile is the world's largest producer of copper and has been since 1982. In the face of low prices, the Chilean mines cut local operating costs, increased production and expanded exports.

Despite higher production, copper export value for 1984 through July 1985 equaled only $951 million, down 10 percent from the same period in 1983. Codelco, the state copper corporation which controls nearly 80 percent of Chiles' copper output, plans to expand capacity by more than 40 percent over the next decade. Due at least in part to government subsidization and soft loans from places like the World Bank, it costs Codelco only 40 cents to produce a pound of copper. In the United States, it's twice that much.

One would think that the unanimous decision of the International Trade Commission in June of 1984 that our domestic copper industry had been seriously injured as a result of foreign imports of copper would be persuaded the administration that something was wrong. The fact that four out of five of the ITC Commissioners recommended the granting of import relief to the U.S. copper industry, two favoring tariffs and two favoring quotas, would seem to compel the administration to take positive action. Regrettably, no such positive action occurred.

Mr. President, earlier this year the U.S. Trade Representative's office formed a task force to determine whether or not the President should initiate negotiations with copper producing nations to achieve a balanced reduction of total annual foreign copper production for a 3- to 5-years period. That task force, Mr. President, was not created because this administration decided to do something on its own to help the domestic copper industry. It was instead a direct result of a congressional directive urging such a task force for copper. The findings of that task force confirmed that in foreign copper producing countries government ownership and subsidization of their copper industry have interfered with the free market. The report further points to the practices of international lending institutions as a contributing cause of market distortion.

The task force report confirmed that the U.S. copper industry is not getting a fair shake and that the only way to reverse this trend is a government-to-government negotiation. Despite the fact that the task force report indicated a production cutback for at least 2 years by Chilean, Zambian, Zairian, and Peruvian producers would result in an increase in export revenues for these countries as well as an increase in U.S. copper revenues, the task force was pessimistic about the success of a negotiated production restraint agreement being entertained by these nations. This administration is apparently wedded to its policy of not pursuing such negotiations because it views production controls as a violation of free trade, even though these other nations have willingly violated the free market system by propping up their copper industries.

Mr. President, I cannot sit back and continue to see a strategic industry like copper being eroded when there are feasible options to help this industry get on its feet again.

I am convinced the only way to determine whether or not a voluntary production restraint agreement for copper will result in a reduction of oversupplies on the world market, is to attempt to negotiate such an agreement. Voluntary restraint agreements may be feasible and could have a net favorable impact for all copper producing nations. I must emphasize though that if voluntary production restraint negotiations do not produce the necessary motivation for copper producing countries to enter into agreements, then Congress must consider implementing restrictive quotas or mandatory tariffs.

Adoption of this amendment is an essential first step in promoting and expanding the economic viability of the U.S. copper industry and to prevent further declines in its work force, production, and market position. It is vital to the future of this very important industry.

I would like to thank Senator DOMENICI and his staff for the time and efforts they have put forth in developing this amendment. I would also like to thank the members of the copper caucus for their continuing support in aiding our Nation's deteriorating copper industry.

Mr. HATCH. Mr. President, I rise to support Senator DOMENICI's amendment mandating that the administration enter into negotiations with foreign copper producing countries to obtain voluntary reductions in the amount of copper produced.

The United States has abundant reserves of copper and ranks second only to Chile in the Western World. Yet, over 50 percent of our domestic copper mines are closed and many will probably never reopen. Kennecott's employment in Utah alone has dropped from over 7,300 in 1981 to a projected figure in 1985 of around 500. Of the five major domestic copper producers in the country, several billion dollars have been lost between 1981 and the present, and losses at Kennecott in my home State have exceeded $500 million over the same period of time. The erosion of our domestic copper industry must be stopped before the United States is left without an industry that has cooper producing capability.

A factor, which has contributed to this demise has been a strong U.S. dollar and overproduction from partially subsidized and government-owned producers in the Third World.

Foreign government owned and subsidized copper producers have been overproducing during periods of weak demand. This has occurred because such foreign producers are insulated from free market forces because of the availability of low-interest loans from multinational banks, reimbursement for export earning shortfalls from the compensatory financing facility of the IMF and other forms of international aid.

This amendment would mandate immediate negotiations between our Government and governments of the major foreign producers in an effort to get them to stop their overproduction practices and to allow supply and demand to get back into balance. This would permit the world wide copper market to return to free market principals and provide a modest increase in the copper prices.

I can think of no more direct way to help correct the copper surplus problem than to provide a mechanism for our Government to talk collectively with those producers that have been overproducing and causing aberrations in the copper market, which are destroying the American copper industry.

Anyone who knows the anguish and trauma caused by the recent shutdown in the domestic mining industry in Utah will realize that this is a fair and necessary amendment. For, while domestic copper producers have spent billions of dollars on pollution controls, foreign producers have been able to expand their productions with the assistance of low-interest loans from multilateral lending institutions like the World Bank. Further, while our domestic producers have been required to meet stringent environmental requirements, foreign producers continue operating without such controls at great cost advantage. While domestic copper prices have been depressed by an overvalued dollar, foreign copper prices have been artifically inflated by undervalued currencies. In addition, through the compensatory financing facility of the IMF, foreign producers have been able to get reimbursed for their export earning shortfalls. No such comparable subsidization or benefits have accrued to the domestic copper industry, and, unfortunately, many American tax paying dollars have been utilized to assist foreign producers.

The production restraints in this amendment are designed to require production curtailments, which should give our domestic copper industry a fair and fighting chance. Inaction will only ensure the continued erosion of the industry. We must act now to get free and fair trade in the domestic copper industry. Repeated requests for help to the administration over the past 3 years have been made. All these efforts have been for naught. It is now time for Congress to act.

Mr. HOLLINGS. Mr. President, it has been generally a long, hard road. We started in the early part of this year on the textile amendment. You can well understand the appeal if we could only keep it to textiles that we would be successful in having an up-or-down vote on the bill to pass on to the White House for their signature.

It came to our attention necessarily, when the shoe finding was made, that herein was, what we would say in law, in pari delicto, the shoe industry being in a very similar situation.

Yet, we wanted to make absolutely sure that the bill did not become a Christmas tree. I have talked with the sponsors of this amendment and, right to the point, this particular amendment passed last year in the U.S. Senate. The copper industry has been foreseeing and experiencing both the dilemma and the problem. They have been, on the one hand, trying to get relief through the Congress and through the executive branch and at the International Trade Commission. They have had a favorable finding at the ITC; but the executive branch has rejected that finding, just as they have done with respect to shoes, just as they have done with respect to textiles.

So we said, let us be fair about this and not develop a bill which contains any kind of subsidy or tariff. On that basis, the Senators from New Mexico, Utah, and other States have fashioned a measure to implore the executive branch to promulgate these particular agreements on copper with the advice and consent of the Secretary of the Interior, who is the lead Cabinet officer in this regard.

Mr. President, I happen to think it is a good amendment. I cannot selfishly stand here and say "Give me my textiles and don't you worry about your problems; we will come to that tomorrow." I can see no way that this can develop into any kind of Christmas tree on the one hand or protectionist bill with tariffs on the other. It is asking once again the administration, should it become law, to negotiate agreements and it really gives the administration a strong hand in bringing these arguments about.

I think my senior colleague would approve the amendment.

Mr. THURMOND. Mr. President, in order to save time, I am not going to make more than a brief statement on this amendment. This amendment, as we understand it, merely calls for the President to negotiate. We feel it is a reasonable amendment and we are willing to accept it.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. DOMENICI. Mr. President, I do not have any time. I yield the floor and I move the adoption of the amendment.

Mr. THURMOND. Mr. President, we yield back the time on our side.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1022) was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1023

(Purpose: Strike reference to U.S. territories and insular possessions)

Mr. INOUYE. Mr. President, I call up my amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE] (for himself, Mr. MATSUNAGA, and Mr. BAUCUS) proposes an amendment numbered 1023.

On page 15, line 4, after the word "territory" delete all through the word "possession" on line 6, and insert the word "a" before the word "colony" on line 6, and, on page 26, line 10, delete all after the word "Rule" through the word "Title".

On line 11 and in line 12, delete "not" and on line 14 insert the words "do not" after the word "products".

Mr. INOUYE. Mr. President, this amendment strikes the provision defining the U.S. insular possessions as foreign countries. If unchanged, this provision would subject exports from the insular areas to import quotas,

which I believe to be most unfair and discriminatory, especially in light of the fact that Canada and the EEC are not subject to such restrictions in the bill, and the nations named in the Caribbean Basin Initiative are granted more favorable quotas than they currently enjoy. Should not U.S. citizens be accorded better treatment than this, Mr. President?

Should this provision go through unchanged, opportunities for further development of textile operations by U.S. citizens in U.S. territories would be precluded, and greater opportunity for expansion would be accorded to some of our foreign friends. Not only is this grossly unfair, it also runs contrary to our current national policy to promote economic development in the territories. We should offer as much encouragement as possible to the territories to increase their economic independence as a means toward decreasing their dependence on Federal appropriations. Instead, we find ourselves confronted by a bill that imposes obstacles toward achieving such independence—hardly a rational course, in my opinion.

Furthermore, Mr. President, the quantity of textile and apparel products at issue here is so small as to be nearly infinitesimal when compared with total U.S. imports. Yet, relatively speaking, these exports are vitally important to the territories, whose populations range from only 16,000 in commonwealth of the Northern Marianas to 100,000 in Guam.

I, am aware that in the past, some foreign nations have used the U.S. insular possessions to circumvent U.S. quotas by transshipping textile products, such as sweaters. This is a legitimate concern that we must not allow to continue unchecked, but I am confident that the new rules of origin for textiles and textile products issued by the United States in August of 1984, resolved this problem successfully. Accordingly, this issue should not be used to confuse, or used as a reason to justify the provisions which deny the U.S. insular possessions equal access to legitimate and worthwhile economic opportunities.

I strongly urge my colleagues to uphold the rights of U.S. citizens for equal economic opportunity, and support my amendment.

Mr. President, on page 15 of the Thurmond-Hollings amendment, section 4 reads as follows:

> The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship, or political entity whether affiliated with the United States or not, that is outside the Customs territory of the United States.

Mr. President, may I impose upon my friend from South Carolina [Mr. HOLLINGS] to respond to a question I have of him at this time?

Mr. HOLLINGS. I shall be delighted to yield, Mr. President.

Mr. INOUYE. Does this definition mean that in this bill, Guam, the Virgin Islands, and Samoa are considered to be foreign countries?

Mr. HOLLINGS. No, Mr. President, absolutely not. Of course, they are if you characterize them officially as U.S. possessions. They are not foreign.

Mr. INOUYE. But this amendment says the term "country" means a foreign country, an insular possession of the United States.

Mr. HOLLINGS. Well, the reference—an insular possession is not a foreign country or descriptive language of it. There is another provision in there and it is necessary with respect to an insular possession being designated as such.

In other words, we include insular possessions because of a difference in our customs laws, Mr. President. There is no control on the imports going into Guam or the insular possessions. Therefore, we must control what is exported from the insular possessions. These exports come in duty free. What we seek to do is treat the insular possessions fairly and consistently with the rest of the country and we have fashioned this portion of the bill with the help of the delegates from Guam, Mr. BLAZ and Mr. DE LUGO, I think it is, of the Virgin Islands, to whom we are very much indebted. In fact, they worked on the House bill and this is the language in the House bill that is now before the Senate.

We do control imports into South Carolina and Hawaii, but they are not controlled into the insular possessions. This is why it is designated and given that description on page 15.

Mr. INOUYE. If the Senator will further yield for a question, does it mean, therefore, that at the present time, products made in Hong Kong and Taiwan can be shipped into Guam without payment of duty?

Mr. HOLLINGS. Exactly; the Senator is right.

Mr. INOUYE. And they can be transshipped from there as a product of Guam?

Mr. HOLLINGS. Exactly. That is one of our difficulties now. I do not blame Guam; if that is the way we are going to administer it, that is exactly the way it will continue to be. What we are trying to do is put Guam in the same position as Hawaii or South Carolina, put the insular possessions in the same position as Hawaii or South Carolina or any State would be. But in light of the fact that they can import foreign goods into Guam without the control of the U.S. Government relative to duties and other agreements which control, of course, South Carolina and the other 49 States, then they have to be described as this description provides in section 4 on page 15.

Mr. INOUYE. But it is not the Senator's intention to discriminate against Guamanians, Samoans, or Virgin Islanders?

Mr. HOLLINGS. No, Mr. President; on the contrary, it is my intention to deal with them equitably as we do with any other sovereign State of the United States.

Mr. INOUYE. Mr. President, I am satisfied with the explanation given by my dear friend from South Carolina unless my colleague from Hawaii has any statement to make.

Mr. MATSUNAGA. Mr. President, if I may raise a question with the Senator from South Carolina—will he yield for a question?

Mr. HOLLINGS. I shall be delighted to yield, Mr. President.

Mr. MATSUNAGA. Does this mean that the language which was proposed by the senior Senator from Hawaii and myself would not be acceptable to the authors of the measure?

Mr. HOLLINGS. That is correct, Mr. President. If we accept that language as an amendment, then we have opened up the insular possessions to becoming a tremendous loophole and transshipment point, because we are not changing the customs laws in this particular bill.

Mr. MATSUNAGA. Is it the intention of the Senator from South Carolina that section 110 having to do with insular possessions, be made applicable to the insular possessions of the United States?

Mr. HOLLINGS. Yes, Mr. President. The Senator has turned to the right section. That is the one we added at the request of the distinguished Senators from Hawaii. They and I have been working on that. I commend the Senators for their leadership on that point.

Mr. MATSUNAGA. Well, if the senior Senator from Hawaii is satisfied with the added language in section 110, that section on page 26, I believe——

Mr. HOLLINGS. We have it on page 26, section 110, entitled "Products of the Insular Possessions of the United States." That is the one that provides the equal treatment and provides that anything produced in Guam, Samoa, the Marianas, Saipan, or otherwise, is treated just like something produced in the State of South Carolina.

Mr. MATSUNAGA. If the senior Senator from Hawaii is satisfied, then I will go along with him. I am inclined to believe that it would not in any way hurt the bill by eliminating insular possessions of the United States from the definition of the term country on page 15 of the amendment because of the language in section 110. However I believe the language in section 110 is

clear to protect the insular possessions, and so whatever the senior Senator wishes to do I will go along with him.

Mr. INOUYE. I thank the Senator. I have just one other question, Mr. President.

It is my understanding that the duly elected delegates of the Virgin Islands and Guam have been consulted and have agreed to this definition?

Mr. HOLLINGS. The answer is yes. That is my information.

Mr. INOUYE. Mr. President, I am satisfied with the response of my dear friend from South Carolina. Accordingly, I ask unanimous consent that my amendment be withdrawn.

The PRESIDING OFFICER (Mr. ROTH). Without objection, it is so ordered.

Mr. HOLLINGS. I thank the distinguished Senator.

AMENDMENT NO. 1024

(Purpose: To limit the application of the provisions to apparel)

Mr. INOUYE. Mr. President, I have another amendment and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE] proposes an amendment numbered 1024.

Mr. INOUYE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment insert the following:

That this Act may be cited as the "Apparel Trade Enforcement Act of 1985".

SEC. 2. (a) The purpose of this Act is—

(1) to prevent further—

(A) disruption of the United States apparel markets,

(B) damage to United States apparel manufacturers, and

(C) loss of jobs by United States workers, by providing for orderly and nondisruptive growth of imports of apparel; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of apparel contemplated by the Multi-Fiber Arrangement.

(b) For purposes of this section—

(1) The term "apparel" includes, but is not limited to, all men's, women's, boy's, and girl's—

(A) wearing apparel, and

(B) accessories which derive their chief characteristics from their textile components,

that are made in whole or in part from any natural or man-made fibers, or blend thereof, and are classified under part 6 of schedule 3, part 1, 7, 12, or 13 of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to such Schedules.

(2)(A) The term "category" means, with respect to any apparel, the category into which such apparel is classified under subparagraph (B).

(2) The Secretary of the Treasury shall classify all apparel according to a system which uses the following categories:

(i) each of the categories of apparel identified by a 3-digit textile category number in the Department of Commerce publication of January 1985 entitled "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated";

(ii) a separate category for apparel which, because of fiber content, is not subject to the Multi-Fiber Arrangement.

(3) The term "import-sensitive category" means, with respect to any calendar year, any category for which the ratio of imports to domestic production (as reported in the Department of Commerce publication entitled "United States Production, Imports and Imports/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel") equals or exceeds 40.0 for the calendar year preceding such calendar year.

(4) The term "applicable country" means any foreign country other than—

(A) Canada, and

(B) any foreign country that is a member of the European Economic Community on January 1, 1985.

(5) The term "foreign country" includes any foreign territory or insular possession of the United States.

(6) The term "major exporting country" means, with respect to any calendar year, any applicable country (other than a Caribbean country) if the aggregate quantity of all apparel of such applicable country that entered during any calendar year beginning after 1983 that preceded such calendar equaled or exceeded 1.25 percent of the aggregate quantity of apparel of all foreign countries that entered during such preceding calendar year.

(7) The term "Caribbean country" means—

(A) Mexico, and

(B) any foreign country that is eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702).

(8) The term "wool product" means any apparel containing over 17 percent by weight of wool.

(9) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(10) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva on December 22, 1981.

(c)(1) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of apparel of any applicable country classified under the same category that may be entered during calendar year 1985 shall not exceed—

(A) if such applicable country is a major exporting country, an amount equal to 101 percent of—

(i) if an agreement described in paragraph (3) has not been entered into with such applicable country with respect to such category, the aggregate quantity of apparel of such applicable country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of apparel of such applicable country classified under such category that entered during calendar year 1980 had increased by 6 percent annually during calendar years 1981, 1982, 1983, and 1984, or

(ii) if an agreement described in paragraph (3) has been entered into with such applicable country with respect to such category, the lesser of—

(I) the aggregate quantity determined under clause (i), or

(II) the aggregate quantity of apparel of such applicable country classified under such category that entered during calendar year 1984, or

(B) if such applicable country is not a major exporting country, an amount equal to the sum of—

(i) the aggregate quantity of apparel of such applicable country classified under such category that entered during calendar year 1984, plus

(ii) either—

(I) if such category is an import-sensitive category and such applicable country is not a Caribbean country, 1 percent of the aggregate quantity described in clause (i), or

(II) if such category is not an import-sensitive category or such applicable country is a Caribbean country, 15 percent of the aggregate quantity described in clause (i).

(2) The quantitative limitation imposed by paragraph (1) with respect to the entry of apparel of any applicable country classified under the same category shall not be less than—

(A) 700,000 square yard equivalents if such category does not include wool products, and

(B) 100,000 square yard equivalents if such category includes wool products.

(3) The agreement referred to in paragraph (1) with respect to any category is an agreement between the United States and the applicable country that provides for an annual increase of less than 6 percent in the amount of apparel of the applicable country classified under such category that may be entered during the calendar year.

(d)(1) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of apparel of any applicable country classified under the same category that may be entered during any calendar year beginning after December 31, 1985, shall not exceed the sum of—

(A) the aggregate quantity of apparel of such applicable country classified under such category that could have been entered during the calendar year preceding such calendar year, plus

(B) an amount equal to—

(i) if such category does not include wool products and—

(I) such applicable country is a Caribbean country, or

(II) such applicable country is not a major exporting country and such category is not an import-sensitive category.

6 percent of the aggregate quantity described in subparagraph (A), or

(ii) if clause (i) does not apply, 1 percent of the aggregate quantity described in subparagraph (A).

(2) No amount may be added under paragraph (1)(B) with respect to the limitation on the entry in any calendar year of apparel of an applicable country classified under the same category if the aggregate amount of apparel of such applicable country classified under such category that was entered during each of the calendar years beginning after 1984 which precede such calendar year did not exceed the amount of square yard equivalents specified with respect to such category under subsection (c)(2).

(3) If the aggregate quantity of apparel of an applicable country classified under the same category that enters after December 31, 1984, and before the date that is 15 days after the date of enactment of this Act exceeds the quantitative limitation imposed under subsection (c) for calendar year 1985, the quantitative limitation imposed under paragraph (1) with respect to the entry during calendar year 1986 of apparel of such applicable country classified under such category shall be reduced by the amount of such excess.

(e)(1) The Secretary of the Treasury shall take such actions and issue such regulations as may be necessary or appropriate to enforce the provisionis of this section, including, without limitation, the issuance of orders to Customs officers to bar entry to any article if the entry of such article would cause the quantitative limitations imposes by this section to be exceeded.

(2) In order to ensure the equitable and efficient administration of this section, the Secretary of Commerce shall, within 6 months after the date of enactment of this Act, establish and administer an import licensing system under which an importer of any apparel from any border country will be required to present an import license as a condition of entry for apparel. The Secretary of Commerce shall charge a fee for such import licenses in such amount as may be necessary to cover the cost of administering such system.

(f) By no later than March 19 of 1986, and of each calendar year thereafter, the President shall submit to the Congress an annual report on the administration of this section during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the quantitative limitations imposed by this section. All departments and agencies shall cooperate in the preparation of such report.

(g) The provisions of this section shall apply to apparel entered after the date that is 15 days after the date of enactment of this Act.

Mr. INOUYE. Mr. President, I offer this amendment to restrict the bill's quota reductions to only apparel, which has been harder hit by imports from low-wage suppliers abroad than the textile industry. Our domestic textile industry is one of the most advanced and efficient in the world. I believe that the enforcement of our existing import control measures, starting with renegotiation of the multifiber arrangement, and continued vigilance on the part of the U.S. Customs Service to enforce our existing quotas, will enable the textile industry to regain the highly competitive export position that it enjoyed until fairly recently.

The outlook for the industry would be further improved if the national budget deficit were brought into line, as much of the textile industry's problems are attributable to the strong dollar.

The apparel industry, on the other hand, is much more labor intensive. It cannot compete effectively with suppliers abroad who pay their workers a mere fraction of what we pay ours. As an illustration of just how hard the apparel industry has been hit by imports, consider the fact that unemployment has increased by nearly 72 percent since just last year—almost twice the rate of increase in the textile industry, which employs about one-third less people, and pays higher wages overall.

To address this problem and save jobs, we must enact legislation to administer more protection for the apparel industry than has so far been given under the multifiber arrangment. My amendment thus leaves the proposed quotas for apparel in the bill unchanged while allowing fabric to enter under our current import regulatory structure.

Mr. President, I believe my amendment represents a balanced attempt to address critical problems in the textile and apparel to address critical problems in the textile and apparel industry with a minimum of unnecessary protectionist intervention, and in turn, retaliation, which could have such negative effects on the consumer as to cancel any short-term benefits for the industry. I thank my colleagues for their consideration and request their support for this amendment.

Mr. THURMOND. Mr. President, I rise in opposition to this amendment. As I understand it, the distinguished Senator from Hawaii, my good friend, wants to eliminate textiles from the bill so that it will just apply to apparel.

Mr. President, the textile and apparel industries have been working together to do something about the import problem. It would be unfortunate to eliminate either one because they are both in trouble. When the President gave me his commitment in 1980 and reaffirmed it in 1982, he said he favored keeping the import growth of textiles and apparel in line with the domestic growth. If that had been done, today we would have no trouble and we would not even need to be here with a bill. But while import growth is about 33 percent, our domestic growth is only 3 percent. Mr. President, because of that, the textile mills are closing. Almost every week a textile mill closes and more jobs are lost.

I wish to take this opportunity to read a very brief paragraph from an article appearing in U.S. News & World Report of November 18. It is written about Piedmont, SC.

J.P. Stevens's red-brick factory on the Saluda River stands idle and silent while another Stevens mill, on a bluff 2 miles from the river, still weaves cotton and synthetic fibers into cloth. Both are feeling the pinch of the American textile industry's battle with imports. The river plant closed in February. Despite modernization at the other mill, weaving there has been cut from seven to five days a week and the payroll has been trimmed from 700 to 570 workers. To reduce vulnerability to imports, J.P. Stevens wants to sell the plant.

What's going on in Piedmont, a town of 2,240 people at the heart of the nation's leading textile-producing region, reflects only a small part of the import woes of America's oldest manufacturing industry. In recent years, U.S. purchases of foreign-made fabrics and clothing have more than doubled, going from 9.5 billion dollars in 1980 to 19.4 billion in 1984. American companies caught in that wringer have closed 250 plants and eliminated 169,000 jobs in five years. "Textiles cannot survive the continued inpouring of these cheap goods," warns Paul Poston, manager of the J.P. Stevens plant that is still in operation here.

Mr. President, another excerpt from this article says:

In pressing for quotas, textile and apparel companies contend that they are losing out to imports through no fault of their own. China and other countries, seeking to build up their domestic businesses, subsidize exports. Markets in Western Europe and Japan are tightly closed, leaving the U.S. as the most open outlet for the world's excess supplies. A highly valued dollar is making foreign fabric and clothing cheaper in the United States.

Mr. President, here is a picture of a man working in the Stevens plant who says:

If imports aren't cut, "there are going to be more plants shut down and people like me are going to be out of work."

Twenty-four thousand textile jobs in my State have been lost in the last 5 years and 350,000 jobs have been lost in our country.

Mr. President, there is a crisis—I repeat, a crisis—in the textile industry today. I just do not see how we can afford to eliminate textiles when textiles and apparel both are hard hit.

Another excerpts says:

Unlike some of the nation's other industries that are swamped by imports, textiles and apparel are not saddled with bloated wages and antiquated equipment. American textile workers earn an average of $6.46 an hour, or $2.72 less that the typical employee in U.S. manufacturing. Apparel workers average $5.55 an hour.

Mr. President, something has to be done, or more jobs are going to be shifted overseas.

I hope the Senator will see fit to withdraw his amendment, because textiles are also in bad shape. Textiles and apparels both need help. We want to help the Senator with apparel, and we hope he will help us with textiles.

Mr. HOLLINGS. Mr. President, I believe we might be able to attempt a voice vote on this.

This amendment would exempt 55 percent of the bill—namely, the fabric part, rather than the finished apparel part of textiles. One might say it is half a haircut.

You must understand the background. These distinguished Senators have gone to the fore for their apparel folks in Hawaii. They were after Europe a little while ago, and now they will cut the bill in half if need be. They are trying to do their dead level best to protect that supply that comes from Japan.

I remind our colleagues that under this bill, the 1985 level of printed fabrics from Japan is the same as 1984. We brought it up to that particular level due to the inducement and persuasion of the distinguished Senators from Hawaii [Mr. INOUYE and Mr. MATSUNAGA].

Maybe we can yield back our time. Is the Senator prepared to yield his time?

Mr. INOUYE. Mr. President, I am very grateful to my friends from South Carolina for changing the date from 1980 to 1984, but we hope this amendment will be adopted by the Senate.

I am prepared to yield back the remainder of my time, if the managers are prepared to do so.

Mr. HOLLINGS. Mr. President, I move to table the amendment.

The PRESIDING OFFICER. The question is on the motion to table the amendment.

The motion was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HOLLINGS. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1025

(Purpose: To require reports on foreign labor practices.)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 1025.

Mr. BAUCUS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following:

SEC. . (a)(1) The United States International Trade Commission shall conduct a study of the wage rates, labor costs, and other labor practices of each foreign country which had a surplus in the balance of trade between the United States and such foreign country for calendar year 1984 that exceeded $4,000,000,000. Such study should consider labor practices existing throughout the economy of each of such countries and the labor practices of the industries in each of such countries that were responsible for such balance of trade surplus.

(2) The study conducted under paragraph (1) shall include, with respect to each foreign country described in paragraph (1), analyses of—

(A) the effects of the labor practices of such foreign country studied under paragraph (1) on the competitive position of United States exports in foreign markets and in United States markets,

(B) the relationship between—

(i) the wages and other compensation paid to workers in United States industries producing goods that face substantial competition from products of such foreign country, and

(ii) the wages and other compensation paid to workers in such foreign country who produce such competitive products,

(C) the relationship, if any, between the labor practices of such foreign country studied under paragraph (1) and the cultural, religious, and political practices or values of such foreign country,

(D) the extent to which such labor practices are encouraged or enforced by the government of such foreign country,

(E) the history, duration, and extent of such labor practices, and

(F) the extent to which private or public forces that are anti-competitive encourage such labor practices. (3) By no later than the date that is 9 months after the date of enactment of this Act, the United States International Trade Commission shall submit a report on the study conducted under paragraph (1) to the Congress, the Secretary of Labor, and the Secretary of Commerce.

(b)(1) The Secretary of Labor and the Secretary of Commerce shall each conduct a separate investigation to—

(A) identify each of the labor practices discussed in the report submitted under subsection (a)(3) that—

(i) is illegal under existing laws of the United States or of any State, or

(ii) should be prohibited by all countries under an international labor law code,

(B) determine what labor principles and rules should be included in an international labor law code, and

(C) determine the issues involved in, and the prospects for achieving, the elimination of labor practices identified under subparagraph (A) through negotiations with foreign countries.

(2) By no later than 3 months after the date on which the report is submitted under subsection (a)(3), the Secretary of Labor and the Secretary of Commerce shall each submit to the Congress a report on the investigation conducted under paragraph (1).

Mr. BAUCUS. Mr. President, this whole debate on the textile bill really comes down to two words: "Wage rates."

The main reason why the American textile industry is facing a decline with the flood of foreign imports is that foreign wage rates are so much lower than American wage rates. In fact, the Senator from South Carolina often points out that Chinese wage rates are as low as 16 cents an hour.

The trouble is that the American textile industry has invested close to $1 million to modernize the textile-apparel industry. They have spent a good sum of money, and the textile industry is up to date. It is probably more up to date than any other industry in our country. Nevertheless, the textile employees are faced with extremely low wage rates in other countries.

My amendment directs the Interntional Trade Commission to study the effect of wage rates in other countries as they affect American industries that are in competition with those other countries. There are various facets to this; there are various points to consider.

One is the degree to which low wage rates in other countries undermine the American competitive position of all industries, not only textiles, but other industries that are significantly in international competition. We need to know the degree to which foreign wages affect our competitive position.

Second, the amendment directs the ITC to attempt to ascertain the degree to which foreign countries use low wage rates as an economic policy in order to enhance their competitive position at the expense of the United States.

Third, it directs the ITC to ascertain the degree to which cultural, sociological, and other practices in those countries affect the wage situation.

Our textile employees in this country are not overpaid. Their wage rates are about 70 percent of that of the average employee in our country. In fact, they are underpaid.

Compared with the employees of other countries who manufacture and produce textile products to compete with ours, American employees are paid so much more that, as a consequence, textiles and apparel are flooding the American market.

The Senator from South Carolina [Mr. HOLLINGS] is a cosponsor of my amendment. The amendment is not controversial. It goes to the heart of the problem here—that is, comparative wage rates. We have to better understand foreign wage rates and better understand what to do about it.

My amendment also requests the ITC to recommend to Congress what actions Congress should take in view of the findings of the ITC, in view of the degree to which it finds wage rates are a problem in various industries, in various countries.

We have to determine whether wage rates in other countries are an unfair competitive practice. They may or may not be, but let us get the facts, so that we can legislate with a little more sense and so that we can have more information at our disposal.

Mr. President, we have spent many hours discussing this textile legislation.

We have heard a litany of statistics describing the plight of the textile and footwear industries.

We have heard a wealth of arguments describing the harmful effects that the proposed quotas would have.

But the fact is that this entire debate can be summed up in two words "wage rates".

Mr. President, low foreign wage rates are the primary reason that the textile and footwear industries are having such trouble.

As my good friend, the distinguished Senator from South Carolina, has said, the United States cannot com-

pete when Chinese textile workers are being paid 16 cents an hour.

In Taiwan and Korea, textile and footwear workers typically are paid wages 400 to 500 percent lower than their American counterparts.

And let us be clear about the facts. This is not an industry where U.S. workers are being paid inflated wage rates. U.S. textile wage rates are only about 75 percent of the national average.

This is not an industry where management has refused to reinvest profits for modernization. In recent years, the textile industry has reinvested $1 billion annually in technology designed to increase productivity.

But the point is that the textile and footwear industries are steadily losing market share despite these commendable attempts to be competitive.

And the reason for this is wage rates.

When an industry suffers from this wage rate disadvantage, it attempts to overcome it by investing in labor-saving technology that will increase its productivity.

But the fact is that the wage differential is so great that certain segments of these industries cannot raise their productivity enough to be competitive.

For example, low-cost U.S. footwear manufacturers would have to increase their productivity by 25 percent to overcome the wage rate differential.

However, the productivity of these producers has actually declined by 0.2 percent in recent years.

And we must remember that foreign countries are not standing still. They are increasing their productivity as well.

In fact, foreign countries often can make greater increases in their productivity, because they start from a lower technological base.

For example, in recent years, the productivity of low-cost U.S. footwear manufacturers has decreased by 0.2 percent annually, but Taiwanese and Korean producers have been increasing their productivity by about 5 to 8 percent annually.

In other words, we are losing ground.

Let me make my position clear. I oppose the textile bill. For reasons I have discussed before, I believe it would be bad policy.

But I do believe the debate raises an important question we must face.

All of us, as Americans, must be concerned about what labor practices in other countries will do to our ability to compete internationally.

We must all be concerned, because this problem is not limited to textiles and footwear.

In many industries, there increasingly is a world market price for input materials and technology.

As a result, wage rates and other labor costs are increasingly becoming a primary determinant of final price.

Some industries are more affected than others by these trends.

But many U.S. industries will be affected.

Today we are talking about textile and footwear.

But tomorrow we could be talking about steel, leather products, and a variety of other industries.

And each time this problem is raised, the issue will be the same: Can these low-cost labor practices be deemed a form of unfair competition?

Mr. President, that is not an easy question to answer.

Is an 80-cent wage in Korea "unfair" if it is high relative to the wage paid other workers in that country?

Do we have a right as a country to tell other nations what is a "fair" wage or a "fair" labor practice?

No country imposed its values on us when we were going through the process of industrialization.

On the other hand, can we say that, at some point, extremely low wages, combined with inhumane working conditions do meet some universal definition of "unfairness"?

Mr. President, I do not know the answer to these questions.

But I do know that we must begin to ask these questions now, because this issue is going to be with us for a long time.

Taiwan and Korea pose the biggest threat to us now.

But Singapore, Indonesia and a host of other countries follow them as low-wage, newly industrializing countries.

This problem will not go away in our lifetime. So we must begin to deal with it now.

The amendment I am introducing today directs the ITC to study labor practices in specific countries, including Taiwan and Korea, that have a trade surplus with the United States that exceeds $4 billion.

The ITC is directed to focus on industries including, but not limited to, the textile and footwear industries that are the greatest sources of the trade imbalance.

The ITC would be required to examine such factors as the relationship between United States and foreign wages, the extent to which wages and labor practices are encouraged by the foreign government, and the relationship between the labor practices and the cultural, religious, and political practices or values of the foreign country.

When the ITC completes its study, the Departments of Labor and Commerce would be required, within 3 months, to issue a report to Congress recommending which labor principles and rules should be included in a labor law code and which of the practices identified by the ITC would be illegal under that code.

Congress would then review these recommendations and act accordingly.

I want to emphasize that by offering this amendment I do not mean to prejudge the question whether a universal labor code is appropriate. I simply believe that we must begin to examine this crucial question.

Mr. President, we have frequently said in this chamber that we need to address the fundamental issues regarding trade.

We have frequently said that the current administration does not have a coherent trade policy that addresses those fundamental issues.

Mr. President, the amendment I am offering today takes a first step toward addressing those issues.

Mr. THURMOND. Mr. President, this amendment, as I understand it, would require the International Trade Commission to study wage rates in foreign countries to determine the extent to which they are a subsidy.

This amendment, it seems to me, does no harm to the bill. I think such a study might be helpful.

I read another excerpt from the article in U.S. News and World Report of November 18, 1985, to which I referred earlier:

> Most important: Wages in textile-exporting countries can run as low as 28 cents an hour. "The low wages are the reason we're getting killed by imports, particularly in apparel," says Ryan Amacher, dean of the College of Commerce and Industry at Clemson University, 30 miles from Piedmont.

In fact, I have been told that in the P.R.C. some wages are as low as 16 cents an hour. At any rate, they are very low in many foreign countries.

It seems to me that the amendment offered by the distinguished Senator from Michigan could be good for American trade in general, and I am pleased to accept it.

Mr. BAUCUS. Mr. President, I thank the Senator from South Carolina, the chairman of the Committee on the Judiciary, the President pro tempore of the Senate, one of the most able Senators in this body, for endorsing the concept.

The PRESIDING OFFICER. Is all time yielded back?

Mr. THURMOND. I yield back my time.

Mr. BAUCUS. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1025) was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1026

(Purpose: To amend the import licensing procedure for textile and textile products established under the Department of Commerce)

Mr. EVANS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Washington [Mr. EVANS], for himself and Mr. INOUYE, proposes an amendment numbered 1026:

To pending Amendment No. 1015; On page 23, through page 24, line 5 strike all in Section 106.

Mr. EVANS. Mr. President, I believe this is an appropriate amendment if this bill ultimately becomes law. I hope that never happens, but if it does, it should be carried out in the most efficient and expeditious way possible.

I, for one, from the beginning of my tenure in the Senate, have joined the senior Senator from South Carolina and the junior Senator from South Carolina in a very strong approach toward deficit reduction and keeping the costs of Government under control.

For the life of me, I cannot understand why this bill would produce a duplicate mechanism for import licensing, as is suggested in the paragraph which I would eliminate. The imposition of an import licensing system to be administered and established by the U.S. Department of Commerce is simply unnecessarily burdensome and duplicative.

The apparel and textile importers already deal with a too complex quota system. It is administered by the Customs Service, and the Customs Service does keep track of all separate entries.

Customs entries for textile and apparel shipments now number over 125,000 per month—that is per month, not year—with multiple products in each shipment.

Census makes about 300,000 quota entries each month.

A total licensing system for all entries, both those currently under quota and those not controlled, could bring us to almost 500,000 licenses per month.

If the purpose is to require more adequate information, then there are alternative systems which are more efficient and less burdensome. Direct communications systems with exporting countries, for instance, are working well in some instances.

The bill extends coverage under this licensing system to all entries, interestingly enough, including the European Economic Community and Canada, which are not even covered by the quantitative restrictions in the bill.

Mr. President, importers and retailers need certainty when making business decisions. We are not going to eliminate imports into the United States. There are thousands of jobs at stake outside the specific textile and apparel industry seeking to be protected by the sponsors of this bill. If the bill passes, there will continue to be imports. There will continue to be jobs in a wide variety of industries connected with that and those who import must place their orders several months in advance. They have to cut a letter of credit. They have to know whether an import license will be issued. And the Department of Commerce simply has not had a very good record in ensuring certainty even from our exporters in this export licensing system.

If the purpose is to have more adequate enforcement, to prevent fraud and prevent transshipment, this language is not necessary. The proper direction is to stengthen what is already on the books, and that is the laws and the already in-place team of the Customs Service.

This provision will create uncertainty at the points of entry of container shipments in to the United States particularly. This will affect all ports in the United States, including the rapidly growing container port of Charleston.

Mr. President, as I said at the beginning, I am not a fan of this bill. But I think it is important, in fact imperative, for anyone on the floor of this Senate to attempt to make any bill which may become law as efficient and streamlined as possible and, Mr. President, I suggest that this paragraph which I would eliminate establishes a duplicative system which is absolutely unnecessary, extremely costly, and I suggest that we, at this time, particularly in this country if we are going to remain competitive, we are going to do the kind of job to bring our budget defict down, we are going to really try to live up to the statements we heard so frequently on the floor of the Senate, I can think of no better way to start than this bill and to eliminate this duplicating provision.

Mr. President, is Senator INOUYE listed as a cosponsor of this amendment? If not, he should be.

The PRESIDING OFFICER. He is.

Mr. EVANS. All right. Thank you, Mr. President.

The PRESIDING OFFICER. Who seeks the floor?

Mr. THURMOND. Mr. President, I rise in opposition to this amendment.

The textile bill calls for import licensing for three main reasons. First, an import licensing system would provide an additional weapon in combating quota fraud and transshipment of goods to avoid quotas. It would do so by requiring the U.S. importer to declare to Customs precisely what product category is being purchased from the foreign country. At the present time, some importers, when confronted by Customs with a shipment which contains goods other than those described in the documentation, profess innocence and claim there was no attempt at quota fraud on their part, that it was merely a mistake by the shippers. This practice would be greatly reduced if the importers have to go on record prior to shipment as to exactly what the shipment contains.

Second, an import licensing scheme would provide an early warning system so that the U.S. Government would be able to administer the quota system more efficiently. Advance knowledge of what will be shipped will essentially eliminate overshipments which are a serious problem to the current system. The administering authorities will know precisely when to stop issuing import licenses and when to notify Customs that a quota should be controlled. The exporting countries will have no reason to overship because an importer will not execute an order unless he has an import license.

Third, the system should be fair and equitable. It should not permit large importers to acquire all of the licenses, but should take into account the historical distribution of imports among U.S. companies.

The cost of an import licensing system should be minimal. It has been used for many years in the European Community and has not been an administrative or cost burden to them even though nine EEC countries are involved with separate bureaucracies and customs systems. The legislation provides that a nominal cost be attached to the license in order to cover the cost of administering the system without putting an additional burden on the U.S. Treasury.

Mr. President, we think that this is a bad amendment and that it would be a mistake to pass it.

Mr. President, I yield such time as my distinguished colleague may need.

Mr. HOLLINGS. I thank my distinguished colleague.

Mr. President, on this measure, this weekend we negotiated with Thailand, much to my dismay, concerning the overshipment in violation of their bilateral agreement. Apparel from Thailand is being overshipped to the tune of 40 to 50 billion square yards. We brought this out earlier this summer.

The Department of Commerce say only discovered it in August but after we continually complained about it prior to August, they finally began checking. Once they saw there was an overshipment, they embargoed Thailand on October 8. That is after we appeared on "This Week with David Brinkley" and showed the violation there.

Now, they negotiated this weekend. And what do they do? They agreed with Thailand to go ahead and release the goods from embargo as of Decem-

ber 1, which would allow them, of course, to bring in all the apparel for the Christmas shopping season and further agreed to space out the overshipment charges over a 3-year period, which in reality confirms a violation. This will ease the effect on Thai exporters of their violation of our agreement.

Ambassador Carlisle's office said frankly the system did not work, it was inadequate, and I would have to counter frankly, "Mr. Ambassador, your system or you did not work; you were inadequate." I think that is an inadequate solution to the problem.

As long as the U.S. Government treats this thing lightly as a matter to sit down and extend, business people are business people and they are going to continue to violate and press right up to any limit possible in order to make that dollar, to make that shipment, and continue to increase their particular wealth at the expense of the United States and the textile industry.

This is a perfect example of why an import licensing system is needed. If we had an import licensing system, these goods could not have been shipped without a quota allocation. And, it would not have taken the U.S. Government until August 1985 to figure out that Thailand had violated our bilateral agreement in 1984.

We have been talking and insisting on this for the past 10 years. The Trade Act of 1974 had implied authority for the issuance of licenses. And in the Trade Act of 1979, we then affirmatively spelled it out in the act and allowed the President to put these licenses up for auction.

I believe in this regard we must mandate licenses because unless you have a license, what has been occurring year in and year out, will continue. Over a 30-year period we have been trying to get a result and save an industry and we will not be able to do it. If we have the licenses, the Department of Commerce will direct the U.S. Customs to issue those licenses in a limited amount and they will not be accepted except in accordance with that particular license. That is the only way we can enforce this particular provision. And the Evans amendment necessarily guts the bill when he eliminates the licensing provision.

I reserve the remainder of our time.

The PRESIDING OFFICER (Mr. GARN). Who yields time? If neither side yields time, time will run equally against both sides.

Mr. EVANS. Let me just respond briefly to my two colleagues from South Carolina. Let us make no question about it. What is being suggested here is an additional system and a necessary system, one which duplicates and one which is costly. There is simply no question about it.

The very fact that the Senator suggests there is some large need for an additional system indicates that that system will require personnel, will require money, will require costs. And I suggest that the elements that were listed as the rationale for opposing this simply point out what I have said in the first place, that it is duplicative.

On fraud in transshipment, we already have an increasingly effective red ball tag system which is being utilized. There has been a lot of talk about fraud, and fraud is an easy word to toss around. And fraud and mislabeling, it has been suggested, is widespread.

Well, the Department of Commerce has reported finding $40 million of textiles and apparels which was counterfeit, mislabeled, or improperly classified. That is from January 1981 through September 1984.

Now, I believe any reasonable effort to prevent fraud should be followed, but I point out that total textile and apparel imports during that same period of time were $55.9 billion. You are talking about the fraudulent shipments of 0.07 percent.

Now I have no argument at all with the Senator from South Carolina in terms of his concern over Thailand. I do not think there is any question that there was overshipment, and an appropriate embargo was placed. That did not require new law, and new law would not have made it any different. I suggest that the current law was utilized and utilized well. The Senator may suggest it took efforts on his part and some of his colleagues' part to produce that result, but, nonetheless, an embargo was placed. I understand that it will be lifted.

I do not pretend—and I hope that my colleague from South Carolina does not pretend—that decisions of that sort are exclusively decisions in America's best interest as they relate solely to the question of textiles. In that particular situation, I think we have to keep in mind, in terms of the penalties we levy and the effect we have on foreign nations, how this action fits in with not only our overall aid policy, but how it fits in with our overall military and national security policy of the United States.

Vietnam appears to be contemplating a major offensive against Thailand once the dry season begins, or a major offensive on the border of Thailand. It will hit the refugee camps and will take the resources of the Thai military which we are already supporting with military aid.

Now, we can take our choice, I suppose. We can, in this case, throw 50,000 to 100,000 people out of work in that country—and I would be the first to support my colleague in saying that it is the workers in this country that we have to consider first. That country has a debt service ratio of 24 percent, which is pretty high, to the United States. And we have got to consider the U.S. interests in terms of repayment of that debt and the U.S. interests in terms of the military security of that part of the world. And if what we do ends up reducing our military security, that can have consequences far beyond those that might be levied against any one industry of the United States.

Having said that, I do not disagree with the embargo which was placed on that nation, which the Senator used as an example. But I also remind him that it was done under existing law and did not require this legislation to implement.

Mr. President, I continue to believe that we are about to adopt a bill which will be costly in many respects, but specifically costly in an import licensing system. I have a suspicion from previous votes and from the remarks of my colleagues from South Carolina that regardless of the logic, they will not accept this as an amendment.

At this point, I am not certain whether I will push it on a rollcall vote, but I do want to make everyone very clear in their understanding, and certainly will express this if this bill ever gets through a conference and down to the White House, that on many other respects it ought to be vetoed, but certainly in respect to excessive and unnecessary costs, this bill ought to be vetoed.

Mr. HOLLINGS. Mr. President, we would be prepared to yield back our time.

Let me just say this: Let us look at Senator EVANS' proposed amendments that he submitted last Thursday evening when we got the unanimous-consent agreement. And we have the list and we have the two amendments, No. 7 and No. 8, both by the distinguished Senator from Washington. On amendment No. 7, it is typed here "Eliminate import licensing," and No. 8, "Additional Customs officials, if first Evans does not pass."

Now, Mr. President, if we are talking about saving money——

Mr. EVANS. Mr. President, will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. EVANS. I think there was an error in the listing here. It should be "Additional Customs officials, if the first amendment does pass."

Mr. HOLLINGS. If the first amendment does pass.

Well, I was reading that, because I thought we were going to save money. My argument was, to the point of saving money, the distinguished Senator from Washington has been the chief law enforcement officer of his State. If you give me a license and I have accountability, I really save like gangbusters. I save all kinds of money and time in personnel with a simple li-

cense because the amount is stated in that particular license and anything over and above that is in violation. Then you have the penalties for the particular violation.

What we have is almost like these arms control agreements. These arms control agreements say only one ABM system, but now they have two ABM systems and then they have radar in violation of the ABM system, but they say: "No, it is not any violation." What you have is not enforcement, but conversation.

We are trying to save, I say to the Senator, money, time, and personnel. And if you give us a licensing system as has already been approved by this body and the President of the United States in the 1979 Trade Act, where they provided for the auctioning of licensing, that we will have the direct licenses issued with respect to the provisions of this bill, which is with respect to the 34 bilateral agreements, and therefore, there will be a clear understanding whether or not the law is being violated.

You see, you have to get on national TV. You have to put in a bill. You have to get the bill all the way through the House. You have to get momentum up here. And you have to take on other measures such as shoes, copper, and everything else in order to get, as you say, enforcement under the present law.

Then by the time you think you have enforcement, like quicksilver in the palm of the hand, it goes up. They now let the Thais off the hook.

I do not have enforcement under the present law. Yes, there was an embargo on October 8, but it's November 13, I do not have enforcement. They have let them off the hook.

That is why I want to have the license. That will save time. It will save money. It will save personnel.

What we are really doing is really putting in the mechanism of cost saving. There is not any bureaucracy here. This will save tremendous cost, hearings, and petitions. You have a group that tells you, use section 201, let us petition, let us prove, and let us have the President find. We do not have to do any of that. We say we all agreed to it. Here is the license for it. Stay within this. Otherwise, we pull that license and you are out.

They understand that language because many of these trading countries have just exactly that—a licensing system. You have to get the license if you can get it.

I can tell the distinguished Senator about the subject of shoes down to Cabell Brown in Roanoke, VA. They told him he ought to speak Japanese. He does. He has been trying 7 years. He went to MITI, and got a partner there to get into the shoe business. He went back over there to Japan and visited ad infinitum. Trying to do what? Get a license so he can sell his shoe in downtown Tokyo and make a profit.

But he cannot get a license. Yes, many other countries have a license. But not the United States of America. We have free trade, free trade, protectionism, protectionism, and a trade war we might start.

I have never seen such nonsense going on in this Nation's Capital. The country is demanding that we wake up. That is why we have gotten these votes today. These Senators realize from their constituents that we are losing our capacity to manufacture and produce—not just jobs. Fundamental to being a world power is the ability to produce steel, rubber, glass, shoes, textiles, and copper. You have to have these things that are in this bill. We are not a Third World country.

We are protecting not just the United States but the free world. We passed a resolution here an hour ago, Mr. President. You are there working not just for the United States but for the freedom of all mankind. What are we going to do about that?

If we are going to maintain our standard of living, then let us act like mature beings. Put in a licensing system, and it can be lifted if there are violations. And you do not have to go through thinking you have an embargo on October 8, and by November 13 they have already slipped through and let them off the hook.

Now they are going to bring in some 40 million extra yards in violation of the agreement. We need licensing.

I reserve the balance of my time unless the Senator wants to yield back.

Mr. HOLLINGS. Several of our colleagues have expressed concern regarding the intent of section 1205 of the amendment pertaining to import licensing. Am I correct in my understanding that the intent of section 1205 of the textile and apparel trade enforcement amendment dealing with import licensing is to establish a licensing system in order to assist in administering the limits set in the legislation?

Mr. THURMOND. That is correct, the licensing provision in the bill is intended to assist in implementing the other provisions of the bill, but is not in itself the limiting authority. Import licensing is intended to do several things. First, it will provide the administering authorities with accurate, up-to-date information on what import flows will be in future periods. This will be very helpful since there have been delays in collecting data on exports once they arrived in the United States. Second, the import licensing system will be very effective in reducing quota fraud. There will have to be matching documentation whereby the import license must correspond exactly to the export license from the producing country. This should reduce attempts at transshipment, misidentification, and other types of quota fraud. Third, an import licensing system should completely eliminate overshipments. The present system is plaqued by overshipments of quotas due to lack of precise control by the producing countries. An import licensing system should eliminate overshipments completely because an import license would not be granted once an quota is filled.

Mr. HOLLINGS. Is the import licensing system intended to provide continued access for small importers as well as large importers?

Mr. THURMOND. Yes; it is intended that an import licensing system be administered in an equitable and effective fashion by the Secretary of Commerce. While the legislation does not spell out exactly how import licenses are to be administered, nonetheless, it is intended that the licenses should be administered in a way that is fair, and equitable, and does not disadvantage small importers by providing larger importers with most or all of the import licenses. On approach might be to allocate licenses based on historical shares with some setaside for new market importers. Another way may be to allocate a portion on a first-come-first-served basis with another portion dedicated to small importers. This would be up to the administrating authority but I believe the intent of this provision is clear. Import licenses are to assist in administering the system without unfairly rewarding large importers at the expense of small importers. Also, the intent of this provision is to charge only a nominal fee to importers for this service which will cover the licensing system's administrative expenses.

Mr. EVANS. I yield back the balance of my time.

Mr. HOLLINGS. We yield back the balance of our time.

I move to table the amendment.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina to table the amendment of the Senator from Alaska.

The motion was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MATSUNAGA addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

AMENDMENT NO. 1027

(Purpose: To exclude noncontiguous portions of the customs territory of the United States from the textile quota)

Mr. MATSUNAGA. Mr. President, I send an amendment to the desk in behalf of my senior colleague, Senator INOUYE, and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. MATSUNAGA], for himself and Mr. INOUYE, proposes an amendment numbered 1027.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment add the following:

SEC. —. IMPORTS TO NONCONTIGUOUS STATES

Notwithstanding any other provisions of this act any limitation imposed by this act on the quantity of printed textiles that may be entered or withdrawn from warehouse, for consumption in the customs territory of the United States shall not apply with respect to any products entered or withdrawn from warehouse for consumption and substantial transformation in the State in which such textiles were first offered for entry.

Mr. MATSUNAGA. Mr. President, I rise in support of the amendment which I have offered, with Senator INOUYE as a cosponsor, to exempt printed textiles imported for consumption and substantial transformation into the noncontiguous States from coverage of the Hollings amendment.

Mr. President, the proponents of the Thurmond-Hollings amendment have asserted that due to textile and apparel imports into the United States, workers in domestic textile companies have lost employment and have been otherwise materially and adversely affected. Assuming the legitimacy of this assertion, the growth and development of the Hawaiian garment industry cannot be said to have caused the slightest increase in unemployment in South Carolina or any other State. Indeed, from its inception, the Hawaiian garment industry, which directly employs 2,950 workers, has depended on Asian textiles because the quality of prints and colors are available from only a few domestic mills and are not produced in sufficient quantities to meet the demand of Hawaii's industry. Since Hawaii's industry has always relied on Asian sources for textiles, jobs have not been taken away from domestic mills and no economic dislocation has occurred as a result of this reliance. In fact, the 2,950 garment workers in Hawaii, who are employed in 138 establishments with an annual gross product of $80 million, represent American jobs, which deserve to be protected from legislation which would result in the crippling of their industry.

The Lieutenant Governor of Hawaii and representatives of the Hawaii garment industry have testified before the Trade Subcommittee of the Finance Committee that enactment of the Textile and Apparel Trade Enforcement Act of 1985 in the form as proposed by the Thurmond-Hollings amendment would mean the dismantling of the garment manufacturing industry in Hawaii and the loss of 2,950 jobs, or more. These are American jobs, Mr. President. Certainly, if the intended purpose of the pending legislation is to save American jobs, these 2,950 jobs in Hawaii deserve saving. My amendment, cosponsored by my distinguished colleague, would do just that.

Coupled with the crippling effect of the Thurmond-Hollings amendment on the garment industry in Hawaii, it would also seriously harm the tourism industry, which constitutes the State's largest industry. In 1983, for example, visitor expenditures on clothing and accessories totaled $417.8 million, which, I must add, contributed favorably to the U.S. balance of trade. Textile and apparel imported into the customs territory of Hawaii is annualized at a level of 15 million square yards. This is an infinitesimal amount in relation to the total annual textile and apparel imports into the United States. According to the U.S. Department of Commerce, textile and apparel imports amount to approximately 7 billion square yards annually. This means that Hawaii's share of imports amount to less than one-fifth of 1 percent of the national total.

Obviously, Mr. President, my amendment would have minimal or no effect on our domestic textile industry, but would serve to maintain the economic viability of the garment industry in Hawaii, and save 2,950 American jobs and even more indirectly. I urge its adoption.

Mr. President, I yield to the senior Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Mr. President, I rise to voice my support for the Matsunaga amendment and urge my colleagues to give it serious consideration. I associate myself with the remarks of my distinguished colleague.

Before I yield the floor, may I ask my distinguished colleague from South Carolinia if he would respond to a question?

Mr. THURMOND. Mr. President, I yield such time as may be required to my distinguished colleague.

Mr. HOLLINGS. I thank my colleague.

Mr. INOUYE. Does the Thurmond-Hollings amendment provide for any shipment of fabric from Asia?

Mr. HOLLINGS. It provides, definitely, for the shipment of fabric from Japan, which is primarily the interest of the two distinguished Senators from Hawaii. It provides for printed fabric. It is frozen at the 1984 level. That is the highest year for exportation ever experienced by Japan into the United States. We take that level and then give an increase annually, which is the increase in domestic consumption.

It should be assumed that we will maintain the jobs that we have with the increase in domestic consumption with those kinds of imports, and that we will go steadily along.

I never have accepted the logic that somehow or another Hawaii would lose jobs and South Carolina would not. I think we are going to stabilize the industry. We are not going to necessarily guarantee too big an increase because we are not rolling back. We are taking the highest level of 1984 on fabrics from Japan.

Mr. INOUYE. The original amendment called for the 1980 level.

Mr. HOLLINGS. Yes, and the House bill goes back to the 1981 level.

Mr. INOUYE. Can the Senator tell us what the difference would have been if we had maintained the 1980 instead of the 1984 level?

Mr. HOLLINGS. The yardage with respect to Japan is 736 million square yards. Under the original House bill it would have been 362. It has been doubled.

Mr. INOUYE. So the amendment doubles the House provision?

Mr. HOLLINGS. In that regard, yes.

Mr. INOUYE. I appreciate the response.

Mr. President, will the author yield for a question?

Mr. MATSUNAGA. I am happy to yield.

Mr. INOUYE. The Senator maintains that the impact the State of Hawaii will have on the overall textile picture is less than 1 percent?

Mr. MATSUNAGA. Indeed, it is less than one-fifth of 1 percent.

Mr. INOUYE. So if this amendment is adopted it would have no discernible impact upon the total measure?

Mr. MATSUNAGA. No discernible impact, perhaps none at all.

Mr. INOUYE. I thank the Senator.

Mr. THURMOND. Mr. President, I yield myself such time as may be required.

I would like to mention this to the distinguished and able Senators from Hawaii. This bill has three categories. The first category is called the major exporting countries. Those are countries whose exports to the United States are more than 10 percent of the total U.S. imports. Only three countries come from that category: Taiwan, Korea, and Hong Kong.

The second category is called exporting countries. These are countries whose exports to the United States are less than 10 percent of the total U.S. imports. Japan falls in that category.

Japan in 1984 was allotted 737 million square yards equivalent and in 1985, 737, the same amount; in 1990, 775, an increase; in 1995, 815 million square yards. Japan, as I stated, falls into that category.

The third category is small exporting countries. All other countries, the EEC and Canada are excluded under the bill.

Under that small exporting countries, those are the ones that have minimum amounts. We did not go into detail about them.

I think the Senator will be pleased with this breakdown in allotment the way it has worked out.

Mr. HOLLINGS. Will the distinguished Senator yield a few minutes?

Mr. THURMOND. I yield.

Mr. HOLLINGS. The Senator from Hawaii refers to assistance. They have run me all over Europe and Canada.

I recall less than 1 hour ago I heard that world dichotomy between the distinguished Senators relative to insular possessions. We were a little offended at the use of the word colony, which, of course, refers to Hong Kong.

We clarified that.

We said, "Look, if these are U.S. possessions, do not treat them as foreign; they are part of the United States."

So our whole thrust and our whole goal was to get everybody in the United States. Now our thrust is to get them out of the United States.

The Senator's amendment is entitled "Imports to Noncontiguous States." There are two noncontiguous States, Alaska and Hawaii. What he tries to do here is exempt the State of Hawaii, I guess—I do not know whether Alaska is involved or not, but it does say generally "States."

I have to refer now to the Constitution. We have to throw away the Constitution.

We could not get you through Europe, we could not get you through with just a half a haircut, just applying to fabrics and not apparel. We could not get you out of the insular possessions, so now we will throw away the Constitution.

The passage there, article I, section 9, paragraph 6 says:

> No preference shall be given by any Regulation of Commerce or Revenue to the Ports of one State over those of another.

That is one section, section 9 of article I, paragraph 6.

Then, under article IV, section 2, the first paragraph says:

> The Citizens of each State shall be entitled to all Privileges and Immunities of the Citizens in the several States.

So what the Senator is saying is that the privileges and the immunities that he may have in Hawaii under this amendment would apply to manufacturers of textiles alone in Hawaii but not to manufacturers of textiles in South Carolina.

I am confident that the distinguished Senator does not want to remove Hawaii from the country or the Union. We tried that once in South Carolina and it did not work.

I think one of the most inspired stories, and I say this in all seriousness, I have heard is the story of "Journey to Washington." That is the story of the distinguished senior Senator from Hawaii, and I know we all hold him in the highest regard. Everybody is running around now with a guitar in their arms singing "Born in the U.S.A." Well, here is a fellow who lost his arm trying to prove his birth in the U.S.A.

I always regretted, I say to the Senator, that I never had the opportunity to vote Hawaii into the country. I remember that story of how his father and he went in to see John F. Kennedy after Hawaii has become a State. President Kennedy had just become President of the United States. I do now have, in this amendment, the privilege of voting in Hawaii as a State.

I do not want to cut anybody off, if we could have just a voice vote on it; I could not accept the amendment. It is not within the spirit of the Constitution and does not provide for equality of all the citizens and certainly not the equality of the citizens of Hawaii. We could not pass a special provision for one of the States, I say to the Senator.

Mr. MATSUNAGA. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 7 minutes.

Mr. MATSUNAGA. I wish I had a little more time, Mr. President, because then I could argue the question of constitutionality here. May I ask a question of the junior Senator from South Carolina?

Mr. HOLLINGS. Certainly, Mr. President.

Mr. MATSUNAGA. Is it his contention that it is because of its unconstitutionality or its purported unconstitutionality that he opposes the amendment?

Mr. HOLLINGS. I say, yes, sir, most respectfully, Mr. President, it is.

Mr. MATSUNAGA. That is a question which should really be decided by the courts, should it not?

Mr. HOLLINGS. Oh, we could raise that question on the floor. The other day, if the Senator remembers, there was a question raised of constitutionality on the State-Justice-Commerce appropriations bill relative to the abortion amendment, providing those health services for inmates of prisons. The Senator from New Hampshire raised the constitutional question. If I did apply that, then we would have a rollcall. I would rather vote on the merits. But that is my reason, Mr. President, yes, sir.

Mr. MATSUNAGA. Mr. President, what about the merits of the amendment? As I pointed out, this would not in any way take away any jobs from South Carolina or any other State of the Union. In fact, it would save 2,950 and more American jobs in Hawaii. This is our concern.

Mr. HOLLINGS. Mr. President, I cannot, most respectfully, agree with that conclusion. I do not think it will cost a single job in Hawaii. I really do not.

Mr. MATSUNAGA. I am only representing what the Lieutenant Governor of Hawaii has testified to and also what the representatives of the Hawaii garment industry have testified to before the Subcommittee on Trade of the Committee on Finance.

I think, inasmuch as South Carolina and the other States would not be affected at all and that unless this amendment is adopted, Hawaii would be most seriously affected, the constitutional question could be set aside by the Senators from South Carolina.

Mr. HOLLINGS. I say to the Senator that could well have been the testimony of his distinguished Governor and Lieutenant Governor on the original bill, where there were cutbacks all the way to 1980. I do not think it would apply to this version of the textile amendment. It has been modified.

Mr. MATSUNAGA. Under the Senator's amended amendment, the cutbacks would go back only to 1984, is that it?

Mr. HOLLINGS. Yes, sir, Mr. President.

Mr. MATSUNAGA. Not for all the countries, however?

Mr. HOLLINGS. That is true, Mr. President.

Mr. MATSUNAGA. That is just for Japan?

Mr. HOLLINGS. And the People's Republic of China.

Mr. MATSUNAGA. As the Senator probably knows, having no doubt studied the issue, Taiwan sends a considerable amount of printed fabric into Hawaii, amounting to $4.05 million in 1984. Curiously enough, Italy ranks third—Japan is first and Taiwan is second. Italy exported to Hawaii $2.22 million in 1984.

I still feel the constitutional question should be decided in the courts and that on the merits, the amendment should be adopted. If the Senators from South Carolina on both sides of the aisle would agree to accept the amendment, the people of Hawaii would be eternally grateful.

Mr. President, I urge the adoption of my amendment.

Mr. THURMOND. Will the Senator yield?

Mr. MATSUNAGA. I am happy to yield to the senior Senator from South Carolina.

Mr. THURMOND. Mr. President, I would like to call to the attention of the distinguished Senator from Hawaii the fact that his people testified against the original bill, not this bill. In the original bill Japan was rolled back, but Japan is not rolled back under this bill.

Mr. MATSUNAGA. What about China?

Mr. THURMOND. China is not rolled back under this bill.

Mr. MATSUNAGA. China is rolled back only to 1984, is this what the Senator is saying?

Mr. THURMOND. Only the three largest importers are rolled back now, which are Taiwan, Korea, and Hong Kong.

Mr. MATSUNAGA. Taiwan, Hong Kong, and Korea?

Mr. THURMOND. Japan and the People's Republic of China are not rolled back under this, they are just held at their 1984 level for 1985.

Mr. MATSUNAGA. That, of course, will somewhat ameliorate the situation hopefully, but most of the printed textiles will——

Mr. THURMOND. The Senator will remember when he came to the Senate he took an oath to uphold the Constitution. Each Senator has an obligation to decide for himself whether legislation is constitutional. When I first came to the Senate, I decided I was going to ask myself three questions before voting on any piece of legislation. First, is it constitutional? It is my duty to decide that. If I were not a lawyer I would consult some lawyers about it. Second, is it wise? And third, can we afford it? So the first thing I do is determine whether legislation is constitutional. There is some question here about that, but aside from that an exception would be made here for one State. I do not think the amendment is proper and it should not be passed.

Mr. MATSUNAGA. I appreciate the senior Senator from South Carolina reminding me of the oath that I had taken, but I have not only taken the oath, I have spilled blood on the battlefield to preserve the heritage of this country, I would have the senior Senator know, and I will do it again, if necessary. So while my face may look more like the Asians we are targeting by this bill, I will have the Senator know that I am an American first, an American last, and above all an American.

Mr. THURMOND. We are very proud of the Senator and proud of his record of service to his country.

Mr. MATSUNAGA. The question of constitutionality has arisen. In my view it is constitutional because we have precedents; otherwise, I would not be offering my amendment. So my proposal is that the question of constitutionality be left to the courts to decide and let us consider my amendment on its merits.

Mr. President, I yield back the remainder of my time.

Mr. THURMOND. Mr. President, I yield back our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. THURMOND. I move to table the amendment.

The PRESIDING OFFICER. The question is on the motion to table the amendment of the Senator from Hawaii.

The motion to lay on the table the amendment (No. 1027) was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I understand the distinguished Senator from Michigan does not plan to offer an amendment but he wanted to make a statement concerning an amendment; is that correct?

Mr. LEVIN. I am going to offer it and then withdraw it.

AMENDMENT NO. 1028

(Purpose: To reduce the bilateral trade deficits)

Mr. LEVIN. Mr. President, I send an amendment to the desk on behalf of myself and Senator COHEN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Michigan [Mr. LEVIN], for himself and Mr. COHEN, proposes an amendment numbered 1028.

Mr. LEVIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert the new title after the appropriate section of the bill:

REDUCTION OF BILATERAL TRADE DEFICITS

The President shall use his power under the Trade Act of 1974 as amended, to reduce the trade deficit with any country having a merchandise trade surplus with the U.S. exceeding $10 billion in 1985 and having unfair trade barriers against U.S. exports, as identified but not limited to the Annual Report on National Trade Estimates of 1985 published by the United States Trade Representative.

For those countries affected, the merchandise trade deficit shall be reduced in Calendar Year 1986 from the Calendar Year 1985 deficit level by an amount equal to the monetary cost of said barriers in Calendar Year 1985 on American products as estimated by the United States Trade Representative. The President shall submit to the Congress a plan within 30 days of enactment to achieve such reductions and shall take action immediately thereafter to implement such plan.

Mr. LEVIN. Mr. President, I offer this amendment on behalf of Senator COHEN and myself. It would attack unfair trade practices against this country and the unconscionable trade deficit affecting us and also would take a significant step toward correcting the trade imbalance we now face.

Because I support the textile bill in front of us and do not in any way want to cloud its passage, I will in a moment withdraw my amendment and I will explain why at that time.

Our amendment would require the President to employ his existing legal authority to reduce our trade deficit in 1986 with countries who have an overall trade surplus with the United States which exceeds $10 billion in 1985 and—and this is critical—which have unfair trade barriers against the United States exports. The amendment would require the U.S. Trade Representative to estimate the monetary cost of discriminatory barriers to American products in 1985. It then requires the President to submit a plan to Congress within 30 days to reduce the trade deficit in 1986 by that amount.

For example, if a country is above the threshold level and imposes unfair barriers to American products which cost the United States $12 billion in 1985, the President is required to reduce the trade deficit with that country by $12 billion in 1986 from the 1985 level. My amendment would not specify how the President would achieve the reductions. He would use his existing authority to decide how to come up with those reductions.

Mr. President, every industry and worker in the United States is affected by our trade deficit. It is not just the textile industry which is feeling the effect of foreign imports. It is not just the shoe worker who is being forced out of a job because of unfair trade practices. Other American workers are severely impacted by imports from countries which have relatively free access to our markets while discriminating against our goods. Japan is but one example, the largest I believe. Japanese auto imports to this country have risen by 36 percent from last year. This has been largely due to the President's failure to push for voluntary restraint agreements on auto imports from Japan. Consequently, our trade imbalance with Japan alone is estimated to run $50 billion in 1985.

On the other hand, Japan places fixed barriers to our goods, our beef, our tobacco, our rice, our lumber, our citrus, et cetera, et cetera, et cetera. We need action to correct that unfairness. The fact is that we are losing an estimated 25,000 jobs for every billion

dollars of trade deficit. That translates into a loss of over 3.5 million U.S. jobs in 1985. The legislation before us begins to address the trade imbalance and protects some of our workers. We must not sit back and continue to watch the trade deficit skyrocket. I am going to continue to press this body to put some teeth into our rhetoric about the trade deficit and to correct unfair trade barriers against our exports with countries having large trade imbalances with us in their favor. It is clear the President is not going to take any real action to reduce the trade deficit, it is clear the trade deficit will not go away, and finally it is clear it is going to be up to the Congress to legislate appropriate solutions.

Because a number of our colleagues would be constrained to oppose this amendment if offered on this bill but would be supportive of it on a different vehicle, I have decided after discussions with a number of our colleagues not to press it here. Therefore, Mr. President, I withdraw my amendment.

Mr. THURMOND. Third reading, Mr. President.

Mr. HOLLINGS. Third reading.

Well, we have to debate our amendment. We have a half hour to a side, and it depends on the Senator from Washington and the Senator from South Carolina. We are ready to vote. The yeas and nays have been ordered.

Mr. THURMOND. Mr. President, I think Senator HOLLINGS and I need about 2 minutes apiece. As short as the distinguished Senator from Washington wants to make it suits us fine.

Mr. EVANS. I defer to my two colleagues. The proponents of the bill can state their case, and I will take a few minutes to try to react to that.

The PRESIDING OFFICER (Mrs. HAWKINS). Who yields time?

Mr. THURMOND. Madam President, we have been talking on this bill all day long, so I do not see a need to talk much more. But if the Senator wants me to talk a minute or two, a Senator can always say something.

[Laughter.]

Mr. THURMOND. Madam President, the textile industry of this country is in a crisis. Unless something is done to stop these massive imports, we will not have any textile industry here in a few years.

Also, this legislation is in our national interest. I have stated on this floor before that the Defense Department says that textiles rank second only to steel in the matter of national defense. That is vitally important to this Nation.

It is also important to this Nation that we provide jobs for our people. We should not have to pay unemployment to so many thousands of people. The textile mills are closing in this country and unemployment is running high in those areas which is costing the country a lot of money. Furthermore, many families are being deprived of the opportunity to earn a living.

I used as an example earlier today an article about Piedmont, SC, which appears in the November 18 issue of U.S. News & World Report, and I hope every Senator will read it. We want to save American jobs. In the last 5 years, this Nation has lost 350,000 jobs in textile and apparel manufacturing.

Textiles and apparel are important to every State in this Nation. Both Senators from New York and both Senators from Pennsylvania are sponsors of this bill. Every State has apparel manufacturing, and most States have some textiles. What has taken place in this Nation is calamitous, and we have to take steps to turn it around.

I said before that I think President Reagan has been an outstanding President, one of the best since I have been in the Senate, except on trade policy. I think he has been ill-advised on this, and therefore we have to take steps to correct the trade situation.

This industry is probably suffering more than any other from excessive imports. The imports have been coming in on a massive scale, and that is why this bill is necessary.

We are only rolling back imports from three countries. We are not asking that all imports be stopped. We are asking Congress to limit the growth of imports, since the administration is not doing it. We hope this bill will pass and that the industry can get some relief, so that Americans working in the textile and apparel industry can continue to earn a living.

The PRESIDING OFFICER. Who yields time?

Mr. EVANS. Madam President, I will not take an undue amount of time. We have argued this bill and debated it on the floor, in its many appearances on the floor and in the many amendments which have been offered today.

It was mentioned earlier that this bill is taking on the appearance of a Christmas tree. Well, we got by without it being too big a Christmas tree this time, but just give us a little time. If this bill passes and if, under some miraculous circumstance, it is signed by the President—I do not think it will be—we have another Christmas tree and another Christmas.

We have put shoes and we have put copper and we have put textiles, on this bill, but we have forgotten tin and we have forgotten nickel and we have forgotten aluminum—all of which are in critical shape currently in terms of U.S. production. We have done nothing and asked nothing for the timber industry, which is at least in as difficult shape as the textile industry. We have not yet added, in specific bills, steel and automobiles. And who knows what else will come on the next Christmas tree when that comes before the Senate?

This bill has an Asian focus. It is aimed at three main Nations, producers, in Asia, two of whom are among our best friends. It ignores totally the European Economic Community and Canada.

It was said earlier: "Well, they are in closer conjunction with us and their wage rates are closer." Not true. It was said: "They don't have the same kind of trade imbalances." Not true. Canada, in fact, last year and this year will have at least a $20 billion trade imbalance with the United States. The European Economic Community certainly does not have the same wage rates as the United States.

The average industrial wage in the United States is $12.60. In Italy it is $7.46. In Greece it is $3.36—one-quarter of the wage here.

Admittedly, textile workers here do not make the average industrial wage, and I suspect that textile and apparel workers in Greece do not make the average industrial wage there, either. But with respect to a fourfold difference, I can say one thing: If I were an apparel manufacturer and this bill were to pass, I would not return to the United States, if I chose to manufacture elsewhere. I would drive through the biggest loophole in this bill you could possibly find, and that is leaving out the European Economic Community. There will be a lot of apparel coming in from Greece, a good deal of it coming in from Italy.

I refer to an August 26, 1985, Business Week article which states that major Hong Kong manufacturers are establishing factories in England to achieve unrestricted access to the United States markets. Not only will such actions by apparel and textile manufacturers defeat the purpose of this legislation; it will adversely affect the economy of the ports of the Pacific coast and the economies of many of our States.

We have heard arguments, interesting ones, that the people do not have any extra benefit from these imports, that prices at retail are approximately the same. There have been repeated references to the fact that at a retail shop, the cost of a shirt or some other article of apparel from a U.S. manufacturer is priced the same as something coming in from overseas. But you cannot have that argument both ways.

If, in fact, that is true, then a "Buy American" Program ought to be spectacularly successful, and we ought not worry very much about continued imports. How could continued imports of apparel make much of a dent in the American market if the prices were the same as American goods, the cloth no better than American goods, and a

"Buy American" Program, even of feeble content, was in place?

I suggest that it is quite clear that price is part of the rationale for imports and that restricting imports will indeed have an impact in terms of cost to the consumer, and particularly in cost to the low-income consumer.

What is even more interesting is the fact that one of the largest ports in terms of the import of textiles—and I find this hard to believe, but nonetheless it is apparently true—in the last few years the biggest port and the one that is growing fastest in terms of imported textiles is Charleston. Where in the world do you think that unprinted cloth is going? It is going right to the same textile mills that are now hollering for protection.

Thirty-five percent of the total imports of cotton print cloth come into Charleston, SC—by far the leading port of entry for woven and unbleached cotton fabrics—and Savannah is second.

The large increases of these imports and the fabrics that came in occurred during the period when all imports of textiles and apparel were increasing, and these were higher than others.

Over 70 percent of those imports are coming into Charleston from East Asia, the same place that the target of this bill would apply.

Now you cannot have your cake and eat it, too.

Unquestionably, that material is going into American mills, being further processed. It is creating American jobs, and you would cut those off.

Let me correct the record if I can, Madam President. The loss of jobs during the last 5 years from 1980 to 1984 in the textile industry and apparel industry put together was not 300,000 or 350,000 or 500,000 or as some of the newspapers ads would be 1 million. It was 100,000 in textiles and 68,000 in the apparel industry.

What is even more interesting is that the 100,000 in terms of textiles occurred during a time when there was no decrease in production, no decrease in production. Just as many yards came out at the end as at the beginning of this period of time, and that does not sound very much like protectionism. That sounds a whole lot like what we should have in this country, and that is higher productivity, modernization, and better competitiveness.

Will we lose jobs? Well, I do not know what will lose or gain us the most jobs—passage or defeat of this legislation.

But I do know one thing: Currently the unemployment rates in South Carolina, North Carolina, Georgia, Maine, and the States that are the major subject of this bill are lower by a substantial margin than the current unemployment rates in Washington, Oregon, Idaho, California, and other States that will be further hurt by this legislation.

Will the textile industry disappear, as suggested by my colleague from South Carolina, reporting from a study? I think not, especially when you realize that the study was commissioned by the very industry that supposedly will disappear. The assumptions given by the industry—believe me you can crank in the assumptions—give me the opportunity to set the assumptions and I can make almost anything disappear. You crank in the assumptions you get out your facts.

I do not believe that this Nation or that any industry of this Nation ought to engage in a massive give up, not on free trade, but even a give up on fair trade.

If we are to pass this bill we would abandon unilaterally 43 agreements which we signed in good faith; we would abandon unilaterally the multifiber agreements. They have not been ignored and neither have the bilateral agreements been ignored.

My colleague, the junior Senator from South Carolina, likes to wave that big pile of agreements and suggest that they have not been lived up to. I suggest that is simply incorrect.

The agreements, in the first place, may not have been precisely to the liking of the Senator from South Carolina or perhaps they were not even right, but this Nation never has decided to unilaterally abrogate agreements it did not like. We live up to them until we have a chance to renegotiate them and that opportunity in the multifiber agreement is right now. That is the forum, that is the right opportunity, and that is the right way to correct any errors, if there are any, in our current attitudes toward trade in textiles.

Madam President, what are we going to do to ourselves if we draw up the drawbridge of trade with other nations, hide in our fortress or our castle of isolationism? We will do just like those medieval counterparts of ours did, hide and wait and ultimately be defeated. It is simply not my view of what this country is all about or the direction it ought to take.

What are we about to do to protect a weak and unprotected industry? By no means. We are talking about further protection for the most protected industry in the United States.

Let me read, Madam President, from the current weighted dutiable imports in the major categories of the United States.

What kind of tariff rates do we charge others? For the import of animal and vegetable products, 3.2 percent.

How about wood and paper and printed matter—0.9 percent.

How about chemicals and related products—1 percent. And 20 years ago that was 4.5 percent. That has come down. These others have come down as well.

Nonmetalic minerals and products, 3.6 percent.

Metals and metal products, 3.4 percent.

Miscellaneous, everything else, 5.9 percent.

Textile fibers and textile products, 19.8 percent, almost six times as much as the averages of other major tariffs in this country, and it has not come down. It has not come down one bit in the last 20 years.

Perhaps it is time to restructure our major industry. The textile industry is not totally unique. And the industry has been doing that.

The integrated textile and apparel companies have been divesting their unprofitable divisions for some time now. Money is being made, however, in a lot of other areas of the industry. Furthermore, statements from James Martin, former president of ATMI, says regardless of whether the bill passes or not, the next 12 months should prove to be more profitable than the last and recovery should continue through the 1986-87 period.

Sure the industry hit a tough period in the 1982-84 period. So did the lumber industry. So did most industries of this Nation. We all suffered from the same major disease and that was an overbalanced American dollar.

While I oppose my two colleagues from South Carolina on this bill, I join with them in their strong efforts to reduce the deficit of this Nation and in doing so take the longest, biggest, broadest step we could toward the future health of the textile industry, my own timber industry, and the industries which are so important to all of us as we represent our States or attempt to.

The consumer impact is going to be large. The gross cost is $10 billion, maybe more per year, most of it aimed at those at the low end of the income scale.

I suggest that the kind of restraints we are talking about end up having precisely the wrong effect. We narrow selection for our consumers. The volume available for sales will be reduced. We reduce competition, especially price competition in the low and middle end of the product lines. This allows domestic manufacturers, I presume, to increase prices, to raise margins and increase profits, and that appears to be the real intent of this legislation.

But we have already had examples of what happens under what we euphemistically call voluntary restraint agreements. The automobiles from Japan were under those restraints for some months. It had the effect of allowing Japanese and other foreign manufacturers to ship into the higher end of the market, put on more gadg-

etry, and increase profits. They never had such a profitable time and all at the expense of the American consumer.

I believe that the Americans are productive, ingenious, competitive, and able. I share with my colleagues who support this bill the belief that we do need a more cohesive trade policy, that we do need a more aggressive administrative action. There are a good many things that are not right with our international trade relationships, but this is no way to correct them.

Let me repeat myself. How can we cohesively move together when we pit East against West, when we trade off a textile worker for an aircraft worker or a farmer for a seamstress? The question is not whether this is in the best interests of South Carolina or the Southeast or the textile worker or even any State in the Nation.

The question at stake here is whether this is in America's best interest. Is it? I think not. I think not, if the end result is to destroy our trade relationships with two of our strongest allies in the Pacific, if it would cut off our good relationships which currently exist with the People's Republic of China when they are poised on the edge of explosive growth which could rebound to the benefit of either the United States or a collection of other nations, and especially when, in relationship to Hong Kong, we say we cannot stand the competition of a truly free trader.

Mr. President, I would like to close with just a recollection of my visit a few days ago with the President. The President has a number of pretty fundamental beliefs. He holds those beliefs very strongly and he has been as successful as he has been because he holds to those beliefs strongly. One of them is in fair and open trade. He expressed that as strongly to me as he has expressed it publicly. And I would like to share with you finally the letter he addressed to me just a couple of days ago.

DEAR DAN: As I said last week, I am ever grateful for your efforts in opposing legislative measures that unnecessarily increase import protection and would hurt the U.S. economy more than they would help, destroy more jobs than they would save, and cost consumers dearly.

This administration will continue to fight unfair trade practices wherever they occur. We will seek opportunities to promote the export of U.S. products and we will assist workers and communities hurt by import competition. I will not, however, sign any protectionist legislation that diminishes competition abroad or here in the United States.

Now that is a pretty clarion call and an example of what will happen to this bill if and when it gets down to the White House, which I devoutly hope it will not.

(Mr. BOSCHWITZ assumed the chair.)

Mr. GORTON. Will my distinguished colleague from Washington yield me 2 minutes?

Mr. EVANS. I am pleased to yield 2 minutes to the Senator from Washington.

Mr. GORTON. Mr. President, there is nothing I can possibly add to the eloquent statement of my distinguished colleague from the State of Washington in opposing this amendment and the bill to which it is attached. I can only emphasize those points.

We are here engaged in a process which will repudiate the solemn obligations of the United States. We are engaged in the process of proposing additional protection for the single industry which already has the greatest degree of protection of any industry in the United States. We are engaged in the process of creating a situation in which retaliation will be exercised against other industries which are suffering at least as greatly from foreign competition as are those which would seek protection pursuant to this proposal.

We are repudiating the policies of many of our closest friends, policies which we have encouraged them to engage in. Given the nature of the history of the United States in the protectionist measures of this sort, we are engaged in a profoundly irresponsible pursuit.

My distinguished colleague from Washington read a letter from the President of the United States which expresses in writing his often orally expressed intention to veto this proposal. Ironically, Mr. President, that may slightly, at least, add to the number of votes which this proposal receives on the floor of the Senate today, simply because many Members for purely political reasons, will feel protected in their irresponsibility by the certainty of a Presidential veto.

The President of the United States has shown great courage and great leadership in this respect. We should show equal courage and equal responsibility in turning down this proposal. We will not do so now. I prophesy, however, that we will do so when the time comes for us to uphold the veto by the President of a proposal which is irresponsible from the point of view of consumers, from the point of view of workers, from the point of view of our export industries, and from the point of view of the United States.

Mr. HOLLINGS. I yield to the distinguished majority leader.

Mr. DOLE. First, let me indicate to my colleagues that following final passage of this legislation, we are back on reconciliation. There are about 26 amendments pending and no time left for debate, so rollcall votes could occur rather rapidly. Hopefully, many of those amendments will not be offered. I expect we will be on that bill well into the evening.

Let me also say that I intend to vote either for the amendment offered by the distinguished Senators from South Carolina or final passage, however the votes may be programmed. I do so believing in open markets and access and all the things we have discussed. And I believe the distinguished Senator from Washington made a most eloquent statement.

What will happen if there is a veto, I think, will be another question on the minds of many colleagues on each side of the aisle. We do have questions. We are concerned about a more aggressive trade policy by this administration. We are concerned about unfair trade practices.

A number of us had the opportunity of visiting five trading partners in August—Japan, Hong Kong, Taiwan, the Republic of Korea, and the Republic of China. We indicated almost at every stop that there were concerns in this country about trade policy, their trade policy; there were concerns about unfair trade practices, that it was becoming not only an economic issue but a political issue, and that we were hopeful that each of those areas we visited would give some indication of their recognition of our concerns not only with more rhetoric but with some actual relief.

I believe the administration in the last 2 or 3 months has adopted a more aggressive, realistic trade policy. If you are out of work, whether it is in North Carolina, or if you cannot sell your farm products in Kansas because of some trade barrier, or whatever, you have got a problem.

I believe there is also a recognition that many of our trade woes are self-inflicted. It may be the high dollar, it may be high interest rates, and it may be a combination of both of those, but, I believe the problem results largely as a result of the gigantic Federal deficit. And if we did not have that, and if we did not have the high interest rates and if we could moderate the dollar some, we might not be on the floor today considering this legislation.

So I would indicate, as I pledge to my distinguished friend the distinguished Senator from South Carolina, Senator THURMOND, and the distinguished Senator from North Carolina, Senator HELMS, when I attended the meeting in Greensboro in August of this year, that I would support the bill. I would vote for it. But I was hoping then and I am still hoping that there will be some rather stern measures taken by the administration between the time this bill passes and the time it comes back for a veto consideration.

Mr. HOLLINGS. Mr. President, let me just say a word and then I will be delighted to yield to the Senator from Georgia, and the Senator from Maine.

I still have hope that the President will sign this measure. You can understand the enthusiasm of Senator EVANS in obtaining that letter that says that the President will not sign protectionist legislation. But that follows on a letter that was given to the majority leader earlier this week which was made public last month, in October, whereby the President's advisers said that they would recommend the President not sign the budget bill which would contain Superfund, the 8-cent tax on tobacco, and a new tax on imports to finance an expanded trade adjustment assistance.

In our discussions, Senator EVANS, myself, and other Senators, I have said several times that the President has never said he would veto a textile bill. He has had many opportunities. Of course, the Senator from Washington presented him just that—an opportunity to say he would veto the textile bill.

I think the President will not say that because this textile bill is not protectionist. On the contrary, it is in pursuance of our trade policy, what little we have, with respect to shoes before the International Trade Commission—also with copper, to implore the executive branch to negotiate agreements, and certainly with respect to the multifiber arrangement and the 34 bilaterals that we have.

This is not in violation. On the contrary, it is in pursuance of the multifiber arrangement. It is in pursuance of the Trade Expansion Act enacted in 1962, and continued since that time.

So it is not protectionist legislation. I am convinced that the President will keep his word. He said that he would do his best to maintain the level of imports in accordance with the level of domestic consumption. That is exactly what this bill says. If you get Mr. Brady's book and turn to the first part, he makes one singular point about the President of the United States. He is a man who keeps his word. So we will see when we send this down to the President, which I am hopeful we will.

I only address my comments to one issue. The Senator came right on down. Where will it stop? It will go to tin. It will go to copper. It will go to steel. It will go to automobiles. It will go to all of these things. The Senator is right. The Senator is right on target. That is exactly where it will go unless we devleop a comprehensive trade policy.

I have tried to implore the administration, and I introduced a bill earlier this year on the pattern of the National Security Council where back in the late 1940's when we could not develop a foreign policy—and in order to coordinate our intelligence resources, the State Department, and Defense Department on foreign policy—we instituted a National Security Council.

I implored the President to please institute a National Trade Council to coordinate the Departments of Defense, State, Commerce, Labor, Agriculture, Special Trade Representative, and all of rest—some 25 departments and agencies.

So I hope it will continue on, unless of course, the President gets what we are trying to do; that is, to send him a message of the national need for the United States of America to enter in, and not pull up the drawbridge into the medieval council, but to get out of the tower up there in the grandstands spouting these silly comments about free trade and trade war.

Well, the trade war is on actuality down on the field in the fourth quarter. Why did we get this far? Because the U.S. textile and apparel industry has the best case. That is why we got this far. There are a lot of people starting down with Mr. Klopman and his executive group, going to the ATMI, Mr. Milliken, going to our labor friends, Murray Finley, Sal Chaikin, Liz Smith, and Evelyn Dubrow, people working around the clock. None have worked harder than the owners and the workers within the textile industry.

They have invested $8 billion in the last 5 years modernizing, mechanizing, electronically controlling, computerizing, and data processing. They are the most competitive of workers, and the most productive of workers.

They are there. We have this case to present to them. It could not be refused. They tried every way to hold it in the Finance Committee, and to keep it in the Senate under unlimited debate. We have wiggled, and gone around here and maneuvered everywhere we can. We are here on account of the industry itself. The management and workers have the finest industry that there is in the United States, and we have a constant message. Give the United States a chance to produce and compete in this international competition.

That is what is wrong with the attitude and approach of the Senators here talking about free trade. They do not realize that you can produce anything anywhere in this world. Electric subassemblies in Singapore, automobiles in Africa, high technology in Mexico—and what you are saying, if you are not going to maintain the standard of living and have our Government level the playing field, then you are going to force me as a manufacturer to go abroad.

I cannot worry about workers and those kinds of things. I am in business to make a profit. That is the American way.

It has been our mythology, our indolence, and our failure to work up here is at fault. We ought to have the executive branch on unemployment compensation in trade because they certainly have not worked in the last 30 years. It has been true with every administration. We had this fuss and this initiative time and time again—25 years ago, in 1968, in 1978 under President Carter, and once again we are here.

While we have come this far over the objection of many, why did we succeed last time in an around-the-clock filibuster under the previous administration? Because we have been knocking on the door with the best case.

My gratitude goes to the Senators for their cooperation, their support, and understanding.

Let me not take any further time of my senior colleague. I know the Senator from Maine needs to speak.

Mr. THURMOND. Mr. President, I yield to the distinguished Senator from Georgia.

Mr. MATTINGLY. Mr. President, I will not take much time.

Mr. President, the Senate has before it legislation that is vital to the survival of one of this country's most basic industries—the manufacture of textile and apparel goods. In the past 4 years, the United States has experienced an extraordinary surge of textile imports. Textile imports have increased by over 104 percent from 1980 to 1984. Over 300,000 American textile and apparel workers have lost their jobs over the past 4 years. Over the past 5 years 250 textile and apparel plants have closed.

The U.S. textile and apparel producers have tried to compete—the U.S. industry leads the world in investment in modernization, reinvesting 80 to 85 percent of its retained cash flow and spending an average of $1.4 billion per year on new equipment. Productivity levels are higher than those of the European Community and on par with those of Japan. Yet despite these efforts the U.S. textile and apparel industry is threatened. Quota circumvention, customs fraud, wages that amount to pennies a day, a global capacity surplus, and an international arrangement that has failed to live up to its mandate have led to a flood of textile and apparel imports into this country. The flood is such that we are in real danger of losing an industry vital to so many aspects of American life. In addition, many of the countries who denounce efforts to help the U.S. textile and apparel industry, have erected themselves barriers to U.S. textile and apparel exports.

Mr. President, we must help our textile and apparel producers while there is still time for them to regain lost customer base. This year U.S. textile and apparel producers will invest almost $2.1 billion for state-of-the-art machinery. I ask my colleagues to make sure that money will not be spent in

vain and vote in favor of the legislation now before them.

Mr. President, I ask unanimous consent that the text of the enclosed article be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ONE TOWN'S STRUGGLE TO FIGHT TEXTILE IMPORTS

PIEDMONT, S.C.—J. P. Stevens's red-brick factory on the Saluda River stands idle and silent while another Stevens mill, on a bluff 2 miles from the river, still weaves cotton and synthetic fibers into cloth. Both are feeling the pinch of the American textile industry's battle with imports. The river plant closed in February. Despite modernization at the other mill, weaving there has been cut from seven to five days a week and the payroll has been trimmed from 700 to 570 workers. To reduce vulnerability to imports, J. P. Stevens wants to sell the plant.

What's going on in Piedmont, a town of 2,240 people at the heart of the nation's leading textile-producing region, reflects only a small part of the import woes of America's oldest manufacturing industry. In recent years, U.S. purchases of foreign-made fabrics and clothing have more than doubled, going from 9.5 billion dollars in 1980 to 19.4 billion in 1984. American companies caught in that wringer have closed 250 plants and eliminated 169,000 jobs in five years. "Textiles cannot survive the continued inpouring of these cheap goods," warns Paul Poston, manager of the J. P. Stevens plant that is still in operation here.

To stay afloat, the industry is whittling away at costs, installing new technology and urging its cutomers to buy American. From corporate suite to factory floor are coming pleas for federal help in the form of tighter quotas to block imports. "If the politicians don't cut down on imports, there are going to be more plants shut down and people like me are going to be out of work," says Claude Williford, 40, who came to Piedmont's still operating J. P. Stevens mill after losing a maintenance job when the company closed a plant in Anderson, S.C., 20 miles to the southwest. "It's up to America to take care of its own."

Some in Washington are listening. The House passed a bill in October to impose quotas that would cut by an average of 40 percent imports of textiles and apparel from Brazil and 11 Asian nations. After that, there would be limits on how fast imports could increase. The Senate is moving toward a vote on a less severe measure that provides for rollbacks on goods from Taiwan, South Korea and Hong Kong, then imposes ceilings on import growth. The bill seeks to gain added support by slicing shoe imports by 25 percent. President Reagan, aides say, is likely to veto any textile quotas passed by Congress. Right now, many members of Congress doubt that both houses can muster the two-thirds vote needed to override a veto. The White House expects a victory on textiles, along with Reagan's toughened trade policy, to cool the protectionist fervor on Capitol Hill.

LETTER BY THE MILLIONS

Hoping to change the President's mind, textile and apparel workers and their families are flooding the White House with handwritten letters. By early November, the count reached 2.7 million—making the letter campaign one of the largest grassroots lobbying efforts ever, the White House admits. At least 500 of the letters are from current and former J.P. Stevens employes in Piedmont. Louis Higgins, 56, who was a weaver at the mill that closed, wrote about losing a job she held for 35 years. "I told him how bad it was to be out on the street hunting a job at my age," she says. "I've never done anything else."

In pressing for quotas, textile and apparel companies contend that they are losing out to imports through no fault of their own. China and other countries, seeking to build up their domestic businesses, subsidize exports. Markets in Western Europe and Japan are tightly closed, leaving the U.S. as the most open outlet for the world's excess supplies. A highly valued dollar is making foreign fabric and clothing cheaper in the United States. American companies' costs are pushed up by a maze of governmental rules, including a limit on cotton imports.

Most important: Wage in textile-exporting countries can run as low as 28 cents an hour. "The low wages are the reason we're getting killed by imports, particularly in apparel," say Ryan Amacher, dean of the College of Commerce and Industry at Clemson University, 30 miles from Piedmont.

Opponents of quotas in both houses of Congress contend that they invite retaliation from America's trading partners, cost the country jobs in other industries and raise prices for consumers. U.S. Trade Representative Clayton Yeutter puts the consumers' tab for the House bill at 28 billion dollars a year. The industry already is sheltered from foreign competition by the 51-nation Multifiber Arrangement, under which the U.S. places quotas on textile imports from developing countries. The Reagan administration hopes to renew the plan before it expires next July, although U.S. textile producers complain that the agreement is flawed by loopholes and lax enforcement.

Unlike some of the nation's other industries that are swamped by imports, textiles and apparel are not saddled with bloated wages and antiquated equipment. American textile workers earn an average of $6.46 an hour, or $2.72 less than the typical employee in U.S. manufacturing. Apparel workers average $5.55 an hour.

Apparel makers, who so far have had limited success in utilizing new technology, continue to seek ways to get around the labor-intensive sewing machine. The C.S. Draper Lab in Cambridge, Mass., is testing robots that assemble and stitch together pieces of a garment.

In the textile end of the business, automation is taking place at a frenetic pace. Doubling their capital budgets in a decade, companies will invest nearly 2.1 billion dollars in 1985, much of it going for state-of-the-art machinery that, somewhat ironically, is imported. Using air-jet and water-jet looms, mills can weave yarn into cloth twice as fast as they did 10 years ago. Milliken & Company, an industry leader that operates 28 factories in upstate South Carolina, uses computers to match orders and production, eliminating inventories. The company has been introducing technology that allows inspectors' voices to spell out the locations of defects into a computer.

With new machinery, fewer textile workers are needed. As a result, output per employe is rising steadily—5 percent a year for a decade, a record exceeded only by U.S. electronics producers. "The American textile industry is the most modern and efficient in the world, bar none," says Roger Milliken, chairman of Milliken & Company in Spartanburg. "We're not perfect, but we've done a classic job of doing what an industry needs to do to survive."

One reason J.P. Stevens can keep its remaining mill open in Piedmont is a decade-long, 10-million-dollar effort to upgrade efficiency and quality that has brought in computers, high-speed yarn winders and other modern equipment. "If we hadn't done it," plant manager Poston says, "we'd have been gone by now." At the same time, companies are trying to stay competitive by restructuring. J.P. Stevens wants to sell its operating Piedmont mill and 17 others that make apparel cloth—which collectively lost 14.4 million dollars in 1984. Without them, the company can focus its resources on home furnishings and industrial fabrics, in which foreign competition is not as stiff. Since 1979, Stevens has cut costs by closing more than 25 plants. Jobs lost: 16,000.

U.S.-LABEL CAMPAIGN

The struggle against imports includes a buy-American appeal. Taking advantage of a law effective last April that tightened rules for country-of-origin labels on clothing, textile and apparel firms and unions are trying to get retailers to stock garments that are, as the slogan goes, "Crafted With Pride in the U.S.A." That campaign is supported by a war chest of 10 million dollars a year.

As the Christmas-shopping season gets well under way in the last half of November, advertisements featuring celebrities such as comedian Bob Hope, "Miami Vice's" Don Johnson and former football star O.J. Simpson will begin their second four-week run on major television outlets. "We're building on the attitude that people want to buy products made in the United States," says Milliken, who leads the "Crafted With Pride" effort.

Even with public and government support, textile and apparel companies probably face hard times ahead. "The best we can hope to do is stop the erosion due to imports," says Representative Carroll Campbell (R-S.C.), whose district includes Piedmont. This small community has weathered the loss of 165 jobs in the closing of one mill. Up against an uncertain future, its people have only the hope that the worst is over.

Mr. MATTINGLY. In conclusion, I would like to comment, Mr. President, on remarks made earlier by the junior Senator from Washington—and letters from the President. I am referring to support of fair trade and will say that as far as fair trade is concerned, that has been the whole question here today. There is no fair trade right now, but passage of this bill will go a long way toward helping create a fair trade environment.

How? Because I think once we get this legislation passed, once it gets over to the President and if he will sign it, he is going to find out he suddenly has all the other countries in the world eager to help him implement a fair trade policy—a policy that we do not have today in this country or anywhere else in the world.

Thank you, Mr. President.

Mr. THURMOND. Mr. President, I want to express my appreciation to the able Senator from Georgia for the splendid cooperation he has given us

all along on this measure. He has been very diligent and supportive in every way to get this textile bill passed. I want to commend him.

Mr. President, I yield 5 minutes to the able Senator from Maine.

Mr. MITCHELL. Mr. President, I thank the distinguished Senator from South Carolina. I would like to spend just a few minutes discussing the part of the bill that covers footwear. I strongly support the textile provisions, they have been much debated and discussed here. I think it is important that we understand there is a very important element in this bill involving footwear.

Since the General Agreement on Tariff and Trade was first entered into in 1947, the member nations have recognized that under certain circumstances some of their industries would be adversely affected by import surges, and therefore, each of those nations, including the United States have provisions of law which permit limited forms of protection for those industries under specified circumstances. Every other major trading nation has such provisions, and they all enforce them vigorously. The United States has such provisions but under this administration they are simply not enforced.

Last August the President rejected a unanimous decision by the ITC that the domestic footwear industry was entitled to an escape clause relief under section 201. By this action, the President unilaterally decreed that the American trade law which provides relief to import-affected industries, has no meaning. This is in fact worse than not having any trade relief law at all because it creates the illusion of a remedy where the reality of a remedy does not exist.

The shoe industry is a perfect example. When President Reagan took office, imports accounted for 50 percent of the domestic market. Now they account for nearly 80 percent of that market. The shoe industry followed the law. It played by the rules. It brought its case to the International Trade Commission which found unanimously that the industry was being injured by imports, and then recommended by an overwhelming vote a specific remedy to deal with that.

The President arbitrarily rejected it. As a consequence, other American industries have come to see that during this administration it is pointless to pursue the trade remedies provided by law in this country.

The only recourse is to go to Congress to pursue a procedure which none of us feel should be necessary; a procedure made necessary by this administration which has no trade policy other than the encouraging of imports. Never mind the cost to the domestic industries, never mind the cost in human terms to the hundreds of thousands, indeed the millions, of Americans who lost their jobs as a result of this policy.

It is that abdication of responsibility which has made this legislation necessary not only with respect to textiles but with respect to shoes.

I want to emphasize that under the provisions of this bill, domestic footwear manufacturers will have at the most 40 percent of the domestic market. Imports will be permitted to control the remaining 60 percent. No other industry is obligated to operate under such difficult circumstances, yet that is the nature of the very limited relief which is contained in this legislation recommended to the President by the International Trade Commission, and which he so unwisely, in my judgment, rejected.

I want to make one additional point which I have made in Senate floor debate on prior days.

We have heard a lot of talk here about the effect of this legislation on other countries. We have heard a lot of talk about retaliation.

Well, I do not know what retaliation is. What comes first, the chicken or the egg?

With respect to textiles, I commend all of my colleagues to this document entitled "Foreign Regulations Affecting U.S. Textile/Apparel Exports." In this document is a very long list of restrictions on U.S. textile exports to countries that would be affected by this legislation, most noteworthy among them South Korea. The very nations that are most opposed to this bill have the most restrictive policies on U.S. textile exports.

Mr. President, this is a most important piece of legislation. It will establish an important principle and hopefully it will encourage the administration to begin to enforce American trade laws in a manner which it has refused thus far to do.

I thank the Senator from South Carolina for yielding.

Mr. THURMOND. Mr. President, I want to express my appreciation to the able Senator from Maine for the fine support he has given to this legislation all the way through.

I yield to the Senator from Maryland.

Mr. MATHIAS. Mr. President, I thank the Senator from South Carolina.

I associate myself with the remarks just made by the majority leader, the Senator from Kansas.

Mr. THURMOND. Mr. President, I want to express our deep appreciation to our majority leader, Senator DOLE, for supporting this legislation. He has taken a special interest in this legislation and has been very helpful. I commend him at this time and thank him for all that he has done.

Mr. HOLLINGS. Could I do the same with regard to our distinguished leader? On all points, Senator BYRD has been a strong supporter and has been leading the way. I am grateful to him.

Mr. THURMOND. I am pleased to associate myself with the Senator's remarks concerning Senator BYRD.

I would also like to express appreciation to Jim Babb, John Pettigrew, and John Steer on my staff, and also express gratitude to Ashley Thrift and Loretta Dunn of the staff of my distinguished colleague.

Mr. President, before we vote, I want to also express my appreciation to my colleague FRITZ HOLLINGS for the splendid work he has done.

Mr. HOLLINGS. I want to express my gratitude to the Senator from South Carolina, my senior colleague. He has led the way and has done a magnificent job. It has been a privilege to work with him.

Mr. EVANS. Mr. President, I want to yield——

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. THURMOND. Mr. President, did the distinguished Senator from Washington wish to speak?

Mr. EVANS. Mr. President, I was going to yield time to the Senator from Texas.

Mr. GRAMM. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Texas.

Mr. GRAMM. Mr. President, I will try to be brief. I have spoken on this subject before, but I would like to conclude by making a few comments.

First of all, the quotas we will impose here will raise the cost of clothing and shoes to the American people. Do not be deceived into believing that we can simply transfer the cost of our problem on to foreigners who cannot vote in American elections.

The truth is that what we are doing here is taking action that imposes higher costs on the American consumer because people in the textile industry want to be protected from competition.

I just happened to be walking by the AP wire in the reception lobby and I saw the new unemployment figures for September. The distinguished Senator from Maine was talking about the impact of foreign competition on shoes. This protectionist bill seeks to protect shoe producers in Maine and force the American consumer to pay more for shoes.

But what has happened to unemployment in Maine because of all this foreign competition? Why should consumers in Texas protect shoemakers in Maine? Is it that they are being devastated by unemployment because of the shoe imports?

Their unemployment last September when the unemployment rate nationally was 7.5 percent, was 4.8 percent. Currently the national unemployment rate is 7.1 percent but the unemployment rate in Maine is 3.8 percent. In fact, if you take the five largest shoe-producing States in America, despite foreign competition, their unemployment rate is 20-percent below the national average.

Should the working men and women of Texas be forced to pay more for shoes to protect the five largest shoe-producing States in the country which have unemployment rates 20-percent below the national average and 30-percent below Texas? Where is the justice?

The same is true for textiles. We have eloquent speeches here by the two distinguished Senators from South Carolina, and they are probably the two most articulate Members of this body.

But South Carolina has an unemployment rate of 8-percent less than the national average. Yet they want every working family in America to pay more for clothing, to pay more for shoes, so that they can have special protection. In fact, the five largest textile producing States have unemployment rates that are operating below the national average.

Mr. President, in the whole postwar period we have been a world leader in trade. During the last 3 years, our unemployment rate has gone down. We have created 8 million new jobs. We continually hear the cry that jobs are being exported. No doubt, if foreign competition takes your job away, you have lost your job, and I feel deeply for those affected. But we have created 8 million net new jobs in the last 3 years. What happened to Japan? Its unemployment rate has gone up 13 percent. Europe's unemployment rate has gone up 17 percent.

They have not created a net new job in Europe in a decade. We have created more jobs in 3 years than Europe and Japan combined have created in the last 5 years.

We have a deficit today and we are unable to compete, not because of what foreigners are doing, or what textile producers are doing in South Carolina and Texas. We have a trade deficit today because we have the deficit where it hurts most, in the Federal budget.

This whole protectionist movement is a way to escape the deficit problem, by focusing the impact of the problem on foreigners who do not vote in our elections.

Both the distinguished Senators from South Carolina have voted for the Balanced Budget and Emergency Deficit Control Act. If the House would do the same, we would bring down interest rates and therefore the value of the dollar and the trade deficit. The solution to the trade problem is in dealing with the deficit in the Federal budget, bringing down interest rates, bringing down the value of the dollar, and making America competitive again.

I urge my colleagues, do not give in to the siren song of protectionism. America has gained greatly under the growth in trade. It has made us a world power. It has rebuilt the free world in the post-World War II period.

This is a step down the wrong road. I urge my colleagues not to take this step.

I do not believe we are going to defeat this bill, but I hope we have enough votes to sustain a veto, and I shall urge the President in the strongest possible terms to veto this bill. It is wrong for America, it is wrong for the free world, it is wrong for everything we believe in. It may be popular, but that does not change the fact that it is the wrong thing to do.

Mr. EVANS and Mr. CHAFEE addressed the Chair.

Mr. EVANS. Mr. President, I yield such remaining time as we may have to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I shall take 1 minute.

I announced earlier that I would support the textile bill if it were a clean bill. I did this with some reluctance because I see the problems that have been raised as stated by the Senator from Texas in connection with embarking on a protectionist course in our Nation. However, I thought the case made by the textile people was a persuasive one—the heavy investments they have made in machinery and equipment, the fact that it is not a high-priced, high-wage industry where they could make some cuts, where it is impossible to make further cuts in wages such as perhaps is possible in some of the other higher paying industries.

However, I also made it clear at the time that if this bill were going to be laden with other commodities and products, I would not support it. Such has happened now with the advent of the addition of the shoe industry to this amendment. It seems to me that the shoe industry is not deserving of the support entailed in this legislation. I believe the result would be difficult on consumers and for those reasons, I shall not vote for passage of this bill.

I yield the floor, Mr. President.

Mr. SASSER. Mr. President, I am pleased that the Senate has finally passed legislation to offer some measure of stability to our shoe, textile, and apparel industries.

Like my colleagues, I was shocked and appalled at the insensitivity shown by the President in rejecting the advice of the International Trade Commission and refusing to grant import relief to the domestic footwear industry. I was shocked and appalled—but I wasn't surprised.

It was a classic example of the blind devotion to so-called free trade that this administration espouses. However, while the administration slumbers away in ideological purity, we are presiding over the deindustrialization of the United States. We are watching industry after industry fall to the flood of imports.

Mr. President, there is a time and place to take a stand and say enough is enough. And the time and the place are here and now. This legislation sends a message to the administration. It says if you won't act, Congress will. It says that when Congress wrote the trade laws it intended they be used. We did not intend them as a rhetorical statement whose practical application was to be avoided at all cost.

The bankruptcy of our trade policy is clearly shown by the section 201 case brought by the footwear industry. They followed the procedures laid down in our trade laws to prove injury—and they proved it to the satisfaction of every single Commissioner on the International Trade Commission. The Commission recommended a 5-year quota period to give the industry a period of stability to modernize.

I agree that we simply must bring some relief to our domestic footwear industry. As I travel around my State, I continually see the effects of shoe imports on our citizens. Seven shoe facilities were closed in Tennessee last year, and another five have closed so far this year. In these towns, shoe workers are already out of work or will be put out of work in the near future. I talk to individuals who have lost their jobs in the communities where they have lived and worked for years. And they face the future with no prospects of new jobs.

My own State of Tennessee is the fifth most important footwear producing State in the United States. The industry employs about 10,000 workers in 25 factories and generated in excess of $96 million in payroll dollars last year. We simply must preserve these businesses and these jobs for our citizens.

The footwear industry is the leading employer in six counties in Tennessee and is among the top three employers in another 14 counties. It is a significant industry in 28 counties; 24 of these 28 counties have populations under 50,000; 16 of them have populations under 25,000.

These figures are more than mere statistics. They represent real people and real jobs. The closing of a shoe factory can be devastating to a local community. Many such facilities are located in rural areas. They are often the major employer in the area—areas which have few comparable jobs to which workers may transfer their

skills. Many people are prevented by family obligations and ties from moving to a new area—especially when there is no guarantee that they will not face the same situation sometime down the road.

Mr. President, I am also pleased that we are addressing the situation in the textile and apparel industries. They are facing the same problems as the shoe industry.

Those of us who represent textile and apparel producing States have watched the growing import penetration with a rising sense of apprehension. Back in 1981 we thought we had a stable marketing mechanism. However, the Multi-Fiber Agreement that was supposed to ensure an orderly international market has never been enforced and textile and apparel imports have soared.

My own State of Tennessee ranks eighth in the textile and apparel industry. It employes over 87,000 people, with a payroll of $658 million. The facilities in my State are facing the same pressures from imports as those in other States. In the first 8 months of this year, textile and apparel imports have ccst 7,500 Tennesseans their jobs.

This bill offers an assurance of stability for the textile industry. What it says is that we are going to enforce our trade agreements. We are going to make our trading partners adhere to the treaty they signed.

Mr. President, we have been debating this bill for most of the day. And I've been doing a little figuring. Each hour that we've been debating this bill, 83,000 pairs of shoes have been imported into this country. That's about 747,000 pairs of shoes just while we've been discussing this bill today.

Enough is enough. It is past time that some measure of relief is offered to these industries. I am hopeful that we can get this bill through conference quickly and onto the President's desk.

Mr. NUNN. Mr. President, I rise to strongly support the Thurmond-Hollings textile legislation. This is a measure which is long overdue. The adoption of this proposal will send a strong message to the Reagan administration and our trading partners that the U.S. Congress is serious about fair trade and about providing a level playing field for competition for our domestic industries.

The textile industry is one of our Nation's most vital and productive industries and its livelihood is being destroyed by the rapid and excessive rise in textile and apparel imports. Because of uncontrolled textile and import growth, over 300,000 Americans have lost their jobs since 1980. Over the last 3 years textile and apparel plants have been closing in record numbers; 250 plants have closed since 1980 and 48 in 1985 alone. In Georgia nearly 14,000 textile and apparel workers have been displaced due to plant closings and layoffs. I have heard from hundreds of these constituents who have lost their jobs.

The White House has received over 1 million letters in support of restricting textile and apparel imports. Unfortunately, however, the administration has not taken action to insure that our 1981 extension of the Multi-Fiber Arrangement sets a target level for import growth of 6 percent for major textile exporting nations. Yet, the 6-percent target has been exceeded in every year since 1981. The average yearly increase in textile imports has been 19 percent while the domestic market growth has been only 1 percent. The 1984 textile/apparel deficit alone was $16.2 billion.

Mr. President, we can no longer afford to stand by and see our textile and other manufacturing sectors erode while we follow some hollow concept of free trade. Such a system no longer exists. Japan and the European Community have limited textile imports for many years. Since 1979, Japanese and European imports from the Third World have actually declined on a per capita basis, while American imports have more than doubled. The textile exporting nations continue to flood the U.S. market with cheap, subsidized products which our American manufactuers must combat on uneven terms.

To quote my distinguished colleague from Georgia, Congressman JENKINS, who recently argued very persuasively on the floor of the House of Representatives:

> If the U.S. fiber, textile, and apparel complex were not twice as productive as most of its foreign counterparts, I am sure it would have faded away long before now. This enterprising industry, essential to our national security, has worked diligently to overcome its problems, and it has come a very long way thanks to only itself. But it cannot solve the import crisis without our help.

I share Congressman JENKINS's sentiments.

This legislation is simply intended to restore fairness and order to textile and apparel world trade. This bill does not place us in a protectionist posture. Instead it challenges our trading partners to adhere to fair and reasonable trade practices and agreements, something that will help establish a fairer and more competitive marketplace.

Mr. President, I commend Senators THURMOND and HOLLINGS for their leadership on this critical issue and I pledge my continued support for their efforts to see that this vital measure is adopted.

Mr. BYRD. Mr. President, as a cosponsor of the textile bill and a longtime advocate of fair trade for America's shoe industry, I am pleased to join with my colleagues in support of this amendment.

The American textile industry is regarded as one of the most modern and efficient in the world. The Department of Commerce tells us that American textile companies will spend about $2 billion this year alone on capital improvements, mostly for new equipment. American textile workers have joined with management in an unprecedented drive to improve productivity. But anticompetitive prices by some foreign textile manufacturers are undermining the American industries' efforts and costing jobs. In the last 5 years, textile imports have doubled, and recent trends indicate that foreign products are increasing their share of the American market at an even faster rate. Between 1980 and 1982, the average increase in foreign shipments was 10.2 percent per year. But the annual increase from 1982 to 1984 is more than three times that rate, averaging 30.9 percent.

In the face of this challenge, the administration has steadfastly refused to take steps to protect American jobs. While foreign products have garnered almost half of the domestic market, the administration clings to free trade rhetoric. While some 250 American textile factories have closed over the past 5 years, this administration has managed to remain aloof and philosophical about the resulting job loss.

This is an attitude that American footwear workers know all too well. At the end of 1984, unemployment in the nonrubber footwear industry reached 16.7 percent—twice the national average. American production has fallen more than 20 percent this year below last year's levels. Plant closings are increasing, with 105 footwear plants closing in 1984—more than double the total in 1983. These closings include two plants in West Virginia—one in White Sulfur Springs and another in Elkins.

As a member of the Senate footwear caucus, I have tried repeatedly to get the administration to act to save American jobs in this important industry. When the International Trade Commission found that the industry was suffering from serious harm as a result of imports, I joined my colleagues in writing the President to urge that he accept the International Trade Commission's finding and provide appropriate relief for footwear workers and the industry. But the President refused to accept the ITC's recommendation and denied relief for the industry.

In both textiles and footwear products, we have seen administration inaction lead to a bipartisan consensus for Congress to fill the void. In his recent statement of administration trade policy, the President indicated that he would seek modifications and improvements in the trade law. But this administratrion's failure to apply existing law has undermined the textile and footwear industries and

caused thousands of Americans to lose their jobs. No trade policy can survive on rhetoric. To be successful, it must be given fair, consistent, and convincing application. Because the administration has failed to develop that kind of policy, we are acting today. I commend Senators HOLLINGS and THURMOND, and Senators MITCHELL and COHEN, for their efforts on behalf of this measure, and I am pleased to join with them in supporting it.

Mr. BUMPERS. Mr. President, I was beginning to think I would never see this day when the Senate finally votes to help the beleaguered U.S. footwear and textile industries.

I have been fighting to provide relief from imports from before the Arkansas footwear and textile industries for years.

I have attended numerous meetings with executive branch officials arguing the case for import restraints. I have written letters and placed phone calls to administration officials. I have consponsored legislation and supported amendments on the floor of the Senate. I testified twice before the International Trade Commission on behalf of the U.S. footwear industry. I have invested hundreds of hours in this cause over the past years.

On October 2 of this year, after being denied any other options, we offered this footwear and textile amendment to the compact of free association bill.

When the leadership withdrew that bill from consideration on October 24 we offered this amendment to the budget reconciliation bill. Then, that bill was pulled down from the calendar.

Finally, we have been given a chance to vote up or down on this issue, without further maneuvering, and to go to conference with the House to reach agreement on a bill to send to the President. By my count this is the 10th vote in favor of this proposal in the last 6 weeks, but this one really counts.

We could have avoided this month of parliamentary games. What we have pressed for was a chance to provide some relief from the imports that are killing shoe and textile companies in our towns and cities.

This vote is about jobs in Arkansas. I am proud to support the bill and I am relieved that the Senate finally has taken action.

Soon, the issue will be presented to the President. I only hope he hears and understands these many days of debate and the pain and suffering of American workers. I wish he could talk to workers in Arkansas before he decides whether to sign the bill Congress will send to him. If he does, he will sign this legislation into law.

Mr. DURENBERGER. Mr. President, I am casting my vote against the textile and apparel bill which includes the amendment offered by my distinguished colleagues, Senator HOLLINGS and Senator THURMOND.

This legislation is nothing more than naked protectionism for an industry that is already sheltered from free and open competition by the 51-nation Multifiber Arrangement. It will not save American jobs because it will invite retaliation against many of our industries that are now in a better position to penetrate foreign markets because of the recent decline in the overvalued dollar. What this legislation says is that shoe and textile workers, and their employers who are increasingly reliant on foreign equipment and machinery, are to be insulated from international competition, while the rest of American business must pay for this protection by facing the prospect of being closed out of foreign markets.

The United States has a trade problem, no doubt about it. The trade deficit could reach $150 billion this year. The proponents of this legislation cite this trade deficit as an argument for restricting imports. Yet; protectionism simply benefits some industries at the expense of the rest of the economy. Fewer imports are offset by fewer exports. And there's no evidence that the trade balance will be improved, even in the short run. Protectionism drives up costs to consumers and misallocates resources within the economy. It also sets in motion a trade war psychology of retaliation on further market restrictions.

I would think my distinguished colleagues would give pause before voting on this measure to consider the devastating trade war that evolved after Congress passed the Smoot-Hawley tariff restrictions under circumstances similar to today's international economy. Does anyone in this distinguished Chamber believe that the world economy has changed so much in the last 55 years that protectionist legislation does not hold out the possibility of trade war and depression?

The growing dependence on foreign markets of our industrial and agricultural producers, and the important challenge of foreign competition in our domestic market, make it imperative that we continue to foster a strong and internationally competitive domestic economy and a more open global system for trade and capital flows.

The legislation before us, which slaps quotas on textiles and shoes is fiercely protectionist and can do nothing but harm to the economy as a whole. True, we may save a few jobs in the textile and shoe industries, but at what cost?

One cost is the cost to the consumers. This amendment would raise the prices of textiles and everything that is made from them. The Council of Economics Advisors estimated that S. 680, as amended, would cost the American consumers $16.6 billion at the retail level per year. The addition of footwear quotas will also drive up the consumer cost of the bill by several billion dollars.

The imports come mostly into the inexpensive end of the market. Curbing them would mean that the price increases mainly hit the kinds of clothes bought by people who don't have a lot of money to spend.

The price increases would also cause a loss of sales in the retail sector of the economy. Retailers ask pointedly why jobs and profits should be protected in the textile factories at the cost of jobs and profits in the shopping malls. In my own State of Minnesota it has been estimated that the amendment would gain 196 jobs in the textile industry, but would lose 1,292 retail jobs. A net loss of 1,096 jobs.

This does not make sense, especially since the textile industry is already the most protected in America. Approximately 80 percent of all imports from developing country suppliers are now under quotas. Additional protection is provided by tariff levels on textiles and apparel that average 22.3 percent, compared to an average tariff of less than 5 percent for all other industries.

We just can't afford further protection for the industry. This legislation violates both the General Agreement on Tariffs and Trade [GATT] and the Multi-Fiber Agreement [MFA]. It unilaterally abrogates 34 bilateral textile agreements negotiated and signed by the United States that already regulate and control international trade in textiles. Violation of these agreements invites retaliation.

Retaliation against our exports is inevitable. And part of the problem of our trade imbalance can only be solved if we take steps to open up markets to our exports instead of taking steps that will close foreign markets. As an example, the legislation would still violate provisions of the United States-China agreement. China in the past retaliated against the United States by limiting purchases of our grain. There is every likelihood that they will do so again. The American farm economy can't withstand reduced grain exports. Our farmers are in trouble and they need export markets to help them get whole again. The American farmer can't afford this legislation.

There is no doubt that this amendment could do serious harm to the U.S. economy. Our economy is becoming more integrated with the global economy. We have a tendency when debating these issues to ignore this fundamental fact. In 1985, U.S. exports and imports of goods and services will constitute approximately 21 percent of our gross national product.

This compares with 13 percent in 1970 and 9 percent in 1950.

For continued growth and economic prosperity we must foster this trend toward a greater role for international trade. To do this we need to open markets and bring our trade imbalance back in line.

Since 1978, the dollar has risen substantially in value relative to the values of the currencies of our major industrial trading partners. The increase in the dollar's value, while enriching our economy, has also placed severe impediments in the way of our exports and has acted to encourage imports. It has been estimated that half of our current trade deficit can be attributed to the plight of the dollar.

But efforts underway in recent weeks have begun to have a dramatic impact on bringing the value of the dollar down to a more competitive level. Once the dollar settles at a more competitive level, American exports will be able to compete on a fairer plain and our trade imbalance should begin to narrow. Just at the time when the dollar is dropping is the wrong time for the U.S. Congress to send a signal to the rest of the world that we condone closing international markets.

In addition to working to bring down the dollar, we must address our own budget deficit. The deficit, whether financed by taxes or borrowing, draws resources from the private sector, requiring the importation of many billions of borrowed capital funds which contribute to raising the value of the dollar.

The high level of the deficit has other negative effects on our Nation's international competitiveness. It has prevented interest rates from dropping further, thus diverting resources for expanding investments in the private sector. The financial cost of capital is a major problem for U.S. companies competing in world markets.

Reducing the deficit may slow the decline of the dollar, particularly if domestic and foreign investors perceive such an accomplishment as further increasing the attractiveness of U.S. assets. Nevertheless, over the long-term deficit reduction will improve the performance of our economy and free up capital for investment in the most modern plant and equipment to make entire economy, including the shoe and textile industries, more competitive in the international marketplace.

While working on bringing down the dollar, and closing the budget deficit, we need also to pursue a vigorous course toward bringing down barriers to our exports, ensuring better access to foreign markets and fairer trade.

We must strongly advocate U.S. trade interests and rights under U.S. laws and the GATT, and ensure that other countries live up to their trade agreement obligations with the United States.

We can no longer afford to take a passive course, and allow our trading partners an unfair advantage. We must take an active role and pursue initiatives necessary to achieve equitable access to foreign markets, and ensure fair competitive conditions for U.S. firms. Congress must strengthen our trade laws and enact equitable access legislation with market-opening as the objective to aid this endeavor.

Textile and shoe quotas do nothing to move toward a long-term solution to our trade problem, except to stand in our way.

Yet jobs in these industries are being lost. Instead of increased protection, we need to look at ways to promote worker retraining. Support for displaced workers is a must in order to minimize the human cost of change and prevent the loss of valuable skills.

I will support efforts that direct themselves toward a long-term solution to our trade imbalance, and efforts to permanently help workers caught in the economic transiton, but I cannot support this legislation.

Mr. CHAFEE. Mr. President, I cannot support this bill, as revised through the Thrumond-Hollings substitute amendment, because of the restrictions it proposes on footwear imports. Before this footwear proposal was included, I stated my intention of supporting this measure.

The textile and apparel industries are very important to this Nation. This industry employs 2 million people nationwide. That's more than employment in automobiles and steel combined. Textile employment comprises a substantial percentage of workers in my State of Rhode Island.

Jobs are being lost and factories are being closed, despite the tremendous strides the industry has made to modernize and become more competitive. Much of this job loss can be blamed on the dollar, which can be linked to our budget deficits. In addition however, the multifiber arrangement, the worldwide framework for controlling textile trade, is not working as expected.

This point has been made repeatedly in hearings in the Finance Committee, Bilateral commitments made under the MFA are simply not being adequately enforced by this administration. In the upcoming renegotiation of this multilateral agreement the administration must be tough and must make it clear that we will no longer accept noncompliance with these bilateral arrangements.

Mr. President I do not support legislated quotas and prefer to observe our trading obligations. The original version of S. 680 was designed to help just the textile industry by enforcing the agreement under the MFA. S. 680 intended to deal with loopholes in our international textile agreements which have allowed exporting countries to boost their shipments of goods beyond expected levels, costing jobs throughout our Nation, including, in Rhode Island.

However I cannot support this revised bill, because it now contains a proposal for 8 years of extensive quotas for the footwear industry. That is more than the ITC recommended to the President. President Reagan rejected footwear protection on August 28 of this year. The President was absolutely correct in deciding what was right for the national economy and for the consumer. These quotas would cost consumers $14 billion in added shoe prices in the first 4 years, would hit low income consumers the hardest, and would cost up to $70,000 per year for each job saved.

This bill would limit footwear imports to about 600 million pairs, raising shoe prices for imported shoes by 18.8 percent and for domestic shoes by 11.4 percent. Why should consumers bear these costs for an industry which cannot even fulfill the quota allotted to it under this bill? U.S. production could not equal, at least in the early years of these quotas, the 40 percent market share set-aside for it under the bill.

The footwear industry must modernize, as the textile industry has done, and consolidate to overcome the advantage of low-wage foreign producers. But in a protected market, inefficient footwear producers have no incentive to improve and efficient producers may relax their efforts.

It's one thing to enforce agreements we have from other countries relating to textile and apparel trade, and it's quite another to invite retaliation because of unilateral footwear quotas.

Such action does not make sense. The real losers will be American consumers, including Rhode Islanders who are struggling to make ends meet.

Even more unacceptable, this bill now contains an amendment intended to limit copper imports. Metalworkers in my State depend for their livelihood on low-cost imported copper. Restrictions on imported copper will eventually lead these metalworkers to the Congress to ask for quotas.

I cannot support this kind of wholesale protection and thus must vote against this bill.

Mr. HOLLINGS. Mr. President, I am pleased that the various parties interested in this issue have come to an agreement which will finally allow us to get a vote on the textile bill.

We have been trying to get to this point for weeks. Each week has been one of astronomical trade deficit figures. Each week has been one of decline for America's industrial capacity. Each week has been one of more jobs exported overseas. We simply cannot wait any longer to begin concerted action to turn this situation around.

In September of this year, we had the highest monthly trade deficit ever—$15.5 billion.

We have before us legislation which has been passed by the House and is cosponsored by more than half the Senate. The support is bipartisan and multiregional. On its surface, it is a bill which seeks to give America's textile industry a chance to compete on the international marketplace by requiring enforcement of the objectives of the multifiber arrangement and our bilateral agreements. When it is passed, this legislation will mark the point in our history when the U.S. Congress finally began to come to grips with our overall trade problem.

Despite the considerable support for this measure, getting a vote on it has been like pulling teeth. Having been told by Senator DANFORTH that it would never get out of the Finance Committee, I filed it as an amendment on the Compact of Free Association—the Micronesia compact. We considered it on October 2, had a full debate on it, voted not to table it, and the compact was then set aside indefinitely.

Then I tried to bring it up as an amendment to the budget reconciliation bill. This time we had three votes in our favor, and then the reconciliation bill was pulled down. Since that time we've been deadlocked on this issue.

Now we've broken the logjam with an accord which gives us a time agreement and an up-or-down vote on the House-passed textile bill. In return, after final disposition of H.R. 1562, we are removing the textile amendments from the Micronesia compact and the reconciliation bill.

I am hopeful that the President will sign this bill when we get it to his desk. I am rather optimistic that he will. This measure does not implement protectionism, or tariffs, or quotas. It merely enforces our existing trade laws, the Multi-Fiber Arrangement and the 34 bilateral agreements we've negotiated with our trading partners. The President knows that. And he has pledged in the past to hold import growth to the growth of the domestic market. If he had kept that promise, there would be no need for this legislation. But he hasn't. And now we're giving him a chance to set things right by signing this bill.

The administration's failure to enforce the law has cost us 24,000 jobs in South Carolina alone—jobs which are gone forever. This textile bill will help put a tourniquet on that job hemorrhage. It will also send the world a signal that the U.S. Government is ready to turn the corner and begin doing something to help enable its industries to compete on the world marketplace.

We are losing 10,000 textile and apparel jobs nationwide each month. September of 1985 was one of the worst months ever for the textile and apparel industry, with more than a billion square yards imported—22 percent more than was imported in September of last year. The figures just keep going higher and higher. And this is in an industry that has invested $7.91 billion in modernization during that same period. It is the most competitive industry there is. But how can we expect it to compete when the odds are stacked so heavily against it?

Many of our trading partners do not extract the cost of doing business from their industries as we do from ours. They do not have a minimum wage, environmental laws, and safety standards. They do not have Social Security and unemployment insurance. This is why we negotiated the Multi-Fiber Arrangement and our trade agreements with them—to protect ourselves from a tidal wave of cheap imports. But these trade agreements are worthless because we're not enforcing them.

In this bill, we have given special treatment to the Caribbean Basin Initiative countries. We want to help Mexico and Guatemala and Panama. And I'm 100 percent behind that. Let's build up their economies so they can be strong democratic nations.

But we simply cannot compete against 18-cent-an-hour Shanghai labor. This is why we must enforce our trade agreements. We must protect our standard of living.

The issue is not fair trade or free trade, it's competitive trade. Other nations are using Government policies and Government programs to promote the success of their industries on the international market, while at the same time erecting trade barriers to protect them in their home markets. The American Government, in the meantime, has been doing absolutely nothing to help its own industries. This is the so-called "free trade" policy—do nothing and watch your industries decline. It has happened with textiles, with steel, with shoes, even with computers.

Wake up. There's no such thing as free enterprise on the international market. The reality is government-to-government enterprise. We're in the fourth quarter of a trade war, and our Government has been sitting on the bench, refusing to play.

The American people are sick and tired of watching their Nation sink ever lower toward Third World status while their leaders operate under a free trade policy that exists only in books. Hopefully, passage of this textile bill will be our first step toward the realization that the maintenance of our standard of living is at stake.

This whole issue of international trade has presented us with a very clear choice. We can continue to shut our eyes to the reality of the world marketplace and pursue a free trade policy, or we can place our Government on the side of American industries. We can lower our minimum wage to 18 cents an hour, or we can stand up for our standard of living. We can continue to chase the elusive notion of free trade, or we can face facts and recognize that the only game in town is competitive trade, and that the American Government has to start competing.

It's time we meet the competitive challenge accordingly. We cannot continue to stand idly by while American industries fall prey to the trading practices of foreign governments. The American industrial worker is the most productive in the world. American industries are the most competitive. We have the human ingenuity, the scientific imagination, the industrial muscle, the financial resources, and the zeal to preserve and increase our productive capacity and our economic leadership among nations. All we need is a government that is hungry to compete. Mr. President, I hope that this textile legislation represents our first step in that direction.

The PRESIDING OFFICER. Is there further debate?

Mr. THURMOND. Mr. President, I am not going to take the rest of the time, however I want to respond to the distinguished Senator from Texas about the benefits to the consumer.

The Market Research Corp. of America recently did a study of consumer prices. Here are some of the figures. I shall just give a couple of menswear and a couple for womenswear.

Slacks: imported—$18.12; domestic—$18.07. Five cents difference.

Who got the profit? The goods were bought cheaper, they were made cheaper overseas with cheap labor and then brought here. Who made the profit?

The profit was made by the brokers and the retailers, that's who.

That is the reason the retailers are fighting this bill. Cheap goods are being shipped in here and retailers are making a killing off of it.

Now, for traditional suits: imported—$129.01; domestic—$133. Just a few dollars' difference.

Women's outerwear: slacks, imported—$16.51; domestic—$14.02. The imported slacks sold for more than the domestic ones.

Who made the profit? The consumer did not save anything. It was retailer who made the profit because he bought the goods cheaper.

Mr. President, on women's apparel: blouses and shirts, imported—$12.71; domestic—$12.64. Seven cents' difference.

Who benefited? Again, it was the retailer.

If we want to help the people of America, we should help to save the

jobs of these textile workers by passing this legislation.

Mr. President, I want to say in closing that the textile and apparel industry does not pay extremely high wages. It hires more women and more minorities than any other industry in America. What we are trying to do is save these jobs for these low-income people.

Mr. President, I urge the Senate to pass this most needed bill.

Mr. DOLE. Mr. President, as I understand it, the yeas and nays have been ordered on the amendment. I ask unanimous consent that they be vitiated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Third reading?

Mr. HOLLINGS. Let us adopt the amendment first.

Mr. THURMOND. Mr. President, I yield back my time if the distinguished Senator from Washington will yield back his.

Mr. EVANS. I do if I have any left.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. CHAFEE. Mr. President, I would like to ask the majority leader——

Mr. DOLE. We are going to voice vote the amendment and have a rollcall on the passage.

Mr. CHAFEE. We do get an up-or-down on the passage?

Mr. DOLE. Yes, Mr. President.

Mr. CHAFEE. On the amendment, that includes shoes?

Mr. DOLE. Yes, shoes, neckties.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute as amended.

The amendment in the nature of a substitute (No. 1015), as amended, was agreed to.

The PRESIDING OFFICER. The question is on engrossment of the amendment in the nature of a substitute as amended and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. THURMOND. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, there will be more votes tonight, probably eight or nine.

The PRESIDING OFFICER. The bill having been read a third time, the question is, Shall it pass?

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 39—as follows:

[Rollcall Vote No. 305 Leg.]

YEAS—60

Bentsen	Hatch	Metzenbaum
Biden	Hawkins	Mitchell
Bingaman	Heflin	Moynihan
Bumpers	Heinz	Nunn
Byrd	Helms	Pell
Cochran	Hollings	Proxmire
Cohen	Johnston	Pryor
D'Amato	Kasten	Riegle
DeConcini	Kennedy	Rockefeller
Denton	Kerry	Roth
Dixon	Lautenberg	Rudman
Dodd	Laxalt	Sarbanes
Dole	Leahy	Sasser
Domenici	Levin	Simon
Eagleton	Long	Specter
East	Mathias	Stennis
Ford	Mattingly	Thurmond
Garn	McClure	Trible
Glenn	McConnell	Warner
Gore	Melcher	Weicker

NAYS—39

Abdnor	Exon	Matsunaga
Andrews	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baucus	Gramm	Packwood
Boren	Grassley	Pressler
Boschwitz	Harkin	Quayle
Bradley	Hart	Simpson
Burdick	Hatfield	Stafford
Chafee	Hecht	Stevens
Cranston	Humphrey	Symms
Danforth	Inouye	Wallop
Durenberger	Kassebaum	Wilson
Evans	Lugar	Zorinsky

NOT VOTING—1

Chiles

So the bill (H.R. 1562), as amended, was passed.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MURKOWSKI). Without objection, it is so ordered.

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985

Mr. DOLE. Mr. President, under the unanimous-consent agreement, I understand we will now return to the reconciliation bill, S. 1730; is that correct?

The PRESIDING OFFICER. The majority leader is correct.

Mr. DOLE. Is there any time left?

The PRESIDING OFFICER. There is no time remaining.

Mr. DOLE. Are there any amendments pending?

The PRESIDING OFFICER. There are no amendments pending.

Mr. DOLE. As I understand, there are still 26 amendments to be disposed of. It would be my hope that sometime this evening we could dispose of a number of those amendments. I understand the distinguished Senator from Ohio may be prepared to proceed. I would just say to all of my colleagues, there are 26 amendments. Hopefully, not many will be offered. But, in any event, we have to complete the reconciliation bill and we would like to proceed on that for a while this evening. I hope there would be very little, if any, time yielded on the amendments for debate, but that we would just start voting on amendments. I know in some cases there may be exceptions where it is a rather, I will not say more significant than other amendments, but there have been some areas that we probably will have to have some debate on. But that is the order we agreed to on last Thursday and I think we are prepared to proceed.

Mr. METZENBAUM. If the majority leader would yield just for the purpose of an inquiry, I am prepared to go forward with two tobacco amendments promptly. Many of my colleagues have inquired of me as to what do the tobacco amendments have in them and I think they are certainly entitled to know.

Would the majority leader think it inappropriate if we asked for 10 minutes on a side by unanimous consent on the first tobacco amendment and 5 minutes a side on the second tobacco amendment?

Mr. DOLE. Let me indicate that I will leave that up to the managers. I know the Senator discussed this with the managers on each side. Again, I believe we should move quickly on the amendments. I know this is one on which people on both sides would like to at least explain their position.

But I am prepared to turn the bill over to the managers, unless the distinguished minority leader has a question of me.

Mr. PRYOR. Will the majority leader yield for a question?

Mr. DOLE. Yes.

Mr. PRYOR. Would it be possible, if we are going to have a series of votes and no debate, basically, to limit our rollcalls to 10 minutes, to have a 10-minute rather than a normal 15-minute rollcall vote? That would save a great deal of time. I just make that as a suggestion.

Mr. DOLE. I certainly would be willing to do that. We would want to notify our Members in advance. We would not want to do it on the first rollcall. We would want the regular 15 minutes. But I would be willing to entertain that request, if we get to that point.

Mr. BUMPERS. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. BUMPERS. Could the majority leader give us a ballpark time as to how long he wants to stay tonight?

Mr. DOLE. I do not want to stay particularly late, but it seems to me a lot of these amendments probably are not going to be offered. If Members would indicate that, we would like to complete action on this bill tonight, if we can, or, if not, by noon tomorrow, and then go on to the Compact of Free Association. There is also an OPIC authorization bill. I believe we would be able, depending on how far we are able to go tonight, to know whether or not we would be in on Friday.

Mr. DOMENICI. Will the distinguished leader yield?

Mr. DOLE. Yes.

Mr. DOMENICI. In response to Senator BUMPER'S inquiry, I still have a confirmed list with 24 amendments remaining. It looks to me as if about 12 people are saying maybe they do not have to have them. But, clearly, Senator METZENBAUM'S two tobacco amendments are considered to be very, very important amendments. We were hopeful we could get through with those. I understood Senator DENTON had an amendment with reference to food stamps and a State sales tax. If he is ready, we would like to get that done tonight. That is three. And if Senator EVANS is ready on the OCS, that is Evans and Metzenbaum, we could do that. That would be four. And Senator EVANS has another one on food stamps, and that is five.

Now, I would think, just having looked at this list, that if we could do that many tonight, that is a pretty good bite out of the very controversial ones that people really felt strongly about. I am not degrading any of the others, but that would take us a little while here tonight.

If it is all right with the leader, we ought to maybe shoot for those five, with very little time for debate, if any, and I think we could get out of here at a reasonable time.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Mr. President, I wonder if I might make a suggestion to the distinguished majority leader. I have not had a chance to discuss this with him.

I wonder if it might be well to go out, attempt to get the names of Senators who intend to call up their amendments, and see if we can work out a time agreement whereby there would be a short time allotted to each amendment so that it might be explained pro and con.

If the majority leader wishes to have some votes tonight—perhaps one, two, or three—perhaps during that time we could ascertain what amendments on both sides are really going to be called up.

I think it is a poor way to legislate. This is no criticism of the majority leader. We are in this situation now with no time remaining on this reconciliation bill unless we work out a time agreement.

Just to have amendments called up and immediately voted on does not strike me as being a very wise way to legislate—indeed, we are going to have serious amendments, and they could be far-reaching in some cases.

Many of us, including myself, will probably not know what we are voting on if we do not have an explanation for each amendment.

So I make that suggestion to the distinguished majority leader. We will attempt on this side to try to get a rundown of the amendments that are going to be called up, and see if we can get a brief time limitation on each before we vote.

If the majority leader wants to go a little while tonight, that is entirely up to him. but with this number of amendments, if we could reach a time agreement that would see us over until tomorrow, we might in the long run save time.

Mr. DOLE. Mr. President, let me indicate that I think the managers have been using good judgment as each amendment comes up. They have allowed some time for discussion. On the other hand, if you start giving Members time on each one of these amendments, we will be here through Christmas. They will want 30 minutes on a side.

I think it is better this way where the managers have a little control rather than people who want to offer the amendment and want to get a 2-hour time agreement. Now they do not have any time. Maybe they are willing to accept less. I think unless the managers are arbitrary, I think the next few amendments are probably going to take some time on each side.

Maybe while we are taking an extra 2 or 3 minutes on amendments we could have staff on each side trying to find out how many amendments are going to be offered. If the number were reduced, we could make some adjustment on time and some of the amendments are very significant. Others—and I may have one myself—just sort of tossed in there as "just in case" amendments.

So I think that is a good suggestion. I am certain the managers will be fair, understanding, and quick.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 1730) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that I may send an amendment to the desk that has to do with the elimination of the language in the reconciliation measure and that the Senator from Ohio would be allowed 10 minutes for debate, and the opposition, by whomsoever it may be, be allowed for 10 minutes for debate.

Mr. JOHNSTON. I object.

The PRESIDING OFFICER. There is objection heard.

Mr. DOMENICI. Mr. President, does the distinguished Senator from Louisiana indicate that he would object to time on any amendment?

Mr. JOHNSTON. I object to any time on this amendment.

Mr. DOMENICI. On this amendment?

Mr. JOHNSTON. That is correct.

Mr. DOMENICI. Could we try the Denton-Heflin amendment on sales tax and food stamps to see if we could get a time agreement on that?

The Senator has not sent it up yet. He said he would send it if he could get 10 minutes.

Mr. STAFFORD. Mr. President, will the chairman of the committee yield for a question?

Mr. DOMENICI. I am pleased to yield for a question.

The PRESIDING OFFICER. The chair will remind the Senate that there is no remaining time for debate. If there are no amendments, third reading will occur.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 1029

(Purpose: To extend the termination date for loan guarantees under the Biomass Energy and Alcohol Fuels Act of 1980 and affirm the authority of the Secretary of Energy to modify conditional loan guarantees.)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Nebraska [Mr. EXON], for himself, Mr. DOLE, Mr. ZORINSKY, Mr. DURENBERGER, Mr. BOSCHWITZ, Mr. COHEN, and Mr. MITCHELL, proposes an amendment numbered 1029.

Mr. EXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and I ask unanimous consent to have 15 seconds for the purpose of introducing statements on behalf of the majority leader, Senator DOLE, and myself.

Mr. WEICKER. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will continue reading.

Mr. WEICKER. Mr. President, my objection was lodged to the second part of the request.

The PRESIDING OFFICER. The request is not divisible. The bill clerk will continue reading.

The bill clerk read as follows:

At the appropriate place in the bill insert the following:

SEC. . Section 221 of the Biomass Energy and Alcohol Fuels Act of 1980 (Public Law 96-294; 42 U.S.C. 8821) is amended by—

(1) striking out "September 30, 1984" and inserting in lieu thereof "June 30, 1986"; and

(2) adding at the end thereof the following: "The Secretary may modify the terms and conditions of any conditional commitment for a loan guarantee under this subtitle made before October 1, 1984, including the amount of the loan guarantee. Enactment of this section shall not be interpreted as indicating Congressional approval with respect to any pending conditional commitments under this Act."

Mr. EXON. Mr. President, I ask unanimous consent to insert into the RECORD statements by the majority leader and myself.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

● Mr. EXON. Mr. President, today I join the majority leader and others in introducing an amendment to extend for 9 months the authority of the Department of Energy to negotiate three remaining Federal loan guarantees to construct ethanol plants in the United States.

In 1980, Congress passed the Biomass Energy and Alcohol Fuels Act which set this loan guarantee program in place. When this program initially expired on September 30, 1984, four proposed projects were still being considered by the Energy Department. Rather than having those four projects die while there was still a chance for them to be approved, I introduced legislation earlier this year to extend the approval deadline to September 30, 1985. The Senate passed this legislation on March 28 and the President signed it into law on April 16.

Since then, unfortunately, only one of the four remaining projects has been approved. Three others, in Nebraska, Minnesota, and Maine, are still the subject of negotiation. What today's amendment will accomplish is to further extend the deadline and clarify the Secretary of Energy's authority to give him sufficient flexibility so these three projects can continue to be considered. This measure involves no new program and it does not approve these projects. It simply provides more time for the Energy Department to complete its evaluation of these proposals which have been pending for so long.

The majority leader, Senator BOB DOLE, of Kansas, has been enormously helpful through these last several months and has joined me in monitoring this program and negotiations involved. The chairman and ranking minority member of the Energy and Natural Resources Committee, Senators MCCLURE and JOHNSTON, have also been very helpful as has my Nebraska colleague, Senator ZORINSKY. Additionally, I want to thank Senator METZENBAUM for his cooperation.

If eventually approved, these facilities will help expand the domestic fuel ethanol industry's ability to provide critically needed Domestic outlets for U.S. farm commodities. In addition, fuel ethanol is a proven octane enhancer and a leading replacement for lead additives which the Environmental Protection Agency is rapidly phasing out of gasoline.

Time is of the essence. These projects have spent a great deal of money each in a good-faith response to the Energy Department solicitation and deserve the opportunity to finalize those efforts. The Congress did not intend to bring these projects to the brink of completion only to abandon them in the midst of ongoing negotiations.

Again, Mr. President, this measure does not provide approval of the loan guarantees for these projects. It merely give each project the opportunity to meet the Energy Department's financial scrutiny and hopefully close on the loan guarantee. These projects offer a valuable contribution to our Nation's energy supply and new markets for our hardpressed farmers.

Mr. President, I appreciate the consideration of the Senate and everyone concerned with this matter and hope we can act expeditiously and provide this clarification so the evaluation and approval process can go ahead.●

● Mr. DOLE. Mr. President, I join Senator EXON and others in offering this amendment again. It has been noted that this amendment was previously adopted without objection on the agriculture appropriations bill. For a variety of reasons, we need to attach it to every bill we can until it becomes law. This amendment primarily extends the time for the Department of Energy to close loan guarantee agreements on certain alcohol fuels projects for which conditional commitments were made prior to October 1, 1984. In addition, this amendment would settle a question relative to the flexibility of the Secretary's authority in closing these deals by making clear that he has all the authority he had on September 30, 1984, the day the program originally expired.

A brief history is in order so that this reference to 1984 makes sense. In 1980, Congress passed the Biomass Energy and Alcohol Fuels Act which originally established this loan guarantee program. When this program initially expired on September 30, 1984, four proposed projects were still being considered by the Energy Department and in fact conditional commitments by the Department had been made. In order to allow for these four projects to close, and only these four, Congress extended the law last spring to allow for up until September 30, 1985, for the projects to close.

For a variety of reasons, these projects couldn't all close by the end of fiscal year 1985—and, in fact, the only one which did close was a controversial agrifuels plant in Louisiana. In part because all of the resources of the Department of Energy and of the Bank of New England, which is the lead bank in financing these projects, were focused on closing the agrifuels plant, it was impossible to close the other projects: The Circle Energies project, the Minnesota Alcohol Producers [MAP] project, and the New England Energy Producers project (NEEP) by the end of fiscal year 1985.

It is anticipated that the Department of Energy will need most, if not all, of this 9-month period to review the complicated documents involved in the closing of the remaining loan guarantee agreements. But it is the view of this Senator that the Department should swiftly move to close those projects they find economically viable.

Mr. President, let me briefly amplify section 2 of the amendment. On September 30, 1984, the parties to whom conditional commitments were made were asked by the Department how large of a loan guarantee would be needed. In the Circle Energies project, the principals responded that $35 million was the appropriate amount. Subsequent to that time, conditions changed somewhat and the owners of the Circle plant found that insurance requirements and construction costs had increased slightly. When they asked the Department of Energy to increase the amount of the loan guarantee, the Department concluded that it did not have sufficient authority to do so. This despite the fact that had Circle asked for $45 or $50 million on September 30, 1984, the Department would have set aside that amount.

This amendment thus reaffirms that the Secretary has all the authority he had prior to October 1, 1984, including the authority to increase the amount of the loan guarantee.

Mr. President, this program does not reopen the Alcohol Fuels Program. It only gives the Department of Energy the authority and the flexibility to close the remaining projects for which conditional commitments have been made. Mr. President, I urge the adoption of this amendment.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1029) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EXON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1030

(Purpose: Deletion of section 525: FERC prohibition)

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE] proposes an amendment numbered 1030.

Delete Part 4—Federal Energy Regulatory Commission of title V beginning on page 131, line 11, through line 19.

Mr. McCLURE. Mr. President, I ask unanimous consent that my statement with respect to the amendment be printed in full at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. McCLURE. Mr. President, the recommedations of the Committee on Natural Resources imposed a temporary limitation upon the authority of the Federal Energy Regulatory Commission to implement a final rule in a specific pending rulemaking proceeding; namely, the current proceeding on proposed changes in four specific areas: transportation, take or pay, optional expedited certificates and billing procedures for purchased gas.

In the judgment of the committee, this unusual intrusion into the regulatory process of a Federal agency was justified for two reasons that are set forth on page 248 of the Senate report on this measure. This action was recommended by the committee to prevent the Commission from rushing to judgment on the many critical issues raised in the proposed rule.

Since the committee's action, the FERC issued its final rule on October 9. The rule did not include the proposed new block billing procedure for natural gas, which is now the subject of a revised proposed rule. The new block billing proposal will be the subject of additional written comments to be filed by November 18.

The amendment of the Senator from Oklahoma, Mr. NICKLES, appears to have had the desired effect, without being enacted into law. The Commission has taken the steps necessary to carefully evaluate the block billing procedure. It has avoided a rush to judgment on this extremely important issue. Therefore section 525 is no longer needed.

My amendment would strike section 525.●

Mr. McCLURE. Mr. President, I ask unanimous consent that my statement on the bill be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1986

● Mr. McCLURE. Mr. President, on September 26, the Committee on Energy and Natural Resources, in accordance with Senate Concurrent Resolution 32, the first budget resolution for fiscal year 1986, reported the legislative recommendations necessary to comply with its reconciliation instructions. These recommendations appear as title V of the Consolidated Omnibus Reconciliation Act of 1986.

The recommendations of the committee achieve savings of $6,060 million and $5,919 million in outlays in fiscal year 1986. In addition, the recommendations achieve savings of $6,034 million in budget authority and $6,034 million in outlays for the 3 fiscal years 1986 through 1988. The savings exceed the committee's targets in its reconciliation instruction for fiscal year 1986 by $575 million in budget authority and $516 million in outlays. In addition, the savings exceed the targets for the aggregate 3-year period of fiscal years 1986 to 1989 by $550 million in budget authority and $476 million in outlays.

In summary, the recommendations of the committee are consistent with the assumptions in the budget resolution in two areas: First, the recommendations of the committee achieve savings in DOE's Strategic Petroleum Reserve Program by reducing the minimum average annual fill rate from 159,000 to 35,000 barrels per day. Second, the recommendations of the committee include legislation to settle the legal dispute between the Federal Government and several States regarding the disposition of certain revenues held in escrow as of March 31, 1985. As assumed in its reconciliation instruction, the recommendation of the committee distributes 27 percent of such bonuses and rents to the affected States as well as interest accrued thereon. However, the recommendation of the committee also includes the disposition of other OCS revenues in dispute, specifically, royalties, both retrospectively and prospectively, as I will discuss later in my remarks.

In addition, the recommendations of the committee achieve savings in budget authority and outlays in two areas not assumed in its reconciliation instruction, which are uranium enrichment and DOE Energy Conservation Programs. The committee recommendations also impose a limitation on certain Energy Regulatory Commission rulemaking.

The recommendations of the committee did not include a legislative proposal regarding FERC fees and annual charges as assumed in its reconciliation instruction. The committee was able to achieve its instructed savings without need for such legislation.

STRATEGIC PETROLEUM RESERVE

The strategic petroleum reserve, which was authorized in 1976, continues to be the U.S. principal line of defense in the event of another severe disruption of international energy supplies. When we began the new fiscal year on October 1 there were approximately 489 million barrels of crude oil in storage. Under the continuing resolution for fiscal year 1985 the minimum average annual file rate was 159,000 barrels per day. This file rate was used to establish the Senate Budget Committee baseline for SPR petroleum acquisition.

By comparison, the recommendation of the committee, as does the budget resolution, provides for a minimum fill rate of 35,000 barrels per day through fiscal year 1988. At this reduced fill rate, at the end of fiscal year 1986 there will be approximately 500 million barrels in storage. This change in the minimum fill rate will achieve fiscal year 1986 outlay savings of $1,359 million. The corresponding savings over the 3-year period of fiscal year 1986 through 1988 will be $4,002 million.

Similarly, the recommendation of the committee regarding SPR facility construction, as does the budget resolution, provides for continued expansion of SPR capacity at all sites. The committee's recommendation, as does the budget resolution, assumes a change in pace of SPR construction in fiscal year 1986; however, over the fiscal year 1986 through 1988 period the outlays for SPR construction will be approximately the same as under the current SPR baseline.

This revised construction schedule will not constrain oil fill, however. Under this recommendation the available capacity is expected to increase to nearly 550 million barrels by the end of fiscal year 1986. By comparison, at a minimum fill rate of 35,000 barrels per day, or 12.8 million barrels per year, the cumulative oil fill will be below 550 million barrels through fiscal year 1988.

OUTERCONTINENTAL SHELF 8(G) REVENUES

Mr. President, the recommendations contained in the legislation reported by the Committee on Energy and Natural Resources to the Budget Committee contains legislation to resolve the ongoing litigation over the escrowed revenues from the 8(g) zone of the Outer Continental Shelf in accordance with the assumption underlying the instruction to the committee. I must say that I was not particularly pleased when the Senate directed us to resolve the litigation since that matter had not been on either our committee's or the administration's agenda for this session. I was even less pleased when I learned that the administration had decided to change their assumptions on how much revenue was at issue. Needless to say, they did not seek to increase the amount which would become available to the States. I believe the administration, particularly OMB, polarized the parties by taking this action, thereby making compromise more difficult.

I want to offer my congratulations and deep appreciation to all the members of the committee for their efforts to resolve this issue within the timeframe provided to the committee. I also want to express my appreciation for the restraint that was shown in limiting our action to the resolution of the litigation and excluding collateral concerns, unlike the other body. I will return to that subject in a moment, but I did want the Senate to be aware that this was not a simple issue and that all Members contributed to a definition of the issue and a resolution which should eliminate the need for us to ever revisit this subject.

While the committee could have simply allocated the present amount of revenues in the 8(g) account once we had determined exactly how much should be in there, that would not have resolved the litigation. The result would have been that we would have to go through this same procedure again in 3 years. We decided that would not be a responsibile recommendation. If the Senate desires that this issue be resolved, then it should be resolved with finality.

The recommendation of the Committee on Energy and Natural Resources does just that. It defines the account and provides a clear and unambiguous allocation of future revenues. Various claims brought by the States, such as the argument that the term revenue in the original legislation includes taxes, have been settled. The term means only bonuses, royalties, and rents. The assumption of the budget resolution that these revenues would be split on a 73-percent Federal to 27-percent State basis has been followed. The only issue which would remain is the definition of State territorial boundaries, and the committee recommendation provides a mechanism to resolve the allocation of 8(g) revenues to the States when that issue is settled.

The recommendation of the committee is responsible and fair. The background and section-by-section analysis are set forth in the report of the Budget Committee and I would invite the attention of my colleagues to that report.

I did want to return to the action of the House committee in including extraneous provisions which would set up a State veto over Federal leasing of Federal lands on the Outer Continental Shelf. The so-called Miller amendment is not only irrelevant to the resolution of the 8(g) dispute, it runs contrary to the intent of the Congress when it enacted the 1978 amendments. At that time we specifically rejected such an approach. There is a myopia loose which conveniently forgets the lines at the gas stations and would subordinate the security of the country to parochial concerns.

I seriously considered, and may yet offer, an amendment to deny any funds from the 8(g) zone to any State which has either a Federal or a State moratoria in place. We cannot afford to permit this Nation to become hostage to foreign elements again.

Frankly I am as distressed at the position of portions of the administration as I am with the actions of the other body. The Secretary of Energy wants to abolish the Synthetic Fuels Corporation, which might give us an alternative to offshore leasing, while the Secretary of the Interior has proposed a 15-year moritorium off the coast of California. If California can have a moratorium, I fail to see why Louisiana, or Texas, or Alaska cannot have one.

The Miller amendment goes even beyond that to permit the States to hold the entire country hostage. This entire process is pernicious, foolhardy, and completely contrary to any rational concern for the welfare of this Nation and our obligations to the citizens who elected us.

URANIUM ENRICHMENT

The recommendation of the Committee on Energy and Natural Resources also includes establishment of an authorization for the Department of Energy's uranium enrichment program. The effect of this authorization is to require the program to operate at no additional cost to the Treasury. At the same time it provides flexibility for the program to adjust to the current budgetary environment by imposing a degree of restraint on expenditures.

In addition, the recommendation of the committee directs the Secretary of Energy to make an initial repayment to the Treasury from current revenues, if any, of excess expenditures accumulated over the past several years. To the extent that DOE is able to make such repayments, they will further achieve savings in budget outlays.

Nevertheless, the committee is concerned about the impact of the recent decision of the U.S. District Court for Colorado, which could have serious long-term implications for the program and its revenue flow. In a related action, on September 25, the Secretary of Energy advised the committee that he had found the domestic uranium industry nonviable pursuant to section 170B of the Atomic Energy Act. Therefore, the committee's recommendation provides flexibility in the schedule for such repayments. In addition, the recommendation of the committee requires, within 60 days of enactment, a report from the Secretary on the effect of the court decision on DOE's uranium enrichment program and steps that may mitigate those effects.

DOE ENERGY CONSERVATION PROGRAMS

The recommendations of the committee also authorize Federal agencies to enter into certain contracts for energy efficiency improvements in Federal buildings. Under such contracts the contractors will be paid from money saved as a result of the energy efficiency improvements installed in Federal buildings.

According to the Congressional Budget Office, this shared savings program can save the Federal Government approximately $7 million over the next 3 years, with a potential of $350 million over the next 10 years.

FEDERAL ENERGY REGULATORY COMMISSION

The recommendations of the committee also impose a temporary limitation upon the authority of the Federal Energy Regulatory Commission to implement a final rule in a specific, pending rulemaking proceeding; namely, the current proceeding on proposed changes in four specific areas: transportation, take or pay, optional expedited certificates, and billing procedures for purchased gas.

In the judgment of the committee, this unusual intrusion into the regulatory process of a Federal agency was justified for two reasons that are set forth on page 248 of the Senate report on this measure. This action was recommended by the committee to prevent the Commission from rushing to judgment on the many critical issues raised in the proposed rule. The committee's action appears to have had the desired effect.

The Commission's final rule was issued on October 9. It did not include the proposed new block billing procedure for natural gas, which is now the subject of a revised proposed rule. The new block billing proposal will be the subject of additional written comments to be filed by November 18.

The amendment of the Senator from Oklahoma [Mr. NICKLES] appears to have had the desired effect, without

being enacted into law. The Commission has taken the steps necessary to carefully evaluate the block billing procedure. It has avoided a rush to judgment on this extremely important issue.

CONCLUSION

Mr. President, the recommendations of the Committee on Energy and Natural Resources appear as title V of the Consolidated Omnibus Budget Reconciliation Act of 1985. In the formulation of its recommendations, the committee exercised restraint in recognition of the purpose of the budget reconciliation procedure—the achievement of budgetary savings.

These recommendations have now been combined into an omnibus bill that is being brought to the floor under expedited procedures that limit debate. As such, this measure is not an appropriate vehicle for extraneous material; that is matters that otherwise would not be reported to the Senate for its consideration or, if reported separately, would be the subject of extensive debate.

This perspective of the budgetary process was carefully considered by the committee when formulating its recommedations, and I would urge that it be followed during Senate consideration of the Consolidated Omnibus Budget Reconciliation Act of 1985.●

● Mr. BRADLEY. Mr. President, I am pleased that the distinguished Senator from Idaho is withdrawing an amendment offered by the Senator from Oklahoma and adopted by the Committee on Energy and Natural Resources during our deliberation on budget reconciliation.

The language being withdrawn forced the Federal Energy Regulatory Commission to delay issuing a final rule on proposed gas regulations which greatly benefited consumers.

In May of this year, the FERC issued a notice of proposed rulemaking concerning the transportation and billing practices of the natural gas industry. The proposed rule had far-reaching implications for producers, pipelines, and consumers—in fact, all the principal players in the debate.

As originally proposed, the rule consisted of four parts. The first dealt with the transportation of natural gas. It required that any pipeline transporting natural gas must do so on a nondiscriminatory basis. That would allow local distribution companies to enter the open market, shop around for the lowest priced gas and be assured of its delivery. An important provision in this part of the rule, known as "contract demand reduction," allowed the consumer to reduce the amount of gas previously contracted for delivery during the days of noncompetitive transportation, by 25 percent annually for 4 successive years. This would facilitate the transition to a free market transportation system for natural gas. Estimates are that nondiscriminatory transportation could save consumers $2 billion per year.

The second part of the rule, known as "take or pay/safe harbor," would have permitted pipelines to buy out of contracts with producers, presumably to adjust for shifts in demands of consumers resulting from part one of the rule. The FERC would have deemed these buyouts "prudent" and therefore, some costs could have been passed on to the consumers.

The third part of the rule, known as "expedited certificates," would have allowed new services and/or facilities to enter into the competitive market for purposes of transporting natural gas under expedited review procedures by FERC. Once again, the effect of this would have been to increase competition and introduce market forces into the transportation of natural gas.

The final part of the rule, known as "block billing," would have substantially reduced the price of natural gas to all consumers. Presently, old price-controlled natural gas is cheap and new gas is comparatively expensive. There are numerous price divisions separating the extremely cheap from the expensive gas. Typically, producers with large supplies of old gas will lure customers into contracts and roll-in with the cheap gas some of the more expensive gas. In this way, they are able to capture a large market share and in addition, create a market for the more expensive gas. What is clearly a panacea for producers is costly for consumers.

The proposed block billing provision would have directed the cheap gas to noninterruptible users—that is, consumers who are unable to use any other fuel. The more expensive new gas would then be sold in an unregulated manner to all other consumers—consumers with the option of using gas or other fuels if they so desire. In this way, the cost of natural gas would come down to reflect its true value as an energy source rather than an artificially mandated or regulated price. Studies estimated that this would have saved consumers $5 billion per year.

The amendment adopted in the Energy Committee, and being withdrawn today, would have delayed FERC from issuing a final rule on contract demand reduction, take or pay, expedited certificates, and block billing. Clearly, each of the first three parts of the rule were integrally related and the block billing provision was important to gas consumers nationwide.

The Energy Committee adopted this language to block the issuance of the final rule. I strongly opposed the committee's action to preempt the FERC. Thousands of pages of testimony had been submitted to the Commission, scores of witnesses testified in public hearings, and countless hours of work by FERC staff went into developing these rules. And the Energy Committee tried to interfere with this using a totally unrelated, and in fact very special legislative vehicle—budget reconciliation. These important FERC regulations—saving millions of consumers billions of dollars—would not have been given the consideration it merited by Congress under the rules of the budget process and certainly not the consideration it received by the FERC.

Mr. President, 2 weeks ago the FERC decided to go ahead and issue its final rule. To my dismay the Commission bowed to the pressure of the Energy Committee and decided to delay issuing a final rule on block billing but did adopt somewhat modified versions of each of the other parts. The block billing delay will cost consumers $5 billion this winter while the Commission seeks additional comments. In the interim I will do my best to let consumers of natural gas know how this provision will impact on their monthly gas bills. And I hope the consumers, in turn, will let FERC and Congress hear their concerns.

However, the debate is not over. As I stated already, millions of consumers are losing billions of dollars because a handful of producers are permitted to operate free from competitive market forces. We have made great progress in our fight to bring the transportation of natural gas into the free market arena and will not stop until the same can be said for the production of natural gas.

I am pleased, however, that the FERC had decided to proceed with all the necessary provisions to establish nondiscriminatory, competitive practices in the transportation of natural gas. This is something I have worked on long and hard to see it become a reality. Consumers will at least benefit from these provisions.●

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Idaho.

The amendment (No. 1030) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

AMENDMENT NO. 1031

(Purpose: To require studies on the quality control system used for the Food Stamp Program and to impose a temporary moratorium on the collection of penalties under such program. To provide the reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, 99th Congress)

Mr. EVANS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Washington [Mr. EVANS] (for himself, Mr. DANFORTH, Mr. LEVIN, Mr. ROCKEFELLER, Mr. MATSUNAGA, Mr. D'AMATO, Mr. STEVENS, Mr. NUNN, Mr. RIEGLE, Mr. MOYNIHAN, Mr. LEAHY, Mr. MURKOWSKI, Mr. BINGAMAN, Mr. KERRY, Mr. SARBANES, Mr. DECONCINI, Mr. STAFFORD, Mr. BURDICK, Mr. HEINZ, Mr. HATFIELD, Mr. DURENBERGER, Mr. SPECTER, and Mr. INOUYE) proposes an amendment numbered 1031.

On page 47, strike outline 3 and all that follows through line 6 on page 49 and insert in lieu therefore the following new section:

SEC. 147 (a) No funds authorized to be appropriated pursuant to section 151 of this Act may be used to carry out the food stamp program unless under the authority provided by Section 17 (a) of the Food Stamp Act of 1977 (7 U.S.C. 2026 (a)),—

(1) the Secretary of Agriculture (hereafter referred to in this section as the "Secretary" conducts a study of the quality control system used for such program. Such study shall—

(i) examine how best to operate such system in order to obtain information that will allow State agencies to improve the quality of administration; and

(ii) provide reasonable data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments, and

(2) the Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1). *Provided*, that not later than 1 year after the date of enactment of this Act, the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

(b) During the 24-month period beginning with the first calendar quarter which begins after the date of enactment of this Act, no funds authorized to be appropriated pursuant to section 151 of this Act may be used to impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

OPPOSING A MORATORIUM IN THE ERROR RATE SANCTION SYSTEM

● Mr. BOSCHWITZ. Mr. President, I rise today in opposition to the provision in Senator EVANS amendment that would place a 2-year moratorium on the collection of error rate sanctions from the States.

A moratorium sends the wrong signal to the States and ultimately threatens the integrity of the Food Stamp Program. A moratorium indicates to the States that the Federal Government is not serious about reducing the error rates in the Food Stamp Program and requiring the States to assist in that effort.

In 1982, under the leadership of Senator DOLE, we enacted a provision that required States to gradually lower their error rates. In fiscal year 1983 States were allowed to have an error rate at or below 9 percent, in fiscal year 1984, the States had to reduce their error rates to 7 percent, and in fiscal year 1985, the tolerated error rate was lowered to 5 percent. As of the date of the enactment of that reauthorization of the Food Stamp Act in 1982 the Federal Government put States on notice that we were serious about controlling errors and holding States accountable for error rates over 5 percent. The moratorium would have the effect of forgiving, at least temporarily, errors that were made as long as 4 years ago, at error rates over 9 percent, that States have known they were responsible for paying.

Besides losing the interest on that money during the 2 years, which the Federal Government can ill afford to lose, I am also concerned about the feasibility of that money ever being collected. If the States are telling us they can't affort to pay 1 year's sanctions, are they going to be able to pay 3 years at once?

A moratorium would not help one food stamp recipient. The only beneficiaries of this moratorium are State treasuries. In reality, every dollar issued in error is one dollar less in benefits going to a deserving recipient. To the extent error rates rise, or do not fall, as a result of this amendment, food stamp recipients are losing food stamp benefits.

There may be some objection from the States to my implications that error rates will rise if there is a moratorium on sanctions. However, the clear signal to the States of a moratorium combined with a study of the error rate sanction system is that a more lenient system will be designed, the Federal Government is not serious about collecting error rate sanctions, and States should not be concerned. A moratorium implies that the problems in the system are so serious that it is necessary to abandon all efforts to make the current system work for at least 2 years.

The argument has been made that this moratorium is necessary to treat the Food Stamp Program consistent with the way AFDC and Medicaid are treated in the reconciliation bill. Food stamps is a very different program from AFDC and Medicaid. The tolerated error rate in AFDC and Medicaid is only 3 percent, as opposed to 5 percent in food stamps. AFDC counts technical errors—like not having a recipient's Social Security number recorded—that do not result in overissuances, food stamps do not. Most significantly, food stamps is totally federally funded, any dollars issued in error are dollars out of the Federal Treasury. In contrast, in AFDC and Medicaid the States share the costs of the program and payments made in error represents money lost by the States. States have limited resources, to be pragmatic they will focus the State resources on lowering error rates where they feel the pinch, in Medicaid and AFDC. In the Food Stamp Program, error rate sanctions are the only means we have of holding States accountable for errors where in Medicaid and AFDC they are held accountable for errors even during a moratorium on sanctions through the States cost-sharing of these programs.

I am not arguing that we have in place a perfect error rate sanction and quality control system in the Food Stamp Program. In fact, we would be well advised to take Senator EVANS suggestions of conducting a study of the system. But, I think a moratorium does nothing to improve the system and goes a long way toward threatening the integrity of the entire Food Stamp Program. Right or wrong, the Food Stamp Program has had the reputation of being fraught with errors, backing off on efforts to control those errors threatens the reputation and political support for the program.●

● Mr. DOLE. Mr. President, I rise in opposition to the amendment offered by my distinguished colleague from the State of Washington, because the effect of this amendment would be to undermine the error rate sanction system provisions for the Food Stamp Program. While the Senator from Washington argues that he is proposing his amendment in order to make policy consistent with AFDC and Medicaid, the Food Stamp Program issues should be evaluated in their own context.

Since the current error rate sanction system was proposed by the Senator from Kansas as chairman of the Nutrition Subcommittee, this Senator feels a great responsibility to see that it is working effectively. There have been attempts along the way to lower the targets, which this Senator has consistently opposed as unrealistic. I believe that what we now have is an equitable system that is having positive results in States' efforts to improve their program administration.

DIFFERENCES IN FOOD STAMPS, AFDC, AND MEDICAID

A 2-year moratorium on sanctions in the Food Stamp Program in order to be consistent with the moratorium proposed for AFDC and Medicaid sanctions makes little sense. In effect, it is a prejudgment that the food stamp quality control system has flaws

similar to those in the AFDC and Medicaid systems, although the programs are very different. The Food Stamp Program is one in which States administer federally established, nationally uniform rules, with the Federal Government paying all benefit costs, including the cost of erroneous benefits.

The AFDC and Medicaid Programs are Federal/State programs where the Federal Government sets general guidelines. There is substantial variation among the States in administrative practices and basic eligibility and benefit rules; the Federal Government pays only about 55 percent of benefit costs. This means that the substantial differences in interpretation that can arise in the AFDC and Medicaid programs—which might argue for a moratorium and review of their quality control systems—are much less likely to be present in the Food Stamp Program.

Although States are responsible for the administration of the Food Stamp Program, they have been reluctant to apply their own resources to improve program administration. Apparently, a contributing factor in the States' inaction is that food stamp benefits are totally federally funded. Therefore, for years prior to the sanction system, States had little incentive to strengthen their administrative procedures in the Food Stamp Program, because no loss of State funds was involved.

CURRENT LAW ERROR RATE SANCTION SYSTEM

Since 1982, States have been required to reduce their overissuance errors or face sanctions reflecting the partial value of their overissuance errors. This sytem, originally proposed by myself, phased in a 5-percent error rate target over a period of 3 years. States are now responsible for the part of overissuances which exceed this 5-percent target, and must pay sanctions through an administrative funding mechanism. This is a minimal approach to sanctions—not the dollar-for-dollar approach that some advocated back then.

When this system was originally developed, it was designed to address the legitimate concerns of the Governors, State program administrators, Congressional Budget Office, bipartisan members of the Senate Agriculture Committee, and certain advocacy groups—all of whom were represented and actively involved in the process.

The final outcome (current law) represents a careful balancing of all of these interests. Therefore, I strongly oppose any effort to undermine this error rate sanction system now that it is actually having results.

ERROR RATE PROGRESS

Much progress has been made in reducing State overissuance error rates since the implementation of the Dole sanction system. This year's reconciliation bill contains a further strengthening of this system to provide slightly higher sanctions for States that continue to have unacceptably high error rates.

COMPARISON WITH PROVISION IN RECONCILIATION BILL

The reconciliation provisions on sanctions against States for high rates of errorneous benefit payments in the Food Stamp Program are not necessarily more punitive than under current law.

While the provisions might increase sanctions in many States that fail to substantially reduce errors, in other States sanctions may actually be reduced.

In reality, the reconciliation recommendations provide for a more equitable basis for assessing sanctions than under current law and are much more consistent with the sanction system under the AFDC Program than is now the case.

At present, the amount of a State's fiscal sanction is based on how much it spends on administering the program, that is the sanctions are assessed as a percentage or the Federal share of a State's administrative costs. This means that two States with exactly the same error rate and exactly the same benefit payout (that is exactly the same extent of erroneously paid benefits) can have very different fiscal sanctions applied to them if their spending on administration differs. States spending the most to improve administration are penalized the most. Under the reconciliation provision, the santions would be based, more realistically, on the actual amount of erroneously paid benefits, which is a much more equitable way of assessing penalties. This method is also more consistent with the way sanctions are based in the AFDC Program.

FISCAL CONDITION OF THE STATES

The contention has been made that States will have to pay significant sanctions; many governors complain that their States cannot afford the sanctions. The Senator from Kansas wishes to make clear that it is not the goal of the error rate sanction system to require heavy-handed payments to the Federal Government. Rather, it was the intent that States invest in better management practices to achieve greater accountability in their administration of the Food Stamp Program.

Only if certain States fail to take such corrective action will sanctions actually be levied by the Federal Government. Based on the comparative financial conditions of the States (many of which have significant budget surpluses) and the Federal Government, which has ongoing massive deficits, it seems clear that the States can afford to invest in improved administrative techniques, or pay for part of the cost of overissuances. Currently, the Federal Government absorbs the cost of overissuances, which consistently total about $900 million annually, only a part of which is recovered through the error rate sanction system.

WRONG SIGNAL TO STATES

The food stamp quality control system—including sanctions against States—should be studied for any flaws since its statistical methodology and certain other features are similar to those in the AFDC and Medicaid Programs. In this, the proposed amendment has merit. However, calling for a moratorium simply for consistency's sake, without any other substantive evidence of major problems and no committee consideration of this issue, would not be advisable and would send the wrong signal to the States.

Further, the moratorium proposed by the amendment would extend to sanctions for erroneous payments made as long as 4 years ago, at a time when the level of erroneous payment permitted before imposition of a sanction was much higher than the current 5 percent "tolerance level." This moratorium would apply to the time period when the error rate target was 9 percent—not an unreasonable goal.

Any proposal to weaken the error rate sanction system would seriously discourage good program management, and I urge my colleagues to reject this type of amendment. The error rate sanction issues as they relate to the Food Stamp Program differ from the AFDC and Medicaid Programs and should be dealt with in their own context. I urge my colleagues to vote against this amendment.●

FOOD STAMP QUALITY CONTROL

● Mr. DURENBERGER. Mr. President, I rise in support of the amendment by the Senator from Washington to this reconciliation bill to place a moratorium on imposition of sanctions against the States while a study is conducted into ways to bring down food stamp error rates.

Mr. President, the Federal Government has two important responsibilities with regard to the Food Stamp Program. Our first obligation is to the millions of Americans who rely on food stamps to maintain a minimum standard of life and nutrition. Ninety-three percent of food stamp households are below the poverty line; over half the recipients of this program are children. We must also take whatever steps are necessary to maintain the financial integrity of Food Stamp Program through careful vigilance to reduce legitimate errors by the States in implementing this program.

I am a member of the Committee on Finance, which dealt in its own reconciliation package with the issue of sanctions in the Medicaid and AFDC programs. It was our judgment that in those programs, the most sound policy

would be to delay imposition of sanctions for a period while a detailed examination of the most effective means of eliminating errors and insuring that funds go where they belong. We need to be concerned that we find ways to reduce errors without depriving legitimate recipients of benefits on which they depend. Had the Food Stamp Program been within the jurisdiction of the Finance Committee, I have no doubt that it would have been similarly treated.

I, therefore, strongly endorse the efforts of the Senator from Washington to establish a parallel treatment for food stamps under this legislation. Let me say that it in the opinion of this Senator, as one who is familiar with the substance of the matters before us, that this amendment does not add new subject matter to the bill and, therefore, is a germane and appropriate addition to this bill. I urge my colleagues to support it.●

● Mr. LEAHY. Mr. President, I support this amendment to impose a temporary moratorium on the collection of food stamp sanctions and to conduct a study of the quality control system in the Food Stamp Program. Earlier this year I supported similar legislation for the aid to families with needy children [AFDC]. This is now part of the budget reconciliation measure and has been expanded to include Medicaid.

I believe States should be responsible and accountable in their administration of these three important programs. An inordinate amount of errors is not acceptable and it is right for Congress to expect good stewardship over Federal funds to States.

But I cannot agree with the punitive approach that has been going on. In effect, the Government is using the quality control system to both audit and penalize States for errors that occur in the administration of AFDC, Medicaid and food stamps. At the same time, the programs have become so administratively cumbersome, due to constantly changing rules and regulations, that errors are inevitable.

In spite of this, States have brought down error rates significantly. Yet, current policies are expected to result in $900 million in penalties by fiscal year 1988.

This goes further than expecting States to be accountable. It raises revenues through the imposition of penalties and will cost the States money that could be better used to help people in need.

A temporary moratorium will not affect the budget targets and is a fair way to assess the best use of quality control systems.●

Mr. DOLE. Mr. President, I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Colorado [Mr. ARMSTRONG] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. STENNIS] is necessarily absent.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. (Mr. TRIBLE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 45, as follows:

[Rollcall Vote No. 306 Leg.]

YEAS—52

Abdnor	Grassley	Packwood
Andrews	Hatch	Pressler
Bentsen	Hawkins	Proxmire
Boren	Hecht	Quayle
Boschwitz	Heinz	Roth
Bumpers	Helms	Rudman
Chafee	Humphrey	Simpson
Cochran	Johnston	Specter
Cohen	Kassebaum	Stafford
Danforth	Kasten	Symms
Denton	Laxalt	Thurmond
Dixon	Long	Trible
Dole	Lugar	Wallop
Domenici	Mattingly	Warner
East	McClure	Wilson
Garn	McConnell	Zorinsky
Gorton	Melcher	
Gramm	Nickles	

NAYS—45

Baucus	Glenn	Matsunaga
Biden	Goldwater	Metzenbaum
Bingaman	Gore	Mitchell
Bradley	Harkin	Moynihan
Burdick	Hart	Murkowski
Byrd	Hatfield	Nunn
Cranston	Heflin	Pell
D'Amato	Hollings	Pryor
DeConcini	Inouye	Riegle
Dodd	Kennedy	Rockefeller
Durenberger	Kerry	Sarbanes
Eagleton	Lautenberg	Sasser
Evans	Leahy	Simon
Exon	Levin	Stevens
Ford	Mathias	Weicker

NOT VOTING—3

Armstrong	Chiles	Stennis

So the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOMENICI. I move to lay that motion on that table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1032

(Purpose: To provide an adjustment for payments to sole community hospitals which have a significant increase in costs due to the addition of new facilities or services)

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California [Mr. CRANSTON], for himself and Mr. BURDICK, proposes an amendment numbered 1032.

Mr. CRANSTON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 164, after line 25, insert the following new section:

SEC 711A. PAYMENTS TO SOLE COMMUNITY HOSPITALS.

(a) ADJUSTMENT TO PAYMENT AMOUNT.—Section 1886(d)(5)(C)(ii) of the Social Security Act is amended by inserting after the second sentence thereof the following: "In the case of a sole community hospital which experiences, in any cost reporting period after the cost reporting period which was used as the base for determining the target amount for payments to such hospital under paragraph (1)(A)(i)(I), a significant increase in operating costs attributable to the addition of new inpatient facilities or services at such hospital (including the opening of a special care unit), the Secretary shall provide for such adjustment to the payment amounts under this subsection for such cost reporting period and subsequent cost reporting periods as may be necessary to reasonably compensate such hospital for such increased costs, corrected as necessary for any change in the hospital's case mix in the cost reporting period for which the payment is being made.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments for cost reporting periods beginning on or after October 1, 1983.

(c) EXPLANATION.—The amendment made by this section shall cease to have effect on September 30, 1989.

(d) REPORT.—The Secretary shall complete a study of the effects of this provision. This study shall include recommendations on a permanent mechanism for needed expansions of sole community hospitals services and the hospital specific rates thereof. The study shall be completed by January 1, 1987.

● Mr. CRANSTON. Mr. President, on behalf of myself and the distinguished Senator from North Dakota [Mr. BURDICK], I am offering an amendment (No. 1032) to S. 1730, the proposed Consolidated Omnibus Budget Reconciliation Act of 1985. "This is essentially the same amendment that we submitted on November 7—amendment No. 994—with two modifications. First, the provision will sunset in 4 years. Second, the HHS Secretary shall be required to study the impact of this provision and report the results of the study by January 1, 1987.

Mr. President, as I described in my statement of November 7—CONGRESSIONAL RECORD S15154—this amendment would provide certain sole community hospitals with adjustments in their Medicare payments to account for services instituted after the end of the so-called base year.

This amendment is intended to rectify a very serious inequity affecting a small community hospital in Clearlake Highlands, CA—and possibly about 10 others—which, if left uncorrected could force the hospital out of business. Redbud Community Hospital is a 40-bed hospital serving a predominantly old and poor population. Redbud is designated under Medicare as a sole community hospital and is the primary source of health services available to many citizens of Clearlake Highlands.

SOLE COMMUNITY HOSPITALS

Mr. President, during consideration of the Social Security Amendments of 1983, which established the Medicare prospective payments system—PPS—based on diagnosis related groups—DRG's—Congress recognized the relatively higher unit costs of providing services incurred by sole community hospitals—SCH's—due to the special circumstances, such as remote location and small size, which qualify them for SCH status. Specifically, an SCH's reimbursement rate is based 75 percent on a hospital-specific rate and 25 percent on the regional DRG rate. Unlike other hospitals under PPS which will eventually be paid totally by a national DRG rate, SCH's remain at the 75:25 ration I have just described. Thus, accurate calculation of the hospital-specific portion of that ratio is critical to an SCH's economic survival.

Nevertheless, when Blue Cross of California, under contract with the Health Care Financing Administration calculated the reimbursement rate for Redbud, it did not to take into account Redbud's costs of providing three new services that are necessary for it to meet the needs of its community. The target hospital-specific rate was computed using the hospital's costs for its base-year, 1982-1983. However, just 7 days after the end of the hospital's base-year, Redbud opened new cardiac care and intensive care units and, 6 months later, it began operating a new pharmacy unit, which had long been under development. With 65 percent of the hospital's patients being Medicare beneficiaries, these added services ensure that the patients have access to a full range of life-saving medical services.

In the 1983 law establishing the PPS, Congress clearly indicated its intention that exceptions and adjustments in Medicare reimbursement for SCH's be provided when special circumstances exist to warrant such consideration. Section 1886(d)(5)(C)(iii) of the Social Security Act, added by section 601(e) of the 1983 amendments, directed the Secretary to provide by regulation for such "exceptions and adjustments" to payment amounts to these hospitals "as the Secretary deems appropriate." In addition, section 1886(b)(4)(A) of the Social Security Act—enacted in section 101(a)(1) of the Tax Equity and Fiscal Responsibility Act of 1982—states in part:

The Secretary shall provide for an exemption from, or an exception and adjustment to, the method . . . for determining the amount of payment to a hospital where events beyond the hospital's control or extraordinary circumstances . . . create a distortion in the increase in costs for a cost reporting period (including any distortion in the costs for the base period against which such increase is measured).

THE CASE OF REDBUD HOSPITAL DISTRICT VERSUS HECKLER

From the day the hospital was due to enter the prospective payment system on July 1, 1984, Redbud Community Hospital has struggled with the Department of Health and Human Services to develop a reasonable rate of reimbursement to account for these new services. Without an adjustment in Redbud's base-year target rate, the SCH provision, intended to benefit SCH's would have the effect of unduly penalizing Redbud because the higher proportion of its Medicare reimbursement based on a hospital-specific rate does not reflect its actual operating costs.

Thus, on June 29, 1984, Redbud filed suit against Secretary Heckler and the Department of Health and Human Services challenging the intermediary's determination of its PPS rate. Because of the lawsuit, Redbud has not entered the PPS and has continued to be reimbursed under the previous method.

The U.S. District Court for the Northern District of California issued a preliminary injunction on July 30, 1984, which directed the Secretary to issue regulations to take into account the special needs of SCH's, the special needs of hospitals serving disproportionate numbers of Medicare and low-income patients, and unforeseen extraordinary and unusual costs incurred by hospitals after the base year, and to provide for a timely review of an intermediary's estimate of a hospital's target rate under PPS.

This injunction was modified on June 14, 1985, to require specifically that the regulations be published by July 1, 1985. Although HCFA did issue those regulations on July 1, Supreme Court Justice William Rehnquist stayed the order on July 24, and, subsequently, HCFA withdrew the regulations on July 31.

Thus, more than 1 year has now transpired and Redbud is still being reimbursed under the pre-PPS method because HCFA has failed to provide for an adjustment in Redbud's base-year target rate. Redbud estimates that it will lose between $30,000 and $50,000 per month without such an adjustment. This would force the hospital to default on its State-issued bonds and jeopardize the availability of care to the rural community that must depend on Redbud for hospital services.

The amendment we are proposing would enable Redbud Hospital—and any other SCH that has added necessary hospital services—to be reimbursed reasonably and fairly under the PPS system.

DISPROPORTIONATE-SHARE ADJUSTMENT

Mr. President, I would note that HCFA's footdragging in making adjustments for SCH's is not an isolated situation. Under the Social Security Amendments of 1983, the Secretary of HHS was required to make adjustments in the PPS for hospitals that serve a disproportionate number of low-income elderly patients. In addition, the Deficit Reduction Act of 1984 required the Secretary, prior to December 1, 1984, to develop and publish a definition "of disproportionate share hospitals" and to provide the Congress with a list of hospitals meeting this criterion. However, at this point, the Secretary remains out of compliance with these requirements under the 1983 and 1984 measures.

In response, the Finance Committee has included in the reconciliation bill a provision to require the Secretary to make additional payments to all PPS hospitals serving a disproportionate share of low-income medicare patients.

COST ESTIMATE

The Congressional Budget Office has estimated that this amendment would cost $3 million in fiscal year 1986 and $5 million during each of fiscal years 1987 and 1988. This estimate was based on the assumption that 10 SCH's—out of 394 Medicare-qualified SCH's—would be affected.

Mr. President, $13 million over 3 years is a very modest amount. But the survival of a number of hospitals—CBO believes perhaps as many as 10—may be at stake. If Redbud Hospital and other hospitals that have either added or will add services are unable to meet their financial obligations, thousands of patients will be denied access to health-care. Congress intended that these hospitals should be fairly compensated, and I believe if, as CBO estimated, the cost is $13 million, that is a reasonable amount to spend to preserve needed health services for thousands of Americans throughout the country. Of course, had HHS issued the regulations as was intended by the Congress, then no additional cost would have been entailed beyond the costs that Congress initially contemplated in the 1983 Social Security Amendments.

EXPIRATION

Mr. President, this provision will expire at the end of 4 years, on September 30, 1989. By that time a number of issues, such as reimbursement for capital—affecting PPS hospitals will, I hope, be resolved. During the development of the policies to achieve such resolution of issues, a permanent method for dealing with

this SCH issue could also be developed. The results of the HHS study, also required by this amendment, will be very beneficial toward that end.

CONCLUSION

When PPS was developed, Congress recognized that modifications in the system would need to be made in order to ensure that hospitals with special circumstances are treated fairly. When the intended modifications are not made by the Secretary—as in the case of the disproportionate share hospitals—the Congress must take action to ensure that its intent is carried out through adjustments in the legislation.

Mr. President, the amendment I am offering will help ensure, as I believe Congress has intended all along, that SCH's can continue to provide essential health-care services to the people living in the remote areas of the SCH's service. We must ensure that sole community hospitals, the primary source of health care to citizens throughout rural America, remain economically viable.

Mr. President I am very grateful to the Chairman of the Finance Committee [Mr. PACKWOOD] and the ranking minority member [Mr. LONG] for their assistance on this amendment.

I urge the support of my colleagues for this amendment.

And particularly also to Bob Hoyer of the Finance Committee minority staff who was extraordinarily helpful to me and my staff on this amendment as he has been on so many other matters in the past. My thanks also to Don Muse of the majority staff for his constructive and helpful approach.

Also, Mr. President, I want to express my appreciation to the Chairman [Mr. DOMENICI] and ranking minority member [Mr. CHILES] of the Budget Committee and minority staff member Kathy Deignan, for their cooperation in facilitating such a very successful resolution of this complicated and important matter.●

The PRESIDING OFFICER. The Senate is not in order. We will not be able to continue until the Senate is in order. The Senator from California is entitled to be heard.

Mr. CRANSTON. Mr. President, I believe that no debate is needed on this amendment. It is being accepted, as I understand, by the majority and the minority floor managers.

Mr. DOMENICI. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1032) was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. I thank all concerned.

AMENDMENT NO. 1033

(Purpose: To modify the provisions as regards limitation of debate)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio [Mr. METZENBAUM] proposes an amendment numbered 1033:

At the appropriate place in the bill, add the following:

Whereas, Senators have an obligation to inform themselves . . .

The PRESIDING OFFICER. Amendments to the preamble are not in order.

Mr. METZENBAUM. I have a right to have the amendment read.

Mr. DOLE. Mr. President, a point of order——

The PRESIDING OFFICER. The amendment is not in order.

Mr. KENNEDY. Mr. President, a parlimentary inquiry. Is it in order to have findings and will those be read if they are a part of the amendment?

The PRESIDING OFFICER. Findings are in order.

Mr. KENNEDY. Then, it would be entirely appropriate for the Senator from Ohio to file findings and submit the amendment, and then the amendment will be read. Am I correct?

The PRESIDING OFFICER. If the Senator from Ohio corrects his amendment, it will be in order.

Mr. METZENBAUM. Mr. President, I send a modification to the desk, to modify the amendment, eliminating the word "whereas," and reading only "it is the sense of the Senate."

The PRESIDING OFFICER. The clerk will report the modified amendment.

The assistant legislative clerk read as follows:

At the appropriate place in the bill, and the following.

"Senators have an obligation to inform themselves on the issues on which they are to vote, and

"Ten hours of time for debate on S. 1730 were at an earlier dated yielded back by unanimous consent, and

"All time for debate has expired, although numerous amendments remain to be voted upon.

Now therefore, be the sense of the Senate, That at least ten minutes on each side be allotted for purposes of debate with regard to the remaining amendments pending to the bill, S.1730."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

All those in favor say aye; opposed, nay.

The Chair is in doubt.

Mr. WEICKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Colorado [Mr. ARMSTRONG] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. STENNIS] is necessarily absent.

I announce the the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 80, nays 17, as follows:

[Rollcall Vote No. 307 Leg.]

YEAS—80

Abdnor	Gore	Melcher
Andrews	Gorton	Metzenbaum
Bentsen	Gramm	Mitchell
Biden	Grassley	Moynihan
Bingaman	Harkin	Nickles
Boren	Hart	Nunn
Bradley	Hatch	Packwood
Bumpers	Hatfield	Pell
Burdick	Hecht	Pressler
Byrd	Heflin	Proxmire
Chafee	Heinz	Pryor
Cochran	Helms	Quayle
Cohen	Hollings	Riegle
Cranston	Humphrey	Rockefeller
DeConcini	Inouye	Roth
Denton	Kassebaum	Sarbanes
Dixon	Kasten	Sasser
Dodd	Kennedy	Simon
Dole	Kerry	Simpson
Domenici	Lautenberg	Specter
Durenberger	Laxalt	Stafford
Eagleton	Leahy	Stevens
East	Levin	Thurmond
Evans	Lugar	Trible
Exon	Mathias	Warner
Garn	Matsunaga	Wilson
Glenn	McConnell	

NAYS—17

Baucus	Hawkins	Rudman
Boschwitz	Johnston	Symms
D'Amato	Long	Wallop
Danforth	Mattingly	Weicker
Ford	McClure	Zorinsky
Goldwater	Murkowski	

NOT VOTING—3

Armstrong	Chiles	Stennis

So the amendment (No. 1033) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. METZENBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. GOLDWATER. Is the Senator form Arizona right in recalling that what we have just passed is merely a sense of the Senate?

The PRESIDING OFFICER. That is correct.

Mr. GOLDWATER. So to apply this would require unanimous consent?

The PRESIDING OFFICER. That is correct.

Mr. GOLDWATER. I will object to any unanimous-consent agreement.

Mr. METZENBAUM. Mr. President, I wonder if the majority leader or the manager of the bill would be good enough to yield for a question.

Mr. DOMENICI. We do not have any time.

Mr. METZENBAUM. I ask unanimous consent that I be permitted 1 minute to ask a question.

Mr. WEICKER. I object.

Mr. GOLDWATER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. METZENBAUM. Mr. President, I have a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. METZENBAUM. Is it not the fact that, under the rules, when we get done with this measure, whether we do or do not have debate, that we will then be moving to add this measure to a House revenue measure, since we cannot originate a revenue measure in the Senate, and that at that point, assuming that is done, the measure will be open to unlimited debate, as well as unlimited amendments, and we are only going through fun and games at the moment?

The PRESIDING OFFICER. It is not the rules, but rather the Constitution that precludes the Senate from passing a revenue measure.

Mr. METZENBAUM. Therefore, the Senator from Ohio's inquiry to the effect that this measure will have to be added to a House bill and at that point will be open to unlimited debate and unlimited amendments is correct?

The PRESIDING OFFICER. That is correct.

Mr. METZENBAUM. I thank the Chair.

The PRESIDING OFFICER. The bill is open to further amendment. Are there further amendments?

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

AMENDMENT NO. 1034

(Purpose: To exempt needs-based allowances and payments from the requirement that job training benefits be considered income for purposes of the food stamp program)

Mr. SIMON. Mr. President, I send an amendment to the desk that I believe we can agree to without a rollcall.

The PRESIDING OFFICER. The clerk will report the amendment of the Senator from Illinois.

The bill clerk read as follows:

The Senator from Illinois [Mr. SIMON] proposes an amendment numbered 1034.

On page 16, line 20, insert ", other than needs-based allowances and payments received under such program," after "Act".

● Mr. KENNEDY. Mr. President, I am pleased to join Senator QUAYLE and Senator SIMON in offering this amendment to modify the detrimental provision in S. 1730 which requires all Job Training Partnership Act program allowances and earnings to be counted as income when determining food stamp eligibility. This amendment is the first step toward a return to current law and to the original intent of Congress when it enacted the Job Training Partnership Act in 1982. I want to thank Senator QUAYLE and Senator SIMON for their leadership on this important issue.

Our amendment will modify the current provision by exempting needs-based payments and allowances under JTPA from being counted as income when determining food stamp benefits. In order for JTPA participants to receive needs-based payments or allowances, they must show substantial need for these services. Participants who do qualify for these benefits are typically receiving minimal forms of assistance from other sources to support themselves and their families while they are in employment training. Because of the strict limits Congress placed on the amount of JTPA funds that can be used for support services, participants who may be receiving AFDC or unemployment insurance benefits typically do not qualify for these JTPA allowances.

The amount of support provided by these needs-based payments and allowances is small. Typically these payments range from $30 to $50 per week. These minimal payments must be stretched to cover an individual's food, shelter, clothing, and transportation while they are in training. Many JTPA participants have families and this small payment must be stretched further to cover family expenses. Needless to say, the amount of these allowances can hardly come close to providing all the basic daily needs of a low-income individual and their family while they are training for a job.

The detrimental provision we are attempting to modify here today requires that these small allowances count against the amount of food stamp benefits a needy individual and their family receive while that individual is participating in a job training program. In other words, Mr. President, an individual who is determined as particularly needy and receives JTPA allowances will be punished for receiving this allowance by having their nutrition assistance cut back. If this distinguished body does not adopt our modifying amendment today, the poorest of poor will become even more indigent should they chose to sign up for job training. By allowing the current provision to stand, we will be forcing America's most needy individuals to choose between eating or training for a job.

By allowing this disincentive to become law, America's most needy individuals will forsake the dream of ever entering gainful employment.

This amendment will add back $15 million to the Agriculture Committee budget. I understand that the Agriculture Committee went beyond its budget mark by $184 million and I commend their actions.

However, I believe that there is room to provide the most needy of this Nation with adequate nutrition assistance while they are working to make themselves contributing members of our society.

I would like to express my further concern with the issues that this modifying amendment does not address. Even with the modification proposed in our amendment, major disincentives to participating in the JTPA program will remain. Participants in the on-the-job training programs and the summer youth programs under JTPA will see their food stamps benefits cut back dramatically. CBO estimates that 100,000 households will be affected by this change and many families will lose an average of $400.00 of their yearly nutrition assistance

I would like to remind my colleagues that when the Job Training Partnership Act was developed, Congress intentionally excluded all JTPA allowances, needs-based payments, and earnings from the calculation of food stamp eligibility for good reason; 70 percent of the JTPA funds are mandated to be used for training programs. The strict limits on the amount of funds under JTPA for support services would not have been adopted if Congress believed that participants would not be able to receive benefits from other Federal programs while in job training. When we passed JTPA, we all agreed that program participants would continue to rely upon other sources of support during training.

According to recent Department of Labor figures, 94 percent of the participants in the JTPA programs are economically disadvantaged. Overall, 68 percent of those individuals who complete training under the JTPA programs are placed in gainful employment. We know that JTPA is encouraging low-income individuals to seek out job training and to become employed. Secretary Brock recently stated, "JTPA has been the centerpiece of this administration's commitment to meaningful job training." For the over 1 million young people and adults served by the JTPA programs, the ability to participate in job training and job experience will be greatly reduced if we take away the few available support funds they have.

The effects of establishing new disincentives to program participation are harmful and expensive. We will be forcing disadvantaged people to chose between training for a job or eating. We will be telling them that they need to go hungry if they want to train for and secure a job. We will be telling them that in order to raise themselves and their families out of the depths of poverty, they must eat fewer meals. We will be telling them that they too can become self-sufficient and contributing members of our society but they must first risk undernutrition and possible illness to reach their goal.

Perhaps the most disturbing result of reducing food stamp benefits for JTPA participants is the effect it will have on the young people who participate in the Summer Youth Program and on-the-job training. By taking a job for 6 weeks in the summer or by participating in an on-the-job training program under JTPA, these young people will be reducing the amount of food assistance that their family receives. By working hard and showing initiative, these young people will be taking food away from their younger brothers and sisters.

If we do not provide the necessary support services that individuals need to complete their job training now, we will pay later in long-term unemployment and long-term dependence on Government assistance. I urge the Senate to adopt this amendment and it is my strong hope that the members of the conference committee will closely examine this issue when they meet.●

● Mr. SIMON. Mr. President, my amendment would modify a provision included in the bill, S. 1730 and recommended to the Senate by the Committee on Agriculture. The committee's amendment would reverse a longstanding Federal policy under the Job Training and Partnership Act of not counting allowances and need-based payments in determining eligibility for food stamps.

My amendment will restore, in part, the current law and bring food stamp calculations in line with AFDC calculations, where only direct earnings under JTPA are counted as income in determining AFDC eligibility.

The Congressional Budget Office estimates that the amendment will cost $5 million each year and a total of $15 million over 3 years.

I urge my colleagues to adopt the amendment—restoring current law and ensuring that the incentive for food stamp recipients to continue to seek training to improve their lifestyle and earning potential will be retained.●

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. SIMON].

The amendment (No. 1034) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there other amendments?

Mr. SYMMS. Regular order.

Mr. DOLE. Mr. President, Senator PACKWOOD is en route to offer an amendment. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to ascertain the presence of a quorum.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand there are two Packwood amendments that can be rapidly resolved this evening, and the amendment by Senators DENTON and HEFLIN will be added to the farm bill. If we can resolve the Packwood amendments, they will not require rollcall votes. So far as I know, there are no other amendments to be considered tonight until we work out some framework of agreement to know how many amendments are remaining and how much time will be on each amendment, getting the number of remaining amendments. That will be the sense of the agreement.

I think nearly all of those objecting will be willing to accommodate us, but not on just a free for all of 10 minutes on one amendment and 5 minutes on another amendment, and no time on another amendment. I think that is the objection that was lodged.

I would indicate there will be no more rollcall votes tonight.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond the hour of 9:30 p.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

WHERE WE ARE

Mr. DOMENICI. Mr. President, I did not get a chance before the time ran out to give my explanation of where we were and what has happened tonight. I do not think anything that has happened tonight should deter us from passing this bill. When the Senate decided to waive the rules and accept the textile bill as an amendment to the reconciliation bill, the Senate worked its will. But as a result of that action about 3 hours of time remaining on the bill was used up, either by the principal amendment or by amendments to it.

We spent a number of hours trying to reach an agreement with regard to the textile bill. The agreement has worked rather well in that the textile bill is now completed and on its way to the House. It is no longer on this bill.

We knew that we had about 40 amendments left. However, it has been impossible for us to get a time agreement on all those amendments. We now have about 10 amendments left that Senators have discussed with us. At least four should take very little time. Four may require substantial amounts of time.

The leader has asked if early tomorrow morning we could get together with the various Senators and the leaders on both sides and see if we can reach an agreement with reference to those amendments. I do not choose to enumerate them tonight. However, in the morning we shall be in touch with the various Senators in an attempt to work things out so that there will be a time certain for passage and times for each amendment.

Mr. President, we have been on this reconciliation bill for a long time. Frankly, it concerns me. On the other hand, I understand that if the Senate desires to spend additional time on the bill, that is the Senate working its will. However, I would suggest for all those who are enthusiastic about restraining the Federal budget and for those who are enthusiastic about the sequestration process under the Gramm-Rudman-Hollings bill, that this bill, in its worst condition, coming out of conference, will probably reduce this year's projected deficit by $21 billion. Over the 3 years, it will save about $86 billion.

Our best estimate is that as we move into the fiscal year, we will lose some of the savings in the bill. We lose about $52 million in savings off the budget deficit each day that we are unable to reach a conclusion on this matter.

I hope everybody understands that. To the extent that the Senator from New Mexico as manager needs to cooperate with anyone, I am willing to do that. We shall try our best tomorrow morning and see if we can complete this bill at a time certain.

Mr. President, I yield the floor.

EARL BROOKOVER, PIONEERING KANSAN

Mr. DOLE. Mr. President, this week the Senator from Kansas and our great State lost a true friend. On Tuesday, November 11, Earl Brook-

over passed away in his beloved hometown of Garden City. He was a good man who spent his life helping to make Kansas the great cornucopia that is the envy of the world. He was a man of vision who did not confine his dreams to the drawing table. Earl was a man of action who was a pioneer in irrigation techniques, feed grain improvements, and feed lot expansion. Thanks to his ingenuity, western Kansas became one the Nation's prime locations for giant feed lots that attracted business from every corner of the globe. Instead of surrendering such business to Texas and other cattle-rich States, Earl proved to the skeptics that the Sunflower State could more than hold its own when it came to beef. The huge feed lots in my State, and the importance of our livestock industry, are testimony to his foresight.

Mr. President, Earl Brookover was a distinguished graduate of Kansas State University, one of America's great agriculture institutions. He was the recipient of numerous awards, including his alma mater's distinguished service citation. He served his community and his State as the director of the Kansas Chamber of Commerce and as the president of the Kansas Livestock Association.

Above all, Earl was a wonderful husband and a family man. The Senator from Kansas sends his deepest sympathies to Mrs. Brookover and her son, Earl, Jr., and her daughters, Mary, Jane, and Sandra. I am proud to have known Earl Brookover and to have called him a friend.

VETERANS DAY—1985

Mr. STEVENS. Mr. President, this past year has been a very emotional one for me as a veteran of World War II. On Memorial Day, together with good friends, I attended the Memorial Day service at Margraten Military Cemetery in The Netherlands. While there, as I have told many of our colleagues, I was quite moved by the tradition of the Dutch people to "adopt an American" who gave his life for the defense of freedom. The Dutch people literally do adopt a gravesite—they not only care for it in their lifetime but pass the responsibility upon their death to their most trustworthy descendant.

During this year, as I once again looked into my memorabilia of our war—at photographs and some of the things I brought home, I have been reminded of friends of mine who did not come home.

Sunday, I not only read but reread an article in the Washington Post by Bonnie Boyle, entitled "Searching for My Father in his Souvenirs." I ask unanimous consent that the article appear in full in the RECORD following my remarks.

And, Mr. President, I thank Mrs. Boyle for searching. Many of us have done the same thing, in our way, but Bonnie Boyle's trip to find something—some communication from her father—in and of itself was a tribute to the part of our generation which is often forgotten. Capt. Joe Glover left a legacy many of his comrades did not have an opportunity to share with the future. He obviously left a very bright and capable daughter of whom he would be very proud.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SEARCHING FOR MY FATHER IN HIS SOUVENIRS

(By Bonnie Boyle)

My father saved tags from bombs. I imagine they littered the floor of the Flying Fortress, and he picked one up each time he left the plane. On one side were printed instructions about when to remove the pins from the bombs, and on the blank side, he wrote a few details of each mission he flew.

The first said, "Nine flak holes in ship, 'My Gal II,' 7th July, 1944, Leipzig, Germany. After mission number 13, he added the comment, "Roughest yet." The next reads, "8th Sept., 1944, Deputy wing lead, Ludwigshaven, Ger. Lost 2 engines over target. Came home on deck." He was given the Distinguished Flying Cross for that one. As navigator of the B-17 with two engines and all instruments except the pilot's compass knocked out, he guided them safely back to their base in England. The progression of the tags continues, "11 Sept. 44, Meresburg, Ger., Low group lead. Shot up by flak on Rhine."

The tags are just part of the contents of a big carton of old war memorabilia that I take down from the closet every few years and look through. There are photos of him posed on airstrips with different crews in front of their bombers.

There's a letter written on the 9th of May, 1945. In it, he celebrated victory in Europe and talked about his pride in helping bring it about, but added: "I haven't written for the past few days as I have been on the continent—France, Belgium and Germany, inspecting the results of some of our bombings. It is unbelievable. Cities the size of Washington without a single building left undamaged. I can't put on paper the things that I saw. I can just thank God that my family did not have to go through what we saw. I both flew over the places and then viewed them from the ground. Complete destruction as far as the eye could see."

And then there are two photos of the site of his plane crash—the skeleton of a tail section and charred pieces of crushed metal, none of them very big, on a hillside.

The facts of the crash are simple: A month after V-E Day, my father—a veteran of 30 combat missions—and 19 of his buddies were killed instantly when the plane that was taking them home to America developed engine trouble, lost altitude and, shrouded in fog, crashed into a mountain in Wales.

He was 22. I was 9 months old and had never seen him. By the time I was old enough to understand it, his death was just a fact of the past.

That crash in Wales changed the course of my life in ways I can only guess. It wasn't devastating, by any means. My childhood was comfortable and happy, with my maternal grandmother coming to play an expanded role and the Veterans Administration sending some money every month. I turned out just fine, I think. I emphasized the positive side—that growing up without a father had made me a stronger person. If nothing else, the timing of the accident, so close to home and safety, gave me a sense of irony that has served me well through the years.

Whenever people learned that my father was dead and tried to express sympathy, I cut them off, saying, "I never knew him" not realizing that while I tried to deny feeling any real loss, I was describing the nature of the loss. It was the loss of a potential relationship; I never had a chance to love him.

I tried to make up for the loss by creating an image of him in my imagination. My mother and his mother told me about him many times, of course, but as an adult, I have relied more on the contents of that cardboard carton. I looked at the items one by one. There's a fancy citation, "In grateful memory," signed by Harry Truman. There's a 48-star cotton flag with a printed note, "This flag . . . is being presented as a token of the sympathy and appreciation of a grateful nation with the thought that it may be of sentimental value to you."

Sorting through those issues of Stars and Stripes, the bomb tags, the yellowed obituary notices, the programs of memorial services, the V-mail, I tried to form a view of my father and the relationship we might have had, examining my own qualities as a daughter as well as his as a man. Yet, however many times I handled and studied the objects in the box, I never felt I had many answers.

He was buried in an American military cemetery in Cambridge, England, and, though I had been in nearby London many times, I had never visited the cemetery. Perhaps, I decided finally, a pilgrimage there would make him seem clearer to me. When my husband and I planned a brief trip to England this fall. I said, "I want to go up to Cambridge," He gladly agreed, but asked, "What do you expect to find there after 40 years?"

I didn't know.

Before we left, I called the American Battle Monuments Commission (ABMC) to ask details about the cemetery. The ABMC oversees 38 cemeteries and monuments in foreign countries that include, from both World Wars, the graves of more than 123,000 dead, and names of 83,000 missing, yet the woman on the phone had the particulars on my father within seconds.

"He's buried in row D, plot 6, grave 65," she said, "but there will be someone at the cemetery to show you to the grave." She told me the hours they were open and gave me clear directions to reach the place. "We'll send you a pamphlet with more information today," she added. And they did.

We landed at Heathrow early on a Sunday morning and decided to drive straight up to Cambridge. It was a damp, partly cloudy day, unseasonably warm for England in September. As we drove through the countryside, I read about the cemetery.

On 30 acreas of land donated by Cambridge University, it's the only American World War II cemetery in the British Isles. The site was chosen, in part, because the relatively level landscape had provided many spots for landing strips for Allied bombers, hence many of the casualties occurred in that area. There is, in fact, a plaque given by two nearby communities honoring a bomber crew who went down with their disabled ship rather than aban-

don it over a residential area. There are 3,811 graves, and names of 5,126 missing are recorded on a wall.

When we arrived, we saw that the pamphlet had not prepared us for the beauty of the place. There were flowers and trees and reflecting pools. An expanse of brilliant green grass covered the graves that fanned out in a quarter circle like the spokes of a wheel. It wasn't huge or ostentatious—you could see from one end to the other—but quietly dignified, full of natural beauty and very well maintained.

We went into the visitors' building, gave them my father's name, and a kind man named Heath walked us to the grave, making small talk as we went, chatting about the English weather and the history of the cemetery. He mentioned that a group of German students had visited recently. "And last month," he said, "a woman came to visit the grave of her father, who died two weeks before she was born. She brought her own daughter." He looked into the distance, eyes misting over. "Ah, that was something!"

As we walked along, he cut a lovely, big rose—yellow, with pink at the edges of the petals—and when we came to the stone cross that marked my father's grave, he placed it on the grave and took a Polaroid picture of the headstone and the flower. He pointed out the memorial chapel building and asked us to stop back by the visitor's building before we left. "I'll have this photo and some other things for you," he said. "Now, I'll leave you alone."

I stared at the headstone for a long moment, then ran my fingers over the carved-out letters. I looked around among nearby tombstones and found two with the same date of death as my father's—probably friends who died in the same crash.

We passed Mr. Heath leading another family to another grave as we walked to the memorial building, part of which is a chapel and part of which is a huge map showing the progress of the war. (A record of the accomplishments of our troops is required in all of the American World War II overseas cemeteries.) The juxtaposition of devotional and militaristic under one roof seemed odd to me at first, but I found myself pointing out places on the map, explaining to my husband details I had gleaned from the bomb tags, "He was stationed *here;* and he bombed Munich, *here,* and other places in Germany, and he had a few missions, *here* in France."

We spent more than an hour wandering around the cemetery, past the names of the missing and the long reflecting pools, up to the flagpole, the base of which is inscribed with a line from John MacCrae's poem, "In Flanders Field": *To you from failing hands we throw the torch—be yours to hold in high!*

We went back to my father's headstone, where I spread my raincoat on the damp grass and sat by the grave, wondering what, exactly, I'd come looking for and whether I'd found it.

A cemetery is a place where we confront our dead and try to interact with them. The place itself and the people who keep it are conduits of a symbolic communication between the living and the dead. The staff and surroundings say to the dead, "You did a good job. It was worth doing. We thank you for your sacrifice. We miss you. We hope your soul is at peace. We honor your memory."

The message the living receive from the sensitive attitude of the staff is, "You've suffered a terrible loss. We're sorry." And the implications of the verdant surroundings are, "You're alive and growing on a base of sacrifice and accomplishment of those who are dead." Those message were as much as I could hope to gain on this visit.

What more I really wanted was a clue that my father would have been pleased with me. Never having seen myself reflected in his eyes, I longed to ask important questions any daughter would like to have answered by her dad. "Are you proud of me? Have I done a good job? Do you think I'm pretty? What are your ambitions for me? How am I doing? Silent questions, met by silence. What I had missed most was a sign of fatherly approval, but I was glad to have gotten the more general consolations symbolized by the cemetery.

We strolled back up to the visitor's building. Mr. Heath was ready with a folder for me that contained the Polaroid shot he'd taken of the headstone, more booklets about the cemetery, a form I could use to order flowers for the grave, a program from the past year's Memorial Day service and some moving poems that had been written about the cemetery. I thanked him and tucked the packet under my arm, thinking I would put it in my box of memorabilia.

Before I could turn to go, he handed me a bunch of those yellow-pink roses. The eloquence of that perfect gesture to a daughter who never got flowers from her father was profound. That bouquet betokened for me affirmative and reassuring answers to all the silent questions I wanted to ask my father. It left me beaming and breathless, with tears beginning to spill.

"You know, these are Peace roses," Mr. Heath added. And I realized that I no longer would have to search for peace in my cardboard box of relics.

REASSESSING THE VALUE OF THE UNITED NATIONS

Mr. DURENBERGER. Mr. President, the recent passage of the 40th anniversary of the founding of the United Nations has caused many people to think about the strengths, the flaws, and the potential of the United Nations. Clearly, the optimism which permeated the establishment of the United Nations has diminished somewhat. The United Nations seems to have fallen short of our expectations as a forum for peacemaking, while it has become bogged down in bureaucracy and politicization.

As I noted in a 1984 speech at Mankato State University, the United States was never so independent that it could sit totally apart from the world. We relied on foreign markets for our goods, on foreign capital for the investments needed to build canals and railroads, and on a foreign balance of power to permit us to spend our efforts on development rather than on defense. So we were always to some degree dependent on other nations, even if we were not fully aware of it.

But the great irony is that at the time in our history when we became most clearly a global superpower, and the country on which others depended, we also became more dependent ourselves. As we became a world power, in other words, we came to be as dependent on the rest of the world as it was on us. The leadership of the United States in the establishment of the United Nations in 1945 was a landmark in the American recognition of our Nation's critical role in an interdependent postwar world.

For all of its flaws, and there are many, the United Nations remains useful to the United States and to the democratic states of the West generally as a place where ideas can compete. In his speech to the General Assembly last Thursday, President Reagan stressed the contrast between the free flow of ideas within the United Nations and the fear of this and other freedoms exhibited by the actions of a majority of the member states of the United Nations. In recent years, Americans have been increasingly troubled by the substance and the symbolism of the dialog at the United Nations. Americans can hardly help but be troubled by the almost continuous attacks against the United States and its democratic allies within the United Nations.

Nevertheless, I am not one of those who would demand ending this country's active participation in the United Nations I am convinced, rather, that this country and its allies should view the United Nations and its constituent organizations as a challenge and as tools to shape a better world. The United Nations does important work in such areas as: medicine through the World Health Organization; rural agriculture through the International Fund for Agricultural Development and the Food and Agricultural Organization; environmental protection through the U.N. Environment Program; refugee relief through the office of the U.N. High Commissioner for Refugees; and human development through the U.N. Children's Fund and the U.N. Development Program. These organizations represent just a few of the worthwhile activities conducted under the auspices of the United Nations.

These successes, however, should not blind us to the weaknesses of the U.N. system. For all of their philosophical differences, both the Carter and the Reagan administrations recognized that the U.N. system is in serious need of reform. The success of the former in pressing for thorough reform of the International Labor Organization provides an instructive model for reshaping the United Nations to a more productive future.

Two thoughtful proposals on reforming and restructuring the U.N. merit serious consideration by all of those who believe that the United Nations can serve its worldwide constituency better. One of these, I'm proud to say, has been authored by my good friend Governor Harold Stassen of Minnesota. As many in this body may

recall, Governor Stassen was one of the original signers of the U.N. Charter. He has now come forth with an interesting proposal to revise the U.N. Charter and to make the United Nations more responsive to the needs and contributions of all of its members. The Stassen Draft Charter for a New United Nations contains the following key proposals:

First, the introduction of weighted voting which would convey greater authority to a central cabinet of administrators;

Second, the establishment of a U.N. Police Force to combat terrorism and to stabilize international trouble spots;

Third, the creation of a U.N. Panel of Mediators, a Board of Arbitration, and a Special Conflict Resolutions Court to provide a range of methods for considering grievances without violence or war;

Fourth, the establishment of a U.N. Inspection Force to use space sentinels and inner nation centers to monitor and to assure respect for international agreements.

Equally valuable are the recommendations of Prince Sadruddin Aga Khan, formerly U.N. High Commissioner for Refugees, and Maurice Strong, currently the Director of the U.N.'s relief program in Africa. In a recent New york Times article, they suggest that middle-sized nations play a greater role in the United Nations at several levels.

First, they propose that the contributory requirements be modified so that the United States no longer assumes 25 percent of the total U.N. budget; instead, the United States would contribute 10 percent as medium-sized states would take a larger share. The result of this new arrangement would be greater budgetary activism and political responsibility on the part of these nations. Second, both feel that the machinery of the Security Council needs to be overhauled, so that respect for its authority can be enhanced internationally. Nonstates such as the Ukraine and Byelorussia as well as ministates such as Burkina Faso and the People's Republic of the Congo would only be considered for membership on the Security Council in light of their total contributions to the United Nation's activities. Finally, they strongly urge the U.N. Secretariat to establish a new set of legislative priorities and to reduce its currently bloated agenda. Streamlining the agenda so that emphasis could be placed on a few critical issues, such as world hunger and refugee resettlement, could be accomplished by categorizing the priority of the large number of resolutions that move through the General Assembly each session.

Although some may consider these proposals to be utopian, it's important to evaluate the United Nations future role in new and unorthodox ways. I believe that both proposals provide significant food for thought. While these proposals may not fundamentally alter the character of the United Nations, they represent a new willingness to reassess and reform an important yet serious flawed international institution. I believe strongly that our representatives at the United Nations should encourage such reform efforts, so that our multilateral commitments can be more meaningful.

Mr. President, I ask unanimous consent that an article by Harold Stassen and the foreword of the Stassen draft charter for the United Nations be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE STASSEN DRAFT CHARTER FOR A NEW UNITED NATIONS—1985

A NEW UNITED NATIONS

Foreword

As we enter the 41st Year of the United Nations organization, it is my view that it is very, very urgent that a new United Nations now emerge from the original.

A nine year plan and program to bring this about would make sense for all peoples everywhere on this one world.

It is also vital that the United States continue to be militarily very powerful and very alert.

It is anticipated that the Soviet Union will continue to be militarily very powerful.

These two Special Super-Powers will have the continuing capability of destroying each other and the rest of the world!

As the only one now living of the eight who were appointed in 1945 by President Franklin D. Roosevelt, and then reappointed by President Harry Truman to draft and sign the original Charter in 1945, I feel a special responsibility.

Thus, to open up and stimulate the process of reemergence, acting as an individual, I drafted earlier in 1985, a Charter to provide for a new United Nations to step forth from the original.

I respectfully submit that anyone who pauses to reflect with anticipation on the developments in the next generation, the next forty or fifty years, in this one world, on earth, in space, and under the oceans, must conclude that a new organization of the nations of the world is needed:

I forwarded an advance copy to the Ambassadors and Representatives of the 159 Members, and to the Secretary of State of the United States and the Secretary General of the United Nations.

On the basis of many suggestions and criticisms received on that draft, I have now revised the draft, and submit it herewith.

I am continuing to propose that first of all such a new Charter should set forth anew in its preamble the aims and objectives of the peoples of the world for the decades ahead.

The new Charter would also provide for:

1. Weighted voting in a new Central Cabinet of Administrators to make the United Nations more effective in preserving world peace over the next forty years,

2. A United Nations Police Peace Force to combat terrorism and stabilize trouble spots around the globe.

3. Three new methods of reaching peaceful solutions to disputes between nations.

4. An inspection service, as well as a commitment to not send nuclear weapons into space.

5. A new financial basis.

I will comment briefly on these.

It is crucial that there be a method of weighted voting.

On the basis of my long experience, and the suggestions of others, I am suggesting that the weighted voting should be brought into effect in relationship to a new Central Cabinet of 25 Administrators, consisting of representatives of the major states, and of all other states through groupings.

The Assembly itself should be continued with a one state one voice system, to carry forward the world open forum for all peoples.

The weighted vote on the other hand, is to be used in establishing a representation, and in the methods of action, of the new Central Cabinet of Administrators. I am proposing that the weight of vote range from 1000 votes for the ten major states, to one vote for the smallest.

The method of arranging the standing of states should be to give equal effect to three factors:

Total Population.

Annual Gross National Production.

Annual Per Capita Production.

Ranking all Members on these three factors, and then combining the factors, results in a listing such as suggested in Annex A of the Draft Charter, with the scale of votes moving through groups of ten.

I do believe that decisions in the decades ahead of such a Central Cabinet of Administrators, acting on such a weighted vote basis, would have a rather sound and realistic relationship to a decision by the peoples of the world, and their governments, at any given time.

Very urgent also is a method for the peoples of the world to move effectively against terrorism.

This would be one of the major assignments of a new 250,000 Member United Nations Police Peace Force.

Their other task would be to quiet down and stabilize trouble spots in the world, while the efforts towards solution proceeded.

There is an essential need that all peoples everywhere have hope that their problems, their plight, their potential, be considered, without resort to violence.

Thus, the next major need for the future is to improve the peace-making facilities and techniques and methods of the United Nations.

The draft Charter proposes three new controversy-solving entities:

A World Panel of Mediators.

A World Board of Arbitrators.

A World Court of Equity.

A sound and assured and more adequate and equitable method of financing is also critical.

I am proposing a method that may be said to have some relationship to the super highway toll road. It is for a small charge of one percent on the import and export of goods and materials.

The existence of a successful United Nations will make a basic contribution for future world trade, even as the volume of trade has shown such unprecedented growth in these past 40 years.

Finally, the definition of the status of the Soviet Union and the United States needs exceptional attention and thought and ingenuity.

This is especially significant to keep nuclear weapons out of space, and to provide for effective inspections, and to decrease the danger of a catastrophic nuclear third world war!

You will find in the draft Charter a mixture of restraints and responsibilities and power, which I suggest will reflect in the organization a good mirror of the facts of the world.

This mirror would function within the overall objective to foster conditions for creative competition of social, economic, and political systems without violence and without world war.

The new Charter would continue, with some changes, the Assembly, the Security Council, the Social and Economic Council, the Trusteeship Council, the World Court, and the Secretariat.

I am again emphasizing an invitation for all who wish to be included in the very broad category of peacemakers, to come forward with suggestions and counter proposals and initiatives for these decades ahead.

I said I was realistic about the difficulties; and may I add that I do not consider these difficulties to be as great as were those we confronted in making the original start 40 years ago!

May I recall that at that time the cynics and doubters and negaters and alarmists and Armageddonites were saying that the then-50 states could never be brought into agreement; and that a third world war in 15 or 20 years was inevitable!

When we did reach the agreement of the 50 and all signed the document, we were not naive, we did not declare that we had guaranteed future peace. We said we had established a beach-head in the age-old struggle of the peoples to find the path of lasting peace.

I reemphasize now that a new United Nations is imperative. The open beginnings of the process would at once brighten the hopes of all humanity on this earth!

Otherwise, there will be a deeping deterioration, growing anarchy among states, mounting terrorism, spreading local wars, and escalating danger of a nuclear catastrophe!

But if the human race now moves forward from the beach-head of 40 years ago, there can be tremendous benefits to all peoples of all races of all nations in the decades ahead!

HECHT AMENDMENT NO. 1005

Mr. DOLE. Mr. President, I move to reconsider the vote by which the Senate agreed to amendment No. 1005 to the reconciliation bill.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS 1986—CONFERENCE REPORT

Mr. GARN. Mr. President, there is a conference report at the desk to accompany H.R. 3038, the HUD appropriation bill, and I ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3038) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of Friday, November 8, 1985.)

Mr. GARN. Mr. President, we bring back to the Senate today the conference report on the 1986 HUD-independent agencies appropriation bill.

The bill before you reflects a very stringent degree of budgetary constraint. It not only complies with the ambitious budget reductions contained in the congressional budget resolution. I have also been assured by representatives of OMB that the bill is acceptable to the administration.

This struggle to reduce the deficit to yield an acceptable bill has, without a doubt, been the most challenging and difficult in my experience. It has been only through the strong support and assistance of the Senator from Vermont [Mr. LEAHY] and the truly remarkable dedication and cooperation of the chairman [Mr. BOLAND] and ranking minority member [Mr. GREEN] on the House side, that this bill has reached this point.

When the 1986 HUD-independent agencies bill was marked up by the Appropriations Subcommittee and full Committee in July—nearly 4 months ago—it was well within the budget authority targets of the budget resolution.

It was only in September, after detailed staff analyses were compiled, that we were made aware of a substantial outlay problem.

The Appropriations Committee then reported further reduction amendments to keep the bill within the budget resolution guidelines. Senate floor action revised these reductions, but the bill as passed Senate, remained within its allocation.

This presented the conference committee with a very difficult dilemma. The House version of the bill was substantially over the Senate bill in total, and, with the exception of only a handful of accounts, exceeded the Senate levels for almost all agencies.

I won't go into a great deal of detail on each and every appropriation account in this bill. The conference agreement and a table reflecting that agreement are printed in the RECORD—accompanying the House debate. But let me assure my colleagues that what we did do in coming to this agreement—is to protect those programs we felt have the highest priorities.

In general the conferees have gone to the lower number proposed by either the House or the Senate. There are exceptions, however. The bill produced by the conferees supports the Assisted Housing Program, and programs in EPA, NASA, and NSF.

We have also supported both the VA Medical Construction Program and the Medical Care Program. We have maintained the level of 193,941 full-time equivalent employment in 172 VA hospitals and nursing homes. It has been a tough struggle. But I believe that this agreement—when we combine it with anticipated carryovers and some selected savings—will maintain that level through fiscal year 1986.

Mr. President, on pages 37 and 38 of the House report is a statement concerning the emergency planning process for nuclear facilities. In conference, the Senate conferees asked that the statement of the managers reflect agreement with the House report language on this subject. By action of the committee of conference, that language was to have been added to the statement of the managers on amendment No. 53. In assembling the statement of the managers, the agreement with the House report language was inadvertently omitted. Thus the statement of the managers is in error. I want the RECORD to show that the conference did agree with the House report language on this subject. It was that part of the agreement that Senator D'AMATO excepted to in amendment No. 53.

The House version of the bill proposed a 25-percent reduction in revenue sharing. The Senate version of the bill proposed a 7.2-percent reduction from full funding. The conferees agreed to a reduction closer to the Senate proposal at about 8.3 percent. While I remain a strong supporter of this program, and deeply regret any reduction here, this cut must be taken to comply with the stringent budget allocations confronting us. To mitigate the impact on our cities and counties, the conferees have agreed to make the reduction in the final payment rather than each payment beginning in January.

Mr. President, given the budget climate around here—given the priorities of the other body—which sometimes are different—I think we have done the best job we could. This bill is not going to make everybody happy. Indeed, if it is an appropriate gauge of fairness and balance, I venture that this conference agreement has something to displease or upset just about everyone.

This is the best we could do, and in light of the budget crisis, and our desperate need to reduce the deficit, this

is the only responsible course we could take. I urge your support of this conference report.

Mr. President, I ask unanimous consent that a letter from Chairman BOLAND and myself to Mr. Julius W. Becton be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON APPROPRIATIONS,
Washington, DC, November 13, 1985.

Hon. JULIUS W. BECTON,
Director, Federal Emergency Management Agency, Washington, DC.

DEAR MR. DIRECTOR: House Report 99-212, dated July 18, 1985, which accompanied the 1986 HUD-Independent Agencies Appropriation Bill (H.R. 3038) contained a statement on pages 37 and 38 concerning the emergency planning process for nuclear facilities. At the conference meeting last Thursday on H.R. 3038, the Senate conferees asked that the Statement of the Managers reflect agreement with the House Report language on this subject. The conferees agreed to include that language in the Statement of the Managers. The language was to have been added to amendment numbered 53. In assembling the Statement of the Managers, that agreement with the House Report language was inadvertently omitted.

We, the chairmen of the House and Senate HUD-Independent Agencies Appropriations Subcommittees, wish to make clear that the Committee of Conference did agree with the House Report language regarding nuclear power plant evacuation plans. Further, the Federal Emergency Management Agency is to comply with and treat this language to the extent and in the manner as if it had been included in the Joint Explanatory Statement of the Committee of Conference on H.R. 3038.

The text of the House Report language is as follows:

"As indicated in its reports for the previous two years, the Committee is concerned that the emergency planning process for nuclear facilities may unnecessarily delay the operation of new facilities, threaten continued operation of currently licensed plants and involve unnecessary expenditure of Federal funds and personnel time by FEMA. In particular, the Committee is concerned about situations where State or local government entities arbitrarily refuse the develop radiological emergency preparedness plans or to participate in the exercise or implementation of such plans. The Committee does not believe that the State and local government entities should be permitted to veto the operation of commerical nuclear facilities simply by refusing to participate in the preparation, exercise or implementation of such plans."

It is the Committee's desire that FEMA explore all alternatives for establishing adequate offsite preparedness at commercial nuclear facilities in the event that State and local governments do not participate in the preparation, exercise or implementation of radiological preparedness plans. In that regard, it is still the Committee's intention that, in its review of such plans, FEMA should presume that Federal, State and local governments will abide by their legal duties to protect public health and safety in an actual emergency. The Committee expects that States and localities will fulfill their responsibilities to carry out critical aspects of the emergency planning process and will take the necessary steps to be able to implement the resulting plan if an emergency occurs. However, where State or local participation in the exercise or implementation of offsite plans is inadequate, the Committee intends for FEMA, as a last resort, to coordinate the supplemental assistance of Federal agencies that are expected to provide requisite resources within their authorities. The Committee believes it is clear that FEMA has the authority to perform that function and intends that such authority should be exercised where necessary for an effective emergency response.

JAKE GARN,
Chairman, Senate HUD-Independent Agencies Subcommittee.
EDWARD P. BOLAND,
Chairman, House HUD-Independent Agencies Subcommittee.

Mr. LEAHY. Mr. President, I am rising to make a few brief comments on the HUD-independent agencies appropriation bill for fiscal year 1986. Although I do not agree with every decision made in the conference, I urge the Senate to adopt this conference report. This is a good bill that meets essential national needs. It is $3.1 billion below the 1985 level of spending and more than $3 billion below the budget resolution assumptions for this bill.

In order to meet the outlay targets, we reduced spending in this bill by $800 million when we came out of committee and reduced it by another $100 million on the floor. When it became apparent that the initial decisions in conference would have produced outlay spending of $100 million above the Senate resolution, we returned to the conference table and reduced spending by another $100 million.

These were very difficult cuts, but cuts that had to be made to meet the rules that the Senate had adopted for itself.

I would like to comment briefly on the treatment of the Superfund program in conference. I agreed to the reduction in Superfund spending only after careful consultation with the senior Senator from Vermont, chairman of the Environment and Public Works Committee, and after reaching an agreement with the conferees that the $900 million level does not in any manner suggest an appropriate level of funding for future years. I urge all my colleagues to read carefully the statement of the managers on this account.

Finally, I would like to state my appreciation to Chairman GARN for his cooperation throughout our efforts to enact this bill.

Mr. D'AMATO. Mr. President, although I am supporting this conference report, I rise today to express my deep concern with one particular amendment offered by Senator JOHNSTON and Congressman BONER. This amendment, which the conference committee accepted over my objections, directs the Senate to recede to report language included by the House dealing with FEMA emergency planning. I still have strong objections to the inclusion of this language in the conference report.

The House language implies that FEMA should have the authority to impose a nuclear power plant evacuation plan on a State or local government. This has been, and remains, a controversial issue with Shoreham Nuclear Power Plant on my native Long Island.

Specifically, the language states that the committee "is concerned about situations where State or local government entities arbitrarily refuse to develop radiological emergency preparedness plans or to participate in the exercise or implementation of such plans. The committee does not believe that the State and local government entities should be permitted to veto the operation of commercial nuclear facilities simply by refusing to participate in the preparation, exercise or implementation of such plans."

It further provides that "where State or local participation in the exercise or implementation of offsite plans is inadequate, the committee intends for FEMA, as a last resort, to coordinate the supplemental assistance of Federal agencies that are expected to provide requisite resources within their authorities."

There have been extensive arguments over whether FEMA already has the authority to force implementation of an evacuation plan. Proponents of this report language believe it will clarify this question. This, of course, will be a question for the courts and the NRC to decide.

The issue of whether FEMA does or does not currently have the authority to implement an evacuation plan without local cooperation is not the central issue. However, it is important to note that both the White House and FEMA are on record stating that there is no such authority.

The main issue here is States' and local governments' rights. The local population and government have to live with these plans, not the Federal Government. How can we expect such a plan to work without the support of the local government? Furthermore, without the support of local government, how can the local population have any confidence in an evacuation plan?

This language proposes a radical change to the way things have been done, and it proposes it on an appropriations bill. If the authorizing committee thinks this should be done, it would be proper for them to take the issue through the appropriate hearing and legislative process. I do not believe that an appropriations bill is the proper place for such a major change.

In summary, Mr. President, I oppose this language, and I voted against its inclusion in this conference report. I believe it is a serious intrusion on the rights of State and local governments, and I believe that it was done hastily and without a full consideration of the ramifications.

Mr. BYRD. Mr. President, on last Wednesday, November 6, 1985, and again on Saturday, November 9, I visited several of the flood-ravaged communities of West Virginia. On those trips, I was accompanied by Maj. Gen. Henry Hatch, the director of civil works for the U.S. Army Corps of Engineers, and Mr. Robert Morris, Acting Director of the Federal Emergency Management Agency [FEMA].

During those trips we visited Clarksburg, Weston, Moorefield, Petersburg, Parsons, Elkins, and Franklin, and flew over other flood-stricken areas of West Virginia.

We spoke with many of those who were affected by the floods and listened to their expressions of loss.

General Hatch and Mr. Morris were very helpful and made on-the-spot telephone calls to accelerate the provision of assistance. Mr. Morris was able to declare Randolph County a disaster area while we were in that county. I thank both of these gentlemen for their assistance on the trip and their efforts to meet the needs of the flood victims in West Virginia. Both of these gentlemen have, again today, in my office, assured me of their continuing efforts to ameloriate the adverse effects of this disaster.

Mr. President, the loss of life attributable to these floods is a tragedy about which we can do little except extend our sympathy to the affected families. I am sure that I speak for all Senators in expressing our sympathy to those families which have lost a loved one in these disastrous floods.

With regard to the loss of homes and businesses, however, we have mechanisms and programs to help those who have suffered losses, to get back on their feet.

Mr. President, the damage to property in West Virginia is very heavy. I do not believe I could have imagined such a disaster, unless I had seen it first hand myself. Whole parts of towns have been washed away. Many roads, bridges, homes, and businesses are gone, completely destroyed. In other instances, homes and businesses torn from their foundations or otherwise damaged beyond repair. Thousands are homeless.

Preliminary estimates from FEMA indicate that approximately 9,000 homes have been damaged or destroyed with an associated cost of $280 million. Some 900 businesses have been damaged or destroyed at a loss of approximately $118 million. Damage to bridges and roads on the Federal Highway System amounts to approximately $52 million. Damage to public facilities, such as roads and bridges not on the Federal Highway System and water and sewer facilities, amounts to another $97 million. Altogether, FEMA estimates the damage to be in excess of $547 million—and these are only the preliminary estimates. The actual figures may be much higher.

Fortunately, the Congress enacted the Disaster Relief Act of 1974, under which the President is authorized to provide Federal assistance to supplement the efforts and resources of State and local governments in response to disasters such as the flooding in West Virginia. The Director of FEMA has been delegated the responsibility for administering this program, which consists of public assistance to State and local governments and individual assistance to disaster victims and their families.

In the public assistance area, financial assistance is made available for debris clearance and the repair and restoration of damaged public and certain private, nonprofit facilities. Work is normally accomplished by the affected State and local governments with their own resources or under contract.

Individual assistance includes temporary housing for displaced disaster victims and individual and family grant [IFG] assistance, which provides for grants of up to $5,000, as well as disaster unemployment assistance, crisis counseling, and legal services.

The conference report on the fiscal year 1986 housing and urban development appropriation bill, which includes funds for the disaster assistance program of FEMA, is now before the Senate. I am advised that this legislation provides $100 million to carry out the provisions of the Disaster Relief Act of 1974. I am further advised that at the end of fiscal year 1985, an amount of $286 million was carried over into fiscal year 1986, making a total amount available in fiscal year 1986 of $386 million. I note the presence of the distinguished subcommittee chairman (Mr. GARN) on the Senate floor and pose the following questions:

Does the chairman believe that the amount of $386 million, as provided for in this legislation, will be sufficient to cover the need arising out of the November 1985 floods in West Virginia; and if it is not, will he support a supplemental appropriation to cover the need?

Mr. GARN. I would be pleased to respond to the questions posed by the distinguished minority leader. The minority leader is correct. The legislation before the Senate provides $100 million in new money to carry out the provisions of the Disaster Relief Act of 1974. This amount when added to the carry-over funds of $286 million from fiscal year 1985, will provide a total of $386 million to meet the disaster needs in fiscal year 1986. I should like to note that on the average, the amount of funding required to carry out the provisions of the Disaster Relief Act is approximately $300 million annually. Consequently, the $386 million anticipated under this legislation should be more than sufficient.

To answer the second part of the distinguished minority leader's question, the actual funding level required is a function of the number, frequency, and magnitude of disasters occurring during any given year. Consequently, any significant increase in the intensity of disasters could necessitate additional program resources. If such should be the case, I assure the minority leader that he can count on my strong support for any supplemental funding that may become necessary.

Mr. BYRD. I thank the distinguished subcommittee chairman [Mr. GARN] for his assurances and support.

Mr. LEAHY. Mr. President, as the ranking minority member of the HUD-Independent Agencies Subcommittee, which has jurisdiction over the matter of funding for disaster relief, I wish to add my assurances to that of the distinguished subcommittee chairman that I will support whatever funding may become necessary to cover the expenses needed for disaster relief.

Mr. BYRD. I thank the able ranking minority member [Mr. LEAHY] for his assurances.

Mr. HATFIELD. If the Senator from West Virginia will yield, I want him to know that he can count on my full support in this matter also.

Mr. BYRD. I thank the distinguished chairman of the Appropriations Committee for his assurances and support.

Mr. STENNIS. Mr. President, adequate funding for disaster relief has always been a priority matter with the Appropriations Committee, and the Senator from West Virginia [Mr. BYRD] may count on my support as well.

Mr. BYRD. I thank the distinguished ranking minority member of the Appropriations Committee.

I thank all Senators for their cooperation in this matter I yield the floor.

Mr. GORTON. Mr. President, I am distressed that the conference report on the HUD-Independent Agencies Appropriation bill deletes the provisions of the homeless housing assistance amendment. This body unanimously approved the addition of the amendment during floor debate on the appropriation bill, recognizing that it would provide critical Federal support for homeless Americans.

The problem of homelessness remains an urgent crisis. The number of homeless citizens continues to grow,

their suffering continues to intensify, and the demand for services to the homeless shows no sign of decreasing. The tragedy of homelessness was brought home to me by a recent telephone conversation with a service provider in New Orleans.

A little over 2 months ago a woman with two children called this New Orleans emergency shelter desperately seeking a way to get her family off of the streets. The 24-year-old volunteer who took the call was forced to explain that the shelter already was stretched beyond capacity, but that she expected an opening within a couple of days. The volunteer took a telephone number where a message could be left for the woman and her family.

Two days later, the volunteer called the message center with the happy news that there was now an opening available at the shelter. The person answering the telephone thanked her for her effort, but explained that the shelter's assistance was no longer needed. The young mother, unable to cope with an existence in the streets, had taken the lives of her children and then committed suicide.

Mr. President, I have been assured by those working with our homeless citizens that the tragedy I have just described is not an isolated event. In my home State of Washington, homeless families, many headed by single women, are joining the mentally ill, the unemployed, and older men with alcohol problems at the doors of missions and emergency shelters. Relief agencies throughout the country are finding that their resources are inadequate to meet the emergency created by homelessness.

I have no illusion that the homeless housing assistance amendment would solve all of the problems of homelessness in our Nation. But it is a definite step forward in our response to homeless Americans. It would allow providers of services for the homeless to perform long-range planning. The amendment would give local groups the authority to use part of their emergency food and shelter grants on desperately needed shelter rehabilitation and conversion projects. And the amendment would establish a modest demonstration project to help the homeless citizens regain their housing independence.

Mr. President, I am extremely disappointed that the conference report does not retain the Homeless Housing Assistance Program.

Mr. GARN. Mr. President, I wholeheartedly agree with the Senator from Washington that his homeless housing assistance amendment is a responsible and important mechanism for addressing the needs of homeless Americans. Although we were able to ensure $70 million in funding for the Emergency Food and Shelter Program in 1986, I am sorry to report that the House conferees were intransigent in their demand that the authorizing language of the amendment be stricken from the appropriation bill.

During the course of the conference, we explored ways of answering the concerns that the House might have with the homeless housing assistance amendment. These overtures on our part were rejected by the House conferees, apparently because they felt that the amendment needed further discussion and study.

Unfortunately, the loss of your initiative will mean the denial of flexibility to local providers of homeless services, and preclude an important demonstration program that would help homeless Americans in their transition to independent living. I do not believe, however, that we should compound the plight of homeless citizens by refusing to accept the conference report, and its financial support of existing programs for the homeless, because of this impasse on the homeless housing assistance proposal.

Mr. GORTON. Mr. President, I thank the Senator from Utah for his efforts to provide for homeless Americans during the meeting of the conference committee. I will continue to work to ensure that Congress addresses the needs of the homeless and that the Nation is aware of the plight of these most unfortunate members of our community.

Mr. DECONCINI. Mr. President, the distinguished floor managers [Mr. GARN and Mr. LEAHY] and I have talked at length, along with the Senator from Alaska [Mr. MURKOWSKI], the distinguished chairman of the Veterans' Affairs Committee, and the committee's able ranking minority member, the Senator from California [Mr. CRANSTON], about our concerns about the cuts sustained in the conference report in the VA General Operating Expenses and Medical Administration and Miscellaneous Operating Expenses Accounts. I believe the cuts of $35 million in these two accounts below the budget requests for them is too great—far too great—and is not acceptable in terms of effective and compassionate program administration.

Mr. MURKOWSKI. As the Senators know, I share concerns about these two accounts, as I did at the time of Senate passage of the bill with these steep reductions. I expressed my concern then and do so again tonight.

Mr. CRANSTON. Mr. President, we have discussed these matters at length together this evening. We all desire to send this bill to the President and not delay the matter or amend it so as to send it back before the House. We are all very grateful to the distinguished floor managers for their hard work to produce a compromise bill which we understand is acceptable to the Budget Committee.

Mr. GARN. Mr. President, I appreciate the concerns of my three colleagues and want to do my best to be helpful. We have agreed along with Senator LEAHY that we are committed to resolving these concerns in the December continuing resolution.

Mr. DOMENICI. Mr. President, the Senate now has before it the conference report accompanying H.R. 3038 the Department of Housing and Urban Development-Independent Agencies appropriation bill for fiscal year 1986. The pending measure provides $57.3 billion in budget authority and $36.2 billion in outlays for fiscal year 1986 for the activities of the Department of Housing and Urban Development, the Veterans' Administration, the Environmental Protection Agency, the National Aeronautics and Space Administration, the National Science Foundation, and other independent agencies.

With outlays from prior year budget authority and other adjustments taken into account, the conference agreement on the bill is $1.2 billion in budget authority and less than $50 million in outlays over the subcommittee's 302(b) allocation under the fiscal year budget resolution.

As my colleagues know, the HUD-Independent Agencies appropriation bill originally reported in the Senate exceeded the subcommittee's outlay allocation by $0.8 billion. Following Senator GARN's leadership, the Senate took courageous action to reduce the bill through specific as well as across-the-board reductions to conform this bill to the outlay allocation. I commend my distinguished colleagues, Senators HATFIELD and GARN, and the members of the Senate Appropriations Committee, for their efforts to adhere to the Senate's 302(b) outlay allocation.

However, the final bill exceeds the 302(b) budget authority allocation by $1.2 billion, and I am becoming increasingly concerned about the ability of the Senate to stay within the overall allocation to the Appropriations Committee under the fiscal year 1986 budget resolution. If this conference report is adopted, the budget authority overage in this bill will have to be made up elsewhere.

Mr. President, I ask unanimous consent that tables showing the relationship of the conference agreement to the Senate- and House-passed bills and the President's request, and a summary of total appropriations action to date, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HUD—INDEPENDENT AGENCIES SUBCOMMITTEE SPENDING TOTALS—CONFERENCE AGREEMENT

[In billions of dollars]

	Fiscal year 1986	
	Budget authority	Outlays
Outlays from prior-year budget authority and other actions completed		25.9
H.R. 3038, conference agreement	57.3	36.2
Possible later requirements:		
EPA construction grants	2.4	(1)
Veterans compensation	.4	.3
Veterans readjustment benefits	.2	.1
Subtotal	3.0	.5

HUD—INDEPENDENT AGENCIES SUBCOMMITTEE SPENDING TOTALS—CONFERENCE AGREEMENT—Continued

[In billions of dollars]

	Fiscal year 1986	
	Budget authority	Outlays
Adjustment for pending action on reconciliation:		
Subsidized housing		−1.1
Veterans programs	−.2	−.2
Adjustment to conform mandatory programs to budget resolution assumptions	−.1	−.1
Subcommittee total	59.9	61.2
Subcommittee 302(b) allocation	58.7	61.2
House-passed level	59.1	60.9

HUD—INDEPENDENT AGENCIES SUBCOMMITTEE SPENDING TOTALS—CONFERENCE AGREEMENT—Continued

[In billions of dollars]

	Fiscal year 1986	
	Budget authority	Outlays
Senate-passed level	58.2	61.2
President's request	50.1	62.9
Subcommittee total compared to:		
Subcommittee 302(b) allocation	+1.2	+(1)
House-passed level	+.8	+.4
Senate-passed level	+1.7	+(1)
President's request	+9.7	−1.6

(1) Less than $50 million.

Note: Details may not add to totals due to rounding.

STATUS OF APPROPRIATION BILLS IN THE SENATE

[In billions of dollars]

Subcommittee	Appropriations Committee's 302(b) allocation		Adjusted bill totals (1)		Bill compared to allocation		Bill status
	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay	
Agriculture	28.2	25.2	28.2	25.2	−(2)	−(2)	Senate—passed.
Commerce-Justice	12.0	11.9	11.9	12.0	−.1	+.1	Do.
Defense	285.5	252.2	286.9	255.0	+1.4	+2.8	Senate—reported.
District of Columbia	0.5	0.5	0.5	0.5	+(2)	+(2)	Senate passed.
Energy-Water	15.3	15.6	15.3	15.6	−(2)	−(2)	Public Law 99–141.
Foreign Ops	15.2	14.7	16.1	15.2	+.9	+.5	Senate—reported.
Hud-Independent	58.7	61.2	59.9	61.2	+1.2	+(2)	Conference.
Interior	8.2	8.9	8.2	9.3	+(2)	+.4	Senate—reported.
Labor-HHS	108.0	115.3	108.0	115.3	+(2)	−(2)	Senate—passed.
Legislative Branch	1.7	1.7	1.7	1.7	−(2)	+(2)	Conference.
Military Construction	9.0	7.6	8.6	7.6	−.4	+(2)	Senate—reported.
Transportation	10.5	26.6	9.9	26.6	−.6		Senate—passed.
Treasury-Postal	13.1	13.1	13.4	13.3	+.3	+.2	Conference.
Unassigned	1.2	−0.4			−1.2	+.4	
Total, Appropriations Committee	567.1	554.1	568.8	558.6	+1.6	+4.4	

(1) In addition to the bill, includes outlays from budget authority enacted in prior years, possible later requirements, adjustments to conform mandatory items to the budget resolution level, and other adjustments.
(2) Less than $50 million.

Note.—Details may not add to totals due to rounding.

Source: Senate Budget Committee staff.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House agree to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3038) entitled "An Act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes.".

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 12, 16, 20, 43, 54, 68, and 88 to the aforesaid bill, and concur therein.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum inserted by said amendment, insert: *$9, 965,607,781*

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum inserted by said amendment, insert: $1,306,500,000 shall be for assistance in financing the development or acquisition cost of public housing, of which $327,600,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 10 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ", for use, notwithstanding the limitations in section 8(o)(1) of such Act that the Secretary conduct a demonstration, and in section 8(o)(4) of such Act that the Secretary use substantially all authority in connection with certain programs, in connection with the rental rehabilitation program under section 17 of such Act and for any other purposes as determined by the Secretary"

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 17 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "section 6(b) of the United States Housing Act of 1937 is repealed"

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 46 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

PAYMENT TO THE HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

For payment, as repayable advances to the Hazardous Substance Response Trust Fund, when specifically authorized by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, such borrowed funds as may be necessary to carry out the purposes of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, including sections 111(c)(3), (c)(5), (c)(6), and (e)(4) (42 U.S.C. 9611), $900,000,000, to be derived from the Hazardous Substance Response Trust Fund, to remain available until expended: *Provided*, That funds appropriated under this account may be allocated to other Federal agencies

in accordance with section 111(a) of Public Law 96-510: *Provided further,* That for performance of specific activities in accordance with section 104(i) of Public Law 96-510, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, $21,000,000 shall be made available to the Department of Health and Human Services, to be derived by transfer from the Hazardous Substance Response Trust Fund, of which no less than $5,125,000 shall be available for toxicological testing of hazardous substances. For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, not to exceed $90,000,000 shall be available for administrative expenses.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 55 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

NATIONAL INSURANCE DEVELOPMENT FUND

For one-time payments from the National Insurance Development Fund to participating Federal Crime Insurance Program States, as authorized by section 1242 of the Urban Property Protection and Reinsurance Act of 1968, as amended, not to exceed $10,000,000. Eligibility for payment under this appropriation shall be contingent upon certification by a State that it shall develop, on an expeditious basis, an alternative mechanism for providing access to crime insurance to all current Federal Crime Insurance policyholders in that State who apply. Such certification shall be made not later than 30 days following the effective date of this paragraph. Payments to each State shall be determined by the proportionate share of this amount based on the number of policies in force in each State, as of July 31, 1985. The administrator of the Federal Insurance Administration, Federal Emergency Management Agency, shall provide such funds no later than 60 days following the effective date of this paragraph. This paragraph shall become effective on January 1, 1986: *Provided,* That the provisions of this paragraph, and eligibility for payments hereunder, shall not become effective or shall cease to be effective during any period that the authority of the Federal Crime Insurance Program for issuance of insurance policies is effective.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 63 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: ": *Provided further,* That the Administrator may authorize such facility lease or construction, if he determines, in consultation with the Committees on Appropriations, that deferral of such action until the enactment of the next appropriation Act would be inconsistent with the interest of the Nation in aeronautical and space activities."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 66 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "*Provided further,* That of funds provided for the National Aeronautics and Space Administration under this or any other account, $400,000 shall be available for the activities of the National Commission on Space, established by the National Aeronautics and Space Administration Authorization Act, 1985" (Public Law 98-361; 98 Stat. 422)

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 91 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "to site-related travel under the Solid Waste Disposal Act, as amended;"

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 92 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: "*Provided further,* That if appropriations in titles I and II exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly exceed the amounts therefor set forth in the estimates in the same proportion"

Resolved, That the House recede from its disagreement to the amendment of the Sente numbered 94 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

SEC. 416. Notwithstanding any other provision of this Act, amounts otherwise provided by this Act for the following accounts and activities are reduced by the following amounts:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

"Congregate services", $29,700;

"Housing counseling assistance", $38,500;

"Federal housing administration fund (limitation on gross obligations for direct loans under section 230(a) of the National Housing Act, as amended)", $981,442;

COMMUNITY PLANNING AND DEVELOPMENT

"Community development grants (limitation on total commitments to guarantee loans)", $2,475,000;

"Urban homesteading", $132,000;

FAIR HOUSING AND EQUAL OPPORTUNITY

"Fair housign assistance", $73,700;

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

"Salaries and expenses", $120,494;

ENVIRONMENTAL PROTECTION AGENCY

"Salaries and expenses", $6,000,000;

EXECUTIVE OFFICE OF THE PRESIDENT

"Office of science and technology policy", $25,773;

FEDERAL EMERGENCY MANAGEMENT AGENCY

"Disaster relief", $20,000,000;

"Salaries and expenses", $4,000,000;

"National flood insurance fund (appropriation)", $1,021,372;

"National flood insurance fund (transfer to 'Salaries and expenses')", $96,360;

"National flood insurance fund (transfer to 'Emergency management planning and assistance')", $503,250;

"National flood insurance fund (earmark, of transferred funds, for expenses under section 1362 of the National Flood Insurance Act of 1968, as amended)", $52,558;

GENERAL SERVICES ADMINISTRATION

"Consumer information center (appropriation)", $13,739;

"Consumer information center (limitation on administrative expenses)", $17,941;

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

"Research and program management", $5,000,000;

NATIONAL CREDIT UNION ADMINISTRATION

"Central liquidity facility (limitation on new loans)", $6,600,000;

"Central liquidity facility (limitation on administrative expenses)", $9,350;

SELECTIVE SERVICE SYSTEM

"Salaries and expenses", $305,580;

DEPARTMENT OF THE TREASURY

"Office of revenue sharing, salaries and expenses", $85,800;

VETERANS' ADMINISTRATION

"Medical and prosthetic research", $2,105,070;

"Medical administration and miscellaneous operating expenses", $3,595,309;

"General operating expenses", $23,195,660;

"Construction, minor projects (appropriation)", $7,449,908;

"Construction, minor projects (limitation on expenses of the office of construction)", $399,443;

"Grants for construction of State extended care facilities", $242,000;

"Grants for construction of State veterans cemeteries", $33,000;

"Grants to the Republic of the Philippines", $5,500;

"Direct loan revolving fund (limitation on direct loans)", $11,000.

SEC. 417. Any funds appropriated in a previous Act for construction grants under Title II of the Clean Water Act shall be made available immediately and shall not be limited to phases or segments of previously funded projects.

This Act may be cited as the "Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1986".

Mr. GARN. Mr. President, I ask unanimous consent that the amendments of the House to the amendments of the Senate in disagreement be considered en bloc and agreed to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments were agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GARN. Mr. President, I thank all concerned. I would just make one final remark on this bill, and that is there is a problem with two accounts in the veterans' area. That is what the colloquy between Senators MURKOWSKI, CRANSTON, and DECONCINI dealt with. I have agreed with them that we will correct this problem on the continuing resolution. It will not involve any new money, but it was a problem we need to correct. But I wanted to reaffirm on record that I agree with them that we are working on a solution to the problem on the continuin-

ing resolution and again that it will not involve any additional or new money.

ADMINISTRATION MISGIVINGS ON MIDGETMAN

Mr. GORE. Mr. President, for the past 2 weeks I have been delivering a number of speeches whose focus has been the value of the Midgetman missile as a prospective solution to longstanding problems of nuclear stability. Obviously, the administration—notwithstanding its formal, written understandings about this system—does not see those merits, else it would not so lightly have offered to give up the Midgetman in trade with the Soviets. Therefore, my objective will be to deal with what I understand to be the sources of the administration's misgivings during this speech.

To begin with, it takes a little sleuthing to find out what those misgivings might be. In contrast to the very public reasons offered on behalf of the Midgetman by the Scowcroft Commission and accepted by the administration, the reasons for this surprising eagerness to sacrifice Midgetman were never discussed by the administration with any of the interested parties.

The Scowcroft Commission was not consulted, and those Members of this body and the other body who worked closely with the administration for 3 years on this matter were not consulted either.

Nevertheless, after some sleuthing, I have determined that their reasons in descending order of importance appear to be, first, a view on the part of some in the administration that Congress would not really stand behind the program and see it through; second, a concern that mobile Soviet missiles are destabilizing; and third, various confused notions about how Midgetman might relate to the SDI. In this speech, I would like to deal with the question of Congress' dependability. I will deal with the other questions in speeches tomorrow and the next day.

Students of strategic affairs are still surprised at the rapidity with which Congress grasped and embraced the concept of single warhead missiles and their relationship to stability, in 1983, when the Scowcroft Commission published its findings. The CONGRESSIONAL RECORD is replete with statements from both sides of the aisle.

Now, of course, a cynic might say that in the context of the times, widespread congressional support would be no surprise.

The national freeze was at full strength, the campaign against the MX was at fever pitch, and yet Members were in some cases mindful of the need for modernization, and in others concerned not to give the appearance of softness on defense.

Naturally, this interpretation of motives in Congress is unflattering, but then the people who entertain it do not hold the Congress of the United States in much esteem. Consequently, they dismiss Congress rapid agreement on Midgetman as a matter of political expediency rather than any real conviction or commitment.

So one is forced to look for additional evidence. Presumably, one such indicator is the Congress' willingness to continue to spend money for the Midgetman. After all, public concern about arms control has been lulled by the administration's more forthcoming pronouncements, and much of the fervor behind the national antinuclear movement appears to have shifted to other concerns, such as Central America or South Africa. In other words, the coast is clear, and Members of Congress, if so disposed, could already have begun to abandon their support of the Midgetman.

But even by this standard of reckoning, Midgetman enjoys a remarkable level of support within the Congress. Funds for the system have been readily authorized and appropriated. In fact, in contrast to repeated efforts to cut funds for other strategic programs—the MX especially—there have been repeated efforts to add money for Midgetman, in hopes of accelerating its development.

Moreover, and this is truly remarkable, these votes have been vigorously bipartisan.

It is also worth emphasizing that the Congress is under remarkably little pressure to oppose the Midgetman. In general, arms controllers understand the case for it and support it firmly. The system utterly fails to arouse passionate opposition in the manner of the MX, for the simple reason that it makes a great deal of sense. Investigations of possible sites for deploying the system have been underway for almost a year, without serious opposition from the public or their Representatives in Congress.

Despite all these positive indicators, the administration still managed to convince itself that prospects for continued congressional support are slim. The system is going to be expensive and some believed that when the price tag became known, support would rapidly vanish.

All right. Let us talk about the price. Estimates I have seen from within the Air Force point toward a cost of about $45 billion to buy a force of 500 Midgetman, their launchers, and all their complement of personnel, and to operate the system for 15 years.

No doubt about it, that is a lot of money.

But let us take that number as it is for purposes of discussion. I shall mention in a moment these factors which are likely to reduce that cost. But first we have to ask whether we would be getting value for our money. The answer is yes, particularly if one calculates the cost of each survivable warhead. This system, after all, resolves the problem of detering a first strike without requiring a massive U.S. buildup in offensive arms. This system facilitates an arms control agreement that implies substantially reduced outlays for other strategic systems now scheduled to be built. And this system obviates the need for a ballistic missile defense to protect ICBM's. This system gives the President the option to disperse, rather than launch missiles upon notification of signs of a Soviet attack.

Next, let us ask whether there are good chances for cutting those costs back. First, the figure of 500 missiles is for purposes of calculation and illustration. The number can be substantially less than that depending upon circumstances. I expect it will be. Second, there are various concepts for basing and operating the missile that can reduce costs, especially for personnel—and over the long term, it is people costs that mount up more than hardware costs. Third, we can make sure that pressure is put on the Air Force to keep fat out of the design, and to maintain vigorous competition among contractors throughout the development and production cycle. I am informed, for example, that this kind of pressure resulted in a winning bid from one of the major contractors that was on the order of half what the Air Force expected to pay; so low that the contractor had to prove to the Air Force that the job could be done at that low level of expenditure.

Well, then, Mr. President, we have the Congress supportive of the missile from the outset, willing to invest in it; and we have good reasons to see its costs as a legitimate investment of our resources. In any event, we also can expect those costs to be subject to some economies. So, what is the problem?

And it is here that the going gets muddy, because we leave the realm of argument on the merits and descend to the charge that one cannot rely on even the principal supporters of the Midgetman in the Congress because they supposedly agreed to the deployment of 100 MX missiles and supported a legislative cap of 50 MX missiles.

Well, Mr. President, I know a great deal about that agreement and I want to set the record straight. Those who were party to this agreement and to the discussions which formed the agreement already know what the record is. But I want all to know very clearly the President's commitment to the Midgetman was signified by a public letter from him to six Members of the Congress, on May 11, 1983. That

letter has been inserted in the RECORD several times, but it will not hurt to do it again today. I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, DC, May 11, 1983.

Hon. ALBERT GORE, Jr.,
House of Representatives,
Washington, DC.

DEAR AL: Thank you for your recent letter on our strategic modernization program and its relationship to our arms control proposals. Your letter represents the bipartisan spirit which I believe will help achieve our common goals of ensuring effective deterrent forces and equitable and verifiable arms reductions.

The fundamental U.S. goal in negotiations concerning arms reduction, and especially in our approach to the START negotiations, is to seek agreements that would enhance security and stability by reducing overall force levels while permitting modernization of U.S. forces necessary for a credible deterrent. As you know, the Scowcroft Commission noted that elements of our START proposal are consistent with and supportive of the Commission's findings. I agree wholeheartedly with the essential theme of the Scowcroft Commission's approach to arms control: the attainment of stability at the lowest possible level of forces.

The Scowcroft Commission's recommendations on modernization and arms control are integrally related. Our action with respect to these recommendations must be equally comprehensive. That is why I am now conducting a review of our START Proposal with the intention of developing such modifications as are necessary to reflect the Commission's approach, which I share. To cite just one example, the Commission report recommended that the proposed limit on deployed ballistic missiles currently contained in the U.S. START position be reassessed since it is not compatible with a desirable evolution toward small, single-warhead ICBMs. There are a number of alternative approaches available to integrate this and the other Commission recommendations into our approach to arms reductions. As modifications are made to our START proposal, I will continue to seek stability at the lowest possible level of forces.

The planned deployment of the Peacekeeper missile as proposed by my Administration is compatible with the long-term objective of the Scowcroft Commission Report. The Peacekeeper missile, deployed in a mix with small single-warhead ICBMs, would permit us to maintain the effectiveness of our deterrent and enhance stability while serving as a hedge against Soviet temptation to exploit their present advantage.

At the same time, let me emphasize that we do not seek a first strike capability. To this end, we have constrained the number of Peacekeeper missiles that we plan to deploy to the minimum number needed to assure the effectiveness of our deterrent and no more. Our task, of course, would be much easier if the Soviets would agree to work with us to reduce the ratio of accurate warheads to missile silos. Clearly, consistent with out national security requirements, the overall level of Peacekeeper deployment will be influenced by Soviet strategic programs and arms reductions agreements.

In addition, I fully recognize the central role that the small, single-warhead ICBM plays in the overall modernization program recommended by the Scowcroft Commission Report. We will promptly undertake a major effort to bring the proposal of a small, single-warhead ICBM to fruition on a high priority basis.

In considering the implementation of the essential ICBM modernization program, the Scowcroft Commission also recognized that a series of decisions involving both the Executive Branch and the Congress would be necessary in the months ahead in order to determine the future shape of our ICBM force. Further, if noted that not all of these decisions can or should be made in 1983. The deliberate approach to decision making proposed by a number of members of Congress is fully in keeping with the intent of the Scowcroft Commission Report. I fully recognize that a lasting consensus on such an important issue must be built up carefully and I intend to take the time necessary to forge that lasting consensus.

I urge all concerned, however, to keep in mind that if we draw out critical elements of the decision-making process unnecessarily, we encourage the Soviets to delay in negotiations while continuing apace in their own weapons modernization programs. To avoid this, I am seeking a clear show of support from Congress to signal U.S. resolve. A case in point is the clear necessity of approving funds promptly to procure Peacekeeper missiles. Working together, this should be achievable while simultaneously meeting our mutual desire to deal with deployment issues, whenever possible, in a careful, deliberate manner.

Finally, I want to stress the extraordinary contribution made by the Scowcroft Commission. It provides an opportunity for nonpartisan analysis of an exceptionally difficult issue as a prelude to obtaining necessary bipartisan support for critically needed modernization of our strategic forces. While not prescribing the details or the timing, the Commission report suggested certain directions that the continued evolution of our complementary strategy for arms reduction could take. Over the short term, follow-on arrangements involving members of the Commission, as well as close coordination with the Congress, will be extremely helpful both technically and politically in thinking through this evolution. However, we are giving careful consideration to determining which follow-on arrangements best meet our common objectives.

In this regard, I do see merit in a panel with bipartisan composition and with staggered terms of membership to provide advice and continuity in this area. I will work with the Congress, building upon the experience of the Scowcroft Commission, to strengthen and supplement our consultative and advisory processes to assure a lasting, national, bipartisan consensus concerning arms control initiatives—a consensus which will deserve to be sustained from one Administration to the next.

Sincerely,

RONALD REAGAN.

Mr. GORE. This letter was negotiated for the President by his then deputy national security adviser, Mr. McFarlane. Every line in it was carefully worked out in advance: so much so, in fact, that on the day of its delivery it had to be sent back to the White House because of an unacceptable change in wording that Members detected in the first hand-delivered copies.

More importantly, Mr. McFarlane was told in these negotiating sessions—repeatedly and emphatically—that while the administration was free to continue to argue for 100 MX, the Members concerned wanted it understood from the beginning that their support did not extend past 50.

The President was personally given the same understanding on several occasions. In fact, when the legislated cap of 50 was imposed this year, I personally had a discussion with Mr. McFarlane in which I asked him if he did not recall that that was the original bargain. He reaffirmed that recollection.

If there could be any doubt on that score, let me refresh my colleagues' memories, for in the fiscal year 1984 defense authorization bill the issue before the Congress was money for the production of the first MX for deployment. At that time in this body Senator NUNN stood up and proposed a reduction in the requested funding from 48 to 20. In the other body, I offered precisely the same amendment, offering as the rationale an intention to see deployment taper off at 50.

I had requested from the Air Force a production schedule that would be most efficient for an eventual deployment of 50, with the requisite number of spares and test missiles to support a deployment of 50 missiles. The reduction of the initial construction number from 48 to 21 was mandated by that schedule. That was made clear both privately and publicly at the time. The White House understood it very clearly. They have since reaffirmed that there was no misunderstanding and no breach of faith.

Those two amendments passed easily because the White House signaled Republican Members to accept it. They document that our intention to hold the line at 50 MX was understood by the administration from the very beginning, and tacitly accepted by the President, because he knew there was not enough support for the MX to do it any other way.

The detailed history of these negotiations would further demonstrate that the administration, up to and including the President, never had any reason to regard the MX cap at 50 missiles as a breach of trust.

The administration's decision to offer up the Midgetman on the hunch that it is a goner in Congress is a remarkable precedent. Never before has this administration ever thrown in the towel for anything it wanted. Not for the B-1; not for the MX; not for chemical weapons; not even for the miserable DIVAD, until the very last. And, as for SDI, there appears to be no exertion the President would not undertake on its behalf, in spite of ample

evidence of misgivings in this body and the other.

Why, then, this sudden lack of fire in the belly for Midgetman? One explanation, frequently advanced by those who most deeply opposed the MX, is that the administration negotiated in bad faith—taking the Midgetman as a price it would pay for MX, but neither understanding nor accepting the concept on its merits. I believed it was otherwise, and still hope that bad faith is not the final explanation.

Mr. President, I will deal with the other aspects of this issue in speeches the rest of this week.

Mr. BOSCHWITZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TEMPORARY DEBT LIMIT EXTENSION

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of H.R. 3721, the debt limit extension bill received from the House of Representatives today.

The PRESIDING OFFICER. The bill will be stated by title.

The bill clerk read as follows:

A bill (H.R. 3721) to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 1035

(Purpose: To temporarily increase the public debt limit, and to extend certain temporary provisions)

Mr. PACKWOOD. Mr. President, I send an amendment to the desk in the nature of a substitute and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon [Mr. PACKWOOD] proposes an amendment numbered 1035.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

SEC. 1. That, during the period beginning on the date of the enactment of this Act and ending on December 6, 1985, the public debt limit set forth in subsection (b) of section 3101 of title 31, United States Code, shall be temporarily increased by an amount determined by the Secretary of the Treasury as necessary to permit the United States to meet its obligations. The Secretary of the Treasury shall immediately upon enactment restore to the Social Security Trust Funds, or any other trust funds established pursuant to Federal law, any securities disinvested since September 30, 1985. No increase under this Act shall result in a public debt limit in excess of $1,903,800,000,000.

SEC. 2. (a) Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to increase in tax on cigarettes) is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 15, 1985".

(b) Section 285 of the Trade Act of 1974 (19 U.S.C. note preceding section 2271) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

(c) Section 10(d) of the Railroad Unemployment Insurance Act is amended by striking out "November 14, 1985" each place it appears and inserting in lieu thereof "Department 14, 1985".

(d) Section 5(c) of the Emergency Extension Act of 1985 (Public Law 99-107) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

Mr. PACKWOOD. Mr. President, this is a temporary extension of the debt limit.

The House bill sunset it on December 13 and would result in default on December 19. This bill sunsets on December 6 and results in default on December 12 if not extended.

In addition, it has the provision requiring the Social Security Trust Funds to be revested so they do not lose the interest. That is the same as the House bill.

And it extends to December 14 three extensions that were in the House bill: The 16-cent cigarette tax, the railroad retirement borrowing authority, and the Medicare hospital-physician freeze.

Mr. LONG. Mr. President, will the Senator tell us what the last item was again?

Mr. PACKWOOD. The last item was the Medicare hospital-physician freeze. That was extended previously in the previous extension.

Mr. LONG. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment (No. 1035) was agreed to.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 3721 as amended) was passed.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TEMPORARY EXTENSION OF DAIRY PRICE SUPPORT PROGRAM

Mr. HELMS. Mr. President, on behalf of the distinguished Senator from Nebraska [Mr. ZORINSKY] and myself, I send a bill to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1851) to extend temporarily the dairy price support program and certain food stamp program provisions, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. HELMS. Mr. President, this legislation would merely extend until December 31 of this year certain provisions that were temporarily extended by Public Law 99-114, enacted October 1, 1985. That law extended the provisions until November 15, 1985. At that time it was thought that final action on the farm bill could be completed by November 15. It is now clear that that simply will not happen. Therefore, another extension is necessary.

Specifically, the bill would extend the current dairy price support program until December 31. The current dairy price support level is $11.60 per hundred-weight. Without this legislation, the dairy price support program would revert to permanent law on November 16, resulting in a price support level of approximately $16.22 per hundredweight. I do not believe anyone wants to see that happen.

The bill would also extend two provisions of the Food Stamp Act of 1977. The bill would delay until December 31 the date by which Puerto Rico must convert to a noncash benefit program under its block grant for nutrition assistance. Both the House-passed farm bill and the bill reported by the Senate Agriculture Committee permanently provide Puerto Rico with the ability to operate its program without this constraint.

The bill also would extend until December 31 the food stamp pilot projects which permit certain Supplemental Security Income [SSI] and elderly recipients to receive cash in lieu of food stamp benefits. Both the Senate Agriculture Committee and the

House-passed farm bills provide for reauthorization of this authority.

The bill would give the Secretary of Agriculture the authority to delay the conduct of referenda with respect to approval by farmers of marketing quotas for cotton and peanuts. Under permanent law, which will be in effect if a new farm bill is not enacted, the Secretary is required to conduct referenda by December 15, 1985, among cotton and peanut producers to determine whether they favor marketing quotas being in effect for the 1986 crops of those commodities.

The House-passed farm bill repeals the permanent law with respect to cotton and the Senate bill suspends the permanent law with respect to peanuts.

The provisions in the bill would authorize the Secretary to conduct the cotton and peanut referenda not later than 31 days after adjournment sine die of the first session of the 99th Congress. This is the same period as included in Public Law 99-63 extending the time for conducting a wheat referendum.

AMENDMENT NO. 1036

Mr. HELMS. Mr. President, I send an amendment to the desk on behalf of Senators McCONNELL and FORD. This has been cleared on both sides.

The PRESIDING OFFICER. The amendment will be stated.

The lesiglative clerk read as follows:

The Senator from North Carolina [Mr. HELMS], for Mr. McCONNELL and Mr. FORD, proposes an amendment numbered 1036.

Mr. HELMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following:

SEC. 6. (a) Section 106(f) of the Agricultural Act of 1949 (7 U.S.C. 1445(f)) is amended by adding at the end thereof the following new paragraph:

"(5) For the 1985 crop of Burley tobacco, notwithstanding paragraph (4) of this section, the support level shall be $1.488 per pound.".

(b) Section 106B(d)(2) of the Agricultural Act of 1949 (7 U.S.C 1445-2(d)(2)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraph:

"(B) With respect to the 1985 crop of Burley tobacco, for the purposes of paragraph (1), the marketing assessment shall not be more than 4 cents per pound.".

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, there is an amendment pending, I believe.

The PRESIDING OFFICER. Is there further debate?

Mr. HARKIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARKIN. Mr. President, what is the unanimous-consent request that was made?

The PRESIDING OFFICER. There is an amendment pending. There is no unanimous-consent request.

Mr. HARKIN. Mr. President, what is the order of business right now?

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to ascertain the presence of a quorum.

The bill clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I see the distinguished majority leader on the floor.

I would like to ask the majority leader what his intentions are for bringing up the farm bill for debate and final disposition on the floor of the Senate. We have been at it a long time. We have put it off for the reconciliation, and now for the textile bill. I am concerned that other things may intervene. I am anxious, as I know a lot of other people are, to get on to the farm bill, get it debated, and get some final action on it.

I feel we should get on the farm bill, and if we do not have intervening business, if we really stick to it day after day after day I would think within 3 or 4 days and a series of votes we could probably finish the bill.

It seems like every time we bring the farm bill up, an amendment is offered that does not have a consensus, and it looks like one side or the other is not going to win the vote, the bill sort of gets put aside.

The legislative process ought to be allowed to work. Let us offer the amendments. Let us vote on them. I have some that I know probably will not win, and others will not win. Some probably will.

I am hoping we can bring it up, and have disposition of it.

I yield to the majority leader to answer my question as to what the intention is in regards to the farm bill, and what the majority leader's intentions are with the farm bill as soon as we dispose of the reconciliation bill.

Mr. DOLE. I can say, if it is satisfactory to the chairman of the committee and the ranking minority member, that we may be on the farm bill tomorrow afternoon. So either Thursday, Friday, or Monday, we will be on the farm bill.

Without getting into a contest right now because the record will speak for itself as to who has been trying to pass the farm bill in June, July and now we are in November, I think there are several considerations. One is getting a farm bill passed that will be signed. That is one strategy. The other is just to pass anything, go to conference, let the President veto it, and start over.

My farmers, I think for the most part, would rather we work out some bipartisan bill if that is possible. If not, the struggle might go on for a while around here. But we certainly intend to move, if it is satisfactory to the chairman. He is present, and I have discussed this with the distinguished Senator from Nebraska. I think he wants to move.

I also would say—not in a defensive way—there was a day or two we waited in respect to the ranking member on the other side who was in the hospital. We got tied up on the reconciliation package, and the textile package. We tried to get consent to have a three-track operation. I cannot remember which order. But the farm bill would be in one—either morning, afternoon, or evening. We could not get that agreement. It was no fault of the Senator from Iowa.

Let me indicate my farmers are just as concerned I believe as those in Iowa, and with the cooperation of all Members we could pass a farm bill in 3 or 4 days.

Mr. HARKIN. Would the majority leader be willing to commit the Senate then to taking up the farm bill as soon as reconciliation is done, and staying on it without any intervening business every day until it is finished?

Mr. DOLE. I think now that we have disposed of the debt limit extension, we have disposed of the continuing resolution—and these are items that would have to interrupt any bill. They have been disposed of. I understand they have both been extended—debt ceiling until the 6th, and the CR until the 12th of December.

Unless there is some unforeseen problem that I have not anticipated, it is my intention—again depending on the manager of the bill—to take up the farm bill. My farmers are already planting the wheat. The Senator does not have that problem in Iowa. We have had wheat in the ground since September. So we have been anxious to pass the farm bill for the last several months.

Mr. HARKIN. Farmers in Iowa have not planted wheat yet.

I do not mean to debate the farm bill right now with the distinguished majority leader, but I can tell you right now there are provisions in the bill—and the amendment that is now

pending that was offered by the majority leader that is now pending on the bill—if passed we are going to see more wheat grown in my State than you have ever seen before.

If we think we have a lot of wheat in this country, we have not seen anything yet. Farmers in Iowa can plant wheat as well as corn. With prices in there for wheat, and with what corn has taken in the bill, we are going to have farmers in Iowa planting up to 20,000 bushels of wheat all over the State of Iowa, and we are going to have a lot more wheat than we have ever seen in this country with a bill like that.

That is for later time and debate I know.

Did I hear the majority leader correctly when he said that we will get on the farm bill, and that we will stick with it day after day until we finish it without bringing up other types of bills and intervening with other measures so we can get on it and stay on it?

Mr. DOLE. I will state this if it will satisfy the Senator—and he can do as he wishes as far as I am concerned—we are going to bring up the farm bill, and we will try to manage as best we can. We will try to pass it.

Mr. HARKIN. Mr. President, if I could ask the distinguished chairman of the Agriculture Committee one question about the pending bill, the pending bill extends the deadline to December 31?

Mr. HELMS. The Senator is in error. If he will yield to me, it is December 13.

Mr. HARKIN. It is the 13th now.

Mr. HELMS. The Senator from Iowa asked for it to be changed, and we changed it.

Mr. HARKIN. I appreciate that very much. Again, I will not raise any objections.

If I understand the majority leader correctly, we will go on the farm bill. And I can only say once on the farm bill any other kind of unanimous-consent request made to leave it, go on to anything else, that this is one Senator who is going to raise an objection.

I will use every parliamentary device that I can think of within the rules of the Senate to prohibit or prevent anything happening that would get us off the farm bill once we get on it as soon as reconciliation ends.

I believe the Senator from North Carolina would like to finish the farm bill, too.

Mr. HELMS. If the Senator will yield, I think it was the Prince of Denmark who once observed that it is an end devoutly to be wished, and I have been wishing it all summer, when the leaves all began to tumble down, and I fervently wish it now. If we can enlist the help of the Senator—and if the Senator will help on that—I guarantee him I am going to push for the completion of the farm bill.

On the subject of delay, I guarantee that has not been our purpose. We look forward to completion of the farm bill as quickly as possible.

Mr. President, the amendment is now pending. I suggest we vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1036) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FORD. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1851), as amended, was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1851

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201(d)(1)(B) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(1)(B)) is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 13, 1985".

SEC. 2. The last sentence of section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 13, 1985".

SEC. 3. Effective for the period beginning November 16, 1985, and ending December 13, 1985, section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking out "noncash".

SEC. 4. Section 343 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1343) is amended by striking out the last sentence and inserting in lieu thereof the following: "Notwithstanding any other provision hereof, the referendum with respect to the national marketing quota for cotton for the marketing year beginning August 1, 1986, may be conducted not later than thirty-one days after adjournment sine die of the first session of the Ninety-ninth Congress.".

SEC. 5. Section 358(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(b)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision hereof, the referendum with respect to marketing quotas for the crops of peanuts produced in the 1986, 1987, and 1988 calendar years may be conducted not later than thirty-one days after adjournment sine die of the first session of the Ninety-ninth Congress.".

SEC. 6. (a) Section 106(f) of the Agricultural Act of 1949 (7 U.S.C. 1445(f)) is amended by adding at the end thereof the following new paragraph:

"(5) For the 1985 crop of Burley tobacco, notwithstanding paragraph (4) of this section, the support level shall be $1.488 per pound.".

(b) Section 106B(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445-2(d)(2)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraph:

"(B) With respect to the 1985 crop of Burley tobacco, for the purposes of paragraph (1), the marketing assessment shall not be more than 4 cents per pound.".

Mr. FORD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONGRESSIONAL AWARD AMENDMENTS OF 1985

Mr. DOLE. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be discharged from further consideration of H.R. 3447, Congressional Award Amendments of 1985, and I ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the bill by title.

The bill clerk read as follows:

A bill (H.R. 3447) to amend and extend the Congressional Award Act.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas?

There being no objection, the Senate proceeded to consider the bill.

● Mr. ROTH. Mr. President, H.R. 3447, the Congressional Award Act Amendments of 1985, would extend the authorization of the Congressional Award Program for an additional 3 years. The current authorization expires on November 15, 1985, 3 days from today.

This program was originally established 6 years ago to recognize outstanding young people between the ages of 14 and 23 for achievements in public service, personal development, and physical fitness. The goal of this program is to encourage voluntarism, citizenship, leadership, and personal development in young people through the award of bronze, silver, and gold congressional medals following a successful completion of program requirements. A total of 255 awards were presented in 1984 and 261 medals have been approved for 1985.

The program is administered by a Congressional Award Board and funded entirely from non-Federal sources. The board is not an instrumentality of the Federal Government. Award programs are operating in 10 States under the supervision of local congressional award councils, volunteers appointed by participating Members of Congress.

Mr. President, I wholeheartedly support the goals of this program and urge its reauthorization for an additional 3 years. H.R. 3447 would strengthen program administration in

a number of ways, including a requirement that the bylaws and other regulations of the board contain language to prevent a conflict of interest, or the appearance of such conflict by employees or board members, and to include appropriate fiscal control, fund accountability, and operating principles. Information disclosed during House Select Education Subcommittee hearings on this program strongly indicated a need to improve the program's management practices. It is essential that we preserve the integrity of this program on behalf of the program sponsors, the participants, the awardees, and the Congress, itself.●

AMENDMENT NO. 1037

(Purpose: To strike out the provision relating to powers and restrictions)

Mr. DOLE. Mr. President, on behalf of Mr. WALLOP, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mr. WALLOP, proposes an amendment numbered 1037.

On page 4, strike out lines 8 through 10.

On page 4, line 11, strike out "(h)" and insert in lieu thereof "(g)".

● Mr. WALLOP. Mr. President, 6 years ago last summer, the Congressional Award Act, with 53 sponsors in the Senate and over 100 in the House, was overwhelmingly endorsed by the Congress of the United States. On November 16, 1979, President Carter signed the act into law.

The law provides that the Congressional Award Act will expire on November 16, 1985. The purposes of the bill before us, H.R. 3447, are to extend the Congressional Award Program for an additional 3 years and to improve the administration and management of the program. As the initial sponsor of the enabling legislation which created the program I'm proud to speak in favor of its extension, subject to one amendment.

The purpose of the Congressional Award Act was to create a program designed to recognize and honor the best of America—the excellence, achievement, and leadership of its young people, spurred on by the spirit of generous adults to assist them by volunteering their time and care. It sought to do so by establishing the Congressional Award Program, whereby young people between the ages of 14 and 23 may test themselves in the areas of public service, personal development, and expedition and physical fitness. The program tolerates no barriers to achievement, whether they be cultural or social, racial or physical. With the help of volunteer adult advisers, young people of any background, whether whole or disabled, may test themselves as individuals against difficult standards of accomplishment and earn bronze, silver, or gold medals. The medals they earn enjoy the distinction of being almost unique. Only the Congressional Medal of Honor also bears the name and sanction of the Congress of the United States.

I am pleased to report that we are well on the way to achieving much of what was envisioned when we created the Congressional Award Program, In 1982, a pilot program was started in Minnesota. It produced the first 15 young people to earn awards that year. In 1983 the first gold medals were earned and a total of 44 medals were awarded, 235 medals were awarded in 1984 and already in 1985 young men and women have claimed 371 medals, including 115 gold medals.

The Congressional Award is now a part of young lives in 11 States, representing 24 congressional districts. Congressional Award Councils are scheduled to begin operation in 20 new districts in the near future. Many more districts, in many other States are in the process of organizing award councils and requests for information come to the national offices of the Congressional Award on a daily basis. After a somewhat slow beginning, the program is now truly gaining momentum and is poised to spread throughout the country, into every congressional district.

Today, I can report with great pleasure that the Congressional Award Council of Wyoming, under the leadership of Jim Helzer of Cheyenne, its president, was the first council in the Nation to satisfy all requirements and receive its charter from the Board of Directors of the Congressional Award. The program in Wyoming is vital and is gaining strength each day. I have watched this program in practice and I can testify to its worth to young people and its promise for America.

In addition to thousands of young people whose efforts have helped bring the program to this stage in its development, many others have played a role. The Congressional Award Program depends on the efforts of volunteers for its success. Volunteers serve on its boards and councils, volunteers plan and execute its ceremonies and volunteers give their time, guidance, and advice in helping young participants to meet their goals. Without them there could be no program.

Volunteers of another variety—contributors—are also vital to the existence of the Congressional Award Program. It is financed exclusively by contributions from the private sector. Representatives and staff of the Congressional Award Program have raised nearly $3,800,000 since its inception.

Unquestionably, much has been achieved and I'm confident that the successes of the Congressional Award are just beginning. As with any undertaking of such magnitude there have been rough spots and obstacles along the way. I believe most administrative problems have been overcome and amendments contained in this bill will indeed improve the administration and management of the program.

We must recognize that there is much more to achieve and set our course. We must also see to it that what has been achieved is not lost.

To that end, I am asking today that the Senate strike one amendment to the Congressional Award Act contained in H.R. 3447.

The law now provides that the Board of Directors of the Congressional Award ". . . shall carry out its functions and make expenditures with only such resources as are available to the Board from sources other than the Federal Government. . . ." This provision serves as a prohibition against Federal funding of the Congressional Award Program. This prohibition was deliberately included in the enabling legislation and was warmly embraced by this body. It was not included by mistake and it would be a grave mistake to remove it now.

But section 4(g) of H.R. 3447 seeks to do just that. That subsection would remove the words "from other than the Federal Government" from the law. If this prohibitory language is removed, it is only a matter of time until we are asked to appropriate funds to finance the Congressional Award Program.

Mr. President, my amendment will simply strike subsection 4(g), lines 8, 9, and 10 on page 4. This will serve to leave the law intact, including the passage which prohibits the appropriation or expenditure of Federal funds to operate the Congressional Award Program.

If we allow this section to remain in the bill, if the prohibition against Federal funding is removed, then I believe we abrogate a promise made in 1979. The promise was that this program, while bearing the name of the Congress, would not become its dependent. We were able to win broad support for the act for many reasons, one of which was that this program would be funded just as it is operated—by volunteers in the private sector. If the promise of the Congressional Award Program is that it will encourage and develop the best in America—our young people—it also promises that many other traits which represent the best in America will be called upon if the program is to be a success: self-reliance, voluntarism, selflessness, and generosity. If we abrogate our promise made 6 years ago on the question of Federal funding, I believe we also seriously diminish the promise of the Congressional Award.

Mr. President, with the exception of the objection just stated, this bill has my full support. I offer that support today with a plea and a caution.

This award program bears the name of Congress, it was created by the Congress, and the law was crafted by Congress so that we play some small role in its administration. In fact, H.R. 3447 contains provisions which will further encourage and enhance the part Congress plays in its management.

However, it is my guess that there could have been twice as many medals awarded, twice as many councils created in twice as many congressional districts and twice as much money raised if only more Senators and Representatives had taken more interest in their award program. The ultimate success or failure of this program will likely depend on whether or not we take that interest in the next 3 years. Your involvement now will not only enhance the programs in your State, or help get a program started in your State but it may also determine whether or not this program can exist on contributions from private America. Your commitment, your time and your dedication to helping raise corporate and personal contributions in your communities is absolutely critical. Please lend a hand.

Finally, a word of caution for all of us is in order, which represents just one more reason that your involvement is necessary for the health of the Congressional Award Program.

In 1979 the Congress made another promise by enacting the Congressional Award Act. It promised that this program was nonpartisan, in every respect, created without partisan considerations, to be administered, in every State, in every district, without partisan considerations.

In recent weeks allegations have been made that would indicate that in one congressional district the Congressional Award Council operates in a highly partisan fashion, almost as an arm of a reelection effort. I do not know if the allegations are true. I intend to refer what information I have to the Board of Directors of the Congressional Award for its investigation and consideration.

But I do know that nothing could violate the promise of this award program more than political gamesmanship and, in the longrun, nothing could be potentially more fatal to its existence. It is incumbent upon the Board of Directors to guard against the introduction of partisan politics into the Congressional Award and it is the absolute duty of the Members of Congress to do the same. To do otherwise is to bring shame and discredit upon ourselves and to rob our award of any value and demean it to those who have achieved it.

Mr. President, I sincerely believe that the Congressional Award Program can be the finest, most beneficial youth oriented program in America. I believe it is needed in our country and that it is on the right course to fulfill its promise. I urge immediate support for its reauthorization.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1037) was agreed to.

AMENDMENT NO. 1038

(Purpose: To modify the General Accounting Office audit and report requirements)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of Senator ROTH and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mr. ROTH, proposes an amendment numbered 1038.

On page 5, line 1 strike out "reasonableness" and insert in lieu thereof "propriety".

On page 5, line 12, strike out "the adequacy and appropriateness of".

On page 5, line 16, strike out "the efficiency and adequacy of".

On page 5, line 22, strike out "second" and insert in lieu thereof "first".

● Mr. ROTH. Mr. President, I offer an amendment that would make certain technical changes to clarify and simplify the General Accounting Office audit and evaluation requirements.

I strongly support the need for a GAO audit of the Congressional Awards Program to ensure that it is administered efficiently and effectively and that appropriate fiscal control and funds accountability procedures are in place. Given the nature and purpose of this program, we need to ensure that it is administered according to the highest standards of ethical and personal conduct.

My amendment would clarify our intent that the first biennial GAO audit and the one-time evaluation would be conducted for the period during which this program is reauthorized, that is, calendar years 1986 and 1987, so that Congress will have a full understanding, through GAO's May 15, 1988, report, of award program operations and results when it considers a further extension of this program 3 years from now. The other changes were requested by GAO staff to facilitate the performance of the audit and evaluation.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1038) was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed for a third reading and the bill to be read the third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 3447), as amended, was passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT WITH RESPECT TO THE NATIONAL EMERGENCY IN IRAN—MESSAGE FROM THE PRESIDENT—PM 94

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States; which was referred to the Committee on Banking, Housing, and Urban Affairs:

To the Congress of the United States:

Pursuant to Section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. Section 1703(c), I hereby report to the Congress with respect to developments since my last report of April 22, 1985, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979.

1. The Iran-United States Claims Tribunal, established at The Hague pursuant to the Claims Settlement Agreement of January 19, 1981 (the "Algiers Accords"), continues to make progress in arbitrating the claims before it. Since my last report, the Tribunal has rendered 25 more decisions, for a total of 194 final decisions. Of these, 146 have been awards in favor of American claimants; 101 were awards on agreed terms, authorizing and approving payment of settlements negotiated by the parties; and 45 were adjudicated decisions. As of October 15, 1985, total payments to successful American claimants from the Security Account stood at approximately $368

million. In cases between the governments, the Tribunal has issued two decisions in favor of each government, dismissed one claim that had been filed by the United States, and dismissed four claims that had been filed by Iran. In addition, Iran has withdrawn fifteen of its government-to-government claims, while the United States has withdrawn only three.

2. My last report noted various changes in the composition of the Tribunal, including the designation of Karl-Heinz Bockstiegel as President of the Tribunal and Chairman of Chamber One. During the past six months, Swiss lawyer Robert Briner and French law professor Michel Virally have assumed their new positions as Chairmen of Chambers Two and Three, respectively. Shortly before Messrs. Briner and Virally assumed their new positions, Tribunal proceedings had been briefly disrupted because of travel difficulties allegedly encountered by Iranian respondents in connection with the Iran-Iraq war. With these alleged difficulties having abated, and the two new arbitrators having assumed their roles as Chairmen, the Tribunal has resumed normal operations.

3. The Tribunal continues to make progress in the arbitration of claims of U.S. nationals for $250,000 or more. More than 36 percent of the claims for over $250,000 have now been disposed of through adjudication, settlement, or voluntary withdrawal, leaving 330 such claims on the docket. The Tribunal issued long-awaited orders in claims involving dual United States-Iranian nationals, allowing these claimants to resume actively arbitrating their claims by demonstrating their dominant and effective U.S. nationality. The Chambers have also made significant awards to several American claimants, including a $7.3 million contested award to Sylvania Technical Systems, Inc. The *Sylvania* decision also purports to set forth a uniform standard for awarding interest in Tribunal cases. In another important decision, the Tribunal decided that, at least in the context of that case, the Treaty of Amity, Economic Relations and Consular Rights between Iran and the United States governs the standard of compensation in claims for expropriation of property, and determined that the claimant in that case was entitled to recover the fair market value of the going concern that had been expropriated by Iran. Settlement discussions continue to proceed between numerous American claimants and Iranian respondents.

4. The Tribunal has made significant progress in the arbitration of the claims of U.S. nationals against Iran of less than $250,000 each. As described in my last report, in addition to 18 test cases, the Tribunal has selected 100 other claims for active arbitration. As of October 15, 1985, the Department of State had submitted Supplemental Statements of Claim in 85 of these claims, containing more than 25,000 pages of text and evidence. Additional pleadings are being filed weekly. Although Iran repeatedly seeks extensions of time within which to file its responsive pleadings to these claims, the Tribunal has continued to press for their resolution. At the Tribunal, three senior legal officers and a law clerk work exclusively on these claims. The first three test case hearings have been set for December, and six additional cases have been set for hearing during the spring of 1986. The Department of State remains optimistic that the Tribunal will issue its first decision in a fully arbitrated small claim in early 1986. Finally, since my last report, another two small claimants have received awards on agreed terms, bringing the total to twelve.

5. The Department of State continues to coordinate the efforts of concerned governmental agencies in presenting U.S. claims against Iran as well as responses by the U.S. Government to claims brought against it by Iran. Since my last report, the Department has filed pleadings in six government-to-government claims based on contracts for the provision of goods and services. The Tribunal held one hearing in a major contract dispute on whether it could hear approximately 1,500 cases under the Iranian Foreign Military Sales Program closed before October 1, 1978.

In addition to work on the government-to-government claims, the Department of State, working together with the Department of the Treasury and the Department of Justice, filed five pleadings in disputes concerning the interpretation and/or performance of various provisions of the Algiers Accords. The Tribunal issued one significant decision in an interpretive dispute, ruling that—subject to a limited exception, which Iran has stated does not apply to any of its claims—the Tribunal lacks jurisdiction over claims brought by Iran against U.S. banks for allegedly unpaid deposits and for interest on transferred deposits. This, together with the Tribunal's earlier decision that it lacked jurisdiction over standby letter of credit claims asserted by Iran against U.S. banks, has resulted in the dismissal of more than 400 of Iran's claims against such banks.

Since my last report, Iran has initiated two new interpretive disputes. The first concerns the purported obligation of the U.S. Government to satisfy Tribunal awards issued in favor of Iran against private U.S. claimants. The second concerns the Tribunal's jurisdiction over indirect claims for losses incurred by corporations (and similar entities) that lack U.S. nationality, but which are controlled by U.S. nationals. The Department of State is now preparing responsive pleadings in both these proceedings.

6. The Algiers Accords also provide for direct negotiations between U.S. banks and Bank Markazi Iran concerning the payment from Dollar Account No. 2 (the interest-bearing escrow account established at the Bank of England in January 1981 with the deposit of $1.418 billion of previously blocked Iranian funds) of nonsyndicated debt claims of U.S. banks against Iran. Since my last report, Continental Illinois National Bank and Trust Co., of Chicago reached a settlement with Iran, bringing to 30 the total number of bank settlements involving payments from Dollar Account No. 2. About 16 banks have yet to settle their claims. In addition, a number of those banks that have already reached settlements with Iran have reserved claims against Dollar Account No. 2.

As mentioned in my previous report, attorneys from the Department of the Treasury and the Federal Reserve Bank of New York have been negotiating an "Agreed Clarification" with Bank Markazi to allow for the payment from Dollar Account No. 2 of certain amounts still owing on Iran's syndicated debt. Agreement on the text of this "Agreed Clarification" was reached in June, and Treasury instructed the Federal Reserve Bank of New York, as fiscal agent of the United States, to sign the document; however, the Bank Markazi representatives were not prepared to sign. They claimed the delay was due to the need to obtain additional formal clearances in Tehran and that there was no substantive problem with the agreement. The Department of the Treasury is hopeful that the necessary approval in Tehran will be forthcoming.

7. There have been no changes in the Iranian Assets Control Regulations since my last report.

8. Pursuant to a June 7, 1982, Directive License from the Department of the Treasury, the Federal Reserve Bank of New York had been deducting 2 percent from amounts received from the Security Account in satisfaction of awards rendered by the Tribunal in favor of U.S. claimants. The purpose of the deduction was to reimburse the U.S. Government for a portion of the expenses incurred in connection with the arbitration of claims of U.S. persons against Iran before the Tribunal and the maintenance of the Security Account from which such claims are paid. In ordering the deduction of this user fee, Treasury relied solely on the authority of the Independent Offices Appropriation Act (the "IOAA"). The amounts deducted, which as of August 16, 1985, totaled $7.3 million, had been paid into the Treasury as miscellaneous receipts. Last May, in a case brought by Sperry Corp., the U.S.

Claims Court issued a bench ruling holding that the 2-percent fee did not comply with the requirements of the IOAA and hence was invalid. No judgment has yet been issued, and, in light of the new legislation described below, it is unlikely that one will be issued.

On August 16, 1985, the President signed the Foreign Relations Authorization Act for fiscal years 1986 and 1987, Public Law 99-93, Title V of which deals with claims against Iran. Section 502 of this legislation directs the Federal Reserve Bank of New York to deduct 1½ percent from the first $5 million awarded on each claim paid from the Security Account, and 1 percent from any amount over $5 million, and to deposit the amounts deducted into the Treasury to the credit of miscellaneous receipts. The constitutionality of this legislation has been challenged, however, in a continuation of the litigation by Sperry. By its terms, section 502 is effective as of June 7, 1982. Consequently, the Department of the Treasury is in the process of refunding to those claimants that have received awards paid from the Security Account the difference between the 2-percent fee already deducted and the one and one-half/one percent fee authorized by section 502 of Public Law 99-93. These refunds will total approximately $2.6 million.

Title V of Public Law 99-93 also grants standby authority to the Foreign Claims Settlement Commission to determine the validity and amounts of any claims against Iran that are settled en bloc by the United States and Iran, and provides certain limited exceptions to the disclosure provisions of the Freedom of Information Act for Tribunal-related documents within the possession of the U.S. Government.

C. Financial and diplomatic aspects of the relationship with Iran continue to present an unusual challenge to the national security and foreign policy of the United States. In particular, the Iranian Assets Control Regulations, issued pursuant to Executive Order No. 12170, continue to play an important role in regulating that relationship and in enabling the United States properly to implement the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

RONALD REAGAN.

THE WHITE HOUSE, *November 13, 1985.*

MESSAGES FROM THE HOUSE

At 9:52 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 441. Joint resolution making further continuing appropriations for the fiscal year 1986.

At 2:14 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3038) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and office for the fiscal year ending Septemer 30, 1986, and for other purposes; it recedes from its disagreement to the amendments of the Senate numbered 12, 16, 20, 43, 54, 68, and 88 to the bill and agrees thereto; and it recedes from its disagreement to the Senate numbered 2, 3, 10, 17, 46, 55, 63, 66, 91, 92, and 94 to the bill and agrees thereto, each with an amendment, in which it requests the concurrence of the Senate.

The message also announced that the House has passed the bill (S. 415) to amend the Education of the Handicapped Act to authorize the award of reasonable attorneys' fees to certain prevailing parties, and to clarify the effect of the Education of the Handicapped Act on rights, procedures, and remedies under other laws relating to the prohibition of discrimination, with amendments; it insists upon its amendments to the bill, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. HAWKINS, Mr. BIAGGI, Mr. WILLIAMS, Mr. HAYES, Mr. MARTINEZ, Mr. ECKART of Ohio, Mr. JEFFORDS, Mr. GOODLING, Mr. COLEMAN of Missouri, and Mr. BARTLETT as managers of the conference on the part of the House.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2722. An act to amend title 13, United States Code, to eliminate the requirement relating to decennial censuses of drainage;

H.R. 3721. An act to temporarily increase the limit on the public debt and to restore the investments of the Social Security trust funds and other trust funds; and

H.R. 3722. An act to extend until December 14, 1985, the application of certain tobacco excise taxes, trade adjustment assistance, certain medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program.

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

At 4:08 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bill and joint resolutions:

H.R. 3036. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1986, and for other purposes;

S.J. Res. 228. Joint resolution relating to the proposed sale of arms to Jordan; and

H.J. Res. 441. Joint resolution making further continuing appropriations for the fiscal year 1986.

The enrolled bill and joint resolutions were subsequently signed by the President pro tempore [Mr. THURMOND].

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 2722. An act to amend title 13, United States Code, to eliminate the requirement relating to decennial cenusses of drainage; to the Committee on Governmental Affairs.

H.R. 3722. An act to extend until December 14, 1985, the application of certain tobacco excise taxes, trade adjustment assistance, certain Medicare reimbursement provisions, and borrowing authority under the railroad unemployment insurance program; to the Committee on Finance.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, November 13, 1985, she had presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 228. Joint resolution relating to the proposed sales of arms to Jordan.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1982. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on budget rescissions and deferrals dated November 1, 1985; pursuant to the order of January 30, 1975, referred jointly; to the Budget and the Committee on Appropriations.

EC-1983. A communication from the Secretary of Defense, transmitting, pursuant to law, the fiscal year 1984 annual report of the Reserve Forces Policy Board; to the Committee on Armed Services.

EC-1984. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a Soil Conservation Service plan for the Big Creek (Tri-County) Watershed, Texas; to the Committee on Environment and Public Works.

EC-1985. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Social Security Administration's Computer Systems Modernization Effort May Not Achieve Planned Objectives"; to the Committee on Finance.

EC-1986. A communication from the Special Counsel to the Merit Systems Protection Board, transmitting, pursuant to law, the findings and conclusions of an investigation into allegations of violations of law and regulations, mismanagement, abuse of authority, and a substantial danger to the public health by officials of the Food Safety and Inspection Service; to the Committee on Governmental Affairs.

EC-1987. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 6-101 adopted by the Council on October 22, 1985; to the Committee on Governmental Affairs.

EC-1988. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 6-99 adopted by the Council on October 8, 1985; to the Committee on Governmental Affairs.

EC-1989. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 6-100 adopted by the Council on October 22, 1985; to the Committee on Governmental Affairs.

EC-1990. A communication from the Acting Archivist of the United States, transmitting, pursuant to law, a report on a new Privacy Act system of records for the National Archives; to the Committee on Governmental Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-521. A resolution adopted by the City Council of Adelanto, California favoring the retention of deductibility of State and local taxes on Federal income tax returns; to the Committee on Finance.

POM-522. A resolution adopted by the City Council of Torrance, California supporting California Senate Joint Resolution 30 urging the President and Congress to retain the deductibility of State and local taxes; to the Committee on Finance.

POM-523. A resolution adopted by the Senate of the Legislature of Michigan; to the Committee on Foreign Relations.

"SENATE RESOLUTION No. 307

"Whereas, On October 24 and 25, 1985, Soviet merchant seaman Miroslav Medvid jumped off a Soviet vessel into the Mississippi River near New Orleans in an apparent attempt to seek political asylum. Despite his obvious desperation, having jumped ship twice on consecutive days, U.S. Border Patrol agents returned Mr. Medvid to the Soviet freighter on both occasions; and

"Whereas, The U.S. Border Patrol explained that its agents believed the seaman to be a stowaway while admitting that language barriers prevented meaningful communication with Mr. Medvid. Moreover, the U.S. State Department has indicated that the Border Patrol should not have returned the seaman without first consulting with State Department officials and, most importantly, without first questioning him in the presence of an interpretor; and

"Whereas, Unfortunately, this tragedy resembles similar incidents in the past. In 1970, a Lithuanian seaman, Simas Kudirka, leaped from a Soviet fishing trawler and onto a U.S. Coast Guard cutter only to be dragged off ship by four Soviet seamen with the permission of Coast Guard commanders. A later incident, involving Ludmilla Vlasova, a Soviet ballerina, was also mishandled; and

"Whereas, This tragic response to an individual's cry for freedom can only serve to discourage other potential defectors and damages our credibility as a haven for those "yearning to breathe free". In addition, while we may not be able to enforce human rights in the Gulag, we are obligated to protecting and preserving those unalienable rights within our own borders; now, therefore, be it

"Resolved by the Senate, That we hereby memorialize the United States Congress to offer assistance to Soviet merchant seaman Miroslav Medvid; and be it further

"Resolved, That a copy of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, the Michigan congressional delegation, the United States Secretary of State, and the President of the United States."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ANDREWS, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute:

S. 1621. A bill to amend Title 25 U.S.C., relating to Indian education programs, and for other purposes (Rept. No. 99-180).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, without amendment:

S. 727. A bill to clarify the application of Public Utility Holding Company Act of 1935 to encourage cogeneration activities by gas utility holding company systems.

S. 865. A bill to award special congressional gold medals to Jan Scruggs, Robert Doubek, and Jack Wheeler.

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, with an amendment:

S. 1639. A bill to authorize the minting of gold bullion coins.

By Mr. LUGAR, from the Committee on Foreign Relations, without amendment and with a preamble:

S. Con. Res. 87. An original concurrent resolution expressing the sense of the Congress with respect to the restoration of democracy in the Philippines.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Dennis Miles Kass, of New York, to be an Assistant Secretary of Labor.

(The above nomination was reported from the Committee on Labor and Human Resources with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PACKWOOD, from the Committee on Finance:

Carolyn Miller Parr, of Maryland, to be a Judge of the United States Tax Court for a term expiring fifteen years after she takes office; and

B. John Williams, Jr., of Virginia, to be a judge of the U.S. Tax Court for a term of 15 years after he takes office.

(The above nominations were reported from the Committee on Finance with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. LUGAR, from the Committee on Foreign Relations:

Roger Kirk, of the District of Columbia, a career member of the Senior Foreign Service, class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of Romania.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Roger Kirk.

Post: U.S. Ambassador to Romania.

Nominated: 1985.

Contributions, amount, date, and donee:

1. Self: None.

2. Spouse: None.

3. Children and spouses names: Mr. and Mrs. Derek A. Winogradoff, none; Mr. and Mrs. Daniel J. Love, none; Mr. and Mrs. Harris E. Thompson, none; Mr. Alan C. Kirk, none.

4. Parents names: Admiral and Mrs. Alan G. Kirk; deceased.

5. Grandparents names: Mr. and Mrs. William Kirk, deceased; Captain and Mrs. Frederic Chapin, deceased.

6. Brothers and spouses names; none.

7. Sisters and spouses names; Dr. and Mrs. John W. Appel (see attached sheet); Mr. and Mrs. Peter O.A. Solbert (see attached sheet).

Marian Kirk Appel: None.

John W. Appel: $300, 1984, Committees to Re-elect President Reagan.

Deborah Kirk Solbert: $10, 1981, People for Hevesi; $25, 1982, Alan Hevesi campaign; $250, 1983, Mondale campaign; $10, 1983, North Carolina campaign against Jesse Helms; $25, 1984, Alan Hevesi; $100, 1984, Democratic National Committee; $25, 1985, People for Hevesi.

Peter O.A. Solbert: $250, 1983, Mondale for President; $25, 1984, Richardson for Senate; $100, 1984, People for Mrazek.

Joseph Verner Reed, of Connecticut, to be the representative of the United States of America on the Economic and Social Council of the United Nations, with the rank of Ambassador.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Joseph Verner Reed.

Post: Ambassador with USUN Mission.

Contributions, amount, date, and donee:

1. Self: Annual contribution of $10,000 to Republican National Committee 1980 to date.

2. Spouse: None.

3. Children and spouses names: Serena, None; Electra, None.

4. Parents names: Father, Deceased; Mother, Permelia Pryor Reed.

5. Grandparents names: Deceased.[1]

6. Brothers and spouses names: Andrian Pryor Reed, Nathaniel Pryor Reed, Samuel Pryor Reed.[1]

7. Sisters and spouses names: Laurel Reed Hemmes.[1]

[1] Information not available. Has been requested.

Robert L. Barry, of New Hampshire, a career member of the Senior Foreign Service, class of Career Minister, for the rank of Ambassador during the tenure of his service as United States Representative to the Conference on Confidence and Security Building Measures and Disarmament in Europe.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Robert L. Barry.

Post: PM/CDE and Stockholm; Nominated Head of U.S. Delegation Conference on Disarmament in Europe

Contributions, amount, date, and donee:

1. Self: None.
2. Spouse: None.
3. Children and spouses names: None.
4. Parents names: Mother, Margaret O'H Barry, $10.00, 1984, Congressman Robert Edgar.
5. Grandparents names: None.
6. Brothers and spouses names: None.
7. Sisters and spouses names: None.

Richard W. Murphy, of Maryland, a career member of the Senior Foreign Service, class of Career Minister, for the personal rank of Career Ambassador in recognition of especially distinguished service over a sustained period.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Robert L. Thompson, an Assistant Secretary of Agriculture, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for a term of three years; and

George D. Gould, of New York, to be Under Secretary of the Treasury.

(The above nominations were reported from the Committee on Banking, Housing, and Urban Affairs with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATCH (for himself, Mr. KENNEDY, Mr. THURMOND, Mrs. HAWKINS, Mr. LAUTENBERG, Mr. BRADLEY, Mr. QUAYLE, and Mr. DODD):

S. 1848. A bill to amend the Federal Food, Drug, and Cosmetic Act to establish conditions for the export of drugs; to the Committee on Labor and Human Resources.

By Mr. MELCHER (for himself, Mr. ABDNOR, Mr. SASSER, Mr. BAUCUS, and Mr. STENNIS):

S. 1849. A bill to protect consumers and franchised automobile dealers from unfair price discrimination in the sale by the manufacturer of new motor vehicles, and for other purposes; to the Committee on the Judiciary.

By Mr. SIMON:

S. 1850. A bill to amend section 14 of the Securities Exchange Act of 1934; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HELMS (for himself and Mr. ZORINSKY):

S. 1851. A bill to extend temporarily the dairy price support program and certain food stamp program provisions, and for other purposes; considered and passed.

By Mr. GRAMM:

S.J. Res. 237. A joint resolution to designate the month of January 1986 as "United States Savings Bonds Month;" to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE (for himself, Mr. BYRD, Mr. LUGAR, Mr. PELL, Mr. GOLDWATER, Mr. NUNN, Mr. STEVENS, Mr. KENNEDY, Mr. WARNER, Mr. HOLLINGS, Mr. THURMOND, Mr. EXON, Mr. NICKLES, Mr. DECONCINI, Mr. SIMPSON, Mr. BOREN, Mr. DOMENICI, Mr. ROTH, Mr. GORTON, Mr. DURENBERGER, Mr. GRASSLEY, Mr. DENTON, Mr. LEAHY, Mr. MATSUNAGA, Mr. WEICKER, and Mr. CHAFEE):

S. Res. 257. A resolution relating to the Summit Meeting at Geneva, Switzerland, between President Ronald Reagan and General Secretary Mikhail Gorbachev, November 19–20, 1985; considered and agreed to.

By Mr. LUGAR, from the Committee on Foreign Relations:

S. Con. Res. 87. An original concurrent resolution expressing the sense of the Congress with respect to the restoration of democracy in the Philippines; placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATCH (for himself, Mr. KENNEDY, Mr. QUAYLE, Mr. THURMOND, Mrs. HAWKINS, Mr. DODD, Mr. BRADLEY, and Mr. LAUTENBERG):

S. 1848. A bill to amend the Federal Food, Drug, and Cosmetic Act to establish conditions for the export of drugs; to the Committee on Human Resources.

PHARMACEUTICAL EXPORT AMENDMENTS

Mr. HATCH. Mr. President, I am introducing today the pharmaceutical export amendments of 1985. This bill is the culmination of years of examination, review, and negotiation over the current misguided U.S. policy of banning the export of drugs not yet approved by the Food and Drug Administration. It replaces an earlier version of the same name, S. 1770, which I introduced on October 17, 1985.

The comments I made on that occasion indicate both the pointlessness of current law and the solid case for partially lifting that restriction under numerous safeguards designed to increase the protection of foreign consumers. I refer to those earlier comments for a fuller statement of the bill's rationale.

As I pointed out then, S. 1770 incorporated new features, chiefly a ban on export to undeveloped countries, which made it more restrictive than its predecessor, S. 2878, from the 98th Congress. These features were adopted to further meet concerns concerned about the marketing of drugs in Third World countries. These concerns were argued most forcefully by Senator EDWARD KENNEDY, the ranking minority member on the Labor and Human Resources Committee. Since the introduction of S. 1770, I have had additional discussions with Senator KENNEDY, resulting in further accommodations which appear in the bill I am introducing today. As a result, I am very pleased that Senator KENNEDY is joining me in cosponsoring the bill.

Among these new safeguards are a requirement that export to second-tier countries cease if any of the first-tier countries disapproves or bans the drug, a requirement that the exporter enter into an agreement with the importer that the latter will not ship the drug to countries not authorized under the bill, a grant of authority to the Secretary to stop export to a country at any time if he finds the drug poses an imminent hazard to the public health of that country, additional qualifications for foreign agencies relating to the ability to detect and record serious problems with marketed drugs, and studies by the General Accounting Office and the National Academy of Sciences monitoring various aspects of the bill's operation and impact. There are numerous other substantive changes as well.

I have also worked hard with the pharmaceutical industry, to ensure that the bill not make future investment decisions so uncertain and risky that the new shipment authority would not be used the United States would continue to see a needless hemorrhage of jobs, capital, and technology overseas. While the bill is perhaps more encumbered than I might think necessary, it is a good, rational bill which I believe will be workable. Unquestionably it is a vast improvement over our current law.

As I have mentioned before, when implemented this bill will increase our exports by some $400 to $500 million per year and add to your economy 8,000 to 10,000 jobs, jobs which otherwise will be located overseas. It will accomplish this without increasing the health risk to foreign consumers, without erecting trade barriers that invite retaliation by our trading partners, without costing the taxpayer money

for subsidies, and without raising the domestic price of pharmaceuticals.

With Senator KENNEDY's support, and that of the other cosponsors, Senators QUAYLE, THURMOND, HAWKINS, DODD, BRADLEY, and LAUTENBERG, I intend to move the bill as expeditiously as possible.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1848

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Pharmaceutical Export Amendments of 1985".

SEC. 2. (a) The Congress finds that—

(1) the development and international distribution of safe and effective pharmaceutical products by United States-based firms promotes world health and is important to the national economy;

(2) the policy governing worldwide distribution of pharmaceutical products manufactured in the United States should promote the public health;

(3) the full public health benefits that could be afforded by new drugs manufactured in the United States are at times unnecessarily limited by the export restrictions which exist under United States law;

(4) the current law of the United States does not permit the export of such drugs prior to approval in the United States;

(5) there are other developed countries which have sophisticated health regulatory authorities which protect the health and safety of their citizens;

(6) many new drugs developed by United States pharmaceutical companies are approved for marketing in such foreign countries prior to approval in the United States;

(7) the inability to export such drugs to countries which have adequate regulatory authorities especially hinders the international competitiveness of smaller United States firms and firms in the biotechnology field from entering foreign markets directly, and often such entrance is only possible through technology licensing agreements with foreign competitor manufacturers;

(8) it is appropriate to permit the export of new drugs to such countries in which they are approved under circumstances that protect against harm to the health or safety of citizens in the importing country;

(9) the inability to export drugs approved abroad discourages investment in the United States, results in the loss of employment opportunities in this country, and erodes the favorable balance of trade in pharmaceuticals; and

(10) it is appropriate to provide sufficient safeguards to ensure that drugs so exported are not diverted to countries that may not have adequate drug regulatory authorities.

(b) The purposes of this Act are—

(1) to permit the shipment of new drugs prior to approval in the United States only to certain developed countries that meet certain specified regulatory standards;

(2) to protect against the diversion of such drugs to countries that do not have highly sophisticated health regulatory authorities;

(3) to encourage the development and availability of drugs to treat diseases or health conditions which are rare in the United States;

(4) to encourage new capital investment, the creation of new job opportunities in the United States, and maintain the favorable trade balance in pharmaceuticals; and

(5) to enable the United States biotechnology industry to enter foreign markets to the extent permitted by foreign law without licensing their technology to foreign firms.

SEC. 3. Section 801 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381) is amended by adding at the end thereof the following new subsection:

"(e)(1)(A) A drug (including a biological product) intended for human or animal use which—

"(i) requires approval by the Secretary under section 505 or section 512, or

"(ii) requires licensing by the Secretary under section 351 of the Public Health Service Act or by the Secretary of Agriculture under the Act of March 4, 1913 (known as the Virus Serum Toxin Act),

before it may be shipped in interstate commerce to a country and which does not have such approval or license shall be deemed misbranded, adulterated, and in violation of such sections or Acts unless the drug is shipped by a person only to a country described in paragraph (2) and if the drug meets the requirements of paragraphs (1)(B) and (3).

"(B) If a drug (including a biological product) described in subparagraph (A) that is manufactured, processed, packaged, or held in conformity with current good manufacturing practice and not adulterated under section 501 (a)(1), (a)(2)(A), (a)(3), (c) or (d) is shipped by a person to a country in accordance with this subsection, such drug shall not be considered to be in violation of section 505 or 512, section 351 of the Public Health Service Act, or the Act of March 4, 1913 (known as the Virus Serum Toxic Act), and shall not be deemed to be adulterated or misbranded for purposes of this Act.

"(2)(A) A drug described in paragraph (1) may be shipped to—

"(i) a developed country which is on the list established by the Secretary and which has an adequate governmental health authority to approve drugs including—

"(I) regulatory procedures to assure adequate scientific review of the animal and clincial studies relating to the safety and effectiveness of drugs before drugs are approved for marketing;

"(II) regulator procedures to assure that labeling information provided in such country to physicians, pharmacists and patients is accurate and conforms with the laws of such country;

"(III) regulatory procedures to detect and to record serious problems with respect to the safety of the drug, including adverse drug reactions; and

"(IV) procedures and trained personnel to administer and to enforce the policies of that authority including the capability to remove or cause to be removed from the market drugs which present a serious safety problem in such country; or

"(ii) a developed country which is on the list established by the Secretary and which has adequate governmental health authority—

"(I) to assure that labeling information provided in such country to physicians, pharmacists and patient accurately reflects and is consistent with the labeling for the drug approved or licensed by a country on the list established by the Secretary under clause (i);

"(II) to detect and to record serious problems with respect to the safety of the drug, including adverse drug reactions; and

"(III) which has procedures and personnel sufficient to administer and to enforce the policies of that authority including the capability to remove or cause to be removed from the market drugs which present a serious safety problem in such country; or

"(iii) a country which is not included on the list established by the Secretary in clause (i) or (ii) if the Secretary determines that, on the basis of scientific evidence including clinical investigations, the shipment of such drug to such country is justified to promote the public health in such country because of diseases (such as tropical diseases) or particular health conditions in such country which do not exist to a significant extent in the United States.

"(B) Within 90 days after the date of enactment of this subsection, the Secretary shall establish the lists of countries required by clauses (i) and (ii) of subparagraph (A).

"(C) The Secretary shall periodically revise the lists of countries established under clauses (i) and (ii) of subparagraph (A).

"(D) In establishing and revising the lists of countries under clauses (i) and (ii) of subparagraph (A), the Secretary—

"(i) shall consult with independent experts in the field of drug regulation; and

"(ii) shall provide reasonable opportunity for public comment before such lists are established or revised.

"(3) A drug described in paragraph (1) may be shipped by a person to a country on a list established under clause (i) or (ii) of paragraph (2)(A) or a country described in clause (iii) of such paragraph only if—

"(A) the drug meets the requirements of subparagraphs (A) through (D) of subsection (d)(1);

"(B) the drug is not the subject of final action by the Secretary or the Secretary of Agriculture denying, withdrawing, or suspending approval or licensing or otherwise banning the drug on the basis of safety and effectivenes;

"(C) the drug is not the subject of a notice by the Secretary or Secretary of Agriculture of a determination that the manufacture of the drug in the United States for shipment to a country is contrary to the public health and safety in the United States;

"(D) in the case of a drug to be shipped to a country on the list established under clause (ii) of paragraph (2)(A) or a country described in clause (iii) of such paragraph, the drug (or drug containing the same active ingredient or ingredients) is the subject of—

"(i) a current application for exemption for investigational use from the approval or licensing requirements described in paragraph (1)(A);

"(ii) an application for approval or licensing as described in paragraph (1)(A); or

"(iii) a current drug master file containing all safety information required to be included in an application for an exemption for investigational use from the approval or licensing requirements described in paragraph (1)(A);

"(E) in the case of a drug to be shipped to a developed country on the list established under clause (ii) of paragraph (2)(A)—

"(i) the drug has been approved or licensed by a country included on the list established under paragraph (2)(A)(i);

"(ii) the labeling of the drug accurately reflects and is consistent with the labeling for such drug approved or licensed by a

country on the list established under paragraph (2)(A)(i);

"(iii) the labeling is in an appropriate language for the importing country; and

"(iv) the drug is not the subject of an action by a governmental health authority in a country on a list established under clause (i) of paragraph (2)(A) denying or withdrawing approval or licensing or otherwise banning the drug on the basis of safety;

"(F) the person seeking to ship the drug has complied with paragraph (4) with respect to such drug; and

"(G) the outside of the shipping package is labeled to state 'This drug may be sold or offered for sale only in the following countries:' and is followed by a list of the countries to which shipment is authorized under this subsection.

"(4)(A) A person seeking to ship a drug pursuant to this subsection shall submit to the Secretary or the Secretary of Agriculture, at least ninety days prior to the date of the first shipment of the drug, a notice of intent to ship such drug. Within fifteen days of receipt of such notice of intent to ship, the Secretary or Secretary of Agriculture shall publish in the Federal Register a notice which shall identify the drug to be shipped and state the country or countries to which the drug will be shipped.

"(B) A person who has met the requirements of this subsection with respect to a drug including submitted a notice under subparagraph (A) and who seeks to ship such drug to a country on the list established under paragraph (2)(A)(i), which country was not included in the notice submitted under subparagraph (A), shall submit to the Secretary or Secretary of Agriculture, at least 14 days prior to the date of the first shipment of the drug to that country, a notice of intent to ship.

"(C) A person who has met the requirements of this subsection with respect to a drug and who seeks to ship such drug to a country on the list established under paragraph (2)(A)(ii) for which he has not submitted a notice shall submit to the Secretary or Secretary of Agriculture, at least 30 days prior to the date of the first shipment of the drug to that country, a notice of intent to ship. Within fifteen days of receipt of such notice of intent to ship, the Secretary or Secretary of Agriculture shall publish in the Federal Register a notice which shall identify the drug to be shipped and state the country to which the drug will be shipped.

"(D) The notice of intent to ship submitted to the Secretary or Secretary of Agriculture shall—

"(i) identify the drug to be shipped.

"(ii) identify the establishment where the drug has been or will be manufactured;

"(iii) identify the country or countries to which such person will ship the drug;

"(iv) in the case of a drug to be shipped to a country on the list established under paragraph (2)(A)(ii), include a copy of the labeling described in paragraph (3)(E)(ii);

"(v) include, to the extent not in conflict with the laws of the foreign country to which the drug is intended for export, a written agreement from each importer to whom the drug is to be shipped from the United States that such importer will not ship the drug to a country to which the drug may not be shipped under the requirements of paragraph (2)(A) unless prior written consent to the contrary has been obtained from the Secretary or the Secretary of Agriculture; and

"(vi) include assurances that, to the extent not otherwise required under this Act, reports of serious adverse drug reactions known to the person shipping the drug from the United States shall be transmitted promptly to the Secretary for inclusion in a drug master file.

The written agreement required under clause (v) shall be renewed annually or upon the next shipment if such shipment occurs later than one year from the date of the first agreement submitted under this paragraph.

"(5)(A) Within 60 days after a person submits a notice with respect to a drug under paragraph (4)(A), the Secretary or the Secretary of Agriculture may determine that a proposed shipment of a drug does not comply with all the requirements of paragraphs (1) to (4) of this subsection. If the Secretary or the Secretary of Agriculture makes such a determination, the Secretary or the Secretary of Agriculture shall, at the time of such determination, provide such person with a written statement specifying—

"(i) the deficiencies which such person must correct in order to enable such shipment to comply with such requirements; and

"(ii) that such person has a reasonable opportunity to correct such deficiencies within 60 days after receiving such statement.

"(B) If a person who has received a statement under subparagraph (A) does not correct the deficiencies specified in such statement within 60 days after receiving such statement, the Secretary or the Secretary of Agriculture may issue an order stating that the shipment of a drug with respect to which such statement was made does not comply with all the requirements of this subsection and prohibiting such shipment.

"(6)(A) Except as provided in subparagraphs (B) and (C), at any time after the shipment of a drug to a country is permitted under this subsection, the Secretary or the Secretary of Agriculture may determine that such shipment is unlawful because such shipment does not comply with any requirement of paragraph (3), and may issue an order to prohibit such shipment.

"(B) If, at any time after the shipment of a drug to a country is permitted under this subsection, the Secretary or the Secretary of Agriculture determines that such shipment does not comply with subparagraph (A) of pargraph (3) or subparagraphs (C) through (F) of such paragraph, the Secretary or the Secretary of Agriculture shall, prior to issuing an order with respect to such shipment under subparagraph (A) of this paragraph, provide the person who submitted the notice under paragraph (4) with respect to such shipment with a written statement which—

"(i) specifies such determination; and

"(ii) states that such person may, within 30 days after receiving such statement, take such action as the Secretary or the Secretary of Agriculture determines necessary to comply with the requirements of subparagraph (A), (C), (D), (E), or (F) of paragraph (3), as the case may be, in order to permit the shipment of such drug.

"(C) If the Secretary or the Secretary of Agriculture determines that the person who receives a statement under subparagraph (B) does not take the action required by the Secretary or the Secretary of Agriculture under clause (ii) of such subparagraph, or that such person takes an action which is inadequate to comply with the requirements of subparagraph (A), (C), (D), (E), or (F) of paragraph (3), as the case may be, the Secretary or the Secretary of Agriculture shall issue an order under subparagraph (A) with respect to such drug. Any such order shall be accompanied by a written statement—

"(i) specifying each requirement of paragraph (3) which has not been complied with relating to such shipment; and

"(ii) stating that the person who is the subject of such order will be provided, on request, with an opportunity for an informal hearing with respect to such order.

"(7) The Secertary, or in his absence the officer acting as Secretary, may prohibit the shipping of a drug to a country or countries authorized under this subsection if the drug has been determined by the Secretary or the Secretary of Agriculture to present an imminent hazard to the public health in such country or countries. The authority conferred by this paragraph shall not be delegated by the Secretary. A determination by the Secretary or the Secretary of Agriculture under this paragraph shall not be stayed pending final action by a reviewing court.

"(8)(A) If at any time the Secretary, or in his absence the officer acting as Secretary, determines that a person is shipping a drug from the United States to an importer which importer is shipping the drug to a country to which shipment is not authorized and that such shipment presents an imminent hazard to public health in the unauthorized country, then the Secretary shall immediately prohibit the shipping of the drug to such importer, give the person shipping the drug from the United States prompt notice of the determination, and afford such person an opportunity for an expedited hearing.

"(B) If the Secretary, or in his absence the officer acting as Secretary, receives credible evidence that a drug shipped to a country authorized under paragraph (2)(A) has been or is being shipped to a country not authorized under paragraph (2)(A) and if, upon investigation, the Secretary determines that there is a reasonable basis to believe that such drug has been so shipped, then the Secretary shall immediately—

(1) notify the government of the countries involved; and

(2) notify any person shipping the drug from the United States of the shipment of the drug to a country to which shipment is not authorized.

"(C) Any person receiving the notification under subparagraph (B) shall investigate the matter and report to the Secretary within fourteen days his findings, if any, regarding the source and cause of the shipment of the drug to a country to which shipment is not authorized and the steps the person is taking to remedy any noncompliance with the terms of the importer agreement required under paragraph (4)(E)(v).

"(D) If, sixty days after receiving the findings under subparagraph (C), the Secretary, or in his absence the officer acting as Secretary, determines that despite the efforts taken under subparagraph (C), the person who imported the drug from the United States is continuing to ship the drug to a country to which shipment is not authorized, then the Secretary shall prohibit the shipping of the drug to such importer.

"(E) If—

"(1) the person shipping the drug from the United States has been notified under subparagraph (A) that it presents an imminent hazard, such person continues to ship

such drug from the United States to a prohibited importer, or

"(2) sixty days after the Secretary receives the findings under subparagraph (C), a person continues to ship a drug from the United States to an importer knowing that the importer is continuing to ship the drug to a country to which shipment is not authorized,

then the drug shall be deemed to be misbranded and shall not be shipped unless prior written consent to the contrary has been obtained from the Secretary or the Secretary of Agriculture.

"(F) The authority conferred by this paragraph shall not be delegated by the Secretary.".

SEC. 4. The list of countries initially established by the Secretary of Health and Human Services under section 801(e)(2)(A)(i) of the Federal Food, Drug, and Cosmetic Act (as added by section 2 of this Act) shall include the following countries unless the Secretary determines that a country should not be included on such list because the country does not have an adequate health authority to approve drugs:

a) Australia
b) Austria
c) Belgium
d) Canada
e) Denmark
f) Federal Republic of Germany
g) Finland
h) France
i) Japan
j) The Netherlands
k) New Zealand
l) Norway
m) Sweden
n) Switzerland
o) The United Kingdom

SEC. 5. (a) Within three years of the date of enactment of the Pharmaceutical Export Amendents of 1985 and every two years thereafter, the Comptroller General shall complete a study of and transmit to the Congress and to the Secretary of Health and Human Service his findings and recommendations on:

(1) the extent to which drugs shipped under the Pharmaceutical Export Amendments of 1985 are introduced into countries not authorized to receive such drugs by such law, and the effect of such shipment, if any, on the health of the population of such country; and

(2) the extent to which labeling of drugs shipped under such law to countries included on the list established under section 801(e)(2)(A)(ii) of the Federal Food, Drug, and Cosmetic Act is consistent with the labeling for such drugs approved or licensed by countries on the list established under section 801(e)(2)(A)(i) of such Act.

(b) The Secretary of Health and Human Services shall enter into a contract with the National Academy of Sciences whereby the latter will undertake a study of—

(1) the economic impact of the Pharmaceutical Export Amendments of 1985 on employment, capital investment, and trade; and

(2) the effect upon international health of the Pharmaceutical Export Amendments of 1985.

The Academy shall transmit its findings to the Congress within 5 years of the date of enactment.

SEC. 6. (a) Section 526(a)(2) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360bb(a)(2) is amended by inserting "(including a disease or condition prevalent in a developing country)" after "any disease or condition".

(b) Section 5(b)(2) of the Orphan Drug Act (21 U.S.C. 360ee(b)(2)) is amended by inserting "(including a disease or condition prevalent in a developing country)" after "any disease or condition".

Mr. QUAYLE. Mr. President, I am pleased to be joining my distinguished colleague, Senator HATCH, in cosponsoring the Pharmaceutical Export amendments of 1985, legislation designed to reform our Nation's troublesome policy on drug exports.

Currently, our laws impose an absolute ban on the export of all drugs manufactured in the United States unless they have been approved by the Food and Drug Administration. This prohibition stands in instances where the drug has been legally approved in the importing country. This restriction is unique. Our laws do not treat any other substances in such a manner, including antibiotics, vaccines, and hazardous chemicals. In all cases except for drugs not approved for sale in the United States, our longstanding policy has been to allow export from this country if the substance in question can be legally marketed in the importing country. It is worth noting that our restriction on drug exports is unique when compared to the policies of all other nations as well as international policy on the subject. No other country has such a restriction; moreover, it is the policy of the United Nations that all countries should have access to the full range of pharmaceuticals and that the responsibility for protecting consumers lies with the country of import.

S. 1848 would have the effect of eliminating our restrictive policy on drugs by permitting their export in specific instances with certain very important safeguards. This bill alters section 801 of the Federal Food, Drug, and Cosmetic Act, which relates to the effect of that statute on the export of drugs not approved for use in the United States. Specifically, such exports would be permitted to three categories of countries:

First, developed countries which the Secretary has determined have drug approval systems comparable to that of the Food and Drug Administration. The bill lists the following countries for inclusion on this list: Australia, Austria, Belgium, Canada, Denmark, Germany, France, Finland, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, and the United Kingdom. The Secretary has the authority to delete from or add to this list.

Second, other developed countries with a health authority adequate to assure that labeling information provided to physicians, pharmacists, and patients is consistent with the labeling of the drug. This health authority would also have to be adequate to detect and record serious problems with respect to the safety of this drug.

Third, countries not listed in No. 1 or No. 2 if the Secretary determines that shipment of the drug is justified to treat a disease or condition in the importing country which does not exist to a significant extent in the United States.

Further the bill provides that such an unapproved drug may be shipped if it meets an extensive list of important conditions.

The issue involved in this legislation is not whether drugs not approved by the Food and Drug Administration will reach foreign markets. We all know that such drugs may be produced and distributed abroad. The question is whether or not the U.S. economy will be able to reap the benefits involved. I am hopeful that we can all work together to enact this legislation that will work toward keeping the economic benefits of U.S. research and technology—the jobs, the plants, and tax base—at home.

Many of us have risen on the Senate floor in recent weeks to deplore our trade policies and problems. I believe that this bill represents a positive and an aggressive step in our trade policy that we can all support because it gains us access to markets overseas instead of building up protectionist barriers.

Moreover, as we consider reform of our drug export laws, it is vitally important to remember that time and technology have not stood still. While the United States still retains the lead in pharmaceutical development, this lead is not as secure as it once was. It is important to work to retain our competitive edge and I believe a reform of our drug export laws will help us do this.

Mr. KENNEDY. Mr. President, I am pleased to join with Senator HATCH and other Members of the Senate in introducing the Pharmaceutical Export Amendments of 1985. The legislation removes the arbitrary restrictions in current law that prevent peoples in other lands from obtaining access to life-saving pharmaceuticals produced in the United States. At the same time, the bill creates a strict new system of controls and penalties for drug exports that violate the purpose of the act.

I urge my colleagues, in considering this measure, to balance the new system that would be created by this legislation against the regime that exists today. The test is whether this measure represents a step forward—or backward—compared to the present system. In my view, it will be a major step forward that offers the real potential for easing the heavy burden of illness in many nations in desperate need of the benefits that American medicine can bring.

Obviously, this bill has engendered substantial controversy because of the fundamental changes it makes in the longstanding American regulatory practice which forbids the export of any drugs that are not yet approved by the FDA for use in the United States. I believe that the current standard is far too restrictive, and that countless lives are being needlessly lost to disease in other nations because of the strict rules that now apply. Again, the test is whether the situation under this legislation will produce a safer environment than currently exists. I believe it will, since many nations currently resort to the unrestricted international market to obtain drugs they cannot get in the United States.

We have worked long and hard to guarantee that any exports of U.S. drugs will be governed by the overriding need to improve public health. We do not propose to recreate the U.S. regulatory system overseas. Rather, our approach has been to create a safer overall environment for the worldwide distribution of needed pharmaceuticals.

The legislation has been carefully tailored to safeguard the quality and proper use of U.S. pharmaceuticals sold overseas, and to assure the safe delivery of these products to populations where they are needed. In this regard, this bill contains many improvements over the similar measure, S. 1770, introduced earlier this year.

It protects against the dangerous and unethical practice of some unscrupulous companies in dumping inferior products in lesser developed countries. For example, the bill makes it illegal to export adulterated or contaminated drugs, and requires companies to comply with FDA regulations for manufacturing, processing, packing, and storing drugs that are applicable to products sold in this country. Indeed, these new quality controls for exports will be more stringent than the existing requirements for exporting approved drugs.

It still requires all exported pharmaceuticals to be tested and approved by appropriate agencies in other countries.

It encourages U.S. companies to respond to serious health needs of Third World countries, whose populations suffer from tropical diseases and other health conditions rarely found in the United States. Drugs to treat such diseases are unlikely to have received FDA approval for use in the United States, since it is often uneconomical for firms to pursue the costly regulatory process.

It contains specific provisions to prevent diversion of pharmaceutical shipments to countries where export should not be permitted for health and safety reasons. Before an export is permitted, a company must have a written agreement with its foreign importer, prohibiting the reexport of the drug. The packaging of drug exports must clearly list the specific countries where sale is legal. If diversion occurs, and creates an imminent hazard to public health in any country. The FDA is authorized to halt further exports of the drug.

It requires the FDA to notify the countries and firms involved of any illegal diversion. The U.S. company must promptly investigate the diversion, report its findings to FDA, and enforce its agreements with the importer to stop the illegal shipments. Any company knowingly diverting drugs is subject to strict civil and criminal penalties, and is barred from exporting the drug to any country.

Regular GAO reports will determine whether these reexport controls are effective or need to be strengthened. These reports will make it possible to evaluate whether the legislation is achieving its goal of promoting world health and maintaining America's longstanding leadership in supplying the world with safe and effective pharmaceuticals.

In sum, this bill achieves a long overdue reform of America's drug export laws, in accord with a sound and responsible approach to the overwhelming needs of international public health. It will have major significance for one of our country's newest and most promising industries—the biotechnology industry. The American pharmaceutical industry has brought untold blessings to the American people, and it should not be denied the opportunity, under the best safeguards we can develop to make these blessings more widely available to the sick and needy in other lands.

● Mr. LAUTENBERG. Mr. President, I am pleased to join my colleagues, Senators HATCH and KENNEDY and others, in cosponsoring the Pharmaceutical Export Amendments of 1985. This bill is the product of long negotiations. The result is a bill which will establish a fair and safe procedure for the export of drugs which have not yet been approved by the Food and Drug Administration.

Every month it seems that the red ink on our balance of trade ledger grows larger. This country is falling behind in the value of goods being exported, relative to the value of goods which are being imported. The reasons for this negative balance of trade are complex, but part of the solution is fairly clear: we must increase our exports.

The pharmaceutical industry in this country is one of our most vital and innovative. It offers excellent prospects for increased exports. The companies are eager to serve overseas markets. These companies are sometimes prevented from taking advantage of opportunities to produce a pharmaceutical product in this country and ship it to another country. If a product has not been approved by the Food and Drug Administration for sale in this country, then the law does not permit the export of this product, even to countries in which it has been approved.

The result of this prohibition on exports is that U.S. companies must either forego the sale of the product which has not been approved in this country, or manufacture it outside the United States, either directly or through licensing agreements. Whatever the choice, opportunities for economic growth are lost.

Every country has the responsibility to determine the best procedures for protecting its citizens and assuring the safety and efficacy of pharmaceutical products sold within its borders. The approval process in each country is different. The FDA can take as long as 2 years or more to give the go ahead to a new drug than equivalent overseas agencies. The bill being introduced today would make it possible for U.S. firms to export drugs, which have been approved in other countries, before they have been approved in the United States. The bill includes strong safeguards against misuse of this new authority.

Mr. President, the provisions in this bill which protect against unauthorized export or re-export of drugs address the concerns expressed in the past by critics of the export of drugs not approved by the FDA. In the past, I have called for adequate precautions to assure that no harmful or unsafe drugs would be sent to countries without their own strong safeguards. This bill addresses the need for safeguards.

Under this bill, a drug not approved by the FDA could be shipped to foreign countries by a U.S. manufacturer if it had been approved by a health authority in 1 of 15 nations which meet certain standards. Additional countries could be added to this list. A second category of countries meeting lesser standards could also receive U.S. drug exports, under certain circumstances. Countries which do not have health authorities meeting the standards called for in the bill could receive exports of drugs to be used to treat diseases or health conditions not usually found in this country.

In contrast to earlier proposals to allow export of unapproved drugs, this bill imposes tight restrictions on shipments to countries without strong health regulatory agencies. Exporting companies will have to sign agreements with importers certifying that such drugs will not be re-exported to a country to which it could not be shipped directly. The manufacturer would have a responsibility for enforcing the agreement. The bill also contains provisions allowing exports to be

stopped if the drug presents an imminent health hazard to the importing country.

My own State of New Jersey is home to pharmaceutical companies which have invested in research, and produced lifesaving products. They are eager to serve overseas markets. This bill will enable them to keep facilities and technology in this country. It strikes a fair balance between the needs of a growing industry that seeks to compete in world markets and concerns for protection of public health around the world. I commend those who have worked on drafting this bill and urge my colleagues to support it.●

By Mr. MELCHER (for himself, Mr. ABDNOR, Mr. SASSER, Mr. BAUCUS, and Mr. STENNIS):

S. 1849. A bill to protect consumers and franchised automobile dealers from unfair price discrimination in the sale by the manufacturer of new motor vehicles, and for other purposes; to the Committee on the Judiciary.

FLEET SUBSIDY LEGISLATION

● Mr. MELCHER. Mr. President, I am today introducing for myself, Senator ABDNOR, Senator SASSER, Senator BAUCUS, and Senator STENNIS, a bill which I also introduced during the last Congress with the intent of focusing attention on some of the current practices of domestic automobile manufacturers. It is our belief that these practices, known as fleet subsidies, potentially create a situation that is unfair both to automobile consumers and to automobile dealers as well.

During the past several years, sales to leasing companies and other fleets by domestic manufacturers have steadily increased and today over 1.25 million cars are sold to fleet companies annually. On a great number of these cars, the manufacturers gave subsidies to the fleets of between $500 and $1,000 below the price at which a franchised dealer could buy the car. These subsidies take many forms including direct rebates, free options, cash discounts, and advertising payments. If the total subsidies amount to hundreds of millions of dollars, as many estimates indicate, a serious question arises as to whether the automobile consumers of this Nation are footing the bill.

Equally important, the subsidies, in their present form, also threaten the existing dealer franchise system. Because of the subsidies, large leasing companies easily underbid the dealers in sales and leases to other businesses which have fleets in their business operations. The dealer is put at a competitive disadvantage not only because of the difference in the vehicle purchase price, but again when he meets the subsidized vehicle in the used care market. Many leasing companies frequently find themselves overstocked by hundreds of vehicles. When this happens, they sell the cars as new vehicles or keep the cars only 2 or 3 months and sell them as very low-mileage used cars. Both of these transactions compete directly with the small business dealer's new car market.

The result is not good for consumers or small business dealers. As the percentage of subsidies given fleet buyers by the manufacturers rises, the effect on automobile and truck dealers increases. The consumer, ultimately, pays the price. The most immediate effect is that individual consumers pay a higher price for the new cars they buy. The more long-term effect is that many dealers, especially small dealers in rural areas, will be driven out of business because they cannot compete with the large leasing companies and fleets which buy cars at a substantialy lower price than the dealer can buy the car. As these dealers are driven out of business, individual consumers will be forced to drive many more miles to obtain warranty and other service work. This, in many cases, will require the individual to rent a car while his car is being repaired. The result is not only a great inconvenience for the individual, but a cost burden as well.

We believe that the legislation that we propose will protect the small franchised dealer from unfair price discrimination by the manufacturer of new cars and trucks, and would save the consumers of this Nation hundreds of millions of dollars.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1849

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DEFINITIONS

SEC. 101. As used in this Act—

(1) The term "automobile" means any vehicle which has a gross vehicle weight of less than ten thousand pounds and which—

(A) has four or more wheels;

(B) is propelled by fuel; and

(C) is manufactured primarily for use on public streets, roads, and highways.

(2) The term "truck" means any vehicle which has a gross vehicle weight of ten thousand pounds or more and which—

(A) has four or more wheels;

(B) is propelled by fuel; and

(C) is manufactured primarily for use on public streets, roads, and highways.

(3) The term "manufacturer" means—

(A) any person who manufactures, assembles, or imports new automobiles or new trucks; and

(B) any person primarily engaged in the sale or distribution of new automobiles or trucks for resale.

Such term includes any person (other than an automobile or truck dealer) owned or controlled (directly or indirectly) by a person who manufactures, assembles, or imports automobiles or trucks.

(4) The term "dealer" mean any person resident or located in the United States or any Territory thereof or in the District of Columbia operating under the terms of a franchised and primarily engaged in the sale or distribution of new automobiles or trucks to ultimate purchaser.

(5) The term "franchise" means the written agreement or contract between a manufacturer and a dealer which purports to fix the legal rights and liabilities of the parties to such agreement or contract and which gives the dealer the right to use the trademark, trademarks, trade name or trade names of the manufacturer in connection with the sale or service of new automobiles or trucks.

(6) The term "ultimate purchaser" means, with respect to any new automobile or truck, the first person who purchases or lease such new automobile or truck for purposes other than resale.

(7) The term "sales period" means any period of time during which a new automobile or new truck is sold or leased, or offered for sale or lease, by the manufacturer at a certain price.

(8) The term "price" means the amount paid, or to be paid, to the manufacturer by the person purchasing or leasing a new automobile or new truck from the manufacturer. Such term also includes—

(A) any rebate, discount, refund, promotional service, additional equipment, or any other inducement or benefit provided directly or indirectly by the manufacturer in connection with such sale or lease, and

(B) any rebate, discount, refund, promotional service, additional equipment, or any other inducement or benefit which is provided by the manufacturer to the ultimate purchaser of such automobile in connection with the purchase or lease by such ultimate purchaser of such automobile or truck.

Such term shall not include any amount which is separately stated in connection with the sale of an automobile or truck by the manufacturer to a purchaser in any State to the extent that such amount is attributable to any device or equipment installed in such automobile or truck for purposes of compliance with air pollution emission control requirements applicable in that State.

(9) The term "incentive" means—

(A) any rebate, discount, refund, promotional service, additional equipment, or any other inducement or benefit provided directly or indirectly by the manufacturer of a new automobile or new truck, and

(B) any rebate, discount, refund, promotional service, additional equipment, or any other inducement or benefit which is provided by the manfacturer to the ultimate purchaser of an automobile in connection with the purchase or lease by such ultimate purchaser of such automobile or truck

(10) The term "new automobile" or "new truck" means any automobile or truck which—

(A) has not been titled or registered by an ultimate user; and

(B) has not incurred any applicable sales, use, or transfer tax.

UNFAIR PRICE DISCRIMINATION

SEC. 102. (a) No manufacturer may sell or lease any new automobile or new truck in interstate commerce, or offer to sell or lease any new automobile or new truck in interstate commerce, to any person (including an automobile dealer) during any sales period at a price which is higher than the lowest price at which any other new automobile or

new truck of the same model, similarly equipped, is sold or leased, or offered for sale or lease, by the manufacturer during that sales period. Any new automobile or new truck offered for sale or lease with an incentive by a manufacturer shall be offered for sale to all ultimate purchasers.

(b) No manufacturer may offer any incentive in connection with the sale or lease in interstate commerce of any model of new automobile or new truck unless all dealers authorized by the manufacturer to sell that model have been notified, in advance, of such incentive and unless such incentive remains in effect for at least fourteen days.

EXCEPTIONS

SEC. 103. (a) Section 102 shall not apply to a sale or lease of, or an offer tr sell or lease, any new automobile or new truck to—

(1) a manufacturer;

(2) an employee of the manufacturer who is not an automobile or truck dealer,

(3) any department, agency, or instrumentality of the United States or of a State or local government, or

(4) the American Red Cross.

(5) an automobile or truck dealer for demonstration use or for use in a driver education program.

(b)(1) Section 102 shall not apply to any extension of credit by any person owned or controlled by manufacturer to an ultimate purchaser for the purchase of any new automobile or new truck if—

(A) such ultimate purchaser provides written certification to the manufacturer that he has not purchased more than five automobiles or trucks manufactured by such manufacturer during the preceding twelve months; or

(B) the terms on which such credit is extended are necessary to compete with credit available to such ultimate purchaser from any other source engaged in the business of extending credit.

(2) Section 102 shall not apply to any extension of credit by any person owned or controlled by a manufacturer to an automobile or truck dealer for purposes of inventory financing.

(c) No automobile or truck which is exempt from any provision of section 102 by reason of this section shall be taken in account in determining whether any other automobile or truck has been sold or leased or offered for sale or lease in violation of any provision of section 102.

ENFORCEMENT

SEC. 104. (a) Any person may bring an action against any manufacturer to require compliance with any requirement of this title. In any such action, the court may, in its discretion—

(1) issue such orders as may be necessary to require compliance with such requirement;

(2) award damages to plaintiff in an amount not to exceed two times the value of the manufacturer's incentive involved in the violation; or

(3) take action under both paragraphs (1) and (2). In determining the amount of any damages awarded under paragraph (2), the court shall take into account the number of automobiles or trucks sold in violation of this title and the amount by which the price at which such automobiles or trucks were sold is different from the price at which such automobiles or trucks would have been sold if sold in compliance with this title.

(b) Where appropriate, the court may award attorneys fees to a prevailing plaintiff in any action brought under this subsection.

(c) There may be only one recovery under subsection (a)(2) of this section with respect to any single violation of section 102.

(d) If an action is brought under subsection (a) and the dealer is not a dealer of the make of the vehicle involved in the violation, the dealer shall not be entitled to damages unless the dealer is adversely affected by such violation.

(e) An action under this subsection may be brought in any apppropriate United States district court.

ANTITRUST LAWS

SEC. 105. Nothing in this title shall repeal, modify, or otherwise affect the application of any provision of the anti-trust laws of the United States.

PREEMPTION OF STATE LAW

SEC. 106. No provision of this title shall be construed to preempt or supercede any provision of State law except to the extent that the provision of State law is inconsistent with a provision of this title.●

By Mr. SIMON:

S. 1850. A bill to amend section 14 of the Securities Exchange Act of 1934; to the Committee on Banking, Housing, and Urban Affairs.

TENDER OFFER REFORM

● Mr. SIMON. Mr. President, American business currently finds itself in what the Wall Street Journal recently called the "Golden Age of Restructuring." But is it really a golden age? Much of this restructuring is voluntary and undertaken only after long and careful planning. However, a significant portion of it is neither voluntary nor carefully considered. Forced and often harmful, this restructuring is caused by real or imagined hostile takeover attempts. We need to encourage healthy takeovers but discourage wasteful ones.

While some hostile takeovers may be beneficial, many are not. They force management to sacrifice long-term goals for short-term defensive maneuvering. They burden corporations with mountians of unproductive debt. They undermine our ability to compete in world markets. They disrupt communities and the lives of employees. Ultimately, they force some of our best and most talented corporate managers to waste time, money, and energy playing a game of corporate "demolition derby" when they should be concentrating on building better products and increasing productivity.

The hostile takeover game also erodes public confidence in our free market system. Tactics with colorful names—poison pill, greenmailing, golden parachute, scorched Earth defense—accurately convey the almost carnival-like atmosphere surrounding unfriendly takeovers. There is a growing perception among small investors that the game is limited to the big kids on the block—the professionals with vast amounts of data and inside contracts.

Indeed, if the game is not limited to professionals, they certainly seem to start with an unfair advantage. For example, let's look at Hanson Trust's recent hostile takeover attempt of the SCM Corp. Hanson initiated a second tender offer, then terminated its offer, and immediately began purchasing large blocks of shares in private transactions and on the open market. Hanson bought 25 percent of SCM's shares in 90 minutes, making an end-run around the Williams Act before most investors knew what hit them. It's no wonder that small shareholders see themselves as spectators in a contest over which they have absolutely no control.

Today, I am introducing a bill that confronts two of the most destructive aspects of hostile takeovers. These are "greenmailing," in which a handful of investors are bought out at a premium above market value, and "golden parachutes," in which the board of directors of a target firm votes excessive compensation to its key personnel when faced with a hostile takeover.

In a typical greenmail transaction a raider purchases a block of the company's stock and threatens or makes a hostile tender offer. Management, fearing a takeover, buys the block of stock back from the greenmailer at a premium well above market value. The raider walks away with a fortune. However, remaining shareholders do not receive the same high premiums. Instead, they watch helplessly as the corporations that they own add massive new debt to the balance sheet.

Examples of this legal but harmful practice are legion. In 1984 alone, corporations paid $1.76 billion to six investors to buy back their stock in order to prevent a possible takeover. These six investors received 38 percent of the $4.6 billion paid in stock repurchases paid last year. Moreover, the six received a premium of $266 million, which equaled 47 percent of the aggregate $564 million premium paid in stock repurchases last year. Each of these raiders made millions of easy dollars by taking advantage of the existing system. Lawyers and investment bankers made untold millions more in fees.

The greenmailing provision is simple, effective, and straightforward. It prevents a corporation from repurchasing its shares at a premium over market price from any person who owns more than 3 percent of a class of stock and has held that interest for less than 2 years. However, it authorizes a corporation to repurchase such stock when the shareholders of the company approve the transaction. It also makes an exception for offers of equal value made to all holders of shares of the same class. In this way, the bill permits persons with legitimate interests in taking over a corporation to do so. At the same time, it prevents a raider from putting a gun to a corporation's head and forcing it

to pay greenmail—at the expense of jobs, research and development, and long-term productivity.

When faced with a hostile bid, the top managers of a target company may vote themselves lavish settlements in the event that they are forced out. Clearly, some executive severance is valid and proper. For example, when it is used to attract and retain topflight personnel. However, other golden parachutes, particularly those adopted during the commencement of a tender offer, often represent abusive self-dealing on the part of management at a time of corporate vulnerability.

These golden parachutes have received much adverse and, in my opinion, well-deserved publicity. William Agee left Bendix with a $4.1 million golden parachute. The key executives of City Investing grossed $58 million in golden parachutes. In Chicago, the FDIC is suing four former corporate directors who received over $3 million in gold-plated severance before resigning.

Congress recently increased the tax bite on golden parachute payments. However, because a gray area exists between legitimate executive compensation and improper severance agreements, so far it has refused to set limits on this practice. My golden parachute bill permits legitimate executive severance but prevents corporate managers from damaging shareholder interests while serving their own. It prohibits the target company from amending executive compensation during a tender offer period beyond "routine compensation"—which the bill defines as 50 percent of the executive's previous annual salary. The bill also empowers the SEC to create exemptions, thereby establishing an additional layer of protection for legitimate corporate payments.

My bill will not end the abuses of the takeover game but it will make the rules fairer. It will prevent publicly traded companies for falling needlessly into debt. It will improve confidence in our Nation's securities markets. It will give our corporate managers the freedom they need to design strategies for the next century, not just next week. In short, it will help our corporations do what corporations are supposed to do—provide a sound return on shareholders' investments, create jobs, and allow our free enterprise system to do what it does best—maximize the benefits of individual initiative and creativity.●

ADDITIONAL COSPONSORS

S. 321

At the request of Mr. DECONCINI, the name of the Senator from New Hampshire [Mr. HUMPHREY] was added as a cosponsor of S. 321, a bill to amend the Internal Revenue Code of 1954 to implement a flat rate tax system.

S. 402

At the request of Mr. PRESSLER, the name of the Senator from Maine [Mr. MITCHELL] was added as a cosponsor of S. 402, a bill to amend the Communications Act of 1934 to provide for specialized equipment for telephone service to certain disabled persons.

S. 881

At the request of Mr. SASSER, his name was added as a cosponsor of S. 881, a bill to extend title X of the Public Health Service Act for 3 years

S. 1250

At the request of Mr. HEINZ, the name of the Senator from Florida [Mrs. HAWKINS] was added as a cosponsor of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1601

At the request of Mr. LEAHY, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 1601, a bill entitled the "Rural Transportation Equity Act of 1985."

S. 1613

At the request of Mr. KENNEDY, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 1613, a bill to amend title XVIII of the Social Security Act to provide for greater equity in the medicare program.

S. 1734

At the request of Mr. COCHRAN, the names of the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Pennsylvania [Mr. HEINZ], the Senator from New Hampshire [Mr. HUMPHREY], and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of S. 1734, a bill to prevent distortions in the reapportionment of the House of Representatives caused by the use of census population figures which include illegal aliens.

S. 1756

At the request of Mr. SIMON, the name of the Senator from Connecticut [Mr. WEICKER] was added as a cosponsor of S. 1756, a bill to authorize the President to present to Sargent Shriver, on behalf of the Congress, a specially struck medal.

S. 1778

At the request of Mr. BENTSEN, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of S. 1778, a bill to deny most-favored-nation trade treatment to any country that provides support for acts of terrorism.

S. 1843

At the request of Mr. KENNEDY, the names of the Senator from Tennessee [Mr. SASSER], and the Senator from Illinois [Mr. SIMON] were added as cosponsors of S. 1843, a bill to establish a commission to monitor and evaluate elections in the Philippines.

SENATE JOINT RESOLUTION 156

At the request of Mr. MURKOWSKI, the name of the Senator from Missouri [Mr. EAGLETON] was added as a cosponsor of Senate Joint Resolution 156, a joint resolution authorizing a memorial to be erected in the District of Columbia or its environs.

SENATE JOINT RESOLUTION 196

At the request of Mrs. HAWKINS, the name of the Senator from Vermont [Mr. STAFFORD] was added as a cosponsor of Senate Joint Resolution 196, a joint resolution designating September 22, 1986, as "American Business Women's Day."

SENATE JOINT RESOLUTION 205

At the request of Mr. MCCLURE, the names of the Senator from Arizona [Mr. DECONCINI], the Senator from Illinois [Mr. SIMON], and the Senator from South Dakota [Mr. ABDNOR] were added as cosponsors of Senate Joint Resolution 205, a joint resolution to designate March 21, 1986, as "National Energy Education Day."

SENATE JOINT RESOLUTION 217

At the request of Mr. HEINZ, the name of the Senator from North Dakota [Mr. ANDREWS] was added as a cosponsor of Senate Joint Resolution 217, a joint resolution to designate the week of December 2, 1985, to December 8, 1985 as "National Emergency Medical Air Transport Week."

SENATE CONCURRENT RESOLUTION 69

At the request of Mr. DANFORTH, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of Senate Concurrent Resolution 69, a concurrent resolution to recognize the National Camp Fire Organization for 75 years of service.

SENATE CONCURRENT RESOLUTION 78

At the request of Mr. BRADLEY, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of Senate Concurrent Resolution 78, a concurrent resolution in support of universal access to immunization by 1990 and accelerated efforts to eradicate childhood diseases.

SENATE CONCURRENT RESOLUTION 81

At the request of Mr. SIMON, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of Senate Concurrent Resolution 81, a concurrent resolution requesting the President to begin talks with the Government of the Soviet Union to establish a United States-Soviet Union Student Exchange for Peace Program.

AMENDMENT NO. 1002

At the request of Mr. KENNEDY, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of amendment No. 1002 proposed to S. 1730, an original bill to provide for reconciliation pursuant to

section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, 99th Congress).

AMENDMENT NO. 1007

At the request of Mr. ZORINSKY, his name was added as a cosponsor of amendment No. 1007 proposed to S. 1730, an original bill to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, 99th Congress).

SENATE CONCURRENT RESOLUTION 87—ORIGINAL CONCURRENT RESOLUTION REPORTED EXPRESSING THE SENSE OF CONGRESS WITH RESPECT TO THE RESTORATION OF DEMOCRACY IN THE PHILIPPINES

Mr. LUGAR, from the Committee on Foreign Relations, reported the following original resolution; which was placed on the calendar:

S. CON. RES. 87

Whereas the United States and the Republic of the Philippines have strong ties born of shared historical experiences and common interests;

Whereas the security of the Philippines is of vital interest to United States security;

Whereas the Republic of the Philippines is experiencing serious political, economic, and security problems which directly threaten the stability of the country and the well-being of the Filipino people;

Whereas reinvigoration of Philippine democratic institutions offers the best means of restoring public confidence in government and of defeating the growing communist insurgency;

Whereas the Congress has stated that when considering further provision of economic and military assistance to the Philippines, it intends to take into account the degree to which democratic reforms are taking place in that country;

Whereas the United States imparted a legacy of democracy to the Philippines which includes the holding of elections at all levels of government; and

Whereas President Ferdinand Marcos has indicated his intention to seek an early Presidential election: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress—

(1) notes the pledge of President Marcos for free and fair elections in the Philippines; and

(2) believes that in order to provide institutional guarantees for an honest election which will be deemed credibile by the Filipino people, it is important that the following steps be taken:

(A) Determination of the timing and modalities of the elections in accordance with the Constitution of the Philippines.

(B) Appointment of an impartial Commission on Elections (COMELEC) staffed by politically independent commissioners.

(C) Timely accreditation of a freely functioning, politically independent, citizens election monitoring organization which has access to all polling places in the country and to all phases of the electoral process, and which is able to report all of its findings fully in a timely fashion.

(D) Adequate access to radio, television, and the print media for members of the democratic opposition during the entire campaign period.

(E) Neutral conduct by the Philippine military establishment.

SENATE RESOLUTION 257—RELATING TO THE SUMMIT MEETING BETWEEN PRESIDENT RONALD REAGAN AND GENERAL SECRETARY MIKHAIL GORBACHEV, NOVEMBER 19–20, 1985

Mr. DOLE (for himself, Mr. BYRD, Mr. LUGAR, Mr. PELL, Mr. GOLDWATER, Mr. NUNN, Mr. STEVENS, Mr. KENNEDY, Mr. WARNER, Mr. HOLLINGS, Mr. THURMOND, Mr. EXON, Mr. NICKLES, Mr. DECONCINI, Mr. SIMPSON, Mr. BOREN, Mr. DOMENICI, Mr. ROTH, and Mr. GORTON) submitted the following resolution; which was considered and agreed to:

S. RES. 257

Whereas President Ronald Reagan and Soviet General Secretary Mikhail Gorbachev will meet in Geneva, Switzerland, on November 19–20, 1985;

Whereas the leaders of the United States of America and the Union of Soviet Socialist Republics have not met for over six years;

Whereas serious dialogue, exchanging the views of the United States and the Soviet Union, is a necessary step in any attempt to narrow the range of disagreements between the two countries and to reduce the possibility of basic misunderstandings which either nation may have concerning the intentions, policies and actions of the other;

Whereas bilateral arms control negotiations between the United States and the Soviet Union were resumed in Geneva, on March 12, 1985, on a complex of questions concerning space and nuclear arms, both strategic and intermediate range, a series of proposals and counterproposals for the reduction and control of those arms having been offered by both nations;

Whereas the President has stated that he is "encouraged" by the beginning of "legitimate negotiations" with the Soviet Union at the Geneva arms talks;

Whereas, there is a basic unity of purpose among all Americans that any arms control Treaty be verifiable, equitable, lead to increased strategic stability, and be fully complied with by both sides;

Whereas the Senate is deeply concerned that any arms control Treaty meet these standards, as well as satisfy the constitutional requirement for the advice and consent of the Senate, concerns reflected in the creation of the Arms Control Observer Group by the Senate leadership in January, 1985;

Whereas our NATO allies, Japan, and our other allies and friends, in the pre-summit period, have demonstrated the unity of the Western alliance in support of the American position on arms control;

Whereas Soviet policies and actions with regard to regional matters, such as the continued presence of Soviet combat forces in Afghanistan, and to implementation of internationally-recognized standards of human rights, such as unconscionably harsh restrictions on the right of individuals to freely emigrate, constitute difficult obstacles to a more constructive relationship between the Soviet Union and the United States; and

Whereas a number of other cooperative bilateral matters might productively be pursued if a more constructive basis relationship were to be developed between the United States and the Soviet Union: Now, therefore, be it

Resolved, That the Senate hereby—

SECTION 1. (A) commends the President for his initiative to meet with the new Soviet General Secretary in Geneva on November 19–20, 1985;

(B) extends to the President full support, and best wishes for success in his efforts to engage the Soviet leader in a constructive dialogue on the complete range of matters in dispute with the Soviet Union;

(C) views the summit as an important opportunity for possible progress on crucial international and bilateral issues, including arms control; and

(D) encourages the President, in his meetings with the Soviet leader; to (i) pursue to framework for progress on the full range of arms control questions now being negotiated with the Soviet Union; (ii) press for an end to Soviet aggressive behavior in the third world, particularly the removal of Soviet combat forces from Afghanistan; (iii) emphasize the importance of demonstrable progress in Soviet adherence to internationally-recognized standards of human rights, including each individual's right to freely emigrate; (iv) include, as items on his agenda for discussion, "confidence building measures," such as the proposal for establishment of Nuclear Risk Reduction Centers and resumption of the annual Navy-to-Navy talks pursuant to the Incidents-at-Sea Agreement of 1972; and (v) attempt to make progress on other bilateral matters, such as cooperative environmental, medical, and scientific initiatives as well as cultural and educational exchange programs.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

AMENDMENTS SUBMITTED

ECONOMIC RECOVERY OF U.S. TEXTILE AND APPAREL INDUSTRY

THURMOND (AND OTHERS) AMENDMENT NO. 1015

Mr. THURMOND (for himself, Mr. HOLLINGS, Mr. MOYNIHAN, Mr. HELMS, Mr. HEFLIN, Mr. HEINZ, Mr. COHEN, Mr. WARNER, Mr. KENNEDY, Mr. MITCHELL, Mr. EAGLETON, Mr. SPECTER, Mr. EAST, Mr. COCHRAN, Mr. TRIBLE, Mr. DENTON, Mr. D'AMATO, Mr. SASSER, Mr. HATCH, Mr. PELL, Mr. MATTINGLY, Mr. ROCKEFELLER, Mrs. HAWKINS, Mr. GORE, Mr. DIXON, Mr. DODD, Mr. SIMON, Mr. FORD, Mr. DECONCINI, Mr. PRYOR, Mr. MATHIAS, Mr. LONG, Mr. LEAHY, Mr. METZENBAUM, Mr. RIEGLE, Mr. WEICKER, Mr. MCCONNELL, Mr. KASTEN, Mr. GLENN, Mr. BUMPERS, Mr. NUNN, and Mr. BYRD) proposed an amendment to the bill (H.R. 1562) to achieve the objectives of the Multi Fiber Arrangement and to promote the economic recovery of the U.S. textile and apparel industry, and its workers; as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

TITLE I

SEC. 101. SHORT TITLE.

This title may be cited as the "Textile and Apparel Trade Enforcement Act of 1985".

SEC. 102. POLICY.

The policy of this title is—

(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

SEC. 103. FINDINGS.

The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most producing countries and provides for a lower rate of growth for imports from significant producing countries;

(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Arrangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain producing countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of significant producing countries, with five large producing countries now accounting for more than 50 per centum of all imports of textiles and textile products;

(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(16) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products

industry is essential in order to avoid impairment of the national security of the United States;

(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textile and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

SEC. 104. DEFINITIONS.

For purposes of this Title—

(1) The term "textiles and textile products" includes, but is not limited to, all tops, yarns, man-made fibers, piece goods, made-up articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, parts 1 (except subpart A, but including item 700.75), 4, 5 (except subpart E), 7 or 13 (except item number 790.57) of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to the Tariff Schedules of the United States; such term does not include apparel containing 70 per centum or more by weight of silk except articles classified under item numbers 373.20 and 373.22 of the Tariff Schedules of the United States;

(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this Title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

(C) a category consisting of the man-made fiber products not covered by a category described in subparagraph A and classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

(D) each category consisting of each of the following products when, because of fiber content, that product is not subject to the Multi-Fiber Arrangement:

(i) yarn,

(ii) fabric,

(iii) apparel, and

(iv) other textile products;

(3) The term "import sensitive category" means—

(A) each category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

(B) each category covering wool products;

(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the Customs territory of the United States;

(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph (2)(A) of this section during calendar year 1984 equalled or exceeded 10 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph 2(A) of this section during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(7) The term "small producing country" means a country other than a major producing country and a producing country;

(8) The term "country in the Caribbean region" means the United Mexican States and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

(9) The term "wool product" means an article containing over 17 per centum by weight;

(10) The term "cotton, wool and man-made fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States; and

(12) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

SEC. 105. LIMITS ON TEXTILE AND APPAREL IMPORTS.

(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

(1) in the case of textiles and textile products that are a product of a major producing country, other than textile luggage and textile handbags and textile flat goods subject (as of the date of enactment of this Act) to a specific limitation under an agreement with a major producing country, the lesser of an amount equal to 101 per centum (A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983, and 1984, or (B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

(2) in the case of textile luggage and textile handbags and textile flat goods subject (as of the date of enactment of this Title) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of this Title;

(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of (A) such products from such country classified under such category that entered during calendar year 1984, or (B) in the case of textile luggage and textile handbags and textile flat goods subject (as of the date of enactment of this Title) to specific limitation under an agreement with a exporting country, the specific limitation quantity in effect as of the date of enactment of this Title;

(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and man-made fiber sweaters described in paragraph (5)), an amount equal to the sum of—

(A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus

(B) an amount equal to—

(i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or

(ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

(5) in the case of cotton, wool and man-made fiber sweaters that are—

(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, not-

withstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

(b) GROWTH ADJUSTMENT.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 111(b), then, in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 111(b) in previous calendar years.

(c) MINIMUM QUANTITIES.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products of such country that may be entered under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar year after the aggregate quantity of products of such country entered under such category equals the minimum quantity prescribed under this subsection.

(d) SPECIAL RULE.— For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country (other than a country in the Caribbean region) and that are entered under the categories referred to in subparagraph (2)(A) of section 104 of this Title equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

(e) ENFORCEMENT.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this Title.

SEC. 106. IMPORT LICENSING.

In order to ensure the equitable and efficient administration of section 105 of this Title, the Secretary of Commerce shall, within six months after the date of enactment of this Title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system. The Secretary of the Treasury shall make all determinations regarding classification under the Tariff Schedules of the United States, appraisement, and valuation of products subject to licensing under this section.

SEC. 107. ANNUAL REPORT.

Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this Title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 105. The report shall also include a detailed report by the Department of Commerce on the implementation and enforcement for the provisions of this Act exempting from import limitations certain articles of silk apparel, with special regard to the extent to which non silk articles, and silk articles not exempt from import limitations, are erroneously or fraudulently classified as silk items exempt from import limitations and are entered under this Act. All departments and agencies shall cooperate in preparation of this report, as requested by the President.

SEC. 108. REVIEW.

The Secretary of Commerce shall commence ten years after the date of enactment of this Act a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and industries affected by the program, the Secretary of the Treasury, and other appropriate government officials. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recommendations for the future conduct of the program.

SEC. 109. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

"	385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 105(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 105(b) of such Act that adjust the quotas under such section 105(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free ".

SEC. 110. PRODUCTS OF THE INSULAR POSSESSIONS OF THE UNITED STATES.

(a) GENERAL RULE.—Notwithstanding section 104(4) of this Title, textiles and textile products that are the product of an insular possession of the United States shall not be considered to be products of a country, within the meaning of section 104(4), if such products meet the requirements of subsection (b).

(b) Possession Content.—

(1) Subsection (a) shall apply to an article if—

(A) that article is imported directly from an insular possession of the United States into the customs territory of the United States; and

(B) the sum of (i) the cost or value of the materials produced in such insular possession of the United States or in the customs territory of the United States plus (ii) the direct costs of processing operations performed in such insular possession of the United States is not less than 85 per centum oif the appraised value of such article at the time it is entered.

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this section, except that the rules of origin contained in 19 C.F.R. 12.130 shall be the rules of origin for purposes of this section.

(3) As used in this subsection, the phrase "direct costs of processing operations" includes—

(A) all actual labor costs attributable to permanent residents of the insular possession involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control, and similar personnel; and

(B) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.

Such phrase does not include costs which are attributable to non-permanent resident labor, are not directly attributable to the merchandise concerned, or are not costs of manufacturing the product, such as (i) profit, and (ii) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance advertising, and salesmen's salaries, commissions or expenses.

SEC. 111. EFFECTIVE DATE.

(a) IN GENERAL.—Subject to the provisions of subsection (b), the provisions of this Title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Title

(b) CALENDAR YEARS 1985 AND 1986.—The Secretary of Commerce shall prescribe by regulation the aggregate quantity, if any, of textiles and textile products that may be entered under section 105 (a) or (c) of this Title from each country under each catego-

ry during the period beginning on the date of enactment of this Title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products of a country entered under a category after December 31, 1984, and before the date of enactment of this Title exceeds the quantity permitted entry for such products of such country and such category during calendar year 1985 under subsection 5 (a) or (c) of section 105, then the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986, shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

TITLE II

SEC. 201. SHORT TITLE.

This Title may be cited as the "American Footwear Industry Recovery Act of 1985".

SEC. 202. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

(A) the loss of 155,000 footwear jobs since 1968,

(B) a decline in domestic production and production capacity, and

(C) the permanent closure of over 500 plants during the same period.

(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 percent in 1981 to 77 percent in 1985.

(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical than the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

(B) in the absence of an effective remedy under such process, legislative relief is essential.

(b)(1) It is the purpose of Congress in enacting this section to—

(A) promote and expand the economic health of the United States nonrubber footwear industry,

(B) preserve the jobs of American workers, and

(C) prevent the further decline of this important domestic industry.

(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

SEC. 203. DEFINITIONS.

For purposes of this Title—

(1) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(2) The term "Secretary" means Secretary of Commerce.

(3) The term "nonrubber footwear" means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on January 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95; except alpine (down hill) ski boots and nordic (cross country and jumping) ski boots.

(4) The term "apparent domestic consumption" means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

SEC. 204. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

(a)(1) During the 8-year period beginning on the date of enactment of this Title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 percent of the estimated apparent domestic consumption of nonrubber footwear for such period.

(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 percent of apparent domestic consumption of nonrubber footwear for such period,

(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 percent of apparent domestic consumption of nonrubber footwear for such period, and

(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 percent of apparent domestic consumption of nonrubber footwear for such period.

(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1 year period thereafter, the next succeeding 1 year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

(c) On the first days of the first, second, and third quarters of each 1 year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1 year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1 year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1 year period a revision to the determination of expected apparent domestic consumption for such 1 year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the pur-

poses of this section and to enforce the provisions of this section.

(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

(i) consult with interested domestic parties,

(ii) afford an opportunity for such parties to comment on the proposed regulations, and

(iii) consider all such comments before prescribing final regulations.

SEC. 205. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

BAUCUS AMENDMENT NO. 1016

Mr. BAUCUS proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

At the end of the pending amendment, add the following:

SEC. —. (a) Notwithstanding any other provision of this Act, any provisions of this Act that impose a limitation on the quantity of textiles, textile products and nonrubber footwear that may be entered shall not apply with respect to the products of any foreign country entered in a calendar year if the aggregate value of agricultural products of the United States exported to such foreign country during the calendar year preceding such calendar year exceeded $400,000,000.

(b) For purposes of this section, the term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

BOSCHWITZ (AND OTHERS) AMENDMENT NO. 1017

Mr. BOSCHWITZ (for himself, Mr. CRANSTON, Mr. ABDNOR, Mr. ANDREWS, Mr. ZORINSKY, Mr. NICKLES, Mr. QUAYLE, Mr. SYMMS, Mr. GRASSLEY, Mr. DURENBERGER, Mr. MCCLURE, Mr. BOREN, Mrs. KASSEBAUM, Mr. DANFORTH, Mr. GRAMM, Mr. DOLE, and Mr. GORTON) proposed an amendment to amendment No. 1016 proposed by Mr. BAUCUS to the bill (H.R. 1562), supra; as follows:

At the end of the pending question, add the following:

SEC. —. (a) Notwithstanding any other provision of this Act, any limitation imposed by this Act on the quantity of any article that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States shall apply only if the President certifies to the Congress under subsection (b)(2) that—

(1) the aggregate quantity of worldwide agricultural exports of the United States would not be reduced by any amount as a result of such limitation, and

(2) the aggregate quantity of agricultural exports of the United States to each foreign country or territory whose products are subject to such limitation would not be reduced by any amount as a result of such limitation.

(b) The President shall—

(1) determine—

(A) whether the aggregate quantity of worldwide agricultural exports of the United States would be reduced by any amount as a result of the limitation described in subsection (a), and

(B) whether the aggregate quantity of agricultural exports of the United States to each foreign country or territory whose products are subject to such limitation would be reduced by any amount as a result of such limitation, and

(2) certify such determination to the Congress, by no later than the date that is 90 days after the date of enactment of this Act.

GRAMM AMENDMENT NO. 1018

Mr. GRAMM proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

At the end of the pending amendment, add the following:

SEC. . Notwithstanding any other provision of this Act, any limitation imposed by this Act on the quantity of any article that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States shall not apply to a country if—

(1) the President, after consulting with the United States Trade Representatives, determines the tariffs and quotas such country imposes on United States exports to such country (based on the weighted average of the value of such exports) are lower than tariffs and quotas the United States imposes on exports of such country to the United States (based on the weighted average of the value of such foreign exports), and

(2) the President submits to the Congress a written statement certifying such determination within 90 days after the date of enactment of this Act.

GRAMM (AND GOLDWATER) AMENDMENT NO. 1019

Mr. GRAMM (for himself and Mr. GOLDWATER) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill, H.R. 1562, supra; as follows:

At the end of the pending amendment, add the following:

SEC. . Notwithstanding any other provision of this Act, any limitation imposed by this Act on the quantity of any article that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States shall apply to the products of Taiwan only if—

(1) the President determines that the trade treatment the United States grants Taiwan is not diminished relative to the trade treatment the United States grants the People's Republic of China by reason of this Act, and

(2) the President submits to the Congress a written statement certifying such determination within 90 days after the date of enactment of this Act.

MATSUNAGA (AND OTHERS) AMENDMENT NO. 1020

Mr. MATSUNAGA (for himself, Mr. MURKOWSKI, and Mr. INOUYE) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill, H.R. 1562, supra; as follows:

At the end of the amendment, add the following:

SEC. . For purposes of applying the provisions of this Act relating to the imposition of a limitation on the quantity of textiles and textile products that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States, the term "country", notwithstanding any other provision of this Act shall mean any foreign country, or any territory of a foreign country, which has not entered into an agreement with the United States under section 102 of the Trade Act of 1974 establishing a free trade area.

DANFORTH (AND CHILES) AMENDMENT NO. 1021

Mr. DANFORTH (for himself and Mr. CHILES) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill, H.R. 1562, supra; as follows:

At the end of the pending amendment. No. 1015, add the following:

SEC. —. Notwithstanding any other provision of this Act, any limitation imposed by this Act on the quantity of any textiles, textile products, or nonrubber footwear that may be entered, or withdrawn from warehouse, for consumption in the customs territory of the United States—

(1) shall not apply with respect to textiles and textile products before August 1, 1986,

(2) shall not apply after the first date on which the President provides—

(A) import relief under section 203 of the Trade Act of 1974 (19 U.S.C. 2253) that is substantially equivalent to the import relief recommended by the United States International Trade Commission under section 201(d)(1)(A) of such Act in connection with an investigation conducted under section 201(b) of such Act (19 U.S.C. 2251) with respect to imports of textiles.

(B) import relief under section 203 of such Act that is substantially equivalent to the import relief recommended by the United States International Trade Commission under section 201(d)(1)(A) of such Act in connection with an investigation conducted under section 201(b) of such Act with respect to textile products (including apparel), and

(C) import relief under any provision of law, that is substantially equivalent to the import relief recommended by the United States International Trade Commission under section 201(d)(1)(A) of such Act on June 12, 1985, in connection with the investigation conducted under section 201(b) of such Act with respect to nonrubber footwear,

(3) shall not apply with respect to textiles after the date on which the United States International Trade Commission makes a negative injury determination under section 201(b) of such Act with respect to imports of textiles, and

(4) shall not apply with respect to textile products (including apparel) after the date on which the United States International Trade Commission makes a negative injury determination under section 201(b) of such Act with respect to imports of textile products.

DOMENICI (AND OTHERS) AMENDMENT NO. 1022

Mr. DOMENICI (for himself, Mr. GARN, Mr. DECONCINI, Mr. BINGAMAN, Mr. LEVIN, Mr. HECHT, Mr. HATCH, Mr. MELCHER, Mr. MCCLURE, Mr. GOLDWATER, and Mr. BAUCUS) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

At the end of the matter proposed to be inserted, add the following:

TITLE —COPPER

SEC. . SHORT TITLE.

This title may be cited as the "Copper Free Market Restoration Act of 1985".

SEC. . FINDINGS, PURPOSE, AND POLICY.

(a) FINDING.—The Congress finds that—

(1) the copper industry of the United States is critical to the national defense and the maintenance of a strong economy, but has suffered a substantial economic setback, including a 50 percent reduction in employment levels, a 25 percent drop in production, the closure of 16 major mines, and the permanent loss of copper reserves;

(2) the substantial economic setback to the domestic copper industry is attributable to the steep decline in world copper prices that has resulted from—

(A) the continued overproduction of copper by government-owned foreign producers that—

(i) have been encouraged to overproduce by their host governments in order to generate foreign exchange and maintain employment levels, and

(ii) enjoy unfair competitive advantage over United States producers because of subsidized loans from their governments and from international lending institutions, such as the World Bank, and the absence of adequate environmental regulation; and

(B) the overvaluation of the dollar and its impact on domestic copper prices;

(3) the extent of the economic setback to the domestic copper industry was documented in 1984 when the United States International Trade Commission unanimously found that the industry has been injured by foreign competition under the terms of section 201 of the Trade Act of 1974 and recommended that appropriated relief be granted;

(4) while copper producers in the United States have made substantial commitment to the modernization of the industry, more improvements are needed, and the reinvestment in the United States copper industry that is needed for those improvements is seriously jeopardized by the failure of existing trade statutes to deal effectively with the problem of excess world production; and

(5) a 5-year stabilization of foreign copper production is needed if the domestic copper industry is to attract the necessary capital for reinvestment.

(b) PURPOSE.—The purpose of this title is to—

(1) ensure an adequate supply of domestic copper,

(2) expand employment in the copper industry, and

(3) stabilize foreign copper production at levels that will enable domestic copper producers to make necessary improvements and modernization.

(c) POLICY.—The Congress declares it to be the national policy that the United States must seek to negotiate agreements temporarily limiting copper production by foreign copper producers so that the purposes of this title can be fulfilled.

SEC. . DEFINITIONS.

For purposes of this title—

(1) The term "agreement negotiation period" means the 9-month period beginning on the first day of the first calendar month beginning after the date of enactment of this Act.

(2) The term "major copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 300,000 metric tons.

(3) The term "significant copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 200,000 metric tons but did not exceed 300,000 metric tons.

(4) The term "unwrought copper" means articles provided for in items 612.02 through 612.06 of the Tariff Schedules of the United States.

(5) The term "restraint period" means the 5-year period beginning at the close of the agreement negotiation period.

SEC. . NEGOTIATIONS AND ACTION REGARDING AGREEMENTS TO VOLUNTARILY RESTRAIN COPPER PRODUCTION.

(a) NEGOTIATIONS.—

(1) The President, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all major copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the major copper producing countries during each 1-year period within the restraint period will not exceed the aggregate production of unwrought copper by those countries during calendar year 1982.

(2) The President, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all significant copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the significant copper producing countries during each 1-year period within the restraint period will not exceed the sum of—

(A) the aggregate production of unwrought copper by those countries during calendar year 1984, plus

(B) the estimated growth in demand for unwrought copper for such 1-year period within the restraint period.

(b) REPORTS.—

(1) At the close of each 3-month period within the agreement negotiation period, the President shall submit to the Congress a report on the progress of negotiations conducted under subsection (a). Such report shall—

(A) set forth the terms of any voluntary restraint agreement that has been entered into under subsection (a) during such 3-month period,

(B) contain a summary of the actions taken by the President during such 3-month period to obtain agreements under subsection (a) with each major copper producing country and significant copper producing country that has not entered into such an agreement.

(C) contain a summary of the responses (including counteroffers) made during such 3-month period by each of the countries described in subparagraph (B) to the actions of the President described in subparagraph (B).

(D) include a description of the obstacles and objections encountered by the President during such 3-month period to the achievement of agreements under subsection (a), and

(E) include an assessment of whether each country described in subparagraph (B) is negotiating in good faith.

(2) The final report that is required to be submitted under paragraph (1) shall include—

(A) a determination by the President of whether the agreements entered into under subsection (a) will achieve the purpose of this title, and

(B) recommendations of the President regarding any actions that should be taken against any major copper producing country or significant copper producing country which refuses to enter into a voluntary restraint agreement under subsection (a).

(c) ACTION IF VOLUNTARY RESTRAINT AGREEMENTS TAKE EFFECT.—If voluntary restraint agreements described in subsection (a) take effect between the United States and the major copper producing countries or significant copper producing countries—

(1) the United States Trade Representative, with the cooperation of other appropriate Federal officers, shall monitor the production of unwrought copper by those countries during each 1-year period within the restraint period for the purpose of ascertaining if the terms of the agreements are being complied with during such 1-year period, and

(2) the United States Trade Representative shall, within 30 days after the close of each 1-year period within the restraint period, report to the Congress on the results of the monitoring carried out during such 1-year period.

INOUYE (AND MATSUNAGA) AMENDMENT NO. 1023

Mr. INOUYE (for himself and Mr. MATSUNAGA) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

On page 15, line 4, after the word "territory; delete all through the word "possession" on line 6, and insert the word "a" before the word "colony" on line 6, and,

On page 26, line 10, delete all after the word "Rule" through the word "Title."

On line 11 and in line 12, delete "not" and on line 14 insert the words "do not" after the word "products".

INOUYE AMENDMENT NO. 1024

Mr. INOUYE proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

At the end of the pending amendment insert the following:

That this Act may be cited as the "Apparel Trade Enforcement Act of 1985".

SEC. 2. (a) The purpose of this Act is—

(1) to prevent further—

(A) disruption of the United States apparel markets,

(B) damage to United States apparel manufacturers, and

(C) loss of jobs by United States workers, by providing for orderly and nondisruptive growth of imports of apparel; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the

effective enforcement of import levels of apparel contemplated by the Multi-Fiber Arrangement.

(b) For purposes of this section—

(1) the term "apparel" includes, but is not limited to, all men's, women's, boy's, and girl's—

(A) wearing apparel, and

(B) accessories which derive their chief characteristics from their textile components,

that are made in whole or in part from any natural or man-made fibers, or blend thereof, and are classified under part 6 of schedule 3, part 1, 7, 12, or 13 of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States or part 1 of the Appendix to such Schedules.

(2)(A) The term "category" means, with respect to any apparel, the category into which such apparel is classified under subparagraph (B).

(B) The Secretary of the Treasury shall classify all apparel according to a system which uses the following categories:

(i) each of the categories of apparel identified by a 3-digit textile category number in the Department of Commerce publication of January 1985 entitled "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated";

(ii) a separate category for apparel which, because of fiber content, is not subject to the Multi-Fiber Arrangement.

(3) The term "import-sensitive category" means, with respect to any calendar year, any category for which the ratio of imports to domestic production (as reported in the Department of Commerce publication entitled "United States Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel") equals or exceeds 40.0 for the calendar year preceding such calendar year.

(4) The term "applicable country" means any foreign country other than—

(A) Canada, and

(B) any foreign country that is a member of the European Economic Community on January 1, 1985.

(5) The term "foreign country" includes any foreign territory or insular possession of the United States.

(6) The term "major exporting country" means, with respect to any calendar year, any applicable country (other than a Caribbean country) if the aggregate quantity of all apparel of such applicable country that entered during any calendar year beginning after 1983 that preceded such calendar year equaled or exceeded 1.25 percent of the aggregate quantity of apparel of all foreign countries that entered during such preceding calendar year.

(7) The term "Caribbean country" means—

(A) Mexico, and

(B) any foreign country that is eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702).

(8) The term "wool product" means any apparel containing over 17 percent by weight of wool.

(9) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(10) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva on December 22, 1981.

(c)(1) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of apparel of any applicable country classified under the same category that may be entered during calendar year 1985 shall not exceed—

(A) if such applicable country is a major exporting country, an amount equal to 101 percent of—

(i) if an agreement described in paragraph (3) has not been entered into with such applicable country with respect to such category, the aggregate quantity of apparel of such applicable country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of apparel of such applicable country classified under such category that entered during calendar year 1980 had increased by 6 percent annually during calendar years 1981, 1982, 1983, and 1984, or

(ii) if an agreement described in paragraph (3) has been entered into with such applicable country with respect to such category, the lesser of—

(I) the aggregate quantity determined under clause (i), or

(II) the aggregate quantity of apparel of such applicable country classified under such category that entered during calendar year 1984, or

(B) if such applicable country is not a major exporting country, an amount equal to the sum of—

(i) the aggregate quantity of apparel of such applicable country classified under such category that entered during calendar year 1984, plus

(ii) either—

(I) if such category is an import-sensitive category and such applicable country is not a Caribbean country, 1 percent of the aggregate quantity described if clause (i), or

(II) if such Category is not an import-sensitive category or such applicable country is a Caribbean country, 15 percent of the aggregate quantity described in clause (i).

(2) The quantitative limitation imposed by paragraph (1) with respect to the entry of apparel of any applicable country classified under the same category shall not be less than—

(A) 700,000 square yard equivalents if such category does not include wool products, and

(B) 100,000 square yard equivalents if such category includes wool products.

(3) The agreement referred to in paragraph (1) with respect to any category is an agreement between the United States and the applicable country that provides for an annual increase of less than 6 percent in the amount of apparel of the applicable country classified under such category that may be entered during the calendar year.

(d)(1) Except as otherwise provided in this Act and notwithstanding any other provision of law, the aggregate quantity of apparel of any applicable country classified under the came category that may be entered during any calendar year beginning after December 31, 1985, shall not exceed the sum of—

(A) the aggregate quantity of apparel of such applicable country calssified under such category that could have been entered during the calendar year preceding such calendar year, plus.

(B) an amount equal to—

(i) if such category does not include wool products and—

(I) such applicable country is a Caribbean country, or

(II) such applicable country is not a major exporting country and such category is not an import-sensitive category,

6 percent of the aggregate quantity described in subparagraph (A), or

(ii) if clause (i) does not apply, 1 percent of the aggregate quantity described in subparagraph (A).

(2) No amount may be added under paragraph (1)(B) with respect to the limitation on the entry in any calendar year of apparel of an applicable country classified under the same category if the aggregate amount of apparel of such applicable country classified under such category that was entered during each of the calendar years beginning after 1984 which precede such calendar year did not exceed the amount of square yard equivalents specified with respect to such category under subsection (c)(2).

(3) If the aggregate quantity of apparel of an applicable country classified under the same category that enters after December 31, 1984, and before the date that is 15 days after the date of enactment of this Act exceeds the quantitative limitation imposed under subsection (c) for calendar year 1985, the ruantItative limitation imposed under paragraph (1) with respect to the entry during calendar year 1986 of apparel of such applicable country classified under such category shall bu retuced by the amount of such excess.

(e)(1) The Secretary of the Treasury shall take such actions and issue such regulations as may be necessary or appropriate to enforce the provisions of this section, including, without limitation, the issuance of orders to Customs officers to bar entry to any article if the entry of such article would cause the quantitative limitations imposed by this section to be exceeded.

(2) In order to ensure the equitable and efficient administration of this section, the Secretary of Commerce shall, within 6 months after the date of enactment of this Act, establish and administer an import licensing system under which an importer of any apparel from any foreign country will be required to present an import license as a condition of entry for apparel. The Secretary of Commerce shall charge a fee for such import licenses in such amount as may be necessary to cover the cost of administrating such system.

(f) By no later than March 15 of 1986, and of each calendar year thereafter, the President shall submit to the Congress an annual report on the administration of this section during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the quantitative limitations imposed by this section. All departments and agencies shall cooperate in the preparation of such report.

(g) The provisions of this section shall apply to apparel entered after the date that is 15 days after the date of enactment of this Act.

BAUCUS AMENDMENT NO. 1025

Mr. BAUCUS proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

At the end of the bill, add the following:

SEC. —. (a)(1) The United States International Trade Commission shall conduct a study of the wage rates, labor costs, and other labor practices of each foreign country which had a surplus in the balance of trade between the United States and such

foreign country for calendar year 1984 that exceeded $4,000,000,000. Such study should consider labor practices existing throughout the economy of each of such countries and the labor practices of the industries in each of such countries that were responsible for such balance of trade surplus.

(2) The study conducted under paragraph (1) shall include, with respect to each foreign country described in paragraph (1), analyses of—

(A) the effects of the labor practices of such foreign country studied under paragraph (1) on the competitive position of United States exports in foreign markets and in United States markets,

(B) the relationship between—

(i) the wages and other compensation paid to workers in United States industries producing goods that face substantial competition from products of such foreign country, and

(ii) the wages and other compensation paid to workers in such foreign country who produce such competitive products,

(C) the relationship, if any, between the labor practices of such foreign country studied under paragraph (1) and the cultural, religious, and political practices or values of such foreign country,

(D) the extent to which such labor practices are encouraged or enforced by the government of such foreign country,

(E) the history, duration, and extent of such labor practices, and

(F) the extent to which private or public forces that are anti-competitive encourage such labor practices. (3) By no later than the date that is 9 months after the date of enactment of this Act, the United States International Trade Commission shall submit a report on the study conducted under paragraph (1) to the Congress, the Secretary of Labor, and the Secretary of Commerce.

(b)(1) The Secretary of Labor and the Secretary of Commerce shall each conduct a separate investigation to—

(A) identify each of the labor practices discussed in the report submitted under subsection (a)(3) that—

(i) is illegal under existing laws of the United States or of any State, or

(ii) should be prohibited by all countries under an international labor law code,

(B) determine what labor principles and rules should be included in an international labor law code, and

(C) determine the issues involved in, and the prospects for achieving, the elimination of labor practices identified under subparagraph (A) through negotiations with foreign countries.

(2) By no later than 3 months after the date on which the report is submitted under subsection (a)(3), the Secretary of Labor and the Secretary of Commerce shall each submit to the Congress a report on the investigation conducted under paragraph (1).

EVANS (AND INOUYE) AMENDMENT NO. 1026

Mr. EVANS (for himself and Mr. INOUYE) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

To pending Amendment No. 1015; on page 23, through page 24, line 5 strike all in Section 106.

MATSUNAGA (AND INOUYE) AMENDMENT NO. 1027

Mr. MATSUNAGA (for himself and Mr. INOUYE) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562), supra; as follows:

At the end of the amendment add the following:

SEC. —. IMPORTS TO NONCONTIGUOUS STATES

Nothwithstanding any other provision of this Act any limitation imposed by this Act on the quantity of printed textiles that may be entered or withdrawn from warehouse, for consumption in the customs territory of the United States shall not apply with respect to any products entered or withdrawn from warehouse for consumption and substantial transformation in the State in which such textile were first offered for entry.

LEVIN (AND COHEN) AMENDMENT NO. 1028

Mr. LEVIN (for himself and Mr. COHEN) proposed an amendment to amendment No. 1015 proposed by Mr. THURMOND (and others) to the bill (H.R. 1562) supra; as follows:

Insert the new title after the appropriate section of the bill:

REDUCTION OF BILATERAL TRADE DEFICITS.

The President shall use his power under the Trade Act of 1974 as amended, to reduce the trade deficit with any country having a merchandise trade surplus with the U.S. exceeding $10 billion in 1985 and having unfair trade barriers against U.S. exports, as identified but not limited to the Annual Report on National Trade Estimates of 1985 published by the United States Trade Representative.

For those countries affected, the merchandise trade deficit shall be reduced in Calendar Year 1986 from the Calendar Year 1985 deficit level by an amount equal to the monetary cost of said barriers in Calendar Year 1985 on American products as estimated by the United States Trade Representative. The President shall submit to the Congress a plan within 30 days of enactment to achieve such reductions and shall take action immediately thereafter to implement such plan.

OMNIBUS BUDGET RECONCILIATION ACT

EXON (AND OTHERS) AMENDMENT NO. 1029

Mr. EXON (for himself, Mr. DOLE, Mr. ZORINSKY, Mr. DURENBERGER, Mr. BOSCHWITZ, Mr. COHEN, and Mr. MITCHELL) proposed an amendment to the bill (S. 1730) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, 99th Congress); as follows:

At the appropriate place in the bill insert the following:

SEC. . Section 221 of the Biomass Energy and Alcohol Fuels Act of 1980 (Public Law 96-294: 42 U.S.C. 8821) is amended by—

(1) striking out "September 30, 1984" and inserting in lieu thereof "June 30, 1986"; and

(2) adding at the end thereof the following: "The Secretary may modify the terms and conditions of any conditional commitment for a loan guarantee under this subtitle made before October 1, 1984, including the amount of the loan guarantee. Enactment of this Section shall not be interpreted as indicating Congressional approval with respect to any pending conditional commitments under this Act."

McCLURE AMENDMENT NO. 1030

Mr. McCLURE proposed an amendment to the bill S. 1730, supra; as follows:

Delete Part 4—Federal Energy Regulatory Commission of title V beginning on page 131, line 11, through line 19.

EVANS (AND OTHERS) AMENDMENT NO. 1031

Mr. EVANS (for himself, Mr. DANFORTH, Mr. LEVIN, Mr. ROCKEFELLER, Mr. MATSUNAGA, Mr. D'AMATO, Mr. STEVENS, Mr. NUNN, Mr. RIEGLE, Mr. MOYNIHAN, Mr. LEAHY, Mr. MURKOWSKI, Mr. BINGAMAN, Mr. KERRY, Mr. SARBANES, Mr. DECONCINI, Mr. STAFFORD, Mr. BURDICK, Mr. HEINZ, Mr. HATFIELD, Mr. DURENBERGER, Mr. SPECTER, and Mr. INOUYE) proposed an amendment to the bill S. 1730, supra; as follows:

On page 47, strike out line 3 and all that follows through line 6 on page 49 and insert in lieu therefore the following new section:

SEC. 147. (a) No funds authorized to be appropriated pursuant to section 151 of this Act may be used to carry out the food stamp program unless under the authority provided by Section 17(a) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a))—

(1) the Secretary of Agriculture (hereafter referred to in this section as the "Secretary") conducts a study of the quality control system used for such program. Such study shall—

(i) examine how best to operate such system in order to obtain information that will allow State agencies to improve the quality of administration; and

(ii) provide reasonable data on the basis of which Federal funding may be withheld for state agencies with excessive levels of erroneous payments, and

(2) the Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1): *Provided*, that not later than 1 year after the date of enactment of this Act, the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

(b) During the 24-month period beginning with the first calendar quarter which begins after the date of enactment of this Act, no funds authorized to be appropriated pursuant to section 151 of this Act may be used to impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

CRANSTON (AND BURDICK) AMENDMENT NO. 1032

Mr. CRANSTON (for himself and Mr. BURDICK) proposed an amendment to the bill S. 1730, supra; as follows:

On page 164, after line 25, insert the following new section:

SEC. 711A. PAYMENTS TO SOLE COMMUNITY HOSPITAL

(a) ADJUSTMENT TO PAYMENT AMOUNT.—Section 1886(d)(5)(C)(ii) of the Social Security Act is amended by inserting after the second sentence thereof the following: "In the case of a sole community hospital which experiences, in any cost reporting period after the cost reporting period which was used as the base for determining the target amount for payments to such hospital under paragraph (1)(A)(i)(I), a significant increase in operating costs attributable to the addition of new inpatient facilities or services at such hospital (including the opening of a special care unit), the Secretary shall provide for such adjustment to the payment amounts under this subsection for such cost reporting period and subsequent cost reporting periods as may be necessary to reasonably compensate such hospital for such increased costs, corrected as necessary for any change in the hospital's case mix in the cost reporting period for which the payment is being made.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments for cost reporting periods beginning on or after October 1, 1983.

(c) EXPIRATION.—The amendment made by this section shall cease to have an effect on September 30, 1989.

(d) The Secretary shall complete a study of the effects of this provision. This study shall include recommendations on a permanent mechanism for needed expansions of sole community hospitals services and the hospital specific rates thereof. The study shall be completed by January 1, 1987.

METZENBAUM AMENDMENT NO. 1033

Mr. METZENBAUM proposed an amendment, which was subsequently modified, to the bill S. 1730, supra; as follows:

At the appropriate place in the bill, add the following:

"Senators have an obligation to inform themselves on the issues on which they are to vote, and

"Ten hours of time for debate on S. 1730 were at an earlier dated yielded back by unanimous consent, and

"All time for debate has expired, although numerous amendments remain to be voted upon.

"Now therefore, be it the sense of the Senate that at least ten minutes on each side be allotted for purposes of debate with regard to the remaining amendments pending to the bill, S. 1730."

SIMON AMENDMENT NO. 1034

Mr. SIMON proposed an amendment to the bill S. 1730, supra; as follows:

On page 16, line 20, insert ", other than needs-based allowances and payments received under such program," after "Act".

INCREASE IN PUBLIC DEBT LIMIT AND RESTORATION OF INVESTMENTS OF THE SOCIAL SECURITY AND OTHER TRUST FUNDS

PACKWOOD AMENDMENT NO. 1035

Mr. PACKWOOD proposed an amendment to the bill (H.R. 3721) to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds; as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. That, during the period beginning on the date of the enactment of this Act and ending on December 6, 1985, the public debt limit set forth in subsection (b) of section 3101 of title 31, United States Code, shall be temporarily increased by an amount determined by the Secretary of the Treasury as necessary to permit the United States to meet its obligations. The Secretary of the Treasury shall immediately upon enactment restore to the Social Security Trust Funds, or any other trust funds established pursuant to Federal law, any securities disinvested since September 30, 1985. No increase under this Act shall result in a public debt limit in excess of $1,903,800,000,000.

SEC. 2. (a) Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to increase in tax on cigarettes) is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 15, 1985".

(b) Section 285 of the Trade Act of 1974 (19 U.S.C. note preceding section 2271) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

(c) Section 10(d) of the Railroad Unemployment Insurance Act is amended by striking out "November 14, 1985" each place it appears and inserting in lieu thereof "December 14, 1985".

(d) Section 5(c) of the Emergency Extension Act of 1985 (Public Law 99-107) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

EXTENSION OF DAIRY PRICE SUPPORT PROGRAM AND CERTAIN FOOD STAMP PROVISIONS

McCONNELL (AND FORD) AMENDMENT NO. 1036

Mr. HELMS (for Mr. MCCONNELL, for himself and Mr. FORD) proposed an amendment to the bill (S. 1851) to extend temporarily the Dairy Price Support Program and certain Food Stamp Program provisions, and for other purposes; as follows:

At the end of the bill add the following:

SEC. 6. (a) Section 106(f) of the Agricultural Act of 1949 (7 U.S.C. 1445(f)) is amended by adding at the end thereof the following new paragraph:

"(5) For the 1985 crop of Burley tobacco, notwithstanding paragraph (4) of this section, the support level shall be $1.488 per pound.".

(b) Section 106B(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445-2(d)(2)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraph:

"(B) With respect to the 1985 crop of Burley tobacco, for the purposes of paragraph (1), the marketing assessment shall not be more than 4 cents per pound.".

CONGRESSIONAL AWARD ACT AMENDMENTS

WALLOP AMENDMENT NO. 1037

Mr. DOLE (for Mr. WALLOP) proposed an amendment to the bill (H.R. 3447) to amend and extend the Congressional Award Act; as follows:

On page 4, strike out lines 8 through 10.

On page 4, line 11, strike out "(h)" and insert in lieu thereof "(g)".

ROTH AMENDMENT NO. 1038

Mr. DOLE (for Mr. ROTH) proposed an amendment to the bill H.R. 3447, supra; as follows:

On page 5, line 1, strike out "reasonableness" and insert in lieu thereof "propriety".

On page 5, line 12, strike out "the adequacy and appropriateness of".

On page 5, line 16, strike out "the efficiency and adequacy of".

On page 5, line 22, strike out "second" and insert in lieu thereof "first".

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. THURMOND. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, November 13, to hold a business meeting to consider to following nominations:

Robert Barry, to the conference of confidence security building measures and disarmament in Europe;

Roger Kirk, to be Ambassador to Romania;

Richard Murphy, Personal Rank of Career Ambassador in recognition of especially distinguished service, over a sustained period;

Gregory Newell, to be Ambassador to Sweden;

Joseph Reed, to be Ambassador to the United Nations for Economic and Social Counsel; and

To mark up the U.S.P.R.C. Nuclear Cooperation Agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE

Mr. THURMOND. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology, and Space, of the Committee on Commerce, Science, and Transportation be

authorized to meet during the session of the Senate on Wednesday, November 13, to conduct a meeting on Oversight of Landsat commercialization.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON SMALL BUSINESS

Mr. THURMOND. Mr. President, I ask unanimous consent that the Committee on Small Business be authorized to meet during the session of the Senate on Wednesday, November 13, 1985, in order to conduct an oversight hearing on the Small Business Administration of Veteran's Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON DEFENSE ACQUISITION POLICY

Mr. THURMOND. Mr. President, I ask unanimous consent that the Subcommittee on Defense Acquisition Policy of the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, November 13, 1985, in order to receive testimony on the implementation of the 1984 defense procurement legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. THURMOND. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, November 13, 1985, in closed executive session, in order to conduct a hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. THURMOND. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, November 13, to conduct a business meeting on S. 1517, a bill to amend the Low-Level Radioactive Waste Policy Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

GROWING PROBLEM OF NON-MFA APPAREL IMPORTS

● Mr. HEINZ. Mr. President, the problem of nonmultifiber arrangement [MFA] apparel imports is growing inceasingly serious. The Commerce Department recently reported that imports of non-MFA apparel items rose by 667 percent in the first 7 months of 1985 to 214,652,000 square yards equivalents. At least half of these non-MFA items were in the form of sweaters. These non-MFA apparel imports are made of such fibers as ramie, linen, jute, and silk. These fibers are also blended with MFA-covered fibers—cotton, wool, and manmade fibers—but blended in such a way so as to escape coverage under the MFA, and therefore, avoid quota restraints. In the first half of this year, some 3,400,000 dozen sweaters of non-MFA materials were imported into the U.S. market.

Earlier this year, Seth M. Bodner, the executive director of the National Knitwear & Sportswear Association, submitted a statement to the Senate Finance Committee's Subcommittee on International Trade in connection with our subcommittee's hearings on S. 680, the Textile and Apparel Trade Enforcement Act. The legislation recognizes the severe problem of non-MFA imports by extending quota coverage to all fibers. Mr. Bodner's statement speaks eloquently to the problem of non-MFA apparel imports. His industry has felt the brunt of such imports. I ask that excerpts from Mr. Bodner's statement be printed in the RECORD.

The material follows:

EXCERPTS FROM STATEMENT OF SETH BODNER, EXECUTIVE DIRECTOR, NATIONAL KNITWEAR AND SPORTSWEAR ASSOCIATION TO THE SUBCOMMITTEE ON INTERNATIONAL TRADE, SENATE FINANCE COMMITTEE ON S. 680—JULY 15, 1985

Testimony presented to the Congress earlier this year by representatives of the USTR and the Department of Commerce • • • failed to touch on the major development in the knitwear import market of the past year: the massive surge into the United States of garments produced with blends of fibers calculated precisely so as to exclude the resulting producer from coverage under the MFA. These are the ramie-cotton blends, the linen-ramie-cotton blends, the silk-acrylic blends, and so on.

Some ten million dozen garments of these various non-MFA blends were imported in 1984 alone, an increase of 171 percent over 1983 and fully 383 percent over the level of 1982.

These imports of so-called "Non-MFA" products, are growing at a truly formidable rate, and they are concentrated heavily in knitwear, most especially in sweaters. In 1982, imports of these non-MFA sweaters amounted to 530 thousand dozen garments, while in 1983 they were 1.2 million dozen. In 1984, however, they soared to 4.5 million dozen, or an amount equal to more than one-third of total sweater imports subject to possible MFA control.

Furthermore, these garments of linen-ramie-cotton blends, those of silk-acrylic blends, and similar constructions compete directly with all cotton and all acrylic or silk garments which are produced in the United States, and which are identical in use and construction with those blended to avoid the quota system established under the MFA. They are virtually indistinguishable from all-cotton garments (indeed, laboratory analysis is required to identify the differences in many cases), sell in the same markets, and thus are directly competitive with the domestically made product. Such imports cause lost sales by domestic cotton growers, yarn spinners and sweater knitters. Dyeing and finishing work is lost. The total effect of these imports is no different from that caused by imports covered by the MFA, and subject to its restraint and anti-market disruption provisions.

But these are not. They come in outside formal quotas. And these non-MFA sweaters are coming almost totally from the major low-wage, low-cost producers whose MFA-covered sweaters and other knitted garments are already under import control—China, Hong Kong, Korea and Taiwan.

In 1984, these four alone accounted for imports of 4.4 million dozen sweaters which fell outside the MFA-based controls, or 98 percent of the total of these non-quota garment imports. Indeed, the volume of these non-MFA sweater imports from the big four foreign suppliers is the equivalent of another giant supplier in the market.

Members of this Committee should be made aware of the situation and why the trade is not covered under the MFA. The situation involved is just one of many that would be remedied by the enactment of S. 680.

The legislative foundation for the MFA is Section 204 of the Agriculture Act of 1956, as amended, which provides in relevant part as follows:

"The President may . . . negotiate with representatives of foreign governments . . . to obtain agreements limiting the . . . importation into the United States of any agricultural commodity or product manufactured therefrom or textiles or textile products . . . and . . . issue regulations governing the entry . . . of any such product, textiles, or textile product . . . In addition, if a multilateral agreement has been . . . regulations governing the entry . . . of the same articles which are the products of countries not parties to the agreement. . . ."

Thus is the President authorized to negotiate and implement bilateral agreements to limit imports into the United States of various products, including "textiles and textile products." Section 204 refers to all agricultural commodities, and specifies no limitation on the type of textile or textile products which may be subject to agreement negotiated thereunder. Thus, it would clearly authorize the President to negotiate agreements on ramie/cotton sweaters, for example, or on silk shirts, or silk/acrylic sweaters, and to carry them out via the customary implementation procedures including, if he so chose, import controls.

But if that is so, one might ask, what is the problem? Under present circumstances, the MFA does not apply to those particular products by virtue of its Article 12 definition of "textiles." This definition is couched in fiber composition terms which require that the articles covered be of chief value cotton, wool or synthetic fiber, or a combination which is in chief value of those fibers, or which is more than 50 percent by weight (17 percent wool) of those fibers, or which is in chief weight of those fibers.

Thus, even though the President is authorized under this Section 204 authority, to negotiate bilateral or even multilateral agreements on, for example, ramie/cotton sweaters which are outside the MFA, he lacks specific authority to bring the products under control in the event such negotiations are not successful.

Why is this so?

For products within the reach of the MFA definition of "textiles", he can negotiate bilaterals, or impose controls unilaterally under the MFA. If the exporting country is a non-participant in the MFA, he relies on the second sentence of Section 204 (underscored above) to impose unilateral controls

on non-participants, an action specifically provided for and even encouraged by the MFA itself, whose participants sought to avoid being disadvantaged by uncontrolled trade from non-participants.

But that portion of Section 204 which reaches non-participants is tied to the existence of a multilateral international agreement. It works to enforce such an agreement, but not in the absence of one.

To establish controls on those products which are not formally defined as textiles for the purposes of the MFA, the President can only negotiate, and negotiate, and negotiate. He has no leverage to bring such negotiations to a conclusion. He lacks sanctioning authority.

He has no Article 3 of the MFA (its unilateral control feature) which provides the defense mechanism to protect the market from disruption when the disrupting MFA country refuses to negotiate, or refuses to settle on terms deemed reasonable by the President. And more crucially, because of the peculiar structure of the second portion of section 204, he has no authority to move against countries not reaching agreement on these products, whether or not the countries are MFA members.

With the President apparently lacking clear and direct authority to apply controls to imports of these products in the absence of specific agreement with the foreign governments concerned, the incentive to reach such agreement among exporting countries now happily flouting quotas on MFA covered products is quite limited.

In the present circumstances, where virtually all of the ramie/cotton, silk acrylic and similar not-MFA blend trade is coming from countries which are participants in the MFA, and indeed which have bilateral agreements with the United Staets on MFA covered products, the only way in which agreements can be reached is through the making of further conessions by the U.S.

Flouting pays. The quota evaders would have to be paid off in order to agree to limit further growth of this trade, trade not covered under the present series of agreements.

But the U.S. industry simply cannot afford such a round of negotiations. Additional leverage is essential to permit the President to control this trade, to threat these products as though they had been covered from the outset. Only in this way can we avoid rewarding the evaders with major new footholds in the market, by counting these goods as part of the base for subsequent agreements, and only in this way can we avoid establishing a gigantic loophole in the system as a new foreign right to a piece of the American market.

S. 680, by including the present non-MFA products under its definitions, would solve the problem raised by the current structural deficiency in Section 204 and would eliminate concern about the loophole in the definitional structure of the MFA which is being so grandly exploited. These reasons alone compel support for this important measure.●

THE WORLD COURT

● Mr. SIMON. Mr. President, for a long time to come, we are going to hear the reverberations of the President's decision to pull the United States out of the World Court jurisidiction.

Somehow we have to change that decision.

Because we did not like the Court's action in taking jurisdiction of our mining of the harbor in Nicaragua, we act like a spoiled child who walks away with the ball and bat if people will not play his way.

We were wrong in Nicaragua. We should feel embarrassed about it.

But to be a nation that moves away from the limited jurisdiction that the World Court now has does not make sense.

Father Robert Drinan, former Member of the House of Representatives and a member of the law school faculty at Georgetown, has written an article for the National Catholic Reporter on the President's decision on the World Court. It spells out precisely why what was done was a terrible mistake.

Incidentally, the article quotes our colleague, Senator MARK HATFIELD, as saying: "Khomeini, Qadhafi, and all the other world-class thugs who thrive on the rule of the jungle will no doubt welcome this decision."

Unfortunately, Senator MARK HATFIELD and Father Drinan are right.

I ask that Father Drinan's article be inserted at this point in the RECORD, and I urge my colleagues to read it.

The article follows:

[From the National Catholic Reporter, Oct. 18, 1985]

REAGAN'S WORLD COURT WALKOUT DECISION LEAVES U.S. CONGRESS WITHOUT MEANS OF APPEAL

(By Robert F. Drinan)

WASHINGTON.—International legal experts are still stunned at the decision of the Reagan White House this month to renounce the jurisdiction of the International Court of Justice (ICJ).

After almost 40 years of adherence to its treaty binding the United States to accept the rulings of the World Court at the Hague, the United States has done something that none of the 44 other adherents to the World Court has ever done. It has walked away from the court. America has acted in that startling and shameful way because of its fear that Nicaragua will obtain a judgment condemning America's mining of its harbors and assessing substantial damages for its activities against Nicaragua.

Regrettably, the president's decision is not reversible by the Congress or appealable to the courts. An American president apparently has the right to set aside a treaty, as President Carter did with America's treaty with Taiwan when the United States restored full diplomatic recognition to mainland China.

Nonetheless, Senator Robert Packwood (R-Ore.) and Representative Jim Leach (R-Iowa) have filed a joint resolution expressing Congress' disapproval of Reagan's retreat from following the rule of law.

The reasons given by the State Department for America's withdrawal from the World Court do not withstand analysis. The administration alleged that the court is "hostile" to the United States. No previous administration ever said that; they used the court on 12 separate occasions—the last being an appeal to the court by the Carter administration after Iran held U.S. diplomats hostage. The current composition of the court is not hostile. Its 15 justices elected by the United Nations General Assembly for renewable nine-year terms include judges from the United States, Western European nations, Japan, Nigeria, Brazil, Algeria, Syria, Poland, Senegal, India and China. There are few if any among these judges who have been or would be hostile to the United States.

The Reagan administration also claims that the case brought by Nicaragua is political. This was said by the United States after the ICJ in November 1984 rejected the position of the United States that the World Court did not have jurisdiction over the case brought by Nicaragua. Many legal claims, furthermore, are political. Apparently, the State Department is saying that nations like Nicaragua, aggrieved by the United States, cannot bring their grievances to the World Court, because they are "political." In the 258-page brief filed by the government of Nicaragua April 30, 1985, the authorities of that nation demonstrate that more than 2,600 Nicaraguans have been killed by American military and intelligence officers and by the *contras* financed by the United States. In addition, 150,000 people in Nicaragua have been driven from their homes, and thousands of others have suffered as a result of the destruction of farms, schools and power stations inside Nicaragua. The cost to Nicaragua, the brief states exceeds $378 million.

Is all of this political? There is no point in Nicaragua's taking its charges to the security council, because the United States would use its veto power there to block Nicaragua's claim. So where should Nicaragua go?

The Reagan administration has now determined that officials in Managua have nowhere to file their claim for the damage done by the United States to the harbors of Nicaragua, even though the World court enjoined America from continuing its illegal activities against Nicaragua.

The rejection of the ICJ by the Reagan administration is consistent with its disregard for the United Nations and the rule of law among countries of the world. The Reagan White House walked out on the majestic agreement drawn up after years of study by the UN on the law of the sea. The current White House ridiculed the UN when the general assembly, by a vote of 109–8, condemned America's invasion of Grenada. The Reagan administration brought about the departure of the United States from UNESCO. And the White House has generally endorsed all measures to cut back on U.S. funding for the UN.

The reaction of millions of Americans is reflected in the following strong statement from moderate Republican Senator Mark Hatfield of Oregon: "Khomeini, Qadafi and all the other world-class thugs who thrive on the rule of the jungle will no doubt welcome this decision."●

WATERWAY WOES

● Mr. DANFORTH. Mr. President, before long the Senate will be considering omnibus water project legislation. One of the central issues in that debate will be the level of cost sharing to require for new water projects.

Some would argue that the barge industry should bear more of the burden of maintaining and improving the inland waterway system. The problem with this argument is not only that

the barge industry is just one of many beneficiaries of the system, but also that, as the Kansas City Star reported recently, the industry is "in the midst of a deep and crippling depression."

I ask that the text of this article from the Star, entitled "Some River Firms Scraping Bottom," be printed in the RECORD.

The article follows:

[From the Kansas City Star, Oct. 27, 1985]

SOME RIVER BARGE FIRMS SCRAPING BOTTOM

(By Steve Rosen)

To Howard Brent the river transportation industry is looking more depressing by the day.

"We're on our knees right now," said Mr. Brent, the owner of Brent Towing Co. a Greenville, Miss., barge and towboat company.

That's putting it mildly. In Greenville Mr. Brent has watched 14 fellow barge operators capsize under a tidal wave of debt over the last two years, caused largely by declining shipments in grain, coal and other commodities.

Mr. Brent, whose barges churn up and down the Missouri River, has been luckier than many others so far. Even so, he expects 1985 to be no better than a break-even year, despite cutting costs across the board to conserve cash.

"Our knuckles are turning white just from hanging on," he said.

Brent Towing isn't the only river transportation company that is being forced to struggle. The industry used to be full of healthy little companies taking loads up and down the nation's river system. No more.

Since 1980 the river transportation industry has been in the midst of a deep and crippling depression. And while some of the most optimistic observers thought 1985 would be a turn-around year, the industry is showing no real signs of an overall recovery.

Over the last few years, many once-healthy barge firms have used brutal cost-cutting measures to stay afloat. Many barges and towboats are sitting on river banks rusting. Companies also have laid off workers, and cuts of 40 percent or more are not uncommon.

Many old-line companies have disappeared, while others have merged with large, deep-pocketed fleet operators.

"Anybody who's got a boat on the river today has either got good credit, a little bit of credit, or no debt," said John O. Madgett, executive vice-president and general manager of Mid-West Terminal Warehouse Co., which operates barge terminal facilities on the Missouri River at Kansas City.

Others agree.

"The industry bottomed out two years ago, but it's been scraping bottom ever since," added Jeffrey Smith, vice president-public affairs for the American Waterways Operators Inc., an industry trade association based in Arlington, Va.

Stark statistics back up their grim assessments:

The river transportation industry, which numbered about 1,800 companies five years ago, has shrunk to about 1,000 firms, according to the American Waterways Operators.

Employment has dropped significantly, although accurate numbers aren't available nationwide.

In Kansas City, water transportation accounts directly for only about 12 jobs now, according to the local office of the Missouri Division of Employment Security. Two years ago, there were 60 jobs.

St. Louis, however, has been hit harder by the current upheaval in the industry. Perhaps the biggest impact has been felt among St. Louis barge builders and shipyard operators. Those companies now account for about 500 jobs, compared with 1,600 in 1980, according to the state employment office in St. Louis.

Several factors explain why the industry is under strain.

Lower grain exports, partly due to the high value of the dollar to other currencies, have hurt river traffic. A rising dollar makes U.S. products more expensive to other nations and tends to cut export trade.

A drop in grain exports has particularly hurt barge companies doing business on the Missouri River.

For example, Mr. Madgett of Mid-West Terminal Warehouse said river-related business at his company is down about 74,000 tons this year. In addition, weak demand for steel, coal, coke and other industrial commodities has undermined many firms.

At the same time, the industry continues to be plagued by an oversupply of barges, largely because of speculative building by barge companies and private investors in the late 1970s.

"People were making money hand over fist in the late 1970s, and that led to barges being built for tax shelters," Mr. Smith said.

Unfortunately for those owners, the fleet buildup coincided with the restrictions on grain shipments to the Soviet Union in 1980 by former President Jimmy Carter.

Because of the excess fleet capacity, coupled with a declining market for barge freight, operators have had to cut rates well below break-even levels to scramble to lock up business.

"We're charging $30 a day barge rates for what should be $100 a day," Mr. Brent said.

On top of all this, barge owners have to contend with higher user taxes for diesel fuel. On Oct. 1 the fee went from 8 cents a gallon on diesel fuel to 10 cents a gallon.

Last year the industry said it paid about $150 million in user taxes, and the tax boost will raise the industry's bill significantly, barge executives said. Mr. Brent said the 2-cent increase will probably add $100,000 in unwanted expenses to his firm, "and we're going to pass that cost on to our customers."

The increase in the user tax comes as Congress is again considering a proposal that would increase the user fee to 20 cents over the next 10 years. The bill would also authorize repair projects for the nation's inland waterways.

Many barge companies are sinking fast, and some operators are pushing for a moratorium on new user fees, although they conceed such moves aren't likely to succeed.

No one knows for sure when the industry will recover. Mr. Brent, for one, believes recovery could require an additional three or four years. Yet, most agree that to pull the industry out of its slump, demand for grain, coal and other products will have to increase dramatically.

Such prospects leave many operators frustrated.

"You can have the most efficient operator in the world and be caught in circumstances beyond your control," said Bob Goodwin, director of marketing and planning for Jefferson Barracks Marine Service, a St. Louis towboat company.

Not every company is under financial pressure. One exception is St. Louis-based SCNO Barge Lines Inc. It has fared better than others, mainly because it is virtually debt-free, according to Jack Hynes, SCNO's executive vice president.

"We're in a good financial situation," he said. The 45-year-old company is controlled by Henry and Lester Crown, wealthy Chicago industrialists.

But most barge firms are deeply affected, and industry observers believe the situation is important for shippers and consumers. The barge industry carries 13 percent of the nation's freight at rates that—even in good times—are typically cheaper than railroads, trucks and other transportation alternatives.

"If you lose river transportation, you will see (all transportation) rates go straight up," Mr. Madgett said.

More mergers are likely, however. In some cases, transportation conglomerates have acquired barge companies in an effort to offer customers one-stop shipping. CSX Corp., a major railroad holding company, is in the barge business and also owns a trucking firm.

The mergers are taking place because, with the industry perhaps permanently reduced, fleet operators need ever-deeper pockets.

"The trend is clearly toward larger companies with bigger backing," said Pete Kopcsak, president and chief operating officer at Ingram Barge Co. in Nashville, Tenn.

Mr. Goodwin of Jefferson Marine believes the industry will emerge from its prolonged slump permanently changed.

"We're getting away from the entrepreneur who can go down to the bank for a loan to start his business," he said "Now you almost have to be an established business or be tied to large corporations."

But he concedes that fewer companies do not make for a vibrant river transportation industry.●

NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

● Mr. RUDMAN. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee has received a request for a determination under rule 35 which would permit Mr. William C. Jacobs, a member of the staff of Senator DANIEL J. EVANS, to participate in a program in Taiwan, sponsored by Tamkang University, from November 15–23, 1985.

The committee has determined that participation by Mr. Jacobs in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Mr. Peter Loomis, of the staff of Senator JOHN WARNER, to participate in an educa-

tional program in Taiwan, sponsored by Tamkang University, from November 15 through 23, 1985.

The committee has determined that participation by Mr. Loomis in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Messrs. Gerald R. Gereau, John K. Swearingen, and Anthony J. Zagami, members of the staff of the Committee on Rules and Administration and the Joint Committee on Printing, to participate in an educational program in Taiwan, sponsored by Tamkang University, from November 15 through 23, 1985.

The committee has determined that participation by Messrs. Gereau, Swearingen, and Zagami, in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Mr. Ace Robison of the staff of Senator PAUL LAXALT, to participate in an educational program in Taiwan, sponsored by Tamkang University, from November 15 through 23, 1985.

The committee has determined that participation by Mr. Robison in the program in Taiwan, at the expense of Tamkang University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Ms. Sally Rakow, California State director, for Senator PETE WILSON, to participate in an educational program in Taiwan, sponsored by Tunghai University, from November 23 through 30, 1985.

The committee has determined that participation by Ms. Rakow, in the program in Taiwan, at the expense of Tunghai University, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Mr. Robert Vastine, staff director of the Republican Conference, to participate in a seminar on Eastern Mediterranean security and NATO policy, sponsored by the Turkish Foreign Policy Institute, from November 11 through 17, 1985.

The committee has determined that participation by Mr. Vastine in the seminar in Turkey, at the expense of the Turkish Foreign Policy Institute, is in the interest of the Senate and the United States.●

REINTERPRETATION OF THE ABM TREATY

● Mr. SIMON. Mr. President, in the last few weeks controversy has beset the Strategic Defense Initiative Program and the reinterpretation of the Anti-Ballistic Missile [ABM] Treaty. Coming as it does just prior to the summit, many of us continue to question how serious this administration is about arms control and improving United States-Soviet relations. If they are sincere—and I hope they are—then I trust they will make clear quickly that the Shultz wing of the administration is right in its interpretation of the ABM Treaty, not the Weinberger-Perle wing.

The President appeared to sign off on a new, broad interpretation of the treaty, even though Secretary Shultz assures us that for now the standard, more restrictive interpretation will hold. As a matter of policy and law, I'm not sure what the net effect will turn out to be, but my instinct tells me that the President is in danger of substituting a policy pledge not to test certain systems for a treaty commitment not to do X, Y, or Z. There is a world of difference between the two.

What has happened is that several provisions of the treaty are now in contention. One of the provisions, article V, clearly states that no mobile ABM systems or components can be developed or tested. That means in space, in the air, at sea, or on land. This was done so that a nationwide base for a territorial defense could not be contemplated. Only fixed, land-based systems can be developed, tested, and deployed, and deployment is limited to one site. It is now argued that one of the agreed statements, statement D, permits development and testing of all systems or components based "on other physical principles."

This is a strained interpretation of both the specific terms and the entire negotiating history of the treaty. What does the provision in question say? Agreed statement D says:

> In order to insure fulfillment of the obligation not to deploy ABM systems and their components except as provided in Article III of the Treaty, the Parties agree that in the event ABM systems based on other physical principles and including components capable of substituting for ABM interceptor missiles, ABM launchers, or ABM radars are created in the future, specific limitations on such systems and their components would be subject to discussion in accordance with Article XIII and agreement in accordance with XIV of the Treaty."

This statement does not permit development and testing of mobile ABM's. On the contrary, the creation of such systems and components are subject to "specific limitations." How else are these devices "created" except through development and testing? These activities are limited in accordance with articles V and XIII, which strengthen the more restrictive treaty interpretation. Article XIII asks both parties to "consider, as appropriate, possible proposals for further increasing the viability of this treaty." The administration's attempted broad interpretation does the opposite: it attempts to weaken the prohibition on virtually all development and testing, stripping the treaty of its limit or ban on most ABM programs.

The administration is attempting to repudiate the treaty interpretation given to the Senate at the time of ratification in 1972. If this interpretation were to stand, the SDI Program managers could go to the President and say, "We're awfully sorry that this next test might violate the old way of looking at the ABM Treaty, but the overall program will suffer unless we develop and test this particular gadget. And after all, Mr. President, you have said that the broad guidelines are legal." The President eventually will come under pressure to respond exactly along these lines.

The House-Senate Defense Authorization Conference Report for Fiscal Year 1986 was explicit in this. It expressed the sense of Congress that funds approved for SDI should not be used to erode the treaty and "does not express or imply any determination or commitment * * * that the United States develop, test, or deploy ballistic missile strategic defense weaponry that would contravene" the ABM Treaty and three other relevant treaties. In their annual arms control impact statement, the Arms Control and Disarmament Agency, 1 year after the President's star wars speech, said that the restrictive interpretation was the only one that made sense.

For several years now opponents of the ABM Treaty in and out of Government have railed against the treaty as a terrible instrument, not in our best national interests. They have said again and again that the treaty must go because it prohibits essential development and testing of ABM's.

Now, these opponents appear to have rediscovered the merits of the treaty. They have decided that enough ambiguity exists so that the SDI Program can proceed unfettered. It would be a tragic mistake to let the ABM Treaty be reinterpreted out of existence.

A reinterpretation of the ABM Treaty on Soviet negotiators at Geneva will have a long-lasting effect. These people will want to know how we view this treaty, so they can plan appropriate responses. And it is clear that if we give them a loophole a mile wide, they will have no trouble driving through it. Why sanction Soviet ABM-related activity that just last month was considered taboo? This whole approach makes no sense. I hope that those responsible for policy will reconsider the matter, before irreparable damage is done the ABM Treaty and the entire arms control process.●

THOMAS A. DINE

● Mr. BOSCHWITZ. Mr. President, it is with personal pleasure that I ask to

have printed in the RECORD an article from the National Journal on Tom Dine, executive director of the American Israel Public Affairs Committee. The article describes Tom as "low-keyed, even intellectual." It also notes his charisma and his keen leadership over "one of the most effective lobbies in town." Tom wins on almost every issue he takes on; he wins, in my judgment, because he outworks his competitors, because he is single-minded in the pursuit of his goal, and because his commitment to his cause is total.

I commend the article to my colleagues.

The article follows:

[From the National Journal, Nov. 2, 1985]

HE'S GOT CHARISMA, CREDIBILITY AND HE WINS BATTLES FOR ISRAEL

(By Christopher Madison)

Accuse Thomas A. Dine, executive director of the American Israel Public Affairs Committee (AIPAC), of carrying water for Israel and he will throw, well, cold water on the idea.

He still remembers that day in early September 1982 when he was quoted on the front page of *The New York Times* as saying there were positive elements in President Reagan's Middle East peace proposal.

Dine's remarks were controversial—they were used in the *Times* as a sign of dissension in the Israeli ranks—because Israel had already called the peace proposal unacceptable. After the article appeared, a Member of Congress offered to provide Dine a "safe house," and Israeli diplomats at a dinner that week at the Israeli ambassador's house assured him he was safe—as long as he did not stand under the chandelier.

But that declaration of independence from Prime Minister Menachem Begin probably still gives Dine added credibility when he goes to Members of Congress and argues the pro-Israeli side of foreign policy issues, as he did in late October, when Congress delayed the Reagan Administration's proposal to sell arms to Jordan until March 1.

The delay was something of a coup for Dine and AIPAC because the Administration had pressed the argument that Jordan's King Hussein needed the arms sale to continue his participation in the Middle East peace process.

Dine's two-part reply to this argument—an argument also heard on the Senate floor, where they delay was approved, 97-1—was that "arms don't lead to negotiations" and that Hussein must prove he is willing to sit down at the peace table with Israel before getting weapons. "Deeds, not words," he said.

Dine, 45, joined AIPAC in 1980 with 10 years of Capitol Hill experience—he had worked for Sen. Edward M. Kennedy, D-Mass., and former Sens. Frank Church, D-Idaho, and Edmund S. Muskie, D-Maine—as well as at the Brookings Institution and the Institute of Politics at Harvard University.

Where his predecessor, Morris J. Amitay, had a reputation as being abrasive in his dealings with Congress, Dine is smooth, low-keyed, even intellectual. He had good credentials, and he was politically astute. A former AIPAC staffer said Dine was "the best possible person" to replace Amitay.

He has charisma and is a bit of a cheerleader, and he presides over an organization that has developed into one of the two most effective lobbies in town.

Fresh from the arms sale victory, Dine was eager in an interview to tackle the charge that AIPAC distorts the U.S. political system because it represents the interests of the Israeli government even though the organization is backed by American constituents.

"I feel our whole approach is based on our concept and pursuit of American foreign policy. It is not based on the concept of Israeli foreign policy per se," Dine said.

To those who question whether ethnic lobbies serve the U.S. national interest, Dine responded: "No one knows what the national interest is. We're all trying to find the national interest. It's a confluence of an enormous number of influences."

While Dine denies that he lobbies for the Israeli government, he does not pretend that AIPAC does not use political leverage to maximize its impact. He acknowledged the "crucial" role played by the 22 Republican Senators up for reelection next year in the Jordan arms sale victory.

Dine visited about three-fourths of the Senators on the arms sale issue, and, all together, AIPAC lobbyists met with 99—the exception being John C. Stennis, D-Miss., who has been ill for some time. But Dine denied threatening political retribution against those voting for the sale.

He is proud of two new converts to the pro-Israeli contingent in the Senate—Jesse A. Helms, R-N.C., who began building ties to AIPAC and Israel when he was mentioned as a potential Foreign Relations Committee chairman in early 1985, and Thad Cochran, R-Miss., another southern conservative.

AIPAC may have won last month's battle, but the war is never over. The resolution the Senate passed would allow the arms sale to go through next March unless Congress stops it. It could go sooner if peace talks begin between Israel and Jordan.

Dine said his team will support another resolution disapproving the arms sale early next year if there are no signs of peace talks. "The burden is really on Hussein now," he said. "If he does not go along" with peace talks with Israel, "he will not get the arms." ●

TRIBUTE TO VERNE ORR, SECRETARY OF THE AIR FORCE

● Mr. NUNN. Mr. President, on November 30, the distinguished Secretary of the Air Force, Verne Orr, will return to private life. During the interim, there will be a series of tributes to Mr. Orr, recognizing the remarkable service which he has rendered to the Air Force and the Nation. I would like to add my own recognition.

Verne Orr has been an effective spokesman for the Air Force before the Congress and the public. His responsibilities have covered the full range of aviation forces and missions, from counter-insurgency warfare missions using simple, proven technology, to the latest, most sophisticated aviation, missile, and spaces missions which often press to the edges of knowledge.

Secretary Orr can be justly proud of the achievements which the Air Force has realized over the past 5 years. There is no question that the military capability of the Air Force has improved under his stewardship. One especially important achievement has been the fuller realization of the concept of total force, as the Air National Guard and the Air Force Reserve have been assigned first line equipment and the responsibility to go with it.

However, I believe these very real achievements are overshadowed by Verne Orr's concern for and leadership of the men and women of the Air Force. Secretary Orr proved himself a man of the people, for he understood how to elicit the best from individuals. He has been unswerving in his determination to make the Air Force a way of life which will attract the best our society has to offer, and provide them a place to flourish. By virtually every measure: recruiting, retention, or discipline, it is abundantly clear that he has succeeded.

I would like to enter into the RECORD a recent address in which Secretary Orr reiterated his priorities and his unwavering support for Air Force men and women and their families. It is an accurate picture of Verne Orr's goals, and the significant achievements which he has realized in his 5 years as Secretary of the Air Force.

As Verne Orr closes this chapter of his long career of public service, the Nation owes a debt of gratitude to him and his wife, Joan. As Secretary Orr often pointed out, he and Joan have served together. Her dedication to the welfare of Air Force families has been unprecedented.

In these last weeks of his tenure as Secretary, I want to congratulate Secretary Orr on his service to the Nation, and offer him and his family my best wishes for the future.

The address follows:

THE GREATEST FORCE IN THE WORLD

(By the Hon. Verne Orr, Secretary of the Air Force)

You can't talk about the United States Air Force without talking about its people—our first priority. In our enlisted ranks, ninety-eight and a half percent are high school graduates. Thirty thousand people today are already signed up in the job bank, waiting to come in. That's about half of all the people we're going to recruit in the next fiscal year. This morning, Gen. A. P. Iosue, Commander of Air Training Command, told me that "recruiting is going bonkers" in spite of the fact that employment is up—and we thought that might hurt us—and in spite of the fact that the number of nineteen- to twenty-two-year-olds is diminishing—and we thought that also might hurt us.

In the officer corps, forty-three percent of our officers have master's or doctorate degrees. Among brigadier generals over the past two years, eighty-five percent of all those promoted to that rank have an advanced degree. I suspect it will only be a matter of five or ten years until you will scarcely see a general officer in the Air Force who doesn't have an advanced degree.

Morale is extremely high. Our people are proud.

There are some warning clouds on the horizon, however, and one is a rather ill-con-

ceived attempt to change retirement. Defense Secretary Caspar Weinberger recently wrote a letter to the troops telling them it wouldn't affect those who are now in. I've carried the same message out to our bases, but there is skepticism because they have seen retirement computations go from "high one" to "high three." They've seen their cost-of-living adjustments (COLAs) capped, and they wonder if this, indeed, will hurt them further.

One of our major commanders interviewed eight pilots who were leaving, and six of them said that among the reasons—not necessarily the only reason—they were leaving was that they no longer felt the retirement they would get when they serve out their time will be as good as they hoped and thought it would be. We have not been helped by a [former] member of this Administration, who had the sanctuary of divinity school during the time his comrades were dying in Vietnam, calling the military pension system a scandal and an outrage.

Recently there was an article by Howard Kurtz in the Washington Post that stated that "there are three essential statistics to know about the military pension system. The average person retires at age forty-two. He receives half pay, and the program will cost the taxpayers $18.3 billion next year." Now there is only one statistic you need to know about Howard Kurtz, and that is that he is wrong on all three counts.

In the first place, the average person doesn't retire from the military—the average person leaves long before retirement. Only thirteen percent of service people stay in to retire. That's one out of eight. And if retirement is the great bonanza people talk about, how come about eighty-seven percent of our smart young Americans don't think it's good enough to stay around for?

In the second place, the average retiree doesn't retire at half pay; he retires at half base pay, which is about thirty-seven percent of pay.

And in the third place, it does not cost the taxpayers $18.3 billion. That is the amount we have to set aside in the Department of Defense budget, the only executive department budget that has to include retirement. But our actuaries were born and bred in the dark ages of economics and allow us to plan on only 1.6 percent real interest over and above inflation. That's all we can take advantage of. Last year our investments earned us eight percent over inflation, so it is not costing the taxpayers $18 billion, although it is costing the Department of Defense that much.

We are debating about aid to one of our allies that will amount to $6,000 for every family of four in that foreign country. And that's fine—I'm glad that we can approve that. I hope we can. But the same congressmen who may vote to give that much aid to one of our allies may also vote to say that a tech sergeant who retires after twenty years is not entitled to $8,800. Now I think that if we can give $6,000 for a family of four to friends but we can't give $8,800 to a tech sergeant who has made a dozen moves for his country, has gone to remote locations, and has put his life on the line, then I think our priorities need to be reexamined.

FOUR KEYS OF RETENTION

We're losing officers and enlisted personnel at a little greater rate than we'd like—greater than in 1983, but far less than in 1979. Why are these people so dedicated, and why are they staying in? I'd like to offer you four reasons.

The first, of course, is the leadership of the President of the United States and the Secretary of Defense. Never that I can remember have we had two stronger citizens more dedicated to rearming America and more willing to take the barbs and the ridicule from the liberal press and cartoonists and the media. The second is pay and the raises of 1981 and 1982 that put pay up into comparability. Although we haven't done any better, we are barely holding our own with inflation.

The third is the quality of life. I've worked harder on this than any other issue, as it is something near and dear to my heart. It's so foolish for us to spend $10,000, $15,000, or $20,000 to train an enlisted person, or up to $1,500,000 to train a pilot, and then put them in housing where the spouse says, "How much longer, honey, do we have to live in this kind of environment before we can get out? We've been so penny-wise and pound-foolish. And so on every base you visit, I think you'll see our infrastructure improving. You'll find family housing and dorms; you'll find hangars and headquarters buildings. From nonappropriated funds, you'll see exchanges and commissaries, and from appropriated funds, you'll find gymnasiums—all designed to make this difficult life a little more bearable for our people.

But the fourth and the most important reason why people want to say in the military is that citizens have such a different view of our military and our uniformed people than they did just ten or fifteen years ago. Our uniformed people are respected when they wear their uniforms. When they leave basic training and go home, people crowd around them and say, "How was it?" Appreciation for their sacrifices is the best recruiting tool that the armed services have.

When I became Secretary, we offered regular commissions only to the graduates of the Academy. It bothered me. It seemed to me that the lowest man or woman on the end of the totem pole at the Academy couldn't be a better regular officer than the highest graduate ROTC. And I'm pleased to say today that about ten percent of all ROTC graduates, including all the distinguished graduates, are offered regular commissions, as are the top ten percent of all the OTS graduates.

We're stressing foreign language more than ever before, because this is a worldwide Air Force, and we desperately need the friendship of our allies and the understanding of those who are not friendly. One way to do this is to speak their language.

We have steadily expanded opportunities for women, and this year we are recruiting seventeen percent in the enlisted ranks. We have more than 400 women pilots and navigators either actually flying or in training. On January 1 of this year, we opened up the security police specialty to women, which, in turn, opened 26,000 new jobs in the Air Force, and we have now trained 145 for that job. Two years ago, we put women in AWACS crews, and it was only recently that an all-women crew took a C-141 across the Atlantic

The situation for nonrated officers has been improving, too. Of the candidates considered by the most recent brigadier general officers board, thirty-six percent were nonrated colonels, and thirty-eight percent of those nonrated officers were selected for promotion. It is now becoming accepted that everybody can look up, rated or nonrated, and know there is an opportunity to be a general officer in this Air Force.

STATE OF THE HARDWARE

I have just a few words about hardware. I had the opportunity to fly in the first B-1B delivered to Strategic Air Command. It is ironic that, four years ago, when I stood saying we couldn't do it for that little—are now saying that that's too much money; you can cut another billion dollars out of it—and maybe we will! Hopefully, we can. But the B-1 is clearly one of our success stories.

I will also, at this time, make our position clear on B-1 production, as Chief of Staff Gen. Charles A. Gabriel and I have tried to do on several occasions. The United States Air Force has no plans for a 101st B-1 bomber. We are content with 100 B-1s. We are also content with fifty C-5s. We hope to go from here to the Advanced Technology Bomber and the C-17. We have good planes, and more technically up-to-date planes are coming.

We're doing well on airlift. We stretched the C-141. We're rewinging the C-5. We are engaged in a Civil Reserve Air Fleet (CRAF) program to bring our civilian fleet heavy carriers on board in an emergency. I'm also pleased to announce that we're doing pretty well on some of our other programs, in spite of some of the things you may read. We've had nine successful MX shots out of nine, and we have had four successful AMRAAM test firings out of four. We're doing well in fighters. Our capability is so much better today than it was five years ago.

Space is really an Air Force domain—we are the executive agent for DOD on space launches. We have sixty-nine percent of the total DOD space budget in the Air Force budget. The Air Force manning for space is more than 12,000 people. And very recently, the first Air Force general was named to command a unified command—CINCSPACE—and we're very proud of that. I hope it will always be an Air Force commander, because I think that's our field.

COMPETITION AND THE DEFENSE INDUSTRY

Let's talk a minute about competition. We hear so much about it. Sen. Charles Grassley (R-Iowa) recently wrote an article for the Wall Street Journal in which he referred to "horror stories" and stated that this situation can occur only because competition is alien to the defense world. There are a lot of contractors out there today who don't think it is alien. He goes on to say that only five percent of our defense dollars are truly competitive; the rest are negotiated.

Since I have been Secretary, I have personally seen the source selection on the Advanced Technology Bomber, the Advanced Cruise Missile, the C-17, the C-20, the lease of the C-12, the lease of the C-21, what we call the "Great Engine War" between Pratt & Whitney and General Electric, the T-46, and, as you know, we're trying to get competition between the F-20 and F-16 and any other planes that want to enter into that competition. But except for the prospective F-16/F-20 competition, these programs I have mentioned have been competed. And Senator Grassley feels there is no competition in defense!

I was recently in on the source selection for ISA AMPE, an electronics program. The chairman of one of the most influential committees in Congress called me three times personally—his staff called every day—to speak for his state's firms. The senator from that state who is a strong defense advocate, called six times. They know there's competition. They wanted the contracts for their firms. But, unfortunately, in Iowa there appear to be very few defense

firms, so Senator Grassley doesn't have the opportunity to call me to plead for his firms. So he may truly think there is no competition—but I promise you there is.

We could have done better, and we're now doing better in spare parts competition. We are saving hundreds of millions of dollars. But let me tell you—it's not net savings by any means. The first thing we did was add a thousand additional people. It takes only five minutes to go through a catalog to pick out an item and order it, but if you want to order the item competitively, you have to learn where in the United States there are firms that build it, make a bid package and send it out to all interested firms, wait forty-five to sixty days for answers, open them, make sure the product is in accordance with what you wanted, make sure that they comply with OSHA and women's hiring and all the other requirements we have, wait for protests, and then, hopefully, get a product that's up to our quality standards. Sometimes we don't. So the delivery period has now climbed from fifty to 150 days because we're going competitive.

We have made other mistakes. Boeing told me one time a year ago that eighty-five percent of all the orders they got from us were for five items or less. Isn't that ridiculous? We should do better than that, and we are doing better now. But just as sure as God made little green apples, CBS and NBC and ABC will have television shows in ten years showing us shoveling out parts that we didn't need but ordered in larger quantities to keep the price down. If you order in quantity, you run that risk.

R&M AND DEFENSE SPENDING

The Chief and I are working very hard on reliability and maintainability. We've had some horror stories there, too. Some of the avionics on the F-111 don't last for two sorties. I've mentioned the radio in the F-4, which is under the rear seat. When it goes bad, as it does about every two sorties, we have an explosives expert take the ejection seat apart, another technician take out the seat, yet another to take out the radio, and then reverse the whole procedure. Defense contractors will know we've serious about reliability and maintainability when the time comes and we make a source selection based on reliability and maintainability rather than price or better technology. We are really sincere about reliability and maintainability.

You know, overspecification is a problem with every government agency. One time I was foreman of the Los Angeles Grand Jury, and the jurors decided that we would contribute a swimming pool to a halfway house for delinquent girls who were working their way back into society. Pools in those days in California sold for about $3,500, which would have been about $150 a grand juror. We were quite willing to do that, but when we went to the county, they said, "Oh no, you must build a pool according to our specifications." We said, "How much would it cost?" And they said $20,000. The girls didn't get their pool. So it's a constant fight to keep government agencies like ours from overspecifying. But we're working on it.

In spite of all our horror stories, the poll I saw last week showed that confidence in the military had climbed from fifty-three percent to sixty-one percent from 1983 to 1985. So not everyone thinks we're doing everything wrong.

In previous talks before the Air Force Association, I mentioned the fact that the defense budget is not large in spite of all you hear. It's six and a half percent of the Gross National Product. It was eight to nine percent under President Kennedy and ten to eleven percent under President Eisenhower. Nobody at that time said it was backbreaking.

I've also pointed out that defense spending has increased by thirty-eight percent in the last twenty years, but nondefense spending has increased by 216 percent. Yet they try to tell you that defense is driving the deficit. Defense now accounts for twenty-eight percent of the federal budget, when only a few years ago it accounted for fifty percent. Still, they want to cut defense.

We have not, however, discussed the federal deficit, and I'd like to say a word because you hear so much about it. On the last day of President Roosevelt's last full term, the deficit was 110 percent of the Gross National Product. Of course, we were fighting a war, and we were doing it as all countries do—on our grandchildren's money. On the last day of President Truman's first term, with the war ended, it had dropped only to ninety-eight percent of the Gross National Product, and yet we recovered.

And where was the deficit on the last full day of President Reagan's first term? Forty-three percent? You hear frequently that the deficit is climbing but you don't hear very often that the Gross National Product is climbing at a greater rate. So we're not as bad off as some of our detractors would have us, and its your job and mine to keep things in balance and point these facts out.

A few years ago, all of us heard a very emotional speeech that went, "Old generals never die, they just face away." I want to tell you that that's not true of Air Force Secretaries. When the President appointed me to this position nearly five year ago, Mrs. Orr and I took it on as a partnership, as team players, like we've taken on everything we've done for forty-five years. I've been to more than 200 bases, and she has accompanied me to between a third and one-half of them. When I go out on the flight line and talk to our personnel and get briefings on the missions, she goes to enlisted housing and officer housing and particularly child-care centers. She looks at the parts of the base I don't see and then makes me a written report, so that for every base we visit, I know the side I couldn't see.

When we leave here on November 30, she and I are going to leave here with our heads high with pride. But, more important than that, we're going to leave with hearts that are filled with gratitude, because for the five most magnificent years of our lives, we've had the opportunity to associate with Charlie Gabriel and his group of officers, with Pete Aldridge and my Assistant Secretaries, with strong secretarial support, and with enlisted personnel who are so great.

We've associated with some of the 20,000 dedicated cvilians, many of whom spend their lives working for the Air Force, and with defense contractors who very honestly want to give us a good product at a fair price and have a profit at the end of the year—that's the American system.

And we've associated with AFA members, all of you, and with people everywhere who've worked with us and who have given us the chance to participate and be a part in the building of what I leave feeling strongly in my heart is the greatest fighting force in the world today.

For that, Joan and I thank you very much.●

CONGRATULATIONS TO 419TH TACTICAL FIGHTER WING OF HILL AIR FORCE BASE, UT

● Mr. GARN, Mr. President, I would like to offer my congratulations today to the outstanding flying team of the 419th Tactical Fighter Wing of Hill Air Force Base, UT.

This Air Force Reserve wing won top team honors in the 1985 Gunsmoke Competition, a worldwide Air Force gunnery event, which pits the country's top fighter pilots against one another. Every other year the U.S. Air Force conducts this competition to determine the "best of the best" in the air-to-ground gunnery events.

The five-member team from Hill Air Force Base, competing for the first time in the gunsmoke competition, defeated the defending champion, the 50th Tactical Fighter Wing from Hahn Air Base in Germany, by two points to capture the best overall honors.

This year's competition was held at Nellis Air Force Base, NV, on October 6–19, and included 102 pilots representing 17 units from all over the world. These units were selected to compete in the gunsmoke competition after demonstrating their outstanding abilities at local competitions. Participants included Tactical Air Command, U.S. Air Forces in Europe, Pacific Air Forces, Alaskan Air Command, Air National Guard, and Air Force Reserve.

These elite pilots flew a variety of aircrafts, including F-16's F-4's, A-7's, and A-10's in an exercise to demonstrate basic weapons delivery, tactical bomb delivery, and navigation attack.

Individual gunsmoke honors went to Col. Bane Lyle, 419th team leader, for top gun in a 10-degree low angle delivery and level delivery, and to Maj. Danny Hamilton for top gun in a 20-degree low angle, low drag delivery. Also participating in the first place 419th team were Majors Tom King, Wayne Conroy and Don Harder.

The gunsmoke competition, regarded as the Super Bowl for American fighter pilots, originated after World War II. There was a 19-year hiatus caused by the outbreak of war in 1962, and the competition was not resumed again until 1981.

Preceding the Utah wing's advance to the winners circle this year were the Colorado Air National Guard flying the A-7 in 1981, and the 50th Tactical Fighter Wing of Hahn Air Base, Germany, flying the F-16 in 1983.

The Utah Air Force Reserve Wing also celebrates its 30-year anniversary this year as a flying unit assigned to Hill Air Force Base. During its three decade history, the unit flew eight types of aircraft, including C-124's and F-105's, before becoming the first wing in the Air Force Reserve to convert to the F-16 in 1984.

I am proud to have this honorable tactical fighter wing in the State of Utah. I am sure my colleagues join me in commending Col. John J. Closnor, wing commander, and the premier members of the 419th Tactical Fighter Wing for their exemplary contribution to insuring combat readiness of the United States' fighter weapon system.

THE UNITED NATIONS

● Mr. SIMON. Mr. President, in 1945, 46 nations meeting in San Francisco adopted a charter creating the United Nations. Hopes for that august body were high. World wars in the 20th century had left tens of millions dead. Atomic bombs dropped on Hiroshima and Nagasaki ushered in an era of fear and the realization that humankind had the capacity to destroy humanity. The United Nations was created in a spirit of cooperation and hope that nations could solve their differences through rational means rather than by war. At age 40, it is time to assess the successes and the failures of the United Nations. In a column I write for newspapers in my State, I call for a new commitment to the United Nations and the goals and hopes that led to its birth. I ask that it be printed in the RECORD.

The column follows:

[From P.S./Washington, a weekly column by U.S. Senator Paul Simon of Illinois, Nov. 3-9, 1985]

THE UNITED NATIONS AT MIDDLE AGE

The United Nations marked its 40th anniversary the other day with speeches from many of the world's leaders, including the President of the United States. There were editorials both praising the United Nations and questioning its usefulness.

What is the truth?

Each of us views truth from a different viewpoint, but my impression is that the United Nations has not lived up to all of our hope, but it has been helpful in many world trouble spots.

I was named by President Carter to be one of the U.S. representatives to the 1978 U.N. Special Session on Disarmanment, and a few years later President Reagan named me as one of the U.S. advisers for a similar arms control session.

I have had an opportunity to see the United Nations at work. It's a little like Congress: lumbering, somewhat inefficient, members too often doing the expected rather than the thoughtful.

In at least one respect it's worse than Congress. When we pass laws we know there are people within our nation to enforce those laws. At the United Nations, support for action, more than just talk, too often is weak at best.

In another respect, it's more important than Congress. If a senator from another state and I cannot work out an agreement on some matter, our two states are not going to launch a war against one another. That is not necessarily true at the United Nations. By providing a forum the United Nations has prevented some wars. Not all, but some.

It has provided opportunities for nations to work together more, an opportunity too often ignored.

When I was at the United Nations in 1978, I invited the Vietnamese delegation to have lunch with a representative of the State Department and with me. That lunch set off a series of events that almost culminated in U.S. recognition of Vietnam—and that probably would have prevented the invasion of Cambodia, and reduced the Soviet presence in Vietnam.

That was an opportunity the United States muffed.

In the war between Iran and Iraq, the U.N. secretary general has attempted to bring peace, but to no avail. When our hostages were taken in Iran, the United Nations tried but failed to help.

In the Middle East and in Cyprus, the United Nations has had mixed results, helping to prevent some disasters but not bringing peace to either area.

When a person reaches age 40, it's a good time for self-evaluation and a checkup.

The same is true for the United Nations.

How do we make it more of a peace-keeping mechanism and less of a forum for speeches? Particularly, how do we make it less of a forum where speeches are delivered and votes taken that are so completely predictable that they are meaningless.

Some of the think-tank groups that contribute much to the nation ought to volunteer to give the United Nations a checkup at age 40.

We cannot abandon the United Nations. We ought to improve it.●

FIFTIETH ANNIVERSARY OF THE FEDERATION OF THE HANDICAPPED OF NEW YORK CITY

● Mr. D'AMATO. Mr. President, 1985 marks the 50th anniversary of the Federation of the Handicapped, a not-for-profit vocational rehabilitation facility located in New York City. Federation, one of the largest organizations of this kind in the country, was founded as a voluntary organization by a handful of severely disabled persons who banded together to fill a common need. From these modest origins, Federation has evolved into an internationally recognized multifaceted center of vocational rehabilitation with excellence that meets the needs of up to 1,500 persons daily.

To follow the evolution of the Federation is to trace the growth and development of vocational rehabilitation service in this country for the past five decades.

Peter M. Panken, chairman of the board of Federation, said that "the history of Federation is characterized by creative partnerships with the private sector and government. While the essential direction of the agency was charted by its founders, the dynamic character of Milton Cohen helped give day-to-day shape and substance to that course." As executive director of the agency for the past 37 years, Mr. Cohen has worked tirelessly in establishing Federation as a center for excellence. Federation currently provides diagnostic vocational evaluation, work adjustment training, personal adjustment training, job readiness and job placement services as well as sheltered employment for thousands of severely disabled persons each year. In addition to being in the forefront of those facilities that provide vocational services to the homebound disabled, federation is also a national leader in the community of work centers engaged in Government contracting pursuant to the Javits-Wagner-O'Day Act. Working closely with Senator Jacob K. Javits, the sponsor of the act, Mr. Cohen was a key figure in promoting this legislation. As a result, federation and work centers throughout the country have assisted the disabled in obtaining training, employment, and job placement.

Federation's programs have always stressed the need to coordinate training with known employment opportunities. This orientation has led federation into large scale contractual relationships with both Government and private industry. Through these contracts, federation employs over 1,500 persons with disabilities. Approximately 300 persons are employed in the manufacture of electronic life support equipment for the Dep-artment of Defense and in the provision of services to such diverse Government agencies as the General Services Administration, the Federal Aviation Administration, the Environmental Protection Agency and the U.S. Navy. Additional service areas range from home health care for the severely disabled homebound to the repair of electronic cable television converters.

Federation's programs have taken large numbers of disabled from the ranks of the unemployed and transformed them into self-sustaining, taxpaying contributors to society. In the past 12 months, through federation's services, severely disabled persons have earned approximately $20 million in Federal, State and city taxes.

Major funding sources such as the Job Training Partnership Act, the U.S. Department of Education, Rehabilitation Services Administration and the New York State Office of Vocational Rehabilitation have helped to support federation training programs in such diverse areas as automated office services, word processing and transcription services, electronic technician and repair services, optics and home health care.

The History of Federation has been the creation of opportunities where it did not previously exist. The tradition is dynamic partnership with industry and government, based on the effective matching of the capabilities of skilled disabled persons with the productive requirements of the wider market place. Federation has excelled in the creation and managment of such programs and should be recognized for this major accommplishment. Therefore, Mr. President, I con-

gratulate the Federation of the Handicapped on its 50th anniversary.

Thank you, Mr. President.●

FORCE A BALANCED BUDGET

● Mr. SIMON. Mr. President, one of the fine papers in Illinois is the Sparta News Plaindealer, published by William Morgan. I have known him and his family for decades.

Theirs is a newspaper that provides not only community leadership but common sense.

Recently they had an editorial commenting on the need for a balanced budget amendment.

I urge my colleagues to read their editorial, which I am inserting in the RECORD at this point.

The editorial follows:

FORCE A BALANCED BUDGET

Senator Paul Simon, D-Illinois, has launched an intensive effort to build support for a balanced budget amendment to the U.S. Constitution.

In fact Simon, a member of the Senate panel with jurisdiction over amendments to the Constitution, is emerging as the primary figure in the drive in Congress to win enactment of a Constitutional restraint on deficit spending. Senator Simon has scheduled 57 town meetings this month across the state to discuss his proposed amendment.

Up to this point we have not favored a Constitutional amendment requiring a balanced budget. Such a move would "tie the hands" of Congress to such an extent that we feel it could at times do more harm than good.

In spite of this, we are becoming more and more impressed with Senator Simon's proposed amendment. Our change of heart has come about after watching Congress ignore the ever-growing federal deficit. As long as each member of Congress, in a constant pitch for re-election, is more concerned with his or her own district than with the country as a whole, we will not have a balanced budget or a declining federal deficit.

The government is like any business or individual. It cannot continue spending more than it takes in without dire results. Manufacturers and farmers are already suffering from the deficit. The high dollar overseas has dried up their markets.

And since our elected representatives seem unwilling to do anything about the situation, perhaps we voters should. We would suggest that each of you read everything you can about the proposed amendment as well as the present situation of deficit spending. Make up your own minds about what should be done. If you feel an amendment to the Constitution requiring a balanced budget is the only practical solution, let your Congressmen know how you feel.

Our elected officials are supposed to be representing us—the voters. Unless we let them know how we feel, how can they?●

THE 12TH LIBRARIAN OF CONGRESS

● Mr. MATHIAS. Mr. President, yesterday—November 12, 1985—marked the 10th anniversary of Dr. Daniel J. Boorstin's service to the Nation as the 12th Librarian of Congress. Dr. Boorstin's service can be expected to continue for many years in view of the precedents such as the service of one of his distinguished predecessors, Herbert Putnam, who served as Librarian from 1899 to 1939.

Daniel Boorstin has directed the Library of Congress with distinction during the past 10 years, and has enhanced its reputation as one of the world's leading cultural institutions. His leadership has been imaginative and in many ways daring. At any given week in the Library of Congress, you will find some of the Nations leading scholars discussing contemporary issues or creatively relating the past to the present. Earlier this week I joined the Chief Justice, the Librarian, Representative DON EDWARDS and Prof. Charles Wright to discuss the U.S. Constitution with the Prince of Wales. The presence at that discussion of some of the Nation's most treasured possessions—books, manuscripts, and papers of the Founding Fathers—relating to our Constitution was a vivid reminder of the outstanding collections of the Library of Congress that are an important part of Congress' historical legacy to the American people.

Dr. Boorstin is to be commended for a variety of accomplishments as 12th Librarian of Congress including maintaining its excellent service to the Congress and to the American people, and for his diligence in enriching the Library's collections through its international programs. We expect even more exciting accomplishments from the Library under Dr. Boorstin's energetic leadership in the next 10 years. Among these are two capital projects now underway at the Library of Congress. One is the construction of the world's first major book preservation facility in Frederick, MD, and the other is the much-needed renovation and restoration of the Library's Thomas Jefferson and John Adams Buildings.

Among other major accomplishments under Dr. Boorstin's librarianship has been the establishment of the Center for the Book to focus national attention on the importance of books, reading, and the written word; his authorship of the lively and provactive study "Books In Our Future," published last year by the Congress' Joint Committee on the Library; and the creation of the Council of Scholars, which serves as a link between the Library of Congress and the world of scholarship in order to advise the Librarian on ways to sustain and strengthen this connection.

Dan Boorstin's tenure as Librarian has been a time of cultivation and good husbandry and his commitment to public service has been a satisfaction to observe. One of my personal favorite innovations at the Library during the last 10 years is the appearance of picnic tables and benches—and noontime performances sponsored by the Library's American Folklife Center—on the Library of Congress plaza. These serve to invite visitors to Capitol Hill to experience personally the welcome sign at the Library of Congress that Dan Boorstin has extended to the American people and to every one visiting this great Nation's Capital City.

As vice chairman of the Joint Committee on the Library, and as chairman of the Committee on Rules and Administration, I extend to the Librarian of Congress the Senate's appreciation and congratulations for his scholarly stewardship and informed leadership.●

DISINVESTMENT OF SOCIAL SECURITY TRUST FUND ASSETS

● Mr. PRYOR. Mr. President, yesterday, as part of the Consolidated Omnibus Budget Reconciliation Act of 1985, the Senate approved an amendment which would restore any loss to the Social Security, civil service and military retirement, railroad retirement and Medicare funds which has resulted from Treasury activities in 1984 and 1985 to disinvest securities held by these funds in order to pay benefits. I would like to express my wholehearted support for this body's action regarding this most important issue.

Last week, Members of Congress and the public learned that the Department of the Treasury had taken unprecedented actions during October 1984 and September, October, and November 1985 to disinvest large amounts of the short and long-term securities held by these vital retirement trust funds in order that benefit payments could be made. This action was necessary because the Treasury Department had such limited cash reserves on hand that it could not make the cash transfers necessary to follow the normal benefit payment procedures, and the Secretary had to cash out investments in order to issue benefit checks.

These actions have caused a great deal of concern. Press accounts which state that the trust fund securities are being cashed out to pay for other programs have not helped matters. Since passage of the 1983 Social Security financing amendments we have been consistently assured of the soundness of the Social Security retirement trust fund, and this most recent revelation has caused a great deal of confusion and fear throughout the Nation. It is of the utmost necessity that the Congress act immediately to rectify the Treasury's actions.

I strongly support our adoption of the Moynihan amendment yesterday. Specifically, it would restore interest lost to the trust funds as the result of the Treasury's October 1984 disinvestment activities, it would require the

Secretary to reissue the securities cashed out during September, October, and November 1985 so that they will produce the same yield in interest at maturity as they would have if they had not been redeemed, and—perhaps most importantly—would require the Secretary of the Treasury to provide the Congress and the public trustees of the Social Security fund a 15-day warning of any intention to disinvest trust fund assets. Passage of this amendment will not only restore these most important retirement trust funds to their appropriate asset and interest levels, but will also ensure the future security of these funds. I applaud the actions of the Senate in this regard, and particularly the efforts of my distinguished colleague from New York [Mr. MOYNIHAN] for the development of a sound approach to solving this problem.●

JAPANESE LEATHER AND LEATHER FOOTWEAR TRADE CASE

● Mr. DANFORTH. Mr. President, on September 7, the President announced his intention to retaliate against Japan unless cases filed under section 301 of the Trade Act on Japanese leather and leather footwear are resolved by the first of December. These cases have been pending since 1977 and 1982, respectively—although the leather case was supposed to have been settled in 1979.

I bring this matter to the attention of the Senate to remind Senators that if trade retaliation is undertaken, it will be the first such action in response to a Japanese trade barrier by this or any other administration. The Japanese argue that the leather problem is of particular political sensitivity in that country. I do not disagree, but remain convinced that no country should be allowed to maintain barriers contrary to their trade commitments without paying a price to the rest of the world.

Mr. President, on November 18, the Office of the U.S. Trade Representative will hold hearings on the appropriate United States response to these Japanese barriers. I, for one, think that it is time to stop our seemingly endless negotiations with Japan on cases such as this. It is time to act.

Mr. President, I ask that a copy of the Federal Register notice on these cases be printed in the RECORD.

The material follows:

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of USTR Public Hearing on Possible U.S. Actions in Response to the Quantitative Restrictions Maintained by the Government of Japan on Imports of Leather and Leather Footwear

SUMMARY

This publication gives notice that the Office of the United States Trade Representative (USTR) in conformity with section 304(b) of the Trade Act of 1974, as a amended (19 U.S.C. 2414(b)(1)), will conduct a hearing on possible U.S. actions in response to the quantitative restrictions maintained by the Government of Japan on imports of leather and leather footwear.

1. Public hearings

In conformity with section 304(b) of the Trade Act of 1974, as amended (19 U.S.C. 2414(b)(1)), the Office of the USTR has scheduled a hearing for November 18, 1985, to provide the opportunity for public comments on: (1) A proposed U.S. action in the form of increase duties or import restrictions on certain products from Japan (listed in Section 4 of this notice); and (2) a proposal offered by the Leather Industries of America, Inc. to restrict the exportation of U.S. hides to Japan. Such comments will be considered by USTR in advising the President with respect to his decision to use his authority under section 301 of the Trade Act of 1974, as amended (19 U.S.C. 2411) to take counter measures against Japan if no satisfactory settlement has been reached in the Japan leather and leather footwear cases by December 1, 1985. Interested parties are invited to submit comments on these proposals. Interested parties are also requested to include in their comments on the list of possible retaliation items, an analysis of: (1) The degree to which import restrictions or increase duties will encourage the Japanese to remove their leather and leather footwear quotas; and (2) degree to which import restrictions or increased duties will have an adverse impact on U.S. consumers.

2. Requests to participate in the public hearings

Hearings will be held on November 18, 1985, beginning at 10:00 a.m. in room 403, Office of the U.S. Trade Representative, 600 17th Street, NW., Washington, D.C. In accordance with 15 CFR 2006.9, parties wishing to testify orally at the hearing must provide written notification of their intention by noon, November 11, 1985 to Christine Bliss at the address listed above giving:

(1) Their names, addresses and telephone numbers; and

(2) A brief summary of their presentation.

Those parties presenting oral testimony must submit a complete written statement in 20 copies by noon November 14, 1985 and must conform to the requirements of 15 CFR 2006.8. Remarks at the hearings should be limited to no more than a 15 minute summary of the written statement to allow for possible questions from the Chairman and the interagency panel.

Participants should provide 20 copies of their oral presentation at the time of the hearings.

Persons not wishing to participate at the hearings may submit a written statement in accordance with 15 CFR 2006.8, in 20 copies by November 18, 1985 to Christine Bliss at the address noted above. Rebuttal briefs may be submitted in accordance with 15 CFR 2006.8(c) no later than COB November 22, 1985.

3. Background

In 1977, the United States initiated a section 301 investigation after receiving a petition from the U.S. Tanners Council alleging that Japanese tariffs, quotas and administrative practices concerning leather imports effectively denied U.S. exporters access to the Japanese market. After bilateral discussions with the Japanese Government failed, the United States requested formation of a panel under Article XXIII of the General Agreement on Tariffs and Trade (GATT) and threatened preemptive retaliation. In early 1979, we reached an agreement with Japan in which Japan promised to: (1) Give U.S. exporters a specified number of quota licenses; (2) provide the names of the quota holders, and (3) expand the quota on wet blue, finished and upholstery leather. We believed at that time that these measure would improve our access to the Japanese market. In 1982, however, the United States refused to extend the agreement. We noted that the U.S. industry was still unable to penetrate the Japanese market because of the lack of transparency of the Japanese administrative system, the deterrence imposed by the very low level of quotas to the significant marketing efforts by U.S. firms, and the high leather tariffs. Instead, we reinstituted our GATT complaint.

In 1984, a GATT panel found that Japan had violated Article XI of the GATT. The panel further determined that the illegal quota had damaged U.S. exports. Subsequent to the adoption of the GATT panel report the Japanese Government: (1) Reduced the tariff on semi-finished leather to zero; (2) promised to liberalize the allocation of the quota on semi-finished leather, and (3) agreed to publish the level of the quota on a regular basis. The tariff reduction on semi-finished leather imports has been of modest value to the U.S. industry, because it affects only a miniscule portion of their exports to Japan. Additionally, the publication of the level of the quota, while useful information, has not aided U.S. leather exporters in increasing their sales. U.S. exporters remain substantially excluded from the Japanese market and there is no prospect that this situation will change in the foreseeable future.

In December 1982, we initiated a section 301 investigation based on a petition filed by the Footwear Industries of America, et al. which included allegations that the quota and administrative practices maintained by the Government of Japan with respect to leather footwear imports effectively denied U.S. footwear exporters access to the Japanese market. Although there has been no GATT panel finding with respect to the leather footwear quota, it is identical to the leather quota which has been found by a GATT panel to be inconsistent with Article XI of the GATT. The Japanese have taken no steps to liberalize or eliminate the footwear quota.

On September 7, 1985, the President announced that he will consider taking counter measures pursuant to his Section 301 authority to retaliate with respect to both leather and leather footwear quotas unless a satisfactory settlement of our complaint is reached by December 1, 1985.

On September 23, 1985, the Government of Japan notified the GATT Secretariat of its intention to enter into negotiations pursuant to Article XXVIII:5 of the GATT in order to modify or withdraw its tariff concessions on leather and leather footwear imports. The Government of Japan has notified the GATT of its intent to enter into Article XXVIII:5 negotiations so that it can remove its global quotas on leather and leather footwear imports and replace the quotas with new tariff measures.

Under Section 301 the President is authorized to take all appropriate and feasible action within his power to enforce U.S. rights under a trade agreement or to obtain the elimination of an act, policy, or practice of a foreign government or instrumentality

that denies U.S. benefits under a trade agreement or is unjustifiable, unreasonable or discriminatory and a burden or restriction on U.S. commerce.

Section 301(b) specifically authorizes the President, inter alia, to suspend or withdraw the benefits of trade agreement concessions and to impose duties or other import restrictions on the products of, and fees or restrictions on the services of, a foreign country for such time as he deems appropriate. Measures under Section 301 may be taken on a discriminatory or nondiscriminatory basis at the discretion of the President.

USTR therefore invites public comment on the possible actions the President could take pursuant to Section 301 if no satisfactory settlement is reached on these cases by December 1, 1985.

4. Product list

Japanese imports falling within the following tariff item categories may be considered as possible candidates for import restrictions or tariff increases:

TSUS Item No.	Description
708.41-708.47	Spectacles, frames, mountings and parts thereof.
533.20	Articles chiefly used for preparing, serving or storing food or beverages, or food and beverage ingredients, of fine-grained earthenware (except provided for in item 533.15) or of fine-grained stoneware.
737.95	Toys, and parts of toys, not specially provided for.
661.2025	Window or wall-type air-conditioners.
731.22-731.24	Fishing reels valued over $2.70 each.
740.35	Watch bracelets, not of precious metal, of precious stones, of natural pearls, of precious metal set with semi-precious stones, cameos, intaglios, amber, or coral, or any combination of the foregoing, valued over $5.00 per dozen.
740.38	Jewelry and other objects of personal adornment, not specially provided for, valued over 20 cents per dozen pieces or parts.
660.74-660.76	Water wheels, water turbines, and other water engines, and parts including governors.
682.6031-682.6048	Generator sets (integral unit mounted on a common base).
682.61	Generators, motor-generators, converters (rotary and static), rectifiers and rectifying apparatus, and inductors; all the foregoing if certified for use in civil aircraft.
707.90	Optical fibers, whether or not in bundles, cables or otherwise put up with or without connectors and whether mounted or not mounted.
684.9015 and 684.9025	Color TV cameras.
676.05, 676.07	Typewriters not incorporating a calculating mechansim, non-automatic with hand-operated keyboard.
684.5940	Telephonic apparatus and instruments (except telephone switching apparatus, telephone sets and other terminal equipment, and intercom systems) and parts thereof.
676.22	Cash registers.
533.52-533.79	Articles chiefly used for preparing, serving, or storing food or beverage, or food or beverage ingredients, of chinaware or of subporcelain.
666.1010, 666.1030 and 666.1040.	Lawn mowers (except riding lawn mowers), and parts thereof.
609.84	Angles, shapes and sections, of iron or steel, hot rolled or cold formed and weighing over 0.29 lb. per linear foot, drilled, punched or otherwise advanced.
652.94	Columns, pillars, posts, beams, girders, and similar structural units, not in part of alloy iron or steel, not of cast-iron (except malleable cast-iron).
652.95 and 652.96	Columns, pillars, posts beams, griders, and similar structural units, in part of alloy iron or steel.
652.97	Offshore oil and natural gas drilling and production platforms and parts thereof, of iron or steel.
653.01	Hangars and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, door and window frames, shutters, balus-trades, columns, pillars, and posts, an other structures and parts of structures, all the foregoing of base metal (except iron or steel).
121.10-121.65	Leather, in the rough, partly finished, or finished.
123.0050	Whole skins of lamb or sheep (other than those specified in item 123.0040) if suitable for use as furs and imported to be so used.
700.05-700.45	Footwear, of leather (except footwear, with uppers of fibers).
705.35	Gloves of horsehide or cowhide (except calf-skin) leather.
705.40-705.78	Gloves of leather except gloves in item 705.35.
706.90	Handbags of leather (except reptile leather), valued over $20 each.
706.13	Luggage of leather (except reptile leather).
791.10	Wearing apparel not specially provided for, of fur of the skin of dog, goat or kid.
791.20-7291.28	Leather cut or wholly or partly manufactured into forms or shapes suitable for conversion into footwear.
791.30	Belting leather cut or wholly or partly manufactured in forms or shapes suitable for conversion into belting.
791.35	Leather welting.
791.45	Book bindings, wholly or in part of leather.
791.48	Book covers, wholly or in part of leather.
791.50	Leather shoelaces.
791.54	Leather straps and strips.
791.57	Leatherboard comprised primarily of leather fibers bonded together with rubber or plastics materials.
791.60	Leather apparel belts, with or without buckles.
791.65	Bags, baskets, boxes, and cases, all the foregoing, not specially provided for, of leather.
791.70-791.76	Wearing apparel not specially provided for, of leather.
791.80 and 791.90	Articles not specially provided for, of leather.

5. Leather industries of America proposal to restrict U.S. hide exports

The Leather Industries of America (LIA) have proposed that in response to the Government of Japan's failure to eliminate the leather quota, that the United States restrict the export of U.S. cattlehides to Japan. In explaining its proposal, LIA has argued that the restriction of U.S. cattlehide exports to Japan could be: (1) Tied to the quantity of quota import licenses granted to U.S. leather exporters over a three year period, at the end of which time both the leather quota and U.S. restrictions on hide exports would be eliminated; or (2) subject to a basic limit equal to the level of U.S. cattlehide exports to Japan in 1963, the last year in which the leather quota was authorized under the GATT. Under the second approach LIA has suggested that the limit could be adjusted upward in response to Japanese actions to bring themselves into conformity with the 1984 GATT Panel decision.

interested parties are requested to comment on the LIA proposal and in particular on any adverse effects that the proposal might have on U.S. consumers and industries.

J. CHRISTINE BLISS,
Associate General Counsel.

[FR Doc. 85-26303 Filed 10-31-85; 8:45 am]

BILLING CODE 3190-01-M●

URBAN DEVELOPMENT ACTION GRANTS AND ABEL'S BAGELS OF WEST SENECA, NY

● Mr. MOYNIHAN. Mr. President, on October 17, 1985, the Senate considered a proposal to eliminate the Urban Development Action Grant [UDAG] Program; the Senate wisely rejected this proposal. During the course of debate, a project in New York was cited as an example of abuse in the program. That project is Abel's Bagels, a subsidiary of Lender's Bagels, in West Seneca, NY.

The UDAG for this project amounted to $640,000, not $50 million as some

had alleged. It was awarded to Erie County in July 1982. Edward J. Rutkowski, the county executive, argues that this project represents the very best possible use of UDAG funds, and I wholly agree. The facts, generously supplied by Mr. Rutkowski, are:

The $640,000 UDAG loan leveraged $7.5 million in private investment, doubling the production capacity of the Abel's plant.

Ninety new jobs were created, as of September 1984; 31 of them filled by minorities.

In September 1984, Abel's was purchased by Kraft Foods, Inc., which immediately repaid the UDAG loan in full, with principal, interest and prepayment fees amounting to $683,810.

During the following 7 months, the Erie County Industrial Development Agency's lending corporation used Abel's UDAG repayment to make loans to six additional Erie County companies. The loans leveraged more than $3.5 million in additional investment, and the assisted companies estimate that 145 new jobs will be created in 2 years.

Mr. President, the question was asked, "Why should the Federal Government pay for the expansion of the Abel's Bagels plant?" The answer is simple. The Federal Government's original grant of $640,000 has resulted in a total investment of more than $13 million and 235 new jobs.●

AMERICAN EDUCATION WEEK

● Mr. D'AMATO. Mr. President, I rise today to call the attention of my colleagues, and the attention of the American people, to the fact that this week is "American Education Week." We should use this time to reflect upon both the quality and the direction of our educational system, the purpose of which is to equip our young men and women with the knowledge, values, habits, and attitudes necessary to ensure the continued strength of our Nation.

Education is as old as history, and it is as necessary today as it was for prehistoric people who needed to teach their children how to hunt in order to survive. Today, we, as a nation, must also teach our children in order to survive. Our society—as a modern society—cannot survive or maintain a relatively complex level of development without equipping our next generation with the necessary skills in the sciences, agriculture, commerce, government, industry, and the arts. The benefits which education provides for the individual, however, are as important as those which accrue to the Nation.

We must, therefore, make certain that we not eliminate vital programs which offer every individual the opportunity to obtain an education. Although economics tell us that we must seek ways to reduce the Federal deficit, commonsense tells us that cutting programs such as the Guaranteed Student Loan Program is not the right route to balancing the budget. As an investment in individual education, the GSL Program is an investment in America's future.

In New York State, 300,000 students receive over $315 million in Pell grants and 40,000 students are recipients of supplemental educational opportunity grants. Altogether, roughly 63 percent of all students nationwide receive some form of financial assistance, of which 81 percent is Federal aid. I am pleased, therefore, that Congress has recognized the importance of these programs. While sharp cuts were originally proposed for the GSL Program for fiscal year 1986, the budget resolution earmarked this program over the next 3 years for only $800 million in savings, most of which will be achieved through administrative reform.

We must especially be concerned with the educational opportunities of Hispanic and other language-minority children in our cities. Earlier this year, the future of early childhood bilingual multicultural resource centers were in jeopardy. This uncertainty prompted a bipartisian effort in both the House and Senate to ensure that these centers' contracts were renewed. I wrote to the Secretary of HHS to intervene on behalf of the children served by these centers to make certain they had a future.

From San Francisco to Denver, and from San Antonio to New York, these centers meet the need of the Head Start language-minority population throughout the country. Elimination of these centers would further exacerbate the already delicate educational opportunities of minorities in our cities. I am pleased that $900,000 has been added in the appropriations bill.

Another concern which has been entangled in efforts to reduce the Federal deficit is impact aid. For 35 years, this program has compensated localities in areas where the Federal Government owns much of the property. This money has assisted public school districts with the education of children whose parents do not pay their fair share of the school taxes because they live and/or work on Federal property. Last year, we were able to secure a 5-year reauthorization for impacted schools. This year, however, funding for impact aid has been targetted for excessive reduction. Unfortunately, the Senate has proposed a virtual elimination for the regular "B" funds for over 1 million children, drastic cuts in construction funds which now do not meet the backlog of requests, and a continuation of the inequitable distribution to districts of the limited funds which are available. It is my hope that these changes are not enacted and that we do not forsake the needs of our children.

Our children are the future of this Nation. They are the leaders of tomorrow. The multifaceted dynamics of our Nation, and of this world, are increasingly complex. We must see to it that our children are educated to be the able leaders America will need in the years ahead. The Robert A. Taft Institute of Two Party Government, a nonpartisan, nonprofit, tax-exempt corporation founded in 1961, has been dedicated to this effort for the past 14 years. Its mission is to enable teachers, administrators, and others to explore the American system of government and politics. It also works to enhance their knowledge and teaching skills and to stimulate and encourage their students to take an interest in, and participate in, governmental, political, and related community-based activities.

Early this year, I introduced the Taft Institute Assistance Act to provide Federal funds, to be privately matched, for this institute over the next 3 years. I was able to secure $750,000 in Federal assistance for this institute for fiscal year 1986.

It is essential that we, as a nation, be concerned over the quality and direction of our American educational system. It is also essential that we offer the best educational opportunities to every individual that we can provide. Now is not the time to retrench and limit the opportunity of this Nation's youth to achieve their full potential through efforts to reduce the Federal deficit. Indeed, our young men and women must be given the education they need to make real contributions to the future of the Nation.

Thank you, Mr. President.●

PRESIDENT REAGAN'S U.N. ADDRESS

● Mr. SIMON. Mr. President, the New York Times editorial, "What the President Left Out," was as good an analysis of President Ronald Reagan's speech to the United Nations as I have seen.

To the credit of the President, his speech was less bellicose in nature than his speeches had been in the last 5 years.

But that is not great praise.

I hope the President and the people in the administration will take heed to the wisdom in the New York Times editorial.

I ask that the editorial be inserted in the RECORD.

The editorial follows:

WHAT THE PRESIDENT LEFT OUT

In a world eager for progress toward peace at Geneva, President Reagan yesterday offered a combative sermon. He spoke of the innate goodness of Americans and the sanctity of freedom. He called on the Soviet Union to join with the United States in resolving regional conflicts—but only in those

regions where Moscow stands to lose. Mr. Reagan seemed less interested in diplomacy than in scoring debating points of Mikahail Gorbachev.

Thus the President had little to say to the United Nations on its 40th anniversary about disarmament. He discerned "seeds which we should nurture" in the Soviet proposal calling for deep cuts in strategic arsenals. But he followed with an unabashed sales pitch for "Star Wars," his Strategic Defensive Initiative, and bolstered it with an 18-year-old Soviet testimonial for defensive systems long rejected by American Presidents.

Mr. Reagan's approach surely was meant as a response to successful Soviet propaganda initiatives, and it has undoubted appeal to some domestic audiences. The pity is that he threw away a precious chance to bid for the high ground with his global audience. Detecting threats to peace, freedom and sovereignty only in the other fellow's corner did little to enhance his credibility.

"Freedom is not the sole prerogative of the chosen few," declared Mr. Reagan, "but the universal right of all God's children." But some of God's children live in South Africa. Not once in a long address did the President find occasion even to mention apartheid. Neither did he give voice to the concern that even his own Administration feels about the lack of political liberty in Chile, South Korea and the Philippines.

He castigated the Soviet Union for its intervention in Afghanistan, its support of Vietnam's invasion of Cambodia and its military assistance to leftist regimes in Ethiopia, Angola and Nicaragua. To rub it in, he added to his advance text explicit and belligerent comments on Marxist-Leninist governments and figures for Soviet-bloc troops in five countries.

By contrast, he described the American-aided "contra" rebels in Nicaragua as "struggling democratic resistance forces." The distinction will be lost on many people, particularly most Latin Americans.

Mr. Reagan asks the Soviet Union to assume joint responsibility for peacemaking in regional conflicts. In theory, that's a fine idea, worthy of consideration at the summit conference. There's no reason for the Geneva meetings to be restricted to issues of strategic arms control. But neither peacemaking nor peace can be so selective. A sermon vulnerable to such easy challenge can persuade only the converted.●

REPRESENTATIVE SOLARZ ON SOUTH AFRICA

● Mr. MOYNIHAN. Mr. President, in a recent essay in the New York Times, Representative STEPHEN J. SOLARZ, of New York, continues what has become a remarkable collection of writings on the most pressing foreign policy issues confronting the United States. Mr. SOLARZ is a former chairman of the Africa Subcommittee of the House Foreign Affairs Committee and writes with a great knowledge of that continent.

On the troubling question of what the United States can and should do to encourage the abolition of apartheid in South Africa, and following a recent visit to that country, Mr. SOLARZ writes, in my view wisely, that in the end: "Only South Africans can rescue their country from the looming abyss of civil war."

Just as President Reagan's policy of constructive engagement could not bring Pretoria to its senses, American economic sanctions alone will not bring it to its knees. It will take a combination of increasing internal and international pressure to convince the South African government that the price of maintaining apartheid exceeds the cost of abandoning it.

These are thoughtful observations, Mr. President, offered by a close and thoughtful observer of events in South Africa. I commend the essay from the New York Times to the attention of the Senate, and ask that the text be printed in the RECORD.

The essay follows:

[From the New York Times, Oct. 8, 1985]

TACKLING APARTHEID FROM THE INSIDE

(By Stephen J. Solarz)

WASHINGTON.—Defenders of the status quo in South Africa have resorted to the convenient fiction that the unyielding resistance of the white electorate prevents Pretoria from abolishing apartheid. In fact, the Government actually trails white opinion rather than being constrained by it. Public opinion polls indicate that roughly 70 percent of English-speaking whites and 40 percent of Afrikaners—or a slight majority of the white population—would support a unified South Africa with a universal franchise and a multiracial parliament. They would also back the elimination of such essential elements of apartheid as pass laws and influx controls, which separate blacks from their families.

This significant shift in white opinion can be traced in part to the movement of many Afrikaners from the country to the city. This has created a new class of businessmen and technocrats, who are more sophisticated and more skeptical of the illusions and sophistries of apartheid. The secret organization of Afrikaners known as the Broederbond, which has long been a bulwark of apartheid, now favors genuine power-sharing with blacks. And leading Afrikaner businessmen have joined their English-speaking counterparts in calling for fundamental political, social and economic changes.

To be sure, most South African whites would reject a unitary state based on the principle of one-man, one-vote, in which 51 percent of the voters could work their untrammeled will. But they might well accept a system of checks and balances based on a combination of majority rule and minority rights, with Federal arrangements providing for a devolution of power to regional and local authorities. While such a formula clearly falls short of maximum black aspirations, it would probably be an acceptable starting point for a long overdue dialogue between the races.

A move by the Government to enter into negotiations for power-sharing with blacks would undoubtedly trigger a backlash from hardline Afrikaners, leading to a fundamental political realignment among whites. The resulting fragmentation of the National Party's Afrikaner base might well deprive it of an absolute majority in Parliament. But it could still remain in power by forming a governing coalition—committed to ending apartheid—with the main opposition party, the Progressive Federal Party.

Unfortunately, such an act of surpassing statesmanship seems beyond the ability—or even the imagination—of President P.W. Botha. The Government is unwilling to further divide the Afrikaner community and risk relying on English-speaking whites for its parliamentary majority. Most importantly, the Government fears that sharing power with blacks would be the first step on a slippery slope toward the political chaos and economic disintegration that have overcome other African countries.

But whites in South Africa have a highly selective vision of the rest of Africa. They focus on Uganda under Idi Amin but forget about the Ivory Coast under Felix Houphouet-Boigny. They recall civil war in Nigeria but not social stability in Kenya. They remember internecine tribal conflicts in Burundi but overlook political pluralism in Botswana.

In fact, the chances that genuine power-sharing will be compatible with prosperity and stability are probably greater in South Africa than anywhere else on the continent. South Africa benefits from extraordinarily rich natural resources and an advanced industrial infrastucture. Furthermore, compared to most other African nations, South Africa has a substantially larger number of educated and urbanized blacks—and thus much less chance of being plagued by the kinds of tribal conflicts that have created problems elsewhere in Africa.

Yet the Government clearly has no intention of sharing significant political power with blacks, let alone negotiating with recognized black leaders. Its list of appropriate negotiators is comprised primarily of coopted blacks, such as homeland leaders, who are acceptable to whites but anathema to blacks. Meanwhile, it keeps Nelson Mandela in jail, excoriates white business leaders for talking to the head of the African National Congress, Oliver Tambo, charges the Rev. Allen Boesak with treason and ignores Bishop Desmond Tutu.

Pretoria has recently tried to create the impression that it is prepared to fundamentally alter the political system. Yet it has declared it would permit the independence of additional homelands, even though the reintegration of the existing ones into South Africa is an essential condition for a peaceful settlement. And it has insisted that any future black political participation must reflect tribal affiliations—something that is utterly unacceptable to moderate as well as radical blacks.

What about the reforms that Pretoria has initiated, such as the repeal of the Mixed Marriages and Immorality Act? Whites see them as cosmic, but blacks feel they are merely cosmetic. For blacks, the issue is no longer the segregation of the races but the distribution of political power. Arrangements designed to create the illusion of black participation while preserving the reality of white domination are a formula not for peaceful reconciliation but for prolonged resistance.

Only South Africans can rescue their country from the looming abyss of civil war. Just as President Reagan's policy of constructive engagement could not bring Pretoria to its senses, American economic sanctions alone will not bring it to its knees. It will take a combination of increasing internal and international pressure to convince the South African Government that the price of maintaining apartheid exceeds the cost of abandoning it.

Here, the United States is poised to play a useful role, as anti-apartheid actions spread from Capitol Hill to the White House, and from college campuses to the board rooms of some of our largest banks. We can only

hope that Pretoria will heed the calls from within and outside the country to abolish apartheid and share real political power with blacks. Such an initiative would undoubtedly unleash bitter opposition from many of the Government's traditional supporters. But it would also generate widespread support abroad and, most importantly, surprising sympathy from much of the white community at home.●

SUPPORT FOR CLEAN COAL RESERVE

● Mr. SIMON. Mr. President, I wish to express my strong support for the clean coal technology reserve and to commend my colleagues on the Appropriations Committee for their efforts to provide $750 million in funding for this vital program.

This program was established as part of last year's continuing resolution, redirecting a portion of the Synthetic Fuels Program to focus on the continued development of technologies which will allow us to expand usage of our domestic coal reserves in environmentally safe ways.

Better use of our domestic coal resources is clearly the key to strengthening our energy independence. Coal currently provides nearly one-fourth of our total national energy consumption, and is our largest source for future growth. Coal provides almost two-thirds of the electric utility consumption in my State, and the mining of coal is a vital industry there.

But the key to expanding our use of coal is the continued development of technologies to burn our coal cleanly. My colleagues from New England and our neighbors from Canada are clearly correct in urging prompt action to allay the environmental impacts of acid rain, and we must act quickly to address the extent to which the use of coal contributes to that problem.

But the solution is not to abandon the use of our domestic coal reserves. The solution rests in making every effort to being these new technologies into use so that coal can be burned more cleanly and efficiently.

Again, I commend my colleagues on the Appropriations Committee for their wise leadership in this matter and I urge all my colleagues to strongly support full funding of the clean coal technology reserve.●

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL TOMORROW AT 9:30 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. on Thursday, November 14, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business, not to extend beyond the hour of 10 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUME CONSIDERATION OF S. 1730

Mr. DOLE. Mr. President, following routine morning business, at 10 a.m., the Senate will resume consideration of S. 1730, the reconciliation bill.

Mr. President, I hope in the morning, say, between 9:30 and 10, we can reach some general agreement on time for the significant amendments that are pending and an overall agreement that no other amendments would be in order.

We might complete action on that bill by midafternoon and then move on to the Compact of Free Association and the Overseas Private Investment Corporation.

If we can complete action on those three items, I would be prepared to indicate we would not be in session on Friday—if.

Mr. HELMS. Will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. HELMS. Would the distinguished majority leader contemplate laying down the farm bill when he completes action on the measures stated?

Mr. DOLE. I think both managers would like to get back on the farm bill.

Mr. HELMS. Yes, sir.

Mr. DOLE. I can think of nothing holding it up.

RECESS UNTIL TOMORROW AT 9:30 A.M.

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move under the previous order, that the Senate stand in recess until 9:30 a.m., Thursday, November 14, 1985.

The motion was agreed to; and the Senate, at 9:54 p.m., recessed until 9:30 a.m., Thursday, November 14, 1985.

NOMINATIONS

Executive nominations received by the Senate November 13, 1985:

DEPARTMENT OF THE INTERIOR

James R. Richards, of Virginia, to be Inspector General, Department of the Interior, vice Richard Mulberry, resigned.

THE JUDICIARY

Harold L. Cushenberry, Jr., of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years, vice Paul F. McArdle.

Michael L. Rankin, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years, vice Nicholas S. Nunzio.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Lois Burke Shepard, of Maryland, to be Director of the Institute of Museum Services, vice Susan E. Phillips.

EXTENSIONS OF REMARKS

THE ELECTION OF WILLIAM L. CLAY AS MISSOURI'S FIRST BLACK CONGRESSMAN

HON. LOUIS STOKES
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. STOKES. Mr. Speaker, I would like to take this opportunity to share with my colleagues an interesting paper on the election of my good friend and colleague, Congressman WILLIAM L. CLAY, to the U.S. House of Representatives. The paper was presented by Dr. Philip A. Grant, associate professor of history at Pace University during the 70th annual convention of the Association for the Study of Afro-American Life and History in Cleveland.

At this time, I would like to insert the article detailing the historic candidacy and election of Congressman CLAY into the CONGRESSIONAL RECORD:

THE ELECTION OF WILLIAM L. CLAY AS MISSOURI'S FIRST BLACK CONGRESSMAN

On June 28, 1967, the Missouri Legislature passed a bill to reapportion the state's existing ten congressional districts. The legislative reapportionment was necessitated by the historic Supreme Court decision of February 17, 1964, *Wesberry* v. *Sanders*, a ruling mandating that congressional districts within individual states be roughly equal in population. According to the 1967 plan, the ten new districts varied in population from a minimum of 420,180 to a maximum of 453,100.

Among the reapportioned constituencies was the new First District of Missouri. The new First District consisted of all or part of Wards 1, 2, 3, 4, 5, 18, 19, 20, 21, 22, 25, 26 and 27 of the city of St. Louis and five suburban townships in neighboring St. Louis County. Located in close proximity to the Mississippi River, the revised district was overwhelmingly Democratic in political registration and approximately fifty-five percent Black in racial complexion.

During the decade of the 1960s, the overall populaltion of St. Louis declined from 750,000 to 622,236. While tens of thousands of white residents were systematically migrating to suburban communities, St. Louis' Black population between 1960 and 1970 was to increase from 216,022 to 254,268. Thus, by 1970, Black would constitute 40.9 percent of St. Louis' population. Since the vast majority of these Blacks were inhabitants of the new First District, it was widely assumed that in 1968, the district might elect a Black congressman.

Traditionally, the First District had been steadfastly Democratic in its voting patterns. Indeed, the District had not elected a Republican congressman since 1910. Between 1927 and 1947, the District had been represented by John J. Cochran, an unwaivering supporter of the domestic policies of Democratic Presidents Franklin D. Roosevelt and Harry S. Truman. From 1947 to 1967, the District's congressman had been Frank M. Karsten, who previously had spent twelve years as Cochran's secretary in Washington. Like Cochran, Karsten was a staunchly liberal Democrat, strongly favoring public housing, federal aid to education, increased minmum wages, and expanded social security and Medicare benefits. Both Cochran and Karsten had compiled unblemished records in behalf of civil rights legislation during their respective congressional careers.

The First District had also voted Democratic in every Presidential election since 1928. In 1960, Democrat John F. Kennedy had carried the District by 66,031 votes providing him with several times his 9,983 statewide margin of victory. Four years later, Democrat Lyndon B. Johnson had outpolled Republicans Barry M. Goldwater 143,325–45,364 in the District. In the 1960 and 1964 presidential contests, it was estimated that Kennedy and Johnson averaged ninety percent of the Black vote in the First District.

It was virtually certain that, if Congressman Karsten chose to seek re-election, he would be challenged by a Black candidate in the 1968 Democratic primary. Karsten was a good-natured man, who had served his district in a conscientious manner during his eleven terms on Capital Hill. Although a genuine liberal, in his political philosophy, he was not especially dynamic and had never aspired to a leadership role. On March 4, 1968, the United States Supreme Court permitted Missouri to conduct its congressional elections under the 1967 redistricting plan, and on the following day, deciding not to engage in a strenuous primary contest, Karsten announced his retirement.

Within a few weeks after Karsten's announcement, it was quite evident that the two principal contenders for the Democratic nomination in the First District were Milton Carpenter, a White, and William L. Clay, a Black. Carpenter was a former State treasurer of Missouri, who had always carried the city of St. Louis by sizeable margins in his past campaigns. Clay, who had previously served five years as an alderman from Ward 26, has spent most of his adult life as a civil rights activist.

Carpenter was a sixty-three year old political moderate with close ties to Missouri's Democratic establishment. He had spent 8 years as St. Louis' city controller and four years as Missouri's Director of Revenue, prior to becoming State treasurer in 1961. Carpenter's views on nearly all domestic issues were identical with Karsten's. Although highly respected for his expertise on economic problems, he had seldom expressed opinions on foreign policy questions and had remained curiously silent on the Vietnam War. Carpenter's campaign strategy was based on the expectation of attracting the bulk of the District's suburban vote and benefitting from his longstanding name recognition.

Clay, 37, and a graduate of St. Louis University, had been a political maverick during his tenure on the Board of Alderman. He had frequently lead civil rights demonstrations and at one point had spent 105 days in jail for contempt of court. In to his well-publicized involved in civil rights activities, Clay had for many years been prominent in the labor movement. Throughout the duration of the 1968 primary campaign, Clay constantly emphasized his commitments to achieving racial equality and social justice at home and ending the nation's military presence in Southeast Asia.

The Democratic Congressional primary was held on August 6th. During the first hours after closing of the polls, Clay maintained a small, but inconclusive, lead over Carpenter. By midnight, it was projected that Clay would win the primary by roughly 7,000 votes. The official statistics were as follows, William Clay, 23,758; Milton Carpenter, 16,927; Ernest Calloway, 6,405; Harry S. Leahey, 1,571; and John J. Reilles, 1,258. Clay's primary victory was accomplished by polling nearly all his votes within the St. Louis city portion of the district, while Carpenter was sweeping the suburban communities of St. Louis county. The contrast between the city and the suburbs was documented by the following breakdown of the electoral figures:

	St. Louis City	County
William L. Clay	22,015	843
Milton Carpenter	9,150	7,777

Because the First District was heavily Democratic in party enrollment, relatively little attention was focused on the Republican congressional primary. Only 8,033 Republicans cast primary ballots. The Republican victor was Curtis G. Crawford, a Black. The primary figures were: Curtis C. Crawford, 3,551; Lloyd E. Baker, 1,825; Walter L. Abrose, 1,104; Marvel B. Schilze, 1,097; and Morton L. Schwaz, 436.

Because of the solidly Democratic complexion of the First District, it was considered almost certain that Clay would win the general election. Since both the Democratic and Republican nominees were Black, Missouri in 1968 would definitely elect its first Black congressman. The principal question was whether substantial numbers of white Democrats would consent to vote for Clay.

Crawford was 47 years of age and a former Democrat. Unlike Clay, he had never before sought political office. During the 1968 campaign, Crawford expressed unqualified agreement with the conservative themes voiced by Richard M. Nixon, the Republican presidential candidate, and Spiro T. Agnew, his outspoken running mate. Crawford advocated "law and order" and demanded less government spending. Arguing that Federal programs were impractical and wasteful, Crawford urged "self-help" projects for blacks.

Clay, reasserting the issues stressed during the primary campaign, insisted that the National Government had to do more to alleviate the suffering of the impoverished citizens of St. Louis and other urban centers throughout the Nation. Denouncing the Vietnam War at every opportunity, he complained that tens of billions of dollars appropriated by the Pentagon should instead

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

be utilized for humanitarian purposes. Clay repeatedly assailed Nixon and Agnew, charging that the Republican candidates were pursuing a cynical strategy of catering to the prejudices of southern whites.

On election night, Clay took a commanding lead in the early returns. Within an hour after the final ballots were cast, it appeared that Clay would outpoll Crawford by a minimum of 30,000 votes. The official result of the First District election was as follows: William L. Clay, 79,275 (63.9%); and Curtis C. Crawford, 44,316 (36.1%). As in the August primary, Clay easily carried the city of St. Louis segment of the district. Crawford succeeded in winning the less populous communities in St. Louis County.

Although Clay lost St. Louis County by a margin of 7,954, his vote there escalated from 843 in the primary to 13,572 in the general election.

While Clay was elected by 34,959 votes, Hubert H. Humphrey, the Democratic presidential candidate, carried the First District by a plurality of 65,739 (72.2%). Also, Democratic Governor Warren E. Hearnes and Lieutenant Governor Thomas F. Eagleton, the Democratic nominee for the United States Senate, prevailed over their Republican opponents by majorities of 65,882 (77.5%) and 59,746 (75.3%), respectively. The fact that Humphrey, Hearnes, and Eagleton ran considerably ahead of Clay in the totals of popular ballots suggested that several thousand white Democrats opted to vote for Crawford.

At the time of Clay's election, there were only five Blacks among the 435 members of the House of Representatives. These gentlemen were Robert Nix of Pennsylvania, John Conyers, Jr. and Charles C. Diggs of Michigan, William L. Dawson of Illinois and Augustus Hawkins of California. In addition to Clay, the ranks of these individuals would be augmented in the new Congress by Shirley A. Chisholm of New York and Louis Stokes of Ohio, who had been elected to the House on November 5th and Adam Clayton Powell of New York who was returning to Congress after a two year absence.

Since 1968, Clay has been elected to eight additional terms by his constituents. Although the boundaries of the First District were revised by the Legislature in 1969, 1971 and 1981 and the population has increased from 377,093 to 546,208, Clay has managed to retain his House seat with virtually no difficulty. His winning pluralities have ranged from 33,226 (1974) to 78,898 (1984) and his proportions of the vote have varied from 64% to 90.5%.

Shortly after Clay was sworn in as a member of the House on January 3, 1969, he was assigned to the Committee on Education and Labor. At the beginning of his third term in January, 1973, he was also appointed to the Committee on Post Office and Civil Service. Largely because of his seniority, Clay was to assume chairmanships of subcommittees on both panels. He was Chairman of the Subcommittee on Civil Service (1977-1979) and the Subcommittee on Postal Operations and Services, (1979-1983). At the beginning of the present Congress, Clay was designated Chairman of the Education and Labor Subcommittee on Labor Management Relations.

TRIBUTE TO HON. JOSEPH DiFEDE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. BIAGGI. Mr. Speaker, I am proud and honored today to pay tribute to a very special man. I refer to the Honorable Joseph DiFede, an extraordinary public servant and community leader, and a dear and valued friend. On November 20, it will be my distinct privilege to participate in a dinner celebrating the retirement of New York State Supreme Court Justice Joseph DiFede, who is completing a distinguished and remarkable career in both the public and private sector spanning 50 years.

It is rare in life to know men of the stature of Joseph DiFede. It is even more fortunate when a person of his caliber and distinction is also a personal friend. I have been so honored by having known Judge DiFede for more than 20 years. The origin of our friendship was a bit unusual. Judge DiFede was my professor of administrative law at New York Law School when I attended there beginning in 1963. I entered law school later in life than most, at the age of 45. I did so thanks to another wonderful man, Daniel J. Gutman, then the dean of New York Law School. While it was Dean Gutman who provided me the opportunity to attend law school, it was superior professors such as Joseph DiFede who ensured that I received the quality education which allowed me to graduate and become a lawyer.

From the outset, it was obvious to me that Joe DiFede was a man of great intelligence and integrity. From my days in New York Law School up to the present, Joe DiFede has been an important influence in my life. He has been and remains a confidant, an adviser and, of course, a valued friend. Joe DiFede has enhanced my life and the lives of many; as a result he enjoys enormous respect in many circles.

Joseph DiFede was born on December 8, 1909, in Valguarnera, Italy. He came to the United States at the young age of 14, and, like so many from his generation, came to our Nation with a great dream and worked to make it a reality.

He received his B.A. with honors from the University of Rochester, a LL.B. from St. John's University School of Law and a J.S.D. also from St. John's.

His distinguished career in public service began in 1935 upon his election to the New York State Assembly. After a short but note worthy career, he moved to the New York State Department of Labor serving as a referee from 1936 to 1944. From August 1944 until October 1945 he served as labor relations advisor and chief labor officer of Allied military governments in Europe. Joseph DiFede served in this capacity with such distinction that he was awarded the Medal of Freedom by the U.S. Government.

Following World War II, he returned to New York as special counsel to the New York State Commission Against Discrimination.

For 10 years between 1945 and 1955, Joe DiFede was a successful private attorney specializing in administrative law. As mentioned, this specialty Joe DiFede also carried into the classroom as a professor of law at New York Law School. As one of his students, I can most certainly attest to the wealth of his knowledge of the law.

The fact is Joseph DiFede has not only been an exemplary lawyer and judge, he has been an outstanding member of the New York Law School faculty for the past 30 years. During that time he has taught a wide range of courses. Among the subjects he has taught are: contracts, torts, family law, constitutional law, agency and partnership, labor law, labor arbitration, sales, negotiable instruments, insurance, legal ethics, legal research and writing, secured transactions, and labor relations in the public sector. Many lawyers today owe their success to the dedicated and learned Professor DiFede. He is fondly remembered by many of his students as a fair professor who made the time in the classroom a regular challenge.

The same year that Joseph DiFede began to teach at New York Law School, he returned to State government service, in the prestigious capacity as chairman and commissioner of the New York State Labor Relations Board, serving with special distinction in this difficult position for 6 years.

From October 1961 until January 1970 Joseph DiFede resumed his private practice. This time specializing in trial and appellate work. He also worked extensively as an arbitrator. He was a member of panels of the American Arbitration Association, New York State Board of Mediation, New York State Public Employment Relations Board, New York City Office of Collective Bargaining, impartial chairman of the Broadway Master Barbers Association and locals 1, 3 and 11, impartial chairman of restaurant industry at the 1964 World's Fair and finally impartial chairman under the contract between the city of New York and its administrative employees.

Joe DiFede began the most distinguished phase of his career in 1970 when he moved into the judiciary of New York. In 1970, he became judge of the Civil Court of the city of New York. He served with such effectiveness that 1 short year later he became a justice of the Supreme Court of the State of New York. He has served in this prestigious capacity for 13 years. During this time, he has earned tremendous respect from the legal community for he has also proven to be an important voice for the consumers of the State of New York. His most celebrated case involved a conspiracy by the milk producers of New York State to fix milk prices. Subsequently they pleaded guilty and had to pay back millions of dollars by lowering milk prices. This most significant action could not have happened without the type of judicial advocacy and aggressiveness that is so characteristic of Judge DiFede.

In addition to his many time consuming responsibilities in both his public and private sector work over the years, Joe DiFede has remained an active member of the same Bronx community. He is a past president of the Bronx County Bar Association and Workers Compensation Bar Association. He has served as chairman of the Decatur Democratic Club, one of the most effective of all clubs in the Bronx.

It is obvious that a man with the varied and successful career that Joe DiFede has enjoyed would acquire his share of honors and awards. In Joe's case they began back in his college days when he was selected for the Phi Sigma Iota Society, the National Language Honor Society; also in college he was elected as chief editor for Pro Romanico. In addition to the prestigious Medal of Freedom from the United States that he won for his service in World War II, Joe DiFede also was awarded the Star of Solidarity First Class by the Italian Government. He has also received a special citation from B'nai Brith.

Judge DiFede is also a prolific author having written numerous articles in the field of labor relations, including the areas of right to work laws, Federal preemption and right to work laws, Federal-State jurisdictional problems in labor management relations.

It is appropriate that the November 20 dinner for Judge DiFede be billed as a celebration of retirement. Perhaps the one element of his upcoming retirement that Joe DiFede looks forward to the most is spending more time with his family. On that night later this month great joy and pride will accompany the DiFede family as they celebrate both what he has accomplished in his life, but also the enjoyment that retirement will bring to all of them. I wish to salute the members of the DiFede family, his lovely and devoted wife Erma, their daughter Ann Cranshaw who follows in her father's footsteps as a lawyer, as well as their three grandchildren Stephen, Sandra, and Jacqueline.

Retirment marks the end of one phase of life and the beginning of another. Those who fare the best under retirement are those who have the most to retire to. Judge DiFede has all the ingredients for a happy retirement: a close family, good helath and a desire to remain active in the community. Retirement for Joe just means greater flexibility in his life. Retirement can also be rewarding for those who have had the kind of career that is joyous to look back on. This one can say without hesitation about Joe DiFede's life. He has distinguished himself for five decades in careers in both the public and private sector, in law and in academia. Yet throughout, Joe DiFede remained a good husband a loving father and grandfather and friend.

I wish Judge DiFede all the good life has to offer, to receive from life as much as he has given. If that be the case, one knows his retirement years will be long, fruitful, and most of all enjoyable. I know he has made a lasting impression on my life and the lives of many others.

REMARKS BY PRIME MINISTER SHINYONG LHO

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. SOLARZ. Mr. Speaker, recently the Foreign Affairs Committee had the opportunity to visit with Shinyong Lho, Prime Minister of South Korea.

The Prime Minister delivered what I considered to be some of the most perceptive and eloquent remarks about the relationship between the United States and Korea that I have had the benefit of hearing during my 11 years in Congress.

I am including them in the RECORD so that my colleagues, who were unable to meet the Prime Minister, will have the opportunity to read his remarks.

REMARKS BY PRIME MINISTER SHINYONG LHO AT THE TEA PARTY HOSTED BY HON. DANTE FASCELL, CHAIRMAN OF THE HOUSE FOREIGN AFFAIRS COMMITTEE

Mr. Chairman and Distinguished Members of the Committee: I would like to express my sincere appreciation to the chairman and distinguished members of the House Foreign Affairs Committee for inviting me to Capitol Hill. It is indeed a great pleasure for me to meet personally with you who have helped shape U.S. foreign policy.

Looking back into the past, it is easy to see that the American Congress has maintained close relations with Korea since the Korean War. The Korean people vividly remember that it was the U.S. Congress which played a critical role in the painful process of my country's rehabilitation from the devastation of the Korean War.

In the 1950's, the U.S. Congress year after year voted in favor of bills lending economic and military aid to Korea. I remember how glad we were when we heard those voices raised in the House Foreign Affairs Committee in support of continued aid to Korea. For ten years after the end of the Korean War, Korea was completely dependent on the United States for its recovery. Thirty-two years later, however, much has changed.

Now, Korea has become the seventh largest trading partner of the U.S. and fourth largest consumer of American agricultural products.

We are proud that Korea has grown in a single generation into a major trading partner of the U.S.

Mr. Chairman, I think two basic elements might be said to characterize the partnership between the U.S. and the R.O.K. First, together we are confronting and countering North Korea's military adventurism which aims to communize the Republic by force. We are also facing together the ominous challenge from the Soviet Union to expand its influence in Northeast Asia.

The North Korean communist regime has been a continuous threat to the R.O.K.'s national security. North Korea, pouring over 25% of its GNP into a military build-up, has never abandoned its attempt to take over South Korea by force.

Since General-Secretary Gorbachev took over, the Soviet Union has increased its military cooperation with North Korea by providing scores of sophisticated MIG-23 combat aircraft.

In light of the current military imbalance between South and North Korea, our traditional cooperation with the U.S. must be strengthened to meet the challenge from the North.

Parallel to our efforts to deter the threat from the North and maintain peace in Asia, the Korean Government has also taken a series of diplomatic initiatives to reconcile South and North Korea.

It is our firm belief that direct dialogue between the South and North is the only realistic and common-sense way to ultimately secure a peace settlement on the Korean peninsula.

Preoccupied with seeking to negotiate directly with the U.S., North Korea has not responded seriously to the on-going South-North dialogues. It always seems that North Korea responds to our calls for negotiation only when it believes that it can profit under the guise of dialogue or a peace offering.

Nevertheless, the R.O.K. is determined to continue in its attempts to persuade North Korea to remain at the negotiation table and to work seriously toward securing peace and stability on the peninsula.

Taking this opportunity, I would like to express our hope that our allies, including the U.S., will refrain from any kind of direct contact with North Korea which could effect the on-going South-North dialogues.

The second important characteristic of the partnership between our two countries is our trade and economic relationship, which has been growing and expanding to our mutual advantage. However, there has been some friction recently in the trade and economic relationship between our two countries.

I believe that the current trade frictions should be regarded as a temporary phenomenon incidental to the expansion of our economic cooperation. We all know that the stage is set for the further expansion of the Korean-American economic partnership, with great benefits for both nations. We must not lose this opportunity simply because our present short-term disagreements have been thrust into the political limelight. I fear that the U.S., concerned by the increased influx of Japanese goods, at times treats South Korea as a "second Japan." I would like to stress that such a perception overlooks Korea's unique circumstances.

Korea is still a developing country, which must tackle the many problems inherent in a divided and developing nation. Our per capita GNP is only two thousand dollars, less than one fifth that of Japan. We must spend 6% of our GNP, or one-third of our annual budget on national defense.

In addition, it is quite misleading to classify Korea as a country with "excess" trade surpluses. It was not until 1982 that the balance of trade between our two countries tipped in Korea's favor. And Korea's meager surpluses in recent years could be attributed to the high value of the U.S. dollar. Korea also has an outstanding foreign debt of 45 billion dollars. Last year, we paid 6.6 billion dollars to service that debt, a sum equal to the cost of our imported energy requirements. And I should add that most of these payments were made to American financial institutions.

Trade is essential for us to repay our foreign debts and to carry the defense burden we share with the U.S. in Northeast Asia. Trade is the main engine of development for the Korean economy.

As a trading nation, we are deeply concerned over a rising tide of protectionism

around the world, in particular the protectionist sentiments building within the U.S. Congress.

At a pace commensurate with its development, Korea has been progressively opening its markets through a series of import liberalization measures.

We will continue to do our utmost to raise what is called the import liberalization ratio. In fact, the ratio was raised to 87.7% this year and by 1998, the year we host the Summer Olympics, Korea's markets will be as open as those of any advanced nation.

We have, in the past, solved whatever problems which have arisen between us in the spirit of friendship and mutual understanding. I have every confidence that we will be able to continue to work together in this same spirit to overcome any irritants that may arise between our two countries in the future.

So just as the House Foreign Affairs Committee was instrumental in making our recovery from the Korean War possible, I call upon the members of the Committee and its friends to help defuse the protectionist sentiment toward Korea.

As I have noted, the ties between our nations in the area of security are as strong as ever, and the future lying before us in trade and economic cooperation is bright. We are ready to grow and expand with you as we have in the past.

I am confident that we will be able to look back on another 35 years and congratulate ourselves on having found the wisdom and foresight to bring that future into being.

YATES: 18 GOOD TERMS

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. FOLEY. Mr. Speaker, I would like to bring to the attention of the House of Representatives a recent article in the Chicago Reader titled "18 Good Terms" which highlights Mr. YATES of Illinois' outstanding career of public service to the people of Illinois and to the country:

SIDNEY YATES—"18 GOOD TERMS"

(By Ben Joravsky)

Sidney Yates leans back in his chair and tries to remember the name of the Republican candidate who ran against him in 1982.

It's a peaceful Monday morning in his downtown office. The phones are quiet, the mail light: Congress is recessing for the summer.

Obviously he's enjoying himself because of course he remembers her name. At age 76, after 35 years in Congress, Yates displays a remarkable memory. He has an amazing ability to conjure up all sorts of obscure facts, figures, and pieces of trivia. Why, he has just finished reciting the names, heights, and nicknames of the boys he played basketball against as a teenager more than 50 years ago.

But who was that woman? Who spent the better part of the 1982 campaign trying to convince voters in north-side neighborhoods and in suburbs new to the Ninth Congressional District that Yates was some sort of has-been relic.

Yates won 67 percent of the vote in that election.

What was her name?

Bertini?

"Yes. Bertini. Cathy Bertini," Yates says, smiling softly. "I wonder what she's doing now?"

Good God, what are any of them doing today? There have been so many challengers: 18 at last count. There'll be others in 1986. Old Sidney doesn't plan to step down yet.

"Why should I retire?" he says. "I have seniority. I am in a position where I think some things good will be lost for my district if I retire."

As always, his voice is soft and restrained. Too soft, too restrained, his closest supporters would say. If only he'd speak a little louder. If only he'd be a little less modest. A little less of a gentleman. Then the world might know a little more about Sidney Yates.

"He's publicity-shy, unbelievably so," says June Rosner, a publicist and veteran of many north-side political campaigns. "I had a press conference for him once. The Sierra Club had endorsed him; it was the first time they'd ever endorsed a political candidate. He came into the room and went straight to the back. It was really funny. I mean, it was *his* press conference. I have never seen any other officeholder do that."

Did you know that Yates made a name for himself in the 1920s playing semiprofessional basketball? Or that several years ago he was the congressional golf champion? Dan Rostenkowski gets his picture in the papers banging the ball around with the likes of Arnold Palmer and Gerald Ford; but Yates thinks that at his age, he can still whip Rostenkowski.

And Yates claims he was the clever fellow who back in the 50s nicknamed the subcommittee chairmen of the House Appropriations Committee the "College of Cardinals," for the power they so quietly hold. Yates is one himself, one of the most powerful, chairman of the Interior Subcommittee. Yates understands power, all right. In the last few years, he has wrangled millions of federal dollars for the Chicago Transit Authority, for Navy Pier, for Chicago's Board of Education . . . Meanwhile, he was playing a central if inconspicuous role in defeating the ABM and SST, in protecting Lake Michigan from pollution, in defending federal support for the arts.

The fights he has avoided—assiduously so—are the ones back home. You're too close to Daley, reform Democrats complained. When Bill Singer ran for alderman in 1969; or in 1972, when Donald Page Moore ran for the state's attorney and Singer and Jesse Jackson challenged Daley's slate of delegates to the Democratic Convention, Sidney Yates was not there.

"Here was a guy who did a good job in Congress. But he never got involved in his community," says Don Rose, a strategist for several independent candidates. "The reform movement might have been stronger if guys like Yates got involved."

For the record, Yates was once an independent. In 1939, he ran for alderman, challenging the 46th Ward Democratic organization of Joseph Gill. He lost big and learned a lesson. If you can't beat the party, join it. And so on election night he went to Gill's headquarters and conceded.

"I told them," Yates recalls, "that when I was young it seemed my father did so many foolish things—I was comparing Mr. Gill to my father. And I said, it occurred to me how much smarter my father had become. I said I had become much smarter as a result of this race, too. And I became part of Mr. Gill's organization."

When Yates reached Congress his party patrons—men like Gill, Daley, and west-side congressman Tom O'Brien—saw to it that Yates never faced opposition from the regular ranks. And he has consistently routed what was put up by the Republicans. When Democratic mapmakers in Springfield moved his district north into the suburbs in 1981, giving him constituents in Evanston and Skokie who—while predominantly Democratic—might not know who Sidney Yates was, he ran against Cathy Bertini with the energy of a freshman. He won big. And he won big in '84.

Yates claims he reads every piece of constituent mail.

I'll talk to any constituent," he boasts. "Why shouldn't I? It's my job."

"I'm standing in Kennedy Airport about to go to Europe with my wife," recalls Carl Devoe, president of the Executive House and, at age 76, one of Yates's oldest and dearest friends. "And I am made painfully aware of the fact that my passport has expired. I don't know what else to do so I call Sid. His secretary says he's on the floor, in conference. Well, she got him the message, he excused himself from the floor and calls the State Department.

"To make a long story short, he took care of the whole thing. He does these things, for everybody. That's part of the reason he always wins."

* * * * *

"I was born in Michael Reese Hospital. My father and my mother were immigrants from Lithuania. From Vilnius, specifically. And they came over here, I would speculate, in, oh, about 1895."

Yates's family lived on Maxwell Street, the west-side ghetto where most Jewish immigrants settled. His father was a teamster, and eventually he had earned enough money to move the family north to Lakeview. Yates grew up in the same neighborhood he lives in today. He attended the Nettelhorst School on North Broadway. He graduated with honors from Lake View High School.

Yates didn't care much for politics back then. His love was basketball. For a time after graduating from the University of Chicago, he barnstormed the midwest with the Lifschultz Fast Freights. "We played teams known as the Tulsa Oilers and the Pittsburgh Steelers," says Yates, "We received the magnificent sum of $5 a game. I played guard."

He earned his law degree from the University of Chicago in 1933—deep in the Depression. He got through because his older brother helped pay the tuition, a generous act that made a deep impression on him. Yes, young people should get on with their careers, Yates still believes, but they should also help the less fortunate. And Yates believes that government has to be part of the job. As a young man his hero was Franklin Delano Roosevelt, and Yates says today: "I am still a New Deal Democrat. I haven't changed."

He married Adeline Holleb, his wife of 50 years, they had one child, Stephen, now a Cook County judge; and in 1935 Yates went to work for the bankruptcy firm of William O'Connell. A year later he took a job with the Illinois Commerce Commission, and in 1939 he joined his father-in-law's law firm. Meanwhile, his restlessness playing on his idealism was drawing him into politics.

These were, as usual, exciting times in Chicago politics. In 1932, Henry Horner, a Cook County probate judge, had been elect-

ed governor. But by 1936, Mayor Ed Kelly and party chairman Patrick Nash decided Horner was too independent for their tastes. They slated Herman Bundesen, the city's health commissioner, to run against him. And Yates got involved.

"I won on Horner's side," he recalls "I went knocking on doors. It was my first political work and we won."1

Three years later, Yates decided to run himself. He challenged the incumbent alderman of the 46th Ward, a fellow named James Young, Joe Gill's protege.

"Smash the Machine was my issue," says Yates. "The Kelly-Nash Machine. I was running presumably with the help of Governor Horner. In retrospect, I didn't have a chance."

And so he joined the Regular Democratic Organization—whose reputation, in important respects—was far less tarnished than that of the organization Alderman Edward Vrdolyak heads today.

"You have to understand. We thought the Democratic party was the only way to save the country," says Carl Devoe. "The farmers were losing their farms. The home owners were losing their homes. The banks were going bust. It was the Depression and we were trying to save our country."

"I was an assistant precinct captain," says Yates. "I just came along at election time and worked with the precinct captain. Roosevelt was still very strong. Everybody admired Roosevelt, except the hard-line Republicans. Mayor Kelly said that Roosevelt was the greatest precinct captain the Democrats ever had. We would just knock on doors and say, 'We are the party of Roosevelt.' "

With World War II, Yates enlisted in the Navy, and was assigned to Washington as a lawyer with the Bureau of Ships. After the war, he returned to Chicago eager to run for office.

"In 1948, I went to Mr. Gill and he took my name to the congressional slate-making committee of the Ninth District. And Mr. Gill reported back that I had not been accepted.

"He said that this would be the year for a German candidate. And that John Haderlein, a real estate man, would be the candidate. Well that was the time when Harry Truman was reaching the depths of his popularity. Thomas Dewey was supposed to sweep the country and sweep every Republican into office with him."

But in August, the city's postmaster died.

"This was considered to be a German post. Haderlein wanted the job and the regular organization got it for him" says Yates. "And so the congressional nomination was vacant. Mr. Gill called me and asked whether I could raise my own funds. I said sure."

Yates managed his own campaign. His friends at the Bryn Mawr Country Club (where Yates was the golf champion) helped him finance it.

"Housing was the big issue. I can still see my billboards: 'Up with housing, and down with prices.' It's a very good slogan; a very good billboard," says Yates.

In the 1940s, the Ninth was a swing district: one election it would go Republican, the next Democratic. Its boundaries ran roughly from Kinzie Avenue on the south to Irving Park Road on the north, from the Chicago River east to Lake Michigan. The Republican vote was concentrated in the German neighborhoods of the 45th Ward.

"I campaigned in the slum areas of the 42nd Ward," says Yates. "It was black and Italian. I remember meeting with a Japanese-American group. We met in a little restaurant in an area that was called Little Tokyo (Clark Street south of Division). They had just come out of the camps in California. They wanted only one promise from me—that I would oppose Oriental exclusion laws, which prevented their parents from becoming citizens.

"I told them I couldn't promise anything, but that I wanted them to know that their goals were my goals: democratic liberty. And they went out and campaigned for me in that area."

The Republicans gloated about their chances in 1948. After 16 years of New Deal Democrats, the *Tribune* editorialized, the country yearned for change. The *Tribune* predicted that this would be the country's opportunity to smash, once and for all, the socialistic policies of the Democrats, which threatened to stifle free trade and American initiative.

At the top of the Democratic ticket in Illinois that year were Adlai Stevenson II, running for governor, and Paul Douglas, the candidate for senator.

"Well you know what happened," says Yates. It was a big Democratic year. I lost the areas that were Republican to start with. But I won by 18,000 votes, which was unheard of. I used to tell Adlai Stevenson, 'Governor, you were lucky I was on the ticket. I gave you the strength.' "

In Washington, Yates met U.S. Representative Thomas O'Brien, leader of the Cook County delegation. They took a liking to one another. O'Brien got Yates named to the Appropriations Committee, an unusual break for a freshman legislator, and he protected Yates when Yates opposed Sam Rayburn over the issue of oil and gas deregulation.

"The oil and gas industries wanted to get out from regulation. They wanted to fix their own rates," says Yates. "Rayburn, of course, being from Texas, represented the oil and gas people. I joined the other liberal Democrats. I don't know if Rayburn ever forgave me.

"But I got along with O'Brien even if I didn't get along with Rayburn. Whatever I needed, I went to O'Brien. He referred to me as his lawyer; I used to write his speeches."

O'Brien was powerful, Yates contends, because he had helped Rayburn get elected speaker of the House.

"Rayburn had come to O'Brien and asked for his support," says Yates. "And O'Brien got the whole Cook County delegation to pledge for Rayburn."

The O'Brien-Gill alliance also protected Yates back home from his own party. In those days, the seat wasn't safe, with Republicans predicting that voters would reject Yates for being weak on Communism.

"This is the time that McCarthyism was getting started. And the issues we had to vote on were the so-called Communist issues. I was a liberal Democrat and liberal Democrats were getting pushed around. I have voted against the Hobbs Bill. It was a bill that gave the attorney general the right to place so-called subversive Communists in concentration camps or detention camps. I think I was one of seven to vote against it.

"At that time we had a guy from New York, his name was Vito Marcantonio. He was very powerful in the New York Labor Party. A very progressive, articulate, and eloquent spokesman. And he was in on all these fights.

"Well, when I ran for reelection they would compare my records to Marcantonio's. Pink sheets were being distributed, saying: 'Do you want a member of Congress who votes with Marcantonio? Who votes on the Communist side of the issue?' Oh, this was big stuff."

A few months before the 1950 election, Congress had to act on the Internal Security Law, which would require all Communists and "Communist front" organizations to register as such with the government.

"I remember sitting in the back row with some of my friends in Congress, good people who just felt the pressure so great that they were going to vote for that bill. I said I couldn't. I made up my mind to vote against it. I was sick when the vote came up, had a bad case of the flu, couldn't get to the floor.

"But I had made my position clear. Truman vetoed the bill and I was one of the few who voted to sustain the veto. They overrode it and it became the law. It's since, however, been declared unconstitutional. And that's the reason I voted against it.

"I don't know if this helped me with my political sponsors. I'd come home to Mr. Gill and he wouldn't understand why I had voted for something. But he was gentleman enough to realize that this was something I believed in. That this was a personal commitment he wasn't going to disturb. And he held my position with the other committeemen."

Yates never left the Democratic party, no matter how ugly things got. Never joined the Progressive Party, which in the late 40s attracted liberal Democrats who desired a friendlier approach to the Soviet Union. Progressive Party members remember him as what they call a "Harry Truman Democrat" or a "Cold War liberal." Opposing the Korean War was out of the question.

"I remember writing a couple of newsletters saying that the Korean War was a question of meeting Communist aggression in Seoul rather than Seattle," says Yates.

"He wasn't anti-Communist, but that wasn't his cause. That wasn't his end all and be all," recalls Sidney Ordower, who was a Progressive Party organizer in Chicago. "As the Cold War developed some liberals went along with the extremists and forgot about civil liberties. That wasn't Yates. I always felt you could talk to Yates and he would listen."

His causes weren't centered on foreign policy. They were domestic issues: public housing, health care, tougher regulations of the drug industry. Reform causes that he and his allies generally lost because the Republicans controlled both the House and the Senate. But they laid the foundation for the domestic programs passed under presidents Kennedy and Johnson.

In 1955, the *New York Times* took notice. The paper's first profile of Yates described his efforts to save the life of a Taiwanese Army officer named Hsuan Wei. While visiting the United States, Wei had been quoted calling Chiang Kai-shek, a dictator. For his candor, the Taiwanese government notified him that upon returning to his homeland he would be executed as a traitor.

The U.S. Immigration and Naturalization Service denied Wei's request for citizenship. So Yates attempted to make Wei a citizen by a vote of Congress. The State Department protested that such an act would be viewed as meddling in Taiwan's internal affairs. Yates spread word of the debate through his newsletter, which the *Times* quoted at length.

"I am reminded," Yates wrote, "of the story of Lincoln and the army deserter who appealed for clemency. 'Has he no family?'

Lincoln asked. 'No, he has no family,' Lincoln was told. 'Has he no friends?' Lincoln replied. 'No, he has no friends.' 'Then I will be his friend,' said the president. And he granted the prisoner clemency."

"We won that one," says Yates triumphantly.

By 1962, after 14 years in the House, he was ambitious for higher office. So he went to Daley, seeking the party organization's support to run for senator.

It is important that future historians report that Yates went to Daley. That Yates wanted to be the U.S. senator from Illinois. Because chroniclers of that time had a different, more skeptical tale to tell. They peddled the idea that Sidney Yates was not a legitimate contender for the Senate seat. That even he knew he couldn't possibly unseat Everett Dirksen.

Dirksen, after all, was unbeatable. The mellifluous orator had been the incumbent since 1950. The Senate's Republican leader, he was a man Democrats could work with, even though he'd resisted the most basic of Democratic initiatives, like Social Security and Civil Rights laws. Indeed, all the evidence suggested that President Kennedy wanted Dirksen to win. So he would not wind up with a more hostile Republican leader in the Senate.

Sidney Yates, the story went, was a sacrificial lamb being led to the slaughter. In return for which Kennedy might offer him some crumb of gratitude, maybe even a federal judgeship.

From the outset, Yates denied that it was so.

"Senator Dirksen has written his record and I have written mine," he said, announcing his candidacy. "And that will be the basis of this campaign. I'll show the Republican senator's foundation has been built on shifting sand."

He thought he could win. He had strategy. The plan was to hit Dirksen hard, right where the senator would least expect it. Sidney Yates, the Jew from Chicago, was going to campaign for voters on Dirksen's downstate turf.

"I went everywhere downstate. I was there for seven months. And the polls showed I had Dirksen. He had more money than me. But I was at him on the issues. I remember Thalidomide was a big issue, the drug that so many women took in the 1950s."

Hundreds of those women—in West Germany and Britain—gave birth to deformed children. But the Food and Drug Administration kept the tranquilizer off druggists' shelves in the U.S. Yates argued that the FDA should be, if anything, even more stringent in regulating the drug industry—and he accused Dirksen of being too chummy with it to be responsive to the dangers.

Terry Brunner, now executive director of the Better Government Association worked for Yates during much of that downstate swing.

"I was a law student at Loyola, and I was sitting in the cafeteria and someone says, 'There's a job with Yates,'" says Brunner.

"And I say, 'Who's Yates?' I interviewed for the job as driver and I got it. They paid me $65 a week to work 24 hours a day with no days off. The big problem was shirts. You'd run out of clean shirts and where could you wash them?

"Let me tell you, that sacrificial lamb crap was fostered by Sidney's opponents and political writers who didn't know what the hell they were talking about. We'd be downstate busting our butts going from 5:30 in the morning to 11 at night and some guy in Chicago would write a story that says Yates isn't doing anything."

In August, under pressure from Daley, the White House announced that President Kennedy would come to Illinois in October and campaign for Yates. The President's first stop was Springfield. "President Kennedy asked Illinois voters Friday afternoon to elect Sidney R. Yates to the Senate in a speech that neglected to mention Republican Dirksen," began the account in the *Chicago Daily News.*

That night Kennedy flew to Chicago and was escorted by Daley to a rally at McCormick Place. The papers ran articles on the food the Democrats ate and the fashions their wives wore. But amid all the gushing hoopla there was not one picture published of Kennedy and Yates together.

And Kennedy steadfastly avoided a public denunciation of Dirksen by name.

Oh sure, the official transcript of the president's prepared speech at McCormick Place said: "There is only one candidate in the Senate race who supported [my] programs . . . and that is Sid Yates. I look forward to working with him in the Senate."

Kennedy, for reasons unknown, did not deliver that line when he read his speech. The press dutifully and repeatedly reported the omission.

"We were very disappointed with Kennedy's speech," says Brunner. "We were all depressed. Everybody had put a lot of effort into that campaign and then Kennedy wouldn't go after Dirksen."

Later that night, Kennedy cut short his trip and returned to Washington. His press secretary said the president had a bad cold. A few days later, the White House told the truth. The United States and the Soviet Union "stood eyeball to eyeball" in a nuclear confrontation over the issue of Soviet missiles on Cuba.

Kennedy called on the nation for courage and support. Included in that call were the Republicans. Especially Everett Dirksen. The papers ran front-page pictures of Dirksen boarding a plane, summoned by the president to Washington.

"The Senate contest here," read an October dispatch from the Associated Press, "is ending on a curious note of oscillating bipartisanship on foreign affairs and the suspicion that Yates has the political equivalence of a breach of promise case against President Kennedy."

Upon his return to Illinois, Dirksen told reporters that in his private meeting with Kennedy, the president had said: "What are you worried about, Ev? You've got it in the bag."

"I do not know whether the president needs me," Dirksen went on to say. I do know he calls me frequently."

The White House was too preoccupied, of course, to bother with denials. Yates was furious.

"Dirksen has given the misrepresentation that he was in the nature of a special adviser to the president because he was one of 17 congressional leaders called to Washington to hear the president's decision."

As for the alleged "in the bag" comment, it was, said Yates, an "outright, contemptible lie."

But on election day the New York Times reported that Dirksen had accepted Kennedy's invitation to join the president on an around-the-world trip to "examine trouble spots."

Not one political prognosticator predicted Yates would win. "Illinois elections hinge on whether the GOP downstate lead can overcome the Democratic margin in Cook County," wrote the Daily News' political correspondent, Charles Cleveland. "But this time it looks like only a question of how big a plurality Dirksen can muster because preelection barometers indicate he will carry Cook County."

The Democrats won all but one of the local races. "'A Great Day,' Says Daley," read the postelection headline in the Daily News. But yes, Sidney Yates lost. The papers reported that he'd run a surprisingly tough little campaign. The outcome was in doubt until after midnight. Yates conceded at a quarter to three in the morning before about 20 campaign workers, their eyes swelling with tears.

The downstate strategy had worked to a degree. Yates actually beat Dirksen in the senator's hometown of Pekin.

"I had Dirksen. I had him until October 22 when the missile crisis broke," Yates says. "From that day on it was downhill all the way. Because Dirksen and Kennedy were very close in people's minds. I lost by a couple of hundred thousand votes. I got about 48 percent of the total. If Chicago had given me what it gave Kennedy in 1960, I think I would have won. But there wasn't anything Daley could do after that. He was patriotic. This was a real eyeball-to-eyeball confrontation with the Soviets. And Dirksen was the minority leader.

"But I have no regrets. I'm glad I ran."

A few days after the election, the *Tribune,* which had never been friendly to Yates, took one final shot. Remember that federal judgeship we told you Sidney Yates really wanted? it reported. Well, he didn't get it. Dirksen saw to it that a Republican, Bernard Decker, was nominated. As for Yates, the *Tribune* article concluded that he wasn't certain what he'd do now that he was out of office. Probably make a living practicing law.

The article was wrong. After the election, Yates became an assistant to Adlai Stevenson, the U.S. ambassador to the United Nations.

"I thought that would help my career if I was inclined to run for the Senate again," he says.

He never did. Daley made it clear that the Ninth Congressional seat was his if he wanted it back. And so in 1964, Edward Finnegan, who had replaced Yates, stepped down to become a circuit judge. And Yates returned to Congress.

"I remember campaigning on the north side," says Brunner. "We passed out shoeshine kits that said, 'I'm in step with LBJ; Yates for Congress.'"

"I was elected in 1964, so I never voted on the Gulf of Tonkin Resolution," says Yates, referring to the 1964 measure overwhelmingly adopted by Congress that enabled Johnson to pour troops into Vietnam. "I'd like to think that I was against it."

"At any rate, I supported Johnson on the war until '66 or '67 when I began voting against appropriations for support. It angered Johnson. I remember one day flying from Chicago to Washington with Hubert Humphrey. He and I were arguing. I said, 'Hubert, I just can't do it; you and I don't have the same ideas.' He really believed in the war."

"The war was an issue that really separated liberals from progressives," says Don Rose. "Yates was a little slow to come out against the war, but he was not as slow as a lot of Chicago Democrats. Where he really

hurt the independents was on local issues. Like the Singer campaign."

It sounds so dated today, especially since William Singer long ago made his peace with the regulars.

But in 1969, Singer dared to challenge committeeman Eddie Barrett's 44th Ward Democratic organization. It was a special election to fill an aldermanic vacancy. And almost all the liberal activists in Lincoln Park and Lakeview rallied to Singer's cause. The independents linked Barrett to Daley, Daley to the police pounding protesters at the 1968 Democratic Convention.

"If you are on their side, you're on the wrong side," one volunteer told a Tribune reporter. And that went for Sidney Yates as well.

"When Singer ran for alderman, Yates did not endorse him," says Rosner. "He went with the party. So we got together to make his life as miserable as possible."

At one point, the Barrett forces bought an ad in the Tribune that depicted Singer as some sort of rabble-rousing hippie. Yates's name appeared under that ad, even though he later denied knowing anything about it.

"We made him repudiate the Tribune ad," says Rosner. "He didn't know anything about it. They just signed his name to it. I chased him down by phone to some vacation boat off the coast of Florida, and I told him he had to take his name off the ad. And he did it."

"I think he had a different view of the Democratic party than we did," says Scott Simon, now a correspondent for National Public Radio. "When he joined the Democratic party it was viewed as a bulwark against Republican business interests. I think that Mr. Yates always felt that it never had changed.

"Besides, I don't think he saw in the advance of people like Singer a new wave. I'm sure he probably knew that a guy like Singer eventually would become settled and fit right into the Democratic Organization. Which is, of course, exactly what happened. He probably saw Singer as yet another politician. That's not a degradation. Mr. Yates likes politicians."

In the early 1970s, Simon, just out of high school, went to work for Yates as an aide in his Chicago office. Simon's hair ran long then, down to his back. He wore blue jeans, rode his bike to work, and disagreed with his boss on many local political issues. But Yates never tried to censor him or curtail his political activities, Simon says.

"I will never forget the time I went to Midway Airport to pick up Mr. Yates," says Simon. "Dan Rostenkowski was on the same flight. Rostenkowski looked at me and said, 'You know, Sid, he'd look a little better if he got his hair cut.'

"And Yates said, 'You know, Dan, some of us would look a little better if we lost 20 pounds.' Well, it wasn't himself that he was talking about. Mr. Yates was always trim."

Yates remains somewhat noncommittal about the issues of those days. He didn't engage in local fights then and he's not about to now.

"I had no generation conflict with the young people in the 1960s," says Yates. "They were idealistic and they liked the positions I took."

As for Daley?

"Daley respected me and I thought he was a good mayor. I didn't really see him that much. Rostenkowski became the leader of the Chicago delegation because he was a ward committeeman. Daley would usually come to Washington to talk to one of the presidents. And we would review with him, when he came, the needs of the city. That was the extent of it. He didn't tell me how to vote. He didn't have to. On most issues regarding federal programs for the city, we agreed.

"I wasn't a delegate in 1968. But I watched the proceedings on TV. And I thought Daley mishandled it. I suppose, I don't know what else he could have done. In retrospect, he could have trained the police better. But when I asked him about it subsequently, he said there was nothing else he could do because there was an effort by many of the victims to provoke the reaction they got.

"You see, I'm not a zealot. I am a good liberal Democrat. Sure, I got along with Daley. But I got along with the independents too. I think both groups wanted to claim me. And that's fine with me. I am a part of both groups. I can't be a part of one group exclusively because they both have certain ideals I believe in."

For a while, some activists boldly talked of running an independent against Yates in the Democratic primary. Maybe even Singer himself. But it stayed talk.

"No one ever gave a serious thought to challenging him during that time," says Rosner. "He's impregnable. You can't defeat him. It would have been a total waste. Sure, we were angry at him. But that was all local. In Congress, he was fighting so many good fights. Like the SST."

The supersonic transport was the jet airplane Boeing wanted to build—with federal aid—to carry passengers across the Atlantic in less than three hours. Britain, France, and the Soviet Union were using public money to build their own SSTs, Boeing's advocates argued. It would be unpatriotic to do otherwise in this country.

Yates disagreed.

"I was troubled by the costs. And I was troubled by the testimony of environmentalists as to what the fleet of SSTs would do to the ozone. The theory was that they would become so hot that they'd break up the ozone layers. And so I started my fight."

It was a vintage Yates congressional campaign. The slow but persistent uphill fight of a legislator who knows that he'll remain in office long enough to wear down his opposition.

"The most interesting thing about the SST battle is to go back and look at the roll calls," says Hal Bergan, now a policy director for the governor of Wisconsin. In the early 1970s, Bergan was Yates' legislative assistant.

"Look at the numbers of supporters he originally had. It started in the low teens and he ended up winning."

Yates extracted from congressional hearings and publicized damaging testimony about the project. And he helped organize the sundry politicians, scientists, and environmentalists who opposed the SST into an effective coalition. Always, he operated in the background, while other politicians, such as Senators William Proxmire and George McGovern, took center stage.

"I sent a lot of letters, the so-called 'dear colleague' letters, to my fellow congressmen, Yates says of the early days of the SST fight. "You don't want to alienate anybody. You can become so dedicated yourself about an issue that you make people angry because you talk about it so much."

It was, in many respects, a harbinger of the 1980s, when Yates and other liberals were forced on the defensive by Reagan's assaults on federal spending.

Their first big showdown came in 1981 over the arts budget. Reagan proposed cutting the budget of the National Endowment of the Arts from the $145 million it had been the year before to $70 million. The matter came under the purview of Yates' Interior Subcommittee, which oversees federal arts expenditures.

His subcommittee was inundated with testimony from museum curators, community theater organizers, and artists all pleading for more money. When the hearings ended, Yates simply put the money back into the appropriations bill.

Well, maybe it wasn't so simple. During the final moments of the budget-making process, the Capitol turns into a brokerage house of sorts, with lobbyists scrambling among legislators, pleading for restitution of favorite projects. There are trade-offs and deals involving millions of dollars, all made under deadline pressure.

"Yates doesn't introduce headline bills," says Michael Dorf, from 1978 to 1984 Yates' legislative assistant. "He makes incredible trades."

If, let's say, the Chicago Transit Authority seeks a federal subsidy, Yates speaks with Senator Mark Andrews, the South Dakota Republican who chairs the Senate's Transportation Committee.

The CTA is not a burning issue in South Dakota. But fishing hatcheries, Indian reservations, and wildlife preserves are. All of which fall under the jurisdiction of Yates's subcommittee.

"He's quiet, but Yates is a master of the process," says Dorf. "That's when he's at his finest. During the final hours when the subcommittee puts in the dollars. There he is, at the center. The only Chicago Democrat on appropriations. The people come to him."

In the case of federal support for the arts, Yates insists few trade-offs were needed. The cause prevailed on its merits.

"The Congress has said, and every president except for Reagan has agreed, that the arts budget is important to the life of our communities and to the well-being of our country. The books you read tell you about Alexander the Great and his military accomplishments. But what's remembered is Greek civilization, its architecture, its philosophers, its art. Sure, you have to build your defense. But you are going to have to make peace someday.

"And so the Congress and perhaps even President Reagan have come to recognize that the president was in error in trying to cut out the arts budget. Although the president seems to be a slow learner. He last year tried to eliminate the funds of the Institute of Museum Services, which is a relatively small appropriation of $21 million. I just put the money back into the bill and the House approved."

He doesn't always succeed. He's witnessed massive cutbacks in housing and education in the past five years. But despite the Reagan landslide, Yates believes Congress will revive many of these programs.

"I believe the people who elected me really wanted to elect Walter Mondale. I think Reagan was elected for reasons other than ideology. He's fresh; he's handsome; he's exuberant. But to my mind, he stands for the wrong things. I think most people elected an image.

"I still think people will support the Democratic party because it stands for the New Deal programs and the other social programs that evolved out of them. I see guys like Gary Hart and Paul Tsongas and

some of the other senators saying you've got to stand for something else. But they don't say what else. They write books on the subject, and they don't tell you anything.

"The programs we created were supposed to provide the means for people to move forward. Do you go back to creating slums? Do you go back to the miserable conditions? Do you do away with education, like Reagan wants to? Do you do away with health research after all the benefits we've seen emerge to make us the healthy people we are? Do you do away with cancer research? Do you do away with public transportation?

"There have been mistakes. The huge housing projects, I think they were mistakes. But the fact remains that people in the city still need housing. The problem is that there is so little private housing built for people of a lower economic level. So you look for solutions, like the earlier low-rise public housing units along Cicero Avenue. They were two-story buildings. They're good. People can live there and raise a family.

"The fact is that urban problems are problems that have to be met by New Deal methods."

He sees in Mario Cuomo the most persuasive and articulate advocate of this philosophy. He'd like to see Cuomo run for president. And he'd like to join the Cuomo slate in 1988, as the Ninth Congressional Distirct's Democratic candidate.

That ambition, alas, may uspet a few of the younger politicians on the north side. They won't say it (they wouldn't dare utter a nasty word about Yates), but you know that in their hearts they wish the old man would quietly step aside and let them have a chance.

The Ninth is one of the wealthiest urban districts in the country. There is no shortage of eager aldermen, state legislators, and committeemen-monied, educated, polished, and hungry for higher office.

Call them the Sidney Yates Club. Singer, State Senator Bill Marovitz, State Representative Ellis Levin, Alderman David Orr, etc. Many of them have grown to middle age, waiting for Sidney.

"What tickles me about the Sidney Yates Club," says Charlotte Newfeld, a longtime north-side activist, "is that they don't want to replace Sidney Yates. They want to be Sidney Yates. They want to stay in office for years and years and years."

There's no saying who is the front runner, because there's no way of knowing when they'll have their chance to run. Singer and Marovitz have money and notoriety. But their close ties to Vrdolyak repel many voters. Levin is considered an effective legislator but a poor campaigner. The 1991 reapportionment may push the district even further into the suburbs. That would benefit suburban politicians, such as state representatives Alan Greiman of Skokie or Woody Bowman of Evanston.

Maybe they'll all run, siphoning off from each other their own tiny fiefdoms of support. And then some kid will win by default. Some unknown like Sidney Yates was back in 1948.

Yates watches the maneuvering from afar. As always, he stays out of local politics; he doesn't get involved in primaries. He professes no allegiance in the feud between Vrdolyak and Mayor Harold Washington, although he says the mayor is doing a good job. And unlike any other white congressman from Chicago, he campaigned for Harold Washington in the 1983 mayoral election. He had no choice. Washington was the party's candidate.

"They're all good," says Yates diplomatically of the horde waiting to succeed him. "But I'm not going to say who the leading candidates are. They're kind enough to respect the fact that I'm doing a good job. I try to be a good congressman and I'd like to think that perhaps my representation is one that serves as a good example."

He smiles slightly.

"It's going to be a sad day when Sidney Yates steps down," says Newfeld. "Somebody else will be elected to replace him, but they won't really replace him.

"You can't just replace Sidney Yates. So what you do is encourage him to remain in Congress and hope he stays in office for as long as he can."

SUMMIT MEETING IN GENEVA

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. BEDELL. Mr. Speaker, next week's summit meeting in Geneva represents the first meeting between the heads-of-state of the United States and the Soviet Union in 6 years. While I am aware that there are significant disagreements and disputes between our nations, I believe that some significant progress in superpower relations can be achieved in Geneva. I believe that as Americans, whether Democrat or Republican, we should congratulate and endorse President Reagan in his efforts to take advantage of this historic opportunity. I also believe that we should commend you, Mr. Speaker, for your eloquent remarks made this morning in support of the President, and I also believe that the President should pay heed to the House Democratic Leadership Statement on the Geneva Summit.

During the last 6 years, we have seen an escalation of the nuclear arms race and an erosion of United States-Soviet relations. Next week's meeting, however, presents the opportunity for a new beginning in these relations. Clearly, each side appears closer to some form of framework from which a significant arms control agreement can be originated. In my opinion, we have before us the chance to begin to reverse the nuclear arms race and to reduce tensions, such that the world may become a safer place in which to live.

Like you, I believe the highest priority in Geneva must be to take those steps necessary to reduce the risk of nuclear war through accident, design, or terrorism. I also believe we must make a mutual and wholehearted effort to put an end to those regional Third World conflicts that threaten to spill over and bring about superpower confrontation. It is for this reason that I commend the Soviet leadership to seriously examine President Reagan's offer to pursue negotiated settlements to end these regional brush fire wars We must also make certain that the Soviet leadership understands our commitment to all past negotiated treaties between our nations. In this regard, it remains my hope that President Reagan and Secretary Gorbachev reaffirm the policy not to underut in anyway existing treaties, including the Helsinki Final Act.

Finally, Mr. Speaker, it remains my hope that both President Reagan and Secretary Gorbachev may come to some kind of an agreement to resume direct, bilateral negotiations on a verifiable comprehensive nuclear test ban treaty. As the chief sponsor of House Joint Resolution 3—a measure to prevent nuclear explosive testing, which now enjoys the support of 206 of our colleagues—it remains my hope that President Reagan will recognize the significance of the Soviet Union's unilateral offer to suspend nuclear testing activities. In my view, such an agreement represents the first most readily achievable and verifiable agreement that can be reached between the superpowers. Further, it remains my belief that a resumption of such negotiations strengthens President Reagan's hand in seeking deep cuts in existing nuclear weapons inventories.

In closing I would like to extend to President Reagan my sincerest wishes for a successful summit meeting in Geneva. I would also like to pledge my willingness to support the President in a bipartisan effort to implement any agreement that enhances the long-term national security interests of the United States through reducing the risk of nuclear war, elimination of tensions between ourselves and those Third World States currently at war and promotion of peace and freedom throughout the global community. Mr. President, our hopes and prayers are with you.

THE STATUS OF THE GENEVA ARMS CONTROL NEGOTIATIONS AND OTHER SUMMIT ISSUES

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. FASCELL. Mr. Speaker, under my direction, the staff of the Foreign Affairs Committee has conducted an extensive analysis of the various arms control proposals tabled at Geneva, as well as the positions the two sides are likely to take at the Geneva summit.

The attached chart describes the evolution of arms control proposals ranging from the original United States March proposal, to the Soviet proposal in October, to the United States November position. A brief summary of regional, human rights and other bilateral issues to be discussed at the summit is also provided.

The information on the chart and the analysis have been compiled from unclassified sources. While some of the figures in the attached chart could be subject to modifications depending upon the source that is, United States, Soviet, European, and assumptions (that is, differences over what is a strategic or theater system), the chart represents an attempt to produce the best unclassified overview of the status of the nuclear arms control negotiations un-

derway between the United States and the Soviet Union. Further, this chart is not intended to resolve ongoing differences over particular numbers and assumptions. That can only be resolved in actual negotiations based on an agreed data base.

Based on this chart, the following observations can be made:

STRATEGIC

First, what is most revealing about the latest arms control proposals is the progressive narrowing of differences between the United States and Soviet positions at Geneva. Particularly striking is the Soviet October proposal of a 3,600 warhead limit on ICBM's in contrast to the United States November proposal of a 3,000 warhead limit on ICBM's, leaving a difference of only 600 warheads between the two positions.

Second, the Soviet October position which reduces both launchers and warheads represents an important concession to the longstanding United States objective of seeking limitations on warheads.

Third, the chart demonstrates that both United States and Soviet proposals result in significant reductions in the nuclear arsenals of both superpowers.

Fourth, the latest United States and Soviet proposals continue to reflect the persistent differences between the two nations in the area of heavy bombers. The United States insists that the Backfire bomber is a strategic bomber which the Soviets deny.

Fifth, the U.S. November proposal to ban all mobile missiles and to seek limitations on ALCMS reflects the administration's growing sensitivity regarding the difficulty of verifying such systems.

Sixth, the United States November proposal allows the Soviets higher levels of ICBM and SLBM launchers than the United States March proposal while still requiring major Soviet reductions in these systems.

Seventh, the United States November proposal rectifies the inherent unequal component of the Soviet October proposal that seemingly bans new United States systems but permits similar new Soviet systems.

INF

First, the latest United States and Soviet INF proposals represent a narrowing of differences. The current Soviet 10–1 advantage in United States warheads is reduced to 6–1 by the Soviet proposal and to 5–1 by the United States proposal.

Second, the U.S. November proposal also attempts to compensate for any remaining theater imbalance on nuclear systems through arms control by requiring equal global limits on INF warheads.

Third, the U.S. November proposal requires a 50-percent reduction in SS–20's in Europe (from 270 to 140) while acknowledging that the zero option is not realistic given the current Soviet advantage in INF systems.

Fourth, the Soviet October proposal reflects for the first time in the current negotiations a willingness on the part of the Soviets to reduce their SS–20's in Europe and allow some United States/NATO INF deployments.

Fifth, the Soviet October INF proposal is inconsistent with the general principle they have advocated of cutting nuclear delivery vehicles by 50 percent. Levels permitted for both United States and Soviet INF forces in the Soviet October INF proposal do not represent 50 percent reductions.

DEFENSE AND SPACE

First, the least amount of progress has been made in the space and defense area. Persistent and deep differences remain between the two superpowers on the issue of the President's strategic defense initiative.

Second, the U.S. November proposal reaffirms the longstanding 13-year established interpretation of the ABM Treaty which allows research, but prohibits the development, testing and deployment of space-based systems.

OTHER SUMMIT ISSUES

In other issues to be discussed at the summit, there appear to be mixed prospects for success. In the areas of human rights and economic trade, Soviet positions are at present clearly unacceptable to the United States and there is little chance of a major breakthrough. In other areas, however, the United States and the Soviet Union have greater prospects for important agreements which will strengthen United States-Soviet relations over the long-term. For example:

First, in the sphere of regional disputes, while both sides fundamentally disagree about the causes and solutions to regional conficts, both sides have already agreed that superpower consultation on respective policies in various regions of the world should continue and some "rules of the game" should be crafted on the nature of superpower involvement in Third World disputes;

Second, there is the possibility of concluding a new cultural agreement, and exchange of consulates in Kiev and New York, and new safety procedures for North Pacific flights to prevent a reoccurrence of the KAL 007 tragedy.

In light of the crucial importance of the Reagan-Gorbachev summit and its implications for United States-Soviet relations, the following is a summary of United States and Soviet positions on arms control and other summit issues.

STATUS OF GENEVA NEGOTIATIONS

Category	Current United States-Soviet balance		U.S. proposal March 1985		Soviet proposal October 1985		U.S. proposal November 1985	
	United States	Soviet	United States	Soviet	United States	Soviet	United States	Soviet
I. STRATEGIC								
ICBM & SLBM launchers	1,630 (1,030 ICMB; 600 SLBM).	2,352 (1,398 ICMB; 954 SLBM).	850 (freedom to mix between ICBM and SLBM launchers).	850	Applying the 50% cut across the board using U.S. figures, this results in: [1] 815.	1,176	1,250–1,450 (freedom to mix between ICBM and SLBM launchers).	1,250–1,450.
ICBM & SLBM warheads	7,506 (2,130 ICBM; 5,376 SLBM).	8,830 (6,420 ICMB; 2,410 SLBM).	5,000 (no more than 2,500 ICBM's on both sides).	5,000	6,000 (only 3,600 on any one type; 6,000 limit also applies to gravity bombs and short-range attack missiles (SRAMS). (U.S. rejects this inclusion).	6,000	4,500 (no more than 3,000 on ICBM's).	4,500.
Heavy bombers	263	480 (includes 300 Backfires which Soviets deny is a strategic bomber).	400	400 (includes 300 Backfires).	131	90 (Backfire not included).	350	350 (includes 300 Backfire bombers).
Air-launched cruise missiles (ALCM's).	1,176	200	Not included	Not included	0 (Part of larger total ban on long-range cruise missiles).	0	1,500	1,500.
Missile throwweight	4.4 milion pounds	11.9 million pounds	Equal amount not specified.	Equal amount not specified.	Not included	Not included	Not to exceed 6 million pounds.	Not to exceed 6 million pounds.
New systems			Not included	Not included		Ban on new types of ICBM's, SLBM's and heavy bombers. The Soviet Union has not defined what it considers to be new types.	Bans all new heavy ICBM's and mobile missiles including Soviet SS–18 modernization and replacement plans, Soviet SS–24 and SS–25 mobile missiles and U.S. Midgetman mobile missile.	

STATUS OF GENEVA NEGOTIATIONS—Continued

Category	Current United States-Soviet balance		U.S. proposal March 1985		Soviet proposal October 1985		U.S. proposal November 1985	
	United States	Soviet	United States	Soviet	United States	Soviet	United States	Soviet
II. INTERMEDIATE/ THEATER								
INF launchers	134 P 2's and GLCM's (one warhead each).	270 SS–20's in Europe plus 171 in Asia totals 441 SS–20's (3 warheads each).	Equal global limits on U.S. and Soviet INF systems, preferably zero for each side.		Zero P 2's 100–120 GLCM's.	243 SS–20's in Europe plus a freeze on SS–20's in Asia currently at 171.	140 ceiling on P 2's and GLCM's.	140 SS–20's in Europe and 89 SS–20's in Asia totaling 229.
Medium bombers	254 (198 F–111's and 56 FB–111's).	553 (includes Backfires)	Not included	Not included	127 [1] Figures derived by applying 50% cut to U.S. figures.	276 [1]	Willingness to discuss restraints.	

Category	Current United States-Soviet balance	U.S. proposal March 1985	Soviet proposal October 1985	U.S. proposal November 1985
III. SPACE AND DEFENSE				
SDI	Active research programs consistent with the ABM Treaty.	Seek Soviet cooperation to change from offense to defense regime.	Seek ban on research, development, testing and deployment of space strike arms (some signs of flexibility on not banning research).	Both allowed to conduct research within the constraints of the ABM Treaty. Continue to seek cooperation to change from offense to defense regime and proposed exchange of information with regular visits to the laboratories of each country.

[1] The Soviets count all U.S. strategic and theater nuclear delivery systems at 3,360 and theirs at 2,500 (does not include SS–20's). Applying this 50% cut would result in 1,680 systems for U.S. and 1,250 for the Soviets.
Source.—Compiled by House Committee on Foreign Affairs, Nov. 1985.

REGIONAL ISSUES

United States

Soviet invasion of Afghanistan; Cuban troops and Soviet military support in Nicaragua, Angola, Kampuchea, Ethiopia, and elsewhere threaten international security and undermine political support for and effectiveness of arms control agreements; joint U.S.-Soviet agreement required to support local efforts to peacefully resolve conflicts, reduce foreign military presence and the flow of outside arms and encourage economic growth and democratic change; continuation of ongoing U.S.-Soviet consultations on regional issues; until U.S.-Soviet negotiations result in progress, U.S. will continue support for democratic resistance forces.

Soviet Union

U.S. policy of expansion in Middle East, Africa, the Indian Ocean as well as its extensive military bases and advisors for purposes of domination, coercion, and access to raw materials threatens world peace; a code of conduct needed between the superpowers to prevent outside interference, hegemony, and spheres of influence, peaceful solutions to regional disputes to preserve territorial integrity against separatist movements aimed at partition of countries, complete recognition of state sovereignty over natural resources and equality in international economic relations; and respect for non-alignment; continuation and expansion of U.S.-Soviet consultations on regional issues but reserves the right to support national liberation movements.

HUMAN RIGHTS

United States

Soviet Union has violated Helsinki Final Act and UN human rights accords by failing to respect civil, political, religious, ethnic, and cultural rights as well as failure to resolve family reunification cases; Soviet human rights record inevitably affects other aspects of U.S.-Soviet relations; Soviet Union should end harassment of and release prisoners of conscience and political dissidents including Andrei Sakharov, Anatoly Shcharansky, Yuri Orlov, Vladimir Slepak, Ida Nudel, as well as thousands of Soviet Jews, Pentecostals and other seeking to emigrate.

Soviet Union

U.S. charges of Soviet human rights violations are outside interference in the internal affairs of the Soviet Union in violation of the Helsinki Final Act; all states have rules and regulations for emigration that should be respected; all those leaving the Soviet Union have done so with the exception of those who have had access to national security information, have been requested to stay by family members, or who are serving sentences for crimes; the United States has its own problems on human rights issues, especially with unemployment and poverty; public discussion of each other's internal affairs is not constructive; a general improvement in U.S.-Soviet relations could improve human rights difficulties as well.

BILATERAL ISSUES

United States

Trade

Support for increased nonstrategic trade, including full implementation of the Long-Term Grain Agreement; fair and equitable treatment for American companies for Soviet contract bids; no change in legal requirements for Most-Favored-Nation treatment of Soviet products (continued application of Jackson-Vanik);

Civil Aviation Rights

Willingness in principle to restore civil aviation operations for Aeroflot in exchange for Soviet willingness for U.S. airlines to operate competitively in the Soviet Union (including ability to sell tickets to Soviet citizens and an end to Intourist requirements forcing Americans to buy Aeroflot tickets); Aeroflot rights also linked to agreements on cooperation in North Pacific aviation safety to prevent a recurrence of the KAL 007 tragedy;

Cultural Scientific Agreements

Renewal of general cultural agreement consistent with the principles of reciprocity, equal benefit, and academic and personal freedom for participants; specific commitments for reciprocal exchange of television appearances; a guarantee on the number of American cultural performances in the Soviet Union, and adequate housing and other financial provisions for American scholars and their families visiting the Soviet Union;

Kiev-New York Consulates

Establishment of respective consulates in Kiev and New York under conditions of strict diplomatic reciprocity and freedom of operations (tactical linkage to new civil aviation procedures on North Pacific security prevent a recurrence of the KAL 007 tragedy).

Soviet Union

Trade

Support for increased U.S.-Soviet trade without political preconditions, economic sanctions, and on the basis of reliability, regularity and equal benefit; expansion of trade agreements on the model of the Long-Term Grain Agreement;

Civil Aviation Rights

Willingness to consider mutual civil aviation operations without preconditions or linkage to other issues; no change necessary on American airline operations in the Soviet Union; willingness to consider improved measures for civil aviation in the North Pacific without linkages or preconditions;

Cultural, Scientific Agreements

Renewal of general cultural agreement must include U.S. commitment to security of participants (including implied assurance about defection of Soviet participants) and the resumption of Aeroflot flights to New York for Soviet participants; no commitment on television appearances; willing to negotiate a number of American cultural performances;

Kiev-New York Consulates

Establishment of respective consulates in Kiev and New York (tactical linkage to resumption of Aeroflot flights to the United States).

REVERSE McCARTHYISM?

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. WEBER. Mr. Speaker, I would like to share with my colleagues an excellent column by Charles Krauthammer, senior editor of the New Republic, correctly calling the most argument against aid to UNITA (the freedom fighters in Angola) as McCarthyism. As it is argued by some of my colleagues, supporting Jonas Savimbi and his UNITA fighters is supporting apartheid. Why? Because South Africa supports

Savimbi. In other words, quilt by association. This is a weak and immoral argument. Savimbi deserves U.S. aid because he is courageously, and successfully, opposing a Communist regime. Regardless of who supports him, Savimbi needs to be judged on his own merits. I urge my colleagues to give serious attention to this article.

SECONDHAND GUILT

Moralism, the bane of American foreign policy, though prevalent, rarely exists in pure form. So if you come across a textbook example of the tendency, and a mean-spirited one at that, it is worth examining. Anthony Lewis's *New York Times* column on October 31 is the week's lesson.

Lewis opposes U.S. aid to Jonas Savimbi and his UNITA guerrillas in Angola. There are many strategic, tactical, and yes, moral reasons why you might take such a position. You can be a pacifist. You can believe that in this particular civil war, justice is on the other side. You can believe that wherever justice lies, it is not the United States's business who wins, that we want no more foreign entanglements. Lewis cites none of these. He gives one reason: UNITA is supported by South Africa.

South Africa supports Savimbi because they share a common enemy. South Africa is fighting SWAPO guerrillas in Namibia, who are in turn supported by Angola and its 30,000 Cuban troops. A Luanda preoccupied with UNITA has less time and energy for SWAPO and Namibia. More generally, the stronger Angola, the stronger the challenge it poses to South African power in the region.

South Africa and UNITA share a common enemy. They do not share common goals. To believe they do is to believe an absurdity: that Savimbi, a lifelong black nationalist, supports apartheid. And Lewis does not say of UNITA (as is often said of the Nicaraguan *contras* relative to the U.S.) that it is a creation of South Africa, or that it is a South African front. He does not because he cannot. UNITA is an authentic guerrilla—national liberation, if you will—movement founded in 1966 to fight Portuguese colonialism. When Portugal left, Savimbi found himself in a civil war, won ultimately by a Soviet-supplied Marxist-Leninist party (the MPLA) backed by 7,000 to 10,000 Cuban troops. Having run out of more respectable allies (for ten years the United States, for example, was prohibited from helping Savimbi by the Clark Amendment, recently repealed), UNITA is receiving logistical support from South Africa. Savimbi has taken his help where he can get it.

The moralist need look no further. Moralism in foreign policy comes in two parts. The first is a theory of purity of means. A fundamental axiom is that clean hands are the overriding objective. All other objectives—freedom, justice, to say nothing of national interest—bow before it. Thus if a policy we undertake can be found to be objectively in South Africa's interest, ipso facto the policy is wrong. And anyone who supports that policy, even if he has no sympathy with South Africa, stands accused of having "endorsed one of Pretoria's main policy objectives," to quote Lewis.

Follow the logic. Must now Lewis, who waxes indignantly eloquent on the subject of Andrei Sakharov, not make the parallel case that, say, trade with the Soviet Union is immoral because East-West trade is" one of Moscow's main policy objectives"? In fact, South Africa has a host of policy objectives: trade with Mozambique, and Indian Ocean free of Soviet control, stable gold prices. Does support for these mean support for South Africa? Winning a war is, of course, a more serious objective. But it is still absurd to judge the morality of wars solely by the virtue of one's allies. By that standard, we should have withdrawn from World War II.

The moralist is not content with pointing out the right things to do. He wants to show that he is no geopolitical fool. Accordingly, Lewis wants to show that the right thing is the smart thing. How to argue that abandoning a pro-Western resistance movement fighting a Soviet-Cuban satellite is in the West's interest? Enter part two of the moralist's foreign policy, its theory of action. Its central axiom is that the ultimate weapon in international conflict is argument. Better that Savimbi be destroyed than to risk it being said (By Lewis, among others: the logic has nice circularity) that the U.S. is "fundamentally in tune with Pretoria."

Moreover, continues Lewis, we tend to think that South Africa, which repeatedly has invaded Angola, wants Cuba out. Not so. It's a ruse. Botha "wants them to stay. They provide living proof of his devil theory that Communism lies behind all unrest in South Africa and its environs."

Now, in Harvard Square it probably is more important to be able to make an argument than to win a war. You see, if the Cubans and Russians don't leave, "then, Mr. Botha may hope, he will be able to present the struggle in his own country not as one for racial justice that it is, but as part of the East-West conflict." He will have "lost" Angola, and probably Namibia, too. But he will do better on "Nightline." Lewis has never been accused of being Clausewitzian, but this is ridiculous.

Beyond the geopolitical nonsense, there is something particularly annoying about Lewis's style of moralism. It's one thing to be a moralist; it's another to be a mean-spirited one. And there is nothing more mean-spirited than his attack on those who support giving U.S. aid to UNITA as "Marching for Pretoria." Jack Kemp, who with Claude Pepper introduced the bill for U.S. aid to UNITA, stands accused of having decided "to come on as an ally of P.W. Botha." Lewis asks mockingly of Kemp, "Is he planning to run with the Rev. Jerry Falwell on an all-apartheid ticket?"

This is guilt by association of the most malicious kind. When the right does it, it is correctly called McCarthyism.

Kemp believes, as I do, that Savimbi is fighting in Luanda a typically oppressive, typically corrupt, and typically bankrupt Leninist regime, propped up soley by a Soviet foreign legion of Cubans. Lewis cannot even argue, as he would like to, that the guerrillas are not authentically popular. Savimbi is. At the time of the scheduled post-independence election of 1975, independent observers of the region believed that Savimbi would have won. The election was never held, because after Cuba tipped the war to the MPLA, it concluded, as Leninists invariably do, that elections were unnecessary.

To tar American supporters of aid to UNITA, Lewis accuses them of backing apartheid. Let's apply his logic.

(a) Representative Stephen Solarz, an impeccably liberal Democrat, has decided in favor of genocide: he supports American aid to Son Sann, the respected leader of the noncommunist opposition in Cambodia, and Son Sann is allied with Pol Pot and his genocidal Khmer Rouge. Son Sann stands in even closer relation to Pol Pot than Savimbi does to Botha. The Cambodians are formal allies, sharing a U.N. seat.

(b) The vast majority of Congress supports the Afghan guerrillas. So does Lewis. One of the Afghan guerrillas' strongest allies is Khomeini's Iran. They are "marching for Tehran."

And finally, (c): Like Lewis, Moscow and Havana oppose U.S. aid to Savimbi. Let us transpose: Why is Lewis "endorsing one of Moscow's main policy objectives"? He has decided "to come on as an ally of F. Castro. Is he planning to run with Angela Davis on an all-Communist ticket?"

McCarthyism is a two-way street.—Charles Krauthammer.

REAL WORLD CONSEQUENCES OF U.S. TRADE POLICY—PART II

HON. PAUL B. HENRY

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. HENRY. Mr. Speaker, yesterday I inserted into the CONGRESSIONAL RECORD a speech delivered by Mr. Marshall Wright, vice president for corporate affairs of the Eaton Corp., outlining the arguments for a new and more realistic view of international trade.

Today I am inserting into the RECORD recent remarks of E.M. DeWindt, chairman and CEO of Eaton, describing his company's experience with the real world consequences of current trade policy, including a loss of business and the forced relocation of plant and equipment overseas. The experience of his company is not, sadly, unique within American manufacturing. Again, I commend these remarks to all my colleagues involved in addressing the current trade imbalance.

REMARKS OF E.M. DE WINDT BEFORE THE AMERICAN SOCIETY OF CORPORATE EXECUTIVES, OCTOBER 10, 1985

Following our usual practice, I'd first like to give you a quick update on Eaton's current performance. After five record quarters during 1984 and the first quarter of 1985, Eaton's earnings dropped slightly in the second quarter, and we're expecting a similar drop in the third quarter. Still, our earnings are the second highest in history.

Our automotive businesses are continuing to generate very satisfactory profits, though not as good as the record profits a year ago. Since the lifting of voluntary restraints on imports earlier this year, the Japanese have carved out another chunk of the U.S. passenger market. Foreign manufacturers now have close to 30% of the total market and we expect them to have as much as 40% by the end of the decade. U.S. factory sales of heavy trucks are off more than 10% this year, and we expect another 10% drop next year. The restructuring we carried out in late 1982 and 1983 increased manufacturing efficiency and productivity are paying big dividends in the stagnant economic climate.

Our defense business is robust, led by shipments of defensive avionics for the B-1B. This contract will generate over $3 billion in sales by completion in 1988. We've got a sizable backlog in our defense business as well, and the potential in this area is extremely attractive. Our other electrical and

electronic businesses are doing well. Margins in these businesses are steadily improving due primarily to cost reduction redesign of major product lines.

We're all aware of the intense battle going on between U.S. and Japanese semiconductor manufacturers. Three U.S. companies have filed suit charging the Japanese with dumping semiconductors on the U.S. market. Of course, the Japanese deny the charges, but the fact remains that the cost of 256 K RAMs has dropped from $17 in January of 1985 to about $1.75 now. The estimated cost for the Japanese to manufacture these products is more than $6. The battle is important to Eaton because of our important position in the market for semiconductor manufacturing equipment. New orders came to a crashing hault last December. And we're not looking for an upturn next year. Nonetheless, we continue to increase our R&D in this business. We have not lost any market share and remain the world leader in high-current ion implanters. Long-term, we're enthusiastic about the high potential of the semiconductor equipment market.

I'd like to address the remainder of my remarks today to the subject of what America's free trade policy really means. To set the stage, let me give you three recent news items:

Item: Both GM and International Harvester have begun importing medium trucks made by two Japanese companies, Isuzu and Nissan, which, by the way, are planning to sell these same trucks under their own names plates as well. Hino is not assembling medium trucks in Florida and Mitsubishi will follow shortly. These inroads by foreign manufacturers mean fewer chances for Eaton to supply components.

Item: Two of the seven U.S. manufacturers of heavy-duty trucks are now majority owned by Europeans, and another is 45% owned, giving foreign-owned firms more than 40% of the U.S. market for heavy-duty trucks.

Item: Siemens and Telemechanique recently bought the ITE business of Gould. What they really wanted was access to the U.S. market through the local network of independent distributors. Eventually this will mean the marketing of German and French products in the United States.

These news items illustrate that America's free trade policy is like honey to bees. Foreign companies are attracted to this market because it's the largest and riches in the world, and there are virtually no trade barriers. Savvy American companies are thus being forced to play the international game, and, in many cases, it means doing business in foreign countries. Let me tell you some of the things Eaton has done.

Early in the 1980s, U.S. truck manufacturers found their costs 20 to 25% higher than foreign integrated manufacturers. In order to compete, the U.S. manufacturers—who had previously refused to be tied to any single supplier—began to offer long-term contracts to suppliers in return for graduated price decreases. As a result, Eaton's brake products are now quoted at 30% less than they were two years ago. Our axles are quoted at 10 to 15% less. In transmissions, where we have a dominant market position, we've guaranteed to hold prices for an extended period of time inspite of increasing costs.

These types of long-term agreements, with graduated price decreases, have become a driving force in the U.S. automotive industry. In order to keep margins up, suppliers must be more productive and more efficient because they have guaranteed their customers increasingly lower prices.

As a result, U.S. automotive suppliers have been forced to do everything possible to reduce costs. At Eaton, we've closed our older, less efficient U.S. manufacturing facilities and moved much of the business to overseas plants. We've cut our workforce by a third. We're buying a lot of our raw materials offshore. In fact, by the end of 1986, we'll be buying about 50% of our Truck Group's raw materials from offshore sources. One reason is the strength of the dollar. The exchange rates give foreign suppliers a tremendous advantage. Another is that often our own foreign plants give us better productivity.

A third reason is that many foreign countries have national policies that give foreign suppliers enormous advantages. For instance, we can buy Brazilian steel, landed in the U.S., cheaper than we can buy it for our plants in Brazil. The reason is that the government gives steelmakers an export credit and they pass that rebate along to us. To give you an example, Eaton today pays 30% less for alloy bar steel than it did three years ago—all a result of buying from offshore sources. And we're looking for another drop in 1986. In the United Kingdom, the government wants to run the steel mills full bore. The means overproduction of steel, which is sold to the U.S. at discount prices or sold in Europe at even lower prices.

Malleable castings that we pay 55 cents a pound for in the United States can be purchased for 35 cents a pound in Europe. A new foundry in Turkey will give us a price even lower than that because the government wants to gain market share and is willing to cut the price to do that. We're buying Japanese bearings in Europe for 15 to 20% less than we can buy the same bearings in the U.S. because Japan is cutting the price to gain market share. Our domestic manufacturers are now beginning to meet these worldwide prices.

We have a plant in Manchester, England, which manufactures transmissions. The old plant burned down in 1979 and we rebuilt. We incorporated all the latest technology, and as a result, we have very high productivity there. With the inexpensive British steel and cheaper British labor, we can build transmissions there and import them into the United States cheaper than we can build them here. Hence, we're importing 36,000 transmissions a year from our plant in Manchester.

We have a plant in Pamplona, Spain, which manufactures axle housings. We also have a plant in Humboldt, Tennessee which makes the same axle housings. But the product costs us 40% less in Spain because we have better productivity—including cheaper labor—and we use British steel dumped in Spain at distressed prices. We've been forced by competitive pressures to move 50% of the processing equipment from Tennessee to Spain to maintain our position in the U.S. market.

And the same thing is true in our other businesses. Many of you probably don't know that Eaton is the world's largest producer of golf club grips. We have about 70% of the world market. It's a small business, but highly profitable. We'll soon be manufacturing golf club grips in Taiwan for foreign markets and low-end U.S. markets because we can no longer compete in those markets with U.S.-made products. We're also making low-cost electrical switches in Japan. We manufacture other electrical products in Mexico and we're considering manufacturing some of our other products overseas. We've formed joint ventures in Japan to manufacture ion implanters and other electronic hardware.

We've made the bottom-line decisions for our shareholders. We have fulfilled our fiduciary responsibility to them. Eaton is doing as well as possible in the current economic environment. I suppose I, too, should feel smug and content, but deep within me, I find it hard to take pride in that kind of management decision when I consider the larger implications on the American economy.

The U.S. economy is the principal battlefield of global competition. That's why Isuzu, Nissan, Hino and Mitsubishi are moving in simultaneously to sell medium trucks here. It's why Siemens and Telemechanique are eager to purchase outlets for electrical products. Foreign companies are shipping products in and we're shipping dollars out. But it can't go on forever. As the dollars increasingly go out, and our trade deficit goes higher, it only makes sense that eventually, we're not going to be the largest and richest economy in the world.

One of the things that has made America great is its large industrial base. But today, many American manfacturing companies are in pretty bad shape. Perhaps Roger Milliken said it best. I'm sure many of you read it. He was quoted in the Wall Street Journal as saying, "America is sacrificing its manufacturing infrastructure on the altar of free trade, a god no other country worships." We're spending billions to bolster the national defense, but we're allowing our industrial base, which is so vital to our national defense, to crumble at our feet.

One of the reasons we're the world's richest economy is that the American worker has been paid well. He is able to afford all these foreign goods. But many American workers today are being forced to take service jobs paying minimum wage because the number of manufacturing jobs has steadily declined since before 1979. And as the earning power of the American worker declines, our standard of living drops and we will no longer be the world's richest economy.

The problem is bigger than any one company or any group of companies. The solution must lie with the government. But our government's unwillingness to do anything—and its mindless devotion to the outmoded concept of free trade—is alarming. The government's huge budget deficits create high interest rates, which create the strong dollar and tilt the playing field in favor of the competition. Yet the government insists we continue to play on the tilted field.

There are many perspectives from which to view this issue of trade policy. One legitimate perspective is the one I have used today. A candid analysis of what current policy means in terms of the specific products that Eaton makes and the markets that Eaton serves.

But there are other legitimate and indeed necessary perspectives from which this issue must be viewed. I am tempted at this point to share with you at least briefly my thoughts upon this subject viewed from those perspectives. But I know from painful experience that nothing is more unkind to a captive audience than to continue after one speech is finished, to add on another speech, and another. It is an undisciplined act, and it presumes intolerably upon the patience and the good will of the audience.

I do not however, wish to leave the subject without also making available to you Eaton's analysis of this issue from these other perspectives. There are, it seems to me, three principal ones. There is the historical context, which when raised now is most frequently done by the free traders who sound as if they are trying to frighten small children with terrifying references to a long/dead monster named Smoot-Hawley.

A second perspective is that of economic analysis, in which we are assured that the ghost of Adam Smith and the divine purity of comparative advantage precluded any right-thinking man from even contemplating any adjustment, much less any alternative, to the policies of the last 40 years.

And finally, there is the national security perspective on the basis of which we are sometimes told that the entire structure upon which our national security rests will collapse around our ankles at the slightest suggestion of a more protective attitude toward American domestic industry.

An associate of mine has looked at trade policy from those three perspectives in a paper which I would like to share with you . . . and which I commend to you. Neither he nor I profess to believe that his remarks, or mine, or both together, constitute a definitive answer to our trade problems.

But I believe they do suggest what the proper questions are. I have taken the liberty of putting copies of that piece, entitled, "Light a Candle: Or Curse the Darkness," on the table at the rear of the room. I commend it to you, and to your associates who are wrestling with this problem.

Finally, I cannot close without confessing to you that—all evidence to the contrary notwithstanding—I continue to be an optimist about U.S. trade policy. Our government is frequently slow and drowsy, and it seldom faces hard decisions until the need for them has become indisputable. But once awakened, our society has shown a remarkable ability to deal with reality. With government and industry working together, there is no question in my mind that we can . . . and we will . . . solve our current trade problems and restore the health of the American economy.

But the time to start is now.

Thank you.

TRAVERSE CITY, MI

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. VANDER JAGT. Mr. Speaker, I call to your attention and to the attention of my colleagues in the U.S. Congress an article which appeared in the Washington Post on Sunday, October 13, 1985, regarding Traverse City, MI, which is located in the Ninth Congressional District of Michigan.

This article certainly does not exaggerate the beauty of Traverse City and the surrounding area—it is truly one of the loveliest spots in the world. It is especially appreciated by all those who value the "four seasons" and who stand in awe of nature at her finest. I am delighted to have this opportunity to share this article with my colleagues.

TRAVERSE CITY: UNSULLIED SHORES AND TANTALIZING TALES

(By C.N.C. Fishman)

Tucked away on an unlikely spit of land in the midst of America's midwestern industrial crescent is a beautiful and placid refuge, little-known east of Cleveland.

One of the few places in America where summer is invigorating instead of suffocating, Traverse City, Mich.—250 miles northwest of Detroit, on the shore of Lake Michigan—remains unsullied by the interstate invasion.

Once, Cape Code and the Eastern Shore of Maryland must have been like this: miles of lake shore and scrubby dunes without a soda stand; natives breathlessly eager for tourists; a place with an authentically different rhythm.

As refreshing as the mild weather, the lake-dappled countryside and the absence of strip schlock is the sense that the Grand Traverse Bay region (as the area along the lake around Traverse City is called) welcomes visitors without having slavishly remolded its personality to accommodate them.

It's obvious people live in Traverse City, and the people are open, proud, helpful and trusting.

The winding hilly rural roads around the city run through farms and past cherry orchards that produce one-third of the world's cherries; past roadside vegetable stands, barns, silos, cattle and goats; by cherry processing plants and endless stands of white birches. Around nearly every twist in the road there is a shimmer of a lake.

And although the area is the fastest growing in Michigan, and rapidly becoming a haven for fasttrack refugees, there are no strip shopping centers, few strips and only a single, unobtrusive mall.

"Town," as Traverse City is known to the locals is strictly a source of provisions, newspapers, stamps and gossip. Its four-block-wide, five-block-long business district has the ruddy-cheeked charm that comes from being the center of a booming agricultural and tourist area (there are no fewer than half a dozen ice cream emporiums, but also an enormous Woolworth's with a popular lunch counter).

At Stacey's, the greasy spoon in the heart of downtown where Traverse City's elders and enlightened tourists breakfast, the waitress puts the coffee on the table as she advises, "You want coffee."

She scolds fiercely for leaving any remnants from the enormous portions, and when you're ready to depart and request your check she says with mock gruffness: "You don't need a check! You know what it is! Two dollars and 40 cents! Now go put the money in the register and leave me be!"

It you've been observant, you will have noticed Stacey's patrons making their own change out of the ancient wooden cash register. One will happily call out instructions on how to get the cash register open so you can pay your tab.

"Amazing, huh?" a regular initiating a tourist said recently. "Never find a system like this in Chicago, would you?" Not to mention Washington. Or Wellfleet.

Northeasterners don't usually consider vacationing in the Midwest, let alone in Michigan.

The road north to Traverse City—through what once was the healthy heart of America's auto industry in Detroit, Pontiac, Flint, Saginaw and Midland—seems more likely to inspire the glib cynic than to appeal to the first-time visitor. The industrial belt across southern Michigan forms a sort of physical and psychological barrier that serves, as much as anything, to preserve the hills, lakes, cherry groves, dunes, forests and beaches of northern Michigan.

The cities along that route also serve as a source of tourists: The weekend road trip to northern Michigan is almost as much a part of the culture of Detroit as the weekend trip to the beach is a part of the culture of Washington. But there is an important difference of degree and available space.

Traverse City lies in the midst of a five-county area—strung along Lake Michigan and a large double bay—that has a year-round population of about 110,000. In the peak summer months, local tourism officials estimate the five-county area (several times the size of Washington) gets 200,000 visitors. There are no traffic jams. Despite the fact that nearby Interlochen hosts a music festival that rivals Tanglewood, tickets are rarely hard to get. There is always space at the beach and usually an open parking space in downtown Traverse City.

The parking meters give 6 minutes for a penny, 60 minutes for a dime.

The city sits at the southern end of a pair of bays that form a pitch-fork-shaped area with the surrounding land. The glaciers that carved out the Great Lakes also left Grand Traverse Bay (divided into east and west arms by a slim peninsula, hence the pitchfork) and more than two dozen lakes within a 25-mile radius of Traverse City.

Although the tourism types have discovered the appeal of touting the Grand Traverse Bay area as a four-season resort, it is water that remains at the heart of the area's appeal. So it is during the warmer time of year—when the bay and the lakes are liquid and so amenable to water skiing, sailing, fishing and swimming—that the area is at its most appealing.

The towns along Grand Traverse Bay and, to the west and north, along Lake Michigan itself, have marinas and fishing piers, and many draw their economic sustenance directly from the water. Leland, a town to the northwest of Traverse City on Lake Michigan, has a weathered, hundred-year-old pier where the day's commercial fishing catch is cleaned and offered for sale each evening.

One can walk the marinas in the area at sundown and hear the tales of sailors from Chicago and Bay City and Detroit and Toledo, how they managed to sail across the Great Lakes in boats no roomier than a large car.

To the west of Traverse City about 20 miles is the Sleeping Bear Dunes National Lakeshore, which runs for more than 20 miles along Lake Michigan. Five hundred feet high, the main dune offers spectacular views of the lake to the west and the inland country to the east.

At the main park entrance is a dune that one climbs nearly straight up, for the pleasure of that achievement, but more for the thrill of racing back down the dune's face at breakneck speed. The dune at the park's entrance is also the beginning of a three-mile hike across the desert-like dunes to the lake. The hike, not to be undertaken by the weak, provides immersion in the stark, shifting dune landscape, and completion is rewarded by an invigorating swim in the lake.

From the lake shore in the area of the park are visible the low humps of the Manitou Island (North and South) accessible by ferry from Leland, just northeast of the park. South Manitou Island has the tallest lighthouse in the Great Lakes region as well

as abandoned farms and a white cedar forest.

Within easy reach by car for day trips from Traverse City are Mackinac Island, the touristy island in the straits between Lake Michigan and Lake Huron, and Michigan's Upper Peninsula, which remains covered with forest, nearly as it was when first settled by Indians.

In increasing numbers, there are attractions of the more conventional variety as well. The hilly topography, mild climate and long Indian summer of northern Michigan make the region attractive for golfers, and there are more than half a dozen top-flight golf courses in the Grand Traverse Bay area.

The same topography, along with the picture-book farms and cherry orchards, make the area popular with bikers and, in winter, with cross-country and downhill skiers as well as snowmobilers.

Although still far less popular as a winter resort than as a summer one, and far less popular than other winter vacation areas, Grand Traverse Bay is actively cultivating the four-season image.

There is, for example, a free map showing the routes groomed as snowmobile trails, and the Vasa, the second largest cross-country ski race in the world, is held each February in the area and is the principal winter draw.

As the ocean is the reason to go to the shore, so the lakes are the reason to go to northern Michigan. So it is in the spring and summer, when the lakes are refreshingly brisk (instead of frozen), that the region is it's most inviting. And the best way to take advantage of the lakes is to rent a house or cabin.

Both Lake Michigan and the smaller inland lakes are rimmed with houses, most privately owned and, because of the bitter winters, most designed as summer homes. Many—along with their attendant beaches, docks, canoes and sunfish—are offered for rent at least part of each summer.

Living in a lakeside house allows one to savor the particular appeal of the area—cool but sunny summer days, thick lakeside forests where the light seems almost green but where there is no cloying humidity.

Even if only for a week, such a vacation is a startling reminder of how different it feels to live in the country, how nice to be able to stay in a bathing suit or shorts all day, to go swimming or sailing without hassle or forethought, how insulated city life is from the rhythms of nature.

Traverse City is a roughly the same latitude as Portland, Maine, so while the sun warms it doesn't tan particularly well, and when it drops behind the trees the summer air takes on an autumnal coolness. A fire in the fireplace (all the more gratifying if the wood was chopped sometime during the afternoon) takes the edge off the air and the ache off pleasure-exhausted muscles.

Nights are utterly dark so far from cities, and the stars wheel out in a way that permits breathtaking reacquaintance with the Milky Way and the constellations. Occasionally the aurora borealis, the northern lights are visible.

The pine-shrouded summer homes rimming the lakes of northern Michigan don't change hands very often, passing instead from generation to generation like cherished heirlooms. Traverse City remembers each generation of the summer families, which is as much its charm as its lakes and forests and dunes.

This summer, a young waitress in one of the restaurants frequented by locals and long-time summer residents spotted a 90-year-old man she hadn't seen in years. She greeted him enthusiastically, asked after his health, asked if he was going to church as he always did on Sundays and asked where his dog was. Told the dog had died several years before, the waitress fondly recalled some of the dog's human-like antics, bringing a grin to the old man's face.

As she walked away, the waitress whispered to a colleague: "It's been so long since I've seen him. I thought certain he was dead. It's good to see him again."

QUOTATIONS FROM CHAIRMAN JONAS SAVIMBI

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. WOLPE. Mr. Speaker, lately a number of our colleagues seem to have taken up the cause of Dr. Jonas Savimbi, leader of a South African-supported insurgency in Angola.

Dr. Savimbi's National Union for the Total Independence of Angola is often portrayed as a movement of "democratic opposition" to a "Marxist-Leninist" state. This is not the reality that Washington Post reporter Leon Dash saw after spending several months with UNITA in 1977. "Savimbi," he wrote on August 13, 1977, "is an enigma, a man on whom many labels can stick—brilliant, charismatic, affable, unyielding, forgiving, temporizing, Machiavellian, opportunistic, lying, nationalistic, Marxist, Maoist, pro-Western and Socialist."

Nor is it the reality that CIA Director William Colby saw in 1975 when he told the House Select Committee on Intelligence,

They (all three Angolan political factions including the present government and UNITA) are all independents. They are all for black Africa. They are all for some kind of fuzzy social system, you know, without really much articulation, but some sort of let's not be exploited by the capitalist nations.

My own conversation with Dr. Savimbi in December 1981 did not reveal him to be a democratic capitalist. As Mary McGrory wrote in the Post (December 13, 1981),

Wolpe taxed him (Savimbi) about ideological differences with Angola's ruling Popular Movement for the Liberation of Angola (MPLA). Savimbi's tory fans on Capitol Hill might have been saddened to hear him say that, while he is indeed anti-Soviet and pro-Western, he favors socialism, a form modeled on Chinese and Tanzanian collective villages.

Therefore, in the interest of enabling Dr. Savimbi's fans to obtain a more balanced and complete picture of his politics, I would like to present some quotations from Savimbi on various subjects that they have apparently missed.

Since Dr. Savimbi was received by Communist Chinese leader Mao Tse-Tung in 1967, and benefited from Chinese financial support, training, military advisers and propaganda, it is particularly appropriate to convey his political message in the form of quotations, as in Chairman Mao's little Red Book.

I am not a capitalist. Some of my American friends were puzzled when I told them I was not a capitalist and I don't intend to become one. So friends of mine, like Senator Jesse Helms, were absolutely shocked. But it is frank. I don't want to be a capitalist. To exploit who? My own people? It is not worth fighting for—Jonas Savimbi in "Rebel Leader Wages War on Two Fronts", the New York Times, December 5, 1982.

Yes, UNITA is a socialist movement . . . We are in favor of socialism because it is necessary to socialize production. Only in this way can values be created in people.

The conflict between the U.S.S.R. and China caused Bejing to receive us with a good deal more interest and affection than Moscow. They said, "What is done here in China cannot produce results in your country". But there was a common basis; we felt that the Chinese philosophy could succeed in Angola, which was the case—Jonas Savimbi, interview in Expresso (Lisbon, Portugal), September 8, 1984.

You can't apply capitalism in Africa—Jonas Savimbi, quoted in Steven Mufson, "Angolan Rebel Leader courts U.S. Aid", the Wall Street Journal, December 17, 1981.

(Savimbi) said there was no fundamental ideological conflict between the two parties (MPLA and UNITA) and that a coalition between them was "the only solution"—Joseph Lelyveld, "Angola Rebels Yield 2 Soviet Capitives", New York Times, November 16, 1982.

ST. VINCENT HONORS TWO DISTINGUISHED ALUMNI

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MURTHA. Mr. Speaker, a strong tradition of independent colleges has contributed greatly to the educational pluralism and vitality of Pennsylvania. My congressional district contains many accomplished academic institutions which have produced educators, business and civic leaders, professionals and clerics. One such school with a highly distinguished academic history is St. Vincent College in Latrobe. Founded by the Benedictine fathers in 1846, St. Vincent's demanding academic program is based on the dynamic principles of St. Benedict who felt that the spirit must challenge and enhance the real world. I have long been personally familiar with the intellectual and spiritual traditions of St. Vincent. It is an institution of strong and enduring values; a place of high learning which lives on the horizon with strong roots in basic humanism. Today St. Vincent is as contemporary and as sunny as its dynamic architecture which links its distinguished past to the challenging present. Over 1,000 years ago, St. Benedict found his community of clerics and scholars, and charged them not only with a contemplative dimension, but challenged them to make the Lord's work relevant. St. Vincent College's legacy of concern and achievement was recently manifest in its awarding

honorary degrees to two distinguished alumni, Philadelphia lawyer John M. Elliott and New York business leader Frank E. Resnick.

Writer and historian David McCullough delivered the principal commencement address. Mr. McCullough's effective pen has also touched my congressional district. He authored the award winning "Johnstown Flood" and is presently preparing a new book on President Harry S. Truman. Mr. McCullough's thoughtful address comparing the fascinating careers and contributions of Father Boniface Wimmer, OSB, the founder of St. Vincent, and Charles Darwin, another giant from this era, is also incorporated herein.

Frank E. Resnick, president and chief executive officer of Philip Morris, U.S.A., is one of America's most dynamic business leaders. A member of the board of directors of Philip Morris, Inc., Mr. Resnick has spearheaded many highly creative business opportunities for his company which had 1984 revenues of $13.8 billion and which recently acquired General Foods. A star athlete on St. Vincent's 1951 victorious Tangerine Bowl football team, Frank joined Philip Morris, U.S.A., in 1952 as a research chemist and subsequently held numerous executive positions at the research center in Richmond, VA. He became director of Commercial Development Tobacco in 1967, headquartered in New York. In 1971, he returned to Richmond as director of development and was appointed director of research center operations the following year. He returned to the New York office in 1976 to 1978. Mr. Resnick served as vice president of tobacco operations for Philip Morris, Inc., from November 1978 to January 1980 when he was named executive vice president of the Tobacco Technology Group upon its formation in January 1980 and was appointed its president in February 1982.

Mr. Resnick has 7 patents to his credit and has authored or coauthored more than 30 scientific articles. A native of Pleasant Unity, PA, he received a bachelor of science degree from St. Vincent College in 1952 and a master of science degree from the University of Richmond in 1955, both in chemistry. He also attended a special course at the Massachusetts Institute of Technology, Rensselaer Polytechnic Institute, and the Harvard Business School. Mr. Resnick is a member of the American Chemical Society—organic and analytical sections—the Society for Applied Spectroscopy.

John M. Elliott, the son of Mrs. John T. Elliott and the late John T. Elliott of Shenandoah, PA, is a 1963 graduate of St. Vincent College, where he earned a bachelor of arts degree in economics with highest honors; was a member of the student senate; president of the Alcuin Scholar Society; chairman of the speaker's committee; contributing editor of the student newspaper; and captain and 4-year letterman in varsity baseball. He captained the championship West Penn Conference team and is affectionately remembered by his coach, the former Pitt great Oland Canterna, as a "splendid athlete/scholar, winner and a leader on and off the field." Mr. Elliott also won the Economics Excellence Award for highest academic honors; was a member of Who's Who Among Students in American Colleges and Universities; and was a member of Delta Epsilon Sigma—honorary national Catholic scholastic fraternity. He earned his law degree (J.D.) from the Georgetown University Law Center in 1966, where he won the American Jurisprudence Award for the highest average in constitutional law and legal ethics; was the Williston Research Fellow; a contributor to Res Ipsa Loquitor; a member of the moot court team; the legal aid committee and Delta Theta Phi—legal fraternity.

While in law school, Mr. Elliott served on the staff of U.S. Senator Joseph S. Clark; later he was a member of the national campaign staff of Senator Hubert Humphrey in the 1968 Presidential campaign; and the Pennsylvania coordinator and national staff assistant to the McGovern Commission on Party Structure and Delegate Selection (1969). President Carter appointed Mr. Elliott to the White House Coal Advisory Commission—the Rockefeller Commission.

A senior partner in the Philadelphia law firm of Dilworth, Paxson, Kalish & Kauffman, Mr. Elliott is cochairman of that firm's 70 lawyer litigation department where he specializes in major commercial litigations before Federal and State trial and appellate courts. Mr. Elliott is admitted to practice before the U.S. Supreme Court, the Third Circuit of the U.S. Court of Appeals, the U.S. District Court for the Eastern District of Pennsylvania, the Pennsylvania Supreme Court and all Pennsylvania appellate courts. He is a member of the American, Pennsylvania, and Philadelphia Bar Associations and the National Lawyers' Committee for Civil Rights Under Law. He is course planner and faculty member for the Pennsylvania Bar Institute and the National Institute of Trial Advocacy and has lectured for the American Law Institute-American Bar Association Institute on Appellate Practice. Mr. Elliott is the chairman of the disciplinary board of the Supreme Court of Pennsylvania which oversees the ethics of Pennsylvania's 35,000 lawyers.

The author of numerous publications, he is active in many professional, civic and charitable endeavors including the Pennsylvania Academy of Science, the National Conference of Christians and Jews, the James A. Finnegan Foundation, and is presently chairman of the Irish Educational Development Foundation. Mr. Elliott has three sons, John P., Kirwan B., and Kyle M. and a daughter, Heather D.

CIS REPORT: VIOLENCE IN EL SALVADOR

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. WEBER. Mr. Speaker, the Council for Inter-American Security has asked that a recent report they did about the type of violence in El Salvador during the first 6 months of 1985 be shared with Members of Congress. Their report is based on filings from the Foreign Broadcast Information Service [FBIS]. I find it particularly noteworthy that guerrillas fighting President Duarte and his government have resorted to terrorist tactics on civilians as well as government officials. Their desperation to attack the very people they claim to be fighting for reflects the strong support President Duarte has from the people of El Salvador. I urge my colleagues to read this report.

The report follows:

VIOLENCE IN EL SALVADOR (AN UPDATE ON THE PRO-GOVERNMENT AND REVOLUTIONARY VIOLENCE FROM JANUARY 1, 1985 TO JUNE 30, 1985)

For years, pro-government groups have been blamed for any civilian murder in El Salvador. Cases of official military and unofficial pro-government violence exist, but not nearly as many cases as revolutionaries claim. El Salvador, like any other country, has many cases of murder of civilians by civilians for no political reasons. These murders have been exploited by the revolutionaries and blamed on the government forces. Of course, the foreign media, hungry for cases of "oppressive right-wing violence," gladly feature the rebels' claims.

For this report on violence in El Salvador, distinctions are made concerning two different types of violence. The first is that which occurs during a combat situation, with the casualties being inflicted upon members of the Salvadoran Army or to an armed member of the guerrilla forces. The second type of violence is that which is done to non-combatants. This includes political killings, incidental civilian casualties, assassinations and kidnappings. It is occasionally difficult to distinguish who is and who is not a combatant in a guerrilla war. The key is the role of the person being attacked and whether or not he is a party to an armed encounter. Moreover, it is important to remember that a guerrilla can be part of a skirmish against the army yet, be stripped of his weapons by his comrades after being killed. Here are the numbers of the total casualties for the first six months of 1985:

In combat, the revolutionary forces inflicted 200 casualties on the government forces.

In combat, the government forces inflicted 267 casualties on the revolutionaries.

The revolutionaries were responsible for 53 casualties to non-combatants, in non-combat situations.

No casualties inflicted by government forces on non-combatants in non-combat situations were reported in the first half of 1985 in FBIS reports.

The source that is used to arrive at these numbers is the Foreign Broadcast Information Service (FBIS). This news service monitors the news media world wide, including

government, commercial and clandestine sources, and reports the news of importance. These are all public sources. While this service is not all inclusive, it is very comprehensive in its reports of the violence in El Salvador. In this way, the FBIS provides the most objective source for this type of research and is the best means for one researching without the capacity to actually investigate on the scence.

There has been a drastic drop in combat violence in El Salvador in the last two years. Included in this over-all trend, however, are two simultaneous developments: first, progovernment violence against non-combatants, i.e. "death squad" murders, dropped precipitously in the first half of 1985 while secondly, revolutionary violence against non-combatants has risen recently. This can probably be best explained by President Duarte's Christian Democratic government's success both against the insurgents and in controlling the illegal activities of security personnel, i.e. in the reorganization of the treasury police.

The best example of the renewed use of terrorism by revolutionaries is the indiscriminate machine-gunning of 13 people, including four U.S. Marine Corps embassy security guards in a Salvadoran restaurant. Here is how San Salvador's Radio Cadena described the scene:

Approximately 10 armed men, dressed in fatigues similar to those used by the Salvadoran Armed Forces, jumped out of a red pickup truck. The men stood in the street in front of the cafes and opened fire with high-caliber weapons . . . eyewitnesses report that the men fired at anything that moved.

How do the revolutionaries explain this incident? Why of course, it is a great triumph of the Salvadoran "people" over the imperialist Americans. Here is the way Radio Venceremos, the guerrillas' station, explained the murders:

The first U.S. Marines have died on Salvadoran soil. The U.S. Marines who died in the Zona Rosa of San Salvador were not innocent. No Yankee invader is free of guilt . . . so long as the Yankee intervention increases, more U.S. Marines will die!

They make no mention of the seven other people killed by the shooting. The guerrillas would not seem to care so much about the welfare of the people, as they claim, but care more about increasing their war on the Salvadoran people.

Increasingly, the guerrilla's plan of attack is to wage war against the Salvadoran economy and not the Salvadoran army. In the first half of 1985, the tactic was to destroy electrical wires and to try to stop traffic on some road for as long as possible. By doing this the guerrillas hope to ruin the economy and try to artifically ignite a revolution among the poor. Gradually, the Salvadoran people are becoming more aware of who is responsible for the indiscriminate violence in El Salvador and who is making life harder on them by attacking the economy.

The year 1985 started out with the typical attacks by the FMLN on El Salvador's economy. Here is the way the guerrillas brag about their exploits. Although they are exaggerated, they still show the intent of the FMLN:

During the seven days of the nationwide traffic stoppage, we also inflicted losses totaling $20 million on the dictatorship. We also inflicted losses by the millions by sabotaging the San Luis Coffee Mill . . . we inflicted losses by the millions by sabotaging energy installations throughout the territory.

The FMLN may claim that they are waging war on the Duarte government, but these economic attacks are hurting the working people most. They are the ones who have their factories destroyed, their electricity knocked out and they are the ones who must eventually pay for these damages in higher prices and taxes. The war against the guerrillas in El Salvador is not only a political one, it is also a battle to stabilize that country's economy.

Here are some samples of military clashes in El Salvador in January, as reported by the media in Central America:

On Jan. 9 heavy fighting was reported for the past two days in San Vincente Dept. between FMLN rebels and units of the 5th Infantry Brigade. A C-47 airplane was used by the military for the first time. The FMLN sustained at least 30 dead. However, they were informing the people that they had inflicted 60 casualties and suffered few casualties themselves.

Also on Jan. 9, three unidentified men shot 66 year old Jose Vargas, mayor of Santa Elena. After the three evicted the employees and shot the mayor to death, they fled to the northern part of town. The assassination of mayors is becoming a favorite tactic of the guerrillas, and one that is characteristic of a desperate army.

The month of February began with the dynamiting of some high voltage electrical pylons, causing a blackout for about 20 minutes. Other violent actions for the month of Feb., although incomplete, are the following:

On Feb. 4, two-hundred FMLN were harassing citizens of the town El Paisnel. When the military arrived, an hour and a half clash took place with an undetermined number of guerrillas killed and two soldiers injured. According to local authorities, the FMLN-FDR terrorists had conducted raids on the outskirts of their town for weeks, forcing the residents to supply them with food, clothing, money, cigarettes and sweets.

A security guard at the U.S. Embassy was shot and killed on Feb. 18, Three days later the army and rebels clashed in downtown San Salvador. During a fierce shoot-out, the guerrillas attacked a truck full of policemen and at least two policemen were killed in the ensuing two hour shoot-out.

On Feb. 24, fifty percent of normal traffic was backed up on the country's roads and streets, and terrorists machine-gunned two trucks. The terrorists also blocked other roads with vehicles that had their tires perforated with bullets.

In the beginning of March, on the 4th, the office of the mayor of Alegria was set on fire. Fifteen to twenty heavily armed guerrillas tore down the doors, put several desks together, and set fire to the files. The rebels said this action was done to boycott the upcoming elections and, by this time, they had destroyed four other mayor's offices.

Then, on March 7, gunmen for the leftists Polulation Liberation Forces murdered Lt. Col. Ricardo Cienfuegos, director of the Armed Forces Press Committee. He was shot on a tennis court and his body was draped with a red banner marked with yellow letters reading "FLP." Lt. Col. Cienfuegos had been instrumental in the fight against terrorism and sadly, he became the the victim of those he fought.

Retired General Medrano, founder of the National Democratic Organization, the Popular Orientation Party, the Democratic United Front, and former director of the National Guard, was assassinated on March 23. Three persons intercepted him while he was in his car. The young servant girl who was accompanying him was let go. The killers opened fire on the General and the event was later praised on the guerrilla station, Radio Venceremos.

At the end of March, elections were held for some mayor's offices and 60 seats in the National Assembly. The guerrillas were busy trying to intimidate the people, attacking the general headquarters of the National Police with Chinese RP G-2 rockets. One civilian lost his legs as a result of this explosion.

By April 10, the results of the election had not been announced. During the waiting period a PDC government office was attacked by terrorists and one of the attackers was killed. Also, the FMLN scheduled a press conference to be held on April 9. However, a clash between the armed forces and the guerrillas occurred instead. Also on this day a massacre occurred in Santa Cruz, where more than 20 peasants were killed in cold blood by the terrorists.

The results of the election were announced on April 21 and the PDC had won 23 assembly seats and the PCN-ARENA won 15. After the results were given, the mayor of San Jorge (PDC) was captured by the ERP.

On April 18, ten barges loaded with weapons, dynamite, generators and boat engines were seized by a company of the Antonal Battalion. They were pursuing a group of terrorists who had kidnapped 15 families in villages of San Marcoslampa. A clash took place and several terrorists were killed and then they fled in their boats for an unknown destination.

The FMLN showed its disapproval of the U.S. trade embargo against Nicaragua by kidnapping two mayors in May, burning down their offices and causing a power outage. On May 4, Duarte spoke out against these and other kidnappings, which had amounted to about 10 in just a few days.

Besides the guerrilla's killing of 13 people in a Salvadoran restaurant in June, they also kidnapped 5 men and two were eventually shot to death.

A large column of the guerrilla forces were confronted by the army's 6th Infantry Brigade on June 13. The guerrillas had just toppled two power poles and were preparing to ignite two tankers when the army arrived. Three terrorists were killed and many wounded before the clash ended.

The incidents given in this report are not exhaustive of the revolutionary violence that has occurred during this time, but they should give one a better understanding of the typical violence that occurs so often in El Salvador.

For a commentary on the overall situation in El Salvador, here is a quote from Archbishop Arturo Rivera y Damas, Archbishop of San Salvador. He is concerned with the violence in El Salvador and desires a peaceful end to the war; however, he realizes the hypocritical position of the guerrillas:

Here and abroad I have always said that I see a contradiction in the two objectives of the guerrilias; that is, to attack military targets—it is quite logical that in a war like this one this should occur—and to destroy the country's infrastructure. I feel that if they want their military actions to have some success that they need the support of the people and they cannot have this support if they continue their destructive actions. These two contradict each other. I see this war as useless because the objectives of the guerrillas cannot be achieved since they

contradict each other. This is my simple way of viewing things.

JAPANESE MARKETS NEED COMPETITIVE EQUALITY

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. ST GERMAIN. Mr. Speaker, I rise today to draw the attention of my colleagues to the recent applications of two Japanese securities firms, Nomura and Daiwa, to become primary dealers of U.S. Government securities. I, along with a majority of my fellow Banking Committee members, have written to Mr. E. Gerald Corrigan, president of the New York Federal Reserve Bank, urging his rejection of the applications of these firms until similar U.S.-based securities firms are accorded full competitive equality in the Japanese securities markets.

In enacting the International Banking Act of 1978, Congress made a statutory commitment to the policy of national treatment which would give foreign banks the ability to compete on an equal basis with domestic banks in similar circumstances. The decision to adopt a policy of national treatment was grounded in the belief that it was essential to promoting equal competitive opportunity for U.S. banks in foreign markets. In 1979, in accordance with the mandate of section 9 of the International Banking Act, the Department of the Treasury presented a report to Congress on "Foreign Government Treatment of U.S. Commercial Banking Organizations." In 1984, an update of this report prepared by Treasury concluded that the degree of national treatment received by U.S. banks abroad had improved since 1979.

The 1984 report contained an analysis of the substantial progress made in Japan's treatment of U.S. banks. A Working Group on Yen/Dollar Exchange Rate Issues announced steps which would lead to freer use of the yen internationally and liberalization of Japan's domestic financial system. Other measures taken which benefit U.S. banks include the opening of Japan's trust banking business and trading of public sector securities to foreign banks, relaxation of controls on overseas yen lending, elimination of swap limits, and liberalization of regulations on yen certificates of deposits. The report stated that the implementation of these measures would "essentially result in U.S. banks receiving full national treatment in Japan." Our continued effort to achieve equality of competitive opportunity must not be limited to the banking industry, where such impressive progress has already been made. We must seek to obtain equal treatment for U.S. firms in other industries, which are currently at a competitive disadvantage.

To date, no U.S. firm has been able to secure a seat on the Tokyo Stock Exchange. Even if added exchange seats were to be authorized, it seems probable that they will be sold at an exorbitant price and equally probable that U.S. firms will obtain far fewer of these opportunities than we would hope to be the case. We have the opportunity now to send a signal to Japan that its unequal treatment of our financial services companies is not tolerable.

Mr. Speaker, it seems clear that evaluation of any applications on behalf of any foreign financial service institution hoping to do business in the United States should go beyond the usual narrow financial criteria used for judgment in such instances. In the Japanese situation or, for that matter, in the case of any other foreign financial outlets seeking to do business in our financial markets, such criteria should include assessment of the progress made toward equal treatment for U.S. institutions in the foreign firm's home country. The Federal Reserve Bank of New York should, therefore, deny the applications of Nomura and Daiwa and continue to deny such applications of Japanese banks until Japan takes steps to open its securities markets to U.S. firms comparable to the efforts it has made to provide equal treatment to U.S. banks.

Mr. Speaker, those efforts to secure fair treatment for U.S. banks abroad have helped develop the most efficient capital market in the world, if not in the world's history. I think it safe to say that even those with the gravest doubts about whether a policy of national treatment could produce such an accomplishment have since become converts to the doctrine. What we obviously need is a step or two in the same direction concerning the expansion and growth of the securities market. The lessons learned earlier, concerning foreign government treatment of U.S. commercial banking organizations, bear review. It is conceivable that the framework of equality of competitive opportunity spelled out through the International Bank Act of 1978 could provide equally effective guidance on behalf of the securities market. Certainly, we are not interested in backing steps by which U.S. firms would be placed at a competitive disadvantage.

Last week's report regarding the U.S. trade deficit and new efforts to further cheapen the American dollar abroad reflect the blessing and the plague of our currency's strength. A weakened dollar will make our exports more competitive abroad and foreign-made goods more expensive, less attractive, and less competitive in the United States. This is offset by the disturbing fact that our trade deficit grew to a record figure of $15.5 billion in September—this despite that 17-percent depreciation of the dollar we were told was taking place. That is the widest monthly gap and the largest trade deficit ever posted in the history of the United States. These conditions underscore our need to be concerned about the award of any new securities dealerships contemplated for any foreign companies. It is absolutely necessary that other governments—and in this particular instance, Japan—take bigger, more frequent steps to help promote the consumption of U.S. exports, as well as equally important steps to permit greater U.S. participation in their marketplace. Pending such assurances, we should deny them further penetration into our domestic system.

Mr. Speaker, a wise man once said that everyone is a damn fool for at least 5 minutes every day—wisdom consists in not exceeding the limit. We recognize the need to maintain a strong network of primary securities dealers in order to help fund the Federal debt and in order to assure the continued liquidity of the Government securities market. The position of these securities dealers is important to the continued operation of our credit market. These are conditions, however, that apply to all other securities markets, and until national treatment is obtained on our behalf, we should move with increased caution in our awards.

Mr. Speaker, the letter sent by the majority of members of the Banking Committee to Mr. E. Gerald Corrigan, president of the New York Fed, discussing this situation, follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, October 30, 1985.

Hon. E. GERALD CORRIGAN,
President, Federal Reserve Bank of New York, New York, NY.

DEAR MR. CORRIGAN: We understand that Nomura Securities and Daiwa Securities, two Japanese securities firms, have filed applications with the Federal Reserve Bank of New York to become primary dealers of U.S. government securities. We are writing to urge you to reject on the application until United States-based securities firms are accorded full reciprocal treatment in the Japanese securities markets.

The United States has long maintained a policy of national treatment towards foreign securities firms which wish to do business in America. It is no coincidence that we also have developed the most efficient capital market in the world. As international competition in financial services increases, however, our policy will become untenable unless it is matched by similar policies in other nations, as U.S. firms will increasingly be placed at a considerable competitive disadvantage.

Although the Japanese government has taken steps to promote the consumption of certain U.S. exports and to allow greater international use of the yen, little has been done to eliminate the barriers faced by U.S. securities firms wishing to do business in the Japanese domestic securities market. Most notable is the fact that, despite years of effort, no U.S. firm has been able to obtain a seat on the Tokyo Stock Exchange. The Exchange's plan to add 10 seats is too little, too late. Probably no more than 5 seats will go to U.S. firms, and at a price, $4 to $5 million (ten times the going price for a seat on the New York Stock Exchange), that is affordable only for traders with exceptionally high trading volume. The other U.S. firms will continue to pay exorbitant commissions to member firms—akin to tribute—ranging from 23 to 80 percent of their commission.

In addition, Japan's Ministry of Finance has imposed far more stringent capital requirements on U.S. firms than on Japanese firms, restricting their leveraging ratio to 2:1, while Japanese firms typically maintain a much higher ratio. Finally, U.S. firms seeking to set up a branch office in Japan face discriminatory and costly requirements, such as a requirement that branch offices must have at least 20 employees.

We recognize the need to maintain a strong network of primary securities dealers to fund the federal debt and to assure liquidity in the government securities market. But although primary securities dealers must make significant financial commitments, they also occupy a favored, and potentially profitable, position in the market. In examining a petition to be granted this favored position, the Fed must go beyond narrow financial criteria, and consider other goals, such as the need to reduce the nation's burgeoning trade deficit, the long-term health of U.S. financial markets, and the ability of U.S. firms to compete internationally. On these grounds, the Nomura and Daiwa applications should be denied until U.S. firms are accorded the same access to Japanese securities markets that Japanese firms are accorded in the U.S. securities markets.

We would be pleased to discuss this issue with you further, and look forward to your reply.

Sincerely,

Charles E. Schumer, Barney Frank, Robert Garcia, Mary Rose Oakar, Gerald D. Kleczka, Doug Barnard, Jr., Richard H. Lehman, Buddy Roemer, Esteban E. Torres, Sander M. Levin, Bart Gordon, Bruce F. Vento, Henry Gonzalez, Stan Lundine, Thomas J. Manton, John E. Grotberg, Frank Annunzio, Marge Roukema, Fernand J. St Germain, Steve Neal, Bruce A. Morrison, Stewart B. McKinney, John J. LaFalce, Marcy Kaptur, Bill McCollum, Chalmers P. Wylie, George C. Wortley, John Hiler, Jim Cooper, Carroll Hubbard, Toby Roth, Doug Bereuter, Thomas J. Ridge, J. Alex McMillan, Paul E. Kanjorski.

K. ROSS CHILDS, MICHIGAN PUBLIC SERVANT OF THE YEAR

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. VANDER JAGT. Mr. Speaker, I would like to bring to the attention of my colleagues the outstanding achivements of K. Ross Childs, the Grand Traverse County, MI, coordinator, who was recently selected by the Government Administrators Association as the recipient of the 1985 Michigan Public Servant of the Year Award.

It is indeed my privilege to bring Ross Childs to your attention. In the course of my work as a U.S. Representative I have had many occasions to work with Ross and have come to know him as an outstanding community leader who has dedicated 9 years of his life into making Grand Traverse County a better place to live for all its residents. I am indeed proud to know Ross and to have this opportunity to pay tribute to him for a career that has been distinguished by dedicated service and thoughtful action. His untiring commitment to the people of Grand Traverse County has greatly enriched and strenghten his community.

I want to call my colleagues attention to an article which appeared in the Grand Traverse City Record-Eagle on November 1, 1985, announcing Ross Childs' selection for the public servant award. I know that my colleagues will find that this article underlines Ross' great personal dedication as well as his sincerity of purpose and determination to better serve the people of Grand Traverse County.

The article follows:

CHILDS WINS MICHIGAN PUBLIC SERVANT AWARD

(By Matt Roush)

TRAVERSE CITY.—The Government Administrators Association has named Grand Traverse County Coordinator K. Ross Childs as 1985 recipient of its Michigan Public Servant of the Year award.

Childs was honored in part for "his financial prowess," which has led to county expansion without millage increases, selection committee chairman Lawrence Radine said Thursday.

"We look for a variety of things—efforts beyond the call of duty, extraordinary accomplishments, dedication to the job, longevity," said Radine, director of the public administration master's degree program at the University of Michigan-Dearborn.

That describes Childs, said Karen Strom, chairwoman of the Grand Traverse County Board of Commissioners.

"I think people universally respect him for the kind of job he does and the kind of person he is," Strom said. "He's a communicator. He makes people feel good about themselves. He's tireless. He has a phenomenal memory for detail.

"Then there's a whole other part of him. He's a loyal friend and a real humanitarian," Strom added.

The Government Administrators Association, a 400-member group of supervisory and administrative employees in Wayne County government, chooses an eight-member selection committee, which presents the award, Radine said. Childs is the third annual recipient of the award and the first from northern Michigan, Radine said.

Childs will receive the award Nov. 10 during ceremonies in Detroit.

Childs became county coordinator in 1976 in the middle of an economic and population boom that placed increased demand on local governments for services.

Since then, Childs has overseen:

The construction of the Governmental Center, housing both city and county governments in a location convenient to members of the public who regularly must deal with both.

Many activities of a County Department of Public Works, a cooperative venture of the county, the city and five townships to provide city water and sewer service to the townships that ring Traverse City without the bitter turf battles that have characterized township growth around other cities.

Centralization of emergency police, ambulance and fire radio communications.

Creation of centralized data processing and purchasing services.

Construction of a large addition to the Grand Traverse County Jail.

Despite the increase in services, the county's millage rate has decreased from the legal limit of 6.2 mills in 1976 to just over 5.7 mills today, the association noted. Neither the Government Center nor the jail building project need a special tax increase to be built.

Also during that time, the county's tax base skyrocketed from $353.7 million in 1976 to $904.7 million today, allowing the country budget to grow from $3.1 million in 1976 to just over $10.4 million for 1986 without a millage increase.

A native of Owen Sound, Ont., Childs earned an engineering degree in 1960 from the University of Michigan, which he attended on a hockey scholarship, playing goalie for the Wolverines.

While an engineering student, Childs took a part-time job as a land surveyor for Washtenaw County. He gradually worked his way up into administration, becoming chairman of labor relations, assistant county administrator and finally county administrator in 1970. Three years later he left Ann Arbor to take a job as assistant general manager of the Southeast Michigan Transportation Authority (SEMTA). He spent three years there, including more than a year as general manager.

When a new SEMTA general manager was hired in 1976, Childs decided to return to county government and become one of the nearly 100 applicants for the newly-created position of Grand Traverse County coordinator.

ANALYSIS OF AMERICAN OPINION REGARDING "ACHILLE LAURO" HIJACKERS

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. COURTER. Mr. Speaker, in the midst of the TWA flight 847 hostage crisis last June, I thought it important to remark to the House that: "The present crisis may prove less a test of the administration than a test of the American people. If the choice is to use force, and if Americans refuse to accept the use of force, then this country will be required to continue enduring terrorism rather than combating it."

In an analysis of American opinion about the recent forcedown of the airliner carrying the *Achille Lauro* hijackers, Dale T. Taylor raises this important question in new ways. I set his article before my colleagues today because I think it important that we be able to make a firm and united answer.

Mr. Taylor is vice chairman of the New Jersey Conservative Union, and his article appeared in the Times of Trenton, N.J.

[From the Times, Trenton, N.J., Oct. 21, 1985]

EVERYBODY APPROVES OF A SUCCESS

(By Dale T. Taylor)

American policy opinion is fickle. And the most important element in U.S. foreign policy is the level of leadership demonstrated by the president of the United States.

These are two conclusions that I have reached based on the recent capture of four terrorists who had hijacked the Italian cruise liner Achille Lauro and murdered 69-year-old Leon Klinghoffer of New York.

The decision to intercept and force down the Egyptian airliner carrying the terrorists rested with President Reagan—and with him alone. This is the way that our system works in times of crisis. The world of terrorism that exists today can rightfully be considered as a time of crisis.

The president's actions proved to be correct. Indeed, the interception of the Egyptian airliner in the dark skies over the Mediterranean by four carrier-based U.S. Navy

jets was carried out flawlessly. It was, as the stately British might say, a jolly good show.

Americans responded overwhelmingly in favor of the president's action. The support for the president was equal to, or greater than, the support shown when Grenada was liberated.

One New England polling firm found a whopping 91.5 percent level of support. In New York City, a Daily News/ABC news poll found that almost 75 percent of Americans interviewed favored military force in dealing with terrorism. Seventy-two percent thought that the president's overall handling of foreign affairs in general, based on his handling of the Achille Lauro affair, was good or very good.

I wonder what American opinion would have been like had a poll been taken before the decision was made to intercept the Egyptian airliner? Think about it. Here are the set of risks that faced President Reagan when he made the decision:

If the airliner refused to obey U.S. Navy jets and land at the NATO base in Italy as instructed, it could have been fired on.

In addition to the four PLO terrorists on board, there was also an Egyptian flight crew and Egyptian diplomats. Egypt is an important, if not invaluable, ally of the U.S. in the Arab world.

Had the Egyptian airliner crashed, killing all aboard, it is possible Egypt would have cut off diplomatic relations with the U.S., ordered all Americans out of Egypt, and scuttled the Camp David accords. Egyptian President Hosni Mubarak might not have personally wanted to take such actions. But could he have avoided them given the turmoil, protest and rioting in his own country that would have resulted?

President Reagan did, of course, make the right decision. And, thankfully, it was carried out successfully—as his decision in Grenada was also correct and carried out successfully.

But, had the risks associated with the capture of the four PLO terrorists been placed before the American people before military force was initiated, would the same majority of Americans have supported the action anyway? Would they have supported the president's action in Grenada beforehand—when all of the risks had to be evaluated? I doubt it.

We Americans need some fundamental agreement on what it is that we stand for in the fight against terrorism—however or wherever it rears its ugly head. If we stand against terrorism, then let us understand that the only way you defeat terrorism is through the use of quick and certain force.

GOING BACK TO THE BACK OF THE BUS

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. EDWARDS of California. Mr. Speaker, the Reagan administration's record in the field of civil rights has been the most dismal and disappointing in our Nation's long history. Its record has not been limited to battling school desegregation and affirmative action, but sweeps across the board, affecting fair housing, voting rights and tax exemptions for segregated schools. The administration has gone out of its way to attack and dismantle the hard-fought progress our Nation has made over the last three decades toward achieving a fair and just society. But the problems of discrimination still vex our country, and we cannot afford to abandon this fight until they are resolved.

Last Sunday, the New York Times published an eloquent editorial reflecting on the President's civil rights enforcement record. I am pleased to share it with our colleagues.

The editorial follows:

[From the New York Times, Nov. 10, 1985]

GOING BACK TO THE BACK OF THE BUS

CIVIL RIGHTS ENFORCEMENT WITH BLUNTED BAYONETS

"My belief has always been . . . that wherever in this land any individual's constitutional rights are being unjustly denied, it is the obligation of the Federal Government—at point of bayonet if necessary—to restore that individual's constitutional rights." So said President Reagan in May 1983. For all of that eloquence, the Reagan record on civil rights enforcement is dismal, and nothing so drastic as bayonets is needed to make it better.

The focus currently is on the contentious issue of affirmative action, with the Administration attacking so-called quotas in Federal contract compliance rules, in court-ordered plans for municipal hiring and in plans adopted voluntarily by local governments and private businesses.

But the Administration has balked even on the most unexceptional civil rights issues. Early on, it tried to reverse a well-settled principle and give tax breaks to segregated academies. And it remained unchastened even after the Supreme Court slapped down that attempt.

SCHOOL DESEGREGATION

The Administration hasn't been content to pursue Mr. Reagan's longstanding opposition to "forced busing." The Justice Department's Civil Rights Division, under assistant Attorney General William Bradford Reynolds, found reasons even to object to a St. Louis desegregation plan that relies on voluntary busing.

In Norfolk, Va., the department would dissolve a court-ordered busing plan that has operated successfully since 1970. It favors a neighborhood plan that would resegregate many schools. In two other current cases, minority groups that once relied on the Justice Department to press their claims have told the courts their trust is gone.

HOUSING DISCRIMINATION

Victims of housing bias complain of inaction or delay in their appeals to Justice, which in turn pleads staff and money shortages. The Department of Housing and Urban Development, meanwhile, lacks power to enforce fair-housing agreements and the Administration opposes amendments to give it that power.

In President Reagan's first term, Justice filed not even half as many housing discrimination suits as the Carter Administration. Yet private monitoring groups contend that bias has increased. "What they are doing has resulted in a fairly clear message to recalcitrant members of the real estate industry," says Martin Sloane of the National Committee Against Discrimination in Housing.

VOTING RIGHTS

In 1982, Mr. Reagan grudgingly accepted an extension and strengthening of the Voting Rights Act. But Justice has shown since that renewal was only half the battle. Its approach to enforcement was well demonstrated last Tuesday when it deployed 107 Federal poll examiners in New York. In Mississippi, where the need is as great, only 25 showed up.

This is a record of deliberate neglect. It is the policy of an Administration that seems to regard quotas as a "tax," as it described them in its last budget message, and likewise all civil rights enforcement. Be that as it may, there are some taxes a civilized society willingly pays. Civil rights enforcement is one of them.

IMPOSING A TWISTED VIEW OF FAIRNESS

Laxness in general enforcement of civil rights laws is bad enough. In one instance, the Administration is going out of its way to attack equal employment opportunities for minorities and women: on its own projects.

The Administration would loosen the affirmative-action requirements for Federal contractors. Attorney General Edwin Meese and William Bradford Reynolds, his civil rights chief, insist that to do so would strengthen, not weaken, civil rights. They're mistaken.

Companies doing business with the Federal Government have a special obligation not to discriminate by race or sex. That principle was codified in an executive order originated by President Kennedy, strengthened by President Johnson and enforced by Presidents Nixon, Ford and Carter. It requires Government contractors to hire and promote women and minority members in ways that roughly reflect the composition of their labor markets.

Now Mr. Reynolds says that focusing on "statistical balance" is actually detrimental to the chances of women and minorities. Contractors annoyed by the rules, he suggests, aren't likely to show much enthusiasm for promoting truly deserving minority workers. And those hired under affirmative-action requirements are likely to be left doubting their abilities. Indeed, he asserts—without any documentation—that minorities and women fare worse when employed by Federal contractors than by private contractors. Ample research in fact demonstrates the opposite.

Ignoring that evidence, Mr. Meese and Mr. Reynolds urge President Reagan to issue a new executive order that would not require but only allow companies to heed affirmative-action guidelines. That would strip the order of its regulatory teeth and leave companies that try to observe the guidelines vulnerable to reverse-discrimination suits by white males.

Labor Secretary Bill Brock, whose department administers the policy, opposes the change. He would modify the order only to make more explicit the prohibition against mandatory quotas. That is surely the better course. Though many companies complain about paperwork and overlapping reporting requirements, most companies have accepted the affirmative-action requirement. The National Association of Manufacturers, which represents 13,500 corporations, supports the existing order. About 200 members of Congress of both parties have urged Mr. Reagan to retain it.

But Mr. Reynolds insists that the executive order is "broke and needs fixin'." What really needs fixing is the Administration's attitude, which ignores so much painful history and present evidence to pursue a twisted view of fairness.

TAX REFORM

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. GINGRICH. Mr. Speaker, I am submitting the following article which may be of interest to the Members.

[From the Atlanta Journal, Nov. 11, 1985]

IT'S STILL A LONG ROAD TO A WORTHWHILE TAX REFORM

(By Robert Akerman)

Ironically, in order to get a tax reform of the kind it wants, the Reagan administration now has to pull for House passage of a Ways and Means Committee package that is quite far from what it wants. That's because the Senate has said it will not act on tax reform until the House sends it a proposal, and Ways and Means Chairman Dan Rostenkowski (D-Ill.) intends to do just that next month. The administration is hoping that whatever is in the House plan, once it gets to the Senate it can be adjusted closer to the original Reagan plan.

I have expressed reservations about tax reform as the "centerpiece of the second term" ever since the administration designated it as such. In part that was because I disagreed with some aspects of what the administration was proposing, but the politics of the situation also led me to doubt that in the end we would get a reform worth all the trouble.

Of course we cannot judge now how much of what's in the Ways and Means plan will get through the House, much less the merits of whatever compromise may emerge between the House and Senate. But it is time for comment on some of the problems in the committee's plan. There are some things in it which I hope will not survive into the final "reform," if any.

For example, on one day it made three bad decisions. First, it rejected the Reagan proposal to allow companies to deduct 10 percent of the cost of dividends they pay to shareholders in favor of phasing it in gradually at the rate of one percentage point a year, so it would not be fully effective until 1997. Some easing of the double taxation of dividends that now prevails would be a desirable encouragement to capital formation and economic expansion. The committee accepts that principle but wants to introduce it gradually. Since the Reagan plan already shifts more of the tax burden to corporations, I say we cannot afford to delay justified relief for shareholders.

Second, the committee agreed to repeal the exclusion of $100 worth of dividends ($200 on a joint return) from taxable income, thus compounding the injustice and disincentive to investment of the first decision.

Third, the committee decided to put new limits on Employee Stock Ownership Plans which give employees a long-term financial interest in the companies for which they work. To reduce the present tax incentive for these programs is not just another disincentive to capital formation; it is also a disincentive to the democratization of corporate ownership and the enhancement of productivity which this country greatly needs.

On that same day the Rostenkowski, committee made one decision which I can approve, it agreed to actions that would limit the ability of companies to buy other companies to take advantage of their tax losses. There are too many ways to make money these days through paper manipulation, and most of them spring from the tax code. But we ought to encourage real investment in real efficiency at the same time we close loopholes for paper manipulation, and the other House actions that day did not fit.

The House Ways and Means Committee may have moved us closer to action on tax reform, but I'm not sure it has moved us closer to a good tax reform.

WEST VIRGINIA COAL MINERS REACH UNPRECEDENTED GOAL

HON. ALAN B. MOLLOHAN

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MOLLOHAN. Mr. Speaker, recently quite a ceremony was held in my home district—a ceremony held outside a working coal mine and organized to greet a collection of very special Americans as they completed their shift of labor in a West Virginia coal mine.

The miners who emerged from Consolidation Coal Co.'s Robinson Run mine near Shinnston, WV, that day were the object of much congratulation and pride because their diligence and professionalism resulted in a safety record unprecedented in the history of West Virginia coal mining. Those 558 workers labored at extracting nearly millions of tons of America's most abundant natural resource for 1 million hours without one single time-loss accident.

Mr. Speaker, never before has such a record been established in the West Virginia coal industry. I believe it is of major significance. Not only did it demonstrate how valuable this Nation's investment in coal safety research has been, but it also sends a positive story throughout U.S. industry—a story that should go far in bolstering the goal of increasing productivity while improving job safety.

Improved mine safety technology—the result of long and hard research efforts by coal mining experts—certainly played a role in this remarkable record. But, the overriding factor in this accomplishment is the commitment of the miners and support personnel to high productivity and a never quit attitude toward mine safety consciousness.

Mr. Speaker, the industries of America can certainly take a lesson from the talented and dedicated professionals who attained this safety record while contributing to America's energy strength. To the men and women of Consolidation Coal Co.'s Robinson Run mine in West Virginia's Harrison County, a hearty well done, congratulations, and thank you.

DRINKING AND DRIVING: WORK STILL TO BE DONE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. BROWN of California. Mr. Speaker, in the wake of the public outcry on the issue of drunk driving, there has been little change in the numbers of highway fatalities. According to the National Transportation Safety Board in the 12-month period ending July 1, 1984, there were 43,316 highway fatalities in the United States. In the 12-month period ending July 1, 1985, the total increased to 44,821. This is an increase of 3.5 percent. Nearly 50 percent of those fatal accidents were alcohol-related. These figures, in my opinion, are completely unacceptable.

Bill Plymat, a champion in the cause of reducing alcohol abuse in America, recently told me of slogan which I think we should all take to heart. It goes: "It's better not to drink and drive, but if you do, keep under point 05."

On the one hand, this message says that it is best to avoid all drinking and driving. The reality is, however, that many people will drink at a dinner or social affair and then drive. The "point 05" refers to keeping the alcohol content in the blood to under. .05 percent, the amount of alcohol that would be present an hour after a single drink is consumed. I agree with Mr. Plymat that this is a wise message to impart to the public.

Mr. Speaker, the American Council on Alcohol Problems [ACAP] held its annual meeting in Des Moines, IA, in September. During that event, V.J. Adduci, chairman of the National Commission Against Drunk Driving, called for a national effort to curb drunk driving. I would ask that Mr. Adduci's statement to the ACAP meeting be included in the RECORD. I would also like to include a resolution adopted by the meeting of the American Council on Alcohol Problems. I urge my colleagues to take the time to review these documents.

REMARKS OF V.J. ADDUCI

I am pleased to have this opportunity to talk with you about a common concern—drinking and driving—and the tragic consequences that it creates on our Nation's highways. The people at Preferred Risk Mutual Insurance Co. have been upfront in the campaign against drunk driving for decades and Bill Plymat typifies the highly professional and intensely personal commitment that is needed to respond to this issue.

It was my privilege to work with Bill Plymat on the Presidential Commission Against Drunk Driving, and now, as chairman of the national commission, I realize even more his value as a director. While I admire his dedication, I am constantly amazed at the demand he makes upon himself. If the national commission had a few more Bill Plymats raising their voices for education and prevention measures we would hear the message loud and clear—drinking and driving is socially unacceptable for everyone.

I was in Salt Lake City on the weekend to address the Hotel and Motel Federation conference and I am leaving here tomorrow for Charlotte, NC, to speak at the International Conference of American Association of Motor Vehicle Administrators on Thursday morning.

In all three of these presentations I am earnestly seeking to recruit citizen-soldiers, as it were, in an all-out battle against drunk driving. The national commission would like to see every American citizen become a member. We plan to institute a program to offer concerned Americans a sustaining membership for a modest registration fee.

The first question that might come to your mind is, "What benefit is there for me? And for Preferred Risk Mutual Insurance Co.? For society?" Allow me to respond to this simply by saying it puts a premium on saving lives. In a very real sense, the members would become "preferred risks" because they would choose not to drive after drinking lest they become another DWI offender or worse still—an accident statistic.

No one put this overwhelming national tragedy into better focus than President Reagan. In his weekly radio address following the presentation of the Presidential Commission's final report in December 1983, he devoted the entire program to the drunk driving issue, saying in part:

"If I were alerting you about a foreign power brutally murdering tens of thousands of our fellow citizens, a cry for bold action would sweep throughout the country. Well, I'm not referring to a foreign enemy. I'm talking about drunk driving.* * * We should understand there are no magic solutions. It'll take a long-term commitment, coming at the problem from different directions.

"The first step, according to the commission, is making sure that our friends and neighbors, as well as the people in city hall and the State legislatures, fully comprehend what we're facing. * * *

"We must change the lax attitude about drinking when there's even a question about sobriety. We'll need to be stern at times. But putting our foot down can save someone's life. The commission found out that some of our laws and law enforcement are lax as well * * * the commission made numerous specific recommendations * * * but in a free society such as ours, with the separation of powers between Federal, State, and local governments, it will take all of us working together.

"* * * Drinking and driving has caused the death of many innocent people. It is up to us to put a stop to it—not in the spirit of vengeance, but in a spirit of love."

Yes, it is up to us to put a stop to all this tragic waste of life. It cuts across all segments of our society without distinction because death knows no bounds.

As a nation we cannot afford—or tolerate any longer—the staggering losses that alcohol-related accidents create each year.

Just consider the long Labor Day weekend which we observed just 2 weeks ago. It marks the traditional end-of-summer vacation season when our spirits and hopes are renewed. Unfortunately, it has the dubious distinction of being the most dangerous 3-day major holiday period of the year. Over the past decade, the fatalities for Labor Day have exceeded those recorded for Memorial Day, July 4th, Christmas, and New Years. At least 50 percent of these deaths were the result of driving under the influence.

However, there is some good news to share. The National Center for Statistics and Analysis of the Department of Transportation has recently released an estimate of alcohol involvement in fatal traffic accidents for 1980–84. The best evidence show a significant, steady decrease in the percent of fatally injured drivers who were legally intoxicated, i.e., 0.10 percent or greater blood alcohol concentration (BCA).

In 1980, 50 percent of the drivers tested were in excess of .10 percent, but in 1984 this proportion dropped to 43 percent. In addition, between 1980–84, the rate of intoxicated fatally injured drivers has dropped by one-third; and while the number of driver fatalities decreased 11 percent, the number of intoxicated driver fatalities decreased 24 percent.

Surely, the most encouraging aspect in the battle against drunk driving is the greater awareness of the public about the problem. From the very first days of the Presidential Commission on Drunk Driving, of which I had the privilege to serve in 1982–83, right up to the present time, a national call has been sounded to enlist the whole spectrum of society in this campaign. Grassroots organizations; local, state, and Federal officials; the private sector, especially the motor vehicle, insurance and alcohol industries have joined forces in responding to the issue.

As never before there is a public willingness to support innovative programs designed to deter driving under the influence and to make drinking and driving socially unacceptable. This is the ultimate goal and, in truth, the only thing that will effect a lasting change. All the enhanced legislation, beefed-up enforcement, stiffer penalties and preventive measures are necessary, but they offer short-term remedies. What is needed is an attitudinal change regarding the toleration of drunkenness and drunk driving.

The National Commission Against Drunk Driving, as the successor body to the Presidential commission, is charged with monitoring the implementation of the 39 recommendations made by the Presidential commission. It would be impossible to invoke all the proposed countermeasures at one time with the hope of success. The response must be coordinated, responsible, and over an extended period of time. If citizen action groups spurred public officials to move on the drunk driving issue, then it is imperative that prevention activities should focus on natural social settings especially among the family, friends and coworkers. The ties among people in these environments will serve to reinforce each person's sense of responsibility.

As chairman of the national commission, I feel we have a mission to carry to every corner of this great Nation, a clear and loud message about the dangers relating to drunk driving. To this end, the board of directors at its May meeting adopted 16 majors objectives.

The one I want to emphasize this evening, however, has to do with the establishment of a sustaining member program. We need the strength of widespread citizen participation if we are to attack drunk driving with vigor, "not in the spirit of vengeance," as President Reagan cautioned us. By working together people get the job done.

The long-term goal of the national commission is to make driving under the influence (DUI) socially unacceptable. This will require at least a decade of dedicated commitment to the issue. While working to achieve this attitudinal behavioral change, short-term remedies by way of legislation, enforcement, and adjudication are needed. Justice must be given to the offended as well as the offender. And it should be swift, certain, and just. This seeks to isolate the drinking driver; get him or her off the road by appropriate measures such as safety checkpoints, administrative license revocation (which is used in Iowa with great success) and heavier penalties.

The creation of the sustaining membership will assist the national commission's efforts overall. Millions of Americans who are not identified in any way with citizen action groups could be the new potential audience for this program.

You have it in your power to promote this program. I know full well that safe and sober driving is both an industry and individual priority of the people at preferred Risk Mutual Insurance Co. You are the very people who know the facts about drinking and driving, so I need not trouble you with a recitation of statistics. I am here to make a plea, a pitch, if you will, that should strike home.

I urge you to help the national commission to get the sustaining membership drive underway. I have with me copies of the membership form, containing the following pledge:

"As a sustaining member of the National Commission Against Drunk Driving, I will not drive under the influence of alcohol or any other substance, and will not ride with any person who is under the influence of alcohol or any other substance.

"I will do whatever I can to make drunk and impaired driving socially unacceptable."

The application also contains a space where the individual indicates his or her voluntary dues. While we hope for an average of $10 per member, the amount of dues is not nearly as important as the fact that the individual will become a member of a great national constituency working to end needless death and injury and on our highways.

We want Preferred Risk Mutual Insurance Co. to become one of the leaders in this campaign. We hope you will take this application and get it in the hands of every one of your policyholders, together with a letter from the company, urging them to become sustaining members.

Our goal is a great one: To change the attitude of the American public toward a social problem that is costly, deadly, and sorrowful. Working together, we can change that attitude, and make a difference in the lives of thousands of Americans, both alive and unborn. We need your help.

RESOLUTION No. 1

Adopted September 19, 1985 at Annual Board Meeting of American Council on Alcohol Problems in Des Moines, Iowa.

Whereas highway traffic deaths in 1984 increased, reversing a decline that had spanned the three previous years; and

Whereas drinking and driving is the leading cause of death among young people and a leading cause of brain and spinal cord injury for people of all ages; and

Whereas if present trends continue, one out of every two citizens will be involved in an alcohol-related collision in their lifetime; and

Whereas drinking and driving is directly involved in the loss more than 25,000 lives annually with related costs reaching $24 billion yearly,

Therefore be it resolved that The American Council on Alcohol Problems meeting in Des Moines, Iowa, September 17–19, 1985, declare the deaths, injuries, suffering, and

monetary losses caused by drinking and driving to be a national emergency;

Be it further resolved that we call upon the U.S. Congress to assist in making drinking and driving socially unacceptable by enacting (1) HR 2657 that will make alcohol advertising a non-deductible business expense; (2) HR 2656 that will place warning labels on liquor bottles; and (3) HR 2526 that will provide equal time for health warnings on radio and television; and

Be it further resolved that we call upon state legislators to assist in making drinking and driving socially unacceptable by enacting legislation that will (1) increase the drinking age to 21; (2) prohibit the concurrent sales of alcoholic beverages and motor fuel; (3) abolish all drink promotions, including happy hours; (4) prohibit open containers of alcoholic beverages in motor vehicles; (5) make third parties liable for damages when alcoholic beverages are made available to minors or intoxicated persons; and (6) provide for the administrative license revocation of intoxicated drivers; and

Be it further resolved that we call upon all concerned citizens to become sustaining members of the National Commission Against Drunk Driving and to not drink before driving, thus making drinking and driving socially unacceptable.

MIAMI SHORES MOBILE CRIME WATCH: THEY KEEP AN EYE ON MIAMI SHORES

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. LEHMAN of Florida. Mr. Speaker, in our 17th Congressional District, the Mobile Crime Watch of the Village of Miami Shores is a fine example of a successful citizen-based patrol that is having a big impact on the community.

If we are to successfully combat crime, well-organized citizen volunteers are essential. Regardless of how hard-working or dedicated our police are, they cannot be everywhere. Citizen patrols and support are needed to extend the eyes and ears of law enforcement officials.

A driving force behind the program is Shores resident Lela Jacobson. From her dispatch room in the village hall, she coordinates 125 volunteers who patrol this community of 9,200 residents 6 days a week. Lela is a true activist. We worked together on the problems of public education starting 20 years ago and continuing through my tenure on the Dade County School Board. Today, Lela is the right person in the right job at the right time.

Mr. Speaker, the dedicated volunteers of the Miami Shores Mobile Crime Watch are to be commended for their unselfish service and community spirit. I hope their example will inspire similar efforts throughout the rest of Dade County.

I would like to share with my colleagues a recent article from the Miami Herald which further describes this remarkable program:

THEY KEEP AN EYE ON MIAMI SHORES

(By Christopher Wellisz)

Drive down the palm-lined streets of Miami Shores too slowly, as if you have no definite destination, and you may see an unsettling sight: a car with an antenna on top and a couple of people wearing red caps sitting inside, staring at you as one of them talks into a citizen's band radio.

If you're like Peggy Rente, who was cruising the streets with a real estate broker looking for home prospects one day recently, there will be cause for alarm.

"It's an exceptional community service," Rente said of the people in red and white caps, the Miami Shores Mobile Crime Watch.

But if your motives are sinister, say mobile patrol members, you may think twice about sticking around once you've spotted them checking you out and possibly radioing your description to the police.

Since they first hit the streets in February, the mobile patrollers have become a familiar and comforting sight to Shores residents. And, they hope, a nuisance to would-be muggers and burglars.

"The citizens just love us," said Lela Jacobson who heads the voluteer force. "They applaud when they see the cars. If all the people who waved or applauded joined, we'd have no end of volunteers."

Though the patrollers could use more help, they're not hurting. In its 10 months of existence, the patrol has grown from 22 volunteers to 125, with more joining all the time.

They cruise the streets from 10 a.m. to 6 p.m., six days a week. They donate their time and their cars, and the village equips them with caps, magnetic signs for their cars and citizens band radios.

EYES AND EARS

"We are extra eyes and ears for the Police Department," Jacobson said. Patrollers are trained to cruise the village and to notify the base station of suspicious cars or people. The base station radio operator then relays the information to the Shores police. Patrollers have strict instructions not to get out of their cars or to try to help police.

Village Manager Les Forney calls the mobile patrol "an extremely cost effective program." This year, it will cost the village just $9,325 for radio equipment, stationery and other supplies and Jacobson's $100 a week salary.

So far, reports by a mobile patrollers have led to just one arrest, for loitering and prowling. But the patrollers are full of stories of suspicious-looking characters who left town after seeing the patrollers eyeing them.

Because the patrol's main purpose is to deter crime, Forney said, it is difficult to assess their effect. "You can't measure something that doesn't happen," he said. But he adds: "Anecdotally, there's more than ample evidence of success."

And, say Jacobson and the patrollers, the program does as much to promote community spirit as it does to fight crime.

Witness the new ritual that has been added to the Pledge of Allegiance and invocation at meetings of the Village Council. A group of patrollers, wearing the inevitable red and white caps, line up in front of the podium as their names are called. Jacobson distributes small badges in recognition of 50 or 100 hours of service. Each month, the group grows larger, so that villege photographer Charlie Minter has trouble fitting them all into the pictures he takes to commemorate these events.

VARIED VOLUNTEERS

In a volunteer-happy bedroom community of 9,200, the patrollers are a mixed bag, heavily weighted with retired people who have free time during the week. There are also schoolteachers, doctors, students, salesmen and housewives.

Horace Shuff is a retired construction foreman from Washington, D.C., who patrols four hours a week in his Cadillac Seville. Wearing his 50 and 100-hour badges on his cap, he cruised the streets of the Shores Wednesday morning.

"You look at the drivers and see if they are scroungy looking," he said, explaining his observation tactics. "If you see a dressed up old lady, you don't pay much attention to her."

He turned into the parking lot of the Miami Shores Country Club, a spot where hubcaps often have been reported stolen. Passing a beat-up Dodge Charger, he noted the number of the temporary tag taped to the window. "Now that to me is a suspicious-looking car," he said.

Shuff decided not to report the license plate number, surmising that the car probably belonged to a club employee.

For Shuff, the mobile patrol fits into his small-government philosophy. "If people don't do it for themselves, they're going to have to hire more people to do it. If they hire more, taxes will go up, and taxes are high enough already."

PAIRS OF PATROLLERS

Most patrollers travel in pairs. Husband and wife teams are rife. Among them are Sam and Mollie Mazur. Sam, a retired percussionist for musical shows, is 83; Mollie, a former concert pianist, is 73.

Sam said he signed up for the program first, but his wife soon insisted on joining him. "She thought someone was going to hold me up," he said.

Sam always drives, he said, leaving the watching to Mollie's keener eyes. "We don't argue while we're patrolling," he said. "I never get the chance. She says 'go left' and I go right."

Carol McClure and Doris Sedacca, teachers at Gratigny Elementary School, are a Monday afternoon duo. Their beat is pretty quiet, McClure said, but fun nonetheless. "We laugh for two hours," she said. "We hash over the things that we didn't have time to finish talking about at lunch."

So far, the only suspicious people they have spotted were two prostitutes on Biscayne Boulevard. "We keep looking and so far we haven't found anything," McClure said.

But the patrollers perform other services. They have helped stranded motorists, called ambulances for people who have fallen and hurt themselves and hunted down stray dogs, said Jacobson, who records every act of good will in a weekly newsletter.

Jacobson, a slender, fashionably dressed woman with silvery hair, is paid $100 a week for what is supposed to be a part-time job. Actually, she spends 40 hours a week at the patrol's dispatch room on the second floor of Village Hall. She recruits volunteers, makes up schedules, writes the newsletter and makes sure the equipment works.

ORGANIZATION HELPS

Most important to the success of a volunteer operation, she is a cheerleader.

"She has done an outstanding job," said Lt. W.J. Brenton, the patrol's police liaison. "She's an organizer; she's full of energy."

Jacobson's dispatch room is a homey place. On one wall, patrollers' coffee mugs hang from hooks; others are decorated with an autumn theme of paper leaves and pumpkins. A notice announces a covered dish dinner for patrollers. Other noticed, on colored construction paper, warn the volunteers to be on the lookout for certain criminal suspects.

Jacobson's newsletter is filled with birthday announcements, get-well wishes for patrollers who are ill and messages of welcome for new recruits.

I'm very proud of them," Jacobson said. "Sometimes I feel like I'm Mother Goose and they're my little chicks.

In August, the patrollers showed their appreciation by throwing a birthday party for her in Forney's office. "It was the warmest, most loving thing that's ever happened to me." Jacobson said.

She keeps track of the hours each patroller puts in. And when a patroller leaves, she makes sure to ask them why.

"We lost her to the cultural center," she said, going over a list of names. "She went back to school. He had a heart operation."

She added: "They're not dropping out because they don't believe in the program. That's the most important thing."

HOW TO JOIN THE PATROL

The Miami Shores Mobile Crime Watch is looking for volunteers. Organizer Lela Jacobson says 216 volunteers are needed to staff the program fully. The patrol now has 125.

The patrol divides the village into four sectors. Patrollers ride two to a car for two-hour shifts. One person handles radio calls for each shift. Because the program does not have enough volunteers, some patrollers work more than two hours and cover more than one sector, Jacobson said.

New patrollers are given a two-hour lecture by Shores Lt. W.J. Brenton, who tells them how to spot suspicious-looking people and how to describe them to police. They also are instructed in the use of citizens band radios.

To qualify, patrollers must be Shores residents who are at least 18 years old. They must have their own cars and liability insurance and they must sign forms freeing the village of liability. Firearms are not allowed and patrollers do not make arrests or chase suspects.

For an application or more information, call Jacobson at the patrol office, 756-5767, or stop at Village Hall, 10050 NE Second Ave.

PATRICK THOMPSON

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. VANDER JAGT. Mr. Speaker, recently Patrick Thompson, a small businessman from the Ninth Congressional District of Michigan, was the speaker at the Zeeland Chamber of Commerce membership banquet in Lokers Auditorium at Zeeland High School. Mr. Thompson, who is president of the Trans-Matic Manufacturing Co. of Holland, MI, had some important things to say during his address regarding small businesses and I commend his comments and the article which contains them, that appeared in the Holland Sentinel on October 23, 1985, to my colleagues attention.

Mr. Thompson, who was the 1985 Michigan Small Business Person of the Year is certainly to be commended for his innovation and determination. He is an outstanding businessman who has demonstrated his ability to work hard and master his professional responsibilities in every task he has attempted. I know my colleagues will join me in wishing him every future success.

[From the Holland Sentinel, Oct. 23, 1985]

THOMPSON ENCOURAGES BUSINESS REVOLUTION

(By Jameson Cook)

ZEELAND.—These revolutionaries don't carry signs or wield knives. They don't tout fancy slogans or seek to overthrow a government. They simply have a need for innovation and success.

These rebels are called entrepreneurs and their numbers are rising, according to Patrick Thompson, 1985 Michigan Business Person of the Year, and recent statistics.

Thompson, speaking at the annual Zeeland Chamber of Commerce membership banquet Tuesday in Lokers Auditorium at Zeeland High School, said the number of entrepreneurs is increasing because of a reduction in U.S. dependence on large scale mass production to an increasing focus on smaller-scale business.

"The real growth in the future will come from small, new, innovative, specialized products and services developed by creative entrepreneurs," said Thompson, who in 1968 founded Trans-Matic Manufacturing Company of Holland. He transformed it from a small two-employee company to a business with 80 employees and $8 million in sales.

To back up the claim that an enterpreneurial revolution is upon us, Thompson cited statistics. A study by David Birch of the Massachusetts Institute of Technology indicates between 1969 and 1976 two-thirds of all new jobs in the U.S. were created by businesses with less than 20 employees. In 1982 and 1983, the Fortune 500 companies lost 310,000 jobs while the rest of the U.S. economy created three million jobs.

In addition, new incorporations in Michigan reached a record 19,474 in 1984. Nationally, incorporations jumped by 5.8 percent last year over the previous year. The rate is double the figures of those in the 1960s and six times the rate during the 1950s, according to Thompson.

Who are these briefcase carrying characters?

Experts agree entrepreneurs are highly motivated people whose need to achieve is "almost compulsive," he said. "They are driven constantly to prove themselves."

They also reject security and are risk takers.

"Entrepreneurs simply want to be in charge of their own destiny—they want to be their own boss. (They) seek independent self-determination and self actualization."

A formal definition indicates an entrepreneur is "an individual that creates a new product or service and retains ownership in an enterprise that delivers that product or service to the customer." Thompson said.

Making money is one of the least important traits of an entrepreneur, he said. Some make more money than they can dish out, but still invest in new ventures.

Garnering revenues is still important for a business to remain afloat. And new, small businesses more frequently have trouble maintaining revenues to stay in business, although Thompson disputed recent statistics that say half the new businesses fail within the first year.

He said statistics indicate more than 97 percent of businesses that close actually declare bankruptcy. That means many of the other businesses are closing for other reasons.

The biggest reasons for business failure are a lack of managerial techniques and experience, he said following his address.

"It's due to a lack of experience in the field, a lack of business experience—perhaps analytical skills," he said.

For persons desiring to initiate their own business, he noted a new state agency called the Office of New Enterprise Services, which began operations Oct. 1. It provides information and referrals, evaluation of market potential of a product, assistance in seeking financing for ventures and a series of forums for entrepreneurs.

Thompson said the most desirable fields of entrepreneurship are wide ranging. While some experts believe that the real future growth lies solely in the service industry, Thompson maintains growth is taking place in both areas.

"Notice I said services and products, and not just a service economy," he said. "Many knowledgeable people in recent years believe the state of Michigan should dump durable goods manufacturing and make a quick transition to hi-tech services. I firmly believe this is a strategic error. What do you think our chances are attracting an IBM, HP or TI."

"There will always be special niches for unique manufacturing products requiring highly skilled labor or advanced technology," he said.

He said the state service and manufacturing industries can work hand in hand supporting each other.

"The service sector will provide new opportunities and probably more opportunities than manufacturing for employment. But manufacturing provides higher value added products, and provides us with greater opportunities to create wealth for our state by exporting products to other states and other countries."

Concerning his business, Thompson said he has no specific plans to top off his award-winning year, but indicated Trans-Matic may acquire another company in the coming year. He would not elaborate. He also said he may expand his building in Holland or in Stanford, Calif.

A TRIBUTE TO REAR ADM. EDWARD J. HOGAN, JR.

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. DYSON. Mr. Speaker, I would like to take this opportunity to salute a man who for over 30 years has served our great Nation with valor and distinction, Rear Adm. Edward J. Hogan, Jr.

On October 31, 1985, Rear Admiral Hogan assumed the position of the Navy's Chief of Legislative Affairs, succeeding Rear Adm. Dudley Carlson, who has been nominated for appointment to the grade of vice admiral and assignment to Deputy

Chief of Naval Operations and Chief of Naval Personnel. Prior to this assignment, Rear Admiral Hogan was commander, Naval Air Test Center, as well as the Navy's chief test pilot at Patuxent River in Maryland's First Congressional District.

Mr. Speaker, Rear Admiral Hogan's career as a naval aviator has been marked by an enduring commitment to excellence. Among his many assignments, Rear Admiral Hogan has served as landing signal officer in Fighter Squadron 33 in U.S.S. *Intrepid* from 1956–59; flying qualities and performance project test pilot in the Flight Test Division at the Patuxent River, Naval Air Test Center from 1961–62; senior landing signal officer, Carrier Air Wing Eight in U.S.S. *Forrestal* and U.S.S. *Shangri-La* from 1965–66; commanding officer of Fighter Squadron 92 from 1968–69; operations officer, U.S.S. *Kitty Hawk* from 1971–72; commanding officer U.S.S. *Kawishiwi* from 1974–75; commanding officer U.S.S. *Kitty Hawk* from 1976–78; and director, Aviation Manpower, Training, and Aircraft Carrier Programs in the Office of the Chief of Naval Operations from 1980–82.

A true American patriot and hero, Rear Admiral Hogan has received the Distinguished Service Medal, Bronze Star with Combat V, Meritorious Service Medal, and Air Medal. These high honors stand as a living testament to Rear Admiral Hogan's courage, compassion and character.

Never content to rest upon the laurels of past achievement, Rear Admiral Hogan has somehow found the time to earn a masters of science degree in international affairs from George Washington University in 1965 and a masters of business administration from the American University in 1982. By demanding more of himself in the service of his country, Rear Admiral Hogan has strengthened our Nation, and for this I commend him.

In many ways, Rear Admiral Hogan exemplifies that which has made our country what it is today—a belief that through diligence, determination and dedication we can accomplish almost anything. So it is with a sense of deepfelt pride, Mr. Speaker, that I share these words of praise for a great American, Rear Adm. Edward J. Hogan, Jr.

H.R. 3751, THE NUTRITIONAL INFORMATION LABELING ACT OF 1985

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. RANGEL. Mr. Speaker, today I am introducing a bill to require food labeling to clearly state the amount of salt and fats the food contains.

Cardiovascular disease kills nearly 1 million Americans every year. It kills twice as many Americans as any other cause of death. In fact, it kills more than every other cause of death combined, including cancers, accidents, lung diseases, homicides, suicides, and infections.

Over 25 million Americans have hypertension, which will eventually kill them unless controlled through medication, diet, or surgery. Blacks are hit particularly hard by hypertension and suffer its effects almost twice as often as whites. Women over 35 have lower rates than men by only a few percentage points, and the gap narrows as women age; in fact, women over 65 have higher rates than men.

The contributing effects of salt and fats to cardiovascular disease are well known and well documented. And yet, with the knowledge we now have, we still spend enormous amounts of money on open heart surgery, heart transplants, and other exotic procedures, while we spend very little on educating consumers.

Certainly we should not stop these procedures, but we know now that prevention is a more effective approach than surgery, both in cost and result. Cutting salt and fat in the diet, unlike surgery, is available to anyone, including those in poor health, those with low incomes, and those without medical insurance.

Now, even highly aware consumers have only the most general knowledge of how much salt and fats are in the foods they eat.

Most consumers do not shop carrying exhaustive nutritional lists of food products, and few carry such encyclopedic knowledge in their heads. Even if they do, they have no way of knowing accurately how much salt or the amount and type of fat that a particular type or brand of food contains. Many foods do not fall into simple categories, and even very similar foods are prepared using different procedures, different ingredients, and in different proportions. It is impossible to compare the relative salt and fat contents of these apparently similar foods, as it is with different brands of the same food; yet, to protect themselves, consumers must know. Their lives depend on having this information at their fingertips.

Because hypertension does not have dramatic early symptoms, we must allow people to help themselves on a daily basis, throughout their lives. Now, consumers simply cannot protect themselves adequately.

There is no quick fix for those with hypertension or cardiovascular disease. They can't improve their level of risk in one bold stroke, as can smokers, skydivers, trapeze artists, or those who don't wear seat belts. But over the long run, they can improve their health just as much, providing they have the information to do so.

Cardiovascular disease is a long-term disease. It requires long-term control. But consumers can't help themselves without information. And Congress is the only place they can get it.

WORLD TRADE CENTER

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MOAKLEY. Mr. Speaker, I would like to bring a matter of importance to the continued viability of the New England economy to the attention of my fellow colleagues. The Treasury and Post Office Appropriations conference report we had before us last Thursday also makes appropriations for the General Services Administration. As such, I would like to bring a serious matter dealing with General Services Administration to the attention of my colleagues. Over the past several years, many businesses in the New England region that have either been involved in international trade issues or aspired to be involved in international trade issues have worked with State and city officials to create the World Trade Center in Boston. The center is now approaching completion and will be available for occupancy in January of 1986.

As you might well imagine, there are quite a number of young companies involved in international trade that wish to have an active presence in that World Trade Center. In no small part, because they wish to share the common resources that a World Trade Center can offer and because they wish to develop common trade issues and strategies.

During the past 6 months the World Trade Center has been in discussions with the U.S. Department of Commerce, its regional office in Boston, and in particular, the International Trade Administration Office [ITA]. The focus of those discussions has been to let the Department of Commerce know of the value of locating its regional International Trade Administration office in the World Trade Center. It could be a great plus for both the Department of Commerce and the World Trade Center in its dealings with U.S. companies and corporation. I believe very strongly, that this is a marriage that is absolutely meant to be.

As recently as August 13, 1985, the regional office of the Department of Commerce sent a memorandum to the regional administrator of the General Services Administration. In that memorandum the Department of Commerce indicated:

Although this office has functioned in a variety of locations over the years, the establishment of a World Trade Center in Boston and the consequent concentration of international trade activities in this a single facility creates a unique opportunity for this agency to fulfill its mission of encouraging and assisting the export of American goods and services. It is essential that our Boston District Office be collocated to perform the role for which this agency was established with the utmost effectiveness.

Mr. Speaker, several of us in the Massachusetts delegation are concerned that here we are several months later, and even though the World Trade Center has received considerable encouragement from the regional office of the General Services

Administration about the idealness and appropriateness of locating the ITA office in the World Trade Center, we have not had a decision from the General Services Administration here in Washington that the ITA office will be located in the World Trade Center.

Mr. Speaker, my concern is that it is quite important that we have a positive decision from the General Services Administration in the next 2 weeks so that ITA office will be locating in the World Trade Center. The World Trade Center is offering the space at a considerable loss at a below market price, and even though the space required is very modest—4,000 square feet—the functioning of the World Trade Center depends upon the location of agencies such as ITA and the U.S. Customs Office in the same center.

I would ask my colleagues to join me in endorsing the location of the ITA Center in the World Trade Center in Boston and ask that together, we send a strong message to the administration and the Secretary of Commerce that they, together, in a spirit of great cooperation move forward to take advantage of this very favorable situation that can advance the ability of American companies to successfully compete in international trade. Only in this way can we begin to fundamentally and systematically attack the very problems that we have with trade deficits today.

WILLIE MAE THOMPSON: OAKLAND LOSES A GREAT CITIZEN

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. STARK. Mr. Speaker, the Oakland, CA, community was lessened recently by the passing of one of its finest citizens, Willie Mae Thompson.

Willie Mae was one of the most civic-minded persons I have ever met. Her community involvement was not abstract or theoretical. Hers was the life of commitment to people in a hands on way. In addition to her own 4 children, Mrs. Thompson was a foster parent to 22 children, rightly earning the title of Foster Mother of the Year in 1978.

Some of her many community efforts are well described in a letter from the Director of the Alameda County Health Care Services Agency.

Willie Mae was a humane, dedicated and dynamic advocate of quality health services for all, and a spokesperson for those in the community less able to articulate their needs. Her concerns in health care ranged from youth to seniors, from rat control to methodone maintenance programs. She was truly a "Twentieth Century Woman" in the breadth of her interest, knowledge and advocacy for accessible health care. She was one of the initial appointees to the Highland General Hospital Community Advisory Committee, and the first chairperson of the Alameda-Contra Costa Health Systems Agency. In addition to her independent advocacy for patient care, she will be remembered for her warmth, her humor and her love for and dedication to our community.

In recognition of Willie Mae's contributions to health services at Highland General Hospital and throughout our community, staff will shortly be dedicating a memorial plaque in the lobby of the hospital in remembrance of her caring spirit.

In addition, Willie Mae, who came to Oakland in 1941 from Louisiana, worked long and hard in pursuing her education. In addition to all her community work, she attended classes at San Jose State University and received an honorary doctorate of humanities degree from Mills College, Oakland, in 1981 for her life-time advocacy for Oakland's poor elderly and homeless.

All of us in Oakland express our sympathy to her children, grandchildren and those she helped raise. She is a model and beacon to us all.

"THE TEN PILLARS OF SOUND MONEY AND CREDIT" A SOLID FOUNDATION

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. DANNEMEYER. Mr. Speaker, I am among those who believe that we will be unable to solve trade deficits, balance the Federal budget, hold down inflation, lower interest and unemployment rates, and provide a durable climate for economic growth unless and until we first attain some measure of monetary stability. Sound money backed by gold.

Professor Antal Fekete, Professor of Mathematics at Memorial University of Newfoundland in Canada, is one of the foremost proponents of a return to the gold standard. He has a revelatory facility for explaining complex economics in terms understandable to the lay reader. His most recent work is entitled "The Ten Pillars of Sound Money and Credit," which I offer to my colleagues for their interest, information, and edification.

THE TEN PILLARS OF SOUND MONEY AND CREDIT

(By Antal E. Fekete)

During a period of fifty-two or so years this nation and the world have witnessed various developments in the field of money and credit which in the light of theory as well as experience could be expected to prove injurious to the well-being of the people. To a large extent, the injury has already been done in the form of losses of jobs and businesses, currency depreciation, decimation of bond values, bank failures, a decline of productivity, and the runaway increases of the debt-tower—although the connection with monetary and banking practices is not yet clear to most observers. It is only a matter of time before this connection will be clear to everyone. However, by that time the injury inflicted on the economy and on society may be too great and the scars from it may prove to be permanent.

Therefore it is desirable that the fundamental errors in principle and practice in our monetary and banking structure should be described as accurately as possible, and that specific recommendations for improvement should be offered in the interest of the general welfare. The hour is late, but the worst consequences of an impending disaster may perhaps be avoided, if public awareness will force policy changes in the field of money and credit.

Of most fundamental importance are the departure by the federal government from the integrity of a redeemable currency; the use by the federal government of the Federal Reserve System to finance its activities by devices favorable to itself, especially the conversion of government debt into currency; the consequent depreciation of the purchasing power of the United States dollar, breaking the record depreciation during the Civil War period; and the persistent agitation in favor of fiat money as a permanent condition, which has monopolized university instruction and academic discussion for the past twenty-five years. All these procedures have been employed many times and in many countries in the past, always with unfortunate and even tragic consequences.

Let us reiterate the ten most important principles of sound money and credit which, in the light of the theory and experience, are the indispensable pillars on which durable prosperity as well as peaceful and voluntary cooperation between labor and capital must rest.

1. The principle of the gold standard.
2. The principle of free coinage.
3. The principle of redeemability.
4. The principle of monetary policy.
5. The principle of fiscal policy.
6. The principle of no privileges without responsibilities.
7. The principle of liquidity.
8. The principle of matching maturities.
9. The principle of marginal productivity of debt.
10. The principle of marginal productivity of labor and capital.

The first five principles concern money and the government. In paraphrasing these principles we must remember that, by the Constitution, ours is a limited government that cannot arbitrarily appropriate all the power over the lives and activities of the individual citizens.

1. PRINCIPLE OF THE GOLD STANDARD

The purpose of a monetary standard is to fix the weight and quality of the monetary unit. A standard monetary unit is something which itself has value; it cannot be an abstraction, a legal fiction, or debt, such as the United States dollar is today. A depreciating monetary unit is not an acceptable standard of value. Over a period of several thousands of years, gold has evolved as the only commodity with constant marginal utility. Therefore gold is the only eligible monetary commodity to serve as the monetary standard.

2. PRINCIPLE OF FREE COINAGE

If a citizen believes that there is too little money in circulation, he must have the right to do something about it. He should be able to take his newly mined gold, or old gold jewelry, to the Mint and convert it into gold coins of the realm.

3. PRINCIPLE OF REDEEMABILITY

If a citizen believes that there is too much money in circulation, he must have the right to do something about it. He should be allowed to melt the gold coins of the realm in his possession, or to export them. He should be able to redeem the commodity value of the monetary standard.

By the same token, if a depositor believes that his bank is not managed in the best interest of the depositors, he should be able to withdraw his money in the form of gold. Only if the banks can be forced to pay out bank reserves to dissatisfied depositors, can the management of the bank be expected to follow sound banking principles. This is what the bank reserves are for: to keep the banks responsive to the needs of the people.

4. PRINCIPLE OF MONETARY POLICY

The government has a carefully circumscribed responsibility in the monetary field. It cannot act in an arbitrary fashion, nor can it use devices favorable to itself, such as issuing bills of credit which it has neither the willingness nor the resources to redeem at maturity. The sole aim of monetary policy is to keep the value of all kinds of moneys in the system equal to the value of the monetary standard. It is not the task of monetary policy to tamper with the rate of interest, or to keep the economy in check with the threat of higher or lower interest rates.

5. PRINCIPLE OF FISCAL POLICY

The sole aim of fiscal policy must be to keep the credit of the federal government at the highest possible level and above all suspicion. If the credit of the government is high, then the value of government bonds will be high, which translates into the lower possible rates of interest compatible with market conditions. The strictest separation between the monetary arm and the fiscal arm of the government must be observed, in order to prevent the monetization of government debt. It is not the task of fiscal policy to stimulate the economy, or to redistribute wealth. If the principle of fiscal policy is compromised, then a deterioration of the credit of the government will inevitably follow in the form of higher interest rates and contraction of the maturity structure of the public debt.

CRITICIZING UNITED STATES STEEL CORP.

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. ECKART of Ohio. Mr. Speaker, recently the United States Steel Corp. announced it was going to invest $3.6 billion to acquire the Texas Oil & Gas Corp. United States Steel's chairman, David Roderick, said this acquisition "in no way lessens United States Steel's commitment to the steel business." Nonsense.

At a time the Federal Government is working to limit imports and clamp a lid on unfair foreign competition, one of the Nation's largest domestic steel producers decides to drill for oil and gas on Wall Street, similar to its purchase of the Marathon Oil Co. 3 years ago.

This investment by United States Steel is done for the sake of diversification, which is not necessarily a sin. In this instance, however, it does not make for the most efficient and productive use of capital. It is not the kind of investment that creates new job opportunities in our society. If this transaction goes through United States Steel's total revenues from steel production will have declined by at least 40 percent since the beginning of the decade. United States Steel might as well change its name to U.S. Oil and Gas Corp., or something else.

Mr. Speaker, I would prefer to hear United States Steel announce more investments in further modernization of its steel operations and efforts to improve the industry's competitive position in a highly competitive global economy. Last year United States Steel abandoned a long-time proposal to build a modern steel mill in Conneaut, OH, a community in my congressional district. United States Steel dashed the hopes of a community that is suffering from high unemployment.

Mr. Speaker, to add insult to injury United States Steel has gone to court against the city of Conneaut, the Conneaut schools and the county government to collect $1,100,000 in personal property taxes the company claims to have paid for storage of nonexistent raw materials several years ago. Apparently, United States Steel after paying the taxes, discovered that the raw materials had been shipped in interstate commerce and were no longer being kept in Conneaut. United States Steel made the error. Now it wants to be reimbursed. The company even wants to apparently collect 6 percent interest on its own mistake.

The company's bill to the Conneaut schools amounts to more than $800,000, enough to probably pay the salaries of teachers for a school year. If the school system loses a fight before the Ohio Supreme Court the schools will be required to pay United States Steel about $175,000 a year over a 5-year period. The city of Conneaut will have to pay the company $55,000 a year over the same period.

To rub more salt in already festering civic wounds United States Steel has engaged in some nifty bookkeeping. The company has shifted ownership of its Pittsburgh & Lake Erie Dock Co. to a railroad it owns. The result: a local tax saving of at least $300,000 a year, more lost revenues for the schools. A nice clean tax break accomplished through a simple paper transaction that taxes the dock company differently simply because United States Steel's railroad now owns the dock company, not the parent firm.

Mr. Speaker, United States Steel has proven that its real commitment to steel production and waging a competitive war to retrieve a more glorious industrial past is highly questionable. The company's comitment is not what Mr. Roderick says it is. And in a community in my congressional district United States Steel has relinquished its title of good corporate citizen.

INTRODUCTION OF THE INDIAN GAMING REGULATORY ACT

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. RICHARDSON. Mr. Speaker, much attention has been focused in recent weeks on developing an effective legislative strategy to deal with the issue of gambling operations being conducted on Indian reservations and on Indian lands. I have long been concerned about the failure of the administration to address the Indian gaming issue through consistent national procedures and policies. An air of confusion hangs over what gaming activities are and are not considered legal on Indian reservations. While Indian gaming operations have been generally beneficial to the tribes—revenues have been raised, unemployment lowered—Indian gaming has suffered the same fate of other gaming operations; the infiltration of organized crime. To further complicate this problem the legal, administrative and judicial jurisdictions in Indian gambling operations are unclear, redundant or lacking. In order to address these these two problems—organized crime and jurisdictional confusion—and ultimately to ensure that the public is protected, I have developed and am introducing the Indian Gaming Regulatory Act of 1985 today and ask my colleagues for their input and support.

Mr. Speaker, my legislation embodies much of the intent and philosophy of the approach found in H.R. 1920. My bill would outlaw and provide Federal criminal penalties for gambling operations within Indian country unless the gambling operation is conducted in conformity with State law or with tribal law as certified by the Secretary of the Interior. While bringing these operations into conformity with State or tribal law and providing for penalties without this conformity, the most important feature of this legislation is the creation of a National Indian Gaming Commission.

This National Commission would create some much needed order and oversight in establishing and enforcing standards, guidelines, regulations, and the review of management contracts. The Commission would have the authority to inspect and examine all premises where Indian gaming is conducted, inspect management contract documents, provide for background investigations, have the ability to subpoena witnesses, and levy and collect appropriate fines for violations of the act. In short, the Commission would be the final authority on Indian gaming.

The 13-member National Commission would consist of 7 voting members and 6 ex-officio nonvoting members. The Secretary of the Interior would appoint the chairman of the Commission and six voting Commissioners from a list supplied by the Speaker of the House and the majority leader of the Senate. The remaining ex-officio members would be appointed by the Speaker or majority leader directly. A broad range of judicial, law enforcement, native American and public interests would be represented on this Commission. This legislation is also budget conscious—three quarters of the Commission's annual budget would be derived from an assessment on the gross revenues of gaming operations regulated under the act.

Mr. Speaker, Indian tribes are turning more frequently to innovative measures to raise revenues within their reservations. According to reports, 75 to 80 of the Nation's 300 Indian tribes have some form of game in operation. As early as 1984, the House Interior Committee held hearings on gambling within Indian country—a major concern in this testimony was that organized crime would infiltrate tribal gaming operations. At least one Indian tribal gaming operation has been ordered closed following charges of racketeer involvement.

There is a need for oversight but not for general alarm. While there have been problems, there are also success stories. Bingo has become one way of replacing Federal sources of funding that are being eliminated or severely cut back. In my home State of New Mexico, the Sandia, Acoma, and Tesuque Pueblos have turned to bingo as a source of tribal revenue to support their tribal government and tribal programs. On the Sandia Pueblo just outside of Albuquerque, "Sandia Indian Bingo" has been responsible for reducing reservation unemployment to about 3 percent.

Mr. Speaker, on Thursday, November 14, the chairman of the Interior and Insular Affairs Committee, my colleague MO UDALL, will focus attention on the issue of Indian gaming operations—he has worked long and hard on this issue. I invite my colleagues to review the transcript of this hearing and review the merits of this legislation and join with me in support of the Indian Gaming Regulatory Act. Thank you.

ON-THE-JOB TRAINING AND APPRENTICESHIP TRAINING SHOULD BE INCLUDED IN THE NEW GI BILL

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. DASCHLE. Mr. Speaker, when the Congress enacted the new GI bill last year, we created an educational assistance program of which we can all be proud. I have no doubt that our armed services, our service members and, indeed, our entire country will benefit from this new program. However, as chairman of the Subcommittee on Education, Training and Employment of the Veterans' Affairs Committee, I believe there are improvements which should be made so that the new GI bill will be even more effective.

I am today introducing legislation which would extend GI bill benefits to veterans who enter apprenticeship or other on-the-job training programs. Under current law, benefits are provided only for school training. The omission of OJT and apprenticeship training severely limits opportunities for those veterans who choose not to pursue training at educational institutions due to family, financial, or other considerations.

On-the-job and apprenticeship training are very successful employment and training tools for veterans. In many occupations, trainees learn best by training in the actual work situation and utilizing the employers' procedures and equipment. The following features make on-job and apprenticeship training attractive to both employers and veteran trainees:

First, veterans start work immediately. The concept is to hire first and train subsequently. Veterans are paid the usual wage paid all employees doing the same work, and veterans begin paying taxes from the beginning of their training.

Second, veterans are not trained for the uncertainty of a future job that may or may not exist. They have a reasonable assurance of productive, full-time employment at the conclusion of training.

Third, training is practical and comprehensive. The training exposes veteran trainees to an actual work environment, pressures, interpersonal relationships with fellow workers, and the ritual of company procedures.

Fourth, veteran trainees are trained according to employer needs and desires and, therefore, become more valuable as training progresses.

On-the-job and apprenticeship training were included under the World War II, Korean, and Vietnam era GI bills. These programs have been highly successful in terms of quality of training and the completion rate of veterans enrolled in such training. According to information supplied by the Veteran's Administration, 75 percent of those veterans who participated in OJT and apprenticeship training completed that training. This compares favorably with the 64-percent completion rate for those pursuing college training. Additionally, 89 percent of veterans who completed apprenticeship training and 86 percent of those completing on-the-job training stayed in jobs related to their training.

An important purpose of the new GI bill is to aid in the recruitment and retention of highly qualified personnel for the Armed Forces. An equally important purpose, however, is to assist in the readjustment of members of the Armed Forces to civilian life after their separation from military service. If the new GI bill is to be a truly effective readjustment program, it must be broad enough and diversified enough to satisfy the needs, talents, and ambitions of all veterans—not just those who choose to pursue training in schools. On-the-job and apprenticeship training are important skills training programs, and our newest veterans should have the opportunity to participate in these highly successful alternatives to higher education and technical schools.

Mr. Speaker, joining me as original cosponsors of this measure are BOB EDGAR, BOB MCEWEN, LANE EVANS, MARCY KAPTUR, JOHN BRYANT, JIM FLORIO, and KEN GRAY. I urge the rest of my colleagues to also support this legislation.

EBONY MAGAZINE'S 40TH ANNIVERSARY

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mrs. COLLINS. Mr. Speaker, I rise to honor a fellow Chicagoan on a very special anniversary. Forty years ago, this month, John H. Johnson published the first issue of Ebony magazine. And today there is great cause for celebration. Of the hundreds of magazines published each year, few have experienced the tremendous success Ebony has enjoyed over these 40 years.

And this achievement is all the more impressive in light of the tremendous obstacles which had to be overcome—resistance to change; resistance to new ideas; resistance to the very thought of dealing with a smart black businessman on equal terms.

John H. Johnson truly has been a trail blazer. And—against all odds—he has made his way using the very best tools of the free enterprise system: competitive drive, productivity, creativity, innovation. He has pointed the way for others to follow. And we all have benefited.

We have benefited because the Ebony story is more than a story of commercial success. It also is the story of one man's vision of a new, vibrant black image. It is the story of his determination to share that image with the rest of the world. It is the story of his triumph in reaching the goal—a celebration of the best of black America.

For these achievements I stand not only to congratulate John H. Johnson, but also to thank him. To thank him for daring to reach for the American dream. To thank him for making the dream come true.

A TRIBUTE TO THE AMERICAN VETERAN

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. DYSON. Mr. Speaker, I rise today to honor the brave men and women, both living and dead, who have served in uniform as protector of our great Republic.

It was on a blustery morning 65 years ago—the 11th hour of the 11th day of the 11th month—that the bloodstained battlefields of France and Germany fell quiet. And as the victors and the vanquished ventured to Versailles to sign the historic document marking the end of "the war to end all wars," the world rejoiced at the prospect of a prolonged period of peace and prosperity.

Much has happened since that hopeful day when the armistice was signed. The world has not been made safe for democracy; peace does not reign supreme. We live in troubled times; the forces of darkness, the yoke of tyranny and oppression, still engulfs much of humanity. Young Ameri-

cans still pay the ultimate sacrifice in defense of freedom.

Yes, we live in troubled times. But we also live in a land of unparalled opportunity; a land where our rich and diverse culture flourishes; a land where the flame of democracy burns bright.

Our Nation does not and will not forget those who have given so much to preserve and protect our way of life. The sacrifices of American veterans have been great. More than 1 million have died in the service of their country; many more have become disabled in our defense.

So I believe, Mr. Speaker, it is altogether fitting that we pay tribute today to the American veteran. We do this not only out of respect and rememberance for those who have gone before us, but also for the benefit of future generations who should know the pride of being an American.

I think future generations should know of the valor and bravery of the untold numbers of Americans who gave their lives on distant soil, far from friends and family. They should know of the young marines who 2 years ago were felled as they nobly sought to bring peace to a land mired in war. They should know of the courage of patriots like Navy diver Robert Stethem of Waldorf, MD, who died last summer at the hands of those who turn to terror in the face of American resolve.

Yes, much has happened since the guns of August fell silent that November day in 1918. Free people the world over look to American might as a bulwark against totalitarianism. And for the multitudes who wish to be free, America is a source of great hope and inspiration. We bear the burden of defense, we keep freedom's lonely vigil. We strive to use might for right, to guard our soil, to light the way for others.

So, Mr. Speaker, let us declare here and now, that the tremendous sacrifices made by previous generations of American soldiers will never be forgotten; that the American veteran will always be hallowed and honored, not only by words, but by deeds as well. Their legacy, our history and heritage, our commitment to justice, demands no less.

CONGRESSMAN MILLER OF CALIFORNIA SALUTES CONTRA COSTA PIC

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MILLER of California. Mr. Speaker, I am very proud to call the attention of the House to the commendation recently awarded to the Private Industry Council [PIC] of Contra Costa County.

Contra Costa's PIC received one of 14 Distinguished Performance Awards from the National Alliance of Business for the Special Education Local Planning Agencies' "On-the-Job Training Project [OJP]" for handicapped youth. This unique project brings members of the local business community into our high schools to work closely with special education teachers in order to help students develop skills and contacts to enable them to move into private sector, unsubsidized employment.

Working together in this project are employers, as well as educators, business leaders, union representatives, agencies which serve the disabled and employment specialists. In particular, I want to commend the three special education local planning districts (SELPA's) and the county's school districts with secondary schools, all of which participated in this outstanding program.

The young people who participate are 16–21 year old high school students in special education programs. About one-third of the participants have severe learning disabilities, while others have orthopedic, visual, hearing or other impairments.

As one in this House who has had a very close involvement in special education and rehabilitation laws, I appreciate how significant an effort it is to promote economic self-sufficiency for the disabled. Between 50 percent and 80 percent of disabled adults are unemployed—many because they have been denied adequate education, training and employment opportunities. Many of those who hold jobs work at substandard wages and often under unpleasant conditions.

The success of the OJP Program speaks for itself. Of 82 students in Contra Costa who participated, 59 were hired at the end of the OJP period, working in the food service, clerical and retail businesses. The program cost per job placement was less than $3,000. I am delighted that the OJP project is once again being funded this year.

I want to salute Art Miner, the Executive Director of Contra Costa's PIC, and William Sharkey, who chairs the county effort. I also want to congratulate the 80 employers and other supporters who made this program work by underwriting its creation and by hiring its participants.

And I also want to congratulate the young men and women who are the main beneficiaries of this outstanding program. Their persistence and desire to live life fully and independently is an inspiration to all of us who have recognized the great, untapped potential in so many of our fellow Americans.

The success of the OJP Program is further evidence of the cost-effectiveness of investing in young Americans and helping them develop the skills and training they need to be productive citizens.

ST. JOHN'S WENDISH LUTHERAN CHURCH: 75 YEARS SERVICE

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. RITTER. Mr. Speaker, today I would like to bring to the attention of my House colleagues the 75th anniversary of the St. John's Wendish Evangelical Lutheran Church.

On February 10, 1910, the active group existing today in Bethlehem, PA, first formed as the Slovenian-Slovak Lutheran Congregation. While the Slovak representation withdrew only months later, the Wends forged ahead and, for $2,500, purchased the property on East Fourth Street where the current church now stands.

The present pastor, the Reverend Frank Flisser, came to the congregation nearly 35 years ago. In his early years, under Dr. Flisser's leadership, the church added a new Christian education building adjacent to the church at a cost of $200,000.

Dr. Flisser often refers to his flock of Wends as probably the smallest race among all existing races. It also is among the most unusual. The Wends were the first Slavs to appear in western Europe, drawing mention from such Roman writers as Pliny and Tacitus, as well as from the Alexandrian historian Ptolemy (who called them the greatest race on the Wendic Gulf).

The Roman historian Jordanis, who lived in the middle of the sixth century, designated the Wends as eastern Slavs. But these, again, were a nomadic race, whose members included among their numbers the original inhabitants of the province of Venice. In the lower Tyrol, some of the names of mountains—Venetberg or Venediger—echo the days when Wends peopled the area.

The homeland of the Wends today is a small mountain district now part of Hungary. Because the land has always been poor, Wends have traveled the world to provide for the essentials of life. Part of the heritage they carried with them has been a deep sense of religion—40 percent are Lutheran.

The first Wendish immigration to America began at the outset of this century, with the greatest influx in the years from 1907 to 1914. Although there are smaller Wendish settlements in Chicago and Pittsburgh, and in various communities in Connecticut and New Jersey, the greatest Wendish settlement is in the city of Bethlehem, where between 5,000 to 6,000 persons of Wendish origin live.

The Wendish Lutheran congregation, a member of the United Lutheran Church of America, has more than 1,200 members. It is a group of people proud of the privilege to be Americans yet at the same time equally proud of its association with a great race—small in number but rich in its ancient history.

I, personally, have enjoyed the fellowship of St. John's Lutheran Wendish Church. They are a solid, warm family, firmly guided by the experienced leadership of the Reverend Dr. Frank Flisser.

COMMEMORATION OF THE CHEMICAL PEOPLE

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. APPLEGATE. Mr. Speaker, I would like to take this opportunity to publicly recognize and commend the members of The Chemical People, a nonprofit organization affiliated with the National Federation of Parents For A Drug Free Youth. The Chemical People is a public service group which has as its objective to educate and to create community awareness about drug abuse, in hopes of offsetting the negative effects of this problem in the youth of society. I would like to praise the dedicated people who so sensitively and effectively participate in this program for the betterment of their community.

The benefits to be realized from this program are manifold. The counseling and guidance offered by The Chemical People fosters a sense of community commitment and responsibility among those dedicated people who participate. By means of a network to keep the problems of drug abuse visible to the public eye, these people give support to each other, while attempting to reach out and steer the youth of society to play a more positive role in their community.

I would like to congratulate those individuals who make The Chemical People program possible on their insightful dedication to the task of informing the community on the problems of drug abuse in today's youth. In particular, I would like to salute Ms. Carol Ely from Toronto, OH in my district who is a charter member, as well as the secretary/treasurer for The Chemical People. She has written the following song, which will be used as the theme song by the National Federation of Parents For A Drug Free Youth in the National Wear-A-Red-Ribbon-Campaign:

"WEAR A RED, RED RIBBON"

Oh, wear a red, red ribbon
To show the kids that you care-you care.
If we work together,
We'll defeat this burden we bear-we bear.
Wake up, wake up and see the light;
Get up, get up and join the fight;
We know, we know they have the right
To live, love, laugh and be happy.

Pride and self-esteem make a winning team—beat the foe.
Drugs and alcohol only harm us all—they must go.

Let them be just kids again,
Doing what they did again.
Please won't you dare
To wear a red, red ribbon
And show the kids that you care.

Mr. Speaker, I am pleased to have this opportunity to express my support and full endorsement of this worthwhile community action program. It takes committed community members, such as those who participate in The Chemical People, to educate others about the problems in society so that we can help our youth to grow up as a positive and productive force in today's world.

A TRIBUTE TO NADINE MAYBELLE JONES ANNAND

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. PANETTA. Mr. Speaker, I rise today to congratulate Nadine Maybelle Jones Annand of Pacific Grove, CA, who has been selected as the 27th Woman of the Year by the Quota Club of Monterey-Pacific Grove. Mrs. Annand is to be commended for her many achievements and community contributions. I am honored to join the members of the club in recognizing and thanking this outstanding citizen.

Mrs. Annand has held leadership positions in numerous civic organizations, including the Pacific Grove Civic Club, the Monterey Civic Club, the Lighthouse Keepers, the Altrusa Club, the Pacific Grove Business & Professional Women Club, the Monterey County Historical Society, the Adobe Chapter of National Questers, the Community Center Auxiliary Thrift Shop, the Pacific Grove Boosters, and the Pacific Grove Art Center. Mrs. Annand has also contributed significantly to the Pacific Grove PTA and the Chautauqua Hall Preservation Society. The extraordinarily diverse and extensive nature of this list is indicative of Mrs. Annand's well-rounded interests and qualifications. Where there is a need, she is willing and able to chip in and donate generously her time and considerable skills to the particular cause at hand.

Mrs. Annand is an experienced journalist as well. She has held positions with the Seaside Tribune, the Monterey Peninsula Herald, and the Pacific Grove Tribune, in addition to contributing her publicity know-how to various clubs and political campaigns.

She has shown compassion and concern for the area's elderly citizens through her work with the Alliance on Aging. And the religious community of the First United Methodist Church of Pacific Grove is also grateful for her involvement in church affairs.

As if this flurry of activity is not enough, Mrs. Annand and her husband, Alvin, have raised 3 children, who have presented them with 12 grandchildren and 5 great-grandchildren.

I am pleased to pay tribute to this extraordinary woman. I commend the Quota Club for its fine choice of Woman of the Year. And I thank Nadine Maybelle Jones Annend for her dedicated community service.

HOUSE DEMOCRATIC LEADERSHIP STATEMENT ON GENEVA SUMMIT

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. COELHO. Mr. Speaker, I would like to take this opportunity to share with my colleagues the statement issued by the House Democratic leadership concerning the Geneva summit. The Geneva summit is significant in that it is the first time in 6 years that the two superpowers of the world, the United States and the Soviet Union, will have the chance to begin a discussion of issues ranging from arms control to human rights and involvement in regional conflicts.

Up until now, only harsh rhetoric has been exchanged. However, hopefully, the Geneva summit will allow for our concerns to be discussed and a dialog to continue. We as members of the Democratic leadership support President Reagan in his efforts to improve our relations with the Soviet Union and to provide a foundation upon which future discussions may be based.

HOUSE DEMOCRATIC LEADERSHIP STATEMENT ON GENEVA SUMMIT

The November summit meeting in Geneva between President Reagan and General Secretary Gorbachev is an historic opportunity for the United States and the Sovet Union to begin to reverse the nuclear arms race, to reduce tensions between the two superpowers, and to impress upon the Soviets our concerns about human rights and the nonuse of force in international affairs.

We congratulate and support President Reagan for seeking this important meeting with the new General Secretary of the Soviet Union.

President Roosevelt observed near the end of World War II that "great power involves great responsibility." Certainly now is the time for both superpowers to act responsibly to bring about a freer, more stable, and more peaceful world.

We recognize that the President's first responsibility is to ensure that the United States is strong enough to deter any attack by an aggressor against our Nation and our allies.

We believe in maintaining a U.S. defense capability that provides a strong nuclear and conventional deterrent. We further recognize the truth in President John F. Kennedy's statement that ". . . in a spiraling arms race a nation's security may well be shrinking even as its arms increase." Therefore, we hope that the talks in Geneva will begin to reduce the pace of the nuclear arms race. We believe this statement provides a framework for the discussions in Geneva and for the subsequent conduct of U.S.-Soviet relations.

This is the first U.S.-Soviet summit in six years. We are aware that the disagreements and disputes between the United States and the Soviet Union are considerable and indeed, some of the differences may simply be insurmountable. We believe, however, that some significant progress can be made at Geneva in a number of areas.

The highest priority at Geneva is to take those steps possible to reduce the risk of nuclear war. We also believe it is crucial to make substantive gains in the areas of human rights, regional conflicts and bilateral contacts.

Mr. Gorbachev may consider human rights in the Soviet Union an internal matter. We emphatically disagree with him. The time has come for the Soviet Union to comply with the Helsinki Final Act. Better long-term U.S.-Soviet relations are dependent upon the Soviets demonstrating real signs of lasting progress in human rights.

We note with favor President Reagan's desire to end the regional conflicts raging in Afghanistan, Kampuchea, Africa and Central America. It is a fact of recent history that regional conflicts of these kinds have caused more tension between the United States and the Soviet Union than disagreements over nuclear arms deployments. The Soviet leadership should take up President Reagan's recent offer to pursue negotiated settlements to end these bloody regional conflicts.

There is a rising tide of democracy in the world. Respect for individual rights and parliamentary government is growing around the globe. America's message of the benefits of democracy is being heard by developing nations. It is becoming very clear to them that democracy and free enterprise offer the best road to economic growth, individual opportunity and national stability.

The strongest opponent to democratic values in the world is also our most formidable adversary in the world, the Soviet Union. What the United States and the Soviet Union have in common is not the habit of friendship, but rather the experience of competition. Because this competition is fundamentally ideological in nature and military in scope, it is a competition we dare not fall behind in, and one that, without a doubt, we do not wish to resolve by a test of nuclear strength.

Consequently, as Congressional Democratic Leaders we pledge in a bipartisan fashion our willingness to help implement any agreement that emerges from this summit that reduces the threat of a nuclear conflict, lessens tensions between the United States and the Soviet Union, and promotes peace and freedom in the world.

The late journalist Walter Lippmann once warned against assuming that "power is the substitute for diplomacy or that absolute power gives absolute security". President Reagan has opened up a diplomatic window of opportunity in U.S.-Soviet relations by agreeing to meet with Mr. Gorbachev. We hope that after Geneva the window will not be closed again, but rather will be opened wider resulting in meaningful cooperation between the United States and the Soviet Union.

Accordingly, we offer the following objectives that will help make Geneva a successful summit and foster enduring improvements in U.S.-Soviet relations.

In the area of arms control, we hope that the summit meeting will include:

Reaffirmation of the policy not to undercut existing strategic nuclear agreements as long as the Soviets reciprocate. Questions of Soviet cheating should be raised at the summit and resolved through the Standing Consultative Commission (SCC).

Agreement to resume discussions on a verifiable comprehensive nuclear test ban.

Reaffirmation of the ABM Treaty, with agreement to the following: (1) SDI-related research is allowable under the ABM Treaty; (2) the longstanding established policy that testing, development, and deployment of futuristic anti-ballistic missile defense systems is prohibited by the ABM Treaty and a pledge to clarify other activities affected by the Treaty; and (3) agreement to terminate any military programs that violate the ABM Treaty, including the Soviet radar at Krasnoyarsk.

Agreement to resume negotiations toward a mutual and verifiable ban on the production and use of chemical weapons, and to take steps to end their proliferation.

Agreement to continue negotiations directed toward a moratorium on the testing and development of antisatellite (ASAT) weapons.

With respect to human rights, we specifically urge the President to seek from the Soviet Union:

Agreement to take concrete steps toward fulfilling its commitments under the Helsinki Final Act, with particular reference to "respect for human rights and fundamental freedoms, including the freedom of thought, conscience, religion and belief."

Agreement to fulfill its international obligations and allow the thousands of Soviet Jews, Pentacostals and others seeking to emigrate from the Soviet Union to do so expeditiously.

As a first gesture for human rights improvements, release and permission to emigrate for Andrei Sakharov, Anatoly Shcharansky, Vladimir Slepak, Ida Nudel, and the several hundred prisoners of conscience being denied their basic freedoms.

An end to the repression of free trade unions and intellectuals in Poland.

In managing the superpower competition, the United States and Soviet Union should discuss concrete procedures—not declaratory principals with no teeth in them—that will lessen international tensions and reduce the risk of conflict, particularly due to miscalculation or accident. These include:

The establishment of limits on the use of force to expand influence We remain particularly concerned about the continuing Soviet occupation of Afghanistan, the end of which the President must call for.

Continuation of U.S. and Soviet discussions aimed at promoting local negotiated settlements.

Agreements to avoid destabilizing militarization of regional conflicts through a control of arms transfers.

Agreement to enhance crisis control by nuclear risk reduction centers and improved "hot lines."

A broadened agenda to develop further bilateral confidence building measures, to avoid superpower confrontation.

Agreement to cooperate in the struggle against international terrorism.

Concrete commitments regarding airline security to prevent a repetition of incidents such as the KAL 007 tragedy.

Finally, in the field of economic, cultural, and diplomatic contacts, we recommend:

Comprehensive educational and cultural exchange agreements consistent with principles of reciprocity, equal benefit, and academic and personal freedom for participants.

Resumption of direct airline service between the United States and the Soviet Union under conditions which enable U.S. airline companies to operate efficiently and competitively.

Exchange of consulates in Kiev and New York under conditions of strict reciprocity and freedom of operations.

Increased scientific and technological exchange, particularly in areas with humanitarian application, such as agricultural and water production, economic development, and medical care.

In all of these objectives our abiding concern is the national security interests of the United States and of world peace. Accordingly, we pledge to help implement these goals in the best bipartisan tradition of this country. We trust that the leaders of both countries will exercise foresight and confidence and explore all measures that will enable us to take a significant step toward a safer and more just world.

A TRIBUTE TO RICK BARNETT

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. SMITH of Florida. Mr. Speaker, today I rise to recognize a close, personal friend and constituent, Mr. Rick Barnett, for his devoted involvement with the Jewish Federation of South Broward in Hollywood, FL. Rick recently was named recipient of the "Hy and Belle Schlafer Young Leadership Award," which is presented each year to a young man or woman who has shown extraordinary commitment to the federation's advancement of human service ideals and to the humanitarian principles of the Jewish people.

The Jewish Federation of South Broward provides vital services for South Florida's Jewish community. The organization acts as link between the many Jewish families in the area and allows them to become involved in activities which furthers Jewish tradition and provides a foundation for the community's continued growth and expansion.

Rick Barnett certainly has exhibited unselfish devotion to this cause. He has served as chairman of both the Federation's Community Relations Committee and its Soviet Jewry Committee. He also has chaired the Young Professional's Division for 1982–83. Rick is presently the national chairman of the Community Relations Committee and is on the board of directors of the Jewish Federation of South Broward.

These many activities are only the outward manifestations of Rick's commitment. Rick is exceedingly dedicated to what is a most serious responsibility and has taken it to heart. The responsibility concerns the future of the Jewish people and what they may offer to the future of our Nation.

Rick Barnett has distinguished himself, not only as a dynamic, young, Jewish professional, but also as an exceptionally concerned American, highly committed to his ideals. It is personally gratifying for me to see a young man with such a promising future give so much of himself simply because he feels it is the right thing to do and because the community needs help.

As part of the Young Leadership Award, Rick, and his lovely wife, Jacalyn, will be in Washington this week to attend the Council of Jewish Federations' General Assembly. As part of the assembly, Rick will

take part in the Soviet Jewry Action Teams, which will seek to advance the cause of Soviet Jews by talking to you, my colleagues, here on Capitol Hill. This is an issue which is highly salient not only to Jews, but to all Americans concerned over the deprivation of basic human rights and freedoms.

I am extremely proud of my dear friend Rick Barnett and commend his caring and thoughtful efforts on behalf of the Jewish people and all people.

CONGRESSIONAL SALUTE TO GEORGE KONDO AND HARRY HONDA

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MATSUI. Mr. Speaker, I rise to call to the attention of the Congress two men who have served the Japanese American community with unselfish devotion and great distinction. This Saturday night, November 16, 1985 the Northern California Western Nevada Pacific District Council of the Japanese American Citizens League will gather to honor George Kondo and Harry Honda. I am pleased to cite just a few of the many accomplishments of these two gentlemen.

George Kondo is currently serving in the capacity of regional director for the NCWNPDC, the largest JACL membership region in the Nation. George's leadership in the Japanese American community and the community at large has included service as a member of the Optimist Club, Rotary Club International, University of California Nikkei Alumni Association, and Deputy Secretariat of the Pan American Nikkei Association.

Harry Honda has served as editor, and is currently managing director of the Pacific Citizen newspaper. The Pacific Citizen is the Japanese American community kiosk where ideas and opinions are discussed and analyzed. The Pacific Citizen was recently honored by the Los Angeles Commission on Human Relations with its John Anson Ford Award for "timely and balanced coverage of human relations and issues of importance to the diverse people of Los Angeles County." In accepting the award on behalf of the newspaper, Harry remarked to the distinguished crowd assembled that the Pacific Citizen and JACL are dedicated to promoting human and civil rights for all peoples. To that I would add the name of Harry Honda, who in more than 20 years of devoted service to the community, has been a leader and a role model in the promotion of human and civil rights.

Mr. Speaker, the honor and recognition being bestowed upon George and Harry this weekend is richly deserved. I applaud them on a job well done and look forward to their continued leadership in the community.

ALCOHOL AND DRUG ABUSE AMONG NATIVE AMERICANS

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. DASCHLE. Mr. Speaker, I rise today to call to the attention of my colleagues a bill which is making its way through the committee process. The Indian Juvenile Alcohol and Drug Abuse Prevention Act, H.R. 1156, was introduced by Representative DOUG BEREUTER and myself in a much-needed attempt to combat the servere, adverse impact of alcoholism and drug abuse among Indian youth.

Alcohol and drug abuse among native Americans, especially among Indian youth, remains a devastating and debilitating problem on reservations in my home State of South Dakota and across the country.

Without question, alcoholism and drug abuse is the No. 1 social and health problem among native Americans. The 1980 census shows that the alcoholism rate for Indians is 451 percent higher than for the rest of the U.S. population. Alcohol-related death and disease are the biggest killers on the reservation, nearly eight times greater than that of the non-Indian community. The impact of substance abuse in the Indian community is revealed in statistics directly related to trouble with the law, a high rate of suicide, and disruption of family life.

These troubles have unfortunately but unquestionably been passed along to the younger generation of native Americans. Studies show that Indian children are drinking alcohol frequently by age 13, and the use of marijuana and inhalants like Lysol, paint thinner, and antifreeze is beginning at earlier ages and occurring more often. One study conducted among fourth, fifth, and sixth graders on the Pine Ridge Indian Reservation shows that as many as 35 percent of elementary school children have experimented with or continue to use alcohol. We can no longer deny that a crisis exists; furthermore, we can no longer afford to sit back and hope that this problem will resolve itself. It has not done so in the past and there is no reason to believe it will resolve itself in the future.

That is why Congressman BEREUTER and I continue to plead the case for the Indian Juvenile Alcohol and Drug Abuse Prevention Act. We saw a real need for this legislation 2 years ago. In 1983 we began to develop legislation which would focus not just on the causes of the Indian youth substance abuse problem, but would provide educational programs about its dangers and would identify problem cases and establish counseling and treatment programs as well.

The Indian juvenile alcohol bill is an improved version of legislation Congressman BEREUTER and I introduced in the 98th Congress. Throughout the development of this measure, we consulted over 700 Indian leaders and health professionals, both groups and individuals, in order to receive their suggestions and valuable insight. The legislation that is being presented in the 99th Congress reflects information and ideas gathered from and presented by a wide range of authoritative sources, from agencies here in Washington to local tribal members who have personally witnessed the tragedies caused by alcohol and drug abuse on the reservation.

There has been bipartisan support in the House for this legislation since it was originally introduced, and that strong support is still evident on both sides of the aisle today. A companion bill is being considered in the Senate and also enjoys bipartisan support. An issue like this, a desperately needed attempt to improve lives, to save lives, supersedes any other political concerns. Numerous hearings have been held across the country in the past 2 years on the Indian juvenile alcohol bill, and it is unanimously acknowledged that we must act on it now, before yet another generation of native Americans is ravaged by this problem.

Congressional action on the Indian juvenile alcohol bill is essential because of the current administration's lack of attention and effort toward the Indian juvenile substance abuse problem. While officials of the Bureau of Indian Affairs and the Indian Health Service admit that alcohol and drug abuse is the most serious social and health problem facing Indian people, IHS has directed only 1 percent of its budget toward the combined area of drug and alcohol abuse. Such a lack of resources, a lack of response, a lack of initiative applied to the drug and alcohol problem clearly proves it is not a priority.

BIA officials claim that sufficient funding and adequate programs are already in place to deal with alcohol and drug abuse. I believe such claims are unfounded and that they reflect an attitude of insensitivity and apathy toward the needs that really exist on a local level. BIA and contract schools or most reservations are lacking in comprehensive, or even minimal, programs to address the abuse problem.

The schools are our greatest hope for attacking the problem of alcohol and drug abuse. A preventive approach is the underlying premise of the Indian juvenile alcohol bill, which provides training for teachers as well as educational and instructional programs and other structured activities for students. If we can reach Indian students at an early age and make them aware of the dangers of substance abuse, we have an important opportunity to prevent their involvement with the problems mentioned earlier.

I hear repeated complaints of an absence of coordination between the Bureau of Indian Affairs and the Indian Health Service, and I understand that there are seldom any attempts on their part to involve local tribal governments in policy and program decisions. Other reports I receive from Indian leaders in South Dakota indicate that there is a serious lack of quality evaluations, monitoring, and direction in the few programs which presently do exist.

Title I of the Indian juvenile alcohol bill would require the BIA and IHS to coordinate their efforts and resources and to review periodically their joint progress.

One of these few successful programs is Project Phoenix, a residential treatment center for native American youth, located on the Pine Ridge Indian Reservation. It is operated on a contract basis with the Indian Health Service.

While Project Phoenix has made a significant contribution in the past 5 years in helping hundreds of young Indians salvage their lives from the danger of serious alcohol and drug abuse problems, there are thousands more who still need help. Each month the project must turn away dozens of potential clients because of a lack of space and unsafe facilities. IHS training programs are infrequent and can create financial, transportation, and scheduling difficulties for counselors. Project Phoenix has a number of problems and needs that must be addressed. Title V of the Indian juvenile alcohol bill would see these problems by directing the BIA and IHS to study thoroughly the extent of the drug and alcohol problem then would provide treatment services such as detoxification, counseling, and followup care.

The Indian Juvenile Alcohol and Drug Abuse Prevention Act would not only supplement and strengthen Project Phoenix, but it would improve the relatively few existing services and develop new preventative and educational programs in the schools. These changes and additions are desperately needed by the Indian population. It is my hope that this important legislation will be passed out of the Interior Committee for successful consideration by the full House.

JAMES S. LAY TO RETIRE

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. COELHO. Mr. Speaker, at the end of this year, Mr. James S. Lay will retire from the Elanco Products Co. of Fresno after 30 years of dedicated service to Elanco, and to the California agricultural industry.

Jim was born in Owensboro, KY. He was awarded his bachelor of science degree in 1950 and his masters degree in agriculture in 1951 from Michigan State University. In 1953 he completed his work for a doctor of pharmacy degree, and for the next few years worked as a pharmacist in Michigan.

In 1955 Jim began his career with Eli Lilly and Company as a medical representative. In 1956, he joined Lilly's Elanco Products Division in Colorado as an agricultural representative. After having received several promotions within the company, in 1965 he became Elanco's western regional sales manager. In 1970 he was promoted to distribution manager, and in 1972 he was appointed to the position he now holds, that of industry affairs advisor for Elanco.

Over the years Jim has been very active within the agricultural community. He has served as director of the California Grain and Feed Association, and as the director and chairman of the board of the Western Agricultural Chemicals Association. Jim is also a member of the Fresno Agricultural Roundtable, the Rotary Club, and the Masons.

Jim has been a strong and dedicated supporter of agriculture throughout his career. On behalf of the California agricultural community, I would like to thank him for all that he has done for the betterment of our State's most important industry. I wish Jim continued health and happiness in his retirement.

TRIBUTE TO IAN McMILLAN ON HIS 80TH BIRTHDAY

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. PANETTA. Mr. Speaker, at this time I would like to bring to the attention of my colleagues and the Nation the tremendous accomplishments of Ian McMillan. Few among those blessed with birth in beautiful San Luis Obispo County in California have shown greater care and love of the land of their birth than has Ian McMillan. At his 80th year, he can look back on a lifetime of striving, working, and fighting for that care and that love of the land.

Ian McMillan was born to Alex and Frances McMillan on November 15, 1905, in McMillan Canyon on the homestead taken up by his father in 1884. His father was later—1920–22—to serve in the California State Assembly. Ian was one of five boys and two girls; three brothers and one sister yet survive.

Ian married May Reed in November 1934. Mays father operated the Shandon Grocery and coached the Shandon baseball nine, on which Ian played. Ian and May have three children, Donald C. and Ian Irving McMillan and Barbara King, seven grandchildren and one greatgrandson.

Ian McMillan's schooling in Shandon was interrupted from time to time by the press of getting crops in, or of harvesting them. Although Ian did not finish high school, he is an avid reader and keen observer. He learned volumes from the lore of nature that is abundant in the semiarid, shadow-sculptured hills of Shandon and the Temblor.

And as the community and country grew, Ian became more disquieted by what he saw man doing to this environment: erroding soil, destroying wantonly native species of plants and animals, and polluting streams. The more he saw, the more he determined to turn back the tide in favor of nature.

He worked with his brother, Eben, on a commission from the National Audubon Society to study the decline of condors. Later, in 1968, he authored "Man and the California Condor," a consumate work on the decimation of that endangered, but noble, bird.

No ecological cause was too small, too distant, too difficult for Ian's active involvment. Early in the 1960's he sounded a warning on Diablo, than for its desecration of our shoreline. He campaigned vigorously against 1080 squirrel poison and its devastation of the kit fox and other predators. He fought to control the juggernaut of freeways despoiling our farmland, and won one battle by thwarting the burying of Cuesta Canyon.

Ian McMillan worked to save Morro Rock and to secure the Santa Lucia Wilderness. He continues to fight to stem the premature breakup of farmland and the loss of the family farm. For these and other causes, he travels endlessly and speaks and writes eloquently.

He served on the California State Park and Recreation Commission and on the Montana de Oro Advisory Committee, which guided the park to preserve natural features rather than become a paved campground. He is a fellow of the California Academy of Sciences, a member of the Cooper Ornithological Society, the Shandon Township Sportsmen's Association, and carries out special assignments as a field observer and reporter for the National Defenders of Wildlife.

Ian McMillan's philosophical closeness to Henry David Thoreau invokes this passage from "Waldon":

> I went to the woods because I wished to live deliberately, to front only the essential facts of life, and see if I could not learn what it had to teach, and not, when I came to die, discover that I had not lived.

For these past 8 years, Ian McMillan has learned, and indeed, he has lived.

IN HONOR OF ALBERT HARRIS ROTH

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. LEVINE of California. Mr. Speaker, I rise today in honor of Albert Harris Roth, a constituent of my 27th Congressional District, who will celebrate his 70th birthday on November 21, 1985.

A resident of Redondo Beach, CA, Mr. Roth serves as a quality assurance specialist for the Defense Contract Administration Services Agency. This year marks his 34th year of service with the Federal Government. Mr. Roth is a founding member of the Defense Contract Administration Services region in Los Angeles.

Possessed of natural mathematical and mechanical skills, Mr. Roth has received numerous commendations for his work on a variety of vital national projects. He has contributed to the development of the Nike Missile Program, the Apollo 8-Saturn V Program, the Apollo-Soyoz test project, and the Rockeye II Program.

Mr. Roth married Kathleen Guerin on April 23, 1937, and together they have six children and one grandchild.

It is a pleasure to share the accomplishments of Mr. Roth with my colleagues in the U.S. House of Representatives. I ask that they join me in extending Mr. Roth birthday greetings and best wishes for continued success in all of his future endeavors.

A GENEROUS DONATION BY SOUTHLAND CORP.

HON. JOHN BRYANT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. BRYANT. Mr. Speaker, I would like to bring to the attention of my colleagues, especially those from Virginia, New Jersey, and Pennsylvania, the donation of four vintage 7-Eleven store locations to the Nature Conservancy by the Southland Corp., which is headquartered in that part of Dallas County, TX, which I am privileged to represent in Congress.

Southland President Jere W. Thompson has announced that the conservation group plans to sell the properties—two in Virginia and one each in New Jersey and Pennsylvania—and use the money for the conservancy's national wetlands conservation project. As many of you are aware, this project is a 5 year, $55 million private/public effort to protect the best of the Nation's endangered aquatic systems.

The wetlands project was initiated in 1983 and now has more than 30,000 acres under protection.

I would like to commend my good friends at the Southland Corp., for this generous private donation to an extremely worthwhile project that is so very vital in preserving our natural heritage and American way of life. Such contributions are an example of corporate civic responsibility on the part of the Southland Corp., that should be emulated throughout America.

FREE BALYS GAJANSKAS

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. RAHALL. Mr. Speaker, I rise on behalf of Mr. Balys Gajanskas, a Lithuanian who has spent 33 of his 59 years in Soviet prisons. His release is scheduled for 1993. However, the substantial deterioration in his health renders it unlikely that he will be able to survive his sentence. The upcoming summit meeting between the United States and the Soviet Union provides a rare opportunity for our Government to intercede on behalf of Mr. Gajanskas by encouraging the Soviet Union to allow him to emigrate with his wife and 5-year-old daughter.

Mr. Gajanskas has a long and distinguished background serving the cause of peace. In 1977 he served as a monitor for the Helsinki Accords, and in 1979 was nominated for the Nobel Peace Prize by the congressional members of the U.S. Helsinki Commission. In 1981 Mr. Gajanskas received the Rothko Chapel Award for his commitment to freedom and peace. It would be a grave injustice on our part to forget the brave efforts of this individual and to neglect this important opportunity to speak in his behalf, as the United States and the Soviet Union prepare to meet in Geneva later this month.

I urge my colleagues to consider the accomplishments of Mr. Gajanskas and the injustice of his present position, and to support efforts to encourage the Soviet Union to allow this individual to emigrate with his wife and young daughter.

PERSONAL EXPLANATION

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. TORRICELLI. Mr. Speaker, due to personal illness, I was absent yesterday. While I requested to be paired yea for all votes, there were no nays to complete three of my four pairs.

Had I been present, I would have voted yea for House Resolution 314, the attempted defection of the Soviet seaman, yea for overriding the President's veto on H.R. 2409, and yea for House Joint Resolution 441, further continuing appropriations. In addition, I was paired yea for House Resolution 313, adoption of the rule for H.R. 1616.

SCHOOL ATTENDANCE IS A COMMUNITY AFFAIR

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. HOYER. Mr. Speaker, on Friday, November 15, 1985 the Prince Georges County Public Schools and Bowie State College will sponsor the "First Annual Youth Services Networking Conference." The subject of the conference will be, "School Attendance Is a Community Affair." The conference is designed to bring together educators, professionals, parents, students, and community leaders to focus on the problems surrounding poor school attendance.

We are all painfully aware of the myriad of problems presented by high absenteeism in our Nation's schools. And, I am, personally, aware of the increasing problem of poor attendance in Prince Georges County.

I, wholeheartedly, support and endorse this worthwhile and creative interagency effort.

CONGRESSIONAL SALUTE TO THE FOSTER GRANDPARENT SENIOR COMPANION PROGRAM

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MATSUI. Mr. Speaker, I rise to call to the attention of the House of Representatives the 11th anniversary of the extremely meritorious Sacramento Foster Grandparent and Senior Companion programs. The chapter's annual recognition luncheon, which will be held on November 12, 1985, coincides with the 20th anniversary of the National Foster Grandparent Program.

The Sacramento Foster Grandparent Program is far more than generous older people selflessly donating their time. It is people who are deeply devoted to helping their fellow human beings. It is individuals who feel compassion for those who are less fortunate than themselves and donate a piece of their hearts to warm those of others. It is truly a special group of people.

The grandparents volunteer their love, knowledge, and care wherever these qualities are needed. This diversity includes special education classes in three Sacramento school districts, hospital pediatric intensive care units, a juvenile detention center, and receiving home and treatment facilities for the developmentally disabled.

The Sacramento Foster Grandparents Program is funded by ACTION Agency and receives State and local funds, which provide additional volunteers to work with juvenile offenders and disabled children. The Sacramento Housing and Redevelopment Agency sponsors the program.

Mr. Speaker, on behalf of the people of Sacramento, I want to thank the Sacramento program's director, Ms. Mary Burke-Weber, for her boundless energy in enhancing the program. I also want to highly commend the foster grandparent volunteers, whose experience and warmth have brought happiness to those around them. Finally, I offer my heartfelt congratulations on the 11th anniversary of this invaluable organization.

100TH ANNIVERSARY OF THE LA CRESCENTA PRESBYTERIAN CHURCH

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MOORHEAD. Mr. Speaker, today I would like to bring to the attention of my colleagues in the House of Representatives the 100th anniversary of the La Crescenta Presbyterian Church.

From its earlier days, when the church served as community school house, church and meeting place, this organization and

its pastors have served the needs of the community—spiritual and otherwise.

The La Crescenta Presbyterian Church began on December 12, 1885 with an organizational meeting in the home of Dr. Benjamin Briggs. A year later a small concrete chapel was built for a congregation of seven persons. By 1922 there was a need for a larger sanctuary so the La Crescenta church bought the land and built the edifice it occupies today.

In 1952 a large building program was initiated and sufficient funds were raised to build a completely new sanctuary, several classrooms, a chapel and a community room. In 1967 the church built a Christian education facility and children's center. The children's center today provides preschool and day care for more than 200 youngsters.

The La Crescenta Presbyterian Church is a vital and active part of its community. It has been blessed with outstanding leadership throughout its history.

Mr. Speaker, I am pleased to take this moment to congratulate the La Crescenta Presbyterian Church and all its members on its 100th birthday. I am greatful for all the church has given to the people of the community these many years and I wish for it and its followers the very best as they begin together their second century.

A SALUTE TO PAUL SALVATORE, NEW YORK STATE'S MOST OUTSTANDING BABE RUTH LITTLE LEAGUE PLAYER

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. WORTLEY. Mr. Speaker, to be the best in whatever we do is fulfillment of the American dream. So it is with both pleasure and pride that I bring to the attention of the Congress a constituent of mine who has fulfilled this dream.

He is Paul Salvatore, the 15-year-old son of Mr. and Mrs. Peter Salvatore, residents of 103 Rowena Drive in Camillus, NY.

A sophomore at West Genesee High School, Paul is the recipient of the 1985 Babe Ruth Baseball Most Outstanding Little League Player Award for the State of New York. As a player in the West Genesee Athletic Club's Babe Ruth League, he has an amazing 1985 batting record of .627, with 47 RBI's, 4 home runs, and 25 stolen bases. For 3 consecutive years, Paul has won the honor of playing on the Babe Ruth All Stars Team.

This past September, before a sell-out crowd in Yankee Stadium, this gifted athlete was presented the MOP trophy in ceremonies preceding a game between the Yankees and Toronto. At the Friday 13th evening game, Paul received the justly deserved congratulations of Yankee team members Ricky Henderson, Don Baylor, and Joe Cowley, all three Babe Ruth alumni.

The First Annual Most Outstanding Player Program, that Babe Ruth Baseball President Ron Tellefsen described as engendering "baseball skills, mental and physical development, and basic ideals of sportsmanship," was sponsored by Toyota Motor Sales, USA.

In behalf of all the citizens of the 27th Congressional District of New York State, and my New York State colleagues in the Congress, I extend congratulations to Paul Salvatore, his parents, and John O'Connell, president of the West Genesee Athletic Club's Babe Ruth League.

Mr. Speaker, Paul Salvatore is a name to remember as we look forward to American baseball in the years ahead.

THE DEATH OF DR. RALPH GUZMAN

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. ROYBAL. Mr. Speaker, I would like to extend a few remarks today in honor of my personal friend and colleague, Dr. Ralph Guzman, who passed away this October. Dr. Guzman's untimely death has deeply saddened his students at the University of California at Santa Cruz, where he taught political science and public policy, as well as his former colleagues at the Department of State where he served as a special adviser on Central and South American affairs under President Carter.

Dr. Guzman, a native Californian, served as one of the finest role models in the Mexican-American community. Through his diligence and ambition, Ralph Guzman worked his way from agricultural field hand to foreign policy adviser to the President. Along the way, he contributed his knowledge, time, and compassion to the Peace Corps, the civil rights movement, his own community, and his country while serving 4 years in the Navy. He received his education through the California State university system, and became a published author and journalist.

Dr. Guzman carved a path of success for himself and other Hispanics when very few of those paths were even to Hispanics. He was an idealist who did not believe, and would not accept, those divisions of race and economic class which had for so long subdued and crushed the American dream for many minority Americans. We will remember his achievements and attempt to emulate his accomplishments. Above all, we will miss Ralph Guzman, stateman, author, teacher, friend.

HEARINGS HELD ON H.R. 822

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MOAKLEY. Mr. Speaker, last week, the Subcommittee on Immigration, Refugees and International Law held hearings on H.R. 822—a bill that I have introduced which would temporarily halt the detention and deportation of Salvadoran nationals now in the United States for approximately 2 years. The bill also calls for a General Accounting Office study to investigate the security conditions in El Salvador and the general plight of Salvadoran refugees. This study would be done while the suspension of deportations was in effect.

During the hearing, a question was raised as to whether it would be more logical to conduct the GAO study first and then, depending on the outcome of that study, make a determination about whether to temporarily suspend deportations. My response was that I felt the logic was on the bill's side—and that the study and the suspension of deportations should go hand in hand.

It is difficult for me to believe that anyone could not recognize that El Salvador is currently engulfed in a dangerous civil war in which there are numerous civilian casualties. We do not need a GAO study to determine this basic fact—all one needs to do is read the newspapers and the human rights reports of every major human rights organization in the world.

It seems clear, based on what we already know, a suspension of deportations is warranted. The purpose of the study is to determine—not whether there should be a suspension of deportations—but what policy options should be pursued upon the completion of the suspension of deportations. After the approximately 2 years has passed, should we extend the suspension or should we send the Salvadorans back to El Salvador? The GAO study is meant to provide Congress with a basis to make such a determination.

The advantage of having the GAO conduct the study as opposed to a commission or the administration, is that the GAO is generally viewed as nonpartisan and objective. This is not to say that every GAO study is perfect; no agency or commission can boast such a record. However, both Democrats and Republicans are more likely to approach a GAO study with less suspicion and be more apt to evaluate such a study on its merits—rather than on its political implications.

Congress is faced with two choices: we can either continue to deport those Salvadorans in the United States back to the turmoil in El Salvador or we can offer them temporary safe haven. In view of all the evidence that is currently available to us, how can Congress not err on the side of caution? Let's do the right thing and temporarily suspend deportations.

REMEMBERING OUR NATION'S VETERANS

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. SMITH of Florida. Mr. Speaker, today I rise in commemoration of Veterans Day—a day when all Americans paused in

honor of the men and women who sacrificed in order that we all might live in freedom and in peace.

Veterans Day brings to mind visions of battle, suffering and bloodshed—but we should celebrate this day as a day of peace. Its origins were the end of World War I and its initial observance was heralded as the day that would mark the end of all wars.

Although the original promise of this day went unfulfilled, the idealism that inspired the prophecy that man would rise above his proclivity for violent conflict must never be forgotten.

November 11 is a day to remember the terrible and tragic cost of past struggles and to rededicate ourselves to the effort to build a lasting peace of universal dimensions.

On Veterans Day, we pay homage to the men and women who served our Nation by placing the goals, ideals, and preservation of our country above all—including their own lives. But on each and every day, we honor them by doing all we can to provide the best possible benefits and services to veterans and their families. The Federal budget deficit notwithstanding, we must continue to do all we can to protect these important programs and provide the best in health care, education, housing, and other services to those who have given so much to our country.

ENCOURAGE THE RICH TO SAVE SO THE POOR CAN LEARN

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. GARCIA. Mr. Speaker, today I am introducing the Education Savings Account Act of 1985. This legislation offers tax incentives for people to save for education while at the same time providing money for poor kids to go to college. The bill would work in the following way.

Any amount of money could be deposited in an education savings account [ESA]. This money would be deductible from the gross income of the depositor. It could be deposited by a parent, relative, business, or whomever, to use only for educational purposes. The interest earned from ESA's would be tax free for the depositor. However, this tax loss on the interest would have to be repaid by the student within 10 years after he/she reaches the age of 35. Five percent of the interest earned from the individual's ESA would go to a fund providing grants for low-income students to attend college or other institutions of higher learning. Low-income students would have to meet eligibility requirements of existing student aid programs—Pell grants. The money for low-income students would be distributed by existing State facilities.

The enactment of this legislation would encourage savings for education and provide additional educational funds for low-income students. By removing any limits on the money to be deposited in ESA's, we encourage more savings and by making the interest earned on such savings tax free, we further encourage savings. Obviously, the more in the ESA's the more that will be available for low-income students. By allowing unrelated persons or businesses to open an EAS for any student, we widen the universe of resources for ESA's, encourage philanthropy and encourage a sense of community. By requiring the direct recipient of ESA's to pay the taxes on interest, we gain revenues. By taking 5 percent of the interest earned for a fund for low-income students, we provide a source of revenue to foster education without creating a new bureaucracy or raising taxes.

KILLINGWORTH COMMUNITY LEADERS RETIRE

HON. BRUCE A. MORRISON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 13, 1985

Mr. MORRISON of Connecticut. Mr. Speaker, I rise today to pay tribute to two very special public officials from Killingworth, CT, Ms. Hazel Haynes and Mr. Walter Albrecht, on the occasion of their retirement. Hazel and Walter will be honored tonight for their generous and wide-ranging public and political service to the town of Killingworth at a testimonial dinner given by Friends of the Town Hall and Killingworth Democrats.

Both officials have held office for over 20 years, serving Killingworth in many capacities. Both are hardworking, dedicated community leaders whose contributions to Killingworth transcend political boundries.

This year marks the 22d year Hazel has served the town as town clerk. In addition, she has been active in the charter revision committee, the New England Town Clerks Association, and served the historical society as its director.

Walter has been chairman of the board of assessors since 1957, and has served on the Killingworth Ambulance Association, and the Killingworth Volunteer Fire Company. He has also worked as a zoning enforcement officer and as a Little League coach.

Mr. Speaker, I am proud of the dedication and outstanding service Hazel Haynes and Walter Albrecht have shown to the people of Killingworth. I know that my colleges join me in extending congratulations and best wishes for the future to Hazel and Walter as they continue to make Killingworth a better place to live.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, November 14, 1985, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 15

9:00 a.m.
Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on S. 1832 and S. 1833, bills to authorize the establishment of a Merchant Ship Revolving Fund.
SR-253

11:00 a.m.
Finance
Taxation and Debt Management Subcommittee
To hold hearings on S. 1510, to eliminate restrictions on the taxing power of the States to impose, collect, and administer State and local sales and use taxes on sales in interstate commerce.
SD-215

2:00 p.m.
Judiciary
To resume closed hearings on the nomination of Stanley Sporkin, of Maryland, to be U.S. District Judge for the District of Columbia.
S-407, Capitol

NOVEMBER 18

2:00 p.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 740, authorizing funds through fiscal year 1995 to promote the conservation of migratory waterfowl and to offset or prevent the serious loss of wetlands and other essential habitat.
SD-406

NOVEMBER 19

9:00 a.m.
Armed Services
To resume hearings on the organization and decisionmaking procedures of the Department of Defense and the Congress.
SR-325

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on the promotion of domestic tourism.
SR-253

Environment and Public Works
Transportation Subcommittee
To hold oversight hearings on the implementation of the disadvantaged business enterprise program (Sec. 105(f)) of the Federal Aid Highway Program.
SD-406

Judiciary
To hold hearings on S. 1676, to clarify the conditions for grand jury disclosure.
SD-226

Judiciary
Juvenile Justice Subcommittee
To resume hearings on S. 1156, proposed Child Victim Protection Act.
SR-385

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

10:30 a.m.
Judiciary
Administrative Practice and Procedure Subcommittee
To hold oversight hearings on the activities of the Internal Revenue Service, Department of the Treasury.
SD-562

4:00 p.m.
Banking, Housing, and Urban Affairs
To hold joint hearings with the Committee on Commerce, Science, and Transportation on the nomination of Alexander H. Good, of the District of Columbia, to be Director General of the United States and Foreign Commercial Services, Department of Commerce.
SR-253

Commerce, Science, and Transportation
To hold joint hearings with the Committee on Banking, Housing, and Urban Affairs on the nomination of Alexander H. Good, of the District of Columbia to be Director General of the United States and Foreign Commercial Services, Department of Commerce.
SR-253

NOVEMBER 20

9:00 a.m.
Armed Services
To continue hearings on the organization and decisionmaking procedures of the Department of Defense and the Congress.
SR-253

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Labor and Human Resources
To resume hearings to examine certain barriers to health care.
SD-430

Select on Intelligence
To hold closed hearings on intelligence matters.
SH-219

10:00 a.m.
Environment and Public Works
Nuclear Regulation Subcommittee
Business meeting, to mark up S. 1578, to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste.
SD-406

Governmental Affairs
Energy, Nuclear Proliferation and Government Processes Subcommittee
To hold hearings on the 1985 Conferences on the Treaty on the Non-Proliferation of Nuclear Weapons and on the International Atomic Energy Agency.
SD-342

Judiciary
Patents, Copyrights and Trademarks Subcommittee
To hold hearings on S. 1384, to clarify the operation of the derivative works exception of the Copyright Act of 1976.
SD-226

11:00 a.m.
Conferees on H.R. 3424, appropriating funds for fiscal year 1986 for the Departments of Labor, Health and Human Services, and Education, and related agencies.
H-140, Capitol

11:15 a.m.
Judiciary
To hold hearings on S. 1655, to provide for the private enforcement of prohibitions concerning the importation or sale of merchandise in U.S. commerce.
SR-385

2:00 p.m.
Foreign Relations
To hold hearings on the nominations of Paul M. Cleveland, of Florida, to be Ambassador to New Zealand, and Laurence W. Lane, Jr., of California, to be Ambassador to Australia, and to serve concurrently as Ambassador to the Republic of Nauru.
SD-419

NOVEMBER 21

9:00 a.m.
Armed Services
To continue hearings on the organization and decisionmaking procedures of the Department of Defense and the Congress.
SD-138

9:30 a.m.
Commerce, Science, and Transportation
Aviation Subcommittee
To hold oversight hearings to examine Government policies regarding airline mergers and acquisitions, and the impact of such transactions on airline employees.
SR-253

Energy and Natural Resources
Energy Regulation and Conservation Subcommittee
To hold oversight hearings to review Federal Energy Regulatory Commission's Order 436, final rule and notice requesting supplemental comments on regulation of natural gas pipelines after partial wellhead decontrol (Docket No. RM85-1-000).
SD-366

2:00 p.m.
Foreign Relations
To hold hearings on the nominations of Charles R. Carlisle, of Vermont, for the rank of Ambassador during his tenure of service as United States Negotiator on Textile Matters, and Jose Manuel Casanova, of Florida, to be United States Executive Director of the Inter-American Development Bank.
SD-419

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to mark up proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

4:00 p.m.
Select on Intelligence
Closed briefing on worldwide intelligence matters.
SD-219

4:30 p.m.
Select on Intelligence
Closed briefing on technology transfer and Soviet research and development.
SH-219

NOVEMBER 27

9:30 a.m.
Select on Intelligence
To hold closed hearings on intelligence matters.
SH-219

DECEMBER 3

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on S. 812, to authorize the President to restrict the export or transfer of money or other financial assets to countries subject to national security export controls.
SH-538

Energy and Natural Resources
To hold hearings on S.J. Res. 192, to authorize financial assistance for the Northern Mariana Islands, and S. 1441, to provide for a plan to govern the use and/or disposal of Federal lands by Guam.
SD-366

10:00 a.m.
Environment and Public Works
To hold oversight hearings on the Acid Rain Precipitation Assessment Program.
SD-406

Labor and Human Resources
Children, Family, Drugs, and Alcoholism Subcommittee
To hold hearings on the issues of childcare, focusing on education, job training and the labor market.
SD-430

DECEMBER 4

10:00 a.m.
Labor and Human Resources
To hold hearings on the impact of space technology on human resources.
SD-430

DECEMBER 5

9:30 a.m.
Office of Technology Assessment
The Board, to meet to discuss pending business.
EF-100, Capitol

10:00 a.m.
Environment and Public Works
To hold hearings to review the health, soil, and forest effects of acid precipitation.
SD-406

DECEMBER 6

9:15 a.m.
Finance
Health Subcommittee
To hold hearings to review possible reforms in the Federal supplementary

medical insurance program (Medicare Part B) payments for physicians' services.

SD-215

DECEMBER 10

10:00 a.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 1785, to amend the Garrison diversion project in North Dakota.

SD-366

Environmental and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold oversight hearings on environmental effects of global atmospheric warmings.

SD-406

CANCELLATIONS

NOVEMBER 14

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on espionage activities in the United States.

SD-342

HOUSE OF REPRESENTATIVES—*Thursday, November 14, 1985*

The House met at 10 a.m.

Bishop Raymundo J. Pena, Bishop of El Paso, Diocese of El Paso, El Paso, TX, offered the following prayer:

Almighty Creator and Father of all, we worship You our God; we praise You for Your great power and thank You for Your boundless love.

We recognize that You have made us in Your image, intelligent and free. We thank You, Father, for giving us the wisdom, the courage and the fortitude to build a nation that assures life, liberty, and happiness for all.

Almighty Father, today we pray for Your continued blessing upon our President, especially as he prepares for the summit, upon ourselves, upon our judiciary, and upon our Nation. May we be endowed with the wisdom, the courage, and the fortitude of our forefathers. May our Nation continue to be a beacon of hope for all as we promote justice and peace. We ask this of You, our loving Father and Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 3447. An act to amend and extend the Congressional Award Act; and

H.R. 3721. An act to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3038) "An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 2, 3, 10, 17, 46, 55, 63, 66, 91, 92, and 94, to the above-entitled bill.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1851. An act to extend temporarily the dairy price support program and certain food stamp program provisions, and for other purposes.

BISHOP RAYMUNDO JOSEPH PENA

(Mr. COLEMAN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLEMAN of Texas. Mr. Speaker, it was an honor for the people of El Paso and the 16th Congressional District of Texas to have Bishop Raymundo Joseph Pena, the Bishop of El Paso, offer the prayer today in the House of Representatives.

It was my privilege to nominate such a distinguished individual and theologian, who has come to Washington this week with the National Council of Catholic Bishops to discuss their pastoral letter on social teaching and the U.S. economy. Bishop Pena is admired by west Texans for his staunch support for human rights both at home and abroad. He is a driving force in the effort to achieve social justice and economic progress, particularly for minorities and the poor.

Bishop Pena was born in Corpus Christi, TX, in 1934, and his parents reside in El Paso today. He attended Assumption Seminary in San Antonio, and was ordained in Corpus Christi Cathedral in 1957. From 1969 to 1976, he was the first pastor of Our Lady of Guadelupe in Corpus Christi, where he was lauded for the completion of the church, the rectory, and the development of Our Lady of Guadelupe Center. Bishop Pena has served on the national committee of the Campaign for Human Development, and he was president of the board of directors of the Mexican American Cultural Center in San Antonio. He served as auxiliary bishop in the Archdiocese of San Antonio from 1976 to 1980, and was vice president of the Texas Conference of Churches in 1979.

Mr. Speaker, it is significant that Bishop Pena and the rest of the Nation's Catholic bishops are united in their demand that policymakers care for the poor. I join them in their concern, and urge my colleagues to do the same.

SUPPORT FOR THE PRESIDENT AT THE SUMMIT

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, as President Reagan prepares to leave for Geneva this weekend, it is important that we express our support for his efforts to lessen tension in all areas of Soviet-American relations.

While we all agree that arms reduction must be the central focus of this meeting, it is also important that they address other issues as well that divide both our countries.

The President's speech at the United Nations recently spelled out the clear relationship between Soviet behavior in the Third World and other aspects of Soviet-American relations such as arms control. The President put forth a positive and constructive proposal to address these issues directly. Unfortunately, the Soviet Union has yet to respond constructively to the President's initiative.

The meeting provides an historic opportunity for resolving some of the critical issues that threaten world peace and security. Let us hope, Mr. Speaker, that Mr. Gorbachev will meet the President halfway on these important issues.

"SECOND CHANCE" IS A FIRST-CLASS OPERATION

(Mr. WALGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALGREN. Mr. Speaker, I want to take a moment today to congratulate KDKA-TV of Pittsburgh which, in conjunction with the Presbyterian-University Hospital, has literally given a second chance of life to hundreds of citizens throughout our Nation.

They have done this by initiating a marvelous public service campaign, called Second Chance, to encourage all of us to donate organs and the organs of our deceased loved ones so that others might have a chance at life.

As a member of the Health Subcommittee and cosponsor of many important Government initiatives in this area, I particularly want to applaud the private sector, led by KDKA, for their work which has resulted in over 2.5 million donor cards being distributed throughout the country.

KDKA-TV has produced public service announcements as well as a 1-hour special on the importance of organ donation which has aired on 109 stations all over the country. More than 50,000 calls have been taken on the Second Chance hotline, and many Fortune 500 companies have distributed donor cards as part of the program.

What makes these numbers so important is the lives that are saved. One example says it all. After seeing KDKA's Second Chance, the parents of a deceased 18-month-old child in Tennessee recently donated their child's organs. Today, four other children in Tennessee, Pennsylvania, and Washington, DC, have been given their "second chance" because of these thoughtful parents.

Those four children are the living proof of the value of Second Chance. Once again, KDKA-TV and Presby Hospital have demonstrated why Pittsburgh is the No. 1 city in America today.

YESTERDAY'S HOUSE ACTION SEEN AS FISCALLY IRRESPONSIBLE

(Mr. GREGG asked and was given permission to address the House for 1 minute.)

Mr. GREGG. Mr. Speaker, yesterday was not a very good day for those of us in this House and the people of this country who are concerned about fiscal responsibility and fiscal restraint at the Federal level.

We saw two bills pass yesterday which were clearly over budget and which represent excessive spending. First, there was the HUD-independent agencies bill which was almost $2 billion over our own House appropriation bill and was $7 billion over the President's budget. Second, there was the water bill, which is a $20 billion bill to be spent over 20 years, a bill which has become so synonymous with waste and in many cases simple political pork barrel that its very name, "water bill," has become synonymous with the purposes of political reelection.

Mr. Speaker, is it not time that we in the House stopped trying to fool ourselves? Clearly we are not fooling the American people by talking about spending restraints and then passing bills which are spendthrift. It is time that we correct this situation by passing legislation which will substantively impair the ability of this House to spend money at will, legislation such as the constitutional amendment to balance the budget or the Gramm-Rudman proposal.

□ 1010

KEMP-BRADLEY CONFERENCE ON TRADE

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, yesterday more than a dozen foreign representatives of many of our trading partners assembled with hundreds of concerned Americans to meet at the Congressional Summit on Exchange Rates and the U.S. Dollar to discuss the problem of exchange rates. Scholars have stated exchange rates are the cause of 70 percent of the U.S. trade deficit amounting to about $180 billion this year.

I would like to compliment the gentleman from New York [Mr. KEMP] for his initiative in helping to bring about this conference. The Kemp-Bradley conference demonstrated that there is an enormous problem presented by the exchange rates issue.

No resolution developed, but there is an emerging consensus that the international economic problems of overvalued and undervalued currencies needs a political solution; that some mechanism is needed, to provide a process to bring us to the conference table with our trading partners to address the exchange rate issue, and the chaotic problem of the overvalued dollar. A mechanism is needed to establish a process. On Monday next, I will introduce a bill that crystalizes my ideas of how a process may be established—set up to proceed toward the goal of a continuing international monetary agreement among trading nations.

Thanks to the gentleman from New York, we have taken a step in that direction.

CENTRAL AMERICA—A KEY UNITED STATES INTEREST

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, of the many important issues to be discussed during the Geneva Summit meeting next week, superpower policy toward Central America will be among the most important. United States policy in this region is clear cut and straightforward. Our objective is the promotion of democracy.

The trend in Central America is toward open, pluralistic democracies in which the people of a country choose their political leaders through free and fair elections. Guatemala recently held elections and, in so doing, joined Costa Rica, Honduras, Belize, and El Salvador in embracing the democratic form of government. In Central America, only Nicaragua has failed to allow people to choose their national leaders. United States objectives in Nicaragua are to end Sandinista support for subversion in neighboring countries, to reduce Nicaragua's massive military inventories and high troop levels to levels necessary to defense, to sever Nicaraguan military security ties to the Soviet bloc and Cuba, and return democracy to that country.

I am confident that the President will carry to Geneva the firm message that Soviet interference in Central America carries with it heavy costs. Given the importance of this region to our national security, I am sure this message will not be understated.

TRADE ADJUSTMENT ASSISTANCE PROGRAM IS ALIVE AND WELL

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, I rise to note that the Trade Adjustment Assistance Program which helps workers who have lost their jobs because of imports is alive and well. Yesterday both the House and the Senate passed another bill which continues the authorization of this program through December 12.

In addition, the House and the Senate both in their reconciliation bills have approved a 4-year extension of trade adjustment assistance.

The Republican Members of this House have introduced a bill, their trade package, which extends the program.

The House Democratic Trade Task Force has issued a report extending the program.

In light of the protectionist pressures in our country which was evident by the passage in the Senate yesterday of the textile bill, it is extremely important, in my view, that we maintain this good program of helping those workers who do lose their jobs because of competition from imports.

TAA is a good program and it ought to be extended.

ENDING THE NIGHTMARE OF THE APRIL 15, INCOME TAX DEADLINE

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, I am introducing legislation today which if approved by the Congress and signed by the President would end an American nightmare. The nightmare of which I speak is the filing deadline of income tax returns of April 15. It is a nightmare for the taxpayers who have to line up by the thousands for that last-minute filing. It is a nightmare for the post offices which have to handle all this crush of filing. It is a nightmare, the worst nightmare of all, for the IRS which has to process, as it did

this past year, 100 million returns within a short period of time.

My proposal would stagger the system across the 12 months of the calendar year without changing any of the basics of the income tax system and would allow the birth of every taxpayer to be the signal caller for the filing deadline for each individual taxpayer.

This would, as it has worked for many States in the automobile registration field, save the taxpayers money, time, and allow the IRS to get back on a sure footing in income tax filings.

GRAMM-RUDMAN'S EFFECT ON AMERICA'S VETERANS—A WELL-KEPT SECRET

(Mr. EDWARDS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Speaker, a well-kept secret around here is the disastrous effect of Gramm-Rudman on America's veterans.

Why is there a gag order from the White House? The VA's Chief was scheduled to tell the House Veterans' Affairs Committee about how Gramm-Rudman would affect veterans' programs, but the White House told him he mustn't show up and not to send anyone else, either.

What's going on, Mr. Speaker? The Nation's veterans are entitled to know how this scheme will affect them and their families.

HOPES FOR THE SUMMIT

(Mrs. HOLT asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HOLT. Mr. Speaker, as our President meets Soviet leader Mikhail Gorbachev, I am sure that all Members of this body share my hopes that the summit meeting can produce some general accords to guide arms control negotiations.

President Reagan is the first American President to pursue with relentless vigor the goal of dramatic and deep reductions of nuclear weapons by both superpowers. He has a chance of succeeding because his leadership has brought us to a position of strength from which to negotiate.

However, as the leader of the free world, President Reagan takes to the summit an agenda much broader than arms control. We pray that our President will be able to convince Mr. Gorbachev of the sincerity of our people. We do have the resolve to defend this country, to seek a means to end the use of offensive weapons. We do demand an end to aggression around the world. We want to trust and be trusted by those with whom we negotiate agreements.

We Americans have a moral commitment to freedom, and we have a President who lives and breathes that commitment with great passion. We can be very proud to be represented by such a leader at the summit.

THE NATURAL GAS PIPELINE CONSUMER SQUEEZE

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, I would like to bring a very serious problem to the attention of my colleagues—the natural gas pipeline consumer squeeze. What I mean is, pipelines are ripping off their customers, consumers, and many small businesses including the natural gas business.

The Federal Energy Regulatory Commission recently issued a rule establishing a voluntary carriage program for pipelines. Unfortunately, the majority of the Nation's natural gas pipelines have not seen fit to participate in this program; this has already created severe problems for both consumers and producers. Many industrial users have been cut off or had to pay more for their gas. Many independent producers have been shut out of their markets. This refusal by the pipelines to provide an essential service to industry will cause a ripple effect in related domestic industries such as the steel and automobile industries.

The disarray and displacement brought about by a situation in which some pipelines agree to become transporters and others do not, provides us with a perfect example of why voluntary carriage will not work—producers are shut out, consumers are shut off, and everyone ends up losing except the pipelines.

I plan to request a GAO study of heavyhanded pipeline practices and possible antitrust activities. Further, I urge my colleagues to join with me in opposition to these practices and in support of mandatory contract carriage legislation.

COMMENDING THE PRESIDENT FOR HIS INITIATIVE ON REGIONAL CONFLICTS

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, as the President prepares for his upcoming meeting in Geneva with Mr. Gorbachev, I would like to take a moment to commend him for his initiative for dealing with the regional conflicts created by the ongoing wars in Afghanistan, Cambodia, Nicaragua, Angola, and Ethiopia.

The President's plan aims at achieving peace in these regions through a comprehensive and flexible framework for ending foreign military involvement and fostering internal reconciliation and economic reconstruction. The starting point in this plan is a process of negotiation among the warring parties themselves, in order to achieve improvement in their internal political conditions and ending the violence. The second level involves joint United States and Soviet talks about how best to support the ongoing talks between the warring parties. Finally, the third level calls for an international effort to bring these countries back into the world economy. The President has pledged that the United States would respond generously to their democratic reconciliation with their own people and an increased respect for human rights, despite any past differences that may have existed.

Mr. Speaker, I believe that the President's initiative is a sound way to deal with Soviet incursions around the world. As you know, the Soviets have been heavily involved in Central America. Soviet economic and military support to Cuba and Nicaragua have enabled those countries to support violent, radical forces throughout the entire region. Despite this, the trend in Central America is toward open, pluralistic democracies. There have been major success stories in this region as El Salvador continues democratic reforms under the Duarte government, and as Guatemala continues its march toward the election of a civilian government.

The President's plan puts the primary responsibility on the warring parties themselves to reach an accommodation. As he points out, it is not for the United States or the Soviet Union to impose solutions, but his plan does provide a framework for the Soviets to cooperate with the United States in helping to bring peace to Central America and the other regions.

GREED OF THE MARGARINE LOBBY

(Mr. WILSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILSON. Mr. Speaker, my friend, the gentleman from Louisiana [Mr. LIVINGSTON] was speaking a minute ago about greed. This may be getting to be a little bit of a boor for the rest of my colleagues, but I would like to point out that there is no greed greater than the greed exemplified by the margarine lobby in its successful effort to persuade the Department of Agriculture to reduce by one-half the

amount of surplus butter that is being distributed to the very poorest of the poor people in the United States.

Now, the margarine lobby has persuaded the Department of Agriculture that somehow this butter to the very poorest of the poor is hurting margarine sales. I submit to my colleagues, and I hope somebody is on the floor from the Agriculture Committee, that this is absurd.

I call upon my colleagues in the Agriculture Committee to rectify this very unfair and very silly action taken by the Agriculture Department; probably an agreement, I would say to the gentleman from Louisiana, that was made at Bagatelle or Dominique or someplace that has plenty of butter.

HUMAN RIGHTS AT THE SUMMIT

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, as the President prepares for next week's Geneva Summit with Soviet leader Mikhail Gorbachev, there is no doubt that the issue of human rights is at the top of his agenda. Since the late 1970's, the human rights situation in the Soviet Union has been steadily deteriorating. By late 1982, the Helsinki monitors movement, created in the wake of the Soviet signing of the Helsinki Final Act, had been effectively destroyed. Leading human rights activists such as Dr. Andrei Sakharov, Anatoly Shcharansky, and Yuri Orlov have been imprisoned or forced into internal exile. Soviet authorities continue to repress religious believers and cultural minorities.

The ascendance of Mikhail Gorbachev has not resulted in greater respect for human rights. Jewish emigration remains at its lowest level since the 1960's. The new Soviet leadership clearly continues a hard line of internal dissent.

There is abundant evidence of the low regard Soviet officials have for fundamental human rights, in spite of their signature to the Helsinki Final Act.

Mr. Speaker, among the key objectives our Government must seek at the summit, the achievement of increased respect for human rights by Soviet officials should rank among the most important.

HOW CAN WE HELP EMPLOYEES AT A STRUGGLING PLANT?

(Mr. BROWN of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Colorado. Mr. Speaker, how do we really help employees at a plant that is struggling? Some suggest the way to do that is to have a law that requires 90 days notice if you should ever shut down a plant. But what happens with that 90 day notice? Who is helped when workers at a struggling plant suddenly find that their customers have lined up other suppliers?

The reality is the workers are hurt, not helped.

What happens when you give 90 days notice of closing and your banks decide to review your line of credit? It hurts the workers, not help them.

What happens to suppliers when they hear 90 days notice that the plant may shut down? Many of them may put that plant on COD or not sell to it at all.

The reality is the 90-day notice harms the workers when you have a struggling plant.

Let us come up with a way to help the working people of this country, not go back to the days of mindless regulation.

□ 1025

H.R. 1616—A 90-DAY WONDER THAT IS BAD LAW

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, the concept of "as soon as possible notification" to the work force of impending layoffs or closure is a good one. It gives the worker an opportunity to prepare and plan for the change in employment status. It does not eliminate fear or pain or economic loss, but it certainly lessens their evil.

A company that practices early notification will accrue substantial benefits in the marketplace, including increased loyalty from employees, which in turn means better productivity and improved quality of production.

Unfortunately, H.R. 1616 is unacceptable because the 90-day notification period is arbitrary and unworkable in many real-world situations because the applicability of the bill has been extended to include very small businesses already at a competitive disadvantage with the big boys, and yet hiring the bulk of the American workers, because the consultative provisions do too much for lawyers and too little for workers, and most of all because its net effect in most communities will be a loss of job opportunities, not a gain.

Let me say it again: "As soon as possible notification" to workers is good business and good management, but this 90-day wonder is bad law.

BAD LEGISLATION FOR AMERICAN JOBS

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, I, too, would like to join my colleague, the gentleman from Louisiana, in pointing out that H.R. 1616 is bad law. I always wonder why people support bad legislation that is destined to hurt not only the businesses of America but the workers of America. Sometimes it is because they think it is something that it is not, such as in this case only a notification bill.

This is a bill that will shut off the option to get out of a bad venture. That does not seem so bad on the surface, unless one looks at it in a little greater detail. If we are going to have new ventures begun in this country, business men and women who want to start those ventures must realize that if they do not work out, they can get out of them. If they cannot get out of those ventures and redirect their resources to better alternatives, they will not get in in the first place.

I would like to leave this matter to the States. Being from the South, and a State like Texas, where we have had the good judgment not to pass such legislation, we applaud the States up North that have passed that kind of legislation. We enjoy having investment and capital structures down here in Texas, rather than in States like Wisconsin that have chosen to shut their economies off from investment and job creation.

What I would hate to see is a national law that will force our investors to go to other nations and deprive all Americans of the opportunity to work.

SIGNIFICANT ARMS REDUCTION FOR GENEVA TALKS

(Mr. ZSCHAU asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZSCHAU. Mr. Speaker, as President Reagan prepares to travel to Geneva to meet with the Soviet leader, Mikhail Gorbachev, I want to offer my strong support. In particular, I want to congratulate the President for having made nuclear arms reductions the focus of the arms control discussions at this summit meeting.

It was just a short time ago that many people thought that merely freezing nuclear weapons was the best we could do, but over the last several years the President has said that we can do better, that we should do better, that we can achieve and should achieve reductions of nuclear weapons. The Soviets now seem to agree, and the President has laid a significant arms reduction proposal on the negotiating table.

The President has proposed a dramatic reduction of one-third of all nuclear warheads, a 50-percent reduction

in ballistic missiles, significant reductions in bombers and other strategic delivery systems, and a complete elimination of intermediate-range delivery systems.

On this, as many other issues, President Reagan has demonstrated rare political courage and leadership, and as a result, he has earned our support. I am sure that my colleagues on both sides of the aisle will support him and encourage him in this endeavor.

SERIOUS ARMS CONTROL MEANS SERIOUS COMPLIANCE

(Mr. COURTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COURTER. Mr. Speaker, I, too, wish the President well as he prepares to meet the Soviet ruler Mikhail Gorbachev in Geneva.

I commend the President for his sober and realistic view of the Soviet Union and Soviet behavior, and for his forthright intention to confront Gorbachev with the real source of tension between the West and the Soviet Union, which is Soviet repression of its people at home and its aggression abroad.

In the area of arms control, there is a basis for an agreement if the Soviets are willing to engage in serious negotiations. Both sides are clearly interested in making a transition toward the deployment of strategic defenses—but the United States is the only side that is willing to acknowledge this fact.

Similarly, there can be progress in reducing offensive arms, in conjunction with an agreement on defenses or independent of such an agreement. Again, we await sincere Soviet interest in such reductions.

But most important of all is the need for the President to impress upon the Soviet Union that American willingness to engage in arms control agreements depends on Soviet willingness to honor the terms of agreements that have been signed and are now in force. To ignore this central issue would be to make a mockery of the very idea of arms control, since there is no point in the exercise if only one side is serious about honoring agreements.

HOSTAGE CRISIS IN LEBANON REACHES 618 DAYS

(Mr. O'BRIEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'BRIEN. Mr. Speaker, today marks the 618th day Americans have been held hostage in Lebanon.

William Buckley, a U.S. Foreign Service officer, was kidnaped in Beirut on March 16, 1984, 618 days ago today.

Father Lawrence Jenco, a personal friend of mine, head of Catholic Relief Services, in Beirut, has been held hostage for 311 days as of today.

Terry Anderson, the Associated Press bureau chief, was kidnaped 242 days ago.

The director of the American University Hospital in Beirut, David Jacobsen, was taken hostage 170 days ago.

Thomas Sutherland, dean of the American University Agriculture School, was kidnaped 157 days ago.

Today also marks the 345th day since the disappearance of Peter Kilburn, the American University librarian.

Mr. Speaker, the signs are hopeful today for the release of our friends and allies held hostage. But the hostage crisis will not be over until all the Americans held hostage in Lebanon are returned to the United States safe and sound.

Mr. Speaker, let us all say a special prayer today for Terry Waite on his mission to Beirut. God willing, at long last he will free them from their chains and bondage.

CRIMINALS AVOID RESTITUTION

(Mr. ROWLAND of Connecticut asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROWLAND of Connecticut. Mr. Speaker, last month, the Second Circuit Court of Appeals ruled that an individual who was convicted of a serious crime has the right to file bankruptcy in order to avoid making restitution) or repayments—to the victim of a crime.

This particular case revolved around a woman who was convicted of illegally receiving almost $10,000 in welfare payments from my State of Connecticut. She was ordered to pay the money back, but when she filed bankruptcy, the debt was discharged.

Our bankruptcy laws exempts debts such as student loans, child support payments, taxes owed to the Government, and fines ordered to be paid by a court.

Unless this circuit court decision is overturned by the U.S. Supreme Court, we are now in a position where persons convicted of murder, rape, arson, hijacking need only file bankruptcy if they want to avoid having to repay their debt to society.

To remedy this situation, I am introducing today H.R. 3742.

If you believe that criminals should pay then I urge your support.

THE SOVIET INVASION OF AFGHANISTAN

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, I rise in support of President Reagan in his upcoming summit meeting with Soviet Leader Mikhail Gorbachev. I particularly applaud the President's inclusion of regional conflicts, such as the Soviet invasion of Afghanistan, as a high priority issue for discussion. After all, while the Soviets may deny its relevance to the arms control process, one shouldn't forget that it was the Soviet invasion of Afghanistan in December 1979 which marked the death knell of the SALT II Treaty.

It's also very important for the American people to remember that in the past 5 years, nothing has changed in Afghanistan. If anything, things have gotten worse. The number of Soviet troops in Afghanistan has risen to 115,000 and Soviet atrocities have grown dramatically, with the massacre of innocent Afghan civilians becoming an everyday occurrence.

The President has put the Soviet Union on notice that Soviet policy in the Third World, whether it is in Afghanistan or Central America, is of critical importance to Soviet-American relations. Therefore, I fully support the President's determination to discuss these issues fully at the upcoming summit meeting.

GORBACHEV: A TIME FOR PEACE?

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, as the superpower summit approaches, the Soviets have apparently stepped up the public relations war in an intensified effort to sway the thousands of international journalists covering the Geneva meetings. Of particular interest to the Soviets, who have undertaken unprecedented steps to make their top people accessible for interviews, is the Western media.

Earlier this week, the Soviet P.R. experts held a news conference and distributed a slickly designed book attributed to Gorbachev, entitled "A Time for Peace." Can you believe that?

I truly hope in evaluating this man and disseminating news for the rest of the world, the press corps takes one old adage to heart: "Actions speak louder than words." Past actions and Soviet adventurism in Afghanistan, Angola, Ethiopia, Nicaragua, and elsewhere tell us a far different story about the Soviets' thinking, which is not peace, but aggression, and war.

□ 1035

LETTER TO PRESIDENT MARCOS

(Mr. SCHUMER asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, today a bipartisan group of 52 House Members released a letter urging President Marcos to meet four key guarantees as he goes through the process of calling for elections.

The key guarantees include a delay in the holding of the elections to provide sufficient time for the opposition to gather its forces and bring its message to the Philippine people; appointment of independent representatives to the vacancies on the Philippine Commission on Elections; equal access for all candidates to the Government-owned media outlets; and full involvement of the Independent National Citizens Movement for Free Elections, which is an official poll-watching organization.

Mr. Speaker, as I have said before on this floor, we are faced with a dilemma in the Philippines. On the one hand, we do not want to see a Communist or anti-American insurgency take over. On the other hand, President Marcos seems to have lost touch not just with certain elements of the Philippine public, but with virtually every element of the Philippine public.

Elections offer a means to restore the legitimacy of the Philippine Government, but to do so elections must be fair. And if President Marcos is going through the gyrations of having elections, let them be real elections and not elections solely for press consumption that will only counteract President Marcos' goal of restoring legitimacy to the Philippine Government. These elections may be the last chance to preserve democracy and freedom in the Philippines, and we urge Mr. Marcos not to let this chance go to waste.

VOTE "NO" ON PLANT CLOSINGS BILL

(Mr. BARTLETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT. Mr. Speaker, today H.R. 1616 will be on the floor at long last. I understand that there will be a substitute offered, a substitute that makes cosmetic but not real changes in H.R. 1616.

Both the original bill and the substitute to be offered is anti-jobs and will cost workers more, far more jobs than any sort of temporary security that it could provide. Both the substitute and the original bill have two portions. One is mandatory notification and the other is mandatory consultation. Both impose such enormous rules and regulations, and a whole new set of laws as to drive jobs away from U.S. workers, drive them overseas, and to discourage location and jobs in the United States.

I urge a vote against the bill. I will have an amendment on each of those two sections, an amendment to strike notification, and an amendment to strike the consultation provisions. There will be other amendments offered by Members from all sections of the country and both parties.

I urge Members to listen carefully to the debate, to vote for the amendments that will improve the bill, and then to vote against final passage of either the substitute or the bill.

TEMPORARY PUBLIC DEBT LIMIT INCREASE AND RESTORATION OF INVESTMENTS OF CERTAIN TRUST FUNDS

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3721) to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds, with a Senate amendment thereto, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

SECTION 1. That, during the period beginning on the date of the enactment of this Act and ending on December 6, 1985, the public debt limit set forth in subsection (b) of section 3101 of title 31, United States Code, shall be temporarily increased by an amount determined by the Secretary of the Treasury as necessary to permit the United States to meet its obligations. The Secretary of the Treasury shall immediately upon enactment restore to the Social Security Trust Funds, or any other trust funds established pursuant to Federal law, any securities disinvested since September 30, 1985. No increase under this Act shall result in a public debt limit in excess of $1,903,800,000,000.

SEC. 2. (a) Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to increase in tax on cigarettes) is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 15, 1985".

(b) Section 285 of the Trade Act of 1974 (19 U.S.C. note preceding section 2271) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

(c) Section 10(d) of the Railroad Unemployment Insurance Act is amended by striking out "November 14, 1985" each place it appears and inserting in lieu thereof "December 14, 1985".

(d) Section 5(c) of the Emergency Extension Act of 1985 (Public Law 99-107) is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 14, 1985".

Mr. ROSTENKOWSKI (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore (Mr. MONTGOMERY). Is there objection to the request of the gentleman from Illinois?

Mr. DUNCAN. Mr. Speaker, reserving the right to object, and I shall not object, I agree with the chairman of the Ways and Means Committee, that the House should agree to the Senate amendments. As I understand it, the only substantive change made by the other body is the date on which the temporary increase in the debt ceiling would expire. From a practical point of view, I do not think that will make any important difference in the way we seek a permanent resolution of the critical deficit reduction issue embodied in the Gramm-Rudman-Hollings amendment. December 6 is an acceptable date.

Therefore, Mr. Speaker, I will not object to the request of the gentleman from Illinois.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, H.R. 3721, as amended by the Senate, raises the debt ceiling through December 6. This provides a temporary $80 billion increase in the debt.

Under this bill, as of December 7, the Government will be unable to sell any new securities. Sales of savings bonds, special issues for State and local governments, and the investment of trust fund surpluses will have to be suspended. The Treasury would, however, have enough cash to meet its obligations through December 11. On the 12th Treasury bills would come due that could not be refunded.

The only change to the debt extension made by the Senate was in the date. Under this bill the trust funds, including Social Security, would have the assets that were disinvested restored, as in the version passed by the House yesterday.

The Senate amendment also includes the entire text of H.R. 3722, which the House passed yesterday. This provides a 30-day extension of several programs that expire tomorrow, including the 8-cent extension in the cigarette tax, trade adjustment assistance, railroad unemployment benefits, and hospital and physician reimbursement procedures under the Medicare Program.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Illinois?

There was no objection.

A motion to reconsider was laid on the table.

AUTHORIZING CONTINUED USE OF CERTAIN LANDS WITHIN SEQUOIA NATIONAL PARK

Mr. VENTO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H.J. Res. 382) to authorize the contin-

ued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore (Mr. ROEMER). Is there objection to the request of the gentleman from Minnesota?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object, it is not my intention to object, but I take this reservation to ask the gentleman from Minnesota [Mr. VENTO] briefly to explain what is involved in this resolution.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Speaker, Sequoia National Park was established in 1890 to preserve the "California Big Trees." The park includes the headwaters and tributaries of the Kaweah River. The first hydroelectric facility was constructed on the Kaweah River in the 1890's by Southern California Edison Co. [SCE]. The power house was located outside the park boundary. SCE proposed to add a third power house in 1907 which required some diversion dams, roads, flumes, and buildings to be located within the park. The Secretary of the Interior granted a 50-year permit for the facilities in 1912.

Hydroelectric facilities constructed within the Sequoia Park in accordance with the 1912 permit include diversion structures on the Middle and Marble Forks of the Kaweah and flumes to the power house. The facilities also include rubble dams which were built in the early 1900's to enlarge four small lakes. The existing permit requires that not all water be diverted from the Middle Fork and Marble Fork and sets minimum flow requirements.

Upon expiration of the permit in 1962, SCE requested the Congress to authorize a 50-year renewal of the operating permit. A permit was issued for a 10-year period and timed to expire at the same time the Federal Power Commission [FPC] permit expired in 1974. The Congress authorized another 10-year extension in 1974 (Public Law 93-522) subject to further study of the impact of these facilities on the park. The National Park Service transmitted the study required to the Congress July 11, 1985. The authorization to operate these facilities contained in Public Law 93-522 expires December 14, 1985.

Mr. Speaker, House Joint Resolution 382 was introduced by our colleague from California, CHIP PASHAYAN. The bill, as amended by the Committee on Interior and Insular Affairs, would authorize the Secretary of the Interior to issue a permit for continued use of certain lands in Sequoia National Park for an existing hydroelectric project. However, the Secretary would be limited to issuing a permit for 10 years only, but could renew the permit for two additional 10-year periods. Any reissuance of the permit would be subject to the Secretary's reevaluation of the effect the project is having on the resources of the park. The Secretary would be required to submit the proposed permit renewal, along with supporting information, to the Congress 60 days before he proposes to execute the document.

Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, I yield to the gentleman from California [Mr. PASHAYAN].

Mr. PASHAYAN. Mr. Speaker, I, too, rise in support of House Joint Resolution 382 and should like to thank the chairman of the Subcommittee on National Parks and Recreation, Mr. VENTO, and the ranking member, Mr. LAGOMARSINO, for timely bringing this legislation before this body.

The bill, House Joint Resolution 382, as amended, is a bipartisan effort in addressing an anomaly in the National Park System. The legislation permits the continued use of a few acres of Sequoia National Park so that the Kaweah No. 3 hydroelectric generating facility, which is outside the park's boundaries, can continue to operate and generate nearly 25 million kilowatts of power annually.

The permit would be issued to Southern California Edison Co. and all parties have agreed from the beginning that this facility shall not be expanded. The purpose of the legislation is to retain the status quo and to provide for appropriate oversight by both the National Park Service and the Congress.

I ask my colleagues to join in passing this legislation today so that the National Park Service can issue a special use permit before the current permit expires on December 14, 1985.

Mr. LAGOMARSINO. Mr. Speaker, I appreciate the opportunity to comment on House Joint Resolution 382 before us today.

This legislation would simply authorize the Southern California Edison Co., with the approval of the Secretary of Interior, to continue its use and occupancy of Federal lands in the Sequoia National Park necessary for the operation and maintenance of an existing hydroelectric project known as the Kaweah project. The current authorization expires next month.

Hydroelectric development has existed in the park since the late 1800's without any serious adverse impacts on the park's resources. However, due to National Park Service concerns regarding possible future impacts of the Kaweah project on the resources of Sequoia National Park, Representative PASHAYAN offered an amendment to limit the permit to 10 years with two optional 10-year renewals. In addition, the amendment requires the Secretary to submit the permit renewals to the appropriate congressional committees for 60 days prior to execution. These provisions will allow for careful review of the project's impacts by the Park Service and Congress prior to renewal of the permit. Representative PASHAYAN's amendment was unanimously adopted by the subcommittee and the full committee and is the vehicle we are presently considering.

As the ranking member of the National Parks and Recreation Subcommittee, I strongly support this legislation. Furfurthermore, I commend Chairman VENTO and Representative PASHAYAN for their efforts to resolve the minor problems with the original bill. I believe the agreement embodied in the substitute bill satisfies all of the concerns and I urge my colleagues to support this measure so that we may move it along quickly.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 382

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is hereby authorized to issue a permit for portions of an existing hydroelectric project, known as the Kaweah Project of Southern California Edison Company, to continue to occupy and use lands of the United States within Sequoia National Park as necessary for continued operation and maintenance.

SEC. 2. The term of such permit shall expire not later than the expiration of existing or future licenses for the Kaweah Project as may be granted by the appropriate agency of the United States to Southern California Edison Company.

SEC. 3. The permit shall contain a provision prohibiting expansion of the Kaweah Project in Sequoia National Park and shall also contain such other terms and conditions as the Secretary of the Interior shall deem necessary for the protection and utilization of Sequoia National Park.

With the following committee amendment:

Committee amendment in the nature of a substitute: Strike out all after the resolving clause and insert in lieu thereof:

That the Secretary of the Interior is hereby authorized to issue a permit for ten years, and may issue not more than two renewals of equivalent duration, for portions of an existing hydroelectric project, known as the Kaweah Project of Southern California Edison Company, to continue to occupy and use lands of the United States within Sequoia National Park as necessary for continued operation and maintenance.

"SEC. 2. The Secretary shall not execute any permit renewal prior to sixty calendar days from the date the same is submitted to the Committee on Energy and Natural Re-

sources of the United States Senate and to the Committee on Interior and Insular Affairs of the United States House of Representatives.

"SEC. 3. The permit shall contain a provision prohibiting expansion of the Kaweah Project in Sequoia National Park and shall also contain such other terms and conditions as the Secretary of the Interior shall deem necessary and proper for the management and care of Sequoia National Park and the purposes for which it was established."

Mr. VENTO (during the reading). Mr. Speaker, I ask unanimous consent that the joint resolution and the committee amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The committee amendment in the nature of a substitute was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. VENTO. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks, and that all Members may have 5 legislative days in which to extend their remarks on the joint resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

OLDER VETERANS' HEALTH CARE AMENDMENTS OF 1985

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 505) to amend title 38, United States Code, to improve the delivery of health care services by the Veterans' Administration, and for other purposes, with Senate amendments to the House amendment to the Senate amendments, and to concur in the Senate amendments to the House amendment to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments to the House amendment to the Senate amendments as follows:

Page 2, of the House engrossed amendment, in the table of contents, after the item relating to "SEC. 304." insert:

Sec. 305. Feasibility study of and plan for the purchase of a facility for furnishing hospital and nursing home care.

Page 38, of the House engrossed amendment, after line 25, insert:

SEC. 305. FEASIBILITY STUDY OF AND PLAN FOR THE PURCHASE OF A FACILITY FOR FURNISHING HOSPITAL AND NURSING HOME CARE.

In the documents submitted by the Administrator of Veterans' Affairs to the appropriate committees of the Congress at the time of and in connection with the submission, pursuant to section 1105 of title 31, United States Code, of the Budget for fiscal year 1987, the Administrator shall include the results of a feasibility study which he shall conduct of and if indicated by such study provide a feasibility plan for, the purchase for Veterans' Administration use of a medical facility that is located in an urban area and is suitable for furnishing both hospital and nursing home care services, and meets the current and projected needs and specifications of the Veterans' Administration for furnishing health care to eligible veterans. In such Budget, the President, as warranted by such feasibility plan, shall include a request for an appropriate amount to purchase such a facility which meets these needs and specifications: *Povided*, That this section shall not be construed to require the Administrator to provide a feasibility plan with respect to the purchase of a facility that would have the effect of making it infeasible to construct, acquire, or lease a medical facility in the Florida panhandle or to expand the Biloxi/Gulfport Veterans' Administration Medical Center to furnish health care to veterans in the area.

Mr. MONTGOMERY (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments to the House amendment to the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

Mr. HAMMERSCHMIDT. Mr. Speaker, reserving the right to object, I do not plan to object, but I take this reservation to ask our distinguished chairman to explain his request to our colleagues.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Speaker, I want to thank the gentleman from Arkansas [Mr. HAMMERSCHMIDT] for yielding to me and for his work on this important piece of legislation.

As the gentleman knows, H.R. 505 includes a number of important provisions relating to health care for veterans. Two weeks ago, on October 30, I explained the contents of the bill and the compromise which I thought we had worked out with the other body. However, the other body is now insisting on a provision which we had rejected for a variety or reasons and the bill is back before us for the third time. We must resolve this issue if we are to get a bill to the President.

I had let it be known that the provision contained in the original Senate measure was not acceptable and that it would not be agreed to by the House. But there are some very good provisions contained in this bill, and the language now contained in the Senate amendment is acceptable to our committee. The modified language does not harm the VA's planning process for the construction of VA medical facilities. Accordingly, I am recommending that the House approve the language which has been worked our with the other body.

In my view, Mr. Speaker, the Senate language is susceptible to only one reading, and I would like to explain what it is that this language requires. It requires the Administrator to conduct a feasibility study for the purchase of Providence Hospital in Mobile, AL. Now, the amendment itself did not identify Providence Hospital, but statements in the other body leave no doubt about the intent. If this hospital meets the current needs of the Veterans' Administration for furnishing health care to eligible veterans under existing VA criteria, and if it can be shown that the purchase of the Providence Hospital would not make it infeasible to construct, acquire or lease a medical facility in the Florida Panhandle, or to expand the Biloxi/Gulfport Veterans' Administration Medical Center to furnish health care to veterans in those areas, either now or in the future, only then, Mr. Speaker, would the Administrator submit a feasibility plan for the purchase of the Providence Hospital. All of this studying and planning must be accomplished in time to be included in the President's budget submission for fiscal year 1987.

Since the Veterans' Administration is now operating an outstanding medical center in Biloxi, MS, only about 65 miles from Mobile, there appears to be no doubt that the purchase of the Providence Hospital would have an adverse impact on the Biloxi Medical Center. It would impact on the future construction, acquisition, or lease of a facility in the northern Panhandle of Florida. The compromise which we have reached establishes what the priorities should be. The intent is to give priority to the existing facility in southeast Mississippi and to VA's plan to establish a hospital in the northern Panhandle of Florida.

Mr. Speaker, since I was elected to this body and began my service on the Veterans' Affairs Committee, I have been proud of this body's commitment to serve all of the Nation's veterans. We have avoided getting involved in the siting of VA medical facilities. When and where to build, acquire or lease should always be left to the VA to determine. We have customarily deferred to the expert and impartial judgment of the persons employed by the agency.

Finally, we have yet to resolve our differences on Gramm-Rudman and the House alternative. But no matter what finally comes out of conference, one thing seems certain. VA's health care construction budget is probably going to be less than in previous years. There will be reductions in other accounts as well. We can hardly afford to lean on the Administrator to purchase a facility when he has already

stated that it is not needed to take care of veterans in the area.

That is the main reason I could not accept the Senate provision when it was sent to us the first time.

I'm satisfied we have modified the language to the extent necessary to maintain the integrity of the VA planning process and I urge the adoption of the amendment.

Mr. HAMMERSCHMIDT. Mr. Speaker, further reserving the right to object, I thank the gentleman and associate myself with his remarks. Because this bill has many good features, we should send it on to the President. This legislation has gone through a process of evolution. It was orginally passed by this body and then it was amended by the other body and returned to us. We agreed upon compromise language with the other body, passed it, and it went back to the other body.

But the other body encountered a bit of difficulty when the question of a VA medical facility for Mobile, AL, arose. The resulting delay has been unfortunate, but the Senate language, which Mr. MONTGOMERY outlined in his remarks, was finally worked out, and I believe it is acceptable.

It leaves with the VA the decision whether a facility in Mobile, AL, is needed. I am satisfied that the Senate amendment will not cause the taxpayers to have an unnecessary VA facility at a time when every tax dollar is at a premium.

The compromise also ensures that the VA's decision will not work to the detriment of veterans in the neighboring States of Florida and Mississippi.

Mr. Speaker, H.R. 505 is a needed comprehensive health care bill for America's veterans and they should not be kept waiting for it any longer.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

Mr. SHELBY. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield to another distinguished member of our committee, the gentleman from Alabama [Mr. SHELBY].

□ 1050

Mr. SHELBY. Mr. Speaker, I rise today to urge this Chamber's approval of H.R. 505, a comprehensive bill which would result in necessary improvements in the VA Medical Care System.

I am particularly pleased at one significant policy reflected in this bill. That is that the Veterans' Administration should first look at the existing medical facilities which are available before beginning costly construction of a new VA hospital. This congressional policy is reflected in H.R. 505 as it was approved by the House and the House-Senate conference and in an amendment which the Senate approved yesterday.

I am hopeful that the language included in this bill will help provide convenient and quality health care for veterans in the Southeast in a cost-efficient manner.

The Veterans' Administration has begun studying the need for a new facility in the gulf coast area in anticipation of soaring health care needs of veterans in that area. Discussion has centered around constructing a new facility, expanding an existing one, and purchasing an available hospital in the area.

Mr. Speaker, the acquisition of Providence Hospital in Mobile makes good sense to me. First, it is the most economical way to go for taxpayers—at a cost of $69,000 per bed at Providence as compared to more than $400,000 per bed for new construction. Second, the VA has a longstanding and prudent policy of locating hospitals adjacent to or as close as possible to approved schools of medicine. The University of South Alabama School of Medicine is the only such school on the gulf coast between New Orleans on the west and Tampa on the southeast. Third, the largest concentration of veterans in the south Alabama-Florida panhandle is in the Mobile area. More than 50 percent of all veterans residing in the central gulf coast area would be within 1 hour or less by car to the Providence Hospital in Mobile.

Regrettably, it appears that the language approved by the Senate yesterday singles out Providence Hospital in Mobile from the beneficial policy iterated in the first part of the amendment. However, the Veterans' Administration is directed in language included in the original House bill to examine existing facilities in all proposals for new hospital construction. Congress has clearly expressed its intention for the Veterans' Administration to consider the availability of existing medical facilities before commencing a construction project. I hope that this Veterans' Administration will heed Congress' wishes in providing quality and convenient health care for our veterans on the gulf coast.

Mr. HAMMERSCHMIDT. Further reserving the right to object, Mr. Speaker, I yield to another distinguished colleague from Alabama, who is a great supporter of veterans' programs, but I know has a vested interest in what happens to this hospital.

I yield to the distinguished gentleman [Mr. CALLAHAN].

Mr. CALLAHAN. I appreciate the gentleman yielding, and I would like to ask some questions of the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. I will be pleased to answer the gentleman's questions.

Mr. CALLAHAN. I appreciate the gentleman's agreeing to answer questions that I have about the Senate amendment, which gives indication that a feasibility study will be done to see whether or not the Providence Hospital in that district is indeed feasible.

If I may direct a question to the distinguished gentleman from Mississippi [Mr. MONTGOMERY], does the Senate amendment require the Administrator to conduct a feasibility study on the Providence Hospital in Mobile?

Mr. HAMMERSCHMIDT. I yield to the chairman for the purpose of answering the question.

Mr. MONTGOMERY. Yes; a feasibility study would be required.

Mr. HAMMERSCHMIDT. I yield to the gentleman from Alabama for another question.

Mr. CALLAHAN. The second question, would the Administrator be prohibited from submitting a feasibility plan on the Providence to the Congress?

Mr. HAMMERSCHMIDT. I yield to the chairman.

Mr. MONTGOMERY. No, he would not.

Mr. HAMMERSCHMIDT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Speaker, I rise in support of the bill.

I want to commend my distinguished colleague from Mississippi, the chairman of the House Veterans' Affairs Committee, for his willingness to consider the very strong interests of Alabama's veterans with respect to veterans' health care facilities.

As I understand the Senate amendment, it would direct the Administrator to conduct a study, and include its results in the fiscal year 1987 budget, on the purchase of a medical facility in an urban area that meets appropriate VA needs and specifications. If the study so indicates, the Administrator shall provide a feasibility plan for the purchase of such facility. As warranted by the feasibility plan, the President shall request appropriate funding for the purchase in his budget submittal to Congress.

Mr. Speaker, we have an excellent hospital in Mobile available to the Veterans' Administration at a very reasonable cost. We believe that, if a new hospital or nursing facility in our area is warranted, this hospital is a perfect candidate. Moreover, its purchase, as opposed to new construction of a similar facility, would save taxpayers' money. The Veterans' Administration has only given it a cursory look. This bill will hopefully cause the Veterans' Administration to revisit this subject and give it more serious consideration. The clear intent of the legislation is to provide for a thorough study of whether or not our hospital is suitable for furnishing health care to

eligible veterans. We strongly believe that our facility will stand on its own merits if it is given appropriate scrutiny.

Mr. HAMMERSCHMIDT. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Florida [Mr. HUTTO].

Mr. HUTTO. I appreciate the gentleman yielding, and I rise to enter into a dialog with the chairman, possibly the ranking minority member.

Mr. Chairman and Mr. Ranking Minority Member, I want to ask a little about the study and the language put on in the Senate. It is my understanding that the Senate language provides that, in any study, the Biloxi Hospital be taken into consideration. Is there any impact on that?

Also, as you know, the MEDIP plan calls for the construction of a VA hospital in the Panhandle of Florida, and it is my understanding that the amendment added in the Senate would require that the impact on the Biloxi facility and the proposed construction of a hospital in the Florida Panhandle be taken into consideration.

Mr. HAMMERSCHMIDT. If I may respond to the gentleman, he is correct in his assumptions, in both instances.

Mr. MONTGOMERY. If the gentleman will yield—he is correct, if the purchase of the Mobile facility would have an effect on the building of a hospital in the Panhandle of Florida or it would have an effect on the Biloxi-Gulfport VA facility, the feasibility plan would not be sent to the Congress.

Mr. HUTTO. I thank both gentlemen. Of course, we want all our veterans along the gulf coast to be served with medical facilities, but the Administrator made the decision not to purchase Providence Hospital just simply because the demographics are not right; the preponderance of the veterans' population is not in the Mobile area; but I, of course, want to work with all of our veterans along the coast to see that they get the best of medical care, and I thank the gentlemen for their answers.

Mr. HAMMERSCHMIDT. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Florida [Mr. FUGUA].

Mr. FUQUA. Mr. Speaker, it caught me by surprise today that this matter was coming up, and it is not clear to me what the Senate had done. What does this do to the normal procedure of the Veterans' Administration in selecting sites for hospitals?

Mr. HAMMERSCHMIDT. Well, it would have no bearing on any siting of a hospital facility in Florida. This study would take into consideration the continuing need of Florida for a hospital.

Mr. FUQUA. This would not, in any way, preclude the Veterans' Administration form using the normal procedures, the ones they normally use, and those that have already been done?

Mr. HAMMERSCHMIDT. The gentleman is exactly correct.

Mr. FUQUA. And it does not wipe any of those out?

Mr. HAMMERSCHMIDT. That is right.

mr. FUQUA. Now, has this hospital in Mobile been considered by the Veterans' Administration previously?

Mr. HAMMERSCHMIDT. It has been considered by them previously; it has.

Mr. FUQUA. And what was their decision?

Mr. HAMMERSCHMIDT. I do not know their official decision; I think their earlier decision was to not build the hospital.

Mr. FUQUA. To not acquire the land?

Mr. HAMMERSCHMIDT. That is right; it was not needed in the system.

Mr. FUQUA. Now, does this reverse that decision?

Mr. HAMMERSCHMIDT. No, it does not reverse it. It further studies it.

Mr. MONTGOMERY. Will the gentleman yield to me?

Mr. HAMMERSCHMIDT. I yield to the chairman.

Mr. MONTGOMERY. In the CONGRESSIONAL RECORD on November 13, 1985, a letter from Mr. Harry Walters, who is the Administrator; to answer the question of the gentleman from Florida [Mr. FUQUA]:

* * * * *

* * * Our determination regarding that need was made only after the most exhaustive study and analysis. We formally reviewed the Mobile proposal, and our study culminated in the conclusion that the establishment of a VA medical center there is not supportable.

* * * * *

Mr. FUQUA. This does not reverse that?

Mr. MONTGOMERY. This does not reverse that, but he will have to make a study.

Mr. HAMMERSCHMIDT. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Alabama [Mr. SHELBY].

Mr. SHELBY. It is my understanding that this language in the bill that we are talking about that came from the Senate, it would still call for a study to be made; it does, and if you have a comprehensive study, it would include what would be best for the veterans on the gulf coast. is that right?

Mr. HAMMERSCHMIDT. The gentleman is correct.

Mr. SHELBY. OK, and it would not necessarily exclude Mobile, exclude Pascagoula, Gulfport, or the Florida Panhandle.

Mr. HAMMERSCHMIDT. I am assuming that is right.

Mr. SHELBY. In other words, we are not trying to say here today that we are excluding the Providence Hospital in Mobile nor are we excluding any possible construction or acquisition of something in the Florida Panhandle or Mississippi. Is that right?

□ 1100

Mr. HAMMERSCHMIDT. The gentleman from Alabama [Mr. SHELBY] is right. We are asking the Veterans' Administration to make a professional decision as to where the need is.

Mr. SHELBY. I thank the gentleman for his comments.

Mr. HAMMERSCHMIDT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Mississippi?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 505.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MAKING IN ORDER CONSIDERATION OF DISTRICT OF COLUMBIA BILLS ON TUESDAY, NOVEMBER 19, 1985

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that District day be moved from Monday next to Tuesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

PROVIDING FOR ONE ADDITIONAL POSITION ON CAPITOL POLICE FORCE

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be discharged from further consideration of the resolution (H. Res. 320) providing for one additional position on the Capitol Police for duty under the House of Representatives, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. ROBERTS. Mr. Speaker, reserving the right to object, I take this time in order to ask the chairman of the Subcommittee on Personnel and Police to explain the nature of the resolution, and I yield to the gentleman from California for that purpose.

Mr. PANETTA. I thank the gentleman for yielding.

Mr. Speaker, House Resolution 320 would create an agency training representative position on the Capitol Police Force. The officer filling this position would represent the Capitol Police Force at the Federal Law Enforcement Training Center and would serve at the rank of lieutenant. The Committee on House Administration approved this action on October 23, and this resolution would allow the Capitol Police Force to implement the action of the committee.

At present, the Capitol Police utilizes the Federal Law Enforcement Training Center [FLETC] for the training of new recruits. Other Federal law enforcement agencies also utilize this facility for training. Each participating agency assigns a representative to represent the agency in administrative and policy matters. The Capitol Police representative must command 3 sergeants, up to 72 trainees, advise the chief on policy decisions, and evaluate recommendations on staffing, budgetary, and physical facility requirements at FLETC.

The Capitol Police Board reviewed the duties and responsibilities of the representative at FLETC and concluded that the rank of lieutenant more appropriately reflects the duties of this position. This resolution follows the recommendation of the Capitol Police Board. I trust that the House will give its approval to this resolution.

Mr. ROBERTS. Mr. Speaker, I withdraw my reservation of objection, and I urge adoption of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 320

Resolved, That there is established one additional position of agency training representative on the Capitol Police (at a rate of compensation equal to the rate in effect for the position of lieutenant) for duty under the House of Representatives. Each appointment to the position of agency training representative shall be made—

(1) by the Capitol Police Board from among members and officers of the Capitol Police, with prior approval of the Committee on House Administration; and

(2) without regard to political affiliation and solely on the basis of fitness to perform the duties of the position.

SEC. 2. The former position of an officer or member serving as agency training representative shall not be filled while that officer or member is so serving. Unless otherwise provided by law, upon ceasing to serve as an agency training representative, an officer or member shall revert to that former position.

SEC. 3. Until otherwise provided by law, there shall be paid out of the contingent fund of the House such sums as may be necessary to carry out this resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 2419, INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1986

Mr. HAMILTON submitted the following conference report and statement on the bill (H.R. 2419) to authorize appropriations for fiscal year 1986 for the intelligence and intelligence-related activities of the U.S. Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes:

CONFERENCE REPORT (H. REPT. 99-373)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2419) to authorize appropriations for fiscal year 1986 for the intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes, having met, after full and free conference, having agreed to so recommend, do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Intelligence Authorization Act for Fiscal Year 1986".

TITLE I—INTELLIGENCE ACTIVITIES

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1986 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.

CLASSIFIED SCHEDULE OF AUTHORIZATIONS

SEC. 102. The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1986, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared by the Committee of Conference to accompany H.R. 2419 of the Ninety-ninth Congress. That Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

AUTHORIZATION OF APPROPRIATIONS FOR COUNTERTERRORISM ACTIVITIES OF THE FEDERAL BUREAU OF INVESTIGATION

SEC. 103. (a) There is authorized to be appropriated for fiscal year 1986 the sum of $50,600,000 for the conduct of the activities of the Federal Bureau of Investigation to counter domestic and international terrorism.

(b) Of the sums authorized to be appropriated by subsection (a), $500,000 is authorized to be made available by the Attorney General for making payments in advance for expenses arising out of contractual and reimbursable agreements with state and local law enforcement agencies while engaged in cooperative activities to counter domestic and international terrorism.

PERSONNEL CEILING ADJUSTMENTS

SEC. 104. The Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 1986 under sections 102 and 202 of this Act when he determines that such action is necessary to the performance of important intelligence functions, except that such number may not, for any element of the Intelligence Community, exceed 2 per centum of the number of civilian personnel authorized under such sections for such element. The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever he exercises the authority granted by this section.

RESTRICTION ON SUPPORT FOR MILITARY OR PARAMILITARY OPERATIONS IN NICARAGUA

SEC. 105. (a) Funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated and expended during fiscal year 1986 to provide funds, materiel, or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua only as authorized in Section 101 and as specified in the classified Schedule of Authorizations referred to in Section 102, or pursuant to Section 502 of the National Security Act of 1947, or to Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88).

(b) Nothing in this section precludes—

(1) administration, by the Nicaraguan Humanitarian Assistance Office established by Executive Order 12530, of the program of humanitarian assistance to the Nicaraguan democratic resistance provided for in the Supplemental Appropriations Act, 1985, or

(2) activities of the Department of State to solicit such humanitarian assistance for the Nicaraguan democratic resistance.

AUTHORIZATION OF APPROPRIATIONS FOR DESIGN AND CONSTRUCTION OF A RESEARCH AND ENGINEERING FACILITY AT THE NATIONAL SECURITY AGENCY HEADQUARTERS COMPOUND

SEC. 106. The National Security Agency is authorized to secure the design and construction of a research and engineering facility at its headquarters compound at Ft.

Meade, Maryland. A single continuous contract may be employed to facilitate completion of the building authorized by this section, and the Secretary of Defense is authorized to contract for design and construction in advance of appropriations therefor, but the cost of such facility may not exceed $75,064,000. Of the amounts authorized to be appropriated under section 101(4) of this Act, there is authorized to be appropriated for fiscal year 1986 the sum of $21,364,000 for design and construction of the facility authorized by this section during fiscal year 1986.

TITLE II—INTELLIGENCE COMMUNITY STAFF

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. There is authorized to be appropriated for the Intelligence Community Staff for fiscal year 1986 the sum of $22,083,000.

AUTHORIZATION OF PERSONNEL END-STRENGTH

SEC. 202. (a) The Intelligence Community Staff is authorized two hundred and thirty-three full-time personnel as of September 30, 1986. Such personnel of the Intelligence Community Staff may be permanent employees of the Intelligence Community Staff or personnel detailed from other elements of the United States Government.

(b) During fiscal year 1986, personnel of the Intelligence Community Staff shall be selected so as to provide appropriate representation from elements of the United States Government engaged in intelligence and intelligence-related activities.

(c) During fiscal year 1986, any officer or employee of the United States or a member of the Armed Forces who is detailed to the Intelligence Community Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may ge detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

INTELLIGENCE COMMUNITY STAFF ADMINISTERED IN SAME MANNER AS CENTRAL INTELLIGENCE AGENCY

SEC. 203. During fiscal year 1986, activities and personnel of the Intelligence Community Staff shall be subject to the provisions of the National Security Act of 1947 (50 U.S.C. 401 et seq.) and the Central Intelligence Agency Act of 1949 (50 U.S.C. 403a et seq.) in the same manner as activities and personnel of the Central Intelligence agency.

TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1986 the sum of $101,400,000.

TITLE IV—PROVISIONS RELATING TO INTELLIGENCE AGENCIES

SEC. 401. (a) Title V of the National Security Act of 1947 (50 U.S.C. 413), relating to accountability for intelligence activities, is amended by adding at the end thereof the following:

FUNDING OF INTELLIGENCE ACTIVITIES

"SEC. 502. (a) Appropriated funds available to an intelligence agency may be obligated or expended for an intelligence or intelligence-related activity only if—

"(1) those funds were specifically authorized by the Congress for use for such activity; or

"(2) in the case of funds from the Reserve for Contingencies of the Central Intelligence Agency and consistent with the provisions of section 501 of this Act concerning any significant anticipated intelligence activity, the Director of Central Intelligence has notified the appropriate congressional committees of the intent to make such funds available for such activity; or

"(3) in the case of funds specifically authorized by the Congress for a different activity—

"(A) the activity to be funded is a higher priority intelligence or intelligence-related activity;

"(B) the need for funds for such activity is based on unforeseen requirements; and

"(C) the Director of Central Intelligence, the Secretary of Defense, or the Attorney General, as appropriate, has notified the appropriate congressional committees of the intent to make such funds available for such activity.

"(4) Nothing in this subsection prohibits obligation or expenditure of funds available to an intelligence agency in accordance with Sections 1535 and 1536 of title 31, United States Code.

"(b) Funds available to an intelligence agency may not be made available for any intelligence or intelligence-related activity for which funds were denied by the Congress.

"(c) As used in this section—

"(1) the term 'intelligence agency' means any department, agency, or other entity of the United States involved in intelligence or intelligence-related activities;

"(2) the term 'appropriate congressional committees' means the Permanent Select Committee on Intelligence and the Committee on Appropriations of the House of Representatives and the Select Committee on Intelligence and the Committee on Appropriations of the Senate; and

"(3) the term 'specifically authorized by the Congress' means that—

"(A) the activity and the amount of funds proposed to be used for that activity were identified in a formal budget request to the Congress, but funds shall be deemed to be specifically authorized for that activity only to the extent that the Congress both authorized the funds to be appropriated for that activity and appropriated the funds for that activity; or

"(B) although the funds were not formally requested, the Congress both specifically authorized the appropriation of the funds for the activity and appropriated the funds for the activity.".

(b) The table of contents at the end of the first section of such Act is amended by inserting the following after the item relating to section 501:

"Sec. 502. Funding of intelligence activities.".

(c) The amendment made by Section 401(a) of this Act shall not apply with respect to funds appropriated to the Director of Central Intelligence under the heading "ENHANCED SECURITY COUNTERMEASURES CAPABILITIES" in the Supplemental Appropriations Act, 1985 (Public Law 99-88).

COUNTERINTELLIGENCE CAPABILITIES IMPROVEMENT REPORT

SEC. 402. (a) Within 120 days after the date of enactment of this Act, the President shall submit to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate a report on the capabilities, programs, and policies of the United States to protect against, detect, monitor, counter, and limit intelligence activities by foreign powers, within and outside the United States, directed as United States Government activities or information, including plans for improvements which presently are within the authority of the executive branch to effectuate, and recommendations for improvements which would require legislation to effectuate.

(b) The report described in subsection (a) of this section shall be exempt from any requirement for publication or disclosure.

NOTICE TO CONGRESS OF CERTAIN TRANSFERS OF DEFENSE ARTICLES AND DEFENSE SERVICES

SEC. 403. (a)(1) During fiscal year 1986, the transfer of a defense article or defense service exceeding $1,000,000 in value by an intelligence agency to a recipient outside that agency shall be considered a significant anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947.

(2) Paragraph (1) does not apply if—

(A) the transfer is being made to a department, agency or other entity of the United States (so long as there will not be a subsequent retransfer of the defense articles or defense services outside the United States Government in conjunction with an intelligence or intelligence-related activity); or

(B) the transfer—

(i) is being made pursuant to authorities contained in part II of the Foreign Assistance Act of 1961, the Arms Export Control Act, title 10 of the United States Code (including a law enacted pursuant to section 7307(b)(1) of that title), or the Federal Property and Administrative Services Act of 1949, and

(ii) is not being made in conjunction with an intelligence or intelligence-related activity.

(3) An intelligence agency may not transfer any defense articles or defense services outside the agency in conjunction with any intelligence or intelligence-related activity for which funds were denied by the Congress.

(b) As used in this section—

(1) the term "intelligence agency" means any department, agency, or other entity of the United States involved in intelligence or intelligence- related activities;

(2) the terms "defense articles" and "defense services" mean the items on the United States Munitions List pursuant to section 38 of the Arms Export Control Act (22 CFR part 121);

(3) the term "transfer" means—

(A) in the case of defense articles, the transfer of possession of those articles, and

(B) in the case of defense services, the provision of those services; and

(4) the term "value" means—

(A) in the case of defense articles, the greater of—

(i) the original acquisition cost to the United States Government, plus the cost of improvements or other modifications made by or on behalf of the Government; or

(ii) the replacement cost; and

(B) in the case of defense services, the full cost to the Government of providing the services.

TITLE V—GENERAL PROVISIONS

AUTHORITY FOR THE CONDUCT OF INTELLIGENCE ACTIVITIES

SEC. 501. The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise

authorized by the Constitution or laws of the United States.

INCREASES IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW

SEC. 502. Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

TITLE VI—FACILITATING NATURALIZATION OF CERTAIN FOREIGN INTELLIGENCE SOURCES

IMMIGRATION AND NATIONALITY ACT AMENDMENT

SEC. 601. Section 316 of the Immigration and Nationality Act (8 U.S.C. 1427) is amended by adding at the end thereof the following new subsection:

"(g)(1) Whenever the Director of Central Intelligence, the Attorney General and the Commissioner of Immigration determine that a petitioner otherwise eligible for naturalization has made an extraordinary contribution to the national security of the United States or to the conduct of United States intelligence activities, the petitioner may be naturalized without regard to the residence and physical presence requirements of this section, or to the prohibitions of section 313 of this Act, and no residence within the jurisdiction of the court shall be required: Provided, That the petitioner has continuously resided in the United States for at least one year prior to naturalization: Provided further, That the provisions of this subsection shall not apply to any alien described in subparagraphs (A) through (D) of paragraph 243(h)(2) of this Act.

"(2) A petition for naturalization may be filed pursuant to this subsection in any district court of the United States, without regard to the residence of the petitioner. Proceedings under this subsection shall be conducted in a manner consistent with the protection of intelligence sources, methods and activities.

"(3) The number of aliens naturalized pursuant to this subsection in any fiscal year shall not exceed five. The Director of Central Intelligence shall inform the Select Committee on Intelligence and the Committee on the Judiciary of the Senate and the Permanent Select Committee on Intelligence and the Committee on the Judiciary of the House of Representatives within a reasonable time prior to the filing of each petition under the provisions of this subsection.".

TITLE VII—ADMINISTRATIVE PROVISIONS

USE OF PROCEEDS FROM DEFENSE DEPARTMENT COUNTERINTELLIGENCE OPERATIONS

SEC. 701. (a) During fiscal year 1986, the Secretary of Defense may authorize, without regard to the provisions of section 3302 of title 31, United States Code, use of proceeds from counterintelligence operations conducted by components of the Military Departments to offset necessary and reasonable expenses, not otherwise prohibited by law, incurred in such operations, if use of appropriated funds to meet such expenses would not be practicable.

(b) As soon as the net proceeds from such counterintelligence operations are no longer necessary for the conduct of those operations, such proceeds shall be deposited into the Treasury as miscellaneous receipts.

(c) The Secretary of Defense shall establish policies and procedures to govern acquisition, use, management and disposition of proceeds from counterintelligence operations conducted by components of the Military Departments, including effective internal systems of accounting and administrative controls.

RETIREMENT BENEFITS FOR CERTAIN CENTRAL INTELLIGENCE AGENCY EMPLOYEES SERVING IN UNHEALTHFUL AREAS

SEC. 702. Section 251 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (50 U.S.C. 403 note) is amended by inserting "(a)" after "SEC. 251." and by adding at the end thereof the following new subsection:

"(b) The Director of Central Intelligence may from time to time establish, in consultation with the Secretary of State, a list of places outside the United States which by reason of climatic or other extreme conditions are to be classed as unhealthful posts. Each year of duty at such posts, inclusive of regular leaves of absence, shall be counted as one and a half years in computing the length of service of a participant under this Act for the purpose of retirement, fractional months being considered as full months in computing such service. No extra credit for service at such unhealthful posts shall be credited to any participant who is paid a differential under section 5925 or 5928 of title 5, United States Code, for such service.".

TITLE VIII—ACCESS TO CRIMINAL HISTORY RECORDS FOR NATIONAL SECURITY PURPOSES

SEC. 801. (a) Part III of title 5, United States Code, is amended by adding after chapter 89 the following new subpart:

"Subpart H—Access to Criminal History Record Information

"CHAPTER 91—ACCESS TO CRIMINAL HISTORY RECORDS FOR NATIONAL SECURITY PURPOSES

"Sec.
"9101. Criminal history record information for national security purposes.

"§ 9101. Criminal history record information for national security purposes

"(a) As used in this section:

"(1) The term 'criminal justice agency' includes Federal, State, and local agencies and means: (A) courts, or (B) a Government agency or any subunit thereof which performs the administration of criminal justice pursuant to a statute or Executive order, and which allocates a substantial part of its annual budget to the administration of criminal justice.

"(2) The term 'criminal history record information' means information collected by criminal justice agencies on individuals consisting of identifiable descriptions and notations of arrests, indictments, informations, or other formal criminal charges and any disposition arising therefrom, sentencing, correction supervision, and release. The term does not include identification information such as fingerprint records to the extent that such information does not indicate involvement of the individual in the criminal justice system. The term does not include those records of a State or locality sealed pursuant to law from access by State and local criminal justice agencies of that State or locality.

"(3) The term 'classified information' means information or material designated pursuant to the provisions of a statute or Executive order as requiring protection against unauthorized disclosure for reasons of national security.

"(4) The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Northern Mariana Islands, Guam, the Virgin Islands, Armerican Samoa, the Trust Territory of Pacific Islands, and any other territory or possession of the United States.

"(5) The term 'local' and 'locality' means any local government authority or agency or component thereof within a State having jurisdiction over matters at a county, municipal or other local government level.

"(b)(1) Upon request by the Department of Defense, the Office of Personnel Management, or the Central Intelligence Agency, criminal justice agencies shall make available criminal history record information regarding individuals under investigation by such department, office or agency for the purpose of determining eligibility for (A) access to classified information or (B) assignment to or retention in sensitive national security duties. Such a request to a State central criminal history record repository shall be accompanied by the fingerprints of the individual who is the subject of the request if required by State law and if the repository uses the fingerprints in an automated fingerprint identification system. Fees, if any, charged for providing criminal history record information pursuant to this subsection shall not exceed the reasonable cost of providing such information, nor shall they in any event exceed those charged to State or local agencies other than criminal justice agencies for such information.

"(2) This subsection shall apply notwithstanding any other provision of law or regulation of any State or of any locality within a State, or any other law of the United States.

"(3)(A) Upon request by a State or locality, the Department of Defense, the Office of Personnel Management, or the Central Intelligence Agency shall enter into an agreement with such State or locality to indemnify and hold harmless such State or locality, and its officers, employees and agents, from any claim against such State or locality, or its officer, employee or agent, for damages, costs and other monetary loss, whether or not suit is instituted, arising from the disclosure or use by such department, office or agency of criminal history record information obtained from the State or locality pursuant to this subsection, if the laws of such State or locality, as of the date of enactment of this section, otherwise have the effect of prohibiting the disclosure of such criminal history record information to such department, office, or agency.

"(B) When the Department of Defense, the Office of Personnel Management, or the Central Intelligence Agency and a State or locality have entered into an agreement described in subparagraph (A), and a claim described in such subparagraph is made against such State or locality, or its officer, employee, or agent, the State or locality shall expeditiously transmit notice of such claim to the Attorney General and to the United States Attorney of the district embracing the place wherein the claim is made, and the United States shall have the opportunity to make all determinations regarding the settlement or defense of such claim.

"(c) The Department of Defense, the Office of Personnel Management, or the Central Intelligence Agency shall not obtain criminal history record information pursuant to this section unless it has received written consent from the individual under investigation for the release of such information for the purposes set forth in paragraph (b)(1).

"(d) Criminal history record information received under this section shall be disclosed

or used only for the purposes set forth in paragraph (b)(1) or for national security or criminal justice purposes authorized by law, and such information shall be made available to the individual who is the subject of such information upon request.".

(b) The table of contents of Part III of title 5, United States Code is amended by adding at the end thereof:

"Subpart G—Access to Criminal History Record Information

"91. Access to Criminal History Record Information for National Security Purposes..... 9101".

SEC. 802. The amendments made by Section 801(a) of this Act shall become effective with respect to any inquiry which begins after the date of enactment of this Act conducted by the Department of Defense, the Office of Personnel Management, or the Central Intelligence Agency, for the purposes specified in paragraph (b)(1) of section 9101 of title 5, United States Code, as added by this Act.

SEC. 803. (a) Within two years after the date of enactment of this Act, the Department of Justice, after consultation with the Department of Defense, the Office of Personnel Management, and the Central Intelligence Agency, shall report to the appropriate committees of the Congress concerning the effect of Section 9101(b)(3) of title 5, United States Code, as added by this Act, including the effect of the absence of indemnification agreements upon States and localities not eligible under Section 9101(b)(3) of title 5, United States Code, for such agreements.

(b) Three years after the date of enactment of this Act, Section 9101(b)(3) of title 5, United States Code, shall expire.

And the Senate agree to the same.

LEE H. HAMILTON,
LOUIS STOKES,
DAVE MCCURDY,
ANTHONY C. BEILENSON,
ROBERT W. KASTENMEIER,
DAN DANIEL,
ROBERT A. ROE,
GEORGE E. BROWN, Jr.,
MATTHEW F. MCHUGH,
BERNARD J. DWYER,
BOB STUMP,
ANDY IRELAND,
HENRY J. HYDE,
DICK CHENEY,
BOB LIVINGSTON,
BOB MCEWEN,

For consideration of matters within the jurisdiction of the Committee on the Judiciary under clause 1(m) of House Rule X,

PETER W. RODINO, Jr.,
ROMANO L. MAZZOLI,
DAN LUNGREN,

For consideration of matters within the jurisdiction of the Committee on Armed Services under clause 1(c) of House Rule X,

LES ASPIN,
SAMUEL S. STRATTON,
WM. L. DICKINSON,

Managers on the Part of the House.

DAVE DURENBERGER,
W.V. ROTH, Jr.,
BILL COHEN,
ORRIN G. HATCH,
FRANK H. MURKOWSKI,
CHIC HECHT,
MITCH MCCONNELL,
PATRICK J. LEAHY,
LLOYD BENTSEN,
SAM NUNN,
ERNEST F. HOLLINGS,
DAVID L. BOREN,
BILL BRADLEY,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2419) to authorize appropriations for fiscal year 1986 for the intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I—INTELLIGENCE ACTIVITIES

Due to the classified nature of intelligence and intelligence-related activities, a classified annex to this joint explanatory statement serves as a guide to the classified Schedule of Authorizations by providing a detailed description of program and budget authority contained therein as reported by the Committee of Conference.

The actions of the conferees on all matters of difference between the two Houses (stated in the classified annex to the report accompanying the House bill, and the classified supplement that accompanied the report on the Senate bill) are shown below or in the classified annex to this joint statement.

A special conference group resolved differences between the House and the Senate regarding DOD Intelligence Related Activities, referred to as Tactical Intelligence and Related Activities (TIARA). This special conference group was necessitated by the differing committee jurisdictions between the two Houses and consisted of members of the House and Senate Committees on Armed Services and the House Permanent Select Committee on Intelligence.

The amounts listed for TIARA programs represent the funding levels jointly agreed to by the TIARA conferees and the House and Senate conferees for the Department of Defense Authorization Act, 1986 (H. Rept. 99-325). In addition, the TIARA conferees have agreed on the authorization level, as listed in the classified Schedule of Authorizations, the joint statement, and its classified annex, for TIARA programs which fall into the appropriation categories of Military Pay and Military Construction.

SECTIONS 101 AND 102

Sections 101 and 102 of the conference report are identical to Sections 101 and 102 of the House bill, with the deletion of unnecessary technical parenthetical references. The Senate Amendment contained substantially similar provisions.

SECTION 103

Section 103 of the conference substitute authorizes appropriations of $50,600,000 for fiscal year 1986 for FBI domestic and international counterterrorism activities and authorizes the Attorney General to make advance payments to State and local law enforcement agencies cooperating in counterterrorism activities, not to exceed a total of $500,000, from funds authorized for FBI counterterrorism activities. The House bill had authorized $15,200,000 for FBI domestic terrorism activities in Section 103 and, by virtue of Sections 101 and 102 of that bill as it incorporated its accompanying classified Schedule of Authorizations, authorized a separate amount for FBI international counterterrorism activities. Section 106 of the Senate amendment, sponsored by Senator Bentsen, was substantially similar to Section 103 of the conference report, except that it authorized a total of $59,000,000 for FBI domestic and international terrorism activities and it specifically authorized forty additional counterterrorism motor vehicles for the FBI. The conferees note that these additional forty vehicles will be provided in fiscal year 1986 appropriations for the FBI.

The classified annex to this joint statement sets forth the allocation of the $50,600,000 provided in Section 103 of the conference report between the FBI domestic counterterrorism program and the FBI international counterterrorism program.

SECTION 104

Section 104 of the conference report authorizes the Director of Central Intelligence, under certain circumstances, to make personnel ceiling adjustments. Section 104 of the House bill contained a substantially similar provision. Section 104 of the Senate amendment is identical to Section 104 of the conference report.

SECTION 105

The House bill contained a provision, Section 105, prohibiting funds available to the Central Intelligence Agency, the Department of Defense, or any other element of the U.S. Government involved in intelligence activities from being obligated or expended during fiscal year 1986 for material assistance to the Nicaraguan democratic resistance. The provision also prohibited the obligation or expenditure of any such funds with the effect of providing arms, ammunition or other weapons of war for military or paramilitary operations in Nicaragua by any group, organization, movement, or individual. Section 105 of the House bill permitted the provision of advice and intelligence information to the Nicaraguan democratic resistance.

The Senate bill had no similar provision.

The conferees carefully considered this issue in light of Congressional action subsequent to passage of Fiscal Year 1986 Intelligence Authorization bills in the House and the Senate, and in the context of the current situation in Nicaragua. The Conference Report contains a new Section 105 which restricts support for military or paramilitary operations in Nicaragua.

Section 105, as contained in the Conference Report, provides that funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated and expended during fiscal year 1986 to provide funds, material, or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in

Nicaragua only as authorized pursuant to Section 101 and as specified in the classified Schedule of Authorizations referred to in Section 102 of H.R. 2419, Section 502 of the National Security Act of 1947, or Section 106 of the Supplemental Appropriations Act, 1985.

Section 101 of the Fiscal Year 1986 Intelligence Authorization Act and as specified in the classified Schedule of Authorizations referred to in Section 102

Classified amounts are authorized in Section 101 for intelligence agency infrastructure expenditures related to activities such as the provision of information and advice to the Nicaraguan democratic resistance as described below. In addition, a specific classified authorization amount for communications equipment and related training is contained in the classified Schedule of Authorizations. This authorization is consistent with the action taken by the Congress in the Supplemental Appropriations Act (P.L. 99-88) to allow the United States Government to exchange information with the Nicaraguan democratic resistance. The classified authorization is designed to ensure that an exchange of information can be accomplished without compromising U.S. intelligence sources and methods.

Section 502 of the National Security Act of 1947, as contained in Section 401 of the Fiscal Year 1986 Intelligence Authorization Act

Subsection 502(b) states that no funds may be made available for any intelligence activity for which funds have been denied by the Congress. The conferees have agreed to deny all funding requested by the Administration for the paramilitary covert action program for Nicaragua. This Joint Explanatory Statement notes concerning Subsection 502(b) of the National Security Act that a program for which funding has been denied, but which has been restructured in a major way so as to effectively constitute a new program, may become eligible for funding. The conferees emphasize that under Section 502 of the National Security Act, the effect of their authorization action on the Administration's original budget request relating to military or paramilitary operations in Nicaragua is to make approval either of a reprogramming or of a transfer the only way in which funds, material, or other assistance beyond what is authorized in Section 101 of this Conference Report and the Classified Schedule referred to in Section 102, as described above, and what may become available pursuant to Section 106 of P.L. 99-88, as described below, could be provided by the intelligence agencies to the Nicaraguan democratic resistance during fiscal year 1986 to support military or paramilitary operations in Nicaragua. The CIA Reserve for Contingencies will not, in other words, be available to fund such activity.

Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88)

Section 106 of the Supplemental Appropriations Act, 1985, provides for expedited Congressional consideration of a Presidential request for assistance for the Nicaraguan democratic resistance in addition to the $27 million appropriated for humanitarian assistance for the Nicaraguan democratic resistance in that Act.

The conferees note that they considered authorizing the intelligence agencies to provide transportation equipment to the Nicaraguan democratic resistance, but determined not to authorize funds for such equipment because the Nicaraguan Humanitarian Assistance Office established by Executive Order 12530 of August 29, 1985, pursuant to the International Security and Development Cooperation Act of 1985 (P.L. 99-83) and the Fiscal Year 1985 Supplemental Appropriations Act, already has the authority to provide transportation equipment as part of the humanitarian assistance program, and the provision of such equipment is not precluded by the definition of humanitarian assistance contained in those Acts so long as no modifications are made to the equipment designed to be used to inflict serious bodily harm or death.

The conferees note that under current law and the restriction contained in Section 105 of this Conference Report, the intelligence agencies may provide advice, including intelligence and counterintelligence advice, and information, including intelligence and counterintelligence information, to the Nicaraguan democratic resistance. Section 105 does not permit intelligence agencies to engage in activities, including training other than the communications training provided for pursuant to Section 105, that amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations.

Section 105 does not permit the departments, agencies, and entities described therein to engage in the solicitation of third countries to provide funds, materiel, or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua. But Section 105(b)(2) does not restrict the solicitation by the Department of State through diplomatic channels of third country humanitarian assistance of the same kind that the Nicaraguan Humanitarian Assistance Office is authorized to provide the Nicaraguan democratic resistance, so long as such third country assistance is furnished from the third country's own resources, and the United States does not enter into any arrangement conditioning, expressly or impliedly, the provision of U.S. assistance to a third country on the provision of assistance by such third country to the Nicaraguan democratic resistance.

SECTION 106

Section 106 of the conference report authorizes appropriations for design and construction of a research and engineering facility at the National Security Agency headquarters compound. Section 106 of the conference report is identical to Section 105 of the Senate amendment. The House bill contained a corresponding provision by virtue of Sections 101 and 102 of the House bill and the classified Schedule of Authorizations incorporated therein by reference.

TITLE II—INTELLIGENCE COMMUNITY STAFF

SECTIONS 201, 202, AND 203

Title II of the conference report authorizes appropriations and personnel end-strengths for the Intelligence Community Staff for fiscal year 1986 and provides for administration of the Staff during fiscal year 1986 in the same manner as the Central Intelligence Agency. The House bill authorized $21,000,000 and 233 personnel for the Intelligence Community Staff for fiscal year 1986. The Senate amendment authorized $22,283,000 and 233 personnel. The conferees agreed to a total authorization of $22,083,000 and 233 personnel.

TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SECTION 301

Section 301 of the conference report authorizes appropriation of the sum of $101,400,000 for fiscal year 1986 for the Central Intelligence Agency Retirement and Disability Fund. Section 301 of the conference report is identical to Section 301 of the House Bill and Section 301 of the Senate amendment.

TITLE IV—PROVISIONS RELATING TO INTELLIGENCE AGENCIES

SECTION 401

Section 401 of the conference report adds a new Section 502 to the National Security Act of 1947. Section 502 of the National Security Act as contained in the conference report provides that appropriated funds available to U.S. intelligence agencies may be made available for an intelligence or intelligence-related activity only if: (1) Congress specifically authorized and appropriated such funds for such activities, (2) for releases from the CIA Reserve for Contingencies, the DCI has given prior notice of the release to the intelligence and appropriations committees of Congress consistent with Section 501 of the National Security Act, or (3) for funds made available by reprogrammings, transfers, or otherwise, the DCI, the Secretary of Defense, or the Attorney General, as appropriate, has given prior notice of such action to the intelligence committees and the appropriations committees.

Section 401 of the House bill contained provisions relating to intelligence funding substantially similar to Section 401 of the conference report, and also contained separate provisions relating to covert arms transfers which are incorporated with modifications in Section 403 of the conference report, discussed below. Section 103 of the Senate amendment contained the single fiscal year provision included in previous intelligence authorization bills corresponding to the provisions relating to intelligence funding contained in the House bill; the Senate amendment did not contain a provision corresponding to the House bill provisions on covert arms transfers.

Section 502 of the National Security Act (relating to intelligence funding) as contained in Section 401(a) of the conference report is the same as Section 502(a) of the National Security Act as contained in Section 401(a) of the House bill, with the following changes: (1) insertion at the beginning of Section 502 of the National Security Act of the word "Appropriated" to make clear that Section 502(a) of the National Security Act applies with respect to appropriated funds; (2) addition of a role for the Attorney General with respect to certain FBI and DEA funding; (3) addition of a provision making clear that nothing in Section 502 of the National Security Act prohibits obligation or expenditure of funds in accordance with Sections 1535 and 1536 of title 31, United States Code (the "Ecomony Act"); and (4) technical drafting changes such as renumbering of provisions and relocation of definitions.

Section 502(a)(3)(C) of the National Security Act as contained in the conference report ensures that the intelligence and appropriations committees of Congress will receive prior notice when funds specifically authorized for one activity are made available for a different intelligence or intelligence-related activity, by reprogramming,

transfer or otherwise. The Director of Central Intelligence, the Secretary of Defense, or the Attorney General, as appropriate, bears responsibility for providing such prior notice.

Under Section 502(a)(3)(C) of the National Security Act as contained in the conference report, the DCI will be responsible for providing prior notice when the activity for which funds are being made available falls within the National Foreign Intelligence Program (NFIP) budget. The Secretary of Defense will be responsible for providing such notice when the activity falls within a Department of Defense intelligence-related budget category. The Attorney General will be responsible for providing such notice when the activity falls within the domestic terrorism budget of the Federal Bureau of Investigation or the Foreign Cooperative Investigations Program of the Drug Enforcement Administration (DEA). In any other case—that is, when the activity for which funds are being made available falls outside the NFIP, DOD intelligence-related budget categories, the FBI domestic terrorism budget, and the DEA Foreign Cooperative Investigations Program budget—the DCI will be responsible for providing such notice.

Section 502(b) of the National Security Act as contained in the conference report states that no funds may be made available for any intelligence activity for which funds were denied by the Congress. This prohibition applies to the use of all funds available to intelligence agencies, whether programmed or contingency. At the time, it should be recognized that a program for which funding was denied by Congress, but which has been restructured in a major way so as to effectively constitute a new program is not barred from being funded. However, the conferees agreed that restructured programs which address the same subject matter as programs denied by the Congress should be considered matters of Congressional interest and, by tradition and agreed upon procedures, would normally require reprogramming or transfer approval to initiate funding. The conferees further agreed that contingency funds could be used to fund such restructured programs if a timely response to unforeseen circumstances is required, the intelligence and appropriations committees have been notified at least 15 days prior to the program's initiation, and the use of contingency funds has not been specifically prohibited.

The concern was expressed that extremely unusual circumstances could be imagined in which prior notice to congressional committees of an activity might not be required by Section 501 of the National Security Act of 1947, but the method of funding the activity might require prior notice to congressional committee under Section 502 of the National Security Act as contained in the conference report. The conferees do not expect such an issue to arise in practice, but if it should arise, resolution of the issue should be guided by the principles of comity and mutual understanding as set forth in the statement of managers accompanying the conference report which included Section 501 of the National Security Act (House Report 96-1350). Under all circumstances, legally required notifications to congressional committees must be provided.

SECTION 402

The House bill contained a provision requiring the Director of Central Intelligence to review and evaluate the vulnerability of confidential United States Government activities abroad, and information concerning such activities, to efforts by foreign powers to detect, monitor, or counter such activities, or to acquire such information. The DCI was to report to the House and Senate intelligence committees on these matters, including plans for improvements to reduce such vulnerabilities. The Senate bill contained no comparable provision.

The conference substitute requires the President, within 120 days after the date of enactment, to submit to the House and Senate intelligence committees a report on the capabilities, programs, and policies of the United States to protect against, detect, monitor, counter, and limit intelligence activities by foreign powers, within and outside the United States, directed at United States Government activities or information, including plans for improvements which are within his authority to effectuate and recommendations for improvements which are not within his authority to effectuate. This report is to be exempt from any requirement for publication or disclosure.

The conferees intend that the President will submit within sixty days of the date of enactment of H.R. 2419 an interim report on the same subject as the full report required to be submitted within 120 days of enactment. In developing these reports, the conferees expect the President to consult as appropriate with the intelligence committees with a view toward developing an agenda for action and to consider such information presented to those committees as those committees shall deem appropriate to make available to the President. Submission of the interim report within sixty days is of particular importance to the Senate conferees, since submission of the interim report will coincide with the preparation of a report to the Senate by the Senate Select Committee on Intelligence.

SECTION 403

Section 403 of the conference report is the same as Section 502(b) of the National Security Act as contained in Section 401(a) of the House bill, with the following changes: (1) Section 403 of the conference report applies only during fiscal year 1986 and (2) technical drafting changes such as renumbering of provisions and relocation of definitions. Section 403 requires prior notification to the intelligence committees of any covert arms transfer where the value of a single article or service exceeds $1 million. Prior notification is subject to the same terms and conditions as apply to the other significant anticipated intelligence activities under Section 501 of the National Security Act.

The conferees note that the intelligence committees and the Executive Branch have been engaged for well over a year in a cooperative process designed to produce mutual understandings of the term "significant anticipated intelligence activity" as used in Section 501 of the National Security Act of 1947 as it concerns covert action, and in particular covert arms transfers. The conferees express the hope that expeditious completion of this process and fulfillment of the understandings reached in that process will obviate any future need to define further in statute the term "significant anticipated intelligence activity."

TITLE V—GENERAL PROVISIONS

SECTION 501

Section 501 of the conference report makes clear that nothing in the Intelligence Authorization Act constitutes authority for the conduct of any intelligence or intelligence-related activity not otherwise authorized by the Constitution or laws of the United States. Section 501 of the conference report is identical to Section 501 of the House bill and Section 401 of the Senate amendment.

SECTION 502

Section 502 of the conference report authorizes increases, by such additional or supplemental amounts as may be necessary, of appropriations authorized by the Intelligence Authorization Act for salary, pay, retirement, and other benefits for Federal employees for increases in such compensation or benefits authorized by law. Section 502 of the House bill and Section 402 of the Senate amendment contained provisions substantially similar to Section 502 of the conference report.

TITLE VI—FACILITATING NATURALIZATION OF CERTAIN FOREIGN INTELLIGENCE SOURCES

SECTION 601

The Senate amendment to H.R. 2419 contained a provision amending section 316 of the Immigration and Nationality Act (8 U.S.C. 1427) to improve the ability of the United States to obtain foreign intelligence by authorizing the waiver of certain requirements for naturalization for certain persons who had made extraordinary contributions to the national security or to the conduct of U.S. intelligence activities. The requirements authorized to be waived were general residency and physical presence, the additional waiting period imposed on members of certain organizations, and the requirement that the naturalization petition be filed in the court which has jurisdiction over the petitioner's place of residence.

The House bill had no comparable provision.

The conferees agreed to the Senate provision, with several modifications designed to more clearly express Congressional intent in enacting the amendment to Section 316 of the Immigration and Nationality Act.

First, although the conferees recognized that the basic thrust of the legislation was to remove fixed chronological barriers to naturalization in a small number of very extraordinary cases, they concluded that it would nevertheless be prudent to require any alien naturalized pursuant to subsection 316(g) of the Immigration and Nationality Act to have continuously resided in the United States for at least one year. The conferees did not consider this requirement to be unduly burdensome, or to run counter to the underlying purpose of subsection 316(g), especially in light of the probability that resettlement and related administrative processing of the kinds of individuals that subsection 316(g) is designed to benefit normally will take at least several months, if not longer.

Second, the conferees agreed to add a proviso that the waiver authority cannot apply to any alien described in subparagraphs A through D of paragraph 243(h)(2) of the Immigration and Nationality Act (8 U.S.C. 1253(h)(2)), relating to persecutors, criminals, and counterintelligence risks. The conferees emphasize that in evaluating eligibility for waivers under subsection 316(g) in light of these disqualifying criteria, references to participation and assistance shall not apply to mere membership in or association with an organization that engages in persecution, but rather must be interpreted to apply to the personal acts of a potential petitioner. Many potential beneficiaries of the amendment are likely to have been members of the foreign intelligence services of other nations, for example the Soviet

Committee for State Security (KGB) which has both foreign intelligence and domestic security responsibilities. A set of disqualification criteria that operated to exclude all members of such organizations would deprive subsection 316(g) of any practical utility, and no such anomalous result is intended by the conferees.

Third, the conferees agreed that the maximum number of aliens naturalized pursuant to subsection 316(g) in any fiscal year shall not exceed five.

Fourth, the conferees agreed to a change in the Congressional notification specification that makes clear that the Intelligence and Judiciary Committees of each House are to be informed within a reasonable time prior to the filing of each petition under subsection 316(g). The conferees consider that a "reasonable time" normally would be not less than 30 days.

The conferees expect that the authority provided by subsection 316(g) will be used to reward those aliens who for a significant time have maintained a relationship with the United States. Only in rare instances should expedited citizenship be afforded to defectors with no previous relationship with the United States, and only after careful scrutiny should the promise of expedited citizenship be offered as an inducement for future services.

The conferees emphasize that private immigration legislation remains the preferred method for processing exceptions to Immigration and Nationality Act provisions, because it allows full Congressional consideration of the merits of individual cases. In any event, the Executive Branch should, in each case, determine whether a private bill or use of the waiver authority provided for in subsection 316(g) is most appropriate. The waiver authority is meant for special kinds of situations, and it should not normally be used as an alternative to be employed when efforts to enact private immigration legislation are unsuccessful.

The conferees also emphasize that in informing the Intelligence and Judiciary Committees of determinations to employ the authority in subsection 316(g), enough information must be supplied to the Committees to enable them to reach an informed opinion concerning such use. Thus, the conferees would expect that, consistent with due regard for the protection of intelligence sources and methods, the same kind of information would be supplied as that which is normally available to the Congress when it considers private immigration legislation. The conferees note that the Committees will be particularly interested in obtaining information bearing upon the criteria described in subparagraphs A through D of paragraph 243(h)(2) of the Immigration and Nationality Act. Nothing in Section 316(g) of the Immigration and Nationality Act in any way limits or supersedes the provisions of Title V of the National Security Act of 1947.

The second sentence of Section 316(g)(2) of the Immigration and Nationality Act, as contained in the conference report, does not increase any authority a federal court may now possess to maintain the confidentiality of its proceedings or records, nor does it provide the executive branch with any new authority vis-a-vis the federal courts. The conferees expect that a naturalization court will exercise its discretionary powers to protect intelligence sources, methods, and activities as appropriate.

The conferees expect the Director of Central Intelligence, the Attorney General, and the Commissioner of Immigration to employ the same kind of high-level joint decision-making process in connection with the amendment as has been the case with respect to use of the authority contained in section 7 of the Central Intelligence Agency Act of 1949.

The conferees also expect that the Director of Central Intelligence, the Attorney General, and the Commissioner of Immigration will pay close attention to any views on use of subsection 316(g) which may be communicated by the Intelligence or Judiciary Committees.

The conferees note that, although subsection 316(g) of the Immigration and Nationality Act permits waiver of certain naturalization requirements, all other naturalization requirements, including that of good character, continue to apply.

TITLE VII—ADMINISTRATIVE PROVISIONS

SECTION 701

Section 701 of the conference report authorizes the Secretary of Defense to allow counterintelligence components of the military departments to spend the proceeds of counterintelligence operations for the necessary and reasonable expenses, not otherwise prohibited by law, of the same or similar counterintelligence operations, rather than remitting the proceeds of such operations to the U.S. Treasury as miscellaneous receipts, as currently provided for by Section 3302 of title 31, United States Code. Section 601 of the Senate bill contains a substantially similar provision.

The House bill had no similar provision.

The conferees agreed to the Senate provision with some modifications. These require that the funds received in the course of counterintelligence operations be used only when appropriated funds are not available or cannot practicably be used for counterintelligence purposes. Further, the Secretary of Defense is required to establish polices and develop regulations to control, audit, and account for all receipts into, and disbursement from, the pool of funds. The conferees agreed to accept the Senate provision, as modified, because its authority was to be limited to FY 1986 and with the understanding that, with the submission of the FY 1987 Congressional Budget Justification materials, the Department of Defense should provide recommendations for additional legislative changes, if necessary, to allow the use of appropriated funds to fully cover the requirements of the Foreign Counterintelligence programs. The DOD report should analyze the merits of such legislative changes.

SECTION 702

Section 702 of the conference report provides the Director of Central Intelligence the authority to establish a list of unhealthful posts at which Agency employees covered by the CIA Retirement and Disability System may opt to receive one-and-one-half year's credit toward retirement for one year's service at such an unhealthful post. Section 702 of the conference report is the same as Section 602 of the Senate amendment, with a change making clear that only posts outside the United States may be considered for designation as unhealthful posts.

The House bill had no comparable provision.

Section 702 of the conference report parallels similar provisions of the Foreign Service Act applicable to Foreign Service Officers. The conferees note, however, that this provision—like many others which have been proposed by the Administration in the past six years—does not address the problems of all intelligence community employees who serve in similar circumstances. The intelligence committees have often before made this point to the leadership of the intelligence community, but to little avail.

The conferees agreed that future proposals for adjustments to intelligence benefits, allowances, or retirement provisions should be presented with a comparison of how present law and circumstances of employment affect intelligence agencies' employees across the board and how the new proposals would change such provisions. In this way, the committee will be able to understand whether a particular provision covers the situations of all those intelligence agency employees who should be considered when legislative adjustments are made. The House conferees note in particular that they will be reluctant in the future to agree to proposals in the benefit, allowance, and retirement areas that do not address the concerns of all intelligence agencies whose employees serve under comparable circumstances.

The conferees believe that, unless some extremely unusual circumstances can be demonstrated, the Director's list of unhealthful locations abroad for purposes of this retirement provision will be the same as the list established by the Secretary of State under the comparable provisions of the Foreign Service Act of 1980.

TITLE VIII—ACCESS TO CRIMINAL HISTORY RECORDS FOR NATIONAL SECURITY PURPOSES

SECTION 801, 802, AND 803

Title VIII of the Senate amendment provided the Department of Defense (DOD), the Office of Personnel Management (OPM), and the Central Intelligence Agency (CIA) a right of access to state and local criminal history record information in determining eligibility for (1) access to classified information, (2) assignment to or retention in sensitive national security duties, and (3) acceptance or retention in the armed services.

The House bill contained no corresponding provision.

Title VIII of the conference report includes a modified version of the Senate provision.

Title VIII of the conference report consists of four sections. Section 801(a) adds a new section 9101 to title 5, United States Code, to provide DOD, OPM, and CIA a right of access to state and local criminal history record information in determining eligibility for (1) access to classified information or (2) assignment to or retention in sensitive national security duties. Section 801(b) makes conforming changes to the table of contents of Part III of title 5, United States Code. Section 802 establishes the effective date of the amendments to title 5 made by Section 801(a). Section 803 requires the Department of Justice to report to the Congress within two years after the date of enactment of H.R. 2419 on the effect of the indemnification provisions contained in Section 9101 of title 5, as enacted by H.R. 2419, and contains a sunset provision limiting to a three year period the indemnification provisions of Section 9101.

The conferees note that a majority of States and localities currently cooperate with DOD, OPM and CIA by making criminal history record information available voluntarily; some states, however, do not provide such access, either as a matter of policy or due to state laws limiting access to such information. Section 9101 of title 5 will pro-

vide a mandatory mechanism for DOD, OPM and CIA access to criminal history record information for national security purposes; however, the conferees do not intend the mandatory nature of the process established by Section 9101 to discourage existing voluntary cooperation.

Statement of Need

The conferees included Title VIII in the conference report based upon the following consideration:

—under the Constitution, the Congress has the responsibility and power to provide for the common defense and security of our Nation;

—to meet the interests of national security, DOD, OPM, and CIA conduct investigations of individuals for the purpose of determining eligibility for access to classified information or assignment to or retention in sensitive national security duties;

—to meet the interests of national security, DOD, OPM, and CIA need access to criminal history record information when conducting investigations of individuals for the purpose of determining eligibility for access to classified information or assignment to or retention in sensitive national security duties; and

—while many States and localities have cooperated voluntarily in providing criminal history record information to DOD, OPM, and CIA for the purpose of determining eligibility for access to classified information or assignment to or retention in sensitive national security duties, a significant number of States and localities because of their laws or policies have not done so, which has limited the ability of DOD, OPM and CIA to conduct effective investigations.

Enactment by the Congress of the provisions of Title VIII pursuant to its constitutional powers set forth in Section 8 of Article I of the Constitution will, by virtue of the Supremacy Clause in Article VI of the Constitution, supersede anything in the constitutions or laws of the several states which conflicts with Title VIII.

Explanation of Section 9101 of Title 5

Section 801(a) of the Intelligence Authorization Act for Fiscal Year 1986 enacts a new section 9101 of title 5, United States Code, with the caption "Criminal history record information for national security purposes." Section 9101 will provide DOD, OPM, and CIA a right of access to state and local criminal history record information in determining eligibility for (1) access to classified information or (2) assignment to or retention in sensitive national security duties.

Subsection 9101(a) defines the terms "criminal justice agency," "criminal history record information," "classified information," "State," "local," and "locality" used in Section 9101. The conferees note that the term "criminal history record information" does not include juvenile records, nor does it include the contents of intelligence or investigative files, although such records and files may continue to be provided on a voluntary basis. The term also does not include the records of a State or locality sealed pursuant to law from access by State and local criminal justice agencies of that State or locality. The conferees excluded such sealed records in deference to the strong policies of a number of States concerning the sealing of certain records; the conferees took care, however, to ensure that federal agencies will enjoy the same status with respect to sealed records as State and local criminal justice agencies enjoy under State and local law. Thus, if a State or locality allows its criminal justice agencies access to a sealed record which otherwise fits the definition of criminal history record information, it cannot deny DOD, OPM, or CIA access under Section 9101 to that record. The definition of "classified information" includes information classified pursuant to Executive Order (currently Executive Order 12356) or pursuant to the Atomic Energy Act of 1954.

Paragraph 9101(b)(1) provides that, upon request by DOD, OPM, or CIA, criminal justice agencies shall make available criminal history record information regarding individuals being investigated by DOD, OPM, or CIA as provided in otherwise applicable law for the purpose of determining eligibility for (1) access to classified information or (2) assignment to or retention in sensitive national security duties. The first category of eligibility determinations, those involving initial or continuing access to classified information, are subject to security clearance requirements established by the President, currently contained in Section 4.1 of Executive Order 12356, which provides: "A person is eligible for access to classified information provided that a determination of trustworthiness has been made by agency heads or designated officials and provided that such access is essential to the accomplishment of lawful and authorized Government purposes."

For restricted data, such determinations are subject to requirements established in the Atomic Energy Act of 1954. The second category of eligibility determinations, those involving sensitive national security duties, relate to positions which involve important national security functions, but which do not involve authorized access to classified information. Examples of such positions are DOD personnel who provide Presidential security support and military personnel responsible for loading nuclear weapons aboard airplanes or ships. These individuals do not necessarily need access to classified information to perform their duties, but their jobs nevertheless involve sensitive national security duties.

The conferees expect DOD, OPM, and CIA, respectively, to establish internal regulations identifying which components of those organizations are authorized to make requests for access to criminal history record information under Section 9101. The Department of Defense has stated that it expects the following DOD components to use the authority granted by Section 9101: Defensive Investigative Service, Naval Investigative Service, Air Force Office of Special Investigations, Army Intelligence and Security Command, and the National Security Agency.

Paragraph 9101(b)(1) requires DOD, OPM, and CIA requests under Section 9101 to State central criminal history record repositories for access to criminal history record information to be accompanied by the fingerprints of the individuals who are the subject of the requests, if State or local law so requires and if the repository uses the fingerprints in an automated fingerprint identification system. When Section 9101 requires submission of fingerprints to repositories, DOD, OPM, and CIA will submit facsimiles of the fingerprints of individuals who are the subject of requests for information. In those occasional cases in which the facsimiles of fingerprints are illegible, unclassifiable or otherwise insufficient to use in the repository's automated fingerprint identification system, the repository will process the request using the name, date of birth and other identifying information submitted by DOD, OPM, and CIA with the request.

The conferees recognize that DOD, OPM, and CIA will also submit fingerprints, even when not required by Section 9101, when fingerprints are necessary to prevent misidentification by a State or locality of the individual who is the subject of the request for information, which might otherwise occur when the State or locality has records on individuals with similar names and other identifying information.

The conferees request that DOD, OPM, and CIA report to the appropriate committees of Congress within two years of the date of enactment of H.R. 2419 on the effect of the fingerprint submission requirement. The conferees urge DOD, OPM, and CIA and States and localities to cooperate in ensuring effective, accurate, timely and low-cost retrieval of criminal history record information as required by this statute. The conferees believe that DOD, OPM, and CIA should review their practices in obtaining and processing criminal history record information to keep abreast of rapidly changing technology, such as automated fingerprint identification systems.

Paragraph 9101(b)(1) also provides limitations on the fees States and localities may charge to DOD, OPM, and CIA for providing access to criminal history record information under Section 9101. The conferees note that many States and localities currently provide such services voluntarily at no charge, and the conferees hope that such cooperation without charge will continue. Nevertheless, after considering the national security interests of the Nation and the administrative and policy interests of the several States, the conferees concluded that States and localities should have the option of charging for the service which Section 9101 requires that they provide to DOD, OPM, and CIA.

To protect the federal fisc, the legislation provides that the fees a State or locality charges cannot exceed the reasonable cost of providing the criminal history record information. To protect the federal government against the possibility of discriminatory treatment by States and localities in setting fees for criminal history record information, the legislation provides that the fees charged to DOD, OPM, and CIA cannot exceed the fees the States and localities charge to State or local agencies which are non-criminal justice agencies. Thus, with respect to fees, the legislation provides that the States and localities need not charge DOD, OPM, or CIA when the States and localities provide criminal history record information under this section, but if they choose to do so, the States and localities may levy the lesser of the reasonable cost of providing the information, or the fee they charge to State or local non-criminal justice agencies. Funds authorized to be appropriated by H.R. 2419 to DOD intelligence components and to the CIA which are available for investigations for determining eligibility for access to classified information or for assignment to or retention in sensitive national security duties will be available for the payment of fees levied by States or localities for access to criminal history record information. The conferees are agreed that DOD, OPM, and CIA resources should be adjusted appropriately by the Congress in the future to provide the necessary funds from which such fees may be paid. The conferees request that DOD, OPM, and CIA

report annually to the appropriate committees of Congress on their experience with respect to fees for access to criminal history record information under Section 9101.

Paragraph 9101(b)(2) provides that subsection 9101(b) applies notwithstanding any laws or regulations of States and localities and notwithstanding any other federal laws. Thus, subsection 9101(b) preempts any conflicting State or local laws and supersedes any inconsistent federal laws. It does not, of course, affect complementary federal statutes which do not conflict with subsection 9101(b), such as Section 520a of title 10, United States Code.

Paragraph 9101(b)(3) provides that upon request by a State or locality, DOD, OPM, or CIA shall enter into an agreement to indemnify and hold harmless such State or locality, and its officers, employees, and agents, from any claim based on disclosure or use by DOD, OPM, or CIA of criminal history record information obtained from the State or locality, if, upon the date of enactment of the legislation, State or local law has the effect of prohibiting disclosure of such information to DOD, OPM or CIA. The scope of indemnification includes damages, costs and other monetary loss, whether or not suit is instituted. The conferees expect DOD, OPM, and CIA to consult with each other and with the Department of Justice ensure that indemnification agreements into which DOD, OPM, and CIA enter under the authority of Section 9101 properly protect the interests of the United States.

The conferees expect the indemnification provision to be a one-time-only exception to the general policy against indemnification. In this legislation, because of the unique combination of national security concerns, issues of states rights, and a need to respect the privacy rights of Americans, the conferees concluded that this exception is appropriate. The conferees emphasize that, not only is the federal government forcing states to disclose criminal history record information, but also a State must make disclosure to the federal government even when the State's law, because of a legitimate concern for the accuracy of the underlying records and privacy of its citizens, directly prohibits the disclosure. But for this legislation, such a State would not be exposed to any liability.

While agreeing to the indemnification provision because of the special circumstances noted, the conferees are very concerned that it not unduly burden the federal government or otherwise generate unintended consequences. Therefore, the conferees have added subsection 803(b) to H.R. 2419, a three year sunset provision applicable only to Section 9101(b)(3), relating to indemnification. At the end of the three-year period, or sooner, the Congress will have the opportunity to decide whether to retain the existing indemnification provision, expand it to cover more States, adopt an immunity provision, or do nothing.

Paragraph 9101(b)(3) imposes upon a State or locality with which DOD, OPM, or CIA has entered into an indemnification agreement under the authority of Section 9101 a duty to notify the Attorney General and the appropriate United States Attorney expeditiously whenever a claim is made against the State or locality, or its officers, employees, or agents, which may be subject to the indemnification agreements. The requirement for expeditious notification ensures that the United States will have an effective opportunity to exercise the right granted to it by the legislation to make all determinations regarding the settlement or defense of the claim. Defense of the claim includes all aspects of litigation, including appeals.

Subsection 9101(c) provides the key requirement protecting the rights of individuals who are the subjects of DOD, OPM, and CIA requests under Section 9101 for criminal history record information. Subsection 9101(c) prohibits DOD, OPM, and CIA from obtaining such information about an individual under Section 9101 unless DOD, OPM, or CIA has received written consent from the individual for the release of such information for the purpose of determining eligibility for access to classified information or assignment to or retention in sensitive national security duties. Thus, the written consent of the individual under investigation is a prerequisite to a DOD, OPM, or CIA request under Section 9101 for access to State or local criminal history record information on that individual.

Subsection 9101(d) provides that DOD, OPM and CIA may not disclose or use criminal history record information obtained under Section 9101 except for determining eligibility for access to classified information, determining eligibility for assignment to or retention in sensitive national security duties, or for national security or criminal justice purposes authorized by law. As the text of Section 9101 makes clear, DOD, OPM and CIA may request criminal history record information under Section 9101 only for the purposes of determining eligibility for access to classified information or for assignment to or retention in sensitive national security duties; the reference to "national security or criminal justice purposes" in subsection 9101(d) does not change in any way that limitation on the permissible purposes for a request. However, when a specific need arises, DOD, OPM or CIA may disclose or use criminal history record information in its possession obtained under Section 9101 for authorized national security or criminal justice purposes. The conferees expect that this provision will be construed narrowly to permit access when necessary for such purposes, for example as part of an authorized criminal or counterintelligence investigation.

The conferees note that the reference to national security or criminal justice purposes does not include the much larger universe of routine uses described by DOD, OPM, or CIA under their routine use statements published in accordance with Section 552a of title 5, United States Code (Privacy Act of 1974). The reference to national security purposes does, however, include disclosure and use of criminal history record information in litigation of personnel security cases in the courts or before boards and agencies. The conferees also note that subsection 9101(d) constitutes a nondisclosure statute for purposes of paragraph 552(b)(3) of title 5, United States Code (Freedom of Information Act).

Subsection 9101(d) also grants to an individual who is the subject of a DOD, OPM or CIA request under Section 9101 for criminal history record information a right of access to the information obtained by DOD, OPM, or CIA. The conferees are agreed that the written consent form required by subsection 9101(c) should include a specific notice to the individual whose consent is sought that he has a statutory right of access to the information received by DOD, OPM, or CIA pursuant to the consent under Section 9101. This individual right of access to the information received under Section 9101 by DOD, OPM and CIA is important to ensure that the individual is able to proffer any explanation, correction, or addition that such individual may wish to provide to facilitate an informed decision by the department, office or agency.

LIMITATION ON BUDGET AUTHORITY

Section 503 of the House bill ensured the consistency of House action on the Department of Defense Authorization Act, 1986 and the Intelligence Authorization Act, 1986. Subsequent action by the conference on the defense authorization act and by this conference ensures the harmony of authorization actions taken in those acts, obviating the need for the House provision. The Senate amendment contained no comparable provision. The conference substitute does not include the House provision.

LEE H. HAMILTON,
LOUIS STOKES,
DAVE MCCURDY,
ANTHONY C. BEILENSON,
ROBERT W. KASTENMEIER,
DAN DANIEL,
ROBERT A. ROE,
GEORGE E. BROWN, JR.,
MATTHEW F. MCHUGH,
BERNARD J. DWYER,
BOB STUMP,
ANDY IRELAND,
HENRY J. HYDE,
DICK CHENEY,
BOB LIVINGSTON,
BOB MCEWEN,

For consideration of matters within the jurisdiction of the Committee on the Judiciary under clause 1(m) of House Rule X,

PETER W. RODINO, JR.,
ROMANO L. MAZZOLI,
DAN LUNGREN,

For consideration of matters within the jurisdiction of the Committee on Armed Services under clause 1(c) of House Rule X,

LES ASPIN,
SAMUEL S. STRATTON,
WM. L. DICKINSON,

Managers on the Part of the House.

DAVE DURENBERGER,
W.V. ROTH, JR.,
BILL COHEN,
ORRIN G. HATCH,
FRANK H. MURKOWSKI,
CHIC HECHT,
MITCH MCCONNELL,
PATRICK J. LEAHY,
LLOYD BENTSEN,
SAM NUNN,
ERNEST F. HOLLINGS,
DAVID L. BOREN,
BILL BRADLEY,

Managers on the Part of the Senate.

EXPRESSING SENSE OF CONGRESS WITH RESPECT TO RESTORATION OF DEMOCRACY IN THE PHILIPPINES

Mr. SOLARZ. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the concurrent resolution (H. Con. Res. 232) expressing the sense of the Congress with respect to the restoration of democracy in the Philippines, and ask for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. LEACH of Iowa. Mr. Speaker, reserving the right to object, I reserve the right to object in order to ask the gentleman from New York to explain further his resolution.

Mr. SOLARZ. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. Under my reservation I yield to the gentleman from New York.

Mr. SOLARZ. Mr. Speaker, this is both a bipartisan and bicameral resolution. It expresses the sense of the Congress with respect to the importance of bringing about a restoration of democracy in the Philippines, and it spells out the kind of steps which are necessary in order to guarantee the honesty of the forthcoming electoral process in that country.

This resolution was reported out by voice vote in the Foreign Affairs Committee yesterday without any objection. An identical resolution was reported out of the Committee on Foreign Relations in the other body by a vote of 15 to 0 yesterday afternoon.

The resolution enjoys the strong support of the administration, and it is designed to underscore the extent to which, on both sides of the aisle, on the part of the Republicans as well as Democrats, on the part of liberals as well as conservatives, that there is a very strong consensus that American interests in the Philippines require the forthcoming elections to be genuinely free and fair.

Mr. Speaker, I think that all of us would agree that the United States has some very significant strategic interests in Asia. Our military facilities at Clark Field and Subic Bay are among our most important bases anywhere in the world. They make an important contribution to our ability to preserve the peace and maintain a balance of power in Asia. Yet our long-term access to these facilities is now in jeopardy as a result of a growing Communist challenge in that country.

The Communist-dominated New People's Army is not in a position to win power today. But the administration has testified that if current trends continue, they might be in a position to take power by the end of the decade or sometime early in the 1990's.

This resolution expresses the view that the single most significant thing that can be done to reestablish the confidence of the Filipino people in the political system of their own nation is to have genuinely free and fair elections.

Indeed, President Marcos' decision a week ago to call a snap election in the Philippines has brought his nation to a historic crossroads. If the elections are genuinely free and fair, there is a very real possibility that confidence in the political institutions of the Philippines can be restored and the Communist challenge can be rebuffed.

On the other hand, if these elections are fundamentally fraudulent, there is a very real danger that the Democratic opposition in the Philippines and millions of moderate Filipinos who constitute the vital center of Philippine politics could, in despair, turn to the armed opposition and enter into an alliance against the Government. That would be the beginning of the end of the hopes for the restoration of democracy in the Philippines and of our continued access to the military bases in that country.

This resolution, Mr. Speaker, does more than just simply call for free and fair elections. It spells out in some detail the steps that will have to be taken in order to institutionalize the kind of protections which are necessary to guarantee the honesty of the electoral process.

I might say that these are steps which the administration itself has publicly expressed support for when it testified before the Subcommittee on Asian and Pacific Affairs, which I am privileged to chair, a few days ago.

The resolution calls, first, for the determination of the timing and modalities of the elections to be in accordance with the constitution of the Philippines. That means, among other things, that when these elections are held they should be not only for President but for Vice President also. It calls for the establishment of a genuinely independent commission on elections. It calls for the accreditation of a freely functioning and politically independent citizens' monitoring electoral organization in a way which will give it access to all of the polling places in the country and to all phases of the electoral process. This monitoring organization should also be in a position to report the results of the election in a timely fashion. It calls for giving the opposition adequate access to the electronic media and to the print media, for the purpose of campaigning. Finally, it calls upon the Filipino military to conduct itself in a neutral fashion during the electoral process.

Mr. Speaker, let me just say in conclusion that the Philippines is, obviously, a sovereign government. How it conducts its elections is a decision that only it can make. But as this resolution notes, the future relationship between our two Governments will be governed to some extent by the manner in which these elections are conducted. This resolution is designed to reinforce the efforts of the administration by making it clear to the Government of the Philippines and the Filipino people that we are united in our determination to use whatever influence we may have to encourage the Philippine Government to take the steps which are necessary to guarantee the fairness and the credibility of the forthcoming electoral process.

I want to thank my very distinguished ranking minority Members, the gentleman from Iowa, Mr. LEACH, as well as our distinguished ranking member on the full committee, Mr. BROOMFIELD, and chairman of the full committee, Mr. FASCELL, for their cooperation in facilitating the expeditious consideration of this resolution.

Mr. LEACH of Iowa. Mr. Speaker, further reserving the right to object, I do so to make several points. First, I would also like to commend the distinguished chairman of the Subcommittee on Asian and Pacific Affairs, Mr. SOLARZ, for his leadership in crafting this resolution, as well as the chairman of the full committee and the ranking member of the full committee for their leadership in expediting its consideration.

This resolution does have bipartisan support. It also has bicameral support in the sense it has been introduced by leadership of the majority party in the other body and it has bi-institutional support and it is supported by the administration.

These elections truly do represent a watershed in the history of the Philippine country. As Assistant Secretary of State for East Asian and Pacific Affairs Paul Wolfowitz recently testified, if the Filipino people do not see the forthcoming elections as reasonably democratic, "such a perception will lead to the increased polarization of Philippine society, a deepening of the present crisis and further growth of the Communist insurgency." If, on the other hand, the elections are credible, they could be "a shot in the arm for the Philippines, beginning the process of restoring political confidence and, with it, economic confidence and growth as well."

Mr. Speaker, I would simply like to express two points. One, the importance of allowing the Vice Presidential candidate on the ticket of those candidates running for President. Article 8, section 9, of the Philippine constitution makes reference to elections for both President and Vice President in the event the elections are held prior to 1987. It would appear to be inconsistent with the constitution if the authorities in the Philippines were to refuse Presidential candidates the right to have a Vice Presidential candidate on the ticket.

As importantly, failure to allow Vice Presidential candidates to be part of the electoral process could jeopardize national and international perceptions of electoral fairness.

The second point I would like to stress is that not only is this a watershed election but it is a very high stakes election.

The American people want nothing more than an election that reflects the

democratic views of the Philippine people, nothing more, nothing less.

Mr. Speaker, further reserving the right to object, I yield to the ranking member, the distinguished ranking member of the full Committee on Foreign Affairs.

Mr. BROOMFIELD. I thank the gentleman for yielding.

Mr. Speaker, I want to compliment the chairman of the subcommittee, Mr. SOLARZ, as well as Mr. LEACH of Iowa, and the chairman of the full committee, Mr. FASCELL, for bringing this resolution to the floor today.

Mr. Speaker, I offer my support for this concurrent resolution which deals with the restoration of democracy in the Philippines. This timely proposal deserves our support.

I am deeply concerned about what is happening in the Philippines. Who can doubt the importance of that country to America? Our two nations have historical ties and mutual security interests. The growing political and security problems in that country, however, threaten Philippine stability and America's interest there. Equally important is the need to strengthen Philippine democratic institutions before it's too late.

Fortunately, President Marcos has promised early Presidential elections. To ensure that honest elections are held, this resolution expresses the sense of Congress concerning a number of definite steps that the Philippine Government should take.

The timing of the elections is to be determined in accordance with the constitution of that country. An impartial commission of elections is to be appointed along with the accreditation of a citizens' election monitoring group. The opposition there should have access to the media during the election period, and the military should remain neutral during this election.

By any standard, we cannot afford to ignore what is happening in that country. Given our traditional friendship and the strategic role which the Philippines play in the defense of the Free World, we must do all that we can to give democracy a shot in the arm in the Philippines.

The administration supports this resolution and I call upon my colleagues to join me in this effort.

Mr. FASCELL. Mr. Speaker, I want to commend the gentleman from New York, the chairman of the Subcommittee on Asian and Pacific Affairs, STEVE SOLARZ and the ranking member of that subcommittee, the gentleman from Iowa, JIM LEACH for the expeditious manner in which they have brought this resolution to the attention of the House.

Mr. Speaker, this bipartisan resolution which passed the Foreign Affairs Committee yesterday unanimously enables the U.S. Congress to give prompt and positive support for the new efforts underway in the Philippines to restore the deomocratic process there.

The recent statement by President Marcos of the intention to schedule national elections next spring has stimulated great expectations regarding the political process in the Philippines. In my view, coming elections can prove a major turning point. They can lead to more responsive and effective government, better attention to the crucial economic and military reforms, and ultimately toward a better life for the people of the Philippines.

Such great promise will not become reality, however, if there is widespread disillusionment in the Philippines in the aftermath of elections that do not allow for full democratic participation.

Undoubtedly the coming months will witness much maneuvering in the Philippines before elections are finally held. Discussions are underway on the timing and format. The Philippine people themselves will need to work these out.

The resolution before us does not attempt to prejudice the process. It does not tamper with Philippine sovereignty. It does not endorse one candidate or another. It simply notes the pledge of President Marcos for free and fair elections and states that reasonable steps should be taken to make certain these elections are credible, open and fair.

This is support that we as a democratic nation should be willing to extend without reservation. I ask support for the principles we are affirming in this resolution and urge its adoption.

Mr. LEACH of Iowa. Mr. Speaker, I withdraw my reservation of objection.

□ 1115

The SPEAKER pro tempore (Mr. MONTGOMERY). Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 232

Whereas the United States and the Republic of the Philippines have strong ties born of shared historical experiences and common interests;

Whereas the security of the Philippines is of vital importance to United States security;

Whereas the Republic of the Philippines is experiencing serious political, economic, and security problems which directly threaten the stability of the country and the well-being of the Filipino people;

Whereas reinvigoration of Philippine democratic institutions offers the best means of restoring public confidence in the government and of defeating the growing Communist unsurgency;

Whereas the Congress has stated that when considering further provision of economic and military assistance to the Philippines, it intends to take into account the degree to which democratic reforms are taking place in that country;

Whereas the United States imparted a legacy of democracy to the Philippines which includes the holding of elections at all levels of government; and

Whereas President Ferdinand Marcos has indicated his intention to seek an early Presidential election: Now, therefore, be it

Resolved by the House of Representative (the Senate concurring), That the Congress—

(1) notes the pledge of President Marcos for free and fair election in the Philippines; and

(2) believes that in order to provide institutional guarantees for a honest election which will be deemed credible by the Filipino people, it is important that the following steps be taken:

(A) Determination of the timing and modalities of the election in accordance with the Constitution of the Philippines.

(B) Appointment of an impartial Commission on Elections (COMELEC) staffed by politically independent commissioners.

(C) Timely accreditation of a freely functioning, politically independent, citizens election monitoring organization which has access to all polling places in the country and to all phases of the electoral process, and which is able to report all of its findings fully and in a timely fashion.

(D) Adequate access to radio, television, and the print media for members of the democratic opposition during the entire campaign period.

(E) Neutral conduct by the Philippine military establishment.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLARZ] is recognized for 1 hour.

Mr. SOLARZ. Mr. Speaker, I move the previous question on the concurrent resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 407, nays 0, not voting 27, as follows:

[Roll No. 407]

YEAS—407

Ackerman	Bentley	Bryant
Alexander	Bereuter	Burton (CA)
Anderson	Bevill	Burton (IN)
Andrews	Biaggi	Bustamante
Annunzio	Bilirakis	Byron
Anthony	Billey	Callahan
Applegate	Boehlert	Campbell
Archer	Boggs	Carney
Armey	Boland	Carper
Aspin	Boner (TN)	Carr
Atkins	Bonior (MI)	Chandler
AuCoin	Bonker	Chapman
Badham	Borski	Chappell
Barnard	Bosco	Chappie
Barnes	Boucher	Cheney
Bartlett	Boulter	Clay
Barton	Breaux	Clinger
Bateman	Brooks	Coats
Bates	Broomfield	Cobey
Bedell	Brown (CA)	Coble
Bellenson	Brown (CO)	Coelho
Bennett	Bruce	Coleman (MO)

Coleman (TX)	Hillis	Moody
Collins	Holt	Moore
Combest	Hopkins	Moorhead
Conte	Horton	Morrison (CT)
Cooper	Howard	Morrison (WA)
Coughlin	Hoyer	Mrazek
Courter	Hubbard	Murphy
Coyne	Huckaby	Murtha
Craig	Hughes	Myers
Crane	Hunter	Natcher
Crockett	Hutto	Neal
Daniel	Hyde	Nichols
Dannemeyer	Ireland	Nielson
Darden	Jacobs	Nowak
Daschle	Jeffords	O'Brien
Daub	Jenkins	Oakar
Davis	Johnson	Oberstar
DeLay	Jones (NC)	Obey
Dellums	Jones (OK)	Olin
DeWine	Jones (TN)	Ortiz
Dickinson	Kanjorski	Owens
Dicks	Kaptur	Oxley
Dingell	Kasich	Packard
DioGuardi	Kastenmeier	Panetta
Donnelly	Kemp	Parris
Dorgan (ND)	Kennelly	Pashayan
Dornan (CA)	Kildee	Pease
Dowdy	Kindness	Penny
Downey	Kleczka	Pepper
Dreier	Kolbe	Perkins
Duncan	Kolter	Petri
Durbin	Kostmayer	Porter
Dwyer	Kramer	Pursell
Dymally	LaFalce	Quillen
Dyson	Lagomarsino	Rahall
Early	Lantos	Ray
Eckart (OH)	Latta	Regula
Eckert (NY)	Leach (IA)	Reid
Edwards (CA)	Leath (TX)	Richardson
Edwards (OK)	Lehman (CA)	Ridge
Emerson	Lehman (FL)	Rinaldo
English	Leland	Ritter
Erdreich	Lent	Roberts
Evans (IA)	Levin (MI)	Robinson
Evans (IL)	Levine (CA)	Rodino
Fascell	Lewis (CA)	Roe
Fawell	Lewis (FL)	Roemer
Fazio	Lightfoot	Rogers
Feighan	Lipinski	Rose
Fiedler	Livingston	Rostenkowski
Fields	Lloyd	Roth
Fish	Loeffler	Roukema
Flippo	Long	Rowland (CT)
Florio	Lott	Rowland (GA)
Foglietta	Lowery (CA)	Roybal
Foley	Lowry (WA)	Rudd
Ford (MI)	Lujan	Russo
Ford (TN)	Luken	Sabo
Frank	Lundine	Savage
Franklin	Lungren	Saxton
Frost	Mack	Schaefer
Fuqua	MacKay	Scheuer
Gallo	Madigan	Schneider
Garcia	Manton	Schroeder
Gaydos	Markey	Schuette
Gejdenson	Marlenee	Schulze
Gekas	Martin (IL)	Schumer
Gephardt	Martin (NY)	Seiberling
Gibbons	Martinez	Sensenbrenner
Gilman	Matsui	Sharp
Gingrich	Mavroules	Shaw
Glickman	Mazzoli	Shelby
Gonzalez	McCain	Shumway
Goodling	McCandless	Shuster
Gordon	McCloskey	Sikorski
Gradison	McCollum	Siljander
Gray (IL)	McCurdy	Sisisky
Gray (PA)	McDade	Skeen
Green	McEwen	Skelton
Gregg	McGrath	Slattery
Grotberg	McHugh	Slaughter
Guarini	McKernan	Smith (FL)
Gunderson	McMillan	Smith (IA)
Hall (OH)	Meyers	Smith (NE)
Hall, Ralph	Mica	Smith (NJ)
Hamilton	Michel	Smith, Denny (OR)
Hammerschmidt	Mikulski	
Hansen	Miller (CA)	Smith, Robert (NH)
Hartnett	Miller (OH)	
Hatcher	Miller (WA)	Smith, Robert (OR)
Hayes	Mineta	
Hefner	Mitchell	Snowe
Hendon	Molinari	Snyder
Henry	Mollohan	Solarz
Hertel	Monson	Solomon
Hiler	Montgomery	Spence
Spratt	Thomas (GA)	Whitley
St Germain	Torres	Whittaker
Staggers	Torricelli	Whitten
Stallings	Traficant	Williams
Stangeland	Traxler	Wilson
Stark	Udall	Wirth
Stenholm	Valentine	Wise
Strang	Vento	Wolf
Stratton	Visclosky	Wolpe
Studds	Volkmer	Wortley
Stump	Vucanovich	Wright
Swift	Walgren	Wyden
Swindall	Walker	Yates
Synar	Watkins	Yatron
Tallon	Waxman	Young (AK)
Tauke	Weaver	Young (FL)
Tauzin	Weber	Young (MO)
Taylor	Weiss	Zschau
Thomas (CA)	Wheat	

NOT VOTING—27

Addabbo	Edgar	Price
Akaka	Fowler	Rangel
Berman	Frenzel	Stokes
Boxer	Hawkins	Sundquist
Broyhill	Heftel	Sweeney
Conyers	McKinney	Towns
de la Garza	Moakley	Vander Jagt
Derrick	Nelson	Whitehurst
Dixon	Pickle	Wylie

□ 1130

Mr. LENT changed his vote from "nay" to "yea."

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SOLARZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

CONGRESSIONAL AWARD AMENDMENTS OF 1985

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3447) to amend and extend the Congressional Award Act, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 4, strike out lines 9, 10, and 11.

Page 4, line 12, strike out "(h)" and isnert "(g)".

Page 5, line 4, strike out "reasonableness" and insert "propriety".

Page 5, line 15, strike out "the adequacy and appropriateness of".

Page 5, line 19, strike out "the efficacy and adequacy of".

Page 6, line 1, strike out "second" and insert "first".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

Mr. JEFFORDS. Mr. Speaker, reserving the right to object, and I do not intend to object, I would like to yield to the gentleman from Montana to explain what these amendments are, briefly, so the body may know why I am not objecting in the final result.

Mr. WILLIAMS. I thank the gentleman for yielding to me.

Mr. Speaker, these are Senate amendments. Two of them are technical in nature only, and one of them removes any authority from the Congressional Award Program whereby they would be given the potential of using Federal money. There is no authority, because of this Senate amendment, for this program to use any Federal funds.

Mr. JEFFORDS. I thank the gentleman for that explanation.

Mr. Speaker, I now yield to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. I thank the gentleman for yielding to me.

Mr. Speaker, as I understand this conference report, it is as was agreed to in conference.

□ 1140

As I understand the action today, it would keep the pay cap on the Executive Director but remove the provision that permitted the use of additional Federal funds to be applied for, and then it makes some other technical and clarifying changes.

Mr. WILIAMS. Mr. Speaker, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Montana.

Mr. WILLIAMS. Mr. Speaker, the understanding of the amendments by the ranking member of the subcommittee is accurate.

Mr. BARTLETT. Mr. Speaker, will the gentleman yield further?

Mr. JEFFORS. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Speaker, I thank the gentleman for yielding. We have no objection from this side.

Mr. JEFFORDS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

A motion to reconsider was laid on the table.

TEMPORARY EXTENSION OF CERTAIN HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Finance and Urban Affairs be discharged from further consideration of the joint resolution (H.J. Res. 449) to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes,

and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mrs. ROUKEMA. Mr. Speaker, reserving the right to object, I will not object, but I rise for purposes of asking for clarification from the gentleman from Texas [Mr. GONZALEZ].

Mr. GONZALEZ. Certainly. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, I thank the distinguished gentlewoman, who is a very important and efficient and illustrious member of the Subcommittee on Housing and Community Development.

This is an extension of the extender that we had approved last month that will expire at midnight tonight. Certain programs such as the FHA mortgage insurance programs will expire as of midnight tonight unless we extend. This extension calls for a 30-day extension to December 15, and it extends the other basic assisted housing programs that also would expire otherwise at midnight tonight.

Essentially that is what it is. It is a simple extension resolution. Both of the ranking members of the minority on the full committee and subcommittee are cosponsoring and coauthoring this resolution with me.

Mrs. ROUKEMA. Mr. Speaker, I thank the gentleman from Texas, and I have agreement here on my side.

Mr. SCHUMER. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from New York.

Mr. SCHUMER. Mr. Speaker, I appreciate the gentlewoman's yielding.

I would just like to make a comment on this matter. This is a renewal that I will support, but it is really the last time that I think we will go for it or that I at least and, I think, many members of the subcommittee on our side will go for it.

It is just to extend and renew certain programs, and not to give an opportunity to vote on other programs that not this body but the Senate have prevented would be totally unfair.

So I support this 1-month extension, but I would not support anything further unless we had some kind of assurance from the other body, whether through reconciliation, which I hear may pass today, or some other means by which we will have a chance to actually legislate for the first time.

Mr. Speaker, I thank the gentlewoman for yielding to me.

Mrs. ROUKEMA. Mr. Speaker, reclaiming my time, to some extent I agree with the gentleman, but I would say that this is the vehicle whereby we can give further consideration to those problems that still divide us. We all know that there are certain provisions that are being extended with which not all Members on our side agree. This is not, however, the purpose of the 30-day extension. It is for purposes of resolving those internal problems.

Mr. BARTLETT. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to my colleague, the gentleman from Texas.

Mr. BARTLETT. Mr. Speaker, I thank the gentlewoman for yielding under her reservation.

I also support the 30-day extension. I would urge the other side to bring the full housing bill to the House floor and at whatever point necessary do what they deem appropriate. Considering the fact that H.R. 1 in the House has not yet been considered, the bill that was passed out of the committee, except as a part of reconciliation, it seems to this side that is what is slowing things down.

So I would urge that at some point we bring that bill to the House floor. I have given to Members of the other side and to this side my offer to work with the gentleman to see if there is a consensus bill and, if not, to at least come and let the House as a whole develop that legislation so that we can move the legislation forward.

I do think we ought to extend the FHA insurance programs for 30 days. I think over the next 30 days we ought to legislate in a more rational process. I think we all agree with that. I know the chairman of the subcommittee agrees also.

Mr. MORRISON of Connecticut. Mr. Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to my colleague, the gentleman from Connecticut.

Mr. MORRISON of Connecticut. Mr. Speaker, I thank the gentlewoman for yielding.

I, first of all, want to commend the chairman of the subcommittee for staying on top of this issue and bringing this to the floor at this time. I think we have no choice but to extend these programs at this time.

I do think it is critical that we get to a comprehensive housing authorization bill this year. I think the House spoke its will on that question when it rejected the amendment to delete the housing bill from reconciliation. I think that is our vehicle. It is available to us. I know that the minority will be well represented with respect to the conference committee on this matter, and I think the changes that need to be made can be made.

So I hope that both sides of the aisle will work with the chairman of the subcommittee and also the chairman of the full Committee on Banking, Finance and Urban Affairs to urge the Senate toward agreement in a conference so we will have authorization. I do not think we ought to be extending these programs again in December without having had an opportunity for a full conference report on the full housing authorization bill.

Mrs. ROUKEMA. Mr. Speaker, I simply want to conclude by thanking our distinguished chairman of the subcommittee for bringing this matter to the attention of the House.

Mr. GONZALEZ. Mr. Speaker, if the gentlewoman will yield, I in turn wish to thank her and her colleagues, the gentleman from Ohio [Mr. WYLIE], the gentleman from Connecticut [Mr. MCKINNEY], and other members of the subcommittee, for cooperating in this very important action. As I said, we have no alternative at this point.

Mrs. ROUKEMA. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 449

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS.

(a) TITLE I INSURANCE.—Section 2(a) of the National Housing Act is amended by striking out "November 15, 1985" in the first sentence and inserting in lieu thereof "December 16, 1985".

(b) GENERAL INSURANCE.—Section 217 of the National Housing Act is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

(c) LOW AND MODERATE INCOME HOUSING INSURANCE.—Section 221(f) of the National Housing Act is amended by striking out "November 14, 1985" in the fifth sentence and inserting in lieu thereof "December 15, 1985".

(d) SECTION 235 HOMEOWNERSHIP.—

(1) ASSISTANCE PAYMENTS AUTHORITY.—Section 235(h)(1) of the National Housing Act is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

(2) INSURANCE AUTHORITY.—Section 235(m) of the National Housing Act is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

(3) HOUSING STIMULUS AUTHORITY.—Section 235(q)(1) of the National Housing Act is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

(e) CO-INSURANCE.—

(1) GENERAL AUTHORITY.—Section 244(d) of the National Housing Act is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

(2) RENTAL REHABILITATION AND DEVELOPMENT PROJECTS.—Section 244(h) of the National Housing Act is amended by striking out "November 15, 1985" in the last sentence and inserting in lieu thereof "December 16, 1985".

(f) GRADUATED PAYMENT AND INDEXED MORTGAGE INSURANCE.—Section 245(a) of the National Housing Act is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

(g) REINSURANCE CONTRACTS.—Section 249(a) of the National Housing Act is amended by striking out "November 14, 1985" in the second sentence and inserting in lieu thereof "December 15, 1985".

(h) ARMED SERVICES HOUSING INSURANCE.—

(1) CIVILIAN EMPLOYEES OF ARMED FORCES.—Section 809(f) of the National Housing Act is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

(2) DEFENSE HOUSING FOR IMPACTED AREAS.—Section 810(k) of the National Housing Act is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

(i) LAND DEVELOPMENT INSURANCE.—Section 1002(a) of the National Housing Act is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

(j) GROUP PRACTICE FACILITIES INSURANCE.—Section 1101(a) of the National Housing Act is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

SEC. 2. EXTENSION OF REHABILITATION LOAN AUTHORITY.

Section 312(h) of the Housing Act of 1964 is amended—

(1) by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985"; and

(2) by striking out "November 15, 1985" and inserting in lieu thereof "December 16, 1985".

SEC. 3. EXTENSION OF RURAL HOUSING AUTHORITIES.

(a) RENTAL HOUSING LOAN AUTHORITY.—Section 515(b)(4) of the Housing Act of 1949 is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

(b) RURAL AREA CLASSIFICATION.—Section 520 of the Housing Act of 1949 is amended by striking out "November 14, 1985" in the last sentence and inserting in lieu thereof "December 15, 1985".

(c) MUTUAL AND SELF-HELP HOUSING GRANT AND LOAN AUTHORITY.—Section 523(f) of the Housing Act of 1949 is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

SEC. 4. EXTENSION OF FLOOD AND CRIME INSURANCE PROGRAMS.

(a) FLOOD INSURANCE.—

(1) GENERAL AUTHORITY.—Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

(2) EMERGENCY IMPLEMENTATION.—Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

(3) ESTABLISHMENT OF FLOOD-RISK ZONES.—Section 1360(a)(2) of the National Flood Insurance Act of 1968 is amended by striking out "November 14, 1985" and inserting in lieu thereof "December 15, 1985".

(b) CRIME INSURANCE.—Section 1201(b)(1) of the National Housing Act is amended by striking out "November 14, 1985" in the matter preceding subparagraph (A) and inserting in lieu thereof "December 15, 1985".

SEC. 5. MISCELLANEOUS EXTENSIONS.

(a) COMMUNITY DEVELOPMENT BLOCK GRANT CLASSIFICATIONS.—

(1) METROPOLITAN CITY.—Section 102(a)(4) of the Housing and Community Development Act of 1974 is amended by striking out "November 14, 1985" in the second sentence and inserting in lieu thereof "December 15, 1985".

(2) URBAN COUNTY.—Section 102(a)(6) of the Housing and Community Development Act of 1974 is amended by striking out "November 14, 1985" in the second sentence and inserting in lieu thereof "December 15, 1985".

(b) SECTION 202 INTEREST RATE LIMITATION.—Section 223(a)(2) of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 16, 1985".

(c) HOME MORTGAGE DISCLOSURE ACT OF 1975.—Section 312 of the Home Mortgage Disclosure Act of 1975 is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 16, 1985".

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LABOR-MANAGEMENT NOTIFICATION AND CONSULTATION ACT OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 313 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 1616.

□ 1147

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 1616) to require employers to notify and consult with employees before ordering a plant closing or permanent layoff, with Mr. OBERSTAR in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, November 12, 1985, all time for general debate had expired.

Pursuant to the rule, the committee amendment in the nature of a substitute now printed in the reported bill shall be considered as an original bill for the purpose of amendment, and each section shall be considered as having been read.

The Clerk will designate section 1.

The text of section 1 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Labor-Management Notification and Consultation Act of 1985".

The CHAIRMAN. Are there any amendments to section 1?

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FORD OF MICHIGAN

Mr. FORD of Michigan. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. FORD of Michigan: Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Labor-Management Notification and Consultation Act of 1985".

SEC. 2. DEFINITIONS.

As used in this Act, the term—

(1) "employer" means any business enterprise that employs—

(A) 50 or more full-time employees; or

(B) 50 or more employees who in the aggregate work at least 2,000 hours per week (exclusive of hours of overtime);

(2) "plant closing or mass layoff" means an employment loss for 50 or more employees of an employer at any site during any 30-day period, except as provided in section 7(c);

(3) "representative" means an exclusive representative of employees as determined under the National Labor Relations Act (29 U.S.C. 141 et seq.) or under the Railway Labor Act (45 U.S.C. 151 et seq.);

(4) "affected employees" means employees who have been employed by an employer for more than 6 months and who may reasonably be expected to experience an employment loss as a consequence of a proposed plant closing or mass layoff;

(5) "Service" means the Federal Mediation and Conciliation Service;

(6) "employment loss" means (A) an employment termination, other than a discharge for cause, (B) a layoff of indefinite duration, (C) a layoff of definite duration exceeding 6 months, or (D) a reduction in hours of work of more than 50 percent during any 6 month period;

(7) "Secretary" means the Secretary of Labor; and

(8) "Commission" means the National Commission on Plant Closings and Worker Dislocation established by section 10 of this Act.

SEC. 3. NOTICE REQUIRED BEFORE PLANT CLOSINGS AND MASS LAYOFFS.

(a) NOTICE TO EMPLOYEES AND SERVICE.—An employer shall not order a plant closing or mass layoff until the end of a period of 90 days after the employer serves written notice of a proposal to issue such an order—

(1) to the representative or representatives of the affected employees with respect to such order or, if there is no such representative, to each affected employee with respect to such order; and

(2) to the Service.

(b) REDUCTION OF NOTIFICATION PERIOD.—An employer may order a plant closing or mass layoff before the conclusion of the 90-day period described in subsection (a), if unavoidable business circumstances prevent the employer from withholding such closing or layoff until the end of such period.

SEC. 4. CONSULTATION REQUIRED BEFORE PLANT CLOSINGS AND MASS LAYOFFS.

(a) CONSULTATION DURING NOTIFICATION PERIOD.—An employer shall not order a plant closing or mass layoff unless the employer has—

(1) met at reasonable times with the representative or representatives (if any) of the affected employees with respect to a proposal to order a plant closing or mass layoff; and

(2) consulted in good faith with such representative for the purpose of agreeing to a mutually satisfactory alternative to or modification of such proposal, but this requirement to consult shall not compel an employ-

er to agree to such an alternative or modification.

(b) DURATION OF CONSULTATION REQUIREMENT.—An employer's obligation to consult as required by subsection (a) of this section commences on the date such employer serves the notice required by section 3(a) and continues until the end of the 90-day period described in such section, unless earlier terminated with the consent of the employer and the representative or representatives of the affected employees.

SEC. 5. DUTY TO DISCLOSE INFORMATION DURING CONSULTATION.

(a) FAILURE TO DISCLOSE INFORMATION AS A FAILURE TO CONSULT IN GOOD FAITH.—An employer shall be held to have failed to consult in good faith under section 4 if the employer has not provided the representative of the affected employees with such relevant information as is necessary for the thorough evaluation of the proposal to order a plant closing or mass layoff or for the thorough evaluation of any alternatives or modifications suggested to such proposal.

(b) PREVENTION OF PUBLIC DISCLOSURE OF COMPETITIVE INFORMATION.—The information an employer discloses to an employee representative under subsection (a) shall be subject to such protective orders as the Secretary may issue, on petition by the employer, to prevent the disclosure of information by such representative or any employee which could compromise the position of the employer with respect to its competitors.

SEC. 6. ASSISTANCE BY SERVICE.

In the resolution of disputes under this Act, the Service shall, on request, provide such assistance and services to employers, representatives of affected employees, and affected employees as the Service, in its discretion, determines will best promote the purposes of this Act. The Service shall transmit a copy of any notice received under section 3(a) to the State employment service concerned and to other appropriate State and local officials.

SEC. 7. ADMINISTRATION AND ENFORCEMENT OF REQUIREMENTS.

(a) CIVIL ACTIONS AGAINST EMPLOYERS.—(1) Any employer who orders a plant closing or mass layoff in violation of section 3 or 4 of this Act shall be liable to each employee who suffers an employment loss as a result of such closing or layoff for back pay and related benefits for each day of such violation, not to exceed a total of 90 days. A person seeking to enforce such liability (including a representative of employees) may sue either for himself or for other persons similarly situated, or both, in any district court of the United States for any district in which the violation is alleged to have occurred, or in which the employer transacts business.

(2) In any such suit, the court may, in addition to any judgment awarded the plaintiff or plaintiffs, allow a reasonable attorneys' fee to be paid by the defendant, together with the costs of the action.

(b) CIVIL ACTIONS AGAINST EMPLOYEES OR REPRESENTATIVES OF EMPLOYEES.—Any employee or representative of affected employees who violates a protective order issued by the Secretary under section 5(b) shall be liable to the employer for the financial loss suffered by the employer as a consequence of such violation. Action to recover such liability may be maintained in any United States court of competent jurisdiction.

(c) DETERMINATIONS WITH RESPECT TO EMPLOYMENT LOSS.—For purposes of this section, in determining whether a plant closing or permanent layoff has occurred or will occur, employment losses for two or more groups, each of which is less than 50 employees but which in the aggregate equal or exceed 50 employees, occurring with any 90-day period shall be considered to be a plant closing or mass layoff unless the employer demonstrates that the employment losses are the result of separate and distinct actions and causes and are not an attempt by the employer to evade the requirements of this Act.

SEC. 8. PROCEDURES IN ADDITION TO OTHER RIGHTS OF EMPLOYEES.

The rights and remedies provided to employees by this Act are in addition to, and not in lieu of, any other contractual, statutory, or other legal rights and remedies of the employees.

SEC. 9. PROCEDURES ENCOURAGED WHERE NOT REQUIRED.

It is the sense of Congress that an employer who is not required to comply with the notice and consultation requirements of section 3 or 4 should, to the extent possible, provide notice to, consult with, and disclose information to, its employees about a proposal to close a plant or permanently reduce its workforce.

SEC. 10. NATIONAL COMMISSION ON PLANT CLOSINGS AND WORKER DISLOCATION.

(a) ESTABLISHMENT.—There is established a commission to be known as the National Commission on Plant Closings and Worker Dislocation.

(b) DUTIES OF COMMISSION.—The Commission shall—

(1) investigate plant closings and mass layoffs, including the personal, social, and economic costs associated with such closings and layoffs;

(2) analyze the causes of, and the nature of decisionmaking with respect to, such closings and layoffs;

(3) analyze existing domestic and foreign governmental policies and programs for preventing or responding to such closings and layoffs;

(4) study the findings, conclusions, and recommendations of any task force established by the Secretary of Labor to study issues related to plant closings and worker dislocations; and

(5) recommend any legislative or administrative responses that the Commission considers necessary and appropriate to alleviate the impacts of such closings and layoffs or to improve the nature of such decisionmaking.

(c) MEMBERSHIP AND OPERATIONS.—(1) The Commission shall be composed of 15 members appointed jointly by the Speaker of the House of Representatives and the majority leader of the Senate. Such members shall be appointed not later than January 1, 1987.

(2) The members appointed shall include labor representatives, business leaders, Federal, State, and local government officials, and academicians.

(3) Any vacancy in the membership of the Commission shall be filled in the same manner in which the original appointment was made.

(4) Members of the Commission shall serve without pay.

(5) Eight members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(6) The Chairman of the Commission shall be designated by the Speaker of the House of Representatives and the majority leader of the Senate.

(d) DIRECTOR AND STAFF OF COMMISSION; EXPERTS AND CONSULTANTS.—(1) The Commission shall have a Director who shall be appointed by the Commission and who shall be paid at a rate not to exceed the rate of basic pay payable for level V of the Executive Schedule.

(2) With the approval of the Commission, the Director may appoint and fix the pay of such personnel as the Director considers appropriate.

(3) The staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS-16 of the General Schedule.

(4) With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5 of the United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS-16 of the General Schedule.

(5) Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this Act.

(e) POWERS OF COMMISSION.—(1) The Commission may, for the purpose of carrying out this Act, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate. The Commission may administer oaths or affirmations to witnesses appearing before it.

(2) Any member or agent of the Commission may, if so authorized by the Commission, take any action which the Commission is authorized to take by this section.

(3) The Commission may secure directly from any Federal agency information necessary to enable it to carry out this Act. Upon request of the Chairman of the Commission, the head of such agency shall furnish such information to the Commission.

(4) The Commission may accept, use, and dispose of gifts or donations of services or property.

(5) The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(6) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(f) COMMISSION REPORT.—The Commission shall transmit a final report to the President and to each House of the Congress not later than 12 months after the date of the appointment of the members of the Commission. The final report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it considers appropriate.

(g) TERMINATION.—The Commission shall cease to exist 30 days after submitting its final report pursuant to subsection (f).

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 11. EFFECTIVE DATES.

This Act shall take effect on the date which is 6 months after the date of enactment of this Act, except that section 10 of this Act shall be effective upon enactment.

□ 1150

Mr. FORD of Michigan (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD of Michigan. Mr. Chairman, this amendment in the nature of a substitute answers every substantive complaint that has been raised in 1 minute speeches, in letters and in communications for days around here and leaves in this legislation absolutely nothing that would fulfill the horrible prophecies of putting people out of business and tying up businesses and other things that people have been conjuring up. We never intended those kinds of results in the first place. We found that if it left anybody in this country feeling that we might be legislating that way, we ought to straighten it out.

In short, we eliminate injunctive relief.

We eliminate the reinstatement remedy.

We eliminate punitive damages.

We eliminate any ability to force an employer to keep a plant open.

We eliminate any ability to delay a plant closing.

And finally, the only remedy left in the bill is a possible remedy of back pay.

The first and the most important change is to section 7, which is the enforcement and remedy section of the bill. The amendment eliminates the injunctive relief provision, eliminates the authority of courts to award punitive or general damages and totally eliminates the enforcement role of the Secretary of Labor.

All three of those items have been the subject of considerable concern expressed in all sincerity, I am sure, by opponents of this legislation. In response to those concerns, we are removing any reason for them to worry.

Nothing will remain in the bill that could even theoretically permit a union or an employee to delay layoffs.

Nothing in the bill will allow any government agency to second guess business decisions.

No argument can be made that the bill would give government, the employees or unions, a right to interfere with plant closings or layoff decisions.

The only remedy, as I have indicated, that will remain for violations of the act is a civil suit to collect back pay, 1 day's back pay and benefits for each day of violation, capped at a maximum of 90 days.

Second, to make even clearer what has been clear all along to us, the amendment adds a proviso to the section requiring consultation. The proviso reads as follows:

This requirement to consult shall not compel an employer to agree to any alternative or modification.

There is no duty to do anything but talk and listen, and that is it. Nothing in the section can be used to compel him to do anything more than that. No one should therefore be able to confuse H.R. 1616's consultation requirement with any purported duty to agree.

Third, many Members are concerned that a company could somehow be forced to make trade secrets public.

The bill already provides that the Secretary of Labor may on the employer's behalf issue protective orders to prevent the release of sensitive information. Such protective orders are also available under last year's Bankruptcy Act amendments, which gave unions the right of financial information when employers attempt to repudiate their collective-bargaining agreements under chapter XI. We are following the already existing procedure.

We are offering in this amendment clarification that such protective orders apply not only to the union that requests information, but to individual employees as well. Thus, a company would be authorized to sue both the union and individual employees if confidential or sensitive information is released.

Finally, the National Restaurant Association has complained that the bill would cover even modest restaurants because they use many part-time employees and could easily have 50 employees without much sales volume. Obviously, that is not the kind of a function that is our principal concern. To make that clear, we amend the bill to clarify that for the purpose of coverage, employees mean full-time employees and to be covered an employer must employ at least 50 workers or 2,000 hours a week. That is 50 workers times 40 hours, excluding overtime. Now, that can leave no question about part time or occasional employment.

The amendment clarifies that the Federal Mediation and Conciliation Service can only offer dispute resolution assistance if the parties request it. They have no authority to come in unless requested by the parties. Finally, because the Brock task force has not yet been chartered, but may some day be chartered, we provide that the National Commission on Plant Closings and Worker Dislocation be established no later than January 1, 1987, the date the Brock task force is supposed to report. If the task force is never chartered, the commission will begin work earlier; but if the Brock task force is chartered, we will take advantage of its findings and its recommendations.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, as the gentleman knows, I have a substitute which I intend to offer. For the information of the Members, I would like to go through with the gentleman some of the things that the gentleman has done. I think some of them are improvements to the bill.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

(At the request of Mr. JEFFORDS, and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 5 additional minutes.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield.

Mr. JEFFORDS. Mr. Chairman, I want to make sure that I understand each of the changes, especially with reference to the bill and as to my anticipated substitute.

First of all, with respect to the first issue, the number of individuals that would constitute a business under this act to require notification, it is my understanding that the bill has 50, which could be 50 full-time or part-time employees; that the gentleman has changed that to be essentially 50 full-time or sufficient part time in addition to that, so that there are 2,000 hours per week, which would be essentially 50 employees.

Mr. FORD of Michigan. That is correct.

Mr. JEFFORDS. However, the difference certainly with my substitute is that one of the problems I have and a number of us have is that you can have a plant, just to pick a number, of 5,000 employees where a layoff of 51 percent, and under the gentleman's definition that could be 50 part-time employees, that would trigger all the elements of this bill as far as notice goes, consultation and all the other ramifications. Am I not correct?

Mr. FORD of Michigan. If it is a permanent layoff of 50 or more people and it is an employer large enough to be working people 2,000 hours a week, yes.

Mr. JEFFORDS. I just want to point out the difference, that this could, these very minor changes in a plant, require that notification be given and all the ramifications of this bill could go into effect in a large plant. Is that correct?

Mr. FORD of Michigan. Well, the permanent loss of 50 or more jobs, we do not consider a minor modification in the plant.

Mr. JEFFORDS. Well, when we go through the other aspects of the bill, I

think the Members will recognize the significance of what I am talking about.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. Yes, I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I would inquire on that point, and of course we all just received a copy of the substitute, which appears to be more cosmetic than real as we learn about it. On that question I would just inquire, is it the gentleman's intention to define a plant closing or mass layoff of 50 employees without regard to how many employees may be employed at that location or that plant? If a company has 12,000 employees and has lost an order in one section that results in a layoff of 50 employees, does that trigger the entire consulting and notification requirements?

Mr. FORD of Michigan. I do not know how familiar the gentleman is with the manufacturing processes that take place in this country, but if the gentleman will read carefully when he looks at the RECORD what he just said, the gentleman is talking about what we call a temporary layoff.

□ 1205

When an autoplant is behind in orders, it lays off a whole shift for 2 weeks or 3 weeks. They do that in order to let the demand for inventory build up, because they build inventory. That is the way most mass production industries are. That is not a closing or a layoff.

If you take that department and move it to Taiwan, that is a closing. If you intend, when you get the order or when another order comes in, to go on, that is just a layoff of employees.

Mr. BARTLETT. If the gentleman would yield further for the purpose of my question, I understand the manufacturing process quite well. As I understand the gentleman's answer, the answer is, yes, this 50 employees triggers this entire bill without regard to the size of the company or the number of employees at that location.

Mr. FORD of Michigan. Exactly. As long as the 50 jobs are being lost on a permanent basis.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Missouri.

Mr. CLAY. I thank the gentleman for yielding.

Mr. Chairman, I think that is a very critical point because we are talking about 50 people at a single facility that triggers this bill. The gentleman mentioned 12,000 employees. If you support the Jeffords substitute with the 60-percent triggering, that means you could lay off 7,100 people before the triggering mechanism comes into effect.

The gentleman is saying, 7,000 people should not be protected by this law.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding.

Mr. Chairman, I appreciate the gentleman's amendment. I think it does improve the bill, and it is our judgment as to whether or not it improves it enough, but it does improve the bill.

I have a question about the gentleman's amendments in regard specifically to what my colleague, the gentleman from New England, referred to as the ramifications of what is left in terms of notification and consultation.

What is required, after your amendment is agreed to, if that is the case, in terms of consultation? What are the steps, the ramifications of consultation?

Mr. FORD of Michigan. In short, they just have to talk to each other.

Mr. ROEMER. Nothing more?

Mr. FORD of Michigan. They do not have to come to any agreement. They do not have to follow any set schedule. They just have to meet in good faith and discuss the possible consequences of the closing.

Mr. ROEMER. If the chairman would yield further on that point only, if that is all it means, why is it in here? Does it make us just feel good?

Mr. FORD of Michigan. Because we do not look at this as a punitive piece of legislation that is intended to try to restrict people. We look at it as a helpful piece of legislation.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

(On request of Mr. ROEMER and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 5 additional minutes.)

Mr. FORD of Michigan. If you can visualize with me our objective being that we get people of good will together to find out if there are alternatives to the first thought that occurs to anyone, which is the closing, as a positive approach rather than requiring that they do this against their will, the facts of life are that most responsible employers want to give notice as soon as possible if they have no choice about closing because they have a feeling of responsibility to the community, they have a feeling of responsibility to their employees, and they try to respond to that.

To suggest otherwise, as some on this side have been suggesting in 1 minute speeches, suggests that every employer in this country is some kind of a scrooge, looking for every excuse in the world to be mean and conniving with their employees. I do not subscribe to that theory.

Mr. ROEMER. If the gentleman would yield once again on that point only, and I will set him free in just a moment, on the issue of consultation, as I understand it, after your amendments are accepted, consultation means to speak one to the other, to listen one to the other, and nothing more.

But as I further understand the bill, that would be limited to union shops. What about the other applicabilities in this case? My points, Mr. Chairman, if you will let me finish, is that we seem to be having it both ways. If it means nothing except listening and talking, why does it not apply to everyone? If it means more, why do we not say so?

Mr. FORD of Michigan. If the gentleman is using the term "union shop" to refer to employees who have organized and, therefore, have a collective-bargaining agent representing them in those instances we expect that the employer would discharge his duty—he does not have to call in 12,000 employees and consult; he notifies their agent that they have designated, their union, and he has complied with the notice. He does not have to go looking for 12,000 employees. So the people with a union shop actually find it easier to comply with this than the ones with a nonunion work force.

Mr. ROEMER. But as I understand it, Mr. Chairman, it does not apply; the consultative provisions do not apply to an unorganized work force.

Mr. FORD of Michigan. That is correct.

Mr. ROEMER. My question is: If it only means listening and hearing, why does it not apply to everyone?

Mr. FORD of Michigan. Because we had 12,000 thrown at us here, and we would not want, in 90 days, to require an employer to try to talk to all 12,000 employees. It is just totally impracticable to find a way. If there were a way to suddenly select spokespersons for those 12,000 employees, we would do it.

What we say is that where they have indeed selected somebody to speak on their behalf as their agent, that discharges the employer's responsibility when they notify that person or group of persons and talk to them. They do not have to talk to all the employees.

Mr. ROEMER. I thank the chairman.

Mr. FORD of Michigan. I would assume that when an employer is going to do this, he does, in fact, give his notice to all the employees, whether he attaches it to the time cards or sends it in the mail, or however else he does it.

If he wants to talk to them or counsel with them, that is his privilege, but there is no requirement that he has to meet with them.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. I thank the gentleman for yielding.

Mr. Chairman, it seems to me that the gentleman has omitted an essential part of this consultation requirement and this may be helpful to the gentleman from Louisiana.

Is it not correct that even under the revised consultation requirement which, by the way, I strongly oppose in any event, that it also requires consultation in good faith for a 3-month period from both parties? In order for those parties to withdraw from that consultation, I want to make it clear to the gentleman from Louisiana that in order to withdraw from that consultation there has to be agreement from both parties.

Therefore, it seems to me that under the language as I understand it, and correct me if I am wrong, once you are initiating consultation you are locked into it for the 3-month period unless both parties agree to a break.

I think that is a significant point that should be understood here, and one that makes the consultation requirement more onerous than it may at first seem.

Mr. FORD of Michigan. I think it is a good thing the gentlewoman is not writing this legislation, because if indeed it did what she is saying, even I would be a little bit afraid of it.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has again expired.

(On request of Mr. LEVIN of Michigan and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 5 additional minutes.)

Mr. LEVIN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Michigan.

Mr. LEVIN of Michigan. I thank the gentleman for yielding.

Mr. Chairman, I would like to respond to the gentleman from Louisiana. I think it is a good question.

I believe that this provision about consulting with the representative is placed there basically for the protection of the employer, because if there is not that requirement, who must the employer consult with? With every individual who raises that request?

If anybody could come up whth an amendment that would be workable that would require that kind of sitting down and talking, so be it, but I think it would be difficult to craft. So what this says is that if there is a representative determined through our democratic processes, when we say "union shop" that has a different connotatoon. Union shop often means something else, where there is a requirement to join the union within a certain number of days, but you do not mean that. You mean where there is a plant with a designated representative.

If you do not rely on that, how is the employer protected in terms of whom he or she or it talks with?

Mr. ROEMER. I wish I had the time to answer. I do not.

Mr. LEVIN of Michigan. I do not think there is any other workable provision, and I raise this so it is clear that this reference to "representative" is placed in there for the protection of the employer, not to protect labor unions.

Mr. FORD of Michigan. I think I should observe that our figures indicate that only about 20 percent of the jobs that were lost by reason of closings or dislocation were unionized jobs. The majority of them were not. We would love to be able to reach that other 80 percent, but there is no practical way to impose on an employer an obligation to notify and talk to each and every individual there, if they do not have a representative that he is accustomed to talking to. If there is a union representing the employees, the employer knows who the president of the union is, who he is supposed to talk to, where to find him, and they have been negotiating and talking about other things, so there is some basis for them to get together. If there is no representative, we cannot impose on the employer some way to arbitrarily say, "I will meet and consult with a committee of the following 50 people," because all the other employees would say, "You picked the wrong 50 people," and he would immediately be accused of bad faith.

□ 1215

Mr. ROEMER. Mr. Chairman, will the gentleman yield on another point?

Mr. FORD of Michigan. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I appreciate the gentleman's explanation on the first point, but I am still struck with the difficulty of what I see as a meaningless provision to consult, and a meaningful distinction between organized and unorganized.

But a second point, Mr. Chairman, if I could, and that is the size of the unit involved. As I understand, even after your amendments are accepted by the body, a 50-plus unit, a 50-plus work force size becomes applicable under the law. And if the work force is much larger than 50, any changes permanently in the work force equalling 50 also makes it applicable; am I correct?

Mr. FORD of Michigan. It becomes applicable to a 50-plus employer if the employer closes and fires all 50-plus.

Mr. ROEMER. The point is well made, and I appreciate that. Let me continue, though.

Mr. FORD of Michigan. The essence is not the size of the employer, the essence is the permanent loss of 50 positions.

Mr. ROEMER. I agree with the chairman's position, and I wanted to make that point. I think that a 50-unit team of men or women, a 50-unit team permanently laid off is worth our attention in this bill. I do not disagree with that.

I do have trouble, however, with the application down to the size as low as it goes. What I am trying to say is that most Americans, 7 out of 10, work in companies that hire 150 workers or less. We have literally tens of thousands of new corporations a month begun in this country, and tens of thousands that fold.

The disadvantage of small business is that it has loyalty in the workplace, it has fine minds, but it also is short of capital. And 90 days to a small business is a lifetime. This kind of arbitrary, limited size, I think, cuts at the heart of small business. I wish that small business had the financial resources.

Mr. FORD of Michigan. If I can reclaim my time, the gentleman says the glass is half empty. I say it is half full.

Now, here is the situation: You describe an employer of 100 or 150 employees. In the first instance, unless he is going to remove more than one-half of his total operation, the law does not apply. In the second case, unless he is going to remove more than one-third of his operation, it does not apply.

I submit that when a business is reduced and the employment at a particular work site is reduced by one-third or one-half, that is a significant closing, whether it is one-third of 150 or one-third of 12,000.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has again expired.

(On request of Mr. ROEMER and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 5 additional minutes.)

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, today is a historic day in this House. It is the first time that we will have an opportunity to vote in support of legislation that will provide a modest degree of protection for workers and their families in the event of a plant closing.

There is no more tragic event that can occur in a community than a plant closing. For those who have witnessed this type of event—know of the heartbreak and the sense of hopelessness that can be generated by a plant closing. Workers who have lost their jobs were devoted employees—who never envisioned that they would be unceremoniously dumped from the assembly line—into the unemployment line. These are people with families with children who they want to send to col-

lege—and whose dreams for them have been dashed because of a callous decision by an employer to close their place of employment.

Consider this. Since 1979—5½ million workers have been laid off without notice. This problem is especially acute in the rustbelt communities of the Northeast and Midwest.

The bill before us today—which I have consponsored—is what I would consider a first step in bringing equity to the workplace. H.R. 1616 requires employers with 50 or more employees to give 3 months notice prior to permanently shutting down a plant or laying off more than 50 employees. It requires employers to consult with employees' representatives on alternatives to plant closings. Finally, it establishes a 15-member commission to study related issues and recommend actions that would ameliorate the impact of such a closing upon workers and their communities.

Advance notice, studies show, can play a significant role in reducing unemployment. In one study of plant closing in Maine, it was shown that at least 1 month's notification can reduce unemployment within a community by 20 percent. This bill builds upon that premise by instructing employers who plan to close plants to provide written notification of their intentions to the Federal Mediation and Conciliation Service and to either representatives or individuals where there is no employee representation. This applies to those who plan to lay off workers for at least 6 months or who plan to cut the number of workers by 50 percent. Governmental entities are exempt.

H.R. 1616 also allows the Department of Labor to prohibit any employee from disclosing information about a plant closing if such information could be directly harmful to an employer's competitive situation. This legislation also allows discretion by the courts to extend the 3-month prenotification requirement for the purpose awarding back pay and employee benefits. It also permits employees to sue employers for reinstatement, damages, attorney's fees, and court costs where there is evidence of malintent on the part of an employer.

Mr. Chairman, as the senior member from New York of the Education and Labor Committee, I have been a longstanding advocate for this legislation. This bill will give us—for the first time—workers rights—in an area that has been long overdue. I only regret that it is not retroactive so that we can provide some modest measure of relief for the millions of workers who have faced unemployment due to plant closings in the past decade.

Let me give you a graphic illustration. The city of Yonkers, which I represent as part of the 19th Congressional District, was faced with a plant closing. Since 1852, Otis Elevator Co. has operated in Yonkers, serving as the city's largest employer and an anchor of economic stability in the community, while acquiring a national reputation. In 1975, Otis was taken over by acquisition by United Technologies of Hartford, CT. As an incentive, $14 million in Federal, State, and local funds were spent to expand the Otis plant in order to increase its employment capacity to 2,000 workers.

At the time of the acquisition, there was a total work force of 1,200. Instead of expanding the plant to the 2,000 capacity—United Technologies embarked upon a reign of economic terror. By 1982, United Technologies announced its intention to close the Otis plant, notwithstanding the $14 million investment.

In the 130 years that Otis has operated in Yonkers—there was not one incident of a plant closing. After 6 years under United Technologies—Otis Elevator went out of business—and their operations moved to Canada and Japan.

Even more outrageous—is the fact that the very reason why United Technologies acquired Otis to begin with—was that it was a very profitable company. Once it acquired it—it destroyed it. Had H.R. 1616 been in effect at that time—perhaps the 1,200 workers at Otis would have had a fighting chance against a corporate giant.

Here in the case of Otis we have but another example of the corporate conscience which places the rights of the shareholders—above the rights of workers who toil on behalf of those shareholders.

I would also like to commend the chairman of the committee, the gentleman from Missouri [Mr. CLAY] for his leadership in bringing this legislation forward.

We must look to the history of this legislation. We have witnessed plant closings throughout the country, and we know that in the free market, these events do occur.

I can point to the illustration that happened in Yonkers. For 130 years, Otis functioned well, using taxpayers' money, to enhance its physical structure, $14 million in Federal, State, and local funds improved the value of the plant and also of the property. Generation after generation of Yonkers people worked there, and it was a family affair. Frankly, the Otis story is why we initiated this legislation.

The gentleman from Michigan [Mr. FORD] makes reference to plant closings where you transfer the work to Taiwan or some other foreign country. Certainly there should be a process to address this issue.

I do not agree. The gentleman from Louisiana [Mr. ROEMER] states that this improves the bill, but I do not agree that it improves the bill. I think the original bill was the proper bill.

I think we have improved the chances for passage of the legislation with this emasculated version of the legislation. It does not provide what is required, and it does not provide the protection that the employees require. As far as consultation is concerned, even though there does not seem to be anything binding, when you have people in good faith sitting down in good faith—the people of United Technologies that purchased Otis Elevator were not acting in good faith at any time in the game, in my judgment. They conspired against the workers from the outset. But if you sit down in good-faith consultation, ofttimes you can produce some resolution, and some form of protection.

Yes, I commend the gentleman in the well because he is realistic and he knows exactly what the lay of the land is as far as the prospects of this legislation being passed in the House. But I am not happy about it.

I will support the amendment because it is a half a loaf, not even a half a loaf, but if you have 10 percent of a loaf, it is better than none.

But I would certainly urge my colleagues to support whatever version comes out because you do one thing, you focus attention on the problem. You might inhibit in a small way employers who are arbitrary. I am not even talking about the small employer, I am talking about the big corporate people who do not think in terms of human beings, who think in terms of dollars, where they can maximize their return on their dollars. They are not losing. They did not lose with Otis Elevator. They were making money but they were not making enough. So they took the jobs and the business into Canada. I do not know where else they take it.

We must prevent the repetition of that kind of operation.

Once again, I commend the gentlemen, the chairman of the subcommitte, the gentleman from Missouri [Mr. CLAY] for his leadership, and the gentleman from Michigan [Mr. FORD] for realizing what is occurring here. I would support and vote for the amendments, but not happily.

Mr. ROBINSON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Arkansas.

Mr. ROBINSON. Mr. Chairman, I rise in strong support of the substitute to H.R. 1616.

My home State of Arkansas lost thousands of jobs last year. The employees of Crompton Mills in Morrilton, AR, didn't know their jobs were lost until they went to work on October 19 of last year. Imagine, if you will, going to work on a sunny Friday afternoon, only to be told when you arrived, that you and 949 others were being terminated.

This is exactly what happened to 950 of my constituents last year. These good people were sent home on a Friday afternoon in October with no job to come back to.

Today, we are debating a bill about jobs, and the decency in which our constituents lose their jobs. My constituents in Morrilton didn't enjoy much decency when Crompton Mills closed.

Jobs are being lost at an incredible rate. Conglomerates are preying on small businesses. They are flying low and swooping up jobs. These conglomerates don't care about Benton, or England, or Conway, AR. The CEO's of these huge companies weren't born and raised in Danville, AR.

Smalltown America thrives on locally owned businesses. They provide a strong diversified economy. They create jobs, and a secure tax base to assure that public services, such as schools systems, sanitation systems and recreational facilities are properly provided.

Not only are existing businesses closing down and giving their employees no notice, but they are closing down in part, because the new owners don't need them.

Well * * * Morrilton, AR, needed Crompton Mills. I think it's time we recognize two things:

First, plants are closing because of unfair competition, an overvalued dollar abroad, and cheap labor overseas. Add to this those conglomerates that rape our small businesses by capitalizing on the assets and discarding the people; and

Second, failing to give notice to employees of the plant closing—no matter what the reason—will no longer be tolerated by this Congress.

When opponents of H.R. 1616 try to tell me that this bill is unfair to management, and that it infringes on management's prerogatives, I get a little angry.

I get angry because the unemployment rate in Conway County, AR, where Crompton Mills once was located, is now 19.5 percent. Conway County has the highest rate of unemployment in the entire State of Arkansas.

Arkansas is a small State. It's a State that is sometimes referred to as "one of those square States on the other side of the Mississippi River." Most Arkansans don't make $25 an hour on assembly lines. We put in a fair day's labor, for a fair day's pay.

Crompton Mills' employees were paid a fair wage. Not glamorous, not outrageous—but fair. They were good employees, honest, and hard working.

That's why I get angry when my fellow colleagues talk of this bill "infringing upon management's prerogative." According to Webster's dictionary, the word prerogative means "an exclusive or special right, power, or privilege."

The interpretation then, is that management ought to have some special privilege to lay off workers without giving those workers any notice whatsoever.

H.R. 1616 requires companies to give advance notice to their employees before permanent layoffs. Three months' notice, in fact. Ninety days. Ninety days that these displaced workers could use to prepare themselves and their families for the financial and emotional hardships to come. I don't think that's unreasonable.

I know that the employees of Crompton Mills in Arkansas could have used those 90 days to prepare for the future. Many of them could have made plans to find other jobs. The community could have prepared special assistance—job training and relocation, educational possibilities. Even housing and nutritional needs could have been addressed. Instead, the community was thrust into a state of emergency.

I support H.R. 1616. I support it because I don't like what happened to my constituents, those 950 people who went to work on a Friday and were turned away. If H.R. 1616 will prevent even one more plant in Arkansas from slamming its doors on my constituents without notice it will be worth it.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I would first inquire, to go along with my good friend and colleague from New York with his inquiry as to plant closings for the purpose of moving the plant overseas as to whether he or the gentleman from Michigan would then support a provision in this bill that would make the bill applicable only to those plant closings in which there was a closing, or in this case, a layoff for the purpose of moving that plant outside the shores of the country?

Mr. FORD of Michigan. Of course not.

Mr. BARTLETT. If that is the problem, perhaps we can solve it that way.

Mr. FORD of Michigan. Of course not.

Mr. BARTLETT. My question then, if the gentleman will yield further, back on the issue of 50 employees, because I do think it is important that the full House understand what is in the substitute, as I read page 6, lines 9 through 11, section 7(c), it does not necessarily have to be 50 employees in one unit or on one team.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has again expired.

(On request of Mr. BARTLETT and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 5 additional minutes.)

Mr. BARTLETT. Will the gentleman yield further?

Mr. FORD of Michigan. I yield to the gentleman from Texas.

Mr. BARTLETT. As I read it, then, two or more groups, including the entire plant at that location aggregating a layoff of 50 or more employees would be defined as a plant closing or a mass layoff.

Mr. FORD of Michigan. No.

Mr. BARTLETT. The purpose of my question is I know a good deal about manufacturing.

Mr. FORD of Michigan. No, I refuse to let the gentleman abuse the word "layoff." We are not talking about layoffs. That is a term that people understand across the land to be a temporary condition. You are laid off for a model change in the auto industry, you are laid off until the furnaces are redone in the steel mill, you are laid off until the orders build up in the garment factory. They understand layoff to be a temporary condition. We are not trying to affect that temporary condition with this legislation.

What we are saying is if you are removing the position that 50 or more people now hold from this job site, that that is when we become concerned that you should give notice to the people that have the positions and give notice to the community and everybody else who is going to be affected. That is what we are talking about. We are not talking about layoffs. This will have no effect on what people commonly think of as a layoff.

I am talking about somebody who gets fired. When they tell you on Friday evening do not come back to work next Monday because the doors will not be open, that is what we are talking about, not layoffs.

Mr. BARTLETT. Will the chairman yield briefly again?

Mr. FORD of Michigan. I yield to the gentleman from Texas.

Mr. BARTLETT. I would just point out, and then I will seek my own time, that the bill says "layoffs." The bill defines it as "layoffs," and an employer is stuck with the burden of proof of trying to define in his mind, and to a court, what is a permanent layoff, or may become a permanent layoff, or what is a temporary layoff, and it is an unachievable burden. So, it is a distinction without a difference. The bill clearly uses the word "layoffs," throughout. Layoffs are included in the gentleman's bill, and I appreciate the gentleman yielding.

Mr. FORD of Michigan. Let me tell you that I have constituents with a third grade education that are auto workers that know the difference between a permanent layoff and the loss of their jobs or a layoff. Believe me, there will be no trouble out there in the marketplace understanding exactly what that means. They know what permanent means. That means do not ever come back, we are not going to have the job ever in the future.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I think it is important to try and understand what is probably the most controversial aspect of this substitute and

the bill, and that is the consultation aspect. I think in order to do that, we have to understand what labor law is in this area, at least with respect to bargaining.

I would note that since consult instead of bargain is used, that is not exactly a word of art, but the committee report goes on to define consult and says, "Rather, what the Supreme Court has said of collective bargaining is equally true of consultation: It 'is not simply an occasion for purely formal meetings between management and labor * * *; it presupposes a desire to reach ultimate agreement * * *'."

Now your amendment in this substitute has not changed that, nor has it changed what would be bargaining law either, that you do not have to agree to agree, you have to agree to try in good faith to agree.

Now, does the gentleman have any disagreement with what I have said with respect to what the law is and what your bill attempts to do?

Mr. FORD of Michigan. Not as far as you have gone. But I do not think you have yet made it applicable to what we are trying to describe.

As the gentlewoman described consultation a few moments ago, she seemed to indicate that either party could keep you meeting indefinitely. You and I know that the courts have repeatedly interpreted reasonable conduct on the part of people who are required by the National Labor Relations Act to bargain in good faith to merely meet at reasonably times under reasonable circumstances and reasonably cover the issues that are properly a part of the contract. And sometimes that becomes an argument between one side or another.

The only forum in which that would become an argument here would be an injured employee who would come in and say that there never was a meeting in good faith. This does not mean they have to meet every day for 90 days, or that they have to meet 20 times, 30 times, 10 times, 2 times. Maybe 15 minutes is enough when the result of the meeting is to say that they are foreclosing on me tomorrow and that is why I am leaving, or I have been purchased, or I am being purchased by a larger corporation and they are putting me out of business. Maybe at the first meeting you discover that the ballgame is all over.

There is no requirement to go on worrying the bone after that point. You have to apply a rule of reason because that is the way the court would ultimately decide any dispute.

Mr. JEFFORDS. Let me describe the critical point, though.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has again expired.

Mr. JEFFORDS. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan have 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

Mr. BROWN of Colorado. Mr. Chairman, reserving the right to object, I shall not object, but I merely suggest that while I know our time is somewhat limited today, perhaps the best way to proceed——

Mr. FORD of Michigan. Mr. Chairman, I would rather yield back the balance of my time and let the gentleman take time on his own time.

Mr. JEFFORDS. Mr. Chairman, I will be happy to do that.

The CHAIRMAN. The gentleman from Michigan [Mr. FORD] yields back the balance of his time.

Mr. JEFFORDS. Mr. Chairman, I rise in opposition to the substitute.

Mr. Chairman, I want to continue in the colloquy we were having, and perhaps the gentleman from Michigan [Mr. FORD] will be willing to do that. I think it is important to point out that, under existing labor law, bargaining or consulting in this area would be limited to issues involving labor costs. That is the law as I understand it, and I do not believe that there is any substantial disagreement on this.

□ 1230

Nor do I believe there is any disagreement with the fact that this bill intends to change that basic labor law and to overrule some NLRB decisions by broadening the scope of consultation or bargaining in this context, to also include the broader issues involved.

That is the critical point. Now that opens up all the issues to be consulted about or bargained about to reach an agreement on whether or not there ought to be a change in the product line, whether or not there are other ways that you can make the plant more profitable; everything which has been decided by the NLRB to be core management decisions which are not bargainable or consultable.

This would change that law, and I think that is an important thing to remember; because that is the core of the dispute and the core of the differences between the substitute that I had to offer, which would not get us into overruling basic labor law.

I think it is important to point that out, and if the gentleman from Michigan [Mr. FORD] would like to clarify, fine—but I would point out first that the substitute does not change this bill one iota. Existing law does not require you to reach an agreement; it requires you in good faith to try and reach an agreement.

There is nothing in this amendment, in this substitute, which is any different, any different at all than the original bill in that it does not require you to reach an agreement. Neither did the original bill.

What this one does say is that you must go in and try to reach an agreement on things which before would never have been bargainable. That is where the real problems and the differences are between these; and the real reasons why I know it was difficult for many to support this legislation.

Mr. DELAY. Will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. DELAY. I thank the gentleman for yielding.

The gentleman from Michigan [Mr. FORD], and I believe I am paraphrasing him correctly, claims that his substitute, for instance, took injunctive relief out of the bill. Now, his line of reasoning is that since the specific language is no longer in the bill, the Federal courts cannot use injunctions to keep an unprofitable plant open or to stop layoffs, and I would suggest that we would look at a couple of cases that I bring cites for, and see how the Supreme Court speaks to this issue.

The Supreme Court spoke in the case of Califano versus Yamasaki, and the cite is 442 U.S. 701. On page 705 the court says, and I quote:

> Absent the clearest command from Congress to the contrary, the federal courts retain their equitable power to issue injunctions in suits over which they have jurisdiction.

Now, the gentleman claims that his substitute would prohibit courts from enforcing their equitable power, and is simply smoke and mirrors.

It also speaks——

Mr. JEFFORDS. I will take back my time at this point. I would point out that I agree with the gentleman. Also, an important distinction between the substitute and this bill is that in the substitute, we say that the exclusive remedy is the payment of back wages.

So in the Jeffords substitute that I will be offering, we make it the exclusive remedy, so that it is very clear that we deny that traditional remedy in the courts.

Mr. FORD of Michigan. Will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. The gentleman, I trust, who is citing the cases to us is an attorney and he knows that a court of equity fashions whatever relief is appropriate absent a statutory or common law relief.

We provide specifically what the relief is; that is all. If the gentleman looks at the penalty or relief provisions that we have changed, he will realize that his fear that a court of equity just might, out of the bigness of its heart, a Federal judge decides to do a whole lot of things for people;

they cannot do something which the law has already circumscribed by delineating the limits of the remedy.

Mr. JEFFORDS. I will take my time back. We could argue that issue all night, but it is very clear from that case and from the fact that you do not make it the exclusive remedy, that the gentleman from Texas [Mr. DELAY] I believe is quite correct in his understanding.

Mrs. ROUKEMA. Will the gentleman yield?

Mr. JEFFORDS. I yield to the gentlewoman.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. ROEMER and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 5 additional minutes.)

Mr. JEFFORDS. I yield to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. I want to underscore what the gentleman from Vermont and the gentleman from Texas have said with respect to the Supreme Court decision. It is not the only citation, Mr. Chairman, but in the Califano decision, it was specific to a statute, and it had to do with social security benefits; and I think the parallel here is an accurate one, and one that gives the gentleman from Texas sound ground for pointing out the deficiency in this bill. Indeed, it is not a deficiency. I think it is well understood by the authors of the bill that injunctive relief is still a remedy even under their language.

Mr. JEFFORDS. I yield to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Chairman, I might also point out that it also states, because there are not the exclusive remedies in this substitute, as far as going to speaking toward punitive damages, since it does not have these exclusive remedies, there is nothing to prevent an employee from going to a State or Federal court, and under a State cause of action alleging wrongful discharge and collecting punitive damages.

For example, in Colorado, a Federal court of appeals held in Roskin versus Sears & Roebuck that a single employee was entitled to $10 million in punitive damages and $5 million in compensatory damages, and there was a survey done in Califano, and the average punitive damages were $600,000.

I might also say, Mr. Chairman, that in the California case, that was brought not under common law; it was brought under statute.

Mr. FORD of Michigan. Will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman.

Mr. FORD of Michigan. My goodness, if they are getting million-dollar judgments in the Sun Belt, why are you worried about this little bill?

Without the bill, the bill has never been passed; that is not a Federal law that the gentleman is talking about; and he is trying to scare everybody away from the idea that this little notice bill is going to produce results like that, and you are now telling me that the court has been doing it already.

Mr. JEFFORDS. Reclaiming my time, the point is that it is not a little notice bill.

Mr. ROEMER. Will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman from Vermont for yielding, and more importantly, for addressing the issue that I had raised with the chairman earlier in the day; that is, the importance of this consultation business.

Now it was presented to the body, at least I understood it, that consultation really was not that big a deal; it meant talking to and listening to one another. We deal in this House with everything from A to Z; you cannot know everything about everything; it is hard enough to know something about anything, but my antenna are tweaked when I am told by the chairman that consultation (a) is not important, but (b) we go to great lengths to make sure it applies to a certain category of employer/employee.

I appreciate the gentleman from Vermont [Mr. JEFFORDS] at least to my satisfaction enlightening the body on the point that consultation even in the substitute is important.

If the gentleman will yield further, I do not know of a soul in this body who disagrees with the management-employee principle that it is better to talk and to listen and to ask advice and hold hands and work together. I just wish we could legislate that. We cannot.

Mr. JEFFORDS. I thank the gentleman for his statement, with which I agree, and I would like to summarize here and say that as we have listened to the debate on this substitute, I hope it is apparent to everyone that we really do not have any significant changes here which deal with any of the critical problems that this bill has brought up.

Certainly we all know of many incidents where there has been abuse, a lack of notice, and we can bring up horror stories; but we have got to remember there are a lot of other times when such kinds of problems as this bill would create through consultation, et cetera, could well bring about the kinds of results that we are trying to prevent.

In addition, under the consultation provisions, there are discovery procedures; there are some limitations on that, or protection, but it involves a lengthy time of trying to disclose all of the relevant information and then with the injunctive relief, the possibility to extend beyond the 90 days, you could go on forever here on trying to discover and to try and consult in good faith as is required in here, and to be able to set forth all of the kind of facts which are necessary; arguments in court cases over whether or not secrets are secrets, or should be disclosed or not and further delays.

This consultation aspect is something which changes very dramatically existing labor law, and which will create tremendous problems and will really defeat the purposes which we all would like to see in the sense of this kind of a bill.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words and rise in support of the substitute.

Mr. Chairman, it is apparent that the problem here is not 90 days or 60 days or 30 days; it is not 50 employees or 20 employees or 10 employees; indeed, not 1 employee. The basic disagreement we have here is that some do not believe that workers whose jobs are being eliminated by the millions are entitled to a simple notification. They do not believe that their jobs, these jobs that are being abolished affecting their lives and disrupting their lifestyles ought to be dealt with legislatively.

Mr. Chairman, the amendment in the nature of a substitute modifies H.R. 1616 in a manner consistent with the intent of the legislation.

We have stated several times during the debate that nothing in the bill is intended to force employers to keep plants open. The amendment makes this intention air tight. It should put an end to the overzealous rhetoric we have been hearing about what this bill might force employers to do. The amendment provides that the exclusive remedy for failing to provide notice or refusing to consult is back pay with a cap of 90 days. It strips the language in the original bill allowing courts to provide relief beyond back pay if deemed appropriate. This language had been used by opponents to distort the intent of the legislation.

The debate now focuses on what is in the bill and not the imaginary horibles opponents have tried to suggest. It is now clear beyond any doubt that H.R. 1616 requires notice and consultation only. Those who fail to give notice when they are able to, must provide up to 90 days of back pay to the employees. This is now the sole remedy for violations of the act.

Notice and consultation are apparently difficult to criticize because opponents have spent so much time arguing against horrors not in the bill. The amendment strips away the manufactured issues and forces opponents to address the provisions in the bill. One is either for or against notice of large layoffs and consultation.

The second part of our amendment clarifies that H.R. 1616 is intended to reach only employers with the equivalent of 50 or more full time employees. It refines the definition of employer covered by the act to include business that employ 50 or more full time employees or businesses that employ people working the equivalent number of hours. Thus an employer with 80 employees who average less than 20 hours a week on the job would not be covered by this bill. Businesses that operate less than 2,000 worker-hours per week, even if the number of actual workers employed exceeds 50 would not be covered by the bill.

Finally our amendment provides that the formation of the "Blue Ribbon" Commission need not occur until January 1, 1987, which is after the date that the Brock study is scheduled to be completed. The "Blue Ribbon" Commission contained in H.R. 1616 is intended to supplement rather than duplicate efforts by the Secretary of Labor. To date the Brock study has not received clearance from OMB and there remains some uncertainty if the study will actually take place.

Throughout our consideration of H.R. 1616 we have attempted to address legitimate concerns that have been raised. We have modified and clarified the bill more than once to make the bill work. The changes we offer today make it clear once and for all that H.R. 1616 does not force employers to stay open. Nor can it be used to force delays in closings. Our amendment nails down that H.R. 1616 requires employers to do nothing more than provide notice when possible of large layoffs and to consult employees when appropriate. If you believe that American workers deserve this minimal consideration you should have no hesitation in supporting this subsitute.

□ 1240

If you do not believe they are entitled to it, then you vote against it and go back home and brag.

Mr. BARTLETT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the substitute.

Mr. Chairman, I suppose in a cosmetic way one can say that this substitute to H.R. 1616 makes some changes. In reading through the substitute and in listening to the explanations, it is hard to tell whether the changes have any significance at all.

The changes appear to be merely cosmetic, as there are no changes in the fundamental flaws of the bill. I think we should go over for a minute what the basic flaws of this legislation are and how this legislation, if enacted into law, both raises false hope for workers and, worse than that, will cost American workers their jobs and is therefore antijobs and antiworkers.

First, the definition which was contained in the old bill and is still contained in the new bill is replete with definitions and with words that make this bill truly a layoff bill and not merely a plant closing bill.

I know that the sponsors of the legislation and the substitute have good intentions, but they may not understand the way the manufacturing business, in fact, works.

The fact is, a manufacturer, when he loses a contract or loses a customer or loses a market share, is not losing that customer because he wants to, he is not losing that sale because he wants to. He is losing that sale and trying to get it back, and when he is forced to have a temporary layoff, he does not know at that time whether it is temporary or permanent.

So the effect of this legislation for employers of 200 or 250 or more around this country will be almost to necessitate permanent notification to all their employees that they are subject at any time to a layoff or to a so-called plant closing.

This legislation, both its substitute and the original version, is not plant closing legislation, it is layoff prohibition legislation, and that simply is unacceptable because it is impractical.

The two parts of the bill that are the operative parts are twofold, and they both work very badly. Both of those parts, both mandatory notification and mandatory consultation are in the substitute just as they were in the original version of the bill. Mandatory notification will cost jobs because it causes employers to overcompensate and to issue that notice way in advance of when they otherwise would have, whereas an employer might otherwise and often does try to hold on and restructure and keep that plant open. With this kind of a Federal law, they would issue that notice sooner rather than later.

The second part is mandatory consulting. No such thing has ever crept into Federal labor law before. It is attempting to change the economics of a bad economic situation by legislation.

Whatever the employer can do to obtain a profit or to obtain a recouping of his investment he is going to do, and that employer is going to consult voluntarily and listen to anyone that will assist in that to save those jobs. So on a voluntary basis employers are already doing that because it is in their best interests to do so.

But mandatory consulting is more than that.

Mandatory consulting provision is more than just listening and talking; it is also class action lawsuits, it is also damages, it is also litigation. It reverses our whole concept of what creates jobs in this country.

The real job with the substitute and with the bill is that it is antijobs. It attempts to change the laws of economics by a Federal law. It will cause employers who have more than one location to have to choose. They could either continue to lose money and lose investment funds in one location, or they can over-compensate by simply providing continuous notification to their employees at all locations, thus creating disruption in the workplace like we have never seen.

This legislation will drive jobs away from American workers, whether in its cosmetic substitute or its original unvarnished form.

Mr. Chairman, I would urge Members to vote against both the substitute and the legislation in its original form.

Mr. ECKART of Ohio. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, the reality simply is that for some enough is never enough. The question is one very simply put, that if you are philosophically opposed to the concept of this legislation, it is virtually impossible to assuage any of the demands and problems that you want to raise.

I liken it to my days in the State legislature when those who opposed a particular bill of mine came in and presented me with a list of six particular technical problems. We went out and corrected all six of them.

I then went back and expected to have their support, and what I got instead was another list of six more problems in the bill.

Well, if the gentleman, whom I respect greatly, the gentleman from Texas who preceded me, is to be taken at his word, and we all know that he can and will be, that speech could equally apply to the amendment in the nature of a substitute that our colleague from Vermont is going to offer or to my friend's amendment, if it is placed in order, the gentleman from Wisconsin.

Simply put, what we are proceeding to here before us is not whether or not we think workers ought to be protected but whether shareholders and bankers ought to be protected before the sweepers and the stockboys are protected.

That is the bottom line that I believe it to be, Mr. Chairman.

Let me focus on another fact. This past weekend I had a chance to visit, and I asked my caseworker to pull up incidents in my district, which averages 13 percent unemployment, incidents of plant closings. I am not talking about the Caterpillars or General Electrics in my district which in both instances gave 13 months' and 11 months' notice to their employees out of a sense of corporate conscience. But the much smaller instances, of those

six, three were union and three were nonunion.

I then called the mayors and chief financial officers of those communities and asked them what did those closings mean to those local elected officials. In four of those instances, Mr. Chairman, they read about it in the newspaper the day before the plant closed. In several of those four, two of those four instances, those Republican-elected officials told me they did not even have the decency to call.

Now, we are not talking about being for or against business. What we are talking about is giving not only to stockboys and sweepers but to local elected officials who must submit budgets a year in advance, to provide police protection, fire protection, to educate our kids, to clean up our streets, to collect the garbage, giving them the financial wherewithal to do that and saying to them as local government officials, "We are going to be honest enough with you to give you 3 months' notice of how to deal with an impending budget crisis."

We are hoisted by our opponents' own petard who, in committee, said that we do not take into account unavoidable business circumstances. We put it in the bill, and they claim that our language that we adopted from them is ill-defined. We are hoisted by their own petard by saying we did not give an appellate procedure. So we short-circuit it and go straight to the Federal court, bypassing the entire Administrative Procedures Act, the whole hearing requirements that would be found by the Department of Labor, funding programs for which our opponents consistently and repeatedly try to cut and strip and say that we add another layer of bureaucracy.

Mr. Chairman, from my view, enough nits have been picked. The question is not to me whether or not we can give them enough to deal with their cosmetic concerns but whether or not there is any philosophical common ground to protect the stockboys and the sweepers as much as we protect the shareholders and the bankers. That is the bottom line, Mr. Chairman. We do not want any excessive layers of Federal Government. We do not want to make those kinds of business decisions that are best left to the boardroom.

□ 1255

What we want is that the community that is affected by the consequences of these decisions, local mayors, local finance chairmen, budget commissioners, men and women struggling to deal with cuts in revenue sharing, cuts in transportation assistance, cuts in housing programs, cuts in infrastructure, watching States increase taxes to make up for the disproportionate share of budget cuts that have been so invidiously visited upon the industrial Midwest, where I enjoy 13 percent unemployment, not be told "One less tool is going to be made available to you."

Mr. Chairman, we have witnessed what is happening in the industrial Midwest. The amendment of the gentleman from Michigan is most appropriate. It deals with the problem and not with the cosmetics.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

(By unanimous consent, Mr. CONTE was allowed to proceed for 5 additional minutes.)

Mr. CONTE. Mr. Chairman, I have been around here for a long time, and I have learned one thing—that there are several ways to defeat a bill. One is to nitpick it to death, and the other one is to offer a million amendments. You can see what is going to happen here today. We are going to get a little bit of both.

It reminds me of the three gentleman who were on an expedition, and they were captured by some cannibals. There was a big pot of water there, and the head of the cannibal tribe said to the three individuals—one was an Englishman, the other was a Frenchman, the other was Italian—"You have two alternatives, one to get in the pot, and we are going to use your skin afterward for our canoes, or the other one is to take your own life."

The Englishman, being the gentleman he was, took his dagger and he cut his wrist and he said, "For the Queen of England."

The Frenchman took his dagger, and he did likewise, and he said. "Vive la France."

The Italian took his dagger and he just kept puncturing his stomach. The head cannibal said, "What are you doing that for?" He said, "I am going to mess up your canoe."

And this is what they are going to do here today. They are going to try to mess up our canoe.

Mr. Chairman, it has been a long road since January, when BILL FORD, BILL CLAY, and I first began talking about the need for a new approach to the plant closing dilemma. After 11 months, and many compromises, today we go the extra mile. Today we offer a substitute to H.R. 1616 that should put to rest once and for all the fears that this approach is some kind of trojan horse. All the rhetoric, all the exaggeration, and all the scare tactics won't change the reality. The substitute we offer today represents the minimum, immediate protection we must provide our working people and communities from the horror of sudden economic disruptions. It is a modest but vitally needed response to the profound tragedy of worker dislocation.

Yet, still we will hear on the floor today that this is an extreme approach. Some will argue 90 days' notice is an unfair burden to place on employers. But virtually everyone, even the business community, recognizes the need and benefits of providing advance notice. Studies show that even with a minimum amount of notice, total unemployment resulting from dislocation can be reduced by 20 percent. But if notice is to be effective, it must be sufficient; 1 week won't do; 3 weeks won't do; 8 weeks won't do; 90 days' notice is the minimum amount of notice that must be provided if notice is to have any meaning for our workers and communities. Recognizing, however, that notice can't be provided in some situations due to circumstances beyond the control of the employer, we went the extra mile. For the first time since plant-closing bills have been introduced, we built in an escape clause. Employers may be relieved of their obligation to give notice if unavoidable business circumstances require swift implementation of the decision to close or lay off employees.

Others will object that the consultation provision is an idea whose time has not come. But in 1984, President Reagan appointed a Commission on Industrial Competitiveness. Comprised of leading CEO's, labor leaders, and academics, the Commission was directed to recommend ways to increase the long-term competitiveness of the United States. Among their conclusions was the following:

> Employers should be encouraged to provide early notification of plant closings and to strengthen commitment to employment security * * *. Further, American labor and management must move boldly to establish new cooperative relationships that will maximize productivity by involving employees and their elected representatives in decisionmaking in the workplace.

The time has come for closer labor-management cooperation, and H.R. 1616's consultation provision moves us closer to that goal. Kelsey-Hayes in Philadelphia, GM in Alabama, Detroit Forge in Michigan—all were saved after announced closings because of labor-management consultation on alternatives. There is no more important issue in labor relations than job security. The lines of communication on this issue must remain open. Keep in mind that under our approach, management would be free to implement its decision if no agreeable alternative can be found. Management retains ultimate decisionmaking authority.

Alternatively, opponents have charged that unions will manipulate consultation and obtain court orders preventing plants from closing. Reluctantly, Mr. Chairman, we have again gone the extra mile. Today's substitute eliminates injunctive relief. Put to bed the arguments about court orders extending the consultation

period, reinstating employees, and keeping open unprofitable plants. If the law has been violated, the maximum available under the substitute is 90 days' pay and related benefits.

But when all else fails, our opponents will undoubtedly fall back on old reliable—study. They'll kick and scream that after 11 years of hearings, testimony, studies, and surveys, we need to study this issue some more. Ask the 11 million Americans who lost their jobs in the last 5 years if we need more study. Ask their families who are trying to make ends meet if we need more study.

Ask the local officials in those towns who have had corporations leave like thieves in the night if we need more study. We don't need more study—and no matter how long you study it, closings and layoffs won't go away.

It's too late for the 5½ million people who were laid off the last 5 years without any notice. But it's not too late to help the millions who will lose their jobs the next 5 years. In good times and bad, there will be closings and layoffs.

Our substitute will not prevent those changes, but it will provide those affected with some small measure of relief—some small measure of hope.

Our approach has been endorsed by nearly 50 groups, ranging from organized labor, to the National League of Cities, to the U.S. Catholic Conference. All agree that 90 days' notice and consultation is the bare minimum we must provide. This bill isn't everything our working people and communities want—but it's what they must have. The substitute before you is the bottom line, the lowest common denominator. The question is not one of need, but of political will.

Mr. Chairman, we've gone the extra mile, and now it's time to see who will walk with us. I know Members have been beaten and badgered all week by rich lobbyists and Fortune 500 corporations. All week long we've heard how H.R. 1616 will be responsible for untold horrors—everything from our economic ruin to the end of the world. But on behalf of the average Joe and his family, as well as our cities and towns, I plead with you, I beg you—do the right thing, do the decent thing, do the responsible thing. Support our substitute and vote against any attempts to weaken it. Give our working people and our communities at least a slingshot against the Goliath of sudden unemployment.

Mr. LEVIN of Michigan. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the substitute amendment.

Mr. Chairman, the gentleman from Massachusetts has spoken eloquently about the general thrust of this bill, and I would like to talk about some of the details that have been raised here, because we have seen a lot of very red herrings on the floor of the House, and they need a response.

First of all, there is talk about the possible remedies. Some cases have been cited, including those by the gentleman from Texas. I would ask someone to show me a case—I am open to seeing it; I do not believe it exists—where a new right is created; where a specific remedy is enacted; where in the process of the enactment of the legislation or the passage through one House, other remedies were proposed and eliminated by amendment and then a court held that those other remedies were available to a plaintiff. I would like to see such a case. I do not think there is one.

We have provided here specifically for a remedy in case of violation. So do not raise questions or possibilities of an injunction or punitive damages or reinstatement. This amendment eliminates those specific remedies.

Second, those who argue against this bill also ignore the fact that there is retained within the Secretary of Labor protective powers. If there is a request for information and if it is found that it would violate proprietary rights of the employer to its detriment, then the Secretary of Labor can issue a protective order.

What more do you want? What more do you want? I do not know. I think you want destruction of the bill, destruction of any effort to provide a requirement of notice before people lose their livelihood and communities lose centers of employment.

Third, it is said that the changes in the committee substitute are cosmetic. I think we ought to be able to debate legislation here and amendments without one hurling the charge at another that the proposed changes are only cosmetic. That is not true. To eliminate injunctions, to eliminate reinstatement remedies, to eliminate punitive damage provisions, that is not cosmetic. That is an important change to underline that this is a bill to require notice and consultation and not to provide a possibility for any bargaining representative to tie that employer into knots.

Let me also say one word to the gentleman from Louisiana. He says that he wishes that we could legislate parties sitting down. I want to say this, as someone who has participated in labor-management negotiations. The NLRA requires, legislates, employers and employees sitting down. It was an important addition to the democratic processes in America. It is not going through the motions.

The notion underlying this requirement in NLRA is that when you require people to sit down and talk, something might emanate.

Now, in that situation you also have the right of the employees to continue their economic pressure. You do not have that in this instance. All there is is the requirement of consultation. It is not meaningless.

The gentleman from Massachusetts has pointed out that consultation, discussion, has worked in instances throughout this country. I think we have to have enough faith and belief in the powers of good will that sometimes coming out of good will is something other than the original action. And that is what this is all about.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. LEVIN] has expired.

(By unanimous consent, Mr. LEVIN of Michigan was allowed to proceed for 1 additional minute.)

□ 1310

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. LEVIN of Michigan. I yield to the gentleman.

Mr. ROEMER. I appreciate the gentleman's statement and I understand his experience and respect that. I ask him only why are we going to require consultation, why should we require it in a limited number of cases rather than the whole? I know you have an answer and I would like to hear it again for the good of everyone.

Mr. LEVIN of Michigan. The answer is because if there is not a designated bargaining representative, and sometimes it is an independent organization, there is not any clear entity to require consultation with on the part of the employer. If you do not have that limit to where there is a determined bargaining agent, then you would open up the employer to having to sit down and consult with every single employee; every single individual.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan [Mr. LEVIN] has expired.

(On request of Mr. ROEMER and by unanimous consent, Mr. LEVIN of Michigan was allowed to proceed for 2 additional minutes.)

Mr. ROEMER. If the gentleman will yield, what is wrong with that? If consultation is such a good idea.

Mr. LEVIN of Michigan. Because it is not workable to require the employer who has 50, 70, 100, 200 employees to sit down individually with them. Just as it does not make sense to require that the employer bargain collectively with each individual employee. You have to have some kind of an ordered structure of consultation. Otherwise, you are placing on the employer an impossible burden. I say this with total conviction.

If you do not have some kind of order within the consultation process, then you really would be handicapping the employers. This is protective of the employer necessarily, necessarily.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. LEVIN of Michigan. I yield to the gentleman.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Chairman, I would state that I very much respect the gentleman's ability and the things that he said, but the substitute clearly says in section 7, it provides for the term "civil actions against employers." It provides that, "any employer who orders a plant closing or layoff shall be liable to each employee for a lawsuit."

Now, whether the gentleman calls that a cosmetic change or a real change, the effect, the point of my statement, the effect is exactly the same.

Mr. LEVIN of Michigan. Reclaiming my time, we have dealt forthrightly with each other in committee; let us deal with each other forthrightly here. What the substitute leaves open is the possibility of a backpay suit covering a 90-day period and nothing else. The injunction authority is eliminated and the other remedies. Backpay is all that is left.

Mr. ARMEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman.

Mr. JEFFORDS. I just want to get to one of the issues that was raised by the gentleman from Michigan. That is whether or not a court has ever held that under similar circumstances, although we do not have the facts in all squares, that the injunctive relief would lie in this case.

First of all, I think that all of us who have been involved with courts recognize that they guard very carefully their ability to have such remedies as may be available to them to try to undo what they believe would be an injustice. In another case with different facts, *Califano* v. *Yamasaki*, 442 U.S. 682 in 1979, where a similar type issue was raised, the Court stated "Absent clearest command to the contrary from Congress, Federal courts will retain their equitable power to issue injunctions and suits over which they have jurisdiction." There is no question but they would have jurisdiction in this suit, and I am sure that you can conjure up circumstances under this situation where you would probably want the court to have injunctive relief and it is not proscribed in this issue.

For instance, if there is no willingness on either side to consult in good faith, then a lot of these things would become moot. I am sure that under this substitute that you have people who would be running to the courts to get injunctive relief.

Mr. LEVIN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman.

Mr. LEVIN of Michigan. I thank the gentleman.

Mr. Chairman, the gentleman from Vermont [Mr. JEFFORDS] said the facts are different, so I do not think you ought to look at that case. But you said in the absence of a clear command. All I am saying is under these circumstances where there is a new right and where we have withdrawn in this process provisions that were earlier there, I think the command is very clear and I ask you to show me a case that would support injunctive relief in this kind of a situation.

Mr. ARMEY. I yield to the gentleman from Vermont [Mr. JEFFORDS] for his response.

Mr. JEFFORDS. I would like to point out that if that was the intent, then why wouldn't you do what we do in the Jeffords substitute—say that this is the exclusive remedy. Those words, those very important words, are not in the modification which is in the substitute you have offered.

Mr. LEVIN of Michigan. Would you vote for the bill if those words are inserted?

Mr. JEFFORDS. No.

Mr. ARMEY. Mr. Chairman, Lord have mercy. This debate and this legislation is really incredible to me. I listened to the debate about making cosmetic changes which was very fascinating to me because down in Texas, where I come from, we know very well you cannot make a silk purse out of a sow's ear. That is what we have here.

This legislation, this bill, and this substitute are so incredibly contradictory to either the spirit of enterprise in America or good common business sense or even the need and the desire to establish secure job opportunities for American workers that it absolutely amazes me.

Mr. Chairman, can you imagine that anybody who wants to speak on behalf of the American working man and woman's right to work would be so foolish as to come to the floor and ask us to pass a bill that will so discourage anybody's willingness to invest in a plant in the first place, that the jobs would not even be created in the first place?

Let us understand a few things. I am really amazed. Let us start off with a very simple proposition. Business people do not create businesses and create plants for the purpose of later laying off workers. They do so with a hope in their hearts that is great enough for them to assume the risk, to accept the risk, and to put up at risk their savings and their capital and their borrowings and their reputation and their time and their work in the interest of having a plant that produces a product from which they can have earnings that compensate them for that risk.

If they are going to accept that risk, certainly they need to know going in that if it does not work out, they have got to have a way out. You have got to leave the back door upon. That is the nature of the process.

The CHAIRMAN. The time of the gentleman from Texas [Mr. ARMEY] has expired.

(On request of Mr. JEFFORDS and by unanimous consent, Mr. ARMEY was allowed to proceed for 3 additional minutes.)

Mr. ARMEY. So what we have here, Mr. Chairman, is first a bill, or a resolution, and then a substitute that totally misses the spirit of enterprise. People in business do not want to have to lay off or terminate workers. Their dearest and fondest hope is that they can hire more workers and work them longer hours and achieve greater output and greater returns on their investment.

Now, let us take a look at the one clause. One of the things that I love about bad legislation is that it always masquerades under something harmless. In this case, we have a harmless little notification bill. Earlier on this year, we examined a harmless little study. In this case, somebody said, "Gee, if you cannot give us a harmless little notification bill, why do we not go for a harmless little study?" There is nothing "harmless" about increasing the risk of doing business, and therefore the cost and reducing the chances of a venture.

I would like to focus on one provision even of the substitute. That there should be a 90-day period in which labor and management would negotiate in good faith toward the end of finding a substitute or an alternative to the plant closing.

□ 1320

Look at what we have seen even in this process. As the gentleman from Ohio pointed out, there was a discussion between the majority members who advanced the bill and the minority members who opposed the bill moving toward this substitute. And presumably, being men of good faith, the negotiations went on in good faith, but indeed the final resolution of these negotiations did not end up with a product in the form of a substitute that was agreed upon, and indeed the gentleman from Ohio at least implied that unless there was a final agreement, there could not have been good faith. That is the dilemma in which we will find ourselves.

Ah, but the bill has a solution: Let us create a commission and give to that commission such sums as are necessary to enter into every plant closing and examine and investigate and see if indeed there is good faith.

The fact is that the gentleman from Massachusetts described this substi-

tute and this legislation absolutely accurately when he said it is the lowest common denominator.

Indeed, Mr. Chairman, it is the lowest common denominator of understanding with respect to either the spirit or the process of enterprise in this great Nation, and quite frankly, on behalf of both the employers and the employees, I resent that anybody should think that we should require such an intrusion into their business.

Mr. HAYES. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment in the nature of a substitute.

Mr. HAYES. Mr. Chairman, I want to commend the subcommittee chairman, the gentleman from Missouri [Mr. CLAY], the gentleman from Michigan [Mr. FORD], the gentleman from Massachusetts [Mr. CONTE], and other supporters of this bill, which in my opinion is not stringent enough in support of workers who are displaced by plant closings.

As the Members must know, my background is one in which I was first a worker and, second, a trade union leader before being elected to this august body. I presided over the funerals of more plants than I care to even talk about. Some of the closedowns resulted from technological change; others resulted from business failures, large and small. Some at times involved fewer than 50 people. Some had prime notice, as long as 6 months, of the closedowns. In others, the decisions were being made by the board of directors just overnight while the workers were sleeping. Some of the closedowns came as a result of mergers and plant sales resulting in great profits to the stockholders and the directors. Some had protection through collective bargaining agreements, others had nothing.

I have seen instances where employees had to seek help through the courts to collect their last paychecks or their vacation pay that was due. In some bankruptcy cases, even union dues that had been deducted from the employee's paychecks had not even been remitted to the union. In some cases, Federal and State income taxes that had been deducted from people's pay had to be collected through court efforts.

I realize that the Government's indebtedness is the first to be collected through the bankruptcy courts; hence, some of the people who had their last paychecks kept, received only a little bit of what they were due after the cases were settled through the bankruptcy court.

Some of the companies and corporate interests went into other businesses and did well while their workers were left to languish in poverty. I also witnessed cases where employers used closedowns as a threat to extract concessions from their employees to invest in other business ventures.

I realize that H.R. 1616 will not correct this trampling on the rights of workers and their families nor the continued abuse of their rights as human beings. The bill should not halt closedowns nor investments overseas to increase profits through cheaper labor costs. I support this bill because it shows a legislative concern for people who need help.

Let us throw those drowning families a life preserver by mandating employers to notify them 90 days in advance that their services will no longer be needed so they can at least salvage some of that which they are due and prepare themselves for some kind of future in other places of employment, if possible. Let us not continue to throw them out without an expression of concern and measure of protection on the part of our Federal Government.

Mr. Chairman, I think this is a step in the right direction, and I certainly wholeheartedly support it. We ought to go about the business of voting to pass this piece of legislation.

AMENDMENT OFFERED BY MR. BARTLETT TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FORD OF MICHIGAN

Mr. BARTLETT. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

Mr. Chairman, this amendment is entitled "CONSULTATION," on page 3, beginning on line 9.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT to the amendment in the nature of a substitute offered by Mr. FORD of Michigan: Page 3, beginning on line 9, strike out section 4 and all that follows through line 16 on page 6, and redesignate the succeeding sections (and references thereto) accordingly.

Mr. CLAY. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Missouri [Mr. CLAY] reserves a point of order on the amendment, and the gentleman from Texas [Mr. BARTLETT] is recognized for 5 minutes in support of his amendment.

Mr. BARTLETT. I thank the Chair. I am not certain of the nature of the point of order, but I would be happy to yield to my distinguished chairman of the subcommittee. This is the amendment entitled "CONSULTATION," and it is to the amendment in the nature of a substitute. It is on page 3, beginning on line 9.

Mr. CLAY. Mr. Chairman, if the gentleman will yield, I was just reserving my right in case this was an amendment I had not seen.

Mr. BARTLETT. I understand. The gentleman reserves his right in case he finds a point of order against it.

Mr. CLAY. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The gentleman from Missouri [Mr. CLAY] withdraws his reservation of a point of order, and the gentleman from Texas [Mr. BARTLETT] may proceed.

Mr. BARTLETT. Mr. Chairman, this amendment would delete the consultation requirements from the substitute for H.R. 1616 in their entirety.

We have had a good debate so far. It has been lengthy, and it is likely to be lengthier still. But the substitute for the bill and the bill in its orginial form still boil down to two items. The bill would put on the backs of American workers two burdens, One is mandatory notification, and the other one is mandatory consulting. Much of the debate so far has related to mandatory consulting. It seems to many of us that that is the most onerous burden, although I believe that both burdens are equally onerous. But the mandatory consulting is the burden that does precipitate the potential legal actions which have been the subject of a great deal of debate.

Therefore, Mr. Chairman, as an opportunity for the House to vote on these two parts of the bill, I am first offering an amendment that would simply delete the consulting provisions in their entirety and thereby eliminate at least one-half of the controversy.

□ 1330

Now, in situations in which employees are represented by a labor union, according to this substitute, the employer would be required to meet an elusive legal requirement. Before implementing the layoff or the shutdown, the employer must have "consulted in good faith with the representative for the purpose of agreeing to a mutually satisfactory alternative."

It is those words "for the purpose of agreeing" that are left in the substitute, although in my judgment a cosmetic change was made later, that was an attempt to modify those words; but the words "for the purpose of agreeing" are left in the substitute.

You see, the requirement for consulting in good faith for the purpose of agreeing represents an unprecedented change in Federal labor law. We may not know until years after when the courts have settled the issue as to how much of a change; but for more than 40 years the National Labor Relations Act has imposed on union and management a duty to bargain in good faith. H.R. 1616, the substitute, would change the duty or would appear to change the duty to bargain in layoff situations to a duty to agree, a requirement found in no other labor law.

Now, what happens if the employer fails to carry out his duty to consult for the purpose of agreeing? First, in the bill in the portion I am attempting

to delete would give civil action to a court for any employee to file a civil action. It may or may not also provide injuctive relief. There is dispute as to that issue, but it does give the courts the right to review that issue.

I believe that it would give the union the right to go to a Federal district court and to obtain that injunction ordering the employer to keep that plant operating until the employer makes an offer acceptable.

It further requires during the 90 days of consulting unanimous consent by both parties to reach any other sort of agreement. It takes no great background in labor relations to realize that a union faced with the prospect of a plant shutdown is not going to agree to the proposal, thus forcing the continued operation of a failed or failing business.

The substitute makes the curious change after providing for consultation for the purpose of agreeing that the duty to consult for the purpose of agreeing is not a duty to reach an agreement. No doubt volumes of court cases will be written trying to make that distinction.

The substitute conditions the right to lay off workers or close down a failing business on whether the employer has met a standard that frankly cannot be measured by objective standards and probably could not even be identified today on the House floor. Unions will be able to keep businesses operating that would otherwise have been closed by claiming that the employer has not approached the negotiations in the proper frame of mind. While a court may take months or years to decide on the merits of the case, the losses continue to pile up and it is those operating losses that cost other employees their jobs at other locations, because it is those operating losses that otherwise could be used in investments and jobs.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BARTLETT] has expired.

(At the request of Mr. ROEMER, and by unanimous consent, Mr. BARTLETT was allowed to proceed for 5 additional minutes.)

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for his request.

I would note that there is a substantial difference between a mandatory by Federal law requirement to consult and the ordinary course of consulting that goes on every day. There is a voluntary organization in this country entitled National Center on Occupational Readjustment, which is generally accepted by business and industry and by unions and by employees, which does provide for voluntary consulting and voluntary notification.

In this morning's Washington Post one company announced a closing and announced in fact that they were engaging in that voluntary consulting and voluntary notification.

As the gentleman from Louisiana has said, there is a vast difference in the effect of voluntary consulting and mandatory consulting.

Mr. ROEMER. Mr. Chairman, will the gentleman yield on that point?

Mr. BARTLETT. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, if I read the same article in the Post as did the gentleman, the notice given was 6 months in this case, as I understand it.

Mr. BARTLETT. The gentleman is correct. The notice was 6 months. It was a notice in which this particular company is following voluntary notification, which is followed in cases when companies can do it, because it is in their best interest.

Mr. ROEMER. Mr. Chairman, will the gentleman yield further?

Mr. BARTLETT. I yield to the gentleman.

Mr. ROEMER. Mr. Chairman, I thank the gentleman.

I would just like to say to my colleague, the gentleman from Missouri, if I could, a decent and respected Member of the Congress, when he made his remarks on the substitute a few minutes ago, he said that those who oppose it might go home and brag about it.

I just want to tell my friend that I oppose the substitute. I support the amendment of my colleague, the gentleman from Texas, and I am not bragging.

The issue today is between good economics and good politics. I guess as politicians we ought to choose good politics; but as a citizen concerned about jobs, not only those who have them now, but those who need them tomorrow, I think we are required to choose good economics. We ought to be for jobs, not against them.

In this case, arbitrary standards nationally set by their very nature, do not apply in individual cases. In this case, arbitrary standards nationally set when put elsewhere on Earth have caused a diminution of job formation, rather than an increase.

In this case, artificial standards nationally set do not work to the best interests of the American worker. What does work to his best interest? Management, quality, caring, carefully planned concern about their workers, that is in the best interests of the American worker. It is what we do not have in America. It is what we are not legislating here, and you know what, you are not legislating it, because you cannot. The marketplace is going to have to give us that.

I thank the gentleman.

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for his understanding of the legislation and the amendment.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Missouri, the chairman of the subcommittee.

Mr. CLAY. Mr. Chairman, let me say, I think it is perfectly evident how true what I stated happens to be. I said that there were people who were distorting this debate, and just a second ago the gentleman from Texas continued to refer to the old bill about injunctive relief and about courts moving in. There is nothing in this substitute that would permit a court to move in.

I want to make even more clear what I think the difference is here. I think that we have some people in this Chamber, and I am not accusing any specific individual, who think that the American workers have plenty of nothing, and nothing is plenty for them.

Mr. BARTLETT. Mr. Chairman, before yielding to the gentleman from Louisiana, I would say that in fact that is the dispute. There should be a clear up or down vote which this amendment gives us as to whether we think that mandatory consulting is in the workers' best interest. The fact is that it is not. The consulting or sitting and listening and talking, as the sponsor of the bill characterizes it, happens every day and will continue to happen and should happen; but a mandatory consulting process that applies only to union workers and not to the nonunion workers and is set up under a Federal law not only cannot work, but it would be counterproductive.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, I thank the gentleman from Texas for yielding.

I rise in support of the position of the gentleman from Texas.

I think it is a shame, really, that this country is in such a situation today where we have plant closings throughout the Nation, in the Sun Belt as well as the Frost Belt, but I suggest to my colleagues that this legislation is not the right answer. Most of your big corporations, your little corporations, your small family firms, do not want to have to close their plants, do not want to have to lay off their employees; but I suggest, as the gentleman from Louisiana said earlier, that to try to arbitrarily set national standards is not the right way to go.

The gentleman's effort is trying to make this bad bill a little better, but it is still a very bad bill and I urge its defeat.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BARTLETT] has again expired.

(At the request of Mrs. ROUKEMA, and by unanimous consent, Mr. BARTLETT was allowed to proceed for 2 additional minutes.)

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentlewoman from New Jersey, the ranking member of the subcommittee.

Mrs. ROUKEMA. Mr. Chairman, I thank the gentleman for his amendment. I rise in support of the amendment.

I do want to indicate that earlier in this debate there was some misinformation concerning the true nature of the consultation process, the one the gentleman is trying to amend and eliminate in the bill.

Under the committee print of the new substitute, the language is specific on page 4 of that print that the consultation can only be broken off by mutual consent.

The gentleman's amendment, not only eliminating consultation, would also clear up any ambiguity as to who has to agree to what and under what circumstances.

I congratulate the gentleman.

Mr. BARTLETT. Mr. Chairman, the gentlewoman is correct. I am not attempting to nibble around the edges or to reframe what type of consultation or how many days there should be. I think it is a clear up or down choice as to whether Members of this body believe that mandatory consultation under a Federal framework in any way can be helpful. Voluntary consultation can be helpful.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, let me say again, it is so easy to misunderstand, and maybe it is because I do not say it right. The opportunity and the obligation to consult in a meaningful way is at the heart of good management in this country. It is not practiced enough. I wish we could ensure that. This substitute does not ensure that. This substitute sets up two classes of workers, those organized and those unorganized. This substitute, although it pretends that consultation is not important, it is, because it has public information involved or information of a competitive nature given to the public.

I thank the gentleman from Texas for trying to strike from this bill the consultative provisions in it. It is not because the gentleman is against consultation. He is against consultation as devised in these pages.

I thank the gentleman.

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for his comments.

In fact, the gentleman raises another point, and that is that I am also striking section 5, the disclosure requirement.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not a member of this committee. I came here today to try to listen as thoughtfully and as diligently as I can to the legislation before us. I had not sought to speak, but I would like to speak and I hope that I might have the attention of my distinguished colleague, the gentleman from Louisiana, on my side of the aisle, because I am very much shocked by the direction and the focus of this most recent debate.

The gentleman from Louisiana is one of the very eloquent human beings on the floor of this Congress, very well educated and extremely articulate. I am frankly very shocked at the level of the gentleman's articulation on this issue.

I might say to my colleague, the gentleman from Texas as well, my other colleague from Texas, this gentleman may be a very naive human being from the State of California, but I believe that our function here in this body, or to state it a different way, if there is any function at all that is appropriate in terms of the body politic, it is to attempt to balance justice and equity.

Now, I have seen a number of lawyerly presentations—take off the glasses, courtroom, fantastic drama here. I am not an attorney. This is not a courtroom. This is the body politic. This is the people's branch of Government. Here we attempt to balance the notions of justice and equity.

Now, let us get away from all the lawyerly presentations. Let us get away from the professorial economic presentations and let us deal in very fundamental way in language that people can understand what this is all about.

The gentleman from Texas is correct. One would assume that no one goes into business to close a plant. You do not have to beat me over the head with that. That is an obvious truism.

The point is that there comes a time in various States, in various locales and various communities, where the decision to close a plant does arrive, whether it means because they are losing revenue or they choose to relocate where they can exploit cheap labor in some other community, for whatever the reason. Let us place the most noble motivation on it. They choose then to leave.

On the one side you do indeed have the economics of the entrepreneur, but at the same time you have also the questions of justice, equity and fair play, on the part of some other human beings in that equation who are equally American.

The workers, who are not statistics, who are wage earners, men and women raising their families as you and I do: so in that equation, balancing the interest of the entrepreneur and the interest of the human beings who are the workers, some of those workers emerge as Members of Congress, they know what that is about.

This is not, I would say to my colleague, the gentleman from Texas, and the gentleman from Louisiana, some courtroom where we discuss legalese or some place where we applaud the economics of the corporation. Here we are attempting to balance justice.

If a plant is closed, I would say to my colleague, without all the legalese, the simple notion, what do you do when a plant decides to close and several hundred workers are affected and a community can be affected?

I thought my job was to come here to try to figure out how in some humble and often feeble and impotent way can we address the concerns of these persons who are our constituents.

I will yield to the gentleman in a moment, because I do want to debate this—not just taxpayers, not just voters, but American citizens, to try to balance this off.

What do we say to the worker—"you have no rights in this situation"? That is only the entrepreneur whose interests prevail?

The gentleman from Texas and the gentleman from Louisiana did not answer their own question. They did not take it far enough.

Are the workers not as much Americans as the entrepreneurs, or do we have citizens who have money that are more American than citizens who must work and sweat by their labor? Are they less American?

I would suggest not.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

□ 1345

Mr. DELLUMS. We attempt to balance off. What is wrong, I would say to my colleague from Texas, with consultation? One thing consultation certainly does is get the message out in a clear way. At least the workers have an opportunity to understand, sir, what the hell is happening to them.

So consultation provides the opportunity for at least open communication. I would say to the gentleman from Texas, Members of Congress want consultation with the leadership on establishing the calendar so they can decide whether they are going home on Thursday night or Friday morning. This is a big issue here.

The question of notification: Is the Speaker going to pull a bill without notifying us? We raise holy hell if we

do not have 24 hours' notification so we can get on our planes and get about our junkets.

We are simply saying here, give the workers in this country 90 days to (a) understand what is happening to them; (b) try to see if there are some alternatives. If you were one of those workers with five children and the plant closing, you would have to go home and say to your wife that those five children, maybe one of them in college, "You have to drop out. The plant is closing. There is no alternative."

Second, do not tell me about cosmetics. That is a fraudulent argument unless you are prepared to go beyond the cosmetics. The term "cosmetics" in the context of Congress, is a euphemism for compromise. If you are prepared to join in even more aggressive protection of the rights of some Americans who happen to, by the nature of their circumstances, sweat for their income, then it would seem to me that we ought to be doing all we can to balance the equation.

Give them consultation. Treat them as human beings. Do not talk to me about legalese, sir. This is not a courtroom. Take that across the street. Here is where we are talking people. Here is where we are talking life and death. Here is where we are talking families, children, wives, and what have you, and in very clear and unequivocal terms, when you close a plant some human beings' lives are affected in a profound and provocative way.

We, as Members of Congress, are not trying to, as I say to my colleagues, dance on the whims of political expediency, as if in some way that is something to dodge. Our job is protecting human beings, and we can try to balance it off. For you to tell me that a 90-day notification is not some move toward balancing that is an absurdity. That is a gross absurdity, sir.

We are talking about people in communities who live and die as a result of these plant closures. I would be willing to join you traveling around this country, California, Ohio, North Carolina, and other places in America where people are not leftwing kooks. They are just American citizens who lost their jobs and lost their livelihood. You and I, without wearing labels of Democrats or Republicans, if we talk to them, I feel beyond a moral certainty that the overwhelming majority of them would say, "I have been crushed by this. Give me some opportunity to be able to sit down with the employer to try to find out if there is an alternative—either from job one day, feast or famine," and that is what this is about.

So let us argue the humanity. Let us argue justice. Let us argue equity. Do not give me naive economic solutions and do not give me half-baked legalese. Talk about the justification in terms of how we balance the equation for people in that equation.

Mr. ARMEY. The gentleman is wrong, Mr. Chairman. Will he yield?

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I will be more than happy to yield. I have just finished my comments, and I would yield to the gentleman from Louisiana [Mr. ROEMER], then the gentleman from Texas [Mr. ARMEY], and then to the gentleman from Texas [Mr. BARTLETT], who is the maker of the motion, and if you want to get down, let us get down. Take it out of the courtroom and let us talk about it.

Mr. ROEMER. I thank the gentleman for yielding.

Mr. Chairman, the gentleman should know that the substitute for which he argues does not call for consultation with all workers. It calls for consultation only in those relatively limited number of cases where the workers are, in fact, organized. For 80 percent of the American workers, there is no coverage under the gentleman's argument.

It has been said by the chairman and others that the reason the substitute draws that difference is the practical effect.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has expired.

(On request of Mr. ROEMER and by unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. ROEMER. Mr. Chairman, will the gentleman yield further?

Mr. DELLUMS. I believe in fairness. I yield to the gentleman from Louisiana.

Mr. ROEMER. The gentleman is doing a good job.

Mr. Chairman, the chairman has argued, and rightfully so I think, that there is a difference, organized and unorganized, with whom you can consult. So for practical reasons, it has been limited to organized workers.

Given that same spirit of practicality, I have been trying to argue that the size of the work force also has practical economic—I know you hate that word—but practical economic interests for America, too. After all, we are trying to protect those with jobs and present opportunities for those without jobs. It is my contention, on the experience of other nations which have similar laws, that economic growth is encouraged when we do not delve into small business, small business units, in terms of these kinds of impediments to the marketplace.

Let me make my point quickly. We need to encourage the growth of small business in this country. One of the impediments to that growth is a shortage of capital. Ninety days can be a lifetime to a struggling business. Ninety days or the force of ninety days might be the deciding factor in the decision of investors to begin a small business.

It is my point, and perhaps it is invalid, but it is where I stand, but it is my belief that in return for the growth of small business and in return for the encouragement of small business opportunity, we ought to try this law perhaps to a larger economic size. For example, 500 in the workplace and 10 percent affected by any decision.

That seems to me to hold to your principles, to allow for the practical effect of the difference between small business and large business, and let us move on.

Mr. DELLUMS. I thank the gentleman.

Mr. Chairman, let me just say, No. 1, I think to the question you rise about the formula, the members of the committee ought to be capable and competent enough to address your argument.

Let me make two points: No. 1, you say the gentleman hates the term "economics." That is a gross hyperbole and it is a distortion of my point of view.

What I am simply saying is that when we use those terms and the bottom line of it means that we sacrifice several hundred workers, that is where this gentleman begins to flinch. When you say we must yield at the alter of economics, that in practical terms says, yes, but that means we rip off these several hundred workers. They just happen to be casualties. I do not want to rip off anybody and I do not want them to be casualties.

Mr. ROEMER. Yield back to me on that point, if the gentleman will, because I am with the gentleman in his concern, and I certainly did not say let us kneel or genuflect on the altar of raw economics.

I just say we need to understand economics. If we are concerned about all the workers, let us look at the economics.

Mr. DELLUMS. I appreciate the gentleman's comment.

One other comment I would just make to him: With respect to the 90 days, you suggest that that may be a hardship. I am simply saying let the burden of concern particularly, and I would say this to the gentleman from Texas [Mr. ARMEY], if the entrepreneur is so concerned, why do they not then engage in the necessary kinds of planning where 90 days is not the end or the beginning, and I am thinking that they would have enough statisticians and economists and lawyers that would allow them to make the necessary notice and give adequate enough time that they do not go down the tube simply on the basis of time.

Mr. ROEMER. If the gentleman will yield further, I could not agree with

the gentleman more. I am saying there is a critical mass. There is a size differential here. If you attain that critical mass and grow beyond it in size, you have the corporate well-being and resources to do the kind of planning that 90 days means in the real world.

I am not opposed to asking AT&T or General Motors or General Electric or further down the economic ladder to plan ahead and put your people first and give them adequate notice. I am saying that even if a mistake is made in planning at that size, and there often are mistakes since planning is often imprecise, they are big enough to eat the mistakes. The worker is not. It is the size differential that I want the gentleman to think about.

□ 1355

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. Mr. Chairman, I yield to the gentleman from Missouri with respect to this point.

If the gentleman from Texas [Mr. ARMEY] will hold tight, he and I will have at it in a moment.

Mr. CLAY. Mr. Chairman, that is precisely the purpose of this bill. This bill only covers 8 percent of all employers in this Nation; 92 percent of everybody who employs another person employs less than 50 people. So you should not be disagreeing with the number that we have here. You ought to be agreeing with that number.

Mr. ROEMER. Will the gentleman yield to me?

Mr. DELLUMS. I am happy to yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, my problem is that I represent a district, too, not perfect, but I love it. It has a lot of small businesses.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has again expired.

(On request of Mr. ARMEY and by unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. ARMEY. Mr. Chairman, I make this request in order that the gentleman might yield to the Lone Star State.

Mr. ROEMER. Mr. Chairman, will the gentleman yield to me?

Mr. DELLUMS. I am happy to yield briefly to the gentleman from Louisiana because the gentleman from the Lone Star State is upset.

Mr. ROEMER. Mr. Chairman, we are limited, I should not say we, but I am limited to my experiences, and there is a lot that I do not know, therefore.

What I do know is in my district, I have a number of relatively small employers, anywhere from 50 to 150, or even a little bit higher, lumber mills, timber industry, that sort of thing that would be covered by this and would be handicapped by this. They are loyal to their workers, they do have a good record, but 90 days can be a lifetime when you are so small that you do not even show up on a map.

Mr. CLAY. Will the gentleman yield on that point?

Mr. DELLUMS. I am happy to yield to the gentleman from Missouri.

Mr. CLAY. This bill does not threaten those kinds of people. We make it perfectly clear that if there is some unusual reason why you are closing that you do not come under the provisions of this bill. That is, if you would read the report language, it tells you about the unavoidable business circumstance test for those kinds of employees, or any kind, and it says that if the circumstances are beyond the employer's control, if the circumstances are unforeseeable, it says if swift implementation of the closing decision is required.

Now that is reasonable enough to cover any kind of situation that you have enumerated.

Mr. ROEMER. But if the gentleman will yield, that is the problem. We have talked about it on the floor before, the three of us have talked about it, the need to encourage small business and to remove the underbrush of regulation. Once again, they have to inform, get their lawyer, try to get your or somebody's OK to do what economics requires them to do. It does not make sense at that level. It does not make sense at the 61-employee level to put this kind of burden on them.

Let us try the principle at a higher level for the common good.

Mr. DELLUMS. Mr. Chairman, just before I yield, let me say I think this has been beneficial, because what this gentleman wanted to do was to change the emotional climate here, move us past this very thing that we are involved in, and now we are getting down to it, and I am happy about that.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. And I am happy to yield to the gentleman from Texas.

Mr. ARMEY. I thank the gentleman for yielding, and I agree that there has been a tremendous catharsis, I believe, for all.

Mr. DELLUMS. That is good, and as an old psychiatric social worker, a catharsis is helpful.

Mr. ARMEY. Yes, indeed, and our concerns are that we do not believe in free-floating anxiety here, and I agree with the gentleman that this is not a courtroom. I also agree that it is not an economics classroom, although there are times that I wish it were. And indeed, it is not a sociology classroom, either. And though I enjoyed, as I always do, the gentleman's commentary, I want to make a few points.

Let me start off with one. First, entrepreneurs are human beings, and they are American citizens, and they do work, quite often longer hours than their employees. I do not think we ought to lose sight of that. But they also assume risks, and risk, of course, is cost. And the point that I made earlier, and it is a very important one, is it is not enough, it is not acceptable to protect some workers' rights to stay in a deadend job, or some unions' rights to organize workers that they cannot otherwise organize, which is really the hidden agenda in this legislation. Let us not hide this fact. The cat is out of the bag, and we know now what the hidden agenda is.

You can only define the bad legislation that comes before us in terms of its hidden agenda. But you cannot protect that union leader's right to organize, you cannot protect that other worker's right to stay in a deadend job by passing legislation that so raises the cost to entrepreneurial risks that you cause businessmen to forgo the entry into the business, the building of the plant, and deny the right for the job to exist in the first place. And that will be the result of this legislation, as we have seen.

We in the South would rather leave it to the States, because some of you up North have had the bad judgment to impose this legislation on your workers, and to drive their plants and investments down South. Keep it up there, if you want to take jobs away from your workers, if you want to take investment out of your State. That is fine, but leave us down here in the South to practice good sense, good practical business sense without the condition in this legislation.

Mr. DELLUMS. Let me respond to the gentleman, Mr. Chairman.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has again expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Mr. Chairman, first of all, let me respond to the gentleman's comment that entrepreneurs are human beings. I do not suggest otherwise, I would say to my colleagues.

The thrust of this gentleman's argument was that what we have to be about here, as representatives of the people, is trying to balance interests and trying to balance concern, to try to achieve a level of equity, to try to achieve the level of justice. So the entrepreneurs on one side of that scale are human beings, and the workers on the other side of that scale are also human beings. Our job is to try to see if we can use the legislative process to try to bring about an equitable balance. That is what I started off trying to say.

No. 2, it is not a sociology course. Here is where we are about the business of the people. The extent to

which we are talking people, we are talking sociology, and that is just reality. We are not trying to lecture, but what I am trying to say is what my responsibility is and what it seems to me is not the equation.

The gentleman suggests the risks that the entrepreneur takes, and I do not suggest those are not real. But what makes this gentleman concerned is when workers become the casualties in that regard.

I understand if you place regulations at such a level that it drives business away, that that creates a problem. But the point of it is that do we in the process of preserving the credibility of the entreprenuer allow hundreds of workers to be at risk? I do not think we should.

My final point is all this says, as I read this piece of legislation, is that you notify the workers. Is that not a healthy thing within the framework of a free and open society, that when a decision as powerful as that, impacting upon their wages, that they at least have adequate notification so that they can understand: First, what is happening to them; second, whether there are any alternatives; and third, to be able to try to preserve the integrity of their way of life? That just seems to me to be so very simple, and in some ways, it ought to be so very American.

With that, I yield to the gentleman from Texas.

Mr. ARMEY. If I might make one final comment very quickly, if the gentleman believes all of this is a simple notification, I would remind the gentleman that every seduction begins with "All I want is a little kiss," and that is what you are going to get.

Mr. DELLUMS. That is a sexist remark, but I am not going to touch that with a 10-foot pole.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for yielding. I do appreciate the gentleman trying to put this debate on human being terms.

There will be a great deal of legalese in trying to interpret what this legislation would mean if it is ever passed, and that will go on for years and years.

The gentleman is speaking up for American workers. I have to tell you that that is what brings me to the floor today, and the gentleman makes an eloquent case against the trauma of unemployment and a loss of jobs.

Our difference of opinion is that I would contend that regardless of what words say or the titles of this legislation, the result of this legislation is it will cost workers in your district and in my district and in the district of the gentleman from Michigan [Mr. FORD] their jobs. It will cost American workers their jobs.

Mr. DELLUMS. Explain that to me. I want to understand that, I really do. That has been asserted, but it has not been proven.

Mr. BARTLETT. If I could, I will be specific with a specific company, if the gentleman will yield further.

A month ago or so, a very large company adjacent to my district, many of whom lived in my district, closed down with the loss of some 1,400 jobs immediately, and 1,100 jobs 8 months from now. The company is called Mostek. It closed down because it was losing enormous sums of money.

I tried to compare what would have happened to those workers, secretaries and engineers, factory workers, others, with this legislation and without it. I would say to the gentleman that with this legislation, that company and those jobs would have been closed down almost 1 year ago. And when you talk to employees at that company, they will concur, because the company would have just simply, seeing this notification requirement and this consulting requirement, simply would not have tried as hard as they do. They struggled, and they tried.

I would say let us give those workers some chance. This legislation, by requiring mandatory new Federal laws to get into the process of notification and consultation, which is happening anyway, would have caused that company to close down earlier rather than later. The fact is that more of those people would have been out of work, and they would have been out of work sooner.

Now let us talk about consulting for a moment, because that is the purpose of the amendment. Consulting in that case has gone on, and went on for the first year that the company was struggling along on losses, and it is going on even today. The company is consulting with the workers, with the management, with other companies to do everything they can to try to reopen the facility, to sell it, to cause the workers to get their jobs back, because it is in the company's and the workers' and everyone else's best interest.

The consulting is going on, and the way it ought to go on in a consulting basis where everyone is involved.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has again expired.

(On request of Mr. BARTLETT and by unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. I yield to the gentleman from Texas.

Mr. BARTLETT. The fact is in that case, as in every case, the so-called consulting goes on for the benefit of restoring jobs to those workers, as it is going on today.

Mr. DELLUMS. That is OK.

Mr. BARTLETT. In smaller companies, it happens the same way. Other companies have closed down in my district.

You cannot legislate, as the gentleman from Louisiana said, you cannot legislate good management or good business ethics. But every time it happens, there is consulting that happens. It happens on an informal basis sometimes, sometimes on a formal basis.

This legislation would cause more of those companies, more of those plants to close down, and cause them to close down sooner.

So if we are concerned about unemployment and loss of jobs, then I would urge we take the mandatory consulting out of this bill and defeat the bill in its entirety.

I thank the gentleman for yielding.

Mr. DELLUMS. I thank the gentleman.

Mr. Chairman, I simply want to say this: No. 1, I am not sure that the example the gentleman gave is really—I accept it as the gentleman's notion, but at the very least, that is a judgment call. I think the workers are going to fight for their employment whatever the situation is, and I think you can come down on either side of that.

Just one last comment, Mr. Chairman. There are those who any time you get into an extended debate, they say close off the discussion. The problem on the floor of this Congress is that we talk at each other much too often.

I do not jump up around here and come down in the well every single day on every single issue. I talk here very selectively. But I have always advocated that we talk with each other, and be willing to confront each other, and confront each other's arguments rather than just giving each other speeches, and we politely listen. I have tried to listen, and if I am opposed, then I challenge you, and that way we can have debate because that is what this whole thing ought to be about.

I am very appreciative that the chairman and my colleagues have been generous enough to allow me to extend this debate, and that is very important. If it takes us 20 minutes more, then that is just fine, we catch the next plane. But our business is here to talk with each other, not at each other, and I thank the gentleman.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I could not agree with the gentleman more, that this is a subject worthy of us talking with each other, and I appreciate the gentleman attempting to do that.

Let me add something for whatever it is worth, if I could. I had a conversation yesterday with one of those professors at MIT in economics, Professor Thurow. You know Mr. Thurow.

Mr. DELLUMS. I like professors. I use them, too.

Mr. ROEMER. He is a Democrat, and he is not conservative nor meek. I asked him about this bill, and he said, well, it is a good concept; it is a terrible law. He said look at the experience, and he said, take Europe, for example. They have had a diminution in job formation as a direct result of these kinds of bills, because it has suppressed economic entrepreneurialship and investment.

I could not agree with the gentleman from California more, I could not stand beside him closer in concern for the worker. I just want you to know there is deep-felt and legitimate concern in this country that this will hurt worker opportunity.

That is not to say a 90-day notice should not be given. That is not to say that notice ought not be as soon as possible and as deep as possible, and consultation should not be as strong as possible. It is just saying that you cannot legislate it in this country. It works against the worker.

Mr. DELLUMS. I thank the gentleman, and I yield back the balance of my time.

The CHAIRMAN. The Committee will rise informally.

□ 1410

ENROLLED BILLS SIGNED

The SPEAKER pro tempore (Mr. BENNETT) assumed the Chair.

The SPEAKER pro tempore. The Chair lays before the House the following enrolled bills:

H.R. 3038. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes; and

H.R. 3721. An act to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

The SPEAKER pro tempore. The Committee will resume its sitting.

LABOR-MANAGEMENT NOTIFICATION AND CONSULTATION ACT OF 1985

The Committee resumed its sitting.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me speak on what I assume will be a unanimous-consent request here shortly. I would like to put all of this into a bigger perspective if I can, and the reason I am supporting this particular amendment.

Let us understand that the whole issue of labor displacement and plant closings has become a very real and legitimate issue in this Congress, and I think in this country.

The Secretary of Labor, Bill Brock, has already initiated a commission to look in to the whole issue of plant closings, labor displacement, and every possible proposal that has been presented to this Committee has dealt with that issue.

The gentleman from Michigan [Mr. FORD], his proposal includes a commission to look at the issue of plant closings. The substitute that the gentleman from Vermont [Mr. JEFFORDS] and I are going to offer deals with the issue of plant closings. Everything that has been talked about deals with the issue of plant closings.

Where we get into debate in this Congress is what we ought to do while a study of plant closings is occurring. Really there are two extremes: Some say we ought to enact H.R. 1616 and everything that it includes in terms of notification, consultation, the penalties and everything else.

I must say that I have some difficulty with legislating to this degree when we, at the same time say we need a commission to find out what the problem is and what the solutions are to be.

At the same time I say that, there are those who are also suggesting that we ought to do nothing; we ought to pretend there is not a problem—we do not even need a study, I guess, just pretend that nothing is there; there is no problem; and go on from there.

I would like to suggest that there is a reasonable middle ground. My colleague from Ohio [Mr. ECKART] got up earlier and discussed a situation he had in his district. I would like to get up and discuss a situation that I have had in my district, and that is my home town, Whitehall, WI.

A couple of years ago we had a situation where a meat packing plant in the community, or I would guess that someplace between 300 and 500 people were employed in this particular meat processing plant; we have a small community of about 1,350 population. We had to deal with some sewer and water requirements of the State department of natural resources, the Environmental Protection Agency, and so what did we do?

What we did was do what any community in that case would do, you would respond to the business and the industry that you had in your town; you would borrow the money, you would get the FHA loan, you would upgrade your sewer and water facilities to meet their needs to keep them working, and go on for it.

What happened? Just like that the plant management, which was not local management or ownership, decided to up and leave town. What did they do? They not only left a large number of people unemployed, many of those people are still unemployed today, but in addition to that, they also left that community holding the entire burden of that Farmers Home Loan and the other loans that were made to try to put that whole processing plant, its sewer and water facilities into place.

To say that there is not a moral requirement for notification not only to the employees but also to the community is to say that there is no moral obligation of business, and I reject that, and I think most people in this Congress on both sides of the aisle reject that.

You do have an obligation to the community from which you derive your greatest resource; that being your employment.

I bring this up because I want to put it in the context of the amendment of the gentleman from Texas. I am not sure whether his heart and my heart are in the same place or not. I think he has an amendment to follow this that will try to eliminate the notice requirement in the bill, and I am going to oppose that and he knows I am going to oppose that.

But there really were two ways to deal with this question of consultation: One was to deal with it in the Jeffords-Gunderson substitute, which we may or may not get to later this afternoon; or the other is to deal with it as the gentleman from Texas has at this point, which is to simply try to delete the consultation requirement.

Now, is consultation a problem? I am not sure whether voluntary discussion is a problem, and I would hope that there is a business-labor relationship in all of American industry that would cause that to happen without it being mandated by law.

There are some requirements in the bill that go above and beyond that that I do have problems with, and in particular, section 5 of the substitute, where it requires first of all that go above and beyond that that I do have problems with, and in particular, section 5 of the substitute, where it requires first of all that during consultation in order for that consultation to require or to be done in good faith, that all relevant information must be disclosed.

We do not define relevant information, and I think we all know what is going to happen is that is going to be a debate, and it is going to center around the fact that that particular business or industry has to disclose every bit of their financial records, every bit of their long-term planning,

et cetera; which I happen to think is wrong.

I think it is wrong for any business in its normal, legitimate financial decisions to be required to do that, and I certainly think it is wrong to be required to disclose that publicly when in essence what you are doing is you are sharing your long-term plans with your competition. We in Government ought not be mandating that.

Now, the bill goes on, however, and says "Well, you don't have to make it public." How do you prevent it from being made public under the substitute? You petition the Secretary of Labor.

Now, I like the new Secretary of Labor; I have high regard for him, but I do not have high regard for American Government bureaucracy.

(By unanimous consent, Mr. GUNDERSON was allowed to proceed for 3 additional minutes.)

Mr. GUNDERSON. As I said, Mr. Chairman, I do not have great regard for Government bureaucracy and I know exactly what is going to happen is, anytime under this bill that a company wants to preserve the integrity and the privacy of its financial records, its development plans, its long-term plan, et cetera, has got to petition the Secretary of Labor and the bureaucracy for the right to do that. I think that is wrong.

Now, there is also a penalty provision if, in consultation, the employees would disclose publicly this information. I appreciate the intent of that, but ladies and gentleman, that is too late. After that point in time, the chickens are already out of the chicken coop, and penalties at that point really do not make much difference because the damages are already going to be effective.

So I would encourage, because I understand my colleague from Texas is going to modify this amendment, he is going to eliminate the enforcement provisions which he presently deletes. So if this amendment succeeded, his new amendment, then what you would have is you would still have the mandatory 90-day notice requirement with the enforcement provisions.

I would suggest to my colleagues on both sides of the aisle, this is a reasonable and this is a moral middle ground that most companies in this country adhere to today, and I think we can ask this little bit of every business and industry in this country.

I yield to my colleague from Texas.

Mr. BARTLETT. The gentleman makes a very eloquent plea, and I would just thank him for his support of this amendment to remove the consulting and disclosure sections of this bill, to at least remove one-half of the controversy.

I thank the gentleman for his support.

Mr. GUNDERSON. I appreciate the gentleman's remarks.

I yield back the balance of my time.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I am informed that the gentleman now understands that the amendment we have been debating for the last hour and a half does not say what everybody has been saying it says; as a matter of fact, it is drafted in such a way as to remove all of the remedies in the legislation, and so you would not have to repeal the notice requirement, because if you did not give notice it does not make any difference.

Now since it has been called to his attention, I understand that he will shortly ask for unanimous consent to withdraw this amendment and introduce a different amendment.

I would like, however, to respond to my good friend from Wisconsin very briefly, and I want to tell him first that I appreciate the very reasonable and rational approach that he has taken to the evaluation of this bill. At least it is better than being told that we are premature and that because somebody has just discovered it, since this legislation came up recently, it is a new issue.

I know that the gentleman has had experience in his own State with legislation of this kind, and that is one of the States that has State legislation addressing itself to the problems that we are trying to deal with.

He points out that, you would conceivably have an argument about what is relevant information. Well, relevant information is not left by the language of my substitute hanging; it is relevant information as is necessary for the thorough evaluation of the proposal to order a plant closing or mass layoff, or for the thorough evaluation of any alternatives or modifications suggested to such proposal.

The relevancy in that case, it seems to me, is limited to relevant matters to determining the specifics with regard to that particular action, removing those jobs from the community; not what the company's plans are for the new community they might want to go to or any other consideration.

Mr. GUNDERSON. Will the chairman yield?

Mr. FORD of Michigan. I yield to the gentleman.

Mr. GUNDERSON. Would that not include, however, all your financial information? Is not that a legitimate, relevant information in terms of discussion of whether or not——

Mr. FORD of Michigan. Not at all. When BASF made a decision to move a chemical plant from my area, the last 680 jobs, to Louisiana, that decision was made in Bonn, Germany.

□ 1420

If this law had been in effect, we would not have been able to ask them for all of their financial records. We would have asked them: "Is your mind made up? Is it really that advantageous for you to go to Louisiana with this plan?" And if they said yes, that is the end of the ball game. But there would be no relevance to overall—they were not going because they were going broke.

Mr. GUNDERSON. Would the gentleman share with us what he would define as "relevant information"?

Mr. FORD of Michigan. Relevant information, if an employer said, "The reason I am closing is because I am going broke," at that point the employer's financial information becomes relevant. However, for the concerns that the gentleman has, if he has announced publicly that he is going broke, I do not think he can be hurt very much more by having somebody see it in his books.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. Because this is a point of clarification and causes some concern. I know that my colleague from Wisconsin and I share the same concern about relevancy here. Reading from the committee report, and I would like to have the gentleman from Michigan explain this, under the title "The Duty To Disclose Information During Consultation," page 19. At the bottom of that page, there are references to section 8(a)(5) of the National Labor Relations Act which states "has been broadly applied by the NLRB and the courts. The standard for accessing relevancy has been defined as a liberal discovery-type standard, where relevance is simply synonymous with germaneness." This is all referring to relevant information. "The information need only have some bearing on the issues involved, and the employer must furnish information that is of probable or potential relevance to the employee representatives' role as bargaining agent."

Now, to me that leaves a very broad interpretation. It leaves a loophole that I would think would lead to endless litigation and endless appeals not only to the Secretary of Labor but to the court.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

(By unanimous consent. Mr. FORD of Michigan was allowed to proceed for 3 additional minutes.)

Mr. FORD of Michigan. I would ask the gentlewoman to read carefully the language she has just read, the sentence that ends "where relevance is simply synonymous with germaneness." That is not vague. If you think

it is vague, offer a nongermane amendment on this floor sometime, and you see how long it lasts. I do not have any trouble determining what is germane in a split second notice on the floor. That is the kind of language that ties it down.

If you look at page 20, however, you will see we do not leave you in limbo. "Accordingly, the committee contends that information such as the following, without being exhaustive, should be furnished to employee representatives upon request during consultation: A statement of the reasons for proposing to close its plant or permanently reduce its work force, copies of reports and other materials used by the employer in deciding to close a facility or permanently reduce its work force; copies of agreements with other parties that bear on the facility set for closing; data regarding the facilities," not the companies, the facilities, "the facility's profitability; reports and other materials concerning products or services that could be produced or delivered at the affected facility. A comparison of costs if the closure of layoff involves the transfer of work to other locations." Now, we suggest in the committee language that that does not exhaust all the possible kinds of information that are probably relevant.

Mrs. ROUKEMA. With all due respect to the gentleman from Michigan, it seems to me he has only amplified the point I am trying to make that there is so much interpretation here that any lawyer would love this committee report.

Mr. FORD of Michigan. Let me reclaim my time and say I would ask the gentlewoman: Of those pieces of information enumerated here, which ones does she think the employer should not have to tell an employee representative if they are going to close the plant?

Mrs. ROUKEMA. The question is the interpretation of this language which seems to me to leave every piece of information——

Mr. FORD of Michigan. Now wait a minute. There is no question of interpretation here, but the purpose of interpretation.

Mrs. ROUKEMA. I think the gentleman has made my point.

Mr. GUNDERSON. If the gentleman would yield, I would like to answer his question.

Mr. FORD of Michigan. The gentlewoman engages in a quibble. I asked her which piece of information do you think we should not give? Her answer is, that is not the point, it is the fact that they have to give any information. If there is nothing in there that you think is immoral or fattening for an employer to do, what is wrong with it? We should not be arguing about the interpretation of this section if it does not do anything harmful.

Mrs. ROUKEMA. It is harmful. The data regarding the facility's profitability, for example.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. I thank the gentleman for yielding.

I would like to relate and expand on what my colleague from New Jersey just said because in answer to your question: "Copies of reports and other materials used by the employers in deciding to close a facility." You could go on to the one beyond the next: "Data regarding the facility's profitability." If that is not profit and loss statements and financial disclosures, what is it?

Mr. BARTLETT. Mr. Chairman, I ask unanimous consent to withdraw and to offer a perfecting amendment, in consultation with the majority.

The CHAIRMAN. Is there objection to the gentleman's unanimous-consent request to withdraw his amendment?

Mr. FORD of Michigan. Reserving the right to object, Mr. Chairman, is the gentleman's unanimous-consent request inclusive of the offering of another amendment?

The CHAIRMAN. The gentleman has made a unanimous-consent request to withdraw his pending amendment.

Mr. FORD of Michigan. And that is all?

The CHAIRMAN. Is there objection to the gentleman's unanimous-consent request to withdraw his pending amendment?

Mr. CLAY. Reserving the right to object, Mr. Chairman, I only reserve the right in order to make it clear that the majority does not agree with the amendment that the gentleman is offering.

Mr. Chairman, I withdraw my reservation of objection.

Mr. FORD of Michigan. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. BARTLETT]?

There was no objection.

AMENDMENT OFFERED BY MR. BARTLETT TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FORD OF MICHIGAN

Mr. BARTLETT. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT to the amendment in the nature of a substitute offered by Mr. FORD of Michigan: Page 3, beginning on line 9, strike out all of sections 4 and 5 through page 4, line 21, and redesignate the succeeding sections and references thereto accordingly.

Page 5, line 9, strike out "or 4".

Page 5, beginning on line 23, strike out subsection (b) through line 5 on page 6 and redesignate the succeeding subsection accordingly.

Page 6, line 24, strike out "and consultation"; on line 25, strike out "or 4"; and on page 7, beginning on line 1, strike out ", consult with, and disclose information to,".

Mr. BARTLETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the substitute from Texas?

There was no objection.

Mr. BARTLETT. Mr. Chairman, I will not take 5 minutes.

Mr. Chairman, this amendment is the amendment we have been talking about and debating this entire time to strike the consulting provisions. The majority correctly pointed out that the amendment had been drafted based on the substitute we received this morning and had been miscrafted so as to include some of the notification.

It is my intention at a later time in the debate to also offer an amendment to strike the notification provisions. But I do think it is fair that the Members of this body be given the opportunity to vote first on mandatory consulting and then on mandatory notification.

Broadly speaking, those are the two provisions of this bill. This amendment would strike the consulting and disclosure sections of the bill and have no effect on the notification section.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Texas.

Mr. STENHOLM. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Wisconsin observed he was having some problems with some of the amendments and some of the rationale. He made the statement that consultation is a problem or may not be a problem, and he was having difficulty trying to decide whether it was a problem. I would suggest there are two things wrong with the consultation process and why I support the gentleman's amendment.

First of all, there are legal requirements that we already heard at the beginning of an interpretation of what is meant by this will create tremendous problems. Second, the problems will be created in this area: A perusal of the committee report shows that, whether large or small, the employer that must consult and disclose information relevant to layoffs, closings, is expected to produce a blizzard of paperwork. Not only does the report language state that the employer should produce a statement of reasons, copies of reports, copies of agreements with other parties, data on profitability, and comprehensive materials on the firm's capabilities, he or she is also expected to

produce cost comparisons on alternative actions, and even if the employer has not relied on or already developed summaries or interpretations of this data, these must nevertheless be especially prepared for the union. Now, I would suggest that this indicates real problems for all businesses, those at the 50 level, those just above it, maybe those below it: a tremendous problem in possible cost. And I amplify I think this is what the gentleman from Wisconsin was indicating in his remarks. I wanted to amplify that.

Mr. Chairman, I thank the gentleman for yielding.

Mr. BARTLETT. I thank the gentleman. The gentleman is correct in that with a consultation agreement in law it would redirect the efforts of employers and employees alike toward this forced mediation and consultation in bargaining situations whereas their efforts, particularly in a failing company, should be devoted toward finding ways to save those jobs.

The company that I spoke of adjacent to my district, earlier today, I just received word that today, as a result of a month-long consultation, the employers and the parent company have come up with a way to save 1,000 of those jobs by finding a way to sell some assets of the company and keep it open. It seems to me that is what the employees and the employer should focus on, not some artificial Federal law that results in paperwork, disclosure, and lawsuits.

I thank the gentleman from Texas and the gentleman from Wisconsin, I thank them for their support of this amendment.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman.

Mr. CLAY. I thank the gentleman for yielding.

Mr. Chairman, is the gentleman talking of the same company that let off 800 of its employees without any notification, which called the State department of labor 3 o'clock in the afternoon and informed them that 800 people would be laid off the following morning? I think you are making our point. Now, after laying off 800 without any consultation.

Mr. BARTLETT. Reclaiming my time, no, I am not.

Mr. CLAY. If the gentleman will yield further for another 20 seconds.

After laying off 800 without any consultation, now, after all of this extended time of consultation, they were able to save the rest of the jobs. I think if they had consulted from the beginning they might have been able to save those 800.

Mr. BARTLETT. Reclaiming my time, the company had for 1 year prior to the closing, and since the closing the company had consulted with just about everyone in trying to find ways to save the jobs by making the company economically strong. But a Federal law to require some new type of formal consultation and disclosure of their trade secrets, of their copyrights, of their contracts, of their customers would not have helped the workers of the company. It would have cost them their jobs.

The headline in the paper in Dallas, which has just been handed to me, says, "Mitre Corporation Saves 1,000 Jobs."

Mr. ALEXANDER. Mr. Chairman, I move to strike the last word, and I rise in support of the bill as reported.

Mr. Chairman, I rise today simply in support of the bill as reported by the committee and to add that in those instances that I have observed in my district and State that management has been reasonable with labor and given labor every consideration once it becomes known to management that an industry will shut down. I can cite case after case in my State where that has occurred. But that is not always the case, and consideration of labor is not a universal rule in this country.

In those instances where the families of workers and the workers themselves are not considered, I think that it is proper and it is just for the Congress to report this bill and to pass this bill into law.

Certainly 90 days' notice for plant closing and consultation among workers is a reasonable requirement to place upon business when a judgment is made to close down a factory, a place of employment. And I would certainly urge my colleagues to put into law this moral duty of labor to give notice to workers and to the communities where the workers reside when a decision is impending to shut down a plant.

Mr. BROWN of Colorado. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment of the gentleman from Texas.

Mr. Chairman, I think the missing link in our discussion here is a very important one. The missing link is not a care and concern over the workers. Obviously, we should and must be concerned about the working men and women of this country and ensure that they are treated fairly.

□ 1435

The missing link is not so much a discussion of management and its rights and privileges. Certainly they have some, and we must consider them. But the real missing link here that we have got to come to focus on if we are to make a wise decision on this legislation is the real question of what happens when you give that notice.

Bear with me, if you would. What we are talking about and urging are people to consider the thoughts and the feelings and to explore alternatives with their employees. That is fine. That is important. That is value. But take a look at what we do with this legislation. What we do with this legislation is, by law, require 90 days advance notice, with awesome penalties if that notice is not available.

It has been pointed our earlier that there are provisions of the statute that provide for the very unexpected circumstances. For the men and women of this body who have not read that portion of the bill or read the committee report, let me commend it to you for your consideration. That is an extremely tightly drawn portion of the bill. It is extremely limited. It is very clear that changes in the business climate that could be forecasted in any way will not fit under that.

The point is this: Any attorney—and, believe me, everybody who comes under this law is going to have an attorney if they have problems—who reads this statute is going to tell his client or her client that "if you have any question about whether or not you may have to close down your plant in the next 3 months, you darn well better give notice."

The point here is an important one. Plants that may or may not have to shut down will be advised to give notice. The statute we are coming up with is one that forces them to give notice whether or not they are going to have to shut down but merely when the question arises.

Now, what happens when that does? Because that is the missing link we need to talk about. What happens when people have to give notice of shutting down their plant?

The first thing that happens, if you are a supplier to that plant, is that you begin to reconsider whether or not you grant the terms, whether 30-day terms for the supplies or raw materials, 60 days. What is common in the industry, in many industries, is for simply a cutoff of new supplies going to a plant that you have questions about whether or not they can make it.

What you do, in effect, is push that plan that might have had a chance over the brink.

What we are talking about is how you help those workers. You do not help those workers if you shut down the plant when it does not have to be shut down. And, believe me, the cutoff of credit from suppliers can do that.

What happens to the bankers? The bankers, in almost all of these business loans, not all, but almost all, end up having a clause that allows them to call the loan should they have a concern over their ability to collect on that loan or the credit worthiness of the customer. This is not something we are making up. It exists in the notes, in the deeds of trust, in the loan

agreements throughout this Nation. Once you announce the potential closing of that plant, virtually every banker in this country, or almost every one that is valid, is going to take a look at that note and reexamine that credit line.

And think about what happens when they do. It is not just the immediate record of that plant. They take a look at the assets. A plant that is active and operating is worth perhaps a great deal. But shut that plant down, and its value drops dramatically.

What we are saying is if you have them give notice, it endangers their line of credit, or can.

Now, I grant you, the cases we talked about, Otis Elevator, General Motors, some of the auto producers, I do not think we are going to have a problem with their bank loans. I am not concerned about them, from that point of view. But I am concerned about those smaller employers who clearly do have a problem with their creditline.

Take a look at what happens with customers. Some may recall what happened with even IBM, a corporate giant, who dominates their field, when they announced they were going to cut off production of their small computer. Prices dropped. They had trouble selling them. Their competitors took strong action.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. BROWN] has expired.

Mr. BROWN of Colorado. Mr. Chairman, I ask unanimous consent for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

Mr. CLAY. Mr. Chairman, reserving the right to object, I do not intend to object at this point, but I think that we have spent 3 hours now debating this matter. Even though it is a very important matter, at some point we are going to have to make a decision as to whether we want this legislation or not. And I think we have been very generous in extending this time. I do not intend to object at this particular time, but for any future extensions I will raise an objection.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. BROWN of Colorado. I thank the gentleman for withdrawing his reservation of objection.

Mr. Chairman, what happened with IMB or with other people who have announced the cutoff of even a productline or a plant is that customers who purchase those items go out and ask themselves, "What happens when that plant shuts down? Where will my supply come from?"

What you do with that announcement is cause your customers to drift away from the product. What you do with that announcement is have your customers look for other sources of supply. What you do with this notice does not just affect the workers. And I think we agree we ought to have a way of working with those workers in trying to find solutions. But we do not want to put in the statute something that will require an early notice when it is not necessary, something that will doom the potential of that future business. And that is what we have done. That is what I think this body has got to solve when it considers this legislation. It has got to come up with a way so that the notice provisions and the consultation provisions do not do in that business. That is not an unreasonable concern I think to have addressed. And I think we can solve that problem, but I think it takes an amendment from the form that this bill is in now.

Let me suggest one other aspect that we ought to look at here. Whether or not you complied with all the requirements of this act is a very vague question. Have you supplied all of the reports that you need to? Have you done everything possible?

The committee report even suggests your attitude when you go to discussions is important. What if someone perceives you have the wrong attitude? That happens to us all the time around here, I suspect. The penalty is absolutely awesome under the original bill. It is still enormous under the substitute that has been offered. What it involves is 90 days pay. Under the original bill it can involve punitive damages. It involves attorneys' fees. It can be an overwhelming burden. What we have done is create a penalty so severe that we have cut off a reasonable consideration between the parties. I hope you will consider the amendment of the gentleman from Texas. It seems to me it is a reasonable approach to try and solve some of the problems.

Mr. TAYLOR. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from Missouri.

Mr. TAYLOR. Mr. Chairman, I strongly oppose H.R. 1616, a bill which imposes a set of rigid procedures on employers prior to deciding to close a manufacturing plant or reduce their operations resulting in layoffs of workers.

None of us wants to see manufacturing plants close anywhere in America, but I believe this bill will result in an acceleration of plant closings.

H.R. 1616 requires employers to give 90 days' notice before permanently laying off 50 or more employees, and it requires employers of 50 or more persons to consult and negotiate with employees during that 90-day period about alternatives to plant closings.

The bill does not require an employer to gain Government permission before closing a plant, but it does require an employer to notify the Federal Mediation and Conciliation Service at least 90 days prior to closing a plant. In addition, this Government agency is given new authority to mediate plant closing disputes between an employer and his employees.

Mr. Chairman, when the sponsors of this bill appeared before the Committee on Rules last week, I pointed out that several businessmen in the Seventh District of Missouri, owners of small- to medium-sized manufacturing plants were very concerned about the provisions of this bill.

In my congressional district, and throughout Missouri, we have a great deal of small garment manufacturing plants, small electric motor manufacturing plants, and fewer and fewer small shoe manufacturing plants.

The owners and managers of these businesses, who typically employ 100, or 150, or 200 employees, already face business difficulties due to the high volume of foreign imports and the high interest rates they have to pay in order to continue the flow of capital for their businesses.

Some of these manufacturers have resisted, and will continue to resist, the temptation to move their plants to the Caribbean. They see this bill as a stumbling block to their efforts to recapitalize their operations, to renegotiate their loans, or to work with communities in order to stay open.

The reason this bill will be a serious deterrence to these efforts is that it goes far beyond simple notice. The bill places a legal obligation on an employer to provide employees with information necessary for them to evaluate a proposed closing or permant layoff, and the bill gives both the Government and employees a right to sue in Federal court for failure to comply.

Mr. Chairman, I mentioned earlier our hearing in the Committee on Rules. During that hearing we heard considerable testimony about plant closures involving large, multinational corporations, such as Ford Motor Co. and General Electric.

My immediate concern is not so much with these type of large corporations, since many of them already have notice requirements in their labor contracts, and they are accustomed to negotiations of this type. My concern is with the small manufacturers who want to stay in business, and who are making every effort to do so.

I believe the requirements of this bill will be counterproductive to the efforts of these businesses to stay in business, and I am afraid we will see a lot of these small businesses avoid the requirements of this bill and the potential penalties it might impose on them, by throwing up their hands and moving away.

Mr. Chairman, H.R. 1616 should be soundly defeated.

Mr. Chairman, sometimes I think that in our quest to do good—and a lot

of people do have the right motivation—that we destroy the very thing we set out to save.

I have a small manufacturing company in my district. I say "small." They have nine garment factories. They hire some 1,100 people. During the past year they have had a tremendous time trying to stay in business, with the foreign import situation being the way it is. They have had some financial problems, but they have done innovative financing, they have worked with the local communities, and they have been able to put it together.

I just talked to the gentleman that owns it on the phone a few minutes ago. His name is Jim Hagale. He lives in Ozark, MO. He told me that during the last year the traumatic experience he has had. He said, "Had I faced a law that this legislation would put into force, I would have had no choice but to have turned and painted my rear with the antelopes and run with them to Central America." But he did not do it, and he is here. Had this legislation been law, there would have been 1,100 plant employees in my district that would be out of a job today that are not without a job.

Yesterday I had a plant close in Webb City, MO. The Elder Manufacturing Co. has plants in Costa Rica, but they have kept a plant open in Webb City, MO. But because of the threat of this legislation and the punitive damages that would be thrust upon them, they announced that they are going to close their plant doors and today 600 workers are without jobs in Webb City, MO, just because of the threat of this legislation.

And I say to my colleagues here today, let us not do this. Let us not act precipitously on this and close the doors of employment to hundreds of people who otherwise would maintain their jobs.

Mr. BROWN of Colorado. I think the gentleman eloquently makes a very important point. There is a danger in the way this bill is drafted that it could well be the instigation for jobs being lost.

One point that I think was made earlier by the gentleman from Louisiana, the countries that have tried this legislation have not had a good experience on it. If you look at the countries in Europe that have these laws, similar laws, not exact, you see in the 1982 to 1984 period a significant increase in unemployment in those areas, while this country has had a dramatic drop in unemployment. The simple fact is, these laws have not been effective in accomplishing the purpose that has been stated for them.

Mr. TRAFICANT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would just like to say that whatever you do here today, you are not going to make everybody happy. Either your employers are going to be happy or sad or your employees are going to be happy or sad, and no one is going to go out of here today truly, really helping everybody and being the good brother to everybody.

But as I sat and listened to this debate, I have a couple of questions that maybe could be answered later. I would like to know what the unemployment rates are and the number of plant closings in the districts of Texas where this argument has seemed to emanate from so viciously, to a degree; and, second of all, I sort of laugh over the use of the word "catharsis," the pent-up emotions that finally come to the surface. If Congress is emoting here today, then it seems like a sock hop, to me, or sort of like a school dance. It does not really seem like a catharsis.

What really makes me laugh is we are sort of here arguing about what do we do and how do we give notice to people once they will lose their jobs, and yet we have yet to deal with the significant trade policies and issues that might stop from opening the barn door and continuing to lose all these jobs.

I think that is probably the thing that bothers me the most. Our district I think is just a matter of history now, the amount of jobs that we have lost. But we are the only advanced industrialized society in the world that does not even give the common courtesy of at least a 90-day notification. The only one.

I do not particularly feel what we are doing here today is going to turn the wheel back and stop progress in the world. What it will do is simply give an opportunity for displaced people to maybe adjust to a situation that is far beyond their head and evidently far beyond the heads of many people here in Congress, because we have here yet today really to debate the issues. What we are debating here today has to be done.

I am here to say that our chairman and this committee has taken up these issues. Now, what I see happening, to use the terms of MARIO BIAGGI, I see an emasculation taking place in this particular piece of legislation. You are either for it or you are against it. I do not think if we cut it any further what we are going to have is another piece of legislation that will not really do what it is supposed to.

I have some ulterior motives with this piece of legislation, and that would be this: Maybe through the prenotification process, some sort of mechanism may take place that maybe some of these closings may not ultimately take place.

I mean in telling it like it is, some of these firms have conspired to leave, they have tried to avoid the pressures of that leaving. Many times it is not unusual to find letters of communication 12 months in advance saying, "Don't let our employees know of the lot and the factory building we have located down here in North Carolina," or some other section. I think we should, to some degree, try and put a reasonable bit of emphasis to a piece of legislation which may help to solve that.

I think the bottom line is in the last 5 years there have been 5 million Americans victims of plant closings and permanent layoffs. Hopefully, today we will deal with that.

I can recall some of the comments made by our Member from Louisiana relative to promoting small businesses. I do not think anybody is against that. But what we have done with our Disney World trade policies in America is, we have made it impossible for any big business to go any further, so all that we have is small business.

Now, I would advise Members here today to look at an article in USA Today that was printed I think 2 days ago. They reported Monday that businesses in the service sector, heralded as America's main source of future employment growth, are failing faster than they are being started.

Let us face it, we have taken most of the big employers and industry in this country, we have locked them out, and if there is going to be any growth, what is left to grow? Do you see anybody opening up a steel mill? And with the penetration on automobiles and other types of foreign goods in this country, we have a couple dinosaurs that we should be looking at now. And what bothers me is that this President has us in here fighting after the horse is already out and whether or not we could help the horse. I think Congress should also be looking at how we could slam the door. We are not doing that now.

Some of you people may not have the problems we have in our district. But your time is coming. Your time is not far off. It is closer than you think.

I would just say this: This is not the greatest measure, certainly, but it is a measure that has to be enacted. And I doubt if we can get anything greater, with the type of sentiment that is coming forward on this floor. You are either for employers today or for employees. You are going to make somebody unhappy. You have got to make the decision and stand up and make it, make your vote.

I support the chairman and the efforts they have made, and I am hoping some sanity comes over this particular House and its great emotional debate in seeking a state of resolution. About the only thing I have seen from Ph.D. is "piled higher and deeper" so far, and I think we better take a good look at what is going on.

□ 1450

Mr. OWENS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as one of the cosponsors of this measure, I would like to say that if we amend it any further, if the nitpicking goes any further, then we will not have anything left to offer.

This is a very conservative piece of legislation. It is an inadequate piece of legislation; it does not go far enough. It is a tardy piece of legislation in that we should have done it a long time ago. We have a million people who have been affected already, and the problem is escalating every day. We cannot afford to leave the process to some kind of informal mechanism or a process to the Department of Labor or the administration. There has to be some kind of law which mandates that there is a process and a procedure and a system in place to take care of plant closings.

Some of the arguments that have been offered today only extend the necessity beyond helping workers. The bill will also help some consumers. It will also help some creditors. There are all kinds of practices taking place in the process of plant closings which hurt people beyond workers, and that is what I have heard in some of the arguments that have been offered against the bill; that we need it for other reasons.

I am primarily concerned about workers. I am primarily concerned about the people for whom nobody speaks and that is the unemployed and the soon to be unemployed. The soon to be unemployed deserve at least some kind of process by which they will have notification of a disaster taking place in their own lives. We are talking not just about people, we are talking about whole communities, neighborhoods, whole towns being wiped out by plant closings.

I wish I could believe that the process that took place in the case of the Continental Bank of Illinois is a process that we could trust to take place whenever a large plant is closing. That the workers will be protected the way the depositors in the Continental Bank of Illinois were taken care of. That all the resources of an administration, the best brains in the Treasury Department, probably some of the best minds in banking in the country, were brought to the aid of Continental. In Continental, we had all kinds of extraordinary procedures being taken to save that bank. We had some socialistic measures instituted to save a capitalistic citadel in this case. We had depositors' money from all over the country being brought to bear to help bail out Continental Bank.

I wish we could depend on some kind of process like that. Some kind of imaginative, generous, creative process like that taking place to help bail out some of the companies that are closing and threatening to put large numbers of workers out of work. That does not happen.

In the absence of that kind of concern and that kind of energy being brought to bear to take care of the interests of workers, we need some kind of law, some kind of process. It is long overdue. We imitate Western Europe and the other industrialized democracies in many ways. I see no reason why we cannot at least have a minimal bill. The kind of process that they require for plant closings goes far beyond the kinds of things that this bill is requesting. I see no reason why we cannot have this minimum procedure which would offer and introduce into a process some humaneness. That is all it does. It does not really penalize anybody to any great extent.

The bogeymen that have been offered here in connection with this bill are just unreal.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. OWENS. I yield to the gentleman.

Mr. ROEMER. I appreciate the gentleman's comments; they are well taken. I ask the gentleman to consider the economic evidence of our neighbors across the sea that he just referred to who have even tougher restrictions on notification and consultation, et cetera. It has not worked to the workers' benefit there. Evidence has been yielded here on the floor today. I am not saying that is decisive.

Mr. OWENS. If I may reclaim my time, I disagree with the gentleman totally. I do not agree at all with the reasoning that the cause of unemployment in Europe is plant closings. They have a tremendous number of plant closings, and therefore they have dealt with the problem in a civilized way by requiring some notifications, but the escalating unemployment in this country is taking place all the time. We have not had dramatic decreases in the amount of unemployment. We have increases in unemployment and then a reversion to the point where we were in 1980 before this administration took power. So the escalation of unemployment is likely to take place again in this country, and this time we will at least be prepared to offer a more humane system to the workers who will be affected.

Mr. ROEMER. If the gentleman will yield, the gentleman's comments are well taken; I do not argue with his comments. I ask him only that it is not plant closings that is the issue in Europe. It is plant openings; there are none.

Mr. OWENS. Well, I do not know why plant openings should be relevant; this bill is about plant closings.

Mr. ROEMER. If the gentleman will yield, it is because the investor in Europe knows the restrictive plant closing law and therefore when the company chooses between machines and people, they pick machines.

Mr. OWENS. There are dozens of other reasons that could be given for the same phenomenon.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BARTLETT] to the amendment in the nature of a substitute offered by the gentleman from Michigan [Mr. FORD].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BARTLETT. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum.

Mr. BARTLETT. Mr. Chairman, is it in order to ask for a division at this time?

The CHAIRMAN. The gentleman may request a division.

Does the gentleman withdraw his point of order?

Mr. BARTLETT. Mr. Chairman, I withdraw my point of order and ask for a division.

On a division (demanded by Mr. BARTLETT) there were—ayes 14, noes 15.

Mr. BARTLETT. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 408]

Ackerman	Bedell	Boucher
Alexander	Beilenson	Boulter
Anderson	Bennett	Breaux
Andrews	Bentley	Brooks
Annunzio	Bereuter	Broomfield
Anthony	Berman	Brown (CA)
Applegate	Bevill	Brown (CO)
Archer	Biaggi	Broyhill
Armey	Bilirakis	Bruce
Aspin	Bliley	Bryant
Atkins	Boehlert	Burton (CA)
AuCoin	Boggs	Burton (IN)
Barnard	Boland	Bustamante
Barnes	Boner (TN)	Byron
Bartlett	Bonior (MI)	Callahan
Barton	Bonker	Campbell
Bateman	Borski	Carney
Bates	Bosco	Carper

Carr
Chandler
Chapman
Chappell
Chappie
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart (OH)
Eckert (NY)
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Franklin
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hatcher
Hayes
Hefner
Heftel
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lightfoot
Lipinski
Livingston
Lloyd
Loeffler
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McMillan
Meyers
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Monson
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Pursell
Quillen
Rahall
Rangel
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland (CT)
Rowland (GA)
Roybal
Russo
Sabo
Savage
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Strang
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tallon
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traficant
Traxler
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitley
Whittaker
Whitten
Williams
Wilson
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

□ 1510

The CHAIRMAN. Four hundred and eight Members have answered to their names, a quorum is present, and the committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Texas [Mr. BARTLETT] for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. Members are reminded that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 215, noes 193, not voting 26, as follows:

[Roll No. 409]

AYES—215

Andrews
Anthony
Archer
Armey
AuCoin
Barnard
Bartlett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Billey
Boehlert
Bosco
Boucher
Boulter
Breaux
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Byron
Callahan
Campbell
Carney
Chandler
Chapman
Chappell
Chappie
Cheney
Coats
Cobey
Coble
Coleman (MO)
Coleman (TX)
Combest
Cooper
Courter
Craig
Crane
Dannemeyer
Darden
Daub
DeLay
Derrick
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dowdy
Dreier
Duncan
Eckert (NY)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Fawell
Fiedler
Fields
Flippo
Franklin
Fuqua
Gallo
Gekas
Gibbons
Gingrich
Goodling
Gradison
Green
Gregg
Hall, Ralph
Hammerschmidt
Hansen
Hatcher
Hefner
Hendon
Henry
Hiler
Hillis
Holt
Hopkins
Huckaby
Hunter
Hutto
Hyde
Ireland
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kasich
Kemp
Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leath (TX)
Lent
Lewis (CA)
Lightfoot
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Marlenee
Martin (IL)
McCain
McCandless
McCollum
McCurdy
McEwen
McGrath
McKernan
McMillan
Meyers
Mica
Michel
Miller (OH)
Miller (WA)
Molinari
Monson
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Neal
Nichols
Nielson
O'Brien
Olin
Oxley
Packard
Parris
Pashayan
Penny
Petri
Pickle
Porter
Pursell
Quillen
Ray
Regula
Roberts
Roemer
Rogers
Rose
Roth
Roukema
Rowland (CT)
Rowland (GA)
Saxton
Schaefer
Schneider
Schroeder
Schuette
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Sisisky
Skeen
Slaughter
Smith (NE)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solomon
Spence
Spratt
Stangeland
Stenholm
Strang
Stump
Sundquist
Sweeney
Swindall
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Valentine
Vander Jagt
Vucanovich
Walker
Watkins
Weber
Whitley
Whittaker
Whitten
Wolf
Wortley
Wyden
Wylie
Young (FL)
Zschau

NOES—193

Ackerman
Alexander
Anderson
Annunzio
Applegate
Aspin
Atkins
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Brooks
Brown (CA)
Bruce
Bryant
Burton (CA)
Bustamante
Carper
Carr
Clay
Clinger
Coelho
Collins
Conte
Coughlin
Coyne
Daschle
Davis
de la Garza
Dellums
Dicks
Dingell
Donnelly
Dorgan (ND)
Downey
Durbin
Dwyer
Dyson
Early
Eckart (OH)
Edwards (CA)
Evans (IL)
Fascell
Fazio
Feighan
Fish
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frost
Garcia
Gaydos
Gejdenson
Gephardt
Gilman
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Hall (OH)
Hamilton
Hayes
Heftel
Hertel
Horton
Howard
Hoyer
Hubbard
Hughes
Jacobs
Kanjorski
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Leach (IA)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Lloyd
Long
Lowry (WA)
Luken
Lundine
Madigan
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McDade
McHugh
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Natcher
Nowak
Oakar
Oberstar
Obey
Owens
Panetta
Pease
Pepper
Perkins
Rahall
Rangel
Reid
Richardson
Ridge
Rinaldo
Ritter
Robinson
Rodino
Roe
Rostenkowski
Roybal
Russo
Sabo
Savage
Scheuer
Schumer
Seiberling
Sharp
Sikorski
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NJ)
Solarz
St Germain
Staggers
Stallings
Stark
Stokes
Stratton
Studds
Swift
Torres
Torricelli
Towns
Traficant
Traxler
Vento
Visclosky
Volkmer
Walgren
Waxman
Weaver
Weiss
Wheat
Williams
Wilson
Wirth
Wise
Wolpe
Wright
Yates
Yatron
Young (AK)
Young (MO)

NOT VOTING—26

Addabbo	Dymally	Martin (NY)
Akaka	Edgar	McKinney
Badham	Fowler	Nelson
Biaggi	Frenzel	Ortiz
Boxer	Guarini	Price
Conyers	Hartnett	Rudd
Crockett	Hawkins	Udall
Daniel	Lewis (FL)	Whitehurst
Dixon	MacKay	

□ 1525

The Clerk announced the following pairs:

On this vote:

Mr. MacKay for, with Mr. Hawkins against.

Mr. Nelson of Florida for, with Mr. Dymally against.

Mr. Rudd for, with Mr. Akaka against.

Mr. Lewis of Florida for, with Mr. Dixon against.

Mr. Hartnett for, with Mrs. Boxer against.

Mr. Daniel for, with Mr. Ortiz against.

Messrs. YOUNG of Alaska, MRAZEK, and GORDON changed their votes from "aye" to "no."

Mr. FAWELL changed from "no" to "aye."

So the amendment to the amendment in the nature of a substitute was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. GUARINI. Mr. Chairman, I inadvertently missed the rollcall on the Bartlett amendment. Had I been present, I would have voted "no."

Mr. WORTLEY. Mr. Chairman, I represent Syracuse, NY, an area noted for its manufacturing plants. Yes, there have been changes in the last 10 years, and some not for the better. Like everyone else in this Chamber, I want to do all that I can to keep plants open, preserve the jobs already there, and develop an economy which will create new jobs.

I support notification but not the way that H.R. 1616 proposes. H.R. 1616 is more than a plant closing notification bill. We all would like labor and management to communicate effectively but the consultation requirements in the bill may actually force labor and management further apart. The 90-day requirement for notification for plants employing over 50 people may end up causing plants to definitely close. Perhaps if less paperwork were involved, they may have stayed in business. We just don't know.

More study is needed before we legislate. I encourage my colleagues to reject H.R. 1616 and await the findings of Secretary Brock's task force on economic adjustment and worker dislocation.

The task force includes representatives labor and management who have had first hand experience dealing with shutdowns. We need some answers and the Secretary's task force can provide them.

A well intentioned bill, yes. Workable, no. Let's not perpetrate a cruel hoax on men and women in the manufacturing sector by giving them false hopes that this bill will protect them. Instead, let's wait until all of the answers are before us.

Mrs. COLLINS. Mr. Chairman, I rise today in strong support of H.R. 1616, the Labor-Management Notification and Consultation Act of 1985. As a cosponsor of this measure, I believe this is a modest approach to offer assistance to workers, their families and communties who find that a major employer has closed a plant without prior notice.

The major feature of this measure is that it would alleviate the harsh impact of plant closings and mass layoffs by requiring companies laying off more than 50 employees to prove 90-days' advance notice and to consult with employee representatives about plant layoffs.

According to the International Association of Machinists and Aerospace Workers, over 11 million workers were permanently displaced from their jobs between 1979 million unemployed workers with 3 or more years on the job, almost one half lost their jobs because their plant or company has closed down or moved. Less than 20 percent of the plant closings involved bankruptcy or financial insolvency.

Mr. Chairman, this bill will not prevent plant closings; it will help cushion the impact and ordeal faced by families and communities when large layoffs due to plant closings are anticipated. With no cost to employers and significant savings to taxpayers, this measure is an important step in providing the human decency that American workers need and deserve while preserving the right of employers to make the necessary business decisions. H.R. 1616 is a bill whose time has not only come, but is long overdue.

I urge my colleagues to vote for this bill and defeat any attempts to weaken it.

Mr. GEPHARDT. Mr. Chairman, I rise to speak in support of H.R. 1616, the Labor-Management Notification and Consultation Act of 1985. This is a moderate proposal that can alleviate a major problem.

Plant closings and massive layoffs create serious problems for both the workers and the community. While these problems often can not be prevented, they can be ameliorated, and they should be ameliorated. The measures in H.R. 1616 will go a long way to this end.

Mr. Chairman, between 1979 and 1984, over 11 million workers were permanently displaced from their jobs by plant closings and mass layoffs. According to the Bureau of Labor Statistics, in the past year 5.7 million workers were displaced with no notice at all.

There is good evidence, and it is growing, that the victims of plant closing suffer significant physical and mental health problems. This should not be surprising; it is one of life's most stressful experiences to lose your job, an important part of your self-worth, your income, and possibly your retirement security. Displaced workers suffer from hypertension, abnormally high cholesterol and blood sugar levels, higher incidences of ulcers, respiratory disease, allergies, gout, and diabetes. They suffer from depression, anxiety, substance abuse, and aggressive feelings. These problems too frequently translate into spouse abuse, child abuse, crime, and suicide. A recent study finds that the mortality rate of displaced workers is 16 times higher than the average for their age group.

Our changing economy sometimes dictates hard decisions, plant closings and massive layoffs among them. But we cannot callously ignore the human cost of these decisions. We must do everything we can to ensure that the innocent victims of economic change do not suffer unduly. Giving workers notice of their impending job loss has been demonstrated effective in mitigating the physical and mental trauma that follows displacement. At a minimum, it gives workers time to adjust gradually to a major change in their lives. And, as I will discuss below, it enables them to take steps to cope effectively: to feel active, rather than passive victims.

It is not just the displaced worker and his immediate family who suffer from unemployment caused by plant closings and major layoffs. The entire community suffers. Overall income levels decline, tax revenues decline, and too often this is followed by reduced levels of municipal services. Everyone, including remaining businesses, suffers from inadequate police and fire protection, reduced road maintenance, and the unavailability of an educated workforce.

Advance notification reduces unemployment following plant closings and layoffs. It gives workers time to begin job searches; it provides time for family members to adjust their plans and, perhaps, look for jobs; it gives valuable time to use for retraining; it enables families to begin to make adjustments in their budgets. At a time when people are feeling powerless, at a time when they are powerless to a very great extent, it is crucial to give them as much control over their lives as possible. It does not seem too much to ask, to have 3 months in which to deal with the loss of one's job.

Not surprisingly, unemployment has been shown to be reduced by advance notice by as much as 20 percent. Surely, it is both economically efficient and humane to give people this opportunity to avoid unemployment.

The second requirement of the bill, that employers consult with their union employees who request such consultation, further advances this important goal of empowering workers to affect their own futures. There is growing in our country a new commitment to cooperation between management and labor; a new recognition that the perspective of the worker is valuable in the process of planning for the future of our businesses and industries; a new realization that both management and labor benefit, in many ways, if workers are treated with respect and given a voice in matters that affect them.

The consultation provision of this bill is in that spirit. When employees are given time to think, they may be able to find flaws in the analysis and assumptions of management that caused them to conclude that closure or layoff was necessary. They

may be able to arrange a sale to another owner, or, as is happening increasingly often, buy the company themselves. There have been several times in the last few years when employers allowed employees input before a closure and the employees have come up with plans that made the closures unnecessary.

The consultation requirement in this bill is minimal. It applies only to employees with union representation, and only when the employees request consultation. Further, the employer is under no obligation to act on any recommendations the employees make. But it acknowledges the need to involve workers in decisions that crucially affect them.

It is my hope that we will see real strides in workplace democracy in our country in the future. We face real challenges as we strive to remain competitive and recover our economic strength. We need creativity and cooperation between management and labor if we are to meet these challenges successfully. And we must meet these challenges successfully: The well-being of our country depends on it.

Mr. KLECZKA. Mr. Chairman, I rise in strong support of H.R. 1616, the Labor-Management Notification and Consultation Act.

Debate so far on this issue has shown that there is little disagreement about the severity of the problems associated with plant closings. We agree that there is a real need for some kind of action to alleviate the burden placed on individuals who are victims of plant closings or layoffs, their families and communities. Yet, the Congress has debated plant closing legislation for nearly a decade now, without taking responsible action. We must act. The time is long overdue.

The legislation we are considering today, H.R. 1616, represents a compromise. It has been scaled back from previous plant closing legislation and focuses on processes for notification and consultation with workers before plant closures rather than on providing relief for those who are laid off. The bill represents a responsible first step toward lessening the impact of plant closings.

Some of our colleagues have criticized certain provisions of this legislation. It has been said that this bill will restrict flexibility needed by management to operate their firms because of the 90-day notification requirement. What this overlooks is the fact that H.R. 1616 clearly states that if the 90-day notice cannot be met, the requirement can be relaxed or waived. There is flexibility in this provision which recognizes the unique situations often encountered in business.

Critics also have stated that the bill would infringe on management's ability to determine the course of their business by requiring that they consult with workers in the event of a plant closing or layoff. This is not the case. The bill requires that management consult with union representatives or employees. It does not require that they reach agreement on any course of action. H.R. 1616 requires consultation, not codetermination. It cannot be denied that these decisions have a profound impact on the workers, yet the decisions are usually made behind closed doors beyond public scrutiny and often with little regard to the economic and social burden which will be placed on others as a result of the decision.

A related criticism is that this bill regulates not only plant closings, but any business decision, such as the discontinuation of a product line or modernization, which would result in the loss of jobs. This is true. And it is fair. Again, the only requirement is that the workers be notified and kept informed of decisions which will affect their livelihood.

Will H.R. 1616 harm the competitiveness of American business by putting our firms at a competitive disadvantage with firms operating in foreign countries? This is not likely. Nearly all Western European nations have plant closing laws which are considerably more stringent than H.R. 1616. The corporate flight to Third World nations we have seen is, for the most part, due to the availability of cheap labor and other such factors. It has little to do with plant closing regulations.

Another criticism frequently voiced is that such legislation is premature. We should wait for studies completed by Secretary Brock's newly-formed task force before taking any action. We have already waited more than 11 years. There has been 11 years of hearings which illustrate the need for plant closing legislation. Furthermore, H.R. 1616 includes provisions which would require the formation of such a task force to study long-term solutions.

My own State of Wisconsin, along with all the Rust Belt, has been hit particularly hard by plant closings. Several years ago, Wisconsin enacted its own plant closing legislation which requires a mandatory 60-day notification period. This legislation has proven to be of great benefit to individuals and communities by providing notice to involved parties.

We can talk about economic growth and work for business developments—but we must face the reality of the existing problem of plant closings. H.R. 1616 represents a responsible, realistic first step toward alleviating this problem. I urge my colleagues to support final passage of this greatly needed bill.

Mr. FLORIO. Mr. Chairman, I support the bill H.R. 1616, the Labor-Management Notification and Consultation Act of 1985.

This bill is designed to affirm what ought to be a basic right of any employee—that is the right to know in advance when his or her job will be eliminated due to a plant closing. Unfortunately this basic right has not always been respected by those in management responsible for deciding when plant closings should occur.

Under this bill, a 90-day advance notice for such closings would be required for all plants that employ 50 or more workers. Thus, workers will have more time to look for other jobs when they know their jobs are to be eliminated.

Such notice is essential, but, unfortunately, does nothing about the loss of manufacturing jobs for trade reasons that has occurred in this country in recent years. Since 1980, over 2 million jobs have been eliminated from the U.S. manufacturing sector—due largely to increased foreign competition. In New Jersey alone, nearly 100,000 manufacturing jobs have been lost in recent years. What all too many workers, therefore, are finding is that there are no other manufacturing jobs for them to turn to when plants close.

Recent cases in my area of southern New Jersey illustrate this point. Recently, a number of oil refineries have closed or are being sold putting many people out of work.

Texaco's Eagle Point refinery was sold affecting about 200 jobs. Arco's Philadelphia refinery was sold affecting up to 600 people. Chevron is currently trying to sell its Gulf facility in Philadelphia which may put about 800 people out of work.

Keebler Bakeries last week announced it also was closing its plant in Philadelphia eliminating perhaps as many as 1,000 jobs. Again in this case, increased imports contributed to the problems domestic producers are having in the bakery industry generally.

Advance notice of these closings, while helpful, cannot create the jobs these displaced workers now need. Instead, job retraining on a massive scale is the only answer to their problems.

That is why I believe we need a new, more intensified job retraining effort coordinated by the Federal Government. Such an effort should be funded out of revenues collected from the imposition of a nominal import fee.

The current administration has consistently opposed funds for job training provided both under the Trade Adjustment Assistance Act and the Job Training Partnership Act. Rather than cutting back on these programs, we need to expand them.

We need to permit retraining funds to be applied to the payroll of employers providing on-the-job training. And, we need to expand eligibility to include workers who lose their jobs due to the relocation of production overseas.

These changes, together with the kind of notification requirements in the bill we are considering today, are needed if displaced workers are going to have a chance of finding meaningful employment in our economy. Today, I urge my colleagues to adopt the notification part of this package; but, we must not stop there. Instead, we must next act to provide the job retraining and relocation assistance necessary to enable workers displaced by plant closings to once again become productive members of our society.

I urge my colleagues to vote for H.R. 1616 and other legislation that would accomplish these goals. To demonstrate that this issue is not an academic issue, I include for the RECORD, an article from my hometown newspaper, the Camden Courier-Post which shows that 100 workers lost their jobs today—casualties of yet another company's sale to another firm. I commend

the article to the attention of our colleagues.

[From the Camden Courier-Post, Nov. 14, 1985]

SALE OF CHERRY HILL FIRM LEAVES 100 WORKERS JOBLESS

(By James A. Walsh)

About 100 stunned workers lost their jobs at a Cherry Hill computer publication yesterday, casualties of the company's sale to another firm.

Employees of Data Decisions heard the unexpected news at a 9:30 a.m. meeting, called to announce the firm's sale to Datapro Research Corp. of Delran.

The amount of the cash purchase was not disclosed. But at Data Decision's emptying offices—and in a nearby tavern where workers held an afternoon wake for their lost jobs—the cost in human terms was clear.

"This was a shock, a total shock," said one woman interviewed in the deserted hallway of Data Decisions' Brace Road headquarters. "We had no indication this was coming. Some people reacted with tears."

For most employees, the dominant emotions yesterday seemed to be surprise and uncertainty.

"I'm pregnant and due in the spring," said Donna Henning, a sales support employee from Wrightstown. "I had just gone to personnel last Friday to discuss my benefits. Now who's going to hire me?"

Workers exchanged hugs, handshakes and gallows humor as they left their jobs behind. Jackie Claus, a Medford woman, remembered her excitement over a recent promotion.

"I thought I was going places," she said with a wry smile. "I sure did—right out the door."

Data Decisions, which has a warehouse facility in Bellmawr that also is being shut, was founded five years ago by Ziff-Davis Publishing Co. of New York. The firm prepares reports and newsletters for workers in the computer and communications industry.

Datapro, a subsidiary of McGraw Hill Inc., also produces computer publications.

Datapro agreed to buy all physical assets of the Cherry Hill publication—its subscription lists, office equipment and works in progress, for example.

But the Delran firm, with 400 workers of its own, did not need the Data Decisions workforce—at least not in full.

Some employees from the Cherry Hill firm will be offered positions at Datapro, a 15-year-old company that has expanded in recent years, said James Murray, president of the Delran company.

He gave no estimate of future hiring needs, however.

A Ziff-Davis spokeswoman yesterday defended the secrecy surrounding Data Decisions' sale. "It's usually not in the best interest of either party to have (sales talks) become public knowledge," she said.

While not releasing details, she said, the Data Decisions workers will receive severance payments.

Under the sale agreement, Data Decisions will continue to publish for the remainder of the year. Subscribers then will be offered a Datapro publication.

Mr. VENTO. Mr. Chairman, I rise in strong support of H.R. 1616, the Plant Closing Notification and Consultation Act. This legislation is needed and is long overdue.

I'm certain that all of my colleagues would agree that we would prefer not to have to develop national law for this purpose. We would prefer to have the issue of plant closings dealt with through the collective bargaining process. We would like to see employers voluntarily provide their employees and local affected communities with adequate notification of shutdowns and layoffs and to work with them to avoid the hardships that business closings and relocations bring about. Finally, we would like to see in place, effective Federal support to help individuals and communities affected by shutdowns.

Unfortunately, Mr. Chairman, we live in an imperfect world, and the problem of sudden plant closings exists and is growing throughout our Nation. That is why we need the minimum safeguards and orderly process envisioned by H.R. 1616.

I am certain that my colleagues have reviewed the letter from Secretary of Labor Brock in opposition to H.R. 1616. I find it ironic that the Secretary talks of the sanctity of the collective bargaining process and the support of the Federal Government for displaced workers when the Reagan administration has, repeatedly through the National Labor Relations Board, undermined our collective bargaining process and has sought, year after year, to cut back and eliminate our limited Federal level of support for job retraining and employee assistance.

H.R. 1616 is a balanced approach. This legislation recognizes the economic realities of the marketplace and retains the flexibilty needed for businesses in making decisions. What this bill does, in addition, is to recognize that employees do have something at stake in corporate decisions and that plant closings involve more than profit margins of the employer.

Mr. Chairman, we have all heard during the debate today, the national impact of plant closings. Eleven million displaced workers in the past 5 years is a significant number of workers, families, and communities. Perhaps it is too large for us to grasp the impacts of the affected individuals and communities. But those of us who have had plant closings in our district and have worked on the issue know that we need a national standard.

Mr. Chairman, nearly 1 year ago, I personally became involved with a plant closing and that experience has convinced me that Congress must act to insure that employees and communities receive adequate notification of plant closings.

Late in the summer of 1984, employees of the American Hoist and Derrick Corp. contacted me to express their concerns about their job security. They were concerned about rumors that Amhoist was going to close its St. Paul Crane production facility and relocate, with assistance of a Federal UDAG grant. Obviously this would be a violation of the law and I asked the Secretary of HUD to investigate this allegation. In addition, I met and corresponded with Amhoist officials. Amhoist responded to me in writing and to HUD and assured us that a viable crane production facility would remain in St. Paul.

Just 1 month after receiving the first UDAG check, Amhoist announced the layoff of 500 St. Paul employees, the virtual elimination of its St. Paul crane production facility and its relocation.

That is the problem which H.R. 1616 is intended to address. Amhoist knew well in advance of its planned relocation, but it chose to mislead Federal officials and its own employees of its plans. As a result, 500 workers and the local community were denied an opportunity to soften the hardships imposed by the shutdown and to seek alternatives to keep the plant open. If H.R. 1616 had been in place, these 500 workers would have had a better chance to meet the shutdown.

Mr. Chairman, the American worker deserves a chance. H.R. 1616 provides workers and communities with a little time to avoid unemployment and adjust to a business shutdown vital to our communities.

Such a modest measure would be dictated by common sense but the track record of inconsiderate and deceptive practices points to the real need for such a national policy and law. I urge the support of my colleagues for H.R. 1616.

Mr. CLAY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. KILDEE] having assumed the chair, Mr. OBERSTAR, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1616) to require employers to notify and consult with employees before ordering a plant closing or permanent layoff, had come to no resolution thereon.

□ 1535

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked unanimous consent to proceed for 1 minute for the purpose of inquiring of the distinguished majority whip the program for the balance of the day and then for next week.

Mr. FOLEY. Mr. Speaker, will the distinguished Republican leader yield?

Mr. MICHEL. I am happy to yield to the gentleman from Washington.

Mr. FOLEY. Mr. Speaker, with the exception of commemorative legislation, this concludes the business of the House for the day and for the week. A record vote is not expected on the commemorative resolution, so we expect no further rollcall votes today.

Mr. MICHEL. If I might interrupt the majority whip to inquire, whatever happened to the milk bill that I thought we had to take some action on to foreclose that price support of milk going from $11.60 a hundredweight to $15.93 a hundredweight if we do not take action? I thought we

had to do that today? It has passed the other body.

Mr. FOLEY. The present milk program expires tomorrow, and it is the intention, I believe, of the Committee on Agriculture's distinguished chairman, the gentleman from Texas [Mr. DE LA GARZA], to bring legislation to the floor at the earliest possible time next week.

In the meantime, it is hoped that the Department of Agriculture would avoid unnecessary purchases under any reversion to the old law.

Mr. MICHEL. The distinguished gentleman serves on that committee and is very knowledgeable. What will we stand to lose if perchance the window is open then for that increase? Does the Secretary have that free authority to get us over the weekend and into the next legislative day before such action should take place?

Mr. FOLEY. I have not discussed the matter, I would say to the Republican leader, with the Department directly. But I believe that the Secretary has some discretion as to purchases that he feels necessary to make in the coming days.

Mr. JEFFORDS. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to the gentleman from Vermont for whatever observation he cares to make.

Mr. JEFFORDS. Mr. Speaker, I am sorry to disagree with the distinguished gentleman from Washington, but it is my understanding, and this is important, that first of all, I want to point out the problems that were involved here do not deal with dairy, but there is something else attached onto that bill which is causing a lot of concern.

But it is my understanding of the law that as of midnight tonight, the Secretary is required under law to purchase at the new price, and that no ministerial or administratrive action is necessary. Now, it is my understanding that the word has gone out to the cooperatives and others to please restrain from offering to sell to the Government until such time as this matter is taken care of, because obviously it could result in a considerable adverse reaction from the public and taxpayers and otherwise if that advantage is not taken care of.

I only want to make sure that we understand fully here as to what the ramifications are by not acting tonight.

Mr. FOLEY. Will the gentleman from Illinois yield to me?

Mr. MICHEL. Yes, I yield to the gentleman from Washington.

Mr. FOLEY. I do not disagree that the law will revert to 75 percent of parity, and the Secretary is required to make purchases at that level. The question remains as to exactly how soon he is required to undertake those purchases, and what offers will be made to him in the coming days.

We are talking about a matter of a few days here until this is resolved. I am not suggesting he has discretion to purchase at a different level. I am suggesting that the actual matter of what purchases are made depends to a degree on what offers are made, and what exercise he takes of those offers.

Mr. JEFFORDS. If the gentleman will yield, I would agree with the gentleman from Washington. I would presume that since this is a weekend that probably there would be an opportunity for the Secretary to say that we are not going to buy anything until next week, and perhaps they can delay a little bit longer.

But at some point very quickly, and I would point out if we do not resolve this issue by certainly Monday or Tuesday, we could have a very embarrassing situation on our hands.

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield to me?

Mr. MICHEL. Yes, I will be happy to yield.

First I would remind the gentleman, of course, you know, I forget exactly when it was, but it was several years past when we were caught in this same kind of situation. We opened up the window, and then there is an automatic windfall for whomever for a a few days. We are talking about significant amounts here when you go from $11.60 a hundredweight to $15.93 per hundredweight.

I am happy to yield to my friend, the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. I thank the gentleman for yielding. I will tell my distinguished colleague that we are ready to move except that the other body added an amendment, nongermane, to the issue of milk and the food stamps and the cotton. And we do not have agreement as yet.

But if the gentleman can assure me—we have an amendment to delete that part—if the gentleman could assure me that there would be no objection from that side, I am prepared to move now.

Mr. MICHEL. Why could we not initiate a House bill, a clean House bill to do what we would like to have done here?

Mr. DE LA GARZA. Because again, I would need unanimous consent or wait for a suspension on Tuesday. But if there would be no objection from that side, we are prepared to move now with an amendment striking out the area of controversy.

Mr. MICHEL. I think there may very well be a parliamentary question there. Under unanimous consent, of course, all things are possible. I think the more preferable way, however, is with a House-initiated bill.

But, I certainly would not want to agree to our adjourning this House, at least until such time as we have had an opportunity to check with the Secretary of Agriculture to make absolutely sure that we are protected. I see we are going to have a pro forma session Monday, which means no business. Then we are over to Tuesday. This is only Thursday night, and we have 2 days, Friday, Monday, working days.

Mr. DE LA GARZA. I would tell my distinguished colleague that it all requires unanimous consent. I have here the clean bill, dairy, food stamps, which I would be prepared to offer to the bill from the Senate if there is no objection, if the gentleman would yield to me for that purpose, and I would do it right now.

Mr. MICHEL. One other item. Of course, we would have to make absolutely sure there was concurrence of the other body before we adjourned, and I am not altogether sure what the parliamentary situation would be over in the other body.

Mr. DE LA GARZA. If the gentleman will yield, that has been our problem all along. Somewhere over the rainbow.

If the gentleman will yield to me, I would ask unanimous consent, if the gentleman would yield for that purpose, to take up the Senate bill, offer a clean version, and leave it up to the other body.

Mr. MICHEL. Before we agree to that, I have got to have my ranking member of the Agriculture Committee here.

Mr. DE LA GARZA. I have no objection to that.

Mr. MICHEL. At least show us the courtesy of what the gentleman is proposing to do. Why do we not proceed with the program for next week, and in the meantime, let us see if that is possible.

Mr. DE LA GARZA. If the gentleman will yield for one brief moment to explain that, I am doing this without the knowledge of my ranking minority member because it came up in the discussion, and gave me no opportunity to check with him.

Mr. MICHEL. I understand that.

Mr. DE LA GARZA. So I would like to be protected. We work together and I also would like to consult with him. But we are prepared to move if the gentleman would allow us.

Mr. MICHEL. I thank the gentleman.

Mr. FOLEY. If the gentleman will yield to me, I would like to amend my previous statement to say that with the exception of a commemorative resolution, which is not expected to require a rollcall vote, and the possibility of the unanimous-consent request to extend the dairy provisions of the current law, there is no further business for today. But Members should

be put on notice that such a unanimous-consent request may be offered.

It will be my intention to offer a unanimous-consent request later that when the House adjourns today, it adjourns to convene at noon on Monday next. There will be no session of the House tomorrow if that agreement is made.

On Monday, the House will meet in pro forma session, no votes.

On Tuesday, November 19, the House will meet at noon to consider the Consent Calendar and Private Calendar, and a special District day with one bill, H.R. 3718, to waive the congressional review period on certain city council-passed bonds.

There also will be one suspension, interest rates on SBIC loans, H.R. 3608, a conference report on S. 1042, the military construction authorization for the fiscal year 1986, and the conference report on H.R. 2419, the intelligence authorization for fiscal year 1986.

On Wednesday and the balance of the week, November 20, 21, and 22, the House will meet at 10 a.m. and consider H.R. 3622, the Joint Chiefs of Staff reorganization bill, subject to a rule being granted; H.R. 1957, the Ocean Dumping Amendments Act of 1985, subject to a rule being granted; and H.R. 2416, to direct the Architect of the Capitol to construct a building on Capitol Grounds to provide office space for the judicial branch of the Federal Government.

□ 1550

Also, at the close of the week's business, the House will be in recess subject to the call of the Chair, and will reconvene at 9 p.m. to receive the President of the United States in joint session.

It is my understanding that the President will be returning from the Geneva summit at approximately 6 p.m. on Thursday next and will come directly to the House for a joint session to report on that summit meeting.

Also we will, at the close of that business, recess for the Thanksgiving district work period, to reconvene on Monday, December 2.

Conference reports may be brought up at any time and a further program may be announced later.

Mr. MICHEL. Mr. Speaker, let me at this juncture yield to the gentleman from Vermont [Mr. JEFFORDS].

Mr. JEFFORDS. I thank the gentleman for yielding. I want to clarify this matter. Staff has just checked with the chief counsel of the USDA as to what their intentions would be.

They believe, under the law, that as of midnight tonight as has been agreed, the price support would rise approximately $16 a hundredweight, from $11.60. They are obligated, they believe, under their normal operating procedures, to offer to purchase starting tomorrow at that higher price.

So I think it is important that we recognize that, and I would hope, having talked to some of the gentlemen on my side who are involved with the tobacco provisions that have been attached to this, that they hope that within a half an hour they might be able to reconcile some of the problems. I would hope that we certainly would not leave here without having had an opportunity to see if we can send something over to the other body or agree with them or whatever, so that it does not become necessary to embarrass the dairy industry by those that might take advantage of that provision.

Mr. MICHEL. I thank the gentleman for that observation, and I would underscore with the distinguished majority whip from what I am hearing, unfortunately milk is getting tangled up with tobacco again, and there are several Members interested in the other subject matter who tell me that, given a half an hour of time could conceivably work out their differences to the degree that we might get this thing resolved tonight.

I have to confess to the gentleman that I would be very reluctant to see us adjourn here tonight with this window opened up again for what I would perceive to be an unconscionable increase in the price support for milk, even if only for a couple days, because then it tends to expand from that point.

Mr. DE LA GARZA. Will the gentleman yield?

Mr. MICHEL. I am happy to yield to the distinguished chairman.

Mr. DE LA GARZA. I would like to inform my distinguished colleague that we are prepared to move now; or if there is time necessary, I am prepared and I am sure the other parties are prepared. I would leave to the leadership, to their discretion if they would allow the time to do so, or if we need to move now; but subject to the wishes of the leadership as far as the time constraints, I am prepared to continue working on this effort to try and resolve it this evening.

Mr. MICHEL. I appreciate the gentleman's willingness to cooperate, and I see a couple of principals have been scurrying around the floor, attempting to come to some agreement.

There was another question I had of the distinguished majority whip, on another subject if I might, and that was having to do with a textile bill.

I understand that the Senate passed an amendment to the House-passed bill. Does the majority whip have any feeling as to how we would treat that subject in view of the Senate having adopted an amendment to the House-passed bill.

Mr. FOLEY. If the gentleman will yield, I think that the Senate-passed bill has been messaged to the House and is at the Speaker's desk, and it will be a matter for the judgment of the chairman of the Committee on Ways and Means [Mr. ROSTENKOWSKI] and the committee to decide whether to propose agreement with the Senate amendment or request a conference and insist on the House position. That will undoubtedly occur at some time next week.

Mr. MICHEL. I gather from the distinguished gentleman's comment, that decison has not yet been made, but there would be prospects for that being an item for consideration next week, would it not?

Mr. FOLEY. There is a very distinct possibility that that will be a subject for action next week.

Mr. MICHEL. If such were the case, then we would have adequate notice, I would presume, that the schedule would be adjusted next week accordingly for that.

Mr. FOLEY. Yes; we would try to give the minority notice of such a matter. As the gentleman knows, however, it is always within the authority of a chairman to offer a unanimous consent request to take from the Speaker's table a bill, and we would assume that either that action or an action to go to conference would be subject to notice.

I do not want to make elaborate promises of notices of days in advance, but we would of course not take any action precipitiously without notifying the leadership on the other side.

Mr. MICHEL. I would also inquire of the distinguished majority whip whether there would be any intention of our going back to consideration of the bill, the so-called plant closings legislation, after our dialog, and the other resolution the gentleman wanted to consider, tonight?

Mr. FOLEY. Yes; if the gentleman will yield further, there is a possibility of returning to that legislation, but I have not had an opportunity to consult with the chairman of the committee, so I cannot give the distinguished leader any specific information.

Mr. MICHEL. I assume, then, we will not be going back to consideration of that legislation tonight; is that correct?

Mr. FOLEY. I doubt that we will be going back to it next week, but it is possible. All of these announcements are made subject to the usual reservations that conference reports may be brought up at any time and further program may be announced later. It is not scheduled, obviously as I read the schedule, but it could be resumed; again with notice to the minority of that intention.

I wonder if the distinguished Republican leader would approve of a suggestion that we proceed to special orders

tonight with the understanding that—at about 5 o'clock.

Mr. MICHEL. I was going to say, what do we have, a commemorative?

Mr. FOLEY. We have a commemorative, and——

Mr. MICHEL. Two of them?

Mr. FOLEY. We have two——

Mr. MICHEL. Would there be some time consumed on those two commemoratives?

Mr. FOLEY. The chairman advises me that more time will be consumed than was originally planned.

Mr. MICHEL. I think that would probably be an orderly way of proceeding, and it may very well be——

Mr. FOLEY. Under those circumstances, I would like to suggest to the Members on both sides of the aisle that further business in the House may be anticipated around perhaps 5 o'clock this evening.

Mr. MICHEL. I would certainly underscore that point, because it is quite obvious the gentlemen in question who were attempting to work this out have been getting their heads together, and hopefully there will be some resolution of this matter, and of course that would undoubtedly lead to a rollcall vote.

Mr. FOLEY. If the gentleman will continue to yield, I think that we should proceed with the commemorative matters, and the Members should be on notice that further proceedings may be undertaken.

Before the gentleman from Illinois yields back his time, Mr. Speaker, I am advised that the Committee on Agriculture is ready to now present a proposal to the House; and under those circumstances I think Members should be advised that the business previously announced may take place immediately.

Mr. MICHEL. I thank the gentleman. I think we have nothing more to discuss relative to the program for the balance of the day and next week, unless the gentleman would want to make any observations about our long-range scheduling plans around here.

Have those been firmed up yet?

□ 1600

Mr. FOLEY. If the gentleman will yield further to me, subject to the usual reservation that exact and certain dates of adjournment sine die are impossible to make at this time, Members should note that the continuing resolution expires on December 12, that the extension of the debt ceiling has been agreed to and sent to the President, as well, and its expiration date is December 6, with, I understand, some interpretive language that might extend it a few days beyond that. It is my belief that the House will conclude its business prior to the ides of December, if that is helpful to the gentleman.

Mr. MICHEL. I thank the gentleman for those reassuring words.

Mr. Speaker, I yield back the balance of my time.

REQUEST FOR ADJOURNMENT TO MONDAY, NOVEMER 18, 1985

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

Mr. SPEAKER pro tempore. Is there objecton to the request of the gentleman from Washington?

Mr. WALKER. Mr. Speaker, reserving the right to object, I take this time only to request that maybe the majority whip should wait and make that request after we have gotten past the dairy question and after we have gotten agreement by the Senate. I gather there is agreement here that we should not leave town this week without an assurance that the dairy question be resolved.

So I would hate to have us adjourn in that event.

Mr. FOLEY. Mr. Speaker, I temporarily withdraw the request.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

MAKING IN ORDER CALL OF THE CONSENT CALENDAR ON TUESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the call of the Consent Calendar be moved from Monday next to Tuesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

TEMPORARY EXPENSION OF DAIRY PRICE SUPPORT PROGRAM AND CERTAIN FOOD STAMP PROGRAM PROVISIONS

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1851) to extend temporarily the dairy price support program and certain food stamp program provisions, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1851

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201(d)(1)(B) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(1)(B)) is amended by striking our "November 15, 1985" and inserting in lieu thereof "December 13, 1985".

SEC. 2. The last sentence of section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "November 15, 1985" and inserting in lieu thereof "December 13, 1985".

SEC. 3. Effective for the period beginning November 16, 1985, and ending December 13, 1985, section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C 2028(a)(1)(A)) is amended by striking out "noncash".

SEC. 4. Section 343 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1343) is amended by striking out the last sentence and inserting in lieu thereof the following: "Notwithstanding any other provisions hereof, the referendum with respect to the national marketing quota for cotton for the marketing year beginning August 1, 1986, may be conducted not later than thirty-one days after adjournment sine die of the first session of the Ninety-ninth Congress.".

SEC. 5. Section 358(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C 1358(b)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision hereof, the referendum with respect to marketing quotas for the crops of peanuts produced in the 1986, 1987, and 1988 calendar years may be conducted not later than thirty-one days after adjournment sine die of the first session of the Ninety-ninth Congress.".

SEC. 6. (a) Section 106(f) of the Agricultural Act of 1949 (7 U.S.C. 1445(f)) is amended by adding at the end thereof the following new paragraph:

"(5) For the 1985 crop of Burley tobacco, notwithstanding praragraph (4) of this section, the support level shall be $1.488 per pound.".

(b) Section 106B(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445-2(d)(2)) is amended—

(1) by inserting "(a)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraph:

"(B) With respect to the 1985 crop of Burley tobacco, for the purposes of paragraph (1), the marketing assessment shall not be more than 4 cents per pound.".

The SPEAKER pro tempore. The gentleman from Texas [Mr. DE LA GARZA] is recognized for 1 hour.

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is the legislation we have been discussing for the past few minutes. We are prepared to take the Senate version as it came from the other body, given certain assurances that have been given to some of our Members in the House committee who had concern about one of the sections of the legislation. But our intent now

is, given those considerations and those assurances, to ask the House to accept the Senate bill as it was sent to the House.

Mr. Speaker, I yield to the gentleman from Illinois [Mr. MADIGAN].

Mr. MADIGAN. I thank the gentleman for yielding.

Mr. Speaker, we have no objection on this side to the procedure being sought by the gentleman from Texas.

I would ask the gentleman from Texas to yield to the gentleman from Vermont, if he would, for any comments the gentleman from Vermont might care to make.

Mr. DE LA GARZA. I would be very happy to yield to my distinguished colleague from Vermont [Mr. JEFFORDS].

Mr. JEFFORDS. Mr. Speaker, I thank the gentleman for yielding.

I would say certainly as far as the dairy provisions are concerned I have no objection. As I previously stated, I think it is essential and important that we do as the chairman suggested at this time.

Mr. WALKER. Mr. Speaker, will the gentleman from Texas yield?

Mr. DE LA GARZA. I yield to my colleague from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Speaker, could someone explain to the House what the provisions are in the bill as they relate to tobacco and some of the other extraneous matters put in there beyond the dairy provisions?

Mr. DE LA GARZA. Well, we have the dairy provision which would be extended—it expires tomorrow evening. We have a food stamp provision, and then we have a referendum provision.

A provision was added in the other body relating to burley tobacco, changing the price, which is different from that which was provided for in the House version. That is what the controversy really is about.

Mr. WALKER. I appreciate that, but I am trying to get some idea as to just exactly what we are doing here.

With regard to the Food Stamp Program, we are merely extending the present program past an expiration date, is that what we are doing in food stamps?

Mr. DE LA GARZA. Only the pilot program in Puerto Rico or, I should say, the cash program in Puerto Rico and two pilot programs that we now have ongoing.

The main program was included in the continuing resolution.

Mr. WALKER. So we are extending a pilot program that is being run now in Puerto Rico?

Mr. DE LA GARZA. No, two pilot programs, and Puerto Rico handles its program differently, a cash program rather than food stamps. We are extending that until we catch up with the whole version.

Mr. WALKER. These are not new programs that we are doing, this is an extension of what is now in existence so that there is no add-on expense.

Mr. DE LA GARZA. The gentleman is correct.

Mr. WALKER. All right. Now to the tobacco provisions; in the tobacco provision the price is being raised, I understand. Is there additional expense involved in that particular provision for the taxpayer?

Mr. DE LA GARZA. No. The price is being lowered.

Mr. WALKER. The price is being lowered?

Mr. DE LA GARZA. Yes.

Mr. WALKER. So again we are not involved with something here on the Tobacco Program that will involve additional expense to the taxpayers.

Mr. DE LA GARZA. Most definitely not.

Mr. WALKER. I thank the gentleman very much for his explanation.

Mr. DE LA GARZA. I thank the gentleman for his contribution.

The SPEAKER pro tempore. The gentleman from Texas [Mr. DE LA GARZA] is recognized for 1 hour.

Mr. HOPKINS. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Kentucky.

Mr. HOPKINS. Mr. Speaker, I rise in support of S. 1851, a bill to extend agriculture programs and to make changes in the tobacco program for the 1985 crop of burley tobacco.

I believe this bill is necessary in order for burley tobacco to be successfully marketed this year. The loan levels in this bill should allow burley tobacco to be marketed commercially, without having to go under loan. Efforts at administrative change by the Burley Tobacco Growers Cooperative Association, similar to a successful effort by the Flue-cured Stabilization Corp., have not been successful.

This bill must go through with no changes so that it can be in place by the time markets open, currently scheduled for December 2. The House will not be in session tomorrow and the President will be in Geneva next week. The following week is the Thanksgiving recess and the following Tuesday is the opening of markets. Therefore, I think it is necessary to pass this bill to prevent large amounts of burley tobacco from going under loan.

This is not to say I believe this is a perfect bill. I would have preferred the price support reduction and no net cost assessment to result in a price to the farmer of no lower than $1.48 rather than the $1.45 level in this bill. Farmers would have received an average support price of $1.48 this year if no changes had been made—$1.78 average price support level with a 30 cents no net cost fee. I am concerned that this 3 cents reduction is being made before the cigarette companies begin their part of the bargain—namely, buying out surplus stocks and sharing in the no net cost assessment.

However, I realize that the companies will pay 4 cents a pound more for 1985 burley under the provisions of S. 1851 than they would under the Tobacco Reform Act, S. 1418, currently included in the omnibus reconciliation bill in the other body. This ends up only being about 2 cents a pound more when you consider that they won't have to share the no net cost fee for a year.

I want to clarify that this bill only impacts on the 1985 crop of burley tobacco. If further legislation is not passed, the price support part of the program will revert to permanent law and the 1986 price support will be at the same level as it would have been if the 1985 level had remained at $1.78. Some changes may have to be made in the tobacco provisions of the omnibus reconciliation bill of the other body to conform it to this bill.

This bill is a first step in reforming the Tobacco Program. If other changes are not made, growers could still face large no net cost fees for their 1986 crop. However, passage of this bill is the best way to keep the door open for reforms to reduce future assessment costs.

Mr. DE LA GARZA. Mr. Speaker, I have no further requests for time; I yield back the balance of my time, and I move the previous question.

The previous question was ordered.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADJOURNMENT TO MONDAY, NOVEMBER 18, 1985

Mr. COELHO. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to convene at noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE A RECESS AT ANY TIME ON THURSDAY, NOVEMBER 21, 1985

Mr. COELHO. Mr. Speaker, I ask unanimous consent that on Thursday, November 21, 1985, it may be in order for the Speaker to declare a recess at any time subject to the call of the Chair.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

EUGENE ORMANDY APPRECIATION DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 174) to designate November 18, 1985, as "Eugene Ormandy Appreciation Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation I yield to the gentleman from Pennsylvania [Mr. COUGHLIN] who is the chief sponsor of House Joint Resolution 347, to designate November 18, 1985, as Eugene Ormandy Appreciation Day.

Mr. COUGHLIN. I just want to thank my colleague and thank the distinguished chairman for bringing this to the floor at this time.

Mr. Speaker, I am pleased to rise in strong support of Senate Joint Resolution 174, a measure identical to a resolution I introduced designating November 18, 1985 as "Eugene Ormandy Appreciation Day."

I also want to take this opportunity to thank the distinguished chairman, Mr. GARCIA, as well as the ranking minority member, Mr. HANSEN of Utah, of the Subcommittee on Census and Population for their support in bringing this resolution to the House floor for a vote. Their efforts and understanding are truly appreciated.

As my colleagues may know, November 18 marks the anniversary of the birth of the Hungarian-born conductor who brilliantly led the Philadelphia Orchestra for over four decades. During his tenure as music director and conductor laureate, Mr. Ormandy developed and presented the unique and innovative "Philadelphia sound" that soon gained international acclaim. He served the city of Philadelphia and his adopted country as a good will ambassador as he and his orchestra embarked on numerous tours of cultural diplomacy to such places as the Soviet Union, Europe, South America, and China.

For decades Eugene Ormandy was a source of pride for Philadelphians as he honored and dignified the city with his leadership of the brilliant orchestra. Mr. Ormandy set a high set of standards and both he and his musicians lived up to them. By the time he stepped down—or stepped back, as he put it—Ormandy had personally handpicked every member of the orchestra.

Although Eugene Ormandy has passed away, his legend lives on in his orchestra and in the hearts of Philadelphians and Americans alike.

As Newsweek so aptly stated, Eugene Ormandy was "the last in a galaxy of great conductors who first took the symphony orchestra out of the concert hall and, via broadcasts and records, into millions of American homes * * *."

It is fitting that his achievements be recognized nationally with a commemorative resolution and I urge my colleagues support.

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 174

Whereas November 18, 1985, marks the anniversary of the birth of Eugene Ormandy;

Whereas Eugene Ormandy was music director and conductor laureate of the Philadelphia Orchestra for over forty years, receiving honorary degrees from eighteen universities and medals of honor from eight nations, including the United States, France, Italy, and Great Britain;

Whereas Eugene Ormandy is known throughout the world for his extraordinary ability and innovation and his unique contribution to orchestral playing, the creation of "The Philadelphia Sound";

Whereas Eugene Ormandy performed invaluable service to the Nation through tours of China, the Soviet Union, Europe, and South America; and

Whereas Eugene Ormandy passed away on March 12, 1985: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That November 18, 1985, is designated as "Eugene Ormandy Appreciation Day" and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe the day with appropriate ceremonies.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL ORGAN AND TISSUE DONOR AWARENESS WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 450) to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986 as "National Organ and Tissue Donor Awareness Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation I yield to the gentleman from Washington [Mr. MORRISON] who is the chief sponsor of House Joint Resolution 450, National Organ and Tissue Donor Awareness Week.

Mr. MORRISON of Washington. I thank the gentleman for yielding me this time.

Mr. Speaker, I want to express my special appreciation to the subcommittee chairman, Mr. GARCIA, and to our ranking Republican, JIM HANSEN, for their assistance in this matter.

In particular, I would like to add a note of appreciation on the speed with which this matter was handled. I spoke to the House yesterday in a 1 minute pointing out the untimely death of Philadelphia Flyers goalie Pelle Lindbergh, and that inspired a number of you to sign on this particular resolution and request for an awareness week.

Through this means I think the Congress is saying, "Let us move on with this program and convert that tragedy into the gift of life," as did the family of Mr. Lindbergh in making the decision to donate his organs so that others may live.

Mr. Speaker, I believe it is important to set aside a week to draw attention to the importance of organ donation is crucial, because while there are lots of generous folks all over the country who probably would be glad to donate if the need arose, grim statistics reflect that for every 10,000 persons needing an organ in any given year, only one of those persons actually receives one.

I believe that getting the word out on this modern miracle, will go a long ways toward improving the odds for those unfortunate folks waiting for that second chance at life.

Mr. Speaker, the most precious gift that one human being can give to another is the gift of life. That is why I encourage my colleagues to support the passage of this legislation proclaiming the week of April 20 through 26, 1986, as National Organ and Tissue Donor Awareness Week so that others may learn how they can help make this miracle happen.

I thank the Speaker and our distinguished team from the subcommittee.

Mr. HANSEN. Mr. Speaker, under my reservation I would like to say that I appreciate the excellent remarks of the gentleman in the well. I associate myself with them.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 450

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating April 20 through April 26, 1986 as "National Organ and Tissue Donor Awareness Week".

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the two joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE RESOLUTION 94

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to remove the name of the gentleman from Montana [Mr. MARLENEE] as a cosponsor of House Resolution 94.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

□ 1615

PERMISSION FOR SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT OF COMMITTEE ON VETERANS' AFFAIRS TO SIT ON NOVEMBER 19, 1985, DURING 5-MINUTE RULE

Mr. DASCHLE. Mr. Speaker, I ask unanimous consent that the Subcommittee on Education, Training, and Employment of the Committee on Veterans' Affairs be permitted to sit for hearing purposes only on Tuesday next, November 19, 1985, while the House is proceeding under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

Mr. THOMAS of California. Mr. Speaker, reserving the right to object, the minority has been consulted and there is no objection.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON THE BUDGET REGARDING CURRENT LEVEL OF SPENDING AND REVENUES FOR FISCAL YEAR 1986

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina [Mr. DERRICK] is recognized for 5 minutes.

Mr. DERRICK. Mr. Speaker, on behalf of Chairman WILLIAM H. GRAY III, pursuant to the procedures of the Committee on the Budget and section 311(b) of the Congressional Budget Act of 1974, I am submitting the official letter to the Speaker advising him of the current level of spending and revenues for fiscal year 1986. Since my last report, Congress has cleared for the President's signature H.R. 2942, the legislative branch appropriation bill for 1986; S. 1160, Department of Defense Authorization Act; H.R. 3036, Treasury, Postal Service and General Government appropriation bill; and H.R. 3038, Department of Housing and Urban Development-Independent Agencies appropriation bill.

The current level is used to compare enacted spending after the start of a fiscal year with the aggregate ceiling on budget authority, outlays, and revenues established in a second budget resolution and enforced by point of order pursuant to section 311(a) of the act. The term current level refers to the estimated amount of budget authority, outlays, entitlement authority, and revenues that are available—or will be used—for the full fiscal year in question based only on enacted law.

As with last year, the procedural situation with regard to the spending ceiling is affected this year by section 3(b) of Senate Concurrent Resolution 32. Enforcement against possible breaches of the spending ceiling under section 311(a) of the Budget Act will not apply where a measure would not cause a committee to exceed its "appropriate allocation" made pursuant to section 302(a) of the Budget Act. In the House, the appropriate 302(a) allocation includes "new discretionary budget authority" and new "entitlement authority" only. It should be noted that under this procedure neither the total level of outlays nor a committee's outlay allocation is considered. This exception is only provided because an automatic budget resolution is in effect and will cease to apply if Congress revises the budget resolution for fiscal year 1986.

The intent of the section 302(a) "discretionary budget authority" and "new entitlement authority" subceiling provided by section 3(b) of the resolution is to protect a committee that has stayed within its own spending allocation—discretionary budget authority and new entitlement authority—from points of order if the total spending ceiling has been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on Senate Concurrent Resolution 32 were printed in the CONGRESSIONAL RECORD, September 5, 1985, H. 7290.

As chairman of the Budget Process Task Force, and on behalf of Chairman GRAY, I intend to keep the House informed regularly on the status of the current level.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, November 14, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under Section 311 of the Congressional Budget Act of 1974 to provide estimates of the current level of revenues and spending.

Pursuant to Committee Rule 10, I am herewith transmitting the status report under S. Con. Res. 32, the First Concurrent Resolution on the Budget for Fiscal Year 1986. This report reflects the adopted budget resolution of August 1, 1985, and the current CBO estimates of budget authority, outlays, and revenues.

As with last year, the procedural situation with regard to the spending ceiling is affected this year by Section 3(b) of S. Con. Res. 32. Enforcement against possible breaches of the spending ceiling under Section 311(a) of the Budget Act will not apply where a measure would not cause a committee to exceed its "appropriate allocation" made pursuant to Section 302(a) of the Budget Act. In the House, the appropriate 302(a) allocation includes "new discretionary budget authority" and "new entitlement authority" only. It should be noted that under this procedure neither the total level of outlays nor a committee's outlay allocation is considered. This exception is only provided because an automatic budget resolution is in effect and will cease to apply if Congress revises the budget resolution for fiscal year 1986.

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The enclosed tables compare enacted legislation to each committee's 302(a) allocation of discretionary budget authority and of new entitlement authority.

Sincerely,

WILLIAM H. GRAY III,
Chairman.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1986 CONGRESSIONAL BUDGET ADOPTED IN SENATE CONCURRENT RESOLUTION 32

REFLECTING COMPLETED ACTION AS OF NOV. 13, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate level	1,069,700	967,600	795,700
Current level	1,069,984	983,683	792,895
Amount under ceilings			
Amount over ceilings	284	16,082	
Amount under floor			2,805

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate for fiscal year 1986, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in S. Con. Res. 32 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate in outlays for fiscal year 1986, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in S. Con. Res. 32 to be exceeded.

REVENUES

Any measure that would result in a revenue loss for fiscal year 1986, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in S. Con. Res. 32.

Fiscal year 1986 budget authority—comparison of current level and budget resolution allocation by committee

[In millions of dollars]

House committee:	Current level Budget authority [1]
Total current level	+284
Appropriations Committee:	
Discretionary	(−14,288)
Authorizing committee—Discretionary action:	
Agriculture	(+1,250)
Armed Services	(+280)
Banking, Finance, and Urban Affairs	(+2,067)
District of Columbia	(.....)
Education and Labor	(.....)
Energy and Commerce	(+14)
Foreign Affairs	(+75)
Government Operations	(.....)
House Administration	(.....)
Interior and Insular Affairs	(+3,827)
Judiciary	(.....)
Merchant Marine and Fisheries	(+100)
Post Office and Civil Service	(.....)
Public Works and Transportation	(.....)
Science and Technology	(.....)
Small Business	(+216)
Veterans' Affairs	(.....)
Ways and Means	(+1,266)

[1] Committees are over (+) or under (−) their 302(a) allocation.

CURRENT LEVEL NEW ENTITLEMENT AUTHORITY (NEA)

Committee	NEA target	Enacted NEA
Agriculture	−1,250	
Armed Services	−100	+1,781

CURRENT LEVEL NEW ENTITLEMENT AUTHORITY (NEA)—Continued

Committee	NEA target	Enacted NEA
Education and Labor	−339	
Energy and Commerce	−80	
Interior and Insular Affairs	+307	
Post Office and Civil Service	−145	
Veterans' Affairs	+45	
Ways and Means	−2,454	−236
Total	−4,016	+1,545

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 14, 1985.

Hon. WILLIAM H. GRAY III,
Chairman, Committee on the Budget, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311(b) of the Congressional Budget Act, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays and estimated revenues in comparison with the appropriate levels of those items contained in the most recently agreed to concurrent resolution on the 1986 budget (S. Con. Res. 32). This report for fiscal year 1986 is tabulated as of close of business November 13, 1985, and is based on assumptions and estimates consistent with S. Con. Res. 32. A summary of this tabulation is as follows:

[In millions of dollars]

	Budget authority	Outlays	Revenues
Current level	1,069,984	983,682	792,895
1985 budget resolution, S. Con. Res. 32	1,069,700	967,600	795,700
Current level is:			
Over resolution by	284	16,082	
Under resolution by			2,805

Since my last report the Congress has cleared for the President's signature the Treasury-Postal Service Appropriations Bill for 1986, H.R. 2036; the Legislative Branch Appropriations Bill, H.R. 2942; the HUD-Independent Agencies Appropriations Bill, H.R. 3038; and the Department of Defense Authorization Act, P.L. 99-145, changing budget authority and outlay estimates.

With best wishes,

Sincerely,

JAMES BLUM
(For Rudolph G. Penner).

PARLIAMENTARIAN STATUS REPORT—HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986, AS OF CLOSE OF BUSINESS NOV. 13, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues			792,700
Permanent appropriations and trust funds.	708,221	631,009	
Other appropriations		185,348	
Offsetting receipts	−162,006	−162,006	
Total, enacted in previous sessions.	546,214	654,351	792,700
II. Enacted this session:			
Famine relief and recovery in Africa (Public Law 99-10).		421	
Federal supplemental compensation phaseout (Public Law 99-15).			10
Appropriations for the MX missile (Public Law 99-18).		368	

PARLIAMENTARIAN STATUS REPORT—HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986, AS OF CLOSE OF BUSINESS NOV. 13, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Contemporaneous recordkeeping repeal bill (Public Law 99-44).			13
United States-Israel Free Trade Act (Public Law 99-47).			−8
Statue of Liberty—Ellis Island Coin Act (Public Law 99-61).	−15	31	
International Security and Development Cooperation Act (Public Law 99-83).	−25	−25	
Supplemental appropriations bill (Public Law 99-88).	36	3,138	
State Department authorization (Public Law 99-93).			2
Emergency Extension Act of 1985 (Public Law 99-107).	−49	−230	210
Simplification of imputed interest rules (Public Law 99-121).			−31
Health professions educational assistance (Public Law 99-129).		−8	
Amendments—Special defense acquisition fund (Public Law 99-139).	100		
Energy and water appropriations, 1986 (Public Law 99-141).	15,252	8,245	
Department of Defense Authorization Act, 1986 (Public Law 99-145).	280	−5	
Total, enacted this session	15,579	11,934	195
III. Continuing resolution authority:			
Continuing appropriations, 1986 (H.J. Res. 441).	459,920	291,455	
Offsetting receipts	−19,401	−19,401	
Total, continuing resolution authority.	440,519	272,054	
IV. Conference agreements ratified by both Houses:			
Legislative branch appropriations, 1986 (H.R. 2942).	1,599	1,385	
Treasury-Postal Service appropriations, 1986 (H.R. 3036).	13,162	12,233	
Offsetting receipts	−4,407	−4,407	
HUD-independent agencies appropriations 1986 (H.R. 3038).	56,909	36,247	
Offsetting receipts	−4,185	−4,185	
Total, conference agreements.	63,078	41,273	
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Payment to the CIA retirement fund.	10	10	
Claims, defense	7	3	
Payment to the foreign service retirement trust fund.[1]	(7)	(7)	
Range improvements	1		
BLM: Miscellaneous trust fund	(2)		
Payment to air carriers, DOT	18	17	
Retired pay—Coast Guard	21	19	
Maritime, operating-differential subsidies.		3	
BIA: Miscellaneous trust funds	(2)	(2)	
Higher education facilities loans and insurance.	4		
Retirement pay for PHS officers.	12	6	
Medicaid	1,617	1,285	
Payment to health care trust fund.[1]	(1,011)	(1,011)	
Child nutrition programs	254	234	
Advances to unemployment trust fund.[1]	(516)	(516)	
Special benefits (general retirement and Federal employee retirement).	48	48	
Black lung disability trust fund.	85	85	
Assistance payments	573	573	
Rehabilitation services	52		
Veterans readjustment benefits.	180	137	
Veterans pensions	10		
Salaries of judges	3	1	
Payment to civil service retirement.[1]	(214)	(214)	
National wildlife refuge fund	(2)	(2)	

PARLIAMENTARIAN STATUS REPORT—HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986, AS OF CLOSE OF BUSINESS NOV. 13, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Defense pay raise—Military	1,699	1,649	
Total, entitlements	4,594	4,071	
Total, current level as of Nov. 13, 1985.	1,069,984	983,682	792,895
1986 budget resolution (S. Con. Res. 32).	1,069,700	967,600	795,700
Current level is:			
Over budget resolution.	284	16,082	
Under budget resolution.			2,805

[1] Interfund transactions do not add to budget totals.
[2] Less than $500,000.
Note.—Numbers may not add due to rounding.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting for rollcall votes Nos. 403 through 406, on November 13, 1985. Had I been present, I would have voted "aye" on roll No. 403, motion to approve the Journal; "aye" on roll No. 405, final passage of H.R. 3721, to temporarily increase the limit on the public debt; and "aye" on roll No. 406, final passage of H.R. 6, water resources development.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HANSEN) to revise and extend their remarks and include extraneous material:)

Mr. MCCOLLUM, for 60 minutes, on November 20.

Mr. IRELAND, for 5 minutes, today.

(The following Members (at the request of Mr. FEIGHAN) to revise and extend their remarks and include extraneous material:)

Mr. DERRICK, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mrs. COLLINS, for 10 minutes, today.

Mr. OBEY, for 60 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. OBEY, for 60 minutes, on November 18.

Mr. OBEY, for 60 minutes, on November 19.

Mr. OBEY, for 60 minutes, on November 20.

Mr. ALEXANDER, for 30 minutes, on November 18.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. GUARINI, following the vote on the Bartlett amendment to H.R. 1616, in the Committee of the Whole, today.

(The following Members (at the request of Mr. HANSEN) and to include extraneous matter:)

Mr. LAGOMARSINO in two instances.
Mr. COURTER in three instances.
Mr. BARTON of Texas.
Mr. MICHEL.
Mr. LENT.
Mr. LEWIS of Florida.
Mr. SAXTON.
Mr. GRADISON.
Mr. WORTLEY.
Mr. TAUKE.
Mr. CAMPBELL in two instances.
Mr. HYDE.
Mr. TAYLOR in seven instances.
Mr. EMERSON.
Mr. HENRY.
Mr. DAUB.

(The following Members (at the request of Mr. FEIGHAN) and to include extraneous matter:)

Mr. BARNES.
Mr. WEISS.
Mr. COYNE.
Mr. ROE in two instances.
Mr. WHEAT in two instances.
Mr. DYMALLY.
Mr. RAHALL in two instances.
Mr. GARCIA.
Mr. RANGEL.
Mr. HAMILTON.
Mr. FASCELL in two instances.
Mr. FAZIO.
Mr. MORRISON of Connecticut.
Mr. TRAFICANT.
Mr. WOLPE in two instances.
Mr. HUGHES.
Mr. VENTO.
Mr. FRANK.
Mr. RODINO in two instances.
Mr. MATSUI.
Mr. MOAKLEY.
Mr. HUBBARD.
Mr. TALLON.
Mr. EDWARDS of California.
Mr. HAYES in two instances.
Mr. DIXON.
Mr. HERTEL of Michigan.

ENROLLED BILLS SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3038. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes; and

H.R. 3721. An act to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following day present to the President, for his approval, a bill and joint resolution of the House of the following titles:

On November 13, 1985:

H.J. Res. 441. Joint Resolution making further continuing appropriations for the fiscal year 1986.

H.R. 3036. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1986, and for other purposes.

ADJOURNMENT

Mr. DASCHLE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 17 minutes p.m.), under its previous order, the House adjourned until Monday, November 18, 1985, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

[Omitted from the Record of November 13, 1985]

2253. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting a list of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

[Submitted November 14, 1985]

2254. A letter from the Secretary of the Interior, transmitting the Supplemental Irrigation Suitability Land Classification Report, Central Valley Project, Sacramento River Division, Orland-Artois Water District, Sacramento, CA, pursuant to Public Law 172, 83d Congress; to the Committee on Appropriations.

2255. A letter from the Assistant Secretary of Defense (Comptroller), transmitting the Selected Acquisition Reports (SARs) and SAR summary tables for the quarter ending September 30, 1985, pursuant to 10 U.S.C. 139a(b)(1) and (f) (96 Stat. 740); to the Committee on Armed Services.

2256. A letter from the Administrator, Veterans' Administration, transmitting a report on the sharing of medical facilities and exchange of medical information for fiscal year 1985, pursuant to 38 U.S.C. 5057; to the Committee on Veterans' Affairs.

2257. A letter from the Secretary of Health and Human Services, transmitting

the 1984 report on voluntary foster care placement agreements under Secs. 408 and 472 of the SSA, pursuant to Public Law 96-272, section 102(e); to the Committee on Ways and Means.

2258. A letter from the President of the United States, transmitting a report on efforts to promote a negotiated settlement in Central America and Nicaragua, alleged human rights violations by the democratic resistance and the Government of Nicaragua, and disbursement of humanitarian assistance to the democratic resistance, pursuant to Public Law 99-83, section 722(j) and Public Law 99-88, chapter V, section 104; jointly, to the Committees on Foreign Affairs, the Permanent Select Committee on Intelligence and Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAMILTON: Committee of conference. Conference report on H.R. 2419 (Rept. 99-373). Ordered to be printed.

Mr. MONTGOMERY: Committee on Veterans' Affairs. Report pursuant to section 302(b) of the Congressional Budget Act of 1974 (Rept. 99-374). Referred to the Committee of the Whole House on the State of the Union.

Mr. NICHOLS: Committee on Armed Services. H.R. 3622. A bill to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes; with amendments (Rept. 99-375). Referred to the Committee of the Whole House on the State of the Union.

Mr. MITCHELL: Committee on Small Business. H.R. 3608. A bill to amend the Small Business Investment Act of 1958 (Rept. 99-376). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAZ:

H.R. 3757. A bill to establish the Office of Public Prosecutor in Guam; to the Committee on Interior and Insular Affairs.

H.R. 3758. A bill to direct the Comptroller General of the United States to review the report and findings of the Guam Reparations Commission; to the Committee on Interior and Insular Affairs.

By Mrs. BYRON (by request):

H.R. 3759. A bill to amend the Federal Land Policy and Management Act of 1976 to permit temporary use by Federal departments and agencies of public lands controlled by the Bureau of Land Management, Department of the Interior; to the Committee on Interior and Insular Affairs.

By Mr. GEKAS (for himself, and Mr. DIOGUARDI):

H.R. 3760. A bill to amend the Internal Revenue Code of 1954 to allow certain taxpayers to elect to use their birth month as the month in which to file their tax return; to the Committee on Ways and Means.

By Mr. MATSUI (for himself and Mr. HEFTEL of Hawaii):

H.R. 3761. A bill to encourage Physicians' and Surgeons' Mutual Protection and Indemnity Association; to the Committee on Ways and Means.

By Mr. MOLLOHAN:

H.R. 3762. A bill to amend the Clean Air Act to provide that certain regulations regarding tall stacks shall not apply to stationary sources which have received EPA approval for the stack height; to the Committee on Energy and Commerce.

By Mr. MONTGOMERY (by request):

H.R. 3763. A bill to amend title 38, United States Code, to authorize modification of the structure of the Office of the Chief Medical Director, to clarify procedures for removal for cause of certain employees, to authorize the use of the Director Pay Grade within VA Central Office and for related purposes; to the Committee on Veterans' Affairs.

By Mr. RICHARDSON (for himself, Mr. WEAVER, Mr. MOODY, Mr. LOWRY of Washington, Mr. LUNDINE, Mr. DORGAN of North Dakota, Mr. KILDEE, Mr. WILLIAMS, Mr. DASCHLE, Mr. DURBIN, Mr. MCCAIN, Mr. LUJAN, Mr. YOUNG of Alaska, and Mr. UDALL):

H.R. 3764. A bill to authorize the American Battle Monuments Commission to establish a memorial to honor native American members of the Armed Forces of the United States who served during periods of war or national conflict in defense of our Nation; to the Committee on House Administration.

By Mr. RICHARDSON (for himself, Mr. BUSTAMANTE, Mrs. COLLINS, Mr. ORTIZ, Mr. TORRES, Mr. COLEMAN of Texas, Mr. COELHO, Mr. MARTINEZ, Mr. FUSTER, Mr. MCCAIN, Mr. LUJAN, Mr. YOUNG of Alaska, and Mr. UDALL):

H.R. 3765. A bill to authorize the American Battle Monuments Commission to establish a memorial to honor Hispanic American members of the Armed Forces of the United States who served during periods of war or national conflict in defense of our Nation; to the Committee on House Administration.

By Mr. SILJANDER (for himself, Mr. DORNAN of California, Mr. DANNEMEYER, Mr. WHITEHURST, and Mrs. BENTLEY):

H.R. 3766. A bill to require a treaty for any relinquishing to any country of any territory, exclusive economic zone or fishery conservation zone of the United States, and for establishing international boundaries; to the Committee on Foreign Affairs.

By Mr. TAUKE (for himself, Mr. TAYLOR, Mr. STANGELAND, Mr. WHITTAKER, Mr. SKELTON, Mr. LIGHTFOOT, Mr. STENHOLM, Mr. DAUB, Mr. WEBER, Mr. VOLKMER, Mr. EVANS of Iowa, and Mr. LEACH of Iowa):

H.R. 3767. A bill to amend title XVIII of the Social Security Act to permit an increase in the payment amount for inpatient hospital services under part A of the medicare program for certain high cost hospitals located in a rural area near an urban area; to the Committee on Ways and Means.

By Mr. THOMAS of Georgia:

H.R. 3768. A bill to raise the maximum annual uniform allowance for uniformed employees of the Federal Law Enforcement Training Center, Department of the Treasury; to the Committee on the Judiciary.

By Mr. TRAFICANT:

H.R. 3769. A bill to establish restrictions on the provision of financial assistance by the Secretary of Education to any State or local education agency that does not impose certain educational requirements on schools under its jurisdiction with respect to drugs, alcohol, caffeine, and tobacco; to the Committee on Education and Labor.

By Mr. COYNE:

H.J. Res. 452. Joint resolution to authorize and request the President to designate the week of December 2 through December 8, 1985, as "National Emergency Medical Air Transport Week;" to the Committee on Post Office and Civil Service.

By Mr. PASHAYAN.

H.J. Res. 453. Joint resolution proposing an amendment to the Constitution requiring a three-fifths vote for borrowing money or for raising revenue; to the Committee on the Judiciary.

H.J. Res. 454. Joint resolution proposing an amendment to the Constitution requiring a three-fifths vote for borrowing money or for raising revenue; to the Committee on the Judiciary.

H.J. Res. 455. Joint resolution proposing an amendment to the Constitution requiring a three-fifths vote for borrowing money; to the Committee on the Judiciary.

By Mr. WHITTEN:

H.J. Res. 456. Joint resolution making further continuing appropriations for the fiscal year 1986, and for other purposes; to the Committee on Appropriations.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 585: Mr. WILLIAMS and Mr. JONES of Oklahoma.

H.R. 692: Mr. CRAIG and Mr. ROBINSON.

H.R. 704: Mr. DIOGUARDI.

H.R. 983: Mr. TAUZIN, Mr. ATKINS, Mr. GEJDENSON, Mr. RALPH M. HALL, Mrs. BOXER, Mr. TRAXLER, Mr. HOPKINS, Mr. TAYLOR, Mr. SMITH of New Jersey, Mr. DANNEMEYER, Mr. MARLENEE, and Mrs. LLOYD.

H.R. 1099: Mr. WILSON.

H.R. 1405: Mr. GILMAN.

H.R. 1840: Mr. RICHARDSON and Mr. TAYLOR.

H.R. 1987: Mr. GILMAN.

H.R. 2001: Mr. DORNAN of California, Mr. EARLY, Mr. CLINGER, and Mr. BROWN of Colorado.

H.R. 2072: Mr. GILMAN.

H.R. 2337: Mr. CRANE.

H.R. 2440: Mr. ROWLAND of Georgia, Mr. RUSSO, and Mr. THOMAS of Georgia.

H.R. 2591: Mr. ANTHONY, Mr. STARK, Mr. MOAKLEY, Mr. ROBINSON, Mr. AUCOIN, Mr. BOLAND, Mr. JONES of North Carolina, Mrs. COLLINS, Mr. LUNDINE, Mr. BATES, Mr. PICKLE, Mr. BEDELL, Mr. WALGREN, Mr. WYDEN, Mr. ASPIN, Mr. DERRICK, Mr. MCMILLAN, Mr. NIELSON of Utah, Mr. SLAUGHTER, Mr. MCCOLLUM, Mr. MORRISON of Washington, Mr. PURSELL, Mr. DELAY, Mr. DEWINE, Mr. LOEFFLER, Mr. IRELAND, and Mr. SISISKY.

H.R. 2620: Mr. NIELSON of Utah and Mr. PORTER.

H.R. 2773: Mr. GILMAN.

H.R. 2870: Mr. GUARINI.

H.R. 2943: Mr. RANGEL, Mr. SAXTON, Mr. YOUNG of Florida, Mr. PORTER, Mr. HANSEN, Mr. QUILLEN, Mr. SIKORSKI, and Mr. LIGHTFOOT.

H.R. 3006: Mr. ANDERSON.

H.R. 3099: Mr. LUNDINE.
H.R. 3115: Mr. WILLIAMS.
H.R. 3130: Mr. SEIBERLING.
H.R. 3190: Mr. EDGAR and Mrs. LLOYD.
H.R. 3259: Mr. BOLAND and Mr. GREEN.
H.R. 3263: Mr. KILDEE and Mr. LOTT.
H.R. 3319: Mr. ROSE.
H.R. 3339: Mr. ROSE.
H.R. 3389: Mr. BARTON of Texas.
H.R. 3423: Mr. GILMAN.
H.R. 3465: Mr. STUDDS.
H.R. 3474: Mr. BEDELL.
H.R. 3521: Mr. LATTA, Mr. MILLER of Ohio, Mrs. LONG, Mr. TRAFICANT, Mr. LOEFFLER, and Mr. HUBBARD.
H.R, 3531: Mr. FOGLIETTA, Mr. BIAGGI, and Ms. MIKULSKI.
H.R. 3622: Mr. ARCHER, Mr. ATKINS, Mr. AUCOIN, Mr. BADHAM, Mr. BLAZ, Mr. CHAPPIE, Mr. CHENEY, Mr. CLINGER, Mr. COURTER, Mr. DICKINSON, Mr. FEIGHAN, Mr. FLIPPO, Mr. FRANK, Mr. GRADISON, Mr. GRAY of Illinois, Mr. HARTNETT, Mr. HEFTEL of Hawaii, Mr. HILLIS, Mr. HORTON, Mr. LUKEN, Mr. MARTIN of New York, Ms. MIKULSKI, Mr. MILLER of California, Mr. MORRISON of Connecticut, Mr. MURPHY, Mr. OWENS, Mr. PEASE, Mr. PEPPER, Mr. RAHALL, Mr. RICHARDSON, Mrs. SCHNEIDER, Mr. SOLARZ, Mr. STAGGERS, Mr. STARK, Mr. SYNAR, Mr. TALLON, Mr. TOWNS, Mr. TRAFICANT, Mr. UDALL, Mr. WILLIAMS, Mr. WIRTH, and Mr. YOUNG of Missouri.
H.R. 3660: Mr. DARDEN, Mr. CONYERS, Mr. BOUCHER, Mr. ROYBAL, Mr. HUBBARD, Mr. SISISKY, Mr. GAYDOS, and Mr. GRAY of Illinois.
H.R. 3689: Mr. ROSE, Mr. MORRISON of Connecticut, Mr. LELAND, Mr. DURBIN, Mr. SKELTON, Mr. GRAY of Pennsylvania, Mr. DYMALLY, Mr. JACOBS, Mr. MURPHY, Mr. MRAZEK, Mr. GILMAN, Mr. PRICE, Mr. ALEXANDER, Mr. LUKEN, Ms. KAPTUR, Mr. FRANK, Mr. RAHALL, Mr. BEDELL, Mr. STENHOLM, Mr. WILSON, Mr. BOUCHER, Mr. FAZIO, and Mr. HORTON.
H.J. Res. 347: Mr. KEMP, Mr. BENNETT, Mr. CAMPBELL, Mr. COLEMAN of Texas, Mr. BREAUX, Mr. HENRY, Mr. MAZZOLI, Mr. MCDADE, Mr. PICKLE, Mr. MURTHA, Mr. GUARINI, Mr. BEVILL, Mr. CROCKETT, Mr. PORTER, Mr. THOMAS of California, Mr. WAXMAN, Mr. YOUNG of Alaska, Mr. LATTA, Mr. CRANE, Mr. DIXON, Mrs. LONG, Mr. DE LA GARZA, Mr. WIRTH, Mr. TAUZIN, Mr. BARNARD, Mr. HOYER, Mr. ROEMER, Mr. KOLTER, Mr. COELHO, Mr. TRAXLER, Mr. HOWARD, Mr. WHITTAKER, Mr. WOLF, Mr. VANDER JAGT, Mr. YATRON, Mrs. BOGGS, Mr. MONSON, Mr. HUTTO, Mr. BROYHILL, Mr. MCKERNAN, Ms. KAPTUR, Mr. BARNES, Mr. MARTIN of New York, Mr. VALENTINE, Mr. TALLON, and Mr. MCKINNEY.
H.J. Res. 379: Mr. MCCAIN, Mr. TRAFICANT, Mr. CONYERS, Mr. PASHAYAN, Mr. MACKAY, Mr. KOSTMAYER, Mr. HOYER, Mr. OWENS, Mr. LOWRY of Washington, Mr. FAUNTROY, MR. ROSE, Mr. GINGRICH, Mr. GREEN, MR. FUSTER, Mr. WILSON, Mr. DE LA GARZA, Mrs. HOLT, Mrs. LONG and Mr. DARDEN.
H.J. Res. 421: Mr. MONSON and Mr. CLINGER.
H.J. Res. 450: Mr. RUDD, Mr. DURBIN, Mr. LUJAN, Mr. MADIGAN, and Mr. FUSTER.
H. Con. Res. 200: Mr. BATEMAN, Mr. LEWIS of Florida, Mr. BADHAM, Mr. HUNTER, Mrs. BENTLEY, Mr. MOORHEAD, Mr. COBEY, Mr. CAMPBELL, Mr. LAFALCE, Mr. PEPPER, Mr. ROBINSON, Mr. SAXTON, Mr. HUTTO, Mr. DANIEL, Mr. HYDE, Mr. MCEWEN, Mr. FUQUA, Mr. DAUB, Mr. SWINDALL, Mr. WALKER, Mr. PETRI, Mr. EDWARDS of Oklahoma, and Mr. MONSON.
H. Con. Res. 227: Mr. BATES, Mr. EARLY, Mr. HARTNETT, Mr. MCHUGH, Mr. KOSTMAYER, Mr. BENNETT, Mr. WYDEN, and Mr. SAVAGE.
H. Con. Res. 232: Mr. DORGAN of North Dakota.
H. Res. 181: Mr. BIAGGI, Mr. BORSKI, Mr. BROWN of California, Mr. BRUCE, Mr. DORGAN of North Dakota, Mr. EDWARDS of Oklahoma, Mr. FRANK, Mr. GIBBONS, Ms. KAPTUR, Mr. KOLTER, Mr. MARTINEZ, Mr. PANETTA, Mr. RUSSO, Mr. SABO, and Mr. TORRICELLI.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H. Res. 94: Mr. MARLENEE.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

Amendment to the amendment in the nature of a substitute offered by Mr. FORD.

H.R. 1616

By Mr. PETRI:

—Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Labor-Management Notification Act of 1985".

SEC. 2. DEFINITIONS.

As used in this Act, the term—

(1) "employer" means any business enterprise that employs 50 or more full-time employees;

(2) "plant closing or mass layoff" means an employment loss for 50 or more employees of an employer at any site during any 30-day period, except as provided in section 5(c);

(3) "representative" means an exclusive representative of employees as determined under the National Labor Relations Act (29 U.S.C. 141 et seq.) or under the Railway Labor Act (45 U.S.C. 151 et seq.);

(4) "affected employees" means employees who work more than 20 hours per week, who have not been employed on a temporary or seasonal basis, who have been employed by an employer for more than 6 months, and who may reasonably be expected to experience an employment loss as a consequence of a proposed plant closing or mass layoff;

(5) "Service" means the Federal Mediation and Conciliation Service;

(6) "employment loss" means (A) an employment termination, other than a discharge for cause, (B) a layoff of indefinite duration, (C) a layoff of definite duration exceeding 26 weeks, or (D) a reduction in hours of work of more than 50 percent during any 26-week period;

(7) "Secretary" means the Secretary of Labor; and

(8) "Commission" means the National Commission on Plant Closings and Worker Dislocation established by section 8 of this Act.

SEC. 3. NOTICE REQUIRED BEFORE PLANT CLOSINGS AND MASS LAYOFFS.

(a) NOTICE TO EMPLOYEES AND SERVICE.—An employer shall not order a plant closing or mass layoff until the end of a period of 120 days after the employer serves written notice of a proposal to issue such an order—

(1) to the representative or representatives of the affected employees with respect to such order or, if there is no such representative, to each affected employee with respect to such order; and

(2) to the Service.

(b) REDUCTION OF NOTIFICATION PERIOD.—An employer may order a plant closing or mass layoff before the conclusion of the 120-day period described in subsection (a), if unavoidable business circumstances prevent the employer from withholding such closing or layoff until the end of such period.

SEC. 4. ASSISTANCE BY SERVICE.

In the resolution of disputes under this Act, the Service shall provide such assistance and services to employers, representatives of affected employees, and affected employees as the Service, in its discretion, determines will best promote the purposes of this Act. The Service shall transmit a copy of any notice received under section 3(a) to the State employment service concerned and to other appropriate State and local officials

SEC. 5. ADMINISTRATION AND ENFORCEMENT OF REQUIREMENTS.

(a) CIVIL ACTIONS AGAINST EMPLOYERS.—(1) Any employer who orders a plant closing or mass layoff in violation of this Act or of a court order under subsection (a) shall be liable to each employee who suffers an employment loss as a result of such closing or layoff for reinstatement or damages, or both. A person seeking to enforce such liability (including a representative of employees) may sue either for himself or for other persons similarly situated, or both, in any district court of the United States for any district in which the violation is alleged to have occurred, or in which the employer transacts business.

(2) Damages under paragraph (1) shall include back pay and related benefits for each day that the employer is in violation of this Act not to exceed a total of 120 days.

(3) In any such suit, the court may, in addition to any judgment awarded the plaintiff or plaintiffs, allow a reasonable attorneys' fee to be paid by the defendant, together with the costs of the action.

(b) DETERMINATIONS WITH RESPECT TO EMPLOYMENT LOSS.—For purposes of this section, in determining whether a plant closing or permanent layoff has occurred or will occur, employment losses for two or more groups, each of which is less than 50 employees but which in the aggregate equal or exceed 50 employees, occurring within any 120-day period shall be considered to be a plant closing or mass layoff unless the employer demonstrates that the employment losses are the result of separate and distinct actions and causes and are not an attempt by the employer to evade the requirements of this Act.

SEC. 6. PROCEDURES IN ADDITION TO OTHER RIGHTS OF EMPLOYEES.

The rights and remedies provided to employees by this Act are in addition to, and not in lieu of, any other contractual, statutory, or other legal rights and remedies of the employees.

SEC. 7. PROCEDURES ENCOURAGED WHERE NOT REQUIRED.

It is the sense of Congress that an employer who is not required to comply with the notice requirements of section 3 should, to the extent possible, consult with and disclose information to such employees about a proposal to order a plant closing or mass layoff for the purpose of agreeing to a mu-

tually satisfactory alternative to or modification of such proposal.

SEC. 8. NATIONAL COMMISSION ON PLANT CLOSINGS AND WORKER DISLOCATION.

(a) ESTABLISHMENT.—There is established a commission to be known as National Commission on Plant Closings and Worker Dislocation.

(b) DUTIES OF COMMISSION.—The Commission shall—

(1) investigate plant closings and mass layoffs, including the personal, social, and economic costs associated with such closings and layoffs;

(2) analyze the causes of, and the nature of decisionmaking with respect to, such closings and layoffs;

(3) analyze existing domestic and foreign governmental policies and programs for preventing or responding to such closings and layoffs; and

(4) recommend any legislative or administrative responses that the Commission considers necessary and appropriate to alleviate the impacts of such closings and layoffs or to improve the nature of such decisionmaking.

(c) MEMBERSHIP AND OPERATIONS.—(1) The Commission shall be composed of 15 members appointed jointly by the Speaker of the House of Representatives and the Majority Leader of the Senate not later than January 1, 1987.

(2) The members appointed shall include labor representatives, business leaders, Federal, State, and local government officials, and academicians.

(3) Any vacancy in the membership of the Commission shall be filled in the same manner in which the original appointment was made.

(4) Members of the Commission shall serve without pay.

(5) Eight members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(6) The Chairman of the Commission shall be designated by the Speaker of the House of Representatives and the Majority Leader of the Senate.

(d) DIRECTOR AND STAFF OF COMMISSION; EXPERTS AND CONSULTANTS.—(1) The Commission shall have a Director who shall be appointed by the Commission and who shall be paid at a rate not to exceed the rate of basic pay payable for level V of the Executive Schedule.

(2) With the approval of the Commission, the Director may appoint and fix the pay of such personnel as the Director considers appropriate.

(3) The staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS-16 of the General Schedule.

(4) With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5 of the United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS-16 of the General Schedule.

(5) Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this Act.

(e) POWERS OF COMMISSION.—(1) The Commission may, for the purpose of carrying out this Act, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate. The Commission may administer oaths or affirmations to witnesses appearing before it.

(2) Any member or agent of the Commission may, if so authorize by the Commission, take any action which the Commission is authorized to take by this section.

(3) The Commission may secure directly from any Federal agency information necessary to enable it to carry out this Act. Upon request of the Chairman of the Commission, the head of such agency shall furnish such information to the Commission.

(4) The Commission may accept, use, and dispose of gifts or donations of services or property.

(5) The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(6) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(f) COMMISSION REPORT.—The Commission shall transmit a final report to the President and to each House of the Congress not later than 12 months after the date of the appointment of the members of the Commission. The final report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it considers appropriate.

(g) TERMINATION.—The Commission shall cease to exist 30 days after submitting its final report pursuant to subsection (f).

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 9. WORKER READJUSTMENT AND PLACEMENT SERVICE.

(a) REGIONAL ASSISTANCE.—The Secretary shall identify individuals, who shall include but not be limited to employee of the Department of Labor, who shall be available on a regional basis to provide planning, operational, and technical assistance to worker readjustment and placement committees described in subsection (b).

(b) WORKER READJUSTMENT COMMITTEES.—(1) A worker readjustment and placement committee shall be established by an employer who has provided notice as required under section 3.

(2) The purpose of the committee shall be to facilitate and coordinate the readjustment or relocation of the workers through retraining, counseling, placement, human resource, community, education, and other services.

(3)(A) The committee shall be composed of the employer or the employer's representative, representatives of the affected employees, and any other individual selected by mutual agreement between such parties.

(B) In any case in which there is no such employee representative, employees shall choose individual employees to represent them on the committee.

(c) FINANCIAL ASSISTANCE.—(1) Subject to the availability of funds for such purpose from funds appropriated after the date of enactment of this Act, including funds available for use in the Secretary's discretion from other applicable programs, the Secretary may provide financial assistance, to any worker readjustment and placement committee.

(2) Such assistance may not exceed—

(A) 50 percent of the operating costs of the committee; and

(B) 50 percent of the costs incurred by the committee in relocating affected employees.

(d) REGULATIONS.—The Secretary shall prescribe regulations establishing conditions and requirements for eligibility by worker readjustment and placement committees to the financial assistance authorized in subsection (c).

(e) NO DISCRIMINATION BASED ON EMPLOYEE REPRESENTATION.—In administering the assistance authorized under this section, the Secretary shall not discriminate on the basis of employee representation or the lack thereof.

(f) ASSISTANCE MAY NOT BE CONDITIONED ON ACCEPTANCE OF SECRETARY'S ADVICE.—In no case shall the continuation of assistance under this section be conditioned upon the acceptance of any advice or recommendation offered to a worker readjustment and placement committee by the Secretary or the Secretary's representative.

SENATE—*Thursday, November 14, 1985*

(Legislative day of Tuesday, November 12, 1985)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. The guest Chaplain today is Rabbi Harvey S. Goldman, Temple Sharey Tefilo-Israel, South Orange, NJ, who is sponsored by Senator FRANK LAUTENBERG. We are pleased to have him with us.

PRAYER

Harvey S. Goldman, D.M., rabbi, Temple Sharey Tefilo-Israel, South Orange, NJ, offered the following prayer:

Thou Who are the source of all values, we ask your blessings upon all Thy children who dedicate their talents and energies for the good of humanity. Help us to unite all citizens of our Republic, strengthen their bond of genuine concern for one another. Sustain us in our endeavors to eradicate hatred and prejudice and to preserve the precious ideals in democratic institutions of our American way of life. Grant that peace and security, justice and equality, freedom and prosperity, may ever remain our heritage.

Imbue us with wisdom and courage to create a deep respect for human dignity, to protect and preserve the rights and privileges of every person, to establish the rule of justice in the affairs of our Nation.

We pray Thee, O Eternal Source of peace, bless, protect, and watch over the leaders of our Nation. Shield them from illness and peril. Grant them and all the constituted officials of our Government wisdom and understanding, to enable them to lead our Nation in righteousness and truth.

Enable us and liberty-loving people, the world over, to witness the fulfillment of the vision of thy prophets: "Nation shall not lift up sword against nation, neither shall they learn war any more." In the pursuit of a sane and safe society, we ask Thy blessings. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished and able majority leader is recognized.

Mr. DOLE. Mr. President, I yield to the Senator from New Jersey [Mr. LAUTENBERG].

Mr. LAUTENBERG. I thank the distinguished majority leader.

THANKS TO RABBI HARVEY S. GOLDMAN

Mr. LAUTENBERG. Mr. President, I was pleased to hear that the message of Rabbi Goldman's opening prayer was unity and peace. I believe these are goals we should strive for in the coming days as Soviet and American leaders prepare to meet in a historic summit. I hope also that his message will inspire all of us toward unity, Mr. President, as we work together in the Senate.

I have had the privilege of getting to know Rabbi Goldman since he became the senior rabbi of my congregation at Temple Sharey Tefilo-Israel and moved to South Orange, NJ, with his wife and three sons. He brings to his new position a wealth of experience in Jewish and civic activities and a dedication to improving the life of others.

Rabbi Goldman's life exemplifies the highest ideals of community service. His distinguished career includes such varied activities as helping to craft the portions of President Carter's speech before the Egyptian Parliament and the Israeli Knesset dealing with peace, and serving many civic and religious organizations. He has unselfishly given of his time and energy to numerous local, regional and national Jewish organizations including the National Jewish Community Advisory Committee, and the Union of American Hebrew Congregations. An acknowledged expert on church-state relations, he has freely shared that expertise on boards of many organizations. He has also served as human rights commissioner of the State of New York, dealing with such subjects as the rights of migrant workers. His life has been spent helping others, as a rabbi and as a trained family therapist. I know that by his presence and his vitality, he will enrich the community of South Orange, the congregation he heads, and the State of New Jersey immeasurably.

I appreciated hearing his words today and hope that my colleagues shared in their inspiration.

I thank the majority leader for this opportunity to make my statement.

Mr. DOLE. I thank the distinguished Senator from New Jersey. I associate myself this morning with his words.

WELCOME TO RABBI HARVEY S. GOLDMAN

Mr. BRADLEY. Mr. President, I want to take this opportunity to welcome Rabbi Harvey S. Goldman and thank him for his opening prayer. It is an honor to have Rabbi Goldman, a resident of South Orange, NJ, speak before all my distinguished colleagues here in the Senate.

Rabbi Goldman, the spiritual leader of Temple Sharey Tefilo-Israel in South Orange, is a distinguished individual and citizen. He has been active in numerous Jewish activities on a local, regional, and national level and has devoted much of his time and energy to commissions on human rights, education, and youth. Rabbi Goldman's advice and assistance have been sought by many political leaders, including President Carter. Sections of President Carter's speech delivered before the Egyptian Parliament and the Israeli Knesset on peace were penned by Rabbi Goldman.

My distinguished colleague and fellow Senator from New Jersey, Senator LAUTENBERG, is honored to have Rabbi Goldman as his rabbi. He is an individual I am proud to have as a resident of my State.

SCHEDULE

The PRESIDING OFFICER (Mr. SYMMS). The majority leader is recognized.

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each. I shall reserve the time of the minority leader and the time I do not use.

We have routine morning business not to extend beyond the hour of 10 a.m., with statements therein limited to 5 minutes each. At 10 a.m. we shall resume consideration of S. 1730, the reconciliation bill. We are now hoping to put together a time agreement which will contain the remaining amendments and provide for short periods of debate. We would like to complete action on that bill by midafternoon, then take up the Overseas Private Investment Corporation Act, S. 947, and Senate Joint Resolution 77, the compact of free association.

If we can complete action on those two matters this evening, we will not have a session tomorrow. We will resume consideration of the farm bill following disposition of the items just mentioned and that will become the order of business, perhaps, if we are in session tomorrow but more specifically, all of next week, depending on the will of the managers and what may happen during the debate on the farm bill.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

DEBT LIMIT EXTENSION

I also indicate that last evening the Senate did extend the debt limit through December 6. We had received a debt extension measure from the House through December 12, but we were advised by Treasury and staff and others who checked into it that a December 6 extension, in effect, means December 12.

It seems to me that we must keep the pressure on the conferees, both the Senate and the House conferees, if we hope to resolve this matter by mid-December. Under the House proposal, which would have extended the debt ceiling until December 13, it really meant an extension in reality until the 19th, which means that we could be here through Christmas. I think many Members with families would like to leave prior to that time. So I hope the House and Senate conferees will continue to meet on the Gramm-Rudman-Hollings amendment and that we could dispose of the debt ceiling extension along with the Gramm-Rudman-Hollings amendment prior to December 6. Many of my colleagues on the conference believe they are making progress. I hope that is the case.

I think the extension was necessary in order to relieve the President of any burden, while he was at the summit in Geneva with Mr. Gorbachev, of worrying about whether or not the full faith and credit of the United States had been compromised.

Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER. Under the previous order, the distinguished senior Senator from Wisconsin [Mr. PROXMIRE], the acting minority leader, is recognized.

NEEDED AT GENEVA: THE TEST BAN TREATY

Mr. PROXMIRE. Mr. President, at a time when much of the world is entranced by the dazzling new proposals and counter proposals for arms control made by the two superpowers before the November 19 summit, it is good to return to the simple, commonsense proposition of a nuclear test ban. That seasoned veteran commentator of the New York Times, James Reston, addressed the nuclear test ban in his column on Sunday, November 3. As Mr. Reston points out, there has been very little public discussion of a test ban treaty in all the recent flurry of consideration of the kind of arms control agreement that should emerge from Geneva. Why? The answer is because of the very nature of news. The essence of news, unfortunately, is in the first three letters of that word, that is, n-e-w. News has to be new. The test ban proposal is many things, but it has been around a long time. It is not new. I challenge any Senator, however, to name an arms control proposition that carries credentials that even begin to compare with the proposal to negotiate an agreement with the Soviet Union that would stop nuclear weapons testing. Here is the kind of arms control that has the most emphatic kind of public acceptance. No other potential arms control agreement has been submitted to the people of this country as comprehensively as the test ban proposal. Some eight States have passed public referendums endorsing the idea, usually by overwhelming margins. In Wisconsin, in September of 1982, for instance, a smashing bipartisan 74 percent of the electorate endorsed a nuclear test ban agreement with the Soviet Union. One professional poll after another has documented the fact that this Wisconsin sentiment is common throughout the country and in every section of the country.

Furthermore, as James Reston points out, the nuclear test ban has been supported "in principle, but not in practice" by every President since Eisenhower. Mr. Reston summons Prof. Glenn Seaborg as his star witness for a ban on testing. Consider the qualifications of Dr. Seaborg. He won the Nobel prize for his discoveries in the field of atomic energy. He was Chairman of the Atomic Energy Commission in Washington for 10 years. He has been at the heart of the struggle over nuclear weapons for more than a generation. Seaborg makes four arguments for negotiating an agreement to end nuclear testing:

First, an end to testing would stop precisely the kind of nuclear development that would lead to new and destabilizing weapons that could disrupt the present balance of power;

Second, the end of all testing would ease the heavy economic burden of excessive military expenditures;

Third, an agreement by the superpowers to stop the arms race would help stop the spread of nuclear weapons to other nations and terrorists. This is particularly true because new weapons would be likely to have three characteristics. They would be smaller, cheaper, and more devastating: Perfectly designed for the present have-not, militant nations—the Syrias, the Libyas, the Irans, the Iraqs.

Fourth, if the superpowers could agree at Geneva to avoid testing for a few months, it might then be possible to negotiate a longer range test ban that could be verified with the help of other nations that have offered to do so.

Now, Mr. President, in addition to these four excellent reasons for seeking such an agreement, there is a hard, practical reason. Secretary Gorbachev is not only clearly on record for such a test ban, he has suspended testing in the Soviet Union until the end of this calendar year as a tangible representation of his intention. Obviously all the test ban agreements need to become a reality is the nod from President Reagan. Why hasn't the President agreed? His answer: We cannot verify such an agreement. Is this true? Can we verify any militarily significant test of nuclear weapons conducted by the Soviet Union. We certainly can if we insist on making the verification provision of the agreement sufficiently stringent. Are we in a position to do this? Our position could not be stronger. Secretary Gorbachev has made a big issue of his self-imposed, unilateral suspension of all nuclear weapons testing in the Soviet Union. The Soviet Union started the suspension early last August. We should call Secretary Gorbachev's bid and raise him as follows. We should propose to agree to end all nuclear weapons testing, provided each country would station at least 10—or more if necessary—monitoring stations inside the territory of each superpower. We should also insist that each superpower would agree to unannounced, physical, on-the-spot inspection by international teams. Such teams would include the personnel of each superpower. The inspecting teams could probe without advance warning any suspicious event—such as an explosion that might take place in either country. We should then press to the utmost our already excellent seismology technology so we could detect everything louder than a sneeze in the Soviet Union.

This is tough medicine for the Soviet Union's closed society. It would put them to the test. They might refuse such a stringent proposal. I believe they would accept it, because whatever the faults of the Soviet Union, and they are legion, they have the same yearning to survive as we do. Throughout the world, informed persons know the arms race is likely to lead to the last war and the destruction of civilization, if not the end of mankind as a living species. The present proposal to reduce strategic nuclear "charges" from about 10,000 on each side to 6,000 is brilliant public relations. It sounds like real progress. But it will mean nothing if the arms race proceeds in superpower laboratories to develop ever newer, more devastating weapons, each of which might well be more destructive than 10 or 100 of the present nuclear weapons. There can be no beginning of the end of the nuclear arms race until we stop producing new weapons. The test ban and only the test ban will do this.

Mr. President, I ask unanimous consent that the article to which I have referred from the Sunday, November

3, New York Times be printed in the RECORD.

There being no objection, the article ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 3, 1985]

A NUCLEAR TEST BAN?

(By James Reston)

BERKELEY, CALIF.—In all the speculation about the Reagan-Gorbachev summit meeting in Geneva on Nov. 19-20, there has been very little public discussion of the possibility of an agreement to stop immediately and ban finally the testing of nuclear weapons.

In Washington, where politicians prefer to test everything and decide nothing, the nuclear test ban has been supported in principle, but not in practice, by every President since Eisenhower.

Here in Berkeley at the University of California, however, some of the scientists who helped invent these atomic weapons are suggesting that maybe a ban on testing new ones may be the best hope of compromise at Geneva. At least the idea deserves more attention than it's getting.

Consider, for example, the thoughts of Prof. Glenn Seaborg. He has been around this campus as a research chemist since 1937, and was awarded the Nobel Prize for his discoveries in the field of atomic energy.

He was chairman of the Atomic Energy Commission in Washington for 10 years, a participant in many of the struggles over the control of nuclear weapons at home and abroad for more than a generation. And now, at age 73, he is still reflecting on the politics and possible remedies at the coming nuclear talks at Geneva.

"Today," he says, "relations between the United States and the Soviet Union are at a lower point than they have been for some time—a mountain of distrust between us—but I think there is a realization in both countries that steps toward a test ban can be to mutual advantage. Perhaps we need to think in terms of where we are going in another 10 years if we don't come to an agreement."

Professor Seaborg believes that if the nuclear nations can't test new nuclear weapons on earth, in the sea and in outer space, they wouldn't dare risk using those weapons because of fear they might backfire in a crisis. He makes four arguments for paying attention to Mr. Gorbachev's offer of a moratorium on nuclear testing until the end of the year, and then for negotiations for a permanent testing ban:

First, Professor Seaborg insists, an agreement to end all testing of nuclear arms would impede further developments in the nuclear arsenals of the major powers—developments that may lead, as he sees it, to destabilizing new weapons systems that could disrupt the present balance of power.

Second, the end of all testing for future weapons systems might ease the economic burden of excessive military expenditures and relieve the hunger, agony and menace of war and chaos in the undernourished and overpopulated regions of the world.

Third, an agreement by Washington and Moscow to come to grips with the nuclear arms race would provide evidence, so far missing, that they intend to keep their promises to work for arms control and to curb the spread of nuclear weapons to other nations and to the terrorists of the world.

Fourth, and finally, if President Reagan and Mr. Gorbachev could agree at Geneva to avoid testing for a few months, as Mr. Gorbachev has offered to do, it might then be possible to negotiate in the coming year a longer-range ban on testing that could be verified with the help of other nations that have already offered to do so.

Professor Seaborg and his colleagues here at the University of California are not insisting that a moratorium or a ban on the testing of nucelar weapons is the answer to the nuclear arms race. There are other scientists here in Reagan Country with different views, but there seems to be a general agreement that a comprehensive test ban deserves more consideration than it's getting in Washington and the rest of the country.

On the basis of the testing and spread of nuclear weapons, there is no dispute. From 1945 to the end of 1984, the United States exploded 756 nuclear weapons, the Soviet Union, 556 since 1949; Britain, 38 since 1952; France, 127 since 1960; China, 29 since 1964, and India, one in 1974.

The U.S. and the Soviet Union have about 50,000 nuclear weapons between them, and they produce two or three new ones every week. Even if they agreed at Geneva to cut these arsenals by 50 percent, they'd both have enough to blow up the world 10 times over.

So Professor Seaborg and some of his colleagues here ask why go on testing to produce more sophisticated weapons, at more cost.

Because, says President Reagan, if we keep on testing and developing new weapons, we may invent a shield that might in the next century protect the human race from nuclear attack, and a ban on testing new weapons might not be a good thing but a bad thing. That point could be a central one in his meeting with Mr. Gorbachev in Geneva.

HOW TO KEY DEFICIT REDUCTION TO ECONOMIC GROWTH REALISTICALLY

Mr. PROXMIRE. Mr. President, the House of Representatives proposed an alternative to the Gramm-Rudman budget bill that the Senate, in the view of this Senator, properly rejected. But it did carry one specially meritorious idea. That idea would have required reductions in the deficit to match the rate of growth in the economy. In a good year like 1984, that would have meant a $100 billion reduction in the deficit. In a recession year like 1982, there would have been no attempt to reduce the deficit. The principle was right. The way the House applied it was not. The execution of the proposal as designed in the House was so badly flawed that this Senator criticized it strenuously. What was wrong with it? The House proposed to determine the rate of economic growth in any year on the basis of the forecasts of congressional and administration economists. What is wrong with that? Plenty. Year in and year out these forecasts have been consistently wrong. They have been wrong not by a little. They have been wrong by a country mile. For this reason the mandated budget deficit reduction sat on a very faulty base. This Senator has pointed out that on the average these forecasts have been off by more than 50 percent. Often they have missed the actual rate of growth by more than 100 percent. And never, ever, have these Government economists predicted any recession for the budget year. Not once.

So if the principle of basing deficit reductions on economic growth is right but the forecasts of that economic growth are so faulty, can the Congress apply the principle of relating deficit reduction to economic growth without relying on forecasts? Sure we can. Why not? We, obviously, cannot make the rate of deficit reduction coincide with the actual rate of economic growth in the precise quarter in which the growth occurs without making a forecast for that quarter. But we can apply the cut in the deficit very soon after the statistical information is released on the actual growth that did, in fact, take place in the previous quarter.

Consider the potential improvement involved here: In a year like 1984 when the economy grew by more than 6 percent, the deficit would be reduced—not by $36 billion but by $100 billion. In a year like 1982 when, thanks to the recession, the economy actually declined in growth, there would be no effort to reduce the deficit because the Congress would recognize that such an effort would be counterproductive. It would drive the country into a deeper deficit. The fiscal policy of the Government would, if based on the actual rate of economic growth, be designed to stabilize the economy. It is true that the budget reduction would follow the actual growth in the economy. It would not coincide with it. The rate of budget reduction would probably have to follow the rate of economic growth with a 6-month lag. Conceivably, that might result in occasional instances of restraining economic activity when the economy was slowing down or of accelerating economic activity when the economy was speeding up. So how would this work based on historic experience? Throughout most of the Nation's economic history, recoveries have endured for between 2 and 6 years or so. So how would a deficit reduction program that followed economic growth with a 6-month lag have affected the economy? The answer is that the effect would have been strongly positive. Certainly it would have been an improvement over the House proposal which would rely on the grossly erroneous forecasts that have been so consistently forthcoming throughout the years. A deficit reduction with a 6-month lag to permit the degree of reduction to mirror the actual economic growth that had, in fact, taken place with a 6-month lag would have been an effective economic stabilizer as well as a sure and practical deficit reduction policy.

Now, let's face it, Mr. President, the Gramm-Rudman budget restraint proposal faces an extraordinarily difficult survival prospect. If the Congress proceeds to mandate a $36 billion cut in the budget each and every year, regardless of economic conditions, the virtually certain consequence would be a recession in 1987 or 1988 or 1989 that would be blamed largely and perhaps unfairly on the blind, automatic spending reduction or tax increase necessary to achieve the regular $36 billion deficit reduction. The fact is that the recovery is now well along in its fourth year. It is already longer than most of the American economic recoveries in this century. With or without a regular annual deficit reduction of $36 billion, a recession within the next 2 or 3 years is virtually certain. How much the deficit reduction would contribute to the coming recession, if any, is debatable. But the deficit reduction would certainly be strongly blamed and badly discredited if unemployment soars, and bankruptcies sharply increase. In such a recession the deficit would shoot right through the roof. A provision that tied the rate of deficit reduction to economic growth, and therefore automatically suspended the reduction in a period of recession, might help prevent the recession from becoming deeper than it otherwise would be and it certainly would prevent the recession from discrediting the attempt to reduce the deficit. It would also keep a deficit reduction program on the books in the future.

MYTH OF THE DAY: U.S. SUPPORT FOR DICTATORS PROMOTES OUR INTERESTS

Mr. PROXMIRE. Mr. President, the myth of the day is that the embrace of friendly dictators promotes American interests. These governments, we are assured, are stable, staunchly anti-Communist, and firmly capitalist. With friends like these who could ask for more?

For 5 years, we have watched the Reagan administration turn a blind eye to authoritarian governments that regularly violate human rights. For 5 years, we have watched American taxpayers contribute military equipment and economic aid to rightwing dictators. Has this policy paid off? Consider:

CASE 1: THE PHILIPPINES

Since imposing martial law in 1972, Ferdinand Marcos has used savage police brutality to smother political dissent. By one estimate, torture victims and political prisoners have totaled 70,000. Although martial law was lifted in 1981, reports about "salvagings" and "disappearances" are consistently filed. The most recent account was given by U.S. Ambassador Stephen Bosworth, who said on October 31 that 15 Americans have been killed in the Philippines during the past 2 years.

It was not human rights violations, however, that prompted the Laxalt mission to Manila but, rather, the growing opposition insurgency which now numbers 15,000. Two very strategic bases at Clark Field and Subic Bay further underscore the urgency of political developments in the Philippines.

How has the Reagan administration responded? Quiet diplomacy and aid. Lots of aid. In the spring of 1983, the President promised to send the Marcos regime $900 million over the next 5 years—and nearly half of that was earmarked for military purposes. But wait, there's more. The Pentagon is now preparing to sink another $1.3 billion into the modernization of the bases at Clark and Subic Bay.

The administration's strategy is seriously flawed. We cannot continue to be held hostage by Marcos over the presence of the bases. Nor can we continue to be indifferent to serious human rights abuses. Our actions drive us further and further from the goal we should be seeking—more democracy.

CASE 2: CHILE

Political detentions, torture, and exile continue in Chile in the face of mounting political opposition. Between 1983 and May 1984, more than 100 people were killed by security forces during antigovernment demonstrations, according to the Chilean Catholic Church's human rights organizations. On November 6, 1984, the day of President Reagan's reelection, Pinochet imposed a state of siege.

The human rights situation deteriorated further. The Chilean Human Rights Commission estimates that political arrests increased from 909 in 1981 to 39,429 in 1984. At one point, 8,000 people were detained in a soccer stadium, while 467 others were banished into internal exile.

How has this administration responded? It has done very little. Quiet diplomacy again is the name of the game. Better to work privately and more intimately on such problems, or so goes the reasoning.

Yet quiet diplomacy has not stopped this administration from exporting military equipment in 1984 and proposing a resumption of training funds for the Chilean military. Moreover, loans to Chile from both of the relevant multilateral development banks have dramatically increased since the Reagan administration took office.

The result, once again, is that this administration has failed to move the Pinochet dictatorship toward democratic reforms. The administration's prodemocratic rhetoric rings hollow when compared with actions that support aid for Pinochet.

The appearance of a national accord, formulated by the 11 major opposition political parties, provides us with an ideal opportunity to support the democratic reform movement. The accord renounces violence as a political tool and calls for the abolition of decrees that limit political freedoms. We remain silent.

CASE 3: PARAGUAY

Few world leaders can rival President Alfredo Stroessner in longevity. The general, having presided in power during 30 years of near-continuous state of siege, is Latin America's longest-running dictator. Stroessner has enforced policies of harassment, torture, detention of dissident lawyers, journalists, and union leaders, and recently even closed down the nation's largest daily newspaper, ABC Color.

The administration's policy? Direct economic and military assistance to Paraguay added up to $180,000 in 1984. Moreover, we still maintain an office of Defense Cooperation in Asuncion, with a $50,000 annual budget for sending a handful of officers to United States Army training schools. Today we do not sell guns or much money to Paraguay. Communism is no threat in Paraguay. But rather than speak out for human rights, we watch and say nothing.

CASE 4: SOUTH KOREA

In recent months, the New York Times has reported how the authoritarian government of Chun Doo Hwan has swung away from the moderately tolerant policies of the previous 2 years toward a new crackdown of dissidents. Since the student takeover last May of the United States Information Service building in Seoul, at least 300 South Koreans have been held on political charges. A frighteningly graphic symbol of the crackdown is a bill that was drafted in August to create special "reorientation" centers for South Korean college students judged to be leftwing radicals. Cases of torture of political prisoners continue to be reported with distressing regularity.

The Reagan administration has again employed that vague strategy of "quiet diplomacy." Unfortunately, this posture carries little significance to Koreans who look to the United States for human rights commitments. The administration has also been a faithful supplier of military equipment to Seoul: $230 million last year, $220 million this year.

CASE 5: GUATEMALA

While hopeful eyes are now cast toward the return of civilian rule, Guatemala of yesterday has been Latin America's worst human rights violator. Some 35,000 people are estimated to have disappeared at the hands of the Government in the last 20 years. Since reaching power in August 1983, Gen. Oscar Mejia Vic-

tores has continued the human rights abuses of his predecessors. Mejia, in fact, served as the Defense Minister during the erratic rule of Gen. Efrain Rios Montt, with direct control over military operations in the countryside that killed thousands. Under Mejia's command, disappearances include faculty, students, religious workers. Systematic massacres of peasants, like the one in Chimaltenango that killed 40 last January, have also occurred. In 1984, some 1,136 killings and 690 disappearances by security forces were documented—the actual count is probably higher.

The administration looks at Guatemala as a strategic key in Central America because of its proximity to Mexico and its developed industrial base. Although President Carter had cut all aid to Guatemala, this administration sought to resume military aid. He did manage to grant Guatemala $300,000 for military training and authorize American companies to sell the country trucks, jeeps, and helicopters. The Congress has conditioned military aid for fiscal 1986 on a civilian President taking power and on a marked improvement of Guatemala's human rights record.

The skeptic who believes in the myth still is not satisfied. He asks, "Where has American leverage worked in the past?" We can start with Jimmy Carter. Under his tough line which included sharply reduced aid, the military regimes of Brazil, Chile, and Argentina all acted more decently. Brazil and Argentina have both returned to civilian rule. Chile, with relaxed pressures from this administration, has seen its number of arrests quadruple since this administration came into power.

The only alternative to a Marcos or a Chun is not communism or chaos, as the myth would have us believe. Crafty clients are not deserving of our support soley because they can bark the anti-Communist line. To claim that our interests are promoted through these dictators is a myth. The administration's strategy of quiet diplomacy and financial assistance has failed, and one can measure the extent of this failure simply by counting the number of lives. The saddest part about this myth is that it has proven fatal.

AMNESTY'S CAMPAIGN

Mr. PROXMIRE. Mr. President, in the coming months, Amnesty International USA will focus its campaign to abolish torture on the Soviet Union's physical mistreatment of political prisoners and its abuse of psychiatry for political purposes.

Amnesty International launched its first campaign to abolish torture in 1973. The campaign succeeded in publicizing the widespread use of torture in the world and prodded the United Nations to adopt the Declaration Against Torture.

Today, Amnesty believes that with enough pressure from human rights advocates, the Soviet Union will end its use of torture. Employing a three-part strategy, Amnesty will highlight the present situation in the Soviet Union and appeal to Soviet officials for change.

First, Amnesty will address the Soviet Union directly, both by appeals from concerned citizens and from people who may have special influence with the Soviets. As Amnesty USA's campaign director, Mike Jendrzejczyk, explained, "a special effort will be made organizing appeals from members of the medical and scientific community, religious groups, peace organizations, and trade unions."

Second, Amnesty will publicize current Soviet abuses through the media, emphasizing the condition of the "forgotten" prisoners as well as those more familiar to the West.

Finally, Amnesty will approach the U.S. Government and ask for its assistance. Amnesty only asks that the U.S. Government express its dissatisfaction with current Soviet practices.

Mr. President, we can do this and more. We can send the Soviet Union a strong message demonstrating that we are concerned with human rights by ratifying the Genocide Treaty.

Our failure to ratify this treaty has opened the United States to unnecessary criticism. The Soviets and others have long focused on our failure to ratify the Genocide Treaty as part of their anti-American propaganda.

As President Reagan said, "We can refute such baseless criticism by ratifying the convention, and more importantly, we can utilize the convention in our own efforts to expand freedom and fight human rights abuses around the globe."

Mr. President, let's help Amnesty International's campaign to abolish torture by ratifying the Genocide Treaty.

RESERVATION OF MINORITY LEADER'S TIME

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the time of the minority leader be reserved for his use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond 10 a.m., with statements therein limited to 5 minutes.

THE CASE OF LEONID AND LUDMILLA VOLVOVSKY

Mr. DECONCINI. Mr. President, as the Geneva Summit between Soviet leader Gorbachev and President Reagan is soon to take place, I would like to bring to the attention of my colleagues the tragic fate of a Soviet Jewish family, the Volvovskys. Unfortunately, the situation I am about to describe is not a unique one. It is my hope, however, that the senseless suffering that the Soviet regime imposes on many of its citizens, like the Volvovskys, is addressed and constructively dealt with when Mr. Reagan and Mr. Gorbachev meet face to face.

During a trip to the Soviet Union in late August of this year, I had the opportunity to meet with Ludmilla Volvovsky. Ludmilla described to me the numerous hardships her family has endured since they first applied to emigrate to Israel in 1974. Her husband, Leonid, an electrical engineer by profession, was dismissed from his job and forced to work at various odd jobs after applying for a visa. In 1979 the Volvovskys moved from Gorky to Moscow so that Leonid could find employment as well as participate in Moscow's Jewish refusenik circles. Shortly after their arrival, the Volvovsky's apartment was ransacked, several hundred Jewish history and cultural books were confiscated, and their landlord served them eviction papers. When Leonid brought his case to civil court, he lost his case, his apartment and was ordered by Soviet authorities to relocate in Gorky.

Soviet officials continued to impose severe pressure on the Volvovskys when they returned to Gorky—eventually leading to Leonid's arrest on June 25, 1985. After a recent 5-day trial, Leonid was sentenced on October 24 to 3 years' imprisonment on charges of allegedly "defaming the Soviet state and social system."

Evidence used against Leonid at his trial included a woman's testimony that he had given her Leon Uris' novel, "Exodus" and asked her to distribute it. Leonid's conviction was also based on testimony that he "associated with Anatoly Shcharansky and Iosif Begun," well-known Soviet human rights activists.

When I visited with Ludmilla in Moscow on September 3, she was particularly concerned about her husband's then upcoming trial. Unfortunately, the worst of her fears have been realized.

Ludmilla also expressed to me her concerns about a newspaper article regarding her and her husband that was printed in "Gorkovsky Rabochyi" on August 29, 1985. Upon my return from the Soviet Union, I had this article entitled, "With an Assist From Slander," translated. I respectfully request that this article—which exemplifies the

Soviet Government's sanctioned anti-Semitic propaganda campaign against Jewish refuseniks and activists—be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WITH AN ASSIST FROM SLANDER

(By V. Belik)

When once you lie, who will then believe you?

A wise observation.

An undisguised lie is always apparent. It repels immediately. But what if someone cleverly disguises that same lie as truth? If someone motivated by selfish interest accompanies it with a variety of insinuations implying that there are things not generally known and that we don't know the whole truth . . .?

This lie then immediately gains another aspect. Suddenly it acquires long legs and begins rushing headlong faster than the wind, covering great distances. Only unvarnished truth—straightforward, frank and clear—can stop it.

Bourgeois propaganda in the West knows this very well. But it still continuously uses it as its principal weapon, aiming it at us and our friends. It adds to the lie a trumped up "true fact," presumably obtained from "reliable sources," because in the Soviet Union, presumably, we prefer "to keep mum" about such things—then they [i.e. those in the West] do everything possible to defame us. Their thinking proceeds as follows: no doubt there are individuals in the Soviet Union, particularly among the young, who are not entirely firm in their convictions—why not try to undermine their beliefs and bring them to our side?

There [i.e. in the West] they are of course looking for any opportunity. They will turn truth inside out, cynically and openly turn facts, as they say, upside down, and juggle and pervert events. And all just to discredit one more time our governmental and social structure, insult the honor and dignity of the Soviet man, and pervert and distort the truth as a trick mirror does.

It would probably be hardly worth mentioning this chicanery on the part of Western propagandists, if there were not indeed some [in the USSR], even if only a few, spiritually weak individuals who, because of their political near-sightedness, are incapable of differentiating between truth and untruth. Unfortunately, it is not only that they themselves fall under the influence of a poisonous narcotic ideology reaching us from the West, but that they become a special type of carrier of this infection and then consciously or unconsciously begin aiding and abetting Western propaganda. In this way certain persons inflict harm on the government and social structure of our country.

This is why our mass media must strenuously counteract Western propaganda and its attempts to blacken the reality of our everyday life through lies. The principal aim of our counter-propaganda publications is to debunk all sorts of fabrications casting a shadow on various aspects of Soviet life.

Authoritative and competent persons, including scientists, workers, prominent persons in the world of culture and art, political observers, and foreign government representatives, systematically appear in the Soviet press, television and radio. As a rule, what appears in the local press and is broadcast by the media is received favorably and with understanding by the readers and listeners.

It is true that sometimes individual readers, television viewers and radio listeners do not remain entirely satisfied. This is because problems of a propagandistic nature discussed in the press are often so complex that they require further discussion and clarification. It isn't difficult to help such people.

It is more difficult to deal with those who consciously approach the problem tendentiously and in their own way are not too disposed to listen to disproving arguments. However, even there, it is possible to arrive at the truth. That is, of course, if common sense prevails.

But unfortunately some of our opponents show entirely opposite intentions. They are guided not by a desire to clarify the matter, but to respond by flashes of boisterous irritation, insulting attacks, and all sorts of unfounded accusations and criticisms of everything and everybody.

What motivates them? Why this reaction almost approaching a pinnacle of unhealthy emotions? However, one way or another, this can be straightened out.

Let's turn our attention to some documents in the office of the public prosecutor of the Gor'kovskaya region.

On July 26, 1985, a certain Evgeniy Leybovich Finkelberg of Moscow was dispossessed of materials defaming the Soviet government and the Soviet social structure, materials which he planned to transmit to the West. This rubbish revealed a letter typed in English addressed to "Jews throughout the world." It was signed by Lyudmila Aleksandrovna Volvovskaya of Gorkiy.

Who is this woman? What prompted her to "appeal for help?" What and Who did she want to be protected from?

Lyudmila Aleksandrovna explains this in the following way in her letter, which was first in Finkelberg's hands and then came into the possession of the public prosecutor's office. She, a Jewish woman, is encountering all sorts of difficulties in leaving the USSR. It is her desire to live among people of her own nationality, in her own (!) ancestral land (which Volvovskaya considers to be Israel), in her own national state.

Volvovskaya states that one of the reasons why she wants to leave the Soviet Union is that (according to her) an "anti-Semitic campaign" is being waged in Gorkiy and that presumably her husband is one of its victims. These anti-Semitic actions, it would seem, are being carried on with the knowledge and participation of the authorities of law and order. The press in the Gorkiy region, you see, is involved in this campaign.

As proof of this she cites an article published in the Gorkovskiy Rabochiy on June 7 under the heading "Marginal notes on an interesting and instructive press article." For some reason she can't understand how and why some Soviet citizens are drawn into the Zionist trap and what promotes such a step which it would appear is contrary to our way of life. Consciously distorting the meaning of the author's statements, she tries to say that the article's criticism is directed not at Zionists, but at all Jews.

"All our attempts to find protection from threats and slander," she writes, "are to no avail. I have lost /all/ hope of finding any support here at home in this country. Therefore I am asking all Jews to help our family save L. Volvovskiy from injustice and repression."

As to Lyudmila Aleksandrovna's husband—yes, this man was indeed accused of a crime. The investigation of his case has not yet been completed, so we don't have the right to run ahead of the events.

But Volvovskaya herself, who is trying to tell almost the whole world that she "knows nothing about what's happened to her husband," actually knows everything very well. Officials have given her all the necessary explanations and answered all her questions.

So here you have Volvovskaya's first lie.

The second and third lies, and indeed all the rest, are recorded in numerous other "letters," "complaints," "statements," and other tracts belonging to the squeaky pen of this lady, sent not only to Zionist organizations abroad, but also to Soviet government agencies. The public prosecutor's office also has them, and they too are filled with venom, almost undisguised lies, and are in the final analysis material defaming our government.

Actually what is true is that it isn't Volvovskaya who is being persecuted, but that she herself literally attacks everyone and everything. Her "complaints" go rushing in an endless stream to a variety of destinations, distorting the truth in one way or another with incredible brazenness, and all with the sole aim of presenting a dreadful picture of misfortune which presumably befell her family. In her desire to substantiate her own fabrications, Lyudmila Aleksandrovna has the audacity to appear in the name of just about all Jewish citizens. So to speak be their spokeswoman.

It would be O.K. if this were all. But in addition to everything else, Volvovskaya accuses the law enforcement agencies of promoting an "anti-Semitic campaign" and the local press of instigating action against Jews living in Gorkiy. No less and no more. What is this, if not a frank effort on her part to inflict damage on our government and our social structure? One cannot be impartial to this.

Quite recently, on July 15, 1985, L. A. Volvovskaya ordered copies of her complaints, addressed to high officials in our country, from the typing section of the Gorkovoblbytspravka Trust. The question is asked, why it was necessary to duplicate this material. Was it not for the purpose of attracting the attention of as many people as possible to her false statements, which again cite "data" to the effect that an "anti-Semitic campaign" is being waged in Gorkiy? This citizen provided similar "data" to Zionist organizations abroad and, we repeat, not without the hope that her "compositions" would be used against the USSR.

Under those circumstances, the Gorkovskiy region office of the public prosecutor was obliged to take appropriate measures and issued an official warning to L. A. Volvovskaya, who was spreading slanderous fabrications defaming the Soviet government and the Soviet social structure, about the inadmissibility of violating the law.

Right. Nobody is allowed to violate the law. Violations will be punished.

But how to punish unpardonable lies and the perversion of facts?

First and foremost by means of truth and objectivity. In that case let's take a closer look at Lyudmila Aleksandrovna Volvovskaya and all her "unbearable suffering."

She was born and grew up in Gorkiy. Like all children she went to school and got her secondary education. Then she attended the Gorkiy University School of Mechanics and Mathematics. She obtained a diploma certifying to her accomplishments and entered an excellent profession. All this time she

lived continuously in Gorkiy; this town gave her her lifeblood and everything that any person would need.

As a matter of fact, this covers her biography, inasmuch as L. A. Volvovskaya hasn't worked anywhere during the past 11 years, but has spent her time, capabilities and energy on the composition of documents defaming life in the Soviet Union and helping Zionist circles abroad to draw from her "complaints" and "statements" those very "reliable facts" which bourgeois propaganda in the West later turned against us, after first polishing up and ironing out her material to accord it with their needs.

There is no end to Volvovskaya's "complaints" about being prevented from leaving the Soviet Union. We have already discussed this above.

We investigated the matter. It turned out that no official application has been submitted for the purpose [i.e. departure from the USSR] since 1974.

In her written statements, Lyudmila Aleksandrovna speaks as though she were authorized to do so in the name of the Jewish people.

No investigation of this matter is necessary. This is far from being a new maneuver and is usually used by those whose arguments are so weak and without substance that their only recourse is to appeal to like-minded individuals who exist only in the imagination. For greater effect, so to speak.

Let's also leave Volvovskaya's fabrications regarding the city's "anti-Semitic campaign," based on her misidentification of two directly opposite things and phenomena, to her conscience. She interprets the press' criticism and exposure of Zionism as a direct attack against all persons of the Jewish nationality and as an insult to their national and religious feelings. Why is this necessary? Well, first of all in order to spread rumors about "violations" against her husband, just to arouse the anger of some persons of Jewish nationality who are not strong enough in their convictions, and in the final analysis to propel them into the Zionist trap by once again using those long-legged lies.

"Lies are like a sled going downhill," states a folk proverb. Thus do these past masters of calumny, of whom there are still a few in our country, earn their "thirty pieces of silver" from their foreign patrons. Acting in the spirit of Zionist principles by preaching the idea that "the worse it is for the Jews, the better," they understand all too well that it is above all the Zionists themselves who are interested in fanning anti-Semitism. Because, as they frankly admit, it is those Jews for whom conditions become intolerable who will most likely be drawn to Zionism. But if the conditions are not such, they must be invented.

Quite recently, on August 16, an article entitled "I Accuse Zionism" appeared in the newspaper *Komsomolskaya Pravda*. It quotes Felicia Langer, who is known in Israel as an experienced jurist. "I have been representing Palestinians for the last 18 years," says Langer. "Thus, I am now already working in the defense of the second generation of Palestinians. When I read in Israeli newspapers or hear on the radio that the Soviet Union is presumably violating human rights and that Jews there are being oppressed, I would like to quote an old adage: 'Those who live in glass houses should not throw stones.' In Israel human rights are being violated in the worst way and in the occupied Palestinian lands the invader is committing crimes and outrages."

There is really nothing to add to this.

Translated by R. Sheila Penners.

SOUTH CAROLINA TEXTILE WEEK

Mr. THURMOND. Mr. President, many of our citizens grew up in families employed in textiles, many pursued careers of their own in that industry, many others still hold dear those roots. Their memories are happy ones of honest, hard work, closely knit neighborhoods and, most importantly, job security.

Today, that security is rapidly becoming only a memory. My home State of South Carolina recently recognized the many contributions of the textile worker by designating a week in October as Textile Week. This is small recognition for an industry on which so many of our population depend every day for their livelihood. Seventeen textile plants closed in South Carolina last year and the pace of closures is accelerating, not slowing. By the year's end the outlook promises to be even bleaker, and by the end of the century it is estimated that there will be no textile industry.

I recently read an editorial in the Pickens, SC, Sentinel by Ms. Elaine Simmons, who grew up on a "mill hill," and I was touched by the poignancy of her childhood memories. Mr. President, I would like to pay tribute to the dedication, patience, and hope of the American textile worker by asking unanimous consent that the following article be inserted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"MILL HILL MEMORIES"

(By Elaine Simmons)

[From the Pickens (SC) Sentinel, Oct. 16, 1985]

I like Textile Week. It's nice that the textile worker is finally getting some respect. The industry has been the economic backbone of this county for the better part of a century but only in the last few years have the workers and the industry come to be appreciated.

My roots run deep in textiles. Growing up on the "mill hill" at Woodside in Easley, the muted clacking of the looms lulled me to sleep at night and the eight o'clock whistle roused me awake in the mornings.

I fished in the mill pond, played in the gym and made some friends I'll never forget.

On warm nights we used to sit under the street lights and tell ghost stories. Sometimes we would play snake-in-the gully in the street while Mama and Daddy watched from the porch swing. We rode cog-wheel wagons down the hills and grunted and sweated, pushing them back up to the top.

We played kick the cans, foxes and hounds, and simple hide and seek. We knew first hand what getting clothes lined meant long before professional wrestles discovered it.

When we could get away with it, we'd hide in the ditch beside the avenue at nightfall and play hubcap.

When I started junior high school, I was surprised when a classmate commented that all the houses on the mill hill looked the same. I guess she was right, but they weren't the same to those of us who lived there.

I was also surprised to find out that some people didn't think the mill hill was a good place to live. They were dead wrong.

The mill hill was a mixture of people. We had all kinds of folks there, kind, gentle men and women who would call you up onto the porch to give you candy; grouches who would call the police if you walked through their yards.

I must have really been blessed. I had a dozen or so grannies and papas and twice that many brothers and sisters.

There was even an extra parent or two because if I did something I shouldn't, a concerned neighbor would set me straight. If I ran a stop sign on my bicycle, Mama would know about it before I got home. And heaven help me if I ever sassed a grownup.

We knew everyone's business and everyone knew ours. But the bonds were deep and the friendships were lasting. The common denominator for most of us was the mill that throbbed with life, putting food on our tables, clothes on our backs and roofs over our heads.

Lots of things in the industry have changed over the years but not the basics. The textile industry is still providing jobs. I wonder where we'd be without it.

NATIONAL DISABLED VETERANS WEEK

Mr. ANDREWS. Mr. President, I rise today in honor of those who have given so much of themselves to protect and preserve our freedom, our liberty, and our democratic traditions. The disabled veterans of America have sacrificed above and beyond the call of duty for our Nation, and I am proud to be a cosponsor of Senate Joint Resolution 160, which designates this week as National Disabled Veterans Week. This special week gives us an opportunity to reaffirm our gratitude for their courage and daring and redouble our commitment to removing the social and economic barriers which prevent many of them from achieving and enjoying the very way of life their personal sacrifice made it possible for the rest of us to attain.

Disabled Veterans Week should be a time when we establish priorities and set goals which will provide greater opportunities for these brave men and women. In November 1984, the President's Committee on Employment of the Handicapped issued a report that I think surprises very few of us concerned with our disabled veterans. The report said in part that—

Nearly all the disabled veterans the (committee) heard from recounted experiences where prospective employers demonstrated their beliefs that handicapped people were incapable of working; or, an aura of charity permeated the job interview. In either instance, the disabled veteran felt a tremen-

dous frustration at being unable to get the employer to see his or her qualifications.

The American people owe an uncollectable, enormous debt to our over 2 million service-connected disabled veterans, over 5,530 in North Dakota alone. These heroes have sacrificed for us and it is both the duty and obligation of the Government to guarantee the elimination of the artificial legal and economic obstacles preventing them from fully participating in society.

Over 50 years ago, Douglas MacArthur, then the Army's Chief of Staff, wrote that there was a two-part formula for producing morale within a military unit:

Patriotism, self-respect, discipline, and self-confidence joined with fair treatment and merited appreciation from within. . . .

He further added that morale—

Will quickly wither and die if soldiers come to believe themselves the victims of indifference or injustice on the part of their government . . .

It is well to keep General MacArthur's words in mind as we salute our disabled veterans this week.

Thank you, Mr. President.

A HAPPY ENDING TO A CASE INVOLVING A MISSING CHILD

Mr. DENTON. Mr. President, it is with a great deal of pleasure that I announce a happy ending to a case involving a missing child. Late last night, through the cooperative efforts of the FBI and the Illinois Department of Law Enforcement, young Richard Lawrence DeVaney II, formerly of Limestone County, AL, was located in Chicago and reunited with his father and lawful custodian, Richard Lawrence DeVaney. Last night's action ended a search which began on April 16, 1982, the day that Rickey's noncustodial mother removed him from the State of Alabama.

I offer my congratulations to the reunited DeVaney family. I also offer my personal thanks to the Honorable Robert E. Cramer, Jr., district attorney for Madison County, AL, the Honorable Frank W. Donaldson, U.S. attorney for the northern district of Alabama, the Honorable William H. Webster, Director of the FBI, as well as Judge Webster's special agents in the Chicago area, my distinguished colleague from Illinois, PAUL SIMON and the I-Search section of the Illinois Department of Law Enforcement for their efforts in providing a happy ending to a case of one missing Alabamian. I hope that other missing children cases will have a similar happy ending.

Thank you, Mr. President.

A TRIBUTE TO THE GRAND OLD MAN OF THE GRAND OLD PARTY

Mr. DOLE. Mr. President, in the last few weeks we have been treated to several articles featuring Senator BARRY GOLDWATER. The senior statesman from Arizona is retiring at the end of this Congress and some of his admirers got together to honor a man who has been heralded "the patriarch of the American conservative movement." Those of us who have been lucky enough to observe this man's wisdom and candor firsthand recognize that there is no way to quantify the loss this Chamber will experience with his retirement. One article in particular, penned by James Kilpatrick, captures how much Senator GOLDWATER will be missed. I commend the article to my colleagues and ask unanimous consent that it be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 5, 1985]

A LONG FAREWELL TO MR. CONSERVATIVE

(By James J. Kilpatrick)

He sat at the head table, immaculate in black tie and dinner jacket, those familiar dark-rimmed glasses firmly in place, and he suffered affably through the first of at least 20 prospective testimonial dinners. It was Barry Goldwater's night at the Shoreham Hotel, kindness of the Heritage Foundation, and he deserved every good thing that was said about him.

Come New Year's Day, Goldwater will be 77 years old. He doesn't look it. He has a gimpy hip and sometimes uses a cane for negotiating steps, but his mind is as clear as a summer day in Arizona. He damns and hells a lot, but the profanity never gives offense. That's just Barry, doing what comes naturally. He never was given to parliamentary speech, and he's too old to start now.

The occasion for last week's dinner was his approaching retirement from the Senate, where he has served for 28 of the past 32 years. Only John Stennis of Mississippi and Russell Long of Louisiana have been around the place longer. Goldwater's term doesn't run out until January 1987, so he will have to work his way through a whole orchard of fruit cups before his friends are done with their fond farewells.

The farewells are indeed fond ones. All of us have known old-timers on the Hill, on both sides of the aisle, who have departed after years of service with no more than perfunctory adieus. Only a few have been genuinely loved: Mike Mansfield of Montana comes to mind. There haven't been many, but Goldwater is among them. I have never heard a mean or malicious word said about him. How can you hate a thoroughly honest man?

This is not to suggest that people haven't said a great many critical things about Goldwater. Long before Ronald Reagan was being blasted for cowboy diplomacy, Goldwater was being pilloried for his bluntly anti-communist views. During the presidential campaign of 1964, Lyndon Johnson came up with a memorable commercial. It depicted a darling little girl, picking petals off a daisy. At the end of the countdown, off in the background, Goldwater set off an A-bomb.

Thinking of that doomed campaign, most of us were awash in waves of nostalgia. Goldwater's candidacy never had a prayer. The American people were not about to have a third president in a span of 12 months. Johnson still was riding a crest of sympathy. No Republican—not Scranton of Pennsylvania or Rockefeller of New York—could have defeated LBJ in 1964. As it turned out, Goldwater got 27 million votes to Johnson's 43 million; in the Electoral College, it was 52 to 486.

It is fair to say that Goldwater contributed to the debacle. In the most famous line of his acceptance speech, he reminded the Republican convention that "Extremism in the defense of liberty is no vice, and moderation in the pursuit of justice is no virtue." Considered on its face, the sentiment is impeccable, but it branded Goldwater as a man who favored extremism and opposed moderation. He never escaped the image.

Twenty-odd years later, the image has faded in the gentle way that a flag fades, the sharp colors dimming, the pattern of stars and stripes indelibly there. Fundamentally Goldwater has not changed an iota. He is "Mr. Conservative," but he no longer is quite so given to sounding off in public about "do-gooders" and "kn-e-jerk liberals." The bedrock principles of his political philosophy have not shifted.

What principles? Goldwater believes we must learn from the wisdom of the past; he believes with Acton that power corrupts, and that absolute power corrupts absolutely. Hence he has fought all his political life against accretions of power, especially in a massive national government that scorns the role of the states. He believes in limited government, in individual responsibility, in the virtue of self-reliance. These are old-fashioned views, but for all his love of modern gadgets, Goldwater is an old-fashioned man.

When the speeches at last had ended at last week's dinner, Goldwater spoke briefly of some of these guiding principles. He said something deprecatory about "all these damned years" in Washington. Then he blew the crowd a kiss. There wasn't a dry eye in the house.

MEDVID MEDICAL RECORDS RAISE MORE QUESTIONS THAN THEY ANSWER

Mr. HELMS. Mr. President, a number of Senators have expressed an interest in the medical records of Miroslav Medvid, the Ukrainian sailor who attempted to defect to the United States, and was later returned to the Soviet ship by the U.S. Department of State. Apparently they have not had an opportunity to examine the actual documents.

Although the State Department released the records late this past Friday, copies have not been generally available. Frankly, Mr. President, I cannot comprehend how the State Department reached the conclusion that the records supported their handling of the case. The testimony which the Senate Agriculture Committee received on Tuesday from an acknowledged expert witness, Dr. W.E. O'Mal-

ley, thoroughly demolishes any support that the records might otherwise have given to the State Department handling of the matter.

Indeed, Mr. President, more questions are raised by the medical records than are answered.

Why was Medvid released without taking the simplest and most obvious tests for drugs?

Is it true, as reported by William Safire in the New York Times, that the Soviet Embassy instructed the captain to use mind-controlling drugs?

Do Soviet merchant ships routinely carry mind-controlling drugs?

When Soviet diplomats went to the vessel on October 26, did they carry the drugs with them?

Did the State Department give permission to the Soviet diplomats to go outside of the restricted radius from the Embassy?

Was the State Department aware of the Soviet Embassy's instructions to the captain to administer drugs when they authorized the diplomats to travel?

Why was there no thorough examination of the bruises and wounds on his body?

Why was relatively little importance assigned to the fact that threats had been made against his parents?

Mr. President, the more I examine this case, the more I believe that it requires a broad reexamination of our relationship with the Soviet Union.

Why do we just assume that deprivation of human rights is a normal and acceptable part of our relationship with the Soviet Union?

What is our policy on defectors?

How does it compare to the policies of other European nations?

What were the secret guidelines that were negotiated at the highest levels?

Why was it thought that a simple defection case at the lowest levels could somehow threaten our whole relationship with the Soviet Union?

Do we have any ongoing, secret agreement that requires us to make every effort to return defectors?

Why do we treat the Soviet Union as a reciprocal partner as though it had democratic institutions parallel to ours?

These are only some of the questions which still remain unanswered, and which the American people will demand should be answered.

Mr. President, for the convenience of my colleagues who might want to study Dr. O'Malley's testimony hand in hand with the medical reports, I ask unanimous consent that Dr. O'Malley's statement to the Senate Agriculture Committee, as well as the Air Force psychiatrist's report and a medical report as released by the State Department be printed in the RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF WILLIAM E. O'MALLEY, M.D., PH.D., BEFORE THE U.S. SENATE COMMITTEE ON AGRICULTURE IN THE MATTER OF MIROSLAV MEDVID

Mr. Chairman, and members of the Committee. My name is Dr. William Edward O'Malley. I currently live in Virginia, near Leesburg, a suburb of Washington, D.C. My professional medical training is in the general areas of neurology, psychiatry, and pharmacology. I have two doctorate degrees, an M.D. and a Ph.D., and I am Board-qualified in neurology and psychiatry.

I have spent most of my professional life studying the effect of drugs on the brain and the nervous system. I attended medical school at the University of Maryland and Georgetown University, here in Washington, D.C. I left Georgetown after spending six years there in training, and after spending an additional four years as a teacher, researcher, and medical practitioner. I also spent three years at the National Institutes of Health. For the past 15 years, I have held various positions in the U.S. pharmaceutical industry, mainly at Parke-Davis & Co., and at the pharmaceutical division of Dow Chemical Company. Currently I work as a consultant in matters involving pharmaceuticals.

The work which gave me the most satisfaction in my research career was as an independent researcher in studying the effect of the drug 1-dopa on Parkinson's disease. The use of 1-dopa changes the chemical composition of the brain by increasing the concentration of the chemical compound dopamine, a nomALI constituent of the brain. Sufferes from Parkinson's disease do not have the normal complement of dopamine in certain parts of the brain. Those of us who were studying 1-dopa at that time discovered that it actually altered the content of dopamine in the brain, and enabled sufferers to function normally. The drug 1-dopa is now the standard treatment for Parkinson's disease and is a classic example of how medicine has benefited humanity.

I mention this work because the concept of creating changes in the composition of the brain is relevant to the inquiry of this Committee. My work with 1-dopa was preceded by basic laboratory studies on the effects of a drug called chlorpromazine on brain tissue. This is the generic name for one of the two drugs which we now know the Soviets used on Mr. Medvid. In my clinical and laboratory experience, I have found that these drugs profoundly alter emotions and thought processes by making changes in the actual chemical composition of the human brain. For this reason, these drugs are never used in the United States in the manner in which they were used on Mr. Medvid.

Several days ago I was asked to review thoroughly and critically the report of the U.S. Air Force psychiatrist who examined Mr. Miroslav Medvid four days after he sought asylum in the U.S.A. This document was released by the U.S. Department of State. The psychiatrist who did the examination is not named. Rather I should say that his name, along with several other items, was censored from the report. A U.S. Navy physician also carried out a routine, but very limited, physical examination.

I am here today to give to you my clincial impressions of this report. I must say at the outset that I was appalled by what I found when I carefully studied this document. In my judgment, it did not meet the minimal professional standards that one would expect of this kind of examination. However, I shall do my very best, as objectively as possible, simply to supply the facts, and my opinions as to the unfortunate circumstances surrounding this case.

Let me begin at the end of this case. The Air Force psychiatrist, who apparently was called in by the U.S. Department of State to examine Mr. Medvid, made the bottom line conclusions after his examination that:

1. The reason this 25-year-old sailor defected from the ship and sought political asylum was "based primarily on a rather impulsive decision, 'Grabbing for the glitter and gusto', rather than any deep-rooted political or moral beliefs."

2. Mr. Medvid showed "no evidence suggestive of any ongoing significant organic mental disorder, including substance-induced intoxication, that would have impaired his competency." He thereby indicates that there was no evidence that Miroslav Medvid was under the influence of drugs.

3. Mr. Medvid was "clearly competent" in making his decision to return to the Soviet Union.

All of these three conclusions must be strongly challenged, because the data in the reports show that they are obviously in error.

CONCLUSION NO. 1

Conclusion No. 1 is in error in asserting that Mr. Medvid acted impulsively. To the contrary, just the opposite is true, since Mr. Medvid premeditated his defection. According to eye-witness accounts, Mr. Medvid brought with him his watch and papers carefully sealed in a water-tight jar, obviously prepared before his jump from the ship.

Also, Mr. Medvid made not one impulsive decision to seek asylum, but rather four separate and consecutive decisions. The second decision was when he told the Ukrainian interpreter in New York via telephone that he did indeed want asylum. The third decision was when he jumped from the launch returning him to the Soviet ship. The fourth was when he strongly resisted the ship security personnel who beat him up and tied him after he had swam the second time to the shore.

These actions are characteristic of a highly-determined, purposive personality, fulfilling a premeditated pattern.

CONCLUSION NO. 2

Conclusion No. 2, that Medvid was not under the influence of drugs, is in error because the Soviet doctor admitted that two neuroleptic-type drugs had been recently administered. He volunteered the names of these drugs as Seduczine and Amonizine. The first name is equivalent to the U.S. drug, Haldol. The second, more properly spelled Aminazin, is equivalent to chlorpromazine, or the U.S. drug, Thorazine. I have checked their chemical structures. Both are strong, mind-controlling neuroleptics. The authoritative textbook by Goodman and Gilman goes further and describes Haldol as an "extremely potent" major tranquilizer.

These drugs are known as major tranquilizers to distinguish them from the better known and weaker minor tranquilizers such as Valium. The minor tranquilizers do not act in the same fashion. They are relatively mild in their effects. The major tranquilizers, are known to have potent action and to remain present in the body for weeks.

They exert a strong effect, diminishing the will power, and making the patient more susceptible to conditioning. They have an extremely potent taming effect; they even tame wild animals. In the human, they take away aggression and combativeness, and they produce a mental state of serenity and indifference, without simultaneously clouding consciousness. One of their benefits, in U.S. practice, is that to the casual observer, the personality of the patient appears unimpaired or normal, but the actual situation is that emotional and thought processes are profoundly altered. Thus a psychotic or violent individual can live in ordinary society. Nevertheless, neurologically speaking, transmission between brain cells for large areas of the brain are effectively blocked or profoundly depressed.

Brain cells, or more correctly, neurons, have processes extending from the cell body called dendrites and axons. Dendrites carry nerve impulses to the cell body; axons carry nerve impulses away from the cell body and to the dendrites of other neurons. The juncture of the axon of one cell with the dendrite of another is known as a synapse. It is at the synapse that the two drugs in question act to depress neurotransmission. In other words, the drugs act to block normal brain function. For reasons we do not fully understand, the drugs act selectively in those areas of the brain which control the affective functions.

It is a characteristic of these drugs that, to the untutored observer, the patient under their influence can appear normal, and act normally. A manic patient who is doing violence to himself or his surroundings can be subdued fairly quickly when these drugs are administered. But when unscrupulous Soviet practitioners give them to a person who is normal to begin with, the drugs can have a devastating effect on the personality.

It should be noted that the medical reports indicated that Mr. Medvid appeared "sedated" while still on the Soviet ship. However, the neuroleptic drugs are not, strictly speaking, sedatives. What happened, in all probability, was that he had been given massive doses to subdue his will and his captors had not yet adjusted the dosage so that he could appear "normal." We may therefore hypothesize that by the time of the full examination on the U.S. ship and Naval Hospital, the dosage had been adjusted.

I find it significant that when Mr. Medvid spent the night at the Naval Hospital, the Soviet doctor stayed with him. It would be very easy to continue administering medication under those circumstances. It would not be surprising that U.S. diplomats and other officials without medical training would be misled, but it is unforgiveable for medical professionals to have been misled.

It is well-known that Soviet psychiatry has misused these drugs to control political dissent. There have been many reports of the use of such drugs by Soviet doctors in prison and re-education camps, as Alexandr Solzhenitsyn has described in popular fashion. The use of drugs to control political behavior derives from the Soviet reliance on Pavlovian theories of conditioning.

Standard pharmacological texts, such as Goodman and Gilman, describe the side effects of these drugs. These include nasal congestion and dry mouth. Blood pressure and temperature can be profoundly altered in either direction. The pulse is usually elevated.

In reviewing the medical reports of Mr. Medvid, it should be noted that the patient "admits to nasal congestion . . . and slight sore throat" for the two or three days preceeding the October 28 psychiatric examination. At one point, he is described as taking a long drink of water before answering a question. His temperature is recorded as 100.4 degrees (1.8 degrees above normal). His blood pressure was 130/88; for a young, athletic man, this is rather on the high side. The pulse was 96 on one physician's examination, and 84 on the other; this is again high in a young, athletic man, where one might expect a pulse of 65—or at least 72, the norm for the population at large.

Taken together, these indices are highly suggestive that a drug was present in the patient's body, and having an effect upon him. Yet for some unknown, but seemingly inexcusable reason, neither urine nor blood samples were taken. These undoubtedly would have established beyond doubt that Mr. Medvid's body contained these highly potent drugs and their metabolites. Such tests are routinely done, even on race horses.

Moreover, neuroleptics slow down the brain waves, producing a higher quantity of alpha and theta waves. Yet no electroencephalograph (EEG) was taken. There is not even any indication in the record that an observation for nystagmus was taken. This is a simple, visual test of eye movements, which, when positive, almost always indicates the presence of drugs. It takes about 20 seconds. Of the twelve cranial nerves, three are involved in eye movement; yet the only observation recorded that the cranial nerves were "grossly normal." In medical terms, this means that an over-all, superficial observation was made, without tests. This is positive evidence that these simple tests were skimmed over, and not performed.

In short, once the Soviet doctor admitted that neuroleptics had been administered, all of these tests should have been done on a high priority basis.

CONCLUSION NO. 3

Conclusion No. 3, that Mr. Medvid was "clearly competent" is certainly in error. The psychiatrist himself notes that Mr. Medvid was under mental duress as a result of threats to his parents, his "Mama and Papa." Moreover, a correct interpretation of the observations of the traumatized tissues strongly suggests that physical torture had been administered to Mr. Medvid.

First of all, we know that Mr. Medvid was said to have been beaten badly by a group of Soviet security people while on shore. Second, one of the U.S. physicians notes that the left arm was bandaged from the base of the fingers to, roughly, the armpit, and that there were "several superficial, clean lacerations on exposed fingers." Translated into plain English this means that cuts were made on the fingers with a sharp instrument, perhaps either a very sharp knife or a razor blade. The tips of the fingers contain an extremely high concentration of pain fiber nerve endings. It is highly unlikely that a person would repeatedly inflict such a wound on himself because of the intense pain resulting from the first cut.

There is a strong probability, then, that such incisions were the result of intentional torture. I find it very curious that none of the doctors examining Mr. Medvid attempted to remove this bandage, which covered most of the left arm, especially since the exposed fingers were so badly traumatized. Indeed, a note is made that no attempt was made to test the left arm reflexes because of the presence of the bandage.

However, the Air Force psychiatrist does note that a cut on the left wrist that was large enough and deep enough to require three sutures. The Soviet physician asserted that it represented a self-inflicted wound, hinting that Medvid tried to cut his own wrists in a suicide attempt. Surprisingly, the Air Force psychiatrist appears to accept this without question, despite the more reasonable hypothesis that the left arm had been involved in torture.

Finally, the U.S. psychiatrist noted "several ecchymotic areas on the right arm in various stages of resolution." "Ecchymosis" is the medical term for severe subcutaneous bruising. Thus, not only the left arm, but the right arm also was involved in severe trauma—the result, perhaps, of a severe fall or a beating. However, the fact that the ecchymotic areas were "in various stages of resolution" suggests that the trauma occurred not at the same moment, as in a fall, but as the result of repeated blows. This could be evidence that Mr. Medvid was beaten on the arm with a blunt instrument, or else that he was subdued during his initial escapes and capture with brutal force.

In conclusion, the above evidence that massively potent drugs were given presumably along with physical torture and mental duress permits one to conclude that Mr. Medvid was not a free agent acting by his own free will. The normal concept of personal responsibility, both as developed in our political and medical traditions, does not permit us to conclude that a person suffering the mental and physical abuse to which Mr. Medvid was subjected can be described as competent.

CONCLUSION

If we may summarize the conclusion of the U.S. psychiatrist, it appears that he believed Mr. Medvid was incompetent when he jumped ship, but competent when he returned. Carried to its logical conclusion, he seems to be saying that Mr. Medvid was obviously "insane" when he wished to defect to the United States from the Soviet Union, but regained his sanity when he made his decision to return. This is a conclusion that is more worthy of the KGB than of the U.S. psychiatric profession.

I draw the final and inescapable conclusion that Miroslav Medvid desperately wished to stay in the United States of America, but as the result of threats, maltreatment with potent neurolepteics, and probably torture, he bowed to the wishes of the Soviets that he return with them. He then, following instructions which he had received from the Soviets attempted to misguide the U.S. medical doctors who examined him. It distresses me as a member of the medical profession to report that he succeeded in this deception. A very grave injustice has been done.

DEPARTMENT OF THE AIR FORCE,
October 30, 1985.

Subject: Psychiatric evaluation in the Matter of Medvid Myroslaw (subsequently referred as MM).

To: Department of State, Washington, DC.

1. In the above matter, the following primary conclusions were reached by me as psychiatric consultant to the U.S. State Department. My involvement began with telephone communication regarding the matter on Sunday, 27 October 1985, with the on-the-scene consultation from approximately 1500 hours on Monday, 28 October 1985 until approximately 1700 hours on Tuesday,

29 October 1985 and with direct, "eyes-on" observation of MM beginning approximately 2130 hours on Monday (enroute from the U.S.C.G. Cutter Salvia to Naval Support Activity). This included about 6-8 hours of direct contact and two psychiatric interviews, one about midnight, 0000 hours, and the other about 1100 hours on Tuesday, 28 October 1985. Both interviews were subject to numerous typical and adverse conditons and limitations. The length of this report is a reflection of both the complexity of the matter and the limitations of available data, with a resultant need to clarify both the sources of information and the relative degree of certainty of various observations, conclusions, and hypotheses.

2. MM was assessed to clearly be, on 28 and 29 October 1985, as competent as basically any Soviet citizen to make a decision in regards to the issue of defection. In addition to absence of psychosis (i.e., he was in touch with reality and his surroundings), there was no evidence suggestive of any ongoing significant organic mental disorder, including substance-induced intoxication, that would have impaired his competency. He was fully alert, oriented, and conscious, capable of receptive and expressive oral and written language, with no ensory-perceptual impairment or distortion. MM's intelligence was assessed to be average to moderately above average. Furthermore, during this same time frame he demonstrated no evidence of internal conflict or ambivalence regarding his consistently stated desire to return to his ship and the U.S.S.R., and he clearly understood his basic choices.

3. A brief abstract will not be presented, followed by further elaboration:

a. The individual, a rather immature 25 year old on his first trip abroad from the Soviet Union, having spent approximately 4 to 6 weeks on the freighter, rather impulsively decided to jump ship and seek political asylum, but not likely due to any extremely strong political or moral convictions, rather more consistent with his immature, impulsive, action-oriented personality style. His attempt to seek asylum, however, backfired, and in anticipating returning to his ship and likely consequences, he became apprehensive and agitated, once again attempting to flee. This attempt also failed. At this point, he probably felt very afraid of the consequences and very much trapped in a corner. It is also hypothesized that upon returning to this ship, he was confronted with several issues, including his parents' lives and welfare, the importance of home and country, with much emphasis on "Mama and Papa." It is likely that he then became rather guilty at having jeopardized his parents' safety.

b. He then became more depressed and agitated, resulting in a suicidal attempt or gesture. He was then treated with medication for his agitation. Around this time, the Soviets had around 24 to 48 hours in which to continue to exert their influence. It appears that they did this in a two-fold fashion, involving threats and enticements. The threats were likely in regards to the safety of his parents if he chose to defect, with the enticement being the promise of personal glory and becoming a "hero" if he "played the game right." He was then rather likely coached on what to say and what not to say, including that he fell from the ship and suffered amnesia, thus avoiding the individual having to explain his previous witnessed actions that were consistent with his earlier desire to defect. This allowed the Soviets to maintain the official position that the Americans were making "much ado about nothing," that MM never intended to defect.

c. The official meeting with MM aboard the Coast Guard Cutter Salvia was key to how well he could fare for himself, his parents, and his country. His initial presentation at that meeting, including the complaint of nausea, etc., was likely due to his anticipation of how he would do at that meeting ("butterflies" before "a big game"). After the key question was answered by him, that he wished to return to his ship and the Soviet Union, it was as if he had passed a test, with relief at his and his parents' new fate and subsequent hypomanic excitement about his triumph.

d. In conclusion, I think the best diagnostic formulation is that the individual suffered an adjustment disorder, with situationally-related depression, agitation and a suicidal attempt/gesture at one point and hypomanic excitement later, as his situation further changed. The possibility, however, still exists and cannot completely be ruled out that this individual, around the period in question, 24-29 October, was exhibiting the first manifestations of a Bipolar Disorder, i.e., manic-depressive illness; but the severity and manifestations of his symptoms more likely reflected his immaturity and level of personality organization.

e. However, on 28 and 29 October 1985, the individual was clearly not psychotic and was clearly competent, to the extent that any Soviet citizen in his position could be, to make a decision in regards to defection.

4. MM and the other Soviets consistently (at least on Monday and Tuesday, 28 and 29 October) alleged that he fell, not jumped, from his ship and that he could not recall any events from shortly after hitting the water until he woke up on his ship with his left wrist bandaged and left arm in a restraint. He, therefore, claimed ignorance of key events of 24, 25, and possibly 26 October 1985. However, the weight of the evidence rather strongly suggests that he did, indeed, jump purposefully from his ship and that most likely the claim of amnesia was feigned with neither psychogenic (unconscious) or organically-based amnesia existing.

5. After his statement on board the Salvia to * * * State Department, that he wished to return to his ship and the U.S.S.R., he continuously demonstrated numerous hypomanic features, but never to delusional or psychotic proportions, and not impairing his basic competence. (Analagous to how one's having a cold, broken arm, or even possibly cancer would not necessarily affect one's basic ability to perform intact physical activities.)

6. MM's basic premorbid personality was assessed to be rather immature and impulsive, with a basic action-, not reflective-, orientation to life. A past history of minor head trauma, with subsequent mild concussion, secondary to an accident sustained while playing hockey approximately 10 to 15 years ago, raised the possibility of a subtle organic factor contributing to his immature personality, i.e., a mild organic personality syndrome or mild organic affective syndrome. However, information gathered from the physical examination performed by * * * U.S.N., and additional neurologic examination and mental status testing by myself, failed to reveal any correlating positive neurologic signs. (The absence of such physical findings does not, however, rule out the possibility of this subtle organic factor.) (One additional possible organic factor that possibly related to his immature personality and action-oriented personality style would be a history of M.B.D. (Minimal Brain Dysfunction), also known as Attention Deficit Disorder with Hyperactivity. It was beyond the possibilities of my evaluation to confirm the presence or absence of such history.)

7. Significant and unfortunate gaps in available data make it rather speculative assessing the individual's mental status prior to his jumping ship on Thursday, 24 October 1985 through Monday evening, 28 October 1985. However, an effort will be made to piece together what information is available.

8. It is my conclusion that the individual's motivation for jumping from his ship and initially seeking political asylum was based primarily on a rather impulsive decision, "Grabbing for the glitter and gusto," rather than on any deep-rooted political or moral beliefs. This conclusion is based on factors including his previously mentioned personality features, consideration of how rapidly and dramatically his intentions changed between 24 and 28 October 1985, and the history of 25 years of previous Soviet acculturation and indoctrination.

9. Review of the Record of Deportable Alien Form completed by Border Patrol Agent * * * four sworn affidavits obtained by I.N.S. officials from * * * with phone conversation by me with the interpreter used by Border Patrol officials on the evening of 24 October 1985, * * * yielded no information that would indicate any serious psychiatric problems from the time the individual reached the bank of the Mississippi until just prior to MM being returned to his ship. There was no information that would have led me to think that he was at that time suffering from schisophrenia, clinical depression, mania hypomania, various forms of psychogenic amnesia, dissociative phenomena, post-concussive syndrome, or intoxication. * * * stated to me that she noticed nothing abnormal in his rate, flow, form or content of speech; he responded affirmatively to her direct questions about his desires to seek asylum for political and moral reasons. (The Report of Deportable Alien Form, mentioned above, also reflects this, stating, "Subject claims that he jumped ship in the United States for political and moral reasons.")

10. He was also, during this period of time, apparently fully conscious and alert, with no disorientation, no problems with self-identity, with clear evidence from witnesses of purposeful, conscious motivations to seek asylum (these observations strongly tend to exclude the possibility of this individual having suffered his amnesia based on a post-concussive syndrome, and clearly affirm his initial desire to seek asylum.) * * * did note that he expressed some concern and anxiety in regards to what he perceived as the Americans' discussion of possible arrest. She further stated that he had been appropriately excited and relieved talking with her in his native language (they spoke in Ukrainian and Polish), but expressed disappointment when she told him she was too far away to come quickly to where he was located. She apparently made some inquiries into the reasons for his desires to seek political asylum, but she recalled him stating something to the effect, "I can't tell you all the reasons," which she perceived as based on apparently his concern about the time involved on a long distance call. In regards to MM's mental condition while being taken from the Border Patrol Office back to

his ship, review of the statements indicate that he appeared "happy" until Belle Chasse was approached and he saw the smokestack of his Soviet vessel. He then appeared anxious and reluctant. MM eventually dove off the small boat as it reached the Soviet vessel, and it was necessary for the individual to be run down and restrained after he swam to shore. While restrained, the statements report that he was very agitated, banging his head on the ground.

11. Apparently some time Friday, 25 October 1985, MM sustained a laceration to his left wrist, volar surface. The Soviet doctor, during relatively non-political patient-oriented discussion, indicated to me that after being returned to his vessel, MM became depressed, withdrawn, would not speak, and would not eat. It was also described to me by the Russian doctor that MM himself inflicted the laceration on his forearm. The Soviet doctor furthermore described to me his impression that MM had a brief psychotic reaction; in addition to receiving medical attention, i.e., suturing the superficial laceration, he was treated with pain medication and tranquilizers. On further inquiry by me, the Soviet doctor stated that the medications given were Amonizine (sp?) and Seduczine (sp?), which he stated were commonly used in his country to treat schizophrenia. (This led me to the tentative conclusion that MM had been treated with neuroleptics (major tranquilizers) similar to common U.S. pharmaceuticals such as Thorazine, Mellaril, Stelazine, Navane, and Haldol which are used to treat schizophrenia, bipolar disorder, acute agitation or brief psychotic reactions. This would be consistent with what was reported to me by U.S. officials, namely that MM appeared heavily sedated for a period of time (8 hours?) during part of the weekend back on the ship.) However, on 28 and 29 October 1985 MM did not appear to be under the sedative effects of any medications, with no indications of other side effects which would commonly be seen if he were under the neuroleptic or psychotic-controlling effects of major tranquilizers. This would also be consistent with MM having been treated with a major tranquilizer shortly after a suicide attempt or gesture, with any sedative or other effects having since worn off.

12. During the period from Friday, 23 October until Monday, 28 October. MM was primarily "in the hands" of the Soviets, and as a result, the most speculation occurs in trying to review or reconstruct this period of time. It is possible that he pleaded falling, and amnesia, to his comrades upon returning to his ship (to consciously avoid adverse consequences), but the other Soviets most likely knew otherwise, based on his resistence to reboarding his ship. The entire picture surrounding the "amnesia" is not highly suggestive of either an organic or unconscious, psychogenically determined basis.

13. My opinion (and the consensus of the American group primarily handling the situation) was that during this period he was presented with issues such as his parents' welfare (even probably their lives), adverse personal consequences, patriotism, and bonding to his fellow shipmates and other comrades. He was also likely enticed with such things as personal glory and becoming a hero among his comrades. He was then likely coached on what to say to the Americans including that he fell, not jumped, and that he suffered amnesia after failling until he later awoke on his ship. His "amnesia" could have possibly been induced by the Soviets via hypnosis and post-hypnotic suggestion, but I have no evidence to support this possibility. Nevertheless, MM sticking to this story of falling and amnesia would have clear diplomatic advantage for the Soviets.

14. It is my hypothesis that he reconsidered his position and agreed to go along with this story, saving his parents, allowing him to see them again, and to be a hero and in the "limelight." His major challenge then was only to convince the Americans.

15. Why did he change his mind about defecting? If he had, prior to jumping, thoroughly thought out all aspects of his initial desire to defect, he would have already considered the issue of his parents and resolved this issue by the time that he jumped ship. Jumping impulsively, before considering various consequences, left more room for the Soviets to use his parents and any other poorly thought out issues as a lever. In support of this hypothesis, it should be noted that during the course of my direct observations, MM made numerous references to the significance of family and specifically to "Mama and Papa." For example, in the final formal interview with State Department officials regarding the question of political asylum, he made four references to "Mama and Papa," and at one point stated essentially that the most important issue for him was "life" and that this issue was in the hands of the American authorities, based on honoring his request to return to the Soviet Union so that he could once again see "Mama and Papa." He did not state "my life," but rather, "life." Additionally, deciding to go along with his native country's "game plan" would have given him a way to "save face," and deal with any shame he felt.

16. U.S. personnel, including Dr. * * * USN, present during the formal diplomatic interview of MM aboard the Salvia later reported to me that he came across in two very distinct ways during that interview. Until immediately following his response that he wished to return to his ship and the Soviet Union, he was essentially described as looking slightly sick and complaining of nausea, requesting to leave the room and go on deck for fresh air several times. He was seen as somewhat distractible, and at times appearing rather uninvolved emotionally with the discussions. Several Americans there perceived him winking at them, with one of these individuals perceiving MM as doing this in such a way that none of the other Soviets would pick up on it. (I later, however, saw him wink to one of the other Soviets.)

17. Much interest was later generated among U.S. personnel present at that meeting in regards to his demeanor and the long pause after he was asked the key question of his intentions. He slowly drank a considerable amount of water at that point, and the consensus was that he did not seem to be intently pondering the question. My speculative analysis is that he was essentially "milking the moment" for effect.

18. Several Americans present at that meeting noted a rather abrupt change in his demeanor and presentation following his reply to that question. This involved his being much more animated and spontaneous with brightened mood. It also appears that it was at this time that he began to rather actively devalue American products, such as cars, cigarettes, etc., and, according to * * * interpreter, to first demonstrate abnormally rapid speech. This was noted intermittently thereafter, and when present was associated with occasional 'language slippage." (His native language is Ukrainian, but * * * said that MM had previously demonstrated pretty good control of the Russian language. But when the rate of his speech increased, he would "get ahead of himself," and regress to intertwining Ukrainian with Russian.)

19. Within an hour or two of this, enroute from the Salvia to land, I had my first direct observations of MM. During this period, he consistently demonstrated a picture congruent with the abruptly changed picture noted by the Americans present that his key announcement aboard the Salvia. He was essentially hypomanic.

20. We noted pressured, overelaborate, and affectively-charged speech, several slang associations (although these were never nonsensical), with possible flight of ideas (to a mild degree). His mood was predominantly expansive, jocular and euphoric, but with occasional, abrupt changes to agitation, annoyance, and defensiveness toward the Americans. He was mildly distractible, hyperactive, impatient, and energetic.

21. His expansive mood and high energy level resulted in, and were associated with, a partial loss of impulse control and usual concern for "protocol." For example, he made several out-of-context, rather silly sexual gestures, having to do with heterosexual intercourse. For example, when asked by Dr. * * * to lie back on the bed for part of the physical exam, his scooting back to lie down quickly turned into vigorous bouncing on the bed, with sexual overtones and gestures. At one point in my second formal interview, I commented and inquired with him about his expansive mood and jocular style. He then, in an agitated fashion, verbally resolved to maintain a controlled and serious demeanor, but was rather quickly again back to the previous style.

22. He was flamboyant and somewhat dramatic, as well as grandiose, although never to delusional proportions. He took delight in being the center of attention, exemplified by his interest in the TV news coverage. He attempted at least several times to call attention to his fine physical stature, and he constantly attempted to assert his talents and intelligence. (As well as his "accident" on 24 October and his "amnesia," whenever asked.)

23. He enjoyed being a Soviet advocate, "beating and outsmarting" the Americans; hypervigilant and guarded toward the Americans, but unguarded and even inappropriately "chummy" with the ship's captain and Mr. * * * of the Soviet Embassy. The whole picture was analogous to, for example, a Soviet hockey player "psyched up" and excited about the game against the archrival American team. His responses to formal mental status questions also indicated hypomanic features.

24. Several observations of the other Soviets also support the hypomanic qualities. Although generally appearing supportive of him, by the end of the sessions on Tuesday afternoon, 29 October, the ship's captain was clearly getting annoyed with the individual. Additionally, the Soviet physician was unable several times to restrain his amusement at several of MM's impulsively jocular actions and comments. The Soviet physician later stated that he didn't mind me asking him about his patient, but that he requested I do it away from MM due to his labile affect and agitation.

25. During my second interview with him, MM became particularly upset when I questioned him as to why he had become depressed upon returning to his ship, if in fact he was so glad now to be back with the

other Soviets, looking forward to returning to his country. This was followed by his accusing me of trying to make a fool out of him, and refusal to answer any more questions unless the Soviet Embassy was called and gave approval. (This also demonstrated some of his grandiosity, in that he went right over Mr. * * * this was MM's personal demand!) Several efforts were made to defuse the situation and to continue the interview, but his refusals and protests, along with more official Soviet protests, resulted in * * * and I consulting and concurring to terminate my second interview.

26. Diagnostic impressions: Based on my direct observations, during the period of time when MM demonstrated hypomanic features, I found myself strongly entertaining the possibility of a major affective disorder, namely Bipolar Disorder or Manic Depressive Illness. However, since I have had some time to reflect more on the situation, I currently consider it more likely that he had an immature personality, later developing signs and symptoms in response to severe stress related to his aborted attempt at defection. This hypothesis leads to the assessment of his jumping and defection attempt as being somewhat impulsive. But, if one hypothesizes that he did suffer from Bipolar Disorder, then his jumping and defection attempt would have likely been secondary to the illness, and thus, still impulsive in nature. Finally, there was no evidence suggestive of a paranoid or schizophrenic disorder, and his hypomanic features were not likely induced by drugs (such as amphetamines or stimulants) or ongoing physical illness due to the absence of correlating findings on his physical exam.

27. In summary, although based on less than complete data and resultant uncertainty in regards to a specific diagnosis, it was my determination that the individual was clearly competent and not psychotic on 28 and 29 October 1985. (Furthermore, he would not have been committable under state statutes dealing with involuntary treatment for mental illness.) For further clarification of the diagnostic labels and psychiatric terminology used in this report, reference is made to "DSM III, the Diagnostic and Statistical Manual of Mental Disorders," Third Edition, American Psychiatric Association, 1980. Any additional information or clarification in regards to the content of this report will be gratefully provided by the undersigned.

[Transcript of Handwritten Notes]

Examination: 10/26/85 approx. 9:00 PM EDT.

Appearance: Brown hair, blue eyes, short stature, approx. 150 lb, aprox. 25-30 years of age.

General: Alert, oriented, conversant, no obvious distress (except more anxious than medical situation would explain). Pulse (radial): strong, 96 Resp: grossly normal, capillary refill of nail beds prompt (including left hand).

Head: No obvious trauma.

Ears: No obvious trauma or blood from canals.

Eyes: Pupils mid-position, equal, reactive to light.

Nose: Grossly normal. No evidence of trauma.

Mouth: Not examined but no blood on lips/teeth.

Lungs: Good breath sounds all areas.

Heart: Regular rhythm.

Abdomen: No bruises/evidence of trauma. Soft and non-tender.

Anterior Thorax: No evidence of trauma.

Extremities: All normal without evidence of trauma or recent restraints (i.e. indentations/abrasions/bruises at ankles or wrists) except left arm which was bandaged from base of fingers to proximal ⅓ of upper arm. There were also several superficial, clean lacerations on exposed fingers.

Neurological: Cranial nerves grossly normal by simple observation; Cerebellar function: not tested; motor: able to move all extremities on demand.

Assessment:

1. Minor injury to left arm.
2. Anxiety
3. No evidence of altered mental status from medications/drugs.

DARING TO HELP OTHERS

Mr. THURMOND. Mr. President, the story of a good Samaritan from my home State recently came to my attention. Mrs. Earline Lawhorn of Florence, SC, took the time to help her fellow man, yet also took sensible precautions to guard her own safety. She offered assistance to a Florida couple in distress, but had the forethought to ask some bystanders to keep an eye out for her as she did so.

It is refreshing to hear that our crime rate has not totally wiped out such personal acts of unselfishness. We send tremendous amounts of money to the starving in Ethiopia and many sponsor foster children in foreign countries. These are very admirable programs in which to participate, but we must always offer to help our neighbors here at home. We have all heard horror stories of good deeds being rewarded by brutality, of honest people being duped, but by taking certain precautions to avoid these risks we, like Mrs. Lawhorn, can offer help to those in need.

Often, we come in contact with those less fortunate, yet we are so accustomed to ignoring these problems, they have become invisible to us. We tend to forget the adage that charity begins at home because it is so much easier to either ignore the needs of others or just send our money.

I am sure that the couple mentioned in this article are certainly grateful that Mrs. Lawhorn dared to help them, and I sincerely hope that others will be encouraged to dare as she did. Mr. President, I would like to pay tribute to Mrs. Lawhorn and other daring Americans by asking unanimous consent that the following editorial from the Florence, SC, Morning News be inserted in the RECORD:

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

DARING TO AID STRANGERS

There must have been droves of people who privately identified with Mrs. Earline Lawhorn's compassionate impulses and cheered her kindnesses to a stranded Florida couple when they read about it in Friday's Florence Morning News.

She saw the couple trudging along South Irby Street in Florence on a recent rainy day. They looked exhausted to her, and she sensed that they were in need of help. She passed them by the first time.

Later when she went to a fast-food restaurant for lunch she saw them huddled nearby under a building under construction. After taking some precautions, asking some people at the restaurant to keep an eye on her, she went over to the couple.

After finding that they indeed were stranded and had no money, she invited them to lunch at the restaurant. It turned out the woman is blind and the man told her he is an unemployed welder. Their car had broken down and they had left it in someone's yard. Mrs. Lawhorn helped them get overnight lodging and some other assistance at the Salvation Army and collecting enough money from family and friends to buy them a bus ticket to Jacksonville, Fla., their home.

The natural impulse of many people, probably most, is to help those who appear to need help. Many, with fond memories of hitch-hiking themselves while in military service or college, find it hard to drive by a hitch-hiker.

But times have changed. Too many awful things happen to those attempting to be Good Samaritans. Helping strangers involves risks that one dares not take in many circumstances. It's hard to feel comfortable about not helping. But the necessity of exercising that kind of prudence in today's world is driven home regularly by horror stories in the media.

Mrs. Lawhorn chose to help, but she did it prudently; she took the precaution of having someone observe as she checked out the situation. The result is a touching story of human compassion at work.

What a pity that life's realities—the real possibility of personal harm—so often constricts and constrains the sense of compassion that is in most of us!

THE MEDVID SUBPOENA: HOW IT WAS SERVED

Mr. HELMS. Mr. President, I have received numerous inquiries about the circumstances surrounding the serving of the subpoena issued by the Senate Agriculture Committee for Miroslav Medvid.

The subpoena was served on November 8 at my direction on behalf of the committee by Terrance Wear and David Sullivan. Mr. Wear is the deputy counsel to the committee, and has always done a superb job. In this particular case, however, he exceeded even his past fine work by taking on a difficult job at short notice and under extreme pressure, and performing admirably.

On November 12, Mr. Wear testified before the committee, describing the manner in which the subpoena was served. I think you will agree, Mr. President, that Mr. Wear demonstrated a high level of professionalism and dedication, and I want to make his account available to all of my colleagues.

Mr. President, I ask unanimous consent that the prepared statement of Mr. Wear before the Senate Agriculture Committee be printed in the

RECORD at the conclusion of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF TERRANCE J. WEAR

Good morning Mr. Chairman and members of the Committee. I am pleased to appear before you today to report to you on the details of the service of the congressional subpoena requiring the appearance of Mr. Miroslav Medvid before the Committee this morning.

By way of background, Mr. Chairman, I want to indicate for the record that I have had substantial experience in the service of subpoenas and other legal documents. Prior to joining the Committee staff, I spent 6 years in the practice of law, specializing in civil and criminal litigation. On several occasions during that period, it was necessary for me to locate and serve defendants and witnesses who, for one reason or another, were in hiding or who had previously avoided the service of subpoenas or other legal process. I am also generally familiar with merchant shipping practices and the merchant marine industry.

After the Committee authorized the issuance of the subpoena on November 6, I and other staff members contacted the Congressional Research Service for purposes of having the subpoena translated into Russian and Ukrainian. When the translations were complete, Chairman Helms signed the English version of the subpoena and Mr. David Sullivan and myself departed by plane for New Orleans to serve the subpoena on Mr. Medvid.

We arrived at the airport in New Orleans at approximately 5:30 p.m. on Thursday, November 7. We were met at the plane by two U.S. Customs officials, who stated that they had instructions to drive us to Mr. Medvid's ship, the *Marshal Konev*, which at that time was taking on grain at the Cargill grain elevator in Reserve, LA.

Prior to departing from Washington, I had been advised that I could call on the Customs Service for whatever assistance I needed in boarding the *Marshal Konev*, including the accompaniment of Customs officials when I boarded the vessel. The Customs official in charge, Mr. Joel Mish, informed me, however, that he had been authorized to drive me to the ship and to wait while I delivered the subpoena, but that neither he nor his men were authorized to board the vessel with me.

Mr. Mish initially attempted to take us directly to the ship. When I perceived that this was his intention, I advised him that we would not be ready to leave for the ship for some time, since I needed to obtain a Russian language translator and make arrangements to meet with Messrs. Joseph and Wayne Wyman, two individuals who had met Mr. Medvid during his initial attempt to defect and who could identify him. Mr. Mish expressed some surprise at my request, but agreed to return to the Customs office at the New Orleans airport so that I could gather together the remainder of my boarding party.

During the next 3 to 4 hours, I made arrangements for Messrs. Joseph and Wayne Wyman, a Russian translator, and a Ukrainian translator to meet Mr. Sullivan and myself at the airport. All these parties agreed to accompany Mr. Sullivan and myself to the *Marshal Konev* and attempt to contact Mr. Medvid. Mr. Sullivan also made arrangements for the local Louisiana parish sheriff and 4 deputies to meet us enroute to the ship and escort us to the vessel.

After having gathered the members of the boarding party together, Mr. Sullivan and I departed for the *Marshal Konev*. We met the sheriff near the Cargill elevator at Reserve, LA, transferred our party to the sheriff's cars, and rode with the sheriff and his deputies to the dock where the *Marshal Konev* was taking on grain.

Upon reaching the ship, I and the members of my boading party walked down the dock to the ship's gangway. Two young men in blue working uniforms stood guard at the foot of the gangway. I introduced myself, indicated that I was the deputy counsel for the Senate Committee on Agriculture, Nutrition, and Forestry, and that I and certain members of my party wished to see the ship's captain. One of the young men stated that two of us would be allowed to board the ship to meet with the captain, but that the others would have to remain on the dock. After some additional negotiations, the young men agreed to allow 3 persons to board the ship; Mr. Sullivan, myself, and the Russian translator.

We then proceeded up the gateway and met the ship's captain on the deck at the top of the gangway. The captain took us to his stateroom and we began to converse through the Russian intepreter.

After introducing ourselves and having given the captain our business cards and after having been introduced to the ship's first mate and chief engineer, who had also entered the captain's cabin, I stated that I had some official papers for Mr. Medvid and asked to see him. The Captain stated in reply, that he had been given explicit orders by the Soviet government not to permit any outside contact with Mr. Medvid until representatives from the Soviet embassy in Washington, D.C. had arrived. He further stated that two embassy officials would be arriving at the ship on Friday, November 8, at approximately 2:30 p.m. We continued to ask to meet with Mr. Medvid. Each time, however, the Captain insisted that he had to obey this order and that such a meeting was not possible at that time. When asked about Mr. Medvid's condition, the captain replied that Mr. Medvid was very nervous.

During the course of our conversations with the captain, he stated that he would neither discuss nor accept the subpoena calling for Mr. Medvid's appearance until the Soviet embassy officials had arrived. I explained what the subpoena required and asked whether I and my party would be permitted to board the ship the next day to meet and talk with the captian and the embassy officials. In response, the captain assured me that we would be able to reboard the vessel.

During the course of our conversations, I observed that the captain had a pack of U.S. Marlboro cigarettes on the desk in his stateroom and that he had smoked at least one of these cigarettes in my presence. I then told the captain that I had purchased some cigarettes for him, and that I would bring them with me when we came back to talk with him and the embassey officials on the following day. We then left the ship and returned to New Orleans for the night.

On Friday morning, November 8, with Mr. Sullivan and two other witnesses observing, I opened the end portions of two cartons of Marlboro cigarettes, folded two copies of the subpoena, and inserted one copy of the subpoena between the rows of cigarette packs in each of the cartons. I then resealed the cartons and told those who had been watching that I intended to present the cigarettes to the captain of the *Marshal Konev* that afternoon.

At approximately noon on November 8, I was advised by the officials at the Cargill elevator that two Soviet officials were due to arrive at the *Marshal Konev* at approximately 12:30 p.m. I then assembled the boarding party, consisting of myself, Mr. Sullivan, Mr. Joseph Wyman and his nephew Wayne, a Russian language translator, a Ukrainian language translator, and two Customs officials, at the Meridien Hotel in New Orleans. We departed from New Orleans and, enroute to Reserve, LA, again met with the local Louisiana parish sheriff and 8 deputies, transferred our party to the sheriff's automobiles, and again drove to the Cargill elevator and dock where the *Marshal Konev* was taking on grain.

Upon arriving at the ship, I was informed by Yevgeniy G. Vtyurin, Second Secretary and Consul at the Soviet embassy, that neither myself nor my party would be allowed to board the *Marshal Konev* and that he would not discuss the matter of the subpoena at all until he had had an opportunity to speak with the Soviet Ambassador, Mr. Dobrynin. He then asked if I could arrange to obtain a telephone for his use.

In response to Mr. Vyturin's request, I asked for and received permission to use the telephones in the Cargill business office. Mr. Sullivan, myself, our Russian translator, Mr. Vtyurin, and the captain of the *Marshal Konev* then went to the Cargill office, where Mr. Vtyurin and the captain spent approximately 35 minutes on the telephone communicating with their embassy in Washington.

After completing his telephone calls, Mr. Vtyurin suggested that we go to a restaurant for lunch. In response, I suggested that we remain at the Cargill office, send out for some sandwiches, and begin our discussions while the food was being delivered. Mr. Vtyurin agreed to this suggestion and we began our disbussions in the Cargill conference room.

I advised Mr. Vtyurin and the captain of the *Marshal Konev* that I wanted to be sure that they understood what the subpoena required and what the consequences of noncompliance with the subpoena were. I explained that the subpoena required the appearance of Mr. Medvid at 9:30 a.m. at 328A Russell Senate Office Building, Washington, D.C., on this date to testify on issues under the jurisdiction of this Committee, such as the grading and exportation of grain and the role played by Mr. Medvid in that activity, and that, in my view, the U.S. Customs Service would not clear the *Marshal Konev* to leave the United States while the subpoena was outstanding. I also advised them that officials of the State Department could override the decision of the U.S. Customs Service, i.e., the clearing of the vessel, if such action was deemed to be in the national interest of the United States.

After taking several minutes to complete the above explanation and having it translated, thought by thought, for the benefit of Mr. Vtyurin and the captain; I asked the Russian translator to read the Russian translation of the subpoena. Both Mr. Vtyurin and the captain listened to the text of the subpoena being read in Russian and Mr. Vtyurin raised a question about a portion of the translation.

After the subpoena was read, there ensued a long discussion about the three branches of government in the United States. Mr.

Vtyurin stated that the U.S. State Department had found that Mr. Medvid should be returned to his ship and that the State Department's decision should be binding on the other branches of the U.S. government. I pointed out that each branch of government in the United States is co-equal and that decisions made by the U.S. State Department do not limit the right or ability of the Congress to examine or investigate the underlying facts and circumstances surrounding Mr. Medvid's defection and subsequent return to the ship and the impact of this action on the international trading of grain. Mr. Vtyurin stated that surely things would be less confusing in the United States if there were a central committee that would decide an issue and simply tell everyone else what the decision was. I pointed out that, in this country, everyone has a say in the decision and that decisions can't be made until everyone has had a chance to voice their opinion and influence the decision. I also pointed out that this Committee and the entire Congress had had no say in this matter as yet.

At approximately 4:00 p.m., Mr. Vtyurin placed another telephone call to his embassy. When he returned after completing the call, he stated that he had informed the Soviet Consular General of the "explanations of the American side" in connection with the subpoena for Mr. Medvid's testimony. He then stated the following:

1. Mr. Medvid doesn't want to see you, he doesn't want to talk to you, and won't leave the ship under any circumstances.

2. The U.S. State Department determined that Mr. Medvid wanted to go back to the Soviet Union of his own free will.

3. All discussions and contacts concerning this matter must be carried out through the U.S. State Department.

4. The Soviet government hopes the *Marshal Konev* will be allowed to leave the United States when it has finished loading its cargo.

I explained to him and the captain that the purpose of this subpoena is to provide notice of the time, place, and other particulars of the hearing, and that this notice had been effectively communicated to both he and the captain through our discussion of the contents of the subpoena and the reading of the subpoena in Russian. Mr. Vtyurin commented that he and the captain had accepted my explanations of the subpoena, but that neither he nor the captain physically accepted the document. He conceded, however, that the subpoena was available to them, should they have chosen to physically accept it. He also stated that he knew that we wished to board the *Marshal Konev* to deliver the subpoena to Mr. Medvid, but that we would not be allowed to do so.

After approximately 2½ hours of discussions on the matters outlined above, Mr. Sullivan, myself, Mr. Vtyurin, the Russian translator, and the captain returned to the dock at which the *Marshal Konev* was moored. We thanked Mr. Vtyurin and the captain for the meeting. As my party was preparing to leave, I handed the captain a small paper bag containing the two cartons of Marlboro cigarettes, saying "These are for you."

Mr. Vtyurin started to ask whether the bag contained a subpoena, but he was having trouble saying the word "subpoena" and, before he could finish his question, I and Mr. Sullivan cut him off by saying "cigarettes; cigarettes". Mr. Vtyurin and the captain laughed about the matter and the captain carried the cigarettes up the gangway and onto the ship.

On Saturday, November 9, at 12:45 p.m., a copy of the subpoena addressed to Miroslav Medvid was served on Mr. Thomas M. Richards, vessel operations officer for Universal Shipping Agencies, Inc.; James Business Park; St. Rose, LA, 70087. Universal Shipping Agencies, Inc. is a shipping agent for the *Marshal Konev.* One duty of a shipping agent is to accept service of process on behalf of the vessel.

The above statement is a true and correct summary of my effort to effect service of the subpoena addressed to Mr. Miroslav Medvid and issued by the Senate Committee on Agriculture, Nutrition, and Forestry, on November 6, 1985.

STRATEGIC STABILITY

Mr. GORE. Mr. President, I have made a series of speeches for the last 2 weeks on the subject of strategic stability, focusing on the role of the Midgetman missile in achieving strategic stability.

Mr. President, in my last speech, yesterday, I identified three areas of concern about the Midgetman, which apparently entered into the administration's decision to propose a ban on mobile ICBM's: A view that Congress could not be relied upon to see Midgetman through; a view that mobiles are destabilizing; and a mixed set of problems about the specific design of the missile, including its relationship with SDI. I proceeded from there to discuss the first of these concerns, and today, will deal with the second of them.

As we all know, the Soviet Union has developed two mobile ICBM's: The SS-24 and the SS-25. The first of these is a missile in the weight class of the MX, rated at about 10 warheads, capable of being deployed either in a silo, or on a special rail car. The second missile—the SS-25—is in the weight class of the Minuteman, is rated as having one warhead, and can be deployed either in a silo or on a road vehicle much like the launcher for the SS-20 intermediate range missile.

Given the design cycle for such weapons, the decision to proceed with them could easily have been taken more than 10 years ago. Clearly, they require substantial extra costs and they impose unwanted complications in command and control for the Soviets. They may also involve substantial operational uncertainties, such as the reliability and accuracy of guidance systems, which operate under much more difficult conditions in mobile ICBM's.

Obviously, the Soviets must have had some extra incentive to take on these burdens. It seems reasonably clear that the underlying reason was Soviet recognition that their silo-based systems were going to become vulnerable as the United States deployed more accurate missiles on land, and especially, at sea. In other words, the Soviets—much earlier than did we—decided that land mobiles were an important hedge against the certain erosion in value of their silo-based weapons.

It is however, a universal rule in nuclear affairs that what is one side's idea of a defensive measure is the other side's idea of an unwarranted increase of offensive power. Thus, it seems that the National Security Adviser, Mr. McFarlane, sees in the Soviet move toward mobility a new variant on the old theme of Soviet first strike capabilities.

Specifically, I gather that he imagines a scenario in which the Soviets, having used their silo-based missiles in a first strike against the United States, rely upon their dispersed mobile ICBM's to preclude an American counterattack against the Soviet reserve force. Hence, our President could be left with the choice of attacking Soviet cities, thereby assuring a Soviet attack against our population.

In addition to this concern, but related to it, the National Security Adviser is also said to be disturbed about the problems of verifying any arms control limits that might be placed upon the number of mobile ICBM launchers either side could have. It is the flip side of the coin: The problem of being able to locate mobile missiles accurately enough to attack them is first cousin to the problem of being able to locate them well enough to count them. But there is a difference, and it is critical.

Let's begin with the problems of limiting mobile ICBM's through arms control. We all know that it is not currently possible to count mobile ICBM launchers with the precision available to us in counting silos. Nevertheless, I believe that the problem of counting mobile ICBM's is quite manageable.

In the first place, we have to differentiate between the quite different problems presented in monitoring the rail-mobile SS-24, as opposed to monitoring the road-mobile SS-25. The road-mobile SS-25 is susceptible to arrangements that would allow us to account for its numbers with reasonable confidence. Essentially, what is required is that such systems be confined by mutual agreement to specific regions of a country and totally banned from all others. Measures could be worked out to provide that essential support facilities for such missiles exist in no other but designated locations. And the detection of even one mobile launcher outside the designated region would be prima facia evidence of a violation.

These techniques have been well known for quite a long time. Rail-mobile systems are more difficult. By definition, they cannot be restricted to a single portion of a rail network, or their security would be compromised. The possibilities for concealment might be much greater for such systems than for road-mobile missiles,

unless it develops that they have very elaborate and quite unique support requirements, which cannot be confused with other kinds of rail traffic.

Moreover, the Soviet rail-mobile system is more difficult to verify, and it has 10 RV's, which means that cheating might be a more seductive option to the Soviets, and a less acceptable risk to us, than in the case of the SS-25, their road-mobile single-warhead ICBM.

Clearly, there may be more reason to worry about the SS-24 than about the SS-25, and it would certainly not have been out of line for the United States to have proposed a ban on vehicle MIRVed missiles of that class. Of course, the logical object to have offered in exchange would be the only U.S. missile of equivalent capability: the MX.

Be that as it may, the administration has instead proposed that the Soviet Union give up its two mobile ICBM's, whose development is now complete, in exchange for the Midgetman. And it is therefore in order to ask ourselves whether, if the Soviets accepted that offer, the trade would be to our advantage.

Naturally, we would be spared the expense of developing and deploying the Midgetman. And we would be free of the concerns involved in having to keep track of Soviet mobiles, either for the purpose of attacking them in war, or counting them in peace.

But, under the terms of our own arm control proposal, we would be left with land-based forces that are vulnerable to a Soviet first strike, and vice versa—they would be vulnerable to a hypothetical American first strike. From that perspective, the outcome of the mutual vulnerability is obviously a terrible outcome. On balance, we are better off having the option to proceed with our mobile system, even if it means giving up any theoretical chance we might have to bargain it away against Soviet mobiles.

This conclusion rests on a clear mathematical basis. Price-to-attack analysis of the sort I have described in earlier speeches shows that the Midgetman and its mobile launcher have the ability to absorb such a high proportion of Soviet forces as to render the first-strike scenario that Mr. McFarlane entertains absurd. Moreover, if one is concerned about Soviet cheating in an agreement limiting mobile systems, it has to be remembered that the Midgetman's high price-to-attack would force the Soviets to cheat on a massive scale in order to make a difference.

If reports of Mr. McFarlane's views are accurate, he has been obliged to choose between the priorities of nuclear war fighters on the one hand, and arms controllers on the other. For the war fighters, the first and only priority is to know where the targets are and to have the means for attacking them. For arms controllers, there comes a point where you are prepared to allow one side to have security from a first strike, if you can get the same for yourself.

One of these paths leads to the certainty of an open-ended, never-ending search for military advantage. The other path leads at least to the chance for an agreement in which each side wins stability for itself by making security accessible to the other.

CAUTION NEEDS TO BE TAKEN ON CONRAIL SALE

Mr. ABDNOR. Mr. President, we are all aware of the deepening financial crisis in the farm communities of the Midwest. That crisis affects not only our farmers, but our financial institutions, supply industry, and our transportation industry.

That interrelationship between our farm economy and these important industries was brought home to me, once again, as I reviewed the third quarter reports of those Midwestern railroads that transport the goods produced on our Nation's farms. They do not make for pleasant reading.

Two of the largest grain hauling railroads in my area of the country are prime examples. In the first 9 months of 1985, grain loading on the Chicago & North Western [C&NW] were down 38 percent from last year, and the railroad had a net loss of $5 million for the same period.

I bring this to my colleague's attention, because, at the same time that our Midwestern railroads are reeling from the affects of the farm crisis, Washington is conjuring up a potential knockout blow in the sale of Conrail to Norfolk Southern. There is mounting evidence that this sale spells economic disaster for the railroads of the Midwest. Studies by the Interstate Commerce Commission, the U.S. Railway Association [USRA], and the railroads themselves demonstrate that such a sale will result in diminished competition and significant traffic diversions. The numbers are not insignificant. The USRA, for instance, estimates that traffic diversions resulting from a Norfolk Southern-Conrail merger will be $54 million for the C&NW, $31 million for the Grand Trunk, $51 million for the ICG, and somewhere between $23 and $47 million for the SOO/Milwaukee. Very little of this lost traffic would be grain, so the losses will be added to what I have already described.

I want to sell Conrail to the private sector. In doing so, I am not unsympathetic to Secretary Dole's argument that Conrail's future viability is better guaranteed by the financial strength of the Norfolk Southern and the significant economic advantages of combining these two giant railroads. Yet is it fair to preserve rail service in the Northeast at the expense of rail service in the Midwest, particularly when those railroads are already in trouble?

Perhaps at the time the Norfolk Southern was designated as the preferred buyer, it appeared to be a reasonable and fair decision. But as those of us who represent the Midwestern farm States know, the circumstances have changed. Those changed circumstances require that we place new emphasis on the impact this proposed sale will have on these troubled Midwest carriers. As part of this effort, I have asked the Department of Justice to review this issue based on these changed circumstances.

In its January 29th letter to Secretary Dole, the Department of Justice discounted the diversion issue saying in part.

> It may be even more difficult to determine whether such diversion would be so substantial as to render otherwise viable regional railroads incapable of providing competition in markets where they currently operate and where their exit would reduce competition significantly.

As far as the Farm States are concerned, the issue of diversions can no longer be studied in isolation. I firmly believe that the impacts of diversions must be considered in conjunction with what is going on in the farm economy.

Farmers seldom have the luxury of being the masters of their own fate. Too often, farmers have to sit by as anything from bad weather to international politics wreak havoc with their livelihood.

The Government's decision on the fate of a Northeast railroad should not be one of those uncontrollable events that deals another blow to an already staggering farm economy. It need not be if we in Congress take the time necessary to insure that the Conrail sale will not adversely affect our Midwest transporation system. Mr. President, I hope this legislation will not be brought to the floor of the Senate until we have heard from the Department of Justice on this issue.

NATIONAL HOSPICE MONTH

Mr. DOMENICI. Mr. President, on October 18, 1985, Senate Joint Resolution 155 on which I was a cosponsor became Public Law 99-125 designating November 1985 National Hospice Month. In the past I have sponsored or cosponsored several pieces of legislation to support the hospice movement, including an amendment in the 97th Congress to provide payment for hospice care under the Medicare Program. I have always voted in support of the Hospice Program, and I welcome the opportunity presented by the above resolution to enter into the CONGRESSIONAL RECORD the following

remarks indicating a few of the reasons that I support this program.

Hospice care is specialized care to maintain the quality of life for the dying patient and his or her family. Hospices attempt to control pain and other symptoms so that the patient can remain as alert and comfortable as possible. They also provide emotional, social, and spiritual help for the entire family during an extremely stressful period.

The Hospice movement was started in England in 1967 by Dame Cicely Saunders. The first hospice in the United States opened in 1974 in New Haven, CT. In 1979 there were approximately 210 hospice programs in the United States. In 1984 there were well over 1,200. This amount of growth in such a short time indicates the acceptance and the need for this type of service.

Hospice care is provided largely in the home which keeps the patient close to family and familiar surroundings, and reduces the cost of care. Hospital based hospices operate from inpatient facilities with specially trained personnel who see patients anywhere in the hospital. When the patient goes home, care is coordinated between the hospice team and the home health care team. Community based hospice care is provided through home health care agencies or independently owned businesses.

In 1983 the Joint Commission on the Accreditation of Hospitals voted to add hospices to the other types of institutions already voluntarily accredited. This gave the hospice program a national forum for setting standards and establishing acceptable quality of care.

New Mexico has been in the forefront of the hospice movement since our first hospice, the Hospital Home Health Care Hospice, opened in 1978. The Home Health Care Hospice was one of the 26 hospices choosen for a HCFA demonstration project on the effectiveness of the Hospice Program. It is certified for Medicare payment and is in the process of being accredited by the Joint Commission on the Accreditation of Hospitals.

The Mesilla Valley Hospice, started in 1980, has served over 150 patients and their families since that time. They have done this with an all volunteer staff which they train themselves. They are a United Way agency in their community.

During this month we need to recognize the valuable contribution that the hospice movement has made to health care in this country. In a very short time it has become an established institution for helping patients and their families at a most difficult period of life. The workers in this program deserve our highest praise and thanks.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SYMMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DURENBERGER). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985

The PRESIDING OFFICER. The Senate will now resume consideration of the pending business, S. 1730, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1730) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, Ninety-ninth Congress).

The Senate resumed consideration of the bill.

Mr. JOHNSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk wll call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1039

(Purpose: to require use of American-built rigs for OCS drilling)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. HEINZ] proposes an amendment numbered 1039.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title VII of the bill, insert the following:

SEC. . Section 5 of the Outer Continental Shelf Lands Act (43 U.S.C. 1334) is amended by adding at the end the following new subsection:

"(j)(1) Any vessel, rig, platform, or other structure used for the purpose of exploration or production of oil and gas on the Outer Continental Shelf south of 49 degrees North latitude shall be built—

"(A) in the United States; and

"(B) from articles, materials, or supplies at least 50 percent of which, by cost, shall have been mined, produced, or manufactured, as the case may be, in the United States.

"(2) The requirements of paragraph (1) shall not apply to any vessel, rig, platform, or other structure which was built, which is being built, or for which a building contract has been executed, on or before October 1, 1985.

"(3) The Secretary may waive—

"(A) the requirement in paragraph (1)(B) whenever the Secretary determines that 50 percent of the articles, materials, or supplies for a vessel, rig, platform, or other structure cannot be mined, produced, or manufactured, as the case may be, in the United States, and

"(B) the requirement in paragraph (1)(A) upon application, with respect to any classification of vessels, rigs, platforms, or other structures on a specific lease, when the Secretary determines that at least 50 percent of such classification, as calculated by number and by weight, which are built for exploration or production activities under such lease will be built in the United States in compliance with the requirements of paragraph (1)(A).".

Mr. HEINZ. I further ask unanimous consent that there be 3 minutes of debate allowed to each side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, this is an amendment that is virtually identical to a provision in the House reconciliation bill, the Bosco amendment.

This amendment provides that all drilling rigs used in OCS exploration shall be built in the United States from products at least 50 percent of which have been manufactured in the United States. Rigs built for contracts let prior to October 1, 1985, are exempt.

In addition, the Secretary of the Interior may waive the requirement of 50 percent U.S. content if he determines that percentage cannot be obtained in the United States, and he can waive the built-in-the-U.S. requirement where there are multiple structures under one lease; that is, if at least half of the structures will be built in the United States.

Mr. President, let me really give you the two most important arguments for this amendment.

We have not built a drilling rig in this country since 1982, with the exception of three built in the United States with contract cancellation charges owed to one U.S. yard.

This is critical technology for the United States. This technology is critical to our energy industry. And just as we do not let foreign interests bid on OCS lands, it does not make much sense to this Senator to have foreign interests totally preempt American technology when it comes to the development of those same OCS lands.

We are not prohibiting foreign competition. There would still be foreign competition. At least half would probably go to foreign manufactures. But what we are saying is that this is critical technology. We do not want to see the United States wiped off the map in its ability to drill off shore, and out of the action. This capacity is essential to our national security.

I hope, Mr. President, that my colleagues with support the amendment.

I reserve the balance of my time.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I yield, in opposition, to the chairman of the Energy Committee, Senator McCLURE.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I reluctantly rise in opposition. I say reluctantly because I understand the concerns of those people who are in the steel and steel fabrication business, and their lack of ability to compete against foreign competitors in the construction of offshore platforms.

But the truth of the matter, as I am told—and I believe it is at least sufficiently true to raise the doubts in my mind—is as to whether or not the oil industry of the United States can pay the additional tariff that would be necessary to keep offshore activities going if this provision is adopted.

As the Senator from Pennsylvania has noted, it is already in the House-passed reconciliation. It is an issue we will confront in the conference. I know that many of us are very much concerned about trade questions, about shipbuilding, about timber imports, about textiles, and about a whole number of different things. But this is one in which the industry has seen available cash reserves and the internal cash flows reduced by a variety of market and other conditions that make me wonder whether or not the industry could pay the cost and remain competitive against other interests or whether or not we would suddenly find a complete change of activities on the Outer Continental Shelf of the United States in favor of foreign drilling companies, and in favor of foreign oil companies.

So I have great doubts as to whether we can survive this kind of a provision, and I have a great deal of concern about the impact it would have upon Outer Continental Shelf operations.

Mr. HEINZ. Mr. President, I yield such time as I may have to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, this is technology that was developed in the United States by Americans. In large measure, it was Americans in Louisiana and California who developed the techniques of drilling on the Outer Continental Shelf. They are the best in the world at it.

Why do they have a problem competing? Well, when you talk about the platform, you are talking about two factors: steel and labor.

The American steel industry contends—and I believe there is merit to their argument—that they can hold their own in the U.S. market if you take into account the subsidy the foreign governments pay to subsidize their steel.

The other part of the problem is labor costs. Foreign labor is available at a fraction of what we pay American workers working with a welding torch to weld pieces of steel together.

Having pioneered in this area, having developed the technology, it would be a shame to see the United States——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HEINZ. Mr. President, I ask unanimous consent that each side be yielded 1 additional minute.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object, I am not going to object. I want Senators to know we are having a very difficult time with these unanimous consent requests because Senators want to get on with things.

We agreed to the first one. We agreed to additional ones. I am not going to object at this point.

I hope everybody understands the problem we have on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. If any one is concerned about the competitive situation of the American oil industry, we ought to repeal the windfall profits tax, which has outlived its usefulness and is a great burden on that industry.

But rather than put the American industry out of this business, I believe this amendment would keep us in for half of it, which I think is reasonable enough.

Mr. HEINZ. Mr. President, we reserve the balance of our time.

Mr. McCLURE. Mr. President, let me just indicate the size of the problem.

It is indeed a very large problem. The recent bids with respect to offshore platforms would indicate that with the "buy American" provision on the ones that would be affected the cost would double. The cost of the platform would be twice what it otherwise may be. The reasons why that occur are complex.

But let us look at what has happened under the corporate raiding that has been going on against the oil industries that has caused the divestiture of the loss of huge amounts of capital; reserves held by oil companies; the imposition of the oil fees; the tax policy of this country—and I agree with the Senator from Louisiana that we ought to repeal that provision, but it is still there—the cash-flow is affected. The oil companies simply do not have the same kind of cash-flow they had a few years ago; it would be unwise for us that time to double the cost of the oil rig.

That is what we would do by this provision, to see that it is fabricated in the United States.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. DOMENICI. Mr. President, has the time expired on both sides?

The PRESIDING OFFICER. It has.

Mr. DOMENICI. A parliamentary inquiry, Mr. President. Is not this amendment subject to a point of order on germaneness?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I make such a point of order.

The PRESIDING OFFICER. The point of order is well taken.

Mr. DOMENICI. Does the amendment fall?

The PRESIDING OFFICER. The amendment does fall.

Mr. DOMENICI. I thank the Chair.

I understand Senator EVANS will be here with his OCS proposal and we will accommodate him with a time agreement, hopefully. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DENTON). Without objection, it is so ordered.

Mr. DOLE. Mr. President, it is my hope that after 2 hours we might be able to put together this overall time agreement on reconciliation. I have had a number of Members on each side already asking about tomorrow. We have just frittered away 2 hours this morning that we are going to have to make up some time, and I know that managers have been working very diligently to put together an agreement. I hope we will soon be in a position to propound that agreement. We have worked out, so everybody has a chance, the opportunity now to explain the amendments which is the way I think it should be, as we expressed last night with an overwhelming vote. I hope that we can, as soon as the distinguished minority leader arrives, propound the agreement and, if not, I know of no other alternative but to start and see if there are any amendments to be offered without any arrangements on time because we will

have objections maybe from both sides unless there is an overall agreement.

I thank the distinguished managers of the bill and others for their cooperation, and again indicate that if we can complete action on this, hopefully it will not take quite as much time—it looks like about 4 hours—and do the Compact of Free Association, the Overseas Private Investment Corporation matter, we would then lay down the farm bill but there would not be a session tomorrow. So I urge my colleagues who might have plans for tomorrow away from Washington to help us put this together.

UNANIMOUS CONSENT AGREEMENT

Mr. DOMENICI. Mr. President, as the majority leader has indicated, I have been working with a variety of Senators and staff in an effort to arrive at a unanimous-consent agreement which would provide time for all the amendments we are aware of, and at the same time provide for moving this reconciliation bill to another bill and sending it to the House. I think we have arrived at a satisfactory unanimous-consent proposal. I should like to state the entire proposal. It has three parts. Then I will be prepared to explain any of it.

I hope we can get it done in this manner, because we have been working on this about 3 hours. If we do not get it done, then I think it is open if Senators want to offer amendments and debate, because eventually they will have that privilege.

I ask unanimous consent that the following amendments be the only amendments in order to S. 1730, that they be limited to 10 minutes each, to be equally divided unless otherwise specified, and that following the disposition of the amendments listed, S. 1730 be advanced to third reading without any intervening action. The amendments are as follows:

Evans/Metzenbaum, on OCS, 20 minutes equally divided; Wilson, on imputed interest Israel bonds; Boren, on farm credit; Packwood/Weicker/Dodd, on Social Security coverage, 2 minutes equally divided; Metzenbaum, on tobacco price supports, 20 minutes equally divided; Metzenbaum, on tobacco price supports, 20 minutes equally divided; Metzenbaum, on Medicaid, 20 minutes equally divided; the distinguished minority leader, Senator BYRD, an amendment, 10 minutes equally divided; DeConcini, on wage survey; two Bumpers amendments, on Medicare pay for liver transplants.

I further ask unanimous consent that when the Senate reaches third reading of S. 1730, the Senate turn to the consideration of H.R. 3128, a bill to make changes in spending and revenue provisions, for the purpose of deficit reduction and program improvement, consistent with the budget process; that the majority leader be recognized to move to strike all after the enacting clause in H.R. 3128, and insert the text of S. 1730, as amended; that no further action or debate shall be in order except the vote on the motion to strike and insert, third reading, and final passage.

Finally, I ask unanimous consent that no points of order under the Budget Act be waived, and that following disposition of H.R. 3128, S. 1730 be indefinitely postponed.

Mr. BYRD. Mr. President, reserving the right to object, will the distinguished manager of the bill withhold the request for a moment? Perhaps he will be willing to put in a short quorum call.

Mr. DOMENICI. I will be pleased to do that.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair has a question to put to the Senator from New Mexico: After the Metzenbaum amendment on Medicaid, the Chair did not copy the rest of the amendments.

Mr. DOMENICI. That following the third Metzenbaum amendment, the unanimous consent that I propounded read Senator BYRD's amendment, 10 minutes equally divided.

The PRESIDING OFFICER. Then after that.

Mr. DOMENICI. Senator DECONCINI's wage survey.

The PRESIDING OFFICER. And Bumpers?

Mr. DOMENICI. Two Bumpers amendments, Medicare pay for liver transplants.

The PRESIDING OFFICER. So the Dole amendment originally in there is not there now.

Mr. DOMENICI. The Chair is correct.

Mr. EVANS. Mr. President, reserving the right to object, and I do not intend to object, would the Senator from New Mexico clarify? In the list of amendments would these be the only amendments authorized and no amendments to the amendments or other changes would be in order?

Mr. DOMENICI. The Senator is correct.

Mr. EVANS. I thank the Senator.

Mr. BYRD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BYRD. The proposed agreement specifies that "following amendments be the only amendments in order to S. 1730."

I ask the Chair if that language bars any amendments either before or after a motion to reconsider if such motion is in order from being offered to H.R. 3128 following the adoption of the motion by the distinguished majority leader.

The PRESIDING OFFICER. If the amendment on H.R. 3128 were voted and reconsidered and third reading were reached, would be reconsidered and the vote on the substitute was reconsidered, then further amendments would be in order.

Mr. BYRD. Does this agreement bar any amendment to H.R. 3128? Does this amendment bar under any and all circumstances, except unanimous consent, of course, which could open it up, any amendments to H.R. 3128 at any point the agreement having specified that there would be only certain amendments which are enumerated to S. 1730? But it does not make any such statement with regard to H.R. 3128.

The PRESIDING OFFICER. It would require the three motions to reconsider just enumerated after the agreement has been adopted to send up H.R. 3128 to amend.

Mr. BYRD. Would the distinguished manager of the bill think it a bit of traditional insurance that he include in his request that no motions to reconsider either of these measures be in order.

Mr. DOMENICI. I would consider that, and if the distinguished minority leader has no objection I would consider my unanimous consent so modified.

Mr. BYRD. Very well.

I ask the Chair whether or not that helped any.

The PRESIDING OFFICER. That would prevent any amendments to H.R. 3128 without unanimous consent being obtained.

Mr. BYRD. I thank the Chair.

I have no objection.

Mr. DOMENICI. I need 1 minute now.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I propound the unanimous consent as previously stated and modified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair.

Now, Mr. President, while we are not bound to the list of amendments in order, I understand the distinguished Senator from Washington [Mr. EVANS] is ready with the first amendment as stated with 10 minutes on each side.

Mr. EVANS. I thank the Chair.

AMENDMENT NO 1040

(Purpose: To amend section 532 of the Outer Continental Shelf Lands Act)

Mr. EVANS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Washington [Mr. EVANS], for himself, Mr. METZENBAUM, Mr. DURENBURGER, Mr. DANFORTH, Mr. GORTON, Mr. LUGAR, and Mr. KASTEN proposes an amendment numbered 1040.

Mr. EVANS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 132, strike out line 1 and all that follows through line 23 on page 139 and insert in lieu thereof the following:

"REVISION OF SECTION 8(g)

"SEC. 532. Delete paragraphs 8(g)(2) through (4) of the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1337(g)) and insert in lieu thereof—

"(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses and rents derived from any lease issued after September 18, 1978 of any Federal tract which lies wholly within three nautical miles of the seaward boundary of any coastal State or, in the case where a Federal tract lies partially within three nautical miles of the seaward boundary, a percentage of bonuses and rents derived from any lease issued after September 18, 1978 of such tract equal to the percentage of surface acreage of the tract that lies within such three nautical miles. Except as provided in paragraph (5), not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest threon. The remaining balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the United States Treasury.

"(3) Whenever the Secretary or the Governor of a coastal State determines that a common potentially hyrdocarbon-bearing area may underlie the Federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the common potentially hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any common potentially hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. If the Secretary and the Governor do not enter into an agreement, the Secretary may nevertheless proceed with the leasing of the tract or tracts.

"(4) The deposits in the Treasury accounts described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

"(5)(A) Where there is a boundary dispute between the United States and a State under section 7 of this Act, the Secretary shall credit to the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 revenues from oil and gas lease sales in the area within three nautical miles of the boundary asserted by the State, if that money has not otherwise been deposited in the separate account established under section 7. Proceeds of the account established under section 7, and the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed as follows:

"(i) If a State is wholly successful in its claim under section 7, such claim shall be satisfied by the money deposited in the escrow account established by section 7. Any excess monies in the section 7 account attributable to such State shall be transferred to the 8(g) account, and any monies due that State, both restrospectively and prospectively, as a result of the 8(g) zone created by the newly established boundary shall be distributed to the State in accordance with the terms of section 533 of the Outer Continental Shelf Lands Act Amendments of 1985.

"(ii) If the United States is wholly successful in its claim under section 7, the amount of money that is necessary to satisfy the State's share as set forth under section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed from the revenues deposited in the section 7 escrow account. The amounts remaining after the distributions described in this subparagraph shall be paid to the United States pursuant to this section.

"(iii) If the United States or the affected State is partially successful in its claim under section 7, after the distribution under that result, the amount of money that is necessary to satisfy the State as set forth under section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed first from the remaining monies in the section 7 escrow account, and then from the amounts deposited in the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985. The amounts remaining after the distributions described in this subparagraph shall be paid to the United States pursuant to this section.

"(B) This paragraph applies to all Federal oil and gas lease sales, under this Act, including joint lease sales, occuring after September 18, 1978.

"(6) This section shall be deemed to take effect on October 1, 1985, for purposes of determining the amounts to be deposited in the separate account and the State's shares described in paragraph (2).

"(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States.".

DISTRIBUTION OF 8(g) ACCOUNT

SEC. 533. (a) Prior to January 1, 1986, the Secretary shall distribute to the designated coastal Sates the sum of:

(1) The amounts due and payable to each such State under paragraph (2) of section 8(g) of the Outer Continental Shelf Lands Act, as amended by this Act, for the period between October 1, 1985, and the date of such distribution, and

(2) The amounts due each such State under subsection (b) for the period prior to October 1, 1985.

(b)(1) The funds which were deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1337(g)(4), as it was in effect prior to the date of enactment of Section 532 of this Act shall be distributed in the following manner as a fair and equitable disposition of such funds derived from bonuses and rents and accrued interest thereon through September 30, 1985:

[In millions of dollars]

State:	
Louisiana	635
Texas	424
California	375
Alabama	73
Alaska	46
Mississippi	15
Florida	0.03

(2) The amounts derived from bonuses, rents and royalties and accrued interest thereon through September 30, 1985, remaining in the account after distribution to the States under this subsection shall be transmitted to the miscellaneous receipts accounts of the United States Treasury.

(c) The acceptance of payment under this section shall satisfy and release any and all claims against the United States arising under, or related to, section 8(g) of the Outer Continental Shelf Lands Act, as amended, as it was in effect prior to the date of enactment of Section 532 of this Act.

IMMOBILIZATION OF BOUNDARIES

SEC. 534. Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting before the semicolon at the end of the subsection add a comma and the following: "except that any boundary between a State and the United States under this Act which has been or is hereafter fixed by coordinates under a final decree of the United States Supreme Court shall remain immobilized at the coordinates provided under such decree and shall not be ambulatory.".

Mr. EVANS. Mr. President, I yield 5 minutes to myself.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. DOMENICI. Mr. President, will the Senator yield 1 second to the Senator from New Mexico?

Mr. EVANS. I yield.

Mr. DOMENICI. Mr. President, I yield the time in opposition to the distinguished junior Senator from Louisiana [Mr. JOHNSTON].

I thank the Senator.

The PRESIDING OFFICER. The Senator from Washington.

Mr. EVANS. Mr. President, the Outer Continental Shelf, section 8(g) amendments that are included in the budget reconciliation are a sham. They were included in the reconciliation report passed by the Energy Committee only after a last-minute and hastily arranged hearing for Mr. Hodel on the morning of the markup. Despite the short time and the opposition of the chairman and ranking minority member, the amendments

which I offered in committee were defeated only by an 8-to-10 vote.

Let me quote from a letter from Secretary of the Interior Hodel, dated September 20, 1985, expressing concern to Senator McCLURE regarding the OCS provisions of the reconciliation bill:

> To amend that act (OCS Land Act Amendments of 1978) now without even the benefit of hearings on how those amendments will affect a program that raises more revenue for the Federal Government than any other program short of the Federal income tax is extremely unwise.

Above all else, we must remember that this reconciliation bill is part of our deficit reduction efforts. And I suspect that the primary purpose of handling this issue on the reconciliation bill is that it deals with large amounts of money. In fact, money is the overriding factor in this whole argument—and who gets how much.

DRAINAGE

In my view, however, the primary issue is a simple one—geology. The clear intent of establishing the 8(g) zones in 1978 was to compensate States for any oil and gas actually drained from State-submerged lands by Federal lessees drilling in the first 3 miles of the Federal OCS, the 8(g) zone. Nothing more and nothing less—drainage only.

Yet title V, subtitle B, of the reconciliation bill awards an arbitrary figure—27 percent of bonuses, rents, interest receipts, and royalties—from Federal OCS lands without regard to whether any drainage has actually occurred or, in fact, whether any common pools exist from which drainage could even occur. I suggest that this 27 percent is mighty generous given the fact that expert geologists agree that drainage from States range from 1 percent to 4 percent.

What about State drainage of Federal 8(g) tracts: And you should note that the Energy Committee provision does not even mention State drainage of Federal tracts—but we are only talking about Federal draining of a State tract.

Perhaps we should look further into this issue—the States sure do not appear concerned about their draining of Federal 8(g) tracts. In a reply brief for the Secretary of the Interior, appellant, versus State of Texas: Showing example of States lack of concern for draining oil/gas from shared pools between State and Federal submerged lands. Texas School Land Board, the agency charged with the duty of administering the State's submerged lands, member Mr. Furse speaking to Superior Oil leasing of State submerged lands and the draining of Federal lands:

> As I said before, what this whole thing is predicated on is our being able to get more ultimate recovery, but by reason of draining the (Federal) lands to the east. I mean that is what the lynchpin of the whole thing is. That is the only thing that I can see that you have going for you. I am not against that. I think that that is fine.

Of course they do.

RECOUPMENT

In addition to the 27 percent of rents, bonuses, and royalties going to the States, the Energy Committee measure provides for sharing revenues from portions of tracts beyond the 8(g) zone. This measure requires that 100 percent of a tract's bonuses, rents, and royalties be shared with the seven States even where only a tiny portion of it is within the 8(g) zones. For example, in the case of one tract off the Texas coast, only 17 of 5,760 acres, or 0.3 percent of the total acres, are within the 8(g) zone. But under the committee bill, all the revenue from this tract would be shared with the States.

I have just described what I believe are bad provisions included in this reconciliation bill. But just recently, it has become even worse.

In a report filed with Judge Mentz on October 24, 1985, in Louisiana's section 8(g) lawsuit, Louisiana claims that S. 1730 gives Louisiana a right to 27 percent of the royalties since September 18, 1978, from all leases wholly or partially within the 8(g) zone. This includes leases issued before the 8(g) zone was even established. S. 1730 supports the attempts of Louisiana to claim these additional revenues.

This result would be appalling. Louisiana has twice failed to persuade Judge Mentz that it should share in revenues from pre-8(g) leases. And the Fifth Circuit Court of Appeals refused to hear Louisiana's interlocutory appeal.

The amendment I offer for myself and my distinguished colleague from Ohio generally provides for:

First. The escrowed section 8(g) moneys are split on a 73 percent-27 percent basis. However, this only includes bonuses, rents, and interests receipts. Royalties are distributed to the States based on drainage from State lands—Interior studies show (expert geologists) drainage at an average of 1 percent to 4 percent.

Second. Starting in fiscal year 1987 and extending to the years beyond, the Energy Committee measure recommends 37 percent of rents, bonuses, interest receipts, and royalties to the States (27 percent share plus 10 percent recoupment—provision provides that States should get 10 percent of bonuses, rents, interest, and royalties each year until a total of $477 million is distributed to the States). Under our amendment, this allotment is decreased to 27 percent for bonuses, rents, and interest receipts and royalties for any resource actually drained from State-submerged land—in essence, recoupment is deleted.

Third. And the only time period in question is after the creation of the section 8(g) zone—September 18, 1978.

BUDGETARY CONCERNS

Now allow me to turn to what should most concern this body, as we consider this bill to cut the deficit.

The bottomline is that the budget reconciliation measure will: First, cost an additional $580 million over the fiscal year 1986 to fiscal year 1988 period compared to my amendment; second, conservatively cost $7.3 to $8 billion over the next 30 years ($500 million due to recoupment) of which $2.3 to $3 billion comes from revenues generated from pre-1978 leases; and third, give money to seven coastal States which properly belongs to all American taxpayers.

We must realize that our deficit problems extend past fiscal year 1988. In fact, the problem with the reconciliation approach is that we are establishing a permanent solution based on 3-year projections (fiscal year 1986–fiscal year 1988) on young leases that won't reach maturity for another 5 years or so. The difference between our amendment and the reconciliation provisions will be greatest after 1988.

The amendment offered by my colleague from Ohio and myself remains still a generous offer. Of the current section 8(g) moneys—$6.1 billion, 27 percent of the bonuses and rents, and a percentage of royalties based on drainage will be distributed to States. In addition, 27 percent of all future bonuses and rents and of future royalties based on drainage will be given to the States. However, the distribution of current and future royalty revenues will come from 8(g) leases issued after 1978.

An additional 3-year $580 million savings will be experienced over the savings experienced under the reconciliation bill—$242 million in fiscal year 1986 alone—that is more than we spend on 297 Federal domestic grant assistance programs.

Interior studies show a $7.3 to $8 billion payout over a 30-year period under the reconciliation provisions. At least $5 billion is based on new discoveries, especially off the California coast—largest discovery in recent years, second only to Prudhoe Bay—and the fact that full production of these new discoveries are realized 8 to 15 years after discovery.

The remaining amount reflects royalty revenues that are distributed from leases issued before 1978—$800 million to $1 billion from 1978 to 1985 and $1.5 to $2 billion from revenues generated beyond 1985.

In summary, my amendment would justifiably award States 8(g) royalty revenues based on the Federal Drainage of State resources, which expert geologists indicate average drainage to be 1 to 4 percent. Under the reconcilia-

tion approach, 27 percent of royalty revenues will be distributed from leases issued before and after the existence of the 8(g) zone. The cost—at least $7.5 billion.

I close, Mr. President, by saying that the White House very clearly has pointed that out in the following words:

The bill's provisions to settle the OCS issue is unacceptable.

I agree with that provision.

Mr. GORTON. Mr. President, I am a cosponsor of the amendment my colleagues, Mr. EVANS and Mr. METZENBAUM, are offering to revise section 8(g) of the Outer Continental Shelf Lands Act. This amendment would resolve a dispute between seven coastal States and the Federal Government as to the fair and equitable distribution of revenues from Federal offshore oil and gas leases. Section 8(g) was enacted in 1978 to provide a means to compensate States for losses due to the draining of oil and gas from Federal leases which involve common pools underlying both State and Federal waters.

Mr. President, I believe the Evans/Metzenbaum amendment is far more responsive to the mandate to reduce Federal spending than the section 8(g) provision passed by the Senate Committee on Energy and Natural Resources in its budget reconciliation bill.

The Energy Committee's provision would give coastal States 27 percent of the rents, bonuses and royalty revenue for oil and gas tracts lying wholly or partially within the 8(g) zone—an area 3 to 6 miles off the coast of most States. Under the Energy Committee's scheme, these revenues would be given to the States regardless of whether a common pool of oil or gas existed. In other words, this provision would no longer be a mechanism to compensate States for drainage losses. It would be an outright gift to the States of revenue that rightfully belongs to the American Federal taxpayer.

Moreover, the Energy Committee's provision is ambiguous as to whether the distribution formula would apply to leases issued prior to the enactment of section 8(g) in 1978. Section 8(g) does not contain any provision indicating it has retroactive effect. Twice a U.S. district court in Louisiana has rejected the State of Louisiana's argument that it is entitled to pre-1978 lease revenues. The fifth circuit has also refused to hear such a claim. Based on the language of the Energy Committee's 8(g) provision, however, the attorney general for the State of Louisiana is once again asserting the right to revenues from pre-1978 Federal leases. This claim alone would cost the United States $2.3 to $3 billion.

I find it disconcerting that the Energy Committee has chosen a bill intended to achieve savings in Government spending programs, as a vehicle to give away billions of dollars of Federal revenue from offshore oil and gas resources to a few coastal States.

It is estimated that the formula for the distribution of revenues as passed by the Energy Committee would cost the Federal Government from $7.3 to $8 billion in royalty revenues over the next 30 years, and $580 million over the next budget period. This is not compensation, this is an outright raid on the U.S. Treasury. At a point when this body is struggling with very difficult fiscal issues, such as the debt limit and the Gramm-Rudman amendment, this effort on the part of a few coastal States to grab more than their rightful share of Federal revenues seems particularly egregious.

The amendment offered by Mr. EVANS and Mr. METZENBAUM will distribute the revenues from 8(g) leases in a fair and equitable manner. The States would receive 27 percent of the bonuses and rents from any tract which lies wholly within the 8(g) zone. For those tracts which lie partially within the 8(g) zone, 27 percent of the bonuses and rents would be given to the States on the basis of the percentage of surface acreage which lies within the zone. Royalty revenues from common pools of oil and gas would be distributed on the basis of actual loss to the State. This amendment would also clarify that States are only entitled to a share of the revenues from leases occurring after 1978, when section 8(g) was enacted.

Mr. President, I hope that the majority of my colleagues will join with me in supporting the amendment offered by Mr. EVANS and Mr. METZENBAUM. Not only will this amendment save the Federal Government billions of dollars in revenue payments over the next 30 years, it will also save an additional $580 million over the 1986-88 budget period. Clearly, in these times of mounting Federal deficits, we simply cannot afford the extremely generous revenue distribution formula proposed by the Energy Committee.

Mr. JOHNSTON. Mr. President, the statement of the Senator from Washington is wrong, wrong, wrong, demonstrably wrong, palpably wrong. And if my colleagues will lend me their ears for just a few minutes, I can show you why it is wrong.

No. 1, it has been claimed in a literal blitz of Dear Colleague letters that what the Metzenbaum-Evans amendment seeks to do is to grant the States drainage. There is not one word about drainage in this amendment—not a word—and yet we are told, time and time again, that that is what this amendment would do is grant to the States drainage.

Do you know what this amendment does, Mr. President? If you look over on page 3, it gives to the Secretary and the Governor of a coastal State the right to enter into an agreement to divide revenues.

Now, how would the Senator from Washington or the Senator from Ohio feel if we had put in an amendment that granted to the States all the money and granted to the Federal Government the right to come in and ask the States for some money?

Mr. President, it is a permissive right of the States to seek money. That is all they have in their amendment. There is no right granted to a State. And let us make that clear to start with.

Second, Mr. President, the amounts of money that have been claimed that this amendment would cost are nothing short of preposterous, absolutely preposterous. We are told at various times by Secretary Hodel that it could be $6 to $12 billion on September 24; on September 17, he says $4 billion to $5 billion; Senator METZENBAUM says, on October 11, $4.5 billion to $6.5 billion; and the latest Dear Colleague letter says $4 billion plus $2.3 billion to $3 billion, or about $7 billion. Absolutely preposterous.

Why do I say that, Mr. President? Because there is not one study, there is not one geology at all to support those findings. Believe me, there is not. We have tried our dead level best to get from Interior any studies and they say they do not exist.

There is only one study supported by any geology on this whole subject, and that has to do with the State of California, and it does not support more than $800 million in total reserves. And yet we are given this preposterous statement of $6 billion to $12 billion.

Mr. President, I believe the Department of the Interior, if they are the ones who furnished these figures, is to be condemned for furnishing that kind of information. It is not correct and it does not make sense, Mr. President.

If we were talking about $7.5 billion worth of oil in the 8(g) zone, a little strip of land 3 miles wide, you have to have a total of $166 billion worth of oil in that 3-mile strip—$166 billion. Why, Mr. President, you would have to discover two or three Prudhoe Bays at $70 a barrel in order to support that kind of revenue. It is preposterous, absolutely preposterous.

Mr. President, look at the revenue. In 7½ years, the total amount produced for the States in the 8(g) zone is a total of not $7.5 billion, but $180 million. Now, that is $24 million a year. If you multiply that by 30 years, that is $720 million over a 30-year period at the present rate of production.

Mr. President, please understand, the figures from the Department of the Interior are absolutely preposterous, supported by no geology, supported by no methodology, supported by nothing except an ad hoc picking up

into the air for some figures and throwing them out on this Senate floor.

Mr. President, what the Department of the Interior wants to do is have it both ways. They want to come in here and defeat the Synfuels Corporation, which they have done by saying that the claims are preposterous because they are based on $70-a-barrel oil. And we defeated that. Then they want to come back here, on the other side, and say, "But, yes, oil is worth $70 a barrel and we are going to find $166 billion worth of oil in the 8(g) zone, a little strip 3 miles wide.

Let me tell you, Mr. President, if there is that kind of oil in that 3-mile-wide strip, we do not need to worry about Middle Eastern oil.

The PRESIDING OFFICER. The Senator's 5 minutes allocated for himself has expired.

Mr. JOHNSTON. I yield myself 1 additional minute, Mr. President.

Mr. President, our legislation is consistent with what the House has done, what two committees of the House have done, what the chairman of the Budget Committee in the Senate has done, and the chairman of the Budget Committee in the House has done. And what the House floor has done is consistent with the only Federal court decision on the subject, that one in Texas, and it is also consistent with what the Department of the Interior has done in Texas.

Mr. President, I hope the Senate will uphold the position of the committee. I reserve the remainder of my time.

Mr. EVANS. Mr. President, I wonder if the Senator from Louisiana would give me an explicit and short answer to the question of whether he then would be willing to put a cap of $810 million on the total amount to be distributed to the States over the next 30 years?

Mr. JOHNSTON. I would say to my colleague that I was approached earlier on the question of putting caps, and I said if the Department of the Interior and OMB want to negotiate seriously on that, we are ready to do business. We did not hear another thing. If you want to ask me, do I want to bargain against myself on the floor, and then have to later bargain with OMB or the White House, the answer is no, not at this point.

But I was willing to earlier, and the Department of the Interior knows that.

Mr. EVANS. I thank the Senator.

Mr. MURKOWSKI. Mr. President, I wonder if I can ask my colleague for 3 minutes for a statement.

Mr. JOHNSTON. I yield 1 minute.

Mr. MURKOWSKI. I thank my colleague.

I support the Senate Energy and Natural Resources Committee position for a fair and equitable distribution, and I join with my colleague, the senior Senator from Alaska, Senator STEVENS, in citing that the formula for sharing is a modest one. But I would like to indicate the ample reason why States should share in the revenues.

There is an impact—the infrastructure, the burdens to the State, the socioeconomic and school requirements environmental risks, all of which associate themselves with sharing for a small amount of only 27 percent of the revenues generated by leases falling within a very narrow 3-mile zone of the Outer Continental Shelf recognizing that the States receive 50 percent of all revenues generated by all other oil, gas, and other mineral leases on Federal and onshore lands.

So it is obvious, Mr. President, that this is an equitable action taken by the Energy Committee. I urge my colleagues to reject the amendment on the floor, and support the Energy Committee's provision.

Mr. DURENBERGER addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DURENBERGER. Mr. President, will my colleague from Washington yield me a minute?

Mr. EVANS. I do indeed yield a minute to my distinguished colleague from Minnesota.

Mr. DURENBERGER Mr. President, our colleague from Louisiana is wrong, wrong, wrong, and our colleague from Washington is right, right, right.

Mr. President, I rise in support of the Evans/Metzenbaum amendment to distribute OCS 8(g) revenues to affected coastal States in accordance with the budget reconciliation instructions.

There are some issues which lurk in the shadows of this institution just waiting for the opportunity to slip through unnoticed. And sharing revenues from Federal OSC activities with coastal States is one of them.

I have had some experience with this issue as chairman of the Subcommittee on Intergovernmental Relations. It was in that role that I opposed the so called Outer Continental Shelf revenue sharing bill. This was a $300 million program with a 5 percent per year growth rate built in which would have added almost $1 billion to the Federal deficit.

If my colleagues will recall, when this bill was reported, it provoked such opposition that it was never brought to the floor. And later that year, when proponents attempted to slip it through on a fisheries bill we were able to send it back into the shadows.

What we have before us today in the reconciliation measure reported by the Senate Energy Committee is another attempt by proponents of OCS revenue sharing to take a larger than fair slice of the Federal pie.

The committee language goes far beyond the reconciliation instructions contained in Senate Concurrent Resolution 32. The budget resolution assumed enactment of legislation to settle the 8(g) dispute by giving States a 27-percent share of the bonuses and rents that have been generated in the 8(g) area. Such an amendment would bring $4.509 billion into the U.S. Treasury in fiscal year 1986 and $1.768 in fiscal year 1986-87 by freeing up 73 percent of the escrowed 8(g) funds. The balance—$1.832 billion—would be distributed to the affected States.

While it appears that the committee exceeded their target, what the committee did, in effect, was change the size of the 8(g) pot by including royalties, allowing the States to share revenues from tracts straddling the 8(g) zone and making these changes retroactive back to the 1978 OCS Lands Act which created the 8(g) account.

This slight of hand will actually cost the Federal Government, at best nearly $6 billion, and at worst $8 billion, over the next 30 years. That's $6 or $8 billion that could go to reducing the Federal deficit or to the States through the land and water conservation fund. It is a raid on the Treasury, and it is greed, pure greed on the part of the benefiting coastal States; Texas, Louisiana, California, Alaska, Alabama, Mississippi, and Florida.

But beyond the fact that it rapes the Federal Government, there are sound reasons to oppose this change. It is poor policy. What it does is provide no-strings-attached Federal dollars to 7 States at the expense of the other 43 States.

I ask unanimous consent that a chart showing the net effect to the taxpayers of each State be inserted in the RECORD at this point. This chart shows very clearly the winners and losers of the Energy Committee's proposal.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

DISTRIBUTION TO STATES OF ESTIMATED FUTURE ROYALTIES FROM 8(g) TRACTS

[Dollar amounts in millions]

State	Estimated future royalties [1]	Percent of estimated total 1985 Federal tax burden [2]	Tax burden of total estimated future royalties [3]	Net effect to the taxpayers of each State [4]	
				Gain	Loss
Alabama	$150	1.25	$50	$100	
Alaska	340	.32	13	327	
Arizona		1.11	44		44
Arkansas		.69	28		28
California	1,200	11.86	477	723	
Colorado		1.47	59		59
Connecticut		1.83	74		74
Delaware		.29	12		12
Florida		4.39	177		177
Georgia		2.01	81		81
Hawaii		.43	17		17
Idaho		.31	13		13
Illinois		5.63	226		226
Indiana		2.16	87		87
Iowa		1.14	46		46
Kansas		1.09	44		44
Kentucky		1.21	45		45

DISTRIBUTION TO STATES OF ESTIMATED FUTURE ROYALTIES FROM 8(g) TRACTS—Continued

[Dollar amounts in millions]

State	Estimated future royalties [1]	Percent of estimated total 1985 Federal tax burden [2]	Tax burden of total estimated future royalties [3]	Net effect to the taxpayers of each State [4]	
				Gain	Loss
Louisiana	1,300	1.78	71	1,229	
Maine		.38	15		15
Maryland		2.07	83		83
Massachusetts		2.74	110		110
Michigan		3.76	151		151
Minnesota		1.76	71		71
Mississippi	30	.72	29	1	
Missouri		1.95	78		78
Montana		.30	12		12
Nebraska		.62	25		25
Nevada		.42	17		17
New Hampshire		.41	16		16
New Jersey		4.05	163		163
New Mexico		.43	19		19
New York		8034	335		335
North Carolina		2.01	81		81
North Dakota		.27	11		11
Ohio		4.48	180		180
Oklahoma		1.41	57		57
Oregon		1.04	42		42
Pennsylvania		5.05	203		203
Rhode Island		.40	16		16
South Carolina		1.00	40		40
South Dakota		.23	9		9
Tennessee		1.59	64		64
Texas	1,000	7.28	293	707	
Utah		.52	21		21
Vermont		.18	7		7
Virginia		2.39	96		96
Washington		2.01	81		81
West Virginia		.65	26		26
Wisconsin		1.91	77		77
Wyoming		.26	10		10
District of Columbia		.36	14		14
Total	4,020	100			

[1] MMS lower bound estimate of 27 percent of future royalties distributed to 8(g) States over the next 30 yrs. All dollars are nominal dollars.

[2] Based on data from "Tax Foundation's Monthly," vol. 28, No. 4, April 1984.

[3] Estimate of the additional tax that each State would have to pay if 8(g) receipts from future royalties (27 percent) were distributed to 8(g) States instead of being retained in the Federal Treasury—assuming that 1985 tax burden estimate is representative of the States' future tax burden over the next 30 yrs.

[4] Net effect (gain/loss) to the taxpayers of each State if royalties are distributed to 8(g) States instead of being retained in the Federal Treasury (8(g) distribution minus tax burden).

Source: Department of Interior, Minerals Management Service.

Mr. DURENBERGER. Mr. President, the proponents argue that it fulfills section 8(g) of the OCS Lands Act Amendments of 1978 by providing for the "fair and equitable" distribution of revenues from 8(g) leasing activities.

When Congress passed the Outer Continental Shelf Lands Act Amendments in 1978, it had a specific problem in mind, drainage. The basis of this problem was the common law rule of capture which applied to oil and gas production. Under this rule, a common pool of oil or gas underlying both State and Federal submerged lands would belong to whoever first produces it from either side of the jurisdictional line. If the Federal Government were to develop OCS resources adjacent to State submerged lands, adjacent States and would be faced with potential drainage of common oil and gas pools underlying State submerged lands. While those States could drill offset wells to Federal leases to protect their right to pursue the resource, this would lead to an inefficient doubling of the amount of drilling activity.

To solve this dilemma Congress chose, when they enacted the OCS Lands Act, to share revenues produced from Federal leases, in the 3-mile zone off of State waters, with coastal States from such common oil and gas pools. It was the intent of the budget resolution to settle the distribution of these revenues once and for all. Unfortunately, members got greedy and took more than what was fair and equitable.

Mr. President, the opponents of this amendment contend that this division is equitable on two grounds. First, it is contended that OCS mineral development is the only exception to a long-standing Federal policy of sharing with affected States, a significant portion of receipts from resource development activities on federally owned lands. I take exception with this assertion on two counts. First, although funds are not specifically earmarked from OCS receipts, Congress has in fact recognized that off-shore development produces some adverse effects on coastal States and has created specific programs to deal with the problem. The Coastal Zone Management Programs were funded at $36 million in fiscal year 1985, up from $28 million in fiscal year 1984. And, these programs exist exclusively for the benefit of coastal States.

My second exception to the so-called equity argument is that a comparison of off-shore receipts with on-shore receipts is misleading and invalid. The status of on-shore Federal lands was in dispute from the time the States containing this land came into the Union. This dispute was settled, for the most part, with the passage of the Mineral Leasing Act of 1921, in which it was agreed that the Federal Government would retain possession of these lands and their minerals. But, in exchange, the Federal Government agreed to share a portion of the receipts from these lands with the State in which the lands lay.

The payments-in-lieu-of-taxes programs, exist for entirely different reasons than revenue sharing programs. Federal property is tax exempt, but States containing this property must provide public services for it. Congress recognized that the local governments providing the public services should be compensated, since they could not levy their property tax. These are not "shared receipts" in the true sense. They represent Congress' best judgment as to the burden these lands place on State and local governments. In this sense, PILT programs resemble more the coastal zone management programs than shared revenues.

The status of off-shore land is quite different. Prior to World war II, most coastal States claimed jurisdiction over submerged lands extending outward from the coast to a 3-mile limit. In 1945, President Truman issued a proclamation asserting Federal jurisdiction beyond the 3-mile limit. This was not disputed by the States. Then, in 1947, the Supreme Court ruled that, contrary to State claims, the Federal Government also had jurisdiction over submerged lands up to the 3-mile limit. Finally, in 1953, Congress rejected this view and passed the Submerged Lands Act to overturn the Supreme Court's decision. In other words, Congress gave States jurisdiction over submerged lands up to the 3-mile limit, lock, stock, and barrel. The 1953 act went so far as to give some coastal States jurisdiction extending out to as much as 10.5 nautical miles to reflect prior boundary claims.

So, Mr. President, it is true that the Federal Government does not share revenues from off-shore lands over which there has been an historic dispute, as with on-shore lands. Instead, Congress actually gave these lands outright to the coastal States. If there is a question of "inequity" involved, it is certainly not one of injustice done to the coastal States. What the committee has sought to do is abuse the generosity of the Federal Government.

The second "equity" argument is that the development of off-shore lands produces adverse social and economic effects on the coastal States, and further, that current Federal policy does not address these detrimental impacts. The fact that such developmental impacts exist is not at issue. As I indicated earlier, Congress recognizes that they exist and has made provision for compensating coastal States in the coastal zone management programs.

The more appropriate question is, How detrimental are the effects of off-shore development? Coastal States claim they are substantial and that existing programs do not adequately address them. Beyond the fact the Federal Government takes almost total responsibility for the environmental damage that might occur from off-shore development, the problems that have been encountered in letting off-shore leases demonstrates the control States have over any development.

A 1982 GAO report sheds considerable light on this question. I ask unanimous consent that the relevant portion of that report be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ENERGY DEVELOPMENT CAUSES VARYING IMPACTS AND RESPONSES

Energy development effects on a community can be tracked in phases. At the beginning of the development phase, public sector costs for facilities and services rise much faster than the revenues generated. This can produce negative socioeconomic effects on the host community. These impacts usually stem from the influx of energy

workers and their families which increase an area's population to the point of burdening the existing housing and public facilities and services. Some problems which might occur include a short supply of permanent and rental housing, inadequate solid waste disposal, and overburdened medical facilities, schools, transportation systems, and law enforcement. Also, the ability of communities to handle these impacts vary depending on the size of the existing population, the infrastructure in place at the time of the impacts, and the resources available to the community.

As the development phase ends, revenues generally outrun costs by a wider margin than costs exceeded revenues prior to the development. This is because energy development usually brings significant economic benefits to an area. For example, new population generally brings an increased tax base in the form of property and sales tax. Also, in some cases revenue is generated by severance tax on the minerals produced. Energy development brings employment opportunities to the area not only in the energy industry itself, but also in the services required by the new population.

An August 1980 Department of Commerce study states that for the coastal zone areas there are only rate instances that the public costs of correcting socioeconomic effects are not compensated by later increases in public revenue. While this may be true, there are instances where this and the other conditions described above may not exist.

One is if the deficit is not followed by a revenue surplus as in OCS development when the States and communities are not able to tax the actual energy facility but are limited to taxing onshore support facilites. The same situation could also exist if the revenue generated goes to the State level and is not passed back to the local community being impacted.

There are also cases in the coastal zone where an area has an underutilized infrastructure capacity which may or may not be usable, has significant unemployment, or is a very large community. For example in the Atlantic region, States such as New Jersey and Massachusetts encourage locating facilities in areas with underutilized infrastructrue capacity. In this case, unless the infrastructure would require upgrading, the effects of increased energy development could probably be absorbed by the area.

Mr. DURENBERGER. This report found that in general, "only (in) rare instances are the public costs of correcting socioeconomic effects not compensated by later increases in public revenue."

Mr. President, I think any prudent observer must conclude that there is a genuine Federal responsibility to help mitigate the impacts of offshore development. I also believe that any objective observer must conclude, after close study, that current funding of the programs designed to address development costs has not been so low as to create serious problems for coastal States. If there is a problem, I pledge my support to strengthen the appropriate programs to see that the job gets done fully.

No one objects, including this Senator, to compensating States for draining of oil and gas from their lands caused directly by Federal drilling activity within the 8(g) zone. That is why we created the 8(g) zone in the first place.

But what we have before us goes way beyond the definition of "fair and equitable." It has nothing to do with equity, fairness, or justice and has everything to do with greed, deception, and a slight of hand. It has nothing to do with reducing the Federal deficit, a goal whose means we in this body debate tirelessly day after day. Rather it robs the Treasury to hand seven coastal States an unearned multibillion-dollar windfall to their State treasuries. And unearned it is.

Mr. President, I will conclude and urge my colleagues to support the Evans/Metzenbaum amendment and make a significant contribution to reducing the deficit.

Let me make two quick points. First, the opponents of this amendment contend the division is equitable on two grounds. First, it is contended that OCS mineral development is the only exception to a longstanding Federal policy of sharing revenue with affected States or sharing receipts from resource development.

I take exception to that argument on two counts. First, although funds are not specifically earmarked for OCS receipts, Congress has, in fact, recognized that offshore development produces some adverse effect on coastal States, and creates specific programs to deal with that problem.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DURENBERGER. Most of the programs are for the exclusive benefits of coastal States.

Mr. BENTSEN. Mr. President, I ask unanimous consent that I may speak for 2 minutes.

Mr. JOHNSON. Mr. President, I yield 2 minutes to the distinguished Senator from Texas.

Mr. BENTSEN. I thank the Senator very much.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. BENTSEN. Mr. President, I urge my colleagues to reject the pending amendment. If it is adopted, the seven coastal States will have nowhere to turn but the Federal courts. Rather than resolving the issue once and far all with the legislation reported from the Senate Energy Committee, we will see years on continued litigation on the matter. That result is unfair and unnecessary. I would like commend the Senator from Louisiana [Mr. JOHNSTON] for his outstanding work in resolving seven years of dispute between the Federal Government and the coastal States. His proposal to section 8(g) of the Outer Continental Shelf Lands Act which was passed by the Senate Energy Committee is necessary to end that dispute and settle litigation between the Department of the Interior and the coastal States.

The original section 8(g) required a fair and equitable division of Federal revenues from leases of submerged Federal lands within a 3-mile zone adjacent to coastal States submerged lands. That division of Federal bonus, royalty and other revenues was to be negotiated between the Secretary of the Interior and the Governor of the coastal State. If they could not agree, a Federal district court was to decide what was fair and equitable.

Because the Secretary of the Interior never offered a coastal Governor more than mere compensation for drainage of the State's oil and gas by a Federal lessee, no complete agreement was ever reached with any State. Three States are now in litigation; and unless the amendment adopted by the Energy Committee passes, other coastal States are prepared to follow. That chain of litigation threatens to undermine the entire Federal OCS leasing program at a time when we need to be encouraging as much domestic production as possible. In 1978, the Congress wisely recognized that it takes more than words to meet the goal of energy independence for this country. The oil and gas resources of the OCS are believed by most knowledgeable observers to be an important part of a total domestic resource base which can be developed to insure that our national security is not jeopardized by an unwise and excessive dependence on foreign oil and gas supplies.

The 8(g) solution approved not only by the Senate Energy Committee but also by the House Interior and Merchant Marine Committees specifically defines a fair and equitable division for both past and future lease sales. The solution is a compromise between what the Department of the Interior has offered to give to the States and what the States felt they were entitled to receive.

The compromise represented by the 27-percent figure in the committee proposal is similar to that reached by Judge Parker in the only 8(g) case which has been tried on the merits. Judge Parker awarded Texas the equivalent of 27 percent of all the bonuses from the four sales which were the subject of that suit. The 27-percent figure is also the middle ground between the 16⅔-percent settlement offer made by Secretary Clark after Judge Parker's ruling and the 37½-percent response by the Governors.

The current escrow account which consists of revenues from all 8(g) sales held over the last 7 years is to be divided by giving the Federal Government $4 billion and by giving the States the shares of bonus revenues set out in the bill as well as 27 percent of royalties. Thus, this provision meets the requirements of budgetary savings required by

the budget reconciliation instructions and resolves future disputes as well.

Mr. President, for future lease sales, the Federal Government will receive 73 percent of all bonuses, rents and royalties while 27 percent of those revenues will go to the adjacent coastal States. Both State and Federal oil and gas will be protected from drainage by unitization or other royalty sharing agreements.

As part of this compromise, the States are surrendering some of their claims. Two Federal district courts have agreed that Federal tax revenue from 8(g) leases is subject to division under certain circumstances. The States have agreed to surrender their claim to that tax revenue. Other pending State claims which have not yet been litigated will also be set-aside.

When we compare this settlement with Federal onshore leases, this compromise does not come close to giving the coastal States the same percentage share of mineral revenues which are given to inland States under the Mineral Lands Leasing Act. Those States receive 50 percent of bonuses, rents and royalties. Under some circumstances, for instance, coal leasing, the mineral leasing States realize 90 percent of all royalty income. Even though the coastal States will receive only 27 percent of the section 8(g) revenues, they will have to provide all of the same governmental services that the inland States provide their families and workers—schools, roads, police and fire protection, and environmental reclamation.

Mr. President, I believe that the 27-percent share of Federal revenue for the coastal States cannot be described as too generous. It represents the minimum amount which can be viewed as fair and which can bring 7 years of litigation to an end.

RECOUPMENT OF PRORATED REVENUES

We have seen during the last 7 years, the Department of the Interior either refused to deposit or withdrew revenues which should have been in the section 8(g) escrow account. The recoupment provision in the committee bill simply restores to the States their share of those revenues.

When section 8(g) first became law, the Department of the Interior deposited into escrow all bonus payments from tracts which were either wholly or partially within the 8(g) zone. Interior debated internally whether it should draw its tracts so that all of the acreage would be wholly within the 8(g) zone. Having decided that it would not draw the tracts so precisely, Interior correctly decided that all revenues received for a tract should properly be deposited into escrow.

Beginning in 1981, under pressure from the Office of Management and Budget, Interior began to divert money from the 8(g) escrow account into the miscellaneous receipts account in the Treasury. The means chosen to meet that objective involved those tracts which were partially within and partially beyond the 8(g) zone. Interior began to prorate bonus payments on the basis of the surface acreage of the tract which was entirely within the 8(g) zone. It placed a proportionate share of the bonus payment for a given tract attributable to the number of acres entirely within the 8(g) zone in escrow; the rest was to be deposited directly into miscellaneous receipts.

Mr. President, the Department of the Interior notified my State of its intent to withdraw funds from escrow in accordance with this proration scheme. Texas obtained an injunction from a Federal district court in which Judge Parker directed Interior not to withdraw any funds and to deposit all revenues from future sales in escrow. The Department of the Interior withdrew those revenues anyway. In addition, the Department applied the proration principle to other States and other lease sales as well. Judge Parker's opinion specifically directs all revenues to be deposited so that they can be taken into account in arriving at a fair and equitable division. A Federal court in Louisiana has concurred in this decision.

The Department of the Interior has known from the outset that its practice of prorating revenues was improper. However, the Department of the Interior has used proration as a tool to reduce the amount of money in which the States would be entitled to share. When Judge Parker entered his judgment, he took the entire bonus into account and not just the prorated bonus, reversing the Interior's prior actions.

The Department of the Interior has tried to create the impression that virtually all of the acreage of these tracts which are partially within and partially beyond the 8(g) zone actually lies beyond the 8(g) zone. That is simply not true. In fact, for Texas, over half of the acreage of these tracts is within the 8(g) zone.

One point that needs to be made, Mr. President, is that the States do not seek to recover this money from current Federal revenue. The States do not seek to recover this money in a single payment from future 8(g) revenue. The States do not seek to recover this money from non-8(g) sources. Rather, the States have agreed to recover their share of wrongfully withheld revenues at the rate of 10 percent per year from future Federal 8(g) revenues. If the Department of the Interior had properly left these revenues in escrow, the States would receive their fair share this year. In fact, by delaying the receipt until future years, those shares are reduced in their present value. However, we have not sought an additive to prevent the erosion of the present value of the State's share under this payout plan.

Further, recoupment does not provide a windfall to the coastal States as some would argue. It simply provides a mechanism for the States to recover a share of revenues which the Department of the Interior withheld or withdrew from the 8(g) escrow account. Judge Parker told the Department that if it had drawn the tract lines to coincide with the 8(g) zone, this issue would not be a problem. Interior has since followed his advise and new tracts coincide with the 8(g) zone. However, since the Department had the power to draw the tracts and chose to let the tracts overlap, all revenues must be deposited to safeguard against abuse.

ROYALTY INCOME

Mr. President, the State must be permitted to share royalty income in addition to drainage compensation. Current law specifically says that royalties are to be shared. That right is not limited in the statute to drainage. It is, in fact, possible that the refusal to share at least past royalties with the States would be unconstitutional.

The only revenue source which continues over the life of a producing well is the royalty payment. Consequently, it is the only revenue source which would be available to help States deal with problems which arise from continued offshore activity.

The current law has been construed by two Federal district courts to entitle the States to share in all Federal revenues from these leases. Royalty income is a major revenue source. Under the former nomination process, royalty income on average constituted about one-third of all revenue from a lease. Under the Department of the Interior's new area wide leasing, royalty income has become a much larger share of the total income because bonds receipts have declined so dramatically.

The Department of the Interior and OMB have argued that permitting States to share royalty income will cost the Treasury $4 to $5 billion over the 30-year period. Nothing in the past 7 years of experience in 8(g) support that kind of production. After 7 years, barely $200 million in total 8(g) royalty payments are in escrow. The Congressional Budget Office projects an optimistic $100 million a year in total 8(g) royalty income. The State share of that would only be $27 million a year. Under CBO assumptions, total royalty income from the 8(g) zone over a 30-year period would only be $3 billion and the State share would be $810 million. For OMB and Interior's assertions to be correct, the total royalty income would have to be greater than $16 to $20 billion. That projection is simply not credible.

CONCLUSION

I would hope that my colleagues would reject the pending amendment and let the Energy Committee's legislation settle the entire issue. This will avoid the inevitable recurrence of future disputes between the States and the Federal Government.

Although the Committee's proposal offers the States considerably less than we sought, we feel that it is a fair and equitable resolution to a long-standing problem. We believe this legislation will end current and future litigation over the 8(g) issue. By giving the States a small stake in revenues from a small area of the OCS, it will actually spur OCS development and help us strive for energy self-sufficiency.

Mr. WILSON addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Mr. President, I rise in opposition to this amendment. While I have the greatest respect for my colleagues who have offered this amendment and as a general rule, closely identify with their motivation which is to reduce the budget deficit, I cannot in good conscience support any proposal to fatten the Federal Treasury at the expense of California and other coastal States whose OCS is being exploited to benefit national energy needs.

And that is exactly what this amendment proposes to do. As I understand the proposal before us now, oil and gas royalty revenues from the so-called 8(g) zone would not be shared with the affected coastal State except to the extent that these resources are drawn from State submerged lands.

By providing only that States shall be compensated for oil that is drawn from State lands, this amendment misses entirely one of the primary objectives of the so-called 8(g) program.

That objective is to compensate States for impacts to their environment and infrastructure caused by Federal OCS development.

We are not talking about sharing revenues from all OCS development with affected States, the language in the bill before us today relates only to the 8(g) zone—the 3-mile belt adjacent to the State territorial waters. Onshore impacts from OCS development can be severe, and why States shouldn't be compensated for these impacts is unclear to me. Compensation was clearly contemplated in the 1978 OCS Lands Act, and I am not aware of any developments since then that would compel certain of my colleagues to seek to strike this provision of law.

Indeed, if we are to depart from the principle that States and localities should be compensated for impacts from Federal activities, do we also strike the 25-percent Timber Receipt Sharing Program and the 50-percent Mineral Leasing Revenue Sharing Program? I think not, and I would strongly suspect that there are quite a few of my colleagues who would oppose any such proposal.

Yet, we have before us an amendment that would treat offshore oil and gas revenues differently than timber and mineral leasing revenues. In fact, this amendment sets up a situation where inland States will continue to receive 50 percent of Federal revenues from onshore oil and gas leasing on Federal lands, but coastal States will get no share of offshore revenues except to the extent that these revenues are derived in part from State lands.

This kind of discriminatory treatment is not justified. There is no difference in my mind between sharing onshore oil and gas leasing revenues with a State of origin which is expected to maintain the roads used by hundreds of heavy duty oil trucks servicing oil fields on Federal lands, and Port Hueneme in southern California which is expected to maintain expensive port facilities for the many vessels that service Federal OCS operations in the Santa Barbara channel.

Infrastructure needs do not stop with adequate pier and wharf facilities. Adequate housing, schools, roads, sewer, water, police and fire protection, and traffic systems are required to keep up with a growing OCS industry—and it is growing in the waters of California. At least three new producing platforms off of Santa Barbara County alone are scheduled for completion soon.

If we accept this amendment which will deny these coastal communities their fair share of the public revenues from the OCS operations, onshore businesses that cannot escape the taxing jurisdiction of the State and locality will have to shoulder an unfair tax burden. They are the ones who will have to finance the maintenance of an infrastructure used by the offshore industry located in Federal waters. In effect, this amendment would unfairly require onshore businesses to subsidize Federal OCS operations.

But infrastructure impacts are not the only thing States and localities should be compensated for. Compensation for environmental impacts is equally as important. For California, air quality impacts are one of the biggest concerns. Because the prevailing winds off of California are onshore winds, OCS activity is strongly suspected of aggravating an already serious problem with onshore air quality.

Sharing 8(g) revenues with the State of origin will help to compensate for this kind of environmental impact. These moneys can be put to good use. I am informed, for example, that the south coast air quality management district serving the Los Angeles basin and responsible for implementation of the Clean Air Act could use the 8(g) moneys provided for in the reconciliation bill to subsidize ride sharing programs. In this way, 8(g) moneys can be used to indirectly help mitigate air pollution caused by OCS oil and gas production.

Compensation—not revenue-sharing—is the rationale for the 8(g) program. If we are to compensate inland States for impacts to their environment and infrastructure caused by Federal activities, so should we compensate coastal States. The argument against this amendment on the grounds that it is inequitable is clear, and I do not see how the amendment's sponsors can possibly refute it.

Mr. President, when I am confronted with the type of amendment that we have before us today, I wonder why some of my colleagues have a difficult time understanding my position in favor of continuing the moratorium on developing certain OCS sections off the California coast. How can I support exploiting California's precious resources when California is expected to pay for this development without being able to reap its fair share of the benefits? Certainly, there are other important issues that have to be resolved in my mind before I can support lifting the existing California OCS moratorium, but the question of compensation has to be one of the most important issues.

Gov. George Deukmejian of California supports the 8(g) language as reported out by the Budget Committee and I ask my colleagues to join me in opposing this amendment or any other proposal to modify this language.

I ask the manager of the bill to yield 2 minutes.

Mr. JOHNSTON. Mr. President, I think I have only 1 minute left. I reserved that for the distinguished chairman of the Energy Committee.

Mr. WILSON. We have no time left?

Mr. JOHNSTON. We have only 1 minute left.

Mr. MURKOWSKI. Mr. President, I support the provisions of S. 1730 that provide for a fair and equitable sharing of offshore oil and gas revenues between the Federal Government and the States.

I am opposed to the amendment currently before the Senate which would significantly modify those provisions.

The Energy Committee provisions of S. 1730 constitute an effort to resolve an issue which has existed since 1978 when Congress amended the Outer Continental Shelf Lands Act. Section 8(g) of those amendments created a 3-mile zone on the Outer Continental Shelf [OCS] immediately adjacent to the States' seaward boundary and provided that revenues generated by Federal oil and gas leases in that zone should be shared in a fair and equita-

ble manner with the States. This zone has become known as the 8(g) zone. The Department of the Interior and the coastal States were unable in the 7 years since 1978 to reach an agreement on what "fair and equitable" meant. The Energy Committee has now defined those terms and established a simple formula for dividing the revenues from the 8(g) zone.

The committee's provision is not a ripoff of the Federal Treasury as the amendments sponsors would have you believe. The provision establishes a formula for sharing which is modest. By giving coastal States only 27 percent of revenues generated by oil and gas leases in a very limited area of the Continental Shelf, it attempts to provide coastal States with a small portion of substantial revenues generated by oil and gas development off their shores.

There are ample reasons why States should share in those revenues. Oil wells in Federal waters drain resources from State lands. The States should be compensated for that drainage.

Offshore oil and gas exploration and development also impose heavy burdens on coastal States. They must create the infrastructure necessary to support that exploration and development. States must meet the increased demand for schools, social services, and other amenities brought about by that activity. The States bear the risk of possible environmental damage from offshore oil production. Finally, the value of Federal oil and gas leases is enhanced by oil and gas exploration carried out in State waters. As an equitable matter, the States deserve a share of the Federal revenues for these contributions.

I want to emphasize again that the Energy Committee formula provides for sharing of 27 percent of the revenues generated by leases falling within a very narrow 3-mile zone of the Outer Continental Shelf.

To put this formula in perspective; States receive 50 percent of all revenues generated by oil, gas, and other mineral leases on all Federal lands within their borders.

It is also useful to put the revenue figures involved in perspective. Since 1954 the Federal Government has collected over $76 billion from all Outer Continental Shelf oil and gas leases. In present cash outlays the States are going to receive less than 2 percent of this total. There is absolutely no reason to believe that this percent of total OCS revenues going to the States under the energy committee proposal in the future will be any larger.

The opponents of the Energy Committee proposal have also inaccurately characterized that proposal as a case of 7 States stealing from the other 43. Only seven States will receive benefits now because Federal oil and gas leases have been issued offshore of only those seven States. It is likely that OCS activity will occur offshore additional States in the future. Those States will receive the modest benefits of this provision. In recognition of this fact, the coastal States organization, representing some 35 coastal States and Territories, has endorsed the Energy Committee action.

Mr. President, I would now like to examine the substance of the amendment being offered. This amendment changes the Energy Committee provision in three ways. First, it requires future rents and bonuses to be prorationed according to the percentage of surface acreage of the lease tract lying in the 8(g) zone before they are divided with States. Second, it eliminates a mechanism for the States to recoup a deficiency in the escrow account holding the 8(g) zone revenues generated since 1978. Third, it permits the Federal Government to retain all future royalties from leases in 8(g) zone instead of sharing those royalties with the coastal States as the 1978 law expressly required.

These changes have serious consequences for coastal States. Each of them needs to be examined individually. However, I believe it is necessary to first address the fundamental premise of the amendment—that the Energy Committee provision is a budget buster and a ripoff.

The argument that this provision is a budget buster is based on a projection that it will cost the Federal Treasury some $4 to $6 billion over the next 30 years. I have also seen some estimates of $6 to $12 billion. This projection is not credible. The past 7 years experience in the 8(g) zone does not support the projection. Only $200 million in royalties has been generated in 8(g) zone since 1978. Furthermore, the Congressional Budget Office estimates that the 8(g) zone will produce only $100 million per year in royalties for the next 30 years, or a total of $3 billion. The States 27 percent share of this total would be only $800 million over 30 years. For the States 27 percent share of royalties to equal $4 to $6 billion, the total 8(g) zone royalties will have to be in the range of $16 to $24 billion. Nothing, including previous Department of the Interior sworn testimony, supports this projection.

Now let me examine the changes made by the amendment currently before us. The supporters of the amendment argue that prorationing of revenues according to surface acreage allows for a fairer division of revenues. This argument has no merit. The surface acreage of lease tracts bears no relationship to the underground oil and gas resources beneath that surface. A division of revenues on this basis is therefore artificial and arbitrary. The Vermillion lease tract in the Gulf of Mexico provides a vivid example of the arbitrary nature of this approach. Less than 10 percent of the surface acreage of that tract lies in 8(g) zone. Yet, all of the oil produced by the entire tract has come from one well located in 8(g) zone portion of the tract. If prorationing applied to this tract, less than 10 percent of the $44 million bonus paid for the right to explore this tract would be subject to the 27/73 percent sharing formula. The Federal Government would receive more than 90 percent of the revenues from this tract off the top and an additional 73 percent of the remainder even though all of the oil came from a well in the 8(g) zone. Such a result defeats the purpose of the original 8(g) and clearly demonstrates the arbitrary nature of surface acreage prorationing.

This amendment would also eliminate the recoupment mechanism of the Energy Committee proposal. The recoupment mechanism is necessary to make up a deficiency in the escrow account set up to hold all revenues generated by leases within the 8(g) zone until the States and the Department of the Interior agreed upon a formula for dividing those revenues. This deficiency is a result of the Department of Interior's unilateral decision to proration deposits made to the account based on the surface acreage of the lease tract falling into the 8(g) zone. There was no basis whatsoever for the policy decision to proration deposits. The 1978 OCS amendments expressly required Interior to escrow all revenues generated by leases in the 8(g) zone pending an agreement on what revenues were to be shared and how they were to be shared. Interior's failure to escrow all of the revenues was a direct violation of the intent of section 8(g).

The situation was further exacerbated by Interior's inconsistent application of its prorationing policy. From 1978 to 1981 it did not prorate. Since 1981 it has prorated. The effect of this policy flip-flop is that some States, including Alaska, had a much greater percentage of 8(g) revenues prorated than other States. The result is an extreme unequal treatment of the States entitled to 8(g) revenues. The recoupment mechanism of the Energy Committee provision corrects this inequality.

The final irony on this issue is that Interior had the authority to draw the lease sale tracts in a manner which would have avoided any need to proration by surface acreage. It intentionally refused to do this.

The amendment also provides that the Secretary of Interior may enter into an agreement with the Governor of the affected coastal State for sharing of the royalties from common potentially hydrocarbon-bearing areas. This constitutes a major change in existing law. The 1978 OCS amendments

expressly provided that royalties were to be divided on a fair and equitable basis. This amendment declares that royalties can be shared pursuant to an agreement based on existing law but does not indicate what existing law is intended.

At best the provision is ambiguous and will lead to additional litigation of an issue that has already seen over 7 years of litigation. Presumably the sponsors of the amendment contemplate that agreements for sharing of royalties would reflect actual drainage of oil from fields under State lands. As a practical matter, it is not possible to determine actual drainage until the entire oil field is produced. This may take 50 to 60 years. It will be next to impossible to reach an agreement in absence of definite data. As a consequence, the States will be forced to litigate to achieve any sharing of royalties. Since the Interior is not required to escrow the royalties in the absence of an agreement, a State's successful litigation will be no guarantee of receiving its fair share of those royalties. That State will then have to come to Congress and ask for an appropriation to satisfy its judgment.

The likely outcome under the amendment is that the Interior will interpret the word "may" to mean that reaching an agreement with the State is purely a discretionary function and will refuse to reach any agreements. Under this scenario the Federal Government will keep all of the royalties from leases in 8(g) zone.

Mr. President, the bottom line here is that sponsors of the amendment have attacked the Energy Committee provision on the basis of preposterous predictions about budget impact. To correct this received ill effect, they have crafted an amendment which goes so far that it deprives coastal States of a significant amount of the benefits which they were expressly granted by Congress in 1978. There is no justification for an amendment in the first instance—and certainly no justification for one as far-reaching in scope as this one.

This is not the first time this issue has been before the Senate. In 1978 Congress mandated that the Federal Government share with the States all revenues from Federal oil and gas leases within 3 miles of States' seaward boundaries. Congress did not finish the job in 1978, however. We merely declared that the sharing should be fair and equitable and left it up to the Secretary of the Interior and Governors to agree on a formula.

Needless to say, no agreement was ever reached. We now have an opportunity to do what should have been done 7 years ago. The Energy Committee formula fits the 1978 mandate of a fair and equitable sharing of revenues from a limited area of Outer Continental Shelf and should be affirmed.

I urge my colleagues to reject the amendment on the floor and support the Energy Committee's proposal.

Mr. STEVENS. Mr. President, I strongly support the Energy and Natural Resources Committee's section 8(g) compromise.

In 1978, Congress amended the Outer Continental Shelf Lands Act to deal with the problem of oil and gas structures that underlie both State submerged lands and Federal OCS lands. It recognized that difficulties in delineating such structures and other factors made application of traditional onshore drainage concepts inappropriate. It therefore decided to escrow all revenues derived from the so-called 8(g) zone—a 3-mile-wide strip of Federal OCS lands bordering State lands—pending a "fair and equitable disposition" of those revenues.

Despite Federal court decisions in their favor, the 8(g) coastal States have not been able to work out an agreement on the 8(g) revenues with the Federal Government. The continuing controversy over these revenues has driven a wedge between the supporters of the Federal OCS leasing program and the Federal Government.

Under the able leadership of Senators McCLURE and JOHNSTON and my colleague from Alaska, Senator MURKOWSKI, the Energy and Natural Resources Committee has devised a solution to the 8(g) controversy that treats the Federal Government and the 8(g) States fairly. This compromise is fully consistent with the reconciliation instructions set forth in the fiscal year 1986 budget resolution. In fact, it saves $302 million more over the next 3 years than the budget resolution conferees anticipated.

The Energy Committee package distributes 27 percent of currently escrowed and future 8(g) revenues, including royalties to the 8(g) States. It also includes a recoupment provision that compensates the 8(g) States for losses incurred as a result of the Interior Department's belated decision to prorate its escrow deposits to match the percentage of each lease tract's surface area lying within the 8(g) zone.

I shall oppose the amendment offered by Senator EVANS and Senator METZENBAUM for the following reasons:

The amendment eliminates the 27-percent distribution of royalties to the 8(g) States on the ground that royalties should be distributed on the basis of actual drainage. The 1978 amendments to the OCS Lands Act rejected the use of the drainage concept for all 8(g) revenues, including royalties. A retroactive change in the 1978 amendments is grossly unfair to the 8(g) States—particularly in light of the Evans-Metzenbaum amendment's failure to guarantee that the States receive actual drainage royalties.

The Evans-Metzenbaum amendment would endorse the surface prorationing method and eliminate the recoupment provision as part of that endorsement. A little background is in order here. Surface prorationing would never have become an issue if the Interior Department had not made the error of drawing the boundaries of lease tracts so that they included both 8(g) and non-8(g) lands. That error created a difficult revenue allocation problem.

The Evans-Metzenbaum solution to the allocation problem ignores several pertinent facts. The Interior Department has total control over the drawing of lease boundaries. It is responsible for the allocation problem, not the 8(g) States. Furthermore, surface prorationing is not consistent with the 1978 OCS Lands Act amendments. The Interior Department recognized this fact for 3 years before beginning proration in 1981. Finally, in response to a 1984 Federal court order to discontinue use of surface prorationing, the Interior Department is now drawing its lease boundaries so that they do not cross the 8(g) line. The allocation problem thus will not continue in the future.

Proponents of the pending amendment say that surface proration is necessary to prevent the States from reaping a windfall on lease tracts where only a very small fraction of the tract is in the 8(g) zone. That argument fails to address the lease tracts where the 8(g) portion of the tract was the major attraction for bidders. A major revenue allocation problem does exist, but it by no means cuts only in favor of the Federal Government. Surface prorationing would give the entire benefit of the doubt to the Federal Government. That is wrong. The Federal Government created the allocation problem in the first place.

The savings estimates claimed by proponents of the Evans-Metzenbaum amendment are grossly exaggerated. Just as importantly, they fail to take into account the impact of the amendment on the Federal OCS leasing program. In my opinion, adoption of the amendment would create such bitterness among the coastal States that the continuation of the current Federal leasing program would be jeopardized.

Rather than saving money, the amendment will cost the Federal Government billions of dollars in forgone OCS lease bonuses, rentals, and royalties. It saddens me that the Interior Department and the Office of Management and Budget refuse to acknowledge that fact and instead are doing their best to alienate congressional supporters of the Federal OCS Leasing Program. In my opionion, they have squandered an historic opportunity to regain the leadership on OCS leasing policy.

Mr. President, supporters of the Evans-Metzenbaum amendment assert that it would fairly distribute the 8(g) revenues. This assertion does not bear close scrutiny. The first principle of fairness is that promises should be kept. The Evans-Metzenbaum amendment reneges on promises made to the coastal States in 1978 without significantly aiding our efforts to curb Federal deficts. Furthermore, it rewards the Federal Govenment for its poor management of the 8(g) program, fails to provide for a fair and equitable distribution of the 8(g) revenues, and jeopardizes the stability of the Federal OCS Leasing Program.

I urge my colleagues' rejection of the pending amendment in favor of the Energy Committee compromise, which settles the 8(g) controversy in a manner that is fair to both the Federal Government and the 8(g) States.

Mr. BRADLEY. Mr. President, I rise in support of the amendment offered by the distinguished Senators from Washington and Ohio.

There are many reasons why the Senate should not support the language contained within the Energy Committee's budget reconciliation recommendations.

Revenues derived from Outer Continental Shelf leases are second only to the income tax as a source of income to the Federal Treasury. How to share these revenues is a decision which demands careful thought and deliberation. Instead, the committee held one hastily convened hearing on this matter and that hearing was convened only after an attempt was made to adopt the language during the reconciliation markup with no prior hearing. To ask all Members of the Senate to decide how to apportion the second largest source of revenues to the Treasury under the stringent rules of reconciliation after all time for debate has been exhausted, is clearly poor public policy.

In addition to the procedural reasons for opposing the Energy Committee amendment there are additional substantive reasons to object to this provision.

The 8(g) revenue dispute has a long history. Initially, the States and Federal governmnet disputed who had the rights to revenues derived from any offshore lease.

A compromise was reached which granted the States total control over the area within 3 miles of their shore. This control includes the rights to all revenues generated from any leases in that 3-mile territory. The States of Florida and Texas were granted 3 leagues. This compromise was accepted by the States until disputes arose concerning Federal leases adjacent to the State waters. To further accomodate the coastal States, the Federal Government established an additional 3-mile zone, designated the 8(g) zone. Revenues generated from leases in these tracts were to be shared in a "fair and equitable" fashion, but the parties have been unable to agree on what is "fair and equitable." We have before us an attempt to settle the question and I would like my colleagues to decide for themselves if the solution meets the test of fairness and equity.

I ask you Mr. President, is it fair and equitable to grant coastal States revenues generated not only beyond States waters but beyond the 8(g) zone itself?

Sound geologic data on existing leases shows the drainage from State lands to be less than 10 percent. There is no reason to believe that future leases will be significantly different. Is it fair and equitable to gurarantee coastal States 27 percent of the royalties, that is future revenues, generated by these same tracts.

Is it fair and equitable to give to coastal States an estimated $4 to $6 billion that would otherwise be returned to the Federal Treasury, and therefore the American taxpayer, from lands wholly in Federal waters?

Mr. President, my home State of New Jersey is a coastal State. We do not at this time directly benefit from the largesse exhibited by the Energy Committee but we may in the future. Nevertheless it is patently unfair for us to expect the rest of our Nation's taxpaying citizens to support the proposal that is before us. New Jersey taxpayers, even as residents of a coastal State stand to pay the equivalent of a $163 million tax burden over the next 30 years as a result of the royalty formula prescribed in this bill. Only five coastal States derive substantial benefit from this unfair apportionment of revenues. No wonder the New York Times, which has special concerns for coastal States, denounced this provision in its October 8 editorial as an unwarranted giveaway. I ask unanimous consent that the text of that editorial be printed in full in the RECORD.

Mr. President, some argue that the Energy Committee language is fair, citing the fact that revenues generated by Federal minerals leasing onshore are divided equally between the States and Federal Government. I find this argument specious. There is a big difference between a State's claim to revenues on land within it's borders and a claim to revenues derived from land that might as well be in an adjacent State.

Mr. President, the issues are quite clear. First, coastal States were given 3 miles of territorial waters, then they were permitted to share revenues from an additional 3 miles of Federal waters and now they want to share revenues from land they conceded long ago was under Federal jurisdiction. There seems no end to this unless we act today.

In conclusion, Mr. President, I join with the Senators from Ohio and Washington in order to restore fairness to all Americans and to restore fiscal responsibility to this legislation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

DRILLING FOR OIL MONEY IN CONGRESS

Congress: Please reduce the deficit by raising it. That's the solemn urging of a handful of states with offshore oil wells. They greedily propose an accounting trick that would credit the Treasury with $4 billion it has already received in return for a commitment to give away as much as $6 billion. They should be quickly rebuffed by the House.

In 1953 Congress assigned to the states all the royalties earned from oil and gas production within three miles of the coast. Then came complaints that producers were draining oil and gas from reservoirs beneath the state-Federal boundary. So in 1978 Congress ceated another three-mile band as a buffer, the royalties to be held in escrow till a distribution formula could be devised.

About $6 billion has now accumulated in this fund. According to the Interior Department, about 4 percent of that, at most represents earnings from state properties. But as long as the fair division is in dispute, the Federal share cannot legally be counted as belonging to Washington.

This year, in their haste to raise revenue to narrow the budget deficit, the Administration and Senate and House budget committees agreed to give the states involved a whopping 27 percent of the $6 billion—about $1.6 billion, instead of $240 million. That would allow applying about $4.4 billion against the Federal deficit.

But only on paper. Since the money is already in the Treasury, the transaction would not reduce private purchasing power or Federal borrowing needs by even a nickel. The only money to change hands is the $1.6 billion the Treasury would have to hand over to the states. That would actually increase Government spending—precisely the opposite of the advertised effect.

There is apparently no hope of reversing the initial deal. Dumb as it is, Congress bought it and that would have been the end of the story—but for the exceptional greed of the oil-producing states. They persuaded the House Interior Committee and the Senate Energy Committee to sweeten the deal further by adding $500 million more to the promised $1.6 billion, and obligating the Treasury to pay them 27 percent of all future royalties from the buffer zone. According to Interior, the total cost to the Treasury would exceed $6 billion.

Democrats Morris Udall of Arizona and Philip Sharp of Indiana are asking the House to limit the loss to the original $1.6 billion. A sense of decency should be their strongest ally against giving away any more.

Mr. GLENN. Mr. President, I rise in opposition to the portion of the budget reconciliation bill which allocates Federal revenue from the Outer Continental Shelf [OCS] oil and gas leasing activities.

According to the Department of Interior, the reconciliation provisions would cost over $4 billion over the next 30 years. Moreover, this money drain would go only to seven States—

Louisiana, Texas, Florida, Alaska, California, Alabama, and Mississippi. Estimates show, for example, Ohioans would have an additional tax burden of roughly $180 million in the next 30 years to compensate for this windfall Treasury loss. This "raid" on the American taxpayer is especially upsetting because it is contained in a bill designed to reduce the Federal deficit.

The committee language goes far beyond the reconciliation instructions Congress adopted earlier this year in the budget resolution. Only one perfunctory hearing has been held on this important matter.

In 1953, Congress granted the States full rights and ownership of waters within 3 miles of their shoreline. The Federal Government retained jurisdiction and ownership over all water beyond the 3-mile territorial boundary.

Section 8(g) of the 1978 Outer Continental Shelf Lands Act Amendments established certain leasing policies regarding the first 3 miles of Federal OCS water. This provision was designed to protect States against drainage of valuable resources from within their coastal waters that could result from drilling activity in the Federal zone.

Specifically, section 8(g) provided for a "fair and equitable" sharing of revenues produced from Federal leases in the 3-mile zone from oil and gas pools common to both Federal and State lands and contemplated an agreement between the affected States and the Federal Government as to what would constitute a "fair and equitable" distribution. Failing an agreement, the section required that 8(g) revenues be deposited in an interest-bearing escrow account until the matter is settled. More than $5.8 billion is now in the account.

The budget resolution assumed enactment of legislation to settle the 8(g) dispute by giving States a 27 percent share of the bonuses and rents that have been generated in the 8(g) area. Such an amendment would bring $4.3 billion into the U.S. Treasury by freeing up 73 percent of the escrowed 8(g) funds. The balance—$1.5 billion—would be distributed to the affected States.

Unfortunately, the action taken by the committee violated the intent and spirit of these instructions.

First, it provides for the distribution of past and future royalties to the States, in addition to bonuses and rents. While I have no objection to proper compensation to States for oil and gas drainage from their lands caused by Federal activity in the 8(g) zone, I cannot support an entitlement for all royalties, including those resulting entirely from pools in Federal waters.

One must also distinguish between royalties and rents and bonuses. Royalties are not received until the well is produced. Hence, geological data is available at that time to determine if a common pool is shared with the States. In such a case, royalty revenues should be shared. But where there is no common pool, I feel the States have no sound basis to stake a claim. In fact, an objective observer could argue that the Department of the Interior's proposed settlement to share bonuses and rents even where there is no common pool is overly-generous in itself.

Another concern I have is the committee's provision giving States claims on revenues coming from tracts lying partly beyond the 8(g) zone.

The folly of this action can be shown by some specific examples raised in conjunction with this debate. One 5,760 acre tract leased offshore Florida contains 477 acres within the 8(g) zone—8 percent of the total. Offshore Texas, there is a tract with only 17 out of 5,760 acres, or 0.2 percent, within the 8(g) zone. But under the committee's approach, the Federal Government would be required to consider 100 percent of the bonus, rent, and royalty revenue from these tracts no matter how small the percentage of the tract is within the zone.

I fully support States sharing revenues from tracts straddling the 8(g) zone to the extent that production from these tracts drains resources from State waters. However, when there is no effect on State resources, there is no reasonable basis for sharing revenue with the States.

In conclusion, I believe the committee's language gives some select States a windfall at the expense of all American taxpayers. This clearly is an unacceptable ripoff and drain of Treasury resources. For these reasons, I support the efforts to amend this bill to conform with the requirements of the budget resolution.

OPPOSITION TO COMMITTEE APPROVED 8(G) FUNDS SHARING RAID ON TREASURY BY SOUTHERN OIL STATES

Mr. KASTEN. Mr. Chairman, I rise to cosponsor the amendment introduced by my colleague Senator EVANS in opposition to the committee adopted language on 8(g) OCS lands.

The committee language can be viewed as nothing other than an out-and-out raid on the Federal Treasury by a few coastal oil producing States. The committee amendment, which provides that a major portion of the revenues from oil and gas produced in Federal waters will be given to a limited number of States, is just plain wrong.

Why should revenues produced from resources outside of a State's territorial waters be given to that State? Those resources belong to the entire Nation. A privileged few should not rob the rest of the Nation of this source of revenue.

It is now estimated that the language in this bill will cost the Federal Government at least $7.5 billion in lost revenues.

This would impact directly on the State of Wisconsin. Earlier estimates suggested that the committee passed provision to give away these Federal revenues would cost the taxpayers of my home State $77 million. With the revised estimates of the cost of the committee amendment, I would now point out that the 8(g) provision would cost the taxpayers of my State over $150 million.

I urge my colleagues to join with me in support of the amendment to delete the 8(g) provisions contained in this bill. Anything less than the deletion of this provision is an open raid on the Federal Treasury.

We cannot stand by and let that happen.

Mr. CHAFEE. Mr. President, I am pleased to support the Outer Continental Shelf [OCS] revenue amendment to the budget reconciliation bill introduced by Senators EVANS and METZENBAUM. This amendment will modify a provision in the bill to prevent a windfall revenue gain for seven States at the expense of 43 other States.

Section 8(g) of the OCS Lands Act provides for distribution of OCS revenue from the first 3 miles of Federal OCS waters to affected States. This section was intended to protect States from the drainage of oil and gas underlying State waters by a Federal lessee who is drilling in neighboring Federal waters. In essence, States would be compensated for any dilution of their resources. The Federal and affected State governments have never come to an agreement as to what constitutes fair and equitable distribution.

The distribution of these funds, as provided for in the budget reconciliation bill, goes far beyond the intent of the OCS Lands Act. The law only requires the sharing of revenues when there is an oil or gas pool common to both Federal and State submerged lands. The Department of the Interior estimates that only 1 to 4 percent of the oil and gas produced from the 8(g) zone comes from within the State's offshore boundaries which extends 3 miles from their coastline.

Based on current law, the reconciliation bill provides for an overly generous distribution of revenue to affected coastal states. Under a strict interpretation of drainage only, the States would receive little or no distribution from the current 8(g) account and approximately $100 million over the next 30 years. In comparison, the reconciliation bill will pay coastal States $1.5 billion immediately and over $4 billion in the next 30 years.

The Energy Committee has provided for the distribution of 27 percent of all

accrued rents, bonuses and interest payments from the 8(g) zone. In addition, 27 percent of royalties would also be shared with affected States. This provision alone is expected to reduce Federal revenues by $4 billion over the next 30 years. Moreover, this measure provides for sharing revenues from tracts beyond the 3-mile 8(g) zone, reducing Federal revenues by another $500 million.

Under this distribution plan, there is no attempt to base the distribution on the impact of Federal leases on the States resources. Thus, States will share bonuses, rents and royalties where there is no common pool. And, while these coastal States are benefiting from the plan, 43 other States will have to bear the tax burden. For example, if sharing future royalty revenues will reduce Federal Treasury receipts by $4 billion, Rhode Island's tax burden would correspondingly increase by $16 million over the next 30 years. This is certainly not very fair and equitable.

The proposed amendment represents an effort to be fair to the affected States and responsible to the Federal Government and the American taxpayer. This amendment will distribute 27 percent of rent, bonus, and interest payments to the affected States. States, however, would not be allowed to recoup revenues from tracts outside of the 8(g) zone. In addition, the coastal State's share of royalty revenues would be based on drainage, estimated between 1 and 4 percent. Thus, royalty revenue would be shared only to the extent that the Federal lease actually impacts State resources. States should not be entitled to royalty revenue unless the Federal lease activity actually affects State resources.

This proposed amendment follows the intent of section 8(g) of the OCS Lands Act. Section 8(g) was not designed to be a general revenue sharing provision but rather was meant to address the problem of drainage. This amendment provides more than adequate compensation for drainage without being excessive.

I urge my colleagues to join me in the support of this measure.

Mr. LEVIN. Mr. President, at the heart of this issue is what constitutes a fair and equitable distribution of revenue from leases within the federally owned 8(g) zone. Congress in the 1978 Outer Continental Shelf Lands Act amendments did not specify what constituted fair and equitable. The process of determining what is fair and equitable is difficult. Judge Parker in Texas versus Secretary of Interior states that:

> The Court is immersed, literally for months, in a swirling morass of petroleum engineering, geology, economics, history and statistics superimposed over principles of equity.

Judge Parker found that the State was entitled to some of the revenue received by the Federal Government in the 8(g) zone. He determined that the State and Federal Governments should divide the bonus enhancement on a 50-50 basis. Bonus enhancement is the extra bonus received by the Federal Government based on information obtained from drilling tests and studies which occur in the State-owned lands, which are generally the first 3 miles off the coast. Judge Parker also acknowledged that the State is entitled to part of the royalties received by the Federal Government for drilling on Federal lands when that drilling hits a common pool—a pool partially within the 3-mile State-owned lands and partially in the 8(g) lands—the Federal drilling would result in drainage from the State-owned portion of the pool. What is critical, however, is that Judge Parker was unable to apportion equitably the royalties because he could not determine the amount of drainage. He wrote that:

> It was simply unrealistic to expect a District Court to find a single individual, willikng to serve as a master, who was sufficiently well versed in economics, petroleum, engineering, geology and statistics.

It may be unrealistic to expect a court to do that but it is not unrealistic for the Congress to do that.

The National Academy of Sciences should be asked to enlarge the current study they are engaged in, due next April, entitled "Study of Offshore Oil and Gas Resource Estimation Methodology." If they are unable to provide any useful information to make a logical apportionment, we can then decide if we want to act in the dark. But until we are convinced that that is true, I see no reason to apportion these revenues based on a totally arbitrary formula.

We simply don't know whether the 73 to 27 percent formula is fair. It apparently is an extrapolation from, and relates back to a 50-50 apportionment of bonus enhancement in the opinion by Judge Parker, which opinion specifically states the judge is unable to reach any conclusion based on the record in front of him relative to a fair and equitable apportionment of the royalties.

The Evans-Metzenbaum approach is aimed at determining royalties based on actual drainage which is at least a logical goal. Many experts in the field say it is possible to determine actual drainage and it is done all the time. Better to attempt to do that, at least, than to adopt an arbitrary 73 to 27 percent Federal-State apportionment formula.

I do not know whether the Federal Government will be ahead $4 to $6 billion or not if we adopt the Evans-Metzenbaum amendment. I do know that the process is likely to be a fairer one. If we seek to fix an apportionment formula in advance of royalties being received, we then should obtain the very best information that we can from the economists, petroleum engineers, geologists, and statisticians. We just haven't done that yet.

Mr. CRANSTON. Mr. President, I strongly oppose the amendment of the Senator from Washington [Mr. EVANS], and others, which is premised on a serious misunderstanding.

First, let us understand what the "8(g) zone" is. Coastal States have title to the submerged lands within 3 nautical miles of their shore, including mineral rights. Where there is oil and gas present in these State waters, it belongs to the State.

The OCS Lands Act Amendments of 1978 included section 7—covering certain Alaska areas—and section 8(g) requiring escrow of Federal receipts from bonuses, rents, royalties, and interest thereon attributable to Federal OCS leasing within the 3-mile zone adjacent to State water, subject to distribution by settlement between the disputants or by a fair and equitable disposition by a Federal district court.

Second, there is an outstanding legal dispute between the Federal Government and seven States—Texas, Louisiana, Alabama, Mississippi, Florida, California, and Alaska—redisposition of money from bonuses, rents, and royalties—plus accrued interest—paid to the United States by oil companies, plus any future royalties, for leasing the 3-mile zone of tracts in Federal waters adjacent to these State waters.

One basis for the States claim is that oil extracted in this zone presumably drains from a pool underlying both State and Federal undersea land, and no one can tell from which side of the line it comes. Federal extraction thus may deplete State mineral value.

Third, oil activity in State water may enhance bonuses received by the Federal Government under Federal leasing programs by indicating to potential bidders the presence of oil in the adjacent Federal zone.

Finally, Federal offshore development in this nearshore zone directly impacts onshore interests of the State. For example, nearshore Federal leasing off Ventura County in the south coast air quality management district—a Federal nonattainment area under the Clean Air Act—will, under Federal law, reduce or prevent potential onshore development by increasing air pollution.

I know that the distinguished junior Senator from Louisiana [Mr. JOHNSTON] with whom I join in opposing this amendment, has not always agreed with me on the degree of this impact. I'm hoping that our alliance today, to protect the rights of our respective States with respect to the impacts of Federal offshore leasing will

continue on other issues affecting the Federal Offshore Leasing Program and its relationship with sovereign States.

No settlement has been reached. The total in escrow reached $6.787 billion, as of March 31, 1985. Some litigation has been undertaken. In February 1984, a U.S. district court in Texas held that a fair and equitable disposition would include 50 percent of the bonus enhancement of nine Federal leases, or about 27 percent of bonuses on leased blocks wholly or partially within the 8(g) zone. Interior appealed.

A second U.S. district court in Louisiana held that drainage is not the sole criteria, that taxes are another potential criterion.

Next, then Interior Secretary Clark proposed to Alabama, Mississippi, Alaska, California, and Florida—but not to Louisiana and Texas, which had litigation pending—16⅔ percent of the bonuses and rents in escrow, less a proration offset. He also proposed to split royalties retrospectively, but not prospectively, only in areas of actual drainage, and under the terms of separately negotiated royalty sharing agreements.

The States rejected the offer and counterproposed initially a 50–50 split, but later a 37½-percent share to the States of the accrued bonuses, rents, and royalties plus interest with no proration offset.

The conference agreement on Senate Concurrent Resolution 32—the first budget resolution for fiscal year 1986—assumed that legislation would be adopted to settle the 8(g) dispute, giving the States 27 percent of the accrued bonuses, rents, royalties, and interest thereon.

The language in the present reconciliation bill is consistent with the first budget resolution, and provides for the reasonable and moderate compromise solution to this legal dispute.

The authors of the amendment before us call this a raid on the Federal Treasury, ignoring the fact that what this will accomplish is the settlement of a legal dispute and the proportional distribution of a fund set aside because the ownership of the dollars in the account was in dispute—and that there is no scientific basis for determining the exact amount to which either side is entitled, and that what the reconciliation bill does is split the difference between the parties.

The sponsors of this amendment think there is a rational solution, but they are badly misinformed.

They suggest that if 25 percent of a tract is in the 8(g) zone, 25 percent of the bonuses, rents, and royalties subject to drainage should be placed in the revenue sharing pool.

To accomplish this kind of case-by-case determination would require extensive exploratory drilling, engineering analysis, and endless legal proceedings at inordinate cost merely to arrive at an uncertain result.

The problem is that the exact location of pools of oil do not conform with the arbitrarily defined tract boundaries. Even if the exact conformity of a subsea pool is known, which it almost never is, the quantity of oil in any one portion of the pool is not known.

Moreover, this proposal ignores the finding of one Federal court that drainage is not the sole basis for a legitimate State claim of impact from Federal leasing.

Thus, the proposal for proportional distribution based on tract lines which is the premise of the pending amendment is no more nor less arbitrary than the proposal to settle this dispute which is contained in the bill, but it is more one-sided, more unfair, and less in conformity with the budget resolution.

What it does is represent the position of one side of this legal dispute—a side which lost twice in Federal court—while the language currently in the reconciliation bill represents a compromise solution, one which is far short of the position of the aggrieved States.

I urge that my colleagues reject this badly conceived amendment.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I ask the coauthor of the amendment to yield me 3 minutes.

Mr. EVANS. Mr. President, how much time is remaining?

The PRESIDING OFFICER. One minute is remaining on both sides.

Mr. METZENBAUM. Mr. President, the distinguished Senator from Washington only had 5 minutes, and he took an additional minute, and the Senator from Minnesota had 1 minute. I do not understand the computation of time.

Mr. EVANS. How did we get to where we are?

The PRESIDING OFFICER. The Senators have used their time. There was some delay in trying to interrupt them and telling them they could use their time. I guess that is how we got to the 1 minute left. The Senator has gone over his time, and the interruptions were delays.

Mr. METZENBAUM. When you have interruptions and delays, is that charged against the time? Our interruption had to do with the colloquy of the manager, the Senator from Louisiana. I do not see how that can be charged against the Senator from Washington.

The PRESIDING OFFICER. His time is also being charged, and they have always been charged when they are trying to interrupt. The time keeps rolling.

Mr. METZENBAUM. Mr. President, if I may use 1 minute.

Mr. EVANS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. McCLURE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. How much time remains on our side?

The PRESIDING OFFICER. One minute on each side.

Mr. EVANS. Mr. President, I yield the remainder of my time to my colleague from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, this amendment will save the American taxpayers $7 billion. The President has indicated he will veto the bill if this amendment is included.

The issue boils down to a simple one of seven coastal States that would receive an unearned and unjustified windfall at the expense of the taxpayers in 43 other States. If you support this giveaway, the matter as it is in the bill, you will contribute to the plight of businesses and jobs moving from 43 States to these coastal areas which will use the money to keep the taxes low to build up their schools and services.

As a matter of fact, the principal author of Gramm-Rudman tells us to balance the budget but today he urges us to do it on the backs of the people of 43 other States. I do not quarrel with their receiving $1.5 billion. That much we agree to. But our amendment is only directed at that extra $7 billion.

Members from the coastal States are trying to help their constituents. But the rest of us have to approach the issue differently. We must be fair to the coastal States but it is equally important to be fair to the rest of the country.

I urge passage of the Evans-Metzenbaum amendment.

Mr. JOHNSTON. Mr. President, I rise in opposition to the amendment offered by Senator EVANS and Senator METZENBAUM.

The Committee on Energy and Natural Resources reported on September 26 legislation pursuant to its fiscal year 1986 reconciliation instructions which settles the legal dispute between the Federal Government and several coastal States arising under section 8(g) of the Outer Continental Shelf Lands Act. Those instructions explicitly assumed that we would "give

a 27-percent share of bonuses and rents now held in escrow in connection with oil and gas leasing on the Outer Continental Shelf."

On September 17, 1985, I introduced S. 1653, the Outer Continental Shelf Lands Act Amendments of 1985, cosponsored by Senator MURKOWSKI. This bill sought to establish a comprehensive solution to the issue of how the Federal revenues from all Federal OCS leases, past and future, within 3 miles of State waters should be apportioned between the States and the Federal Government so as to create a fair and equitable disposition of these revenues. Identical language was introduced on the same day in the House by Mr. BREAUX and Mr. HUCKABY.

This language was considered in committee and a number of changes were made to improve the bill. In considering that language the Senators who offered the amendment before us now offer similar amendments which were defeated one by one.

The language adopted by the committee is remarkable in several respects. First, it is consistent with the reconciliation instructions. Second, it saves approximately $300 million more during the period fiscal years 1986–88 than the 8(g) provision which the budget conferees assumed would be adopted.

Third, it is a comprehensive solution to the issue of how to apportion the revenues received as a result of passage of the 1978 amendments from all the tracts which lie wholly or partially within 3 nautical miles of the State waters. Further, it resolves the question of how to apportion future revenues from leases wholly or partially in the 8(g) zone, regardless of whether those leases were issued before or after passage of the 1978 amendments. The administration, who apparently opposes the language reported by the committee, agrees that a comprehensive legislative solution is necessary.

Fourth, this legislative solution is consistent with a Federal district court decision in Texas which awarded Texas 27 percent of bonuses. I hesitate to make too much of this point. Opponents of our reported language delight in saying that the two Federal district courts did not rule precisely the way our bill is written. If they had, the bill would probably be unnecessary. Both those courts agreed to examine the totality of circumstances surrounding the leases in question. A judicial solution is likely to be lengthy and nonuniform and consist of a case-by-case, lease-by-lease resolution of the issues. That has certainly been the case so far. That is why a legislative solution is called for here.

Those courts did, however, reject the underlying basis of the amendment before us with respect to royalties. Both those courts agreed that drainage of State lands was not the only criterion of a "fair and equitable" disposition of revenues.

Fifth, the committee's reported langauge represents a fair and equitable solution. I would note that the onshore States containing Federal lands receive 50 percent of all the Federal mineral revenues from all those Federal lands. Moreover, another 40 percent of those revenues are paid indirectly to onshore States through the special reclamation fund.

Mr. President, I have recently read correspondence from administration officials who confidently assert that the Congress enacted section 8(g) of the OCS Lands Act amendments for the sole purpose of compensating the States for drainage of oil from State lands. I would invite anyone to examine the tortured path of that legislation through the Congress to see if so simple and clear an intent is evident in the legislative history. The language of section 8(g) was reported by the Committee on Energy and Natural Resources. I was there when the committee considered that language.

I am not going to debate these administration officials over the congressional intent of the 8(g) provision. That is a function of the courts and two courts have explicitly rejected the notion that they are limited to a single factor; namely, the drainage of oil and gas from beneath State lands, in determining a fair and equitable disposition of these revenues. What really matters here is not what Congress intended to do in 1978, but what we ought to be accomplishing in this legislation in 1985 in settling these issues which have bitterly divided the coastal States and the Federal Government.

Let me digress somewhat and discuss how we came to have an 8(g) provision in current law and how the committee came to adopt the language they reported. In passing the OCS Lands Act Amendments of 1978 [OCSLAA], Congress sought to increase mechanisms for State participation in the leasing process in order to balance Federal-State interests and thereby reduce the existing level of disharmony. One particular area of dispute foreseen by Congress was that of jurisdictional disputes over lands adjoining and underlying the Federal-State boundary. Section 8(g) of the OCSLAA is designed to promote an orderly leasing, and an equitable sharing, of the revenues from the Federal lands within a 3-mile strip on the Federal side of the Federal-State seaward boundary.

To this end, 8(g) provides that at the time the Secretary solicits nominations for lease bids on lands within the 3-mile zone, he must provide the Governor of the affected State with all relevant geographical, geological, and ecological data in his possession. He must then offer the Governor an opportunity to enter into an agreement regarding disposition of "revenues" generated by the Federal leasing of tracts in the 8(g) zone. If within 90 days an agreement is not reached on the sharing of revenues, the Secretary may proceed with the sale. However, he must deposit into a separate Treasury account "all bonuses, royalties, and other revenues" attributable to common pools underlying the Federal and State waters. Thereafter, if the Secretary and Governor are still unable to agree on the proper distribution of lease revenue, they shall be apportioned on a "fair and equitable" basis "as a Federal district court of the United States determines."

To date, Federal lease sales involving 8(g) lands have taken place off the coasts of seven States, and in all but one instance, no agreement for apportioning the revenues has been reached. In each instance, the Secretary has offered to divide the revenues based solely on drainage. As of March 31, 1985, the 8(g) account contained some $5.8 billion. Originally, the States insisted on 50 percent of the 8(g) revenues. On August 8, 1984, then-Secretary Clark offered the States 16⅔ percent of bonuses and rents. On April 15, 1985, six Governors counter offered asking for 37½ percent of bonuses, rents, royalties, and taxes.

In an effort to resolve this longstanding dispute and in an effort to generate a budget saving for the Federal Government, the budget conference agreement proposed a settlement of this account. Our reconciliation instruction mandated that we save the Federal Government $4 billion in Function 950; and in so doing:

> Assumes that Congress will enact legislation giving States a 27 percent share of bonuses and rents now held in escrow in connection with oil and gas leasing on the Outer Continental Shelf.

The House Budget Committee, which originally proposed the settlement later agreed to by the administration, assumed that the 8(g) escrow account would contain $5.8 billion which would be subject to division. Of this amount, $4 billion would go to the Federal Government, and $1.6 billion would go to the States. These amounts were based on the 27–73 State-Federal split. The remaining $200 million represents the receipts for royalties, which were not a part of the House budget proposal. It is to this agreement which the administration "agreed" via David Stockman's letter of June 20, 1985.

Shortly thereafter, the Department of the Interior published new figures for the account in which they asserted that it contained only $5.1 billion. These numbers represented a restructuring of the account and resulted in a revenue loss to the States of some $200 million.

The Department of the Interior circulated its draft bill which purported

to formalize their new numbers. In addition, the bill provided, among other things:

First. Twenty-seven percent of all future bonuses and rents from the 8(g) zone would accrue to the States regardless of whether those revenues could be attributed to a common pool of petroleum underlying the Federal and State waters.

Second. That all of the moneys in the existing 8(g) account which were attributable to royalties would accrue to the Government. These included moneys that were owed to the States to compensate them from drainage from beneath their lands.

Third. That all future royalties would accrue to the Federal Government, less those funds necessary to compensate for drainage.

No one has ever introduced this bill in either House of Congress.

The legislation reported by the Senate Committee on Energy and Natural Resources provides as follows:

First. That the House Budget Committee numbers are chosen for division of the existing account as to bonuses and rents. It was felt that this was the deal the administration had agreed to, and that its subsequent attempt to restructure the account was unwarranted. Future bonuses and rents from any leases whenever executed lying wholly or partially within 3 nautical miles of the State's waters will be shared on the same 27-73 percent division as are escrowed bonuses and rents.

Second. That 27 percent of the existing moneys attributable to royalties will be apportioned to the States. The statute explicitly includes royalties among the funds subject to a "fair and equitable sharing."

Third. Future royalties from any leases, whether executed before or after the 1978 amendments, and which lie wholly or partially within 3 nautical miles of the State's waters, will be shared on the same 27-73 percent State-Federal basis as future bonuses and rents. There have been differences of opinion between the Department of the Interior and the States on these issues. This measure makes resolution of these issues clear, specifically referencing the sharing of revenues from "any" lease not just those issued after 1978, and regardless of whether that lease is "wholly or partially" within the 8(g) zone.

Fourth. That the States would be entitled to "recoup" from future revenues their portion of those moneys which should have been included in the account but which were not. Ten percent of future revenues are designated for recoupment. This has been necessitated because of changes in the escrow account which then-Secretary Watt sought to unilaterally impose. Let me elaborate on this point.

Prior to 1981, all revenues from any lease were escrowed even if a portion of the lease fell outside the 8(g) zone. A 1979 Solicitor's opinion on the matter endorses the concept of placing all revenues in escrow, and makes no mention of prorationing such leases on a surface acreage basis. In 1981, Secretary Watt changed this practice. He began prorationing leases not only for new lease sales, but also retroactively. He continued this practice until he was enjoined by a Federal court:

> The Court hereby extends, until further Order by this Court, that portion of the Order requiring the Secretary to deposit in a separate Treasury account *all* lease revenue regardless of the surface acreage formula usually applied by the Secretary." *Texas vs. Jim Watt*, Order, December 23, 1983 (emphasis in original.)

Indeed, in his subsequent opinion in the same case, Judge Parker noted that several tracts were partially within and partially without the 8(g) zone:

> The Court has included this fact in its deliberations when weighing the totality of circumstances regarding a *fair and equitable division* of the 8(g) lease revenue. For future lease sales involving such tracts, the Secretary should deposit in the escrow account *all* revenue attributable to such tracts because in the absence of an agreement between the Secretary and Governor the determination of what percentage of revenue is attributable to the 8(g) portion of a particular tract is a finding of fact appropriately made by this Court. *Texas vs. Interior*, Opinion, February 15, 1984 (emphasis in original).

Thus, nonprorationing and, therefore, recoupment is consistent with the Department of the Interior's own accounting practices prior to Jim Watt. The only court case to ever treat the issue recognized that all revenues should be escrowed.

The Department of the Interior had total control over the drawing of lease lines and could have avoided this problem had it chosen to do so. Indeed, it now refrains from leasing areas which straddle the 8(g) boundary and has thereby eliminated this as a problem for future leases.

In conclusion, the committee legislation settles the entire issue, and thus avoids the inevitable recurrence of future disputes over future 8(g) revenues, an objective which the administration supports. The comprehensive settlement reported by the committee not only meets the reconciliation assumptions, it saves the Federal Government, according to CBO, $302 million more over the period fiscal year 1986-88 than the partial 8(g) provision which the budget conferees had assumed would be enacted.

Although this legislation offers the States considerably less than they sought, we feel it is a fair and equitable resolution. We believe this legislation will end current and future litigation over the 8(g) issue, and by giving the States a small stake in revenues from a small area of the OCS, will actually spur OCS development. Moreover, compared to the 50-percent share States receive of mineral revenues from all onshore Federal lands, this 8(g) proposal is quite reasonable.

I urge my colleagues to support the committee's position opposing the proposed amendment.

Mr. HEFLIN. Mr. President, I rise in opposition to this amendment which would drastically alter the Energy and Natural Resources Committee's recommendations with regard to the current and future allocation of revenue generated by Federal oil and gas leases in the so-called 8(g) zone.

For the past 7 years, revenue from oil and gas leases has been held in escrow because of a longstanding dispute over its allocation between the Federal Government and seven coastal States. The revenue held in escrow has now grown to over $5.8 billion. The parties involved want the dispute settled as soon as possible so this revenue can be put to use. I believe the Energy Committee has devised a fair and workable solution to the allocation problem and I urge my colleagues to approve this plan.

The controversy over these funds centers around section 8(g) of the Outer Continental Shelf Land Act Amendments of 1978 which provided for the escrow of Federal revenue attributed to oil and gas leases underlying both Federal and State lands. Under section 8(g) the revenue must remain in escrow until an agreement can be reached on how to divide the money.

With negotiations stalled, the conferees on the 1986 first concurrent budget resolution directed that legislation be executed to settle the dispute between the Federal Government and the coastal States regarding the OCS receipts. This recommendation assumed that the Federal Government would receive a 73-percent share of the bonuses and rents held in escrow and the States would get the remaining 27 percent. This formula was ultimately adopted by the Senate Energy and Natural Resources Committee as well as the House Committees on Interior and Insular Affairs and Merchant Marine and Fisheries. The committees also proposed that the revenue to be allocated include $1 billion in past royalties. This was done pursuant to section 8(g) which specifically provided that the Interior Department would escrow all "bonuses, royalties, and other revenues."

The Energy Committee proposal settles two other important issues. First, the committee recommends that future bonuses, rents, and royalties from the 8(g) tract be divided on the same 73-percent to 27-percent basis. Second, the committee proposal would add to the escrow account $2 billion that was withheld by the Interior Department. The Interior Department

withheld these revenues from the 8(g) account arguing that this revenue came from oil and gas leases where there was not a common pool with State waters. Instead of depositing the revenue attributable to these tracts, Interior prorationed revenues from tracts that were partly within the 8(g) zone. The Energy Committee, as well as the two House committees, rejected Interior's prorationing recommendation as being inconsistent with Interior's own accounting procedures, as well as the only court case to address this issue, *Texas* versus *Interior*, which required the escrow of all revenues. Under the committee recommendation the States would be allowed to recoup 27 percent of those disputed amounts.

Mr. President, the committee's recommendation will achieve over $4 billion in budget savings to the Federal Government from the release of these funds from escrow. This proposal, while certainly not perfect, will finally settle the allocation issue in a fair and equitable way. By adopting the committee proposal, further litigation can be avoided and a workable framework can be established for the future allocation of 8(g) revenues.

I urge my colleagues to oppose the amendment and support the Energy Committee's recommendations.

Thank you, Mr. President.

The PRESIDING OFFICER. The time on that side has expired.

Mr. JOHNSTON. I yield the balance of the time to the distinguished Senator from Idaho.

The PRESIDING OFFICER. Without objection, it is so ordered.

One minute is remaining.

Mr. McCLURE. Mr. President, I hope this amendment is not adopted. I will tell you why very briefly.

Mr. President, the recommendations contained in the legislation reported by the Committee on Energy and Natural Resources to the Budget Committee contains legislation to resolve the ongoing litigation over the escrowed revenues from the 8(g) zone of the Outer Continental Shelf in accordance with the assumption underlying the instruction to the committee. I must say that I was not particularly pleased when the Senate directed us to resolve the litigation since that matter had not been on either our committee's or the administration's agenda for this session. I was even less pleased when I learned that the administration had decided to change their assumptions on how much revenue was at issue. Needless to say, they did not seek to increase the amount which would become available to the States. I believe the administration, particularly OMB, polarized the parties by taking this action, thereby making compromise more difficult.

I want to offer my congratulations and deep appreciation to all the members of the committee for their efforts to resolve this issue within the timeframe provided to the committee. I also want to express my appreciation for the restraint that was shown in limiting our action to the resolution of the litigation and excluding collateral concerns, unlike the other body. I will return to that subject in a moment, but I did want the Senate to be aware that this was not a simple issue and that all Members contributed to a definition of the issue and a resolution which should eliminate the need for us to ever revisit this subject.

While the committee could have simply allocated the present amount of revenues in the 8(g) account once we had determined exactly how much should be in there, that would not have resolved the litigation. The result would have been that we would have to go through this same procedure again in 3 years. We decided that would not be a responsible recommendation. If the Senate desires that this issue be resolved, then it should be resolved with finality.

The recommendation of the Committee on Energy and Natural Resources does just that. It defines the account and provides a clear and unambiguous allocation of future revenues. Various claims brought by the States, such as the argument that the term "revenue" in the original legislation includes taxes, have been settled. The term means only bonuses, royalties, and rents. The assumption of the budget resolution that these revenues would be split on a 73-percent Federal—27-percent State basis has been followed. The only issue which would remain is the definition of State territorial boundaries, and the committee recommendation provides a mechanism to resolve the allocation of 8(g) revenues to the States when that issue is settled.

The recommendation of the committee is responsible and fair. The background and section-by-section analysis are set forth in the report of the Budget Committee and I would invite the attention of my colleagues to that report.

I did want to return to the action of the House committee in including extraneous provisions which would set up a State veto over Federal leasing of Federal lands on the Outer Continental Shelf. The so-called "Miller" amendment is not only irrelevant to the resolution of the 8(g) dispute, it runs contrary to the intent of the Congress when it enacted the 1978 amendments. At that time we specifically rejected such an approach. There is a myopia loose which conveniently forgets the lines at the gas stations and would subordinate the security of the country to parochial concerns.

I seriously considered, and may yet offer, an amendment to deny any funds from the 8(g) zone to any State which has either a Federal or a State moratorium in place. We cannot afford to permit this Nation to become hostage to foreign elements again.

Frankly, I am as distressed at the position of portions of the administration as I am with the actions of the other body. The Secretary of Energy wants to abolish the Synthetic Fuels Corporation, which might give us an alternative to offshore leasing, while the Secretary of the Interior wants to impose a 15-year moritorium off the coast of California. If California can have a moratorium, I fail to see why Louisiana or Texas or Alaska cannot have one.

The Miller amendment goes even beyond that to permit the States to hold the entire country hostage. This entire process is pernicious, foolhardy, and completely contrary to any rational concern for the welfare of this Nation and our obligations to the citizens who elected us.

There are three points that I want to make very clearly and quickly.

First of all I did not welcome the assignment given our committee to solve this issue. We were given that assignment. We did the best we know how to weigh the issues and the equities involved to come up with an equitable solution.

With respect to the estimates that have been made, the Office of Technology Assessment says those estimates of revenues are "not worth the paper they are printed on." That is a quotation.

Second, Mr. Bittenburg, who developed those figures, says they are very broad bands of uncertainty. So the Senator from Texas is correct.

Look at those estimates with very great skepticism.

With respect to the cap, I would have been willing to negotiate a cap because I think the estimates are so wildly out of proportion that we could safely put a cap in there far below their estimates, maybe 20 percent of their estimates, and still be totally safe.

But that requires us to negotiate some allocation within that period. I hope the amendment is not adopted. I move to table the amendment and ask for the yeas and nays on my motion to table.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table amendment No. 1040. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. HUMPHREY). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 54, nays 45, as follows:

[Rollcall Vote No. 308 Leg.]

YEAS—54

Andrews	Goldwater	Melcher
Baucus	Gramm	Murkowski
Bentsen	Harkin	Nickles
Bingaman	Hatch	Nunn
Boren	Hatfield	Pryor
Burdick	Hawkins	Quayle
Byrd	Heflin	Rockefeller
Cochran	Helms	Sasser
Cohen	Hollings	Simpson
Cranston	Inouye	Stennis
D'Amato	Johnston	Stevens
DeConcini	Kennedy	Symms
Denton	Kerry	Thurmond
Domenici	Laxalt	Trible
East	Long	Wallop
Exon	Matsunaga	Warner
Ford	McClure	Wilson
Garn	McConnell	Zorinsky

NAYS—45

Abdnor	Gore	Metzenbaum
Armstrong	Gorton	Mitchell
Biden	Grassley	Moynihan
Boschwitz	Hart	Packwood
Bradley	Hecht	Pell
Bumpers	Heinz	Pressler
Chafee	Humphrey	Proxmire
Danforth	Kassebaum	Riegle
Dixon	Kasten	Roth
Dodd	Lautenberg	Rudman
Dole	Leahy	Sarbanes
Durenberger	Levin	Simon
Eagleton	Lugar	Specter
Evans	Mathias	Stafford
Glenn	Mattingly	Weicker

NOT VOTING—1

Chiles

So the motion to lay on the table amendment No. 1040 was agreed to.

Mr. McCLURE. I move to reconsider the vote by which the motion was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I think the distinguished Senator from California [Mr. WILSON] has an amendment.

AMENDMENT NO. 1041

(Purpose: To exempt Israel bonds from the imputed interest rules of the Internal Revenue Code of 1954)

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. I thank the Chair and I thank the distinguished manager.

Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California [Mr. WILSON] proposes an amendment numbered 1041.

Mr. WILSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, add the following:

"Section . Section 7872 of the Internal Revenue Code of 1954 shall not apply to loans made to the State of Israel.

"(a) IN GENERAL.—Subsection (c) of section 7872 of the Internal Revenue Code of 1954 (relating to below-market loans to which the section applies) is amended by adding at the end thereof the following new paragraph:

"'(4) EXCEPTION FOR ISRAEL BONDS.—This section shall not apply to bonds issued by the State of Israel.'.

"(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply as if included in section 172(a) of the Tax Reform Act of 1984.".

Mr. WILSON. Mr. President, my amendment is designed to remedy an unintended impact of the imputed interest rules that we passed as part of last year's tax bill, and is identical to S. 1619 which I introduced on September 10, 1985.

The problem we must address is that under the imputed interest rules, Israel bonds would become so disadvantaged that no one could afford the tax consequences of buying them.

Under present law, certain below-market loans are subject to so-called imputed interest rules. The list of loans subject to these rules was quite a bit longer a few weeks ago than it is today because we passed a bill to remove most of the onerous provisions of the law as it was passed last year. However, one very important impact that was not remedied by our action on H.R. 2475 was the impact that the law has on bonds issued by the State of Israel.

Israeli bonds serve a vital role in the fight against Israel's staggering financial responsibilities. At present, Israel devotes approximately two-thirds of its budget to defense and debt service. Many of the bonds that are issued do yield market rates, but as a means of lowering the costs of debt service, some bonds yield as low as 4 percent. This savings of more than 50 percent on what Israel would otherwise have to pay is of enormous importance. Furthermore, it must be evident that the people who buy these bonds do so not as a matter of tax planning, but with entirely philanthropic motives. Indeed, according to the Wall Street Journal, Israel sold more than $102 million of its bonds in the United States in 1984, and an additional $44 million worth in the first 7 months of this year.

For our tax laws to penalize such efforts—by taxing the holders of Israel bonds for income of more than twice what they actually receive—would not only be unfair, but truly counter to our national interests. It is quite apparent that we should do all that we can to encourage voluntary efforts to solve Israel's most overwhelming financial problems.

Mr. President, I know of no Member of the Senate, or of the other body for that matter, that opposes passage of this legislation. It is intended to cure what was clearly an omission and an unintended impact. I would have preferred to offer my amendment to a less controversial, less cluttered, and more relevant bill. However, because of the possibility that there will be no other vehicle available this year to remedy this injustice in our tax system, I am compelled to offer my amendment today.

Mr. President, I thank the distinguished majority leader, as well as the distinguished chairman of the Finance Committee, Senator PACKWOOD, for their help in moving this matter along.

Mr. MOYNIHAN. Mr. President, I rise today to join my distinguished colleague Senator WILSON in cosponsoring an amendment to correct an unintended consequence of the Deficit Reduction Act of 1984. That legislation included a provision designed to prevent certain tax avoidance schemes involving the use of below market or zero interest loans.

The problem is this. The Government of Israel has for many years sold low interest bonds to Americans and others abroad. As presently written, the low interest loan rules enacted in the Deficit Reduction Act may require American purchasers of Israeli bonds to pay taxes on the difference between the bonds' return—4 percent—and the market rate of interest on comparable obligations. In other words, American holders of Israeli bonds may be taxed as if they had received a 9 or 10 percent return on their investment rather than the 4 percent they actually receive.

Congress never considered the situation with Israeli bonds when the low interest loan rules were enacted last year. These rules were designed to eliminate certain tax abuses in loan transactions, not to hamper the bond sales of one of this Nation's most valued allies. The amendment I join in cosponsoring today should clarify this matter, by exempting obligations issued by the Government of Israel from the low interest loan rules. I urge my colleagues to join us in this expeditious solution to this problem.

Mr. WILSON. I ask unanimous consent that Senators HAWKINS and MOYNIHAN be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Does the Senator yield back the remainder of his time? I am going to take 30 seconds and then yield back mine.

Mr. President.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Regardless of how valid this amendment is, I do not be-

lieve it belongs on this reconciliation bill. I yield back the remainder of my time, and I make a point of order that the amendment is not germane.

The PRESIDING OFFICER. The point of order of the Senator from New Mexico is well taken.

Mr. WILSON. Mr. President, I move to waive the point.

Mr. DOMENICI. Mr. President, parliamentary inquiry. A motion to waive is out of order; the Chair has already found the amendment to be out of order?

The PRESIDING OFFICER. The Senator from New Mexico is correct.

Mr. DOMENICI. The amendment has fallen, has it not?

The PRESIDING OFFICER. The Senator from New Mexico is correct.

Mr. DOMENICI. I thank the Chair.

Mr. JOHNSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from myself and JAMES MCCLURE.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC, October 22, 1985.

DEAR COLLEAGUE: You have probably received recent correspondence urging your opposition to the Outer Continental Shelf Lands Act provision of the Budget Reconciliation package, and the "give-away" of "BILLIONS" of federal dollars that it entails. These missives variously estimate the size of this "give-away" to be "$6-12 billion"; "$4-6 billion"; or the "$4.5-6.5 billion" estimate in the Metzenbaum-Evans Dear Colleague.

Anyone familiar with the OCS leasing program will instantly realize these estimates to be preposterous.

These estimates purport to reflect the amount of royalties which coastal states will receive from the so-called 8(g) zone—a 3 mile wide stretch of coastal waters just seaward of the federal-state seaward boundary. The provision in the Budget Reconciliation package reported by the Senate Energy Committee mandates that the coastal states receive a 27% share of the future federal royalties to be recognized from this zone. It is this provision that opponents point to as a "raid" on the federal Treasury.

In the last 7½ years the states' 27% share of the 8(g) royalty account has totaled only $48 million, or an average rate of $6½ million per year for all the states. If it were to continue to produce at this rate for 30 years without any depletion, it would produce a total of $194 million over the 30 year period.

CBO estimates the states' share of future royalties from the 8(g) zone to be $27 million per year, or a total of $810 million over 30 years.

Of course, both of these figures would be subject to reduction for inflation and the time value of money by a factor of approximately 75% over the 30 year period.

So in view of these two figures, $194 million (straight line extrapolation of present royalties), or $810 million (the CBO 30 year estimate), just how does Interior or the Metzenbaum-Evans letter arrive at the dollar figure between $4-12 billion? The answer is that they do so through admittedly suspect methodology and wildly optimistic projections.

Indeed, for this 3 mile wide band to produce state revenues of this magnitude, total production would have to run between $89 billion and $267 billion, for the period. For the Metzenbaum-Evans allegations to prove true, oil production from the 8(g) zone would have to be 28 times greater over the next 30 years than it has over the last 7½. All of this comes in the face of a report issued last year by the Mineral Management Service which revised downwards the Interior's estimates of recoverable OCS reserves by 50%.

The OCS provisions reported by the Senate Energy Committee reflect a very thoughtful and balanced compromise to a complicated and longstanding dispute. This compromise, which is virtually identical to that reported by two committees in the House, would save over $300 million more during the FY 1986-88 period than would the partial solution assumed by the Budget conferees. We urge you to reject the unfounded and unrealistic assertions of opponents of this compromise and to support its retention on the Senate floor.

Sincerely,

JAMES A. MCCLURE,
U.S. Senator.
J. BENNETT JOHNSTON,
U.S. Senator.

Mr. JOHNSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, let me urge my colleagues who have amendments to come to the floor and offer them. I have had a number of Senators ask me about the plans for tomorrow and I have to make some judgment here by at least 2.30 p.m.

If we cannot complete action on this bill and two others today we will be here tomorrow and it looks more and more like that. We have been 3½ hours on this measure and disposed of two amendments, one on a rollcall and one subject to a point of order.

So, I hope at 2:30 p.m. I will be able to advise my colleagues on each side whether there will be a session tomorrow. But unless Members start showing up I think the answer is fairly obvious.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1042

(Purpose: To freeze the effects of a Wage Area Survey regarding Federal blue collar pay rates for Department of Defense, Veterans' Administration, and other Federal agency employees in Tucson, AZ)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. DECONCINI] proposes an amendment numbered 1042.

Mr. DECONCINI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in title VIII of the bill, insert the following new section:

SEC. . Notwithstanding any other provision of law limiting the amounts payable to prevailing wage rate employees during the fiscal year 1986, wage schedules or rates payable in the Tucson, Arizona wage area shall not be reduced as a result of a wage survey conducted during fiscal year 1985.

Mr. DECONCINI. Mr. President, I will try to be very brief. This is an amendment that addresses an anomaly that has occurred in the Tucson, AZ, wage area and which is currently affecting the pay of over 800 blue-collar Federal workers at Fort Huachuca, the Veterans' Administration, and other Federal agencies in the Tucson area. These are not high-priced Federal workers; these are the blue-collar workers. I wish to stress that. Let me explain briefly what has happened.

Under prevailing wage law, blue-collar wage surveys are done periodically in the private sector blue-collar work force to help the Office of Personnel Management and the affected agencies determine what the comparable blue-collar pay rates should be for Federal workers in the Defense Department and other agencies. These surveys are performed and reviewed by the agencies; Federal employee unions; and the OPM, as I understand it. Then once there is concurrence on the survey, the survey results are applied to the affected agencies and departments and blue-collar wages are adjusted accordingly to those agencies.

Mr. President, such a survey was performed in the Tucson wage area during fiscal year 1985, with the results to be applied to Federal blue-collar wages in fiscal year 1986, starting November 10. The results were that, unlike any other wage survey area in the Nation, certain Tucson

area blue-collar Federal workers were hit with as much as a 10-percent pay cut. Normally, I would be hard pressed to single out one particular wage survey area for special consideration. But the major factor in the Tucson wage survey, which led to the devastating blue-collar wage cut, was the omission of copper industry blue-collar work force data from the Tucson wage area survey. Historically, the copper industry has always been included in these wage surveys with copper industry wage rates included in the equation used to determine Federal blue-collar pay. But it was left out. Generally, the copper industry pay rates have been substantially higher than other area industries, and there is no reason it should not be in. Therefore, the failure to put the copper industry data into the fiscal year 1985 survey has skewed in the wrong manner. The result has been, in part, the huge percentage pay cut which is unfair to these workers.

Mr. President, my amendment would freeze the pending pay cut for these 800 Federal blue-collar workers in Tucson, AZ, wage area for the balance of fiscal year 1986. Let me quickly add that both OPM and DOD have indicated to me that they expect next year's wage survey in Tucson will result in about a 5-percent increase in pay rates for blue-collar workers and a comparable correction in blue-collar pay for certain Federal workers. Therefore, the net effect of my amendment would be to hold the Federal blue-collar workers harmless from the effects of this anomalous 1-year, drastic pay cut until next year when the pay would presumably increase by 5 percent. That would mean that blue-collar Federal workers would still suffer a 5-percent pay cut below 1985 pay rates. But my amendment would allow them to adjust to this smaller pay cut over the balance of fiscal year 1986.

Mr. President, I do not take lightly the perception that we are tinkering with a prevailing wage rate system that, in general, has been fair and worked well. But the situation in Tucson is, by all accounts, an aberration that is so severe, so unexpected and, perhaps, tainted by the lack of copper industry wage data, that we should offer some degree of relief to these workers for the balance of this current fiscal year. Equity and fairness dictate this course of action and I hope that the Senate will see fit to make this exception. I have notified the chairman of the Governmental Affairs Subcommittee with jurisdiction over this matter and I hope that he would have no objections to making this exception for the Tucson, AZ, wage survey area workers.

Mr. President, I urge the adoption of my amendment.

Mr. President, I have cleared this with Senator STEVENS of Alaska who chairs the subcommittee dealing with Federal employees and Senator EAGLETON of Missouri. They find no problem with this. I know it is a special situation but I ask the indulgence of my colleagues, and hopefully the amendment will be accepted.

Mr. McCONNELL. Will the Senator from Oregon yield for a question?

Mr. PACKWOOD. Yes.

Mr. McCONNELL. I am very interested in this question of Customs user fees. I have a question dealing with a situation in which there is a user paid Customs station, I mean Customs location at a port where the user reimburses the U.S. Customs Service for all of the facilities, including space, office furniture, computer terminals, and telephones, for the U.S. Customs Service at no cost to the Customs Service, and makes the Customs Service whole in every way for the services it provides at the facility. User paid Customs stations also include stations where the user reimburses Customs in the manner I have just described at Customs-designated small airports where the reimbursing entity uses the Customs facility for its exclusive benefit. Our reconciliation proposal provides that we would have a $5 charge for the user for each informal entry where the Customs Service prepares the document. The question to you is, Would this user fee apply in a situation where all the costs of the Customs Service were being reimbursed in this kind of a user-paid situation?

Mr. PACKWOOD. No. In a situation where the user reimbursed all the costs of the U.S. Customs Service at a particular location, there would be no user charge for informal entries at that location.

Mr. McCONNELL. Will the Senator yield further for further clarification?

Mr. PACKWOOD. Yes.

Mr. McCONNELL. The same section of the reconciliation bill dealing with the charge for an informal entry makes the statement that the user fee only applies when the documentation is prepared by the Customs Service. What does the preparation of the document by the Customs Service entail?

Mr. PACKWOOD. If the Customs Service physically has to fill in the document and must look up the TSUSA number applicable to the commodity, that would be preparation by the U.S. Customs Service. If in fact, the document is prepared by other than the Customs Service, either a broker or a carrier, and includes a TSUSA number, that document would be prepared by the user, and the charge would not apply.

Mr. McCONNELL. Thank you very much.

Mr. GORTON. Mr. President, parliamentary inquiry. Is the amendment by the Senator from Arizona germane to this bill?

Mr. DECONCINI. Mr. President, pursuant to——

Mr. GORTON. I have a parliamentary inquiry.

Mr. DECONCINI addressed the Chair.

Mr. DECONCINI. Mr. President, after the Chair rules, I ask pursuant to section 904 of the Budget Act——

The PRESIDING OFFICER. Will the Senator withhold? A parliamentary inquiry has been put. The Chair responds by saying that the amendment appears not to be germane.

Mr. GORTON. Mr. President, I make a point of order against the amendment.

Mr. DECONCINI. Mr. President, pursuant to section 904(b) of the Budget Act, I move to waive the germaneness requirement contained in section 305(b) of that act for consideration of my pending amendment, and ask for the yeas and nays on this motion.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. DECONCINI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, I ask for the yeas and nays on my motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GORTON. Mr. President, I move to lay on the table the motion of the Senator from Arizona, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington to lay on the table the motion of the Senator from Arizona. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. HECHT). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 36, nays 63, as follows:

[Rollcall Vote No. 309 Leg.]

YEAS—36

Andrews	Gramm	Packwood
Armstrong	Grassley	Pell
Boschwitz	Hatfield	Pressler
Chafee	Hawkins	Proxmire
Cochran	Hecht	Roth
Cohen	Heinz	Rudman
Danforth	Helms	Simpson
Dole	Kassebaum	Stafford
Domenici	Lugar	Symms
East	McClure	Wallop
Evans	Murkowski	Warner
Gorton	Nickles	Zorinsky

NAYS—63

Abdnor	Glenn	Mattingly
Baucus	Goldwater	McConnell
Bentsen	Gore	Melcher
Biden	Harkin	Metzenbaum
Bingaman	Hart	Mitchell
Boren	Hatch	Moynihan
Bradley	Heflin	Nunn
Bumpers	Hollings	Pryor
Burdick	Humphrey	Quayle
Byrd	Inouye	Riegle
Cranston	Johnston	Rockefeller
D'Amato	Kasten	Sarbanes
DeConcini	Kennedy	Sasser
Denton	Kerry	Simon
Dixon	Lautenberg	Specter
Dodd	Laxalt	Stennis
Durenberger	Leahy	Stevens
Eagleton	Levin	Thurmond
Exon	Long	Trible
Ford	Mathias	Weicker
Garn	Matsunaga	Wilson

NOT VOTING—1

Chiles

So the motion was rejected.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. DECONCINI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the rollcall on the DeConcini motion be vitiated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GORTON. Mr. President, this side yields back all the time on the motion.

Mr. DECONCINI. I yield back the remainder of my time on the motion.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the motion to waive.

The motion was agreed to.

Mr. DECONCINI. I move to reconsider the vote by which the motion was agreed to.

Mr. INOUYE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DECONCINI. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona.

The amendment (No. 1042) was agreed to.

Mr. GORTON. Mr. President, I yield to the Senator from Oregon.

AMENDMENT NO. 1043

(Purpose: To allow social security coverage of newly hired members of the Connecticut State Police)

Mr. PACKWOOD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Oregon [Mr. PACKWOOD] for himself, Mr. DODD, and Mr. WEICKER, proposes an amendment numbered 1043.

On page 265, between lines 7 and 8, insert the following:

SEC. 769G. COVERAGE OF CONNECTICUT STATE POLICE.

Notwithstanding any provision of section 218 of the Social Security Act, the Secretary of Health and Human Services shall, upon the request of the Governor of Connecticut, modify the agreement under such section between the Secretary and the State of Connecticut to provide that service performed after the date of the enactment of this Act by members of the Division of the State Police within the Connecticut Department of Public Safety, who are hired on or after May 8, 1984, and who are members of the tier II plan of the Connecticut State Employees Retirement System, shall be covered under such agreement.

Mr. PACKWOOD. Mr. President, this is an amendment that would allow the State of Connecticut to let newly hired State police be brought under the Social Security Program if they want to. They do not have to.

It is voluntary. We are not forcing them into it. About 90 percent of the State of Connecticut employees are now covered, and under a new agreement they can be brought in. This amendment would permit that.

Mr. WEICKER. Mr. President, this amendment will extend Social Security coverage of new Connecticut State police officers. The State of Connecticut has reached a collective bargaining agreement with the State police which calls for including newly hired officers under the Social Security Program. In order to implement this agreement, however, a technical change must be made in the Social Security law to authorize the Governor of Connecticut to include the new hires under Social Security.

It is also imperative that the change in the Social Security law occur before the end of this year or, under the terms of the contract agreement, some of the retirement provisions will need to be renegotiated.

It is my understanding that this amendment is supported by the Connecticut State Employees Retirement Commission, the State Police Union, and the Labor Relations Division of the State of Connecticut Department of Administrative Services.

Mr. President, I strongly urge adoption of the amendment.

Mr. DODD. Mr. President, on behalf of my colleague from Connecticut [Mr. WEICKER], I am very pleased to join Senator PACKWOOD in offering an amendment which will help to facilitate the coverage of new members of the Connecticut State Police under the Social Security System. This is a purely technical amendment which pertains only to the State of Connecticut and to the coverage of new State police employees under the Social Security Act. I would also like to express my appreciation to Senators PACKWOOD and LONG for their assistance in bringing this amendment to the floor today.

Currently, about 97 percent of the employees of the State of Connecticut are covered by Social Security. The one remaining exception is the State's police employees. However, under a collective-bargaining agreement reached between the State and its State police union last year, the State would be authorized to request coverage under Social Security for police employees hired on or after May 8, 1984. Our amendment would simply enable this agreement to be implemented under the current requirements of the Social Security Act.

Let me emphasize that all the interested parties in the State support the amendment which we are offering today. The amendment applies only to the State of Connecticut and only to newly hired State police employees. We have also been informed that our amendment has no budget impact.

I urge my colleagues to support the amendment.

Mr. GORTON. Mr. President, this is a bipartisan amendment. It is cleared on this side.

Mr. JOHNSTON. It is cleared on this side.

The PRESIDING OFFICER. Is all time yielded back?

Mr. PACKWOOD. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1043) was agreed to.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

Mr. METZENBAUM. Mr. President, will the Senator yield for a question? Is it the intent that the Senator desires that I go forward with my tobacco amendment at this point?

Mr. GORTON. the managers on both sides would be delighted if the Senator from Ohio would go ahead with this amendment.

Mr. METZENBAUM. Then I will suggest the absence of a quorum temporarily so that I can see if Senator Eagleton is ready to come over and Senator FORD. I would certainly like to have him on the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, I am about to send an amendment to the desk in connection with the issue of tobacco. Before doing so, I note that the coauthor of the amendment, Senator EAGLETON, is not on the floor. I want to be courteous to him, and I have taken this matter up with the manager of the bill as well as with Senator FORD.

Therefore, I ask unanimous consent that 3 minutes be reserved for Senator EAGLETON to speak in support of the amendment, that the 3 minutes be taken out of the 10 minutes we have on our side, and that if the time expires, in no event would it be later than 3:10 p.m. that we would hold up the matter so far as Senator EAGLETON is concerned.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1044

(Purpose: To remove the tobacco program provisions)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio [Mr. METZENBAUM], on behalf of himself and Mr. EAGLETON, proposes an amendment numbered 1044:

On page 372, strike out lines 3 and 4 and insert in lieu thereof the following:

Part 3—Tobacco Products Excise Taxes

On page 374, strike out line 1 and all that follows through line 9 on page 415.

Mr. METZENBAUM. Mr. President, I yield myself 5 minutes of the 10 minutes allocated to me.

Mr. President, these provisions having to do with tobacco do not belong in the reconciliation bill. They belong in a separate agriculture bill. They were included as a result of a deal on the floor of the Senate. The distinguished Senator from North Carolina stated it and said it publicly:

I reluctantly gave my support to the 16-cent tax in exchange for reform of the program.

That is how we got the 16-cent tax as well as the provisions in the budget reconciliation measure.

Tobacco is in reconciliation because it is alleged to save money. But the Congressional Budget Office says that cash flow savings will be $200 million.

However, I point out one thing: That does not include—and I emphasize this—losses to be incurred by the Commodity Credit Corporation when tobacco is sold at 10 cents on the dollar, as provided in this legislation.

The committee report says:

It is anticipated that the pre-1982 tobacco will recover only about 10 percent of the loan principal, resulting in a loss to the Commodity Credit Corporation of at least $636 million. In addition, there is the expectation that the poor quality 1983 burley tobacco will be sold at a discount of 90 percent or more, with the loss falling upon CCC rather than the no-net-cost account. This could mean on additional loss to the CCC of at least $53 million.

What we are saying, Mr. President, is that we are talking about $1.1 billion that will have to be appropriated. I do not call that a saving; neither does the administration.

I point out to my colleagues on the other side of the aisle a letter which was received by Senator DOMENICI, dated October 14, written by the Director of the Office of Management and Budget, James Miller. He wrote as follows:

Although these provisions state that one of the goals is to maintain the no net cost to the taxpayer of the tobacco program, in reality the bill imposes significant costs on the taxpayer. This legislation provides for the complete disposal of all stocks of burley and flue-cured tobacco at substantial discounts.

Continuing on, the OMB says:

The Government would lose $1.1 billion as a result of being forced to sell its stock at prices significantly below prevailing market prices, without reimbursement from tobacco producers or cigarette manufacturers.

The savings are illusory. This bill will cost $1.1 billion. This is a controversial bill and it is controversial even in the tobacco States. It should not be considered under reconciliation rules. It should be considered in detail as part of the farm bill in the same way we are considering every other commodity. The dairy farmers would like to have their program protected this way. So would corn, wheat, cotton, rice, sugar, and peanuts. Why should this tobacco issue be given special privilege to be included in the budget reconciliation measure under limited time? Why? What kind of arrangement, what kind of deal does this mean for the American people? All of the other programs are subject to full scrutiny and to amendment. And there is no excuse to give the tobacco bailout treatment that is given to no other commodity.

My amendment does not address itself to the totality of the issue. The farm bill is still coming up. The amendment can be considered in the farm bill. It should not be a part of the budget reconciliation measure, particularly when it will cost the U.S. Treasury $1.1 billion.

Mr. President, I reserve the remainder of my time.

Mr. GORTON. Mr. President, I yield 2 minutes to the distinguished senior Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the distinguished manager of the bill and I thank the Chair.

Mr. President, I have the highest respect for my friend from Ohio and I am baffled as to why he is offering this amendment.

Let me answer some of these questions as briefly as I can.

First of all, reconciliation was chosen as the vehicle because of the direct tie with the increase in the 16-cent tax on cigarettes and making the tobacco program reforms.

Furthermore, the House reconciliation bill already dealt with the tobacco program as it earmarked 1 cent of the 16 cents to be used to pay for the operation of the Tobacco Program without making the price support reductions and other reforms in the Senate bill.

Time—I can answer that one easily. And I expect that the distinguished Senators from Kentucky, both of them, will respond to that. The burley tobacco markets were scheduled to open on November 18 and that has now been postponed to December 2, and further delay is a tremendous and unreasonable burden to place on the burley farmers, most of whom are in Kentucky, some in North Carolina and other States.

But let me say this: For years I have been telling all of the so-called tobacco family that the trouble with the Tobacco Program was that the support price was higher than the market price. I had to drag people kicking and screaming to the table. We had over 100 meetings this year before we had some area of agreement.

Now, this program will not have a support price above the market price and, therefore, no longer will tobacco be grown for sale to the Federal Government. I would think that the distinguished Senator from Ohio would applaud that. I thought he would be on this floor saying, "Hooray. Senator HELMS has done something, Senator MCCONNELL has done something, Senators FORD, EAST, and the rest of them have done something."

But, no, here he comes with a list of vagaries that just bewilder me.

This legislation is designed to restore stability to the Tobacco Program so it will not cost anything. Indeed, because it will reform the Tobacco Program, it will result in some $235 million in direct savings over current law.

Finally, the tobacco family listened to my message about this business of support price being higher than the market price.

Again, I say the distinguished Senator from Ohio should be applauding this instead of opposing it.

The present support levels are too high. They are not competitive in the world market. I just do not understand why the distinguished Senator from Ohio does not understand that.

No one in the tobacco family really likes this bill. I had to draw all of the competing forces together, and Senator FORD will testify to how difficult that was. Senator MCCONNELL was in on it, and other Senators.

So this is a good bill that ought to have unanimous support.

I reserve the remainder of my time.

Mr. GORTON. I yield 2 minutes to the distinguished senior Senator from Kentucky.

Mr. FORD. Mr. President, I thank the distinguished manager of the bill.

Let me just make a point or two. The distinguished Senator from Ohio is not arguing this amendment. He is arguing his next amendment. He wants to instill in the minds of his colleagues what the next amendment will bear.

All I want you to look at is this amendment eliminates the Tobacco Program, pure and simple. It eliminates the Tobacco Program.

I do not believe there is a Member of this Senate outside of the two sponsors of the bill who would want to see anyone in their State eliminated for their future. So what we are looking at here is the elimination of the program. The health groups do not want it. The tobacco people do not want it. Manufacturers do not want it. I believe that the health groups, as I said, do not want to really eliminate the program. They want to keep control on it so you will not grow from fence row to fence row.

And why is it in reconciliation? I just want to elaborate on this one moment. The House placed the tobacco bill in reconciliation. We have done the same thing over here. We increased the cigarette tax to 16 cents, or allowed that to stay on, a 6-cent increase. We added new taxes to smoke less and the tobacco bill that was presented as in this Reconciliation Act saves $236 million from this budget period forward for 3 years.

The next 3 years it will double that and save $900 million. So why should not this piece of legislation be in reconciliation? Why should it not have come from Finance?

So, I say to my distinguished colleagues, my tobacco season in Kentucky for sales will start in less than 2 weeks.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. FORD. I thank the Chair.

Mr. GORTON. I yield 2 minutes to the junior Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I thank the Senator.

Mr. EAGLETON. Will the Senator yield me 2 minutes?

Mr. METZENBAUM. Yes.

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. EAGLETON. I am sorry.

Mr. MCCONNELL. I thank the Senator from Washington.

Mr. President, I rise in strong opposition to the motion of the Senator from Ohio to strike section 792 from the Senate Reconciliation Act. I thought 2 weeks ago that the Senate clearly spoke to this issue, but since it has been revisited there are some important considerations which must be brought before the Senate.

It appears increasingly obvious that a 16-cent permanent excise tax will be established on cigarettes. This 16-cent tax represents a 100-percent tax increase, and while it is clearly unjustified in my opinion, the will of the Senate is that the 16-cent cigarette tax will be made permanent. Given that, we must afford the tobacco growers in my State, in North Carolina, in Virginia, in Tennessee, in the Senator's home State of Ohio, and in 15 other States in this country, the opportunity to continue making a profit by growing a perfectly legal crop. In raising the cigarette excise tax, we effectively are penalizing a $11 billion a year industry in Kentucky, so I see nothing inappropriate about including improvements in the Tobacco Program in a bill which increases the cigarette excise tax.

The arguments regarding the merits of the cigarette tax are well known and were debated at length 2 weeks ago. But I think some highlights of the program improvements are in order here.

As many of my colleagues know, this package of program improvements is a delicately balanced agreement reached after months of negotiations between grower groups and cigarette manufacturers. It is bipartisan package in the truest sense—the package is supported by Flue-cured and burley grower groups, Republicans and Democrats, the tobacco growers, in six Southeastern States. For the program improvement we envision to be successful this package of improvements must be accepted intact with no changes. A small change could jeopardize the whole agreement, and in the absence of an agreement, Uncle Sam will be stuck with about $4 billion worth of tobacco. We can do better than that, Mr. President, and here's why.

This legislation provides that, after an initial 19-percent reduction in the tobacco price support loan rate, the system of price supports governing the tobacco program will be totally market driven in the future. Totally market-oriented, Mr. President. Perhaps the distinguished chairman of the Agriculture Committee could refresh my memory, but I don't believe that any other commodity covered by the 1985 Senate Committee farm bill is subject to total market-oriented loan rates. For that reason, there will be no need for the Senate to consider tobacco legislation in the near future since domestically grown tobacco will now be price competitive in the world market. Price-competitive tobacco means that surplus stocks won't pile up in the future because U.S. grown tobacco will now find its way into the market channel instead of into the producer-owned inventory.

The company buy-out of current loan inventories is a critical part of this legislation. Because of artificially high price support rates, unprecediented surpluses of leaf have built up in producer held inventories. Enactment of the No Net Cost Tobacco Program Act of 1982 mandated that producers themselves would pay all costs associated with maintaining this tobacco loan inventory. The costs of carrying this tobacco have become prohibitive because of the huge volume of tobacco in inventory and no clear resolution to the problem of the industry can be made until this surplus tobacco is moved into the marketplace.

Therefore, the domestic cigarette manufacturers have agreed to purchase the millions of pounds of surplus tobacco in inventory, that they say they neither need nor want, at a cost exceeding $2 billion. We start out with a clean slate in the loan inventory, and all future costs associated with maintaining such inventory will be shared equally by producers and companies.

Let me emphasize for a moment, Mr. President, that point. No commodity group, other than tobacco growers, pays for its own program. Sure, there are number of commodity groups in which producers pay into a promotional fund. But producers of no other commodity pay for price support of their commodity program. Add to this unique arrangement the fact that cigarette companies will share in the costs of the tobacco program after enactment of the provisions of this bill and you have what I believe, Mr. President, is an outstanding arrangement. Let's leave well enough alone.

Finally, Mr. President, this tobacco proposal is truly a producer bill that is needed to maintain the viability of a program that has served rural America for over 50 years. It affects 150,000 growers in Kentucky and countless other farmers in neighboring States. Why, there are even 5,600 tobacco growers from the home State of the distinguished author of this amendment, who raised over $26 million worth of tobacco in 1984. We must not pull the rug out from under the thousands of farm families and rural communities who depend on tobacco production for their very existence.

The tobacco program improvements are not perfect. There are elements of the agreement on which the legislation is based that are bitter medicine for tobacco producers and cigarette manufacturers. But in an unprecedented show of unity within a multibillion-dollar, vertical industry, each

group swallowed their medicine because they knew they had to do it to save the tobacco program.

I urge my colleagues to reject this effort to dismantle a true industry compromise and defeat this amendment.

I do not know of any other agricultural commodity coming before this body that is willing to take advocating a reduction in price support. In fact, the tobacco growers are taking a 16-percent reduction in price support.

Killing the program, terminating the tobacco program, which is precisely what the distinguished Senator from Ohio and the Senator from Missouri would like to do here, is going to have no positive effect.

If you eliminate the tobacco price support program, you will not do anything about the smoking of tobacco. It will still be produced. It is still a legal crop in America. It will be produced, some argue, more efficiently and less expensively and we all know that cigarette smoking is directly tied to the price of cigarettes.

If ever there were a commodity that it could be argued ought to be under a control production system, this is it. This is it.

The demise of the program would mean the end of over 150,000 people in my State who make some or all of their income from growing this legal crop. In fact, what you are talking about here with the demise of the program is doing nothing whatsoever about cigarette consumption in America but simply creating a depression in Kentucky and North Carolina and some other States.

In my judgment, that serves no good purpose, absolutely no good purpose. This commodity program is paying for itself.

The Senator from Ohio mentioned that it was going to cost the Government some money. Let me tell you with all due respect to the distinguished Senator from Ohio, if this program is not saved by the passage of this tobacco reform proposal, the growers——

The PRESIDING OFFICER. The Senator's time expired.

Mr. McCONNELL. I ask unanimous consent for another 25 seconds.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. I object, unless it is taken off the time of the Senator from Washington.

Mr. EAGLETON. Mr. President, will the Senator from Ohio yield me 2 minutes?

Mr. METZENBAUM. I do.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. EAGLETON. Mr. President, the Senate is being asked to adopt a revised tobacco subsidy program which is estimated by OMB will cost the American taxpayer $1.1 billion.

This new improved tax giveaway has not been considered or approved by the Agriculture Committee. You can try to make it into a Finance bill but tobacco is supposedly within the domain of the Agriculture Committee.

Mr. President, we spent a considerable time on this bill arguing the horrors that would befall the budget process if we established the precedent of adding wholly extraneous matters to the filibusterproof reconciliation resolution. It was that reason the textile amendment was ultimately stripped from the bill and acted on separately.

Now I see no fundamental difference between the textile amendment and this tobacco provision. If one doesn't belong on the reconciliation bill, then neither does! There is only one reason we find the tobacco program hiding in the pages of this bill and that is it cannot stand the light of Senate debate. The sponsors of the program know that. They know that if normal Senate debate and voting procedures were to apply—as they most certainly should—this program would undergo major revisions or be killed outright.

This new program purports to keep tobacco supply in line with demand and thereby relieve the Government of future support costs. But I point out to my colleagues, these are the very same promises we heard about the so-called No Net Cost To Taxpayers Tobacco Program passed in 1982—a program that it turns out cost the taxpayer about $1.1 billion, the so-called no net cost. Do you remember that one, Mr. President?

The chairman of the Committee on Agriculture stated on July 14, 1982 when debate on this misnamed program began: ". . . the package of changes we urge the Senate to adopt today will assure that there are no losses for the Government and the taxpayer in the operation of the Tobacco Program; they will assure that U.S. tobacco will become more competitive with that grown in world markets." The sponsors of that program now concede that neither objective has been attained.

The No Net Cost Taxpayers Act that was put together in 1982 by what is termed the "tobacco family" did not result in stable markets and no losses to the Government. The GAO, in a report of February 8, 1985 states that: "Although the 1982 act is entitled the No Net Cost Tobacco Program Act of 1982, the program does not operate at no net loss to the taxpayer." In fact, the chairman of the Agriculture Committee on July 10, 1985 stated:

> Frankly, the No Net Cost Program has not worked as Congress intended. Much more tobacco—both Flue-cured and burley—has gone under loan than was ever anticipated. As a result of these massive loan stocks, Congress took a number of additional actions in 1983, including the freezing of the price supports farmers receive for 3 years. Again, this action has not worked as expected. So once again we are here in hope of getting it right this time. It is our hope to accomplish in a successful way the intentions of Congress—mandated by the House of Representatives in 1981—that the Tobacco Program be operated at no cost to the taxpayers—except the normal administrative expenses associated with any farm program.

Now Mr. President, we are being asked to accept as part of this reconciliation bill what the chairman of the Agriculture Committee called on July 10:

> The Tobacco Program Improvement Act of 1985, a bill designed to restore stability to the Tobacco Program, to improve its operation for family farmers, and to save the taxpayers billions of dollars from potential losses.

He further stated that this proposal was the result of efforts

> . . . to improve the economic conditions for the entire tobacco family and to assure the well-being of more than half of a million family farmers.

The "tobacco family" came up with a lemon in 1982 and now we are being asked to accept on faith their latest proposal without thorough scrutiny by the Senate. The "tobacco family" may be confined to a few States, but what they propose has enormous consequences for all taxpayers and should therefore be considered by the full Senate.

There was extensive debate about the No Net Cost Program when it was considered by the Senate and there were amendments considered, but defeated which would have assured a true no net cost to the taxpayer. Now because this misbegotten and mislabeled program failed, we are again being asked to bail out tobacco with another $1.1 billion of the taxpayer's dollars. I strongly oppose any major bailout or revision of the tobacco program without at least thorough consideration by the Senate Agriculture Committee and considered in the context of the entire range of the farm bill itself.

Mr. GORTON. I yield 2 minutes to the distinguished junior Senator from North Carolina.

Mr. EAST. I thank the manager.

Naturally, I shall be brief, with 2 minutes. I believe it would be a travesty upon the legislative process if this very carefully crafted package, which took hours to develop, were destroyed in 10 minutes of debate time, 5 minutes for the distinguished and able Senator from Ohio. I say this is a carefully crafted package. It is actually a scaling down of the program, as the Senator from Kentucky has noted.

The tobacco States have accepted a 16-cents-a-pack tax on cigarettes, which is an increase in terms of the sunset provision that was originally in the law. The buy-down provision that is in it is a very vital component of

maintaining the integrity of the program.

I think it would ill behoove either political party to try to destroy the program which exists in 22 States. Twenty-two States grow tobacco. And in these States, it is certainly true in North Carolina, South Carolina, Virginia, the Southeast, Kentucky a total of 22 States, it has become a part of the fabric of the economy. This program has been in existence going back to the period of the New Deal era. It was a product of the New Deal era and to destroy it by this amendment would, as the Senator from Kentucky has noted, be a reckless act.

I would certainly urge all of my colleagues to support this package and let us move on to other more serious business.

Mr. SASSER. I rise in opposition to this amendment which would have the effect of killing the Tobacco Program. Mr. President, the delay in considering this important legislation has already disrupted tobacco markets throughout the country. Passage of this amendment would only add to this confusion and cause great hardship to the farm families which rely on the tobacco crop.

All over Tennessee, our 38,000 tobacco farmers are bringing their crop to market. These farmers had hoped that tobacco auctions would begin around the 18th of November. The uncertainty already surrounding the Tobacco Program makes it very unlikely that we will hit that target date. Passage of this amendment could well shut down many tobacco markets permanently.

This is a matter of grave concern to the Tennessee tobacco grower. These hard working men and women depend on the Tobacco Program. They are tired of their livelihood being used as a political football here in Washington. They need a well-functioning Tobacco Program so that they can bring their crop to market and get a fair return on their product.

Now late last night, my distinguished colleague, Senator WENDELL FORD and others amended the bill extending the Dairy Program to set the price support for burley tobacco at $1.48 per pound and also to cap assessments under the No Net Cost Assessment Program at 4 cents per pound. This second provision brings welcome relief to tobacco farmers who have shouldered increasing assessment burdens over the past 3 years.

I certainly hope that the House of Representatives will approve this stopgap measure. This temporary measure should help bring a degree of stability to tobacco markets while we await final action on the more extensive revisions to the Tobacco Program contained in the budget reconciliation bill. We must not add further confusion to this situation by undercutting the efforts begun last night.

The Tobacco Program provisions contained in the reconciliation bill call for a $1.45 price support level. The bill also substantially lowers assessments under the No Net Cost Program and splits the burden of paying the assessments evenly between growers and tobacco companies, a significant improvement over the current program. As part of this agreement, major cigarette manufacturers would purchase most of the existing surplus which has been a major factor in depressing tobacco prices and increasing the costs of the tobacco program.

Now the reconciliation bill was reported on October 2. It should have been the immediate order of business for the Senate, and we should have stayed on this bill without delay. But because of Gramm-Rudman, the debt limit extension, and the Republican leadership's opposition to including the textile bill on the reconciliation measure, the Senate has quite frankly missed the boat and not taken action on this measure which contains much-needed revisions to the Tobacco Program.

On several occasions, I have come to the Senate floor in defense of tobacco growers in Tennessee and elsewhere. On July 26, 1985, I made a lengthy statement urging various parties to different tobacco bills to reach an agreement with regard to their different approaches to revisions in the Tobacco Program. More recently I opposed efforts on the reconciliation bill to raise Federal tobacco taxes to 22 cents—a move that would surely drive thousands of Tennessee farmers out of business.

Once again, I would remind my colleagues that tobacco is the sixth largest cash crop in the country. As of 1983, Federal, State, and local tobacco taxes amounted to some $9 billion. Indeed the taxes collected on tobacco were 2½ times the value of the crop that year. The Federal tobacco tax has been raised from 8 cents to 16 cents. Raising tobacco taxes further would drive domestic growers out of business, further increasing the amount of imported tobacco coming into the country—tobacco that simply does not have the quality of the domestic crop. So higher tobacco taxes clearly undermine efforts to make effective changes to the current Tobacco Program. We must avoid this route and develop a compromise measure which reduces the burden of grower assessments under the No Net Cost Program and also encourages major cigarette manufacturers to reduce the current tobacco surplus.

It is now clear that delay may cause as great a hardship to tobacco growers as tax increases. If this body just delays and delays, we could effectively kill the Tobacco Program.

So once again, I would urge my colleagues to complete action on this measure today, immediately appoint conferees and come up with suitable revisions to the No Net Cost Assessment Program. Tobacco growers in Tennessee and elsewhere have supported the No Net Cost Assessment Program in good faith. They expect the Congress to make prudent changes in the program in order to reduce assessments, reduce surpluses, and make American tobacco competitive on world markets. We owe it to them to make these changes so that their tobacco can be marketed and our tobacco farmers can receive a fair price for their product.

We have delayed long enough; we must go forward and make suitable revisions in the Tobacco Program.

Mr. TRIBLE. Mr. President, I rise in opposition to the amendments offered by the Senator from Ohio.

The practical effect of these amendments would be to eliminate the Tobacco Program and that restructuring would be disastrous. It would jeopardize the livelihood of 250,000 farmers dependent on the program.

Moreover, this reform of the Tobacco Program improves the program significantly. It reduce price supports to make American tobacco competitive in world markets. It makes quotas responsive to market conditions and requires manufacturers and exporters to share the cost of the program.

The language contained in this budget reconciliation plan is the result of a year's work. Many long meetings between grower organizations and tobacco companies have led to the development of this plan and this legislation is critical to the long-term, well-being of this important part of the American agricultural industry.

Mr. President, since 1982 when the cigarette excise tax was increased from 8 cents to 16 cents, consumers of tobacco products have borne a heavy tax burden. Last year smokers paid Federal, State, and local governments more than $9 billion in tax revenue. This is nearly three times the amount that our small, struggling tobacco farmers made for their 1984 crop.

So it is the small farmer, whose work contributes so much to the public Treasury who will bear the burden if we adopt these amendments.

Tobacco farmers already have taken more than their fair share of cuts and reductions so that they can preserve their livelihood. Without this legislation, I fear, tobacco farmers easily could lose their unique way of life. I strongly urge my colleagues to oppose these amendments.

Mr. GORTON. Mr. President, I rise today to address a Federal program of dubious virtue. This program perpetuates and assists an industry which produces a product that has led directly or indirectly to the ill health of millions of Americans. It takes 350,000

lives per year and is generally considered a health menace by everyone from the Surgeon General to those who actually choose to use it. I am speaking about tobacco and its protection under the Federal Tobacco Support Program.

I continue to believe, as I have since entering this body 5 years ago, that the Federal Government should not be subsidizing the production or distribution of tobacco or tobacco products in this country. I do not disagree with the right of an adult to choose to smoke after he or she weighs the ramifications of that decision. I do object, however, to the tragically ironic practice of continued Federal expenditures for administering the tobacco program, conducting tobacco research and otherwise assisting in its production, while, at the same time, spending billions of taxpayer dollars to treat Americans who have succumbed to tobacco's choking addiction. We all pay for those who smoke in the form of higher insurance premiums and increased costs to the multi-billion-dollar medicare and medicaid systems.

At some point, I believe that Congress must seriously consider terminating the Federal Tobacco Program altogether. Unlike other federally supported crops, tobacco does not provide an ounce of nutrition to those that consume it. It does not provide for the public welfare. In fact, it does just the opposite—tobacco kills.

I do not, however, harbor any illusions that Congress will terminate the program today or in the near future. Its supporters are great in power, if not great in number. The question we face today is whether it is prudent to authorize the tobacco program as outlined in this bill or to strike it, as the Metzenbaum amendment would, and revisit the tobacco program when the Senate returns to consideration of the farm bill in the weeks ahead.

After careful study, I am convinced that the tobacco program outlined in the reconciliation bill, although imperfect, is the best that can be expected under the circumstances. If we are going to have a tobacco program, onerous though the thought is, we should adopt one which places the smallest burden on the taxpayer and which retains the current 16-cent-per-pack tax. This proposal appears to accomplish that.

The current tobacco program is on the verge of collapse. Tobacco farmers are paying higher and higher assessments to fund the program while Government stockpiles of defaulted tobacco get larger and larger. If the program is to survive, changes must be made, and if changes are made, they should be responsible.

The proposal contained in the reconciliation bill is adequate and certainly an improvement on the current program. It would require cigarette manufacturers to contribute to the cost of the program, reduce the Government loan rate for tobacco, and modify the quota system which dictates how much growers sell each year. The plan also permits the Government to sell off its surplus tobacco at discounts in order to reduce the Federal stockpile.

The Senate proposal is also better than the alternatives which have been offered. The House reconciliation bill contains a provision that would earmark 1 cent of the 16-cent-per-pack tax for the Tobacco Price Support Program. This proposal does nothing to alleviate the woes of the current program and it perpetuates an already intolerable budget situation by spending an additional $1 billion on the program.

Given this scenario, I will support the bill's tobacco package with a minor modification. I believe that the second Metzenbaum amendment, which will ensure that the Government gets a competitive price for its stockpiled tobacco, is sound and should be accepted. Under the bill as reported, tobacco companies would be permitted to purchase existing Government surpluses at noncompetitive fixed rates, in many cases at 90-percent discounts. I believe logic and fairness demand that we make the sale of the Government-owned tobacco competitive. Not doing so raises serious questions.

As modified with the second Metzenbaum amendment, this measure will give the Senate adequate bargaining power in its conference with the House of Representatives and will avoid the acceptance of the completely shortsighted tobacco provisions found in the House bill. Having said that, I must reemphasize my general displeasure with the role that the Government has taken toward the tobacco industry. The costs to the American public are great and the benefits are few. I trust that before too long, this Congress will revisit the tobacco program and decide once and for all that it has no place in the activities of the Federal Government.

Mr. President, I yield the balance of my time to the distinguished President pro tempore.

Mr. THURMOND. Mr. President, I rise in opposition to the pending amendment. Adoption of this amendment would delete from the reconciliation bill a provision included by the Senate Finance Committee which is critically important to the preservation of our domestic tobacco industry.

Mr. President, the Tobacco Program has worked well for many years, successfully fulfilling the goals it was designed to meet. It has made it possible for thousands of small family farmers to remain on the farm. The Tobacco Program, however, has reached a critical point and is in great need of reform.

S. 1418, which Senator HELMS together with myself and others, introduced this past July, addresses and seeks to correct the problems in the current program. That bill was the result of a cooperative, bipartisan effort on the part of tobacco growers, manufacturers, various farmer organizations, Members of Congress, and administration officials.

The section of the reconciliation bill which would be deleted by the pending amendment is almost identical to S. 1418. Like S. 1418, the section of the reconciliation bill the pending amendment would strike proposes a workable Tobacco Program. While not wholly satisfactory to any of the various affected groups, it nevertheless appears to be generally acceptable to all those involved. Deleting this section would jeopardize the survival of the Tobacco Program, as well as the entire tobacco industry.

Mr. President, the tobacco industry is very important to the economy of not only my home State of South Carolina, but of the entire Nation. Some 2 million jobs, from the farm to the sales counter, depend on the tobacco industry. In 1984, the Federal Government received approximately $5 billion from excise taxes on tobacco products. In addition, State treasuries received $4.5 billion in revenues from tobacco. The tobacco industry also contributes favorably to our balance of payments. In 1983, the United States had a trade surplus in tobacco of approximately $1.8 billion.

Over 200,000 families in 23 States engage in growing and harvesting of tobacco.

Mr. President, in including this section in the reconciliation bill, the Senate Finance Committee recognized the need to preserve our domestic tobacco industry and maintain economic stability in that important sector of our economy. The distinguished majority leader offered the Tobacco program modification section as an amendment during Finance Committee markup of the reconciliation bill. I commend him for his farsighted action, and for his understanding of the tobacco industry.

The program changes that would be accomplished by this section are crucial to the livelihoods of thousands of small tobacco farmers and their families. I urge my colleagues to oppose the amendment.

Mr. President, personally, I do not smoke. But just like some people are going to use alcohol, some are going to use tobacco. Mr. President, I hope that this amendment will be defeated.

Mr. GORE. Mr. President, I rise in opposition to the amendment to strike the tobacco provisions from the reconciliation bill. This debate today represents the culmination of months of discussion and compromise in the to-

bacco community. There have been sharp differences of opinion over the best way to reform the Tobacco Program in order to preserve it in a form beneficial to growers. Many Senators on both sides of the aisle deserve credit for the time and effort that they have invested in trying to resolve the seemingly intractable problems facing the Tobacco Program.

The political reality has been clear to me for many months that in order to preserve the Tobacco Program it would be necessary to maintain the cigarette excise tax at 16 cents per pack. Significantly, in Tennessee, where over 90,000 families participate in the Tobacco Program, my constituents have recognized this political reality as well. And I am glad that the chairman of the Agriculture Committee and the senior Senator from Kentucky have accepted this reality. Their acceptance of the inevitability of maintaining the cigarette tax at 16 cents has made it possible for the Congress to pass legislation reforming the Tobacco Program so that it continues to benefit tobacco growers.

Under this bill, which continuation of the 16-cent tax has made possible, we will be able to dispose of the gigantic tobacco surpluses that currently threaten the future of the Tobacco Program. We will also make structural changes in the Tobacco Program, including lowering the support price substantially and requiring tobacco growers and cigarette manufacturers to share equally in the future cost of the program.

Their acceptance of the 16-cent tax was an act of political courage and statesmanship. And because of the merger of the 16-cent tax and Tobacco Program reform legislation, a merger that I have advocated since early this year, we now have a good chance of salvaging the Tobacco Price Support Program. If the pending amendment is defeated, as I believe it should be, and the Senate passes this legislation reforming the Tobacco Program, we still face the challenge of reconciling this language with different language that is in the House bill.

As many of my colleagues know, I supported an alternative to the provisions in the bill before us, but I believe that the Senate bill offers a workable framework for preserving the Tobacco Program. I would take this opportunity to urge everyone in the tobacco family to seek a constructive accommodation of the varying concerns and interests that are reflected in the Senate bill and the bill in the other body.

The stakes for tobacco growers in Tennessee and 16 other States are very, very high—too high for us to let this opportunity slip away.

The PRESIDING OFFICER. All the time has expired.

Mr. METZENBAUM. Mr. President, does the Senator from Ohio have 3 minutes remaining?

The PRESIDING OFFICER. The Senator is correct.

Mr. METZENBAUM. Mr. President, the administration, according to the letter written to Senator DOMENICI from the OMB:

> Strongly opposes the permanent changes made to the tobacco program which will force the U.S. Government to sell its existing stocks of tobacco at sharply discounted prices. This latter provision will cost the taxpayer more than $1 billion over the next 5 to 8 years.

Now, this matter has been described as eliminating the tobacco program. It was so described by the Senator from North Carolina, as well as the Senator from Kentucky. That is hogwash. It does not eliminate the tobacco program at all.

What it does, it eliminates this particular tobacco program from the budget reconciliation matter, but the legislation that has been in effect for years will continue to be in effect. But what we are told is that if you do not pass this, the big cigarette companies—four of them—are not going to be willing to buy the tobacco that is in storage. And we want to sell them that tobacco at 10 cents on a dollar.

Bring out your tears and cry a little bit for the big tobacco companies of this country, while millions of Americans—and their cases are right now being decided——

Mr. FORD. Will the Senator yield?

Mr. METZENBAUM. I will not yield.

Mr. FORD. You used the name of the Senator from Kentucky.

Mr. METZENBAUM. Mr. President, regular order. I have the floor and I do not intend to yield the floor.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. METZENBAUM. What we are talking about is selling tobacco for 10 cents on the dollar to the big tobacco companies. And they are going to combine together, collusively—that is the bill. They are permitted to do it so that no one bids 11 cents a pound or 12 cents a pound.

Now, the real question to all the budget balancers is: Are you prepared to give away $1,100,000,000 to the tobacco companies of this country?

The argument is made that this is for the tobacco farmer. I do not buy it. This is for the cigarette companies. They are the ones that are going to gain when we pass this legislation. This proposal does not belong in the Budget Reconciliation Act. It ought to be debated freely and openly as part of the agriculture bill. It cannot stand on its own there, so they put it in the Budget Reconciliation Act. It should not be there. We ought to take it out and then they could come back to it when we get back to the farm bill and debate it openly and fairly without any limited debate.

Mr. President, I am prepared to vote. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, is there any time remaining?

The PRESIDING OFFICER. All time has expired.

Mr. DOLE. Mr. President, as one who believes in saving money, and this will save $235 million over 3 years, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas [Mr. DOLE] to table the amendment of the Senator from Ohio [Mr. METZENBAUM]. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of Illness.

The PRESIDING OFFICER. (Mr. ARMSTRONG). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 66, nays 33, as follows:

[Rollcall Vote No. 310 Leg.]

YEAS—66

Abdnor	Gorton	Melcher
Andrews	Gramm	Murkowski
Armstrong	Grassley	Nickles
Bentsen	Harkin	Nunn
Boren	Hawkins	Packwood
Boschwitz	Hecht	Pressler
Bumpers	Heflin	Pryor
Byrd	Heinz	Quayle
Cochran	Helms	Rockefeller
Cranston	Hollings	Rudman
D'Amato	Humphrey	Sasser
Danforth	Inouye	Simpson
DeConcini	Johnston	Stennis
Denton	Kassebaum	Stevens
Dole	Kennedy	Symms
Domenici	Laxalt	Thurmond
East	Long	Trible
Evans	Lugar	Wallop
Exon	Matsunaga	Warner
Ford	Mattingly	Weicker
Goldwater	McClure	Wilson
Gore	McConnell	Zorinsky

NAYS—33

Baucus	Garn	Metzenbaum
Biden	Glenn	Mitchell
Bingaman	Hart	Moynihan
Bradley	Hatch	Pell
Burdick	Hatfield	Proxmire
Chafee	Kasten	Riegle
Cohen	Kerry	Roth
Dixon	Lautenberg	Sarbanes
Dodd	Leahy	Simon
Durenberger	Levin	Specter
Eagleton	Mathias	Stafford

NOT VOTING—1

Chiles

So the motion was agreed to.

Mr. HELMS. I move to reconsider the vote by which the motion was agreed to, Mr. President.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, I want to alert my colleagues, since there are many on the floor, that there are still six amendments pending. If all the time is consumed and there are no intervening quorum calls and we have rollcall votes on each—which I hope will not be necessary—we will be on this bill another 2½ hours. Following that, we want to take up the Overseas Private Investment Corporation and the Compact of Free Association. If we can do all that by 8 or 9 tonight, we will not be in tomorrow.

I may be constrained to hold off another 30 to 35 minutes to see if we can get an agreement on the Compact of Free Association. If not, we will put it over until tomorrow and start at 9 o'clock.

AMENDMENT NO. 1045

(Purpose: To modify the provisions relating to the purchase of inventory stock of certain tobacco crops)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Ohio [Mr. METZENBAUM] proposes an amendment numbered 1045.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objectives, it is so ordered.

The amendment is as follows:

On page 404, line 16, strike out "Notwithstanding" and insert in lieu thereof "Except as provided in subsection (E), notwithstanding

On page 406, line 2, after "reduced by" insert "an amount not greater than".

On page 406, line 13, after "sale at" insert "a price no less than".

On page 406, line 16, after "sale at" insert "a price no less than".

On page 407, line 5, after "sale at" insert "a price no less than".

On page 407, strike out line 16 and all that follows through line 16 on page 411.

On page 412, strike out lines 12 through 17 and insert in lieu thereof the following new subsection:

"(E) Nothing in this section shall be construed as declaring any actions otherwise prohibited by the Sherman Act, the Clayton Act, or the Federal Trade Commission Act, as being legal.

Mr. METZENBAUM. Mr. President, would the Chair be good enough to advise me what are the time limits in connection with this amendment?

The PRESIDING OFFICER. Under the previous order, there will be 10 minutes to a side.

Mr. METZENBAUM. Mr. President, I yield myself 5 minutes.

First, Mr. President, I ask unanimous consent that time not be counted and the Senate be called to order.

The PRESIDING OFFICER. The point of order of the Senator is well taken. The Senate is not in order. The Senate will be in order.

The Senator from Ohio may proceed.

Mr. METZENBAUM. Mr. President, the previous amendment dealt with removing all other provisions having to do with tobacco from the budget reconciliation measure. This amendment is much more limited. This deals with the fact that the proposal before us in the bill provides an exemption from the antitrust laws for four tobacco companies. Pure and simple, that is all this proposal is: It is an exemption from the antitrust laws for four tobacco companies. Our amendment specifically provides that the tobacco companies will be subject to the Clayton Act and the Sherman Antitrust Act and other acts of a similar nature.

What we are talking about also is the fact that, under the legislation, the tobacco companies would be permitted to get together, they provide for an allocation of the market. If one company has 20 percent of the market, another gets 50, another gets 10 and another 20, then each of them agrees that they get that much of the tobacco that is in storage at 10 cents on the dollar.

I make it clear, Mr. President, the bill fixes the price. It is not what they will bid for, which is what I would want them to have an opportunity to do; it is the American way, that you pay whatever fair market conditions are. This is pure and simple socialism in favor of the four big tobacco companies. I cannot, for the life of me, understand how any Member of this body can vote for socialism for the cigarette companies and be so strongly against it when they are on the public platform. The bill as it stands is a blatant license to violate the antitrust laws of this country. It provides by law for a 90-percent discount. It allocates to the companies on the basis of their respective market share that tobacco that is in storage at 10 cents on the dollar.

What do we gain for agriculture by saying that for agriculture, we are going to have this special arrangement that can get this kind of advantage? We do not do anything like this in the field of wheat or soy, or any of the other commodities—sugar, milk—but for tobacco, the four tobacco companies agree that they will buy it at 10 cents on the dollar.

All my amendment does is leave the provisions in just as they are, but it deletes the price fixing, deletes the allocation based on market share, and states that the antitrust laws apply.

I am told the tobacco companies do not like this amendment. Well, that is too bad; I did not expect that the tobacco companies would like this amendment. But if the American people knew what is going on on the floor of the Senate this afternoon, I have no doubt in my mind that it would not be a matter of 70-30 saying that the tobacco companies ought to be subjected to the antitrust laws and have to bid competitively; the overwhelming 95, 98, 100 percent of the people of America would say that this amendment should be supported.

The cigarette manufacturers of this country should not be given a special exemption from the antitrust laws. I hope the Senate will see fit to adopt the amendment this afternoon, Mr. President.

I yield back the remainder of my time.

Mr. BOSCHWITZ. Mr. President, will the Senator yield for a question?

Mr. METZENBAUM. On the Senator's time, Mr. President.

The PRESIDING OFFICER. The Senator from Minnesota has no time.

Mr. GORTON. Mr. President, I yield control over the time in opposition to the amendment to the Senator from North Carolina.

Mr. HELMS. Mr. President, I thank my colleague.

I yield 1 minute to the Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I must tell the Senator from Ohio and the Senator from North Carolina that I am inclined to vote for the second amendment of the Senator from Ohio.

I would like to know if this tobacco has been offered to these companies before at this price that they are now being mandated to buy it for.

Mr. METZENBAUM. This surplus has been around for a long time. It is my understanding that it has been offered to the tobacco companies and under the bill, the prospective buyers will have 90 days after the bill is enacted to buy whatever they want.

The answer then is it has been offered to them. They are not satisfied to buy it on the basis of market conditions or on the basis of some other price, but are insisting on buying it at 10 cents on the dollar.

Mr. BOSCHWITZ. It is my understanding that they must buy it under this provision. Am I correct?

Mr. METZENBAUM. I think that is arguable. I do not think there is anything specific that I am familiar with that provides they must buy it because you do not name the tobacco companies. And I do not see how we could by legislation—as a matter of fact, it is pointed out by my staff that on page 407 it specifically provides that "each domestic manufacturer of cigarettes may enter into agreements to purchase inventory stocks of flue-cured and burley tobacco" until inventory stops.

The PRESIDING OFFICER. The time yielded by the Senator from North Carolina to the Senator from Minnesota has expired.

Mr. HELMS. Mr. President, the distinguished Senator from Ohio—and he is my friend; I like him—is confused or getting bad advice. There is no tobacco proposed to be sold for 10 cents on the dollar, none. Because of the attached conditions that a purchaser must buy 2 pounds of the 1982-84 crop at a value more than it is actually worth, there is no company giveaway. I know it is popular and it is sometimes effective to use the bugaboo of the companies, but let me tell the Senator something. I had the toughest time with the tobacco companies, bringing them into agreement with this legislation, so please do not burden us with all of this malarkey about a bailout or a windfall for the tobacco companies because it simply is not so.

Mr. METZENBAUM. Mr. President——

Mr. HELMS. I did not interrupt the Senator. I ask him to forbear.

Now, let me say to my friends, this is like a little boy who had just caught a fish. The fish was wiggling in his hand, and he said, "Hold still, little fish. I am not going to hurt you. I am just going to gut you."

Now, what the distinguished Senator from Ohio wants to do is gut a program that is the livelihood of 100,000 farmers, maybe more.

Now, I said before and I say again that we painfully, arduously produced this bill after over 100 meetings so that we would get the support price down below the market price. I am amazed that the Senator from Ohio would be opposed to that. I cannot believe the position that he is taking.

I do not know whether other Senators want time or not.

Mr. FORD. Mr. President.

Mr. HELMS. I yield to the Senator from Kentucky such time as he may desire.

Mr. FORD. Mr. President, we have heard a lot about OMB and the business of tobacco from the distinguished Senator from Ohio, but the Tobacco Program is complex, to say the least. The business is one of the oldest in the world and international in scope.

Since when did OMB become an expert in the tobacco trade? Does OMB know the difference between a B-34 or X-1L grade? Does it know that there are over 120 grades of burley and 140 grades of Flue-cured? We all know that OMB has enough trouble presiding over the basics, so how in the world can this body put any credibility in what OMB has done? When was the last time OMB gave us a figure that was correct? You check back and see how many times they have been correct.

Mr. President, let me give you this fact. The sale of the 1982 crop—I am talking about burley now—will result in about a $25 million profit to the farm cooperatives that is put into the no-net-cost fund. I cannot understand why the Senator from Ohio would have an objection to selling something for a profit. He is objecting to that and wants to take it out of the bill.

The 1984 crop will be sold at no loss to the Government. It will be sold at the farmers' cost plus all carrying charges. A phone call today by any Member of this body offering the exact same amount, same terms contained in this bill will buy every leaf, every leaf, in the 1984 burley tobacco crop.

Again, I cannot understand the objections of selling tobacco from the 1984 crop at no loss to the Government. That is what it is all about—no loss to the Government.

The third provision of this bill deals with the 1983 crop. I want my colleagues to listen and listen closely to this. My colleague from Ohio sent around a memorandum that insinuated the cigarette manufacturers would be getting a windfall in cheap tobacco from this bill. Nothing could be further from the truth. First, the 1982 crop of burley will be sold at a profit. Second, the 1984 crop will be sold at the total cost to the cooperative carrying the charges. Third, the 1983 burley crop is not being sold to cigarette manufacturers, as the memorandum from my friend from Ohio indicated. That is absolutely wrong. The 1983 crop is to be offered for sale on a competitive bid basis to anyone in the world who wants to bid on it. And now the Senator is trying to say we are going to give it to them at 10 cents on the dollar. He is absolutely wrong. Instead, the farmers of our States are going to pay every single dollar that they themselves have contributed to the no-net-cost account, $135 million out of the farmers' pocket to keep this Tobacco Program whole.

The farmers themselves have paid to reduce the 1983 crop with the hopes of selling it in the world market. So we get around to all of these corrections of this 10 cents on a dollar. We need to do whatever we can to save this program and to blow away the smoke of the inaccuracies that we have been hearing as they relate to a program that is very dear to my State.

I yield the floor, Mr. President.

Mr. HELMS. Mr. President, how much time remains on this side?

The PRESIDING OFFICER. The Senator from Ohio has 5 minutes remaining. The Senator from North Carolina has 4 minutes remaining.

Mr. HELMS. Mr. President, I reserve the remainder of my time.

Mr. BOSCHWITZ. Mr. President, may I ask one of the tobacco State Senators a question?

Mr. FORD. Not on my time. I do not have any. The Senator has some time.

Mr. HELMS. I will yield for a question.

Mr. BOSCHWITZ. Mr. President, I would like to know, is it not true that the tobacco companies have been offered this tobacco at the price that it is now?

Mr. HELMS. That is correct.

Mr. BOSCHWITZ. And that they have not bought it?

Mr. HELMS. That is correct. And that abolishes the argument about a giveway to the tobacco companies. I thank the Senator for asking the question.

Mr. BOSCHWITZ. This bill, as I understand it, makes them buy it?

Mr. HELMS. While the bill does not require them to participate in the buyout program, in it is a formula which as a practical matter, would result in their having to buy the tobacco if they participate in the program. Yes.

Mr. BOSCHWITZ. So in fact it clears out the inventory?

Mr. HELMS. Exactly.

Mr. BOSCHWITZ. I say to my friend from Kentucky, I do not know about 120 different types of tobacco but if he talks about winter wheat, or durum wheat, or spring wheat, I am better at that.

Mr. HELMS. I reserve the remainder of my time, Mr. President.

Mr. METZENBAUM. Mr. President, the Senator from Ohio may be confused according to the Senator from North Carolina, but I am not confused about the English language. The English language provides in this bill that "the stocks of flue-cured tobacco in the 1976 through 1984 crops shall be offered for sale at the base prices including carrying charges in effect as of the date of the offer, reduced by 90 percent for flue-cured tobacco from the 1976 through 1981 crops." Now, there is nothing very confusing about that.

There is another provision in the bill that talks about the fact that the market share will be allocated on the basis of what they have at the present time. The four companies that are going to get this tobacco make up over 90 percent of the market.

When my friend from Minnesota says they have been offered it at this price and have not bought it, I want him to understand that that is not the fact, because why would they be in here importuning us, telling us that only with this provision in the bill will they be willing to buy it? Since when did they become eleemosynary institutions? They are here because they have got a great chance to buy it—steal it—from the American people. And when I say "steal it from the American people," I use terms advisedly because the Office of Management and Budget, which we do respect around here, says as follows:

Although these provisions state that one of the goals is to maintain the no net cost to the taxpayer tobacco program, in reality the bill imposes significant costs on the taxpayer. This legislation provides for the complete disposal of all stocks of burley and flue-cured tobacco at substantial discounts. The Government would lose $1.1 billion as a result of being forced—

forced—

to sell its stock at prices significantly below prevailing market prices without reimbursement from tobacco producers or cigarette manufacturers.

So when the Senator from North Carolina talks about being confused, read the bill. He wrote it. He is the one who is the author of it. The language provides specifically that the four companies are going to be able to buy it at 10 cents on the dollar, a 90-percent reduction. Now, there is nothing in here that prevents the four companies, if they want to buy it for more, from doing that, if we do not enact this law.

If we do enact this into law, if it remains in the bill, there is not a snowball's chance in Hades that any of them will pay any more than 10 cents on a dollar. That is the reason why it is important that we make the antitrust laws applicable.

Why would anybody come before this body and suggest that the antitrust laws of this country be vitiated, made void, so far as the four tobacco companies are concerned, so that they may pay 10 cents on a dollar instead of a fair competitive price?

I am not saying that they should pay 100 cents on the dollar. I am saying, let them have an opportunity to compete freely and competitively. That is the American way and that is not the way provided in this bill.

Mr. President, I reserve the remainder of my time.

Mr. THURMOND. Mr. President, I wish to add my support to the tobacco program improvements portion of the bill and to address the antitrust implications of the legislation.

Mr. President, in January of this year, the Flue-Cured Tobacco Cooperative Stabilization Corporation sought and received from the Department of Justice a business review letter concerning the cooperative's plan to sell its surplus tobacco to the domestic cigarette manufacturers. The Justice Department's Antitrust Division issues such business review letters upon request, in order to inform parties of the present prosecutorial intention of the Department with respect to conduct being considered by those parties. If the Department finds nothing anticompetitive about the conduct being submitted for review, it indicates to the parties making the request that it would not bring antitrust enforcement action if the parties engage in that conduct. That is what the Department said about the cooperative's plan to sell its surplus stock of tobacco. The Justice Department reviewed all of the underlying facts and found no evidence that the plan to sell the cooperative's inventories in the manner described in this bill was the product of any kind of agreement among cigarette manufacturers. Accordingly, the Department indicated that it has no present intention of challenging the offer of the inventory to the cigarette manufacturers, on antitrust grounds or any other grounds. In its letter, the Department of Justice noted that the sale of this inventory of tobacco in this manner is in the best interests of the members of the cooperative.

Mr. President, this business review letter provides protection to the cigarette manufacturers from Government antitrust prosecution, but it is not binding on any private plaintiffs who might attempt to sue the cigarette manufacturers on antitrust grounds for participating in this sale of inventories, which is so vital to the survival of the tobacco price support program. Therefore, provisions have been made in this bill to assure the cigarette manufacturers that they do not risk private antitrust challenges for participating in this sale. This assurance is necessary in order to encourage the participation of the tobacco companies in this buyout plan, because it cannot work without them.

Mr. President, to confer this minimal, one-time antitrust protection is not too great a price to pay in order to salvage the tobacco price support program. Indeed, it gives very little, if anything, away, since the Department of Justice finds no reason to decline to confer one-time antitrust protection on this transaction. Furthermore, to provide these private parties with antitrust protection in this manner is consistent with other cases in which collective action by private parties was necessary, and is consistent with the treatment of competition issues in the agricultural sector. For example, Congress has given the Department of Agriculture broad latitude to determine the applicability of the antitrust laws to agricultural marketing. The implementation of agricultural policy has, from time to time, involved regulation of markets, and restriction of competition, to the extent necessary to achieve agricultural policy goals. Such is the case here. To the extent necessary, this bill confers a minimum amount of implicit assurance about antitrust liability on private parties whose participation is required to make this plan succeed. This assurance is no broader in scope than that already given by the Justice Department. I find this modest extension of antitrust protection wholly appropriate, completely necessary, properly limited, and perfectly consistent with agricultural and antitrust policy.

Mr. President, I strongly support this effort to restore the tobacco price support program to a stable condition.

Mr. President, I ask unanimous consent that a letter from the Department of Justice to the Tobacco Cooperative Stabilization Corporation be included in the RECORD following these remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF JUSTICE,
ANTITRUST DIVISION,
Washington, DC, January 23, 1985.

Mr. FRED G. BOND,
General Manager, Flue-Cured Tobacco Cooperative Stabilization Corporation, Raleigh, NC.

DEAR MR. BOND: This letter responds to your request dated January 9, 1985, for the issuance of a business review letter pursuant to the Department of Justice's business review procedure, 28 C.F.R. § 50.6. You have requested a statement of the Antitrust Division's present enforcement intentions with respect to a plan of the Flue-Cured Tobacco Cooperative Stabilization Corporation ("the cooperative") to offer for sale its entire inventory stock of flue-cured tobacco to United States cigarette manufacturers.

We understand that all domestic growers of flue-cured tobacco, which is grown in a five-state area covering Virginia, North Carolina, South Carolina, Georgia and Florida, are members of the cooperative. The cooperative, by contract with the Commodity Credit Corporation, administers the tobacco loan program of the United States Department of Agriculture ("USDA"). Under the program, tobacco not purchased on the open market at or above the government support price is automatically consigned to the cooperative, and the grower is paid the support price. Pursuant to the No Net Cost Tobacco Program Act of 1982, should losses be incurred upon the sale of tobacco held by the cooperative, they are borne by the growers. Accordingly, an assessment upon each pound of tobacco consigned to the cooperative is levied against the growers and used for a reserve fund to cover losses and carrying charges for tobacco inventory.

You have told us that inventory stocks held by the cooperative have risen dramatically in the recent past. This is because the government support price is currently about $1.70 per pound, which is higher than the world price of tobacco. Thus, the cooperative is holding a great deal of surplus tobacco and paying very significant carrying charges. Sale of the surplus at a price lower than the support price, as contemplated by the cooperative, will eliminate the high carrying charges presently borne by the tobacco growers and will, in turn, significantly lower the 1985 assessment required by the No Net Cost Act.

We understand the cooperative's plan to be as follows. The cooperative will meet individually with the six domestic cigarette manufacturers in an attempt to sell them a pro rata portion of the tobacco inventory, based upon their respective shares of the domestic cigarette market. The cooperative will attempt to negotiate with the manufacturers separately to establish a price for the inventory. Its willingness to offer the tobacco at a price lower than the support price will be contingent upon its ability to dispose of the entire stock. You believe that it will be necessary to sell the tobacco to the ciga-

rette manufacturers at the same price to each, and we understand that the cooperative's decision to sell its inventory at a uniform price was reached unilaterally.

After discussing the proposal with you and consulting with USDA about the tobacco program, and absent any evidence that the program is a product of any agreement among cigarette manufacturers, we have concluded that the Department has no present intention of challenging your offer of the inventory to the cigarette manufacturers. This conclusion is based upon your representations that you have decided that disposal of the inventory in its entirety is in the best interest of your members and that the cooperative is most likely to achieve its goal if it offers the inventory for sale at the same price to all of the manufacturers.

Pursuant to 28 C.F.R. § 50.6, this letter and your business review request will be made publicly available immediately and its supporting materials will be made publicly available within 30 days of the date of this letter, unless you request that any part of the material you submitted be withheld in accordance with paragraph 10(c) of the business review procedure.

Sincerely,

J. PAUL MCGRATH,
Assistant Attorney General,
Antitrust Division.

The PRESIDING OFFICER. If neither side yields time, the time is charged equally against both sides.

Mr. METZENBAUM. Mr. President, I am prepared to yield back my time, if the Senator from North Carolina is prepared to yield back his time.

Have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. METZENBAUM. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, if Senator METZENBAUM is willing to yield back his time, I will yield back mine.

Mr. METZENBAUM. I do.

The PRESIDING OFFICER. All time is yielded back.

Mr. DOLE. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the majority leader to table the amendment of the Senator from Ohio. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 57, nays 42, as follows:

[Rollcall Vote No. 311 Leg.]

YEAS—57

Abdnor	Gore	McConnell
Andrews	Gramm	Melcher
Armstrong	Grassley	Murkowski
Bentsen	Hawkins	Nunn
Boren	Hecht	Packwood
Boschwitz	Heflin	Pressler
Byrd	Heinz	Pryor
Cochran	Helms	Quayle
Cranston	Hollings	Rockefeller
D'Amato	Humphrey	Rudman
Danforth	Inouye	Sasser
DeConcini	Johnston	Stennis
Denton	Kassebaum	Stevens
Dole	Laxalt	Symms
Domenici	Long	Thurmond
East	Lugar	Trible
Exon	Matsunaga	Wallop
Ford	Mattingly	Warner
Goldwater	McClure	Wilson

NAYS—42

Baucus	Glenn	Mitchell
Biden	Gorton	Moynihan
Bingaman	Harkin	Nickles
Bradley	Hart	Pell
Bumpers	Hatch	Proxmire
Burdick	Hatfield	Riegle
Chafee	Kasten	Roth
Cohen	Kennedy	Sarbanes
Dixon	Kerry	Simon
Dodd	Lautenberg	Simpson
Durenberger	Leahy	Specter
Eagleton	Levin	Stafford
Evans	Mathias	Weicker
Garn	Metzenbaum	Zorinsky

NOT VOTING—1

Chiles

So the motion to table the amendment (No. 1045) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1046

(Purpose: To limit the power of the Secretary of Health and Human Services to exercise the new authority granted by this act until the Secretary treats liver transplants as a procedure which is not experimental and pays for such procedures when reasonable and medically necessary under title XVIII of the Social Security Act)

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. WARNER). The clerk will report. The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] for himself, Mr. GORE, and Mr. SASSER, proposes an amendment numbered 1046.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 180, between lines 13 and 14, insert the following:

SEC. 724A. COVERAGE OF LIVER TRANSPLANTS.

(a) The Secretary may not exercise any of the new authority granted by this title until the Secretary using his existing authority has issued regulations stating that for purposes of title XVIII of the Social Security Act, a liver transplant shall not be considered to be an experimental procedure, and shall be covered under such title when reasonable and medically necessary, as determined on a case-by-case basis.

Mr. BUMPERS. Mr. President, I only have 5 minutes to debate this so if the Senators would please give me your attention for just about 2 or 3 minutes. This is a very simple, straightforward amendment. Right now, the Medicare system will only pay for liver transplants for those beneficiaries who are under 18 years of age. This amendment says that the Secretary, under the authority she already possesses, shall not declare people on Medicare ineligible for transplants simply because they are over 18. In other words, the Secretary will not consider liver transplants for those over 18 years of age as a medically experimental procedure.

Now, I have done some extrapolations. Last year, we had 308 liver transplants in the country. That's 308 transplants from a pool of 235 million people. If you take the number of people who are on Medicare disability who would be eligible under my amendment—and actually all of them would not be because you are talking about people roughly between the ages of 18 and 54—you would be talking about significantly smaller pool and a lot fewer than 308 transplants. You are talking about roughly, I would say, a handful of individuals in the country who would qualify under my amendment.

The cost of a liver transplant in this country runs from $135,000 to $238,000. So you are probably talking about a cost of $1 to $3 million, considering the current transplant system. I recognize that the whole issue of financing transplants is becoming a greater problem in this country. We are going to have to debate this issue in the Finance Committee and on this floor if we are going to determine how much we are willing to pay to save people with heart transplants, liver transplants, and other transplant procedures.

Incidentally, Medicare now pays for kidney transplants, it now pays for cornea transplants, and it now pays for liver transplants if you are under 18. But for the roughly dozen people a year who could get an organ and who could be saved, this amendment is lit-

erally a lifesaver. You have that many people in this country who now stand under a death sentence.

It is just that simple. If we are going to be a sensible society, a sane society, a society sensitive to the worth of every individual, we cannot vote no on this amendment.

Mr. President, I reserve the remainder of my time.

How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. The Senator from Arkansas has 7 minutes, 41 seconds.

Mr. BUMPERS. I yield 3 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. GORE. Mr. President, I encourage every Member of this body to support the amendment of the Senator from Arkansas. Liver transplants should be treated just as any other life-saving medical treatment. They should not be singled out for special consideration.

Let me give my colleagues a little history of what this issue is about. On February 9, 1984, the administration made an announcement that they would, for the first time, allow coverage under Medicare for liver transplants, but there was a hook in the announcement. They said the coverage will only be available for children under the age of 18 with biliary atresia. Why did they put that condition on their announcement? There were two reasons; and both of these will sound a little cynical, but I am convinced, I will tell my colleagues, that they are the correct reasons for the announcement.

No. 1, very few, if any, people under 18 are eligible for Medicare coverage. No. 2, those getting the most publicity on the subject of liver transplants were young children with biliary atresia. Is there any medical justification for the distinction between below 18 and over 18? The answer is no, and in saying so I am only echoing the conclusions reached by the NIH expert panel charged with reviewing this issue.

I had an amendment passed in the other body 2 years ago requiring CHAMPUS to reimburse for liver transplants and requiring them to follow the NIH guidelines until Medicare's decision was announced. When Medicare made their announcement restricting it to people under 18, the medical experts at CHAMPUS were aghast. They said, "What possible scientific justification is there for it?" And there was none. And, to their credit, CHAMPUS has continued to this day abiding by the NIH guidelines by covering those over 18 as well. Medicare should also abide by the NIH guidelines.

Some will say the Congress should not mandate this kind of behavior on the part of Medicare. In an ideal world, that would be true. In an ideal world, Medicare and the administration would make a sensible judgment on this matter. But if they are determined not to make a sensible judgment, then we ought to make the judgment for them. And make no mistake about it, lives are at stake.

And those over 18 who can have their lives saved as a result of this treatment are denied it because of an improper bureaucratic decision that is just flat wrong and that would be overturned by the amendment of the Senator from Arkansas.

I urge support for the amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I yield myself 2 minutes. I will yield most of the time to a member of the committee.

Mr. President, the argument that the distinguished Senators make with reference to this is really preposterous. Is this Senate going to really believe that the Finance Committee—they all know the members—would fail to address this problem if it were as clear as the proponents would have us believe? The Finance Committee is down here every week amending Medicare to do something Medicare ought to do. We just approved a $225 million Medicare and Medicaid change for those people who are dependent on ventilators to breathe. The supporters of this amendment know this. The committee knows the issues that have been raised.

The truth of the matter is that we are not ready for this. There is a formal study that the National Institutes of Health which has not completed. The reason the Department of Health and Human Services limited the coverage of transplants to individuals under 18 is because they know enough about the success of this operation for younger persons but not enough about its success on older persons.

They are waiting to explore whether these transplants should remain exploratory or whether we ought to cover it as an ongoing illness. The estimated cost is pretty meager. One estimate is $125 million a year. We have not yet had the experts tell us we ought to do it.

Frankly, on a reconciliation bill, the Finance Committee has changed 40 provisions in Medicare to take care of changes in health care practices. Why have they not done this one?

Clearly, there is a justification. It is not because they want to deny something to somebody. It is not because they are callous. It is because there has been an ongoing study of how do we handle these kinds of expensive experimental operations.

I want to yield to the subcommittee chairman who is here. He would like to explain it from the Finance Committee side. When we are finished, I will ask the Senate to table this matter.

Mr. GORE. Will the Senator yield first?

Mr. DOMENICI. I have very little time, Senator. I wanted to yield to the Senator from Minnesota to explain it.

If I have time left, I will yield to the Senator or answer a question on the Senator's time, whichever the Senator prefers.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DURENBERGER. Mr. President, I am going to be brief, and I am going to start with my compliment to my colleagues from Arkansas and Tennessee. Both of them have been at this subject longer than I, especially the Senator from Tennessee, and are totally committed to what it, and to what they are proposing today.

I feel a little uncomfortable standing up here and listening to the chairman of the Budget Committee and my associates on the Finance Committee say that we have been guilty of doing an awful lot of legislating on this bill. It is absolutely true.

I have told my caucus—I make no bones about saying it here—that I will be back next year doing the same thing because it seems to be the only vehicle that will roll through this Chamber.

If we are going to provide for quality health care of the people of this country, this is the only place to do it. The issue now from my perspective, is simply not, whether or not, this is the place to do this but whether this is the appropriate time to remove liver transplants from the experimental category under Medicare.

The Department of HHS, as one of the Senators indicated earlier, did remove from the experimental category persons under 18 years of age. I do not know whether I would characterize that act as cynical as someone just did, or whether or not I should take their word for it. I do take their word for the fact there is a clear demonstration this procedure is effective with children. That is very clear.

So I think when they say it is not experimental under 18, they mean it. There is some doubt about it in older populations. It is for that reason that the National Institutes of Health study is analyzing that part of the problem.

It is for that reason that the Finance Committee has not made this recommendation yet.

The other problem—I suggest so the Senator from Arkansas can clarify this—is that his amendment removes everyone from the experimental stage. Yet, he indicates to us it is only a $1

million cost. That cannot be. The amendment does eliminate everyone 18 and over. It does not restrict it to the disability insured population. Therefore, the estimates that I have been given of $35 million per year according to CBO, and in excess of $125 million from the administration, which you might expect a larger amount, I think—are more appropriate to this amendment than the $1 million estimate given to us by the Senator from Arkansas.

So I rise reluctantly, Mr. President, to oppose this amendment.

Mr. BUMPERS. Will the Senator yield for a question? What on Earth is the basis? What is the basis for the $35 million figure?

Mr. DURENBERGER. I am informed that is the eligible population 18 years of age and older, not restricted to that small 2.8 million in the population.

Mr. BUMPERS. Who else would Medicare pay for?

Mr. DURENBERGER. Medicare would pay for all the elderly for example.

Mr. BUMPERS. Nobody else is eligible for Medicare unless he is over 65, and transplant surgeons are not performing liver transplants on people over 50 to 54. There are only 2.8 million disabled individuals on Medicare, and that's really the pool we're talking about. That's who would be eligible for liver transplants under this amendment.

Mr. DURENBERGER. I have been given to understand that the CBO estimate is premised on in excess of 300 persons in the SSI population.

Mr. BUMPERS. That was the total number, Senator; 308 was the total number of liver transplants done in this country last year; 308 transplants out of a total population of over 200 million.

Mr. DURENBERGER. Let me clarify. They say there are 4,000 persons who are eligible in that population category, and approximately 300 who would volunteer for the transplant process. That is from CBO. I cannot confirm it.

Mr. BUMPERS. Mr. President, I yield 1 minute to the Senator from Tennessee.

Mr. GORE. I wish we had more time to clear up some of the misinformation of this subject. I really do. It is so frustrating. For one thing there is no ongoing NIH study on this subject. The Senator from New Mexico said there was. I am sure he has been informed of that fact. But that is wrong.

There was an NIH Consensus Development Conference in 1983 on this subject, and they concluded there is no basis whatsoever for making the distinction below 18 as opposed to above 18.

The administration insists on this sham of describing this operation for people above 18 as experimental.

Why is it a sham? Do you know what the survival rate is? Seventy percent. What is experimental about a survival rate of 70 percent? The 4,000 figure that was given is the total population of all potential liver transplant patients in the entire country.

The Senator from Arkansas is talking about a subgroup in the disability population eligible for Medicare on that criterion. That is a very small number. The cost is probably going to be $3 or $4 million. It could go as high as $5 million at an absolute maximum.

What we are talking about here is people whose lives are in danger, whose lives could be saved with a medical treatment carefully developed over many years at taxpayer expense, but the U.S. Government is telling them a lie. They are telling them this procedure which will save your life with a 70-percent chance of success is experimental. That is a lie. It is a sham. If we do not act, we can kill them.

The PRESIDING OFFICER. The Senator's minute has expired.

The Senator from Arkansas has 2 minutes. The Senator from New Mexico has 3 minutes and 38 seconds.

Mr. BUMPERS. Mr. President, according to a study on liver transplantation by Battelle Human Affairs Research Center, one of the most prestigious medical research centers in the United States, there are approximately 2,000 people in this country between 15 and 54 who would benefit from a liver transplant. If we go a step further and determine who within this group of 2,000 would be eligible under Medicare, we'd probably find 150. And considering the current transplant system and availability of organs, probably no more than 15 would be eligible annually. And 15 people a year might well be an exaggeration.

I admit these figures are rather crude, but that 15 is probably an exaggeration. But if this body votes this afternoon to save 15 lives at a cost of $3 million, it would be the best day's work we ever did here.

If we stand around here and debate this next year, as the Senator from Minnesota has said, a lot of people are going to be dead in the meantime.

The Senator from New Mexico says, "We are not ready."

I invite him to call a distraught mother in my State and explain to her what her daughter is supposed to do when one of the finest facilities in this country said, "We will do this for you and we will put you on our list, which already has 18 on it, but before we do, you have to come up with $160,000."

Call her and tell her what we are doing here in the U.S. Senate, standing on ceremony or trying to help people.

I reserve the remainder of my time.

Mr. DOMENICI. I yield to the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, if we are going to go into Arkansas and be the cause of the death of some woman, I think it is appropriate for me to make the following points:

On liver transplants and the next transplants, whether it is your left ear, right ear, whatever, that comes along, it is not automatic because some person was able to perform one of them successfully. It does not mean that everyone in this country with a liver disease can survive a transplant.

That is why we started with an experimental process. That is why the experimental process has been ongoing now.

I am not going to detail the process because we do not have time. Ultimately, it ends up, as changes are made in the process, in a safe, decisionmaking process so that people who actually are subject to liver transplants can have them safely. That is the whole point of all of this.

I think we are arguing here that the children are much more likely to have a successful transplant, and that is why HHS made that decision. In the adult population, it is less certain. It is only a matter of time, not a matter of the life and death of women and children.

Mr. GORE. Will the Senator yield?

Mr. DOMENICI. From our side or your side?

Mr. GORE. I want to ask a question.

Mr. DOMENICI. If you have any time left.

The PRESIDING OFFICER. Twenty-four seconds.

Mr. BUMPERS. I yield him 24 seconds, but before I do I want to say that your chances of survival with a liver transplant are only slightly worse if you are over 18 than it is if you are under.

The PRESIDING OFFICER. There are exactly 24 seconds left.

Mr. GORE. There have been 600 liver transplants done with a 70-percent survival rate. This is a medical decision on whether it is experimental. The NIH in its development conference looked at that question, made the decision and said it was not experimental whether you were above or below 18. The administration has refused to recognize the medical and scientific judgments of the best experts in this country. We should vote for this amendment.

The PRESIDING OFFICER. The Senator from New Mexico has 1½ minutes.

Mr. DOMENICI. Mr. President, I, too, commend the two distinguished Senators. I hope nobody really believes that our vote down here is a vote to deny an operation to a constituent of my good friend, DALE BUMP-

ERS, the distinguished Senator from Arkansas. The truth of it is that it is an accident that we have this bill on the floor today. It was supposed to be finished 3 weeks ago. How many phone calls are we going to get from across America that there are people who want an operation and even though we have the most expensive medical system in the world, approaching 10 percent of our gross national product, somebody needs something, so we are supposed to come here to the floor and says, "If you do not vote for it, you are Mr. Scrooge. One of my good constituents is going to die."

I think it is really a frivolous argument. It is probably worse than that but I cannot generate the right word for it.

I yield the remainder of the time to my good friend from Minnesota.

Mr. DURENBERGER. Mr. President, I will conclude by repeating what I said at the beginning of this debate. Unfortunately, we are here with this amendment because this is the only vehicle on which the Senator from Arkansas could do what he believes ought to be done. I agree with him, that it is the only vehicle.

I will say once again, it is only a question of the appropriate time and the appropriate way in which we provide for this financing.

We have all had the unfortunate experience of living with a kidney dialysis program and where we have rescued millions of people from death with a program, the financing of which, however, has gotten out of hand. We think there is a good way to do liver transplants and we are begging people for the time to do it right. We hope by next year that time will be here.

With that, I would urge my colleagues to vote against this proposition and in order to facilitate doing it I move to table the amendment.

Mr. DOLE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Oregon [Mr. HATFIELD] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 51, nays 47, as follows:

[Rollcall Vote No. 312 Leg.]

YEAS—51

Abdnor	Grassley	Packwood
Andrews	Hatch	Pressler
Armstrong	Hawkins	Proxmire
Bentsen	Hecht	Quayle
Boschwitz	Heinz	Roth
Cochran	Helms	Rudman
Danforth	Humphrey	Simpson
Denton	Kassebaum	Specter
Dole	Kasten	Stafford
Domenici	Laxalt	Stennis
Durenberger	Long	Stevens
East	Lugar	Symms
Evans	Mattingly	Thurmond
Garn	McClure	Trible
Goldwater	McConnell	Wallop
Gorton	Moynihan	Warner
Gramm	Murkowski	Zorinsky

NAYS—47

Baucus	Exon	Matsunaga
Biden	Ford	Melcher
Bingaman	Glenn	Metzenbaum
Boren	Gore	Mitchell
Bradley	Harkin	Nickles
Bumpers	Hart	Nunn
Burdick	Heflin	Pell
Byrd	Hollings	Pryor
Chafee	Inouye	Riegle
Cohen	Johnston	Rockefeller
Cranston	Kennedy	Sarbanes
D'Amato	Kerry	Sasser
DeConcini	Lautenberg	Simon
Dixon	Leahy	Weicker
Dodd	Levin	Wilson
Eagleton	Mathias	

NOT VOTING—2

Chiles	Hatfield

So the motion to lay on the table amendment No. 1046 was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1047

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] for himself and Mr. GORE, proposes an amendment numbered 1047.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill add the following new language:

SEC. . (a) Congress finds that:

1. There have been more than 600 liver transplants since 1963 and the one year survival rate at qualified institutions is now greater than 70 percent.

2. There are 4000 to 4700 potential candidates in the U.S. each year who require a liver transplant, but only a small percentage would be eligible for Medicare coverage.

3. There are currently individuals on waiting lists for liver transplants who will die without Medicare coverage.

4. After extensive review and consideration of all the available data, an NIH expert panel concluded liver transplantation is "a therapeutic modality for end-stage liver disease that deserves broader application" in a limited number of centers where they can be carried out under optimal conditions.

5. NIH further recommended that liver transplants be done in individuals both under and over 18 years of age.

6. The CHAMPUS program, after considering all relevant data, determined that there was no scientific basis for limiting liver transplants to children under 18 years of age.

7. The Department of Health and Human Services has determined that liver transplantation is no longer an experimental procedure only for children under 18.

(b) Based upon the above findings, it is the sense of the Senate that:

1. For the purposes of Title XVIII of the Social Security Act, the Secretary immediately reconsider the Medicare liver transplant coverage decision and implement a policy under which a liver transplant shall not be considered to be an experimental procedure for Medicare beneficiaries solely because an individual is over 18 years of age.

2. A liver transplant shall be covered under such title when reasonable and medically necessary.

3. The Secretary shall place appropriate limiting criteria on coverage, including those relating to the patient's condition, the disease state, and the institution providing the care, so as to ensure the highest quality of medical care demonstrated to be consistent with successful outcomes.

Mr. BUMPERS. Mr. President, this is a sense-of-the-Senate resolution which says essentially what the amendment said. It just directs the Secretary to consider paying for transplants for those over 18 who are in this pool we have discussed. I think the managers of the bill will accept this amendment.

Mr. DOMENICI. Mr. President, I yield to the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, I rise in support of the sense of the Senate amendment proposed by my colleagues from Arkansas and Tennessee. I agree with them that the Secretary of Health and Human Services should act with dispatch to approve Medicare payment for liver transplants as quickly as it can be shown that they are therapeutically acceptable.

I understand that the Public Health Service has recommended that the Secretary approve payment for heart transplants by Medicare. The proposed criteria for payment is strict but appropriate for such therapy. I agree with my colleagues that the Secretary should be encouraged to explore the same avenue for Medicare recipients over 18 who fit the medical criteria for liver transplants.

I do not believe it is the Congress' place today to instruct the Secretary to pay for liver transplants through statute. The decision should be made by the Secretary in consultation with

experts from the National Institutes of Health and the medical community.

The sense of the Senate is useful because it will send the clear messages that the body does not want the Secretary to dawdle on these types of decisions.

Medicare should not be in the business of rationing services. If a therapy is appropriate and efficacious, it should be paid for by the third party payers and health plans. However, with the possibilities of medical science there are many therapies which are technically possible, but not sufficiently effective or proven to be considered other than experimental. As medicine pushes the state of the art on its technical capability, more questions will arise.

I would hope that the managers of the Medicare Program in the Department of Health and Human Services will honestly apply the criteria for payment. If they do not, then it will be time for the Congress to act. In the case of liver transplants, I believe that the jury is still out.

The Senate will give its sense. Let's see what the Department does.

Mr. GORE. Mr. President, I hope the White House will see this amendment for what it is, a condemnation of their approach to assessing and evaluating coverage of organ transplant surgery.

Their head in the sand policy has created unnecessary confusing among third party payers and cost many lives. Lives are lost when patients in need of a transplant are denied access to care because their insurance refuses to pay, citing the Medicare sham that transplants are experimental. Lives are also lost because of the dangerous proliferation of unqualified transplant programs brought on by the administration's refusal to head recommendations by NIH and others to offer transplants only at a limited number of centers where performance of transplantation can be carried out under optimal conditions.

I hope the administration will take advantage of the opportunity this amendment provides and rethink their position. They should reconsider Medicare coverage of liver transplants, and in doing so I hope they will look closely at the CHAMPUS liver transplant policy and at the pending Medicare heart transplant coverage decision for guidance.

They also should finally propose the coverage policy for heart transplants that their own experts have recommended—that heart transplants be covered, but only for patients for whom the technology has been demonstrated to be successful and only at centers that have demonstrated they can successfully perform heart transplants. Americans have patiently waited 5 years for this decision and it is wrong that they be asked to wait any longer.

Mr. President, I will not take any more of my colleagues time on this amendment since I hope I made clear how strongly I feel about this issue during the debate on the previous amendment offered by the Senator from Arkansas. I urge support for the amendment.

Mr. DOMENICI. We yield back any time in opposition. We are willing to accept the amendment.

Mr. JOHNSTON. The amendment is acceptable, Mr. President.

Mr. BUMPERS. Mr. President, before I yield back the remainder of my time, I simply want to say I hope the Secretary will do two things. I hope she will look at this resolution. Sense-of-the-Senate resolutions are not very powerful, and I understand that. But I hope she will look at this resolution in light of the closeness of the vote that just occurred on this amendment.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 1047) was agreed to.

Mr. BUMPERS. Mr President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I understand that the Senator from Oklahoma [Mr. BOREN] has an amendment that, after debate, we are going to voice vote.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1048

Mr. BOREN. Mr. President, I send an amendment to the desk, on behalf of myself, Senator GRASSLEY, and Senator NICKLES, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oklahoma [Mr. BOREN], for himself, Mr. GRASSLEY, Mr. NICKLES, and Mr. BENTSEN proposes an amendment numbered 1048.

Mr. BOREN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 84, between lines 10 and 11, insert new subsections (d) and (e) as follows:

"(d) The Farm Credit Administration shall take no action under the provisions of the Farm Credit Act of 1971 that would result in the liquidation or merger of any Federal land bank association or production credit association unless such liquidation or merger was approved by the stockholders of the association prior to November 14, 1985, or after December 31, 1985. This subsection shall not be applicable to the Eighth Federal Farm Credit District (Omaha, Nebraska) except that in the case of such district, no elections may be certified, no charters may be issued, and no associations may be liquidated, prior to December 20, 1985.

"(e) Effective for the period from the date of enactment of this Act through December 31, 1985, no Federal land bank, Federal intermediate credit bank, Federal land bank association, or production credit association may (1) require any borrower to provide additional collateral for any loan made under the Farm Credit Act of 1971 if the repayment under the terms of such loan is not overdue, or (2) bring any legal action to foreclose on, or otherwise liquidate, any loan that is based on the failure of a borrower to provide additional collateral for such loan if the repayment of the loan was not overdue at the time such collateral was required.".

Mr. BOREN. Mr. President, the amendment which I have submitted on behalf of Senator GRASSLEY, Senator NICKLES, and myself deals with the action within the Farm Credits System to move ahead with the consolidation of local boards.

We are facing a situation in the Washita district, for example, where it is proposed that 71 legally elected boards of directors from local credit associations and local Federal land bank associations should be consolidated into one board in the Washita district. This election is due to occur in this month.

I am very concerned that a system which began with the concept of grassroots ownership by the farmers themselves and the concept of grassroots control through legally elected representatives of the farmers is being replaced very rapidly by a totally consolidated system in which the farmer-owners at the grassroots level have very little to say in operations.

I am also concerned by some reports that, potentially, there are farmers who are completely current on their loans to the associations, but because the farmland values have been declining, those farmers are required to come up with additional collateral or face possible foreclosure on their loans.

This amendment would really do two things.

No. 1, it would prevent the further consolidation of locally elected boards of directors or the further liquidation of local production credit associations

or Federal land bank associations until January 1.

This is not a permanent prohibition. It would simply give us time in Cogress to pass farm credit legislation so that whatever action we take would not be moot because the system had moved in a different direction while we were still trying to deliberate here.

Second, it would provide the same moratorium through January 1 on any foreclosures on those farmers whose loans are current who are not behind time in terms of payment but who have had some erosion in the value of their collateral due to falling land values.

There is one exception to this general provision and that deals with the Omaha district where a financial arrangement is now underway which requires that by January 1 the associations in the Omaha district shall have consolidated in order to receive financial help from the remainder of the system.

We have provided that the restriction on continuing to hold elections does not apply to the Omaha district. However, we do provide that the results of those elections shall not be certified until December 20. New charters for the consolidated associations shall not issue unitl December 20, and there can be no liquidation of local associations prior to December 20. That would give us an opportunity even in the case of the Omaha district to attempt to find a better solution and to fashion a better solution here on the floor of the Senate and the floor of the House of Representatives before that consolidation occurs. It would also protect those in the Omaha district as well against having their farms foreclosed during this period when the farmer involved was current on his loan.

Mr. President, this amendment will prohibit the farm credit system, between now and January 1, 1986, from liquidating or merging any Federal land bank association or production credit association unless the liquidation or merger was approved by the stockholders before October 1, 1985. In addition, the amendment would prohibit, during the same time period, the farm credit system from requiring a borrower to provide additional collateral for a loan if the repayment of the loan is not overdue. Finally, this amendment prohibits the farm credit system from bringing any legal action to foreclose on, or otherwise liquidate, any loan that is based on the failure of a borrower to provide additional collateral for a loan that is not overdue.

It has recently become apparent that the farm credit system is in trouble. The depression in agriculture has caused a huge increase in the system's loan losses, as more and more farmers are forced to default on their loans. From 1983 to 1984, Production Credit Association foreclosures increased by 293 percent in the ninth farm credit district headquartered in Wichita, KA. Over the past 5 years, Federal land bank bankruptcies have increased by 1,444 percent. In my home State of Oklahoma, alone, there were 178 foreclosures by the Federal land bank pending. By the end of August, the number of foreclosures pending in Oklahoma had risen to 359.

The combined farm credit banks incurred net losses of $522.5 million for the 3 months ending September 30, 1985. Third quarter losses for the Wichita district alone, was $106.5 million. There is no question that the stability of the system is in jeopardy. Because of the increased number of problem loans, the system has been forced to increase interest rates at a time when all other interest rates were declining. This has driven many good borrowers to other agricultural lenders. With the good borrowers, the farm credit system cannot survive.

Mr. President, at a time when farmers have been in the worst economic time since the Great Depression, the farm credit system has dramatically increased its operating cost without a corresponding increase in loan volume. For example, in 1980, the permitted salary of the chief executive officers of the system ranged from $66,000 to $120,250. By 1985, the salary range had jumped from $146,000 to $233,500. In addition, since 1979, the operating expenses of the Farm Credit Administration has increased by 86.9 percent. How can this be justified when farmers are going broke? It cannot be.

It is imperative that we deal with the farm credit issue before the first of the year. We must address the operating expenses of the system and the policies of the system. I have full intentions of offering amendments to the farm bill which would address many of the problems of the system. In addition, I have been working with Senator BOSCHWITZ to design a credit package which would return the farm credit system to a viable lending organization.

The farm credit system has been attempting to deal with its problem. Regretfully, however, the path the system has taken would in many instances destroy the virtue of the system. From the very beginning, the farm credit system has been locally controlled. The strength of the system has been this local control. Now, in an effort to return the system's viability, mergers and the watering down of local control has been occurring. I can understand the need for mergers of associations in some instances. However, I do believe that any merger must be approved by the stockholders and that the stockholders must have a real choice.

Farm credit system borrowers in the Wichita district are being asked to vote in the next couple of weeks on a system-wide merger of production credit associations and Federal land bank associations. This merger will turn the 71 local associations into one association. Right now, there are approximately 350 local board members with some power over the approval of loans. Under the proposed merger for the ninth district, there would only be 14 board members with any kind of power over the approval of loans. I am very concerned about the obvious loss of local control that will occur under the proposed merger in the ninth district. However, if the stockholders in Oklahoma, Kansas, New Mexico, and Colorado truly believed a merger were necessary for the system to survive, I would not stand in the way or propose legislation which would not allow them to choose mergers. Right now, though, the stockholders do not have a legitimate choice. They have been told either to approve the merger or their association may be liquidated. They have also been told that if the association does not approve the merger, the cost of captial to the local association will be increased. It is obvious that this does not allow the stockholders to make a legitimate choice to merge. They are being coerced into voting for merger. This is particularly true for those borrowers who have no place else to go for loans.

Because it has become obvious that the farm credit issue will be dealt with before the end of this year, it is logical that the farm credit system temporarily delay any proposed actions on mergers or liquidations of associations. The credit package that we adopt this year may eliminate the necessity for mergers. In any event, it will allow the stockholders to have a clear choice by permitting them to know what Congress is going to do before they are forced to vote on a merger. It is only fair that the stockholders are aware of all the options they have before a vote is required or before a merger has taken place.

The amendment I am offering today will place the system in a "holding pattern" until January 1. By that time, Congress should have enacted legislation dealing with the farm credit system. If Congress has not dealt with the issue this year, then the system could proceed with plans to merge associations or liquidate associations.

The amendment will also prohibit the farm credit system from requiring additional collateral on loans that are current. At the present time, the system is reviewing even current loans and if the asset value of the collateral for those loans has declined, they are requiring the borrower to provide additional collateral. Land values in the past year have declined by 12 percent. In some areas, land values have fallen

by as much as 50 percent in the past year. Obviously, this has weakened the position of the farmer. Declining land values have resulted in the lowering of the value of the assets used to secure the loans.

I can understand situations wherein a lender would request additional collateral when the value of the borrower's assets have declined. I can understand the need for a commercial bank to require additional collateral on its loans as the FDIC could declassify the bank's portfolio pushing the institution close to failure. However, in this amendment, we are not talking about commercial banks or the Farmers Home Administration. We are, rather, talking about a lending organization that was chartered by Congress for a specific purpose. The farm credit system is, in reality, a semi-Government agency because of its purpose. In my opinion, as long as a borrower is making his payments on time, his loan should not be liquidated just because on paper it appears that the loan is not sound. A farmer should not be foreclosed upon merely on the basis of declining land values over which he has absolutely no control.

Mr. President, I believe we must enact these two provisions if we are going to preserve the farm credit system as we know it today. I urge my colleagues to join in supporting this amendment.

Mrs. HAWKINS. Mr. President, I rise in opposition to this amendment. I do so for a number of reasons.

The amendment of the Senator from Oklahoma will raise farmers' interest rates, it undermines local control of farm credit system institutions, it is a piecemeal approach to solving a much larger problem, and it circumvents the committee process. For all these reasons, I oppose this amendment.

Mr. President, this amendment purports to protect the interest of local stockholders/borrowers of the farm credit system by preventing the merger or liquidation of any Federal land bank association between the date of enactment of this measure and the end of this year. Although this may be the intent of this amendment, it is certainly not the effect.

This amendment threatens all of our Nation's farmers with higher interest rates. Should this amendment become law, the New York bond markets will most certainly completely lose faith in the Federal farm credit system. If that should happen interest rates paid by farmers will soar. Under current law, the farm credit system raises almost all of its funds for new farm loans in the New York bond market. In recent weeks, the market's uncertainty over the management, soundness, structure, and regulatory scheme of the farm credit system has caused the system's cost of funds to reach historic heights. This amendment removes the authority of a majority of stockholders to act in their own best interest to protect the viable assets of their PCA or land bank association.

Let me ask a question of those who profess to advocate for local control. Would you purchase the securities of a system that had lost—through Governmental fiat no less—the ability to act in its own best interest? I think the answer to that is no. I am certain that will be the answer of the New York investment community should this amendment become law.

Since early September the interest rate required for a successful offering of securities by the farm credit system has risen by as much as 85 basis points over the historical average. Traditionally, the farm credit system has been able to sell securities bearing interest rates almost identical to the cost of Treasury bonds. This increase is due to the perception that the farm credit system has been badly managed, is adversely affected by the economic hard times in rural America, has suffered already and is due to suffer large loan losses in the future. This amendment, stripping the voting rights of local stockholders will only worsen the New York market's perceptions of the farm credit system.

There is one thing that I would like to make clear to Senators. Each basis point increase on farm credit securities means $300 million in additional interest costs to America's farmers. So for Senators who profess to have the farmers' interest at heart I urge you to vote against this amendment or be prepared to bear the burden for raising farmers' interest rates.

Mr. President, another reason I oppose this amendment is because it undermines local control. This amendment will prevent the merger of Federal land bank associations or production credit associations by overriding the current law requirement that such mergers or liquidations can only take place following a majority vote of that association's stockholders unless an association has failed to meet its legal obligations. This amendment prevents the stockholders of local PCA's and Federal land bank associations from excercising their lawful authority to act in cases where some remedial action is necessary to protect the assets of farmer/stockholder/borrowers of the farm credit system.

This amendment accomplishes by Federal fiat the exact opposite of what its supporters contend it is designed to accomplish.

I would like to raise a question for those who purport to care about the issue of local control to answer. Who are the stockholders of the cooperatively owned farm credit institutions? The answer is simple. Farmers who borrow from the farm credit system institutions are the stockholders.

I would like to raise another question for those who intend to promote the issue of local control. Who elects the boards of directors of the PCA's and the land bank associations? Again, the answer is simple. The farmer/stockholder/borrowers elect their local board of directors.

Under the framework of current law there is a direct relationship between the farmers who buy stock in and borrow from the farm credit system and the management of their local PCA and land bank association. Under current law this relationship is protected by a requirement that no PCA or Federal land bank association may be liquidated or merged without a majority vote of the stockholders.

The amendment of the Senator from Oklahoma directly interferes with local control. It states that a local association may not merge or liquidate even if the stockholders—with direct knowledge of the condition of their institution—believe it is in the best interest of their stockholders to take such an action.

Now let me make one thing clear. If there is a single farmer who has been intimidated by anyone into voting to merge or liquidate his PCA or land bank association he has an open ear with this Senator. In the Columbia District, my district, the PCA's recently voted to merge into one district-wide association. From the reports I have received this election went smoothly. I cannot be everywhere or hear everything. I do put my faith in the farmers who are stockholders and borrowers of farm credit institutions to act in their own best interest. Rumor has it that forced mergers are taking place. Under the law this is not allowable. Farmer/stockholders should not allow it.

Finally, Mr. President, I oppose this amendment because it is a piecemeal approach to addressing a problem that needs a comprehensive solution. The Agriculture Committee is working to develop such a solution. But we intend to address the myriad deficiencies of the existing Farm Credit System and its regulatory agency, the Farm Credit Administration. I simply conclude by saying that the current problems of the Farm Credit System are complex. As Senators know, the farm credit system has asked for a multibillion-dollar bailout. Let me remind Senators that this is the same Farm Credit System that, by its own admission, has a $5 billion surplus. Now that surplus is spread around among all the district banks. But I hope that other Senators will agree, that the richer farm credit districts have an obligation to assist the districts that are not so rich. I hope the Senators would agree that the management and operations of the Farm Credit System banks need to be approved. I hope Senators will agree

that accountability of the Farm Credit System banks and their managers must be improved. I hope Senators would agree that a strong "arms length" regulator needs to be created. I am certain that most Senators will agree that local control needs to be maintained.

The Agriculture Committee is working on all these issues I believe with some success. But we hope to address all of these issues in a timely and comprehensive fashion. Not one little issue at a time on the floor of the Senate.

Mr. President, for all of these reasons I oppose this amendment and urge other Senators to do likewise.

The PRESIDING OFFICER (Mr. TRIBLE). The majority leader is recognized.

Mr. DOLE. Mr. President, we have had a conference on this side. I asked the distinguished chairman of the Agriculture Committee and also the distinguished Senator from Iowa, Senator GRASSLEY, and the Senators from Oklahoma [Mr. BOREN and Mr. NICKLES] both. If satisfactory to the managers of the bill, we are willing to accept the amendment.

Mr. DOMENICI. Mr. President, I yield back the remainder of our time.

Mr. BOREN. Mr. President, I yield back the remainder of my time.

Mr. DOMENICI. Mr. President, we have no objection to the adoption of the amendment.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment (No. 1048) was agreed to.

Mr. BOREN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1049

(Purpose: To amend section 125 of title 23, United States Code, to increase the State emergency repair fund limitation)

Mr. BYRD. Mr. President, on behalf of myself, Mr. ROCKEFELLER, Mr. JOHNSTON, Mr. WARNER, and Mr. TRIBLE, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD], for himself, Mr. ROCKEFELLER, Mr. JOHNSTON, Mr. WARNER, and Mr. TRIBLE, proposes an amendment numbered 1049.

Mr. BYRD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . The first sentence of section 125(b) of title 23, United States Code, is amended by inserting after "$30,000,000" the following: "($55,000,000 for projects in connection with disasters or failures occurring in calendar year 1985)".

Mr. BYRD. Mr. President, as I am sure my colleagues are well aware, West Virginia was stricken by severe flooding last week. While West Virginia is no stranger to flooding, with its mountains and narrow valleys, I must admit that in all of my years, this is the worst, most devastating flood that I have ever seen.

There are 55 counties in my State; 29 have been declared disaster areas. That is over one-half of the counties in the State. We are still trying to determine the extent of damages. At last count, 48 bridges were washed away with the flood waters, and whole sections of roadways have been severed. Some towns are economically and physically virtually wiped out, and access to other towns has been cut off.

I have spoken with Gov. Arch Moore of West Virginia on a number of occasions since the floods, and I met with Secretary of Transportation Elizabeth Dole in my office yesterday to discuss what could be done to address this emergency situation. Secretary Dole advised that the Federal Highway Administration has personnel in the State to assess damages to roads and bridges, and that those damages are extensive.

Secretary Dole indicated that while assistance can be provided through the emergency relief fund, there is a definite problem because of a $30 million cap on the dollar amount that can be spent in any given year per disaster in a State. Early estimates indicate that the flood damage will far exceed that amount.

The amendment I offer today on behalf of myself and Senators ROCKEFELLER, JOHNSTON, WARNER, and TRIBLE will raise that cap to $55 million, an action that has been taken in the past during times of emergency.

Much has been done to date to gather up the bits and pieces that remain. I have gone back home to West Virginia and seen first hand much of the damage. The desire to rebuild has been apparent at each of the towns I have visited since the flood. However, there is much that needs to be done. The adoption of this amendment will be a step in the right direction, and I urge its adoption.

Mr. President, I have discussed this with the manager and the ranking minority manager, and I believe they are ready to accept the amendment.

Mr. DOMENICI. Mr. President, we have discussed this amendment with the distinguished minority leader and some of the cosponsors at length today, and we have discussed with the chairman of the authorizing committee, the distinguished Senator STAFFORD. We have no objection to the adoption of the amendment. We think it is very reasonable.

Mr. JOHNSTON. Mr. President, we have no objection on this side of the aisle.

Mr. DOMENICI. Mr. President, I yield to the distinguished senior Senator from Virginia.

Mr. WARNER. Mr. President, speaking both on behalf of myself and my distinguished colleague now presiding over the Senate, we wish to join our distinguished colleague from West Virginia.

All Senators cosponsoring this amendment have visited these areas of West Virginia and Virginia personally over the past weekend or past few days.

It is essential that Federal assistance be expedited to that part of our Nation which has suffered so grievously under this natural disaster.

We wish to commend the distinguished minority leader for his leadership on bringing this amendment.

Mr. BYRD. Mr. President, I thank the distinguished Senator for his kind words.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, let me just ask if the distinguished junior Senator from West Virginia needs some time. We have a little time here. We are in no rush.

Mr. ROCKEFELLER. Mr. President, will the Senator yield time to me?

Mr. DOMENICI. I yield as much time as the Senator desires.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Mr. President, as the Governor of West Virginia for 8 years, I witnessed a number of tragic disasters, but none as devastating as the recent flooding which struck some 30 counties in West Virginia. I have personally toured many of the stricken counties and intend to visit even more this weekend. Each trip back, I find people overwhelmed by destruction—but determined to rebuild their lives.

I believe West Virginians can and will get back on their feet—but they need immediate and substantial financial help.

The damage to West Virginia's roads and bridges has been assessed in early estimates as over $120 million. Over 500 West Virginia roads and 50 bridges have been damaged or wiped out by floodwaters. Current law limits Federal Highway Administration funds to a mere $30 million. Clearly, West Virginia will need more Federal funding to start rebuilding our roads and bridges. Rebuilding our transportation arteries is a vital first step toward recovery for our flood-stricken communities—many of which are rural and remote.

Increasing the Federal Highway Administration's cap to $55 million will be enormously helpful in rebuilding West Virginia's economy and infrastructure. There is precedent for our action, Mr. President. In 1983, California was struck by severe flooding. Once it became apparent that $30 million was insufficient for necessary highway repairs, Congress removed the cap so California's pressing needs could be met. Moreover, the Secretary of Transportation this week publicly recognized that a $30 million cap is too low to adequately deal with the floods which struck Appalachia.

In closing, Mr. President, let me reiterate that the sooner these funds can be made available to West Virginia, the quicker our people can begin the process of rebuilding our roads and bridges—and rebuilding West Virginia's economy along with it.

Mr. DOMENICI. Mr. President, I yield back the remainder of my time.

Mr. JOHNSTON. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from West Virginia.

The amendment (No. 1049) was agreed to.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I thank the distinguished manager, Mr. DOMENICI, and the ranking minority manager, Mr. JOHNSTON, and all other Senators who have participated in the offering of this amendment.

Mr. DOMENICI. Mr. President, I understand that pursuant to the unanimous-consent agreement, there is one remaining amendment that Senator METZENBAUM has, a Medicaid amendment, on which there is 20 minutes to be equally divided. We are ready for the amendment, and that is the last amendment.

The PRESIDING OFFICER. Under the previous order, the Senator from Ohio [Mr. METZENBAUM] is recognized.

Mr. METZENBAUM. Mr. President, how much time is allocated on the last amendment that I have with Senator GLENN?

The PRESIDING OFFICER. It will be 20 minutes equally divided on the Metzenbaum amendment.

The Senator from Ohio [Mr. METZENBAUM] is recognized.

AMENDMENT NO. 1050

(Purpose: To strike section 748 of the bill (relating to revaluation of assets under Medicaid program))

Mr. METZENBAUM. Mr. President, I send an amendment to the desk on behalf of Senator GLENN and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio [Mr. METZENBAUM], for himself and Mr. GLENN, proposes an amendment numbered 1050.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 225, strike out all beginning with line 20 through line 6 on page 228.

Mr. METZENBAUM. Mr. President, I have offered this amendment because I had two amendments voted down this afternoon, and I am stubborn enough to think this one is going to go.

Mr. President, this amendment is going to reduce the deficit by $70 billion over 3 years, and it accomplishes this by striking a provision in the reconciliation bill which increases the reimbursement rate for capital cost payments to nursing homes under Medicaid due to changes in ownership.

Last year Congress passed a law reforming the system. This year we are being asked to undermine that reform. How absurd can we be? Congress passed the law last year in an attempt to control the rapid turnover of ownership in the nursing home industry.

What my amendment would do is to preserve this reform by eliminating that provision in the bill which makes it possible for nursing homes to be recapitalized at point of sale. Is that provision absurd?

Listen to what I am saying. If a nursing home operator sells out to one of the large private nursing home corporations in the country, there is a reevaluation of assets under Medicaid.

Nothing occurs for the patients or the people who occupy those homes. There is not any improvement of services. But there is one thing that occurs. The American taxpayer is called upon to pay more for Medicaid? Why? We realized this was wrong just 1 year ago. Now this Finance Committee would have us undo that which was done in 1984.

This trafficking problem in nursing homes has led to an annual turnover in nursing home ownership of up to 30 percent. The nursing home industry has become an acquisition game, with more attention being paid to the real estate and tax shelter implications than the quality of care provided to the residents.

We can save $70 million if we accept this amendment. And if you do not, you are expending $70 million of Medicaid funds without a scintilla of improvement as far as the care of the patients is concerned. That is not logical.

You have to understand that both the State and the Federal Governments pay more money, if you do not take our amendment, for use of the same assets, for the same purpose with no guarantee of improved or additional facilities. We were smart enough to change the law last year; now we may be dumb enough to change it back.

In 1983, these for-profit nursing homes increased their number of beds by 15 percent. But, listen to this, 90 percent of that increase was due to the acquisition of existing nursing homes, not new construction. It is estimated that, by 1990, 50 percent of all nursing homes beds will be operated by between 5 and 10 nursing home companies. That is not good policy. The AARP and the National Council for Senior Citizens have expressed their concern over the concentration of ownership in the health industry.

Now I know that many Members might be interested in doing something about setting the value of capital assets for the purpose of determining Government payments. But this is not the way to do it. This is not where you are building a new building. This is where you are taking an old building and selling it for more money and increasing the capital cost.

Let me conclude with four simple arguments for this amendment. It cuts the deficit by $70 million over the next 3 years. It removes a provision from the bill which is opposed by the American Association of Homes for the Aging, the National Council of Senior Citizens, and the National Citizens Coalition for Nursing Home Reform.

If we do not take this amendment, we would have seen fit to give away $70 million of the taxpayers' funds which we were smart enough to do something about 1 year ago. Let us not undo that which we have done.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. PACKWOOD. Mr. President, is there a time set to vote? Several Members have asked me and I am trying to remember.

The PRESIDING OFFICER. There is no specific time. There is 20 minutes allocated on this amendment, equally divided, between the two sides. The Senator from Ohio has been allocated 5 of those 10 minutes and those 5 minutes have expired. Who yields time?

Mr. PACKWOOD. I yield 5 minutes to the Senator from Minnesota.

Mr. DURENBERGER. I thank the Chair, and I thank my colleague from Oregon.

The Senator from Ohio said, as he began his remarks on his amendment, that he had not made it on two others and might not make it on this one. I guess I hope he does not.

Did the Senator understand me all right?

Mr. METZENBAUM. I want to be 100-percent accurate. I missed on three.

Mr. DURENBERGER. He missed on three; hopefully, we will make it four.

Let me again try to be brief. I will leave the main arguments on this issue to the chairman of the Finance Committee. This was not an easy issue for any of us to deal with, not because of the health policy issues or some of the issues raised by the Senator from Ohio, but simply because when you get into the business of trying to decide what you are saving or what you are spending and you are talking about savings that come off of health care providers these days, there is just no way to make accurate estimates.

So I would start by suggesting to my colleagues that the theory that we are going to save $70 million to anybody by voting for the amendment of the Senator from Ohio is fallacious.

Let me than go back to just a little bit of history on this issue. We did not talk much in the Medicare area about the whole business of revaluation of assets until a very bright and respected Congressman from Ohio, BILL GRADISON, asked the General Accounting Office to take a look at the issue. And they did that during the course of 1984, and near the end of the year issued a report indicating that there was some profit taking in tax shelters in the hospital industry in the issue of revaluation of assets. So in the committee and in reconciliation, as I recall, last year we dealt with that issue relative to hospitals. I will not try to explain all the detailed differences between the hospital industry and the nursing home industry and the long-term care industries, but they are substantial.

As I recall—and maybe the Senator from Oregon can recall better then I—but it was sort of at the last minute in this reconciliation process that we began looking around for some money and then thought maybe we would add the nursing homes in with the hospitals and pick up a few bucks. And that, as I recall, Mr. President, is the history of the whole issue of revaluation of assets as it relates to nursing home.

So we came back at that issue during the budget resolution issue and reconciliation process in the Finance Committee and came up with the proposal which is now part of the reconciliation which undoes a part of the action that we took in 1984. And it is a small enough part of it so that, as I understand, the increase or the so-called benefit here in the revaluation of assets provision that we put in is something like 1.6 percent in fiscal year 1985.

We also mandated a study of this whole process so that we would know more about it as it applied to the long-term care industry. So with those components in place, a modified provision, plus this capital financing analysis, I think we believed that we were protecting the same interests that the Senator from Ohio would seek to protect.

I would say one thing relative to the issue of turnover. I do not think the turnover in ownership in the nursing home industry is due to tax shelters. I believe it is due to the failure of the financing system that we have in this country, both in Medicare and Medicaid, and the lack of a decent financing system in the private sector. That has a lot more to do with it. That, and the fact that States do not know whether they are afoot or on horseback when it comes to the utilization of nursing homes. That has a lot more to do with it than the tax shelter business.

And as to the fears that somehow somebody is going to make a lot of money in the future, I would say that in the old days of health care inflation, when you had an excess of demand over supply, there were probably a lot of people making money trading hospitals or nursing homes. I believe that is over, Mr. President. I would suggest that, for that reason, it would be appropriate for everyone in this body to support the effort to defeat this amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PACKWOOD. Mr. President, I yield myself 5 minutes.

Mr. President, let me begin by understanding that about 95 percent of the Medicaid payments to nursing homes are fixed payments. It does not matter if the nursing home cost $2 million, brand new, or it cost $500,000 when it was built 20 years ago. They are fixed payments for the cost of taking care of patients. They are not payments based upon what it could cost you to build that nursing home, the capital involved.

So let us not be under any illusions here that if we allow this bill to pass—the bill as it is drawn, not the Metzenbaum amendment. What you pay for the cost of the patient is going to be roughly the same; 95 percent of the money is costs.

So let us talk about fairness. You are Johnny and Susie Jones and you bought a nursing home 25 years ago and another 15 years ago, one with 60 beds and one with 40 beds. You are now 62 years of age and you would like to retire. You built the nursing homes for $500,000 apiece and they are now honestly worth on the market $1 million apiece.

The new owner who would be willing to pay you $1 million is only going to be willing to pay you $1 million if that 5 percent portion of Medicaid payments which is a payment on capital can be based upon the $1 million. You are not going to pay $1 million for it otherwise. Or you make it very difficult for Johnny and Susie to get out of the business if you say these payments cannot be raised very slightly—very minor, talking about only 5 percent of the Medicaid payments—to take care of genuine capital pressure.

That is one.

Two, we will allow the increased capital value to go up very, very slightly. The reevaluation upward is limited to the acquisition cost of the previous owner, increased by 50 percent of the nursing home cost index published in the DODDS construction index or 50 percent of the consumer price index, whichever is lower. They are only going to allow the valuation to go up by half of its real increase in value to begin with.

Next, the American Association of Retired Persons, far and away the largest organization representing seniors in this country with more members than all of the senior organizations collectively put together, initially had some complaints about Medicaid reimbursement for nursing homes. They circulated a letter. My good friend from Ohio has circulated their letter from about a year ago concerning their complaints.

Based upon their suggestions the Finance Committee adopted a reevaluation of assets provision which they now approve. At least I want to read their more current letter in case anyone is under the misimpression that AARP is opposed. This is November 8, 1985:

> AARP believes the provision in the committee's reconciliation package is an acceptable interim measure for continuing Medicare and Medicaid participation in the capitalization of the nursing home industry. As originally framed the provision is less generous than originally proposed.

They support it. You take a look at the demographics of the population. We are going to need more and more nursing home beds as we reach 1990, 1995, and 2,000. That may or may not be true of hospital beds. But it is true of nursing home beds. If those who want to build nursing homes or buy nursing homes cannot have a fair reimbursement for the capital costs that they have involved in nursing homes, they are not going to build them and they are not going to buy them. People who built them 5, 15, 20 years ago are not going to be able to sell them. So they will close them.

For all of those reasons I hope when we do vote on the amendment of the Senator from Ohio, it will be turned down. Equity is on the side of the decision made by the Finance Committee. We have a balanced approach that is approved by the largest association of retired persons in the country. It is imperative that we allow this slight increase that will amount to no more than 1.6 percent in 1985; that we allow this very slight increase.

The PRESIDING OFFICER. The Senator has no time remaining.

Mr. PACKWOOD. I thought it was 20 minutes on a side.

The PRESIDING OFFICER. Ten minutes.

Mr. PACKWOOD. I apologize.

Please vote against the amendment of the Senator from Ohio.

Mr. METZENBAUM. Mr. President, I yield 3 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Thank you, Mr. President, and Mr. METZENBAUM, my colleague from Ohio.

Mr. President, I support the amendment introduced by Mr. METZENBAUM, which would strike from S. 1730 the provision allowing nursing homes to revalue their capital costs upon sale. I would like to take a few moments to explain why this amendment is important.

This amendment will save $70 million over the next 3 years. It will contribute to reducing the deficit which is precisely what our objective is in considering the reconciliation bill. I think that is the important thing to consider here.

Last year, as part of the Deficit Reduction Act of 1984, Congress stopped the practice of nursing homes revaluing their assets upward at the point of sale of the facility, under both the Medicare and Medicaid Programs. Traditionally, after a nursing home changed hands, the new owner was entitled to a higher reimbursement rate solely because of the purchase. There was no assurance of improvement or expansion of the facility or, more importantly, there was no assurance of better care. However, the new owner was assured of increased reimbursement. In 1984 the Congress thought it was good policy to stop this practice, and I think it's good policy to continue what we started last year rather than to partially undo it.

It is sound public policy to not have incentives in our Medicaid Program which encourage rapid turnover of nursing homes. Nursing homes in this country were changing ownership at a rate of nearly 30 percent each year and some were being sold annually. By eliminating revaluation of assets upon sale in 1984, we eliminated an incentive for changing ownership so frequently, thus ensuring that experienced providers of nursing home care stay in the business longer. A letter sent to the Finance Committee from three major senior citizen groups this past July stated, "We believe linking the mechanism for setting the value of capital assets to sale provides the wrong incentives for a stable, high-quality health care delivery system. Moreover, liking revaluation to sale exacerbates the concentration of ownership in the health care industry."

I know of no other business where the businesses are in effect "churned," as we call it in stock accounts when a broker sells stocks just to make his commission on those sales. I would submit there has been churning going on in the nursing home business when they are turning over at the rate of some 30 percent per year.

Following the enactment of DEFRA, Senators DOLE and DURENBERGER wrote to Health and Human Services Secretary Heckler, stressing that the revaluation of assets provision was not meant to limit States' flexibility in choosing alternative payment methodologies for Medicaid, so long as a State's aggregate costs would not exceed increases allowable under Medicare policy. A number of States have implemented creative approaches to reimbursement which recognize the capital costs of nursing homes. My home State of Ohio has implemented several initiatives to recognize, yet limit, payments to nursing homes for their capital costs. Ohio's methodology is aimed at reducing the high rates of turnover in nursing homes. In fact, Ohio includes an incentive factor for owners to retain ownership of their facilities. Other States, such as Maryland and West Virginia, are experimenting with other methodologies.

Recognition of the capitalization of nursing homes is important and needs to be considered in formulating methodologies for Medicaid reimbursement. But basing revaluation upon the sale of a nursing home is not reasonable. Therefore, I intend to request that the General Accounting Office study alternative methods of recognizing capitalization costs in the Medicaid Program. This will provide an opportunity for us to carefully examine alternative approaches, including Ohio's, and to establish sound public policy for recognizing capital costs, instead of returning to revaluing assets just because a nursing home changes hands.

So I urge, Mr. President, that my colleagues support Senator METZENBAUM in this amendment. It is consistent with our effort to reduce the deficit because it will save $70 million over the next 3 years. And it will give us time to look at reasonable methods for recognizing capital costs for nursing home reimbursement. Let us not reinstitute a system we ended last year; one that encourages rapid turnover in an industry that needs stability. Instead, let's continue on the track Congress established last year in DEFRA. It will enable us to approach the capitalization issue in a reasonable manner so that we can enact good public policy.

I yield back the balance of my time to Senator METZENBAUM.

Mr. METZENBAUM. I thank my colleague from Ohio for his support.

Mr. President, let me mention the AARP. We have been all over the lot on this one.

They wrote me on November 13.

AARP's previous correspondence on this issue reflects the association's continuing concern that a revaluation on sale is not the only nor the most appropriate means for providing for a Federal policy in capitalization. Clearly, your communication to your colleagues on this issue based as it was on our letter and prior conversation with us accurately reflected our position at that time.

So when I indicated there was a concern at the AARP and there was strong opposition from several other organizations I was stating the facts correctly.

I want to say to my colleagues we should do the best we can for patients on Medicaid. I want to see to it that we get the most from those funds which the taxpayers provide for Medicaid services. But there is not any logical reason under the Sun that we should now undo that which we did in 1984. In 1984 we said when you sell a property it does not provide a sufficient basis to recapitalize it and, therefore, to increase the cost to the American taxpayer under Medicaid.

The buyer knows what he is getting. The buyer should not have a right just to up the cost of Medicaid by reason of having made a purchase at a higher price. The medical services are not improved. It does not help the patient in any way.

The only person that gets hurt if you leave the provision in the bill that the Finance Committee has put in is the American taxpayer. The American taxpayer will suffer. It is not right. We said that in 1984. We should not undo what we stated and did in 1984.

I yield back the balance of my time, and ask for the yeas and nays.

The PRESIDING OFFICER (Mr. DURENBERGER). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. As I understand it, we are not going to vote until about 10 minutes of 6 on this amendment, and then pursuant to the unanimous consent, we will vote final passage.

I need a few minutes to wrap up some of the technical matters on the bill, and make a few comments. But I have confirmed with the distinguished sponsor of the amendment that we would either have a quorum call or use the time for any comments until 10 minutes of 6, at which time we will vote on the Metzenbaum amendment, and then final passage if that is satisfactory.

Mr. METZENBAUM. That is perfectly agreeable with me. I understand it will be an up-or-down vote.

Mr. DOMENICI. We have not agreed to that.

Mr. METZENBAUM. I gather the Senator from Oregon——

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. PACKWOOD. It is my intention to make a motion to table.

Mr. METZENBAUM. Does the Senator from Oregon insist upon an up-or-down vote?

Mr. PACKWOOD. Yes. In this case, I will make a motion to table.

Mr. METZENBAUM. I ask my colleague from New Mexico why the delay on the vote? I did indicate my willingness to go along with it, and I did not raise the question of an up-or-down vote. But is there some reason?

The PRESIDING OFFICER. Is there an objection to this colloquy?

Mr. DOMENICI. I ask unanimous consent that we have up to 5 minutes to engage in colloquy.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. I say to my friend from Ohio that we have informed a number of Senators on both sides who inquired about 30 minutes ago that we would not vote again in an up-or-down manner until about 10 minutes of 6.

We would like to accommodate them since we told them that. I did confirm it with the Senator. I did not tell the Senator it would be a table or a straight vote. The Senator agreed to it. That is why I told the distinguished chairman of the Finance Committee that we would not vote until 10 of 6, even though we are finished with the debate.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I will go along with the agreement, but I do want to say we spend so much time delaying. I cannot understand why we cannot get our work done. It seems to me we ought to just proceed forward.

I am not going to object to the unanimous-consent request of the Senator from New Mexico, but I want to point out that we ought to keep rolling. I will be glad to be of assistance in keeping these matters moving forward and trying to move them rapidly.

I think this is one of those matters that could have been anticipated. We should be able to vote up or down on the amendment as well as on final passage.

Mr. GLENN. I wish when arrangements like these are made some of the rest of us get in on the act, too. I reset the schedule back in my office depending on the time for amendment here. Now I have to go back and reschedule again. I wish word would be passed when we make arrangements about putting off votes.

Mr. DOMENICI. I understand how difficult it is to accommodate everyone. I have been trying to accommodate 20 or 30 people over the past couple of days. I think we have done a reasonably good job. If I have inconvenienced anyone, I am sorry.

Could I ask unanimous consent to have an additional 5 minutes to comment on the bill and to thank the various people who have worked on it?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I think everyone knows that this is a major bill. For the last week, I have been reminding the Senators that we are losing about $52 million a day in savings. It will take us a couple more weeks to get through conference with the House. Almost every standing committee of the Senate and the House will be in the conference because they have all provided portions of this rather omnibus type bill.

Senator CHILES is not with us because he in not feeling well. He did an outstanding job on the minority side. I am most appreciative of what he has done.

All of the chairmen worked extremely hard, but in particular I want to thank Senator PACKWOOD, the chairman of the Finance Committee. His was a major role, as is usual. Whenever you have a bill that saves money, the Finance Committee takes the lead as they did again with this bill. I thank him not only for the work he has done but for all the time he has spent on the floor. I think we have had an accommodation that is exactly the way it ought to be.

This is not my bill. I am simply charged with packaging and managing it. I hope that each of the chairmen have felt comfortable in the arguments that have been made with respect to parts of the bill that concern their committee.

Senator DOLE and his staff have been extremely helpful, and, of course, Senator BOSCHWITZ and Senator GORTON, and Senator JOHNSTON on the other side.

The cooperation of Senator BYRD, the distinguished minority leader, has been essential. We could not have gotten to final passage tonight, as complicated as this measure has been, without his help and guidance.

Obviously, there have been a number of extraneous matters in this bill. We hope we have taken care of them for the future. For now, it will be a real challenge for the various chairmen as they go to conference in an effort to resolve differences with the House where there are many extraneous matters within the four corners of their bill.

When this bill was reported to the floor as a result of many of our authorizing committee's work, it achieved an $85,652,000,000 reduction in the deficit off of current policy over 3 years.

We have had about 15 rollcalls and adopted 31 of the more than 50 amendments that were offered. Our best estimate, using CBO's current evaluations, is that we have held the line. As a matter of fact, we have added about $94 million in savings over 3 years so we have cut $85,746,000,000 off the base line.

I think that is a pretty good job, a pretty good day's work. In years past that would have been a rather astronomical bill. It is getting rather ordinary around here that we pass these kinds of reconciliation bills. But it is far more than ordinary. It is a major effort.

Mr. President, I ask unanimous consent that a table entitled "Amendments to the Senate-Reported Reconciliation Bill that Increase or Reduce Total Deficit Reductions" be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

AMENDMENTS TO THE SENATE-REPORTED RECONCILIATION BILL THAT INCREASE OR REDUCE TOTAL DEFICIT REDUCTIONS

[In millions of dollars]

	1986	1987	1988	1986–88
Total deficit reductions in Senate-reported bill	−21,622	−28,340	−35,689	−85,652
Amendments: [1]				
DeConcini—motor vehicle fleet reductions	1	11	−289	−277
Kennedy—military pay and health care	71	−254	−59	−242
Stafford—LIHEAP disregard for shelter deduction under food stamp program	33	65	67	165
DeConcini—Customs user fees [2]	NA	NA	NA	NA
Heinz—medicaid coverage for ventilator dependent people	85	92	52	229
Cranston—increased medicare funding for rural hospitals	3	5	5	13
Simon—JTPA and food stamps	5	6	7	18
Total amendments	198	−75	−217	−94
Total deficit reduction in Senate bill as amended to date	−21,424	−28,415	−35,906	−85,746
Resolution directive	−19,382	−24,036	−32,117	−75,535

[1] All estimates are from CBO.
[2] This amendment is expected to cost less than $10 million over 3 years.
NA means not available.

Mr. DOMENICI. Mr. President, I want to express my appreciation to all the committee staffs that have worked so hard to bring this bill to completion. The reconciliation bill could not have been completed without the dedicated work and cooperation of the Senate committee staffs.

I want to particularly thank my staff on the Budget Committee, both the majority and minority staffs. I know that their hard work will contin-

ue as we take this bill to conference and finally bring to a completion the fiscal year 1986 budget resolution blueprint.

As I understand it, there is one matter, before I yield the floor and ask for a quorum call, that has been cleared on both sides.

Mr. President, I have nothing further. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I move to lay on the table the amendment of the Senator from Ohio. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon [Mr. PACKWOOD] to lay on the table the amendment of the Senator from Ohio [Mr. METZENBAUM]. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Oregon [Mr. HATFIELD] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. COHEN). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 71, nays 27—as follows:

[Rollcall Vote No. 313 Leg.]

YEAS—71

Abdnor	Garn	Mitchell
Andrews	Goldwater	Moynihan
Armstrong	Gore	Murkowski
Baucus	Gorton	Nickles
Bentsen	Gramm	Nunn
Boren	Grassley	Packwood
Boschwitz	Hatch	Pressler
Bradley	Hawkins	Quayle
Bumpers	Hecht	Rockefeller
Byrd	Heflin	Roth
Chafee	Heinz	Rudman
Cochran	Helms	Sasser
Cohen	Humphrey	Simpson
D'Amato	Johnston	Specter
Danforth	Kassebaum	Stafford
Denton	Kasten	Stevens
Dole	Lautenberg	Symms
Domenici	Laxalt	Thurmond
Durenberger	Leahy	Trible
Eagleton	Long	Wallop
East	Lugar	Warner
Evans	Mattingly	Weicker
Exon	McClure	Wilson
Ford	McConnell	

NAYS—27

Biden	DeConcini	Harkin
Bingaman	Dixon	Hart
Burdick	Dodd	Hollings
Cranston	Glenn	Inouye
Kennedy	Melcher	Riegle
Kerry	Metzenbaum	Sarbanes
Levin	Pell	Simon
Mathias	Proxmire	Stennis
Matsunaga	Pryor	Zorinsky

NOT VOTING—2

Chiles Hatfield

So the motion to lay on the table was agreed to.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

URBAN DEVELOPMENT ACTION GRANTS

Mr. GRASSLEY. Mr. President, the Urban Development Action Grant Program is one that has helped our country rebuild many of its distressed communities.

During the December 1983 round of UDAG grants the Secretary of HUD implemented selection criteria that he felt was based on the intent and direction that Congress had given him. However, the criteria shut out over three-fourths of the cities in the United States. I do believe that the Secretary was basically right in what he did when he implemented the UDAG formula based on legislative language in the bill establishing the program. But I don't believe that Congress intended to write the law so that these communities in need would be shut out.

The proposed formula change that is included in the bill we are discussing today will give those communities that have been shut out an opportunity to again take part in this program.

Over the past 2 years we have looked at several different ways to improve the program and have tried to develop a fair formula. The one that is contained in this bill is a compromise that is supported by several Senators on both sides of this issue as well as over 12 private organizations including the National League of Cities and the National Association of Counties.

I will not stand here today and presume to say that this compromise is the final answer to the formula problem, but I will state that unless we move ahead with positive changes, then we will not have a UDAG Program. Without a change we will continue to have business as usual where over 65 percent of the funds continue to go to a few States.

When this formula change occurs, the data we collect will allow our cities to see if they will again be able to compete. If this formula does not work, the Secretary of HUD will have to report to Congress on possible changes needed to make this program a national one.

I would like to take this opportunity to thank Senator GARN and his staff for the assistance they have given me with the formula change and I would especially like to thank the ranking minority member on the Housing Subcommittee, Senator RIEGLE, for helping to make this change possible. He has spent many hours trying to make the system an equitable one that would be acceptable by both sides.

I am encouraged by this action and look forward to seeing this program used again by the local communities in Iowa.

Mr. BAUCUS. I rise to engage the Senator from Oregon with an inquiry regarding the user fee for customs brokers permits provided for by the committee.

As the Senator knows, last year I sponsored an amendment to what is now Public Law 98-573, the Trade and Tariff Act of 1984, which provided for Customs Service regulations of the customs business of customs brokers. Section (H) of that amendment established "reasonable fees and charges to defray the cost of the Customs Service" in carrying out this responsibility including, but not limited to, a fee for licenses issued under my amendment.

The committee has provided for an annual $125 fee in the legislation before the Senate today, which would be imposed on permits for customs brokers. Are these the fees contemplated by section (H) of Public Law 98-573?

Mr. PACKWOOD. I thank the Senator for his inquiry. As you are aware, Public Law 98-573 provides for both licenses and permits. Every individual, corporation, association, or partnership wishing to conduct customs business for those other than themselves must hold a valid customs brokers license. Every person granted a license will be subsequently issued a permit to conduct business in a particular Customs district. Thus, a licenseholder may have several permits depending upon the number of districts in which he conducts business.

The committee, in this legislation, is imposing an annual fee for each permit that is issued pursuant to Public Law 98-573. It is through a fee on permits that the committee hopes to defray the cost of regulating the customs brokers industry. We believe that the number of permits issued is a good measure of the range of activities that must be regulated. Where a broker has three permits it indicates that he has three separate business activities in three geographically separated districts.

Mr. BAUCUS. I agree with that analysis. However, does the committee also contemplate a separate fee on licenses?

Mr. PACKWOOD. Yes; the committee anticipates that Customs will charge a one-time fee for the issuance of a brokers license and accompanying permits, in addition to the annual fee

authorized by this bill. We understand that Customs will charge a one-time fee of $300 for licenses and $100 for permits. The committee expects that Customs will confine itself to these one-time fees on brokers and avoid arbitrarily increasing the amounts charged.

"IN-BOND TRANSPORTATION" USER FEE

Mr. MOYNIHAN. The report of the Finance Committee describes the fee on "in-bond transportation" as a one-time charge on merchandise moving from one port-of-entry to another. Am I correct that this fee may be paid when merchandise is released for entry into a bonded warehouse, foreign-trade zone, or other bonded facility at the port-of-entry in anticipation of its later in-bond movement to another port, in which case the fee would not apply to any subsequent movements of the merchandise?

Mr. PACKWOOD. Yes; the Senator is correct in his interpretation. The committee intends that the party entering the merchandise into a bonded warehouse, foreign-trade zone, or other bonded facility be permitted to pay the fee upon entry or upon subsequent port-to-port transportation.

AIRLINE RELATED SERVICES

Mr. WILSON. I rise today to express a concern that I have, which is technical in nature, regarding the budget reconciliation bill, S. 1730. Specifically, my concern relates to the tax treatment of airline employee fringe benefits. I am hopeful that we can clear up an ambiquity that could cause employees engaged in the all important task of aircraft maintenace to be unfairly taxed on their fringe benefits.

Persons are taxe on their gross incomes, which generally includes the value of employer provided fringe benefits. However, under the Deficit Reduction Act of 1984, certain fringe benefits by an employer on a nondiscriminatory basis are excluded from the recipient's gross income for income tax purposes. These tax-exempt fringe benefits include no additional cost services and qualified employee discounts. Both of these exceptions have so-called line of business requirements.

In other words, a fringe benefit, to be nontaxable, must be a service that is sold to the public in the line of business of the employer for which the employee is performing services. Thus, a flight attendant could receive nontaxable flight privileges from her airline employer, but would have to pay taxes on hotel privileges that she received from her employer, even if that employer operated a hotel chain.

However, S. 1730 currently provides a special rule to allow employees of an airline subsidiary to receive tax-free flight benefits if the subsidiary performs airline related services. "Airline-related services" means any of the following services in connection with commercial air transportation: First, catering; second, baggage handling; third, ticketing and reservations; fourth, flight planning and weather analysis; fifth, restaurants located at an airport and gift shops located at an airport; sixth, such other similar services provided to airlines as may be prescribed by Treasury regulations.

Aircraft maintenance services are not specifically included in the listing of airline-related services. This omission could cause certain employees to be unjustly treated under our tax laws.

For example, PSA is an airline based in California, whose wholly owned subsidiary PSA Airmotive performs the engine overhaul on the PSA planes. For all practical purposes, PSA Airmotive employees are the functional equivalent of PSA employees. In fact, employees of both entities are covered by the same collective bargaining agreement with the International Brotherhood of Teamsters. Thus, it would be unfair not to allow these employees to receive the tax-free treatment of their flight privileges as do their coworkers at PSA.

I am confident that it was the intent of the Finance Committee to give those employees who work for airline subsidiaries that perform aircraft maintenance the same benefits as their coworkers who work directly for the airline.

Mr. PACKWOOD. The Senator from California is correct. Certainly, we would not list all conceivable airline-related services in the legislation. However, we might have included a fuller description of the committee's proposed change to the Tax Code to make clear that aircraft maintenance workers, even if employed by an air carrier's subsidiary, should not be taxed for receipt of flight privileges. The statement offered by the Senator from California does clarify the scope of section 783 in this regard. I thank the distinguished Senator for pointing out this ambiguity, and I hope we have cleared up this matter.

EVANS AMENDMENT NO. 1031

● Mr. BOSCHWITZ. Mr. President, I oppose the provision in Senator EVANS' amendment that would place a 2-year moratorium on the collection of error rate sanctions from the States.

A moratorium sends the wrong signal to the States and ultimately threatens the integrity of the Food Stamp Program. A moratorium indicates to the States that the Federal Government is not serious about reducing the error rates in the Food Stamp Program and requiring the States to assist in that effort.

In 1982, under the leadership of Senator DOLE, we enacted a provision that required States to gradually lower their error rates. In fiscal year 1983 States were allowed to have an error rate at or below 9 percent, in fiscal year 1984, the States had to reduce their error rates to 7 percent, and in fiscal year 1985, the tolerated error rate was lowered to 5 percent. As of the date of the enactment of that reauthorization of the Food Stamp Act in 1982 the Federal Government put States on notice that we were serious about controlling errors and holding States accountable for error rates over 5 percent. The moratorium would have the effect of forgiving, at least temporarily, errors that were made as long as 4 years ago, at error rates over 9 percent, that States have known they were responsible for paying.

Besides losing the interest on that money during the 2 years, which the Federal Government can ill afford to lose, I am also concerned about the feasibility of that money ever being collected. If the States are telling us they can't afford to pay 1 year's sanctions, are they going to be able to pay 3 years at once?

A moratorium would not help one food stamp recipient. The only beneficiaries of this moratorium are State treasuries. In reality, every dollar issued in error is $1 less in benefits going to a deserving recipient. To the extent error rates rise, or do not fall, as a result of this amendment, food stamp recipients are losing food stamp benefits.

There may be some objection from the States to my implication that error rates will rise if there is a moratorium on sanctions. However, the clear signal to the States of a moratorium combined with a study of the error rate sanction system is that a more lenient system will be designed, the Federal Government is not serious about collecting error rate sanctions, and States should not be concerned. A moratorium implies that the problems in the system are so serious that it's necessary to abandon all efforts to make the current system work for at least 2 years.

The argument has been made that this moratorium is necessary to treat the Food Stamp Program consistent with the way AFDC and Medicaid are treated in the reconciliation bill. Food stamps is a very different program from AFDC and Medicaid. The tolerated error rate in AFDC and Medicaid is only 3 percent, as opposed to 5 percent in food stamps. AFDC counts technical errors—like not having a recipient's Social Security number recorded—that do not result in overissuances, Food stamps do not. Most significantly, food stamps is totally federally funded, any dollars issued in error are dollars out of the Federal Treasury. In contrast, in AFDC and Medicaid the States share the costs of the program and payments made in error represents money lost by the States. States have limited resources; to be pragmatic they will focus the State re-

sources on lowering error rates where they feel the pinch, in Medicaid and AFDC. In the Food Stamp Program, error rate sanctions are the only means we have of holding States accountable for errors where in Medicaid and AFDC they are held accountable for errors even during a moratorium on sanctions through the States cost sharing of these programs.

I am not arguing that we have in place a perfect error rate sanction and quality control system in the Food Stamp Program. In fact, we would be well advised to take Senator EVANS' suggestion of conducting a study of the system. But, I think a moratorium does nothing to improve the system and goes a long way toward threatening the integrity of the entire Food Stamp Program. Right or wrong, the Food Stamp Program has had the reputation of being fraught with errors; backing off on efforts to control those errors threatens the reputation and political support for the program.●

Mr. ARMSTRONG. Mr. President, section 783 of the Consolidated Omnibus Budget Reconciliation Act of 1985, S. 1730, includes provisions substantially similar to legislation I introduced on May 8 of this year that will restore for parents of airline employees their privilege of flying on a tax-free basis. Last year the Congress enacted the Deficit Reduction Act of 1984 and among its many provisions was one that eliminated parents from what had been a long tradition where airlines had considered parents to be within the immediate family of an airline employee and therefore provided them with air travel privileges on a seat-available basis.

The consequence of this small change in tax law, of "negligible" revenue impact—as reported by the Joint Tax Committee in December 1984—is larger than it may appear. Some airlines have ended their reciprocal agreements that established the basis of interline air travel by parents of airline employees. This small change in law has, in combination with the withholding requirements and the high valuation of the temporary IRS regulation, contributed to the reduction or elimination of this fringe benefit that airlines voluntarily provided and from all my information, would like to be able to continue to provide.

Employees of airlines and the air carriers themselves have been through some difficult times and the availability of fringe benefits for employees and their families is an important benefit and attraction to current and potential employees. For some employees who can do little else for their parents except being able to provide them with free or reduced cost air travel on a space-available basis, the congressional actions of last year were an unwelcome change. The change was unnecessary in my opinion and achieves little except to disrupt the beneficial practices of the commercial airline industry.

To make matters worse, the IRS issued temporary regulations on January 7 that impute the value of parental travel on airlines to be 50-percent of the regular coach fare on the day of travel. That imputed value is added to the employee's "income" and taxed. Employees in the 50-percent tax bracket that are taxed on 50 percent of the value of the coach fare consequently pay a tax that amounts to 25 percent of the regular coach fare. This valuation is too high. The cost of traveling from New York to Los Angeles for the period from February 18, 1985, to March 30, 1985, shows that all major airlines provided an ultra super saver fare that is just 28 percent of coach fare. For many there is no fringe benefit left due to the tax implications.

The legislation that I introduced would again place parents on the same basis as the spouse or dependents of an employee when air travel is provided as a fringe benefit by the airline. As with the employee, this service must be a "no additional cost service" to the air carrier in order for it to remain tax-free. This means that the employee, spouse, parent, or dependent children can fly only if the seats were otherwise going to remain unused on the flight.

In treating the parent on an equal basis with other dependents of the employees, this bill does not interfere with reciprocal agreements and the airlines can, if they so choose, enter into reciprocal agreements with regard to parental air travel where the employees bear no substantial cost and the airline does not lose revenue as a result.

Section 783 of S. 1730, as approved by the Senate Finance Committee by an 11-to-7 vote, will put parents of the airline employee in the same category as spouses and dependent children and will do so for online and interline travel as my legislation proposed.

In concluding Mr. President, this bill corrects legislation that was unnecessary, which raised essentially no revenue, which has had unintended effects that have disrupted a legitimate fringe benefit offered to parents of airline employees.

NONPROFIT MAIL SUBSIDIES

Mr. METZENBAUM. Mr. President, I rise to discuss a matter contained in S. 1730 dealing with nonprofit mail subsidies. Earlier this week, the Senate adopted an amendment expanding upon the reconciliation bill's requirement that the Postal Rate Commission study third-class nonprofit mail subsidies. The amendment that was adopted will require the Postal Rate Commission to include second- and fourth-class mail subsidies in their study.

My concerns deal with the postal subsidy section of the reconciliation bill as well.

Mr. President, I wish to direct my inquiry to the Senator from Alaska [Mr. STEVENS].

Mr. STEVENS. Mr. President, I will be happy to respond to the Senator from Ohio.

Mr. METZENBAUM. Referring to title VIII of S. 1730, I understand that sections 804 through 807 of this title are designed to make certain eligibility changes or restrictions as to which mailers or types of mailings can qualify for the partially subsidized reduced postage rates.

Mr. STEVENS. The Senator from Ohio is correct in his understanding of the general purposes of sections 804 through 807 of the Budget Reconciliation Act.

Mr. METZENBAUM. Now, I would like to ask my distinguished colleague, with reference to section 804, is it the Senator's or the committee's intent to impose a 50-percent cap on the authorization of appropriations for all third-class nonprofit mail or only on certain mail which falls within that class?

Mr. STEVENS. The 50-percent cap on the authorization would apply only to a distinct type of commercially oriented mailings which are now made with a taxpayer subsidy at the regular third-class nonprofit rates. With the limitation of this cap, the committee seeks to curb unwarranted use of the nonprofit postage rates caused by for-profit entities who further their commercial interests by means of nonprofit postage rates.

As the report of the Budget Committee indicates, we expect that the cap on the authorization for commercially oriented mail sent with nonprofit postage will save $35 million in the Revenue Forgone appropriation to the Postage Service during fiscal year 1987 and $38 million in the appropriation for Revenue Forgone during fiscal year 1988. While this savings is significant, it is only a small portion of the subsidy which is now devoted to third-class nonprofit mailings. The savings will be achieved by curbing the current practice of using nonprofit postage for commercial mailings.

Mr. METZENBAUM. Bearing that explanation in mind, is it further the intent of the Senator from Alaska or the committee's intent to place a 50-percent cap on the authorization for mail of a qualified nonprofit entity when the purpose of the mailing is to convey the services of that entity or to solicit financial support for that entity? I raise this question in view of the language of section 804 which seems to suggest that the 50-percent cap on the authorization would apply to any mail which promotes or announces the availability of any article or service.

For example, would a library sending a newsletter containing information about the services of the library be subject to a higher postage rate for that newsletter by virtue of the 50-percent cap? Would an association of the blind which conducts a mailing describing its services for the blind be subject to a higher postage rate under this provision? Perhaps the Senator from Alaska could describe the intent of section 804 with reference to these and similar specific circumstances.

Mr. STEVENS. In the cases that the Senator has mentioned and for the types of mailings he has described, it would not be our intent that such organizations or their mailings would be subject to the 50-percent cap established by section 804. In other words, these mailings would not be affected by virtue of this section since there is no commercial purpose or interest involved in the mailings.

Mr. METZENBAUM. Then could the Senator explain further his intent or the committee's intent as to which types of mailers or mailings would fall within the 50-percent cap on the authorization for nonprofit third-class mail?

Mr. STEVENS. I will be happy to explain. The mail which would be subject to the 50-percent cap under section 804 of the Budget Reconciliation Act would be any mail of a nonprofit entity which actually promotes a commercial, for-profit interest or enterprise.

For example, the commercial sale of travel arrangements or insurance under nonprofit postage would be subject to a higher rate than mail which promotes the services of a nonprofit group. The committee's intent is that for-profit commercial interests should not be allowed to conduct sales or advertising with the Federal subsidy accorded to nonprofit organizations or institutions.

We do not intend that a nonprofit group would necessarily be subject to paying higher postage if items of value are included in its mailing. But, if such a group were to conduct a mailing which advertises or sells products that a commercial enterprise is making available through that group, we would consider such a mailing to benefit a for-profit commercial enterprise, at least in part. The committee merely chose to apply the 50-percent cap on unwarranted commercialized uses of nonprofit postage.

Mr. METZENBAUM. I thank my colleague for that response. That is helpful. Now I would like also to inquire if it is a correct understanding that the study and report required by subsection (b) of section 804 must be completed and the results made available to Congress in time for us to act on the recommendations prior to October 1, 1986.

Mr. STEVENS. We have already begun discussions with the Postal Rate Commission to assure that their study and report can be concluded in approximately 6 months. Based on these discussions, I believe that the Rate Commission will be able to provide us with its report and recommendations on or about the first of June next year. Upon receiving that report, our postal subcommittee, which I chair, will hold a hearing. Meanwhile, our subcommittee will continue to monitor this process so we can be ready to expeditiously report legislation resulting from it. I expect the House will do the same.

Mr. METZENBAUM. What is the Senator's understanding with respect to subsection (a) of section 804, the cap on the authorization for certain commercialized mailings which we have discussed would become effective on October 1, 1986, if there are no changes in law by that time more clearly defining which mailings must go at a higher rate. Some are concerned that the Postal Service, on its own, will decide which mailings would go at full subsidy and which mailings come under the reduced subsidy or possibly no subsidy by virtue of the cap on the authorization.

What happens if Congress does not implement legislation to instruct the Postal Service on how to comply with the 50-percent cut in commercial use of nonprofit mails?

Mr. STEVENS. It is my understanding, confirmed by the legal staff of the Postal Service and the General Counsel of the Postal Rate Commission, that the Postal Service is not given any authority to make any cuts. Rather, the Postal Service must then refer to existing law which requires the Board of Governors of the Postal Service to raise the rates for all nonprofit third-class mail to comply with the cost savings required in the Budget Reconciliation. However, I have enough faith in the legislative process to believe that we will be able to pass implementing language that will be fair and just to the nonprofit mailer and the taxpayer as well as which will authorize the Postal Service to eliminate the abuse and misuse of this Federal subsidy in the area of commercial mailings.

Mr. METZENBAUM. I thank the Senator from Alaska for his clarification.

Mr. STEVENS. I thank the Senator from Ohio.

DECONCINI AMENDMENT NO. 1004—CUSTOMER USER FEES

Mr. GORTON. Mr. President, I am pleased to support the amendment of my colleague from Arizona. This amendment will provide for more equitable treatment of truckers in my State who do business in Canada, and for all truckers in border States. It gives operators the option of paying a $5 per-entry-fee, or a $100 annual fee, rather than requiring the $5 fee.

The trucking industry in my State faces many hardships, including an unduly large tax burden and unfair competition from Canadian truckers. Those who attempt to do business in Canada often meet highly restrictive regulations and long delays at the border. It would be highly unfair to add to that burden a $5 fee each time an operator crosses the border. While it may be justifiable to ask them to share the costs of providing personnel at the border, we should attempt to do so in the least burdensome manner possible. I feel that the amendment of the Senator from Arizona is a step in that direction.

Mr. MURKOWSKI. Mr. President, I rise to day in support of the final passage of S. 1730, the Consolidated Omnibus Budget Reconciliation Act of 1985.

I want to express my sincere gratitude to my distinguished colleagues, Senator DOMENICI and Senator CHILES, the chairman and ranking minority member of the Committee on the Budget and their staffs for their diligent and outstanding work on S. 1730. They have worked long and hard to bring this reconciliation bill to final passage by this body. Still the road ahead throughout the conference with the House is bound to present yet more challenges.

Mr. President, as the chairman of the Committee on Veterans' Affairs, I am pleased that the final passage of S. 1730, retains title XI as recommended by the Committee on Veterans' Affairs, without amendment during floor action on this bill.

The Committee on Veterans' Affairs was required by the reconciliation instructions issued pursuant 2(1) of Senate Concurrent Resolution 32, the first concurrent resolution on the budget for fiscal year 1986, to report legislative changes which would achieve 3-year savings in both budget authority and outlays of $1.15 billion. I am pleased to state that the Committee on Veterans' Affairs recommended legislation which would achieve the required savings and in fact, has recommended legislative changes which if enacted, would result in budgetary savings over fiscal years 1986 through 1988 of $1.3 billion in budget authority and outlays, which exceeds our reconciliation instructions by $150 million.

I reiterate my belief that the growing Federal deficit is a major dilemma facing not only elected officials, but each and every taxpayer and each and every American citizen. This year, the Senate has taken great strides to meet this national dilemma head on, through the adoption of the budget resolution, the balanced budget amendment, and today, S. 1730, the reconciliation bill.

Mr. President, it is clear that the Federal deficit is a growing national problem which will not fix itself. Thus, I appreciate the unyielding efforts of my colleagues who have valiantly fought the battles this year to not only confront this dilemma, but to push on to achieve significant legislative changes to reduce the Federal deficit.

I am pleased that our Nation's veterans have contributed so significantly in this overall effort to reduce the deficit. What is perhaps the most significant, however, is the fact that the provisions recommended in title XI of S. 1730 will achieve savings fairly and equitably, without eliminating or reducing eligibility or the delivery of benefits and services furnished by the Veterans' Administration.

Mr. President, I do not intend to discuss in great detail the provisions of S. 1730 which would affect veterans. Title XI of the bill and the accompanying report 99-146 state in detail the legislative changes, an explanation of the changes, and the intent of the Committee on Veterans' Affairs. These provisions were recommended after receiving recommendations and testimony during a hearing held on June 20, 1985. The members of the committee have attempted to address the concerns expressed by many witnesses during the hearing. I would, however, like to highlight for my colleagues some of the major provisions contained in title XI of S. 1730.

TITLE XI CONSISTS OF THREE MAJOR PROVISIONS

The first provision would revise and improve eligibility and priorities for VA health care and would establish an income eligibility criterion for nonservice-connected disabled veterans who, because their income level exceeds a $25,000 threshold, would be required to contribute a modest amount to defray the cost of the VA health care furnished.

For the first time, the statute would require the VA to furnish necessary hospital care and outpatient medical services to service-connected disabled veterans for service-connected disabilities, and for the treatment of any disability of service-connected disabled veterans who have received a disability rating of 50 percent of greater. Nursing home care would be required to be furnished, if necessary, to a veteran for a service-connected disability. This reaffirms the committee's longstanding commitment that service-connected disabled veterans should should receive the highest eligibility and priority for VA health care.

All other veterans who are currently eligible for VA health care would continue to be eligible for health care on a space-available basis under S. 1730. This includes special categories of veterans and certain non-service-connected disabled veterans whose income level would require such veterans to make a copayment for the health care furnished. Further, veterans age 65 or greater would be eligible for care in the same manner as veterans under age 65. Automatic eligibility based on age would be eliminated.

Mr. President, I feel that the uniform $25,000 income threshold included in the bill will be easier to administer by the VA than the spend-down provision originally recommended in the administration's proposal, and the multiple income threshold levels included in the House provision of H.R. 3500. Further, the substantial number of single veterans seeking VA health care will benefit by the $25,000 income threshold, compared to the lower threshold of approximatley $19,000 in the House provision. Determination of a veteran's income and assets would parallel the already existing VA Pension Program definitions of income and assets.

Mr. President, although the bill uses the term "may" instead of "shall" when referring to the furnishing of care to the special categories of veterans included in the bill and the nonservice-connected disabled veterans who are unable to defray the cost of necessary care, it is intended that their eligiblity for care would remain the same as under current law.

The use of the term "shall" in the bill is intended to enhance the eligibility of the specified service-connected disabled veterans rather then diminishing the status of all other categories of veterans eligible for care under current law. Senator CRANSTON and I agree that title X of the Congressional Budget and Impoundment Control Act of 1974 would continue to require that care would be provided to these other categories of veterans who are determined to need care, if resources had been appropriated and remain available.

The second provision would authorize prospectively, the United States to recover and collect from third party health insurers, the reasonable costs of health care and services furnished at the expense of the VA to non-service-connected disabled veterans who are covered by health insurance contracts. Specific concerns raised by private health insurers regarding cost-containment measures within the VA were taken into account in S. 1730. Flexibility and safeguards in the determination of the "reasonable cost of care or services" to be recovered were recommended. Also, S. 1730 recommends limited verification review of VA medical records to ensure that services would be provided according to the criteria of the health plan under which reimbursement is sought.

This provision would, for the first time, achieve parity between the VA and private health-care providers by authorizing reimbursement under health insurance contracts. Such reimbursement is presently barred by exclusionary clauses in insurance contracts. Recoveries under this provision are not intended in any way to reduce the annual appropriation for the VA health-care system, and all recoveries will be deposited with the U.S. Treasury.

Mr. President, I note that on October 23 during floor debate on S. 1730, the Senate adopted by voice vote, amendment No. 861, offered by Senators KENNEDY and WILSON. This amendment would authorize the United States to recover from third party insurers, the reasonable costs of medical and dental expenses incurred by the United States—Department of Defense—on behalf of military retirees and dependents. This amendment is similar to the provision contained in title XI, thus, final passage of S. 1730 will similarly authorize third party reimbursement for health care furnished by both the Department of Defense and the Veterans' Administration.

The third provision would limit the VA compensation and dependency and indemnity compensation COLA for fiscal year 1986 to a maximum of 3.7 percent, effective December 1, 1985. This is based on an updated Congressional Budget Office projection of the percentage of the Social Security and the indexed VA pension COLA, effective December 1, 1985. This provision reflects the committee's intent that the VA compensation COLA be consistent with the VA pension COLA, which is tied by law to the Social Security COLA.

Mr. President, of the $1.3 billion expected savings to be achieved between fiscal year 1986-88 by title XI, of S. 1730, $0.96 billion would be achieved through new revenue anticipated from the recovery of third party reimbursement and $0.11 billion would be achieved from the COLA limitation based on the updated cost of living projections. Thus, the balance of $0.23 billion is expected to result from the revised VA health care eligibility and implementation of the means test.

In closing, I want to collectively thank my staff and the minority staff who worked so hard through seemingly endless hours to develop the committee recommendations which have culminated in title XI of S. 1730.

I individually thank Anthony Principi, my staff director of the Committee on Veterans' Affairs, and Julie Susman, my deputy staff director. I also thank Kathleen McTighe, Cynthia Alpert, Jim Moore, Lisa Moore, Becky Hucks, Lisa Gilman, Kay Eckhardt, Jody Sanders, Judy Boertlein, and Jim MacRae. I also thank Jon Steinberg, the minority staff director, Ed Scott, Bill Brew, Babette Polzer, Nancy Billica, Ingrid Post, and Char-

lotte Hughes for all their outstanding work on this bill. My final thanks go to Michelle Mrdeza of the Budget Committee for all her assistance to my staff throughout the entire process.

Mr. President, I support the final passage of S. 1730 and I urge my colleagues to vote for its adoption.

TITLE XI—COMMITTEE ON VETERANS' AFFAIRS

Mr. CRANSTON. Mr. President, as the ranking minority member of the Committee on Veterans' Affairs, I would like to explain and discuss the provisions of title XI of the pending measure, which pertain to Veterans' Administration programs, so as to provide background for my colleagues and others with an interest in the actions of our committee to satisfy our reconciliation instructions in section 2(1) of the first concurrent resolution on the budget for fiscal year 1986, Senate Concurrent Resolution 32.

SUMMARY OF TITLE XI

Mr. President, title XI is composed of three parts as follows:

Part A, which revises certain health-care eligibility criteria and establishes a requirement for certain non-service-connected disabled veterans to make modest payments for VA care;

Part B, which provides for recovery from health insurers of certain reasonable costs of VA-furnished care and services for veterans with health insurance coverage and with non-service-connected disabilities; and

Part C, which limits to a maximum of 3.7 percent the fiscal year 1986 VA disability compensation COLA.

More specifically, these three parts would provide as follows:

PART A

First, would revise VA health-care eligibility so as to establish an entitlement for VA-furnished care—hospital, nursing home, or outpatient care—either through VA facilities or through contract or fee-basis arrangements with non-VA facilities for veterans receiving care for their service-connected disabilities or for veterans with service-connected disabilities rated at 50 percent or greater.

Second, would maintain the current law authority to furnish care to other veterans, except those with incomes above a specified level, either in VA facilities or, to a limited extent, through non-VA facilities at VA expense.

Third, would authorize the VA to furnish, within otherwise available space and resource capacity, care to veterans who have no service-connected disabilities and whose annual family incomes exceed $25,000 who agree to make certain payments—approximating payments made under Medicare—in connection with their care.

This part would also require the Administrator to follow certain priorities for furnishing VA care, with the top priorities being accorded to veterans seeking care for their service-connected conditions and other veterans with service-connected disabilities.

The Congressional Budget Office—CBO—estimates that the provisions in this part would generate net reconciliation savings of $50 million in budget authority—BA—and $47 million in outlays in fiscal year 1986, $92 million in BA and $86 million in outlays in fiscal year 1987, and $101 million in BA and $95 million in outlays in fiscal year 1988.

PART B

Would authorize the United States to collect from third-party insurers the reasonable cost of care provided by the VA to non-service-connected disabled veterans to the extent that the insurer would be liable to pay for the care if it had been furnished by a private facility. The provisions in this part would have the effect of invalidating so-called "exclusionary clauses" in health insurance contracts, which currently preclude payment for care furnished by Federal facilities, and would make the VA eligible to receive payment from a third party on the same basis that a non-VA health-care facility would be eligible. The VA's right to recover would, therefore, generally be contingent upon the agency's compliance with the terms and conditions of the law, contract, or other arrangement under which the veteran would be eligible for payment by the third party.

CBO estimates that the provisions in this part would generate net BA and outlay savings of $203 million in fiscal year 1986, $354 million in fiscal year 1987, and $403 million in fiscal year 1988.

PART C

Would limit the fiscal year 1986 VA disability compensation COLA to a maximum of 3.7 percent—the same percentage that CBO projected for the fiscal year 1986 Social Security COLA at the time our committee marked up this legislation—as compared to 4.1 percent, as assumed in the baseline.

CBO estimates that the provisions in this part would produce savings of $34 million in BA and $30 million in outlays in fiscal year 1986, $40 million in both BA and outlays in fiscal year 1987, and $39 million in both BA and outlays in fiscal year 1988.

For reasons I will describe shortly, it now appears that the amount of the compensation COLA will be 3.1 percent. If that is the case, then the result would be additional savings below baseline of approximately $51 million in BA and $46 million in outlays in fiscal year 1986 and a total of $176 million in BA and $171 million in outlays over the 3 fiscal years.

BACKGROUND

At the outset, let me state that I concur wholeheartedly that there is an absolutely critical need to restrain Federal spending so as to make major reductions in the deficit. I did not support the conference report on the budget resolution—I voted for an alternative that would have made a deeper cut in the deficit—but a majority of my colleagues in both Houses did support the conference report. Our committee was thus under a clear mandate to act. It is essential, in understanding our committee's actions, to appreciate that if we had not met our obligations in this regard the Budget Committee would have done so. I want to stress that point to my colleagues and to others with an interest in this legislation.

In light of this background, I did my best to work in a cooperative fashion with the chairman and the other members of our committee, and I believe that we succeeded in developing legislation that is about the best way our committee could satisfy our reconciliation instructions. In fact, the legislation that we have developed would save $166 million more in budget authority and $147 million more in outlays than the required amounts over the next 3 fiscal years.

But I want to stress that our legislation would achieve this result without mandating reductions in Veterans' Administration programs. Specifically, in fiscal year 1986, $226 million in savings would come from added revenues to the Federal Government, $203 million of which would be from third-party health insurers and a net of $23 million from small copayments from nonservice-connected veterans with annual family incomes over the $25,000 income eligibility criterion in connection with their being furnished VA care. In addition, the Congressional Budget Office estimates that savings of approximately $29 million will be realized as a result of nonservice-connected veterans with family incomes about the income eligibility criterion choosing alternative sources for their health care.

The remainder of the savings—$34 million in budget authority and $30 million in outlays—would come from projecting a cost-of-living adjustment—COLA—in fiscal year 1986 of no more than 3.7 percent in the rates of VA disability compensation paid to service-connected-disabled veterans and disability and indemnity compensation paid to the survivors of those who have died from service-connected causes. That is the same percentage increase that CBO projected for the Social Security COLA, both COLA's to be effective December 1, 1985, at the time our committee marked up this legislation, September 27. It has now been officially determined that the Social Security COLA will in fact be 3.1 percent which will almost certainly be the figure our committee will rec-

ommend for the compensation COLA this year.

Thus, I believe that we have met our fiscal obligations under the budget resolution while continuing with our best efforts to keep the VA—and particularly the VA health-care system—strong and vital so that it can continue to meet the needs of those who answered their country's call in its hours of need.

This is unquestionably the most important piece of veterans' health-care legislation brought before the Senate since at least 1973, and I believe there is a need to touch on a number of aspects of it. I will, therefore, now address briefly the key elements of the legislation that is incorporated in title XI of the pending measure.

PART A: ENTITLEMENTS AND ELIGIBILITIES FOR HEALTH CARE FROM THE VETERANS' ADMINISTRATION

MODIFICATIONS OF CURRENT ELIGIBILITY CRITERIA

Part A of title XI would modify and clarify eligibility criteria for VA health care and would establish an income eligibility criterion of $25,000, so that a veteran with no service-connected disability who has annual family income above that amount in the preceding calendar year would be required to agree to make a modest payment to receive VA care.

I stress that this legislation would not bar from VA care any veteran presently eligible for VA care; nor would it make any significant change to current VA practice.

What it would do is modify the eligibility status of two categories of veterans and establish some clear, consistent statutory priorities for VA inpatient, outpatient, and nursing home care.

First, those veterans to whom we have always owed the primary obligation—veterans being treated for their service-connected disabilities and veterans with service-connected disabilities rated at 50 percent or more—would be given an entitlement to VA care, including both hospital and outpatient care as well as contract services where necessary.

Second, nonservice-connected-disabled veterans age 65 and older who have family income over $25,000 would no longer be automatically eligible for VA care without reference to their ability to pay for such care. Rather, they, along with nonservice-connected-disabled veterans under age 65 with family incomes over $25,000, would be able to pay a modest payment to the VA—in an amount generally comparable to a corresponding deductible or copayment requirement under Medicare—in order to receive VA care. The eligibility of these veterans with incomes above the $25,000 income eligibility criterion would be expressly conditioned on there being available space and resources at the VA facility where they seek care.

In determining a veteran's income for the purposes of eligibility under the new income eligibility criterion, the Administrator would be required to determine a veteran's annual income—taking into account family income—generally using the same methods and criteria used to determine annual income for the purposes of VA pension eligibility. This income eligibility determination would be made upon a veteran's first application for care each year and would be based on the veteran's family income for the calendar year immediately preceding the application for care. Such a determination would then be applicable for the balance of the calendar year.

As I noted a moment ago, if a veteran were eligible for care only by virtue of agreeing to make a payment to the VA in connection with the needed care, the payment required would be in an amount generally comparable to a corresponding deductible or copayment requirement under Medicare. However, the payments required under the committee recommended legislation would be substantially less than payment under Medicare for episodes of inpatient hospital care beyond 60 days.

Under our Committee's legislation, for each period of hospital or nursing home care up to 60 days within a single episode of care as defined in the legislation, a veteran who is provided such care by virtue of an agreement to make a payment to the VA would be required to make a payment equal to either the amount of the hospital deductible required under Medicare, which is $492 for 1986, or the actual cost of the care, whichever is the lesser. In the case of ambulatory or outpatient care, such a veteran would be required to pay an amount equal to 20 percent—the percentage that Medicare generally does not pay for such care—of the average cost of an outpatient visit in a VA facility as determined by the Administrator.

Under this payment approach, a veteran who has received 60 days of hospital or nursing home care would not be liable for any more than the actual cost of care furnished during any subsequent period within the same episode of care. For example, a veteran receiving care by virtue of having agreed to make payment to the VA who received care in a VA nursing home for 62 consecutive days would not have to make a second payment equal to the Medicare inpatient hospital deductible for the 61st and 62d day of care but rather would only make a payment equal to one such deductible and the actual cost of the two days of nursing home care after the 60th day. The current cost of such a day of care in a VA nursing home is approximately $112.

Other examples of how this payment approach would work are set forth in the committee's report language which is printed at pages 610 to 612 of Senate Report No. 99-146.

PRIORITIES

Part A would add a new section 612C to title 38, United States Code, to require the Administrator to establish statutory priorities for furnishing hospital, domiciliary, and nursing home care and medical services, and to prescribe regulations to ensure that care and services are provided in that priority order.

Except in cases of a medical emergency, the priorities for hospital, domiciliary, and ambulatory or outpatient care would be the following:

First, veterans who require treatment for service-connected disabilities;

Second, veterans with service-connected disabilities rated at 50 percent or more;

Third, veterans with compensable service-connected disabilities rated at less than 50 percent;

Fourth, veterans who, but for the receipt of military retired pay, would be entitled to disability compensation;

Fifth, veterans who, but for a suspension in compensation paid for a disability incurred as a VA patient or as a participant in a VA vocational rehabilitation program would be entitled to disability compensation;

Sixth, veterans who were discharged from service for a disability incurred or aggravated during service or with noncompensable—that is, zero-rated—service-connected disabilities;

Seventh, veterans who are former prisoners of war, or Vietnam veterans exposed to certain toxic substances in Vietnam or veterans exposed to ionizing radiation from nuclear blasts;

Eight, Spanish-American War veterans, Mexican border period veterans, or World War I veterans, or veterans receiving VA pension who are permanently housebound or in need of aid and attendance;

Ninth, other veterans in receipt of VA pension;

Tenth, other veterans who are unable to defray the cost of healthcare; and

Eleventh, non-service-connected disabled veterans who have annual family incomes above $25,000, who are 65 years old, and who are eligible for hospital and nursing home care by virtue of agreeing to make payments to the VA.

Although unstated, this leaves the lowest priority category as being those veterans with no service-connected disabilities who have annual family incomes of over $25,000, who are under 65 years old, and who are eligible for VA care by virtue of agreeing to make payment to the VA.

With reference to nursing home care, provisions in part A would require the Administrator to prescribe regulations to establish priorities for nursing home care taking into account the level of need for such care.

Under these regulations, a veteran who, because of the nature of his or her disability, is in need of a level or type of nursing home care that is not readily available in a community nursing home with which the VA contracts in an appropriate geographic area but which is available in a VA facility would receive priority for admission to a VA-run nursing home ahead of a veteran not in need of such a level of care. Veterans in need of a level or type of nursing home care that is readily available in a contract facility in an appropriate geographic area would receive the second basic priority. Within each of these two overall priority categories of veterans, the general priority area, which I just described, would apply.

INCOME ELIGIBILITY CRITERION

With reference to the category of discretionary eligibility for veterans with annual family incomes over $25,000, I note, as did our committee in the report language it provided to the Budget Committee to accompany our recommendations which is printed in Senate Report No. 99-146, beginning on page 556, that our committee does not intend that beneficiary travel payments—which under present section 111 of title 38, United States Code, are discretionary—be paid in connection with care provided to these veterans or that generally appliances, as included in the definition of "medical services" in current section 601(6)(A)(i) of title 38, be provided to them. The committee also noted its intention that the eligibility of this category of veterans on a space-and-resources-available basis should not be taken into account for purposes of planning, budgeting, or appropriations for the VA health-care system.

Finally in this regard, our committee noted that, although a veteran with annual family income of $25,000 would generally be eligible for care or services only upon the veteran—or someone authorized to act for him or her—agreeing to pay for those services before they are provided, the VA has full authority under current section 611(b) to furnish hospital care or medical services in emergency cases and to charge appropriately for such care, and that this emergency authority would be applicable in the case of a veteran in this category of eligibility who is unable to execute such an agreement prior to the commencement of care.

Despite these proposed changes in the eligibility for VA care of veterans with incomes of $25,000 or more, this legislation reflects our ongoing concern for the older veteran. Our approach would include a priority for care for such a veteran age 65 ahead of a veteran under age 65.

I believe that the basic approach to VA health care eligibility in the reconciliation measure achieves a fair balance and represents appropriate public policy, in terms of both our national fiscal realities and our Nation's commitment to provide health care for those veterans with service-connected disabilities and to other veterans.

Our approach would fully protect the priorities for care that Congress has already established or that the VA has implemented with congressional approval, particularly for veterans with service-connected disabilities and certain other categories of veterans, such as former prisoners of war and veterans exposed to agent orange in Vietnam or to radiation from nuclear blasts.

Mr. President, our proposal can perhaps be best understood in contrast to the legislation that the administration first proposed and submitted formally in late April in connection with the fiscal year 1986 budget.

That proposal involved a $11,400 income cutoff for a single veteran and generally provided no opportunity for such a veteran above that income level to become eligible for VA care except by spending for health care major portions of his or her income above the cutoff line—and then proving such expenditures to the VA each time—I repeat, each time—VA health care was sought. That approach would have resulted in the VA turning away many sick veterans who actually would have been unable to afford the care they needed and who would be cared for by the VA under current law.

The effect of that proposal would have been that each nonservice-connected veteran seeking care on the basis of being unable to defray the cost of care would have been required to establish income eligibility each time he or she applied for care. This would have been both individually demeaning and extraordinarily burdensome for the veteran and administratively costly and difficult for the VA.

Mr. President, I announced this spring when the administration plan first surfaced that I categorically rejected that kind of administratively complicated and burdensome and generally debasing approach, and I am pleased to say that the legislation recommended by our committee bears no resemblance to that administration proposal.

In this regard, let me stress that the approach we are proposing must be viewed against the backdrop of knowing that the administration has existing authority to establish a means test and that should Congress take no action the VA would certainly do so in the totally unacceptable fashion that the VA has previously proposed.

ELIGIBILITY OF VETERANS NOT BEING GIVEN ENTITLEMENT NOR REQUIRED TO AGREE TO PAY

Mr. President, I wish to discuss the eligibility, under part A of this title, of those veterans who are in neither the new entitlement category—those veterans being furnished care for their service-connected conditions or for veterans with disabilities rated at 50 percent or greater—nor the category of nonservice-connected disabled veterans with annual family incomes of more than $25,000 who have to make some payment to receive VA care.

Mr. President, the veterans who are in neither of these two eligibility categories are, listed in the order of their priority for care under proposed new section 612C, as follows: Veterans who have a service-connected disability rated at less than 50 percent; veterans who, but for the receipt of retired pay, would be entitled to disability compensation; veterans who are entitled to disability compensation under section 351 of title 38, as a result of suffering an injury during VA care or while pursuing a VA program of vocational rehabilitation; veterans whose discharge or release from active duty in the Armed Forces was for a disability incurred or aggravated in the line of duty; veterans who are former prisoners of war; veterans exposed to a toxic substance in Vietnam or to radiation from a nuclear detonation; veterans of the Spanish-American War, the Mexican Border period, or World War I; veterans who are in receipt of a VA pension under chapter 15 of title 38; and veterans who are unable to defray the expenses of necessary care—that is, generally veterans with annual family incomes of $25,000 or less.

For all groups of veterans in this category, eligibility for VA care remains unchanged; the VA may furnish them with such care as is determined to be reasonably necessary. Although the use of the word "may" in providing this eligibility might suggest that the VA has the discretion to elect to furnish care or not to do so, that is not the case either under current law or the provisions revised by part A.

Under current law, the Administrator does not have discretion to withhold care from an eligible veteran in one of the groups in this category if the care is found to be reasonably necessary for the veteran's disability and the VA has the capacity to provide it. This is because the amount of health care furnished by the VA is a function of the level of funds appropriated for that purpose by the Congress—funds in the account entitled "medical care"—and because all such funds, absent appropriate action under the Impoundment Control Act of 1974 precluding their availability, must be made available to be spent for the furnishing of health care by the VA.

In fiscal year 1985, the Congress appropriated nearly $9 billion for VA medical care, which was used to operate a health-care system of 172 hospitals, 116 nursing homes, and 228 outpatient clinics, which provided inpatient care for approximately 1.3 million patients and 18.7 million outpatient visits.

Thus, the eligibility to be provided to these veterans for VA care under revised sections 610 and 612, together with their priorities for such care under proposed new section 612C and continuation of approximately the current size of the system and the appropriations levels for it, generally will ensure that veterans in this category seeking VA care will continue to be able to receive such care.

I want to note, Mr. President, that I have discussed with the distinguished chairman of our committee [Mr. MURKOWSKI] the foregoing analysis of my relating to VA health-care eligibility provisions in current law and in the revisions made by part A of title XI and he has advised me of his agreement with this analysis.

VARIOUS TECHNICAL MATTERS

Finally, with reference to part A of the committee's proposed legislation, I want to touch briefly on some technical matters regarding the changes relating to VA health-care eligibility proposed in this part.

The first point I want to discuss in this regard relates to a proposed change in the wording of the title 38 sections setting forth eligibility criteria with respect to hospital care, nursing home care, domiciliary care, and medical services. Those sections currently provide eligibility for care within the limits of Veterans' Administration facilities, which is defined to include both the VA's own facilities and certain other Government facilities as well as private facilities with which the VA may contract in the circumstances specified in current section 601(4)(C) of title 38.

The legislation proposed by the committee replaces that phrase with the phrase "through Veterans' Administration facilities or through non-Veterans' Administration facilities to the extent authorized in section 603 of this title" as a more direct reference to the VA's contract authority. The use of the new terminology—and the shifting to a new section 603 of the provisions in current law section 601(4)(C) specifying the circumstances under which contract care may be furnished—are not intended to change the effect of current law but rather to achieve greater clarity on the face of the statute regarding the extent of eligibility for contract care—often referred to as fee-basis care.

This new drafting formulation is also intended to make clear—as is the drafting of section 610(a)(2) relating to nursing home care, by the use of the phrase "or as provided in section 620 of this title"—that the extent to which any fee-basis authority is provided is determined solely by what is in section 603, or section 620 as to nursing home, in conjunction with other provisions of chapter 17, and that the administrator's general authority to contract under current section 213 is not available with respect to any of these chapter 17 health-care authorities. As was pointed out in the report language that our committee submitted to the Budget Committee, the committee construes the words "within the limits" used in current law as providing the same limitation as to the nonavailability of section 213, but believes that the new formulation is more definitive and clearer in this regard.

A second technical point that I want to note regarding the provisions relating to revisions in VA health-care eligibility involves the use of the criterion of reasonably necessary in describing the care for which entitlement or eligibility is provided.

Whereas current law in some of the provisions relating to eligibility uses variously worded criteria throughout chapter 17—such as needed care, care that the veteran is in need of or necessary or appropriate care—the committee's proposed revisions use the criterion reasonably necessary on a uniform basis. The committee's use of the consistent terminology for this purpose is not intended to change the substance of current law in this respect.

PART B: RECOVERY OF THE COST OF CERTAIN HEALTH CARE AND SERVICES FURNISHED BY THE VETERANS' ADMINISTRATION

Turning to part B of the legislation in title XI—the section which would provide for the VA to recover from third-party health insurers for the cost of care provided to insured nonservice-connected veterans—my position on such legislation has been clear for many years, dating back to 1979. I believe that such legislation does not make any sense from the standpoint of sound public policy.

It is clear beyond any question that the enactment of this legislation would not reduce the overall cost of VA health care; in fact, the opposite is true because this legislation would have an inflationary impact. This is so both because each unit of health care provided by the VA for which third-party recovery is sought would now have two additional administrative components attached—each paid for by taxpayers ultimately. The third parties' costs of processing and responding to the claims would be passed on to those who pay health insurance premiums as well as taxes.

It is also clear to me that the legislation constitutes a totally unwarranted Federal Government intrusion into private contractual relationships by rewriting some of the most basic terms and conditions of marketplace commercial insurance agreements.

In this regard, I want to read excerpts from a letter written by Bernard Tresnowski, the president of the Blue Cross and Blue Shield Association, in response to a recent Washington Post editorial. This letter is about as succinct an analysis as I've ever seen of the problems with VA third-party reimbursement legislation:

> The editorial failed to mention two fundamental reasons why this proposal is bad public policy.
>
> First, the proposal violates the principle of insurance. The purpose of insurance is to protect an individual against a financial loss. Consequently, virtually all health insurance contracts provide no benefits for care for which the insured has no obligation to pay. If the proposal were enacted, the care VA facilities provide to veterans would still be furnished to them without charge, thus these individuals suffer no loss.
>
> Second, the proposed method of shifting heretofore public responsibilities to the private sector would not permit insurers and employers to control the resulting new costs as they do when services are furnished by private health care facilities and practitioners.
>
> Employers and insurers are encouraging enrollment in preferred provider organizations. HMO's, and other alternative delivery systems. Many of these approaches rely on the use of cost-sharing to persuade patients to seek care in the most cost-effective setting. Furthermore, cost-sharing provides incentives for patients to participate in ambulatory surgery, second surgical opinion, and preadmission review programs and can be an effective way to discourage unnecessary use of health care services. For providers of care, the dynamics of the health care marketplace, supported by the terms of the contractual arrangements with payers, provide the necessary incentives for participation in cost containment programs. Those who administer health benefits have learned from experience that both the patient and the provider of care must have incentives to control costs. A mandate for payment for care in VA facilities, where these incentives would not apply, would totally negate effective private sector efforts to contain health care costs.
>
> * * * This proposal would neither improve the efficiency of the VA system nor the quality of care received by veterans. In fact, because of the increased administrative costs that would be incurred both by the VA and the private sector, the proposal would actually increase the total costs of providing care to veterans.

Mr. President, the point that Mr. Tresnowski has made, and that I believe is so well founded, that this legislation violates fundamental principles of insurance, could not be made more clear than by reading the provision in the legislation—section 629(a)(3)(A) of title 38, United States Code, as it would be revised by section 1111 of the pending measure—to permit the VA to collect under an insurance contract even where the policy is expressly contingent on the insured having satisfied a deductible or paid a copayment and the insured veteran has not satisfied those requirements. Plainly and

simply, this provision proposes to rewrite insurance contracts to give the VA a right to collect in situations in which other health care entities could not. Equally as clearly, without this provision, this third-party reimbursement legislation would not work at all.

What has become irresistible about this legislation is the savings estimate it yields and the opportunity to point a finger at someone else, the health insurance companies, and say that they are not bearing their fair share of costs. On this latter score, let me reiterate what I have said since 1979—no one has been able to demonstrate that insurance companies have had any windfall from the exclusionary clauses. Rather, these clauses reflect standard, sound insurance theory and practice.

However, our committee was faced with very significant reconciliation instructions, and being credited by the Congressional Budget Office for recovering $960 million over 3 years—a hopelessly optimistic projection, I might add—through the enactment of such legislation made this an option the committee simply could not refuse.

In view of the inevitability of the committee's approval of some kind of legislation in this area, I did my best to attempt to help craft it in such a way as to make it as workable and as fair as possible. In this effort, I consulted closely with representatives of various third-party insurers and others with an interest in the legislation.

I would like to highlight two very significant points that are appropriately addressed in part B.

First, the language providing for the right of recovery of the cost of care to the extent that the veteran or a non-Federal provider would be eligible to receive payment generally leaves the Federal Government's right to recover contingent upon compliance with the terms and conditions of the law, contract, or other arrangement under which the veteran would be eligible for payment by the third party. Only where the proposed legislation specifically overrides such terms or conditions—the provision in the legislation nullifying preclusions of liability for VA care and the provision I have just cited providing for recovery despite a deductible or copayment not being met—would such requirements be avoided. Thus, contract requirements conditioning the third-party's liability—such as for prehospitalization screening, second opinions prior to surgery, or other specified utilization review procedures—would apply. Likewise, provisions imposing general limitations on the third party's liability—such as contract clauses placing specific dollar limits on payments for certain procedures. limiting a carrier's liability to a percentage of certain charges, or, as in the case of health maintenance organizations, limiting coverage to care provided in specific facilities—would apply. Our committee report language—as printed on pages 577 and 578 and pages 627 and 628 of Senate Report No. 99-146—makes these points clearly.

Second, VA health care appropriations are not to be reduced in anticipation of collections. Rather, revenues received will be remitted directly to the Treasury to reduce the deficit. Without this provision, which was not contained in prior administration's legislative proposals, I could and would never agree to this legislation since deposit of the collected revenues in the VA medical care account would lead to reductions in that appropriation being made up front based on anticipated revenues. The effect of this approach would be to hold the system hostage for a result it could in no way ensure—that insurers would agree to these payments and that the payments would be forthcoming at certain levels fairly readily and expeditiously. Indeed, there is significant question in my mind as to whether any appreciable revenue will be produced by the provisions in part B for several years after enactment, if that early.

PART C: LIMITATION ON VA COMPENSATION COST-OF-LIVING ADJUSTMENT LEGISLATION

Mr. President, part C of the legislation recommended by the Veterans' Affairs Committee would limit any fiscal year 1986 increase in rates for disability compensation, additional compensation for dependents, the clothing allowance paid to certain service-connected disabled veterans, dependency and indemnity compensation—DIC—paid to certain surviving spouses and children of deceased veterans or servicemembers, and supplemental DIC paid to the surviving children of certain deceased veterans. This provision would require that none of the rates be increased during fiscal year 1986 by more than 3.7 percent—the same percentage that CBO projected for the fiscal year 1986 Social Security COLA at the time our committee marked up this legislation—as compared to 4.1 percent, the rate assumed in the baseline which is reflected in the first concurrent resolution on the budget for fiscal year 1986. As I noted earlier it has now been officially determined that the Social Security COLA will in fact be 3.1 percent.

CONCLUSION

As I noted at the outset of my remarks, I believe that we have succeeded in developing legislation that is the best way our committee could satisfy our reconciliation instructions. It is important to note that our legislation would achieve this result without mandating reductions in VA programs. Thus, I believe that we can take credit for meeting our obligations in light of the Nation's fiscal situation while continuing with our best efforts to enable the VA—and particularly the VA health-care system—to continue in its tradition of meeting the needs of our Nation's sick and disabled veterans.

TITLE VIII—POSTAL SERVICE

Mr. ABDNOR. Mr. President, I would like to inquire of the Senator from Alaska concerning the study the Postal Rate Commission [PRC] would conduct pursuant to section 804(b).

Mr. STEVENS. Mr. President, I would be most pleased to respond to the Senator from South Dakota.

Mr. ABDNOR. My inquiry concerns the meaning of paragraph (2) and section 804(b) which states:

> In preparing the report required by paragraph (1), the Commission shall invite and consider the views of all interested parties.

Does the Senator from Alaska construe paragraph (2) to include public hearings as part of the mandate to the Commission?

Mr. STEVENS. The clear intent is that the Commission will hold public hearings on the record as part of its responsibilities contained in paragraph (2).

Mr. ABDNOR. I thank the Senator for this clarification. I think hearings before the Commission are important in order to comply with the directive set forth in paragraph (2).

If the Commission were to hold hearings only in Washington, however, it would preclude small- and medium-sized nonprofit organizations—even large organizations—from the great State of South Dakota from testifying.

Given the purpose of this study and the potential impact that the PRC's recommendations may have on nonprofit organizations, I would like to inquire further of the Senator whether he envisions that the Commission would also hold several regional hearings as part of its responsibilities under paragraph (2)?

Mr. STEVENS. It is not the intent of this Senator that the public hearing record should be limited to only those interested parties that are located in the Greater Metropolitan Washington area or that can afford to travel to Washington.

Since this hearing record will serve as the basis to make recommendations to deny the nonprofit mailing privilege to certain types of third-class mail, let the record be absolutely clear: We intend that the Commission afford an opportunity for as many interested parties as possible throughout the country to testify in person.

We do not want a hearing record that consists only of nonprofit and commercial mailers that can afford to testify in Washington. Furthermore, we have been assured, informally, by the Postal Rate Commission that not only would field hearings be held but even those who cannot testify in

person can write the Rate Commission and have their comments considered.

Mr. ABDNOR. I thank the Senator from Alaska for the benefit of his views on this important question. Nonprofit organizations feel that they have a great deal at stake in this study. The Senator's clarification should reassure them that their views will be heard. They will have their day in court.

Mr. STEVENS. I thank the Senator from South Dakota

TASK FORCE ON LONG-TERM CARE

● Mr. WILSON. I rise to commend the committee's tremendous efforts in placing before the Senate a reconciliation package making difficult but necessary choices. However, contained within the House package is a proposal which lays the foundation for successful cost containment through planning and discussion with beneficiaries, the Federal Government, and the private sector. This concept ought not to be overlooked by my colleagues during conference. I refer here to the establishment of a task force on long-term care health policies. The primary charge to the task force is to develop guidelines for long-term health care policies. Such guidelines are to be designed to achieve four goals: First, to assure responsible marketing practices and agent sales; second, to assure the dissemination of adequate information to allow informed consumer choice and to reduce the purchase of duplicative coverage; third, to assure a reasonable relationship between premiums charged and benefits provided; and fourth, to promote the development and availability of policies that meet the guidelines developed by the task force.

It is increasingly apparent that significant programmatic and financing changes in the post-acute-care system are developing in isolation from, and at cross purposes to, one another. The development of a task force designed to bring together the major players in this system; namely, the insurance industry, long-term care providers, and beneficiaries and consumers, is an idea which is timely, given the remarkable changes in the aging pattern of this Nation.

Only a small part of the cost of long-term care for the elderly is paid for by private insurance and other pooled risk private mechanisms. Over half is paid by Government programs; almost all the rest must be met by individuals and families from their income and savings. What is tragic is the "spend-down" phenomenon, where, to be eligible for Government programs that pay for nursing care beyond the initial hundred days under Medicare, individuals must have used all their assets. To avoid this drain upon spouses and families, I believe that the elderly should have the option of planning for the possibility of long-term disability. To create these options, there must be a focus upon this issue, as we find in the long-term care task force.

Mr. PACKWOOD. I thank my colleague for his expression of support for the task force proposal contained in the House reconciliation package. I share your concern and I will keep it in mind when we meet to consider this matter in conference with the House.●

RECONCILIATION ATTORNEYS' FEES PROVISIONS

Mr. BAUCUS. Mr. President, section 799 of our reconciliation bill extends and reforms the attorneys' fees provisions of Tax Code section 7430. I would like to explain the importance of this provision, which Senator GRASSLEY and I offered as an amendment during the Finance Committee's reconciliation markup.

BACKGROUND

Before 1980, the so-called American rule prevented small businesses and other taxpayers from recovering their litigation costs, even if they prevailed against the Government and the Government's position had been unreasonable.

In 1980, Congress responded to this unfair situation by enacting the Equal Access to Justice Act, which provides that parties prevailing in certain civil litigation against the Government can recover their attorneys' fees and other litigation expenses, unless the Government demonstrates that its position was "substantially justified." However, EAJA did not apply to the Tax Court, where about 80 percent of civil tax litigation occurs.

In the 97th Congress, Congress responded by enacting an amendment, to the Tax Equity and Fiscal Responsibility Act, which added an attorneys' fees provision as Tax Code section 7430. Briefly stated, section 7430 permits a prevailing taxpayer to recover up to $25,000 in attorneys' fees and other litigation expenses from the IRS if the taxpayer demonstrates that the IRS's position was unreasonable.

In its 26 months of operation up to April 15, 1985, 20 awards have been made under section 7430, with an average award of $7,037. The total outlay was $140,000.

Both the EAJA and section 7430 were scheduled to expire at the end of this year. In the last Congress, the Senate passed legislation reauthorizing and improving both. The House, however, balked at the section 7430 provisions. Eventually they were deleted, and a simple EAJA bill was sent to President Reagan, who vetoed it over a relatively technical issue. This year, that issue was quickly worked out, and in July another EAJA bill was passed and signed into law. The section 7430 provisions, however, are still set to expire.

CURRENT LEGISLATION

On July 29, I introduced the Small Business Tax Simplification and Taxpayer Protection Act, along with Senators GRASSLEY, BENTSEN, BOREN, PRYOR, ARMSTRONG, and MITCHELL. Section 4 of this bill would reauthorize section 7430 and make it permanent. It also would make several changes in the law, to conform section 7430 more closely to the EAJA.

During the Finance Committee's reconciliation markup, Senator GRASSLEY and I offered the S. 1513 attorneys' fees provision as an amendment. It was adopted by voice vote, and comprises section 799 of the reconciliation bill.

MODIFICATIONS

Our provision modifies section 7430 several ways. The first modification relates to the standard of proof. The EAJA allows prevailing parties to recover attorneys' fees if they can show that the Government's position was "unjustified." Current section 7430, in contrast, allows prevailing taxpayers to recover if they can show that the Government's position was unreasonable.

I'm not enough of a semanticist—or metaphysician—to understand whether there really is a difference between these two standards. But some courts have concluded that the tax case standard is slightly lower and hence favors the Government more. I see no practical reason for subjecting the IRS to a lower standard of conduct than all other agencies. And having different standards promotes uncertainty and confusion. Therefore, our amendment conforms tax cases to other cases, by applying the substantially justified standard. An identical provision passed the Senate last year.

The second modification relates to the burden of proof. In tax cases, the taxpayer bears the burden of proof on the merits. Under section 7430, a taxpayer who substantially prevails also bears the burden of proof recovering attorneys' fees. In contrast, in ordinary fee proceedings, the Government bears the burden of proof—of proving that its conduct was substantially justified. Our amendment would conform tax cases to all other cases. The taxpayer still would bear the burden of proof on the merits. But, in the fee portion of the case, the burden would shift to the Government—to prove that its action was substantially justified. This modification, which is identical to a provision that passed the Senate last year, does not alter the ordinary rule that the taxpayer bears the burden of proof in the case on the merits. Rather, it just treats fee disputes in tax cases like fee disputes in all other cases. The Government—which has access to the information justifying its action—bears the initial burden.

The third modification relates to the definition of the "position of the United States" subject to scrutiny in a

fee case. Current section 7430 defines this as the position taken by the IRS "in the civil proceedings" themselves. Courts are split over whether this permits an inquiry into the action that initiated the dispute—for example, the issuance and administrative litigation of a deficiency notice. In the cases that have held that the definition does not permit such an inquiry, it has led to an unjust result. For example, one court has refused to consider awarding attorneys' fees incurred during administrative proceedings because the Government reversed its position and consented to a judgment for the taxpayer 1 day before answering the complaint. The court said that "although this court is sympathetic with plaintiff's concern that the Government should be required to set reasonably both in litigation and in its administrative proceedings, to consider the Government's administrative position in determining whether to award fees and costs * * * would be clearly contrary to the specific wording of section 7430." And another court has held that fees could not be awarded because the IRS consented to judgment for the taxpayer shortly after litigation began, even though "clearly, the position of the IRS in the underlying case was unreasonable."

The same dispute arose over identical language in the old version of the EAJA. We cleared it up in the version we just passed, by providing that the inquiry does apply to the prelitigating position. We should do the same for tax cases. To accomplish this, our amendment expands section 7430 to permit the court to consider not only the position the Government took in the civil litigation itself, but also the agency action or failure to act which led to the litigation. This conforms to the new EAJA standard, and is similar to a provision the Senate passed last year.

The fourth modification relates to the award cap. Neither the old nor the new version of EAJA contained a cap. The current version of section 7430 does. Our amendment replaces the current $25,000 cap with a system like the EAJA system, which instead limits hourly attorneys' and experts rates.

All told, our amendment is estimated to cost about $2 million a year. To put this estimate in context, the existing version of section 7430 was estimated to cost about $5 million a year, and actually has cost a total of $140,000 over 26 months.

THE TREASURY ARGUMENT

Mr. President, the Treasury has repeatedly argued against the modifications our amendment makes, contending that such modifications overlook distinctions between tax cases and other civil cases and will increase the Tax Court backlog. The best response to these arguments comes from law professor Louise Hill. In this week's edition of Tax Notes, Professor Hill explains the background of the EAJA and section 7430 provisions and the proposed modifications to section 7430. Then she analyzes Treasury's arguments, concluding that:

If it is felt that the tax case situation is unique and distinctive enough from a procedural perspective to warrant separate legislation, then separate legislation is appropriate. Clearly, TEFRA's provisions regarding exhaustion of administrative remedies, declaratory judgments, and the amount of the tax liability in controversy are tailored well to the tax case situation. However, what does not appear to be appropriate is lacing that separate legislation with standards that are more stringent than those which apply to civil litigation in general.

With the reconsideration of cost and fee awards in TEFRA coming close in time to when legislation reauthorizing the EAJA has been implemented, Congress has an ideal opportunity to approach TEFRA with a view toward equalizing its applicable standards to that of the EAJA. It stands to reason that a litigant in a tax case should not have a more difficult burden upon him to quality for costs and fees against the government, or to be limited in the amount of cost or fee awards, than any other party in a civil action against the federal government. It is incumbent upon Congress to determine what threshold qualifications are necessary for a party to be eligible for a fee award from the federal government. Upon such a determination, it is incumbent upon Congress to see that those threshold qualifications are applied uniformly to all parties in a civil law suit in which the United States is a party.

Mr. President, section 799 of our reconciliation bill does precisely this. It acknowledges the unique character of tax litigation by maintaining separate procedural provisions, but applies the same basic legal standards to tax as to other cases. That way, it simplifies our law and improves the ability of small businesses and other taxpayers to protect their rights.

I urge my colleagues to support this provision. And I urge the Senate's reconciliation conferees to insist that the provision be included in the conference report.

Mr. SASSER. Mr. President, the Consolidated Omnibus Budget Reconciliation Act of 1985 is the result of some of the most intense negotiations in which I have been a participant since becoming a Member of the Senate. In voting for its passage, I want to make special note of one of its provisions. It relates to the Urban Development Action Grant Program, a program with a proven track record and—with the passage of S. 1730—a promising future. A tremendous amount of time and effort has gone into assuring that future. I want to commend my colleagues' attention to the developments leading up to the inclusion of the UDAG Program in this bill.

When the UDAG Program was created, its mission was twofold: to provide a chance for distressed urban communities to stem the tide of decay, and to do it with a unique public-private partnership approach. UDAG's purpose was restated in legislation in 1981:

To assist cities and counties which are experiencing severe economic distress to help stimulate economic development activity needed to aid in economic recovery.

A UDAG project was visualized as a sort of seed crystal around which other new development would grow. A UDAG project, with its combined commitments from the public and private sectors, would represent a renewed commitment to a city in economic trouble. The renewed commitment would come from its own citizens, its own businesses, its own State and local governments. The Federal role, the role of UDAG, would be to set the process in motion, to provide the kind of targeted structure that would insure success.

And UDAG has been successful. For the past several fiscal years, it was funded at an annual level of $440 million. The program generated an average of 50,000 new permanent jobs for each annual appropriation of $440 million. At that level of funding, UDAG also created an average 100,000 construction jobs, stimulating $2 billion in private investment and $40 million in local tax revenue. UDAG projects leverage, on the average, nearly $6 of private capital for every UDAG dollar. It has made the make-or-break difference for cities and neighborhoods all across this country. It should be allowed to continue this vital function.

If the UDAG Program is so productive, then, what was the problem? The problem, frankly, was its own success. UDAG was making such an important contribution to these distressed cities and counties that soon the applications exceeded the program's ability to fund all the eligible projects.

And this is an important point, Mr. President. I said there were inadequate funds to grant awards to all the eligible projects. A city cannot even apply unless its economic profile indicates a significant degree of economic trouble. So not just any city can apply. There has to be a demonstrated need.

And not just any project is eligible for funding. Projects have to meet productivity standards. So UDAG is not just a pot of Federal money waiting for cities to ask for it. There are lengthy, rigorous requirements to be met before a UDAG project is fundable.

Having said that, I will repeat that the UDAG Program did not have sufficient funds for all eligible projects. That is a limited group, indeed.

HUD tried to allocate what funds were available in a way that was fair and that did not compromise the program's intent. They failed. In trying to target too heavily to some of the criteria of economic distress, they lost the partnership concept. There were a great many excellent projects that

went unfunded, and a great many marginal projects that received grants. So much emphasis was put on certain aspects of a city's economic profile that the quality and productivity of the projects sank in importance. Less and less effort was required by the private sector. The importance of job creation was rapidly decreasing. Further deterioration of the productivity focus of the program threatened to reduce its overall effectiveness.

Those of us who wanted to restore UDAG's original mission, to rejuvenate its promise as a truly action-oriented program as its name implies, began the long process of negotiation. We wanted to preserve the careful targeting to distressed communities, while restoring the importance of each project's productive potential. Those whose main priority is targeting to communities with the most severe distress also recognized that a UDAG Program with a low efficiency rating would be vulnerable to a quick demise.

Thus, the long process of negotiation began. And we have been successful. The bill would devote one-third of available funds to a competition based solely on project factors. Applications in this so-called Project Pot would be ranked in order of the productive capacity of the project, how much private capital would be leveraged in relation to UDAG expenditures, how many jobs would be created or maintained, and so on. It is important to note again at this point that no city or country is eligible to apply unless threshold levels of economic distress have been met.

The remaining two-thirds of available funds would be allocated basically as they are now, with rankings ordered according to a blend of economic and project criteria. Minor changes have been made in the impaction and distress criteria in order to target the program more accurately toward distressed areas.

Mr. President, this is no hastily considered quick fix. The UDAG section of the bill marks the culmination of nearly 2 years of effort, the last several months of which have been devoted to a legislative compromise. The UDAG formula has been the subject of intense bipartisan negotiation and regional compromise. Those of us on the Banking Committee who support UDAG have found remedies for the problems that threatened its survival.

Senator RIEGLE, as ranking member of the subcommittee of jurisdiction, has devoted a great deal of time and energy to this effort. I, personally, appreciate the skill and dedication he has shown in finding a way to preserve the UDAG Program. He has done so in a manner that has won the support of a majority of the committee. Senators CRANSTON, SARBANES, D'AMATO, and HEINZ have also made major contributions to this process, making it possible to preserve the program by restoring its original mission.

Support for this approach extends beyond the Banking Committee as well. The proposed change to the UDAG formula in this amendment is the same as the change recommended in S. 1133. The bill was introduced on May 14 and has 17 cosponsors. I would urge my colleagues to note the geographical distribution of these cosponsors: D'AMATO, SASSER, GRASSLEY, HEINZ, DODD, THURMOND, DURENBERGER, HAWKINS, SPECTER, STENNIS, SARBANES, LEVIN, GORE, METZENBAUM, HARKIN, BOSCHWITZ, and CHILES.

You might almost say that the precedent for this agreement was the treaty at Appomattox.

And on this more recent occasion, we were joined by our brethren from the West. I want to say a word here about one of my colleagues from the other side of the aisle, from the other side of the country. Senator GRASSLEY has devoted a tremendous amount of his time and effort to bringing about needed changes in the UDAG formula. It has been a pleasure to work with the Senator from Iowa on this matter, and I want to express my appreciation and commendation to him for his contribution to the painstaking process of negotiating this compromise.

The compromise approach recommended in the bill has been endorsed by the National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, and the National Association of Housing and Redevelopment Officials. As representatives of the communities served by UDAG, they have joined with us in seeking solutions to the problem at hand. Their support for the result is most welcome and appreciated.

Mr. President, I believe these changes will result in a revitalized UDAG Program, one that meets its goal of stemming the tide of decay that has plagued so many communities in this country, and that does so in a productive and effective way.

BLACK LUNG TRUST FUND

Mr. BYRD. Mr. President, I wish to express my opposition to the provisions included in this bill to terminate the borrowing authority of the Black Lung Trust Fund on September 30, 1986.

As was pointed out by Secretary of Labor Brock in his letter of September 19, 1985, to the chairman of the Senate Finance Committee, this provision would result in there being insufficient funds to pay benefits to persons legally entitled to them under the law, on the other hand, the Congress would respond to this prospective denial of benefits by appropriating funds from general revenues to cover the shortfall. In doing this, we are shifting the financial responsibility for the program from the coal industry to the general public. I am sure that this was not the intention of the committee in adopting this provision.

Let me also point out, that there is some misconception about this benefits program. Because of the growth in the number of claims and approvals funded under the Black Lung Benefits Act Amendments of 1978, the Congress adopted consensus legislation in 1981 which tightened eligibility criteria for all future claims and temporarily doubled the excise tax on coal. Those amendments resulted in the rate of claims being approved dropping from 40 percent under the 1978 amendments to just 3.3 percent in 1985. In other words, the Department of Labor projects that of the 10,659 claims that will be adjudicated by the end of 1985, only 355 claims will be approved. This certainly is not an indication of a program that is liberal with its benefit awards.

Coal tax revenues now equal roughly 85 percent of current outlays for income maintenance, medical, and administrative costs; however, the trust fund must continue to borrow from the U.S. Treasury to meet the shortfall in current obligations as well as to cover the cost of interest on past borrowing. Those interest costs will reach over $270 million this year and are expected to exceed $300 million next year.

It is imperative to return the Black Lung Trust Fund to solvency but a repeal of the trust fund's borrowing authority does not meet this objective. I believe a compromise can be worked out between the coal industry, the coal miners, and the U.S. Department of Labor to achieve the long-term solvency of the fund. The joint BCOA-UMWA Industry Committee has been working on a compromise that will insure the solvency of the fund while insuring the health of the U.S. coal industry. This compromise would combine a 5-year moratorium of the interest payments on the trust fund's cumulative debt with a 10-percent increase in the black lung excise tax. These two steps would enable the trust fund to be solvent by 1997 and the debt to be retired by 2007. The Congressional Budget Office has scored the 5-year interest payment moratorium as having no budget impact and the 10-percent tax increase as increasing revenues and decreasing the deficit. Inasmuch as this will be at issue in conference, I would urge the distinguished chairman of the Finance Committee, Senator PACKWOOD, to pursue such a compromise.

Mr. PACKWOOD. I thank the distinguished minority leader. The House of Representatives included a 50-percent increase in the coal excise tax in its reconciliation bill, H.R. 3128. However, the Finance Committee did not include that provision. Many Finance Committee members believe that such

an increase in the excise tax would harm the competitiveness of the domestic coal industry. Also, the Finance Committee agreed to terminate the unlimited authority for the black lung disability trust fund to borrow from general revenues, as of September 30, 1986, to encourage congressional review of the Black Lung Program.

Since the House bill and the Senate bill contain different provisions, I am sure that there will be further discussions of this issue during the conference.

BLACK LUNG TRUST FUND

Mr. WARNER. Mr. President, I rise to express my concern about the provision in the reconciliation bill which prohibits the Black Lung Trust Fund from further borrowing from general revenues after October 1, 1986.

Now is not the time for the Congress to haphazardly administer Band-aids to the Black Lung Program.

This could invoke a severe sentence on the coal industry—a sentence which could easily backfire and not produce the intended result of restoring financial solvency to the Black Lung Trust Fund.

The black lung disability trust fund was established by law in 1978 and is financed by a producers' tax on each ton of coal mined—50-cents-per-ton tax on underground production and a 25-cents-per-ton tax on surface-mined coal.

The Social Security Administration operates another version of the program which pays claims prior to 1973 from the general revenues, but this is not the issue before the Senate today.

The issue in question is the Department of Labor Black Lung Trust Fund which is now $2.5 billion in debt to the U.S. Treasury.

The trust fund can borrow from general revenues to make up any shortfalls between the coal tax revenue and benefit liability, but the advances are repayable at public debt rates.

Supplements to the coal tax have been necessary annually since 1978, and the fiscal year 1985 loan will exceed $360 million.

Clearly, action must be taken to restore the solvency of the Black Lung Trust Fund, but the solutions are not as self-evident as they might first appear.

Recently the House of Representatives and the U.S. Department of Labor put forth separate proposals to increase the excise tax on coal by 50 percent in order to improve the financial position of the Black Lung Trust Fund.

I am deeply concerned about the effect such proposals will have on the competitive status of America's coal industry and the possible self-defeating effect these proposals may have on the trust fund itself.

The more the tax is raised, the higher the cost of coal goes and the less competitive American coal is in the world market; consequently, less coal is produced and sold, further reducing revenues to the black lung disability trust fund.

In light of these possible consequences, I wrote to the General Accounting Office on September 12 requesting that they undertake an examination of theBblack Lung Trust Fund and the implications of the various strategies for reducing the deficit.

I asked the GAO to include in the study the impact an increase in the coal excise tax would have on the coal industry.

When we go to conference with the House of Representatives on the budget reconciliation package, I strongly urge the Senate conferees to reject the House of Representatives' proposed 50-percent increase in the coal excise tax as a premature and hastily considered action.

Mindful of the pressing situation, a committee of coal operators and the United Mine Workers, collectively known as the joint interest committee, has developed an alternative to eventually eliminate the Black Lung Trust Fund deficit.

Their approach is to accept a 10-percent tax increase coupled with a 5-year freeze on interest payments on the Black Lung Trust Fund deficit.

I commend the leadership of the United Mine Workers and the coal industry for their excellent cooperation on this difficult issue and urge the conferees to study it very closely as an alternative to the position of the House of Representatives.

Fortunately, the Nation's coal mines are cleaner and safer today then when many of the current black lung beneficiaries were mining coal.

Hopefully, this will result in fewer miners in the future contracting the tragic disease of pneumoconiosis.

This does not, however, lessen our responsibilility to those who are now suffering and either receiving black lung benefits or awaiting a determination of eligibility.

I call on all of my colleagues for their support in this important effort.

Eliminating general revenue borrowing authority for the Black Lung Trust Fund can only add to an already difficult and problematic situation.

I look forward to continuing to work with all interested parties on a reasoned and effective approach toward resolving the Black Lung Trust Fund deficit.

Mr. ROCKEFELLER. Mr. President, I am very pleased to join my fellow colleague of the State of West Virginia, the distinguished minority leader, and other concerned Members of the Senate in discussing an important issue addressed in the Senate's reconciliation legislation. For the past several months, I have been involved in this matter, which is enormously important to my State of West Virginia and many other States. Namely, I have tried to assist in developing a consensus on how to bring the Black Lung Trust Fund into fiscal solvency.

I am joining other concerned Senators in addressing this issue today. Some of them have explained the course of events leading up to this discussion. This is the present situation: There are two distinct proposals in the House and Senate versions of reconciliation legislation that address the Black Lung Trust Fund deficit problem. In late July, the House Ways and Means Committee adopted, by a very close vote of 17-16, a provision to impose a 50-percent increase on the excise tax on coal to raise revenue to pay off the debt of the fund. In mid-September, the Senate Finance Committee adopted, by voice vote, a measure to preclude the fund from any further borrowing authority is not necessary to addressing the fund's deficit and poses grave dangers to the future of the Black Lung Program and its deserving beneficiaries.

It will be up to the House-Senate conferees to resolve this major difference, and develop an alternative to addressing the fund's indebtedness. I am quite hopeful that a responsible plan will emerge in conference, based on my discussions of this issue with members of the Finance Committee, the administration, and other Senators concerned about the Black Lung Program.

I wish to emphasize the spirit of cooperation that has evolved in the process of trying to deal with the Black Lung Trust Fund problem. Secretary of Labor William Brock has consistently communicated his willingness to consider alternatives to the administration's original proposal that included the 50-percent coal excise tax increase adopted by the House Ways and Means Committee. In a recent letter to me, dated October 15, Secretary Brock affirmed that he remains "open to the exploration of alternative approaches which would meet our basic objectives."

Mr. President, I have attached Secretary Brock's correspondence to me and ask that it be submitted along with my statement in the RECORD.

Of great importance is the joint efforts of the coal industry and orgainzed labor. An ad hoc subcommittee was formed by the United Mine Workers of America and the Bituminous Coal Operators Association to address this matter. Members of Congress will certainly recognize the significance of this team work. It is in the national interest to encourage such cooperation and try to solve the pressing problem of the Black Lung Trust Fund in a way that will not do any further harm to the coal industry and its workers. In August, this Joint

Interests Committee released a published discussion of alternatives to the 50-percent tax increase which included a favorable view of a 10-percent tax increase.

Finally, certain members of the Finance Committee have shown a consistent willingness to reconsider the provision and to work with the other concerned parties in fashioning an alternative that would be acceptable to the legislation's conferees. I have discussed this in some detail with certain senior members of the Finance Committee, and feel a great deal of gratitude toward them for their consideration and attention.

There are responsible options to the respective House and Senate committees' versions. The issues involved with the fund's insolvency are complicated, and it has taken some time to analyze the reasons for the debt, prove into the assumptions underlying different projections about the future size of the debt, and develop workable approaches for restoring the fund's solvency. But I sincerely believe we are at the point where the conferees on reconciliation legislation can consider sound, workable proposals for addressing the Black Lung Trust Fund's fiscal state.

Mr. President, I encourage the distinguished leadership of the Finance Committee to draw on the resources available among all of the parties concerned about the Black Lung Program, and determine an acceptable, responsible legislative solution to this problem. The proposal submitted by the Joint Interests Committee representing coal companies and organized labor would serve as an excellent starting-point for the conferees on reconciliation legislation.

I will continue to press for an approach that ensures the financial integrity of the Black Lung Program. I also will do everything I can to make sure that the Congress does not respond to the financing issue at the expense of the program's current and future beneficiaries. We have a great responsibility to carry out the mission of the Black Lung Program and provide the compensation owed to those miners who suffer severe harm from the crippling disease of pneumoconiosis.

I look forward to working with all of my colleagues in solving this matter and returning stability to the Black Lung Program.

The letter follows:

U.S. DEPARTMENT OF LABOR,
SECRETARY OF LABOR,
Washington, DC, October 15, 1985.

Hon. JOHN D. ROCKEFELLER IV,
U.S. Senate, Washington, DC.

DEAR JAY: Thank you for your letter of September 24 concerning the Finance Committee's action on Black Lung Disability Trust Fund financing. I appreciate your support for the Administration's position that a responsible solution must be found to bring the Trust Fund's steadily growing indebtedness to the Treasury under control and arrange for its repayment.

Although I believe that the excise tax increase approved by the Ways and Means Committee would provide an effective solution to the problem, we remain open to the exploration of alternative approaches which would meet our basic objectives. To that end, Department of Labor staff are working with Congressional staff, including Ms. Tamera Stanton of your office, to explore other solutions that may be available to us.

I look forward to your continued support and cooperation in our joint effort.

Very truly yours,

WILLIAM E. BROCK.

Mr. HEINZ. Mr. President, I rise to join my distinguished colleagues from West Virginia, in opposition to the provision in the Finance Committee reconciliation package which would terminate the borrowing authority of the Black Lung Trust Fund on September 30, 1986.

The Black Lung Program was first established as part of the Mine and Safety and Health Act of 1969. The program was subsequently amended several times, most dramatically in 1978. Under the 1978 amendments, eligibility criteria were broadly expanded, and a coal tax was established to pay for those benefits. Pursuant to the 1978 amendments, the number of beneficiaries in the Labor Department's program grew from 6,000 in 1977 to over 80,000 in 1980. As a result of the 1978 changes the fund developed a $1.5 billion deficit. In 1981, the Congress enacted consensus legislation to tighten eligibility requirements and temporarily doubled the tax rate.

In 1981 Congress also doubled the coal excise tax. At that time it was projected that the trust fund would be solvent by 1995 or sooner. Now the Department of Labor tells us that their projections in 1981 were wrong, and that over the past 4 years, rather than decreasing, the debt to Treasury has grown to $2.5 billion.

Coal excise tax revenues now equal roughly 85 percent of current outlays for income maintenance, medical and administrative costs. The trust fund must borrow from the U.S. Treasury each year to meet the shortfall in the current obligations. The majority of the money borrowed from Treasury is then paid back to Treasury to cover the cost of this borrowing, borrowing which was the result of the 1978 changes.

The Ways and Means Committee has proposed increasing the coal excise tax by 50 percent, as a means to making the trust fund solvent. The Finance Committee has been opposed to this increase. At a time of falling energy prices, an increase of 50 percent in the black lung tax would significantly and seriously impact an already depressed domestic coal and mining industry, and further erode its ability to compete in world markets.

Since 1977 the number of operating coal mines in the United States has declined from more than 7,000 to approximately 3,000. The additional tax increase proposed by the Ways and Means Committee, would exacerbate this alarming trend. A significant increase in the black lung excise tax would contribute to the loss of both domestic and international markets for coal industry. Because we on the Finance Committee recognized the impact a large coal excise tax increase would have on the coal industry, we opposed the tax and will continue to oppose a coal excise tax increase.

The Finance Committee however accepted an amendment which would terminate the borrowing authority of the Black Lung Trust Fund on September 30, 1986. This was done with very little debate, and I think without a full understanding of the consequences. This amendment could result in there being insufficient funds to pay benefits to persons legally entitled to them under the law. It could also result in Congress using general revenues to cover the shortfall. This is not the result that the committee intended.

The Black Lung Trust Program has been examined closely, and Congress tightened the eligibility requirements. The program does not need to be reexamined. We did that in 1981. What we need now is responsible legislation to address the long-term solvency of the fund.

The approaches taken by both the Ways and Means Committee and the Finance Committee would not meet this objective. However, I believe that it is possible for the conferees to find a compromise that will result in the solvency of the Black Lung Trust Fund, and I will work with the conferees to achieve an equitable result.

Mr. DIXON. I rise to express my concerns regarding a provision which is included in this bill to terminate the borrowing authority of the Black Lung Trust Fund on September 30, 1986.

This proposal does not please anyone—not the coal industry, not the coal miners, and not the Department of Labor. We need to find a better way.

The trust fund is insolvent. No one argues that point. However, by terminating borrowing authority without any other provision, the program would have to be cut back considerably. Benefits would have to be reduced by half to over 80,000 current beneficiaries. That, Mr. President, is unacceptable.

The House has a proposal to increase taxes on the industry by 50 percent. This would place a tremendous burden on an industry which still suffers 30-percent unemployment.

At the time of both the House and Senate committee markups, the industry had not put forth a proposal. There is one now, and it should be given careful consideration by the conferees.

The Joint Industry Committee—composed of representatives of the major coal industry companies and the United Mine Workers of America—has proposed a tax increase of 10 percent accompanied by a 5-year moratorium on interest payments and interest accrual. This would make the entire Black Lung Trust Fund solvent by 2007, and CBO reports there would be no budgetary impact for the moratorium.

This is an industry which has already made substantial changes in its eligibility requirements since 1981. Most of the insolvency stems from the system as it existed prior to that time. The system will eventually have fewer beneficiaries from an actuarial standpoint, because the population is aging and many improvements have been made in underground mining which prevent the disease from occurring.

In its most recent contract, the United Mine Workers and the industry achieved agreement without strikes. They worked together to protect workers and give the beleaguered coal industry a chance to become competitive.

It is imperative that we maintain this program for people who suffer this terrible disease. It is likely that a compromise can be reached, if the conferees can remain open to other options which are available, to develop a satisfactory solution to this shortfall.

I urge the members of the Senate Finance Committee to maintain an open mind to the Joint Industry Committee's proposal. It is a positive alternative to the House tax increase which would have a very damaging effect on the industry and the Senate cutoff of borrowing authority which would hurt the thousands of workers who suffer from this debilitating disease.

UDAG PROVISION

Mr. RIEGLE. Mr. President, upon final passage of the Reconciliation Act, I wish to take a few moments to call to the attention of my colleagues some very important changes to the UDAG program contained in this bill.

Title III of the Reconciliation Act will greatly improve HUD's Urban Development Action Grant Program [UDAG] by reforming the project selection system to give cities in all areas of the country a fair chance to receive funding for sound projects.

That UDAG provision is very important because the current project selection system freezes out many cities needing UDAG help in creating a private-public partnership to strengthen their distressed economies.

This provision is virtually identical to S. 1133, a bipartisan bill that I and other Senators from all regions of the country developed after many months of consultation with private sector experts and local officials across the country.

First, the provision would improve upon the current measures or project quality by giving added recognition to a project's ability to bring new capital into a local economy, to help a city's most distressed neighborhoods, and to relieve a city's most pressing residential or employment needs. Extra weight would be given to projects from cities that have not received a UDAG grant in recent months.

Second, the provision would give these improved project measures more weight:

Two-thirds of the funds would be awarded according to impaction, distress, and project measures. Within this pot, pre-1940 housing would get less weight than currently and project measures would get more—both changes would help cities that have recently been at a disadvantage in the competition.

One-third of the funds would be awarded according to project measures alone.

Third, the provision would extend the authorization for UDAG for 1 year, through fiscal year 1987, at the reduced levels called for in the budget resolution. This modest extension must be made now if all cities are to have time to develop sound projects and take advantage of the new selection system.

Fourth, the provision would permit cities to use repayments from UDAG projects so long as the use is consistent with the purposes of the Community Development Act.

Finally, the provision requires HUD to study the UDAG eligibility and selection standards and to give Congress recommendations for improvement.

This provision is strongly supported by the National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, the National Association of Housing and Redevelopment Officials, and other organizations interested in economic development.

The UDAG program has proven that the Federal and local governments can act in cooperation with the private sector to strengthen the economies of our Nation's most distressed cities.

UDAG is clearly a program that is working extremely well. It helps locate new industry in areas where there is the greatest need. It creates jobs. It makes fuller use of the Nation's enormous investment in existing roads, water, and sewer systems and other infrastructure.

Since it was enacted, UDAG has demonstrated solid results. Nearly 2,600 UDAG projects are projected to create or maintain 500,000 permanent new jobs—58 percent of those jobs are slated for low- and moderate-income persons.

UDAG has stimulated $6 in private investment for every Federal dollar. That's a total of $23 billion private investment that UDAG has generated in just a few years. That's a real success story in private sector-Government cooperation.

UDAG projects are expected to contribute $513 million in annual tax revenues to hard-pressed local governments. At the end of 1984, local governments were already receiving $69 million annually in additional revenues as a result of UDAG projects. Repayments of loans made with UDAG funds have provided an additional $75 million.

At the end of last year, UDAG projects would produce over 100,000 housing units, approximately one-third of which are for low- and moderate-income persons.

The UDAG program generates more fiscal benefits in the form of increased revenues and reduced transfer payments than it costs. Conservative estimates place the increased Federal, State, and local revenues and cost savings at $991 million per year, compared to an annual appropriation of $440 million. Clearly, UDAG has helped to build a solid new economic foundation in a number of hard-pressed cities across the Nation. And it has done so while maximizing the return on scarce Federal dollars. Such a successful Federal program should be continued.

In my own State of Michigan, the UDAG program has allowed communities to help themselves in partnership with the private sector and with a minimum of Federal direction, red tape, and bureaucracy. Since 1978, over 50 Michigan communities have received nearly $337 million from the Federal Government and over $3 billion from private investors for UDAG projects; 68,000 Michigan jobs have been created or saved.

I strongly support UDAG as an important and proven tool that enables private investors and local governments to carry out projects that help develop the economies of the Nation's most distressed cities.

Mr. GORTON. Mr. President, I would like to take this opportunity to reiterate my deep belief that reducing the deficit is of vital importance not only to the future well-being of our Nation, but to the maintenance of a healthy and thriving American economy.

The past several months have been occupied with battles over spending excesses—each appropriations bill has been the occasion of lengthy debates about budget cuts. Mr. President, there can be no question that before us is the most important task of our time—to return to sound fiscal policy

that provides a fertile climate for economic stability and growth.

It is no secret that I was deeply disappointed with the results of the budget debates of last summer. As a member of the conference committee that was to resolve the budget disputes between the Senate and the House, I stood behind the strong positions adopted by the distinguished chairman of the Budget Committee, Senator DOMENICI. I joined with the distinguished Senator from Florida and four other Senators in offering a budget proposal that would have cut $70 billion from the fiscal 1986 budget through a combination of spending cuts and new revenues. We were abandoned at that critical time by our administration and the leadership in the House of Representatives, and I wholeheartedly believe that, as a result, we were left with too little on the table from which to achieve our goal given the overwhelming magnitude of this task. Despite the dedicated and fruitful efforts of the distinguished Senator from New Mexico, whose leadership led us much further toward our goals than we might otherwise have come, we were hamstrung by the infamous oak tree agreement, which left us with too little to bargain over.

In the months since Congress adopted the mediocre budget resolution for 1986—which was truly about the best we could do without the cooperation of the administration and the House—the economy has slowed. Deficits are still projected to remain high. Interest rates have not declined significantly. The dollar has not weakened enough to turn the tide of our tremendous trade deficit. In these months we have seen a concomitant rise in concern over the health of our economy, ravaged by these symptoms of unbridled Federal spending. We have responded with protectionist legislation and we have seen the G-5 try to scare the dollar down. We are reacting to the symptoms of recurrent, high Federal deficits with legislation we would not need if we could adopt a sensible and effective budget resolution that would do the job that needs to be done.

We have seen the spectre of overhauling our budget process rise before us. I cosponsored and continue to support the proposal, offered by the distinguished Senators from Texas, New Hampshire, and South Carolina, but it may founder on the very rocks on which our best budget proposals fell apart this summer—the lack of commitment and tenacity, and the simple inability to make the tough decisions all of our constituents demand of us.

Mr. President, we must have the courage and the discipline to make the solid spending cuts that are required of us in this bill and the appropriations bills that still lie ahead. I urge my colleagues to reflect on the urgency of this task. There has been enough talk and posturing. It is time to get the job done.

AGRICULTURAL CREDIT PROVISIONS

Mr. BUMPERS. Mr. President, today I am voting for final passage of S. 1730, the Consolidated Omnibus Budget Reconciliation Act of 1985. I am doing so because perhaps nothing concerns me as greatly as the astronomical deficits that threaten the well-being of our economy for generations to come. This bill, containing hundreds of different budget saving provisions, purports to reduce the deficit by over $85 billion for fiscal year 1986 through 1988. I certainly hope that optimistic result may be achieved; we have no choice but to pass this bill. However, I have grave misgivings about certain elements of this bill and I want to register those concerns at this time.

There are provisions contained within the agricultural credit sections of this bill that I believe, if enacted, would devastate our rural economy. First, I am vigorously opposed to the trend of shifting emphasis from insured loans to guaranteed loans in both the farm ownership and operating loan programs. It is especially troubling to me in the area of farm ownership insured loans, because I see ever-growing, critical needs there. That shift in emphasis to guaranteed loans will cause many thousands of farmers to face severe problems for which they may have no recourse. Insured loans are essential for farmers, and are primarily being used to refinance land debt instead of to acquire new land. Operating loans cannot be used for this purpose.

In my State alone in fiscal year 1985, there were, and continue to be, many hardship cases—farmers who have already qualified to receive direct loan assistance—but because funds for that program had long been depleted, loan money could not be provided. Under those bleak circumstances, they stand to lose everything they have ever worked for. There simply are no other lenders willing to refinance this debt. Banks are under increasing Federal pressure to liquidate their farm loans in order to minimize their risks and to reduce their agriculture loan portfolios. Unfortunately, the Farmers Home Administration remains a "lender of last resort," and for participating farmers, these loans are, indeed, their last resort. Farmers Home Administration makes loans to applicants who can find no other source of financing on terms they can meet or afford. In recent years, thousands of farm families have been able to keep their land, rather than abandon farming, because the direct loan program enabled them to manage their debts through critical periods. With the reduced emphasis on insured loans and increased emphasis on the guaranteed program, this optimistic outcome will surely become less and less possible.

When the Appropriations Committee marked up the fiscal year 1986 Agriculture appropriations bill, I tried to protect the farm ownership insured loan program, because I know of its critical importance to thousands of rural Americans. Unfortunately, my amendment to increase that funding was not accepted. I want to emphasize, again, my great desire to do everything possible to come to terms with our deficit. However, I believe it would be totally irresponsible to turn our backs on the struggling rural economy during this critical period. I do not believe the shift in emphasis to guaranteed loans over insured loans is based on sound economic principle or humanitarian interests, and I remain adamantly opposed to this change.

Mr. President, another provision in the agricultural credit section of S. 1730 with which I disagree is the $75 million authorization limit on the Farmers Home Administration water and sewer facility loans program for fiscal year 1986. This new limitation is a drastic reduction from the fiscal year 1985 funding level of $340 million. During the Appropriation Committee's markup of the Agriculture appropriations bill, my amendment to provide level funding for this vital program for fiscal year 1986 was accepted. I was extremely pleased that the members of the committee agreed on the critical need to maintain the water and sewer facilities loans without "busting the budget." I also spoke about this during the Senate's floor debate on the bill, when an effort was made to gut the program. Fortunately, I was able to convince my colleagues of the importance of a sound water and sewer loan program, and that effort to destroy it failed. I want to again mention a few very relevant points which illustrate just how important this program is for rural communities.

As in many other programs, the Farmers Home Administration is frequently the only available source of assistance for rural communities with water and sewer needs. And those needs are significant throughout America. Ground water contamination is threatening water supplies in my State and in many other parts of the Nation. Local officials everywhere are working against tight deadlines to bring their waste disposal systems into compliance with strict Federal standards, and this effort carries a tremendous price which is difficult at best, and often impossible, for a poor rural community to bear. Many loan applicants need substantial assistance to eradicate documentable health hazards. Communities must have 20,000 persons or less to qualify, and must

not be located near a major metropolitan area.

Grant money, another critically important source of assistance, can only fund 75 percent of a project, so adequate loan money is absolutely essential. To have qualified for those grants in Arkansas, an area's median income must be a mere $10,650 or less, or poverty level. In such communities, it is highly unlikely that enough State and local funds exist to replace these drastic cuts in Federal funds. In Arkansas, the State soil and water conservation agency is the only State-funded agency that provides funding for rural water and waste projects. That agency has only $2 million available for the coming fiscal year. Available State money must be shared with urban areas, as well. Even with the limited assistance that now exists, rural water bills run a minimum of $18 to $20 per month per customer. Given the poor state of the rural economy, this is a significant cost, and any increase will pose a real burden.

In Arkansas, 530 rural communities and water associations received water and sewer facility loans since 1963, and at least 50 percent of those qualified for grants, as well. Farmers Home Administration officials in Arkansas have told me that last year, our State used $14,470,800 in water and waste loans. There are currently between 140 and 150 preapplications on hand, as yet unfilled, and those that qualify will require at least $75 million, and possibly as much as $100 million. That required amount for one small State equals or surpasses the total amount of this bill's proposed authorization level.

Mr. President, I believe it would be irresponsible to destroy this program in the face of such dire need. Maintaining an even level of funding authority represents a sound investment in rural America's future, and I vigorously oppose anything less.

Mr. HATFIELD. Mr. President, as we find ourselves in the inexcusable position of having spent weeks on this reconciliation bill I think it appropriate again to state my opposition to this procedure.

Reconciliation is simply a legislative straightjacket which is ineffective and which results in significantly diminishing the responsibility of each authorizing committee. By instructing each committee to achieve certain savings over a 3-year period, the Budget Committee has transfered from each authorizing committee needed flexibility in setting budget priorities and has further removed those committees from playing their rightful part in the budget process as contemplated by the Budget Act. Continued use of the reconciliation process only results in diminishing the accountability each committee has for establishing spending targets for their programs which are within the limits established by the budget resolution.

In this current congressional climate of "quick fix" solutions to our fiscal crisis, let no one be lulled into believing that the reconciliation process is an effective method of eliminating our Federal debt. While I support efforts to reduce our Federal deficit, I do not support achieving that reduction in this manner.

IN SUPPORT OF THE PROVISION ON AWARDING COURT COSTS

Mr. DOMENICI. Mr. President, I know that I do not have to inform any of my colleagues of the blunders, delays, and errors which have plagued the Internal Revenue Service this year because of computer problems. I have been fortunate in that I have been able to help many New Mexicans work with the IRS to resolve the mistakes, but many problems remain. Just a couple of weeks ago, I was contacted by a constituent who was told by the IRS that he still owed over $4,000 in taxes, although he had paid his taxes in full last April. This gentleman tried to iron out the problem with the IRS, but the IRS would tell him one month that the problem was solved and then turn around and tell him that he still owed his taxes the next month. Fortunately, we were able to get to the root of the problem and set the IRS straight. It is difficult, however, for most people to get these problems solved.

So it should come as no surprise when I say that the IRS can and does make mistakes. Of course, everyone makes mistakes, but when the IRS makes a mistake, innocent individuals find themselves forced into Tax Court. These people have done nothing wrong, but find themselves having to go to court to defend themselves. And to make matters worse, it used to be that each party engaged in tax litigation involving the Government was largely responsible for the payment of his or her own attorney's fees and other expenses incurred during litigation, even if he or she won in court. For many citizens, the costs of challenging an IRS action prevented them from fighting the IRS, especially when the cost of contesting the IRS action exceeded the amount at stake. In such cases, many individuals perceived that it was more practical to just let the IRS win than to fight back.

That was before the Tax Equity and Fiscal Responsibility Act of 1982. Under that law, a taxpayer who prevails against the Federal Government in a civil tax action in the U.S. Tax Court, the U.S. Claims Court, or any other Federal court and who demonstrates that the position of the Government in the case was unreasonable may be awarded reasonable litigation costs, including attorney's fees, at the discretion of the court. Any awarded is limited to $25,000.

Many taxpayers who have been treated unfairly by the IRS have been able to achieve justice because of this law. Yet, this law is scheduled to expire at the end of this year. The bill now before us contains a provision which would modify and extend this law. I rise to express my support for that provision.

The bill now before us would make the provision regarding the reimbursement of litigation costs in tax cases a permanent part of our laws. It would also eliminate the $25,000 cap on awards and would restrict the amounts which could go to attorneys to $75 an hour except in special cases. It also would prohibit an award to any individual who unreasonably prolonged the proceedings. Finally, the bill would substitute the "no substantial justification" standard for the "unreasonable" standard. The "no substantial justification" standard requires the Federal Government to show that its position was substantially justified or that special circumstances exist which make the award of litigation costs unjust in order for the Government to avoid having to pay for a prevailing taxpayer's litigation expenses.

These changes will provide more citizens with greater protection from unwarranted actions by the IRS. The purpose of this legislation is to reimburse individual taxpayers who successfully litigate against the Federal bureaucracy regarding tax matters. It seeks to ensure that taxpayers will not be deterred from seeking review of, or defending against, unjustified governmental action because of the expense involved in securing the vindication of their rights. It will force the IRS to be responsible for its conduct and will provide those with modest means with access to the courthouse door.

I do not mind telling you that I feel a sense of achievement as we are about to adopt this measure. The provision before us is an extension of the Equal Access to Justice Act, which I first introduced in the 95th Congress. The Equal Access to Justice Act was subsequently adopted on a trial basis and, because of its undisputed success, we made it a permanent part of our laws this past summer. I have felt for years that the tax cases should be covered by the Equal Access to Justice Act and have fought to include the IRS under the act. The provison in the bill before us would extend the concepts of the Equal Access to Justice Act to tax litigation on a permanent basis and bring the provisions governing awards of court costs and fees in tax cases into conformity with language of the Equal Access to Justice Act. I am glad we are finally going to do this. It is long overdue.

Mr. President, by requiring tax litigants who prevail to be reimbursed for their fees, this provision will prevent spurious suits and will insure the contesting of meritorious disputes with a fair presentation of the issues. They say that "the IRS always wins," and the prevailing attitude of many today is that even if you do fight the IRS and win in court, you still lose because of the cost. We must eliminate the possibility of such Pyrrhic victories. The average American must be made to feel that he or she can question the exercise of the Government's discretionary power as to its reasonableness without incurring large costs if he or she prevails. We are fortunate to live in a society where one has the right to challenge the actions of one's government, but the protection afforded by that right is diluted when the average citizen is deterred from exercising that right because of the fear of incurring a substantial financial loss in the process. The provision before us goes a long way toward ensuring that such a situation will not occur.

HEALTH INSURANCE CONTINUITY

Mr. DURENBERGER. Mr. President, today as the Senate completed work on S. 1730, reconciliation of the budget for fiscal year 1986, I would like to call my colleague's attention to a provision included in the Finance Committee's package which requires health insurance continuity for divorced spouses, widows, and widowers and their families.

The Finance Committee amendment began as a portion of S. 1169, the 1985 Economic Equity Act, which I introduced earlier this year. The measure requires employers who have over 25 employees and provide health benefit plans to continue coverage for spouses and families for up to 18 months after a loss of coverage due to a change in marital status, termination of employment, or in the event of death.

Economic equity for women in our society is closely linked to the ability of women to continue supporting themselves following the death of a spouse or divorce. The new poor in our society include women and children who at one time benefited from spousal salaries and fringe benefits and who, due to varying circumstances, no longer have access to them. Health insurance continuity, at no cost to the Federal Government, assists former spouses, for the most part women, in becoming self-sufficient, rather than reliant on limited public resources. The 18-month continuity requirement allows a former spouse time to find employment, thereby gaining access to another group health plan, or to shop for the best private health plan.

Continuity is both a women's issue and a health care access issue. Health insurance continuity is vital for the spouses and families left behind by the death of a covered employee or a divorce and for spouses and families following a termination of employment. Eighty-five percent of all current health insurance is offered under group plans, generally through employment. Group health plans are able to provide the best coverage for workers and their families, at the lowest cost. However, following a divorce or death, or the termination of employment, the worker's spouse health insurance continuity offers a cushion between group health plans or for the transition from group to nongroup insurance.

ACCESS TO HEALTH INSURANCE

Currently 6 million widows and divorced women are unable to obtain any health insurance. Many of those uninsured women held coverage with a spouse at one time, and following a divorce, death or termination of employment were faced with a handful of undesirable choices. Some former spouses were able to convert their current health coverage to a private plan which often did not offer the same coverage dollar per dollar as the group plan. In addition, often these new nongroup plans did not cover prior existing conditions. Many women went completely without basic insurance.

HEALTH INSURANCE CONTINUITY

The Finance Committee provision included in the reconciliation package achieves a valuable result through a simple 18-month extension of current coverage policies. An 18-month continuity period, during which the spouse pays the full premium plus no more than 2 percent of the total cost to cover administrative expenses, offers former spouses and their dependent children the opportunity to shop for the best health plan for their money or enroll in a new health plan through employment. Eighteen months is a modest buffer zone which will assist spouses of covered employees to adjust financially to the new economic or marital situation.

Health insurance continuity makes good policy sense on many fronts; it offers an opportunity for coverage to many who might otherwise turn to public assistance, and serves to slow the downward spiral of the feminization of poverty. This provision does not mandate benefits, rather it mandates the opportunity to maintain access to affordable group health insurance.

ERISA

Mr. BYRD. Mr. President, I am concerned that the effective date language in the ERISA amendments is ambiguous. I would appreciate a clarification as to the intention of the authors of these amendments.

Mr. METZENBAUM. Mr. President, I would be happy to respond to my good friend the Democratic leader.

The Democratic leader is absolutely right. The effective date provisions require clarification, and I can assure him that in conference we will clarify them. As a coauthor of these amendments, it is my intention that pension plan sponsors who file a notice of intent to terminate their pension plans prior to enactment will not be required to refile with the Pension Benefit Guarantee Corporation. However, with respect to the substantive protections contained in the ERISA amendments the conferees may very well require pending terminations to satisfy some or all of these changes. But I can assure the Democratic leader that except where the bill already expressly states otherwise, it is not the intention of the authors of these amendments to impose the notice and other procedural requirements retroactively to plans that are already pending before the PBGC.

Mr. GRASSLEY. I would like to address some questions about PBGC guaranteed benefits to my friend from Ohio, a coauthor of the ERISA provisions of this bill. Does this bill change what benefits will be guaranteed upon plan termination?

Mr. METZENBAUM. No, it does not.

Mr. GRASSLEY. Does this measure impact the payment by the PBGC of plant shutdown benefits?

Mr. METZENBAUM. As under current law, if a participant was entitled to a plant shutdown benefit as of the date of plan termination, it is generally guaranteed by the PBGC.

Mr. GRASSLEY. That is my understanding. However, I am aware of at least one case in which the PBGC disregarded the specific provisions of a plan providing for the payment of plant shutdown benefits. I want to be sure it is understood that plant shutdown benefits in this case, and in other such cases, are guaranteed.

In the case of Dubuque Packing, a meatpacking company in Iowa, the PBGC took an unduly narrow reading of the plan document and refused payment of plant shutdown benefits. Prior to the date of plan termination, Dubuque Packing closed a plant. The plan administrator of the Dubuque Packing pension plan approved the payment of plant shutdown benefits to those participants entitled to the benefits, in accordance with the plan document. Dubuque Packing sold the plant to an entirely new company and that company subsequently reopened the plant. A number of former employees were later reemployed at the reopened facility but at far lower wages than they were previously paid. Not only were these critically needed plant shutdown benefits suspended, but the PBGC took the position that benefits paid to rehired employees, pursuant to the plan administrator's determination that they were entitled to the plant shutdown benefit, were subject to recoupment. Consequently,

as a result of the PBGC's failure to follow the express terms of the plan document, these employees will receive a far lower benefit than they are entitled to.

I thought it was clear that under ERISA plan administrators and the PBGC must interpret the plan document consistent with the language of the plan, the intent of the drafters of the plan and past practice.

Mr. METZENBAUM. Under current law benefits are guaranteed in such situations. It would be inconsistent with the purpose of the insurance system to interpret plan provisions calling for benefits to be paid upon the shutdown or closing of a plant or facility in any other way. Such plan provisions are typically designed to provide benefits to participants upon the cessation of business operations at a plant by the plan sponsor. If a plan contains a plant shutdown benefit, obviously the benefit must be paid in the event there is a plant shutdown.

Of course, a plant shutdown occurs when there is any cessation of operations by an employer at the facility. In the case of an employer that reopens a closed facility, the continued payment of plant shutdown benefits will depend on the facts and circumstances of each case, including the plan provisions. However, if a plant is reopened by a new entity, then benefits pursuant to a plant shutdown provision must continue to be paid, since in such situations the plant will be operated by an employer other than the one that maintained the terminated plan. This is similar to the administration of a suspension of benefits clause. Benefits may only be suspended under ERISA in the case of a single employer plan if an employee resumes work with the employer that maintained the plan under which the benefits were being paid.

Thus, in the situation you described, and in all other such cases like it, the plant shutdown benefit is payable and must be guaranteed by the PBGC.

Mr. GRASSLEY. I agree. Under such an interpretation the plant shutdown benefit in the Dubuque Packing pension benefit must be paid.

Mr. METZENBAUM. That is correct. In fact, this matter was addressed when the House of Representatives Committee on Education and Labor met to consider amendments to the single employer termination insurance program. The committee reports that accompanied H.R. 2811 and 3128, and colloquies between Congressmen CLAY and TAUKE on September 11 and 19, 1985 make clear that the PBGC is required to guarantee the payment of plant closing benefits in the Dubuque Packing situation and others like it.

Mr. GRASSLEY. Thank you for clarifying this important matter. I would also like clarification on whether optional forms of benefits under the terms of a terminated plan are payable. Is it not true that upon termination of a plan optional forms of benefits provided for under the terms of a plan, with the exception of lump-sum payments of benefits, must be made available to participants or beneficiaries who meet the requirements to elect such form of benefit?

Mr. METZENBAUM. That is correct. The PBGC must apply the terms of the plan.

Mr. GRASSLEY. Unfortunately, it is my understanding that the PBGC does not pay benefits in accordance with the benefit options available under the terms of a plan. That is, the PBGC will only provide the normal form of benefit provided by a plan. For example, if the normal form of benefit is a joint and survivor annuity for a married participant, that will be the only form of benefit payment by the PBGC. As I understand it, the PBGC will not honor an election by a participant and spouse waiving the joint and survivor annuity in favor of another form of benefit such as a single life annuity, even though the plan specifically permits such an election. I am aware of a specific case involving another meatpacking plan in Iowa, the Rath Packing Corp. pension plan, where the PBGC would not allow participants to elect other forms of benefits offered under the plan.

Mr. METZENBAUM. Such actions would be inconsistent with current law and the intent of this bill. The PBGC or plan administrator must make available to plan participants all optional forms of benefits, except lump-sum cash-out of benefits, under the terms of the plan documents as of the date of termination. This is true even though the date at which the participant is eligible to elect the optional form may occur after the date of termination. Thus, those participants who reach retirement age after the date of termination may elect those forms of benefits provided under the plan that are consistent with ERISA.

Mr. GRASSLEY. So an election under the terms of a plan after the date of termination by a participant or beneficiary must be given effect?

Mr. METZENBAUM. Yes, whether or not the plan termination took place before or after enactment of this bill.

Mr. GRASSLEY. If, as of the date of termination, a plan had not yet been amended to comply with applicable law, must the PBGC or the plan administrator administer the plan as if such amendments had been adopted before the date of termination? For instance, if the plan had not yet been amended as of the date of termination to comply with the Retirement Equity Act of 1984, would not the PBGC or plan administrator be required to provide the preretirement death benefit mandated by that act?

Mr. METZENBAUM. Yes. For example, if a participant has satisfied the conditions for a nonforfeitable benefit as of the date of termination, but dies after the date of termination, the death benefits now mandated by ERISA would be payable by a plan or the PBGC to the participant's spouse unless it had been waived.

Mr. GRASSLEY. I thank the Senator from Ohio.

Mr. METZENBAUM. Mr. President, I rise to support that portion of the reconciliation bill entitled the "Single-Employer Pension Plan Amendments of 1985."

The single-employer pension plan amendments substantially change the procedures for terminating single-employer pension plans. But more importantly, they include substantive changes in law that will protect the retirement security of American workers and retirees when pension plans are terminated.

The basic principle of our pension law, ERISA, is that employers should live up to their pension promises. But unfortunately, there are many instances in which companies can terminate their pension plans and disregard their promises. The bill before us will halt this practice. For the first time, our pension laws will require financially healthy companies to pay all promised pension benefits before shutting down a pension plan.

Employers who are in financial distress will be permitted to terminate a pension plan and the PBGC will pay the required level of insured benefits as required under current law. To the extent, however, that the PBGC payments fail to meet the promised level of benefits, workers and retirees will have a claim on a portion of the employer's future pretax profits.

Mr. President, as I indicated, the bill also includes several changes in the procedures for terminating a pension plan that are intended to prevent abuses.

First, an employer will be required to provide 30-day notice to unions before instituting a termination.

Second, the PBGC will be required to audit a random selection of pension plan participants in every plan that is terminated, and plan sponsors will be required to inform participants of the factors used in computing their benefit entitlements. These changes are clearly necessary in light of the findings of the GAO report which was requested by Senator HATCH on the PBGC termination process. The GAO found that:

PBGC policies for confirming by letter that participants of a selected sample of sufficient plans are receiving entitled benefits are not being implemented for all sampled plans. Also, key variables used in computing participants' benefits are not confirmed with participants of the plans sampled. In contrast, PBGC confirms key data with all

participants of insufficient plans for which it assumes trusteeship responsibility. In effect, PBGC processes result in participants of sufficient plans receiving less assurance that their benefits have been correctly computed and paid than participants of insufficient plans.

A third important change, Mr. President, will allow pension plan participants to petition the PBGC to bring to the attention of the agency any concerns or issues that they consider important. If a sufficient number of participants petition the PBGC, the employer is prohibited from removing assets from the plan until 90 days after the PBGC determines that it is prepared to issue a notice of sufficiency. During this period, the PBGC is required to consider the participants' comments. The PBGC will process notices of intent to terminate in the same manner as prescribed by current law. This participant comment period will apply to all notices of intent to terminate filed with the PBGC before March 1, 1986. In the interim, the Labor Department is mandated to report to Congress recommendations of legislative changes needed to protect participants.

These, as well as the other procedural changes for plan terminations do not address the legality or appropriateness of the "guidelines on asset reversions" released by the Pension Benefit Guarantee Corporation on May 24, 1984. This in no way should be construed as a congressional ratification of those guidelines. I believe that neither current law nor the provisions of this bill permit spinoff terminations of termination/reestablishments. These issues are currently being litigated. I hope that Congress will address itself to the whole issue of termination reversions, if not now, then immediately after receiving the Labor Department's study mandated by this measure.

Mr. President, I believe that the reforms contained in this measure are a significant step in the right direction.

Mr. NICKLES. Mr. President, contained in the package reported from the Labor and Human Resources Committee are a series of amendments reforming the single employer termination provisions of title IV of ERISA. These amendments are based on the package of reforms sent to the Hill by the administration earlier this year. These reforms compliment the premium increase reported by the Senate Finance Committee in their reconciliation instructions—from $2.60 to $8.10 per participant per year. Currently the deficit in the PBGC's single employer account is about $600 million. I would like it noted for the record that this deficit does not take into account the pending termination of Wheeling-Pittsburgh's plan—a termination that apparently will dump another $475 million on the PBGC.

Essentially these amendments are designed to reduce the number of underfunded single employer defined benefit pension plans that, upon termination, become the responsibility of the PBGC. At termination of these underfunded plans, the PBGC is obligated under current law to pay that portion of the benefit guaranteed by ERISA. These amendments provide additional protection to the insurance system by limiting access to those plans that are able to demonstrate "distress"—under specific criteria. The PBGC is also granted the statutory basis for seeking 10 percent of the plan sponsor's pre-tax profits for up to 10 years to cover the insufficiency assumed by the PBGC. Of course this provision is only applicable to plan sponsors that continue in business past the termination of the pension plan. This 10 percent pre-tax requirement is in addition to current ERISA provisions requiring a plan sponsor terminating an underfunded plan to forfeit up to 30 percent of its net worth to cover the asset insufficiency. The Labor and Human Resources Committee believes, as the hearings have demonstrated, that this net worth forfeiture is illusory; frequently these plan sponsors have little or no net worth and the PBGC is forced to assume vast amounts of liability.

While the 10 percent pre-tax requirement may appear harsh, the Labor and Human Resources Committee believes it is a fair exchange for permitting distressed plan sponsors the legal right to jettison their pension obligations. This legislation grants the parties the right to agree to alternative terms to satisfy the liability to the PBGC if they so chose.

In addition to a "distress" termination, this legislation provides an alternative termination for those employers who seek to terminate but are financially healthy. Under a "standard" termination, these plans may close out their affairs once asset levels are brought up to the vested levels promised by the plan sponsor. The provision of current law allowing a shallow "freeze" would be unaffected.

There are several additional provisions of this legislation that need to be discussed; I agreed to certain provisions which I am less than enthusiastic about. One provision, for instance, requires those plan sponsors that survive termination and are obligated for the 10-percent pre-tax profits provision to pay an additional 5 percent of pre-tax profits to beneficiaries and participants, if necessary, to make up the difference between the guaranteed level and the vested level. Admittedly, this provision has nothing to do with the solvency of the PBGC but Senator KENNEDY and other members of the Labor and Human Resources Committee insisted on its inclusion.

Senator METZENBAUM sought a provision placing a 9-month moratorium on the reversion of excess assets upon the termination of overfunded plans. I opposed this, but have agreed to a provision that, in some circumstances, will provide for either a 14-day or a 90-day delay in the issuance of a notice of sufficiency by the PBGC. This provision is temporary; it expires on March 1, 1986. Concurrently, we have also asked for a DOL study of the asset reversion question to be submitted by February 1, 1986. Hopefully, the ensuing legislative recommendations, if any, will put this issue to rest once and for all.

The proposed "plan asset" amendment is to apply only to publicly registered real estate entities. It is not intended to either mandate or suggest a pattern for plan asset regulation concerning the venture capital industry. Venture capital makes a vital contribution to our economic well-being and it is therefore important that any plan asset regulation not adversely affect venture capital.

The Secretary of Labor has written Senators urging the adoption of these amendments. I would like to have his letter inserted in the RECORD.

The letter follows:

U.S. DEPARTMENT OF LABOR,
Washington, DC, October 15, 1985.

Hon. PETE V. DOMENICI,
Chairman, Senate Budget Committee, Washington, DC.

DEAR MR. CHAIRMAN: The budget reconciliation bill reported to the Senate floor by the Budget Committee on October 1, 1985, includes a vitally needed premium increase and program reforms for the Pension Benefit Guaranty Corporation (PBGC). The PBGC's single-employer insurance fund had a $462 million deficit as of September 30, 1984, and a negative cash flow. This deficit has grown substantially since then, and the negative cash flow situation has been further exacerbated. Both these factors have corresponding adverse impacts on the financial integrity of the PBGC and the Federal deficit, respectively.

I understand that the Budget Committee has listed the PBGC reforms, which were added to the reconciliation package by the Labor and Human Resources Committee, as "possible extraneous amendments" because they supposedly would have no impact on Federal outlays. I want to advise you that this is not the case. In fact, their adoption would lead to a significant avoidance of outlays in the Federal budget. These outlays would be avoided immediately, and the amount avoided would grow substantially as the years pass. The proposed reforms are inextricably intertwined with the premium increase request, which would have had to be higher if the reforms were not a part of the proposal.

Specifically, the program reforms are intended to deal with situations in which a company can, under existing law, "dump" unfunded pensions benefits on the PBGC and continue in business with little or no liability for those benefits. Under provisions approved by the Labor and Human Resources Committee (Labor package), a company that is not in financial distress would no longer be permitted to take advantage of

PBGC insurance. Instead, it would be required to continue to fund its terminated pension plans until sufficient assets were on hand to fund all nonforfeitable benefits. In addition, if a comtress terminates its plan and subsequently continues to do business, the Labor package provides for increased PBGC recoveries in the form of a percentage of future profits in the ongoing company.

The PBGC estimates that approximately 20 percent of its claims to date have resulted from terminations of plans of ongoing concerns. Without the proposed reforms, claims of this kind will continue and increase substantially in the future. While it is impossible to quantify preprecisely the timing or magnitude of these losses, we can expect, at a minimum, to achieve average annual savings of $35 million over the next 20 years.

The reforms included in the Labor package will have an immediate and lasting budgetary impact for two reasons. First, the standard termination provision will forestall come claims that would otherwise have been made against the PBGC's Single Employer Insurance Funds. Second, the proposed amendment to the current employer liability provision will serve to increase PBGC's recoveries on plans which do terminate. Both of these provisions will reduce the PBGC's losses and improve its cash flow, thereby having a significant favorable impact on the PBGC's revolving fund. This fund is included in the unified Federal budget, and charges to it increase total Federal outlays. Therefore, the corresponding avoidance or reduction of claims against PBGC will have an immediate favorable impact on the Federal budget.

The two reforms noted above were included in the President's fiscal year 1986 Budget submission to Congress. I would also like to note that in addition to the above reforms, there are two other reforms which were part of the Administration's proposed single employer legislation and the President's fiscal year 1986 budget but are not in the Labor package. These include a provision to provide security for certain minimum funding waviers, and a provision to expressly prevent attempts by sponsors to inappropriately "dump" liabilities on the PBGC through certain corporate restructurings (e.g., mergers or acquisitions).

These provisions are key elements of the Administration's single employer reform proposal. They were not included in the Labor package since they were within the jurisdiction of the Finance Committee. However, both of these provisions would result in real, significant and immediate savings for PBGC with corresponding reductions in the in the Federal deficit. The savings from these provisions can be expected to grow substantially in the future due to the recent increase in minimum funding waivers and to general corporate merger and acquisition activity. Candidly, I am very concerned that related abuses of the insurance system will increase substantially if these provisions are not enacted, with resulting adverse consequences for the PBGC and the Federal deficit. Therefore, we are continuing to seek incorporation of these proposals as part of the final budget reconciliation bill.

For these reasons, I believe the PBGC reforms are at least as important—and at least as critical to the budget reconciliation process—as an increase in the PBGC premium. While the Administration may seek to improve the specific language of the reform proposals included in the reconciliation bill, we feel it is imperative that they continue to be associated with the budget reconciliation process in order to ensure the financial integrity of the PBGC insurance system and to help reduce the Federal deficit.

I would appreciate any consideration and support you can give me in this regard.

The Office of Management and Budget has advised that there is no objection to the submission of this letter to Congress from the standpoint of the Administration's program.

Very truly yours,

WILLIAM E. BROCK.

Mr. HELMS. Mr. President, the budget reconciliation package for agriculture provides a substantial contribution to the overall deficit reduction plan. According to the estimates provided by the Congressional Budget Office, if enacted, the changes offered by the Committee on Agriculture, Nutrition, and Forestry will save $8.084 billion over the next 3 fiscal years. This amounts to about 11.6 percent of the total savings contained in the reconciliation package.

The changes recommended by the Committee on Agriculture, Nutrition, and Forestry to achieve the savings required by reconciliation are contained in title I of S. 1730. The bulk of the savings in title I come from changes in the area of farm credit. The committee recommendations in this area would achieve savings of $7.167 billion over 3 years. In addition, mandating the sale of certain dairy products and changes in the Food Stamp Program would save $331 million and $586 million, respectively. However, it is with regret that I should note that the Senate voted to add back $165 million of the food stamp savings.

In order to meet the reconciliation instruction, the Committee on Agriculture, Nutrition, and Forestry recommended that certain provisions of the farm bill be included in reconciliation. More specifically, the committee recommended enactment of the mandatory dairy sales provision of title I, Agricultural Exports and Public Law 480; Title XIV, Food Stamps and Commodity Distribution, and Title XVII, Agricultural Credit.

These provisions are basically two titles from a farm bill that contains 19 titles. I had hoped that the Committee on Agriculture, Nutrition, and Forestry would produce a bill that would achieve savings in enough areas that we would be able to deal with the entire bill in reconciliation. However, that did not prove to be the case. In fact, the farm bill reported by the committee, S. 1714, exceeds the budget allocated in the budget resolution by more than $9 billion. And that includes the $8 billion in savings that are also included in the reconciliation package.

Mr. President, I, for one, will be interested to see how the majority of Senators plan to deal with this budget busting farm bill. I mention this because Senators should be aware of the budget aspects of the farm bill as they deal with the recommendations of the Committee on Agriculture, Nutrition, and Forestry embodied in reconciliation.

For those who don't already know, as chairman of the committee, this Senator felt compelled to vote against the farm bill, because it so greatly exceeds the budget resolution, and because it will result in very bad farm policy. However, the principal problems with the farm bill are not in the provisions that have been included in the reconciliation package before us. So I would urge Senators to support these provisions in title I of the reconciliation bill as I do. But I would also encourage Senators to keep in mind that we are scheduled to take up the farm bill as soon as we complete action on reconciliation—and that bill is a budget buster.

Mr. President, let me take just a few minutes to outline some of the major provisions of title I of the reconciliation bill before us.

FARM CREDIT

The farm credit provisions make necessary adjustments to enable farm borrowers to find alternative credit sources to the FmHA insured loan programs. In 1975, FmHA held only 3 percent of the non-real-estate farm debt, or $1.11 billion. In 1984, the market share of the non-real-estate debt held by FmHA had grown to an astounding 15 percent or $15.48 billion. This percentage continues to grow in 1985.

The committee believes that a gradual transition to loan guarantees is an acceptable alternative to our current loan programs, which rely more heavily on direct Government lending. Providing for the credit needs of our Nation's farmers and ranchers should be a joint effort between Government and the private sector. Commercial bankers, lenders of the Cooperative Farm Credit System, the Farmers Home Administration, as well as others, should each meet their obligation in providing a level of loan assistance. The committee recognizes that the role of Government in providing credit should more appropriately be in guaranteeing loans made by the private sector. Through aggressive use of Government loan guarantees, credit will be made available from the private sector to all borrowers who can adequately demonstrate repayment ability, experience, and other factors which indicate a reasonable chance for success.

Furthermore, through the use of loan guarantees, FmHA exposed the borrowers to a wide range of loan servicing and counseling available in the private sector. The tremendous demands placed upon FmHA personnel in recent years makes adequate loan servicing nearly impossible. Many

farm borrowers derive great benefit making decisions affecting their operations. A cooperative arrangement in which the Government's role is that of issuing loan guarantees to viable borrowers who have obtained credit from private lenders will benefit agriculture now and in the future.

Other provisions of the credit bill can be found in the report on either the reconciliation bill or on the farm bill.

FOOD STAMPS

Title I provides for the reauthorization of the Food Stamp Program for 4 more years. The bill also makes certain changes in program operations in order to provide more equitable treatment of recipients within the Food Stamp Program by closing loopholes and establishing more consistent and logical treatment of certain sources of income and certain expenses. The bill also establishes in several instances, and permits in others, greater consistency with other Federal assistance programs, primarily the Aid to Families With Dependent Children Program.

While minor benefit reductions may occur for certain households, this has not been a primary focus of the committee's reauthorization. Such changes occur primarily as a result of attempts to make the Food Stamp Program more internally consistent with existing provisions and to coordinate food stamp policy more closely with other programs.

When provisions of the bill are fully implemented, these modest benefit changes will, on average, be more than offset by the increased purchasing power for recipients resulting from the prohibition on State and local sales taxes now being imposed on food stamp purchases in some States. Thus, the overall budget impact of the committee bill is to increase overall food stamp purchasing power without increased cost to the Federal taxpayer. Indeed, coupled with the savings attributable to the error rate sanction provision, the taxpayers will obtain an improved program with lower Federal expenditures. Additionally, maintaining the Puerto Rico Nutrition Assistance Program at its current level of $825 million annually will contribute to the continued stabilization of program costs.

The committee bill is consistent with congressional action in 1981 and 1982 designed to stabilize food stamp spending which had been escalating dramatically.

The committee bill is estimated by the Congressional Budget Office to result in expenditures of $12.547 billion during fiscal year 1986, climbing by roughly $500 million increments to an annual cost of $14 billion in fiscal year 1989.

The committee bill does not reverse any of the significant changes adopted in the Food Stamp Program in 1981 or 1982.

MANDATORY DAIRY SALES—EXPORT SALE OF DAIRY PRODUCTS

The committee adopted a provision from S. 251 which would mandate the sale for the export of at least 150,000 metric tons of dairy products owned by the Commodity Credit Corporation during each of the fiscal years 1983, 1984, and 1985. These sales are to be made at prices not less than the minimum prices established in the international dairy arrangement.

Few industries have been so effectively shut out of the world market because of other countries' subsidies as has the American dairy industry. Although our dairy industry is the largest in the Free World, the United States is not a major factor in the international market for dairy products. Our absence from this market has much to do with our failure to compete for an equitable share of the world market on an equal basis with other exporting nations, primarily those of the European Economic Community.

Through the use of export subsidies, the Community has taken a share of the world market well out of proportion to their overall share of world production. Even though U.S. price supports are at levels comparable to the EEC—$13.10 per hundredweight versus $12.81, respectively—and U.S. production is nearly 50 percent of the total production of the member nations of the EEC combined, our share of the world market is but one-sixth of the share held by the EEC.

In order to gain a more equitable share of the world dairy market, Congress has previously encouraged the Secretary of Agriculture to sell surplus dairy products held by the Commodity Credit Corporation on the world market. Specifically, as part of the Agriculture and Food Act of 1981, this committee adopted a proposal by Senator MELCHER directing that the Secretary of Agriculture use existing authorities "to the fullest extent practicable" to make sales of Commodity Credit Corporation held dairy products in international markets. A similar directive appeared in the fiscal year 1983 Agriculture Appropriations Act and, in the closing days of the 97th Congress, the Senate approved a resolution offered by Senator BOSCHWITZ again urging that action be taken to move dairy products acquired by the Commodity Credit Corporation into foreign trade channels.

In spite of these directives, the Department of Agriculture sold only a nominal amount of Commodity Credit Corporation-owned dairy products on the world market. Sales amounted to 50,416 tons in 1980, 62,000 tons in 1981, and 146,000 tons in 1982.

In light of this response to congressional directive, the committee agreed to mandate the sale of a reasonable minimum amount of dairy products annually for fiscal years 1983, 1984, and 1985. Although concerns were voiced about the ability of the world market to bear the additional influx of dairy products, the 150,000 metric tons mandated by the committee is abut 6.3 percent of last year's total international trade in butter, cheese, and nonfat dry milk, excluding intra-EEC trade. Moreover, the Department nearly reached this target last year without significant disruption of the world market.

By mandating the sale of dairy products, it is the committee's intent to indicate the seriousness of its concern about the predatory trade practices employed by nations such as those within the European Economic Community. With respect to dairy product trade, other countries must take our concerns, and our resolve to have a fair opportunity for U.S. products to compete in world markets, seriously. Whether this is being done, is questionable.

The dairy product sale provision is one of the few mandated items in this legislation. Enactment of this provision will ensure that firm action is taken by the administration that will demonstrate our resolve on the issue of predatory trade practices. For these reasons, the committee believes that mandated dairy product sales is an essential element to be included in any effective agricultural trade legislation.

The export sale of dairy products will also promote a solid basis for the development of new overseas markets for U.S. dairy products, as well as other products. Becuase of our general unwillingness to sell surplus dairy products overseas, the United States' share of international trade in butter, cheese, and nofat dry milk is only 8 percent. This compares to a nearly 50-percent share for the EEC. Increased sales of Commodity Credit Corporation dairy products will begin to establish a more adequate share of this trade for American dairy products, with the realistic prospect that new and long-lasting markets for our dairy production may be developed.

SUPPORT FOR UDAG PROGRAM

Mr. HEINZ. Mr. President, as the reconciliation bill is sent to conference, I want to remind the conferees of the Senate's affirmation of the UDAG Program, and of the importance of this program to our cities and towns.

The UDAG Program has been extremely successful at doing what it was designed to do—assist in the redevelopment of blighted urban areas. The facts speak for themselves. UDAG funds projects in urban areas that would not be built without the UDAG funds. Each UDAG dollar leverages 6 private dollars of investment. It is esti-

mated that 625,000 new jobs have been created by UDAG projects throughout the Nation and studies have documented that between 60–70 percent of all UDAG-created jobs go to low- and moderate-income people.

Although the program was designed to inject new life into dying communities, many Senators had expressed concern that the UDAG selection criteria excluded their cities from receiving UDAG's. Being from a State that has benefited from the program, I could understand the concern of my colleagues. For that reason, I worked with Senators RIEGLE, GRASSLEY, D'AMATO, SASSER, SPECTER, and others to find a fair and balanced method of UDAG funding distribution that would allow all regions of the country to participate in the program.

The distribution method we devised is included in this reconciliation bill. It provides for two pots of money. One pot, containing two-thirds of the UDAG funds, will be distributed based on community distress. The other one-third will be distributed based on project quality. These changes, along with others that are included in the revised program, give all cities in this country a chance to participate in the UDAG Program while retaining the original goal of the program—providing assistance to distressed urban areas.

Nineteen hundred and eighty-six will be the first year the new distribution criteria will be used. I believe it will be very successful and that many Senators who do not now support the program because they have not had experience with it, will discover the effectiveness of the UDAG Program. Retaining the program through 1987 will give us 2 years to study the effectiveness of the new distribution system and make an informed decision on the future of UDAG.

Mr. President, I am well aware that the changes to the UDAG Program included in this bill could reduce the number of UDAG's awarded to the severely distressed cities in Pennsylvania. After 2 years, I may decide that the program has strayed too far from its original goals and should be eliminated, but I have seen the positive results of the program and I am willing to give it 2 more years to determine whether the new and, "improved" formula will work as effectively as the old one. Our main objective, at this point, should be to ensure the continuation of a valuable and successful program.

Mr. LEVIN. Mr. President, I will vote for the reconciliation bill because it is essential that we take steps now to deal with the overwhelming domestic issue which confronts this country—the budget deficit. This deficit threatens our long-term prosperity here at home and reduces our ability to compete abroad.

My vote for this bill should not, however, be taken as agreement with every aspect of it. In any bill this large, with any deficit reduction this deep, there are provisions which I could not support standing in a vacuum. For example, the new customs fees on across border traffic from Canada and Mexico will work a hardship on commerce both in terms of time and money. I am particularly sensitive to this in light of the heavy flow of traffic between Canada and my home State of Michigan.

An amendment by Senator DECONCINI has mitigated the budensome impact of these fees somewhat from what was contained in the original bill. However, it is my hope that this provision could be worked on further in the conference with the House to lessen even further the disruptive effects which it will have on border States.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The Senate will now proceed to the consideration of H.R. 3128 which the clerk will state.

The legislative clerk read as follows:

A bill (H.R. 3128) to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Finance with an amendment in the nature of a substitute.

The PRESIDING OFFICER. The committee amendment falls.

Mr. DOLE. Mr. President, I move that all after the enacting clause in H.R. 3128 be stricken and the text of S. 1730, as amended, be inserted in lieu thereof.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, let me indicate to my colleagues, if I could have their attention briefly, it is still our hope to move to the Compact of Free Association. I have been advised by the distinguished chairman of the Energy Committee, Senator MCCLURE, that it is urgent that we act on that legislation.

We believe we may have been able to accommodate the concern of Senators BOREN, GOLDWATER, STENNIS, and others with reference to political action committee amendments and other amendments.

We have been trying to get a unanimous-consent agreement.

That is a bill that has been held hostage more or less for the past 3 months. I am not as well versed on it as the distinguished chairman of that committee.

But we wish to move to the consideration of that bill and complete action on that bill this evening. We believe that can be done in a couple of hours. If that were the case, we would not come in tomorrow.

On Monday, we would lay before the Senate the farm bill. As indicated last night, we would remain on the farm bill subject to the discretion of the managers, until we complete action on that, hopefully next Thursday or Friday.

Then we have the recess and then we are back, and then on December 2, we would then bring up the amendment by Senator BOREN on a Monday and dispose of this before noon on Tuesday, December 3.

Mr. MCCLURE. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield.

Mr. MCCLURE. I do not want to fly under false colors here tonight because there is a Hatch amendment, a Finance Committee amendment, a Hart amendment, and a committee amendment dealing with compensation. Unless everything went better than we have a right to expect, it is going to take, I would think, 3 or 4 hours to complete the compact.

I am perfectly willing to do that tonight, but I am also perfectly willing to do it tomorrow, whatever the majority leader and membership might decide.

Mr. HART. Mr. President, will the majority leader yield?

Mr. DOLE. I yield.

Mr. HART. Mr. President, mine is an oil import fee amendment. I am perfectly willing to have a reasonable time limit.

Mr. DOLE. Mr. President, I understood from visiting with Members earlier there was a disposition to dispose of this tonight and not be in session tomorrow.

Mr. HARKIN. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield.

Mr. HARKIN. Mr. President, following up on the conversation last night,

I looked at the unanimous-consent request that is on paper regarding the Compact of Free Association, and I counted at least 8 hours of time.

Mr. DOLE. Some of that has been taken care of.

We just had another indication it would not take an hour on that amendment. Some of those will be tabled.

We do not intend to take much time on this side.

So I would guess if we could move on that fairly quickly we could be finished by 9:30 p.m. or come back at 9 a.m. in the morning.

I would rather dispose of it tonight. That still does not interfere with the farm bill discussion we had last night.

Mr. HARKIN. Again, as I looked at that unanimous-consent agreement, the number of hours that could be on it, then if we are not in session tomorrow, then we come back on the Compact of Free Association on Monday, and it will spill over again into Tuesday.

Mr. DOLE. No. If we do not complete it tonight we start on the farm bill Monday.

Mr. McCLURE. We will be in tomorrow.

Mr. DOLE. We will be in tomorrow. That is correct.

Mr. HARKIN. I have the assurance of the majority leader we will take up the farm bill next week and not be interfered with?

Mr. DOLE. The Senator does not have to have it. We are going to bring it up.

Mr. DOMENICI. Mr. President, if the majority leader will yield, I wish to thank all Senators for their cooperation on this bill. It has been a long time getting here.

It will take about $85.5 billion off the current policy baseline of the budget the next 3 years.

We hope it will pass here tonight and go to conference in the next couple of weeks.

We lose about $52 million a day each day we fail to pass it and send it to the President.

There are too many people for me to name. I thank all of them and the staff for the concerted effort and all they have done to help get it here tonight.

Mr. JOHNSTON. Mr. President, I endorse that.

Mr. DOLE. Mr. President, let me indicate that immediately following this vote we are going to take the Compact of Free Association. We will try to get a time agreement, and I am hopeful we can satisfy the Senator from Oklahoma [Mr. BOREN] by indicating we will bring up his amendment on December 2 with a vote occurring on December 3.

We discussed this with the Senator from Mississippi and the Senator from Arizona, and I think that should be satisfactory.

Mr. DOMENICI. Vote. Regular order.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Oregon [Mr. HATFIELD] is necessarily absent.

The PRESIDING OFFICER (Mr. LAXALT). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 93, nays 6 as follows:

[Rollcall Vote No. 314 Leg.]

YEAS—93

Abdnor	Glenn	Mitchell
Armstrong	Goldwater	Moynihan
Baucus	Gore	Murkowski
Bentsen	Gorton	Nickles
Biden	Gramm	Nunn
Bingaman	Grassley	Packwood
Boren	Hart	Pell
Boschwitz	Hatch	Pressler
Bradley	Hawkins	Proxmire
Bumpers	Hecht	Pryor
Byrd	Heflin	Quayle
Chafee	Heinz	Riegle
Chiles	Helms	Rockefeller
Cochran	Hollings	Roth
Cohen	Humphrey	Rudman
Cranston	Inouye	Sarbanes
D'Amato	Johnston	Sasser
Danforth	Kassebaum	Simon
DeConcini	Kasten	Simpson
Denton	Kennedy	Specter
Dixon	Lautenberg	Stafford
Dodd	Laxalt	Stennis
Dole	Leahy	Stevens
Domenici	Levin	Symms
Durenberger	Long	Thurmond
Eagleton	Lugar	Trible
East	Mathias	Wallop
Evans	Matsunaga	Warner
Exon	Mattingly	Weicker
Ford	McClure	Wilson
Garn	McConnell	Zorinsky

NAYS—6

Andrews	Harkin	Melcher
Burdick	Kerry	Metzenbaum

NOT VOTING—1

Hatfield

So the bill, H.R. 3128, as amended, was passed, as follows:

H.R. 3128

Resolved, That the bill from the House of Representatives (H.R. 3128) entitled "An Act to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process", do pass with the following amendments:

Strike out all after the enacting clause and insert:

That this Act may be cited as the "Consolidated Omnibus Budget Reconciliation Act of 1985".

TITLE I—COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

AGRICULTURE, FORESTRY, AND RELATED PROGRAMS

Subtitle A—Agricultural Exports

Sec. 101. Export sales of dairy products

Subtitle B—Food Stamps and Commodity Distribution

PART 1—FOOD STAMPS

Sec. 111. Publicly operated community health centers.
Sec. 112. Thrifty food plan.
Sec. 113. Disabled members.
Sec. 114. Food distribution program on Indian reservations.
Sec. 115. Third-party payments.
Sec. 116. Educational loans.
Sec. 117. Nonrecurring lump-sum payments.
Sec. 118. Child support payments.
Sec. 119. Homeownership component of shelter costs.
Sec. 120. Energy assistance payments.
Sec. 121. Self-employment income.
Sec. 122. Monthly reporting and retrospective budgeting.
Sec. 123. Burial plots.
Sec. 124. Categorical eligibility.
Sec. 125. Job training benefits.
Sec. 126. Employment and training program.
Sec. 127. Aliens.
Sec. 128. Sales tax.
Sec. 129. Alternative means of coupon issuance.
Sec. 130. Simplified applications and standardized benefits.
Sec. 131. Redemption of coupons.
Sec. 132. Eligibility of the homeless.
Sec. 133. Certification of information.
Sec. 134. Verification.
Sec. 135. Photographic identification cards.
Sec. 136. Staggered issuance of coupons.
Sec. 137. Fraud detection.
Sec. 138. Food stamp information and applications at Social Security Administration offices.
Sec. 139. Special supplemental food program.
Sec. 140. Disqualification of retail food stores and civil money penalties.
Sec. 141. Liability for overissuance of coupons.
Sec. 142. Interest on claims against State agencies.
Sec. 143. Collection of claims.
Sec. 144. Food stamp intercept of unemployment benefits.
Sec. 145. Administrative and judicial review.
Sec. 146. Hours of operation.
Sec. 147. Error rate reduction program.
Sec. 148. Geographical error-prone profiles.
Sec. 149. Cash payment pilot projects.
Sec. 150. Cash change pilot project.
Sec. 151. Authorization for appropriations.
Sec. 152. Transfer of funds.
Sec. 153. Puerto Rico block grant.

PART 2—COMMODITY DISTRIBUTION

Sec. 160. Transfer of section 32 commodities.
Sec. 161. Commodity distribution program.
Sec. 162. Commodity supplemental food program.
Sec. 163. Temporary emergency food assistance program.
Sec. 164. Distribution of surplus commodities to special nutrition projects.
Sec. 165. Donations by military commissaries.

PART 3—EFFECTIVE DATES

Sec. 170. Effective dates.

Subtitle C—Agricultural Credit

Sec. 181. Eligibility for real estate and operating loans.
Sec. 182. Water, waste facility, and community facility loans and grants.

Sec. 183. Sale of notes and security.
Sec. 184. Rural industrialization assistance.
Sec. 185. Farm recordkeeping training for limited resource borrowers.
Sec. 186. Emergency loans.
Sec. 187. Settlement of claims.
Sec. 188. Transfer of loan accounts.
Sec. 189. Oil and gas royalties.
Sec. 190. Processing of loan applications.
Sec. 191. Appeals.
Sec. 192. Disposition and leasing of farmland.
Sec. 193. Release of normal income security.
Sec. 194. Loan summary statements.
Sec. 195. Authorization of loan amounts.
Sec. 196. Interest rate reduction program.
Sec. 197. Study of Farm and Home Plan.
Sec. 198. Study of Farm Credit System.

TITLE I—COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

AGRICULTURE, FORESTRY, AND RELATED PROGRAMS

Subtitle A—Agricultural Exports

EXPORT SALES OF DAIRY PRODUCTS

SEC. 101. (a) In each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, the Secretary of Agriculture shall sell for export, at such prices as the Secretary determines appropriate, not less than 150,000 metric tons of dairy products owned by the Commodity Credit Corporation.

(b) Such sales shall be made through the Commodity Credit Corporation under existing authority available to the Secretary or the Commodity Credit Corporation.

(c) Through September 30, 1988, the Secretary shall report semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the volume of sales made under this section.

Subtitle B—Food Stamps and Commodity Distribution

PART 1—FOOD STAMPS

PUBLICLY OPERATED COMMUNITY HEALTH CENTERS

SEC. 111. (a) Section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012) is amended—

(1) in subsection (f), by striking out "which" and all that follows through "providing" and inserting in lieu thereof ", or a publicly operated community health center, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x et seq.) to provide"; and

(2) by inserting ", or a publicly operated community health center," after "private nonprofit institution" in the last sentence of subsection (i).

(b) Section 10 of such Act (7 U.S.C. 2019) is amended by inserting "publicly operated community health centers or" after "purchased, and".

THRIFTY FOOD PLAN

SEC. 112. The first sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by striking out "fifty-four" and inserting in lieu thereof "fifty".

DISABLED MEMBERS

SEC. 113. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended—

(1) by inserting "or" after the semicolon at the end of clause (1); and

(2) by striking out clauses (2) through (6) and inserting in lieu thereof the following new clause:

"(2) receives benefits, assistance, or payments under a Federal law based on a determination of blindness or disability, or for whom such determination is made, under criteria that the Secretary determines are the same as, or provide for substantially the same degree of disability or blindness as, the criteria for disability or blindness established under sections 216(i), 221(i), and 223(d) of the Social Security Act (42 U.S.C. 416(i), 421(i), and 423(d)).".

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

SEC. 114. (a) Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by inserting after the third sentence the following new sentence: "For purposes of preventing dual participation in the food stamp program and the commodity distribution program established under section 4(a) of the Agriculture and Consumer Protection Act (7 U.S.C. 612c note), the Secretary and State agencies may match the social security account numbers of participants in the food stamp program against the account numbers of applicants for assistance under the commodity distribution program.".

(b) Section 4(a) of the Agriculture and Consumer Protection Act (7 U.S.C. 612c note) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) In carrying out the program described in paragraph (1), the Secretary shall—

"(A) require, as a condition of eligibility for participation in such program, that each household member furnish to the State agency the social security account number or numbers of such member; and

"(B) use such account numbers in the administration of such program.".

THIRD-PARTY PAYMENTS

SEC. 115. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) by inserting "except as provided in subsection (k)," after "household," in subsection (d)(1); and

(2) by adding at the end thereof the following new subsection:

"(k)(1) For purposes of subsection (d)(1), except as provided in paragraph (2), assistance provided to a third party on behalf of a household by a State or local government shall be considered money payable directly to the household if the assistance is provided in lieu of—

"(A) a regular benefit payable to the household for living expenses under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(B) a benefit payable to the household for living expenses under—

"(i) a State or local general assistance program; or

"(ii) other basic assistance program (as determined by the Secretary).

"(2) Paragraph (1) shall not apply to—

"(A) medical assistance;

"(B) child care assistance;

"(C) energy assistance;

"(D) assistance provided by a State or local housing authority; or

"(E) emergency and special assistance, to the extent excluded in regulations prescribed by the Secretary.".

EDUCATIONAL LOANS

SEC. 116. (a) The proviso of section 5(d)(5) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(5)) is amended by inserting after "child care expenses," the following: "and no portion of any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like,".

(b) Section 5(k) of such Act (as added by section 115(2)) is amended by adding at the end thereof the following new paragraph:

"(3) For purposes of subsection (d)(1), educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like, provided to a third party on behalf of a household, shall be treated as money payable directly to the household.".

NONRECURRING LUMP-SUM PAYMENTS

SEC. 117. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) (as amended by section 115(2)) is further amended—

(1) by inserting ", except as provided in subsection (l)" after "settlements" in subsection (d)(8); and

(2) by adding at the end thereof the following new subsection:

"(l) If the amount of benefits received by a household under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the supplemental security income program established under title XVI of such Act (42 U.S.C. 1381 et seq.) is reduced or terminated as the result of the receipt of a nonrecurring lump-sum payment, the income of the household for purposes of the food stamp program shall include the amount of such benefits the household would have received but for such payment.".

CHILD SUPPORT PAYMENTS

SEC. 118. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) (as amended by section 117(2)) is further amended—

(1) in subsection (d)—

(A) by striking out "and" at the end of clause (11); and

(B) by inserting before the period at the end thereof the following: ", and (13) at the option of a State agency and subject to subsection (m), child support payments that are excluded under section 402(a)(8)(A)(vi) of the Social Security Act (42 U.S.C. 602(a)(8)(A)(vi))"; and

(2) by adding at the end thereof the following new subsection:

"(m) If a State agency excludes payments from income for purposes of the food stamp program under subsection (d)(13), such State agency shall pay to the Federal Government, in a manner prescribed by the Secretary, the cost of any additional benefits provided to households in such State that arise under such program as the result of such exclusion.".

HOMEOWNERSHIP COMPONENT OF SHELTER COSTS

SEC. 119. Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) by striking out "the homeownership component of shelter costs" in clause (1) of the second sentence and inserting in lieu thereof "the homeowners' cost, maintenance, and repair component of shelter costs"; and

(2) by striking out "homeownership costs" in subclause (I) of the proviso of clause (2) of the fourth sentence and inserting in lieu thereof "the homeowners' cost, maintenance, and repair component of shelter costs".

ENERGY ASSISTANCE PAYMENTS

SEC. 120. Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by inserting after the fifth sentence the following new sentences: "If a State agency elects to use a standard utility allowance, the agency shall use a combined allowance for all such households".

SELF-EMPLOYMENT INCOME

SEC. 121. Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) by inserting after subparagraph (A) the following new subparagraph:

"(B) If the average amount of self-employment income of a household does not reflect accurately the actual monthly circumstances of such household because such household experienced a substantial increase or decrease in business earnings, the self-employment income of such household shall be calculated on the basis of the anticipated earnings of such household.".

MONTHLY REPORTING AND RETROSPECTIVE BUDGETING

SEC. 122. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended—

(1) by amending subparagraph (A) to read as follows:

"(A) Household income shall be calculated on a prospective basis, as provided in paragraph (3)(A), in the case of—

"(i) migrant farmworker households; and

"(ii) households—

"(I) that have no earned income; and

"(II) in which all adult members are elderly or disabled members.";

(2) in subparagraph (B)—

(A) in clause (i)—

(i) by inserting "under the first sentence of section 6(c)(1)" after "permitted"; and

(ii) by striking out "under section 6(c)(1) of this Act,";

(B) by striking out "(ii)" and all that follows through "members,"; and

(C) in clause (iii)—

(i) by striking out "(iii)" and inserting in lieu thereof "(ii)";

(ii) by striking out "other than a migrant household" and inserting in lieu thereof "other than a household described in subparagraph (A)";

(iii) by inserting "under the first sentence of section 6(c)(1)" after "not required"; and

(iv) by striking out "under section 6(c)(1) of this Act"; and

(3) by striking out subparagraph (C) and inserting in lieu thereof the following new subparagraphs:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income, and for households that include any member who has recent work history, shall be calculated on a retrospective basis, as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of such Act (7 U.S.C. 2015(c)(1)) is amended—

(1) in the first sentence, by striking out "certain" and all that follows through "members," and inserting in lieu thereof "households with respect to which household income is required by section 5(f)(2)(C) to be determined on a retrospective basis"; and

(2) by inserting after the second sentence the following new sentence: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with standards prescribed under the preceding provisions of this paragraph by the Secretary.".

BURIAL PLOTS

SEC. 123. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end thereof the following new sentence: "The Secretary shall exclude from financial resources the value of a burial plot for each member of a household.".

CATEGORICAL ELIGIBILITY

SEC. 124. (a) Subsection (j) of section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014(j)) is amended to read as follows:

"(j) Notwithstanding subsections (a) through (i), a State agency may consider a household to have satisfied the income and resource limitations for participation in the food stamp program prescribed under this section if—

"(1) each member of the household receives benefits under—

"(A) a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(B) the supplemental security income program established under title XVI of such Act (42 U.S.C. 1381 et seq.); or

"(C) a State plan approved under title I, X, XIV, or XVI of such Act (42 U.S.C. 301 et seq.); and

"(2) the income of the household does not exceed the applicable income standards of eligibility established under subsection (c)(2).".

(b) Section 11(i) of such Act (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following new sentence: "A State agency may not deny or terminate benefits to a household under the food stamp program solely on the basis of the denial or termination of benefits to such household under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the supplemental security income program established under title XVI of such Act (42 U.S.C. 1381 et seq.), or a State plan approved under title I, X, XIV, or XVI of such Act (42 U.S.C. 301 et seq.) without a separate determination by such agency that such household has failed to satisfy the eligibility requirements for participation in the food stamp program.".

(c) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

JOB TRAINING BENEFITS

SEC. 125. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) (as amended by section 118(2)) is further amended by adding at the end thereof the following new subsection:

"(n) Notwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), allowances, earnings, and payments received by individuals as a result of participation in a program authorized under such Act, other than needs-based allowances and payments received under such program, shall be considered income for purposes of the food stamp program.".

EMPLOYMENT AND TRAINING PROGRAM

SEC. 126. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended—

(1) in paragraph (1)—

(A) by striking out "eighteen" in the matter preceding clause (i) of the first sentence and inserting in lieu thereof "sixteen";

(B) by striking out clause (ii) of the first sentence and inserting in lieu thereof the following new clause: "(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under such paragraph, including such reasonable employment requirements as are prescribed by the State agency in accordance with such paragraph, except that the period of ineligibility under this clause shall be two months;"; and

(C) by adding at the end thereof the following new sentences: "A period of ineligibility for a violation of a requirement of this paragraph shall terminate when the household member who committed the violation complies with such requirement. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to a sanction for such violation and, if the household is otherwise eligible, may resume participation in the program. Any other household that such person thereafter joins shall be ineligible for the balance of the period of ineligibility.";

(2) in paragraph (2)—

(A) by striking out "a dependent child under age six or of an incapacitated person" in clause (B) and inserting in lieu thereof "(i) a dependent child under age six, except that a State agency may require such parent or guardian to comply with such work requirements if the child is age three or over and adequate child care is available, or (ii) an incapacitated person";

(B) by striking out "or" at end of clause (D); and

(C) by inserting before the period at the end thereof the following: "; or (F) a person between the ages of sixteen and eighteen who is not a head of a household or who is attending school on a full-time basis"; and

(3) by adding at the end thereof the following new paragraph:

"(4)(A) A State agency shall implement an employment and training program designed by the State agency, pursuant to guidelines established by the Secretary, to assist members of households receiving benefits under this Act in gaining skills, training, or experience that will increase their ability to obtain regular employment.

"(B) In the case of persons who participated in the food stamp program for a period of more than 30 consecutive days and who are subject to employment requirements under this section, a State agency shall place in such program not less than—

"(i) by September 30, 1987, 25 percent of such persons;

"(ii) by September 30, 1988, 35 percent of such persons; and

"(iii) by September 30, 1990 and thereafter, 45 percent of such persons.

"(C) For purposes of this Act, an 'employment and training program' means a program that—

"(i) contains one or more of the components described in subparagraph (D), (E), (F), or (G); and

"(ii) meets criteria established by the Secretary.

"(D) A job search training program described in this subparagraph shall include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including education programs, determined by the State agency to expand the job search abilities or employability of persons subject to the program.

"(E)(i) A program described in this subparagraph shall be designed—

"(I) to improve the employability of household members through actual work experience or training, or both; and

"(II) to enable individuals employed under such program to become employed promptly in regular public or private employment.

"(ii) A State agency may use a facility of a State public employment office or agency operating a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) to find employment and training opportunities for household members under the program described in this subparagraph.

"(iii) A State agency shall limit an employment or training experience assignment under such program to a project that serves a useful public purpose in a field such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, or day care.

"(iv) To the extent possible, a State agency shall use the prior training, experience, and skills of a member participating in such program in making appropriate employment experience assignments under such program.

"(v) In carrying out a program under this subparagraph, a State agency—

"(I) shall not provide any work that has the effect of replacing the employment of an individual not participating in such program; and

"(II) shall provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours.

"(F) A program described in this subparagraph shall include a workfare program operated under section 20.

"(G) A program described in this subparagraph shall include other programs, projects, and experiments (such as a supported work program), approved by the Secretary, that are aimed at accomplishing the purposes of employment and training programs established under this paragraph.

"(H) A State agency may provide that participation in an employment and training program established under this paragraph may supplement or supplant other requirements imposed on individuals subject to such program.

"(I)(i) In carrying out a program under this paragraph, a State agency may exempt, in accordance with criteria established by the Secretary, a category of household members from a requirement imposed under such program if the State agency determines that the application of such requirement to such category is impracticable due to factors such as the availability of work opportunities and the cost effectiveness of employment requirements.

"(ii) In making a determination under clause (i), a State agency may designate a category consisting of all such household members residing in a specified area of a State.

"(iii) A State agency shall also exempt from such requirement, or suspend the application of such requirement to, an individual household member not included in such category but with respect to whom the State agency determines that the application of such requirement is impracticable due to personal circumstances such as a lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care.

"(iv) An exemption of a category or member by a State agency under this subparagraph shall not affect the requirement of such agency to comply with subparagraph (B).

"(J)(i) The total number of hours of work in an employment and training program carried out under this paragraph required of members of a household in any month collectively, together with the hours of work of such members in any program carried out under section 20, may not exceed a number of hours equal to the allotment of the household for such month divided by the higher of the applicable State minimum wage or the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).

"(ii) The total number of hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in any program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, may not exceed 120 hours per month.

"(K)(i) A State agency shall establish such requirements as the State agency determines to be appropriate for individuals required to participate in a program described in subparagraph (C) that the State agency has not selected as a result of such subparagraph. Such requirements may vary among participants.

"(ii) A State agency may operate a program described in subparagraph (C) that the State agency has not selected as a result of such subparagraph.

"(iii) A State agency shall permit individuals not required to participate in an employment and training program, or who have completed or are in the process of participating in such program, to participate in any program established under this paragraph.

"(L) The Secretary shall issue guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(M) A State agency shall reimburse participants for the actual costs of transportation, and other actual costs, that are reasonably necessary and directly related to participation in the program but not to exceed $25 in the aggregate per month.

"(N)(i) The Secretary shall assure that State agencies comply with the requirements of this paragraph and section 11(e)(22).

"(ii) If the Secretary determines that a State agency has failed to comply with such a requirement, the Secretary may withhold from such State in accordance with section 16 (a), (c), and (h) such funds as the Secretary determines to be appropriate, subject to administrative and judicial review under section 14.

"(O) The Secretary shall ensure, to the extent practicable and in cooperation with the Secretary of Labor, that employment and training programs are provided to Indians residing on an Indian reservation in proportion to the number of persons described in subparagraph (B) that reside on such reservation.".

(b) Section 11(e) of such Act (7 U.S.C. 2020(e)) is amended—

(1) by striking out "and" at the end of paragraph (20);

(2) by striking out the period at the end of paragraph (21) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraph:

"(22) the plans of the State agency for carrying out employment and training programs under section 6(d)(4), including the nature and extent of such programs and the geographic areas and households to be covered under such programs;".

(c) Section 16 of such Act (7 U.S.C. 2025) is amended by adding at the end thereof the following new subsection:

"(h)(1) For the payment to each State agency of the full cost (except as otherwise provided in this subsection) of carrying out an employment and training program under section 6(d)(4), the Secretary shall allocate from funds appropriated for such fiscal year under section 18(a)(1)—

"(A) for the fiscal year ending September 30, 1986, $40,000,000;

"(B) for the fiscal year ending September 30, 1987, $50,000,000;

"(C) for the fiscal year ending September 30, 1988, $60,000,000; and

"(D) for the fiscal year ending September 30, 1989, $75,000,000.

"(2) If in carrying out such program a State agency incurs costs that exceed the amount payable to the State agency under paragraph (1), the Secretary shall pay such State agency in accordance with subsection (a) an amount equal to 50 percent of such additional costs.

"(3) The Secretary shall in accordance with subsection (a) reimburse each State agency in an amount equal to 50 percent of the total amount of payments made or costs incurred by the State agency to reimburse participants for the actual costs of transportation, and other actual costs, that are reasonably necessary and directly related to participation in an employment and training program established under section 6(d)(4) but not to exceed $25 in the aggregate per month.

"(4) Funds provided to a State agency under this subsection—

"(A) may be used only for operating an employment and training program under section 6(d)(4); and

"(B) may not be used for carrying out other provisions of this Act.

"(5)(A) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of—

"(i) the increase in the numbers of household members who obtain employment; and

"(ii) the numbers of such members who retain such employment,

as a result of their participation in such programs.

"(B) Not later than January 1, 1989, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.".

(d) Subsection (b) of section 20 of such Act (7 U.S.C. 2029(b)) is amended to read as follows:

"(b)(1) A household member shall be exempt from workfare requirements imposed under this section if such member is—

"(A) exempt from section 6(d)(1) as the result of clause (B), (C), (D), (E), or (F) of section 6(d)(2); or

"(B) at the option of the operating agency, subject to and currently actively and satisfactorily participating at least 20 hours a week in a work training program required under title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(2)(A) Subject to subparagraphs (B) and (C), in the case of a household that is

exempt from work requirements imposed under this Act as the result of participation in a community work experience program established under section 409 of the Social Security Act (42 U.S.C. 609), the number of hours in a month for which all members of such household may be required to participate in such program shall equal the result obtained by dividing—

"(i) the amount of assistance paid to such household for such month under title IV of such Act, together with the value of the food stamp allotment of such household for such month; by

"(ii) the higher of the Federal or State minimum wage in effect for such month.

"(B) In no event may any such member be required to participate in such program more than 120 hours per month.

"(C) For the purpose of subparagraph (A)(i), the value of the food stamp allotment of a household for a month shall be determined in accordance with regulations governing the issuance of an allotment to a household that contains more members than the number of members in an assistance unit established under title IV of such Act.".

ALIENS

SEC. 127. (a) Clause (2) of the first sentence of section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended—

(1) in subclause (D), by striking out "section" and all that follows through "calamity" and inserting in lieu thereof "sections 207 and 208 of the Immigration and Nationality Act (8 U.S.C. 1157 and 1158)"; and

(2) in subclause (F), by striking out "because" and all that follows through "opinion".

(b) The last sentence of section 6(f) of such Act is amended by striking out "(less a pro rata share)".

SALES TAX

SEC. 128. (a) Section 7(b) of the Food Stamp Act of 1977 (7 U.S.C. 2106(b)) is amended by inserting ", except that the transaction of coupons may not be a taxable event" after "such stores".

(b) The amendment made by subsection (a) shall apply to a State (or political subdivision thereof) beginning on the first day of the fiscal year that commences in the calendar year during which the first session of the legislature of such State is convened following the date of enactment of this Act.

ALTERNATIVE MEANS OF COUPON ISSUANCE

SEC. 129. Section 7(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(g)(1)) is amended by striking out "may" in the matter preceding clause (A) and inserting in lieu thereof "shall".

SIMPLIFIED APPLICATIONS AND STANDARDIZED BENEFITS

SEC. 130. Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary may permit a State, on request, to operate a program under which a household shall be considered to have satisfied the application requirements prescribed under section 5(a) and the income and resource requirements prescribed under subsections (d) through (g) of section 5 if such household—

"(A) includes one or more members who are recipients of—

"(i) aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(ii) supplemental security income under title XVI of such Act (42 U.S.C. 1381 et seq.); or

"(iii) medical assistance under title XIX of such Act (42 U.S.C. 1396 et seq.); and

"(B) has an income that does not exceed the applicable income standard of eligibility described in section 5(c).

"(2) Except as provided in paragraph (3), a State that elects to operate a program under this subsection shall base the value of an allotment provided to a household under subsection (a) on—

"(A)(i) the size of the household; and

"(ii)(I) benefits paid to such household under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act; or

"(II) the income standard of eligibility for medical assistance under title XIX of such Act; or

"(B) at the option of the State, the standard of need for such size household under the programs referred to in clause (A)(ii).

"(3) The Secretary shall adjust the value of allotments received by households under a program operated under this subsection to ensure that the average allotment by household size for households participating in such program and receiving such aid to families with dependent children, such supplemental security income, or such medical assistance, as the case may be, is not less than the average allotment that would have been provided under this Act but for the operation of this subsection, for each category of households, respectively, in a State, for any period during which such program is in operation.

"(4) The Secretary shall evaluate the impact of programs operated under this subsection on recipient households, administrative costs, and error rates.

"(5) The administrative costs of such programs shall be shared in accordance with section 16.

"(6) In implementing this section, the Secretary shall consult with the Secretary of Health and Human Services to ensure that to the extent practicable, in the case of households participating in such programs, the processing of applications for, and determinations of eligibility to receive, food stamp benefits are simplified and are unified with the processing of applications for, and determinations of eligibility to receive, benefits under such titles of the Social Security Act (42 U.S.C. 601 et seq.).".

REDEMPTION OF COUPONS

SEC. 131. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by adding at the end thereof the following new sentence: "A financial institution may not impose on, or collect from, a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in order to defray the costs of complying with a requirement, other than a requirement relating to the cancellation of coupons, for the presentation of coupons by the financial institution to a Federal Reserve bank.".

ELIGIBILITY OF THE HOMELESS

SEC. 132. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended—

(1) by striking out the semicolon at the end thereof and inserting in lieu thereof a period; and

(2) by adding at the end thereof the following new sentences: "The State agency shall provide a method of certifying and issuing coupons to eligible households that do not reside in permanent dwellings or who do not have fixed mailing addresses. In carrying out the preceding sentence, the State agency shall take such steps as are necessary to ensure that participation in the food stamp program is limited to eligible households.".

CERTIFICATION OF INFORMATION

SEC. 133. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) (as amended by section 132) is further amended by adding at the end thereof the following: "Each adult member of a household that is applying for a coupon allotment (or in the case of a household described in paragraph (9)(A), an adult member of such household that is applying for a coupon allotment) or is required to file a periodic or other report under section 6(c)(1) shall be required to certify in writing, under penalty of perjury, the truth of the information contained in the application for the allotment or the report, respectively;".

VERIFICATION

SEC. 134. Section 11(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is amended—

(1) by striking out "only" after "verification";

(2) by inserting ", household size (in any case such size is questionable)," after "Act)"; and

(3) by striking out "any factors" and all that follows through "by the Secretary" and inserting in lieu thereof "such other eligibility factors as the State agency determines are necessary".

PHOTOGRAPHIC IDENTIFICATION CARDS

SEC. 135. Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended—

(1) by striking out "last sentence" and inserting in lieu thereof "fourth sentence";

(2) by inserting "and would be cost effective" after "integrity";

(3) by striking out the semicolon at the end thereof and inserting in lieu thereof a period; and

(4) by adding at the end thereof the following: "The State agency may permit a member of a household to comply with this paragraph by presenting a photographic identification card used to receive assistance under a welfare or public assistance program;".

STAGGERED ISSUANCE OF COUPONS

SEC. 136. Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 126(b)) is further amended by adding at the end thereof the following new paragraph:

"(23) at the option of the State agency, for the staggered issuance of coupons to recipients throughout a month, except that not more than 40 days may elapse between the issuance of coupons to a household as a result of such staggered issuance;".

FRAUD DETECTION

SEC. 137. Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 136) is further amended by adding at the end thereof the following new paragraph:

"(24) in a project area in which 5,000 or more households participate in the food stamp program, for the establishment and operation of a unit for the detection of fraud in the food stamp program, including the investigation, and assistance in the prosecution, of such fraud; and".

FOOD STAMP INFORMATION AND APPLICATIONS AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 138. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended—

(1) by inserting "applicants for or" after "members are"; and

(2) by striking out "permitted" and all that follows through "office" and inserting in lieu thereof "informed of the availability of benefits under the food stamp program, and the availability of assistance in making a simple application to participate in such program, at a local office of the Social Security Administration".

(b) Subsection (j) of section 11 of such Act is amended to read as follows:

"(j)(1) Under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services, an individual who is an applicant for or recipient of benefits under title II of the Social Security Act (42 U.S.C. 401 et seq.) shall be informed of the availability of benefits under the food stamp program, and the availability of a simple application to participate in such program, at a local office of the Social Security Administration.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, regarding services to be provided in such an office under this subsection and subsection (i), in a manner to ensure that—

"(A) an applicant for or recipient of benefits under title II of the Social Security Act is adequately notified in such office that assistance may be available to such applicant or recipient under this Act;

"(B) an application for assistance under this Act received from a household in which all members of such household are applicants for or recipients of assistance under the supplemental security income program established under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) be forwarded immediately after receipt to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to carry out this subsection and subsection (i).".

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the nature and extent of costs incurred by such Secretary to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977 (as amended by subsections (a) and (b), respectively).

SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 139. (a) Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), a retail food store or wholesale food concern that has been disqualified under subsection (a) shall be ineligible during the period of disqualification to participate in the special supplemental food program established under section 17 of such Act.".

(b) The second sentence of section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by striking out "this Act or the regulations issued pursuant to this Act" and inserting in lieu thereof "this Act or section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) or the regulations issued to carry out this Act or such section".

DISQUALIFICATION OF RETAIL FOOD STORES AND CIVIL MONEY PENALTIES

SEC. 140. (a) Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) (as amended by section 139(a)) is further amended by adding at the end thereof the following new subsection:

"(f)(1)(A) If a retail food store or wholesale food concern disqualified under subsection (a) is sold or otherwise transferred, such store or concern shall be subject to a civil money penalty.

"(B) The amount of such penalty shall—

"(i) be established by the Secretary through regulations; and

"(ii) reflect that portion of the disqualification period that has not yet expired.

"(C) If such store or concern has been disqualified permanently, the amount of such penalty shall be double the penalty imposed for a 10-year disqualification period, as determined under regulations issued by the Secretary.

"(D) Notwithstanding the imposition of such penalty, the disqualification period imposed under subsection (b) shall continue in effect as to the seller or transferor of such store or concern.

"(2)(A) After a civil money penalty imposed under paragraph (1) has become final pursuant to section 14(a), the Secretary may request the Attorney General to institute a civil action to collect such penalty in a district court of the United States for any district in which the person against whom the penalty is imposed is found, resides, or transacts business.

"(B) Such court shall have jurisdiction to hear and decide such action.

"(C) The validity and amount of such penalty shall not be subject to review in such action.".

(b) Section 9(b) of such Act (7 U.S.C. 2018(b)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2)(A) If a buyer or transferee of a retail food store or wholesale food concern has actual or constructive notice of an outstanding civil penalty imposed under section 12(f) at the time of the sale or transfer of such store or concern, such store or concern may not accept or redeem coupons until the Secretary receives full payment of such penalty.

"(B) To the extent permitted under law, the Secretary shall ensure that an encumbrance created under this paragraph is recorded in an appropriate State or local public office.

"(C) The seller or transferor of such store or concern shall advise a buyer or transferee prior to the sale or transfer of the limitation imposed by this paragraph.

"(D) The store or concern of the buyer or transferee may not, as a result of the sale or transfer of such store or concern, be required to furnish a bond under section 12(d).".

LIABILITY FOR OVERISSUANCE OF COUPONS

SEC. 141. Section 13(a) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each adult member of a household shall be jointly and severally liable for the value of any overissuance of coupons.".

INTEREST ON CLAIMS AGAINST STATE AGENCIES

SEC. 142. Section 13(a) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)) (as amended by section 141) is further amended by adding at the end thereof the following new paragraph:

"(3) A State agency shall be liable for interest on a claim assessed against the State agency under this Act from the date of the final administrative determination made with respect to such claim under section 14(a).".

COLLECTION OF CLAIMS

SEC. 143. (a) Section 13(b)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2022(b)(1)(B)) is amended—

(1) by striking out "may" and inserting in lieu thereof "shall"; and

(2) by inserting ", unless the State agency demonstrates to the satisfaction of the Secretary that such other means are not cost effective" before the period at the end thereof.

(b) Section 13(b)(2)(A) of such Act is amended—

(1) by inserting after the first sentence the following new sentence: "State agencies may collect any claim against a household arising from the overissuance of coupons as the result of an error of the State agency by reducing the monthly allotments of the household."; and

(2) by striking out "These collections" in the last sentence and inserting in lieu thereof "Collections under this subparagraph".

FOOD STAMP INTERCEPT OF UNEMPLOYMENT BENEFITS

SEC. 144. (a) Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended by adding at the end thereof the following new subsection:

"(c)(1) As used in this subsection, the term 'uncollected overissuance' means the amount of an overissuance of coupons, as determined under subsection (b)(1), that has not been recovered pursuant to subsection (b)(1).

"(2) A State agency may determine on a periodic basis, from information supplied pursuant to section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)), whether an individual receiving compensation under the State's unemployment compensation law (including amounts payable pursuant to an agreement under a Federal unemployment compensation law) owes an uncollected overissuance.

"(3) A State agency may recover an uncollected overissuance—

"(A) by—

"(i) entering into an agreement with an individual described in paragraph (2) under which specified amounts will be withheld from unemployment compensation otherwise payable to the individual; and

"(ii) furnishing a copy of the agreement to the State agency administering the unemployment compensation law; or

"(B) in the absence of an agreement, by obtaining a writ, order, summons, or other similar process in the nature of garnishment from a court of competent jurisdiction to require the withholding of amounts from the unemployment compensation.".

(b)(1) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 137) is further amended by adding at the end thereof the following new paragraph:

"(25) at the option of the State, for procedures necessary to obtain payment of uncollected overissuance of coupons from unemployment compensation pursuant to section 13(c).".

(2) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended—

(A) by striking out "or" the second place it appears and inserting in lieu thereof a comma; and

(B) by inserting after "such Act," the following: "or of a State agency charged with the administration of the food stamp pro-

gram in a State under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.),".

(3) Section 303(d) of the Social Security Act (42 U.S.C. 503(d)) is amended—

(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(B) by inserting after paragraph (1) the following new paragraph:

"(2)(A) For purposes of this paragraph, the term 'unemployment compensation' means any unemployment compensation payable under the State law (including amounts payable pursuant to an agreement under a Federal unemployment compensation law).

"(B) The State agency charged with the administration of the State law—

"(i) may require each new applicant for unemployment compensation to disclose whether the applicant owes an uncollected overissuance (as defined in section 13(c)(1) of the Food Stamp Act of 1977) of food stamp coupons,

"(ii) may notify the State food stamp agency to which the uncollected overissuance is owed that the applicant has been determined to be eligible for unemployment compensation if the applicant discloses under clause (i) that the applicant owes an uncollected overissuance and the applicant is determined to be so eligible,

"(iii) may deduct and withhold from any unemployment compensation otherwise payable to an individual—

"(I) the amount specified by the individual to the State agency to be deducted and withheld under this clause,

"(II) the amount (if any) determined pursuant to an agreement submitted to the State food stamp agency under section 13(c)(3)(A) of the Food Stamp Act of 1977, or

"(III) any amount otherwise required to be deducted and withheld from the unemployment compensation pursuant to section 13(c)(3)(B) of such Act, and

"(iv) shall pay any amount deducted and withheld under clause (iii) to the appropriate State food stamp agency.

"(C) Any amount deducted and withheld under subparagraph (B)(iii) shall for all purposes be treated as if it were paid to the individual as unemployment compensation and paid by the individual to the State food stamp agency to which the uncollected overissuance is owed as repayment of the individual's uncollected overissuance.

"(D) A State food stamp agency to which an uncollected overissuance is owed shall reimburse the State agency charged with the administration of the State unemployment compensation law for the administrative costs incurred by the State agency under this paragraph that are attributable to repayment of uncollected overissuance to the State food stamp agency to which the uncollected overissuance is owed.".

(c)(1) The proviso of the first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "13(b)(1) of this Act" and inserting in lieu thereof "13 (b)(1) and (c)".

(2) The first sentence of section 18(e) of such Act (7 U.S.C. 2027(e)) is amended by striking out "13(b) of this Act" and inserting in lieu thereof "13 (b) and (c)".

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 145. The last sentence of section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) by striking out "an application" and inserting in lieu thereof "on application"; and

(2) by striking out "showing of irreparable injury" and inserting in lieu thereof "showing that the applicant is likely to prevail on the merits of the case".

HOURS OF OPERATION

SEC. 146. Section 16(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(b)(1)) is amended by inserting ", including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program," after "States".

ERROR RATE REDUCTION PROGRAM

SEC. 147. Section 16(d) of the Food Stamp Act of 1977 (7 U.S.C. 2025(d)) is amended—

(1) by striking out paragraphs (2) and (3) and inserting in lieu thereof the following new paragraphs:

"(2) If the payment error rate of a State agency for a fiscal year exceeds 5 percent, the State agency shall, other than for good cause shown, be liable to the Secretary for such fiscal year in an amount equal to—

"(A) the sum of—

"(i) the product obtained by multiplying—

"(I) the number of percentage points (or a fraction thereof) by which such rate exceeds 5 percent (but not to exceed 2 points); by

"(II) 75 percent of the total value of all coupons issued by the State agency for such fiscal year; and

"(ii) the product obtained by multiplying—

"(I) the number of percentage points (or a fraction thereof) by which such rate exceeds 7 percent; by

"(II) the total value of all coupons issued by the State agency for such fiscal year; less

"(B) 75 percent of the value of any amounts that—

"(i) are recovered or collected by the State agency during such fiscal year under this Act for allotments—

"(I) issued to ineligible households; or

"(II) overissued to eligible households; and

"(ii) are not retained by the State agency in accordance with subsection (a).

"(3) If the liability of a State agency under this subsection is not contested by such agency or is ultimately determined to be valid, such penalty shall be collected by the Secretary by means of—

"(A) payment by such State agency;

"(B) withholding amounts otherwise payable to such agency under subsection (a); or

"(C) other means of collection authorized under chapter 37 of title 31, United States Code.";

(2) by striking out "the appropriate level of a State agency's federally funded share of administrative costs under this subsection" in paragraph (4) and inserting in lieu thereof "the payment error rate of a State agency"; and

(3) by striking out "reduces a State agency's federally funded share of administrative costs" in paragraph (5) and inserting in lieu thereof "determines that a State agency is liable".

GEOGRAPHICAL ERROR-PRONE PROFILES

SEC. 148. Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by section 126(c)) is further amended by adding at the end thereof the following new subsection:

"(i)(1) The Inspector General of the Department of Agriculture may use quality control information made available under this section to determine which project areas have payment error rates (as defined in subsection (d)(1)) that impair the integrity of the food stamp program.

"(2) The Secretary may require a State agency to carry out new or modified procedures for the certification of households in areas identified under paragraph (1) if the Secretary determines such procedures would improve the integrity of the food stamp program and be cost effective.

"(3) Not later than 12 months after the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, and each 12 months thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that lists project areas identified under paragraph (1) and describes any procedures required to be carried out under paragraph (2).".

CASH PAYMENT PILOT PROJECTS

SEC. 149. The last sentence of section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "1985" and inserting in lieu thereof "1989".

CASH CHANGE PILOT PROJECT

SEC. 150. Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) (as amended by section 124(c)) is further amended by adding at the end thereof the following new subsection:

"(f) The Secretary may conduct a pilot project to test the effect on households and retail food stores that participate in the food stamp program of requiring households that use coupons to purchase food to pay cash for the amount of such purchase that exceeds the value of the lowest coupon denomination issued.".

AUTHORIZATION FOR APPROPRIATIONS

SEC. 151. The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended—

(1) by striking out "and" after "1984;"; and

(2) by inserting before the period at the end thereof the following: "; not in excess of $12,984,000,000 for the fiscal year ending September 30, 1986; not in excess of $13,572,000,000 for the fiscal year ending September 30, 1987; not in excess of $14,154,000,000 for the fiscal year ending September 30, 1988; and not in excess of $14,695,000,000 for the fiscal year ending September 30, 1989".

TRANSFER OF FUNDS

SEC. 152. (a) Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by adding at the end thereof the following new subsection:

"(f) No funds appropriated to carry out this Act may be transferred to the Office of the Inspector General, or the Office of the General Counsel, of the Department of Agriculture.".

(b) The amendment made by this section shall become effective on October 1, 1986.

PUERTO RICO BLOCK GRANT

SEC. 153. Section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended—

(1) by striking out "noncash" in subsection (a)(1)(A); and

(2) in the second sentence of subsection (b)(1)(A)—

(A) by striking out "July 1" and inserting in lieu thereof "April 1"; and

(B) by striking out "a single agency which shall be" in clause (i) and inserting in lieu thereof "the agency or agencies directly".

PART 2—COMMODITY DISTRIBUTION

TRANSFER OF SECTION 32 COMMODITIES

SEC. 160. Section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c), is amended by adding at the end thereof the following

new sentence: "A public or private nonprofit organization that receives agricultural commodities or the products thereof under clause (2) of the second sentence may transfer such commodities or products to another public or private nonprofit organization that agrees to use such commodities or products to provide, without cost or waste, nutrition assistance to individuals in low-income groups.".

COMMODITY DISTRIBUTION PROGRAM

SEC. 161. (a) Section 4(a)(1) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) (as amended by section 114(b)) is amended by striking out "during fiscal years 1982, 1983, 1984, and 1985" and inserting in lieu thereof "during the period beginning October 1, 1985, and ending September 30, 1989".

(b) Section 4(b) of such Act is amended by striking out "18" and inserting in lieu thereof "19".

COMMODITY SUPPLEMENTAL FOOD PROGRAM

SEC. 162. (a) Section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended—

(1) in clause (1)—

(A) by striking out "two pilot projects" and inserting in lieu thereof "three pilot projects"; and

(B) by striking out "two years" and inserting in lieu thereof "September 30, 1989"; and

(2) by striking out "1985" in clause (2) and inserting in lieu thereof "1989".

(b) Section 5 of such Act is amended by adding at the end thereof the following new subsections:

"(f)(1) If the Secretary determines that the amount of funds appropriated to carry out this section exceeds the requirement for operating sites in existence, and at levels of assistance, in effect on the date of such determination, the Secretary shall approve additional applications made for eligible projects to participate in the commodity supplemental food program.

"(2) In making such determination, the Secretary shall consider the funding needs of existing operating sites for both the current and succeeding fiscal years.

"(g) If a local agency that administers the commodity supplemental food program determines that the amount of funds made available to the agency to carry out this section exceeds the amount of funds necessary to provide assistance under such program to women, infants, and children, the agency, with the approval of the Secretary, may permit low-income elderly persons to participate in and be served by such program under such terms and conditions as are prescribed by the Secretary.".

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

SEC. 163. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new subsections:

"(c) In addition to any commodities described in subsection (a), in carrying out this Act, the Secretary may use agricultural commodities and the products thereof made available under clause (2) of the second sentence of section 32 of the Act entitled 'An Act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935 (7 U.S.C. 612c).

"(d) Commodities made available under this Act shall include, but not be limited to, dairy products, wheat or the products thereof, rice, honey, and cornmeal.

"(e) Effective January 1, 1986, the Secretary shall submit semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the types and amounts of commodities made available for distribution under this Act.".

(b) Section 203B(b) of such Act is amended by adding at the end thereof the following new sentence: "Each State agency shall encourage distribution of such commodities in rural areas.".

(c) Section 203C(a) of such Act is amended by adding at the end thereof the following new sentence: "The Secretary shall submit annually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the existence and extent of such displacements and substitutions.".

(d) Section 204(b) of such Act is amended—

(1) by inserting "(1)" after the subsection designation;

(2) by striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "each of the fiscal years ending September 30, 1984, through September 30, 1987"; and

(3) by adding at the end thereof the following new paragraph:

"(2) Effective January 1, 1986, to be eligible to receive payments for storage and distribution costs under paragraph (1), a State must match on a dollar for dollar basis the amount of such payments made to such State.".

(e) Subsection (c) of section 210 of such Act is amended to read as follows:

"(c)(1) Not later than October 1, 1985, and October 1, 1986, the Secretary shall publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available under this Act during each of the fiscal years ending September 30, 1986, and September 30, 1987, respectively.

"(2) The actual types and quantities of commodities made available under this Act may differ from such estimates.".

(f) Section 212 of such Act is amended to read as follows:

"PROGRAM TERMINATION

"SEC. 212. (a) Except for section 207 and as provided in subsections (b) and (c), this Act shall terminate on September 30, 1987.

"(b) Section 203 shall terminate on June 30, 1987.

"(c) The amendment made by section 209 shall terminate on September 30, 1989.".

DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS

SEC. 164. Section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by adding at the end thereof the following new sentence: "Commodities made available under this section shall include, but not be limited to, dairy products, wheat or the products thereof, rice, honey, and cornmeal.".

DONATIONS BY MILITARY COMMISSARIES

SEC. 165. (a) Section 2482 of title 10, United States Code, is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b) A commissary store of the Department of Defense may donate surplus, unmarketable food to a local food bank.".

(b) The caption of section 2482 of such title is amended by striking out ": private operation".

PART 3—EFFECTIVE DATES

EFFECTIVE DATES

SEC. 170. (a) Except as otherwise provided in this subtitle, this subtitle and the amendments made by this subtitle shall become effective on the date of enactment of this Act.

(b) Notwithstanding any provision of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) or chapter 5 of part I of title 5, United States Code—

(1) the Secretary of Agriculture shall prescribe interim regulations to ensure that this subtitle and the amendments made by this subtitle are implemented as soon as practicable after such date, but in no event later than March 1, 1986; and

(2) any change in such interim regulations that is made in final regulations issued by the Secretary to implement this subtitle and the amendments made by this subtitle shall be effective on such date as is prescribed by the Secretary.

Subtitle C—Agricultural Credit

ELIGIBILITY FOR REAL ESTATE AND OPERATING LOANS

SEC. 181. (a) Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b) The Secretary may not restrict eligibility for loans made or insured under this subtitle for purposes set forth in section 303 solely to borrowers of loans that are outstanding on the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985.".

(b) Section 311 of such Act (7 U.S.C. 1941) is amended by adding at the end thereof the following new subsection:

"(c) The Secretary may not restrict eligibility for loans made or insured under this subtitle for purposes set forth in section 312 solely to borrowers of loans that are outstanding on the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985.".

WATER, WASTE FACILITY, AND COMMUNITY FACILITY LOANS AND GRANTS

SEC. 182. (a) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end thereof the following paragraph:

"(16)(A) In the approval and administration of a loan made under paragraph (1) for a water or waste disposal facility, the Secretary shall consider fully any recommendation made by the loan applicant or borrower concerning the technical design and choice of materials to be used for such facility.

"(B) If the Secretary determines that a design or materials, other than those that were recommended, should be used in the water or waste disposal facility, the Secretary shall provide such applicant or borrower with a comprehensive justification for such determination.".

(b) Section 307(a)(3)(A) of such Act (7 U.S.C. 1927(a)(3)(A)) is amended—

(1) by striking out "the poverty line prescribed by the Office of Management and Budget as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)" and inserting in lieu thereof "the higher of (i) 80 percent of the statewide nonmetropolitan median household income, or (ii) the poverty line as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2),"; and

(2) by adding at the end thereof the following new sentence: "The interest rate on a loan for such facility may not exceed 7 percent per annum if such facility does not qualify for the 5 percent per annum interest rate, but is located in an area where the median household income of the persons to be served by the facility does not exceed 100 percent of the statewide nonmetropolitan median household income.".

(c)(1) The Secretary of Agriculture shall conduct a study of the practicality and cost effectiveness of making loans and grants under section 306 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926) for the construction of water and waste disposal facilities in rural areas at individual locations, rather than central or community locations.

(2) Not later than 120 days after the date of enactment of this Act, the Secretary shall submit a report on the results of the study required under paragraph (1) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SALE OF NOTES AND SECURITY

SEC. 183. (a) Section 309(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(d)) is amended by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ", including sale on a nonrecourse basis. The Secretary and any subsequent purchaser of such notes sold by the Secretary on a nonrecourse basis shall be relieved of any responsibilities that might have been imposed, had the borrower remained indebted to the Secretary. All such notes sold on a nonrecourse basis must have been held in the fund for at least 4 years.".

(b) Section 309A(e) of such Act (7 U.S.C. 1929a(e)) is amended by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ", including sale on a nonrecourse basis. The Secretary and any subsequent purchaser of such notes sold by the Secretary on a nonrecourse basis shall be relieved of any responsibilities that might have been imposed, had the borrower remained indebted to the Secretary.".

RURAL INDUSTRIALIZATION ASSISTANCE

SEC. 184. (a) Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) in subsection (a)—

(A) in the first sentence—

(i) by striking out "also make and insure loans" and inserting in lieu thereof "guarantee loans made"; and

(ii) by striking out "(1)" and all that follows through the period and inserting in lieu thereof "financing the production and distribution of ethanol in rural areas."; and

(B) by striking out the second and fourth sentences;

(2) by striking out subsections (b) and (c);

(3) by striking out the sentence preceding paragraph (1) of subsection (d);

(4) by striking out subsection (e); and

(5) by redesignating subsection (d) (as amended by clause (3)) as subsection (b).

(b)(1) Section 307(a)(4) of such Act (7 U.S.C. 1927(a)(4)) is amended by striking out "sections 304(b), 306(a)(1), and 310B" and inserting in lieu thereof "sections 304(b) and 306(a)(1)".

(2) Section 307(a)(6)(B) of such Act is amended—

(A) by inserting "and" at the end of clause (v);

(B) by striking out clauses (vi) and (vii); and

(C) by redesignating clause (viii) as clause (vi).

(3) Section 309A(g)(8) of such Act (7 U.S.C. 1929a(g)(8)) is amended by striking out "sections 306(a) and 310B" and inserting in lieu thereof "section 306(a)".

FARM RECORDKEEPING TRAINING FOR LIMITED RESOURCE BORROWERS

SEC. 185. The first sentence of section 312(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942(a)) is amended—

(1) by striking out "and" at the end of clause (10); and

(2) by inserting before the period at the end thereof the following new clause: ", and (12) training in maintaining records of farming and ranching operations for limited resource borrowers receiving loans under section 310D".

EMERGENCY LOANS

SEC. 186. (a) Subsection (b) of section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(b)) is amended to read as follows:

"(b) An applicant shall be ineligible for financial assistance under this subtitle for crop losses if crop insurance was available to the applicant for such crop under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).".

(b) Subsection (a) of section 324 of such Act (7 U.S.C. 1964(a)) is amended to read as follows:

"(a)(1) No loan made or insured under this subtitle may exceed the amount of the actual loss caused by the disaster or $200,000, whichever is less, for each disaster.

"(2) The total principal indebtedness outstanding at any one time for loans made or insured to a borrower under this subtitle may not exceed $400,000.".

(c) Section 324(b)(1) of such Act (7 U.S.C. 1964(b)(1)) is amended by striking out "but (A)" and all that follows through "Secretary" and inserting in lieu thereof "but not in excess of 8 percent per annum".

(d) Section 330 of such Act (7 U.S.C. 1971) is repealed.

(e) The amendment made by subsection (a) shall not apply to a person whose eligibility for an emergency loan is the result of damage to an annual crop planted before the date of enactment of this Act.

SETTLEMENT OF CLAIMS

SEC. 187. Subsection (d) of the second paragraph of section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(d)) is amended to read as follows:

"(d) compromise, adjust, reduce, or charge-off claims, and adjust, modify, subordinate, or release the terms of security instruments, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require, to carry out this title. The Secretary may release borrowers or others obligated on a debt incurred under this title from personal liability with or without payment of any consideration at the time of the compromise, adjustment, reduction, or charge-off of any claim, except that no compromise, adjustment, reduction, or charge-off of any claim may be made or carried out—

"(1) on terms more favorable than those recommended by the appropriate county committee utilized pursuant to section 332; or

"(2) after the claim has been referred to the Attorney General, unless the Attorney General approves;".

TRANSFER OF LOAN ACCOUNTS

SEC. 188. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 331B (7 U.S.C. 1981b) the following new section:

"SEC. 331C. The Secretary shall permit a borrower of a loan made or insured under this title, with the approval of the head of the appropriate State office of the Farmers Home Administration, to transfer, on a one-time basis, the accounts of such borrower for such loans to a county office of the Farmers Home Administration in an adjacent county.".

OIL AND GAS ROYALTIES

SEC. 189. (a) Subtitle D of the Consolidated Farm and Rural Development Act (as amended by section 188) is amended by inserting after section 331C the following new section:

"SEC. 331D. (a) The Secretary shall permit a borrower of a loan made or insured under this title to make a prospective payment on such loan with proceeds from—

"(1) the leasing of oil, gas, or other mineral rights to real property used to secure such loan; or

"(2) the sale of oil, gas, or other minerals removed from real property used to secure such loan if—

"(A) the value of the rights to such oil, gas, or other minerals has not been used to secure such loan; and

"(B) the security for such loan is otherwise adequate.

"(b) Subsection (a) shall not apply to a borrower of a loan made or insured under this title with respect to which a liquidation or foreclosure proceeding is pending on the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985.".

(b) Section 204 of the Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. 1947 note) is amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall permit a borrower of a loan made or insured under this title to make a prospective payment on such loan with proceeds from—

"(A) the leasing of oil, gas, or other mineral rights to real property used to secure such loan; or

"(B) the sale of oil, gas, or other minerals removed from real property used to secure such loan if—

"(i) the value of the rights to such oil, gas, or other minerals has not been used to secure such loan; and

"(ii) the security for such loan is otherwise adequate.

"(2) Paragraph (1) shall not apply to a borrower of a loan made or insured under this title with respect to which a liquidation or foreclosure proceeding is pending on the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985.".

PROCESSING OF LOAN APPLICATIONS

SEC. 190. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove an application for a loan or loan guarantee made under this title, and notify the applicant of such action, not later than 90 days after the Secretary has received a complete application for such loan or loan guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete not

later than 20 days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b)(1) Except as provided in paragraph (2), if an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant not later than 15 days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary.

"(2) If the Secretary is unable to provide the loan proceeds to the applicant within such 15-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event later than 15 days unless the applicant agrees to a longer period) after sufficient funds for such purpose become available to the Secretary.

"(c) In carrying out the approved lender program established by exhibit A to subpart B of part 1980 of title 7, Code of Federal Regulations, the Secretary shall ensure that each request of a lending institution for designation as an approved lender under such program is reviewed, and a decision made on the application, not later than 15 days after the Secretary has received a complete application for such designation.

"(d)(1) As soon as practicable after the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985, the Secretary shall take such steps as are necessary to make personnel and other resources of the Department of Agriculture available to the Farmers Home Administration as are sufficient to enable the Farmers Home Administration to expeditiously process loan applications that are submitted by farmers and ranchers.

"(2) In carrying out paragraph (1), the Secretary may use any authority of law provided to the Secretary, including—

"(A) the Agricultural Credit Insurance Fund established under section 309; and

"(B) the employment procedures used in connection with the emergency loan program established under subtitle C.".

(b) Section 333A (a), (b), and (c) of the Consolidated Farm and Rural Development Act (as added by subsection (a)) shall be effective with respect to applications received by the Secretary of Agriculture after the date of enactment of this Act.

APPEALS

SEC. 191. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 190) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan, or an applicant for or recipient of a loan guarantee, under this title who has been directly and adversely affected by a decision of the Secretary made under this title (hereafter in this section referred to as the 'appellant') with written notice of the decision, an opportunity for an informal meeting, and an opportunity for a hearing with respect to such decision, in accordance with regulations issued by the Secretary consistent with this section.

"(b)(1) Not later than 10 days after such adverse decision, the Secretary shall provide the appellant with written notice of the decision, an opportunity for an informal meeting, an opportunity for a hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(2) Upon the request of the appellant and in order to provide an opportunity to resolve differences and minimize formal appeals, the Secretary shall hold an informal meeting with the appellant prior to the initiation of any formal appeal of the decision of the Secretary.

"(c)(1) An appellant shall have the right to have—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney during the inspection and reproduction of files under subparagraph (A) and at any informal meeting or hearing.

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).".

(b)(1) The Secretary of Agriculture shall conduct a study concerning the administrative appeals procedure used in the farm loan programs of the Farmers Home Administration.

(2) In conducting such study, the Secretary shall examine—

(A) the number and type of appeals initiated by loan applicants and borrowers;

(B) the extent to which initial administrative actions are reversed on appeal;

(C) the reasons that administrative actions are reversed, modified, or sustained on appeal;

(D) the number and disposition of appeals in which the loan applicant or borrower is represented by legal counsel;

(E) the quantity of time required to complete action on appeals and the reasons for delays;

(F) the feasibility of the use of administrative law judges in the appeals process; and

(G) the desirability of electing members of county committees established under section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982).

(c) Not later than September 1, 1986, the Secretary shall submit a report describing the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

DISPOSITION AND LEASING OF FARMLAND

SEC. 192. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended—

(1) by striking out "Real" in subsection (b) and inserting in lieu thereof "Except as provided in subsection (e), real";

(2) by striking out "The" in the first sentence of subsection (c) and inserting in lieu thereof "Except as provided in subsection (e), the"; and

(3) by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall to the extent practicable sell or lease farmland administered under this title in the following order of priority:

"(A) Sale of such farmland to operators (as of the time immediately before such sale) of not larger than family-size farms.

"(B) Lease of such farmland to operators (as of the time immediately before such lease is entered into) of not larger than family-size farms.

"(2)(A) The Secretary shall consider granting, and may grant, to an operator of not larger than a family-size farm, in conjunction with paragraph (3), a lease with an option to purchase farmland administered under this title.

"(B) The Secretary shall issue regulations providing for leasing such land, or leasing such land with an option to purchase, on a fair and equitable basis.

"(C) In leasing such land, the Secretary shall give special consideration to a previous owner or operator of such land if such owner or operator has financial resources, and farm management skills and experience, that the Secretary determines are sufficient to assure a reasonable prospect of success in the proposed farming operation.

"(3)(A)(i) The Secretary may sell farmland administered under this title through an installment sale or similar device that contains such terms as the Secretary considers necessary to protect the investment of the Federal Government in such land.

"(ii) The Secretary may subsequently sell any contract entered into to carry out clause (i).

"(B) The Secretary shall offer such land for sale to operators of not larger than family-size farms at a price that reflects the average annual income that may be reasonably anticipated to be generated from farming such land.

"(C) If two or more qualified operators of not larger than family-size farms desire to purchase, or lease with an option to purchase, such land, the appropriate county committee shall, by majority vote, select the operator who may purchase such land, on such basis as the Secretary may prescribe by regulation.

"(4)(A) If the Secretary determines that farmland administered under this title is not suitable for sale or lease to an operator of not larger than a family-size farm because such farmland is in a tract or tracts that the Secretary determines to be larger than that necessary for family-size farms, the Secretary shall subdivide such land into tracts suitable for such operator.

"(B) The Secretary shall dispose of such subdivided farmland in accordance with this subsection.

"(5) If suitable farmland is available for disposition under this subsection, the Secretary shall—

"(A) publish an announcement of the availability of such farmland in at least one newspaper that is widely circulated in the county in which the farmland is located; and

"(B) post an announcement of the availability of such farmland in a prominent place in the local office of the Farmers Home Administration that serves the county in which the farmland is located.

"(6) In the case of farmland administered under this title that is highly erodible land (as defined in paragraph (7)), the Secretary may require the use of specified conservation practices on such land as a condition of the sale or lease of such land.

"(7) As used in paragraph (6), the term 'highly erodible land' means land classified by the Soil Conservation Service as class IIIe, IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985.".

(b) The Secretary of Agriculture shall implement the amendment made by this section not later than 90 days after the date of enactment of this Act.

RELEASE OF NORMAL INCOME SECURITY

SEC. 193. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) (as amended by section 192(3)) is fur-

ther amended by adding at the end thereof the following new subsection:

"(f)(1) As used in this subsection, the term 'normal income security' has the same meaning given such term in section 1962.17(b) of title 7, Code of Federal Regulations (as of January 1, 1985).

"(2) Until such time as the Secretary determines that a loan made or insured under this title should be liquidated, the Secretary shall release from the normal income security provided for such loan an amount sufficient to pay the essential household and farm operating expenses of the borrower, as determined by the Secretary.".

LOAN SUMMARY STATEMENTS

SEC. 194. Section 337 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1987) is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) As used in this subsection, the term 'summary period' means—

"(A) the period beginning on the date of enactment of the Consolidated Omnibus Budget Reconciliation Act of 1985 and ending on the date on which the first loan summary statement is issued after such date of enactment; or

"(B) the period beginning on the date of issuance of the preceding loan summary statement and ending on the date of issuance of the current loan summary statement.

"(2) On the request of a borrower of a loan made or insured (but not guaranteed) under this title, the Secretary shall issue to such borrower a loan summary statement that reflects the account activity during the summary period for each loan made or insured under this title to such borrower, including—

"(A) the outstanding amount of principal due on each such loan at the beginning of the summary period;

"(B) the interest rate charged on each such loan;

"(C) the amount of payments made on and their application to each such loan during the summary period and an explanation of the basis for the application of such payments;

"(D) the amount of principal and interest due on each such loan at the end of the summary period;

"(E) the total amount of unpaid principal and interest on all such loans at the end of the summary period;

"(F) any delinquency in the repayment of any such loan;

"(G) a schedule of the amount and date of payments due on each such loan; and

"(H) the procedure the borrower may use to obtain more information concerning the status of such loans.".

AUTHORIZATION OF LOAN AMOUNTS

SEC. 195. (a) Subsection (b) of section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)) is amended to read as follows:

"(b)(1)(A) For each of the fiscal years ending September 30, 1986, through September 30, 1988, real estate and operating loans may be insured, made to be sold and insured, or guaranteed in accordance with subtitles A and B, respectively, from the Agricultural Credit Insurance Fund established under section 309 in an amount equal to $4,000,000,000, of which not less than $520,000,000 shall be for farm ownership loans under subtitle A.

"(B) Subject to subparagraph (C), such amount shall be apportioned as follows:

"(i) For the fiscal year ending September 30, 1986—

"(I) $2,000,000,000 for insured loans, of which not less than $260,000,000 shall be for farm ownership loans; and

"(II) $2,000,000,000 for guaranteed loans, of which not less than $260,000,000 shall be for guarantees of farm ownership loans.

"(ii) For the fiscal year ending September 30, 1987—

"(I) $1,500,000,000 for insured loans, of which not less than $195,000,000 shall be for farm ownership loans; and

"(II) $2,500,000,000 for guaranteed loans, of which not less than $325,000,000 shall be for guarantees of farm ownership loans.

"(iii) For the fiscal year ending September 30, 1988—

"(I) $1,000,000,000 for insured loans, of which not less than $130,000,000 shall be for farm ownership loans; and

"(II) $3,000,000,000 for guaranteed loans, of which not less than $390,000,000 shall be for guarantees of farm ownership loans.

"(C) For each of the fiscal years referred to in subparagraph (A), the Secretary may transfer not more than 25 percent of the amounts authorized for guaranteed loans to amounts authorized for insured loans.

"(D) For each of the fiscal years ending September 30, 1986, through September 30, 1988, emergency loans may be insured, made to be sold and insured, or guaranteed in accordance with subtitle C from the Agricultural Credit Insurance Fund in such amounts as are necessary to meet the needs resulting from natural disasters.

"(2)(A) For each of the fiscal years ending September 30, 1986, through September 30, 1988, loans for the production and distribution of ethanol in rural areas may be guaranteed in accordance with section 310B from the Rural Development Insurance Fund established under section 309A in the amount of $150,000,000.

"(B) For the fiscal year ending September 30, 1986, water and waste facility loans may be insured, or made to be sold and insured, in accordance with section 306 from the Rural Development Insurance Fund in the amount of $75,000,000.".

(b) Section 346(e)(1) of such Act is amended—

(1) by striking out "20" each place it appears and inserting in lieu thereof "25"; and

(2) by striking out "fiscal year 1984" and inserting in lieu thereof "each fiscal year".

(c) Section 346 of such Act (as amended by subsection (b)) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

INTEREST RATE REDUCTION PROGRAM

SEC. 196. Effective only for the period beginning on the date of enactment of this Act and ending September 30, 1988, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 349. (a) The Secretary shall establish and carry out in accordance with this section an interest rate reduction program for loans guaranteed under this title.

"(b) Under such program, the Secretary shall enter into a contract with, and make payments to, a legally organized institution to reduce during the term of such contract the interest rate paid by a borrower on a guaranteed loan made by such institution if—

"(1) the borrower—

"(A) is unable to obtain sufficient credit elsewhere to finance the actual needs of the borrower at reasonable rates and terms, taking into consideration private and cooperative rates and terms for a loan for a similar purpose and period of time in the community in or near which the borrower resides;

"(B) is otherwise unable to make payments on such loan in a timely manner; and

"(C) has a total estimated cash income during the 12-month period beginning on the date such contract is entered into (including all farm and nonfarm income) that will equal or exceed the total estimated cash expenses to be incurred by the borrower during such period (including all farm and nonfarm expenses); and

"(2) the lender reduces during the term of such contract the annual rate of interest payable on such loan by a minimum percentage specified in such contract.

"(c) In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 50 percent of the cost of reducing the annual rate of interest payable on such loan, except that such payments may not exceed the cost of reducing such rate by more than 2 percent.

"(d) The term of a contract entered into under this section to reduce the interest rate on a guaranteed loan may not exceed the outstanding term of such loan, or 3 years, whichever is less.

"(e)(1) Notwithstanding any other provision of this title, the Agricultural Credit Insurance Fund established under section 309 may be used by the Secretary to carry out this section.

"(2) The total amount of funds used by the Secretary to carry out this section may not exceed $490,000,000.".

STUDY OF FARM AND HOME PLAN

SEC. 197. (a) The Secretary of Agriculture shall conduct a study of the appropriateness of the Farm and Home Plan (Form FmHA 431-2) used by the Farmers Home Administration in connection with loans made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(b) After carrying out such study, if the Secretary finds the plan is inappropriate, the Secretary shall—

(1) evaluate other alternative farm plan forms for use in connection with such loans;

(2) evaluate the need to develop a new farm plan form for such use; and

(3) specify the steps that should be taken to improve or replace the current form.

(c) Not later than 120 days after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

STUDY OF FARM CREDIT SYSTEM

SEC. 198. (a) The Governor of the Farm Credit Administration shall conduct a study of the need for the establishment of a fund to be used—

(1) to insure institutions of the Farm Credit System against losses on loans made by such institutions; or

(2) for any other purpose that would—

(A) assist in stabilizing the financial condition of such System; and

(B) provide for the protection of the capital that borrowers of such loans have invested in such System.

(b) In conducting such study, the Governor shall—

(1) consider the advisability of using the revolving funds provided for under section 4.1 of the Farm Credit Act of 1971 (12 U.S.C. 2152) to provide initial capital for the fund referred to in subsection (a); and

(2) estimate the amount and level of future assessments levied on institutions of the Farm Credit System that would be necessary to ensure the long-term liquidity of such fund.

(c) Not later than 180 days after the date of enactment of this Act, the Farm Credit Administration shall submit a report containing the results of the study required under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(d) The Farm Credit Administration shall take no action under the provisions of the Farm Credit Act of 1971 that would result in the liquidation or merger of any Federal land bank association or production credit association unless such liquidation or merger was approved by the stockholders of the association prior to November 14, 1985, or after December 31, 1985. This subsection shall not be applicable to the Eighth Federal Farm Credit District (Omaha, Nebraska) except that, in the case of such district, no elections may be certified, no charters may be issued, and no associations may be liquidated, prior to December 20, 1985.

(e) Effective for the period from the date of enactment of this Act through December 31, 1985, no Federal land bank, Federal intermediate credit bank, Federal land bank association, or production credit association may (1) require any borrower to provide additional collateral for any loan made under the Farm Credit Act of 1971 if the repayment under the terms of such loan is not overdue, or (2) bring any legal action to foreclose on, or otherwise liquidate, any loan that is based on the failure of a borrower to provide additional collateral for such loan if the repayment of the loan was not overdue at the time such collateral was required.

TITLE II—COMMITTEE ON ARMED SERVICES

SEC. 201. LIMITATION ON AMOUNTS AVAILABLE FOR OBLIGATION FOR BASIC PAY AND FOR RETIRED PAY ACCRUAL CHARGE.

From amounts appropriated or otherwise available to the Department of Defense for military personnel accounts for fiscal year 1986, the total amount obligated from each such account for military basic pay and payments into the Department of Defense Military Retirement Fund pursuant to section 1466(a) of title 10, United States Code, may not exceed the following:

(1) For the Department of the Army—

(A) for payments from the appropriation account "Military Personnel, Army", $15,951,800,000;

(B) for payments from the appropriation account "Reserve Personnel, Army", $1,595,500,000; and

(C) for payments from the appropriation account "National Guard Personnel, Army", $2,503,600,000.

(2) For the Department of the Navy—

(A) for payments from the appropriation account "Military Personnel, Navy", $11,689,900,000;

(B) for payments from the appropriation account "Military Personnel, Marine Corps", $3,659,600,000;

(C) for payments from the appropriation account "Reserve Personnel, Navy", $939,300,000; and

(D) for payments from the appropriation account "Reserve Personnel, Marine Corps", $202,200,000.

(3) For the Department of the Air Force—

(A) for payments from the appropriation account "Military Personnel, Air Force", $13,533,500,000;

(B) for payments from the appropriation account "Reserve Personnel, Air Force", $437,300,000; and

(C) for payments from the appropriation account "National Guard Personnel, Air Force", $754,500,000.

SEC. 202. LEGISLATIVE PROPOSAL TO AMEND MILITARY RETIREMENT SYSTEM FOR NEW ENTRANTS.

(a) REQUIREMENT FOR SUBMISSION OF LEGISLATIVE PROPOSAL MAKING CHANGES IN MILITARY RETIREMENT SYSTEM.—(1) Not later than 10 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report (including draft legislation) proposing two separate sets of changes in the military nondisability retirement system.

(2)(A) Each of the sets of changes to be proposed in the report under paragraph (1) shall include changes which, if enacted, would result in reductions in the amount required to be paid by the Secretary of Defense into the Department of Defense Military Retirement Fund pursuant to section 1466(a) of title 10, United States Code, during fiscal year 1986 in a total amount that would enable the Department of Defense to remain within the limits on obligations for basic pay and payments into such Fund prescribed by section 201 solely through such reductions.

(B) One of the sets of changes to be proposed in such report shall consist only of changes in the military retirement system other than changes in the procedure for periodic cost-of-living adjustments in retired or retainer pay which, if enacted, would result in the required reductions.

(3) Structural changes in the military retirement system to be proposed by the Secretary of Defense in either set of changes proposed in the report under paragraph (1)—

(A) should apply only to individuals who initially become members of the Armed Forces after the effective date of such changes; and

(B) should, to the maximum extent possible and consistent with military requirements, encourage members who are eligible for retirement to remain on active duty beyond 20 years of service.

(4) At the same time the Secretary of Defense submits the report required by paragraph (1), the Secretary shall submit separate reports on the following:

(A) The anticipated effects that the changes proposed in the report under paragraph (1) would have on recruiting and retention in the Armed Forces.

(B) Proposals for additional changes in other elements of the military compensation system or in other military personnel programs, including changes in promotion and retention policies.

(C) A description of the changes in military retirement, compensation or personnel programs that would be necessary if the reductions resulting from the funding limitations set forth in section 201 were $1,800,000,000, $2,900,000,000, $3,600,000,000, $4,000,000,000, or $5,400,000,000, as well as an evaluation of the effects such changes would have on recruiting and retention in the Armed Forces.

(D) A plan that could be used to implement over a period of four or more years the changes proposed in the report under paragraph (1).

(b) SPECIFICATION OF ACTUARIAL METHODS AND ASSUMPTIONS FOR FY86 RETIREMENT LEGISLATION.—In determining the cost, or the amount to be saved, as the result of the enactment of any legislative proposal that would make changes in the military retirement system effective during fiscal year 1985 or 1986, the actuarial methods and assumptions used shall be the same as those approved by the Board of Actuaries (in accordance with section 1465(d) of title 10, United States Code) for use in calculating the military retirement accrual percentage for the President's budget for fiscal year 1986.

(c) RECALCULATION OF ACCRUAL PERCENTAGE UPON CHANGE IN BENEFITS.—(1) If a significant change in the military retirement system is enacted into law that takes effect during fiscal year 1985 or 1986, the accrual percentage shall be recalculated taking into account that change in law. Any such recalculation shall be made using the actuarial methods and assumptions described in subsection (b).

(2) In making determinations under section 1466(a) of title 10, United States Code, for months during fiscal years 1985 and 1986 beginning on or after the effective date of any such change in law, the accrual percentage as recalculated under paragraph (1) shall be used in lieu of the accrual percentage that would otherwise be applicable.

(d) DEFINITION OF ACCRUAL PERCENTAGE.—For purposes of this section, the term "accrual percentage" means the single level percentage of basic pay determined under section 1465(c)(1) of title 10, United States Code, for the purposes of computations under sections 1465(b) and 1466(a) of that title.

SEC. 203. COLLECTION BY THE UNITED STATES OF MEDICAL AND DENTAL COSTS INCURRED ON BEHALF OF CERTAIN PERSONS.

(a) IN GENERAL.—(1) Chapter 55 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 1095. Collection from third-party payers of reasonable medical and dental care costs incurred on behalf of retirees and dependents

"(a)(1) In the case of a person who is covered by section 1074(b), 1076(a), or 1076(b) of this title, the United States shall have the right to collect from a third-party payer the reasonable costs of medical and dental care incurred by the United States on behalf of such person through a facility of the uniformed services to the extent that the person would be eligible to receive reimbursement or indemnification from the third-party payer if the person were to incur such costs on the person's own behalf. If the insurance, medical service, or health plan of that payer includes a requirement for a deductible or copayment by the beneficiary of the plan, then the amount that the United States may collect from the third-party payer is the reasonable cost of the care provided less the appropriate deductible or copayment amount.

"(2) A person covered by section 1074(b), 1076(a), or 1076(b) of this title may not be required to pay an additional amount to the United States for medical and dental care by reason of this section.

"(b) No provision of any insurance, medical service, or health plan contract or agreement having the effect of excluding from coverage or limiting payment of charges for certain care solely on the basis that such care is provided through a facility of the uniformed services shall operate to prevent collection by the United States under subsection (a).

"(c) Under regulations prescribed under subsection (f), records of the facility of the uniformed services that provided medical or dental care to a beneficiary of an insurance, medical service, or health plan of a third-party payer shall be made available for inspection and review by representatives of the payer from which collection by the United States is sought.

"(d) Notwithstanding subsections (a) and (b), collection may not be made under this section in the case of a plan administered under title XVIII or XIX of the Social Security Act (42 U.S.C. 1395 et seq.).

"(e)(1) The United States may institute and prosecute legal proceedings against a third-party payer to enforce a right of the United States under this section.

"(2) The administering Secretary may compromise, settle, or waive a claim of the United States under this section.

"(f) The Secretary of Defense, in consultation with the other administering Secretaries, shall prescribe regulations for the administration of this section. Such regulations shall provide for computation of the reasonable cost of medical and dental care. Computation of such reasonable cost may be based on—

"(1) per diem rates; or

"(2) such other method as may be appropriate. However, such regulations shall provide that in no event may the reasonable cost of care or services sought to be recovered or collected from a third-party payer exceed an amount equal to the prevailing rate that such third-party payer can demonstrate to the satisfaction of the Secretary of Defense it would pay for the care or services provided in facilities (other than facilities of departments or agencies of the United States) in the same geographic area.

"(g) In this section, 'third-party payer' means an entity that provides an insurance, medical service, or health plan by contract or agreement.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"1095. Collection from third-party payers of reasonable medical and dental care costs incurred on behalf of retirees and dependents.".

(b) EFFECTIVE DATE.—Section 1095 of title 10, United States Code, as added by subsection (a), shall apply with respect to health care provided on or after the date of the enactment of this Act (but only with respect to an insurance, medical service, or health plan agreement entered into, amended, or renewed on or after that date).

(c) REPEAL PROVISION.—Section 1095 of title 10, United States Code, as added by subsection (a)(1), and the item in the table of sections at the beginning of chapter 55 of such title relating to section 1095, as added by subsection (a)(2), are repealed effective two years after the date of the enactment of this Act.

SEC. 204. STUDY OF USE BY CHAMPUS OF MEDICARE PROSPECTIVE PAYMENT SYSTEM.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) costs of providing medical care under the program administered by the Department of Defense known as the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) have escalated rapidly in recent years;

(2) new and innovative methods for control and containment of costs under the CHAMPUS program must be explored; and

(3) the adoption for the CHAMPUS program of a prospective payment system for inpatient hospital services like that used by Department of Health and Human Services under title XVIII of the Social Security Act for the Medicare program could provide significant savings for the CHAMPUS program.

(b) STUDY REQUIREMENT.—The Secretary of Defense and the Secretary of Health and Human Services shall jointly study the possible effects of the adoption for the CHAMPUS program of a prospective payment system for inpatient hospital services such as that used by the Department of Health and Human Services for the Medicare program. The study shall address—

(1) the advisability and feasibility of requiring by law that a hospital participate in the CHAMPUS program as a condition of participating in Medicare and whether such a requirement is needed in order to ensure adequate participation by hospitals in the CHAMPUS program if a prospective payment system were to be adopted for the CHAMPUS program; and

(2) the changes that might be expected if such a system were adopted in the CHAMPUS patient workload and the CHAMPUS aggregate payment levels to various segments of the provider community (including private, public, nonprofit, and teaching facilities).

(c) REPORT.—Not later than December 1, 1985, the Secretaries shall submit a report to the Committees on Armed Services and Finance of the Senate and the Committees on Armed Services and Ways and Means of the House of Representatives of their findings under the study under subsection (b). The report shall include—

(1) such recommendations for changes in the CHAMPUS system of reimbursement as the Secretaries consider appropriate; and

(2) the recommendations of the Secretaries on the need for and appropriateness of a requirement by law relating to hospital participation in the CHAMPUS and Medicare programs such as that described in subsection (b)(1).

SEC. 205. REQUIREMENT FOR MEDICARE PROVIDERS OF HOSPITAL SERVICES TO PARTICIPATE IN CHAMPUS AND CHAMPVA PROGRAMS.

(a) AMENDMENTS TO THE SOCIAL SECURITY ACT.—Section 1866(a)(1) of the Social Security Act (42 U.S.C. 1395cc(a)(1)), relating to agreements to provide care for the aged and disabled, is amended—

(1) by striking out "and" at the end of subparagraph (G);

(2) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof ", and"; and

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I) in the case of hospitals which provide inpatient hospital services for which payment may be made under this title, to be a participating provider of medical care under any health plan contracted for under section 1079 or 1086 of title 10, United States Code, or section 613 of title 38, United States Code, in accordance with admission practices, payment methodology, and amounts as prescribed under joint regulations issued by the Secretaries of Defense, Health and Human Services, and Transportation in implementation of sections 1079 and 1086 of title 10, United States Code, and under regulations issued by the Administrator of Veterans' Affairs in implementation of section 613 of title 38, United States Code.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 1986, and shall apply to inpatient admissions at hospitals subject to section 1866(a)(1) of the Social Security Act (42 U.S.C. 1395cc(a)(1)) (as amended by subsection (a) of this section) that occur on and after such date.

TITLE III—COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

TABLE OF SECTIONS

Sec. 301. Short title.
Sec. 302. Purchase of CDBG guaranteed obligations by the Federal Financing Bank.
Sec. 303. Public housing operating subsidies.
Sec. 304. Public and Indian housing financing reforms.
Sec. 305. Rural housing authorizations.
Sec. 306. Management of insured loans.
Sec. 307. Urban development action grants.

SHORT TITLE

SEC. 301. This title may be cited as the "Housing and Community Development Reconciliation Amendments of 1985".

PURCHASE OF CDBG GUARANTEED OBLIGATIONS BY THE FEDERAL FINANCING BANK

SEC. 302. (a) Section 108 of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following:

"(l) Notes or other obligations guaranteed under this section may not be purchased by the Federal Financing Bank.".

(b) The amendment made by subsection (a) shall take effect on July 1, 1986.

(c) The Secretary of Housing and Urban Development shall take such administrative actions as are necessary to provide by the effective date of subsection (a) private sector financing of loans guaranteed under section 108 of the Housing and Community Development Act of 1974.

PUBLIC HOUSING OPERATING SUBSIDIES

SEC. 303. Section 9(c) of such Act is amended by striking out "and by" after "1983," and by inserting after "1984" the following ", and not to exceed $1,279,000,000 on or after October 1, 1985".

PUBLIC AND INDIAN HOUSING FINANCING REFORMS

SEC. 304. (a) Section 4 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(c)(1) On September 30, 1985, or the date of enactment of the Housing and Community Development Reconciliation Amendments of 1985, whichever is later, in accordance with such accounting and other procedures as the Secretary may prescribe, each loan made by the Secretary pursuant to subsection (a) that has any principal amount outstanding or any interest amount outstanding or accrued shall be forgiven; the terms and conditions of any contract, or any amendment to a contract, for such loan with respect to any promise to repay such principal and interest shall be canceled. This cancellation shall not affect any other terms and conditions of such contract, which shall remain in effect as if the cancellation had not occurred. This paragraph shall not apply to any loan, the repayment of which was not to be made using annual contributions, or to any loan, all or part of the proceeds of which are due a public housing agency from contractors or others.

"(2) On September 30, 1985, or on the date of enactment of the Housing and Community Development Reconciliation Amendments of 1985 into law, whichever is later, each note or other obligation issued by the Secretary to the Secretary of the Treasury pursu-

ant to subsection (b), together with any promise to repay the principal and unpaid interest which has accrued on each obligation, is forgiven; and any other term or condition specified by each such obligation is canceled.

"(3) Nothing in paragraph (1) or (2) shall be construed to terminate the obligations of a public housing agency with respect to the management or operation of, or tenant eligibility for, units financed with the notes or obligations canceled earlier than such obligations would have terminated without such cancellation.".

RURAL HOUSING AUTHORIZATIONS

SEC. 305. (a) Section 513 of the Housing Act of 1949 is amended to read as follows:

"PROGRAM LEVELS AND AUTHORIZATIONS

"SEC. 513. (a)(1) The Secretary may insure and guarantee loans under this part during fiscal year 1986 in an aggregate amount not to exceed $2,027,180,000, of which—

"(A) $1,370,580,000 shall be for loans under section 502; and

"(B) $630,000,000 shall be for loans under section 515.

"(2) Notwithstanding any other provision of law, insured and guaranteed loan authority in this title for any fiscal year beginning after September 30, 1984, shall not be transferred or used for any purpose not specified in this part.

"(b) There are authorized to be appropriated for fiscal year 1986—

"(1) $13,000,000 for grants pursuant to section 504;

"(2) $1,000,000 for the purposes of section 509(c);

"(3) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (A) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (B) the interest due on a similar sum represented by notes or other obligations issued by the Secretary;

"(4) $12,000,000 for financial assistance pursuant to section 516; and

"(5) $8,000,000 for the purposes of section 523.

"(c) The Secretary may enter into rental assistance contracts aggregating $240,200,000 under section 521(a)(2)(A) during fiscal year 1986.".

(b) Section 523(g) of the Housing Act of 1949 is amended—

(A) by striking out "$5,000,000" and inserting in lieu thereof "$700,000"; and

(B) by striking out "fiscal year 1985" and inserting in lieu thereof "fiscal year 1986".

MANAGEMENT OF INSURED LOANS

SEC. 306. (a) Section 517(d) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following:

"(2) The Secretary shall, to the extent practicable, sell loans insured or guaranteed under this part to the public. Each loan made by the Secretary or other lender under this part that is insured in accordance with this subsection shall, when offered for sale to the public, be accompanied by an agreement by the Secretary to pay to the holder of such loan (through an agreement to purchase such loan or through such other means as the Secretary determines to be appropriate) the difference between the rate of interest paid by the borrower of such loan and the market rate of interest (as determined by the Secretary) on obligations having comparable periods to maturity on the date of such sale.

"(3) Each loan made by the Secretary or other lender under this part that is insured in accordance with this subsection shall, when offered for sale to the public, be accompanied by agreements for the benefit of the borrower under the loan that provide that—

"(A) the purchaser or any assignee of the loan shall not diminish any substantive or procedural right of the borrower arising under this part;

"(B) upon any substantial default of the borrower, but prior to foreclosure, the loan shall be assigned to the Secretary for the purpose of avoiding foreclosure; and

"(C) following any assignment under subparagraph (B) and before commencing any action to foreclose or otherwise dispossess the borrower, the Secretary shall afford the borrower all substantive and procedural rights arising under this part, including consideration for interest subsidy, moratorium, reamortization, refinancing, and appeal of any adverse decision to an impartial officer.

"(4) From the proceeds of loan sales under paragraph (2), the Secretary shall set aside as a reserve against future losses not less than 5 per centum of the outstanding face amount of the loans held by the public at any time.".

(b) Section 517(j) of the Housing Act of 1949 is amended—

(1) by striking out "and" at the end of paragraph (4);

(2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(6) to make payments and take other actions in accordance with agreements entered into under paragraphs (2) and (3) of subsection (d).".

(c) Section 517 of the Housing Act of 1949 is amended by striking out subsection (n).

URBAN DEVELOPMENT ACTION GRANTS

SEC. 307. (a) Section 119(a) of the Housing and Community Development Act of 1974 is amended by striking out the last sentence and inserting in lieu thereof the following: "There are authorized to be appropriated to carry out the provisions of this section not to exceed $440,000,000 for each of the fiscal years 1984 and 1985, not to exceed $352,000,000 for fiscal year 1986, and not to exceed $366,000,000 for fiscal year 1987. Any amount appropriated under the preceding sentence shall remain available until expended.".

(b)(1) Section 119(d) of the Housing and Community Development Act of 1974 is amended—

(A) by indenting clauses (A) and (B) of paragraph (1);

(B) by striking out "as the primary criterion," in clause (A);

(C) by striking out clause (C) of paragraph (1) and inserting in lieu thereof the following:

"(C) at least the following other criteria:

"(i) the extent to which the grant will stimulate economic recovery by leveraging private investment;

"(ii) the number of permanent jobs to be created and their relation to the amount of grant funds requested;

"(iii) the proportion of permanent jobs accessible to lower income persons and minorities, including persons who are unemployed;

"(iv) the impact of the proposed activities on the fiscal base of the city or urban county and its relation to the amount of grant funds requested;

"(v) the extent to which State or local government funding or special economic incentives have been committed;

"(vi) the extent to which the project is located in the portion of the applicant city or urban county with the highest comparative degree of economic distress and the project will directly improve the quality of housing or employment opportunities for low and moderate income residents of that portion;

"(vii) the extent to which the project will produce goods or services the majority of which can be expected to be exported from the applicant's economy; and

"(viii) to the extent the Secretary deems appropriate, the extent to which other Federal assistance is to be made available shall be considered in applying the criteria referred to in clauses (i), (ii), and (iv) of this subparagraph;

"(D) additional consideration for the extent to which the project, in the determination of the Secretary, would—

"(i) retain jobs which would be lost without the provision of a grant under this section; and

"(ii) relieve the applicant's most pressing employment or residential needs by—

"(I) reemploying workers in a skill that has recently suffered a sharp increase in unemployment locally,

"(II) retraining recently unemployed residents in new skills,

"(III) providing training to increase the local pool of skilled labor; or

"(IV) producing decent housing for low- and moderate-income persons in cases where such housing is in severe shortage in the applicant's area and where Federal assistance for production of such housing would not otherwise be available; and

"(E) additional consideration for projects with the following characteristics:

"(i) projects to be located within a city or urban county to which no grant under this section was made during the preceding twelve-month period; and

"(ii) twice the amount of the additional consideration provided under clause (i) in the case of a grant for projects to be located in cities or urban counties to which no grant under this section was made during the preceding twenty-four month period."; and

(D) by adding at the end thereof the following:

"(3) The Secretary may not award a grant under paragraph (1) unless he determines that the project would have a substantial impact on physical and economic development of the city or urban county, that the proposed activities are likely to be accomplished in a timely fashion within the grant amount available, and that the city or urban county has demonstrated performance in housing and community development programs.

"(4) The Secretary shall award points to each application as follows:

"(A) not more than 35 points on the basis of the factors referred to in subparagraph (A) of paragraph (1);

"(B) not more than 35 points on the basis of the factors referred to in subparagraph (B) of paragraph (1);

"(C) not more than 30 points on the basis of the factors referred to in subparagraph (C) of paragraph (1), of which not more than 3 points in the aggregate shall be awarded for the factors referred to in clauses (vi) and (vii) of subparagraph (C);

"(D) not more than 3 additional points as the Secretary deems appropriate for projects

described in subparagraph (D) of paragraph (1); and

"(E) not more than 2 additional points as the Secretary deems appropriate for projects described in subparagraph (E) of paragraph (1).

"(5) The Secretary shall distribute grant funds under this section so that to the extent practicable during each funding cycle—

"(A) two-thirds of the funds are first made available utilizing all of the criteria set forth in paragraph (1); and

"(B) one-third of the funds is then made available solely on the basis of the factors referred to in subparagraphs (C), (D), and (E) of paragraph (1).".

(2) Notwithstanding any provision of section 119 of the Housing and Community Development Act of 1974, for purposes of funding decisions made before February 1, 1986, the Secretary of Housing and Urban Development shall give additional consideration, equal to the points otherwise awarded under clause (C) of paragraph (1) of section 119(d) of the Housing and Community Development Act of 1974, as amended by paragraph (1) of this subsection, in the case of a project to be located in a city or urban county to which no grant under section 119 of such Act was made during the preceding twenty-four month period if such project has met the criteria for preliminary approval in the three consecutive funding cycles immediately preceding the date of enactment of this paragraph.

(3) The provisions of paragraphs (1)(E), (4)(E), and (5) of section 119(d) of the Housing and Community Development Act of 1974, as amended by paragraph (1) of this subsection, and the provisions of paragraph (2) of this subsection shall take effect on the date of enactment of this Act, except that in applying section 119(d)(5)(B) of such Act prior to the issuance of implementing regulations under the second sentence of this paragraph, the Secretary shall exclude those criteria for which regulations are required to be issued. The remainder of the amendments made by paragraph (1) shall take effect upon the issuance of implementing regulations, which the Secretary shall issue not later than four months after the date of enactment of this Act.

(4) Not later than March 15, 1986, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report evaluating the Urban Development Action Grant standards for eligibility and project selection under section 119 of the Housing and Community Development Act of 1974. Such report shall include an evaluation of the effect of those standards, taken individually and as a whole, in targeting eligibility on the Nation's economically most distressed cities and in stimulating the maximum economic development activity, as well as any legislative recommendations of the Secretary for improvement and the reasons for such recommendations.

(c) Section 119(f) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following: "In any case where the project proposes the repayment to the applicant of the grant funds, such funds shall be made available by the applicant for economic development activities which are or would be eligible activities under this section or section 104. The applicant shall annually provide the Secretary with a statement of the projected receipt and use of repaid grant funds during the next year together with a report acceptable to the Secretary on the use of such funds during the most recent preceding full fiscal year of the applicant.".

(d) Section 119(n)(1) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following: "Such term also includes the counties of Kauai, Maui, and Hawaii in the State of Hawaii, except that in the case of such counties grants shall be made only to assist projects that, in the determination of the Secretary, are located in and will improve the employment base of urban areas within such counties.".

(e) Section 119(r) of the Housing and Community Development Act of 1974 is amended by striking out "among programs" and inserting in lieu thereof "against projects".

TITLE IV—COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

LOCAL RAIL SERVICE ASSISTANCE

SEC. 401. Notwithstanding any other provision of law, no appropriation shall be made for purposes of section 5 (f) through (p) of the Department of Transportation Act (49 App. U.S.C. 1654 (f) through (p)) which, for the fiscal year ending September 30, 1986, is in excess of $11,800,000; for the fiscal year ending September 30, 1987, is in excess of $12,200,000; and for the fiscal year ending September 30, 1988, is in excess of $12,800,000.

NATIONAL RAILROAD PASSENGER CORPORATION

SEC. 402. (a) Notwithstanding any other provision of law, no appropriation in excess of $582,000,000 for the fiscal year ending September 30, 1986, $606,100,000 for the fiscal year ending September 30, 1987, and $630,300,000 for the fiscal year ending September 30, 1988, shall be made for purposes of carrying out activities of the National Railroad Passenger Corporation under the Rail Passenger Service Act (45 U.S.C. 501 et seq.).

(b) Section 103(3) of the Rail Passenger Service Act (45 U.S.C. 502(3)) is amended—

(1) by inserting "used" immediately before "automobiles"; and

(2) by striking "and their occupants".

(c) Section 303(a)(1)(E) of the Rail Passenger Service Act (45 U.S.C. 543(a)(1)(E)) is amended by inserting "and shall serve until their successors have been appointed" immediately before the period at the end thereof.

(d) Section 303(d) of the Rail Passenger Service Act (45 U.S.C. 543(d)) is amended by striking the third sentence.

(e) Section 304(c) of the Rail Passenger Service Act (45 U.S.C. 544(c)) is amended by adding at the end thereof the following:

"(3) The preferred stock issued pursuant to paragraphs (1) and (2) of this subsection shall be deemed to have been issued as of the date of receipt by the Corporation of the funds for which such stock is issued.".

(f)(1) Section 305(l) of the Rail Passenger Service Act (45 U.S.C. 545(l)) is repealed.

(2) Section 305(m) of the Rail Passenger Service Act (45 U.S.C. 545(m)) is amended by striking "Center" each place it appears and inserting in lieu thereof "Corporation".

(3) Section 308(a) of the Rail Passenger Service Act (45 U.S.C. 548(a)) is amended to read as follows:

"(a) The Corporation shall submit to the Congress a report not later than February 15 of each year. The report shall include, for each route on which the Corporation operated intercity rail passenger service during the preceding fiscal year, data on ridership, short-term avoidable profit or loss per passenger mile, revenue-to-cost ratio, revenues, the Federal subsidy, the non-Federal subsidy, and on-time performance. Such report shall also specify significant operational problems which have been identified by the Corporation, together with proposals by the Corporation to resolve such problems.".

(g) Section 306(f) of the Rail Passenger Service Act (45 U.S.C. 546(f)) is amended by inserting at the end thereof the following: "The Corporation shall be permitted to participate in the contract air program administered by the General Services Administration in markets where service provided by the Corporation is competitive with regard to rates and total trip times.".

(h) Section 306(m) of the Rail Passenger Service Act (45 U.S.C. 546(m)) is amended by inserting "only" immediately after "citizen".

(i)(1) Section 403(d) of the Rail Passenger Service Act (45 U.S.C. 563(d)) is amended—

(A) by striking "criteria set forth in section 404(d)(2)(B)" and inserting in lieu thereof "criterion set forth in section 404(d)(2)"; and

(B) by inserting after the first sentence thereof the following: "Beginning October 1, 1986, if such service is not projected to meet such criterion, the Corporation may discontinue such service, unless the Corporation and a State (or States) enter into an agreement which ensures that the criterion will be met.".

(2) Section 404(c)(3)(B) of the Rail Passenger Service Act (45 U.S.C. 564(c)(3)(B)) is amended—

(A) by striking "60" and inserting in lieu thereof "120";

(B) by striking all after "submission" through "amendment"; and

(C) by adding at the end thereof the following: "For purposes of this subparagraph, continuity of session of the Congress is broken only by an adjournment sine die and the days on which either House is not in session because of adjournment of more than 3 days to a day certain are excluded in the computation of such 120-day period.".

(3) Section 404(c)(4)(B) of the Rail Passenger Service Act (45 U.S.C. 564(c)(4)(B)) is amended to read as follows:

"(B) The Corporation shall conduct an annual review of each route in the basic system to determine if such route is projected to meet the criterion appropriate to such route set forth in subsection (d), as adjusted to reflect constant 1979 dollars. If the Corporation determines on the basis of such review that such route will not meet such criterion, the Corporation shall discontinue, modify, or adjust the operation of rail passenger service over such route so that the criterion will be met.".

(4)(A) The first sentence of section 404(d)(1) of the Rail Passenger Service Act (45 U.S.C. 564(d)(1)) is amended—

(i) by striking "if—" and inserting in lieu thereof "if";

(ii) by striking "(A)"; and

(iii) by striking all after "mile" the second time it appears therein and inserting in lieu thereof a period.

(B) The second sentence of section 404(d)(1) of the Rail Passenger Service Act (45 U.S.C. 564(d)(1)) is amended by striking "and passenger mile per train mile".

(C) The last sentence of section 404(d)(1) of the Rail Passenger Service Act (45 U.S.C. 564(d)(1)) is repealed.

(5) Section 404(d)(2) of the Rail Passenger Service Act (45 U.S.C. 564(d)(2)) is amended—

(A) by striking "if—" and inserting in lieu thereof "if";

(B) by striking "(A)"; and

(C) by striking all after "mile" the second time it appears therein and inserting in lieu thereof a period.

(6) Section 402 of the Rail Passenger Service Act (45 U.S.C. 562) is amended by adding at the end thereof the following:

"(i) Nothing in this section shall preclude parties from entering into an agreement, after the determination of the Commission or their initial agreement under this section, with respect to related costs described in this section.".

(7) The provisions of this subsection shall take effect on October 1, 1986.

(j) Title VII of the Rail Passenger Service Act (45 U.S.C. 621 et seq.) is repealed.

(k) Section 306(a)(3) of the Rail Passenger Service Act (45 U.S.C. 546(a)(3)) is amended by striking ", except as otherwise provided in this Act,".

(l) Section 306(k) of the Rail Passenger Service Act (45 U.S.C. 546(k)) is repealed.

(m) Section 402(g) of the Rail Passenger Service Act (45 U.S.C. 562(g)) is repealed.

(n) Section 405(a) of the Rail Passenger Service Act (45 U.S.C. 565(a)) is amended by adding at the end thereof the following: "For purposes of this section and any agreement designed to implement the provisions of this section, a 'discontinuance of intercity rail passenger service' shall not include any reduction in frequency, seasonal suspension or other service modification that does not result in elimination of all intercity rail passenger service on a route.".

(o)(1) The first sentence of section 805(2)(A) of the Rail Passenger Service Act (45 U.S.C. 644(2)(A)) is amended—

(A) by striking "shall" and inserting in lieu thereof "may"; and

(B) by striking "annually a".

(2) Section 805(2) (A) and (B) of the Rail Passenger Service Act (45 U.S.C. 644(2) (A) and (B)) is amended by striking "audit" wherever it appears and inserting in lieu thereof "audits".

(p) Section 806 of the Rail Passenger Service Act (45 U.S.C. 645) is repealed.

(q) Section 810 of the Rail Passenger Service Act (45 U.S.C. 649) is repealed.

(r) Section 811 of the Rail Passenger Service Act (45 U.S.C. 650) is repealed.

(s) Section 703(1)(D) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853(1)(D)) is repealed.

(t)(1)(A) Section 1163 of the Northeast Rail Service Act of 1981 (45 U.S.C. 1111) is repealed.

(B) The item relating to section 1163 in the table of contents of the Northeast Rail Service act of 1981 is amended to read as follows:

"Sec. 1163. Repealed.".

(C) Any decisions of the Interstate Commerce Commission before the date of enactment of this Act under section 1163 of the Northeast Rail Service Act (45 U.S.C. 1111) shall have no force and effect after the date of enactment of this Act.

(2) Section 402(a) of the Rail Passenger Service Act (45 U.S.C. 562(a)) is amended—

(A) by inserting "(1)" immediately after "(a)";

(B) by inserting "(2)" immediately before "Notwithstanding"; and

(C) by adding at the end of paragraph (2), as so designated by subparagraph (A) of this paragraph, the following: "The Commission, in making such a determination, shall assign to an entity obtaining services pursuant to this paragraph the costs incurred by the Corporation solely for the benefit of that entity, plus a proportionate share of all other costs of providing services covered by this paragraph that are incurred for the common benefit of more than one user of the rail properties covered by this paragraph. The proportionate share of such other costs assigned to a user shall be based on relative measures of volume of car or train operations, passengers handled, tonnage, or other factors that reasonably reflect the relative use of the rail properties covered by this paragraph.".

(3) The compensation standard established by the amendment made by paragraph (2) of this subsection shall be effective in any proceeding instituted under section 402(a)(2) of the Rail Passenger Service Act (45 U.S.C. 562(a)(2)) after the date of enactment of this Act.

CORPORATION FOR PUBLIC BROADCASTING

SEC. 403. (a) Section 391 of the Communications Act of 1934 (47 U.S.C. 391) is amended—

(1) by striking "and" after "1983,"; and

(2) by inserting ", $24,000,000 for fiscal year 1986, $28,000,000 for fiscal year 1987, and $32,000,000 for fiscal year 1988," immediately after "1984,".

(b) Section 393 of the Communications Act of 1934 (47 U.S.C. 393) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsection (d) as subsection (c).

(c)(1) Section 396(k)(1)(C) of the Communications Act of 1934 (47 U.S.C. 396(k)(1)(C)) is amended—

(A) by striking "and 1986" and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990";

(B) by striking "and" after "fiscal year 1985,"; and

(C) by inserting ", $200,000,000 for fiscal year 1987, $214,000,000 for fiscal year 1988, $238,000,000 for fiscal year 1989, and $254,000,000 for fiscal year 1990" immediately before the period at the end thereof.

(2) Section 396(k)(3)(A)(i)(II) of the Communications Act of 1934 (47 U.S.C. 396(k)(3)(A)(i)(II) is amended by striking "research, training, technical assistance, engineering, instructional support, payment of interest on indebtedness,".

(d) Section 396(k) of the Communications Act of 1934 (47 U.S.C. 396(k)) is amended—

(1) by striking paragraph (8); and

(2) by redesignating paragraphs (9) and (10) as paragraphs (8) and (9), respectively.

FEDERAL COMMUNICATIONS COMMISSION

SEC. 404. (a)(1) Section 6 of the Communications Act of 1934 (47 U.S.C. 156) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 6. There are authorized to be appropriated for the administration of this Act by the Commission $98,100,000 for fiscal year 1986 and $97,600,000 for fiscal year 1987, together with such sums as may be necessary for increases resulting from adjustments in salary, pay, retirement, other employee benefits required by law, and other nondiscretionary costs, for each of the fiscal years 1986 and 1987.".

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to fiscal years beginning after September 30, 1985.

(b) Section 4(g)(2) of the Communications Act of 1934 (47 U.S.C. 154(g)(2)) is amended—

(1) in subparagraph (D), by striking "1985" and inserting in lieu thereof "1987"; and

(2) by adding at the end thereof the following new subparagraph:

"(E) Funds which are received by the Commission as reimbursements under the provisions of this paragraph after the close of a fiscal year shall remain available for obligation.".

(c) Section 5(g) of the Communications Act of 1934 (47 U.S.C. 155(g)) is amended by striking "January 31" and inserting in lieu thereof "March 31".

(d) For provisions of law which, through relocation of the Fort Lauderdale, Florida, Monitoring Station of the Federal Communications Commission, reduce spending for fiscal year 1986 in satisfaction of the reconciliation requirements imposed by section 2(e) of S. Con. Res. 32 (99th Congress), see the material under the heading "FEDERAL COMMUNICATIONS COMMISSION" in the Supplemental Appropriations Act, 1985 (Public Law 99-88).

(e) The Communications Act of 1934 (47 U.S.C. 151 et seq.) is amended by inserting immediately after section 7 the following new section:

"CHARGES

"SEC. 8. (a) The Commission shall assess and collect charges listed in this subsection at the rates listed or at such modified rates as it shall establish pursuant to the provisions of subsection (b) of this section.

"Schedule of Charges

	"Service	Fee amount
	PRIVATE RADIO BUREAU	
1.	Marine Coast Stations (New, Modifications, Renewals).	$60.00
2.	Operational Fixed Microwave Stations (New, Modifications, Renewals).	135.00
3.	Aviation (Ground Stations) (New, Modifications, Renewals).	60.00
4.	Land Mobile Radio Licenses (New, Modifications, Renewals).	30.00
	EQUIPMENT APPROVAL SERVICE	
1.	Certification	
	a. Receivers (Except TV & FM Receivers).	250.00
	b. All Other Devices	650.00
2.	Type Acceptance	
	a. Approval of Subscription TV Systems.	2,000.00
	b. All Others	325.00
3.	Type Approval	
	a. Ship (Radio Telegraph) Automatic Alarm Systems.	6,500.00
	b. Ship and Lifeboat (Radio Telegraph) Transmitters.	3,250.00
	c. All Others (With Testing)	1,300.00
	d. All Others (Without Testing)	150.00
4.	Notifications	100.00
	MASS MEDIA BUREAU	
1.	Commercial TV Stations	
	a. New and Major Change Construction Permits Application Fees.	2,250.00
	b. Minor Changes Application Fee.	500.00
	c. Hearing Charge	6,000.00
	d. License Fee	150.00
2.	Commercial Radio Stations	
	a. New and Major Change Construction Permits.	
	(1) Application Fee AM Station.	2,000.00
	(2) Application Fee FM Station.	1,800.00
	b. Minor Changes Appl. Fee-AM & FM.	500.00
	c. Hearing Charge	6,000.00
	d. License Fee	
	(1) AM	325.00
	(2) FM	100.00
	e. Directional Antenna License Fee (AM only).	375.00
3.	FM/TV Translators and LPTV Stations (New & Major Change Construction Permits)	
	a. Application Fee	375.00
	b. License Fee	75.00
4.	Station Assignment and Transfer Fees	
	a. AM, FM and TV Commercial Stations	
	(1) Application Fee (Forms 314/315).	500.00
	(2) Application Fee (Form 316).	70.00
	b. FM/TV Translators & LPTV Stations.	75.00

"Schedule of Charges—Continued

"Service	Fee amount
5. Auxiliary Services Major Actions—Application Fee.	75.00
6. Renewals—All Services	30.00
7. Cable Television Service	
a. Cable Television Relay Service—Construction Permits, Assignments & Transfers, Renewals & Modifications.	135.00
b. Cable Special Relief Petitions—Filing Fee.	700.00
8. Direct Broadcast Satellite New & Major Change CPs	
a. Application for Authorization to Construct a Direct Broadcast Satellite.	1,800.00
b. Issuance of CP & Launch Authority.	17,500.00
c. License to Operate Satellite	500.00
d. Hearing Charge	6,000.00
COMMON CARRIER BUREAU	
1. Domestic Public Land Mobile Stations (Base, Dispatch, Control & Repeater Stations)	
a. New or Additional Facility Authorizations, Assignments & Transfers (Per transmitter/per station).	200.00
b. Renewals and Minor Modifications (Per station).	20.00
c. Air-Ground Individual License Renewals & Modifications.	20.00
2. Cellular Systems	
a. Initial Construction Permits & Major Modification Applications (Per cellular systems).	200.00
b. Assignments & Transfers (Per station).	200.00
c. Initial covering license (Per cellular system)	
(1) Wireline carrier	525.00
(2) Nonwireline carrier	50.00
d. Renewals	20.00
e. Minor modifications and additional licenses.	50.00
3. Rural Radio (Central Office, Interoffice or Relay Facilities)	
a. Initial Construction Permit, Assignments & Transfers (Per transmitter).	90.00
b. Renewals & Modifications (Per station).	20.00
4. Offshore Radio Service	
a. Initial Construction Permit, Assignments & Transfers (Per transmitter).	90.00
b. Renewals & Modifications (Per station).	20.00
5. Local Television or Point To Point Microwave Radio Service	
a. Construction Permits, Modifications of Construction Permits, and Renewals of Licenses.	135.00
b. Assignments & Transfers of Control (Per Station).	45.00
c. Initial License for New Frequency.	135.00
6. International Fixed Public Radio (Public & Control Stations)	
a. Initial Construction Permits, Assignments & Transfers.	450.00
b. Renewals & Modifications	325.00
7. Satellite Services	
a. Transmit Earth Stations	
(1) Initial Station Authorization.	1,350.00
(2) Assignments & Transfers of Station Authorizations.	450.00
(3) All Other Applications	90.00
b. Small Transmit/Receive Earth Stations (2 meters or less)	
(1) Lead Authorization	3,000.00
(2) Routine Authorization	30.00
(3) All Other Applications	90.00
c. Receive Only Earth Stations	
(1) Initial Station Authorization.	200.00
(2) All Other Applications	90.00
d. Applications For Authority To Construct a Space Station.	1,800.00
e. Applications For Authority To Launch & Operate a Space Station.	18,000.00
f. Satellite System Application	
(1) Initial Station Authorization.	5,000.00
(2) Assignments & Transfers of Systems.	1,333.00
(3) All Other Applications	90.00

"Schedule of Charges—Continued

"Service	Fee amount
8. Multipoint Distribution Service	
a. Construction Permits, Renewals & Modifications of Construction Permits.	135.00
b. Assignments & Transfers of Control (Per Station).	45.00
c. Initial License (per channel)	400.00
9. Section 214 Applications	
a. Applications for Overseas Cable Construction.	8,100.00
b. Applications for Domestic Cable Construction.	540.00
c. All Other 214 Applications	540.00
10. Tariff Filings	
a. Filing Fee	250.00
b. Special Permission Filings	200.00
11. Telephone Equipment Registration	135.00
12. Digital Electronic Message Service	
a. Construction Permits, Renewals & Modifications of Construction Permits.	135.00
b. Assignments & Transfers of Control (Per Station).	45.00
c. Initial License (First License or License Adding a New Frequency).	135.00

The Schedule of Charges established by this subsection shall be implemented not later than 360 days after the date of enactment of this subsection.

"(b)(1) The Schedule of Charges established by this section shall be reviewed by the Commission every two years after the date of enactment of this section and adjusted by the Commission to reflect changes in the Consumer Price Index. Increases or decreases in charges shall apply to all categories of charges, except that individual fees shall not be adjusted until the increase or decrease, as determined by the net change in the Consumer Price Index since the date of enactment of this section, amounts to at least $5.00 in the case of fees under $100.00, or 5 percent in the case of fees of $100.00 or more. All fees which require adjustment will be rounded upward to the next $5.00 increment. The Commission shall transmit to the Congress notification of any such adjustment not later than 90 days before the effective date of such adjustment.

"(2) Increases or decreases in charges made pursuant to this subsection shall not be subject to judicial review.

"(c)(1) The Commission shall prescribe by regulation an additional charge which shall be assessed as a penalty for late payment of charges required by subsection (a) of this section. Such penalty shall be 25 percent of the amount of the charge which was not paid in a timely manner.

"(2) The Commission may dismiss any application or other filing for failure to pay in a timely manner any charge or penalty under this section.

"(d)(1) The charges established in this section shall not be applicable to the following radio services: Local Government, Police, Fire, Highway Maintenance, Forestry-Conservation, Public Safety, and Special Emergency Radio, or to governmental entities licensed in other services.

"(2) The Commission may waive or defer payment of a charge in any specific instance for good cause shown, where such action would promote the public interest.

"(e) Moneys received from charges established in or prescribed pursuant to this section shall be deposited in the general fund of the Treasury to reimburse the United States for amounts appropriated for use by the Commission in carrying out its functions under this Act.

"(f) The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section.".

CONSTRUCTION-DIFFERENTIAL SUBSIDY

SEC. 405. For provisions of law which, through repayment of construction-differential subsidies made for the purpose of assisting the construction of certain new vessels, reduce spending for fiscal year 1986 in an amount not to exceed $200,000,000 in satisfaction of the reconciliation requirements imposed by section 2(e) of S. Con. Res. 32 (99th Congress), see sections 204(b), 207, 506 and 714 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1114(b), 1117, 1156 and 1204, respectively), and regulations promulgated pursuant to such sections.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

SEC. 406. (a) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its executive direction and administration duties under law, $47,954,000 for fiscal year 1986 and $50,111,930 for fiscal year 1987. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to executive direction and administration specified by the Act entitled "An Act to clarify the status and benefits of commissioned officers of the National Oceanic and Atmospheric Administration, and for other purposes", approved December 31, 1970 (33 U.S.C. 857-1 et seq.), and any other law involving such duties. Such duties include management, administrative support, retired pay of National Oceanic and Atmospheric Administration commissioned officers, and policy development.

(b) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its marine services duties under law, $64,886,000 for fiscal year 1986 and $67,805,870 for fiscal year 1987. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to marine services specified by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947 (33 U.S.C. 883a et seq.), and any other law involving such duties. Such duties include ship operations, maintenance, and support.

(c) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its aircraft services duties under law, $12,744,000 for fiscal year 1986 and $13,317,480 for fiscal year 1987. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to aircraft services specified by the Act entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Service to the Department of Agriculture", approved October 1, 1890 (15 U.S.C. 311 et seq.), and any other law involving such duties. Such duties include aircraft operations, maintenance, and support.

(d) For the purpose of enabling the National Oceanic and Atmospheric Administration to carry out its duties under the National Advisory Committee on Oceans and Atmosphere Act of 1977 (33 U.S.C. 857-13 et seq.), there are authorized to be appropriated to the Department of Commerce $630,000 for fiscal year 1986 and $658,350 for fiscal year 1987.

(e) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its programs at current levels such sums as may be necessary to accommodate salary, pay, and other employee benefits authorized by law for fiscal years 1986 and 1987.

(f) For the purpose of enabling the National Oceanic and Atmospheric Administration to carry out its duties under title II of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1441 et seq.), there are authorized to be appropriated to the Department of Commerce $10,635,000 for fiscal year 1986 and $11,113,575 for fiscal year 1987.

(g) For the purpose of enabling the National Oceanic and Atmospheric Administration to carry out its duties under the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701 et seq.), there are authorized to be appropriated to the Department of Commerce $3,571,000 for fiscal year 1986 and $3,731,695 for fiscal year 1987.

(h)(1) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its nonliving marine resource duties under law, $2,000,000 for fiscal year 1986 and $2,090,000 for fiscal year 1987. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to nonliving marine resources specified by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947 (33 U.S.C. 883a et seq.), and any other law involving such duties. Such duties include research, development, and licensing responsibilities pertaining to ocean thermal energy conversion and the seabed mining of manganese nodules, and polymetallic sulfide analyses and research.

(2) The authorization provided for under paragraph (1) of this subsection shall be in addition to moneys authorized under the Deep Seabed Hard Minerals Resources Act (30 U.S.C. 1401 et seq.), and the Ocean Thermal Energy Conversion Act of 1980 (42 U.S.C. 9101 et seq.), for the purpose of carrying out such duties relating to nonliving marine resources.

(i)(1) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its ocean research duties under law, $28,471,000 for fiscal year 1986 and $29,752,195 for fiscal year 1987. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to ocean research specified by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947 (33 U.S.C. 883a et seq.), and any other law involving such duties. Such duties include undersea marine resources, air-sea interaction, and ocean and Great Lakes environmental research.

(2) The authorization provided for under paragraph (1) of this subsection shall be in addition to ocean research moneys authorized under the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701 et seq.) for the purpose of carrying out such duties relating to ocean research.

(j)(1) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its ocean service duties under law, $20,314,000 for fiscal year 1986 and $21,228,130 for fiscal year 1987. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to ocean services specified by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947 (33 U.S.C. 883a et seq.), and any other law involving such duties. Such duties include coordination of interagency research in ocean dumping and marine pollution, and provision of tide and current data for the safe and efficient use of the oceans and Great Lakes by government, commerce, and the private sector.

(2) The authorization provided for under paragraph (1) of this subsection shall be in addition to moneys authorized under the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1441 et seq.), the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), and the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701 et seq.), for the purpose of carrying out such duties relating to ocean services.

(k)(1) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its mapping, charting, and geodesy duties under law, $50,474,000 for fiscal year 1986 and $52,745,330 for fiscal year 1987. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to mapping, charting, and geodesy specified by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947 (33 U.S.C. 883a et seq.), and any other law involving such duties. Such duties include aeronautical and nautical mapping and charting activities, and geodetic data collection and analysis.

(2) Section 1307 of title 44, United States Code, is amended to read as follows:

"§ 1307. National Oceanic and Atmospheric Administration: charts, sale and distribution

"(a)(1) All aeronautical and nautical charts, tide and tidal current tables, tidal current charts, coast pilots, water level products and associated data bases (nautical and aeronautical products) created or published by the National Oceanic and Atmospheric Administration shall be sold at such prices as the Secretary of Commerce shall establish annually, in accordance with the provisions of this subsection. The Secretary shall publish annually the prices at which nautical and aeronautical products are sold to the public.

"(2)(A) Subject to subparagraph (B) of this paragraph, the prices of nautical and aeronautical products may be increased over a period of not less than three years after the date of enactment of this section so as to recover all costs attributable to data base management, compilation, printing, and distribution of such products. The prices of such products may be maintained to recover all such costs thereafter. At the end of such period and every three years thereafter, the Secretary shall report to the Congress on the effect of imposing or maintaining such increased prices, including any impact on air and marine safety.

"(B) The Secretary shall adjust the prices of nautical or aeronautical products in such manner as is necessary to avoid any adverse impact on air and marine safety attributable to the prices specified in subparagraph (A) of this paragraph.

"(3) This section shall not be construed to require the establishment of any price for a nautical or aeronautical product where, in the judgment of the Secretary, furnishing of that product to a recipient is a reasonable exchange for voluntary contribution of information by the recipient to a program of the National Oceanic and Atmospheric Administration.

"(b) Fees collected from the sale of nautical or aeronautical products under this section and from any licensing of such products which is permitted under any other provision of law shall be deposited in the miscellaneous receipts fund of the United States Treasury.

"(c) The Secretary may distribute nautical and aeronautical products—

"(1) without charge to each foreign government or international organization with which the Secretary or a Federal department or agency has an agreement for exchange of these products without cost; and

"(2) at prices which the Secretary establishes, to the departments and officers of the United States requiring them for official use.

"(d) The fees provided for in this section are for the purpose of reimbursing the United States Government for the costs of creating, publishing or distributing aeronautical and nautical products of the National Oceanic and Atmospheric Administration. The collection of fees authorized by this section shall not alter or expand any duty or liability of the United States under existing law for the performance of functions for which fees are collected, nor shall the collection of fees constitute an express or implied undertaking by the United States to perform any activity in a certain manner.".

(3) The item relating to section 1307 in the analysis of chapter 13 of title 44, United States Code, is amended to read as follows:

"1307. National Oceanic and Atmospheric Administration: charts, sale and distribution.".

MARITIME PROGRAMS

SEC. 407. (a) Funds are authorized to be appropriated without fiscal year limitation as the appropriation Act may provide for the use of the Department of Transportation for fiscal year 1986 as follows:

(1) for payment of obligations incurred for operating-differential subsidy, not to exceed $335,084,000;

(2) for expenses necessary for research and development activities, not to exceed $9,900,000; and

(3) for expenses necessary for operations and training activities, not to exceed $71,967,000, including not to exceed—

(A) $34,847,000 for maritime education and training expenses, including not to exceed $19,633,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $10,915,000 for financial assistance to State maritime academies, $3,000,000 for fuel oil assistance to State maritime academy training vessels, and $1,299,000 for expenses necessary for additional training;

(B) $9,277,000 for national security support capabilities, including not to exceed $7,932,000 for reserve fleet expenses, and $1,345,000 for emergency planning/operations; and

(C) $27,843,000 for other operations and training expenses.

(b) Funds are authorized to be appropriated for the use of the Federal Maritime Commission, in the amount of $11,940,000 for fiscal year 1986.

(c) Section 2342(3) of title 28, United States Code, is amended to read as follows:

"(3) all final orders of the Federal Maritime Commission entered under title 46, United States Code;".

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

SEC. 408. Section 304 of the International Travel Act of 1961 (22 U.S.C. 2126) is amended by inserting immediately after "1982" the following: ", not to exceed $12,000,000 for the fiscal year ending September 30, 1986, not to exceed $13,000,000 for the fiscal year ending September 30, 1987, and not to exceed $14,000,000 for the fiscal year ending September 30, 1988".

TITLE V—COMMITTEE ON ENERGY AND NATURAL RESOURCES

Subtitle A—Department of Energy Programs

PART 1—STRATEGIC PETROLEUM RESERVE

AUTHORIZATIONS OF APPROPRIATIONS FOR FISCAL YEARS 1986, 1987, AND 1988

SEC. 501. Funds are hereby authorized to be appropriated in accordance with section 660 of the Department of Energy Organization Act for operating expenses for the Strategic Petroleum Reserve—

(1) to carry out part B of title I of the Energy Policy and Conservation Act, except acquisition, transportation, and injection of petroleum products for the Reserve and the carrying out of any drawdown and distribution of the Reserve—

(A) for the fiscal year ending September 30, 1986, $135,912,000;

(B) for the fiscal year ending September 30, 1987, $358,996,000; and

(C) for the fiscal year ending September 30, 1988, $156,692,000; and

(2) for the acquisition, transportation, and injection of petroleum products for the Reserve and the carrying out of any drawdown and distribution of the Reserve—

(A) for the fiscal year ending September 30, 1986, $357,548,000;

(B) for the fiscal year ending September 30, 1987, $333,695,000; and

(C) for the fiscal year ending September 30, 1988, $357,454,000.

CONFORMING AMENDMENTS

SEC. 502. (a) Section 160(c) of the Energy Policy and Conservation Act, as amended (42 U.S.C. 6240), is amended by adding the following new paragraph as follows:

"(3) Notwithstanding paragraph (2), during each of fiscal years 1986, 1987 and 1988, the President shall immediately seek to undertake, and thereafter continue, petroleum acquisition, transportation, and injection activities at a level sufficient to assure a minimum average annual fill-rate of 35,000 barrels per day.".

(b) Section 160(d)(1) of the Energy Policy and Conservation Act (42 U.S.C. 6240), is amended by—

(1) replacing the period with a semicolon and the word "or" and adding the following new subparagraph:

"(D) for each of the fiscal years 1986, 1987 and 1988, acquisition, transportation, and injection activities for the Strategic Petroleum Reserve are being undertaken for that fiscal year at a level sufficient to assure that petroleum products in storage in the Strategic Petroleum Reserve will be increased at an average annual rate of at least 35,000 barrels per day for that fiscal year.".

PART 2—URANIUM ENRICHMENT PROGRAM

AUTHORIZATION OF APPROPRIATIONS

SEC. 521. (a) In accordance with section 660 of the Department of Energy Organization Act (42 U.S.C. 7270), there is authorized to be appropriated to the Department of Energy for each of fiscal years 1986, 1987, and 1988 to carry out uranium enrichment activities amounts equal to the revenues to be received during each such fiscal year by the Department of Energy in providing uranium and enrichment service activities, as estimated in the applicable budget submitted by the President to the Congress for such fiscal year.

(b) In partial repayment of amounts appropriated from the general fund of the Treasury of the United States for uranium enrichment service activities, the Secretary of Energy shall deposit in the general fund any revenues in excess of expenditures in the provision of such activities over the three-year period referred to in subsection (a).

URANIUM ENRICHMENT REPORT

SEC. 522. The Secretary of Energy shall report within 60 days after the date of the enactment of this section to the Committee on Energy and Natural Resources of the Senate and the Committees on Energy and Commerce and on Interior and Insular Affairs of the House of Representatives regarding the effects of the September 19, 1985 decision of the U.S. District Court for the District of Colorado holding that the Department's Utility Services Uranium Enrichment Contracts are null and void (Western Nuclear Inc. v. F. Clark Huffman, Civil No. 84-C-2315). To the extent that it would not compromise the appeals process or DOE's competitive position in uranium enrichment, the report shall identify what the effects, if any, of the decision will be (1) on the operation of the Department's uranium enrichment facilities, (2) on the revenues of the uranium enrichment program, and (3) how the Department's response may mitigate these effects.

PART 3—ENERGY CONSERVATION

SEC. 523. This Part may be cited as the "Federal Energy Cost Reduction Act of 1985."

SEC. 524. Part 3 of title V of the National Energy Conservation Policy Act (P.L. 95-619) is amended by adding a new section after section 551 to read as follows:

"SEC. 552. ENERGY SAVINGS CONTRACTS.

"(a) Notwithstanding any other law, the head of a Federal agency may contract for energy savings for periods of not more than 25 years. As used in this section "energy savings" means a reduction in the energy consumption or in energy-related costs of an existing building or community of buildings caused by new equipment or supplies, altered operation and maintenance, technical services, or other means or the increased efficient use of existing energy sources by cogeneration, heat recovery, or other means.

"(b) The costs of contracts authorized under this section for any year may be paid from moneys made available for utility costs and related operations and maintenance costs.

"(c) In the event funds are not made available for the continuance of a contract authorized by this section for a subsequent fiscal year, the contract shall be cancelled or terminated and the costs of cancellation or termination may be paid from—

"(1) funds appropriated for the performance of the contract concerned;

"(2) appropriated funds otherwise available for the payment of those costs; or

"(3) funds appropriated for those costs.

"(d) The Secretary's annual report under section 550 and the information each Federal agency is required to furnish to the Secretary under section 550 shall include:

"(1) a description of the progress made in conforming to this section the regulations applicable to each Federal agency so as to permit contracts for energy savings, and

"(2) a description of each Federal agency's progress in the use of such contracts.".

Subtitle B—Department of the Interior Programs

SHORT TITLE

SEC. 531. This subtitle may be referred to as the "Outer Continental Shelf Lands Act Amendments of 1985".

REVISION OF SECTION 8(g)

SEC. 532. Delete paragraphs 8(g)(2) through (4) of the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1337(g)) and insert in lieu thereof—

"(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses, rents, and royalties derived from any lease of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary of any coastal State. Except as provided in paragraph (5), not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest thereon. The remaining balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the United States Treasury.

"(3) Whenever the Secretary or the Governor of a coastal State determines that a common potentially hydrocarbon-bearing area may underlie the Federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the common potentially hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any common potentially hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. If the Secretary and the Governor do not enter into an agreement, the Secretary may nevertheless proceed with the leasing of the tract or tracts. Any revenues received by the United States under such an agreement shall be subject to the requirements of paragraph (2).

"(4) The deposits in the Treasury account described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

"(5)(A) When there is a boundary dispute between the United States and a State under section 7 of this Act, the Secretary shall credit to the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 revenues from oil and gas lease sales in the area within three nautical miles of the boundary asserted by the State, if that money has not otherwise been deposited in the separate account established under section 7. Proceeds of the account established under section 7, and the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed as follows:

"(i) If a State is wholly successful in its claim under section 7, such claim shall be satisfied by the money deposited in the escrow account established by section 7. Any excess monies in the section 7 account attributable to such State shall be transferred to the 8(g) account, and any monies due that State, both retrospectively and prospectively, as a result of the 8(g) zone created by the newly established boundary shall be distributed to the State in accordance with the terms of section 533 of the Outer Continental Shelf Lands Act Amendments of 1985.

"(ii) If the United States is wholly successful in its claim under section 7, the amount of money that is necessary to satisfy the State's share as set forth under section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed from the revenues deposited in the section 7 escrow account. The amounts remaining after the distributions described in this subparagraph shall be paid to the United States pursuant to this section.

"(iii) If the United States or the affected State is partially successful in its claim under section 7, after the distribution under that result, the amount of money that is necessary to satisfy the State as set forth under section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed first from the remaining monies in the section 7 escrow account, and then from the amounts deposited or credited in the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985. For amounts credited, the distribution shall be inaccordance with clause (iv). The amounts remaining after the distributions described in this subparagraph shall be paid to the United States pursuant to this section.

"(iv) If there is insufficient money from the applicable oil and gas lease sales deposited in either the account established by section 7 or the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985, the recoupment provisions of section 535 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be applicable.

"(B) This paragraph applies to all Federal oil and gas lease sales, under this Act, including joint lease sales, occurring after September 18, 1978.

"(6) This section shall be deemed to take effect on October 1, 1985, for purposes of determining the amounts to be deposited in the separate account and the States' shares described in paragraph (2).

"(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States.".

DISTRIBUTION OF 8(G) ACCOUNT

SEC. 533. (a) Prior to January 1, 1986, the Secretary shall distribute to the designated coastal States the sum of:

(1) The amounts due and payable to each such State under paragraph (2) of section 8(g) of the Outer Continental Shelf Lands Act, as amended by this Act, for the period between October 1, 1985, and the date of such distribution, and

(2) The amounts due each such State under subsection (b) for the period prior to October 1, 1985.

(b)(1) The funds which were deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1337(g)(4)), as it was in effect prior to the date of enactment of Section 532 of this Act shall be distributed in the following manner as a fair and equitable disposition of such funds derived from bonuses and rents and accrued interest thereon through September 30, 1985:

State	(In millions of dollars)
Louisiana	635
Texas	424
California	375
Alabama	73
Alaska	46
Mississippi	15
Florida	0.03

(2) The Secretary shall distribute to each coastal State 27 percent of the royalties derived from any lease of Federal lands within three miles of the seaward boundary of such coastal State and accrued interest thereon which have been deposited through September 30, 1985, in the separate account described in paragraph (1), as a fair and equitable disposition of such royalties.

(3) The amounts derived from bonuses, rents and royalties and accrued interest thereon through September 30, 1985, remaining in the account after distribution to the States under this subsection shall be transmitted to the miscellaneous receipts account of the United States Treasury.

(c) The acceptance of payment under this section shall satisfy and release any and all claims against the United States arising under, or related to, section 8(g) of the Outer Continental Shelf Lands Act, as amended, as it was in effect prior to the date of enactment of Section 532 of this Act.

IMMOBILIZATION OF BOUNDARIES

SEC. 534. Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting before the semicolon at the end of the subsection add a comma and the following: "except that any boundary between a State and the United States under this Act which has been or is hereafter fixed by coordinates under a final decree of the United States Supreme Court shall remain immobilized at the coordinates provided under such decree and shall not be ambulatory.".

RECOUPMENT

SEC. 535. (a) As a fair and equitable disposition of revenues derived between September 18, 1978, and September 30, 1985, from all bonuses, rents, and royalties from any Federal leases within three miles of the seaward boundary of any coastal State, including all such revenues which should have been, but which were not, deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1337(g)(4)) as it was in effect prior to the date of enactment of section 532 of this Act, such coastal State shall be entitled to an additional amount equal to:

(1) 27 percent of all bonuses, rents, and royalties derived from any lease of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary of such coastal State, less

(2) The amounts paid to such coastal State under section 533(b) of this Act.

(b) The additional amount due each State under subsection (a) shall be paid from a separate Treasury account which is constituted as set forth in subsection (c). The total amount contained in such account on the last business day of each month shall be paid to each State in an amount proportional to that State's share of the total additional amounts due to all States under subsection (a).

(c) Beginning on October 1, 1986, the Secretary shall deposit into the account described in subsection (b) from the separate account described in section 8(g)(2) of the Outer Continental Shelf Lands Act, as amended by this Act, 10 percent of all bonuses, rents, and royalties deposited after October 1, 1986, into the account described in such section 8(g)(2) until such time as the additional amounts due to all coastal States under subsection (a) have been paid.

BIOMASS ENERGY AND ALCOHOL FUELS LOAN GUARANTEES

SEC. 536. Section 221 of the Biomass Energy and Alcohol Fuels Act of 1980 (Public Law 96-294; 42 U.S.C. 8821) is amended by—

(1) striking out "September 30, 1984" and inserting in lieu thereof "June 30, 1986"; and

(2) adding at the end thereof the following: "The Secretary may modify the terms and conditions of any conditional commitment for a loan guarantee under this subtitle made before October 1, 1984, including the amount of the loan guarantee. Enactment of this section shall not be in interpreted as indicating Congressional approval with respect to any pending conditional commitments under this Act.".

TITLE VI—COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

OBLIGATION LIMITATION

SEC. 601. (a) Notwithstanding any other provisions of law, the total of all obligations for Federal-aid highways and highway safety construction programs shall not exceed $12,750,000,000 for fiscal year 1986, $13,250,000,000 for fiscal year 1987, and $13,800,000,000 for fiscal year 1988. These limitations shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, obligations under section 157 of title 23, United States Code, projects covered under section 147 of the Surface Transportation Assistance Act of 1978, section 9 of the Federal-Aid Highway Act of 1981, section 118 of the National Visitors Center Facilities Act of 1968, or section 320 of title 23, United States Code.

(b) For the fiscal years 1986, 1987, and 1988, the Secretary of Transportation shall distribute the limitation imposed by subsection (a) by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to each State for such fiscal years bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to all the States for such fiscal years.

(c) During the period October 1 through December 31, 1985, October 1 through December 31, 1986, and October 1 through December 31, 1987, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (b) for fiscal years 1986, 1987 and 1988 respectively, and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection for such fiscal year.

(d) Notwithstanding subsections (b) and (c), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which

have been apportioned or allocated to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1986, August 1, 1987, and August 1, 1988, revise a distribution of the funds made available under subsection (b) for such fiscal year if a State will not obligate the amount distributed during such fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during such fiscal year giving priority to those States having large unobligated balances of funds apportioned under section 104 of title 23, United States Code, and giving priority to those States which, because of statutory changes made by the Surface Transportation Assistance Act of 1982 and the Federal-Aid Highway Act of 1981, have experienced substantial proportional reductions in their apportionments and allocations; and

(3) not distribute amounts authorized for administrative expenses and Federal lands highways.

INCREASE THE STATE EMERGENCY REPAIR FUND LIMITATION

SEC. 602. The first sentence of section 125(b) of title 32, United States Code, is amended by inserting after "$30,000,000" the following: "($55,000,000 for projects in connection with disasters or failures occurring in calender year 1985)".

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Subtitle A—Medicare

PART 1—PROVISIONS RELATING TO PART A OF MEDICARE

Subpart A—Hospital Reimbursement

SEC. 701. RATE OF INCREASE IN PAYMENTS FOR IN-PATIENT HOSPITAL SERVICES.

(a) APPLICABLE PERCENTAGE INCREASE.—Section 1886(b)(3)(B) of the Social Security Act is amended to read as follows:

"(B)(i) For purposes of subparagraph (A) and subsection (d), the 'applicable percentage increase' for any 12-month cost reporting period or fiscal year shall be—

"(I) 0.5 percent with respect to discharges occurring in any cost reporting period or fiscal year beginning on or after October 1, 1985, and before October 1, 1986;

"(II) a percentage determined by the Secretary pursuant to subsection (e)(4), but which does not exceed the 'market basket percentage increase', with respect to discharges occurring in any cost reporting period or fiscal year beginning on or after October 1, 1986, and before October 1, 1988; and

"(III) the percentage determined by the Secretary pursuant to subsection (e)(4) with respect to discharges occurring in any cost reporting period or fiscal year beginning on or after October 1, 1988.

"(ii) For purposes of clause (i), the term 'market basket percentage increase' means the percentage, estimated by the Secretary before the beginning of the period or year, by which the cost of the mix of goods and services (including personnel costs but excluding nonoperating costs) comprising routine, ancillary, and special care unit inpatient hospital services, based on an index of appropriately weighted indicators of changes in wages and prices which are representative of the mix of goods and services included in such inpatient hospital services, for such cost reporting period or fiscal year will exceed the cost of such mix of goods and services for the preceding 12-month cost reporting period or fiscal year.".

(b) CONFORMING AMENDMENTS.—(1) Section 1886(e) of such Act is amended by striking out "fiscal year 1986" each place it appears in paragraphs (2), (3), (4), and (5), and inserting in lieu thereof in each instance "fiscal year 1987".

(2) Section 1886(e)(3) of such Act is amended by striking out "(instead of the applicable percentage increase described in subsection (b)(3)(B))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges occurring in any cost reporting period or fiscal year beginning on or after October 1, 1985.

SEC. 702. APPLICATION OF REVISED HOSPITAL WAGE INDEX.

(a) APPLICATION OF REVISED INDEX PROSPECTIVELY.—Section 2316(b) of the Deficit Reduction Act of 1984 is amended to read as follows:

"(b) The Secretary shall adjust the payment amounts for hospitals for discharges occurring during fiscal year 1986 to reflect the changes the Secretary has promulgated in final regulations (on September 3, 1985) relating to the hospital wage index under section 1886(d)(3)(E) of the Social Security Act, as that provision relates to the use of total gross hospital wages. For discharges occurring after September 30, 1986, the Secretary shall provide for such periodic adjustments in the appropriate wage index used under that section as may be necessary, taking into account changes in the wage dif-

ferences of full-time and part-time workers.".

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as if it had been included in the Deficit Reduction Act of 1984.

SEC. 703. PAYMENTS TO HOSPITALS FOR INDIRECT COSTS OF MEDICAL EDUCATION.

(a) PAYMENT FOR INDIRECT COSTS OF MEDICAL EDUCATION.—Section 1886(d)(5)(B) of the Social Security Act is amended to read as follows:

"(B) Effective with respect to discharges occurring on or after October 1, 1985, the Secretary shall provide for an additional payment amount for subsection (d) hospitals with indirect costs of medical education, in an amount computed in the same manner as the adjustment for such costs under regulations (in effect as of January 1, 1983) under subsection (a)(2), except as follows:

"(i) The amount of such additional payment shall be equal to the DRG payment multiplied by an educational adjustment factor equal to—

"(I) in the case of discharges occurring on or after October 1, 1985, and before October 1, 1987, $((1+r)^{.467}-1)/1.67)$, and

"(II) in the case of discharges occurring on or after October 1, 1987, $((1+r)^{.5795}-1)/1.50)$,

with r being the ratio of interns and residents to beds.

"(ii) In determining such adjustment the Secretary shall not distinguish between those interns and residents who are employees of a hospital and those interns and residents who furnish services to a hospital but are not employees of such hospital.

"(iii) Effective on and after July 1, 1986, such additional payments shall not be made with respect to any intern or resident whose costs are not recognized as reasonable by reason of clauses (ii), (iii), and (iv) of section 1861(v)(1)(P).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges occurring on or after October 1, 1985.

SEC. 704. ADJUSTMENT FOR INDIRECT COSTS OF TEACHING HOSPITALS RELATED TO OUTPATIENT ACTIVITIES.

(a) INCLUSION OF OUTPATIENT ACTIVITIES.—Section 1886(d)(5)(B) of the Social Security Act (as amended by section 703 of this Act) is further amended by adding at the end thereof the following new clause:

"(iv) The Secretary shall continue to count interns and residents-in-training assigned to outpatient services of the hospital as part of the calculation of the full-time equivalent number of interns and residents-in-training.".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on October 1, 1985.

SEC. 705. PAYMENTS FOR HOSPITALS WHICH SERVE A DISPROPORTIONATE SHARE OF LOW-INCOME MEDICARE PATIENTS.

(a) PAYMENT FOR HOSPITALS WHICH SERVE A DISPROPORTIONATE SHARE OF LOW-INCOME MEDICARE PATIENTS.—Section 1886(d)(5) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(F)(i) For fiscal years 1986 and 1987, the Secretary shall provide for an additional payment amount for subsection (d) hospitals which serve a significantly disproportionate number of low-income patients entitled to benefits under part A of this title.

"(ii) A payment under this subparagraph for a fiscal year shall be made to any hospital described in clause (i) which—

"(I) has 100 or more beds, and for which, for such fiscal year, the percentage determined under clause (iii) is 15 percent or greater, or

"(II) has fewer than 100 beds, and for which, for such fiscal year, the percentage determined under clause (iii) is 55 percent or greater.

"(iii) The percentage for a hospital is the fraction (expressed as a percentage), the numerator of which is the number of such hospital's patient days for such fiscal year which were made up of patients who (for such days) were entitled to benefits under part A of this title and were entitled to supplementary security income benefits (excluding any State supplementation) under title XVI of this Act, and the denominator of which is the number of such hospital's patient days for such fiscal year which were made up of patients who (for such days) were entitled to benefits under part A of this title.

"(iv) The amount of the additional payment under this subparagraph for each of the fiscal years 1986 and 1987 shall be equal to a percentage of the hospital's DRG payment, determined as follows: $((P-15)/(.25))+2$, where P is the lesser of the hospital's percentage under clause (iii) or 55.".

(b) STATISTICAL FILE.—For purposes of implementing section 1886(d)(5)(F) of the Social Security Act, the Secretary of Health and Human Services shall, prior to October 1, 1986, develop for each State statistical files of individuals in such State who are eligible under both title XVIII of such Act and under title XVI of such Act (excluding any State supplementation). For purposes of establishing such files, any State having a plan approved under title XIX of such Act shall provide to the Secretary any data necessary to carry out this subsection.

(c) RATES.—(1) For the 12-month period beginning on October 1, 1985, the Secretary of Health and Human Services shall make payments under section 1886(d)(5)(F) of the Social Security Act on the basis of rates developed on the basis of available historical data, such as data available from the Congressional Budget Office. In the case of any hospital where historical data is not available for purposes of determining such rates, the Secretary shall make such payments on the basis of historical data available with respect to similar hospitals in the same region.

(2) Any hospital may have payments under section 1886(d)(5)(F) of the Social Security Act made on the basis of data provided by such hospital if the hospital shows, and the Secretary agrees, that such data is more accurate than the data which would otherwise be used by the Secretary.

(d) CONFORMING AMENDMENT.—Section 1886(d)(5)(C)(i) of the Social Security Act is amended by striking out ", and of public or other hospitals that serve a significantly disproportionate number of patients who have low income or are entitled to benefits under part A of this title".

(e) PAPERWORK REDUCTION.—Chapter 35 of title 44, United States Code, shall not apply to information required for purposes of carrying out this section and the amendments made by this section.

(f) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1985.

SEC. 706. PAYMENTS TO HOSPITALS FOR DIRECT COSTS OF MEDICAL EDUCATION.

(a) FREEZE AND LIMITATIONS.—Section 1861(v)(1) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(P) Payments relating to the direct costs of approved educational activities at hospitals shall be made in accordance with the regulations in effect on January 1, 1985, except as follows:

"(i) For a hospital's first cost accounting period which begins on or after July 1, 1985 (the freeze accounting period), the amount of such costs recognized as reasonable by the Secretary shall not exceed the amount so recognized with respect to such hospital for such hospital's most recent cost accounting period ending prior to October 1, 1985 (the base accounting period), disregarding any salary or wage increases, and any cost center shifting or reallocation, implemented after May 1, 1985. If a hospital's cost accounting periods do not begin on July 1, the Secretary shall increase the limit established under the preceding sentence by an appropriate factor to reflect general increases in the costs of approved educational activities which took place between the end of the hospital's base accounting period and the beginning of its freeze accounting period, disregarding any increases in salaries or wages after May 1, 1985.

"(ii)(I) Effective on and after July 1, 1986, the Secretary shall not recognize as reasonable any such costs incurred with respect to any intern or resident-in-training for years in training which exceed the lesser of—

"(a) five years, or

"(b) the minimum number of years of formal training necessary to satisfy the requirements (as specified in the 1985-1986 Directory of Residency Training Programs published by the Accreditation Council on Graduate Medical Education) for initial board eligibility in the particular specialty for which such intern or resident-in-training is preparing, or, after July 1, 1989, in the event that the required number of years in training changes, the number of years which the Secretary may specify, after consultation with the Accreditation Council on Graduate Medical Education and after review of the recommendations of the Council on Graduate Medical Education established under section 799 of the Public Health Service Act; except that (1) if such change increases the required number of years, the revised number of years specified by the Secretary may not be greater than such increased required number of years nor less than the number of years specified in the 1985-1986 Directory, and (2) if such change decreases the required number of years, the revised number of years specified by the Secretary may not be greater than the number of years specified in the 1985-1986 Directory nor less than such decreased required number of years.

"(II) Notwithstanding subclause (I), the Secretary may recognize costs incurred with respect to additional years of training of interns or residents-in-training who are participating in geriatric fellowship programs which meet such criteria as the Secretary may establish, and who began their participation in such programs prior to July 1, 1991.

"(iii) Effective on and after July 1, 1986, the Secretary shall not recognize as reasonable any such costs incurred with respect to any intern or resident who is not a graduate of a school of medicine accredited by the Liaison Committee on Medical Education of the American Medical Association and the Association of American Medical Colleges (or approved by such Committee as meeting the standards necessary for such accreditation), or of a school of osteopathy accredited by the American Osteopathic Association (or

approved by such Association as meeting the standards necessary for such accreditation), or of a school of dentistry or podiatry which is accredited (or meets the standards for accreditation) by an organization recognized by the Secretary for such purpose; except that—

"(I) for the 12-month period beginning on July 1, 1986, there shall be included, on an average cost per intern and resident basis, a number of interns and residents equal to the lesser of—

"(a) two-thirds of the number of such hospital's interns and residents for such 12-month period who are not graduates of such a school but who began their formal training required for initial board eligibility in the specialty for which they are preparing prior to July 1, 1986, or

"(b) two-thirds of the number of interns and residents who are not graduates of such a school, but with respect to whom such hospital received payments under this subparagraph for the 12-month period beginning July 1, 1985; and

"(II) for the 12-month period beginning on July 1, 1987, there shall be included, on an average cost per intern and resident basis, a number of interns and residents equal to the lesser of—

"(a) one-third of the number of such hospital's interns and residents for such 12-month period who are not graduates of such a school but who began their formal training required for initial board eligibility in the specialty for which they are preparing prior to July 1, 1986, or

"(b) one-third of the number of interns and residents who are not graduates of such a school, but with respect to whom such hospital received payments under this subparagraph for the 12-month period beginning July 1, 1985.

"(iv) In the case of a hospital at which, on October 1, 1985, more than 50 percent of the interns and residents-in-training for which such hospital receives payments under this subparagraph are not graduates of a school described in clause (iii), the provisions of clause (iii)(I) shall apply for the 24-month period beginning on July 1, 1986, and the provisions of clause (iii)(II) shall apply to the 36-month period beginning on July 1, 1988.".

(b) STUDIES BY SECRETARY.—(1) The Secretary of Health and Human Services shall conduct a study with respect to approved educational activities relating to nursing and other health professions for which reimbursement is made to hospitals under title XVIII of the Social Security Act. The study shall address—

(A) the types and numbers of such programs, and number of students supported or trained under each program;

(B) the fiscal and administrative relationships between the hospitals involved and the schools with which the programs and students are affiliated; and

(C) the types and amounts of expenses of such programs for which reimbursement is made, and the financial and other contributions which accrue to the hospital as a consequence of having such programs.

The Secretary shall report the results of such study to the Congress prior to December 31, 1986.

(2) The Secretary shall conduct a separate study of the advisability of continuing the exemption under section 1861(v)(1)(P)(ii)(II) of the Social Security Act for geriatric fellowships, and of expanding such exemption to cover other educational activities, particularly those which are necessary to meet the projected health care needs of Medicare beneficiaries. Such study shall also examine the adequacy of the supply of faculty in the field of geriatrics. The Secretary shall report the results of such study to the Congress prior to July 1, 1990.

(c) GAO STUDY.—(1) The Comptroller General shall conduct a study of the difference between the amounts of payments made under title XVIII of the Social Security Act with respect to inpatients in teaching hospital settings and the amounts of such payments which are made with respect to comparable patients who are treated in a nonteaching hospital setting. Such study shall identify the components of such payments (including payments with respect to inpatient hospital services, physicians' services, and capital costs, and, in the case of teaching hospital patients, payments with respect to direct and indirect teaching costs) and shall account, to the extent feasible, for any differences between the amounts of the payment components in teaching and nonteaching settings.

(2) In carrying out such study, the Comptroller General may utilize a sample of teaching hospital patients and any other data sources which he deems appropriate, and shall, to the extent feasible, control for differences in severity of illness levels, area wage levels, levels of physician reasonable charges for like services and procedures, and for other factors which could affect the comparability of patients and of payments between teaching and nonteaching settings. The information obtained in the study shall be coordinated with the information obtained in conducting the study of teaching physicians' services under section 2307(c) of the Deficit Reduction Act of 1984.

(3) The Comptroller General shall report the results of the study to the Congress prior to December 31, 1986.

(d) PAPERWORK REDUCTION.—Chapter 35 of title 44, United States Code, shall not apply to information required for purposes of carrying out this section and the amendments made by this section.

SEC. 707. CONTINUATION OF MEDICARE REIMBURSEMENT WAIVERS FOR CERTAIN HOSPITALS PARTICIPATING IN REGIONAL HOSPITAL REIMBURSEMENT DEMONSTRATIONS.

(a) CONTINUATION OF WAIVERS.—A hospital reimbursement control system which, on January 1, 1985, was carrying out a demonstration under a contract which had been approved by the Secretary of Health and Human Services pursuant to section 222(a) of the Social Security Amendments of 1972, or under section 402 of the Social Security Amendments of 1967 (as amended by section 222(b) of the Social Security Amendments of 1972), shall be deemed to meet the requirements of section 1886(c)(1)(A) of the Social Security Act if such system applies—

(1) to substantially all non-Federal acute care hospitals (as defined by the Secretary) in the geographic area served by such system on January 1, 1985, and

(2) to the review of at least 75 percent of—

(A) all revenues or expenses in such geographic area for inpatient hospital services, and

(B) revenues or expenses in such geographic area for inpatient hospital services provided under the State's plan approved under title XIX.

(b) APPROVAL.—The Secretary shall approve the request for a system under paragraph (1) of section 1886(c) of the Social Security Act with respect to a hospital cost control system if—

(1) the requirements of subparagraphs (B), (C), (D), and (E) of such paragraph are met with respect to the system; and

(2) the requirements of subparagraph (A) of such paragraph are met with respect to the geographic area served by such system by reason of subsection (a) of this section.

(c) EFFECTIVE DATE.—This section shall become effective on the date of the enactment of this Act, and shall continue to be effective with respect to a hospital cost control system for so long as such system continues to be approved pursuant to subsection (b).

SEC. 708. CONTINUATION OF HOSPITAL COST CONTROL SYSTEMS FOR CERTAIN STATES.

(a) CONTINUATION OF STATE SYSTEMS.—Section 1886(c) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) If a State makes a request under paragraph (5) prior to December 31, 1984, for approval of a State hospital reimbursement control system, and such request is approved, the Secretary may not discontinue payments under the system pursuant to paragraph (3)(B) prior to July 1, 1986, for so long as such State is taking steps to assure that such State will meet the requirements of paragraph (1)(C) for the applicable 36-month period.".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on the date of the enactment of this Act.

SEC. 711A RESPONSIBILITIES OF MEDICARE HOSPITALS IN EMERGENCY CASES.

(a) REQUIREMENT OF MEDICARE HOSPITAL PROVIDER AGREEMENTS.—Section 1866(a) (1) of the Social Security Act is amended—

(1) by striking out "and" at the end of subparagraph (g);

(2) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof ", and";

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I) in the case of a hospital, to comply with requirements of section 1867 to the extent applicable.".

(b) REQUIREMENTS.—Title XVIII of such Act is amended by inserting after section 1866 the following new section:

"EXAMINATION AND TREATMENT FOR EMERGENCY MEDICAL CONDITIONS AND WOMEN IN ACTIVE LABOR

"SEC. 1867. (a) Medical Screening Requirement.—In the case of any hospital which has a hospital emergency department, if any individual (whether or not eligible for benefits under this title) comes to the emergency department and a request is made on the individual's behalf for examination or treatment for a medical condition, the hospital must provide for an appropriate medical screening examination within the capability of such hospital's emergency department to determine whether or not an emergency medical condition (within the meaning of subsection (e)(1)) exists or to determine if the individual is in active labor (within the meaning of subsection (e)(2)). The requirements of this subsection shall not apply if the provision of a medical screening examination would delay or otherwise be contrary to the prompt treatment of the individual's medical condition.

"(b) NECESSARY STABILIZING TREATMENT FOR EMERGENCY MEDICAL CONDITIONS AND ACTIVE LABOR.—If any individual (whether or not eligible for benefits under this title) comes to the hospital and the individual is determined (through the screening described in subsection (a) or otherwise) to have an

emergency medical condition or to be in active labor, the hospital must provide either—

"(1) within the staff and facilities available at such hospital, for such further medical examination and such treatment as may be required to stabilize the medical condition or to provide for treatment of the labor, unless the examination or treatment is refused; or

"(2) for transfer of the patient to another medical facility in accordance with subsection (c), unless the transfer is refused.

"(c) RESTRICTING TRANSFERS UNTIL PATIENT STABILIZED.—

"(1) GENERAL RULE.—If a patient at a hospital has an emergency medical condition which has not been stabilized (within the meaning of subsection (e)(3)(B)) or is in active labor, the hospital may not transfer the patient unless—

"(A)(i) the patient (or a member of the patient's family if the patient is an unemancipated minor or is unable to communicate) requests that a transfer be effected; or

"(ii) there has been a determination by a physician (within the meaning of section 1861(r)(1)), or by other qualified medical personnel when a physician is not available in the emergency department, that, based upon the reasonable risks and benefits to the patient, and based upon the information available at the time, the benefits obtained from the provision of appropriate medical treatment at another medical facility, taking into account the potential risks to the individual's medical condition involved in the transfer, outweigh the potential benefits to the individual's medical condition from not effecting the transfer; and

"(B) the transfer is an appropriate transfer (within the meaning of paragraph (2)) to that facility.

"(2) APPROPRIATE TRANSFER.—An appropriate transfer to a medical facility is a transfer—

"(A) in which the receiving facility—

"(i) has available space and qualified personnel for the treatment of the patient;

"(ii) has agreed to accept tranfer of the patient and to provide appropriate medical treatment; and

"(iii) is being provided appropriate medical records (or copies thereof) of the examination and treatment furnished at the transferring facility, or, if the patient's medical condition is sufficiently serious to require an immediate transfer, is notified of the transfer as soon as practicable under the circumstances;

"(B) in which the transfer is effected through qualified personnel and transportation equipment, as required, including the use of necessary and medically appropriate life support measures during the transfer; and

"(C) which meets such other requirements as the Secretary may find necessary in the interest of the health and safety of patients transferred.

"(d) ENFORCEMENT.—If a hospital knowingly and willfully, or negligently, fails to meet the requirements of this section, such hospital shall be subject to—

"(1) termination of its provider agreement under this title in accordance with section 1866(b); or

"(2) at the option of the Secretary, suspension of such agreement for such period of time as the Secretary determines to be appropriate, upon reasonable notice to the provider and to the public.

"(e) DEFINITIONS.—For purposes of this section:

"(1) The term 'emergency medical condition' means a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in—

"(A) placing the patient's health in serious jeopardy;

"(B) serious impairment to bodily functions; or

"(C) serious dysfunction of any bodily organ or part.

"(2) The term 'active labor' means labor at a time at which—

"(A) delivery is imminent; or

"(B) there is inadequate time to effect safe transfer to another hospital prior to delivery.

"(3)(A) The term 'to stabilize' means, with respect to an emergency medical condition, to provide such medical treatment of the condition as may be reasonably necessary under the circumstances and within the capability of the hospital—

"(i) so that the transfer of the individual will not, within reasonable medical probability, result in substantial risk of the death or serious impairment of the individual as a direct result of the transfer; or

"(ii) in order to determine that the benefits obtained from the provision of appropriate medical treatment at another medical facility, taking into account the potential risks to the individual's medical condition involved in the transfer, outweigh the potential benefits to the individual's medical condition from not affecting the transfer.

"(B) The term 'stabilized' means, with respect to an emergency medical condition, that such medical treatment of the condition has been provided as may be reasonably necessary under the circumstances and within the capability of the hospital—

"(i) so that the transfer of the individual will not, within reasonable medical probability, result in substantial risk of the death or serious impairment of the individual as a direct result of the transfer; or

"(ii) in order to determine that the benefits obtained from the provision of appropriate medical treatment at another medical facility, taking into account the potential risks to the individual's medical condition involved in the transfer, outweigh the potential benefits to the individual's medical condition from not effecting the transfer.

"(4) The term 'transfer' means the movement (including the discharge) of a patient outside a hospital's facilities at the direction of any person employed by, or affiliated or associated directly or indirectly with, the hospital, but does not include such a movement of a patient who has been declared dead or leaves the facility without the permission of any such person.

"(f) PREEMPTION.—The provisions of this section do not preempt any State or local law requirement except to the extent that the requirement directly conflicts with a requirement of this section.".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on April 1, 1986.

(d) GAO STUDY.—(1) The Comptroller General shall conduct a study of the problems created by hospitals which transfer patients without providing necessary emergency medical treatment. The study shall include—

(A) a survey and assessment of the extent of the problems;

(B) a survey of the available remedies to such problems, including State law and licensing requirements and the use of professional standard setting organizations, and an assessment of the frequency and effectiveness with which such remedies are utilized;

(C) an assessment of the effectiveness of the remedy provided under section 1867 of the Social Security Act; and

(D) recommendations for changes in Federal law, including changes in section 1867 of the Social Security Act, and the possible use of incentives under title XIX of such Act to encourage States to establish similar remedies.

(2) The Comptroller General shall report the results of the study to the Congress within 2 years after the date of the enactment of this Act.

(e) REGULATIONS.—The Secretary of Health and Human Services shall promulgate final regulations for implementing section 1867 of the Social Security Act within 180 days after the date of the enactment of this Act, and shall report to Congress on the methods to be used for monitoring and enforcing compliance with such section.

SEC. 711B. SENSE OF THE SENATE WITH RESPECT TO INPATIENT HOSPITAL DEDUCTIBLE.

In view of the $92 Medicare hospital deductible increase that will go into effect January 1, 1986, it is the sense of the Senate that the Committee on Finance should report legislation which will reform calculation of the annual increase in such deductible so that it is more consistent with annual increases in Medicare payments to hospitals.

SEC. 711C. PAYMENTS TO SOLE COMMUNITY HOSPITALS.

(a) ADJUSTMENT TO PAYMENT AMOUNT.—Section 1886(d)(5)(ii) of the Social Security Act is amended by inserting after the second sentence thereof the following: "In the case of a sole community hospital which experiences, in any cost reporting period after the cost reporting period which was used as the base for determining the target amount for payments to such hospital under paragraph (1)(A)(i)(I), a significant increase in operating costs attributable to the addition of new inpatient facilities or services at such hospital (including the opening of a special care unit), the Secretary shall provide for such adjustment to the payment amounts under this subsection for such cost reporting period and subsequent cost reporting periods as may be necessary to reasonably compensate such hospital for such increased costs, corrected as necessary for any change in the hospital's case mix in the cost reporting period for which the payment is being made.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments for cost reporting periods beginning on or after October 1, 1983.

(c) EXPIRATION.—The amendment made by this section shall cease to have effect on September 30, 1989.

(d) STUDY.—The Secretary of Health and Human Services shall complete a study of the effects of this provision. This study shall include recommendations on a permanent mechanism for needed expansions of sole community hospitals services and the hospital specific rates thereof. The study shall be completed by January 1, 1987.

SEC. 709. ASSET VALUATION FOR DONATIONS OF STATE PROPERTY TO NONPROFIT CORPORATIONS.

(a) GENERAL RULE.—Section 1861(v)(1)(O) of the Social Security Act is amended—

(1) by inserting ", except as provided in clause (iv)," in clause (i) after "such regulations shall provide", and

(2) by adding at the end the following new clause:

"(iv) In the case of the transfer of a hospital from ownership by a State to ownership by a nonprofit corporation without monetary consideration, the basis for capital allowances to the new owner shall be the book value of the hospital to the State at the time of the transfer.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be applied as though they were originally included in the Deficit Reduction Act of 1984.

SEC. 710. INDIRECT TEACHING ADJUSTMENT FOR CERTAIN CLINICS.

In the case of a hospital which is receiving payments under title XVIII of the Social Security Act pursuant to a waiver under section 602(k) of the Social Security Amendments of 1983, payment of the adjustment for indirect costs of approved educational activities shall be made as if such hospital were receiving under part A of such title all the payments which are made under part B of such title solely by reason of such waiver.

SEC. 711. PSYCHOLOGISTS' SERVICES.

(a) CLARIFICATION OF INCLUSION AS INPATIENT HOSPITAL SERVICE.—Section 1861(b)(3) of the Social Security Act is amended by inserting before the semicolon at the end thereof "(including the services of a clinical psychologist, as defined by the Secretary)".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on the date of the enactment of this Act.

Subpart B—Benefits

SEC. 712. EXTENSION AND PAYMENT FOR HOSPICE CARE.

(a) ELIMINATION OF SUNSET.—Section 122(h)(1) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended—

(1) in subparagraph (A)—

(A) by striking out "(h)(1)(A) Subject to subparagraph (B), the" and inserting in lieu thereof "(h)(1) The", and

(B) by striking out ", and before October 1, 1986", and

(2) by striking out subparagraph (B).

(b) INCREASE IN PAYMENT OF DAILY RATES FOR HOSPICE CARE FOR FISCAL YEAR 1986.—(1) Section 1814(i)(1)(B) of the Social Security Act is amended to read as follows:

"(B) Notwithstanding subparagraph (A), for hospice care furnished on or after October 1, 1985, the daily rate of payment per day for routine home care shall be $63.17 and the daily rate of payment for other services included in hospice care shall be the daily rate of payment recognized under subparagraph (A) as of July 1, 1985, increased by $10.".

(2) Section 1814(i)(1)(C) of such Act is amended by striking out "1985" and inserting in lieu thereof "1986".

SEC. 713. MORATORIUM ON LABORATORY PAYMENT DEMONSTRATION.

(a) MORATORIUM.—Prior to January 1, 1987, the Secretary of Health and Human Services shall not conduct any demonstration projects relating to competitive bidding as a method of purchasing laboratory services under title XVIII of the Social Security Act. The Secretary may contract for the design of, and site selection for, such demonstration projects.

(b) COOPERATION IN STUDY.—The Secretary of Health and Human Services and the Comptroller General shall cooperate with representatives of clinical laboratories in conducting a study to determine whether methods exist which are better than competitive bidding for purposes of utilizing competitive market forces in setting payment levels for laboratory services under title XVIII of the Social Security Act. If such a study is conducted, the Secretary and the Comptroller General shall comment on such study and submit such comments and the study to the Senate Committee on Finance and the House Committees on Ways and Means and Energy and Commerce.

SEC. 714. HOME HEALTH WAIVER OF LIABILITY.

The Secretary of Health and Human Services shall, for purposes of determining whether payments to a home health agency should be denied pursuant to section 1862(a)(1)(A) of the Social Security Act, apply a presumption of compliance (2.5 percent) in the same manner as under the regulations in effect as of July 1, 1985. Such presumption shall apply until 12 months after the date on which ten regional intermediaries have commenced operations to service home health agencies, as required under section 1816(e)(4) of the Social Security Act.

SEC. 715. MORATORIUM ON IMPLEMENTATION OF HOME HEALTH PAYMENT REGULATIONS.

The Secretary of Health and Human Services shall not, prior to July 1, 1986, implement the regulations issued effective July 1, 1985, with respect to payments for home health services under title XVIII of the Social Security Act.

SEC. 716. STUDIES RELATING TO PHYSICAL THERAPISTS AND OTHER PROFESSIONALS.

(a) SUPERVISION OF HOME HEALTH SERVICES.—The Secretary of Health and Human Services shall conduct a study of the advisability of changing the requirements of title XVIII of the Social Security Act to allow home health services to be provided under the supervision of a physical therapist or other health care professional, rather than requiring the supervision of a physician or registered nurse.

(b) OFFICE REQUIREMENT.—The Secretary of Health and Human Services shall conduct a study on the advisability of deleting the requirement under such title that a physical therapist must have an office equipped with specified equipment, even if such therapist provides all such services in patients' homes.

(c) REPORTS.—The Secretary shall report the results of the studies to the Congress prior to April 1, 1986.

SEC. 716A. PROMULGATION OF INPATIENT HOSPITAL DEDUCTIBLE.

(a) CHANGE IN DEADLINE.—Section 1813(b)(2) of the Social Security Act is amended by striking out "October 1" and inserting in lieu thereof "September 15".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to calendar years after 1985.

PART 2—PROVISIONS RELATING TO PARTS A AND B OF MEDICARE

SEC. 717. EXTENSION OF WORKING AGED PROVISION.

(a) EXTENSION OF SECONDARY PAYOR STATUS BEYOND AGE 70.—(1) Section 1862(b)(3)(A)(i) of the Social Security Act is amended by striking out "to an individual who is under 70 years of age during any part of such month (or to the spouse of such individual, if the spouse is under 70 years of age during any part of such month) who is employed at the time such item or service is furnished" and inserting in lieu thereof "to an individual who is employed at the time such item or service is furnished, or to the spouse of such individual,".

(2) Section 1862(b)(3)(A)(iii) of such Act is amended by striking out "and ending with the month before the month in which such individual attains the age of 70".

(b) ENROLLMENT PERIOD.—(1) Section 1837(i)(3) of such Act is amended to read as follows:

"(3) The special enrollment period referred to in paragraphs (1) and (2) is the period beginning with the first day of the first month in which the individual is no longer enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of current employment and ending seven months later.".

(2) Section 1838(e) of such Act is amended to read as follows:

"(e) Notwithstanding subsection (a), in the case of an individual who enrolls during a special enrollment period pursuant to section 1837(i)(3)—

"(1) in the first month of the special enrollment period, the coverage period shall begin on the first day of that month, or

"(2) in a month after the first month of the special enrollment period, the coverage period shall begin on the first day of the month following the month in which he so enrolls.".

(c) AMENDMENTS TO AGE DISCRIMINATION IN EMPLOYMENT ACT.—(1) Section 4(g)(1) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623(g)(1)) is amended by striking out "aged 65 through 69" each place it appears, and inserting in lieu thereof in each instance "aged 65 or older".

(2) Section 12 of such Act (29 U.S.C. 631) is amended by adding at the end thereof the following new subsection:

"(d) Section 4(g) shall apply to individuals who are at least 40 years of age.".

(3) Section 12(a) of such Act (29 U.S.C. 631(a)) is amended by striking out "The prohibitions" and inserting in lieu thereof "Except as otherwise provided in this section, the prohibitions".

(4) Section 4 of such Act (29 U.S.C. 623) is amended by redesignating the second subsection (g), added by section 802 of the Older Americans Act Amendments of 1984, as subsection (h).

(d) EFFECTIVE DATES.—(1) The amendments made by subsection (a) shall apply to items and services furnished on or after January 1, 1986.

(2) The amendments made by subsections (b) and (c) shall become effective on January 1, 1986.

SEC. 718. CONTINUATION OF END STAGE RENAL DISEASE NETWORKS.

The Secretary of Health and Human Services shall maintain the renal disease network organizations established under section 1881(c) of the Social Security Act, and may not merge the network into other organizations or entities.

SEC. 719. EXTENSION OF CERTAIN MEDICARE MUNICIPAL HEALTH SERVICES DEMONSTRATION PROJECTS.

The Secretary of Health and Human Services shall extend, for a period of three additional years, approval of four municipal health services demonstration projects (located in Baltimore, Cincinnati, Milwaukee, and San Jose) authorized under section 402(a) of the Social Security Amendments of 1967.

SEC. 720. COVERAGE OF RESPIRATORY CARE SERVICES FOR VENTILATOR-DEPENDENT INDIVIDUALS.

(a) UNDER MEDICARE PROGRAM.—

(1) AS PART OF HOME HEALTH SERVICES.—(A) Section 1861(m)(2) of the Social Security Act is amended by inserting before the semicolon at the end the following: ", or respiratory care for a qualified respiratory care patient (as defined in subsection (ee))".

(B) Sections 1814(a)(2)(C) and 1835(a)(2)(A) of such Act are amended by inserting after "speech therapy" the following: ", or, in the case of a qualified respiratory care patient (as defined in section 1861(ee)), respiratory care,".

(2) AS PART OF EXTENDED CARE SERVICES.—(A) Section 1861(h)(3) of such Act is amended by inserting after "speech therapy" the following: ", or respiratory care for a qualified respiratory care patient (as defined in subsection (ee)),".

(B) Section 1814(a)(2)(B) of such Act is amended by inserting after "rehabilitation services," the following: "or, in the case of a qualified respiratory care patient (as defined in section 1861(ee)), respiratory care,".

(C) Section 1813(a)(3) of such Act is amended by inserting after "one-eighth" the following: "(or one-sixteenth in the case of a qualified respiratory care patient, as defined in section 1861(ee))".

(3) DEFINITION OF QUALIFIED RESPIRATORY CARE PATIENT.—Section 1861 of such Act is amended by adding at the end the following new subsection:

"Qualified Respiratory Care Patient

"(ee) The term 'qualified respiratory care patient' means—

"(1) with respect to respiratory care furnished as part of extended care services during a spell of illness, an individual who—

"(A) is medically dependent on a ventilator for life support at least six hours per day;

"(B) before admission to the skilled nursing facility, was so dependent (for life support at least six hours per day) as part of inpatient hospital services for at least 30 consecutive days during the spell of illness; and

"(C) but for the provision of respiratory care as part of the extended care services, would require respiratory care as part of inpatient hospital services; and

"(2) with respect to respiratory care furnished as part of home health services during or following a spell of illness, an individual who—

"(A) is medically dependent on a ventilator for life support at least six hours per day;

"(B) before first being furnished home health services during the spell of illness, was so dependent (for life support at least six hours per day) as part of inpatient hospital services or post-hospital extended care services for at least 30 consecutive days during the spell of illness;

"(C) but for the provision of respiratory care as part of the home health services, would require respiratory care as part of inpatient hospital services or extended care services;

"(D) has adequate social support services to be cared for at home; and

"(E) wishes to be cared for at home.".

(b) UNDER MEDICAID PROGRAM.—Section 1902(a)(10) of such Act is amended by striking out "and" at the end of subparagraph (C), by adding "and" at the end of subparagraph (D), and by inserting after subparagraph (D) the following new subparagraph:

"(E) for the inclusion of home respiratory care for any individual who—

"(i) is medically dependent on a ventilator for life support at least six hours per day;

"(ii) has been so dependent for at least 30 consecutive days or the maximum number of days authorized under the State plan, whichever is less, as an inpatient in one or more hospitals, skilled nursing facilities, or intermediate care facilities;

"(iii) but for the inclusion of home respiratory care, would require respiratory care as an inpatient in a hospital, skilled nursing facility, or intermediate care facility payment for which would be made under the State plan;

"(iv) has adequate social support services to be cared for at home; and

"(v) wishes to be cared for at home;".

(c) EFFECTIVE DATES.- Except as otherwise provided in paragraph (2), the amendments made by this section shall apply to services furnished on or after the date of the enactment of this act.

SEC. 721. AUDIT AND MEDICAL CLAIMS REVIEW.

In addition to any funds otherwise provided for fiscal years 1986, 1987, and 1988 for payments to intermediaries and carriers under agreements entered into under sections 1816 and 1842 of the Social Security Act, there are transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Fund in such proportions as the Secretary of Health and Human Services determines to be appropriate, an additional $105,000,000 for each of such fiscal years for payments to such intermediaries and carriers under such agreements to be used exclusively for the purpose of carrying out provider cost audits and reviews of medical necessity, consistent with the provisions of sections 1816 and 1842 of the Social Security Act.

SEC. 722. ACCESS TO SKILLED NURSING FACILITIES.

(a) OPTIONAL PROSPECTIVE RATES FOR CERTAIN SKILLED NURSING FACILITIES.—Section 1888 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d)(1) Any skilled nursing facility may choose to be paid under this subsection on the basis of a prospective payment for all routine service costs (including capital and return on equity) of extended care services provided in a fiscal year if such facility had, in the preceding fiscal year, fewer than 1,500 patient days with respect to which payments were made under this title. Such prospective payment shall be in lieu of payments which would otherwise be made for routine service costs pursuant to section 1861(v) and subsections (a) through (c) of this section. This subsection shall not apply to a facility for any fiscal year immediately following a fiscal year in which such facility had 1,500 or more patient days with respect to which payments were made under this title, without regard to whether payments were made under this subsection during such preceding fiscal year.

"(2) The amount of the payment under this section shall be determined on a per diem basis. For skilled nursing facilities located in an urban area the amount shall be equal to 105 percent of the mean of the per diem reasonable routine service costs of extended care services for skilled nursing facilities in urban areas within the same region, determined without regard to the limitations of subsection (a), and for skilled nursing facilities located in a rural area the amount shall be equal to 105 percent of the mean of the per diem reasonable routine service costs of extended care services for skilled nursing facilities in rural areas within the same region, determined without regard to the limitations of subsection (a).

"(3) For purposes of this subsection, urban and rural areas shall be determined in the same manner as for purposes of subsection (a), and the term 'region' shall have the same meaning as under section 1886(d)(2)(D).

"(4) The Secretary shall establish the prospective payment amounts for each fiscal year at least 90 days prior to the beginning of such fiscal year, on the basis of the most recent data available for a 12-month period. A skilled nursing facility must notify the Secretary of its intention to be paid pursuant to this subsection for a fiscal year within 60 days after the Secretary establishes the final prospective payment amounts for such fiscal year.

"(5) The Secretary shall provide for a simplified cost report to be filed by facilities being paid pursuant to this subsection, which shall require only the cost information necessary for determining prospective payment amounts pursuant to paragraph (2) and reasonable costs of ancillary services.

"(6) In lieu of payment on a cost basis for ancillary services provided by a facility which is being paid pursuant to this subsection, the Secretary may pay for such ancillary services on a reasonable charge basis if the Secretary determines that such payment basis will provide an equitable level of reimbursement and will ease the reporting burden of the facility.".

(b) REDUCTION IN NUMBER OF FISCAL INTERMEDIARIES.—Section 1816(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(6) Notwithstanding subsections (a) and (d) and paragraphs (1), (2), and (3) of this subsection, the Secretary shall designate regional agencies or organizations which have entered into an agreement under this section to perform functions under such agreement with respect to freestanding skilled nursing facilities in the region. By not later than April 1, 1987, the Secretary shall limit the number of such regional agencies to not more than ten.".

(c) PUBLICATION OF DATA RELATING TO ADJUSTMENTS TO SNF LIMITS.—Section 1888(c) of the Social Security Act is amended by adding at the end thereof the following: "The Secretary shall publish the data and criteria to be used for purposes of this subsection on an annual basis.".

(d) REINSTATEMENT OF WAIVER OF LIABILITY PRESUMPTION.—The Secretary of Health and Human Services shall, for purposes of determining whether payments to a skilled nursing facility should be denied pursuant to section 1862(a)(1)(A) of the Social Security Act, apply the same presumption of compliance (5 percent) as in effect under regulations as of July 1, 1985. Such presumption shall apply for the 30-month period beginning with the first month beginning after the date of the enactment of this Act.

(e) EFFECTIVE DATES.—(1) The amendment made by subsection (a) shall apply to fiscal years beginning on or after October 1, 1985. The Secretary shall establish interim prospective payment rates for the fiscal year beginning on October 1, 1985, within 90 days after the date of the enactment of this Act, and shall establish final rates within 180 days after such date of enactment.

(2) The amendment made by subsection (b) shall be implemented by the Secretary prior to April 1, 1987.

(3) The amendment made by subsection (c) shall become effective on the date of the enactment of this Act.

SEC. 723. CHARGES BY PHYSICIANS FOR SERVICES BILLED TO A HEALTH MAINTENANCE ORGANIZATION.

(a) PARTICIPATING PHYSICIAN.—Section 1842(h)(1) of the Social Security Act is amended by inserting after the second sentence the following: "Such agreement shall also provide that the reasonable charge shall be the full charge in the case where such participating physician or supplier furnishes

items or services (which were immediately required as described in section 1876(c)(4)(B)) to an individual who is enrolled in a health maintenance organization or competitive medical plan pursuant to section 1876 during such period.".

(b) NONPARTICIPATING PHYSICIAN.—Section 1842(j)(1) of such Act is amended by inserting "(or bills such an individual's health maintenance organization or competitive medical plan for services furnished to such individual which were immediately required as described in section 1876(c)(4)(B))" after "bills individuals enrolled under this part".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to items and services furnished on or after October 1, 1985, and before October 1, 1986.

SEC. 724. TIMELY PUBLICATION OF PAYMENT RATES FOR HEALTH MAINTENANCE ORGANIZATIONS.

(a) PUBLICATION DEADLINE.—Section 1876(a)(1) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(F) The Secretary shall establish, and publish in the Federal Register, the annual per capita rate of payment for each class which shall apply to a calendar year within 10 days after publication of the hospital prospective payment rates which will become effective on the October 1 preceding such calendar year.".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on January 1, 1986.

SEC. 725. LIVER TRANSPLANTS.

(a) Congress finds that:

(1) There have been more than 600 liver transplants since 1963 and the one year survival rate at qualified institutions is now greater than 70 percent.

(2) There are 4,000 to 4,700 potential candidates in the United States each year who require a liver transplant, but only a small percentage would be eligible for Medicare coverage.

(3) There are currently individuals on waiting lists for liver transplants who will die without Medicare coverage.

(4) After extensive review and consideration of all the available data, an National Institutes of Health expert panel concluded liver transplantation is "a therapeutic modality for end-stage liver disease that deserves broader application" in a limited number of centers where they can be carried out under optimal conditions.

(5) National Institutes of Health further recommended that liver transplants be done in individuals under 18 years of age.

(6) The CHAMPUS program, after considering all relevant data, determined that there was no scientific basis for limiting liver transplants to children under 18 years of age.

(7) The Department of Health and Human Services has determined that liver transplantation is no longer an experimental procedure only for children under 18.

(b) Based upon the above findings, it is the sense of the Senate that:

(1) For the purposes of title XVIII of the Social Security Act, the Secretary immediately reconsider the Medicare liver transplant coverage decision and implement a policy under which a liver transplant shall not be considered to be an experimental procedure for Medicare beneficiaries solely because an individual is over 18 years of age.

(2) A liver transplant shall be covered under such title when reasonable and medically necessary.

(3) The Secretary shall place appropriate limiting criteria on coverage, including those relating to the patient's condition, the disease state, and the institution providing the care, so as to ensure the highest quality of medical care demonstrated to be consistent with successful outcomes.

PART 3—PROVISIONS RELATING TO PART B OF MEDICARE

SEC. 725. EXTENSION OF PHYSICIAN FEE FREEZE FOR NONPARTICIPATING PHYSICIANS AND IMPROVEMENTS IN THE PARTICIPATING PHYSICIAN PROGRAM.

(a) ONE-YEAR EXTENSION FOR NONPARTICIPATING PHYSICIANS.—

(1) EXTENSION.—Section 1842(b)(4) of the Social Security Act is amended—

(A) in subparagraph (A)—

(i) by inserting "(i)" after "(4)(A)", and

(ii) by adding at the end the following new clauses:

"(ii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during the 12-month period beginning October 1, 1985, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the Secretary shall not set any level higher than the same level as was set for the 12-month period beginning July 1, 1983.

"(iii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during any 12-month period beginning on or after October 1, 1986, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services, the Secretary shall not set any level higher than the same level as was set for services furnished during the previous fiscal year for physicians who were participating physicians during that year.";

(B) in subparagraph (B)—

(i) by inserting "(i)" after "(B)", and

(ii) by adding at the end the following new clause:

"(ii) In determining the reasonable charge under paragraph (3) for physicians' services furnished during the 12-month period beginning October 1, 1985, by a physician who is not a participating physician (as defined in subsection (h)(1)) at the time of furnishing the services—

"(I) if such physician was not a participating physician at any time during the 15-month period beginning on July 1, 1984, the customary charges shall be the same customary charges as were recognized under this section for the 12-month period beginning July 1, 1983; and

"(II) if such physician was a participating physician during the 15-month period beginning on July 1, 1984, the Secretary shall not recognize increases in actual charges above the level of the physician's actual charges billed during the 12-month period beginning on April 1, 1984.".

(C) in subparagraph (C)—

(i) by inserting "(i)" after "(C)",

(ii) by striking out "(A)" and inserting in lieu thereof "(A)(i)" each place it appears, and

(iii) by adding at the end the following new clause:

"(ii) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished during the periods beginning after September 30, 1986, by a physician who was not a participating physician on that date, the Secretary shall treat the level as set under subparagraph (A)(ii) as having fully provided for the economic changes which would have been taken into account but for the limitations contained in subparagraph (A)(ii).."; and

(D) in subparagraph (D)—

(i) by striking out "who at no time" and all that follows through "subsection (h)(1))" and insert in lieu thereof "who was not a participating physician (as defined in subsection (h)(1)) on September 30, 1985",

(ii) by inserting "(i)" after "(D)", and

(iii) by adding at the end the following new clause:

"(ii) In determining the customary charges for physicians' services furnished during the 12-month period beginning October 1, 1986, or October 1, 1987, by a physician who is not a participating physician (as defined in subsection (h)(1)) on September 30, 1986—

"(I) if such physician was not a participating physician at any time during the 15-month period beginning on July 1, 1984, the Secretary shall not recognize increases in actual charges for services furnished during the 12-month period beginning on October 1, 1985, above the level of the physician's actual charges billed during the 3-month period ending on June 30, 1984; and

"(II) if such physician was a participating physician during the 15-month period beginning on July 1, 1984, the Secretary shall not recognize increases in actual charges for services furnished during the 12-month period beginning on October 1, 1985, above the level of the physician's actual charges billed during the 12-month period beginning on April 1, 1984.".

(2) CONTINUED ENFORCEMENT.—The first sentence of section 1842(j)(1) of such Act is amended to read as follows: "In the case of a physician who is not a participating physician for items and services furnished during a portion of the 27-month period beginning July 1, 1984, the Secretary shall monitor the physician's actual charges to individuals enrolled under this part for physicians' services during that portion of that period.".

(3) PERIOD FOR ENTERING AGREEMENTS TO BE PARTICIPATING PHYSICIAN.—The Secretary of Health and Human Services shall provide for a 30-day period, beginning on the date of the enactment of this Act, in which physicians may enter into an agreement under section 1842(h)(1) of the Social Security Act for the 12-month period beginning October 1, 1985, or terminate such an agreement previously entered into for such period.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to services furnished on or after October 1, 1985.

(b) INCENTIVES FOR PARTICIPATING PHYSICIAN PROGRAM.—

(1) ONE-YEAR EXTENSION OF TRANSFER OF FUNDS FOR CARRIERS.—Section 2306(e) of the Deficit Reduction Act of 1984 is amended—

(A) by striking out "and 1985" and inserting in lieu thereof ", 1985, and 1986";

(B) by striking out "the amendments made by this section" and inserting in lieu thereof "subsections (b)(4), (h), and (j) of section 1842 of the Social Security Act";

(C) by striking out "for fiscal year 1985" and inserting in lieu thereof "for each of fiscal years 1985 and 1986"; and

(D) by adding at the end thereof the following new sentence: "A significant proportion of such funds shall be used for the expansion of the participating physician and supplier program and for the development of professional relations staffs dedicated to addressing the billing and other problems of

physicians and suppliers participating in that program.".

(2) IMPROVEMENT OF PARTICIPATING PHYSICIAN DIRECTORIES.—Section 1842(i) of the Social Security Act is amended—

(A) in the first sentence of paragraph (2)—

(i) by striking out "a directory" and inserting in lieu thereof "directories (for appropriate local geographic areas)"; and

(ii) by inserting "for that area" before "for that fiscal year";

(B) in the second sentence of paragraph (2), by striking out "The directory" and inserting in lieu thereof "Each directory";

(C) in paragraph (3)—

(i) by striking out "directory" the first place it appears and inserting in lieu thereof "the directories"; and

(ii) by striking out "directory" the second place it appears and inserting in lieu thereof "the appropriate area directory or directories"; and

(D) in paragraph (4)—

(i) by striking out "directory" and inserting in lieu thereof "the directories"; and

(ii) by adding at the end the following: "The Secretary shall provide that each appropriate area directory is sent to each participating physician located in that area.".

(3) ELIMINATION OF PHYSICIAN ASSIGNMENT RATE LIST.—Section 1842(i) of such Act is further amended—

(A) by striking out "(i)(1)" and all that follows through the end of paragraph (1);

(B) by striking out "subsection (h)(1)" in paragraph (2) and inserting in lieu thereof "paragraph (1)";

(C) by striking out "such list and" and "the list and" each place either appears in paragraphs (3) and (4); and

(D) by redesignating paragraphs (2) through (4) as paragraphs (4) through (6) of subsection (h), respectively.

(4) INFORMATION ON THE PARTICIPATING PHYSICIAN AND SUPPLIER PROGRAM IN EXPLANATIONS OF MEDICARE BENEFITS FOR UNASSIGNED CLAIMS.—Section 1842(h) of such Act, as previously amended by this subsection, is further amended by adding at the end the following new paragraphs:

"(7) The Secretary shall provide that each explanation of benefits provided under this part for services furnished in the United States, in conjunction with the payment of claims under section 1833(a)(1) (made other than on an assignment-related basis, described in paragraph (8)), shall include—

"(A) a reminder of the participating physician and supplier program established under this subsection (including the limitation on charges that may be imposed by such physicians and suppliers); and

"(B) the toll-free telephone number or numbers, maintained under paragraph (2), at which an individual enrolled under this part may obtain information on participating physicians and suppliers.

"(8) For purposes of this title, a claim is considered to be paid on an 'assignment-related basis' if the claim is paid on the basis of an assignment described in subsection (b)(3)(B)(ii), in accordance with subsection (b)(6)(B), or under the procedure described in section 1870(f)(1).".

(5) EFFECTIVE DATE.—Section 1842(b)(7) of the Social Security Act, as added by paragraph (4) of this subsection, shall apply to explanations of benefits provided on or after such date (not later than April 1, 1986) as the Secretary of Health and Human Services shall specify.

(c) CHARGES BY PHYSICIAN WHERE MEDICARE IS NOT BILLED.—

(1) INAPPLICABILITY OF PENALTIES.—Section 1842(j) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(5) Paragraph (1) shall not apply in any case where no payment is requested or billed under this part by any party with respect to the particular physicians' services involved.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to services furnished after the date of the enactment of this Act.

SEC. 726. PART B PREMIUM.

(a) ONE-YEAR EXTENSION.—Section 1839(e) of the Social Security Act is amended by striking out "1988" each place it appears in paragraphs (1) and (2), and inserting in lieu thereof in each instance "1989".

(b) NO NET REDUCTION IN BENEFIT CHECK.—Section 1839(f) of such Act is amended to read as follows:

"(f)(1) If no cost-of-living increase becomes effective under section 215(i) in December of 1985, 1986, or 1987, the monthly premium of each individual enrolled under this part for each month in the succeeding year shall (except as otherwise provided in subsection (b)) be the same as the monthly premium (disregarding subsection (b)) of the individual for such December.

"(2)(A) If a cost-of-living increase does become effective under section 215(i) in December of 1985, 1986, or 1987, the monthly premium for the months in the succeeding calendar year for any individual described in subparagraph (B) shall (except as otherwise provided in subsection (b)) be reduced to the extent necessary to provide that the individual's 'net check amount' for any month in such succeeding calendar year for which he is entitled to a benefit under section 202 or 223 is not less than such individual's 'net check amount' for such December.

"(B) Subparagraph (A) shall apply to any individual—

"(i) who is entitled to a benefit under section 202 or 223 for the applicable December and the preceding November, and

"(ii) whose monthly premium for such December and the following January is deducted from those benefits under section 1840(a)(1).

"(C) For purposes of this paragraph, an individual's 'net check amount' for a given month is the amount of his benefit under section 202 or 223 for the month preceding such given month, minus the amount of the monthly premium for such given month (determined without regard to subsection (b)).

"(D) For purposes of this paragraph, retroactive adjustments or payments and deductions on account of work shall not be taken into account in determining the monthly benefits to which an individual is entitled under section 202 or 223.".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date of the enactment of this Act.

SEC. 727. CORRECTION OF INAPPROPRIATE MEDICARE REASONABLE CHARGE DETERMINATIONS FOR HOSPITAL-BASED PHYSICIANS.

(a) DETERMINATION OF CUSTOMARY CHARGES.—Notwithstanding the provisions of section 1842(b) of the Social Security Act, in the case of a physician whose customary charges are based on compensation which was paid to him by a hospital and who subsequently changes his arrangement with such hospital on or after September 30, 1982, to an arrangement under which such physician bills for his services on his own behalf, such customary charges shall be determined, effective with respect to services furnished on and after October 1, 1985, and prior to October 1, 1986, by—

(1) ascertaining the actual charges such physician billed for his services on his own behalf during the billing period specified in subsection (b);

(B) deflating such actual charges in accordance with the provisions of subsection (c); and

(C) calculating such customary charges in accordance with the provisions of section 1842(b) of the Social Security Act, except that such deflated actual charges shall be deemed to have been billed by such physician during the period described in subsection (d).

(b) BILLING PERIOD.—For purposes of this section, a billing period shall be the 12-month period ending on March 31, 1985; except that, if a physician does not have sufficient billings during such 12-month period to determine his customary charges, the billing period shall be the first 3-month period which begins on or after February 1, 1985, for which such physician has sufficient billings to serve as a basis for the determination of such physician's customary charges.

(c) DEFLATING OF ACTUAL CHARGES.—The actual charges for a billing period shall be deflated by multiplying them by a fraction—

(1) the numerator of which is—

(2) the value of the physicians' services component of the Consumer Price Index (U.S. City Average for All Urban Consumers) for September 1984, in the case of a physician who is a participating physician prior to October 1, 1985, or

(3) the average value of such component for the calendar year 1982, in the case of a physician who is not a participating physician prior to October 1, 1985; and

(2) the denominator of which is the value of such component for the midpoint of the billing period applicable to such physician as determined under subsection (b).

(d) DEEMED TIME OF BILLING.—For purposes of subsection (a)(3), the deflated actual charges referred to in subsection (c) shall be deemed to have been billed—

(1) in the 12-month period ending on March 31, 1985, in the case of a physician who was a participating physician prior to October 1, 1985; or

(2) in 1982 in the case of a physician who was not a participating physician prior to October 1, 1985.

SEC. 728. PAYMENTS FOR MEDICAL AND OTHER HEALTH SERVICES.

(a) PAYMENT FREEZE.—Section 1842(b)(4) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(E) In the case of medical and other health services (as defined in section 1861(s)) for which payment is based on reasonable charge, other than physicians' services and clinical laboratory services—

"(i) the customary and prevailing charges under paragraph (3), and the lowest charge referred to in the fourth sentence of such paragraph, for such services (other than durable medical equipment purchased, or leased under a purchase agreement) furnished during the 12-month period beginning on October 1, 1985, may not exceed such charges recognized under this section for the 12-month period beginning on October 1, 1984, increased by 1 percent; and

"(ii) the prevailing charge under paragraph (3), and the lowest charge referred to in the fourth sentence of such paragraph, for such services (including all durable medical equipment) furnished during any 12-month period beginning on or after October 1, 1986, may not exceed such charges for the preced-

ing 12-month period increased by the same percentage as the percentage increase in the Consumer Price Index for All Urban Consumers (United States city average) for the 12-month period ending on the preceding June 30.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to services furnished on or after October 1, 1985.

SEC. 729. PAYMENT FOR ASSISTANTS AT SURGERY FOR CERTAIN CATARACT OPERATIONS AND OTHER OPERATIONS.

(a) LIMITATION ON PAYMENT.—Section 1862(a) of the Social Security Act is amended—

(1) by striking out "or" at the end of paragraph (13),

(2) by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; or", and

(3) by adding at the end the following new paragraph:

"(15) which are for services of an assistant at surgery in a cataract operation unless, before the surgery is performed, the appropriate utilization and quality control peer review organization (under part B of title XI) has approved of the use of such an assistant in the surgical procedure based on the existence of complicating medical condition.".

(b) ADDITIONAL PRO FUNCTIONS.—Section 1154(a)(8) of such Act is amended by inserting before the period at the end the following: "or as may be required to carry out section 1862(a)(15)".

(c) PROHIBITION FOR SUBMITTING BILL FOR WHICH PAYMENT MAY NOT BE MADE.—Section 1842 of such Act is amended—

(1) in subsection (j)(2), by inserting "or subsection (k)" after "paragraph (1)", and

(2) by adding at the end thereof the following new subsection:

"(k)(1) If a physician knowingly and willfully bills an individual enrolled under this part charges for services as an assistant at surgery for which payment may not be made by reason of section 1862(a)(15), the Secretary may apply sanctions against such physician in accordance with subsection (j)(2).

"(2) If a physician knowingly and willfully bills an individual enrolled under this part charges that include a charge for an assistant at surgery for which payment may not be made by reason of section 1862(a)(15), the Secretary may apply sanctions against such physician in accordance with subsection (j)(2).".

(d) EXTENSION OF PROHIBITION TO OTHER PROCEDURES.—The Secretary of Health and Human Services, after consultation with the Prospective Payment Assessment Commission, shall develop recommendations and guidelines relating to other surgical procedures for which an assistant at surgery is generally not medically necessary and the circumstances under which the use of an assistant at surgery is generally medically appropriate but should be subject to prior approval of an appropriate entity. The Secretary shall report to Congress, not later than April 1, 1986, on these recommendations and guidelines.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to services performed on or after October 1, 1985.

SEC. 730. LIMITATION ON MEDICARE PAYMENT FOR POST-CATARACT SURGERY PATIENTS.

(a) PAYMENT FOR REPLACEMENT OF LOST OR DAMAGED CATARACT EYEGLASSES AND CATARACT CONTACT LENSES.—With respect to the payment for replacement cataract eyeglasses and cataract contact lenses under title XVIII of the Social Security Act in the case of an individual beneficiary—

(1) payment may be made for the replacement only once every year of lost or damaged cataract eyeglasses, and

(2) payment may be made—

(A) in the first year after surgery, for one original cataract contact lens for each eye and for the replacement only twice of a lost or damaged cataract contact lens for each eye, and

(B) in each subsequent year, for the replacement only twice of a lost or damaged cataract contact lens for each eye.

(b) DETERMINATION OF SEPARATE PAYMENT AMOUNTS FOR PROSTHETIC LENSES AND PROFESSIONAL SERVICES.—Section 1842(b) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(8) In providing payment for cataract eyeglasses and cataract contact lenses, and professional services relating to them, under this part, each carrier shall—

"(A) provide for separate determinations of the payment amount for the eyeglasses and lenses and of the payment amount for the professional services of a physician (as defined in section 1861(r)); and

"(B) not recognize as reasonable for such eyeglasses and lenses more than such amount as the Secretary establishes in guidelines relating to the inherent reasonableness of charges for such eyeglasses and lenses.".

(c) EFFECTIVE DATE.—(1) The amendments made by this section shall apply to items and services furnished on or after October 1, 1985.

(2) In applying the amendment made by subsection (a), there shall not be taken into account any cataract eyeglasses or contact lenses replaced before October 1, 1985.

SEC. 731. DEMONSTRATION OF PREVENTIVE HEALTH SERVICES UNDER MEDICARE.

(a) DEMONSTRATION PROGRAM.—The Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") shall establish a 4-year demonstration program designed to reduce disability and dependency through the provision of preventive health services to individuals entitled to benefits under title XVIII of the Social Security Act (hereafter in this section referred to as "medicare beneficiaries").

(b) PREVENTIVE HEALTH SERVICES UNDER DEMONSTRATION PROGRAM.—The preventive health services to be made available under the demonstration program shall include—

(1) health screenings,

(2) health risk appraisals,

(3) immunizations, and

(4) counseling on and instruction in—

(A) diet and nutrition,

(B) reduction of stress,

(C) exercise and exercise programs,

(D) sleep regulation,

(E) injury prevention,

(F) prevention of alcohol and drug abuse,

(G) prevention of mental health disorders,

(H) self-care, including use of medication, and

(I) reduction or cessation of smoking.

(c) CONDUCT OF PROGRAM.—The demonstration program shall—

(1) be conducted under the direction of accredited public or private nonprofit schools of public health, or preventive medicine departments of accredited schools of medicine;

(2) be conducted in no fewer than five sites, which sites shall be chosen so as to be geographically diverse and shall be readily accessible to a significant number of medicare beneficiaries;

(3) involve community outreach efforts at each site to enroll the maximum number of medicare beneficiaries in the program; and

(4) be designed—

(A) to test alternative methods of payment for preventive health services, including payment on a prepayment basis as well as payment on a fee-for-service basis,

(B) to permit a variety of appropriate health care providers to furnish preventive health services, including physicians, health educators, nurses, allied health personnel, dieticians, and clinical psychologists, and

(C) to facilitate evaluation under subsection (d).

(d) EVALUATION.—The Secretary shall evaluate the demonstration project in order to determine—

(1) the short-term and long-term costs and benefits of providing preventive health services for medicare beneficiaries, including any reduction in inpatient services resulting from providing the services, and

(2) what practical mechanisms exist to finance preventive health services under title XVIII of the Social Security Act.

(e) REPORTS TO CONGRESS.—(1) Not later than three years after the date of the enactment of this Act, the Secretary shall submit a preliminary report to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate on the progress made in the demonstration program, including a description of the sites at which the program is being conducted and the preventive health services being provided at the different sites.

(2) Not later than five years after the date of the enactment of this Act, the Secretary shall submit a final report to those Committees on the demonstration program and shall include in the report—

(A) the evaluation described in subsection (d), and

(B) recommendations for appropriate legislative changes to incorporate payment for cost-effective preventive health services into the medicare program.

(f) FUNDING.—Expenditures made for the demonstration program shall be made from the Federal Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act). Grants and payments under contracts may be made either in advance or by way of reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this section. Funding for the demonstration program shall not exceed $4,000,000 over the duration of the program.

(g) WAIVER OF MEDICARE REQUIREMENTS.—The Secretary shall waive compliance with such requirements of title XVIII of the Social Security Act to the extent and for the period the Secretary finds necessary for the conduct of the demonstration program.

SEC. 732. AMBULATORY SURGERY.

(a) LIMITATION ON REASONABLE COST OR CHARGE.—

(1) AMBULATORY SURGICAL CENTERS AND PHYSICIAN OFFICES.—Section 1833(i)(2) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(C) In no case shall the standard overhead amount established with respect to a surgical procedure under subparagraph (A) or (B) exceed the DRG rate for the same surgical procedure when provided on an inpatient basis in a hospital in the same area, as determined under section 1886.".

(2) HOSPITAL OUTPATIENT DEPARTMENTS.—(A) Section 1833(a)(4) of such Act is amended to read as follows:

"(4) in the case of facility services described in section 1832(a)(2)(F), and outpatient hospital services furnished in connection with surgical procedures specified by the Secretary pursuant to section 1833(i)(1)(A), the applicable amount as determined under section 1833(i).".

(B) Section 1833(i)(3) of such Act is amended to read as follows:

"(3) The amount of the payment to be made under this part for outpatient hospital services furnished in connection with a surgical procedure specified under paragraph (1)(A) shall be equal to 80 percent of the standard overhead amount with respect to the same surgical procedure when provided in an ambulatory surgical center in the same area, as determined under paragraph (2)(A); except that additional payment shall be made with respect to 80 percent of the direct costs of approved educational activities, capital related costs, or costs of anesthesia services provided by a certified registered nurse anesthetist, in the same manner as such payments are made with respect to outpatient hospital services not paid for under this subsection.".

(3) ANNUAL UPDATING.—(A) Subparagraphs (A) and (B) of section 1833(i)(2) of such Act are each amended by striking out "shall be reviewed periodically" and inserting in lieu thereof "shall be reviewed and updated not less often than annually,".

(B) Section 1833(i)(1) of such Act is amended by adding at the end thereof (after and below subparagraph (B)) the following: "The lists of procedures established under subparagraphs (A) and (B) shall be reviewed and updated not less often than annually.".

(b) FACILITY SERVICES TO INCLUDE RELATED SERVICES.—(1) Section 1833(i) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(5)(A) For purposes of this section, 'facility services' shall include all medical and other health services (as defined in section 1861(s)) which are furnished in connection with a surgical procedure specified under paragraph (1), other than the physicians' services and anesthesia services furnished by a certified registered nurse anesthetist.

"(B) The Secretary shall establish a method of payment for anesthesia services furnished by a certified registered nurse anesthetist in connection with a surgical procedure for which payment is made pursuant to this subsection and which are furnished in an ambulatory surgical center or in a physician's office. Such method may be based on the payment method under paragraph (3) or any other basis which the Secretary finds appropriate. Such method shall not, to the extent feasible, create financial incentives or disincentives for the use of certified registered nurse anesthetists employed by an ambulatory surgical center or by a physician.".

(2) Section 1832(a)(2)(F) of such Act is amended by striking out "services (including all pre- and post-operative services) described in paragraphs (1) and (2)(A) of section 1861(s) and" and inserting in lieu thereof "physicians' services, facility services, and anesthesia services furnished by a certified registered nurse anesthetist, including all preoperative and postoperative services,".

(3) Section 1833(i)(4)(A) of such Act is amended by striking out "and with respect to all related services (including physicians' services, laboratory, X-ray, and diagnostic services)" and inserting in lieu thereof ", the physicians' services, and anesthesia services furnished by a certified registered nurse anesthetist".

(c) PRO REVIEW.—(1) Section 1154(a)(1) of the Social Security Act is amended by inserting "and subject to the requirements of subsection (d)" after "subject to the terms of the contract".

(2) Section 1154 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Each contract under this part shall require that the utilization and quality control peer review organization's review responsibility pursuant to subsection (a)(1) will include all ambulatory surgical procedures described in section 1833(i)(1)(A) which are performed in the area, or, at the discretion of the Secretary, a sample of selected procedures.".

(d) COINSURANCE AND DEDUCTIBLE TO APPLY WITHOUT REGARD TO SETTING OF AMBULATORY SURGERY OR ASSIGNMENT.—(1) Section 1832(a)(2)(F)(i) of the Social Security Act is amended by inserting "standard overhead" before "amount determined under section 1833(i)(2)(A)".

(2) Section 1832(a)(2)(F)(ii) of such Act is amended by inserting "standard overhead" before "amount determined under section 1833(i)(2)(B)".

(3) Section 1833(a)(1) of such Act is amended—

(A) by inserting "and" before "(E)"; and

(B) by striking out ", and (F)" and all that follows and inserting in lieu thereof a semicolon.

(4) Section 1833(a)(4) of such Act is amended by striking out "the applicable amount described in paragraph (2) of section 1833(i)" and inserting in lieu thereof "80 percent of the applicable standard overhead amount described in subsection (i)(2) of this section".

(5) Section 1833(b) of such Act is amended by striking out "(3) such total amount shall not include expenses incurred for services the amount of payment for which is determined under subsection (a)(1)(F) or under subsection (i)(2) or (i)(4), and (4)" and inserting in lieu thereof "and (3)".

(6) Subparagraphs (A) and (B) of section 1833(i)(2) of such Act are each amended by inserting "80 percent of" before "a standard overhead amount".

(e) EFFECTIVE DATES.—(1) Except as otherwise provided, the amendments made by this section shall apply to services furnished on or after October 1, 1985.

(2) The amendments made by subsection (a)(3) shall apply on and after January 1, 1986. Prior to January 1, 1986, the Secretary of Health and Human Services shall update the amounts established under subparagraphs (A) and (B) of section 1833(i)(2) of the Social Security Act on the basis of current data to account more appropriately for the costs actually incurred.

(3) The amendments made by subsection (c) shall apply to contracts entered into or renewed on or after October 1, 1985.

PART 4—MISCELLANEOUS MEDICARE PROVISIONS

SEC. 733. EXTENSION OF ON LOK WAIVER.

(a) CONTINUED APPROVAL.—

(1) MEDICARE WAIVERS.—Notwithstanding any limitations contained in section 222 of the Social Security Amendments of 1972 and section 402(a) of the Social Security Amendments of 1967, the Secretary of Health and Human Services shall continue approval of the risk-sharing application described in section 603(c)(1) of the Social Security Amendments of 1983 for waivers of certain requirements of title XVIII of the Social Security Act after the end of the period described in that section.

(2) MEDICAID WAIVERS.—Notwithstanding any limitations contained in section 1115 of the Social Security Act, the Secretary shall approve any application of the Department of Health Services, State of California, for a waiver of requirements of title XIX of such Act in order to continue carrying out the demonstration project referred to in section 603(c)(2) of the Social Security Amendments of 1983 after the end of the period described in that section.

(b) TERMS, CONDITIONS, AND PERIOD OF APPROVAL.—The Secretary's approval of an application (or renewal of an application) under this section—

(1) shall be on the same terms and conditions as applied with respect to the corresponding application under section 603(c) of the Social Security Amendments of 1983 as of July 1, 1985, except that requirements relating to collection and evaluation of information for demonstration purposes (and not for operational purposes) shall not apply; and

(2) shall remain in effect until such time as the Secretary finds that the applicant no longer complies with the terms and conditions described in paragraph (1).

SEC. 734. ADDITIONAL MEMBERS OF PROSPECTIVE PAYMENT ASSESSMENT COMMISSION.

(a) EXPANSION OF MEMBERSHIP.—Section 1886(e)(6)(A) of the Social Security Act is amended by striking out "15 individuals" and inserting in lieu thereof "17 individuals".

(b) APPOINTMENTS.—The Director of the Congressional Office of Technology Assessment shall appoint the two additional members of the Prospective Payment Assessment Commission, as required by the amendment made by subsection (a), no later than 60 days after the date of the enactment of this Act, for terms of three years.

SEC. 735. REMOVAL OF PROHIBITION ON COMMENTS BY MEDICARE AND SOCIAL SECURITY ACTUARIES RELATING TO ECONOMIC ASSUMPTIONS.

(a) FEDERAL OLD-AGE AND DISABILITY INSURANCE TRUST FUND.—Section 201(c) of the Social Security Act is amended by striking out "; Provided, That the certification shall not refer to economic assumptions underlying the Trustee's report, and shall" and inserting in lieu thereof ". Such report shall".

(b) MEDICARE TRUST FUNDS.—Sections 1817(b) and 1841(b) of such Act are each amended by striking out ": Provided, That the certification shall not refer to economic assumptions underlying the Trustee's report".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date of the enactment of this Act.

SEC. 736. EXTENSION OF GAO REPORTING DATE.

(a) EXTENSION.—Section 2326(e)(2) of the Deficit Reduction Act of 1984 is amended by striking out "12 months" and inserting in lieu thereof "18 months".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply as though it were included in the Deficit Reduction Act of 1984 as originally enacted.

PART 5—PEER REVIEW ORGANIZATIONS

SEC. 737. HEALTH MAINTENANCE ORGANIZATION MEMBERSHIP ON PEER REVIEW ORGANIZATION BOARDS.

(a) REMOVAL OF ONE-MEMBER LIMITATION.—Section 1153(b)(2)(A) of the Social Security Act is amended by striking out "consists only of one individual member of the governing board" and inserting in lieu thereof "consists only of members of the governing board".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on the date of the enactment of this Act.

SEC. 738. PEER REVIEW ORGANIZATION REIMBURSEMENT.

(a) REIMBURSEMENT AMOUNTS.—Section 1866(a)(1)(F) of the Social Security Act is amended—

(1) by striking out clause (iii);

(2) by inserting "and" at the end of clause (ii);

(3) by redesignating clause (iv) as clause (iii); and

(4) by striking out "1982" in clause (iii) as so redesignated and inserting in lieu thereof "1985".

(b) MONTHLY PAYMENTS.—Section 1153(c)(8) of such Act is amended to read as follows:

"(8) reimbursement shall be made to the organization on a monthly basis, with payments for any month being made not later than 15 days after the close of such month.".

(c)(1) The amendments made by subsection (a) shall become effective on the date of the enactment of this Act.

(2) The amendment made by subsection (b) shall apply to contracts entered into or renewed on or after the date of the enactment of this Act.

SEC. 739. PEER REVIEW ORGANIZATION REVIEW OF HEALTH MAINTENANCE ORGANIZATIONS.

(a) REVIEW REQUIRED.—Section 1154(a)(1) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (C)) the following:

"Review under this paragraph shall include review of items and services under parts A and B provided by health maintenance organizations and competitive medical plans pursuant to contracts under section 1876.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contracts entered into or renewed under section 1153 of the Social Security Act on or after the date of the enactment of this Act.

SEC. 740. SUBSTITUTE REVIEW PENDING TERMINATION OF A PEER REVIEW ORGANIZATION CONTRACT.

(a) SUBSTITUTE REVIEW.—Section 1153(d) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) During the period after the Secretary has given notice of intent to terminate a contract, and prior to the time that the Secretary enters into a contract with another utilization and quality control peer review organization, the Secretary may transfer review responsibilities of the organization under the contract being terminated to another utilization and quality control peer review organization, or to an intermediary or carrier having an agreement under section 1816 or a contract under section 1842.".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on the date of the enactment of this Act.

SEC. 741. DENIAL OF PAYMENT FOR SUBSTANDARD CARE.

(a) DENIAL AUTHORITY FOR PRO.—Section 1154(a)(2) of the Social Security Act is amended—

(1) by striking out "subparagraphs (A) and (C)" and inserting in lieu thereof "subparagraphs (A), (B), and (C)"; and

(2) by adding at the end thereof (after and below subparagraph (D)) the following:

"Determinations that payment should not be made by reason of subparagraph (B) of paragraph (1) shall be made only on the basis of criteria developed by the organization pursuant to a plan approved by the Secretary.".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date of the enactment of this Act.

Subtitle B—Medicaid and Maternal and Child Health

PART 1—MEDICAID

SEC. 742. SERVICES FOR PREGNANT WOMEN.

(a) SERVICES.—Section 1902(a)(10) of the Social Security Act is amended, in the matter following subparagraph (D)—

(1) by striking out "and" before "(IV)" and inserting in lieu thereof a comma; and

(2) by inserting before the semicolon at the end thereof the following: ", and (V) the making available to pregnant women of any pregnancy-related services (including prenatal, delivery, or post partum services) shall not require the making available of such services, or of services of the same amount, duration, and scope, to any other individuals, provided such services are made available (in the same amount, duration, and scope) to all pregnant women covered under the State plan".

(b) EXTENSION OF ELIGIBILITY.—Section 1902(e) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) At the option of the State, the State may provide that the eligibility of pregnant women for medical assistance under the State plan shall be extended for a period of 60 days after the end of such pregnancy if such eligibility would otherwise have ceased during such period, provided that such eligibility is extended for all pregnant women covered under the State plan. The State may provide that such extended eligibility be limited to services related to post partum care.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services furnished on or after the first day of the first calendar quarter beginning after the date of the enactment of this Act.

SEC. 743. TECHNOLOGY-DEPENDENT CHILDREN.

(a) APPOINTMENT OF TASK FORCE.—The Secretary of Health and Human Services, within six months after the date of the enactment of this Act, shall establish a task force concerning alternatives to institutional care for technology-dependent children (as defined in subsection (e)).

(b) MEMBERSHIP.—The task force shall include representatives of Federal and State agencies with responsibilities relating to child health, health insurers, large employers (including those that self-insure for health care costs), providers of health care to technology-dependent children, and parents of technology-dependent children.

(c) FUNCTIONS OF TASK FORCE.—The task force shall—

(1) identify barriers that prevent the provision of appropriate care in a home or community setting to meet the special needs of technology-dependent children, and

(2) recommend changes in the provision and financing of health care in private and public health care programs (including appropriate joint public-private initiatives) so as to provide home and community-based alternatives to the institutionalization of technology-dependent children.

(d) REPORT.—The task force shall make a final report to the Secretary and to the Congress on its activities not later than two years after the date of the enactment of this Act.

(e) DEFINITION.—In this section, the term "technology-dependent child" means a child who has a chronic illness which makes the child dependent upon the continuing use of medical care technology (such as a ventilator).

SEC. 744. OPTIONAL HOSPICE CARE.

(a) HOSPICE CARE.—Section 1905(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (17);

(2) by redesignating paragraph (18) as paragraph (19); and

(3) by inserting after paragraph (17) the following new paragraph:

"(18) hospice care (as defined in section 1861(dd)(1)) provided by a hospice program (as defined in section 1861(dd)(2)); and".

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to services furnished on or after the date of the enactment of this Act.

SEC. 745. EXTENSION OF TEXAS LONG-TERM CARE WAIVER.

The Secretary of Health and Human Services shall continue the waiver in effect under section 1115 of the Social Security Act for the demonstration project operated by the State of Texas which provides community care alternatives for certain institutionalized individuals under the State's plan approved under title XIX of such Act (project 11-P-97473/6-06). Such waiver shall be continued until January 1, 1989.

SEC. 746. THIRD-PARTY LIABILITY.

(a) AMENDMENTS TO STATE PLAN REQUIREMENTS.—(1) Section 1902(a)(25) of the Social Security Act is amended to read as follows:

"(25) provide—

"(A) that the State or local agency administering such plan will take all reasonable measures to ascertain the legal liability of third parties (including health insurers) to pay for care and services available under the plan, including—

"(i) the collection of sufficient information (as specified by the Secretary in regulations) to enable the State to pursue claims against such third parties, with such information being collected at the time of any determination or redetermination of eligibility for medical assistance, and

"(ii) the submission to the Secretary of a plan (subject to approval by the Secretary) for pursuing claims against such third parties, which plan shall—

"(I) be integrated with, and be monitored as a part of the Secretary's review of, the State's mechanized claims processing and information retrieval system under section 1903(r), and

"(II) be subject to the provisions of section 1903(r)(4) relating to reductions in Federal payments for failure to meet conditions of approval, but shall not be subject to any other financial penalty as a result of any other monitoring, quality control, or auditing requirement;

"(B) that where the State or local agency knows that a third party has such a legal liability such agency will treat such legal liability as a resource of the individual on whose behalf the care and services are made available for purposes of paragraph (17)(B);

"(C) that in any case where such a legal liability is found to exist after medical assistance has been made available on behalf of the individual and where the amount of reimbursement the State can reasonably expect to recover exceeds the costs of such recovery, the State or local agency will seek reimbursement for such assistance to the extent of such legal liability;

"(D) that in the case of an individual who is entitled to medical assistance under a State plan with respect to a service for which a third party is liable for payment, the person furnishing the service may not seek to collect from the individual (or any

financially responsible relative or representative of that individual) payment of an amount for that service (i) if the total of the amount of the liabilities of third parties for that service is at least equal to the amount payable for that service under the plan (disregarding section 1916), or (ii) in an amount which exceeds the lesser of (I) the amount which may be collected under section 1916, or (II) the amount by which the amount payable for that service under the plan (disregarding section 1916) exceeds the total of the amount of the liabilities of third parties for that service; and

"(E) that a person who furnishes services and is participating under the plan may not refuse to furnish services to an individual (who is entitled to have payment made under the plan for the services the person furnishes) because of a third party's potential liability for payment for the service;".

(2) Section 1902 of such Act is amended by inserting after subsection (f) the following new subsection:

"(g) In addition to any other sanction available to a State, a State may provide for a reduction of any payment amount otherwise due with respect to a person who furnishes services under the plan in an amount equal to up to three times the amount of any payment sought to be collected by that person in violation of subsection (a)(25)(D).".

(b) PERFORMANCE STANDARDS AND REVIEW FOR MECHANIZED CLAIMS PROCESSING AND INFORMATION RETRIEVAL SYSTEMS.—(1) Section 1903(r)(6)(J) of such Act is amended by read as follows:

"(J) develop and disseminate performance standards for assessing the State's third party collection efforts in accordance with section 1902(a)(25)(A)(ii).".

(2) Section 1903(r)(4)(A) of such Act is amended—

(A) by striking out "once each fiscal year" and inserting in lieu thereof "once every three years"; and

(B) by adding at the end thereof the following: "Reviews may, at the Secretary's discretion, constitute reviews of the entire system or of only those standards, systems requirements, and other conditions which have demonstrated weakness in previous reviews.".

(c) REGULATIONS.—The Secretary of Health and Human Services shall promulgate final regulations necessary to carry out sections 1902(a)(25) and 1903(r)(6)(J) of the Social Security Act within 6 months after the date of the enactment of this Act.

(d) ERISA AMENDMENT.—Section 402 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1102) is amended by adding at the end thereof the following new subsection:

"(d) No employee benefit plan shall limit or exclude benefits because a participant is eligible for or is provided medical assistance under a State plan under title XIX of the Social Security Act.".

(e) CONDITIONS OF ELIGIBILITY.—(1) Section 1912(a)(1) of the Social Security Act is amended by striking out "and" at the end of subparagraph (A), and by adding at the end thereof the following new subparagraph:

"(C) to cooperate with the State in identifying and pursuing any third party who may be liable to pay for care and services available under the plan, unless such individual has good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved; and".

(2) Section 402(a)(26) of such Act is amended—

(A) by striking out the comma at the end of subparagraph (A) and inserting in lieu thereof "; and"; and

(B) by adding at the end thereof the following new subparagraph:

"(C) to cooperate with the State in identifying and pursuing any third party who may be liable to pay for care and services available under the State's plan for medical assistance under title XIX, unless such individual has good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved;".

(3) Section 1631(e)(1)(A) of such Act is amended by adding at the end thereof the following: "Such requirements shall include a requirement that each applicant or recipient shall cooperate with the Secretary in identifying and pursuing any third party who may be liable to pay for care and services available under the State plan for medical assistance (of the State in which such individual resides) under title XIX, unless such individual has good cause for refusing to cooperate as determined under standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved. The Secretary shall take all reasonable measures to ascertain any such liability.".

(4) Section 1634 of such Act is amended by inserting after "title XIX" the following: ", including the collecting and forwarding of information with respect to third party liability as required under section 1631(e)(1)(A).".

(f) DISREGARD FROM ERRONEOUS PAYMENTS.—Section 1903(u)(1)(D) of such Act is amended by adding at the end thereof the following new clause:

"(iv) In determining the amount of erroneous excess payments, there shall not be included any error resulting from a failure of an individual to cooperate or give correct information with respect to third party liability as required under section 1912(a)(1)(C), 402(a)(26)(C), or 1631(e)(1)(A).".

(g) EFFECTIVE DATE.—(1) Except as otherwise provided, the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 1985.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State Legislature that begins after the date of the enactment of this Act.

(3) No penalty may be applied against any State for a violation of section 1902(a)(25) of the Social Security Act occurring prior to the effective date of the amendments made by this section.

(4) The amendment made by subsections (c) and (d) shall become effective on the date of the enactment of this Act.

SEC. 747. OPTIONAL TARGETED CASE MANAGEMENT SERVICES.

(a) EXEMPTION FROM CERTAIN REQUIREMENTS.—Section 1915 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g)(1) A State may provide case management services under the plan without regard to the requirements of section 1902(a)(1) and section 1902(a)(10).

"(2) For purposes of this subsection, the term 'case management services' means services which will assist individuals eligible under the plan in gaining access to needed medical, social, educational, and other services.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to services furnished on or after October 1, 1985.

SEC. 748. REVALUATION OF ASSETS UNDER MEDICAID PROGRAM.

(a) REVALUATION OF ASSETS.—Section 1902(a)(13) of the Social Security Act is amended—

(1) in subparagraph (B), by striking out "hospitals, skilled nursing facilities, and intermediate care facilities" and inserting in lieu thereof "hospitals";

(2) by striking out "and" at the end of subparagraph (B);

(3) by redesignating subparagraph (C) as subparagraph (D); and

(4) by inserting after subparagraph (B) the following new subparagraph:

"(C) that the State shall provide assurances satisfactory to the Secretary that the valuation of capital assets, for purposes of determining payment rates for skilled nursing facilities and intermediate care facilities, will not be increased (as measured from the date of acquisition by the seller to the date of the change of ownership), solely as a result of a change of ownership, by more than the lesser of—

"(i) one-half of the percentage increase (as measured over the same period of time, or, if necessary, as extrapolated retrospectively by the Secretary) in the Dodge Construction Systems Costs for Nursing Homes, applied in the aggregate with respect to those facilities which have undergone a change of ownership during the fiscal year, or

"(ii) one-half of the percentage increase (as measured over the same period of time) in the Consumer Price Index for All Urban Consumers (United States city average);".

(b) EFFECTIVE DATES.—(1) Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to medical assistance furnished on or after October 1, 1985, but only with respect to changes of ownership occurring on or after such date.

(2) The amendments made by this section shall not apply with respect to a change of ownership pursuant to an enforceable agreement entered into prior to October 1, 1985.

(3) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet the requirements imposed by the amendments made by this section before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

(c) GAO STUDY.—The Comptroller General shall conduct a study of the effects of the amendments made by this section, and shall report the results of such study to the Con-

gress two years after the date of the enactment of this Act.

SEC. 749. BEGINNING DATE OF OPTIONAL COVERAGE FOR INDIVIDUALS IN MEDICAL INSTITUTIONS.

(a) COVERAGE.—Section 1902(a)(10)(A)(ii)(V) of the Social Security Act is amended by inserting "for a period of not less than 30 consecutive days (with eligibility by reason of this subclause beginning on the first day of such period)" after "are in a medical institution".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to payment for services furnished on or after October 1, 1985.

SEC. 750. OPTIONAL COVERAGE OF CHILDREN.

(a) STATE OPTION.—Section 1905(n)(2) of the Social Security Act is amended by inserting "(or such earlier date as the State may designate)" after "September 30, 1983".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services furnished on or after January 1, 1986.

SEC. 751. OVERPAYMENT RECOVERY RULES.

(a) OVERPAYMENT RECOVERY.—Section 1903(d)(2) of the Social Security Act is amended—

(1) by inserting "(A)" after "(2)";

(2) by designating the second sentence as subparagraph (B), properly indented and aligned below subparagraph (A); and

(3) by adding at the end thereof the following new subparagraphs:

"(C) For purposes of this subsection, when an overpayment is discovered, which was made by a State to a person or other entity, the State shall have a period of 60 days in which to recover or attempt to recover such overpayment before adjustment is made in the Federal payment to such State on account of such overpayment. Except as otherwise provided in subparagraph (D), the adjustment in the Federal payment shall be made at the end of the 60 days, whether or not recovery was made.

"(D) In any case where the State is unable to recover a debt which represents an overpayment (or any portion thereof) made to a person or other entity on account of such debt having been discharged in bankruptcy or otherwise being uncollectable, no adjustment shall be made in the Federal payment to such State on account of such overpayment (or portion thereof).".

(b) EFFECTIVE DATE.— The amendments made by this section shall apply to overpayments identified for quarters beginning on or after October 1, 1985.

SEC. 752. WAIVER EXTENSIONS FOR HOME AND COMMUNITY-BASED SERVICES.

The Secretary of Health and Human Services shall extend, upon request of the State, any waiver under section 1915(c) of the Social Security Act which expires on or after September 30, 1985, and before October 1, 1986. Such extension shall be for a period of not less than one year nor more than five years.

SEC. 753. WAIVER RENEWALS FOR HOME AND COMMUNITY-BASED SERVICES.

(a) RENEWAL TERMS.—Section 1915(c)(3) of the Social Security Act is amended—

(1) by striking out "additional three-year periods" and inserting in lieu thereof "additional five-year periods"; and

(2) by striking out "previous three-year period" and inserting in lieu thereof "previous waiver period".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on September 30, 1986.

SEC. 754. COORDINATED SERVICES BETWEEN MCH PROGRAM AND HOME AND COMMUNITY-BASED SERVICE PROGRAMS.

(a) IN GENERAL.—Section 1915(c) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(5) The State agency administering the plan under this title shall, whenever appropriate, enter into cooperative arrangements with the State agency responsible for administering the program for children with special health care needs under title V. Such arrangements shall provide that—

"(A) individuals under 18 years of age eligible for home or community-based care under a waiver granted in accordance with this subsection shall be referred to such State title V agency; and

"(B) the State title V agency shall assure—

"(i) the establishment of an individual service plan for the child;

"(ii) the designation of a case manager to assist the family in carrying out the plan; and

"(iii) the monitoring of the utilization, quality, and costs of services provided for appropriateness and reasonableness.".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on the date of the enactment of this Act.

SEC. 755. EXPANSION OF SERVICES UNDER WAIVER AUTHORITY.

(a) INCREASE IN NUMBER OF SERVICES.—Section 1915(b) of the Social Security Act is amended—

(1) by inserting "(1)" after "(b)";

(2) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D); and

(3) by adding at the end thereof the following new paragraph:

"(2) The Secretary may waive the requirements of section 1903(m)(2)(A) with respect to an entity providing services under the State's waiver under this subsection if such entity does not provide more than 5 of the services listed in section 1903(m)(2)(A), and does not provide inpatient hospital services.".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date of the enactment of this Act.

SEC. 756. LIFE SAFETY CODE RECOGNITION.

For purposes of sections 1861(j)(13) and 1905(c) of the Social Security Act, the Secretary of Health and Human Services shall specify the 1985 edition of the Life Safety Code of the National Fire Protection Association until such time as a new edition is published.

SEC. 757. REGULATIONS FOR INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED.

The Secretary of Health and Human Services shall promulgate proposed regulations revising standards for intermediate care facilities for the mentally retarded under title XIX of the Social Security Act within 60 days after the date of the enactment of this Act.

SEC. 758. MODIFYING APPLICATION OF MEDICAID HMO PROVISIONS FOR CERTAIN HEALTH CENTERS.

(a) WAIVING APPLICATION OF 75 PERCENT RULE AND CERTAIN ORGANIZATIONAL REQUIREMENTS.—Section 1903(m)(2) of the Social Security Act is amended—

(1) in subparagraph (A), by striking out "(B) and (C)" and inserting in lieu thereof "(B), (C), and (G)";

(2) in subparagraph (F)—

(A) by striking out "(F)(i) In the case of a contract with a health maintenance organization described in clause (ii)" and inserting in lieu thereof "(F) in the case of a contract with an entity described in subparagraph (G) or with a qualified health maintenance organization (as defined in section 1310(d) of the Public Health Service Act) which meets the requirement of subparagraph (A)(ii)";

(B) by striking out "such organization" and inserting in lieu thereof "such entity or organization"; and

(C) by striking out clause (ii); and

(3) by adding at the end thereof the following new subparagraph:

"(G) In the case of an entity which is receiving (and has received during the previous two years) a grant of at least $100,000 under section 329(d)(1)(A) or 330(d)(1) of the Public Health Service Act or is receiving (and has received during the previous two years) at least $100,000 (by grant, subgrant, or subcontract) under the Appalachian Regional Development Act of 1965, clauses (i) and (ii) of subparagraph (A) shall not apply.".

(b) PERMITTING 6-MONTH CONTINUATION OF BENEFITS.—Section 1902(e)(2) of such Act is amended—

(1) in subparagraph (A)—

(A) by inserting "or with an entity described in section 1903(m)(2)(G)" after "Public Health Service Act)"; and

(B) by inserting "or entity" before the period; and

(2) in subparagraph (B)—

(A) by striking out "a health maintenance organization" and inserting in lieu thereof "an organization or entity"; and

(B) by inserting "or entity" after "the organization".

SEC. 759. ANNUAL CALCULATION OF FEDERAL MEDICAL ASSISTANCE PERCENTAGE.

(a) ANNUAL CALCULATION.—Section 1101(a)(8)(B) of the Social Security Act is amended—

(1) by striking out "evennumbered"; and

(2) by striking out "eight quarters" and inserting in lieu thereof "four quarters".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to the Federal percentage for fiscal years 1988 and thereafter.

SEC. 759A. USE OF SAMPLING FOR REVIEW OF MENTAL HOSPITALS, SKILLED NURSING FACILITIES, AND INTERMEDIATE CARE FACILITIES.

(a) USE OF SAMPLING.—(1) Section 1902(a)(26)(B) of the Social Security Act is amended by inserting "(or, as permitted by the Secretary, each person in a sample group of individuals receiving medical assistance)" after "each person receiving medical assistance".

(2) Section 1902(a)(31)(B) of such Act is amended by inserting "(or, as permitted by the Secretary, each person in a sample group of individuals receiving medical assistance)" after "each person receiving medical assistance".

(3) Section 1903(g)(1) of such Act is amended by inserting "(or, as permitted by the Secretary, each case in a sample group)" after "each case".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to surveys in progress or begun after the date of the enactment of this Act.

SEC. 759B. WISCONSIN HEALTH MAINTENANCE ORGANIZATION WAIVER.

The waiver granted to the State of Wisconsin pursuant to section 1915(b) of the Social Security Act relating to the requirements of section 1903(m) of such Act in conjunction with a waiver of the requirements of section

1902(a)(23) of such Act shall, upon request by the State, be reinstated, and shall be renewable for terms of 2 years, subject to the showings required generally under section 1915(b) of such Act.

SEC. 759C. CLARIFICATION OF MEDICAID MORATORIUM PROVISIONS OF DEFICIT REDUCTION ACT OF 1984.

(a) CLARIFICATION.—Section 2373(c) of the Deficit Reduction Act of 1984 is amended—

(1) in paragraph (1)—

(A) by inserting "(whether or not approved)" after "such State's plan",

(B) by inserting "(including any part of the plan operating pursuant to section 1902(f) of that Act), or the operation thereunder," after "Social Security Act", and

(C) by inserting "(or its operation's)" after "such plan's"; and

(2) by adding at the end thereof the following new paragraph:

"(5) In this subsection, a State plan is considered to include any amendment or other change in the plan which is submitted by a State, or for which the Secretary otherwise has notice, whether before or after the date of enactment of the Deficit Reduction Act of 1984 and whether or not the amendment or change was approved, disapproved, acted upon, or not acted upon by the Secretary.".

(b) SALE OF HOME.—Section 2373(c) of the Deficit Reduction Act of 1984 is further amended by adding at the end thereof the following new paragraph:

"(6) During the moratorium period, the Secretary shall implement (and shall not change by any administrative action) the policy in effect at the beginning of such moratorium period with respect to—

"(A) the point in time at which an institutionalized individual must sell his home (in order that it not be counted as a resource); and

"(B) the time period allowed for sale of a home of any such individual,

who is an applicant for or recipient of medical assistance under the State plan as a medically needy individual (described in section 1902(a)(10)(C) of the Social Security Act) or as an optional categorically needy individual (described in section 1902(a)(10)(A)(ii) of such Act).".

(c) EFFECTIVE DATES.—The amendments made by this section shall apply as though they were included in the Deficit Reduction Act of 1984 as originally enacted.

SEC. 759D. HOME AND COMMUNITY-BASED SERVICES DEMONSTRATIONS.

(a) DEMONSTRATION PROJECTS.—The Secretary of Health and Human Services shall allow four States (to be selected by the Secretary) to conduct demonstration projects to determine whether, and to what extent, State controlled home and community-based service programs for elderly, disabled, and developmentally disabled individuals, who are eligible under the State's plan approved under title XIX of the Social Security Act, can reduce expenditures for the society as a whole, for the Federal Government, and for the States.

(b) DURATION.—Each demonstration project shall be for a period of three years.

(c) MEDICAID EXPENDITURE LEVELS.—Expenditures under the demonstration projects shall exceed the amounts which would otherwise be expended under the States' plans under title XIX of the Social Security Act for services provided to the same individuals by not less than $85,000,000 nor more than $88,000,000 for all four projects over the 3-year period of the projects. Such additional amounts may be used to provide additional services such as habilitative services not otherwise covered under the State plan, or care provided in small facilities not otherwise eligible for payments under such plan, but all standards for quality of care otherwise applicable under the State plan shall apply.

(d) STATES SELECTED.—In selecting the four States to carry out the demonstration projects, the Secretary shall select programmatically and demographically disparate States.

(e) EVALUATION.—The Secretary shall evaluate the demonstration projects and submit a preliminary report during the third year of the projects. Such evaluation shall be funded at a level of not less than $1,500,000 nor more than $2,000,000.

SEC. 759E. PARTICIPANTS UNDER HOME AND COMMUNITY-BASED SERVICES WAIVERS.

(a) REPLACEMENT OF PARTICIPANTS.—Section 1915(c) of the Social Security Act (as amended by section 754 of this Act) is further amended by adding at the end thereof the following new paragraph:

"(6) In the case of any waiver under this subsection which contains a limit on the number of individuals who shall receive home or community-based services, the State may substitute additional individuals to receive such services to replace any individuals who die or become ineligible for services under the State plan.".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date of the enactment of this Act.

SEC. 759F. NEW JERSEY DEMONSTRATION PROJECT RELATING TO TRAINING OF AFDC RECIPIENTS AS HOME HEALTH AIDES.

The Secretary of Health and Human Services shall continue for one additional year the demonstration project conducted by the State of New Jersey pursuant to section 966 of the Omnibus Reconciliation Act of 1980. Federal matching for such demonstration project shall be 50 percent.

SEC. 759G. CORRECTION PLANS FOR INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED.

(a) CORRECTION PLANS.—Section 1910(c) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3)(A) If the Secretary finds that an intermediate care facility for the mentally retarded has substantial deficiencies which do not pose an immediate threat to the health and safety of residents, the State may elect to submit a written plan of correction which details the extent of the facility's current compliance with the standards promulgated by the Secretary, including all deficiencies identified during a validation survey. The plan must provide for—

"(i) a timetable for completion of necessary steps to correct all staffing deficiencies within 6 months, and a timetable for rectifying all physical plant deficiencies within 6 months; or

"(ii) a timetable (which includes the information required by subparagraph (B)) for permanently reducing the number of certified beds, within a maximum of 36 months, in order to permit any noncomplying buildings (or distinct parts thereof) to be vacated and any staffing deficiencies to be corrected.

"(B) A timetable under subparagraph (A)(ii) must—

"(i) identify the number and service needs of existing facility residents to be placed in home or community alternatives and the sequencing of such placements, in 6 month intervals, within the 36-month period;

"(ii) describe the methods to be used to select such residents for placement and develop the home and community-based resources to meet their needs effectively; and

"(iii) describe the necessary safeguards that will be taken to protect the health and welfare of former residents that are placed in home or community-based alternatives, including adequate standards for consumer and provider participation and assurances that applicable State licensure and certification requirements will be met in such home or community facilities and programs.

"(C) If the Secretary at the conclusion of the initial 6 month period, or any subsequent 6 month period in the case of a plan described in subparagraph (A)(ii), finds that a State has substantially failed to meet its obligations under clause (i) or (ii) of subparagraph (A)—

"(i) the Secretary may terminate the facility's provider agreement in accordance with the provisions of paragraph (1); or

"(ii) if the State elected to reduce the number of facility residents in accordance with subparagraph (A)(ii) and the Secretary subsequently finds that, despite good faith efforts to execute its reduction plan, the State has failed to meet its interim reduction goals, the Secretary may disallow, for purposes of Federal financial participation, an amount equal to 5 percent of the cost of care for all eligible individuals in the institution for each month for which the State fails to meet its interim reduction or other plant and staffing goals.".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on the date of the enactment of this Act.

PART 2—MATERNAL AND CHILD HEALTH

SEC. 759H. ELIMINATION OF TWO-YEAR LIMIT FOR OBLIGATION OF FUNDS UNDER MATERNAL AND CHILD HEALTH BLOCK GRANT.

(a) ELIMINATION OF LIMIT.—Section 503(b) of the Social Security Act is amended by striking out "during the next fiscal year" and all that follows, and inserting in lieu thereof "during any subsequent fiscal year.".

(b) EFFECTIVE DATE.—The amendment made by this section shall become effective on the date of the enactment of this Act.

SEC. 759I. CHILDREN WITH SPECIAL HEALTH CARE NEEDS.

(a) Section 501(a)(4) of the Social Security Act is amended by striking out "children who are crippled or who are suffering from conditions leading to crippling" and inserting in lieu thereof "children who are 'children with special health care needs' or who are suffering from conditions leading to such status".

(b) Section 501(a) of such Act is amended by striking out "crippled children" in the matter following paragraph (4) and inserting in lieu thereof "children with special health care needs".

(c) Section 501(b)(1)(A) of such Act is amended by striking out "crippled children's services" and inserting in lieu thereof "services for children with special health care needs".

(d) Section 502(a)(2)(B) of such Act is amended—

(1) by striking out "crippled children's programs" and inserting in lieu thereof "programs for children with special health care needs"; and

(2) by striking out "crippled children's services" and inserting in lieu thereof "services for children with special health care needs".

(e) Sections 504(b)(1) and 509(b) of such Act are each amended by striking out "crip-

pled children" and inserting in lieu thereof "children with special health care needs".

Subtitle C—OASDI

SEC. 760. DEMONSTRATION PROJECTS INVOLVING THE DISABILITY INSURANCE PROGRAM.

(a) EXTENSION OF WAIVER AUTHORITY.—Section 505(a)(3) of the Social Security Disability Amendments of 1980 is amended by inserting "which is initiated before June 10, 1990" after "demonstration project under paragraph (1)".

(b) INTERIM REPORTS.—Section 505(a)(4) of such Amendments is amended to read as follows:

"(4) On or before June 9 in each of the years 1986, 1987, 1988, and 1989, the Secretary shall submit to the Congress an interim report on the progress of the experiments and demonstration projects carried out under this subsection together with any related data and materials which the Secretary may consider appropriate.".

(c) FINAL REPORT.—Section 505(c) of such Amendments is amended by striking out "under this section no later than five years after the date of the enactment of this Act" and inserting in lieu thereof "under subsection (a) no later than June 9, 1990".

(d) INCORPORATION OF CERTAIN REPORTS INTO SECRETARY'S ANNUAL REPORT TO CONGRESS.—Section 1110(b) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) All reports of the Secretary with respect to projects carried out under this subsection shall be incorporated into the Secretary's annual report to the Congress required by section 704.".

SEC. 761. DISABILITY ADVISORY COUNCIL.

(a) APPOINTMENT OF COUNCIL.—Within ninety days after the date of the enactment of this Act, the Secretary of Health and Human Services shall appoint a special Disability Advisory Council.

(b) MEMBERSHIP OF COUNCIL.—The Disability Advisory Council shall consist of a Chairman and not more than twelve other persons, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The appointed members shall, to the extent possible, represent organizations of employers and employees in equal numbers, medical and vocational experts from the public or private sector (or from both such sectors), organizations representing disabled people, and the public. The Council shall meet as often as may be necessary for the performance of its duties under this section, but not less often than quarterly.

(c) DUTIES OF COUNCIL.—(1) The Advisory Council shall conduct studies and make recommendations with respect to the medical and vocational aspects of disability under both title II and title XVI of the Social Security Act, including studies and recommendations relating to—

(A) the effectiveness of vocational rehabilitation programs for recipients of disability insurance benefits or supplemental security income benefits;

(B) the question of using specialists for completing medical and vocational evaluations at the State agency level in the disability determination process, including the question of requiring, in cases involving impairments other than mental impairments, that the medical portion of each case review (as well as any applicable assessment of residual functional capacity) be completed by an appropriate medical specialist employed by the appropriate State agency before any determination can be made with respect to the impairment involved;

(C) alternative approaches to work evaluation in the case of applicants for benefits based on disability and recipients of such benefits undergoing reviews of their cases, including immediate referral of any such applicant or recipient to a vocational rehabilitation agency for services at the same time he or she is referred to the appropriate State agency for a disability determination;

(D) the feasibility and appropriateness of providing work evaluation stipends for applicants for and recipients of benefits based on disability in cases where extended work evaluation is needed prior to the final determination of their eligibility for such benefits or for further rehabilitation and related services;

(E) the standards, policies, and procedures which are applied or used by the Secretary of Health and Human Services with respect to work evaluations in order to determine whether such standards, policies, and procedures will provide appropriate screening criteria for work evaluation referrals in the case of applicants for and recipients of benefits based on disability; and

(F) possible criteria for assessing the probability that an applicant for or recipient of benefits based on disability will benefit from rehabilitation services, taking into consideration not only whether the individual involved will be able after rehabilitation to engage in substantial gainful activity but also whether rehabilitation services can reasonably be expected to improve the individual's functioning so that he or she will be able to live independently or work in a sheltered environment.

(2) For purposes of this subsection, "work evaluation" includes (with respect to any individual) a determination of—

(A) such individual's skills,

(B) the work activities or types of work activity for which such individual's skills are insufficient or inadequate,

(C) the work activities or types of work activity for which such individual might potentially be trained or rehabilitated,

(D) the length of time for which such individual is capable of sustaining work (including, in the case of the mentally impaired, the ability to cope with the stress of competitive work), and

(E) any modifications which may be necessary, in work activities for which such individual might be trained or rehabilitated, in order to enable him or her to perform such activities.

(d) PROVISION OF ASSISTANCE TO COUNCIL; COMPENSATION OF MEMBERS.—(1) The Disability Advisory Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary of Health and Human Services shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health and Human Services as the Council may require to carry out such functions.

(2) Appointed members of the Council, while serving on business of the Council (inclusive of traveltime), shall receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.

(e) REPORTS.—The Disability Advisory Council shall submit a report (including any interim reports the Council may have issued) of its findings and recommendations to the Secretary of Health and Human Services not later than December 31, 1986; and such report and recommendations shall thereupon be transmitted to the Congress and to the Board of Trustees of the Federal Disability Insurance Trust Fund.

(f) TERMINATION.—After the date of the transmittal to the Congress of the report required by subsection (e), the Disability Advisory Council shall cease to exist.

(g) CONFORMING AMENDMENTS.—(1) Section 706 of the Social Security Act is amended—

(A) by inserting "except as provided in subsection (e)," immediately before "the Secretary shall appoint" in subsection (a); and

(B) by adding at the end thereof the following new subsection:

"(e) No Advisory Council on Social Security shall be appointed under subsection (a) in 1985 (or in any subsequent year prior to 1989).".

(2) Section 12 of the Social Security Disability Benefits Reform Act of 1984 is repealed.

SEC. 762. TAXATION OF SOCIAL SECURITY BENEFITS RECEIVED BY CERTAIN CITIZENS OF POSSESSIONS OF THE UNITED STATES.

(a) GENERAL RULE.—Section 932 of the Internal Revenue Code of 1954 (relating to citizens of possessions of the United States) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) TAXATION OF SOCIAL SECURITY BENEFITS.—If, for purposes of an income tax imposed in the possession, any social security benefit (as defined in section 86(d)) received by an individual described in subsection (a) is treated in a manner equivalent to that provided by section 86, then—

"(1) such benefit shall be exempt from the tax imposed by section 871, and

"(2) no amount shall be deducted and withheld from such benefit under section 1441.

Any income tax imposed in a possession which treats social security benefits (as defined in section 86(d)) in a manner equivalent to section 86, and which first becomes effective within 15 months after the date of the enactment of this subsection, shall, for purposes of this section, be deemed to have been in effect as of January 1, 1984.".

(b) CROSS REFERENCE.—Paragraph (3) of section 871(a) of such Code is amended by adding at the end thereof (after and below subparagraph (B)) the following new sentence:

"For treatment of certain citizens of possessions of the United States, see section 932(c)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits received after December 31, 1983, in taxable years ending after such date.

SEC. 763. APPLICATION OF DEPENDENCY TEST TO ADOPTED GREAT-GRANDCHILDREN FOR PURPOSES OF CHILD'S INSURANCE BENEFITS.

(a) TREATMENT OF GRANDCHILDREN AND GREAT-GRANDCHILDREN ALIKE.—Section 202(d)(8)(D)(ii)(III) of the Social Security Act is amended by inserting "or great-grandchild" after "grandchild".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to benefits for which application is filed after the date of the enactment of this Act.

SEC. 764. ELIMINATION OF REQUIREMENT FOR PUBLICATION OF REVISIONS IN PRE-1979 BENEFIT TABLE.

Section 215(i)(4) of the Social Security Act is amended by striking out "the Secretary shall publish" and all that follows in the last sentence and inserting in lieu thereof the following: "the Secretary shall revise the table of benefits contained in subsection (a), as in effect in December 1978, in accordance with the requirements of paragraph (2)(D) of this subsection as then in effect, except that the requirement in such paragraph (2)(D) that the Secretary publish such revision of the table of benefits in the Federal Register shall not apply.".

SEC. 765. FORMULA CLARIFICATION.

Section 709(b)(1) of the Social Security Act is amended to read as follows:

"(1) the balance in such Trust Fund as of the beginning of such year, including the taxes transferred under section 201(a) on the first day of such year and reduced by the outstanding amount of any loan (including interest thereon) theretofore made to such Trust Fund under section 201(l) or 1817(j), to".

SEC. 766. EXTENSION OF 15-MONTH REENTITLEMENT PERIOD TO CHILDHOOD DISABILITY BENEFICIARIES SUBSEQUENTLY ENTITLED.

(a) IN GENERAL.—Section 202(d)(6)(E) of the Social Security Act is amended by striking out "the third month following the month in which he ceases to be under such disability" and inserting in lieu thereof "the termination month (as defined in paragraph (1)(G)(i)), subject to section 223(e),".

(b) CONFORMING AMENDMENT.—Section 223(e) of such Act is amended by inserting "(d)(6)(A)(ii), (d)(6)(B)," after "(d)(1)(B)(ii),".

(c) EFFECTIVE DATE.—The amendments made by this section are effective December 1, 1980, and shall apply with respect to any individual who is under a disability (as defined in section 223(d) of the Social Security Act) on or after that date.

SEC. 767. CHARGING OF WORK DEDUCTIONS AGAINST AUXILIARY BENEFITS IN DISABILITY CASES.

(a) IN GENERAL.—(1) Section 203(a)(4) of the Social Security Act is amended by striking out "preceding" in the first sentence.

(2) Section 203(a)(6) of such Act is amended—

(A) by striking out "and (5)" and inserting in lieu thereof "(4), and (5)"; and

(B) by striking out ", whether or not" and all that follows down through "further reduced" and inserting in lieu thereof "shall be reduced".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to benefits payable for months after December 1985.

SEC. 768. PERFECTING AMENDMENTS TO DISABILITY OFFSET PROVISION.

(a) IN GENERAL.—(1) Section 224(a)(2) of the Social Security Act is amended to read as follows:

"(2) such individual is entitled for such month to—

"(A) periodic benefits on account of his or her total or partial disability (whether or not permanent) under a workmen's compensation law or plan of the United States or a State, or

"(B) periodic benefits on account of his or her total or partial disability (whether or not permanent) under any other law or plan of the United States, a State, a political subdivision (as that term is used in section 218(b)(2)), or an instrumentality of two or more States (as that term is used in section 218(k)), other than (i) benefits payable under title 38, United States Code, (ii) benefits payable under a program of assistance which is based on need, (iii) benefits based on service all or substantially all of which was included under an agreement entered into by a State and the Secretary under section 218, and (iv) benefits under a law or plan of the United States based on service all or part of which is employment as defined in section 210,".

(2) Section 224(a)(2)(B) of such Act (as amended by paragraph (1) of this subsection) is further amended by striking out "all or part of which" in clause (iv) and inserting in lieu thereof "all or substantially all of which".

(b) EFFECTIVE DATES.—(1) The amendment made by subsection (a)(1) shall be effective as though it had been included or reflected in the amendment made by section 2208(a)(3) of the Omnibus Budget Reconciliation Act of 1981.

(2) The amendment made by subsection (a)(2) shall apply only with respect to monthly benefits payable on the basis of the wages and self-employment income of individuals who become disabled (within the meaning of section 223(d) of the Social Security Act) after the month in which this Act is enacted.

SEC. 769. STATE COVERAGE AGREEMENTS.

(a) MAXIMUM PERIOD OF RETROACTIVE COVERAGE.—Section 218(f)(1) of the Social Security Act is amended by striking out "is agreed to by the Secretary and the State" and inserting in lieu thereof "is mailed or delivered by other means to the Secretary".

(b) POSITIONS COMPENSATED SOLELY ON FEE BASIS.—Section 218(u)(3) of such Act is amended by striking out "is agreed to by the Secretary and the State" and inserting in lieu thereof "is mailed or delivered by other means to the Secretary".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to agreements and modifications of agreements which are mailed or delivered to the Secretary of Health and Human Services (under section 218 of the Social Security Act) on or after the date of the enactment of this Act.

SEC. 769A. EFFECT OF EARLY DELIVERY OF BENEFIT CHECKS.

(a) FOR OASDI PURPOSES.—Section 708 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(c) For purposes of computing the 'OASDI trust fund ratio' under section 201(l), the 'OASDI fund ratio' under section 215(i), and the 'balance ratio' under section 709(b), benefit checks delivered before the end of the month for which they are issued by reason of subsection (a) of this section shall be deemed to have been delivered on the regularly designated delivery date.".

(b) FOR INCOME TAX PURPOSES.—Section 86(d) of the Internal Revenue Code of 1954 (relating to taxation of social security and tier 1 railroad retirement benefits) is amended by adding at the end thereof the following new paragraph:

"(5) EFFECT OF EARLY DELIVERY OF BENEFIT CHECKS.—For purposes of subsection (a), in any case where section 708 of the Social Security Act causes social security benefit checks to be delivered before the end of the calendar month for which they are issued, the benefits involved shall be deemed to have been received in the succeeding calendar month.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to benefit checks issued for months ending after the date of the enactment of this Act.

SEC. 769B. PRESERVATION OF BENEFIT STATUS FOR DISABLED WIDOWS AND WIDOWERS WHO LOST SSI BENEFITS BECAUSE OF 1983 CHANGES IN ACTUARIAL REDUCTION FORMULA.

(a) IN GENERAL.—Section 1634 of the Social Security Act is amended—

(1) by inserting "(a)" after "SEC. 1634.", and

(2) by adding at the end the following new subsection:

"(b)(1) An eligible disabled widow or widower (described in paragraph (2)) who is entitled to a widow's or widower's insurance benefit based on a disability for any month under section 202(e) or (f) but is not eligible for benefits under this title in that month, and who applies for the protection of this subsection under paragraph (3), shall be deemed for purposes of title XIX to be an individual with respect to whom benefits under this title are paid in that month if he or she—

"(A) has been continuously entitled to such widow's or widower's insurance benefits from the first month for which the increase described in paragraph (2)(C) was reflected in such benefits through the month involved, and

"(B) would be eligible for benefits under this title in the month involved if the amount of the increase described in paragraph (2)(C) in his or her widow's or widower's insurance benefits, and any subsequent cost-of-living adjustment in such benefits under section 215(i), were disregarded.

"(2) For purposes of paragraph (1), the term 'eligible disabled widow or widower' means an individual who—

"(A) was entitled to a monthly insurance benefit under title II for December 1983,

"(B) was entitled to a widow's or widower's insurance benefit based on a disability under section 202(e) or (f) for January 1984 and with respect to whom a benefit under this title was paid in that month, and

"(C) because of the increase in the amount of his or her widow's or widower's insurance benefits which resulted from the amendments made by section 134 of the Social Security Amendments of 1983 (Public Law 98-21) (eliminating the additional reduction factor for disabled widows and widowers under age 60), was ineligible for benefits under this title in the first month in which such increase was paid to him or her (and in which a retroactive payment of such increase for prior months was not made).

"(3) This subsection shall only apply to an individual who files a written application for protection under this subsection, in such manner and form as the Secretary may prescribe, during the 15-month period beginning with the month in which this subsection is enacted.

"(4) For purposes of this subsection, the term 'benefits under this title' includes payments of the type described in section 1616(a) or of the type described in section 212(a) of Public Law 93-66.".

(b) IDENTIFICATION OF BENEFICIARIES.—(1) As soon as possible after the date of the enactment of this Act, the Secretary of Health and Human Services shall provide each State with the names of all individuals receiving widow's or widower's insurance benefits under subsection (e) or (f) of section 202 of the Social Security Act based on a disability who might qualify for medical assistance under the plan of that State approved under title XIX of such Act by reason of the appli-

cation of section 1634(b) of the Social Security Act.

(2) Each State shall—

(A) using the information so provided and any other information it may have, promptly notify all individuals who may qualify for medical assistance under its plan by reason of such section 1634(b) of their right to make application for such assistance,

(B) solicit their applications for such assistance, and

(C) make the necessary determination of such individuals' eligibility for such assistance under such section and under such title XIX.

(c) EFFECTIVE DATE.—The amendment made by subsection (a)(2) shall not have the effect of deeming an individual eligible for medical assistance for any month which begins less than two months after the date of the enactment of this Act.

SEC. 769C. EXEMPTION FROM SOCIAL SECURITY COVERAGE FOR RETIRED FEDERAL JUDGES ON ACTIVE DUTY.

(a) AMENDMENT TO SOCIAL SECURITY ACT.—Section 209 of the Social Security Act is amended in the third to the last paragraph thereof (added by section 101(c)(1) of the Social Security Amendments of 1983) by striking out "shall, subject to the provisions of subsection (a) of this section, include" and inserting in lieu thereof "shall not include".

(b) AMENDMENT TO INTERNAL REVENUE CODE.—Section 3121(i)(5) of the Internal Revenue Code of 1954 is amended by striking out "shall, subject to the provisions of subsection (a)(1) of this section, include" and inserting in lieu thereof "shall not include".

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to service performed after December 31, 1983.

SEC. 769D. RECOVERY OF OVERPAYMENTS.

(a) OASDI PAYMENTS.—Section 204(a) of the Social Security Act is amended—

(1) by inserting "(1)" after "204(a)";

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B); and

(3) by adding at the end thereof the following new paragraph:

"(2) Notwithstanding any other provision of this section, when any payment of more than the correct amount is made to or on behalf of an individual who has died, and such payment—

"(A) is made by direct deposit to a financial institution;

"(B) is credited by the financial institution to a joint account of the deceased individual and another person; and

"(C) such other person was entitled to a monthly benefit on the basis of the same wages and self-employment income as the deceased individual for the month preceding the month in which the deceased individual died,

the amount of such payment in excess of the correct amount shall be treated as a payment of more than the correct amount to such other person.".

(b) SSI PAYMENTS.—Section 1631(b) of the Social Security Act is amended by redesignating paragraphs (2) through (4) as paragraphs (3) through (5), and by inserting after paragraph (1) the following new paragraph:

"(2) Notwithstanding any other provision of this section, when any payment of more than the correct amount is made to or on behalf of an individual who has died, and such payment—

"(A) is made by direct deposit to a financial institution;

"(B) is credited by the financial institution to a joint account of the deceased individual and another person; and

"(C) such other person is the surviving spouse of the deceased individual, and was eligible for a payment under this title (including any State supplementation payment paid by the Secretary) as an eligible spouse (or as either member of an eligible couple) for the month in which the deceased individual died,

the amount of such payment in excess of the correct amount shall be treated as a payment of more than the correct amount to such other person.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply only in the case of deaths of which the Secretary is first notified on or after the date of the enactment of this Act.

SEC. 769E. STUDY OF BENEFIT FORMULA NOTCH.

(a) STUDY BY PANEL.—(1) The Secretary of Health and Human Services shall appoint a special panel to conduct studies with respect to the so-called "notch" under the present formula (established by the Social Security Amendments of 1977) for determining primary insurance amounts under title II of the Social Security Act, including studies relating to—

(A) the extent to which inequities are actually resulting from the implementation of such formula;

(B) the nature and desirability of the actions that might be taken to correct any inequities which are found to exist; and

(C) the effect that any such actions would have upon the short- and long-term financial condition of the social security trust funds and upon the state of the national economy generally.

(2) In carrying out its duties under paragraph (1), the special panel shall consult with such outside experts as it may consider appropriate.

(b) REPORT.—The Secretary shall submit a report of the findings and recommendations of the special panel to the Senate Committee on Finance and the House Committee on Ways and Means not later than December 15, 1986.

SEC. 769F. GENERAL EFFECTIVE DATE.

Except as otherwise specifically provided, this subtitle and the amendments made by this subtitle shall take effect on the first day of the month following the month in which this Act is enacted.

SEC. 769G. RESTORATION OF TRUST FUND INVESTMENTS.

(a) REISSUANCE OF OBLIGATIONS.—The Secretary of the Treasury shall immediately reissue to the Social Security Trust Funds and other retirement funds (as defined in subsection (d)) obligations under chapter 31 of title 31, United States Code, identical in all terms to public debt obligations redeemed on or after September 1, 1985, and on or before the date of the enactment of this Act that as determined by the Secretary on the basis of standard investment procedures for such funds in effect on September 1, 1985, would not have been redeemed if H.J. Res. 372 (99th Congress, 1st Session), as deemed passed by the House of Representatives on August 1, 1985, had been enacted into law on August 1, 1985. The uninvested balances of such funds shall be debited for the principal amount of such reissued obligations.

(b) APPROPRIATION TO TRUST FUNDS OF LOST INTEREST.—(1) The Secretary of the Treasury shall pay to the Social Security Trust Funds and other retirement funds (as defined in subsection (d)), from amounts in the general fund of the Treasury not otherwise appropriated, amounts determined, in accordance with paragraph (2), to be equal to the net amount of interest that would have accrued to each such fund but for noninvestments, redemptions, and disinvestments of such funds—

(A) on or after September 1, 1985, and on or before the date of the enactment of this Act that would not have occurred if H.J. Res. 372 (99th Congress, 1st Session), as deemed passed by the House of Representatives on August 1, 1985, had been enacted into law on August 1, 1985, taking into account the reissuance of obligations as required by subsection (a); and

(B) on or after September 1, 1984, and prior to September 1, 1985, that would not have occurred but for limitations on the public debt, based on the present value of the permanent loss of such interest.

(2)(A) The determination of the amount of interest which would have accrued to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund shall be made jointly by the Secretary of the Treasury and the Commissioner of Social Security, and must be certified as accurate by the two public members of the Board of Trustees of the Trust Funds and by the Comptroller General.

(B) The determination of the amount of interest which would have accrued to the Railroad Retirement Account shall be made jointly by the Secretary of the Treasury and the Chairman of the Railroad Retirement Board, and must be certified as accurate by the Comptroller General.

(C) The determination of the amount of interest which would have accrued to the Civil Service Retirement and Disability Fund and the Department of Defense Military Retirement Fund shall be made by the Secretary of the Treasury, and must be certified as accurate by the Comptroller General.

(3) The payment required by paragraph (1) shall be made on June 30, 1986. Prior to April 1, 1986, the officials required to make all determinations under paragraph (2) shall do so, and shall report to the Congress any disagreements. The Comptroller General and the public members of the Board of Trustees of the Trust Funds shall report to the Congress any such determinations which they do not certify as being accurate, along with an explanation of why they do not certify such determination.

(c) NOTIFICATION OF DISINVESTMENT PLANS.—(1) The Secretary of the Treasury (as Managing Trustee of the Social Security Trust Funds) shall notify each member of the Board of Trustees of such Trust Funds, the Chairman of the House Committee on Ways and Means, and the Chairman of the Senate Committee on Finance, of any planned action, taken by reason of the limitation on the public debt, to—

(A) redeem or to disinvest any long-term bond held by the Trust Funds (specifying the amount, rate of interest, and date of redemption of each bond); or

(B) not make normalized tax transfers or not invest normalized tax transfers in interest bearing obligations, as required under sections 201, 1817, and 1841 of the Social Security Act.

(2) Notice under this subsection shall be made not less than 15 days prior to the planned action, and shall include an explanation of the necessity for the action.

(d) DEFINITION.—For purposes of this section, the term "Social Security Trust Funds

and other retirement funds" means the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, the Federal Supplementary Medical Insurance Trust Fund, the Railroad Retirement Account, the Civil Service Retirement and Disability Fund, and the Department of Defense Military Retirement Fund.

SEC. 769H. COVERAGE OF CONNECTICUT STATE POLICE.

Notwithstanding any provision of section 218 of the Social Security Act, the Secretary of Health and Human Services shall, upon the request of the Governor of Connecticut, modify the agreement under such section between the Secretary and the State of Connecticut to provide that service performed after the date of the enactment of this Act by members of the Division of the State Police within the Connecticut Department of Public Safety, who are hired on or after May 8, 1984, and who are members of the tier II plan of the Connecticut State Employees Retirement System, shall be covered under such agreement.

Subtitle D—AFDC, SSI, Adoption Assistance, Foster Care, and Unemployment Compensation

SEC. 770. QUALITY CONTROL STUDIES AND PENALTY MORATORIUM.

(a) STUDIES.—(1) The Secretary of Health and Human Services (hereafter referred to in this section as the "Secretary") shall conduct a study of quality control systems for the Aid to Families with Dependent Children Program under title IV-A of the Social Security Act and for the Medicaid Program under title XIX of such Act. The study shall examine how best to operate such systems in order to obtain information which will allow program managers to improve the quality of administration, and provide reasonable data on the basis of which Federal funding may be withheld for States with excessive levels of erroneous payments.

(2) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1). For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

(3) The Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress within one year after the date of the enactment of this Act.

(b) MORATORIUM ON PENALTIES.—(1) During the 24-month period beginning with the first calendar quarter which begins after the date of the enactment of this Act (hereafter in this section referred to as the "moratorium period"), the Secretary shall not impose any reductions in payments to States pursuant to section 403(i) or 1903(u) of the Social Security Act, or pursuant to any comparable provision of law relating to the programs under titles IV-A and XIX of such Act in Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Northern Mariana Islands.

(2) During the moratorium period, the Secretary and the States shall continue to operate the quality control systems in effect under titles IV-A and XIX of the Social Security Act, and to calculate the error rates under the provisions referred to in paragraph (1).

(c) RESTRUCTURED QUALITY CONTROL SYSTEMS.—(1) Not later than 18 months after the date of the enactment of this Act, the Secretary shall publish regulations which shall—

(A) restructure the quality control systems under titles IV-A and XIX of the Social Security Act to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the reductions which shall be made for quarters prior to the implementation of the restructured quality control systems so as to eliminate reductions for those quarters which would not be required if the restructured quality control systems had been in effect during those quarters.

(2) Beginning with the first calendar quarter after the moratorium period, the Secretary shall implement the revised quality control systems, and shall reduce payments to States—

(A) for quarters after the moratorium period in accordance with the restructured quality control systems; and

(B) for quarters in and before the moratorium period, as provided under the regulations described in paragraph (1)(B).

(d) EFFECTIVE DATE.—This section shall become effective on the date of the enactment of this Act.

SEC. 771. AFDC AUTOMATION REQUIREMENTS.

(a) IN GENERAL.—Section 402(e)(2) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(C) If the Secretary determines that such a system has not been implemented by the State by the date specified for implementation in the State's advance automatic data processing planning document, then the Secretary shall reduce payments to such State, in accordance with section 403(b), in an amount equal to 40 percent of the expenditures referred to in section 403(a)(3)(B) with respect to which payments were made to the State under section 403(a)(3)(B). The Secretary may extend the deadline for implementation if the State demonstrates to the satisfaction of the Secretary that the State cannot implement such system by the date specified in such planning document due to circumstances beyond the State's control.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on the date of the enactment of this Act, but shall apply only with respect to sums expended by the States for the purposes described in section 403(a)(3)(B) of the Social Security Act on or after the date of the enactment of this Act.

SEC. 772. TREATMENT OF PER CAPITA PAYMENTS TO INDIANS.

(a) IN GENERAL.—Section 7 of the Act of October 19, 1973 (25 U.S.C. 1407) is amended by striking out "taxes, nor shall" and all that follows, and inserting in lieu thereof the following: "taxes. Such funds and their availability shall not be considered as income or resources, or otherwise utilized as the basis for denying or reducing the financial assistance or other benefits to which such household or member would otherwise be entitled under a program established by or pursuant to the Social Security Act or any other Federal or federally assisted program, except so much of such funds as exceed (in the aggregate) $2,000 per year per family unit (or other relevant unit applicable under the program involved) and which are paid as per capita shares.".

(b) REGULATIONS.—Each department or agency which issues regulations for the purpose of implementing the amendment made by subsection (a) shall, to the extent feasible, coordinate such regulations with those of the other such departments and agencies so as to avoid inconsistent requirements relating to such amendment and inappropriate duplicative counting of such income.

(c) EFFECTIVE DATE.—The amendment made by this section shall become effective on January 1, 1986.

SEC. 773. SSI PASSTHROUGH RELATING TO STATE SUPPLEMENTATION.

(a) RESTORATION OF STATE OPTION IN COMPLYING WITH PASSTHROUGH REQUIREMENTS.—Section 1618(e)(1) of the Social Security Act is amended by striking out "a State which is not treated as meeting the requirements imposed by paragraph (4) of subsection (a) by reason of subsection (b) shall be treated as meeting such requirements if and only if" and inserting in lieu thereof "a State shall be deemed to have met the requirements of paragraph (4) of subsection (a) if".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to months after March 1983.

SEC. 774. PROVISIONS RELATING TO MEDICAID COVERAGE UNDER THE ADOPTION ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 473(b) of the Social Security Act is amended to read as follows:

"(b) For purposes of title XIX, any child—

"(1) who is a child described in subsection (a)(1); and

"(2) with respect to whom an adoption assistance agreement is in effect under this section (whether or not adoption assistance payments are provided under the agreement or are being made under this section), including any such child who has been placed for adoption in accordance with applicable State and local law (whether or not an interlocutory or other judicial decree of adoption has been issued);

shall be deemed to be a dependent child as defined in section 406 and shall be deemed to be a recipient of aid to families with dependent children under part A of this title in the State where such child resides.".

(b) CONFORMING AMENDMENTS.—(1) Section 473(c)(2) of such Act is amended—

(A) by striking out "without providing adoption assistance" in clause (A) and inserting in lieu thereof "without providing adoption assistance under this section or medical assistance under title XIX"; and

(B) by inserting "or medical assistance under title XIX" before the period at the end thereof.

(2) Section 475(3) of such Act is amended by striking out "the adoption assistance payments and any additional services and assistance" in clause (A) of the first sentence and inserting in lieu thereof "any adoption assistance payments and any other services and assistance".

(3) Section 1902(a)(10)(A)(i)(I) of such Act is amended by striking out "or 406(h)" and inserting in lieu thereof ", 406(h), or 473(b)".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1985.

SEC. 775. EXTENSION OF VOLUNTARY PLACEMENT, AND CEILING AND TRIGGER PROVISIONS, RELATING TO FOSTER CARE.

(a) Section 474(b) of the Social Security Act is amended—

(1) in paragraphs (1), (2)(B), and (4)(B), by striking out "1985" and inserting in lieu thereof "1987";

(2) in paragraph (2)(A)—

(A) by inserting "and" at the end of clause (ii), and

(B) by striking out clauses (iii), (iv), and (v) and inserting in lieu thereof the following:

"(iii) with respect to each of the fiscal years 1983 through 1987, only if the amount appropriated under section 420 for such fiscal year is equal to $266,000,000."; and

(3) in paragraph (5)(A)—

(A) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1987", and

(B) in clause (ii), by striking out "1984 and 1985" and inserting in lieu thereof "1984 through 1987".

(b) Paragraphs (1) and (2) of section 474(c) of such Act are each amended by striking out "1985" and inserting in lieu thereof "1987".

(c)(1) Section 102(a)(1) of the Adoption Assistance and Child Welfare Act of 1980 (Public Law 96-272) is amended by striking out "1985" and inserting in lieu thereof "1987".

(2) Section 102(c) of such Act is amended by striking out "1985" each place it appears and inserting in lieu thereof "1987".

SEC. 776. INDEPENDENT LIVING INITIATIVES.

(a) INDEPENDENT LIVING INITIATIVES.—Part E of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"INDEPENDENT LIVING INITIATIVES

"SEC. 477. (a) Payments shall be made in accordance with this section for the purpose of assisting States and localities in establishing and carrying out programs designed to assist children, with respect to whom foster care maintenance payments are being made by the State under this part and who have attained age 16, in making the transition from foster care to independent living. Any State which provides for the establishment and carrying out of one or more such programs in accordance with this section for a fiscal year shall be entitled to receive payments under this section for such fiscal year, in an amount determined under subsection (e). Such payments shall be made only for the fiscal years 1986 and 1987.

"(b) The State agency administering or supervising the administration of the State's programs under this part shall be responsible for administering or supervising the administration of the State's programs described in subsection (a). Payment under this section shall be made to the State, and shall be used for the purpose of conducting and providing in accordance with this section (directly or under contracts with local governmental entities or private nonprofit organizations) the activities and services required to carry out the program or programs involved.

"(c) In order for a State to receive payments under this section for any fiscal year, the State agency must submit to the Secretary, in such manner and form as the Secretary may prescribe, a description of the program together with satisfactory assurances that the program will be operated in an effective and efficient manner and will otherwise meet the requirements of this section. In the case of payments for fiscal year 1986, such description and assurances must be submitted within 90 days after the Secretary promulgates regulations as required under subsection (i), and in the case of payments for fiscal year 1987, such description and assurances must be submitted prior to January 1, 1987.

"(d) In carrying out the purpose described in subsection (a), it shall be the objective of each program established under this section to help the individuals participating in such program to prepare to live independently upon leaving foster care. Such programs may include (subject to the availability of funds) programs to—

"(1) enable participants to seek a high school diploma or its equivalent or to take part in appropriate vocational training;

"(2) provide training in daily living skills, budgeting, locating and maintaining housing, and career planning;

"(3) provide for individual and group counseling;

"(4) integrate and coordinate services otherwise available to participants;

"(5) provide for the establishment of outreach programs designed to attract individuals who are eligible to participate in the program;

"(6) provide each participant a written transitional independent living plan which shall be based on an assessment of his needs, and which shall be incorporated into his case plan, as described in section 475(1); and

"(7) provide participants with other services and assistance designed to improve their transition to independent living.

"(e)(1) The amount to which a State shall be entitled under section 474(a)(4) for each of the fiscal years 1986 and 1987 shall be an amount which bears the same ratio to $45,000,000 as such State's average number of children receiving foster care maintenance payments under this part in fiscal year 1984 bears to the total of the average number of children receiving such payments under this part for all States for fiscal year 1984.

"(2) If any State does not apply for funds under this section for any fiscal year within the time provided in subsection (c), the funds to which such State would have been entitled for such fiscal year shall be reallocated to one or more other States on the basis of their relative need for additional payments under this section (as determined by the Secretary).

"(3) Any amounts payable to States under this section shall be in addition to amounts payable to States under subsections (a)(1), (a)(2), and (a)(3) of section 474, and shall supplement and not replace any other funds which may be available for the same general purposes in the localities involved.

"(f) Payments made to a State under this section for any fiscal year—

"(1) shall be used only for the specific purposes described in this section;

"(2) may be made on an estimated basis in advance of the determination of the exact amount, with appropriate subsequent adjustments to take account of any error in the estimates; and

"(3) shall be expended by such State in such fiscal year or in the succeeding fiscal year.

"(g)(1) Not later than March 1, 1987, each State shall submit to the Secretary a report on the programs carried out with the amounts received under this section. Such report—

"(A) shall be in such form and contain such information as may be necessary to provide an accurate description of such activities, to provide a complete record of the purposes for which the funds were spent, and to indicate the extent to which the expenditure of such funds succeeded in accomplishing the purpose described in subsection (a); and

"(B) shall specifically contain such information as the Secretary may require in order to carry out the evaluation under paragraph (2).

"(2) Not later than July 1, 1987, the Secretary, on the basis of the reports submitted by States under paragraph (1) for the fiscal year 1986, and on the basis of such additional information as the Secretary may obtain or develop, shall evaluate the use by States of the payments made available under this section for such fiscal year with respect to the purpose of this section, with the objective of appraising the achievements of the programs for which such payments were made available, and developing comprehensive information and data on the basis of which decisions can be made with respect to the improvement of such programs and the necessity for providing further payments in subsequent years. The Secretary shall report such evaluation to the Congress. As a part of such evaluation, the Secretary shall include, at a minimum, a detailed overall description of the number and characteristics of the individuals served by the programs, the various kinds of activities conducted and services provided and the results achieved, and shall set forth in detail findings and comments with respect to the various State programs and a statement of plans and recommendations for the future.

"(h) Notwithstanding any other provision of this title, payments made and services provided to participants in a program under this section, as a direct consequence of their participation in such program, shall not be considered as income or resources for purposes of determining eligibility (or the eligibility of any other persons) for aid under the State's plan approved under section 402 or 471, or for purposes of determining the level of such aid.

"(i) The Secretary shall promulgate final regulations for implementing this section within 60 days after the date of the enactment of this section.".

(b) CASE PLANS.—Section 475(1) of such Act is amended by adding at the end thereof the following: "Where appropriate, for a child age 16 or over, the case plan must also include a written description of the programs and services which will help such child prepare for the transition from foster care to independent living.".

(c) PAYMENTS TO STATES.—Section 474(a) of such Act is amended—

(1) by striking out the period at the end of subparagraph (3) and inserting in lieu thereof "; plus"; and

(2) by adding at the end thereof the following new subparagraph:

"(4) an amount for transitional independent living programs as provided in section 477.".

(d) CONFORMING AMENDMENT.—Section 470 of such Act is amended by striking out "foster care and adoption assistance" and inserting in lieu thereof "foster care, adoption assistance, and transitional independent living programs".

SEC. 776A. RECOVERY OF UNEMPLOYMENT BENEFITS OVERPAYMENTS.

(a) IN GENERAL.—(1) Section 303(a)(5) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: ": Provided further, That amounts may be deducted from unemployment benefits and used to repay overpayments as provided in subsection (g)".

(2) Section 303 of such Act is amended by adding at the end thereof the following new subsection:

"(g)(1) A State may deduct from unemployment benefits otherwise payable to an

individual an amount equal to any overpayment made to such individual under an unemployment benefit program of the United States or of any other State, and not previously recovered. The amount so deducted shall be paid to the jurisdiction under whose program such overpayment was made. Any such deduction shall be made only in accordance with the same procedures relating to notice and opportunity for a hearing as apply to the recovery of overpayments of regular unemployment compensation paid by such State.

"(2) Any State may enter into an agreement with the Secretary of Labor under which—

"(A) the State agrees to recover from unemployment benefits otherwise payable to an individual by such State any overpayments made under an unemployment benefit program of the United States to such individual and not previously recovered, in accordance with paragraph (1), and to pay such amounts recovered to the United States for credit to the appropriate account, and

"(B) the United States agrees to allow the State to recover from unemployment benefits otherwise payable to an individual under an unemployment benefit program of the United States any overpayments made by such State to such individual under a State unemployment benefit program and not previously recovered, in accordance with the same procedures as apply under paragraph (1).

"(3) For purposes of this subsection, 'unemployment benefits' means unemployment compensation, trade adjustment allowances, and other unemployment assistance.".

(b) CONFORMING AMENDMENT.—Section 3304(a)(4) of the Internal Revenue Code of 1954 is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by adding "and" at the end of subparagraph (C); and

(3) by adding at the end thereof the following new subparagraph:

"(D) amounts may be deducted from unemployment benefits and used to repay overpayments as provided in section 303(g) of the Social Security Act;".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to recoveries made on or after October 1, 1985, and shall apply with respect to overpayments made before, on, or after such date.

Subtitle E—Customs Fees

SEC. 777. FEES FOR CERTAIN CUSTOMS SERVICES.

(a) In addition to any other fees authorized by law, the Secretary of the Treasury shall charge and collect the following fees for the provision of customs services in connection with the following:

(1) For the arrival of a commercial vessel of 100 net tons or more, $397.

(2) For the arrival of a commercial vessel of less than 100 net tons, $25.

(3) For the arrival of a commercial truck, $5.

(4) For the arrival of each railroad car, whether passenger or freight, $5.

(5) For each arrival made by a private vessel or private aircraft, $25.

(6) For the arrival of each passenger aboard a commercial vessel or commercial aircraft from a place outside the United States (other than a place referred to in subsection (b)), $5.

(7) For each informal entry for which a document is prepared by a customs officer, $5.

(8) For each item of dutiable mail for which a document is prepared by a customs officer, $5.

(9) For the initial transportation of a shipment of merchandise in bond, $10.

(10) For each customs broker permit held by an individual, partnership, association, or corporate customs broker, $125 per year.

(b)(1) No fee shall be charged under subsection (a) for customs services provided in connection with—

(A) the arrival of any passenger whose journey originated in—

(i) Canada,

(ii) Mexico,

(iii) a territory or possession of the United States, or

(iv) any adjacent island (within the meaning of section 101(b)(5) of the Immigration and Nationality Act (8 U.S.C. 1101(b)(5)), or

(B) the arrival of any railroad car that is part of a train which originates and terminates in the same country, but only if—

(i) such car is part of such train when such train departs from the United States, and

(ii) no passengers board or disembark from such train, and no cargo is loaded or unloaded from such train, while such train is within any country other than the country in which such train originates and terminates.

(2) No fee shall be charged under paragraph (7) of subsection (a) for the provision of customs services in connection with an informal entry if a fee is charged under paragraph (6) of subsection (a) for the provision of such services.

(3) No fee shall be charged under subsection (a)(3) for the arrival of a commercial truck during any calendar year after a total of $100 in fees has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such commercial truck during such calendar year.

(4) No fee shall be charged under subsection (a)(4) for the arrival of a railroad car whether passenger or freight during any calendar year after a total of $100 in fees has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such passenger or freight rail car during such calendar year.

(5) No fee shall be charged under subsection (a)(5) for the arrival of a private vessel or private aircraft during any calendar year after a total of $500 in fees has been paid to the Secretary of the Treasury for the provision of customs services for all arrivals of such private vessel or private aircraft during such calendar year.

(c) For purposes of this section—

(1) The term "vessel" does not include any ferry.

(2) The term "arrival" means arrival at a port of entry in the customs territory of the United States.

(3) The term "customs territory of the United States" has the meaning given to such term by headnote 2 of the General Headnotes and Rules of Interpretation of the Tariff Schedules of the United States.

(4) The term "customs broker permit" means a permit issued under section 641(c) of the Tariff Act of 1930 (19 U.S.C. 1641(c)).

(d)(1) Each person providing transportation for hire into the customs territory of the United States by vessel or aircraft shall—

(A) collect from each passenger on such vessel or aircraft the fee charged under subsection (a)(6) at the time the document or ticket for such transportation is issued to such passenger, and

"(B) separately identify on such document or ticket the fee charged under subsection (a)(6) as a Federal inspection fee.

(2) If—

(A) a document or ticket for transportation of a passenger into the customs territory of the United States is issued in a foreign country, and

(B) the fee charged under subsection (a)(6) is not collected at the time such document or ticket is issued;

the person providing transportation to such passenger shall collect such fee at the time such passenger departs from the customs territory of the United States and shall provide such passenger a receipt for the payment of such fee.

(3) The person providing transportation shall remit the fees collected under paragraph (1) or (2) to the Secretary of the Treasury at any time before the date that is 31 days after the close of the calendar quarter in which such fees are collected from the passengers.

(e)(1) Notwithstanding section 451 of the Tariff Act of 1930 (19 U.S.C. 1451) or any other provision of law (other than paragraph (2)), the customs services required to be provided to passengers upon arrival in the United States on scheduled airline flights at customs serviced airports shall be adequately provided when needed and at no cost (other than the fees imposed under subsection(a)) to airlines and airline passengers.

(2) This subsection shall not apply with respect to any airport designated under section 236(c) of the Trade and Tariff Act of 1984 (19 U.S.C. 58b(c)).

(f)(1) Notwithstanding section 524 of the Tariff Act of 1930 (19 U.S.C. 1524), all the fees collected under subsection (a) shall be deposited in a separate account within the general fund of the Treasury of the United States. Such account shall be known as the "Customs User Fee Account".

(2)(A) The Secretary of the Treasury is authorized and directed to refund out of the Customs User Fee Account expenses incurred by the Secretary of the Treasury in providing overtime customs inspectional services in an amount determined by the Secretary of the Treasury to be equivalent to the amount of such expenses.

(B) The amounts which are required to be refunded under subparagraph (A) shall be refunded at least quarterly on the basis of estimates made by the Secretary of the Treasury of the expenses referred to in subparagraph (A). Proper adjustments shall be made in the amounts subsequently refunded under subparagraph (A) to the extent prior estimates were in excess of, or less than, the amounts required to be refunded under subparagraph (A).

(g) The Secretary of the Treasury may prescribe such rules and regulations as may be necessary to carry out the provisions of this section.

(h)(1) Subsection (i) of section 305 of the Rail Passenger Service Act (45 U.S.C. 545(i)) is amended by striking out the last sentence thereof.

(2) Subsection (e) of section 53 of the Airport and Airway Development Act of 1970 (49 U.S.C. 1741(e)) is repealed.

(i) The provisions of this section, and the amendments and repeals made by this section, shall apply with respect to customs services rendered after the date that is 90 days after the date of enactment of this Act.

Subtitle F—Trade Adjustment Assistance

SEC. 778. SHORT TITLE.

This subtitle may be cited as the "Trade Adjustment Assistance Reform and Extension Act of 1985".

SEC. 778A. ELIGIBILITY OF WORKERS AND FIRMS FOR TRADE ADJUSTMENT ASSISTANCE.

(a)(1) Section 221(a) of the Trade Act of 1974 (19 U.S.C. 2271(a)) is amended by inserting "(including workers in any agricultural firm or subdivision of an agricultural firm)" after "group of workers".

(2) Section 222 of the Trade Act of 1974 (19 U.S.C. 2272) is amended to read as follows:

"SEC. 222. GROUP ELIGIBILITY REQUIREMENTS.

"(a) The Secretary shall certify a group of workers (including workers in any agricultural firm or subdivision of an agricultural firm) as eligible to apply for adjustment assistance under this chapter if the Secretary determines that—

"(1) a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated,

"(2) sales or production, or both, of such firm or subdivision have decreased absolutely, and

"(3) increases of imports of articles like or directly competitive with articles—

"(A) which are produced by such workers' firm or appropriate subdivision thereof, or

"(B) to which such workers' firm, or appropriate subdivision thereof, provides essential parts or essential services,

contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production.

"(b) For purposes of subsection (a)(3), the term 'contributed importantly' means a cause which is important but not necessarily more important than any other cause.".

(b)(1) Subsection (a) of section 251 of the Trade Act of 1974 (19 U.S.C. 2341(a)) is amended by inserting "(including any agricultural firm)" after "a firm".

(2) Subsection (c) of section 251 of the Trade Act of 1974 (19 U.S.C. 2341(c)) is amended to read as follows:

"(c)(1) The Secretary shall certify a firm (including any agricultural firm) as eligible to apply for adjustment assistance under this chapter if the Secretary determines that—

"(A) a significant number or proportion of the workers in such firm have become totally or partially separated, or are threatened to become totally or partially separated,

"(B) sales or production, or both, of such firm have decreased absolutely, and

"(C) increases of imports of articles like or directly competitive with articles—

"(i) which are produced by such firm, or

"(ii) to which such firm provides essential parts or essential services,

contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production.

"(2) For purposes of paragraph (1)(C), the term 'contributed importantly' means a cause which is important but not necessarily more important than any other cause.".

SEC. 778B. CASH ASSISTANCE FOR WORKERS.

(a)(1) Subsection (a) of section 231 of the Trade Act of 1974 (19 U.S.C. 2291) is amended by adding after paragraph (4) the following new paragraph:

"(5) Such worker—

"(A) is enrolled in a training program approved by the Secretary under section 236(a),

"(B) has, after the date on which the worker became totally separated, or partially separated, from the adversely affected employment, completed a training program approved by the Secretary under section 236(a), or

"(C) has received a written statement certified by the Secretary under subsection (c)(1) after the date described in subparagraph (B).".

(2) Subsection (b) of section 231 of the Trade Act of 1974 (19 U.S.C. 2291(b)) is amended to read as follows:

"(b) If the Secretary determines that—

"(1) the adversely affected worker—

"(A) has failed to begin participation in the training program the enrollment in which meets the requirement of subsection (a)(5), or

"(B) has ceased to participate in such training program before completing such training program, and

"(2) there is no justifiable cause for such failure or cessation,

no trade adjustment allowance may be paid to the adversely affected worker under this part on or after the date of such determination until the adversely affected worker begins or resumes participation in a training program approved under section 236(a).".

(3) Section 231 of the Trade Act of 1974 (19 U.S.C. 2291) is amended by adding at the end thereof the following new subsection:

"(c)(1) If the Secretary is unable to approve a training program for a worker under section 236(a), the Secretary shall submit to such worker a written statement certifying that the Secretary was unable to approve a training program for such worker. The authority of the Secretary to issue such a statement may not be delegated to a State or State agency under an agreement entered into under section 239.

"(2) If a State or State agency has entered into an agreement with the Secretary under section 239 and the State or State agency determines that it is unable to approve a training program for a worker pursuant to the requirements of section 236(a), the State or State agency shall submit to the Secretary a written statement certifying such determination and the reasons for such determination. The Secretary shall review such determination and shall certify the written statement described in paragraph (1) only if the Secretary finds that the determination of the State or State agency is justified.

"(3) The Secretary shall submit to the Finance Committee of the Senate and to the Ways and Means Committee of the House of Representatives an annual report on the number of certifications made by the Secretary under paragraph (1) during the preceding year.".

(4) The last sentence of section 231(a)(2) of the Trade Act of 1974 (19 U.S.C. 2291(a)(2)) is amended by striking out all that follows after subparagraph (C) and inserting in lieu thereof "shall be treated as a week of employment at wages of $30 or more, but not more than 7 weeks, in case of weeks described in paragraph (A) or (C), or both, may be treated as weeks of employment under this sentence.".

(b) Section 232 of the Trade Act of 1974 (19 U.S.C. 2292) is amended—

(1) by striking out "under any Federal law," in subsection (c) and inserting in lieu thereof "under any Federal law other than this Act",

(2) by striking out "under section 236(c)" in subsection (c) and inserting in lieu thereof "under section 231(b)", and

(3) by striking out "If the training allowance" in subsection (c) and inserting in lieu thereof "If such training allowance".

(c)(1) Subsection (a) of section 233 of the Trade Act of 1974 (19 U.S.C. 2293(a)) is amended—

(A) by striking out "52" in paragraph (1) and inserting in lieu thereof "78", and

(B) by striking out "52-week period" in paragraph (2) and inserting in lieu thereof "78-week period".

(2) Paragraph (3) of section 233(a) of the Trade Act of 1974 (19 U.S.C. 2293(a)(3)) is amended to read as follows:

"(3) If the adversely affected worker has received a written statement certified by the Secretary under section 231(c) after the date the worker became totally separated, or partially separated, from adversely affected employment, this subsection shall be applied with respect to such worker—

"(A) by substituting '52' for '78' in paragraph (1), and

"(B) by substituting '52-week period' for '78-week period' in paragraph (2).".

(3) Subsection (b) of section 233 of the Trade Act of 1974 (19 U.S.C. 2293(b)) is amended to read as follows:

"(b) No trade readjustment allowance shall be paid to a worker under this part for any week during which the worker is receiving on-the-job training.".

SEC. 778C. JOB TRAINING FOR WORKERS.

(a) Section 236 of the Trade Act of 1974 (19 U.S.C. 2296) is amended—

(1) by striking out "for a worker" in subsection (a)(1)(A) and inserting in lieu thereof "for an adversely affected worker",

(2) by striking out "is available" in subsection (a)(1)(D) and inserting in lieu thereof "is reasonably available",

(3) by striking out "may approve" in the first sentence of subsection (a)(1) and inserting in lieu thereof "shall approve",

(4) by inserting "directly or through a voucher system" after "by the Secretary" in the second sentence of subsection (a)(1),

(5) by striking out "under paragraph (1)" in subsection (a)(2) and inserting in lieu thereof "under subsection (a)",

(6) by striking out "this subsection" in subsection (a)(3) and inserting in lieu thereof "this section",

(7) by striking out subsection (c),

(8) by redesignating paragraphs (2) and (3) of subsection (a) as subsections (d) and (e), respectively,

(9) by inserting at the end of subsection (a) the following new paragraphs:

"(2)(A) The aggregate amount of payments that may be made under paragraph (1) for any worker shall not exceed $4,000 for each partial separation or total separation.

"(B) The Secretary may issue more than one voucher under paragraph (1) to a worker with respect to any partial separation or total separation, but the aggregate value of such vouchers shall not exceed the amount of the limitation imposed by subparagraph (A) with respect to such separation.

"(3)(A) If the costs of training an adversely affected worker are paid by the Secretary under paragraph (1), no other payment for such costs may be made under any other provision of Federal law.

"(B) No payment may be made under paragraph (1) of the costs of training an adversely affected worker if such costs—

"(i) have already been paid under any other provision of Federal law, or

"(ii) are reimbursable under any other provision of Federal law and a portion of such costs have already been paid under such other provision of Federal law.

"(C) The provisions of this paragraph shall not apply to, or take into account, any funds provided under any other provision of Federal law which are used for any purpose

other than the direct payment of the costs incurred in training a particular adversely affected worker, even if such use has the effect of indirectly paying or reducing any portion of the costs involved in training the adversely affected worker.

"(4) The training programs that may be approved under paragraph (1) include, but are not limited to, the following:

"(A) on-the-job training,

"(B) any training program provided by a State pursuant to section 303 of the Job Training Partnership Act,

"(C) any training program approved by a private industry council established under section 102 of such Act, and

"(D) any other training program approved by the Secretary.", and

(10) by inserting after subsection (b) the following new subsection:

"(c) The provisions of section 143(b) of the Job Training Partnership Act shall apply with respect to training provided under this chapter.

"(d) The Secretary may pay the costs of on-the-job training of an adversely affected worker under subsection (a)(1) only if—

"(1) such training is not for the same occupation from which the worker was separated and with respect to which such worker's group was certified pursuant to section 222,

"(2) the employer certifies to the Secretary that the employer will continue to employ such worker for at least 26 weeks after completion of such training if the worker desires to continue such employment and the employer does not have due cause to terminate such employment, and

"(3) the employer has not taken, at any time, any action which violated—

"(A) the provisions of section 143(b) of the Job Training Partnership Act, or

"(B) the terms of any certification described in paragraph (2) made by such employer,

with respect to any other on-the-job training provided by such employer for which the Secretary has made a payment under subsection (a)(1).".

(b) Section 247 of the Trade Act of 1974 (19 U.S.C. 2319) is amended by adding at the end thereof the following new paragraph:

"(16) The term 'on-the-job training' means training provided by an employer to an individual who is employed by the employer.".

(c) Section 239 of the Trade Act of 1974 (19 U.S.C. 2311) is amended by adding at the end thereof the following new subsection:

"(e) Agreements entered into under this section may be made with one or more State or local agencies including—

"(1) the employment service agency of such State,

"(2) any State agency carrying out title III of the Job Training Partnership Act, or

"(3) any other State or local agency administering job training or related programs.".

SEC. 778D. JOB SEARCH ALLOWANCES.

Section 237 of the Trade Act of 1974 (19 U.S.C. 2297) is amended by adding at the end thereof the following new subsection:

"(d)(1) The Secretary shall reimburse any adversely affected worker for necessary expenses incurred by such worker in participating in a job search program approved by the Secretary.

"(2) For purposes of this subsection—

"(A) The term 'job search program' means a job search workshop or job finding club.

"(B) The term 'job search workshop' means a short (1 to 3 days) seminar designed to provide participants with knowledge that will enable the participants to find jobs. Subjects are not limited to, but should include, labor market information, resume writing, interviewing techniques, and techniques for finding job openings.

"(C) The term 'job finding club' means a job search workshop which includes a period (1 to 2 weeks) of structured, supervised application in which participants attempt to obtain jobs.".

SEC. 778E. ADJUSTMENT ASSISTANCE FOR FIRMS.

(a) Paragraph (1) of section 252(b) of the Trade Act of 1974 (19 U.S.C. 2342(b)(1)) is amended to read as follows:

"(1) Adjustment assistance under this chapter consists of technical assistance. The Secretary shall approve a firm's application for adjustment assistance only if the Secretary determines that the firm's adjustment proposal—

"(A) is reasonably calculated to materially contribute to the economic adjustment of the firm,

"(B) gives adequate consideration to the interests of the workers of such firm, and

"(C) demonstrates that the firm will make all reasonable efforts to use its own resources for economic development.".

(b) Section 254 of the Trade Act of 1974 (19 U.S.C. 2344) is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this chapter, no direct loans or guarantees of loans may be made under this chapter after the date of enactment of the Trade Adjustment Assistance Reform and Extension Act of 1985.".

SEC. 778F. TERMINATION OF TRADE ADJUSTMENT ASSISTANCE.

(a) Section 285 of the Trade Act of 1974 (19 U.S.C. 2271, preceding note) is amended—

(1) by striking out the first sentence thereof and inserting in lieu thereof "(a)",

(2) by striking out the section heading and inserting in lieu thereof "sec. 285. termination.", and

(3) by adding at the end thereof the following new subsection:

"(b) No assistance, vouchers, allowances, or other payments may be provided under chapter 2, no technical assistance may be provided under chapter 3, and no duty shall be imposed under section 287, after the date that is 6 years after the date of enactment of the Trade Adjustment Assistance Reform and Extension Act of 1985.".

(b) The table of contents of the Trade Act of 1974 is amended by striking out the item relating to section 285 and inserting in lieu thereof the following:

"Sec. 285. Termination.".

SEC. 778G. FUNDING OF TRADE ADJUSTMENT ASSISTANCE.

(a)(1) Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended by striking out "1982 through 1985" and inserting in lieu thereof "1986, 1987, 1988, and 1989".

(2) Subsection (b) of section 256 of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended—

(A) by inserting "for fiscal years 1986, 1987, 1988, and 1989" after "to the Secretary",

(B) by striking out "from time to time", and

(C) by striking out the last sentence thereof.

(b) Chapter 5 of title II of the Trade Act of 1974 (19 U.S.C. 2391, et seq.) is amended by inserting after section 285 the following new section:

"SEC. 286. TRADE ADJUSTMENT ASSISTANCE TRUST FUND.

"(a) There is hereby established within the Treasury of the United States a trust fund to be known as the Trade Adjustment Assistance Trust Fund (hereinafter in this section referred to as the "Trust Fund"), consisting of such amounts as may be transferred or credited to the Trust Fund as provided in this section or otherwise appropriated to the Trust Fund.

"(b)(1) The Secretary of the Treasury shall transfer to the Trust Fund out of the general fund of the Treasury of the United States amounts determined by the Secretary of the Treasury to be equivalent to the amounts received into such general fund that are attributable to the duty imposed by section 287.

"(2) The amounts which are required to be transferred under paragraph (1) shall be transferred at least quarterly from the general fund of the Treasury of the United States to the Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in paragraph (1) that are received into the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of, or less than, the amounts required to be transferred.

"(c)(1) The Secretary of the Treasury shall be the trustee of the Trust Fund, and shall submit an annual report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on the financial condition and the results of the operations of the Trust Fund during the fiscal year preceding the fiscal year in which such report is submitted and on the expected condition and operations of the Trust Fund during the fiscal year in which such report is submitted and the 5 fiscal years succeeding such fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(2)(A) It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired—

"(i) on original issue at the issue price, or

"(ii) by purchase of outstanding obligations at the market price.

"(B) Any obligation acquired by the Trust Fund may be sold by the Secretary of the Treasury at the market price.

"(C) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

"(d) Amounts in the Trust Fund shall only be available—

"(1) for the payment of drawbacks and refunds of the duty imposed by section 287 that are allowable under any provision of Federal law, and

"(2) to the extent and in such amounts as may be provided by appropriation Acts, for making expenditures to carry out the provisions of chapters 2 and 3.

None of the amounts in the Trust Fund shall be available for the payment of loans guaranteed under chapter 3 or for any other expenses relating to financial assistance provided under chapter 3.".

(c) The table of contents for the Trade Act of 1974 is amended by inserting, after the item relating to section 285, the following new items:

"Sec. 286. Trade Adjustment Trust Fund.
"Sec. 287. Imposition of additional duty.
"Sec. 288. Appropriation of funds.".

SEC. 778H. IMPOSITION OF SMALL UNIFORM DUTY ON ALL IMPORTS.

(a)(1) The President shall undertake negotiations necessary to achieve changes in the General Agreement on Tariffs and Trade that would allow any country to impose a small uniform duty on all imports to such country for the purpose of using the revenue from such duty to fund any program which assists adjustment to import competition.

(2) On the date that is 6 months after the date of enactment of this Act, the President shall submit to the Congress a report on the progress of negotiations conducted under paragraph (1).

(3) On the first day after the date of enactment of this Act on which the General Agreement on Tariffs and Trade allows any country to impose a duty described in paragraph (1), the President shall submit to the Congress a written statement certifying that the General Agreement on Tariffs and Trade allows such a duty.

(b) Chapter 5 of title II of the Trade Act of 1974 (19 U.S.C. 2391, et seq.), as amended by section 778G(b) of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 287. IMPOSITION OF ADDITIONAL DUTY.

"(a) In addition to any other duty imposed by law, there is hereby imposed a duty on the entry, or withdrawal from warehouse, of any article for consumption in the customs territory of the United States.

"(b)(1) The rate of the duty imposed by subsection (a) shall be a uniform ad valorem rate proclaimed by the President at least 30 days prior to the date such rate takes effect which is equal to the lesser of—

"(A) 1 percent, or

"(B) a percentage that is sufficient to provide the funding necessary to carry out the provisions of chapters 2 and 3 of title II of the Trade Act of 1974.

"(c)(1) Except as otherwise provided in this subsection, duty-free treatment provided with respect to any article under any other provision of law shall not prevent the imposition of duty with respect to such article by subsection (a).

"(2) No duty shall be imposed by subsection (a) with respect to any article that is treated as duty free under part 148 of title 19 of the Code of Federal Regulations.".

SEC. 778I. TAXATION OF TRADE READJUSTMENT ASSISTANCE.

Section 85(c) of the Internal Revenue Code of 1954 is amended by inserting ", but not including payments of training costs, or training vouchers, provided under section 236 of the Trade Act of 1974 (19 U.S.C. 2296)" after "nature of unemployment compensation".

SEC. 778J. EFFECTIVE DATES.

(a) The amendments made by sections 778E, 778F, and 778G(a) and the provisions of section 778H(a), shall take effect on the date of enactment of this Act.

(b)(1) The amendment made by section 778H(b) shall apply to any article entered, or withdrawn from warehouse, for consumption after the earlier of—

(A) the date that is 2 years after the date of enactment of this Act, or

(B) the date that is 30 days after the date on which the President submits to the Congress the written statement described in section 778H(a)(3).

(2) The amendments made by subsections (b) and (c) of section 778G shall take effect on the earlier of—

(A) the date that is 2 years after the date of enactment of this Act, or

(B) the date described in subsection (b)(1)(B).

(c) The amendments made by sections 778A, 778B, 778C, and 778D shall take effect on the earlier of—

(1) the date that is 3 years after the date of enactment of this Act, or

(2) the date that is 1 year after the date described in subsection (b)(1)(B).

(d) The amendment made by section 778I shall apply to taxable years ending on or after the earlier of—

(1) the date that is 3 years after the date of enactment of this Act, or

(2) the date that is 1 year after the date described in subsection (b)(1)(B).

Subtitle G—Revenue Sharing

SEC. 779. TERMINATION OF GENERAL REVENUE SHARING.

(a)(1) Except as otherwise provided in this section, the provisions of chapter 67 of title 31, United States Code, are hereby repealed.

(2) The Secretary of the Treasury shall continue to be the trustee of the Trust Fund, which shall remain in existence until amounts in the Trust Fund are expended for entitlement payments to local governments in accordance with the terms of the Revenue Sharing Act.

(3) The Secretary is authorized to take such necessary or appropriate actions, to carry out the requirements of this Act with respect to funds appropriated to the Trust Fund, as were authorized under the terms of the Revenue Sharing Act, including but not limited to enforcement of the regulatory provisions concerning nondiscrimination, audits, accounting procedures, public hearings, expenditures in accordance with State and local law, and cooperation with reasonable requests for information.

(4) The Secretary may increase or decrease a payment to a unit of general local government under the Revenue Sharing Act to account for a prior underpayment or overpayment only if the increase or decrease is demanded by the Secretary or such unit of general local government before March 1, 1986.

(5) Amounts paid to units of general local governments from the Trust Fund shall be used, obligated, or appropriated by the units of general local governments before April 1, 1987, and these funds shall continue to be subject to the terms of the Revenue Sharing Act.

(6) Subsection (a)(1) of this section shall not have the effect of releasing or extinguishing any fiscal sanction, finding, determination, compliance agreement, or other duly authorized action for the purpose of sustaining any proper action or prosecution for enforcement authorized under the terms of the Revenue Sharing Act.

(7) The Attorney General, and persons adversely affected by a practice of a local government, may bring a civil action in an appropriate district court of the United States against the applicable unit of general local government as was authorized under the Revenue Sharing Act. The court is authorized to grant such relief as was authorized under the terms of the Revenue Sharing Act.

(8) The Secretary shall report to Congress on the operation and status of the Trust Fund and the implementation of this section not later than December 1 of each year the Trust Fund remains on the books of the Department of the Treasury.

(b)(1) The table of chapters for subtitle V of title 31, United States Code, is amended by striking out the item relating to chapter 67.

(2) Paragraph (2) of section 1115(b) of the Social Security Act (42 U.S.C. 1315(b)(2)) is amended—

(A) by adding "and" at the end of subparagraph (A),

(B) by striking out "; and" at the end of subparagraph (B) and inserting in lieu thereof a period, and

(C) by striking out subparagraph (C).

(3) Section 501(b)(6) of the Housing Act of 1949 (42 U.S.C. 1471(b)(6)) and section 102(a)(17) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(17)) are each amended by striking out "under the State and Local Fiscal Assistance Act of 1972 (Public Law 92-512)" and inserting in lieu thereof ", prior to October 1, 1986, under chapter 67 of title 31, United States Code".

(4) Section 302 of the Age Discrimination Act of 1975 (42 U.S.C. 6101) is amended by striking out ", including programs or activities receiving funds under the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1221 et seq.)".

(5) Paragraph (3) of section 3 of the Coastal Barrier Resources Act (16 U.S.C. 3502(3)) is amended by striking out subparagraph (A) and redesignating subparagraphs (B), (C), (D), and (E) as subparagraphs (A), (B), (C), and (D), respectively.

(6) Subparagraph (B) of section 119(n)(2) of the Housing and Community Development Act of 1974 (42 U.S.C. 5318(n)(2)(B)) is amended by striking out "is an eligible recipient" and inserting in lieu thereof "was an eligible recipient, prior to October 1, 1986,".

(7) Paragraph (1) of section 248(h) of the National Housing Act (12 U.S.C. 1715z-13(h)(1)) is amended by striking out "is an eligible recipient" and inserting in lieu thereof "was an eligible recipient, prior to October 1, 1986,".

(c) For purposes of this section—

(1) The term "Trust Fund" means the State and Local Assistance Trust Fund established under the Revenue Sharing Act.

(2) The term "Revenue Sharing Act" means the provisions of chapter 67 of title 31, United States Code, as in effect on the day before the date of enactment of this Act and subject to the terms of any appropriation Act of fiscal year 1986.

(3) The term "Secretary" means the Secretary of the Treasury.

(d) There are hereby authorized to be appropriated for fiscal year 1987, such sums as may be necessary to administer the provisions of this section, and to provide for the orderly phaseout of the Revenue Sharing Program.

(e)(1) Except as otherwise provided in this subsection, the repeal and amendments made by this section, and the provisions of this section, shall take effect on October 1, 1986.

(2) The provisions of subsections (a)(4), (c), and (d) shall take effect on the date of enactment of this Act.

Subtitle H—Pension Benefit Guaranty Corporation

SEC. 779A. INCREASE IN PENSION BENEFIT GUARANTY CORPORATION PREMIUMS FOR SINGLE-EMPLOYER PLANS.

(a) IN GENERAL.—Clause (i) of section 4006(a)(3)(A) of the Employee Retirement Income Security Act of 1974 is amended by striking out "for plan years beginning after December 31, 1977, an amount equal to $2.60" and inserting in lieu thereof "for plan years beginning after December 31, 1985, an amount equal to $8.10".

(b) TECHNICAL AMENDMENTS.—

(1) Clause (iii) of section 4006(a)(3)(C) of such Act is amended by striking out "The maximum" and inserting in lieu thereof "In the case of a multiemployer plan, the maximum".

(2) Clause (iv) of section 4006(a)(3)(C) of such Act is amended by striking out "The provisions" and inserting in lieu thereof "In the case of a multiemployer plan, the provisions".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1985.

Subtitle I—Revenue Provisions

SEC. 780. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This subtitle may be cited as the "Comprehensive Omnibus Budget Reconciliation Revenue Act of 1985".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

PART 1—INCOME TAX PROVISIONS

SEC. 781. FULL-TIME STUDENTS NOT ELIGIBLE FOR INCOME AVERAGING.

(a) IN GENERAL.—Subsection (d) of section 1303 (defining eligible individuals for income averaging) is amended to read as follows:

"(d) ELIGIBLE INDIVIDUALS NOT TO INCLUDE FULL-TIME STUDENTS.—

"(1) IN GENERAL.—For purposes of this part, an individual shall not be an eligible individual for the computation year if, at any time during any base period year, such individual was a student.

"(2) EXCEPTION FOR MARRIED STUDENTS PROVIDING 25 PERCENT OR LESS OF JOINT INCOME.—Paragraph (1) shall not apply to any individual for any computation year if—

"(A) the individual makes a joint return for the computation year, and

"(B) not more than 25 percent of the aggregate adjusted gross income of such individual and the spouse of such individual for such computation year is attributable to such individual.

"(3) STUDENT DEFINED.—For purposes of this subsection, the term 'student' means, with respect to a taxable year, an individual who during each of 5 calendar months during such taxable year—

"(A) was a full-time student at an educational organization described in section 170(b)(1)(A)(ii); or

"(B) was pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational organization described in section 170(b)(1)(A)(ii) or of a State or political subdivision of a State.".

(b) REPEAL OF NON-FULL-TIME STUDENT SUPPORT EXCEPTION.—Paragraph (2) of section 1303(c) (relating to individuals receiving support from others) is amended—

(1) by striking out subparagraph (A),

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), and

(3) by striking out "subparagraph (C)" in the second sentence and inserting in lieu thereof "subparagraph (B)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1985.

SEC. 782. EMPLOYERS REQUIRED TO PROVIDE CERTAIN EMPLOYEES AND FAMILY MEMBERS WITH CONTINUED HEALTH INSURANCE COVERAGE AT GROUP RATES.

(a) DENIAL OF DEDUCTION FOR EMPLOYER CONTRIBUTION TO PLAN.—Subsection (i) of section 162 (relating to deduction for trade or business expenses with respect to group health plans) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) PLANS MUST PROVIDE CONTINUED COVERAGE TO CERTAIN INDIVIDUALS.—

"(A) IN GENERAL.—No deduction shall be allowed under this section for expenses paid or incurred by an employer for any group health plan maintained by an employer unless all such plans maintained by such employer meet the continuing coverage requirements of subsection (k).

"(B) EXCEPTION FOR CERTAIN SMALL EMPLOYERS, ETC.—Subparagraph (A) shall not apply to any plan described in section 106(b)(2).".

(b) DENIAL OF EXCLUSION FOR HIGHLY COMPENSATED INDIVIDUALS.—Section 106 (relating to contributions by employer to accident and health plans) is amended by inserting "(a)" before "Gross" and by inserting at the end thereof the following new subsection:

"(b) EXCEPTION FOR HIGHLY COMPENSATED INDIVIDUALS WHERE PLAN FAILS TO PROVIDE CERTAIN CONTINUING COVERAGE.—

"(1) IN GENERAL.—Subsection (a) shall not apply to any amount contributed by an employer on behalf of a highly compensated individual (within the meaning of section 105(h)(5)) to a group health plan maintained by an employer unless all such plans maintained by such employer meet the continuing coverage requirements of section 162(k).

"(2) EXCEPTION FOR CERTAIN PLANS.—Paragraph (1) shall not apply to any group health plan established and maintained for employees by—

"(A) an employer which normally employed 25 or fewer employees on a typical business day during the preceding calendar year,

"(B) the Government of the United States, the government of any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing, or

"(C) a church or a convention or association of churches which is exempt from tax under section 501, or an organization described in section 501(c)(3) which is operated, supervised, or controlled by any of the foregoing.

Under regulations, rules similar to the rules of subsections (a) and (b) of section 52 (relating to employers under common control) shall apply for purposes of subparagraph (A).

"(3) GROUP HEALTH PLAN.—For purposes of this subsection, the term 'group health plan' has the meaning given such term by section 162(i)(3).".

(c) CONTINUING COVERAGE REQUIREMENTS.—Section 162 is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) CONTINUING COVERAGE REQUIREMENTS OF GROUP HEALTH PLANS.—

"(1) IN GENERAL.—For purposes of subsection (i)(2) and section 106(b)(1), a group health plan meets the requirements of this subsection only if—

"(A) each qualified beneficiary who would lose coverage under the plan as a result of a qualifying event is entitled to elect, within the 60-day period beginning with the qualifying event, continuation coverage under the plan, and

"(B) the plan meets such notification requirements with respect to such election as the Secretary may prescribe.

"(2) CONTINUATION COVERAGE.—For purposes of paragraph (1), the term 'continuation coverage' means coverage under the plan which meets the following requirements:

"(A) TYPE OF BENEFIT COVERAGE.—The coverage must consist of coverage which is identical to the coverage which was provided to the qualified beneficiary immediately before the qualifying event (taking into account any changed marital status), except that—

"(i) such coverage may be modified in the same manner as such coverage is modified for all similarly situated beneficiaries for whom a qualifying event has not occurred, and

"(ii) each qualified beneficiary shall be entitled to modify such coverage at the same time and in the same manner as any other similarly situated beneficiary under the plan.

"(B) PERIOD OF COVERAGE.—The coverage must extend for at least the period beginning on the date of the qualifying event and ending on the earlier of—

"(i) the last day of the 18-month period beginning on the date of the first qualifying event with respect to the qualified beneficiary (or such earlier day as the qualified beneficiary specifies), or

"(ii) the date on which the employer ceases to provide any group health plan to any employee.

"(C) PREMIUM REQUIREMENTS.—The plan may require a qualified beneficiary to pay a premium for the coverage, except that such premium—

"(i) shall not exceed 102 percent of the applicable premium, and

"(ii) may, at the election of the qualified beneficiary, be made in monthly installments.

"(D) NO REQUIREMENTS OF INSURABILITY.—The coverage may not be conditioned upon, or discriminate on the basis of lack of, evidence of insurability.

"(3) QUALIFYING EVENT.—For purposes of this subsection, the term 'qualifying event' means, with respect to any covered employee, any of the following events which, but for subsection (i)(2), result in the loss of coverage of a qualified beneficiary:

"(A) The death of the covered employee.

"(B) The separation from service of the covered employee.

"(C) The divorce or legal separation of the covered employee from the employee's spouse.

"(D) The covered employee becoming entitled to benefits under title XVIII of the Social Security Act.

"(E) A dependent child ceasing to be a dependent child under the generally applicable requirements of the plan.

"(4) APPLICABLE PREMIUM.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'applicable premium' means, with respect to any coverage of a qualified beneficiary, the cost to the plan for the period of the coverage for a similarly situated beneficiary with respect to whom a qualifying event has not occurred (without regard to whether such cost is paid by the employer or employee).

"(B) SPECIAL RULE FOR SELF-INSURED PLANS.—

"(i) IN GENERAL.—Except as provided in clause (ii), in the case of a self-insured plan, the applicable premium for any calendar year shall be the cost for a similarly situated

beneficiary for the preceding calendar year, adjusted by the percentage increase or decrease in the implicit price deflator of the gross national product (calculated by the Department of Commerce and published in the Survey of Current Business) for the 12-month period ending on June 30 of such preceding calendar year.

"(ii) SELF-INSURED PLAN TO USE REASONABLE ESTIMATES WHERE SIGNIFICANT CHANGE.—In any case in which there is any significant change in coverage under, or in employees covered by, a self-insured health plan, an employer shall determine the employer contribution for any calendar year on the basis of a reasonable estimate of the cost of providing coverage. To the extent practicable, such estimate shall be made on an actuarial basis, and in the making of any such estimate, there shall be taken into account such factors as may be required under regulations.

"(5) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) COVERED EMPLOYEE.—The term 'covered employee' means an individual who is (or was) provided coverage under a group health plan by virtue of the individual's employment or previous employment with an employer.

"(B) QUALIFIED BENEFICIARY.—

"(i) IN GENERAL.—The term 'qualified beneficiary' means, with respect to a covered employee under a group health plan, any other individual who, on the day before the qualifying event for that employee, is a beneficiary under the plan—

"(I) as the spouse of the covered employee, or

"(II) as the dependent child of the employee.

"(ii) SPECIAL RULE FOR TERMINATIONS.—In the case of a qualifying event described in paragraph (3)(B), the term 'qualified beneficiary' includes the covered employee.".

(d) CONFORMING AMENDMENT.—Paragraph (1) of section 162(i) is amended by striking out "General rule" and inserting in lieu thereof "Coverage relating to end stage renal disease".

(e) EFFECTIVE DATES.—

(1) GENERAL RULE.—The amendments made by this section shall apply to plan years beginning on or after July 1, 1986.

(2) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—In the case of a group health plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) January 1, 1987.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

SEC. 783. APPLICATION OF FRINGE BENEFIT RULES TO AIRLINES AND THEIR AFFILIATES.

(a) PARENTS OF AIRLINE EMPLOYEES TREATED AS EMPLOYEES IN APPLYING FRINGE BENEFIT RULES.—

(1) IN GENERAL.—Section 132(f) (relating to certain individuals treated as employees with respect to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

"(3) SPECIAL RULE FOR PARENTS IN THE CASE OF AIR TRANSPORTATION.—Any use of air transportation by a parent of an employee (determined without regard to paragraph (1)(B)) shall be treated as use by the employee.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on January 1, 1985.

(b) LINE OF BUSINESS TEST FOR AFFILIATES PROVIDING AIRLINE-RELATED SERVICES.—

(1) IN GENERAL.—Section 132(h) (relating to special rules) is amended by adding at the end thereof the following new paragraph:

"(6) SPECIAL RULE FOR AFFILIATES OF AIRLINES.—

"(A) IN GENERAL.—If—

"(i) a qualified affiliate is a member of an affiliated group another member of which operates an airline, and

"(ii) employees of the qualified affiliate who are directly engaged in providing airline-related services are entitled to no-additional-cost service with respect to air transportation provided by such other member,

then, for purposes of applying paragraph (1) of subsection (a) to such no-additional-cost service provided to such employees, such qualified affiliate shall be treated as engaged in the same line of business as such other member.

"(B) QUALIFIED AFFILIATE.—For purposes of this paragraph, the term 'qualified affiliate' means any corporation which is predominantly engaged in airline-related services.

"(C) AIRLINE-RELATED SERVICES.—For purposes of this paragraph, the term 'airline-related services' means any of the following services provided in connection with air transportation:

"(i) Catering.

"(ii) Baggage handling.

"(iii) Ticketing and reservations.

"(iv) Flight planning and weather analysis.

"(v) Restaurants and gift shops located at an airport.

"(vi) Such other similar services provided to an airline as the Secretary may prescribe.

"(D) AFFILIATED GROUP.—For purposes of this paragraph, the term 'affiliated group' has the meaning given such term by section 1504(a).".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on January 1, 1985.

(c) TRANSITIONAL RULE FOR DETERMINATION OF LINE OF BUSINESS IN CASE OF AFFILIATED GROUP OPERATING AIRLINE.—If, as of September 12, 1984—

(1) an individual—

(A) was an employee (within the meaning of section 132 of the Internal Revenue Code of 1954, including subsection (f) thereof) of one member of an affiliated group (as defined in section 1504 of such Code), hereinafter referred to as the "first corporation", and

(B) was eligible for no-additional-cost service in the form of air transportation provided by another member of such affiliated group, hereinafter referred to as the "second corporation",

(2) at least 50 percent of the individuals performing service for the first corporation were or had been employees of, or had previously performed services for, the second corporation, and

(3) the primary business of the affiliated group was air transportation of passengers,

then, for purposes of applying paragraphs (1) and (2) of section 132(a) of the Internal Revenue Code of 1954, with respect to no-additional-cost services and qualified employee discounts provided after December 31, 1984, for such individual by the second corporation, the first corporation shall be treated as engaged in the same air transportation line of business as the second corporation. For purposes of the preceding sentence, an employee of the second corporation who is performing services for the first corporation shall also be treated as an employee of the first corporation.

SEC. 784. TAX TREATMENT OF FACULTY HOUSING.

(a) IN GENERAL.—Section 119 (relating to meals or lodging furnished for the convenience of the employer) is amended by adding at the end thereof the following new subsection:

"(d) LODGING FURNISHED BY CERTAIN EDUCATIONAL INSTITUTIONS TO EMPLOYEES.—

"(1) IN GENERAL.—For purposes of determining under section 61 the amount includible in gross income for any taxable year with respect to qualified campus lodging furnished to an employee of an educational institution, the value of the use of such lodging shall be treated as not greater than 5 percent of the appraised value of such lodging for such taxable year.

"(2) PARAGRAPH (1) ONLY TO APPLY IF QUALIFIED APPRAISAL.—Paragraph (1) shall apply only if the appraised value is determined by an appraisal which meets such requirements as the Secretary may prescribe.

"(3) QUALIFIED CAMPUS LODGING.—For purposes of this subsection, the term 'qualified campus lodging' means lodging to which subsection (a) does not apply and which is—

"(A) located on, or in the proximity of, a campus of the educational institution, and

"(B) furnished to the employee, his spouse, or any of his dependents by or on behalf of such institution for use as a residence.

"(4) EDUCATIONAL INSTITUTION.—For purposes of this subsection, the term 'educational institution' means an institution described in section 170(b)(1)(A)(ii).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1985.

SEC. 785. CERTAIN INSOLVENT TAXPAYERS ALLOWED TO REDUCE CAPITAL GAINS PREFERENCE ITEM FOR PURPOSES OF THE INDIVIDUAL MINIMUM TAX.

(a) IN GENERAL.—Paragraph (9) of section 57(a) (relating to capital gains as items of tax preference) is amended by adding at the end thereof the following new subparagraph:

"(E) SPECIAL RULE FOR CERTAIN INSOLVENT TAXPAYERS.—

"(i) IN GENERAL.—The amount of the tax preference under subparagraph (A) shall be reduced (but not below zero) by the excess (if any) of—

"(I) the applicable percentage of gain from any insolvency transaction, over

"(II) the applicable percentage of any loss from any insolvency transaction which offsets such gain.

"(ii) REDUCTION LIMITED TO AMOUNT OF INSOLVENCY.—The amount of the reduction determined under clause (i) shall not exceed the amount by which the taxpayer is insolvent immediately before the transaction (reduced by any portion of such amount previously taken into account under this clause).

"(iii) INSOLVENCY TRANSACTION.—For purposes of this subparagraph, the term 'insolvency transaction' means—

"(I) the transfer by a taxpayer of real property used by the taxpayer in the active conduct of a trade or business of the taxpay-

er to a creditor in cancellation of indebtedness, or

"(II) the sale or exchange by the taxpayer of property described in subclause (I) under the threat of foreclosure,

but only if the taxpayer is insolvent immediately before such transaction.

"(iv) INSOLVENT.—For purposes of this subparagraph, the term 'insolvent' means the excess of liabilities over the fair market value of assets.

"(v) APPLICABLE PERCENTAGE.—For purposes of this subparagraph, the term 'applicable percentage' means that percentage of net capital gain with respect to which a deduction is allowed under section 1202(a).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transfers or sales or exchanges made after December 31, 1981, in taxable years ending after such date.

SEC. 786. TREATMENT OF CERTAIN POLLUTION CONTROL BONDS.

(a) GENERAL RULE.—For purposes of subparagraph (F) of section 103(b)(4) of the Internal Revenue Code of 1954 (relating to pollution control facilities), any obligation issued after December 31, 1985, shall be treated as described in such subparagraph if it is part of an issue substantially all of the proceeds of which are used by a qualified regional pollution control authority to acquire existing air or water pollution control facilities which the authority itself will operate in order to maintain or improve control of pollutants. The provisions of section 103(b)(17) of such Code (relating to prohibition on acquisition of existing property not permitted) shall not apply to any obligation described in the preceding sentence.

(b) $200,000,000 LIMITATION.—The aggregate amount of obligations to which subsection (a) applies shall not exceed $200,000,000, except that the amount of such obligations issued during calendar year 1986 to which subsection (a) applies shall not exceed $100,000,000.

(c) RESTRICTIONS.—Subsection (a) shall apply only if—

(1) the amount paid (directly or indirectly) for the facilities does not exceed their fair market value,

(2) the fees or charges imposed (directly or indirectly) on any seller for the use of any facilities after the sale are not less than the amounts charged for the use of such facilities to persons other than the seller,

(3) the original use of the facilities acquired with the proceeds of such obligations commenced before September 3, 1982, and

(4) no person other than the qualified regional pollution control authority is considered after the sale as the owner of the facilities for purposes of Federal income taxes.

(d) QUALIFIED REGIONAL POLLUTION CONTROL AUTHORITY DEFINED.—For purposes of this section, the term "qualified regional pollution control authority" means an authority which—

(1) is a political subdivision created by State law to control air or water pollution,

(2) has within its jurisdictional boundaries all or part of at least 2 counties (or equivalent political subdivisions),

(3) operates air or water pollution control facilities, and

(4) was created on September 1, 1969.

(e) REPEAL OF SECTION 103(b)(11).—Paragraph (11) of section 103(b) is hereby repealed.

SEC. 787. TREATMENT OF THE NETTING OF GAINS AND LOSSES BY COOPERATIVES.

(a) IN GENERAL.—Section 1388 (relating to definitions and special rules applicable to cooperatives) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) SPECIAL RULES FOR THE NETTING OF GAINS AND LOSSES BY COOPERATIVES.—For purposes of this subchapter, in the case of any organization to which part I of this subchapter applies—

"(1) OPTIONAL NETTING OF PATRONAGE GAINS AND LOSSES PERMITTED.—The net earnings of such organization may, at its option, be determined by offsetting patronage losses (including any patronage loss carried to such year) which are attributable to 1 or more allocation units (whether such units are functional, divisional, departmental, geographic, or otherwise) against patronage earnings of 1 or more other such allocation units.

"(2) CERTAIN NETTING NOT PERMITTED AFTER SECTION 381 TRANSACTIONS.—If such an organization acquires the assets of another such organization in a transaction described in section 381(a) and exercises its option under paragraph (1), the acquiring organization may not, in computing its net earnings for taxable years ending after the date of acquisition, offset losses of 1 or more allocation units of the acquiring or acquired organization against earnings of the acquired or acquiring organization, respectively, to the extent that—

"(A) such earnings are not properly allocable to periods after the date of acquisition, and

"(B) such earnings could not have been offset by such losses if such earnings and losses had been derived from allocation units of the same organization.

"(3) NOTICE REQUIREMENTS.—

"(A) IN GENERAL.—In the case of any organization which exercises its option under paragraph (1) for any taxable year, such organization shall, on or before the 15th day of the 9th month following the close of such taxable year, provide to its patrons a written notice which—

"(i) states that the organization has offset earnings and losses from 1 or more of its allocation units and that such offset may have affected the amount which is being distributed to its patrons,

"(ii) states generally the identity of the offsetting allocation units, and

"(iii) states briefly what rights, if any, its patrons may have to additional financial information of such organization under terms of its charter, articles of incorporation, or bylaws, or under any provision of law.

"(B) CERTAIN INFORMATION NEED NOT BE PROVIDED.—An organization may exclude from the information required to be provided under clause (ii) of subparagraph (A) any detailed or specific data regarding earnings or losses of such units which such organization determines would disclose commercially sensitive information which—

"(i) could result in a competitive disadvantage to such organization, or

"(ii) could create a competitive advantage to the benefit of a competitor of such organization.

"(C) FAILURE TO PROVIDE SUFFICIENT NOTICE.—If the Secretary determines that an organization failed to provide sufficient notice under this paragraph—

"(i) the Secretary shall notify such organization, and

"(ii) such organization shall, upon receipt of such notification, provide to its patrons a revised notice meeting the requirements of this paragraph.

Any such failure shall not affect the treatment of the organization under any provision of this subchapter or section 521.

"(4) PATRONAGE EARNINGS OR LOSSES DEFINED.—For purposes of this subsection, the terms 'patronage earnings' and 'patronage losses' means earnings and losses, respectively, which are derived from business done with or for patrons of the organization.".

(b) TAX-EXEMPT STATUS NOT AFFECTED BY NETTING.—Section 521(b) (relating to applicable rules) is amended by adding at the end thereof the following new paragraph:

"(6) NETTING OF LOSSES.—Exemption shall not be denied any such association because such association computes its net earnings for purposes of determining any amount available for distribution to patrons in the manner described in paragraph (1) of section 1388(j).".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1962.

(2) NOTIFICATION REQUIREMENT.—The provisions of section 1388(j)(3) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall apply to taxable years beginning on or after the date of the enactment of this Act.

(3) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to infer that a change in law is intended as to whether any patronage earnings may or may not be offset by nonpatronage losses, and any determination of such issue shall be made as if such amendments had not been enacted.

SEC. 788. ALLOCATION UNDER SECTION 861 OF RESEARCH AND EXPERIMENTAL EXPENDITURES.

Subsection (c)(1) of section 126 of the Deficit Reduction Act of 1984 is amended by striking out "1985" and inserting in lieu thereof "1986".

PART 2—SUPERFUND

SEC. 789. SHORT TITLE.

This part may be cited as the "Superfund Revenue Act of 1985".

SEC. 789A. 5-YEAR EXTENSION OF TAX ON PETROLEUM AND CERTAIN CHEMICALS; CERTAIN EXEMPTIONS.

(a) 5-YEAR EXTENSION; TERMINATION IF FUNDS UNSPENT OR $7,500,000,000 COLLECTED.—

(1) IN GENERAL.—Subsection (d) of section 4611 (relating to termination) is amended to read as follows:

"(d) TERMINATION.—

"(1) IN GENERAL.—Except as otherwise provided in this section, the tax imposed by this subsection shall not apply after September 30, 1990.

"(2) NO TAX IF UNOBLIGATED BALANCE IN FUND IS MORE THAN CERTAIN AMOUNT.—If, on September 30, 1988, or September 30, 1989—

"(A) the unobligated balance in the Hazardous Substance Superfund exceeds $2,225,000,000 or $3,000,000,000, respectively, and

"(B) the Secretary, after consultation with the Administrator of the Environmental Protection Agency, determines that such unobligated balance will exceed $2,225,000,000, or $3,000,000,000 on September 30, 1989, or September 30, 1990, respectively, if no tax is imposed under section 4001, 4611, or 4661 during calendar year 1989 or 1990, respectively,

then no tax shall be imposed under this section during calendar year 1989 or 1990, as the case may be.

"(3) No tax if amounts collected exceed $7,500,000,000.—

"(A) ESTIMATES BY SECRETARY.—The Secretary as of the close of each calendar quarter (and at such other times as the Secretary determines appropriate) shall make an estimate of—

"(i) the amount of taxes which will be collected under sections 4001, 4611, and 4661 and credited to the Hazardous Substance Superfund, and

"(ii) the amount of interest which will be credited to such Fund under section 9602(b)(3),

during the period beginning October 1, 1985, and ending September 30, 1990.

"(B) TERMINATION IF $7,500,000,000 CREDITED BEFORE SEPTEMBER 30, 1990.—If the Secretary estimates under subparagraph (A) that more than $7,500,000,000 will be credited to the Fund before September 30, 1990, no tax shall be imposed under this section after the date on which the Secretary estimates $7,500,000,000 will be so credited to the Fund.

"(4) PROCEDURES FOR TERMINATION.—The Secretary shall by regulation provide procedures for the termination under paragraph (2) or (3) of the tax under this section and section 4661.".

(2) CONFORMING AMENDMENT.—Section 303 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (relating to expiration of revenue provisions) is repealed.

(b) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

(1) IN GENERAL.—Section 4662 (relating to definitions and special rules) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

"(1) TAX-FREE SALES.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661 on the sale by the manufacturer or producer of any taxable chemical for export, or for resale by the purchaser to a second purchaser for export.

"(B) PROOF OF EXPORT REQUIRED.—Rules similar to the rules of section 4221(b) shall apply for purposes of subparagraph (A).

"(2) CREDIT OR REFUND WHERE TAX PAID.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if—

"(i) a tax under section 4661 was paid with respect to any taxable chemical, and

"(ii) such chemical was exported by any person,

credit or refund (without interest) of such tax shall be allowed or made to the person who paid such tax.

"(B) CONDITION TO ALLOWANCE.—No credit or refund shall be allowed or made under subparagraph (A) unless the person who paid the tax establishes that such person—

"(i) has repaid or agreed to repay the amount of the tax to the person who exported the taxable chemical, or

"(ii) has obtained the written consent of such exporter to the allowance of the credit or the making of the refund.

"(3) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.".

(2) REFUND OR CREDIT.—Paragraph (1) of section 4662(d) (relating to refund or credit for certain uses) is amended—

(A) by striking out "the sale of which by such person would be taxable under such section" in subparagraph (B) and inserting in lieu thereof "which is a taxable chemical", and

(B) by striking out "imposed by such section on the other substance manufactured or produced" in the last sentence and inserting in lieu thereof "imposed by such section on the other substance manufactured or produced (or which would have been imposed by such section on such other substance but for subsection (e) of this section)".

(c) EXEMPTION FOR CERTAIN RECYCLED CHEMICALS.—

(1) IN GENERAL.—Section 4662(b) (relating to exceptions and other special rules) is amended by adding at the end thereof the following new paragraph:

"(7) RECYCLED CHROMIUM, COBALT, AND NICKEL.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661(a) on any chromium, cobalt, or nickel which is diverted or recovered from any solid waste as part of a recycling process (and not as part of the original manufacturing or production process).

"(B) EXCEPTION FOR IMPORTS.—This paragraph shall not apply to the sale of any chromium, cobalt, or nickel which is diverted or recovered outside the United States and then imported into the United States.

"(C) CERTAIN PERSONS NOT ELIGIBLE.—

"(i) IN GENERAL.—This paragraph shall not apply to any taxpayer during any period during which the taxpayer is a potentially responsible party for a site which is listed on the National Priorities List published by the Environmental Protection Agency under section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, except that such period shall not begin until the Administrator of the Environmental Protection Agency notifies the taxpayer that the taxpayer is such a party.

"(ii) EXCEPTION WHERE TAXPAYER IS IN COMPLIANCE.—Clause (i) shall not apply to any portion of the period during which the taxpayer is in compliance with each order, decree, or judgment issued against the taxpayer with respect to the site in any action or proceeding under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Solid Waste Disposal Act, or both.

"(D) SOLID WASTE.—For purposes of this paragraph, the term 'solid waste' has the meaning given such term by section 1004 of the Solid Waste Disposal Act, except that such term shall not include any byproduct, coproduct, or other waste from any process of smelting, refining, or otherwise extracting any metal.".

(2) CREDIT OR REFUND.—Paragraph (1) of section 4662(d), as amended by subsection (b)(2), is amended by inserting "(b)(7) or" before "(e)" in the last sentence thereof.

(d) TAX EXEMPTION FOR ANIMAL FEED SUBSTANCES.—

(1) IN GENERAL.—Subsection (b) of section 4662 (relating to definitions and special rules with respect to the tax on certain chemicals), as amended by subsection (c)(1), is amended by adding at the end thereof the following paragraph:

"(8) SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—

"(A) IN GENERAL.—In the case of nitric acid, sulfuric acid, ammonia, or methane used to produce ammonia, which is a qualified animal feed substance, no tax shall be imposed under section 4661(a).

"(B) QUALIFIED ANIMAL FEED SUBSTANCE.—For purposes of this section, the term 'qualified animal feed substance' means any substance—

"(i) used in a qualified animal feed use by the manufacturer, producer or importer,

"(ii) sold for use by any purchaser in a qualified animal feed use, or

"(iii) sold for resale by any purchaser for use, or resale for ultimate use, in a qualified animal feed use.

"(C) QUALIFIED ANIMAL FEED USE.—The term 'qualified animal feed use' means any use in the manufacture or production of animal feed or animal feed supplements, or of ingredients used in animal feed or animal feed supplements.

"(D) TAXATION OF NONQUALIFIED SALE OR USE.—For purposes of section 4661(a), if no tax was imposed by such section on the sale or use of any chemical by reason of subparagraph (A), the first person who sells or uses such chemical other than in a sale or use described in subparagraph (A) shall be treated as the manufacturer of such chemical.".

(2) REFUND OR CREDIT FOR SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—Subsection (d) of section 4662 (relating to refunds and credits with respect to the tax on certain chemicals) is amended by adding at the end thereof the following new paragraph:

"(4) USE IN THE PRODUCTION OF ANIMAL FEED.—Under regulations prescribed by the Secretary, if—

"(A) a tax under section 4661 was paid with respect to nitric acid, sulfuric acid, ammonia, or methane used to produce ammonia, without regard to subsection (b)(8), and

"(B) any person uses such substance as a qualified animal feed substance,

then an amount equal to the excess of the tax so paid over the tax determined with regard to subsection (b)(8) shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by this section.".

(e) CERTAIN EXCHANGES BY TAXPAYERS NOT TREATED AS SALES.—Subsection (c) of section 4662 (relating to use by manufacturers) is amended to read as follows:

"(c) USE AND CERTAIN EXCHANGES BY MANUFACTURER, ETC.—

"(1) USE TREATED AS SALE.—Except as provided in subsection (b), if any person manufactures, produces, or imports any taxable chemical and uses such chemical, then such person shall be liable for tax under section 4661 in the same manner as if such chemical were sold by such person.

"(2) SPECIAL RULES FOR INVENTORY EXCHANGES.—

"(A) IN GENERAL.—Except as provided in this paragraph, in any case in which a manufacturer, producer, or importer of a taxable chemical exchanges such chemical as part of a inventory exchange with another person—

"(i) such exchange shall not be treated as a sale, and

"(ii) such other person shall, for purposes of section 4661, be treated as the manufacturer, producer, or importer of such chemical.

"(B) EXCEPTION FOR EXCHANGES WHERE RECIPIENT NOT TAXABLE.—Subparagraph (A) shall not apply to any inventory exchange if the person receiving the taxable chemical would not be subject to tax on the sale of such chemical (other than by reason of subsection (b)).

"(C) REGISTRATION REQUIREMENT.—Subparagraph (A) shall not apply to any inventory exchange unless—

"(i) both parties are registered with the Secretary as manufacturers, producers, or importers of taxable chemicals, and

"(ii) the person receiving the taxable chemical has, at such time as the Secretary may prescribe, notified the manufacturer,

producer, or importer of such person's registration number and the internal revenue district in which such person is registered.

"(D) INVENTORY EXCHANGE.—For purposes of this paragraph, the term 'inventory exchange' means an exchange in which a person exchanges property which, in the hands of such person, is property described in section 1221(1) for property of another person which, in such other person's hands, is so described.".

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on October 1, 1985.

(2) INVENTORY EXCHANGES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the amendment made by subsection (e) shall apply as if included in the amendments made by section 211 of the Hazardous Substance Response Revenue Act of 1980.

(B) EXCEPTION WHERE MANUFACTURER PAID TAX.—In the case of any inventory exchange before January 1, 1986, the amendment made by subsection (e) shall not apply if the manufacturer, producer, or importer treated such exchange as a sale for purposes of section 4661 of the Internal Revenue Code of 1954 and paid the tax imposed by such section.

(C) REGISTRATION REQUIREMENTS.—Section 4662(c)(2)(C) of such Code (as added by subsection (e)) shall apply to exchanges made after December 31, 1985.

SEC. 789B. IMPOSITION OF SUPERFUND EXCISE TAX.

(a) IN GENERAL.—Subtitle D (relating to miscellaneous excise taxes) is amended by inserting before chapter 31 the following new chapter:

"CHAPTER 30—SUPERFUND EXCISE TAX

"SUBCHAPTER A. Imposition of tax.

"SUBCHAPTER B. Taxable transaction.

"SUBCHAPTER C. Taxable amount; exempt transactions; credit against tax.

"SUBCHAPTER D. Administration.

"SUBCHAPTER E. Definitions; special rules.

"Subchapter A—Imposition of Tax

"Sec. 4001. Imposition of tax.

"Sec. 4002. Termination.

"SEC. 4001. IMPOSITION OF TAX.

"(a) GENERAL RULE.—A tax is hereby imposed on each taxable transaction.

"(b) AMOUNT OF TAX.—Except as otherwise provided in this chapter, the amount of the tax shall be .08 percent of the taxable amount.

"SEC. 4002. TERMINATION.

"(a) IN GENERAL.—No tax shall be imposed under this section after December 31, 1990.

"(b) NO TAX IF FUNDS UNSPENT OR $7,500,000,000 COLLECTED.—No tax shall be imposed under subsection (a) during any period during which no tax is imposed under section 4611(a) by reason of paragraph (2) or (3) of section 4611(d), except that section 4611(d)(3) shall, for purposes of this subsection, be applied by substituting 'December 31, 1990' for 'September 30, 1990' each place it appears.

"(c) PROCEDURES FOR TERMINATION.—

"(1) PRORATION OVER TAXABLE PERIOD.—In the case of any taxable period which begins before and ends after the date of any termination under this section, the tax imposed by section 4001 (and the credit allowable under section 4013) for such taxable period shall be equal to an amount which bears the same ratio of the amount of such tax (and credit) for such taxable period (determined without regard to the termination) as—

"(A) the number of days in such taxable period up to and including the date of termination, bears to

"(B) the number of days in such taxable period.

"(2) OTHER PROCEDURES.—The Secretary shall by regulation provide such procedures for a termination under this section as the Secretary determines necessary.

"Subchapter B—Taxable Transaction

"Sec. 4003. Taxable transaction.

"Sec. 4004. Taxable person.

"SEC. 4003. TAXABLE TRANSACTION.

"(a) IN GENERAL.—For purposes of this chapter, the term 'taxable transaction' means—

"(1) the sale or leasing of tangible personal property in the United States by a taxable person in connection with a trade or business, or

"(2) the importing of tangible personal property into the customs territory of the United States by a taxable person.

"(b) EXEMPT TRANSACTIONS.—For exempt transactions, see section 4012.

"SEC. 4004. TAXABLE PERSON.

"Except as otherwise provided in this chapter, for purposes of this chapter, the term 'taxable person' means—

"(1) in the case of a taxable transaction described in paragraph (1) of section 4003(a)—

"(A) the manufacturer of the tangible personal property, or

"(B) any person who included the costs of the tangible personal property in such person's qualified inventory costs, and

"(2) in the case of a taxable transaction described in paragraph (2) of section 4003(a), the importer of the tangible personal property.

"Subchapter C—Taxable Amount; Exempt Transactions; Credit Against Tax

"Sec. 4011. Taxable amount.

"Sec. 4012. Exempt transactions.

"Sec. 4013. Credit against tax on sales and leases.

"SEC. 4011. TAXABLE AMOUNT.

"(a) SALE.—For purposes of this chapter, the taxable amount for any sale shall be the price (in money or fair market value of other consideration) charged the purchaser of the property by the seller thereof—

"(1) including items payable to the seller with respect to such transaction, but

"(2) excluding the tax imposed by section 4001 with respect to such transaction.

"(b) IMPORTS.—For purposes of this chapter, the taxable amount in the case of any import shall be—

"(1) the customs value plus customs duties and any other duties which may be imposed, or

"(2) if there is no such customs value, the fair market value (determined as if the importer had sold the property).

"(c) LEASES.—For purposes of this chapter, the taxable amount in the case of any lease shall be the gross payments under the lease.

"(d) CONTAINERS, PACKING AND TRANSPORTATION CHARGES; CONSTRUCTIVE SALES PRICE.—Under regulations, rules similar to the rules of subsections (a) and (b) of section 4216 (relating to containers, packing and transportation charges, etc., and constructive sales price) shall apply in computing the taxable amount.

"(e) SPECIAL RULE WHERE SALE OR LEASE PAYMENTS RECEIVED IN MORE THAN 1 TAXABLE PERIOD.—

"(1) SALES.—In the case of a sale where the consideration is received by the seller in more than 1 taxable period, the taxable amount for each such taxable period shall include that portion of the taxable amount which is includible in the gross income of the taxable person for purposes of chapter 1 for taxable years ending with or within such taxable period (or would be so includible if it were not excludable from gross income).

"(2) LEASES.—In the case of a lease with a term which includes more than 1 taxable period, the taxable amount for each such taxable period shall include the gross lease payments received by the taxable person during such taxable period.

"SEC. 4012. EXEMPT TRANSACTIONS.

"(a) IMPORTS OF $10,000 OR LESS.—No tax shall be imposed under section 4001 on any tangible personal property imported into the customs territory of the United States as part of a shipment (within the meaning of section 498(1) of the Tariff Act of 1930; 19 U.S.C. 1498(1)) the aggregate taxable amount of which is $10,000 or less.

"(b) EXPORTS.—Under regulations, no tax shall be imposed under section 4001 on the sale of any property which is to be exported outside the United States.

"(c) GOVERNMENTAL ENTITIES AND EXEMPT ORGANIZATIONS EXEMPT FROM TAX ON SALES AND LEASES.—

"(1) GOVERNMENTAL ENTITIES.—No tax shall be imposed under section 4001 on the sale or leasing of any tangible personal property by the United States, any State or political subdivision, the District of Columbia, a Commonwealth or possession of the United States, or any agency or instrumentality of any of the foregoing.

"(2) EXEMPT ORGANIZATIONS.—No tax shall be imposed under section 4001 on the sale or leasing of any tangible personal property by any organization which is exempt from taxation under chapter 1 by reason of section 501(a), unless the taxable transaction is part of an unrelated trade or business (within the meaning of section 513).

"SEC. 4013. CREDIT AGAINST TAX ON SALES AND LEASES.

"(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by section 4001 for any taxable period on taxable transactions described in paragraph (1) of section 4003(a) an amount equal to the greater of—

"(1) .08 percent of the qualified inventory costs of the taxable person for the taxable period, or

"(2) the amount of the tax imposed by section 4001 on such taxable transactions, to the extent such amount does not exceed $4,000.

"(b) LIMITATION BASED ON TAX LIABILITY; CARRYFORWARD OF EXCESS CREDIT.—

"(1) LIMITATION BASED ON AMOUNT OF TAX.—The amount of the credit allowed by subsection (a) for any taxable period shall not exceed the liability for tax imposed by section 4001 for such period.

"(2) CARRYFORWARD OF EXCESS CREDIT.—If the credit allowable under subsection (a) for any taxable period exceeds the limitation imposed by paragraph (1), such credit shall be carried to the succeeding taxable period and added to the credit allowable under subsection (a) for such succeeding taxable period.

"(c) QUALIFIED INVENTORY COSTS.—For purposes of this chapter—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified inventory costs' means, with respect to any taxable

period, the costs of tangible personal property which—

"(A) are allocable to the inventory of a manufacturer under the full absorption method of accounting under section 471, and

"(B) are paid or incurred by the taxable person during such taxable period.

"(2) SPECIAL RULES.—For purposes of this subsection—

"(A) EXPENSING RATHER THAN DEPRECIATION OR AMORTIZATION.—The qualified inventory costs of any taxpayer for any taxable period shall, in lieu of any allowance for depreciation or amortization, include any amount paid or incurred during such taxable period for tangible personal property acquired or leased incident to, and necessary for, production or manufacturing operations or processes.

"(B) TAXPAYERS USING METHODS OF ACCOUNTING OTHER THAN THE FULL ABSORPTION METHOD.—In the case of a taxable person using a method of accounting other than the full absorption method used in determining the inventory of a manufacturer under section 471, the qualified inventory costs of such person shall, except as provided in regulations, include only those costs included in the inventory of a manufacturer under such full absorption method.

"(C) PROPERTY MANUFACTURED FOR LEASE BY MANUFACTURER.—For purposes of computing qualified inventory costs, any tangible personal property which is manufactured for lease by the manufacturer shall be treated in the same manner as property which is manufactured for sale by the manufacturer.

"(d) SPECIAL RULE FOR TAXPAYERS UNDER COMMON CONTROL.—

"(1) IN GENERAL.—All persons which are—

"(A) members of the same controlled group of corporations (within the meaning of section 52(a)), or

"(B) under common control (within the meaning of section 52(b)),

shall be treated as 1 person for purposes of applying the $4,000 amount under subsection (a)(2).

"(2) ALLOCATION OF $4,000.—The $4,000 amount under subsection (a)(2) shall be allocated among persons described in paragraph (1) in such manner as the Secretary may prescribe by regulations.

"Subchapter D—Administration

"Sec. 4021. Liability for tax.

"Sec. 4022. Return requirement; taxable period; depositary requirements.

"Sec. 4023. Regulations.

"SEC. 4021. LIABILITY FOR TAX.

"The taxable person shall be liable for the tax imposed by section 4001.

"SEC. 4022. RETURN REQUIREMENT; TAXABLE PERIOD; DEPOSITARY REQUIREMENTS.

"(a) RETURN REQUIREMENT.—

"(1) IN GENERAL.—Except as provided in this subsection, each taxable person shall file a return of the tax imposed by section 4001 for any taxable period not later than—

"(A) the due date (including extensions) for filing the taxpayer's return of tax under chapter 1, or

"(B) if there is no return of tax under chapter 1, the due date (including extensions) under chapter 1 for a taxable year which is the calendar year.

"(2) EXCEPTION FOR SALES OR LEASES OF $5,000,000 OR LESS.—A taxable person shall not be required to file a return for any taxable period for taxable transactions described in paragraph (1) of section 4003(a) if the aggregate taxable amount for such transactions is $5,000,000 or less.

"(3) OTHER EXCEPTIONS.—The Secretary may by regulation exempt any taxable person from the requirement of paragraph (1).

"(b) TAXABLE PERIOD.—For purposes of this chapter, the term 'taxable period' means—

"(1) the taxable person's taxable year for purposes of chapter 1, or

"(2) if there is no taxable year for purposes of chapter 1, the calendar year.

"(c) DEPOSITARY REQUIREMENTS.—

"(1) IN GENERAL.—In the case of any person with respect to whom a tax is imposed under section 4001 for any taxable period on any taxable transaction described in paragraph (1) of section 4003(a), such person shall make quarterly deposits of the estimated amount of such tax for the succeeding taxable period.

"(2) SPECIAL RULE FOR 1ST TAXABLE PERIOD.—Notwithstanding paragraph (1), a deposit shall be required for the first taxable period of any taxable person to which this chapter applies if the gross receipts of such person during the first taxable year ending before such taxable period from the sale or leasing of tangible personal property manufactured by such person exceed $50,000,000.

"SEC. 4023. REGULATIONS.

"The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this chapter.

"Subchapter E—Definitions; Special Rules

"Sec. 4031. Definitions; special rules.

"SEC. 4031. DEFINITIONS; SPECIAL RULES.

"(a) MANUFACTURING.—For purposes of this chapter—

"(1) PRODUCTION INCLUDED.—The term 'manufacturing' includes the production of tangible personal property, including raw materials.

"(2) CERTAIN ACTIVITIES NOT INCLUDED IN MANUFACTURING.—The term 'manufacturing' does not include—

"(A) the furnishing of services incidental to storage or transportation of property,

"(B) the preparation of food in a restaurant or other retail food establishment, or

"(C) the incidental preparation of property by a retailer or wholesaler (including routine assemblage).

"(b) MANUFACTURER.—For purposes of this chapter, the term 'manufacturer' includes any producer of tangible personal property (including raw materials), but does not include any person conducting an activity described in subsection (a)(2).

"(c) PERSON.—For purposes of this chapter, the term 'person' includes any governmental entity.

"(d) UNITED STATES.—For purposes of this chapter, the term 'United States', when used in a geographical sense, includes a Commonwealth and any possession of the United States.

"(e) TANGIBLE PERSONAL PROPERTY.—For purposes of this chapter, the term 'tangible personal property' does not include unprocessed agricultural products or unprocessed food products.

"(f) UNPROCESSED AGRICULTURAL PRODUCTS.—For purposes of this chapter, the term 'unprocessed agricultural product' includes timber and fish.

"(g) CUSTOMS TERRITORY OF THE UNITED STATES.—For purposes of this chapter, the term 'customs territory of the United States' has the meaning given such term by headnote 2 of the General Headnotes and Rules of Interpretation of the Tariff Schedules of the United States (19 U.S.C. 1202).

"(h) TAX ON IMPORT IN ADDITION TO DUTY.—The tax imposed by section 4001 on the importing of any tangible personal property shall be in addition to any duty imposed on such importation.

"(i) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsections (a)(3) and (b)(3) of section 7652 and any similar provision of law which requires an internal revenue tax collected by the United States to be paid to a Commonwealth or possession of the United States shall not apply to any tax imposed by section 4001.

"(j) SPECIAL RULE FOR SHORT TAXABLE PERIODS.—In the case of a taxable period which is less than 1 calendar year, there shall be substituted for the $4,000 amounts in subsections (a) and (d) of section 4013 and the $5,000,000 amount in section 4022(a)(2) the amount which bears the same ratio to such amounts as the number of days in the taxable period bears to 365.

"(k) SALE TO INCLUDE CERTAIN EXCHANGES AND TRANSFERS.—For purposes of this chapter, except as provided in regulations, the term 'sale' includes any exchange or transfer other than a gift (within the meaning of section 102 or section 170).".

(b) APPLICATION OF CERTAIN PENALTIES.—

(1) FAILURE TO FILE RETURN OR PAY TAX.—Paragraph (1) of section 6651(a) (relating to addition to tax) is amended by inserting "section 4022 (relating to Superfund excise tax)," before "subchapter A of chapter 51".

(2) NEGLIGENCE PENALTY.—Section 6653(a) (relating to negligence or intentional disregard of rules and regulations) is amended—

(A) by inserting ", by chapter 30 (relating to Superfund excise tax)," after "subtitle B" in paragraph (1) thereof, and

(B) by striking out "Windfall Profit" in the heading thereof and inserting in lieu thereof "Certain Excise".

(3) FAILURE TO MAKE DEPOSITS.—Section 6656 (relating to failure to make deposit of taxes or overstatement of deposits) is amended by adding at the end thereof the following new subsection:

"(c) SPECIAL RULE FOR SUPERFUND EXCISE TAX.—For purposes of subsection (a), in the case of the tax imposed by section 4001, the tax required to be deposited shall be equal to the lesser of—

"(1) 90 percent of the tax imposed by section 4001 during the taxable period on taxable transactions described in paragraph (1) of section 4003(a), or

"(2) the amount of such tax imposed during the preceding taxable period (determined on an annual basis).

Paragraph (2) shall not apply if no tax was imposed during the preceding taxable period.".

(c) CLERICAL AMENDMENT.—The table of chapters for subtitle D is amended by inserting before the item relating to chapter 31 the following new item:

"CHAPTER 30. Superfund Excise Tax.".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply with respect to taxable amounts received in taxable periods beginning after December 31, 1985.

(2) SPECIAL RULE FOR IMPORTS.—In the case of imports, the amendments made by this section shall apply to articles entered, or withdrawn from warehouse, for consumption after December 31, 1985.

(3) SPECIAL RULE FOR TAXABLE PERIOD INCLUDING JANUARY 1, 1985.—In the case of any taxable period which begins before January 1, 1985, and ends after January 1, 1985, the

tax imposed by section 4001 of the Internal Revenue Code of 1954 (and the credit allowable under section 4013 of such Code) for such taxable period shall be equal to an amount which bears the same ratio to the amount of such tax (and credit) for such taxable period (determined as if such tax and credit had been in effect for the entire taxable period) as—

(A) the number of days in such taxable period after December 31, 1985, bears to

(B) the number of days in such taxable period.

SEC. 789C. HAZARDOUS SUBSTANCE SUPERFUND.

(a) IN GENERAL.—Subchapter A of chapter 98 (relating to establishment of trust funds) is amended by adding at the end thereof the following new section:

"SEC. 9505. HAZARDOUS SUBSTANCE SUPERFUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Hazardous Substance Superfund' (hereinafter in this section referred to as the 'Superfund'), consisting of such amounts as may be—

"(1) appropriated to the Superfund as provided in this section, or

"(2) credited to the Superfund as provided in section 9602(b).

"(b) TRANSFERS TO SUPERFUND.—

"(1) IN GENERAL.—There are hereby appropriated to the Superfund amounts equivalent to—

"(A) the taxes received in the Treasury under section 4001 (relating to Superfund excise tax),

"(B) the taxes received in the Treasury under section 4611 or 4661 (relating to taxes on petroleum and certain chemicals),

"(C) amounts recovered on behalf of the Superfund under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this section referred to as 'CERCLA'),

"(D) all moneys recovered or collected under section 311(b)(6)(B) of the Clean Water Act,

"(E) penalties assessed under title I of CERCLA, and

"(F) punitive damages under section 107(c)(3) of CERCLA.

"(2) Transfer of certain other funds.—There shall be transferred to the Superfund—

"(A) the amounts appropriated under section 504(b) of the Clean Water Act during any fiscal year, and

"(B) the unobligated balance in the Post-closure Liability Trust Fund as of October 1, 1985.

"(c) EXPENDITURES FROM THE SUPERFUND.—

"(1) IN GENERAL.—Amounts in the Superfund shall be available in connection with releases or threats of releases of hazardous substances into the environment only for purposes of making expenditures which are described in section 111 of CERCLA (other than subsection (j) thereof) as in effect on the date of the enactment of the Superfund Improvement Act of 1985, including—

"(A) response costs,

"(B) claims asserted and compensable but unsatisfied under section 311 of the Clean Water Act,

"(C) claims for injury to, or destruction or loss of, natural resources, and

"(D) related costs described in section 111(c) of CERCLA.

"(2) LIMITATIONS ON EXPENDITURES.—At least 85 per centum of the amounts appropriated to the Superfund shall be reserved—

"(A) for the purposes specified in paragraphs (1), (2), and (4) of section 111(a) of CERCLA, and

"(B) for the repayment of advances made under subsection (d), other than advances subject to the limitation of subsection (d)(2)(B).

"(d) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Superfund, as repayable advances, such sums as may be necessary to carry out the purposes of the Superfund.

"(2) LIMITATIONS ON ADVANCES TO SUPERFUND.—

"(A) AGGREGATE ADVANCES.—The maximum aggregate amount of repayable advances to the Superfund which is outstanding at any one time shall not exceed an amount which the Secretary estimates will be equal to the sum of the amounts described in paragraph (1) of subsection (b) which will be transferred to the Superfund during the following 12 months.

"(B) ADVANCES FOR CERTAIN COSTS.—The maximum aggregate amount advanced to the Superfund which is outstanding at any one time for purposes of paying costs other than costs described in section 111(a) (1), (2), or (4) of CERCLA shall not exceed 15 percent of the amount of the estimate made under subparagraph (A).

"(C) FINAL REPAYMENT.—No advance shall be made to the Superfund after September 30, 1990, and all advances to such Fund shall be repaid on or before December 31, 1990.

"(3) REPAYMENT OF ADVANCES.—

"(A) IN GENERAL.—Advances made pursuant to this subsection shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary determines that moneys are available for such purposes in the Superfund (or when required by paragraph (2)(C)).

"(B) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding and shall be compounded annually.

"(e) LIABILITY OF UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Superfund may be paid only out of the Superfund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in CERCLA or the Superfund Improvement Act of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Superfund.

"(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Superfund is unable (by reason of paragraph (1)) to pay all of the claims payable out of the Superfund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined.".

(b) CONFORMING AMENDMENTS.—

(1) Subtitle B of the Hazardous Substance Response Revenue Act of 1980 (relating to establishment of Hazardous Substance Response Trust Fund) is hereby repealed.

(2) Paragraph (11) of section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is amended to read as follows:

"(11) 'Fund' or 'Trust Fund' means the Hazardous Substance Superfund established by section 9505 of the Internal Revenue Code of 1954;".

(c) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 is amended by adding at the end thereof the following new item:

"Sec. 9505. Hazardous Substance Superfund.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 1985.

(2) SUPERFUND TREATED AS CONTINUATION OF OLD TRUST FUND.—The Hazardous Substance Superfund established by the amendments made by this section shall be treated for all purposes of law as a continuation of the Hazardous Substance Response Trust Fund established by section 221 of the Hazardous Substance Response Revenue Act of 1980. Any reference in any law to the Hazardous Substance Response Trust Fund established by such section 221 shall be deemed to include (wherever appropriate) a reference to the Hazardous Substance Superfund established by the amendments made by this section.

SEC. 789D. REPEAL OF POST-CLOSURE TAX AND TRUST FUND.

(a) REPEAL OF TAX.—

(1) Subchapter C of chapter 38 (relating to tax on hazardous wastes) is hereby repealed.

(2) The table of subchapters for such chapter 38 is amended by striking out the item relating to subchapter C.

(b) REPEAL OF TRUST FUND.—Section 232 of the Hazardous Substance Response Revenue Act of 1980 is hereby repealed.

(c) REFUND OF UNOBLIGATED BALANCE.—An amount equal to the unobligated balance in the Post-Closure Liability Trust Fund as of October 1, 1985, which is transferred into the Hazardous Substance Superfund pursuant to section 9505(b)(2) of the Internal Revenue Code of 1954, shall be paid out from such Superfund, effective March 1, 1989, as refunds of the taxes paid under section 4681 of such Code (as in effect prior to October 1, 1985), unless, prior to March 1, 1989, congressional action has been taken pursuant to section 107(k)(6) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. Such refunds shall be paid on a proportional basis to the amounts of such taxes paid, and without interest.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1985.

SEC. 789E. INDUSTRIAL DEVELOPMENT BONDS FOR HAZARDOUS WASTE TREATMENT FACILITIES.

(a) IN GENERAL.—Paragraph (4) of section 103(b) (relating to certain exempt activities) is amended—

(1) by inserting ", facilities subject to final permit requirements under subtitle C of title II of the Solid Waste Disposal Act for the treatment of hazardous waste," after "solid waste disposal facilities" in subparagraph (E), and

(2) by adding at the end thereof the following new sentence: "For purposes of subparagraph (E), the terms 'treatment' and 'hazardous waste' have the meanings given to such terms by section 1004 of the Solid Waste Disposal Act.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 789F. REPORT ON METHODS OF FUNDING SUPERFUND.

Not later than January 1, 1988, the Comptroller General of the United States or his delegate shall study and report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to various methods of funding the Hazardous Substances Superfund, including a study of the effect of taxes on the generation and disposal of hazardous wastes.

SEC. 789G. CERTAIN COSTS OF PRIVATE FOUNDATION IN REMOVING HAZARDOUS SUBSTANCES TREATED AS QUALIFYING DISTRIBUTIONS.

(a) IN GENERAL.—In the case of any taxable year beginning after December 31, 1982, the distributable amount of a private foundation for such taxable year for purposes of section 4942 of the Internal Revenue Code of 1954 shall be reduced by any amount paid or incurred (or set aside) by such private foundation for the investigatory costs and direct costs of removal or taking remedial action with respect to a hazardous substance released at a facility which was owned or operated by such private foundation.

(b) LIMITATIONS.—Subsection (a) shall apply only to costs—

(1) incurred with respect to hazardous substances disposed of at a facility owned or operated by the private foundation but only if—

(A) such facility was transferred to such foundation by bequest before December 11, 1980, and

(B) the active operation of such facility by such foundation was terminated before December 12, 1980, and

(2) which were not incurred pursuant to a pending order issued to the private foundation unilaterally by the President or the President's assignee under section 106 of the Comprehensive Environmental Response, Compensation and Liability Act, or pursuant to a judgment against the private foundation issued in a governmental cost recovery action under section 107 of such Act.

(c) HAZARDOUS SUBSTANCE.—For purposes of this section, the term "hazardous substance" has the meaning given such term by section 9601(14) of the Comprehensive Environmental Response, Compensation and Liability Act.

PART 3—TOBACCO PROVISIONS

Subpart A—Tobacco Products Excise Taxes

SEC. 790. INCREASE IN TAX ON CIGARETTES MADE PERMANENT.

Subsection (c) of section 283 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to increase in tax on cigarettes) is amended by striking out "and before November 15, 1985".

SEC. 791. TAX ON SMOKELESS TOBACCO.

(A) IN GENERAL.—Section 5701 (relating to rate of tax) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) SMOKELESS TOBACCO.—On smokeless tobacco, manufactured in or imported into the United States, there shall be imposed the following taxes:

"(1) SNUFF.—On snuff, 24 cents per pound and a proportionate tax at the like rate on all fractional parts of a pound.

"(2) CHEWING TOBACCO.—On chewing tobacco, 8 cents per pound and a proportionate tax at the like rate on all fractional parts of a pound.".

(b) CONFORMING AMENDMENTS.—

"(1) The heading of chapter 52 is amended by inserting "SMOKELESS TOBACCO," after "CIGARETTES,".

(2) Section 5702(c) (defining tobacco products) is amended by striking out "and cigarettes" and inserting in lieu thereof ", cigarettes, and smokeless tobacco".

(3) Section 5702(d) (defining manufacturers of tobacco products) is amended by striking out "cigars or cigarettes" each place it appears and inserting in lieu thereof "cigars, cigarettes, or smokeless tobacco".

(4) Section 5702 is amended by adding at the end thereof the following new subsection:

"(n) DEFINITIONS RELATING TO SMOKELESS TOBACCO.—

"(1) SMOKELESS TOBACCO.—The term 'smokeless tobacco' means any snuff or chewing tobacco.

"(2) SNUFF.—The term 'snuff' means any finely cut, ground, or powdered tobacco that is not intended to be smoked.

"(3) CHEWING TOBACCO.—The term 'chewing tobacco' means any leaf tobacco that is not intended to be smoked.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to smokeless tobacco removed after September 30, 1985.

Subpart B—Tobacco Program Improvements

FINDINGS AND PURPOSES

SEC. 792. (a) Congress finds that—

(1) the maintenance of a viable tobacco price support and production adjustment program is in the interests of tobacco producers, purchasers of tobacco, persons employed directly or indirectly by the tobacco industry, and the localities and States whose economies and tax bases are dependent on the tobacco industry;

(2) the present tobacco price support program is in jeopardy and in need of reform;

(3) under present law, the levels of price support for tobacco have resulted in market prices for tobacco that are not competitive on the world market;

(4) as a consequence, extremely large quantities of domestic tobacco have been put under loan and placed in the inventories of the producer-owned cooperative marketing associations that administer the tobacco price support program;

(5) the increased inventories have led to a significant increase in the assessments producers are required to pay to maintain the tobacco price support program on a "no net cost" basis;

(6) such increasingly large assessments are creating a severe hardship on producers;

(7) the existence of such large inventories poses a threat to the orderly marketing of future crops of tobacco;

(8) inventories of producer associations must be significantly reduced or the tobacco price support program will collapse;

(9) the Commodity Credit Corporation is threatened with substantial losses on disposition of these inventories should the tobacco price support program collapse;

(10) it is imperative that such excess inventories of tobacco be disposed of, under the supervision of the Secretary of Agriculture, in a manner that—

(A) will not disrupt the orderly marketing of new tobacco crops;

(B) will minimize any losses to the Federal Government; and

(C) will be fair and equitable to all tobacco producers and purchasers;

(11) the mutual cooperation of tobacco producers, tobacco purchasers, producer associations, and the Secretary of Agriculture is necessary—

(A) to restore the tobacco price support program to a stable condition; and

(B) to prevent substantial losses to taxpayers that would result from the collapse of the program;

(12) restoration of stability to the tobacco price support program through a sharing of the cost of that program by purchasers of tobacco along with producers of tobacco is necessary to prevent undue burdens on, or obstruction of, interstate and foreign commerce in tobacco; and

(13) the system of grading tobacco should be thoroughly reviewed to ensure that grades are assigned to tobacco that properly state the quality of such tobacco.

(b) The purposes of this subpart are—

(1) to encourage cooperation among tobacco producers, tobacco purchasers, and the Secretary of Agriculture in reducing tobacco price support levels, assessment costs, the size of inventories of producer associations, and the exposure of taxpayers to large budget outlays;

(2) to adjust the method by which price support levels and production quotas are calculated to reflect actual market conditions;

(3) to facilitate the purchase and sale of Flue-cured and Burley tobacco presently in the inventories of producer associations through which producers of Flue-cured and Burley tobacco are provided price support;

(4) to provide that purchasers and producers of domestic tobacco share equally in the cost of maintaining the tobacco price support program at no net cost to the taxpayers; and

(5) to expedite reform of the system of grading tobacco so that grades assigned to tobacco more accurately reflect the quality of such tobacco.

PRICE SUPPORT ADJUSTMENTS

SEC. 792A. (a) Effective for the 1985 and subsequent crops of tobacco, section 106(f) of the Agricultural Act of 1949 (7 U.S.C. 1445(f)) is amended—

(1) by striking out "and for the 1985 crop of any kind of tobacco (other than Flue-cured and Burley tobacco) for which marketing quotas are in effect or are not disapproved by producers" in the first sentence of paragraph (3); and

(2) by striking out paragraph (4) and inserting in lieu thereof the following new paragraphs:

"(4) For the 1985 crop of Burley tobacco, the support level shall be $1.449 per pound.

"(5)(A) Except as provided in subparagraph (B), for the 1985 and each subsequent crop of any kind of tobacco (other than Flue-cured and Burley tobacco) for which marketing quotas are in effect or are not disapproved by producers, the support level shall be the level in cents per pound at which the immediately preceding crop was supported, plus or minus, respectively, the amount by which—

"(i) the support level for the crop for which the determination is being made, as determined under subsection (b); is greater or less than

"(ii) the support level for the immediately preceding crop, as determined under subsection (b),

as that difference may be adjusted by the Secretary under subsection (d) if the support level under clause (i) is greater than the support level under clause (ii).

"(B) Notwithstanding subparagraph (A) and subsection (d), if requested by the board of directors of an association through which price support for the respective kind of tobacco specified in subparagraph (A) is made available to producers, the Secretary may reduce the support level for such kind of tobacco to the extent requested by the association to more accurately reflect the market

value and improve the marketability of such tobacco.

"(6)(A) For the 1986 and each subsequent crop of Flue-cured and Burley tobacco for which marketing quotas are in effect or are not disapproved by producers, the support level shall be the level in cents per pound at which the immediately preceding crop was supported, plus or minus, respectively, an adjustment of not less than 65 percent nor more than 100 percent of the total, as determined by the Secretary after taking into consideration the supply of the kind of tobacco involved in relation to demand, of—

"(i) 66.7 percent of the amount by which—

"(I) the average price received by producers for Flue-cured and Burley tobacco, respectively, on the United States auction markets, as determined by the Secretary, during the 5 marketing years immediately preceding the marketing year for which the determination is being made, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, is greater or less than

"(II) the average price received by producers for Flue-cured and Burley tobacco, respectively, on the United States auction markets, as determined by the Secretary, during the 5 marketing years immediately preceding the marketing year prior to the marketing year for which the determination is being made, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period;

"(ii) 33.3 percent of the change, expressed as a cost per pound of tobacco, in the index of prices paid by tobacco producers from January 1 to December 31 of the calendar year immediately preceding the year in which the determination is made.

"(B) For purposes of subparagraph (A)—

"(i) the average market price for Burley tobacco for the 1984 and each prior applicable marketing year shall be reduced by $0.30 per pound;

"(ii) the average market price for Flue-cured tobacco for the 1985 and each prior applicable marketing year shall be reduced by $0.30 per pound;

"(iii) the support level for the 1985 crop of Flue-cured tobacco shall be considered to be $1.399 per pound; and

"(iv) the index of prices paid by tobacco producers shall include items representing general, variable costs of producing tobacco, as determined by the Secretary, but shall not include the cost of land, risk, overhead, management, purchase or leasing of quotas, marketing contributions or assessments, and other costs not directly related to the production of tobacco.".

(b) Effective for the 1986 and subsequent crops of tobacco, section 106 of the Agricultural Act of 1949 (7 U.S.C. 1445) is further amended by striking out subsection (g).

DETERMINATION OF MARKETING QUOTAS FOR FLUE-CURED AND BURLEY TOBACCO

SEC. 792B. (a) Section 301(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)) is amended—

(1) by adding at the end of paragraph (14) the following new subparagraphs:

"(C) 'Reserve stock level', in the case of Flue-cured tobacco, shall be the greater of—

"(i) 100,000,000 pounds (farm sales weight); or

"(ii) 15 percent of the national marketing quota for Flue-cured tobacco for the marketing year immediately preceding the marketing year for which the level is being determined.

"(D) 'Reserve stock level', in the case of Burley tobacco, shall be the greater of—

"(i) 50,000,000 pounds (farm sales weight); or

"(ii) 15 percent of the national marketing quota for Burley tobacco for the marketing year immediately preceding the marketing year for which the level is being determined."; and

(2) by adding at the end thereof the following new paragraph:

"(17) 'Domestic manufacturer of cigarettes' means a person that produces and sells more than 1 percent of the cigarettes produced and sold in the United States.".

(b) Section 317(a)(1) of such Act (7 U.S.C. 1314c(a)(1)) is amended—

(1) by striking out " 'National marketing quota' " in the first sentence and inserting in lieu thereof "(A) Except as provided in subparagraph (B), 'national marketing quota' "; and

(2) by adding at the end thereof the following new subparagraphs:

"(B) For the 1986 and each subsequent crop of Flue-cured tobacco, 'national marketing quota' for a marketing year means the quantity of Flue-cured tobacco, as determined by the Secretary, that is not more than 103 percent nor less than 97 percent of the total of—

"(i) the aggregate of the quantities of Flue-cured tobacco that domestic manufacturers of cigarettes estimate the manufacturers intend to purchase on the United States auction markets or from producers during the marketing year, as compiled and determined under section 320A;

"(ii) the average annual quantity of Flue-cured tobacco exported from the United States during the 3 marketing years immediately preceding the marketing year for which the determination is being made; and

"(iii) the quantity, if any, of Flue-cured tobacco that the Secretary, in the discretion of the Secretary, determines is necessary to increase or decrease the inventory of the producer-owned cooperative marketing association that has entered into a loan agreement with the Commodity Credit Corporation to make price support available to producers of Flue-cured tobacco to establish or maintain such inventory at the reserve stock level for Flue-cured tobacco.

"(C) In determining the quantity of Flue-cured tobacco necessary to establish or maintain the inventory of the producer association at the reserve stock level under subparagraph (B)(iii), the Secretary shall provide for attaining the reserve stock level over a period of 5 years.".

(c) Section 319 of such Act (7 U.S.C. 1314e) is amended—

(1) in subsection (c)—

(A) by striking out "The national marketing quota" in the first sentence and inserting in lieu thereof "(1) Except as provided in paragraph (3), the national marketing quota";

(B) by striking out the second sentence;

(C) by designating the third sentence as paragraph (2); and

(D) by adding at the end thereof the following new paragraph:

"(3)(A) For the 1986 and each subsequent crop of Burley tobacco, the national marketing quota for any marketing year shall be the quantity of Burley tobacco, as determined by the Secretary, that is not more than 103 percent nor less than 97 percent of the total of—

"(i) the aggregate of the quantities of Burley tobacco that domestic manufacturers of cigarettes estimate the manufacturers intend to purchase on the United States auction markets or from producers during the marketing year, as compiled and determined under section 320A;

"(ii) the average annual quantity of Burley tobacco exported from the United States during the 3 marketing years immediately preceding the marketing year for which the determination is being made; and

"(iii) the quantity, if any, of Burley tobacco that the Secretary, in the discretion of the Secretary, determines is necessary to increase or decrease the inventories of the producer-owned cooperative marketing associations that have entered into loan agreements with the Commodity Credit Corporation to make price support available to producers of Burley tobacco to establish or maintain such inventories, in the aggregate, at the reserve stock level for Burley tobacco.

"(B) In determining the quantity of Burley tobacco necessary to establish or maintain the inventories of the producer associations at the reserve stock level under subparagraph (A)(iii)—

"(i) the Secretary shall provide for attaining the reserve stock level over a period of 5 years; and

"(ii) any downward adjustment in such inventories of Burley tobacco may not exceed the greater of—

"(I) 35,000,000 pounds; or

"(II) 50 percent of the quantity by which—

"(aa) the total inventories of Burley tobacco of the producer-owned cooperative marketing associations that have entered into loan agreements with the Commodity Credit Corporation to make price support available to producers of Burley tobacco; exceed

"(bb) the reserve stock level for Burley tobacco,"; and

(2) by inserting ", except in the case of Burley tobacco," after "Provided, That" in the fourth sentence of subsection (e).

(d) Effective for the 1986 and each subsequent crop of tobacco, such Act is amended by inserting after section 320 (7 U.S.C. 1314f) the following new section:

"SUBMISSION OF PURCHASE INTENTIONS BY CIGARETTE MANUFACTURERS

"SEC. 320A. (a)(1) Not later than December 1 of any marketing year with respect to Flue-cured tobacco (or, in the case of the 1986 crop, December 1, 1985) and January 15 of any marketing year with respect to Burley tobacco (or, in the case of the 1986 crop, January 15, 1986), each domestic manufacturer of cigarettes shall submit to the Secretary a statement, by kind, of the quantity of Flue-cured tobacco and Burley tobacco (for which a national marketing quota is in effect or for which the Secretary has proclaimed a national marketing quota for the next succeeding marketing year) that the manufacturer intends to purchase, directly or indirectly, on the United States auction markets or from producers during the next succeeding marketing year (hereafter in this section referred to as the 'quantity of intended purchases').

"(2) The Secretary shall aggregate the quantities of intended purchases in a manner that will not allow the identification of the quantity of intended purchases of any manufacturer.

"(b) If any domestic manufacturer of cigarettes fails to submit to the Secretary a statement of the quantity of intended purchases of the manufacturer, as required by this section, the Secretary shall establish the quantity of intended purchases to be attributed to such manufacturer for purposes of this Act, based on—

"(1) the quantity of intended purchases submitted by such manufacturer under this section for the marketing year immediately preceding the marketing year for which the determination is being made; or

"(2) if such manufacturer did not submit a statement of the quantity of intended purchases of the manufacturer for the marketing year immediately preceding the marketing year for which the determination is being made, the most recent information available to the Secretary.

"(c)(1) All information relating to the quantity of intended purchases that is submitted by domestic manufacturers of cigarettes under this section shall be kept confidential by all officers and employees of the Department of Agriculture.

"(2) Such information may only be disclosed by such officers or employees in a suit or administrative hearing—

"(A)(i) brought at the direction, or on the request, of the Secretary; or

"(ii) to which the Secretary or any officer of the United States is a party; and

"(B) involving enforcement of this Act.

"(3) Nothing in this section shall be considered to prohibit the publication, by direction of the Secretary, of the name of any person violating this Act, together with a statement of the particular provisions of the Act violated by such person.

"(4) Any officer or employee of the Department of Agriculture who violates this subsection, on conviction, shall be—

"(A) subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or to both; and

"(B) removed from office.

"(d) Notwithstanding any other provision of law, a statement of the quantity of intended purchases that is submitted under this section shall be exempt from disclosure under section 552 of title 5, United States Code.".

MARKETING QUOTA ANNOUNCEMENT DATE

SEC. 792C. (a) Section 312 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1312) is amended—

(1) by striking out "and February 1 of any marketing year with respect to other kinds of tobacco" in the matter preceding clause (1) of subsection (a) and inserting in lieu thereof "February 1 of any marketing year with respect to Burley tobacco, and March 1 of any marketing year with respect to other kinds of tobacco"; and

(2) by striking out "and not later than the first day of February with respect to other kinds of tobacco" in the first sentence of subsection (b) and inserting in lieu thereof ", not later than the first day of February with respect to Burley tobacco, and not later than the first day of March with respect to other kinds of tobacco".

(b) Section 319(b) of such Act (7 U.S.C. 1313e(b)) is amended by striking out "February 1" each place it appears in the fourth paragraph and inserting in lieu thereof "March 1".

REDUCTION IN EXCESS TOBACCO NOT SUBJECT TO MARKETING PENALTY

SEC. 792D. (a) Effective for the 1986 and subsequent crops of tobacco, the Agricultural Adjustment Act of 1938 is amended—

(1) by striking out "110" in section 317(g)(1) (7 U.S.C. 1314c(g)(1)) and inserting in lieu thereof "103"; and

(2) by striking out "110" in section 319(i)(1) (7 U.S.C. 1314e(i)(1)) and inserting in lieu thereof "103".

(b) Effective for the 1986 and subsequent crops of tobacco, section 106(c)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445(c)(1)) is amended by striking out "110" and inserting in lieu thereof "103".

PURCHASE REQUIREMENTS; PENALTY

SEC. 792E. (a) Effective for the 1986 and subsequent crops of tobacco, the Agricultural Adjustment Act of 1938 (as amended by section 792B(d)) is further amended by inserting after section 320A the following new section:

"PURCHASE REQUIREMENTS; PENALTY

"SEC. 320B. (a)(1) At the conclusion of each marketing year, on or before a date prescribed by the Secretary, each domestic manufacturer of cigarettes shall submit to the Secretary a statement, by kind, of the quantity of Flue-cured and Burley quota tobacco purchased, directly or indirectly, by such manufacturer during such marketing year.

"(2) The statement shall include, but not be limited to, the quantity of each such kind of tobacco purchased by the manufacturer on the United States auction markets, from producers, and from the inventories of tobacco from the 1985 and subsequent crops of the producer-owned cooperative marketing associations that have entered into loan agreements with the Commodity Credit Corporation to make price support available to producers of Flue-cured or Burley tobacco.

"(b)(1) Except as otherwise provided in this subsection, any domestic manufacturer of cigarettes that fails, as determined by the Secretary after notice and opportunity for a hearing, to purchase during a marketing year on the United States auction markets, from producers, or from the inventories of tobacco from the 1985 and subsequent crops of the producer associations described in subsection (a)(2) a quantity of Flue-cured quota tobacco and a quantity of Burley quota tobacco equal to at least 90 percent of the quantity of the intended purchases of Flue-cured tobacco and Burley tobacco, respectively, submitted by such manufacturer or established by the Secretary for such manufacturer for that marketing year under section 320A (as that quantity may be reduced under paragraph (2)) shall be subject to a penalty as prescribed in subsection (c).

"(2)(A) If the total quantity of Flue-cured or Burley quota tobacco, respectively, marketed by producers at auction in the United States during the marketing year in question is less than the national marketing quota (including any adjustments for overmarketings or undermarketings) for that kind of tobacco for that marketing year, the quantity of intended purchases of each domestic manufacturer of cigarettes, for purposes of paragraph (1), shall be reduced by a percentage equal to the percentage by which the total quantity marketed at auction in the United States during the marketing year is less than the national marketing quota (including any adjustments for overmarketings or undermarketings) for that kind of tobacco for the marketing year.

"(B) For purposes of this section, the term 'marketed' shall include disposition of tobacco by consigning the tobacco to a producer association described in subsection (a)(2) for a price support advance.

"(c) The amount of any penalty to be imposed on a manufacturer under this section shall be determined by multiplying—

"(1) twice the per pound assessment (as determined under section 106A or 106B of the Agricultural Act of 1949 (7 U.S.C. 1445–1 or 1445–2)) for the kind of tobacco involved; by

"(2) the quantity by which—

"(A) the purchases by such manufacturer on the United States auction markets, from producers, or from the inventories of tobacco from the 1985 and subsequent crops of the producer associations described in subsection (a)(2) of Flue-cured and Burley quota tobacco, respectively, for the marketing year; are less than

"(B) 90 percent of the quantity of intended purchases of such kinds of tobacco, respectively, submitted by the manufacturer or established by the Secretary for such manufacturer for that marketing year under section 320A (as that quantity may be reduced under subsection (b)(2)).

"(d)(1) An amount equivalent to the penalty collected by the Secretary under this section shall be transmitted by the Secretary to the appropriate producer-owned cooperative marketing association that has entered into a loan agreement with the Commodity Credit Corporation to make price support available to producers of Flue-cured or Burley tobacco, as the case may be.

"(2) Each association to which amounts are transmitted by the Secretary under this section shall deposit such amounts in the No Net Cost Fund or Account of such association in accordance with section 106A or 106B of the Agricultural Act of 1949.

"(e) Subsections (c) and (d) of section 320A shall apply to information submitted by domestic manufacturers of cigarettes under this section with respect to the quantity of purchases of Flue-cured and Burley quota tobacco during a marketing year.

"(f) As used in this section, the term 'quota tobacco' means any kind of tobacco for which marketing quotas are in effect or for which marketing quotas are not disapproved by producers.".

(b) Effective for the 1986 and subsequent crops of tobacco, the last sentence of section 372(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1372(b)) is amended by striking out "The" and inserting in lieu thereof "Except as provided in section 320B, the".

ASSESSMENTS TO NO NET COST FUNDS OR ACCOUNTS

SEC. 792F. (a) Effective for the 1986 and subsequent crops of tobacco, section 106A of the Agricultural Act of 1949 (7 U.S.C. 1445–1) is amended—

(1) in subsection (a)—

(A) by striking out "and" at the end of paragraph (5);

(B) by redesignating paragraph (6) as paragraph (7); and

(C) by inserting after paragraph (5) the following new paragraph:

"(6) the term 'purchaser' means any person who purchases in the United States, either directly or indirectly for the account of such person or another person, Flue-cured or Burley quota tobacco; and";

(2) by inserting "or paid by or on behalf of purchasers" after "producer-members" in the second sentence of subsection (c);

(3) in subsection (d)—

(A) by striking out "and" at the end of clause (i) of paragraph (1)(A);

(B) by inserting after clause (ii) of paragraph (1)(A) the following new clause:

"(iii) each purchaser of Flue-cured and Burley quota tobacco shall pay to the appropriate association, for deposit in the Fund of the association, an assessment, in an amount determined from time to time by the association with the approval of the Secretary, with respect to purchases of all such kind of tobacco marketed by a producer from a farm (including purchases of such tobacco from the 1986 and subsequent crops from the association); and";

(C) by striking out "The" in the last sentence of paragraph (1) and inserting in lieu

thereof the following: "The amount of producer contributions and purchaser assessments shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Fund of an association. In making such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The";

(D) by inserting "and assessments" after "contributions" in the last sentence of paragraph (1);

(E) by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

"(2) require that any producer contribution or purchaser assessment due under paragraph (1) shall be collected—

"(A) from the person who acquired the tobacco involved from the producer, except that if the tobacco is marketed by sale, an amount equal to the producer contribution may be deducted by the purchaser from the price paid to such producer;

"(B) if the tobacco involved is marketed by a producer through a warehouseman or agent, from such warehouseman or agent, who may—

"(i) deduct an amount equal to the producer contribution from the price paid to the producer; and

"(ii) add an amount equal to the purchaser assessment to the price paid by the purchaser; and

"(C) if the tobacco involved is marketed by a producer directly to any person outside the United States, from the producer, who may add an amount equal to the purchaser assessment to the price paid by the purchaser;";

(F) by striking out "producers who contribute" in the proviso of paragraph (3) and inserting in lieu thereof "producers and purchasers who contribute or pay";

(G) by striking out "and" at the end of paragraph (5);

(H) by inserting "effective for the 1982 through 1985 crops of quota tobacco," after the paragraph designation in paragraph (6);

(I) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and

(J) by inserting after paragraph (6) the following new paragraph:

"(7) effective for the 1986 and subsequent crops of quota tobacco, provide, in loan agreements between the Corporation and an association, that if the Secretary determines that the amount in the Fund or the net gains referred to in paragraph (5) exceeds the amounts necessary for the purposes specified in this section, the association, with the approval of the Secretary, may suspend the payment and collection of contributions and assessments under this section on terms and conditions established by the association, with the approval of the Secretary."; and

(4) by adding at the end thereof the following new subsection:

"(h)(1)(A) Each person who fails to collect any contribution or assessment as required by subsection (d)(2) and remit such contribution or assessment to the association, at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the kind of tobacco involved for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

"(B) The Secretary may reduce any such marketing penalty in such amount as the Secretary determines equitable in any case in which the Secretary determines that the failure was unintentional or without knowledge on the part of the person concerned.

"(C) Any penalty provided for under this paragraph shall be assessed by the Secretary after notice and opportunity for a hearing.

"(2)(A) Any person against whom a penalty is assessed under this subsection may obtain review of such penalty in an appropriate district court of the United States by filing a civil action in such court not later than 30 days after such penalty is imposed.

"(B) The Secretary shall promptly file in such court a certified copy of the record on which the penalty is based.

"(3) The district courts of the United States shall have jurisdiction to review and enforce any penalty imposed under this subsection.

"(4) An amount equivalent to any penalty collected by the Secretary under this subsection shall be transmitted by the Secretary to the appropriate association, for deposit in the Fund of such association.

"(5) The remedies provided in this subsection shall be in addition to, and not exclusive of, other remedies that may be available.".

(b) Effective for the 1986 and subsequent crops of tobacco, section 106B of the Agricultural Act of 1949 (7 U.S.C. 1445–2) is amended—

(1) in subsection (a)—

(A) by striking out "and" at the end of paragraph (6);

(B) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new paragraph:

"(8) the term 'purchaser' means any person who purchases in the United States, either directly or indirectly for the account of such person or another person, Flue-cured or Burley quota tobacco.";

(2) by inserting "and purchasers" after "producers" in subsection (c)(1);

(3) in subsection (d)—

(A) by inserting at the end of paragraph (1) the following new sentence: "The Secretary shall also require (in lieu of any requirement under section 106A(d)(1)) that each purchaser of Flue-cured and Burley quota tobacco shall pay to the Corporation, for deposit in the Account of such association, an assessment, as determined under paragraph (2) and collected under paragraph (3), with respect to purchases of all such kind of tobacco marketed by a producer from a farm (including purchases of such tobacco from the 1986 and subsequent crops from the association).";

(B) by striking out "area. Such amount" in paragraph (2) and inserting in lieu thereof "area and the amount of the assessment to be paid by purchasers of tobacco. The amount of the assessment to be paid by producers and purchasers shall be determined in such a manner that producers and purchasers share equally, to the maximum extent practicable, in maintaining the Account of an association. In making such determination with respect to the assessment of a purchaser, only 1985 and subsequent crops of Flue-cured and Burley quota tobacco shall be taken into account. The amount of the assessment";

(C) by inserting at the end of paragraph (2) the following: "Notwithstanding the foregoing provisions of this paragraph, the amount of any assessment that is determined by the Secretary for the 1986 and subsequent crops of Burley quota tobacco shall be determined without regard to any net losses that the Corporation may sustain under the loan agreements of the Corporation with such association with respect to the 1983 crop of such tobacco."; and

(D) by amending paragraph (3) to read as follows:

"(3)(A) Except as provided in subparagraphs (B) and (C), any assessment to be paid by a producer or a purchaser under paragraph (1) shall be collected from the person who acquired the tobacco involved from such producer, except that if the tobacco is marketed by sale, an amount equal to the producer assessment may be deducted by the purchaser from the price paid to such producer.

"(B) If tobacco of the kind for which an Account is established is marketed by a producer through a warehouseman or agent, both the producer and the purchaser assessment shall be collected from such warehouseman or agent, who may—

"(i) deduct an amount equal to the producer assessment from the price paid to the producer; and

"(ii) add an amount equal to the purchaser assessment to the price paid by the purchaser.

"(C) If tobacco of the kind for which an Account is established is marketed by a producer directly to any person outside the United States, both the producer and the purchaser assessment shall be collected from the producer, who may add an amount equal to the purchaser assessment to the price paid by the purchaser."; and

(4) by adding at the end thereof the following new subsection:

"(j)(1)(A) Each person who fails to collect any assessment as required by subsection (d)(3) and remit such assessment to the Corporation, at such time and in such manner as may be prescribed by the Secretary, shall be liable, in addition to any amount due, to a marketing penalty at a rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the kind of tobacco involved for the immediately preceding year on the quantity of tobacco as to which the failure occurs.

"(B) The Secretary may reduce any such marketing penalty in such amount as the Secretary determines equitable in any case in which the Secretary determines that the failure was unintentional or without knowledge on the part of the person concerned.

"(C) Any penalty provided for under this paragraph shall be assessed by the Secretary after notice and opportunity for a hearing.

"(2)(A) Any person against whom a penalty is assessed under this subsection may obtain review of such penalty in an appropriate district court of the United States by filing a civil action in such court not later than 30 days after such penalty is imposed.

"(B) The Secretary shall promptly file in such court a certified copy of the record on which the penalty is based.

"(3) The district courts of the United States shall have jurisdiction to review and enforce any penalty imposed under this subsection.

"(4) An amount equivalent to any penalty collected by the Secretary under this subsection shall be transmitted by the Secretary to the Corporation, for deposit in the Account of the appropriate association.

"(5) The remedies provided in this subsection shall be in addition to, and not exclusive of, other remedies that may be available.".

(c) The Secretary of Agriculture shall implement sections 792A through 792G, and the amendments made by such sections, without regard to the provisions requiring notice and other procedures for public participation in rulemaking contained in section 553 of title 5, United States Code, or in any directive of the Secretary.

(d) The section heading of section 106A of the Agricultural Act of 1949 (7 U.S.C. 1445-1) is amended to read as follows:

"PRODUCER CONTRIBUTIONS AND PURCHASER ASSESSMENTS FOR NO NET COST TOBACCO FUND".

PURCHASE OF INVENTORY STOCK

SEC. 792G. Notwithstanding any other provision of law, in order to reduce or eliminate the excessive inventories of Flue-cured and Burley tobacco held by associations from the 1976 through 1984 crops, and in order to provide for the orderly disposition of such excessive inventories of tobacco in a manner that will not disrupt the orderly marketing of new tobacco crops and minimize any losses to the Federal Government:

(a)(1) The producer-owned cooperative marketing association that has entered into a loan agreement with the Commodity Credit Corporation to make price support available to producers of Flue-cured tobacco shall offer to sell the stocks of Flue-cured tobacco of the association from the 1976 through 1984 crops as provided in this section.

(2) Each producer-owned cooperative marketing association that has entered into a loan agreement with the Commodity Credit Corporation to make price support available to producers of Burley tobacco shall offer to sell its stocks of Burley tobacco from the 1982 and 1984 crops as provided in this section.

(3)(A)(i) Not later than 30 days after the date of enactment of this subpart, the Commodity Credit Corporation shall acquire title to the Burley tobacco from the 1983 crop that is pledged as security for loans on such tobacco by calling the loans on such tobacco.

(ii) The Corporation shall, then, offer such tobacco for sale at such times, in such quantities, and subject to such conditions as the Corporation considers appropriate.

(B) If the Commodity Credit Corporation has not sold all of the stocks of the 1983 crop of Burley tobacco within 2 years from the date the Corporation calls the loans on such tobacco, the Corporation may offer to sell to domestic manufacturers of cigarettes the remaining stocks of such tobacco as provided in this section.

(b)(1)(A) The stocks of Flue-cured tobacco from the 1976 through 1984 crops shall be offered for sale at the base prices, including carrying charges, in effect as of the date of the offer, reduced by—

(i) 90 percent for Flue-cured tobacco from the 1976 through 1981 crops; and

(ii) 10 percent for Flue-cured tobacco from the 1982 through 1984 crops.

(B) The purchasers of the stocks of Flue-cured tobacco from the 1976 through 1984 crops shall pay the full carrying charges that have accrued to such tobacco from the date of the offer made under this section to the date that such tobacco is removed from the inventory of the association.

(2)(A) The stocks of Burley tobacco from the 1982 crop shall be offered for sale at the listed base price in effect as of July 1, 1985.

(B) The stocks of Burley tobacco from the 1984 crop shall be offered for sale at the costs of the association for such tobacco as of the date of enactment of this subpart.

(C) The purchasers of the stocks of Burley tobacco from the 1982 crop shall pay the full carrying charges that have accrued to such tobacco.

(D) The purchasers of the stocks of Burley tobacco from the 1984 crop shall pay the full carrying charges that have accrued to such tobacco from the date of enactment of this subpart to the date such tobacco is removed from the inventories of the associations.

(3)(A) After the 2-year period specified in subsection (a)(3)(B) has expired, if the Commodity Credit Corporation offers to sell the stocks of the Corporation of Burley tobacco from the 1983 crop to domestic manufacturers of cigarettes, such stocks shall be offered for sale at the costs of the association, including carrying charges, as of the date on which the Corporation calls the loans on such tobacco, reduced by 90 percent.

(B) Neither tobacco producers nor tobacco purchasers shall be responsible for carrying charges that accrue to the 1983 crop Burley tobacco after the date on which the Commodity Credit Corporation calls the loans on such tobacco.

(c)(1)(A) Each domestic manufacturer of cigarettes may enter into agreements to purchase inventory stocks of Flue-cured and Burley tobacco, in accordance with this section.

(B) To be eligible for the reductions in price specified in this section, such manufacturer shall enter into such agreements as soon as practicable, but not later than 90 days, after the date of enactment of this subpart.

(C)(i) Such agreements shall provide that, over a period of time, each participating domestic manufacturer of cigarettes shall purchase a percentage of the stocks of Flue-cured and Burley tobacco held—

(I) by the producer-owned cooperative marketing associations at the close of the 1984 marketing year; or

(II) in the case of the 1983 crop of Burley tobacco, by the Commodity Credit Corporation at the time the Corporation offers such tobacco for sale to domestic manufacturers of cigarettes under this section.

(ii) The period of time referred to in clause (i) may not exceed—

(I) in the case of Flue-cured tobacco, 8 years from the date of enactment of this subpart;

(II) in the case of Burley tobacco from the 1982 and 1984 crops, 5 years from the date of enactment of this subpart; and

(III) in the case of the 1983 crop of Burley tobacco, 5 years from the end of the 2-year period referred to in subsection (a)(3)(B).

(2)(A)(i) The percentage to be purchased by each participating manufacturer shall be at least equal to the respective percentage of the participating manufacturer of the total quantity of net cigarettes manufactured for use as determined by the Secretary of Agriculture under this paragraph on the basis of the monthly reports ("Manufacturer of Tobacco Products—Monthly Reports") submitted (on ATF Form 3068) by manufacturers of tobacco products to the Bureau of Alcohol, Tobacco and Firearms of the Department of the Treasury.

(ii) The Secretary of Agriculture shall request from the Secretary of the Treasury copies of such monthly reports necessary to make the determinations required under this section.

(iii) Notwithstanding any other provision of law, the Secretary of the Treasury may release and disclose such information to the Secretary of Agriculture.

(B) "Net cigarettes manufactured for use" shall be computed by subtracting—

(i) the cumulative figures entered for large and small cigarettes in item 16f of ATF Form 3068 ("Reduction to tobacco"); from

(ii) the cumulative figures entered for large and small cigarettes in item 7 of such form ("Manufactured").

(C)(i) The percentage to be purchased by each participating manufacturer shall be determined—

(I) on the date of enactment of this subpart; and

(II) annually thereafter over the course of the respective buy-out periods specified in this subsection.

(ii) Such percentage shall be determined by dividing—

(I) the average net cigarettes manufactured by a manufacturer for use for the 12-month period immediately preceding the appropriate determination date (the date of enactment of this subpart and annually thereafter over the course of the respective buy-out periods specified in this subsection); by

(II) the aggregate average net cigarettes manufactured by all domestic cigarette manufacturers for use for such 12-month period.

(D)(i) The quantity of tobacco to be purchased by each participating manufacturer shall be determined annually.

(ii) Such quantity shall be based on—

(I) the percentage of net cigarettes of a manufacturer manufactured for use, as determined under subparagraph (C); multiplied by

(II) the appropriate annual quantity to be withdrawn from the inventories of the associations or the Commodity Credit Corporation.

(iii) The appropriate annual quantity to be withdrawn from inventories shall be—

(I) 12½ percent of the inventories of Flue-cured tobacco from the 1976 through 1984 crops on hand on the date of enactment of this subpart;

(II) 20 percent of the inventories of Burley tobacco from the 1982 and 1984 crops on hand on the date of enactment of this subpart; and

(III) 20 percent of the inventories of Burley tobacco from the 1983 crop held by the Commodity Credit Corporation on the date that is 2 years after the call of the loans on such tobacco by the Corporation.

(E) Any purchases by a manufacturer from the inventories of the associations or from the Commodity Credit Corporation for a crop covered by this section in any year of the buy-out period that exceed the quantity of the purchases of the manufacturer required under the agreement, as determined under this section, shall be applied against future purchases required of such manufacturer.

(3) In carrying out this section, manufacturers may confer with one another and, separately or collectively, with associations, the Secretary of Agriculture, and the Commodity Credit Corporation, as may be necessary or appropriate to carry out this section and the purposes of this subpart.

(d)(1)(A) Each agreement entered into under this section shall be submitted to the Secretary of Agriculture for review and approval.

(B) In the case of an agreement to purchase tobacco from the inventory of a producer association, the agreement shall be submitted by the association.

(C) No agreement may become effective until approved by the Secretary.

(2) The Secretary of Agriculture shall not approve any agreement submitted under

this section unless the Secretary has determined that—

(A) the agreement—

(i) will not unduly impair or disrupt the orderly marketing of current and future tobacco crops during the term of the agreement; and

(ii) is otherwise consistent with the purposes of this subpart; and

(B) the price and other terms of sale are uniform and nondiscriminatory among various purchasers.

(e) Subsections (c) and (d) of section 320A of the Agricultural Adjustment Act of 1938 (as added by section 792B(d)) shall apply to information submitted by domestic manufacturers of cigarettes under this section with respect to net cigarettes manufactured for use, including information provided on ATF Form 3068.

REVIEW OF TOBACCO GRADING SYSTEM AND DISASTER CROP DESIGNATION

SEC. 792H. (a)(1)(A) The Secretary of Agriculture shall conduct a comprehensive study of the methods and procedures for grading tobacco marketed in the United States.

(B) In carrying out such study, the Secretary shall evaluate, among other things—

(i) the extent to which grades assigned to tobacco accurately reflect the quality of such tobacco;

(ii) the extent to which the number of grades of tobacco affects the operation of the grading system; and

(iii) the competence and independence of tobacco graders.

(2) The Secretary shall also study the feasibility and desirability of—

(A) providing for a grade that would be used to designate tobacco that is of such poor quality as a result of a natural disaster as to affect substantially the marketability of such tobacco; and

(B) establishing a price support level, if any, for such tobacco that may be adjusted by the Secretary as necessary to facilitate the sale of such tobacco and protect the no net cost funds or accounts.

(b)(1) Not later than 120 days after the date of enactment of this subpart, the Secretary of Agriculture shall report the results of the studies required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(2) As soon as practicable after submission of the report required under paragraph (1), but not later than the opening of the marketing season for the 1986 crop of Flue-cured tobacco, the Secretary shall implement any recommendations made in such report that may be implemented by the Secretary under existing authority.

INVESTMENT OF TOBACCO INSPECTION FEES

SEC. 792I. Section 5 of The Tobacco Inspection Act (7 U.S.C. 511d) is amended—

(1) by inserting "late payment penalties, and interest earned from the investment of such funds," after "The fees and charges," in the ninth sentence;

(2) by inserting after the ninth sentence the following new sentences: "Any funds realized from the collection of fees or charges authorized under this section and section 6 and credited to the current appropriation account incurring the cost of services provided under this section and section 6, late payment penalties, and interest earned from the investment of such funds may be invested by the Secretary in insured or fully collateralized, interest-bearing accounts or, at the discretion of the Secretary, by the Secretary of the Treasury in United States Government debt instruments. Any income realized from this activity may be used to pay the expenses of the Secretary of Agriculture incident to providing services under this Act or reinvested in the manner authorized in the preceding sentence."; and

(3) by striking out "Such fees and charges" in the tenth sentence (as it existed before the amendment made by clause (2)) and inserting in lieu thereof "The fees and charges authorized in this section".

EFFECTIVE DATE

SEC. 792J. Except as otherwise provided in this subpart, this subpart and the amendments made by this subpart shall become effective on the date of enactment of this subpart.

PART 4—EMPLOYMENT TAX PROVISIONS

SEC. 793. MEDICARE COVERAGE OF, AND APPLICATION OF HOSPITAL INSURANCE TAX TO, STATE AND LOCAL GOVERNMENTAL EMPLOYMENT.

(a) APPLICATION OF HOSPITAL INSURANCE TAX TO STATE AND LOCAL GOVERNMENTAL EMPLOYMENT.—

(1) IN GENERAL.—Subsection (u) of section 3121 (relating to definitions) is amended to read as follows:

"(u) APPLICATION OF HOSPITAL INSURANCE TAX TO FEDERAL, STATE, AND LOCAL GOVERNMENTAL EMPLOYMENT.—

"(1) IN GENERAL.—The taxes imposed by sections 3101(b) and 3111(b) shall apply to medicare qualified governmental employment.

"(2) MEDICARE QUALIFIED GOVERNMENTAL EMPLOYMENT.—The terms 'medicare qualified governmental employment' means any service which is medicare qualified Federal employment (as defined in paragraph (3)) or medicare qualified State and local governmental employment (as defined in paragraph (4)).

"(3) MEDICARE QUALIFIED FEDERAL EMPLOYMENT.—Medicare qualified Federal employment means any service which would constitute 'employment' as defined in subsection (b) but for the application of subsection (b)(5).

"(4) MEDICARE QUALIFIED STATE AND LOCAL GOVERNMENTAL EMPLOYMENT.—Medicare qualified State and local governmental employment means any service which would constitute 'employment' as defined in subsection (b) but for the application of subsection (b)(7), and which is not covered pursuant to an agreement under section 218 of the Social Security Act.".

(2) CONFORMING AMENDMENTS.—

(A) The second sentence of section 1402(b) is amended by striking out "medicare qualified Federal employment" in subparagraph (C) thereof and inserting in lieu thereof "medicare qualified governmental employment".

(B) Section 3122 is amended by striking out "3121(u)(2)" and inserting in lieu thereof "3121(u)(3)".

(C)(i) Section 3125 is amended by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (d), respectively, and by inserting before subsection (b) (as so redesignated) the following new subsection:

"(a) STATES AND POLITICAL SUBDIVISIONS.—Except as otherwise provided in this section, in the case of the taxes imposed by sections 3101(b) and 3111(b) with respect to medicare qualified State and local governmental employment performed in the employ of a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby), the return and payment of such taxes may be made by the head of the agency or instrumentality having the control of such employment, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the contribution and benefit base limitation in section 3121(a)(1).".

(ii) The section heading for such section 3125 is amended by inserting "STATES AND POLITICAL SUBDIVISIONS," before "GUAM".

(iii) The item relating to section 3125 in the table of sections for subchapter C of chapter 21 is amended by inserting "States and political subdivisions," before "Guam".

(D) Section 6205(a) is amended by adding at the end thereof the following new paragraph:

"(5) STATES AND POLITICAL SUBDIVISIONS AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received from a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby) during any calendar year, each head of an agency or instrumentality, and each agent designated by either, who makes a return pursuant to section 3125(a) shall be deemed a separate employer.".

(E)(i) Section 6413(a) is amended by adding at the end thereof the following new paragraph:

"(6) STATES AND POLITICAL SUBDIVISIONS AS EMPLOYER.—For purposes of this subsection, in the case of remuneration received from a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby) during any calendar year, each head of any agency or instrumentality, and each agent designated by either, who makes a return pursuant to section 3125(a) shall be deemed a separate employer.".

(ii) Section 6413(c)(2) is amended—

(I) by striking out "3125(a)", "3125(b)", and "3125(c)" in subparagraphs (D), (E), and (F), respectively, and inserting in lieu thereof "3125(b)", "3125(c)", and "3125(d)", respectively, and

(II) by adding at the end thereof the following new subparagraph:

"(G) EMPLOYEES OF STATES AND POLITICAL SUBDIVISIONS.—In the case of remuneration received from a State or any political subdivision thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby) during any calendar year, each head of an agency or instrumentality, and each agent designated by either, who makes a return pursuant to section 3125(a) shall, for purposes of this subsection, be deemed a separate employer.".

(3) REGULATIONS.—Taxes paid under sections 3101(b) and 3111(b) of the Internal Revenue Code of 1954 by States or political subdivisions thereof (or any instrumentality of any one or more of the foregoing which is wholly owned thereby) with respect to medicare qualified State and local governmental employment shall be collected pursuant to the regulations issued by the Secretary of the Treasury under section 6302 of such Code in the same manner as if such entity was a private employer.

(b) ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS.—

(1) DEFINITION.—Section 210(p) of the Social Security Act is amended to read as follows:

"Medicare Qualified Governmental Employment

"(p)(1) For purposes of sections 226 and 226A, the term 'medicare qualified governmental employment' means any service which is medicare qualified Federal employment (as defined in paragraph (2)) or medicare qualified State and local governmental employment (as defined in paragraph (3)).

"(2) Medicare qualified Federal employment means any service which would constitute 'employment' as defined in subsection (a) but for the application of subsection (a)(5).

"(3) Medicare qualified State and local governmental employment means any service which would constitute 'employment' as defined in subsection (a) but for the application of subsection (a)(7), and which is not covered pursuant to an agreement under section 218.".

(2) ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS.—Sections 226(a)(2)(C)(i), 226(b)(2)(C)(ii)(I), 226A(a)(1)(A)(ii), and 226A(a)(1)(B)(iii) of the Social Security Act are each amended by striking out "medicare qualified Federal employment (as defined in section 210(p))" and inserting in lieu thereof in each instance "medicare qualified governmental employment (as defined in section 210(p)(1))".

(3) CONFORMING AMENDMENTS.—Section 1811 of the Social Security Act is amended by striking out "Federal employment" each place it appears in clauses (1) and (2), and inserting in lieu thereof in each instance "governmental employment".

(c) EFFECTIVE DATES.—

(1) HOSPITAL INSURANCE TAXES.—The amendments made by subsection (a) shall apply to service performed after September 30, 1986.

(2) MEDICARE COVERAGE.—

(A) IN GENERAL.—The amendments made by subsection (b) are effective on and after October 1, 1986, and the amendments made by paragraph (2) of that subsection apply to service performed after September 30, 1986.

(B) TREATMENT OF CURRENT DISABILITIES.—For purposes of establishing entitlement to hospital insurance benefits under part A of title XVIII of the Social Security Act pursuant to the amendments made by subsection (b) or the provisions of subsection (d), on the basis of medicare qualified State and local employment, no individual may be considered to be under a disability for any period before October 1, 1986.

(d) TRANSITIONAL PROVISIONS.—

(1) IN GENERAL.—For purposes of sections 226, 226A, and 1811 of the Social Security Act, in the case of any individual who—

(A) performs service during October 1986 which constitutes medicare qualified State and local governmental employment (as defined in section 210(p)(1) of such Act); and

(B) performed service prior to October 1, 1986, which would constitute medicare qualified State and local governmental employment if performed after October 1, 1986, such individual's State and local governmental employment performed before October 1, 1986, shall be considered to be "employment" (as defined for purposes of title II of such Act), but only for the purpose of providing the individual (or another person) with entitlement to hospital insurance benefits under part A of title XVIII of such Act.

(2) APPROPRIATIONS.—There are authorized to be appropriated to the Federal Hospital Insurance Trust Fund from time to time such sums as the Secretary of Health and Human Services deems necessary for any fiscal year, on account of—

(A) payments made or to be made during such fiscal year from such Trust Fund with respect to individuals who are entitled to benefits under title XVIII of the Social Security Act solely by reason of paragraph (1) of this subsection,

(B) the additional administrative expenses resulting or expected to result therefrom, and

(C) any loss in interest to such Trust Fund resulting from the payment of those amounts,

in order to place such Trust Fund in the same position at the end of such fiscal year as it would have been in if this subsection had not been enacted.

SEC. 794. RAILROAD UNEMPLOYMENT INSURANCE REFORM.

(a) RATE OF RAILROAD UNEMPLOYMENT REPAYMENT TAX.—Subsection (c) of section 3321 (relating to rate of railroad unemployment repayment tax) is amended to read as follows:

"(c) RATE OF TAX.—For purposes of this section—

"(1) IN GENERAL.—The applicable percentage for any taxable period shall be the sum of—

"(A) the basic rate for such period, and

"(B) the surtax rate (if any) for such period

"(2) BASIC RATE.—For purposes of paragraph (1)—

"(A) For periods before 1989.—The basic rate shall be—

"(i) 4.3 percent for the taxable period beginning on July 1, 1986, and ending on December 31, 1986,

"(ii) 4.7 percent for the 1987 taxable period, and

"(iii) 6 percent for the 1988 taxable period.

"(B) For periods after 1988.—For any taxable period beginning after December 31, 1988, the basic rate shall be the sum of—

"(i) 2.9 percent, plus

"(ii) 0.3 percent for each preceding taxable period after 1988.

In no event shall the basic rate under this subparagraph exceed 5 percent.

"(3) SURTAX RATE.—For purposes of paragraph (1), the surtax rate shall be—

"(A) 3.5 percent for any taxable period if, as of September 30 of the preceding calendar year, there was a balance of transfers (or unpaid interest thereon) made after September 30, 1985, to the railroad unemployment insurance account under section 10(d) of the Railroad Unemployment Insurance Act, and

"(B) zero for any other taxable period.

"(4) BASIC RATE NOT TO APPLY TO RAIL WAGES PAID AFTER SEPTEMBER 30, 1990.—The basic rate under paragraph (1)(A) shall not apply to rail wages paid after September 30, 1990.".

(b) BASE OF TAX TO BE COMPENSATION USED FOR RAILROAD RETIREMENT TAX PURPOSES.—Subsection (b) of section 3323 (defining rail wages) is amended to read as follows:

"(b) RAIL WAGES.—

"(1) IN GENERAL.—For purposes of this chapter, the term 'rail wages' means compensation (as defined in section 3231(e) for purposes of the tax imposed by section 3201(a)) with the modifications specified in paragraph (2).

"(2) MODIFICATIONS.—In applying subsection (e) of section 3231 for purposes of paragraph (1)—

"(A) Only employment covered by railroad unemployment insurance act taken into account.—Such subsection (e) shall be applied—

"(i) by substituting 'rail employment' for 'service' each place it appears,

"(ii) by substituting 'rail employer' for 'employer' each place it appears, and

"(iii) by substituting 'rail employee' for 'employee' each place it appears.

"(B) $7,000 WAGE BASE.—Such subsection (e) shall be applied by substituting for 'the applicable base' in paragraph (2)(A)(i) thereof—

"(i) except as provided in clauses (ii) and (iii), '$7,000',

"(ii) '$3,500' for the taxable period beginning on July 1, 1986, and ending on December 31, 1986, and

"(iii) for purposes of applying the basic rate under section 3321(c)(1)(A), '$5,250' for the taxable period beginning on January 1, 1990.

"(C) SUCCESSOR EMPLOYERS.—For purposes of this subsection, rules similar to the rules applicable under section 3231(e)(2)(C) shall apply.".

(c) USE OF TAXES.—

(1) IN GENERAL.—Paragraph (2) of section 232(a) of the Railroad Retirement Revenue Act of 1983 (relating to tax used to repay loans made to railroad unemployment insurance account) is amended to read as follows:

"(2) TAXES CREDITED AGAINST LOANS TO RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT.—

"(A) TAXES ATTRIBUTABLE TO BASIC RATE TO REDUCE RAILROAD UNEMPLOYMENT LOANS MADE BEFORE OCTOBER 1, 1985.—So much of the amount transferred under paragraph (1) as is attributable to the basic rate under section 3321(c)(1)(A) of the Internal Revenue Code of 1954 shall be credited against, and operate to reduce, the outstanding balance of railroad unemployment loans made before October 1, 1985.

"(B) TAXES ATTRIBUTABLE TO SURTAX RATE TO REDUCE RAILROAD UNEMPLOYMENT LOANS MADE AFTER SEPTEMBER 30, 1985.—So much of the amount transferred under paragraph (1) as is attributable to the surtax rate under section 3321(c)(1)(B) of such Code shall be credited against, and operate to reduce, the outstanding balance of railroad unemployment loans made after September 30, 1985.".

(2) TRANSFERS TO RAILROAD UNEMPLOYMENT FUND AFTER LOAN REPAID.—Subsection (c) of section 232 of such Act is amended—

(A) by striking out "the amount" in paragraph (1) and inserting in lieu thereof "the amount described in subparagraph (A) or (B) of subsection (a)(2)", and

(B) by inserting before the comma at the end of paragraph (2) "against which the amount described in such paragraph may be credited under such subparagraph".

(d) EXTENSION OF AUTHORITY TO BORROW FROM RAILROAD RETIREMENT ACCOUNT; USE OF RETRANSFERS.—

(1) LOAN AUTHORITY EXTENSION.—Section 10(d) of the Railroad Unemployment Insurance Act is amended by striking out the last sentence.

(2) USE OF RETRANSFERS.—Section 10(d) of such Act is amended by inserting after the second sentence the following new sentence: "The amounts retransferred to the Railroad Retirement Account shall first be credited against, and operate to reduce, the outstanding balance of transfers, including interest, made to the railroad unemployment insurance account from the Railroad Retirement Account under this subsection prior to October 1, 1985.".

(e) USE OF 1 PERCENT OF TIER 2 TAXES TO REPAY LOANS.—

(1) IN GENERAL.—Section 10 of the Railroad Unemployment Insurance Act is amended by adding at the end thereof the following new subsection:

"(e) In addition to the moneys credited to the account in accordance with subsections (a) and (d) of this section, there shall, notwithstanding any other law, be credited to the account, and the Secretary of the Treasury is directed to so credit, such part of the amount appropriated to the Railroad Retirement Account attributable to the taxes collected under sections 3211(a)(2) and 3221(b) of the Internal Revenue Code of 1954 for calendar year 1986, calendar year 1987, calendar year 1988, and calendar year 1989 and the first quarter of calendar year 1990 as is equal to 1 percent of the total compensation on which such taxes are based for each such period. The amounts credited to the account under this subsection shall be credited against, and operate to reduce, the outstanding balance of loans made to the account from the Railroad Retirement Account under subsection (d) of this section prior to October 1, 1985, including interest. The Board shall from time to time request the Secretary of the Treasury to transfer amounts credited to the account pursuant to this subsection from the account to the credit of the Railroad Retirement Account and the Secretary shall make such transfer. If any moneys credited to the account under this subsection remain in the account after the outstanding balance of the loans made to the account prior to October 1, 1985, has been totally repaid with interest, the Board shall request the Secretary of the Treasury to transfer from the account to the Railroad Retirement Account such remaining moneys and the Secretary shall make such transfer.".

(2) CONFORMING AMENDMENT.—Subsection (b) of section 10 of the Railroad Unemployment Insurance Act is amended by striking out "All moneys" and inserting in lieu thereof "Except as provided in subsections (d) and (e), all moneys".

(f) TECHNICAL AMENDMENTS.—

(1) Subsection (a) of section 3322 (relating to taxable period) is amended—

(A) by adding "and" at the end of paragraph (1), and

(B) by striking out paragraphs (2) and (3) and inserting in lieu thereof the following: "(2) each calendar year after 1986."

(2) Subsection (b) of section 3322 (relating to earlier termination if loans to rail unemployment fund repaid) is amended—

(A) by striking out "The tax imposed by this chapter shall not apply" and inserting in lieu thereof "The basic rate under section 3321(c)(1)(A) of the tax imposed by section 3321 shall not apply", and

(B) by inserting "made before October 1, 1985," after "no balance of transfers" in paragraph (1) thereof.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to remuneration paid after June 30, 1986.

(2) LOAN AUTHORITY EXTENSION.—The amendment made by subsection (d) shall become effective on October 1, 1985.

(3) TIER 2 TAXES DIVERSION.—The amendments made by subsection (e) shall become effective on January 1, 1986.

SEC. 795. TERMINATION OF REPAYABLE ADVANCES TO BLACK LUNG DISABILITY TRUST FUND.

Section 9501(c) (relating to repayable advances to the Black Lung Disability Trust Fund) is amended by adding at the end thereof the following new paragraph:

"(4) TERMINATION.—No advance shall be made to the Black Lung Disability Trust Fund after September 30, 1986.".

SEC. 796. CERTAIN PERMANENT EXEMPTIONS FROM THE FEDERAL UNEMPLOYMENT TAX ACT.

(a) CERTAIN AGRICULTURAL LABOR.—Paragraph (1)(B) of section 3306(c) (defining employment) is amended by striking out "before January 1, 1986,".

(b) FULL-TIME STUDENTS EMPLOYED BY SUMMER CAMPS.—Notwithstanding paragraph (3) of section 276(b) of the Tax Equity and Fiscal Responsibility Act of 1982, the amendments made by paragraphs (1) and (2) of such section 276(b) shall also apply to remuneration paid after September 19, 1985.

(c) SERVICES PERFORMED ON CERTAIN FISHING BOATS.—

(1) IN GENERAL.—Section 822(b) of the Economic Recovery Tax Act of 1981 is amended to read as follows:

"(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to remuneration paid after December 31, 1980.".

(2) TECHNICAL AMENDMENT.—Paragraph (20) of section 3121(b) (defining employment for purposes of Federal Insurance Contributions Act) is amended by inserting "(other than service described in paragraph (3)(A))" after "service".

PART 5—MISCELLANEOUS PROVISIONS

SEC. 797. AUTHORIZATION OF ADDITIONAL FUNDS TO INTERNAL REVENUE SERVICE FOR REVENUE ENFORCEMENT AND RELATED PURPOSES.

There is authorized to be appropriated $46,500,000 for each of the fiscal years 1986, 1987, and 1988 for the use of the Internal Revenue Service to employ 1,550 additional agents and examination employees.

SEC. 798. LIMITATION ON ISSUANCE OF UNITED STATES BONDS.

Subsection (a) of section 3102 of title 31, United States Code, is amended by striking out "$200,000,000,000" and inserting in lieu thereof "$250,000,000,000".

SEC. 799. LIMITATIONS ON AWARDING OF COURT COSTS AND CERTAIN FEES MODIFIED.

(a) MAXIMUM DOLLAR LIMITATION REMOVED.—Subsection (b) of section 7430 (relating to awarding of court costs and certain fees) is amended by striking out paragraph (1) and redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively.

(b) AWARDING OF COURT COSTS AND CERTAIN FEES DENIED IF UNITED STATES PROVES ITS POSITION IS SUBSTANTIALLY JUSTIFIED OR SPECIAL CIRCUMSTANCES EXIST OR IF PREVAILING PARTY PROTRACTS PROCEEDINGS.—

(1) IN GENERAL.—Section 7430(b) (relating to limitations to awarding of court costs and certain fees) is amended by adding at the end thereof the following new paragraphs:

"(4) POSITION OF UNITED STATES SUBSTANTIALLY JUSTIFIED OR SPECIAL CIRCUMSTANCES EXIST.—A judgment for reasonable litigation costs shall not be awarded under subsection (a) if the court determines that—

"(A) the position of the United States was substantially justified, or

"(B) special circumstances exist which would make such a judgment unjust.

"(5) COSTS DENIED WHERE PARTY PREVAILING PROTRACTS PROCEEDINGS.—No award for reasonable litigation costs may be made under subsection (a) with respect to any portion of the civil proceeding during which the prevailing party has unreasonably protracted such proceeding.".

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 7430(c)(2) (defining prevailing party) is amended by striking out clauses (i) and (ii) and inserting in lieu thereof the following new clauses:

"(i) has substantially prevailed with respect to the amount in controversy, or

"(ii) has substantially prevailed with respect to the most significant issue or set of issues presented.".

(c) ADDITIONAL LIMITATIONS ON FEES OF EXPERT WITNESSES AND ATTORNEYS.—Subparagraph (A) of section 7430(c)(1) (defining reasonable litigation costs) is amended to read as follows:

"(A) IN GENERAL.—The term 'reasonable litigation costs' includes—

"(i) reasonable court costs, and

"(ii) based upon prevailing market rates for the kind and quality of services furnished—

"(I) the reasonable expenses of expert witnesses in connection with the civil proceeding, except that no expert witness shall be compensated at a rate in excess of the highest rate of compensation for expert witnesses paid by the United States,

"(II) the reasonable cost of any study, analysis, engineering report, test, or project which is found by the court to be necessary for the preparation of the party's case, and

"(III) reasonable fees paid or incurred for the services of attorneys in connection with the civil proceeding, except that such fees shall not be in excess of $75 per hour unless the court determines that an increase in the cost of living or a special factor, such as the limited availability of qualified attorneys for such proceeding, justifies a higher rate.".

(d) POSITION OF UNITED STATES INCLUDES ADMINISTRATIVE ACTION.—Section 7430(c) (relating to definitions) is amended by adding at the end thereof the following new paragraph:

"(4) POSITION OF UNITED STATES.—The term 'position of the United States' includes—

"(A) the position taken by the United States in the civil proceeding, and

"(B) the administrative action or inaction by the United States upon which such proceeding is based.".

(e) PROVISIONS MADE PERMANENT.—Section 7430 is amended by striking out subsection (f).

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to civil actions or proceedings commenced after December 31, 1985.

SEC. 799A. ADDITIONAL CUSTOMS PERSONNEL.

(a) IN GENERAL.—

(1) AUTHORIZATION OF APPROPRIATIONS.—In addition to any other amounts authorized to be appropriated for the United States Customs Service for fiscal years 1986, 1987, and 1988, there are authorized to be appropriated $27,900,000 for each of such fiscal years to fund the 800 additional full-time equivalent positions required under paragraph (2).

(2) CREATION OF ADDITIONAL POSITIONS.—The Commissioner of Customs shall create 800 full-time equivalent positions in the United States Customs Service which shall be in addition to the number of full-time equivalent positions existing in the United States Customs Service on September 30, 1985. Such additional full-time equivalent positions shall be distributed among customs inspectors, import specialists, customs patrol officers, and special agents and shall be used to enhance the efficiency and availability of the commercial operations of the United States Customs Service at the regional and district level.

(b) ALLOCATION OF RESOURCES.—The Commissioner of Customs shall ensure that sufficient resources are devoted to customs headquarters in newly created customs districts

to facilitate the role of such headquarters as headquarters for the region of which such headquarters are a part.

TITLE VIII—COMMITTEE ON GOVERNMENTAL AFFAIRS, POSTAL SERVICE PROGRAMS, CIVIL SERVICE PROGRAMS, AND CIVILIAN AGENCY GOVERNMENT CONTRACTS

PART A—POSTAL SERVICE PROGRAMS

CEILING FOR FISCAL YEAR 1986 APPROPRIATION FOR REVENUE FOREGONE

SEC. 801. Notwithstanding section 2401(c) of title 39, United States Code, the total amount authorized to be appropriated for fiscal year 1986 for revenue foregone for free and reduced-rate mail is $749,000,000.

DEFERRAL OF TRANSITIONAL APPROPRIATION FOR WORKERS' COMPENSATION

SEC. 802. Notwithstanding section 2004 of title 39, United States Code, no funds shall be appropriated for any fiscal year beginning prior to October 1, 1988, to carry out the request by the Postal Service for amounts for fiscal year 1986 for reimbursement to the Department of Labor for workers compensation arising from operations of the former Post Office Department.

DELAY OF STEP 16 RATES TO JANUARY 1, 1986

SEC. 803. (a) The increase in postage rates for nonprofit and certain other mailers announced by the Board of Governors of the Postal Service in Resolution No. 85-7 (adopted September 6, 1985) shall not take effect until January 1, 1986.

(b)(1) Section 3626(a) of title 39, United States Code, is amended to read as follows:

"(a) Each time rates of postage are established under this chapter for a class of mail or kind of mailer under former sections 4358, 4452(b), 4452(c), 4554(b), and 4554(c) of this title, the estimated revenues to be received for such class or kind shall be equal to the direct and indirect postal costs attributable to mail of such class or mailer of such kind, excluding all other costs of the Postal Service.".

(2) The amendment made by this subsection shall take effect January 1, 1986.

APPROPRIATION CEILING AND STUDY CONCERNING THIRD-CLASS COMMERCIAL MATERIAL MAILED AT REDUCED RATES

SEC. 804. (a) Notwithstanding section 2401(c) of title 39, United States Code, the total amount authorized to be appropriated for each of the fiscal years 1987 and 1988 for revenue foregone for reduced rates of postage under former sections 4452(b) and 4452(c) of such title for mail which advertises or promotes the sale of, recommends the purchase of, or announces the availability of any article, product, service, insurance, or travel arrangements, shall not exceed 50 percent of the amount which would have been authorized to be appropriated for revenue foregone for reduced rates of postage for such mail under such section 2401(c) if this subsection had not been enacted.

(b)(1) Not less than six months after the date of enactment of this Act, the Postal Rate Commission shall prepare and transmit to the Committee on Governmental Affairs of the Senate and the Committee on Post Office and Civil Service of the House of Representatives a report which contains recommendations for legislation to change the eligibility of mail described in subsection (a) for reduced rates of postage under former sections 4452(b) and 4452(c) of title 39, United States Code, in order to reduce the amount of revenue foregone for reduced rates of postage for such mail for each of the fiscal years 1987 and 1988 to an amount which is less than or equal to the amount authorized to be appropriated by subsection (a) for each such fiscal year. The Commission's study shall also include former sections 4355 (a) and (b), former section 4358(d), and former sections 4554 (b) and (c).

(2) In preparing the report required by paragraph (1), the Commission shall invite and consider the views of all interested parties.

RESTRICTIONS ON ELIGIBILITY FOR IN-COUNTY SECOND-CLASS RATES OF POSTAGE

SEC. 805. Section 3626 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1)(A) In the administration of this section, the rates of postage for mail under subsections (a), (b), and (c) of former section 4358 of this title shall not apply to an issue of a publication if the number of copies of such issue distributed within the county of publication is less than the number equal to the sum of 50 percent of the total paid circulation of such issue plus one.

"(B) Subparagraph (A) of this paragraph shall not apply to an issue of a publication if the total paid circulation of such issue is less than 10,000 copies.

"(2) In the administration of this section, the rates of postage for mail under subsections (a), (b), and (c) of former section 4358 of this title shall apply to not more than 20,000 copies of each issue of a publication mailed at such rates.".

CURBING OF SUBSIDIES FOR ADVERTISING-ORIENTED "PLUS ISSUES" MAILED TO SUBSCRIBERS AT IN-COUNTY RATES

SEC. 806. Section 3626 of title 39, United States Code (as amended by section 805 of this Act) is further amended by adding at the end thereof the following new subsection:

"(g) In the administration of this section, the number of copies of a subscription publication mailed to nonsubscribers during a calendar year at rates of postage under subsections (a), (b), and (c) of former section 4358 of this title may not exceed 10 percent of the number of copies of such publication mailed at such rates to subscribers.".

PART B—CIVIL SERVICE PROGRAMS

PAY ADJUSTMENTS

SEC. 811. (a)(1) The rates of pay under the General Schedule and the rates of pay under the other statutory pay systems referred to in section 5301(c) of title 5, United States Code, shall not be adjusted under section 5305 of such title during fiscal year 1986.

(2) Notwithstanding any other provision of law, the wage schedules and rates of pay for prevailing rate employees described in section 5342(a)(2) of title 5, United States Code (including employees covered under section 9(b) of Public Law 92-392 (86 Stat. 574; 5 U.S.C. 5342 note) and section 704(b) of Public Law 95-454 (92 Stat. 1218; 5 U.S.C. 5343 note)), and for officers and members of crews of vessels shall not be increased under the provisions of subchapter IV of chapter 53 of title 5, United States Code, or any other applicable provision of law as a result of a wage survey or negotiation during fiscal year 1986, except to the extent permitted by section 616(a)(2) of the conference report on H.R. 5798, agreed to by the House of Representatives on September 12, 1984, as contained in House Report 98-993 (referred to in Public Law 98-473, 98 Stat. 1963).

(b)(1) For fiscal years 1987 and 1988, the President shall provide for the adjustment of rates of pay under section 5305 of title 5, United States Code, as appropriate to reduce outlays, relating to pay of officers and employees of the Federal Government, by at least $746,000,000 in fiscal year 1987 and $1,264,000,000 in fiscal year 1988 (without regard to reductions in outlays which result by reason of subsections (a), (c), and (d) of this section and the application of section 1009 of title 37, United States Code), computed using the baseline used for the First Concurrent Resolution on the Budget for Fiscal Year 1986 (S. Con. Res. 32, 99th Congress, 1st Session), agreed to on August 1, 1985.

(2) Paragraph (1) shall not be construed to suspend the requirements of section 5305 of title 5, United States Code, with respect to fiscal years 1987 and 1988.

(c) Notwithstanding any other provision of law, any adjustment in a wage schedule or rate of pay that—

(1) applies to—

(A) a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, including employees covered under section 9(b) of Public Law 92-392 (86 Stat. 574; 5 U.S.C. 5342 note) and section 704(b) of Public Law 95-454 (92 Stat. 1218; 5 U.S.C. 5343 note), or

(B) to an employee covered by section 5348 of such title,

(2) results from a wage survey or negotiation, and

(3) would take effect, but for this subsection, on or after October 1, 1986,

shall not take effect until the first day of the first applicable pay period beginning not less than 90 days after the day on which such adjustment would, but for this subsection, otherwise have taken effect. The Office of Personnel Management shall take such actions as may be necessary to carry out this subsection.

(d)(1) Section 5305 of title 5, United States Code, is amended—

(A) in subsection (a)(2), by striking out "October 1 of the applicable year" and inserting in lieu thereof "January 1 of the next year after the date the report is submitted to the President";

(B) in subsection (c)(2), by striking out "October 1 of the applicable year" and inserting in lieu thereof "January 1 of the next year after the year in which the alternative plan is transmitted to the Congress; and

(C) in subsection (m), by striking out "October 1" and inserting in lieu hereof "the applicable January 1".

(e)(1)(A) Subchapter IV of chapter 53 of title 5, United States Code, is amended—

(i) in section 5342(b)(3) by striking out "section 5348" and inserting in lieu thereof "sections 5345 and 5348";

(ii) by inserting after section 5344 the following new section 5345:

"§ 5345. Effect of an alternative plan under the pay comparability system

"Notwithstanding any other provision of this title or of any other law, if, in any fiscal year, an adjustment in rates of pay under section 5305 of this title is limited or delayed by reason of an alternative plan under subsection (c) of such section, the Office of Personnel Management shall take such action as may be necessary to extend the application of the limitation or delay to any adjustment of wage schedules, rates, or pay that would otherwise take effect in such fiscal year as prescribed in or pursuant to—

"(1) section 5343, 5344, or 5348 of this title; or

"(2) section 9(b) of Public Law 92-392 (86 Stat. 574; 5 U.S.C. 5343 note) and section 704(b) of Public Law 95-454 (92 Stat. 1218; 5 U.S.C. 5343 note).

The Office may provide for such exceptions as the Office may determine to be necessary and in the public interest.";

(iii) in section 5348(a) by inserting "section 5345 of this title and" after "provided by"; and

(iv) in the first sentence of section 5349(a) by inserting "section 5345, relating to applicability of an alternative plan," after "retroactive pay,".

(B) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 5344 the following new item:

"5345. Effect of an alternative plan under the pay comparability system.".

(2) Section 704(b)(B) of Public Law 95-454 (92 Stat. 1218; 5 U.S.C. 5343 note) is amended by inserting "(except section 5345)" after "chapter 53".

(3) Section 5345(2) of title 5, United States Code (as added by paragraph (1)(A)(ii)) and the amendment made by paragraph (2) shall not apply to any increase in wage schedules or rates required by a contract entered into before October 1, 1984.

COMPUTATION OF HOURLY RATES OF PAY

SEC. 812. (a) Section 5504(b) of title 5, United States Code, is amended—

(1) by striking out the first sentence;

(2) in the second sentence, by striking out "When" and inserting in lieu thereof "When, in the case of an employee,";

(3) in paragraph (1), by striking out "2,080" and inserting in lieu thereof "2,087"; and

(4) in the last sentence, by striking out "title." and inserting in lieu thereof "title other than an employee or individual excluded by section 5541(2)(xvi) of this title.".

(b) The amendments made by subsection (a) shall take effect as of the beginning of the first applicable pay period commencing on or after October 1, 1985.

HEALTH CARE FURNISHED UNDER THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM IN MEDICALLY UNDERSERVED AREAS

SEC. 813. (a)(1) Section 3 of the Act entitled "An Act to amend chapter 89 of title 5, United States Code, to establish uniformity in Federal employee health benefits and coverage by preempting certain State or local laws which are inconsistent with such contracts, and for other purposes", approved September 17, 1978 (Public Law 95-368; 92 Stat. 606; 5 U.S.C. 8902 note), is amended by striking out "; except that such provisions shall not apply to services provided after December 31, 1984".

(2) Section 5(b) of the Act entitled "An Act to amend the provisions of chapters 83 and 89 of title 5, United States Code, which relate to survivor benefits for certain dependent children, and for other purposes", approved January 2, 1980 (Public Law 96-179; 93 Stat. 1300; 5 U.S.C 8902 note), is amended by striking out "and before January 1, 1985,".

(b) The amendments made by subsection (a) shall take effect with respect to services provided after December 31, 1984.

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM RESERVES

SEC. 814. (a) The purposes of this section are—

(1) to ensure that the Federal Government's share of the reserves which are refunded under subsection (b) to the Employees Health Benefits Fund from the special reserve funds maintained by carriers under the Federal Employees Health Benefits program for the purposes of such program is held in the Employees Health Benefits Fund and is used to fund increases in the amounts of the Government's contributions for payment of the subscription charges of health benefits plans under such program; and

(2) to ensure that financial reserves maintained for the purposes of the Federal Employees Health Benefits program will be held in the Employees Health Benefits Fund to the maximum extent that is consistent with the stable and efficient operation of such program.

(b) Notwithstanding the provisions of any contract entered into by the Office of Personnel Management under section 8902 of title 5, United States Code, the Office shall require the carriers of health benefits plans under chapter 89 of such title to refund to the Employees Health Benefits Fund (referred to in section 8909(a) of such title) from reserves held by the carriers for the purposes of such plans the total amount of—

(1) not less than $800,000,000 in fiscal year 1986; and

(2) not less than $300,000,000 in fiscal year 1987.

(c) Each carrier of a health benefits plan referred to in subsection (b) shall refund, under this section, such share of the total amounts prescribed in such subsection as the Office of Personnel Management in its sole discretion determines appropriate.

(d) The Government's share of the amounts refunded under subsection (b) shall be held in the Employees Health Benefits Fund and shall be available and used to fund increases in the amounts of the Government's contributions for payment of the subscription charges of health benefits plans under such program.

COMPUTATION OF RETIREMENT ANNUITY FOR PART-TIME EMPLOYMENT

SEC. 815. (a)(1) Section 8339 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(o)(1) Notwithstanding section 8331(4) of this title, or any other subsection of this section, except as provided in paragraph (3) of this subsection, the amount of the annuity of an employee whose service includes service that was performed on less than a full-time basis shall be computed under this section as provided in paragraph (2) of this subsection.

"(2) In computing an annuity in the case of an employee referred to in paragraph (1) of this subsection—

"(A) the average pay of the employee, to the extent that it includes pay for service performed in any position on less than a full-time basis, shall be determined by using the annual rate of basic pay that would be payable for full-time service in the position; and

"(B) the benefit so computed shall then be multiplied by a fraction equal to the ratio which the employee's actual service, as determined by prorating an employee's total service to reflect the service that was performed on less than a full-time basis, bears to the total service that would be creditable for the employee if all of the service had been performed on a full-time basis.

"(3) This subsection shall not apply to computations made under subsection (f) or (g) of this section.".

(2) Section 8341 of such title is amended—

(A) by striking out "and (n)" in subsection (b)(1) and inserting in lieu thereof ", (n), and (o)"; and

(B) by striking out "and (n)" in subsection (d) and inserting in lieu thereof "(n), and (o)".

(b) Section 4109(b) of title 38, United States Code, is repealed.

(c) The amendments made by this section shall take effect with respect to service performed on or after the date of enactment of this Act.

EFFECTS OF WAGE AREA SURVEY REGARDING CERTAIN FEDERAL EMPLOYEES IN TUCSON, ARIZONA

SEC. 816. Notwithstanding any other provision of law limiting the amounts payable to prevailing wage rate employees during the fiscal year 1986, wage schedules or rates payable in the Tucson, Arizona wage area shall not be reduced as a result of a wage survey conducted during fiscal year 1985.

PART C—CIVILIAN AGENCY GOVERNMENT CONTRACTS

CIVILIAN AGENCY MULTIYEAR CONTRACTING AUTHORITY

SEC. 821. (a)(1) Title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.) is amended by inserting after section 305 (41 U.S.C. 255) the following new section:

"MULTIYEAR CONTRACTS

"SEC. 306. (a) For the purposes of this section, the term 'multiyear contract', means a contract in effect for a period not exceeding five years.

"(b) Subject to subsection (e), an agency head may enter into a multiyear contract for the acquisition of property or services when—

"(1)(A) appropriations are available and adequate for the payment for such acquisition for the first fiscal year during which the contract is in effect; and

"(B) there is a reasonable expectation that, during the period the contract is in effect, such agency head will request funding for the contract at the level necessary to avoid cancellation of the performance under the contract; and

"(2) such agency head determines that—

"(A) such a contract will serve the best interests of the Government by—

"(i) reducing costs under the contract;

"(ii) achieving economies in administration, performance, and operation;

"(iii) increasing quality of performance by or service from the contractor; or

"(iv) encouraging full and open competition;

"(B) during the proposed contract period—

"(i) there will be a continuing or recurring need for the property or services; and

"(ii) the minimum need for the property or services to be acquired is expected to remain substantially unchanged in terms of rate of production or performance, rate of acquisition, and total quantity or extent of services;

"(C) the specifications for the property or services are expected to be reasonably stable, and the technical risks associated with the acquisition are not excessive; and

"(D) such a contract will not inhibit small business concerns from submitting a bid or proposal for such contract.

"(c) A multiyear contract authorized by this section may include—

"(1) a provision that the performance under the contract during the second or any subsequent fiscal year included in the contract period is contingent on the appropriation of funds for such year; and

"(2) a provision for the payment of a reasonable cancellation charge to the contrac-

tor if the performance is canceled pursuant to a provision described in clause (1).

"(d)(1) If appropriated funds are not available for expenditure on a multiyear contract during the second or subsequent fiscal year included in the contract period, the performance under the contract shall be canceled.

"(2) Any cost of the cancellation of performance under the contract may be paid from appropriated funds which—

"(A) were originally available for performance of the contract;

"(B) are then currently available for the acquisition of similar property or services and are not otherwise obligated; or

"(C) are made available for the payment of such costs.

"(e)(1) Nothing in this section is intended to modify or affect any other provision of law which authorizes multiyear contracting.

"(2) This section does not authorize an agency head to acquire property or services by means of a multiyear contract unless the agency head is otherwise authorized by law to acquire such property or services.".

(2) The table of contents at the beginning of such Act is amended by striking out the item relating to section 306 and inserting in lieu thereof the following:

"306. Multiyear contracts.".

(b) The amendments made by subsection (a) shall take effect with respect to contracts entered into on or after the date of enactment of this Act.

PART D—FEDERAL MOTOR VEHICLE EXPENDITURE CONTROL

MONITORING SYSTEM

SEC. 831. The head of each executive agency, including the Department of Defense, shall designate one office, officer, or employee of the agency to establish and operate a central monitoring system for, and provide oversight of, the motor vehicle operations of the agency, related activities, and related reporting requirements.

DATA COLLECTION

SEC. 832. (a) The head of each executive agency, including the Department of Defense, shall develop a system to identify, collect, and analyze data with respect to all costs incurred by the agency in the operation, maintenance, acquisition, and disposition of motor vehicles, including Government-owned vehicles, leased vehicles, and privately owned vehicles used for official purposes.

(b) The Administrator, in cooperation with the Comptroller General and the Director, shall promulgate standards governing the establishment and operation by executive agencies of the systems required by the subsection (a), including standards with respect to data concerning the costs and uses of motor vehicles and with respect to the uniform collection and submission of such data. Each executive agency, including the Department of Defense, shall comply with such standards.

AGENCY STATEMENTS WITH RESPECT TO MOTOR VEHICLE USE

SEC. 833. (a) The head of each executive agency, including the Department of Defense, shall include with the appropriation request of such agency submitted under section 1108 of title 31, United States Code, for fiscal year 1987 and each succeeding fiscal year, a statement—

(1) specifying—

(A) the total motor vehicle acquisition, maintenance, leasing, operation, and disposal costs incurred by such agency in the most recently completed fiscal year; and

(B) an estimate of such costs for the fiscal year in which such request is submitted and for the succeeding fiscal year; and

(2) justifying why the existing and any new motor vehicle acquisition, maintenance, leasing, operation, or disposal requirements of the agency cannot be met through the Interagency Fleet Management System operated by the Administrator or through a qualified private fleet management firm or another private contractor.

(b) The head of each executive agency shall comply with the standards promulgated under section 832(b) in preparing each statement required under subseciton (a).

PRESIDENTIAL REPORT

SEC. 834. The President shall include with the budget transmitted pursuant to section 1105 of title 31, United States Code, for fiscal year 1987 and each succeeding fiscal year, or in a separate written report to the Congress for each such fiscal year, a summary and analysis of the statements most recently submitted by the heads of executive agencies pursuant to section 833(a). Each such summary and analysis shall include a review of the potential cost savings that could be achieved in the acquisition, maintenance, leasing, operation, and disposal of motor vehicles by executive agencies through—

(1) the use of a qualified private fleet management firm or another private contractor;

(2) increased reliance by executive agencies on the Interagency Fleet Management System operated by the Administrator; or

(3) other existing motor vehicle management systems.

STUDY REQUIRED

SEC. 835. (a) The head of each executive agency, including the Department of Defense, shall conduct a comprehensive and detailed study of the costs, benefits, and feasibility of entering into a contract with a qualified fleet management firm or another private contractor to meet its motor vehicle operation, maintenance, leasing, acquisition, and disposal requirements. Such study shall compare the costs, benefits, and feasibility of such a contract to the costs and benefits of the agency's current motor vehicle operations and to the costs, benefits, and feasibility of the use of the Interagency Fleet Management System operated by the Administrator.

(b) Within 6 months after the date of enactment of this Act, the head of each executive agency shall submit a report concerning the study required under subsection (a) to the Director and the Comptroller General.

(c) Within one year after the date of enactment of this Act, the Comptroller General shall submit an analysis of the reports received under subsection (b) to the Congress.

INTERAGENCY CONSOLIDATION

SEC. 836. The Administrator shall review and identify interagency opportunities for the consolidation of motor vehicles, related equipment, and facilities, and of functions relating to the administration and management of such vehicles, equipment, and facilities, in order to reduce the size and cost of the Federal Government's motor vehicle fleet. Within one year after the date of enactment of this Act, the Administrator shall submit a report to the Congress specifying the findings of the Administrator from the review conducted under the preceding sentence.

CONSOLIDATION OF FACILITIES

SEC. 837. The Administrator shall require the head of each executive agency, including the Department of Defense, to—

(1) review the motor pool, storage, maintenance, and other motor vehicle facilities within the agency;

(2) consolidate such facilities where feasible and cost effective; and

(3) submit to the Director a report identifying possible impediments to any such consolidation, including current accounting methods, budget processes, or organizational structures.

REDUCTION OF STORAGE AND DISPOSAL COSTS

SEC. 838. The Administrator shall take such actions as may be necessary to reduce motor vehicle storage and disposal costs, including actions to increase the frequency of motor vehicle sales by public auction, to reduce presale storage costs, and to improve the rate of return on motor vehicle sales through a program of vehicle reconditioning prior to sale.

SAVINGS

SEC. 839. (a) The President shall take such action as may be necessary to ensure that expenditures for the operation, maintenance, leasing, acquisition, and disposal of motor vehicles by executive agencies, including the Department of Defense, are reduced by fiscal year 1988, to an amount which is $225,000,000 less than the amount requested for such operation, maintenance, leasing, acquisition, and disposal requested by the President in the budget submitted under section 1105 of title 31, United States Code, for fiscal year 1986.

(b) The Director shall monitor compliance by executive agencies with directives of the President to carry out subsection (a) and shall report, within 6 months after the date of enactment of this Act and every 6 months thereafter, to the Committees on Appropriations of the House and Senate, the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House, with respect to the reductions in expenditures by executive agencies, including the Department of Defense, required under subsection (a).

COMPLIANCE

SEC. 840. (a) The Administrator shall comply with and be subject to the provisions of this part with regard to all motor vehicles that are used within the General Services Administration for official purposes.

(b) The provisions of this part with respect to motor vehicles from the Interagency Fleet Management System shall be complied with by the executive agencies to which such motor vehicles are assigned.

APPLICABILITY

SEC. 841. (a) The President shall apply the reductions in expenditures required by section 839(a) primarily to administrative motor vehicle fleets used at the headquarters and regional headquarters of executive agencies, rather than to motor vehicles used by line agency personnel working in agency field operations or activities.

(b) The President shall require the Administrator, in cooperation with the Director, to promulgate appropriate regulations, standards, and definitions that shall assure that executive agencies comply with and implement the reductions in expenditures required by section 839(a) in the manner prescribed by subsection (a).

COOPERATION

SEC. 842. The Director and the Administrator shall closely cooperate in the implementation of the provisions of this part, and shall report regularly to the Congress on the progress made in carrying out this part.

REPORTS

SEC. 843. Not later than 12 months after the date of enactment of this Act, the Comptroller General shall prepare and transmit a report to the Congress on the activities of the Director, the Administrator, and executive agencies in carrying out this part. After transmitting the report required by the preceding sentence, the Comptroller General shall submit periodic reports to the Congress on such activities.

DEFINITIONS

SEC. 844. For purposes of this part—

(1) the term "executive agency" means—

(A) an executive agency (as such term is defined in section 105 of title 5, United States Code), which operates at least three hundred motor vehicles; and

(B) the Postal Service, the Postal Rate Commission, and the Tennessee Valley Authority;

(2) the term "Director" means the Director of the Office of Management and Budget;

(3) the term "Administrator" means the Administrator of General Services;

(4) the term "Comptroller General" means the Comptroller General of the United States; and

(5) the term "motor vehicle" means any vehicle self-propelled or drawn by mechanical power, except that such term does not include any vehicle designed or primarily used for military field training, combat, or tactical purposes.

TITLE IX—COMMITTEE ON LABOR AND HUMAN RESOURCES EDUCATION PROGRAMS

SHORT TITLE; TABLE OF PARTS

SEC. 901. (a) This title may be cited as the "Labor and Human Resources Budget Reconciliation Act".

TABLE OF PARTS

Part A—Student loan program savings amendments.
Part B—Savings on improved student loan collection.
Part C—Savings attributable to loan consolidation.
Part D—Savings attributable to operation of guaranty agencies.
Part E—Savings attributable to the operation of the student loan marketing association.
Part F—Flextime provisions.
Part G—Health and hospitals.
Part H—Graduate medical education.
Part I—Single employer pension plans.

(b) Parts A through E of this title may be cited as the "Student Loan Amendments Act of 1985".

PART A—STUDENT LOAN PROGRAM SAVINGS AMENDMENTS

MULTIPLE DISBURSEMENT OF GUARANTEED STUDENT LOANS

SEC. 911. (a) FEDERALLY INSURED STUDENT LOAN PROGRAM.—Section 427(a) of the Higher Education Act of 1965 (hereafter in this Act referred to as the "Act") is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(3) in the case of a loan made for any period of enrollment of more than one semester, two quarters, or 600 clock hours, the proceeds of the loan will be disbursed in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of the period of enrollment for which the student received the loan.".

(b) MULTIPLE DISBURSEMENT REQUIRED IN GUARANTEED STUDENT LOAN PROGRAM.—Section 428(b)(1) of the Act is amended—

(1) by striking out "and" at the end of clause (O);

(2) by redesignating clause (P) as clause (Q); and

(3) by inserting after clause (O) the following new clause:

"(P) provides that the proceeds of any loan for any period of enrollment of more than one semester, two quarters, or 600 clock hours will be disbursed in two or more installments, with the interval between the first and second installment being not less than one-third of the period of enrollment for which the student received the loan, and provides that, for purposes of this clause, all loans made within any period of 90 days shall be considered as a single loan; and".

(c) REPEAL OF EXISTING INCENTIVES TO MAKE MULTIPLE DISBURSEMENTS.—Section 428(a) of the Act is amended by striking out paragraph (8).

(d) PAYMENT OF ORIGINATION FEE.—Section 438(c) of the Act is amended—

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by adding after paragraph (3) the following new paragraph:

"(4) For the purpose of section 428(b)(1)(P), the origination fee shall be charged against the first installment of the loan.".

(e) ADDITIONAL CONFORMING CHANGES.—(1) Section 425(a)(1) of the Act is amended—

(A) by inserting "and" at the end of clause (A);

(B) by striking out clause (B) and by redesignating clause (C) as clause (B); and

(C) by striking out the last sentence.

(2) Section 428(b)(1)(A) of the Act is amended—

(A) by inserting "and" at the end of division (i);

(B) by striking out division (ii) and by redesignating division (iii) as division (ii); and

(C) in the matter following such division, by striking out "annual limit," and all that follows through "division (ii)" and inserting in lieu thereof "annual limit".

SPECIAL ALLOWANCE

SEC. 912. Section 438(b)(2)(A) of the Act is amended by striking out "3.5 per centum" and inserting in lieu thereof "3.25 per centum".

PROMPT PAYMENT OF SUPPLEMENTAL GUARANTY ADMINISTRATIVE COST AGREEMENT

SEC. 913. (a) PURPOSE.—It is the purpose of the amendments made by this section to assure the prompt payment of the amount due under the supplemental guaranty administrative cost agreement made under section 428(f)(2) in order to encourage improved collection of student loans and preclaims assistance to prevent default on student loans.

(b) PROMPT PAYMENT REQUIRED.—(1) Section 428(f)(1) of the Act is amended—

(A) by striking out "is authorized to" and inserting in lieu thereof "shall";

(B) by striking out "shall not exceed" and inserting in lieu thereof "shall be equal to"; and

(C) by striking out the third and fourth sentences of such section.

(2) Section 428(f)(2) of the Act is amended—

(A) by striking out "is authorized to" and inserting in lieu thereof "shall";

(B) by striking out "shall not exceed" and inserting in lieu thereof "shall be equal to"; and

(C) by striking out the third and fourth sentences of such section.

EFFECTIVE DATE

SEC. 914. (a) GENERAL RULE.—The amendments made by sections 911 and 912 of this Act shall take effect—

(1) with respect to loans made on or after October 1, 1985, or

(2) with respect to any loan for which the completed note or other written evidence of the loan was sent or delivered to the borrower on or after 10 days after the date of enactment of this Act,

whichever occurs later.

(b) SPECIAL RULE.—The amendments made by section 913(b) shall take effect with respect to fiscal years beginning after September 30, 1984.

PART B—SAVINGS ON IMPROVED STUDENT LOAN COLLECTION

SUBPART 1—GUARANTEED AND FEDERALLY INSURED STUDENT LOANS

TERMS OF FEDERALLY INSURED LOANS

SEC. 921. Section 427(a)(2) of the Act is amended—

(1) by striking out clause (ii) of subparagraph (B) and by redesignating clauses (iii) and (iv) of subparagraph (B) as clauses (ii) and (iii), respectively;

(2) by striking out "or the fifteen-year period" in the matter following clause (viii) of subparagraph (C); and

(3) by amending subparagraph (I) to read as follows:

"(I) shall be treated by the lender as follows: (i) the funds borrowed (except by a borrower under section 428B) shall be disbursed by check, sent to the eligible institution the student attends or plans to attend, and made payable to the order of the student and such institution as copayees, with the endorsement of both parties required, or (ii) in the case of funds borrowed by a borrower under section 428B, such funds shall be disbursed by check, sent to the borrower, and made payable to the order of the borrower, with the endorsement of the borrower required, and a notice of such disbursement shall be sent by the lender or the Secretary to such eligible institution, and".

TERMS OF GUARANTEED LOANS

SEC. 922. Section 428(b)(1) of the Act is amended—

(1) by striking out subclause (ii) of clause (D);

(2) by inserting "and" at the end of subclause (i);

(3) by redesignating subclause (iii) of clause (D) as subclause (ii); and

(4) by amending clause (O) to read as follows:

"(O)(i) provides that funds borrowed (except by a borrower under section 428B) shall be disbursed by check, sent to the eligible institution the student attends or plans to attend, and made payable to the order of the student and such institution as copayees, with the endorsement of both parties required, or (ii) in the case of funds borrowed by a borrower under section 428B, such funds shall be disbursed by check, sent to the borrower and made payable to the order of the borrower, with the endorsement of such borrower required, and a notice of such disbursement shall be sent by the lender or the guaranty agency to such institution;".

AGREEMENT FOR AUDITS

SEC. 923. Section 428(b)(2)(C) of the Act is amended—

(1) by inserting "(i)" immediately after "provide for"; and

(2) by inserting before the period at the end thereof a semicolon and the following: "(ii)(I) except as provided in subdivision (II), conducting financial and compliance audits of the guaranty agency at least once every two years and covering the period since the most recent audit, conducted by a qualified independent auditor in accordance with the standards established by the Comptroller General for the audit of governmental organizations, programs, activities, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted in an audit report to the Secretary, or (II) with regard to a guaranty program of a State agency which is audited under chapter 75 of title 31, United States Code, such audit shall be deemed to satisfy the requirements of subdivision (I) for the period of time covered by such audit; and (iii) recovery by the Secretary, by recoupment or other means, under procedures established by the Secretary, from the guaranty agency of amounts, plus interest as set by the Secretary, determined by such audits to be owing".

COLLECTION PROCEDURES

SEC. 924. Section 428(d) of the Act is amended—

(1) by redesignating clauses (A) and (B) of paragraph (2) as clauses (i) and (ii), respectively;

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(3) by inserting "(1)" before "No provision of any law"; and

(4) by adding at the end thereof the following new paragraphs:

"(2) Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(A) a guaranty agency which has an agreement with the Secretary under subsection (c) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date such guaranty agency reimburses the previous holder of the loan for its loss on account of the default of the borrower; and

"(B) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due the Secretary from a borrower pursuant to subsection (c)(2)(D) of this section until six years following the date on which the loan is assigned to the Secretary under this part.

"(3) Notwithstanding any provision of State law to the contrary, in collecting any obligation arising from a loan made under this part, a guaranty agency which has an agreement with the Secretary under subsection (c) shall not be subject to a defense raised by any borrower based on (A) a claim of infancy, or (B) the action or omission of an eligible institution or lender, if such agency did not have actual notice of such defense when such agency reimbursed the previous holder of the loan for its loss.".

RECOVERY COSTS

SEC. 925. Section 430(b) of the Act is amended—

(1) by striking out in paragraph (1) "(including reasonable administrative costs)" and inserting in lieu thereof the following: "(including reasonable administrative and collection costs, to the extent set forth in regulations issued by the Secretary)";

(2) by striking out paragraph (2); and

(3) by striking out "(1)".

CREDIT BUREAU REPORTS

SEC. 926. Part B of title IV of the Act is amended by adding immediately after section 430 the following new section:

"REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION

"SEC. 430A. (a) For the purpose of promoting responsible repayment of loans covered by a guaranty agreement pursuant to section 428, each guaranty agency having such an agreement with the Secretary, eligible lender, or subsequent holder shall enter into agreements with credit bureau organizations to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act, such agreements may provide for timely response by a guaranty agency, eligible lender, or subsequent holder concerning loans covered by a guaranty agreement, to requests from such organizations for responses to objections raised from such organizations for responses to objections raised by such borrowers. Subject to the requirements of subsection (c), such agreements shall require the guaranty agency, eligible lender, or subsequent holder to disclose to such organizations with respect to any loan dispersed to a student—

"(1) the date of disbursement and the amount of the loan;

"(2) the date of default and information concerning collection of the loan, including information concerning the repayment status of any defaulted loan on which the guaranty agency has made a payment to the previous holder of the loan; and

"(3) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

"(b) Such agreements may also provide for the disclosure by such organizations to the guaranty agency, eligible lender, or subsequent holder upon receipt of a notice under subsection (a)(2) that such a loan is in default, or information which may assist the guaranty agency, eligible lender, or subsequent holder in collecting the loan.

"(c) Agreements entered into pursuant to this section shall contain such provisions as may be necessary to ensure that—

"(1) no information is disclosed by the guaranty agency, eligible lender, or subsequent holder unless its accuracy and completeness have been verified and the guaranty agency, eligible lender, or subsequent holder has determined that disclosure would carry out the purpose of this section;

"(2) as to any information so disclosed, such organizations will be promptly notified of, and will promptly record, any change submitted by the guaranty agency, eligible lender, or subsequent holder with respect to such information, as required by section 611 of the Fair Credit Reporting Act (15 U.S.C. 168i);

"(3) no use will be made of any such information which would result in the use of collection practices with respect to such a borrower that are not fair and reasonable or that involve harassment, intimidation, false or misleading representations, or unnecessary communication concerning the existence of such loan or concerning such information; and

"(4) with regard to notices of default under subsection (a)(2) of this section, except for disclosures made to obtain the borrower's location, the guaranty agency, eligible lender, or subsequent holder (A) shall not disclose any such information until the guaranty agency, eligible lender, or subsequent holder has notified the borrower that such information will be disclosed to credit bureau organizations unless the borrower enters into repayment of the loan, but (B) shall, if the borrower has not entered into repayment within a reasonable period of time, but not less than thirty days, from the date such notice has been sent to the borrower, disclose the information required by this subsection.

"(d) A guaranty agency, eligible lender, subsequent holder, or credit bureau organization which discloses or receives information under this section shall not be considered a Government contractor within the meaning of section 552a of title 5 of the United States Code (the Privacy Act of 1974).

"(e) Each guaranty agency, eligible lender, and subsequent holder is authorized to disclose information described in subsections (a) and (b) concerning student borrowers to the eligible institutions such borrowers attend or previously attended.

"(f) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from a guaranty agency, eligible lender, or subsequent holder regarding the status of a borrower's account on a loan guaranteed under this part until the later of—

"(1) seven years from the date on which the agency paid a claim to the holder on the guaranty, or

"(2) seven years from the date the guaranty agency, eligible lender, or subsequent holder first reported the account to a consumer reporting agency.".

COLLECTION PROCEDURES AGAINST UNITED STATES

SEC. 927. Section 432(a)(2) of the Act is amended by adding at the end thereof a comma and the following: "and notwithstanding any provision of State law to the contrary, in collecting any obligation arising from a loan made under this part, the United States shall not be subject to a defense raised by any borrower on (A) a claim of infancy, or (B) the action or omission of an eligible institution or lender, if the Secretary and his agents did not have actual notice of such defense when the Secretary reimbursed the previous holder of the loan for its loss;".

CIVIL PENALTIES

SEC. 928. Section 432 of the Act is amended by adding at the end thereof the following new subsections:

"(f)(1) Whenever the Secretary determines, after reasonable notice and opportunity for a hearing on the record, that a lender or a guaranty agency—

"(A) has violated or failed to carry out any provision of this part or any regulation prescribed under this part, or

"(B) has engaged in substantial misrepresentation of the nature of its financial charges,

the Secretary may impose a civil penalty upon such lender or agency of not to exceed $5,000 for each violation, failure, or substantial misrepresentation.

"(2) No civil penalty may be imposed under this subsection unless it is determined that—

"(A) the violation, failure, or substantial misrepresentation referred to in that subsection resulted from—

"(i) a clear and consistent pattern or practice of violations, failures, or substantial misrepresentations in which the lender or guaranty agency did not maintain procedures reasonably adapted to avoid the violation, failure, or substantial misrepresentation;

"(ii) gross negligence; or

"(iii) willful actions on the part of the lender or guaranty agency; and

"(B) the violation, failure, or substantial misrepresentation is material.

"(3) A lender or guaranty agency is not liable under this subsection if, prior to the institution of an action under that subsection, the lender or guaranty agency cures or corrects the violation or failure or notifies the person to which the substantial misrepresentation was made of the actual nature of the financial charges involved.

"(4) For the purposes of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both, and the Secretary may only impose a single civil penalty for each such violation, failure, and substantial misrepresentation.

"(5) If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under this subsection, but the assignee shall not be liable for any such civil money penalty.

"(6) Until a matter is referred to the Attorney General, any civil penalty under this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure or substantial misrepresentation; and the amount of any losses resulting from the violation, failure or substantial misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged (unless the lender or agency has in the case of a final agency determination commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding).".

SUBPART 2—NATIONAL DIRECT STUDENT LOANS

TERMS OF AGREEMENT

SEC. 931. (a) STRENGTHENING ASSIGNMENT PROVISION.—Section 463(a)(5) of the Act is amended by striking out "for at least 2 years".

(b) MAINTENANCE OF COLLECTION RECORDS.—Section 463(a) of the Act is amended by redesignating clause (9) as clause (10) and by adding after clause (8) the following new clause:

"(9) provide assurances that the institution will maintain acceptable collection records, in accordance with criteria established by the Secretary, with respect to loans made under this part; and".

REPORTING BY CONSUMER REPORTING AGENCY

SEC. 932. Section 463(c) of the Act is amended by adding the following new paragraph:

"(3) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary regarding the status of a borrower's account on a loan made under this part until the later of—

"(A) seven years from the date on which the Secretary accepted an assignment or referral of a loan, or

"(B) seven years from the date the Secretary first reported the account to a consumer reporting agency, if that account had not been previously reported by any other holder of the note.".

DEFAULT PENALTY

SEC. 933. Section 463A(a)(7) of the Act is amended by inserting immediately before the semicolon at the end thereof the following: "and a description of any penalty imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the Secretary or the institution to collect on a loan".

COLLECTION TERMS

SEC. 934. Section 464(c) of the Act is amended—

(1) by amending clause (H) of paragraph (1) to read as follows:

"(H) pursuant to regulations of the Secretary, (i) shall provide for an assessment of a charge with respect to the loan for failure of the borrower to pay all or part of an installment when due, and (ii) may provide for an assessment of a charge with respect to the loan for the failure of the borrower to file timely and satisfactory evidence of an entitlement of the borrower to deferment or cancellation benefits under this part; and"; and

(2) by amending paragraph (4) to read as follows:

"(4) The amount of any charge under clause (H)(i) of paragraph (1) shall include the expenses reasonably incurred in attempting such collection with respect to such loan, to the extent imposed by the Secretary.".

REFERRAL FOR COLLECTION

SEC. 935. Section 467(a) of the Act is amended—

(1) by inserting immediately after "attempt to collect" a comma and the following: "by any means authorized by law, including referral to the Attorney General for litigation, for collecting claims of the United States,"; and

(2) by striking out the comma after "any loan".

FEDERAL COLLECTION PROCEDURE

SEC. 936. Section 467(b) of the Act is amended to read as follows:

"(b) The Secretary shall continue to attempt to collect any loan assigned under section 465(a)(5) until all appropriate collection efforts, as determined by the Secretary, have been expended.".

STATUTE OF LIMITATIONS

SEC. 937. Part E of title IV of the Act is amended by adding immediately after section 467 the following new section:

"STATUTE OF LIMITATIONS

"SEC. 467A. Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which has an agreement with the Secretary pursuant to section 463(a) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date of the default of the borrower with respect to that amount; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due from a borrower on a loan made under this part until six years following the date on which the loan is assigned or referred to the Secretary under this part.".

SUBPART 3—GENERAL PROVISIONS

STUDENT ELIGIBILITY

SEC. 941. Section 484(a) of the Act is amended—

(1) by striking out the word "such" each place it appears in paragraph (4) and inserting in lieu thereof "any"; and

(2) by striking out "(which need not be notarized)" in paragraph (5) and inserting in lieu thereof "(which need not be notarized but which shall include such student's social security number)".

STATUTE OF LIMITATIONS

SEC. 942. Part F of title IV of the Act is amended by adding immediately after section 484 the following new section:

"STATUTE OF LIMITATIONS

"SEC. 484A. (a) Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which receives funds under this title may file suit for collection of a refund due from a student on a grant made or work assistance awarded under this title during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date the refund first became due; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for payment of a refund due from a student on a grant made under this title until six years following the date on which the refund first became due.

"(b) Notwithstanding any provision of State law to the contrary, a borrower who has defaulted on a loan made under this title shall be required to pay, in addition to other charges specified in this title, reasonable collection costs.".

PROGRAM PARTICIPATION AGREEMENTS

SEC. 943. (a) Section 487(a)(1) of the Act is amended to read as follows:

"(1) The institution will use funds received by it for any program under this title and any interest earned thereon solely for the purposes specified in, and in accordance with the provision of, that program.".

(b) Section 487(b)(1)(A) of the Act is amended to read as follows:

"(A)(i)(I) except as provided in subdivision (II), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this title or obtained from a student or parent who has a loan insured or guaranteed under this title, at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with the

standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted in an audit report to the Secretary, or (II) with regard to an eligible public institution which is audited under chapter 75 of title 31, United States Code, such audit shall be deemed to satisfy the requirements of subdivision (I) for the period of time covered by such audit; and (ii) recovery by the Secretary, by recoupment or other means, under procedures established by the Secretary, from the eligible institution of amounts, plus interest as set by the Secretary, determined by such audits to be owing;".

EFFECTIVE DATES

SEC. 944. (a) PROSPECTIVE PROVISIONS; LOANS.—The amendments made by sections 921, 922, 933, and 934 shall apply to loans to cover the cost of attendance for any period of enrollment beginning on or after October 1, 1985.

(b) RETROACTIVE PROVISIONS; LOANS.—The amendments made by sections 923, 924, 925, 926, 927, 928, 931, 932, 935, 936, and 937 shall apply to all loans, including loans made before the enactment of this Act, and shall take effect 90 days after the enactment of this Act.

(c) PROSPECTIVE PROVISION; ALL ASSISTANCE.—The amendment made by section 941 shall apply to grants, loans, or work assistance to cover the cost of attendance for any period of enrollment beginning on or after October 1, 1985.

(d) RETROACTIVE PROVISION; GRANTS.—The amendment made by section 942 shall apply to all grants, including grants awarded before the enactment of this Act, and shall take effect 90 days after the enactment of this Act.

(e) RETROACTIVE PROVISIONS; ALL ASSISTANCE.—The amendment made by section 943 shall apply to all grants, loans, or work assistance, including such assistance awarded before the enactment of this Act, and shall take effect 90 days after the enactment of this Act.

PART C—SAVINGS ATTRIBUTABLE TO LOAN CONSOLIDATION

SHORT TITLE

SEC. 951. This part may be cited as the "Student Loan Consolidation Act of 1985".

STUDENT LOAN CONSOLIDATION

SEC. 952. (a) LOAN CONSOLIDATION AUTHORIZED.—Part B of title IV of the Higher Education Act of 1965 (hereafter in this part referred to as the "Act") is amended by inserting after section 428B the following new section:

"CONSOLIDATION LOANS

"SEC. 428C. (a)(1) For the purpose of providing loans to eligible borrowers for consolidation of their obligations with respect to student loans made, insured, or guaranteed under this part or made under part E of this title, the Secretary or a State or nonprofit private institution or organization with which the Secretary has an agreement under section 428(b) shall enter into agreements in accordance with subsection (b) with the following eligible lenders:

"(A) the Student Loan Marketing Association;

"(B) agencies described in subparagraphs (D) and (F) of section 435(g)(1); and

"(C) eligible lenders described in subparagraphs (A), (B), (C), and (E) of such section.

"(2) Except as provided in section 429(e), no contract of insurance under this part shall apply to a consolidation loan unless such loan is made under an agreement pursuant to this section and is covered by a certificate issued in accordance with subsection (b)(2). Loans covered by such a certificate that is issued by a State or nonprofit private institution or organization shall be considered to be insured loans for the purposes of reimbursements under section 428(c), but no payment shall be made with respect to such loans under section 428(f) to any such State, institution, or organization.

"(3) For the purpose of this section, the term 'eligible borrower' means a borrower who—

"(A) has an outstanding indebtedness, at the time of application for a consolidation loan, to one or more lenders or programs under this title of not less than $5,000;

"(B) has not during the previous 4 months carried at an eligible institution at least one-half the normal full-time academic workload;

"(C) if in repayment status, is not delinquent with respect to any required payment on such indebtedness by more than 90 days; and

"(D) is not a parent borrower under section 428B(a)(1).

"(4) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except with respect to loans received under this title after the date of receipt of the consolidation loan. For the purpose of computing the outstanding indebtedness of such an individual, only loans received after such date shall be taken into account.

"(b)(1) Any lender described in clause (A), (B), or (C) of subsection (a)(1) who wishes to make consolidation loans under this section shall enter into an agreement with the Secretary or a State or nonprofit private institution or organization with which the Secretary has an agreement under section 428(b) which provides—

"(A)(i) that, in the case of lenders described in subsection (a)(1)(C), the lender will make a consolidation loan to any eligible borrower on request of that borrower, if the lender holds an outstanding loan of that borrower which is selected by the borrower for consolidation under this section, and will make such loans to other eligible borrowers only to the extent permitted by the Secretary in an agreement under subsection (d);

"(ii) that, in the case of lenders described in subsection (a)(1)(B), the lender will make, subject to the availability of funds allocated for such purpose, a consolidation loan to any eligible borrower—

"(I) who is, or was at the time of receiving a loan which is selected for consolidation, a resident of the State of such lender; or

"(II) who received loans under this title while attending an institution of higher education in the State of such lender,

except that the lender may elect to limit further the availability of its loans under this section to those borrowers for whom the lender is the holder of a loan selected for consolidation; or

"(iii) that, in the case of the Student Loan Marketing Association, the lender will make a consolidation loan to any eligible borrower on request of that borrower;

"(B) that each consolidation loan made by the lender will bear interest, and be subject to repayment, in accordance with subsection (c);

"(C) that each consolidation loan will be made, notwithstanding any other provision of this part limiting the maximum principal amount for all insured loans made to a borrower, in an amount (i) which is not less than the minimum amount required for eligibility of the borrower under subsection (a)(3)(A)(i), and (ii) which is equal to the sum of the unpaid principal, accrued unpaid interest and late charges of all loans received by the eligible borrower under this title which are selected by the borrower for consolidation;

"(D) that the proceeds of each consolidation loan will be paid by the lender to the holder or holders of the loans so selected to discharge the liability on such loans;

"(E) that, in the case of any lender, such lender will not make consolidation loans under this part from the proceeds of bonds or other obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954, issued subsequent to the enactment date of the Student Loan Consolidation Act of 1985; and

"(F) such other terms and conditions as the Secretary or State or nonprofit private institution or organization (whichever is party to the agreement) may specifically require of the lender to carry out this section.

"(2) The Secretary shall issue a certificate of comprehensive insurance coverage under section 429(b) to a lender which has entered into an agreement with the Secretary under paragraph (1) of this subsection. A State or nonprofit private institution or organization with which the Secretary has an agreement under section 428(b) may issue a certificate of comprehensive insurance coverage to a lender if the lender has entered into an agreement under paragraph (1) of this subsection. The Secretary shall not issue such a certificate under this paragraph to a lender described in clause (B) or (C) of subsection (a)(1) if the Secretary determines that such lender has reasonable access in its State, for the purpose of obtaining such a certificate, to a State or nonprofit private institution or organization with which the Secretary has an agreement under section 428(b). In either case, such certificate shall, at a minimum, provide—

"(A) that all consolidation loans made by such lender in conformity with the requirements of this section will be insured against loss of principal and interest by the issuer of such certificate;

"(B) that a consolidation loan will not be insured unless the lender has determined to its satisfaction, in accordance with reasonable and prudent business practices, for each loan being consolidated (i) that the loan is a legal, valid, and binding obligation of the borrower; (ii) that each such loan was made and serviced in compliance with applicable laws and regulations; and (iii) in the case of loans under this part, that the insurance on such loan is in full force and effect;

"(C) the effective date and expiration date of the certificate;

"(D) the aggregate amount to which the certificate applies;

"(E) that, if the lender prior to the expiration of the certificate no longer proposes to make consolidation loans, the lender will so notify the issuer of such certificate in order that the certificate may be terminated (without affecting the insurance on any consolidation loan made prior to such termination); and

"(F) the terms upon which the issuer of the certificate may limit, suspend, or terminate the lender's authority to make consolidation loans under the certificate (without affecting the insurance on any consolidation loan made prior to such limitation, suspension, or termination).

"(3) A consolidation loan made pursuant to this section shall be insurable under a certificate issued pursuant to paragraph (2) only if the loan is made to an eligible borrower who has agreed to notify the holder of the loan promptly concerning any change of address and the loan is evidenced by a note or other written agreement which—

"(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under applicable law, create a binding obligation, endorsement may be required;

"(B) provides for the payment of interest and the repayment of principal in accordance with subsection (c) of this section and contains notice of the possibility of a revised repayment schedule under paragraph (2) of such subsection;

"(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

"(i) during which the borrower is pursuing a full-time course of study at an eligible institution, is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary;

"(ii) not in excess of 2 years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition;

"(iii) not in excess of 3 years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a spouse who is so disabled; or

"(iv) which is a single period, not in excess of 12 months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; and

that any such period shall not be included in determining the repayment period provided pursuant to subsection (c)(2) of this section;

"(D) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan; and

"(E)(i) contains a notice of the system of disclosure concerning such loan to credit bureau organizations under section 430(b)(2), and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations.

"(c)(1) Consolidation loans made under this section shall bear interest at the rate of 10 per centum per annum on the unpaid principal balance of the loan, except that, if the consolidation loan is used for the purpose of discharging liability on a loan made pursuant to section 428B, the consolidation loan shall bear interest at a rate per annum on such unpaid balance which is equal to the highest applicable interest rate under section 427A on any loan which is selected for consolidation by the borrower. For the purposes of payment of special allowances under section 438(b)(2), the interest rate required by this subsection is the applicable interest rate with respect to a consolidation loan.

"(2) Notwithstanding any other provision of this part, to the extent authorized by its certificate of insurance under subsection (b)(2)(F) and approved by the issuer of such certificate, the lender of a consolidation loan, with the agreement of the borrower, may establish such repayment terms as will promote the objectives of this section, including the establishment of graduated and income sensitive repayment schedules. In each case a consolidation loan shall be repaid as follows:

"(A) in the case of a consolidation loan the original amount of which is less than $7,500, such loan shall be repaid in not more than 10 years;

"(B) in the case of a consolidation loan the original amount of which equals or exceeds $7,500 but is less than $11,000, such loan shall be repaid in not more than 13 years; or

"(C) in the case of a consolidation loan the original amount of which equals or exceeds $11,000, such loan shall be repaid in not more than 15 years.

"(3) Repayment of a consolidation loan shall commence within 60 days after all holders have, pursuant to subsection (b)(1)(D), discharged the liability of the borrower on the loans selected for consolidation.

"(4) No origination fee or insurance premium shall be charged to the borrower on any consolidation loan, and no insurance premium shall be payable by the lender to the issuer of the certificate of insurance with respect to any such loan.

"(d)(1) If, within 18 months after the effective date of this section, an eligible lender described in subsection (a)(1)(B) for a State has not entered into an agreement with the Secretary or a State or nonprofit private institution or organization for purposes of making consolidation loans under this section, the Secretary may, after a hearing and upon a determination of need therefor, enter into an agreement for the purposes of making consolidation loans to eligible borrowers in such State with an eligible lender described in clause (B) or (C) of subsection (a)(1) from another State.

"(2) Notice of the hearing required by paragraph (1) of this subsection shall be sent to the Governor of the affected State and the eligible lenders described in subsection (a)(1)(B) for that State. At any such hearing representatives of such Governor and lenders may present evidence and testimony and examine witnesses, and full consideration shall be given to the views of such Governor and lenders with respect to the interests of the eligible borrowers in that State and with respect to the impact on programs of such lenders of allowing a lender described in clause (B) or (C) of subsection (a)(1) from another State to make consolidation loans pursuant to an agreement under this subsection in such State.

"(3) An agreement under this subsection may contain such terms and conditions as the Secretary may specifically require of the lender to carry out this section.

"(4) The requirements of paragraphs (1) and (2) of this subsection shall not apply if, in any State, an eligible lender described in subsection (a)(1)(B) from another State is functioning as a secondary market described in subparagraph (D) or (F) of section 435(g)(1) prior to the date of enactment of the Student Loan Consolidation Act of 1985 and such lender agrees to make consolidation loans to eligible borrowers in such State.

"(e) The authority to make loans under this section expires at the close of September 30, 1991. Nothing in this section shall be construed to authorize the Secretary to promulgate rules or regulations governing the terms or conditions of the agreements and certificates under subsection (b). Loans made under this section shall not be considered to be new loans made to students for purposes of section 424(a).".

(b) CONFORMING AMENDMENTS.—(1) Section 427(a) of the Act is amended by striking out "A loan" and inserting in lieu thereof "Except as provided in section 428C, a loan".

(2) Section 435(g)(1) of the Act is amended—

(A) by striking out "section 439 (o) and (q)" in subparagraph (G) and inserting in lieu thereof "sections 428C and 439(q)"; and

(B) by striking out "section 428(j)" in subparagraph (H) and inserting in lieu thereof "sections 428(h) and 428C".

(3) Section 438 of the Act is amended—

(A) in subsection (b)(5)(A)(ii), by inserting ", 428C," after "428B"; and

(B) in subsection (c)(2), by striking out "section 428B and section 439(o)" and inserting in lieu thereof "sections 428B and 428C".

(4) Section 439(d)(1)(C) of the Act is amended by striking out "428(A), and except with respect to loans under section 439(o)," and inserting in lieu thereof "428A, and except with respect to loans under section 428C,".

(c) SPECIAL ALLOWANCE.—(1) Section 438(b)(2)(A) of the Act is amended by striking out "subparagraph (B)" and inserting in lieu thereof "subparagraphs (B) and (C)".

(2) The first sentence of section 438(b)(2)(B)(i) of the Act is amended—

(A) by inserting "appropriate" before "quarterly rate" the second time it appears; and

(B) by inserting "or subparagraph (C)" before the period.

(3) Section 438(b)(2) of the Act is amended by adding at the end thereof the following new subparagraph:

"(C) In the case of loans made in accordance with section 428C, the applicable per centum to be added under clause (iii) of subparagraph (A) shall be 3 per centum.".

(d) COST EVALUATION REPORT.—The Secretary of Education shall evaluate the cost, efficiency, and impact of the consolidation loan program established by the amendments made by this section and shall report to the Congress not later than June 30, 1988, on the findings and recommendations required by this subsection.

PART D—SAVINGS ATTRIBUTABLE TO OPERATION OF GUARANTY AGENCIES

RECOVERY OF OUTSTANDING ADVANCES TO GUARANTY AGENCIES

SEC. 961. Section 422 of the Higher Education Act of 1965 (hereafter in this part referred to as "the Act") is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of this section, advances made by the Secretary under this section shall be repaid in accordance with this subsection and shall be deposited in the fund established by section 431. The Secretary shall, in accordance with the requirements of paragraph (2), recover (and so deposit) an amount equal to $75,000,000 during fiscal year 1988.

"(2) In determining the amount of advances which shall be repaid by a State or nonprofit private institution or organization under paragraph (1), the Secretary—

"(A) shall consider the solvency and maturity of the reserve and insurance funds of the State or nonprofit private institution or organization assisted by such advances; and

"(B) shall not seek repayment of such advances from any State described in subsec-

tion (c)(5)(B) during any year of its eligibility under such subsection.".

PRECLAIM COLLECTION ACTIVITIES

SEC. 962. (a) DELAY REQUIRED BEFORE SUBMISSION OF CLAIMS BY GUARANTY AGENCIES.—Section 428(c)(1)(A) of the Act is amended by adding at the end thereof the following new sentence: "In no case shall a State or nonprofit private institution or organization with which the Secretary has an agreement pursuant to subsection (b) file a claim for such reimbursement with respect to such losses prior to 240 days after the loan becomes delinquent with respect to any loan installment.".

(b) SUPPLEMENTAL PRECLAIMS ASSISTANCE.—(1) Section 428(c)(6)(A) of the Act is amended—

(A) by inserting after "assistance for default prevention," the following: "the administrative costs of supplemental preclaim assistance for default prevention,"; and

(B) by striking out "as such terms are defined in subparagraph (B)" and inserting in lieu thereof "as such terms are defined in subparagraph (B) or (C)".

(2) Section 428(c)(6) of the Act is amended by adding at the end thereof the following new subparagraph:

"(C)(i) For purposes of this paragraph, 'administrative costs of supplemental preclaim assistance for default prevention' means (subject to divisions (ii) through (iv)) any administrative costs—

"(I) incurred by a guaranty agency in connection with a loan on which the guarantor has exercised preclaims assistance required or permitted under sections 428(c)(2)(A) and 428(f)(2), and which has been in delinquent status for at least 120 days; and

"(II) which are directly related to providing collection assistance to the lender on a delinquent loan, prior to a claim being filed by the guaranty agency,

including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions, only the portion of compensation attributable to the collection assistance), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges, but does not include overhead costs.

"(ii) The administrative costs for which reimbursement is authorized under this subparagraph must be clearly supplemental to the preclaim assistance for default prevention which the guaranty agency is required to provide pursuant to section 428(c)(2)(A) and section 428(f)(2) of this Act.

"(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

"(I) that is the holder or servicer of the loan or an organization or entity that owns or controls the holder or servicer of the loan; or

"(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or servicer of the loan.

"(iv) The costs associated with carrying out this subparagraph may not exceed 2 percent of the outstanding principal balance of each delinquent loan subject to the supplemental preclaim assistance authorized by this subparagraph or $100, whichever is less.".

GUARANTY AGENCY; LENDER OF LAST RESORT

SEC. 963. Section 428(b)(1) of the Act, as amended by section 911(b), is further amended—

(1) by striking out "and" at the end of clause (P);

(2) by striking out the period at the end of clause (Q) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clause:

"(R) provides for a lender of last resort in the State for all eligible borrowers who are unable to obtain a loan under this part and who are legal residents of the State or are accepted for enrollment in or are attending an eligible institution in the State.".

EFFECTIVE DATES

SEC. 964. (a) RECOVERY OF OUTSTANDING ADVANCES.—The amendment made by section 961 shall take effect on the date of enactment of this Act.

(b) PRECLAIM COLLECTION.—(1) The amendments made by section 962(a) of this Act shall apply to all loans, including loans made before the enactment of this Act, and shall take effect on the date of enactment of this Act.

(2) The amendments made by section 962 shall take effect on the date of enactment of this Act.

(c) LENDER OF LAST RESORT.—The amendments made by section 463 of this Act shall take effect 30 days after the date of enactment of this Act.

PART E—SAVINGS RELATED TO THE OPERATION OF THE STUDENT LOAN MARKETING ASSOCIATION

TREATMENT OF CERTAIN OBLIGATIONS

SEC. 971. (a) GENERAL RULE.—In order to contribute to carrying out the directions in the first concurrent resolution on the budget for the fiscal year 1986 (S. Con. Res. 32, 99th Congress, agreed to August 1, 1985) designed to reduce the Federal budget deficit, the Student Loan Marketing Association shall, during the fiscal year 1986, reduce the level of obligations owed to the Federal Financing Bank by $30,000,000 which, but for this section, will be paid to the Federal Financing Bank after October 1, 1986.

(b) SPECIAL RULE.—The amount described in subsection (a) may not be credited by the Student Loan Marketing Association to reduce the obligation to repay the Federal Financing Bank amounts which the Student Loan Marketing Association owes to the Federal Financing Bank in each of the fiscal years 1987 and 1988.

(c) SAVINGS PROVISION.—Nothing in this section shall be construed to authorize or require the Student Loan Marketing Association or the Federal Financing Bank to renegotiate the contract or other agreement under which the Student Loan Marketing Association agreed to pay amounts made available by the Federal Financing Bank to carry out section 439 of the Higher Education Act of 1965.

PART F—FLEXTIME PROVISIONS

AMENDMENTS TO CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

SEC. 981. (a) Section 102(a) of the Contract Work Hours and Safety Standards Act (40 U.S.C. 328(a)) is amended to read as follows:

"(a) Notwithstanding any other provision of law, the wages of every laborer and mechanic employed by any contractor or subcontractor in his performance of work on any contract of the character specified in section 103 shall be computed on the basis of a standard workweek of forty hours, and work in excess of such standard workweek shall be permitted subject to provisions of this section. For each workweek in which any such laborer or mechanic is so employed such wages shall include compensation, at a rate not less than one and one-half times the basic rate of pay, for all hours worked in excess of forty hours in the workweek.".

(b) Section 102(b) of such Act is amended—

(1) by striking out "eight hours in any calendar day or in excess of" in paragraph (1); and

(2) by striking out "eight hours or in excess of" in paragraph (2).

AMENDMENT TO THE WALSH-HEALEY ACT

SEC. 982. Subsection (c) of the first section of the Act entitled "An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes" (41 U.S.C. 35(c)), commonly known as the Walsh-Healey Act, is amended by striking out "eight hours in any one day or in excess of".

EFFECTIVE DATE

SEC. 983. The amendments made by this part shall be effective upon enactment.

PART G—HEALTH AND HOSPITALS

CONTINUATION OF HEALTH INSURANCE FOR INDIVIDUALS LOSING EMPLOYMENT-RELATED COVERAGE

SEC. 984. (a) IN GENERAL.—The Public Health Service Act is amended by adding at the end the following new title:

"TITLE XXII—REQUIREMENTS FOR CERTAIN GROUP HEALTH INSURANCE POLICIES

"REQUIREMENT OF CONTINUATION COVERAGE AND OPEN ENROLLMENT PERIOD

"SEC. 2201. (a) In accordance with regulations which the Secretary shall prescribe—

"(1) each employer—

"(A) which is now or hereafter required during any calendar quarter to pay its employees the minimum wage prescribed by section 6 of the Fair Labor Standards Act of 1938 (or would be required to pay its employees such wage but for section 13(a) of such Act), and

"(B) which during such calendar quarter employed an average number of employees of not less than 25,

shall include in any health benefits plan, and

"(2) any State and each political subdivision thereof which during any calendar quarter employed an average number of employees of not less than 25, as a condition of payment to the State of funds under section 314(d), 317, 318, 1002, 1525, or 1613, shall include in any health benefits plan,

offered to such employees in the calendar year beginning after such calendar quarter of the Secretary (i) the option of continuation coverage specified in section 2202, and (ii) the spousal open enrollment period specified in section 2203.

"(b) For purposes of this section, the term 'employer' does not include—

"(1) the Government of the United States, the government of the District of Columbia or any territory or possession of the United States or any agency or instrumentality (including the United States Postal Service and Postal Rate Commission) of any of the foregoing, except that such term includes nonappropriated fund instrumentalities of the Government of the United States;

"(2) a church, convention or association or churches, or any organization operated, supervised or controlled by a church, convention or association of churches which organization is an organization described in section 501(c)(3) of the Internal Revenue Code of 1954; or

"(3) a State or any political subdivision thereof, or any agency or instrumentality thereof.

"OPTION OF CONTINUATION COVERAGE

"SEC. 2202. (a) The requirement of continuation coverage referred to in clause (i) of section 2201(a) is that each covered employee or other qualified beneficiary, who would lose coverage under the health benefits plan because of a qualifying event, is given, in accordance with this section, the option of electing continuation coverage under the plan.

"(b)(1) The option of electing continuation coverage must be offered during a period that—

"(A) begins not later than the termination date (as defined in subsection (c)(2)),

"(B) is of at least 60 days duration, and

"(C) ends not earlier than 60 days after the date the qualified beneficiary is notified under subsection (f)(4) or the termination date, whichever date is later.

"(2) Unless otherwise specified in the election—

"(A) any such election by a covered employee shall be deemed to include an election with respect to all other qualified beneficiaries of the employee whose coverage would, but for continuation coverage provided in accordance with this section, be affected by the qualifying event; and

"(B) except as provided in subparagraph (A), any such election by an individual who is a qualified beneficiary described in subsection (g)(2)(A) shall be deemed to include an election of continuation coverage on behalf of any other qualified beneficiary (other than the covered employee) whose coverage would, but for continuation coverage provided in accordance with this section, be affected by the qualifying event.

"(c) For purposes of this section:

"(1) A 'qualifying event' under a health benefits plan, with respect to a covered employee, is any of the following events if the coverage of a qualified beneficiary under the plan would, but for continuation coverage provided in compliance with this section, be terminated by the occurrence of the event:

"(A) The termination, or reduction of hours, of the covered employee's employment (other than for cause).

"(B) The death of the covered employee.

"(C) The divorce or separation of the covered employee from his or her spouse.

"(D) The covered employee becoming entitled to benefits under title XVIII of the Social Security Act.

"(2) The term 'termination date' means, with respect to a qualifying event, the date on which coverage of a qualified beneficiary under a group health plan would be terminated under the plan but for continuation coverage provided in compliance with this section.

"(d) Any continuation coverage elected by or on behalf of a qualified beneficiary shall meet the following requirements:

"(1) The coverage may not be conditioned upon, or discriminate on the basis of lack of, evidence of insurability.

"(2) The coverage shall consist of coverage which is identical to the coverage provided under the plan to similarly situated beneficiaries under the plan with respect to whom a qualifying event has not occurred.

"(3) If, at the time of the qualifying event, an individual was covered under the health benefits plan because of the individual's relationship to a covered employee and the individual is a qualified beneficiary, the option must be provided of continuing coverage of the individual.

"(4) The coverage shall be for a period commencing upon the expiration date and ending not earlier than the earliest of the following:

"(A) In the case of a qualifying event described in subsection (c)(1)(A) (relating to unemployment or reduction of employment), 18 months after the date the continued coverage begins.

"(B) In the case of a qualifying event not described in subsection (c)(1)(A), thirty-six months after the date the continued coverage begins.

"(C) The date on which the employer ceases to provide any health benefits plan to employees.

"(D) The date on which there is a failure in making timely payment of any premium required under the plan with respect to the qualified beneficiary.

"(E) The date on which the qualified beneficiary first becomes, after the date of the election, a covered employee under any other health benefits plan offered by an employer or becomes entitled to benefits under title XVIII of the Social Security Act.

"(F) In the case of a qualified beneficiary spouse described in subsection (g)(2)(A), the date on which the qualified beneficiary remarries and becomes covered under a health benefits plan as the spouse of a covered employee.

"(G) In the case of any individual who is a qualified beneficiary by reason of having been a covered dependent child of a covered employee, the date on which the individual ceases to be a covered dependent child of the qualified beneficiary.

"(5) In the case of a qualified beneficiary whose period of continued coverage expires under subparagraph (A) or (B) of paragraph (4), the plan must provide to the beneficiary, during the 180-day period ending on the date of expiration of the period of continued coverage, the option of enrollment under a conversion health plan otherwise generally available to beneficiaries under the plan.

"(e)(1) The total premium charged by a health benefits plan with respect to any qualified beneficiary for continuation coverage under the plan shall not exceed the sum of employer premiums and employee premiums generally charged with respect to coverage under the plan of similarly situated beneficiaries with respect to whom a qualifying event has not occurred. The total of all premiums charged by the plan in any plan year may be based upon reasonably anticipated community costs for such plan year of the entire pool of covered employees and other beneficiaries under the plan, including qualified beneficiaries receiving continuation coverage under the plan under this section.

"(2) The plan may provide for payment of the total premium by the qualified beneficiary receiving such coverage, or for payment of all or part of such premium by the employer or other party and payment of the remainder of such premium by such beneficiary. The plan shall provide for payment of any premium by a qualified beneficiary in monthly installments if so elected by the beneficiary. If an election is made during an election period but after the termination date, the plan shall permit payment of any premium for continuation coverage during the preceding period to be made within 45 days of the date of the election.

"(3) As used in this subsection, the term 'premium' means any amount payable with respect to the provision of coverage under a health benefits plan.

"(f) In accordance with regulations of the Secretary—

"(1) the health benefits plan must provide, at the time of commencement of coverage under the plan, for written notice to each covered employee and spouse of the employee (if any) of the rights under this section;

"(2) the employer of a covered employee under the plan must notify the health benefits plan administrator if the employee dies;

"(3) each covered employee is responsible for notifying the health benefits plan administrator of the occurrence of any qualifying event (other than that described in subsection (c)(1)(B)) respecting that employee; and

"(4) the health benefits plan administrator must notify each qualified beneficiary, within a period of 14 days after the date the administrator is notified concerning a qualifying event affecting that beneficiary, of—

"(A) the termination date with respect to the beneficiary, and

"(B) the beneficiary's right to elect continuation coverage under this section and the election period established under subsection (b)(1) during which the beneficiary can exercise that right.

"(g) For purposes of this section:

"(1) The term 'covered employee' means a individual who is (or was) provided coverage under a health benefits plan by virtue of the individual's employment or previous employment with an employer.

"(2) The term 'qualified beneficiary' means, with respect to a covered employee under a health benefits plan, the covered individual and any other individual who, on the date before the date of a qualifying event for that employee—

"(A) is a beneficiary under the plan as the spouse of the employee and had been married to the employee for at least the immediately preceding 30-day period, or

"(B) is a beneficiary under the plan as a covered dependent child of the employee.

"(3) The term 'covered dependent child' means, with respect to a covered employee, an individual who meets the generally applicable requirements of the plan for treatment as a dependent child covered under the plan by reason of the coverage of the employee under the plan.

"(4) The term 'health benefits plan administrator' means, in connection with a health benefits plan, any person who provides for administrative functions relating to enrollment of individuals under the plan. For purposes of this subparagraph, the term 'person' includes one or more individuals, governments or agencies of the United States or any State or political subdivision thereof, labor unions, partnerships, associations, corporations, legal representatives, mutual companies, joint ventures, joint stock companies, societies, trusts, unincorporated organizations, trustees, trustees in bankruptcy, receivers, and fiduciaries.

"ENFORCEMENT

"SEC. 2204. (a) Any employer (other than a State or political subdivision thereof, or any agency or instrumentality thereof) who knowingly does not comply with one or more of the requirements of this title shall be subject to a civil penalty of not more than $10,000. If such noncompliance continues, a civil penalty may be assessed and collected under this subsection for each 30-day period such noncompliance continues. Such penalty may be assessed by the Secretary and collected in a civil action brought by the United States in a United States district court.

"(b) In any proceeding by the Secretary to assess a civil penalty under this section, no penalty shall be assessed until the employer charged shall have been given notice and an opportunity to present its views on such

charge. In determining the amount of the penalty, or the amount agreed upon in compromise, the Secretary shall consider the gravity of the noncompliance and the demonstrated good faith of the employer charged in attempting to achieved rapid compliance after notification by the Secretary of a noncompliance.

"(c) In any civil action brought to review the assessment of a civil penalty assessed under this section, the court shall, at the request of any party to such action, hold a trial de novo on the assessment of such civil penalty and in any civil action to collect such a civil penalty, the court shall, at the request of any party to such action, hold a trial de novo on the assessment of such civil penalty unless in a prior civil action to review the assessment of such penalty the court held a trial de novo on such assessment.

"(d) Any employer (other than a State or political subdivision thereof, or any agency or instrumentality thereof) who knowingly does not comply with one or more of the requirements of this title shall be liable to individuals for damages (including health care costs incurred) resulting from the employer's failure to comply with the requirements.

"(e) If the Secretary, after reasonable notice and opportunity for a hearing to a State, finds that it or any of its political subdivisions has failed to comply with one or more requirements of this title, the Secretary shall terminate payments to such State under section 314(d), 317, 318, 1002, 1525, and 1613 and notify the Governor or such State that further payments under such sections will not be made to the State until the Secretary is satisfied that there will no longer be any such failure to comply.".

(b) EFFECTIVE DATES.—

(1) GENERAL RULE.—The amendments made by this section shall apply to plan years beginning on or after January 1, 1986.

(2) SPECIAL RULE FOR COLLECTIVE-BARGAINING AGREEMENTS.—In the case of a health benefits plan maintained pursuant to one or more collective-bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the date on which the last of the collective-bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) January 1, 1987.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective-bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective-bargaining agreement.

(c) NOTIFICATION TO COVERED EMPLOYEES.—At the time that the amendments made by this section apply to a health benefits plan described in section 2201 of the Public Health Service Act, the plan shall notify each covered employee, and spouse of the employee (if any), who is covered under the plan at that time of the continuation coverage and open enrollment period required under sections 2202 and 2203 of that Act. The notice furnished under this subsection is in lieu of notice that may otherwise be required under section 2202(f)(1) of that Act.

PART H—GRADUATE MEDICAL EDUCATION

COUNCIL ON GRADUATE MEDICAL EDUCATION

SEC. 986. (a) Title VII of the Public Health Service Act is amended by adding at the end thereof the following new part:

"PART H—GRADUATE MEDICAL EDUCATION

"COUNCIL ON GRADUATE MEDICAL EDUCATION

"SEC. 799. (a) ESTABLISHMENT OF COUNCIL.—There is established the Council on Graduate Medical Education (hereafter in this section referred to as the "council"). Prior to July 1, 1988, and every three years thereafter, the council shall provide advice and make recommendations to the Secretary with respect to—

"(1) the supply of physicians in the United States;

"(2) current and future needs for physicians to practice in primary care specialties and in medical specialties which the Council determines to have a relative shortage of physicians;

"(3) issues relating to foreign medical school graduates;

"(4) appropriate Federal policies with respect to the matters specified in paragraphs (1), (2), and (3), including policies concerning changes in the financing of undergraduate and graduate medical education programs and changes in the types of medical education training in graduate medical education programs; and

"(5) appropriate efforts to be carried out by hospitals, schools of medicine, and schools of osteopathy with respect to the matters specified in paragraphs (1), (2), and (3), including efforts for changes in undergraduate and graduate medical education programs.

"(b) MEMBERSHIP.—The Council shall be composed of—

"(1) the Assistant Secretary for Health or the designee of the Assistant Secretary;

"(2) the Administrator of the Health Care Financing Administration;

"(3) the Chief Medical Director of the Veterans' Administration;

"(4) ten members appointed by the Secretary from representatives of health care providers, national and specialty physician organizations, schools of medicine, organizations of graduates of foreign medical schools, and hospitals which provide graduate medical education; and

"(5) four members appointed by the Secretary from representatives of health insurers, business, and labor.

"(c) TERMS.—(1) Members of the Council appointed under paragraphs (4) and (5) of subsection (b) shall be appointed for a term of four years, except that the term of office of the members first appointed shall expire, as designated by the Secretary at the time of appointment, four at the end of one year, four at the end of two years, three at the end of three years, and three at the end of four years.

"(2) The Secretary shall appoint the first members to the Council under paragraphs (4) and (5) of subsection (b) within 60 days after the date of enactment of this section.

"(d) CHAIRMAN.—The Council shall elect one of its members as Chairman of the Council.

"(e) QUORUM.—Nine members of the Council shall constitute a quorum, but a lesser number may hold hearings.

"(f) VACANCIES.—Any vacancy in the Council shall not affect its power to function.

"(g) COMPENSATION.—Each member of the Council who is not otherwise employed by the United States Government shall receive compensation at a rate equal to the daily rate prescribed by GS-18 under the General Schedule under section 5332 of title 5, United States Code, for each day, including traveltime, such member is engaged in the actual performance of duties as a member of the Council. A member of the Council who is an officer or employee of the United States Government shall serve without additional compensation. All members of the Council shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

"(h) POWERS.—In order to carry out the provisions of this section, the Council is authorized to—

"(1) collect such information, hold such hearings, and sit and act at such times and places, either as a whole or by subcommittee, and request the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents as the Council or such subcommittee may consider advisable; and

"(2) request the cooperation and assistance of Federal departments, agencies, and instrumentalities in carrying out the provisions of this section, and such departments, agencies, and instrumentalities are authorized to provide such cooperation and assistance.

"(i) REPORTS.—Prior to July 1, 1988, and every three years thereafter, the Council shall prepare and transmit a report to the Secretary and to the Congress which specifies the activities of the Council during the period for which the report is made and contains advice and recommendations as required under subsection (a).".

PART I—SINGLE EMPLOYER PENSION PLANS

SEC. 987. SHORT TITLE.

This part may be cited as the "Single-Employer Pension Plan Amendments Act of 1985".

SEC. 988. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—The Congress finds that—

(1) single-employer defined benefit pension plans have a substantial impact on interstate commerce and affect a national interest;

(2) the continued well-being and retirement income security of millions of workers, retirees, and their dependents are directly affected by such plans;

(3) the existence of a sound termination insurance system is fundamental to the retirement income security of participants and beneficiaries of such plans; and

(4) the current termination insurance system may encourage employers to terminate pension plans, to evade their obligations to pay benefits, and to shift unfunded pension liabilities onto the termination insurance system and the other premium payers.

(b) ADDITIONAL FINDINGS.—The Congress further finds that modification of the current termination insurance system and an increase in the insurance premium for single-employer defined benefit pension plans is necessary—

(1) to increase the likelihood that full benefits will be paid to participants and beneficiaries of such plans;

(2) to provide for the transfer of liabilities to the termination insurance system only in cases of severe hardship;

(3) to maintain the premium costs of such system at a reasonable level; and

(4) to finance properly current funding deficiencies and future obligations of the single-employer pension plan termination insurance system.

(c) DECLARATION OF POLICY.—It is the policy of this part—

(1) to foster and facilitate interstate commerce;

(2) to encourage the maintenance and growth of single-employer defined benefit pension plans;

(3) to increase the likelihood that participants and beneficiaries under single-employer defined benefit pension plans will receive their full benefits;

(4) to provide for the transfer of unfunded pension liabilities onto the single-employer pension plan termination insurance system only in cases of severe hardship;

(5) to maintain the premium costs of such system at a reasonable level; and

(6) to assure the prudent financing of current funding deficiencies and future obligations of the single-employer pension plan termination insurance system by increasing termination insurance premiums.

SEC. 989. AMENDMENT OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

Except as otherwise specifically provided, whenever in this part an amendment is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

SEC. 990. DEFINITIONS.

(a) IN GENERAL.—Section 4001(a) (29 U.S.C. 1301(a)) is amended—

(1) by striking out "and" at the end of paragraph (11);

(2) by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraphs:

"(13) 'contributing sponsor' means, with respect to a single-employer plan, a person who is responsible for meeting the funding requirements prescribed under section 302 of this Act and section 412 of the Internal Revenue Code of 1954, other than a person who is so responsible solely by reason of section 302(c)(11) of this Act or section 412(c)(11) of such Code;

"(14) 'controlled group' means, with respect to a single-employer plan, a group consisting of a person and all other persons under common control with such person under the principles prescribed in subsection (b)(1);

"(15) 'single-employer plan' means, except as otherwise specifically provided in this title, any plan which is not a multiemployer plan;

"(16) 'composite single-employer plan' means a single-employer plan that has two or more contributing sponsors, all of whom are not within the same controlled group;

"(17) 'amount of unfunded guaranteed benefits' means, with respect to a single-employer plan, an amount equal to the excess of—

"(A) the actuarial present value of the benefits under the plan guaranteed under this title, determined on the basis of assumptions prescribed by the corporation for purposes of section 4044, over

"(B) the current value of the assets of the plan which are allocated to such benefits in accordance with section 4044;

"(18) 'final benefit obligation' means, with respect to a plan termination, all benefits of a participant or beneficiary described in section 4044(a) as of the close out date for a standard termination specified in section 4041(b)(3), and for a distress termination, or termination by the corporation, the termination date specified in section 4048; and

"(19) 'person' has the meaning set forth in section 3(9).".

(b) TECHNICAL CORRECTION OF ERROR IN MULTIEMPLOYER PENSION PLAN AMENDMENTS ACT OF 1980.—Section 4001 (29 U.S.C. 1301) is further amended—

(1) by striking out the amendments made by section 402(a)(1)(F) of the Multiemployer Pension Plan Amendments Act of 1980 (94 Stat. 1297) (adding new paragraphs after a subsection (c)(1));

(2) by inserting "(1)" after the subsection designation of subsection (b); and

(3) by adding at the end of subsection (b) the following new paragraphs:

"(2) For purposes of this title, except as otherwise provided in this title, contributions or other payments shall be considered made under a plan for a plan year if they are made within the period prescribed under section 412(c)(10) of the Internal Revenue Code of 1954 (determined, in the case of plan termination, as if the plan had continued beyond the termination date).

"(3) For purposes of subtitle E, 'Secretary of the Treasury' means the Secretary of the Treasury or such Secretary's delegate.".

SEC. 991. SINGLE-EMPLOYER PLAN TERMINATION.

(a) IN GENERAL.—Section 4041 (29 U.S.C. 1341) is amended—

(1) by striking out subsections (a) through (d);

(2) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively; and

(3) by inserting after the section designation the following new subsection:

"(a)(1) Except as provided in section 4042, a single-employer plan may be terminated only in a standard termination under subsection (b) or a distress termination under subsection (c).

"(2)(A) If the plan to be terminated is the subject of one or more collective bargaining agreements between one or more employee organizations (within the meaning of section 3(4)) and one or more employers, the plan administrator shall, not less than 30 days before filing any notice of intent to terminate such plan under subsection (b)(1)(A) or (c)(1)(A) submit to each such employee organization a separate notification that such notice of intent to terminate will be filed with the corporation on a specified date.

"(B) The plan administrator shall provide the separate notification required under subparagraph (A) to—

"(i) the person who has been designated by the employee organization to receive such notification under the collective bargaining agreement or the plan, or

"(ii) such other person as the employee organization may designate in writing.

"(C) The plan administrator shall certify compliance with this paragraph in the notice of intent to terminate such plan filed under subsection (b)(1)(A) or (c)(1)(A).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to terminations for which notices of intent to terminate under section 4041 are filed on or after the date of the enactment of this Act.

SEC. 992. STANDARD TERMINATION OF SINGLE-EMPLOYER PLANS.

(a) IN GENERAL.—Section 4041 (29 U.S.C. 1341) (as amended by section 991 of this Act) is further amended by inserting after subsection (a) the following new subsection:

"(b)(1)(A) A single-employer plan is considered to have terminated in a standard termination only if—

"(i) the plan administrator has filed with the corporation a notice of intent to terminate the plan in a standard termination on a specified termination date and such date is not earlier than 10 days after the date of the filing of such notice, and such notice includes information that the corporation may require; and

"(ii) the plan has been amended to provide that (effective on the termination date), accrued benefits, as defined in section 411 of the Internal Revenue Code of 1954, shall not increase after the termination date, except as required to meet the qualification requirements of subchapter D of chapter 1 of the Internal Revenue Code of 1954.

"(B) On or before the date of the filing of the notice of intent to terminate, the plan administrator shall—

"(i) notify each plan participant that such notice of intent to terminate has been or will be filed, and

"(ii) provide a copy of the notice of intent to terminate to each employee organization (within the meaning of section 3(4) of this Act) representing participants under such plan as of such date.

"(C)(i) Such standard termination shall be effective as of the termination date set forth in such notice of intent to terminate filed under subparagraph (A)(i).

"(ii) For purposes of subparagraph (B), in the case of a notice of intent to terminate that must be provided to an employee organization, the required notice shall be provided to—

"(I) the person who has been designated by the employee organization to receive notice under the collective bargaining agreement or the plan, or

"(II) such other person as the employee organization may designate in writing.

"(2) If, after the termination of the plan, it has insufficient assets to pay when due all benefits payable under the plan during a plan year, the contributing sponsors of the plan and the members of their controlled groups shall be jointly and severally liable to contribute to the plan, when necessary, such additional amounts as are necessary to pay such benefits when due.

"(3)(A) A single-employer plan terminated in a standard termination under this subsection may close out its affairs only if—

"(i) such plan has assets sufficient to discharge when due all final benefit obligations of the plan, and

"(ii) such closing out is carried out in accordance with this paragraph.

"(B)(i) The plan administrator shall, not later than 30 days before the close out date, notify each plan participant and each employee organization (within the meaning of section 3(4)) representing participants under such plan as of a close out date specified in the notification, that—

"(I) the plan will close out its affairs on such date, and

"(II) a final distribution of assets will take place on a proposed date of distribution.

"(ii) The proposed date of distribution shall be as soon as practicable after the close out date.

"(C) If the close out date of the plan falls on the same date as the termination date of the plan, the notification requirements of this paragraph with respect to the corporation, each participant, and each employee organization referred to in subparagraph (B) are met if the notice of intent to terminate required under paragraph (1)(A)(i) also contains the information necessary to meet the requirements of this paragraph.

"(D)(i) At least 30 days before the proposed date of distribution of assets pursuant to the

closing out of the plan, the plan administrator shall send a notice to the corporation setting forth certification by an enrolled actuary—

"(I) of the amount (as of the proposed date of distribution) of the assets of the plan,

"(II) of the actuarial present value (as of the proposed date of distribution) of the final benefit obligations under the plan (in accordance with regulations of the corporation), and

"(III) that the assets of the plan are sufficient (under regulations of the corporation) to discharge when due such final benefit obligations.

"(ii)(I) If the corporation determines that the requirements of clause (i) have not been met, within 30 days after receipt of such notice, the corporation shall provide the plan administrator with a notice of noncompliance with such clause.

"(II) The corporation and the plan administrator may agree to extend such 30-day period by written agreement or the corporation may apply to the United States district court for an order extending such period.

"(III) This clause does not apply to plans described in subparagraph (F).

"(iii) Except as provided in subparagraph (F), the plan may commence the final distribution of assets pursuant to the closing out of the plan only if—

"(I) the period described in clause (ii) has expired, and

"(II) the plan administrator has not received such a notice of noncompliance from the corporation during such period.

"(E) In connection with the final distribution of assets pursuant to the closing out of the plan, the plan administrator shall distribute plan assets in accordance with section 4044 by—

"(i) purchasing irrevocable commitments to provide when due all benefits described in subparagraph (A) to all participants and beneficiaries, or

"(ii) otherwise fully satisfying the obligation to provide when due all such benefits in accordance with the provisions of the plan and any applicable regulations of the corporation.

"(F)(i) With respect to plans described in this subparagraph, a final distribution of assets cannot occur until the corporation (I) determines that the assets of the plan are sufficient to provide when due all final benefit obligations, and (II) issues a notice of sufficiency.

"(ii) A plan is described in this subparagraph if—

"(I) the plan has filed—

"(aa) a notice of intent to terminate with the corporation before the date of enactment of the Single-Employer Pension Plan Amendments Act of 1985 and for which the corporation has not issued a notice of sufficiency before such date of enactment in accordance with this subsection as in effect prior to such date of enactment, or

"(bb) a notice of intent to terminate in a standard termination with the corporation on or after such date of enactment and before March 1, 1986, and

"(II) the lesser of 10 participants or 10 percent of the participants under the plan have filed complaints with the corporation regarding such termination within 15 days of such date of enactment for plans described in subdivision (aa) or within 45 days of the filing of the notice described in subdivision (bb).

"(iii)(I) Except as provided in subclause (II), the corporation shall consider and respond to such complaints no later than 90 days after the date the corporation makes the determination described in clause (i)(I). The corporation may hold an informal hearing to expedite consideration of such complaints. Any such hearing shall be exempt from the requirements of chapter 5 of part I of title 5, United States Code.

"(II) In the case of a plan described in subclause (ii)(I)(aa) that has been granted an extension at the request of the corporation pursuant to section 4041(d) as in effect prior to the date of enactment of the Single-Employer Pension Plan Amendments Act of 1985, because of circumstances wholly within the control of the corporation, the period within which the corporation shall consider and respond to such complaints shall be 14 days.

"(iv)(I) Except as provided in subclause (II), the corporation shall not issue a notice of sufficiency in accordance with this subparagraph until 90 days after the date the corporation makes the determination described in clause (i)(I), except in the case of a plan described in clause (iii)(II) for which this period shall be 14 days.

"(II) The corporation may issue a notice of sufficiency at any time after the corporation makes the determination described in clause (i)(I) if the contributing sponsor demonstrates to the satisfaction of the corporation (except in the case of an acquisition, takeover, or leveraged buyout) that it is experiencing substantial business hardship or if the risk of loss to the corporation is increasing. For purposes of this subclause, substantial business hardship means that the contributing sponsor has been operating, and can demonstrate that it will continue to operate, at an economic loss.

"(G) The corporation shall audit a random selection of participants benefits within a plan closed out in accordance with this paragraph to ascertain whether their assets have been distributed in compliance with the requirements of this title.

"(4)(A) Except as provided in subparagraph (B), if a court of competent jurisdiction determines in a civil action after the final distribution of assets is completed that a plan has failed to discharge when due the final benefit obligations of the plan to any participant or beneficiary in accordance with paragraph (3) and the final benefit obligations are not fully satisfied by the defendant in such action within 90 days after such court issues such determination (or such additional period of time as the court may order), the final benefit obligations of a participant or beneficiary shall be—

"(i) treated by the corporation as though they were benefits provided under a single-employer plan that terminated in a distress termination under subsection (c) on the close-out date, and

"(ii) guaranteed by the corporation under section 4022 in the same manner and to the same extent as such benefits would have been guaranteed under section 4022.

"(B) The corporation may not guarantee under subparagraph (A)(ii) any portion of the final benefit obligations of a participant or beneficiary which has been discharged when due by the plan or satisfied by the defendant in the civil action described in subparagraph (A).".

(b) AMENDMENTS RELATING TO FUNDING.—

(1) Section 210 (29 U.S.C. 1060) is amended by adding at the end thereof the following new subsection:

"(e) In the case of a plan terminated in a standard termination under section 4041(b), all contributing sponsors and members of their controlled groups shall be jointly and severally liable for the minimum funding standard established under section 302(c)(11).".

(2) Section 301(c) (29 U.S.C. 1081(c)) is amended by adding at the end thereof the following new sentence: "This part applies with respect to a single-employer plan until the last day of the plan year in which the plan terminates (within the meaning of section 4041(c) or 4042) or all assets are distributed pursuant to section 4041(b).".

(3) Section 302(c) (29 U.S.C. 1082(c)) is amended by adding at the end thereof the following new paragraph:

"(11) In the case of a plan terminated in a standard termination under section 4041(b), if, for any plan year ending after such termination, the plan has insufficient assets to pay when due all benefits payable under the plan during the plan year, the accumulated funding deficiency for such plan year shall equal the greater of—

"(A) the accumulated funding deficiency determined without regard to this paragraph, or

"(B) the amount of benefits payable under the plan for that plan year and for prior plan years less the sum of—

"(i) such benefits paid for that plan year and for prior plan years, and

"(ii) the value of the plan's assets at the end of the plan year."

(4) The last sentence of section 304(b)(1) (29 U.S.C. 1084(b)(1)) is amended by inserting "or the plan is terminated other than in a standard termination pursuant to section 4041(b)" after "preceding sentence".

SEC. 993. DISTRESS TERMINATION OF SINGLE-EMPLOYER PLANS.

(a) IN GENERAL.—Section 4041 (29 U.S.C. 1341) (as amended by sections 991 and 992 of this Act) is further amended by inserting after subsection (b) the following new subsection:

"(c)(1)(A)(i) A single-employer plan may terminate in a distress termination only if—

"(I) the plan administrator files with the corporation a notice of intent to terminate the plan in a distress termination as of a proposed termination date and such date is not earlier than 10 days after the date of the filing of such notice, and such notice includes information that the corporation may require; and

"(II) the plan administrator receives from the corporation a notice that the corporation has determined that one of the requirements described in paragraph (2)(A) has been met.

"(ii) On or before the date of the filing of the notice, the plan administrator shall—

"(I) notify each plan participant that such notice of intent to terminate has been or will be filed, and

"(II) provide a copy of the notice of intent to terminate to each employee organization (within the meaning of section 3(4) of this Act) representing participants under such plan as of such date.

"(B)(i) Such distress termination shall be effective as of the termination date specified under section 4048(a).

"(ii) For purposes of subparagraph (A)(ii)(II), in the case of a notice of intent to terminate under this subsection that must be provided to an employee organization, the required notice shall be provided to—

"(I) the person who has been designated by the employee organization to receive notice under the collective bargaining agreement or the plan, or

"(II) such other person as the employee organization may designate in writing.

"(2)(A) In order to terminate a plan in a distress termination, the plan administrator must demonstrate to the satisfaction of the corporation that the requirements of any of the following clauses have been met:

"(i) The contributing sponsors and the substantial members of their controlled groups (if any) have each filed, or have had filed against them, as of the termination date, a petition seeking liquidation in a case under title 11, United States Code (or under any similar law of a State or political subdivision of a State) which has not, as of the termination date, been dismissed or converted to a case under chapter 11 of such title (or under any similar law of a State or political subdivision of a State) in which reorganization is sought.

"(ii)(I) The contributing sponsors and the substantial members of their controlled groups (if any) have each filed, or have had filed against them, as of the termination date a petition seeking reorganization in a case under title 11, United States Code (or under any similar law of a State or political subdivision of a State) which has not, as of the termination date, been dismissed; and

"(II) the bankruptcy court approves the termination.

"(iii) A contributing sponsor provides to the corporation substantial evidence that, unless a distress termination occurs, the contributing sponsors and the substantial members of such sponsors' controlled groups (if any) will each be unable to pay their respective debts when due and will be unable to continue in business.

"(B)(i) For purposes of this paragraph, the term 'substantial member' means, with respect to a controlled group, a person whose assets comprise at least 5 percent of the total assets of the controlled group.

"(ii) Such term includes any member of the controlled group who does not meet the requirements of clause (i) but did meet such requirements for purposes of subparagraphs (A)(i) and (A)(ii), as of the date of the filing of the petition referred to therein.

"(3)(A)(i) Not later than 90 days after the date on which the corporation determines that the requirements of one or more of the clauses of paragraph (2)(A) have been met (or such extended period of time as may be provided for pursuant to subparagraph (D)), the corporation shall make a determination under subparagraph (B) or (C).

"(ii) The plan administrator may not distribute plan assets pursuant to the termination unless and until the plan administrator receives a notification under subparagraph (B).

"(B)(i) If the corporation finds under subparagraph (A) that plan assets are sufficient to pay when due all basic benefits under the plan, the corporation shall notify the plan administrator of such finding as soon as practicable after such finding.

"(ii) If a plan administrator receives a notice under clause (i), such administrator shall distribute the assets of the plan in accordance with section 4044 and regulations of the corporation.

"(C)(i) If the corporation finds under subparagraph (A) that it is unable to determine that plan assets are sufficient to pay when due all basic benefits under the plan, the corporation shall notify the plan administrator as soon as practicable after such finding.

"(ii) If the corporation issues a notice under clause (i), the corporation shall institute proceedings under section 4042.

"(iii) If a plan administrator receives a notice under clause (i), such administrator shall refrain from taking any action to carry out the proposed termination under this subsection.

"(D)(i) The 90-day period referred to in subparagraph (A) may be extended—

"(I) by a written agreement signed by the corporation and the plan administrator before the expiration of the 90-day period, or

"(II) by court order requested by the corporation and issued by an appropriate court (as defined in section 4042(g)).

"(ii) Such 90-day period may be further extended—

"(I) by subsequent written agreements signed by the corporation and the plan administrator before the expiration of any existing extension, or

"(II) by subsequent order of the court.

"(iii) Any extension of such 90-day period may be made upon such terms and conditions (including the payment of benefits) as are agreed upon by the corporation and the plan administrator or as are specified in the court order.

"(4)(A) Upon the filing of a notice of intent to terminate under paragraph (1)(A), the plan administrator—

"(i) shall pay benefits attributable to employer contributions, other than death benefits, only in the form of an annuity, and

"(ii) may not use plan assets to purchase irrevocable commitments to provide benefits from an insurer.

"(B) If the plan administrator knows or has reason to know that plan assets are not sufficient to pay when due benefits guaranteed under this title, the plan administrator shall limit the payment of benefits (in accordance with regulations of the corporation) so that the amount of such payment is equal to the sum of—

"(i) the estimated amount of benefits of the plan which are guaranteed by the corporation, and

"(ii) the estimated amount of other benefits to which plan assets are allocated under section 4044.

"(5) If a single-employer plan has been terminated under a distress termination solely on the basis of the filing of a petition seeking liquidation in a case under title 11, United States Code (or under a similar law of a State or a political subdivision of a State) as provided in paragraph (2)(A)(ii) and such case is dismissed or converted to a case under chapter 11 of such title (or under a similar law of a State or a political subdivision of a State) in which reorganization is sought, unless the corporation determines that such restoration is impracticable, the distress termination shall be void and the plan shall be restored to pretermination status (effective as of the termination date).".

(b) CONFORMING AMENDMENTS.—Section 4041(e) (as redesignated by section 991(a)(2) of this Act is amended—

(1) by striking out "subsection (a)" and inserting in lieu thereof "this section"; and

(2) by inserting "in a standard termination" after "terminated".

SEC. 994. APPOINTMENT OF RECEIVERS; CLARIFICATION OF AMOUNTS DUE THE CORPORATION; MEMBERSHIP OF SECTION 4042 TRUSTEE ON CREDITORS COMMITTEES.

(a) APPOINTMENT OF RECEIVERS BY THE CORPORATION.—Section 4004 (29 U.S.C. 1304) is amended—

(1) by striking out the caption and inserting in lieu thereof the following:

"APPOINTMENT OF RECEIVERS BY THE CORPORATION",

(2) by striking out "described in section 4042, appoint" in the first sentence of subsection (a) and inserting in lieu thereof "that—

"(1) the plan has not met the minimum funding standard required under section 412 of the Internal Revenue Code of 1954, or has been notified by the Secretary of the Treasury that a notice of deficiency under section 6212 of such Code has been mailed with respect to the tax imposed under section 4971(a) of such Code,

"(2) the plan is unable to pay benefits when due, or

"(3) the plan has been abandoned,

appoint", and

(3) by striking out subsections (e) and (f).

(b) CLARIFICATION OF AMOUNTS DUE THE CORPORATION.—Section 4042(d)(1)(B)(ii) (29 U.S.C. 1342(d)(1)(B)(ii)) is amended by inserting before the semicolon at the end thereof the following: ", including the collection of such amounts from the persons obligated to meet the requirements of section 302 of this Act, section 412 of the Internal Revenue Code of 1954, or the terms of the plan".

(c) MEMBERSHIP OF SECTION 4042 TRUSTEE ON CREDITORS COMMITTEES.—Section 4042 (29 U.S.C. 1342) is further amended by adding at the end thereof the following new subsection:

"(i)(1) A trustee appointed under subsection (b) or (c) shall have the power to serve as a member on—

"(A) any committee of creditors in any proceeding under title 11, United States Code, or

"(B) any proceeding to effect a composition, extension, settlement, or assignment with or for the benefit of creditors.

"(2) If the corporation serves as trustee under subsection (b) or (c), it shall be considered, for purposes of such title 11, to be a person (within the meaning of section 101(30) of such title 11).".

SEC. 995. RESTORATION OF PLANS TERMINATED UNDER STANDARD OR DISTRESS TERMINATIONS.

Section 4047 (29 U.S.C. 1347) is amended by adding at the end thereof the following new sentence: "Under regulations which the corporation may prescribe with respect to the procedure to be followed, the plan administrator may at any time take such actions as are necessary to restore a plan which has been terminated under section 4041 to its status before the termination, except that no plan which has been terminated in a distress termination under section 4041(c) may be so restored without the prior approval of the corporation.".

SEC. 996. AMENDMENTS TO PRIMARY LIABILITY PROVISIONS.

(a) PART 1 OF SUBTITLE D OF TITLE IV.—Subtitle D of title IV (29 U.S.C. 1361 et seq.) is amended—

(1) by amending the subtitle heading to read as follows:

"SUBTITLE D—OBLIGATIONS OF THE CORPORATION; LIABILITY OF EMPLOYERS AND OTHER PERSONS";

and

(2) by inserting after the subtitle heading the following:

"Part 1—Obligations of the Corporation; Primary Liability for Single-Employer Plan Termination".

(b) LIABILITY FOR DISTRESS TERMINATIONS AND TERMINATIONS BY THE CORPORATION.—Section 4062 (29 U.S.C. 1362) is amended to read as follows:

"LIABILITY TO THE CORPORATION FOR TERMINATION OF SINGLE-EMPLOYER PLANS UNDER A DISTRESS TERMINATION OR A TERMINATION BY THE CORPORATION

"SEC. 4062. (a)(1) Any person who is, on the termination date of a single-employer plan terminated under section 4041(c) or 4042, a contributing sponsor of such plan or a member of such sponsor's controlled group shall incur liability as provided in this section.

"(2) If two or more persons are liable under this section in connection with such a termination and are, on the termination date, under common control, each person shall be jointly and severally liable under this section.

"(b)(1)(A) Except as provided in paragraph (2), a person described in subsection (a) shall be liable to the corporation (with interest calculated from the termination date) in an amount equal to the sum of—

"(i) an amount (in cash or securities acceptable to the corporation) equal to the outstanding balance (determined as of the termination date) of any accumulated funding deficiencies (within the meaning of section 302(a)(2) of this Act and section 412(a) of the Internal Revenue Code of 1954) of the plan, including any amounts that would have been due but for a waiver or an extension of an amortization period, and

"(ii) the amount of the unfunded guaranteed benefits under the plan (as of the termination date), determined after taking into account the value of any amounts described in clause (i).

"(B) The amount of liability described in subparagraph (A) shall be due and payable as of the termination date of the plan.

"(C) For purposes of subparagraph (A)(ii), in determining the amount of unfunded guaranteed benefits, the cost of administrative services related to termination of the plan (without regard to the date incurred) shall be subtracted when computing the current value of assets of the plan allocated to benefits.

"(D) For purposes of this paragraph, in any case in which a waiver of the minimum funding standards under section 303 of this Act and section 412(d) of the Internal Revenue Code of 1954 or an extension of an amortization period under section 304 of this Act and section 412(e) of such Code is requested with respect to a single-employer plan for a plan year ending on or after the date of enactment of the Single-Employer Pension Plan Amendments Act of 1985, and such request has been neither granted nor denied (as of the termination date), the amount of the increase in the plan's accumulated funding deficiency under section 302 of this Act and section 412 of such Code which would result if the request is denied shall be considered an increase in the plan's accumulated funding deficiency.

"(2)(A) If the amount described in paragraph (1)(A)(ii) is greater than 30 percent of the sum of the individual net worth of all persons who each have a net worth greater than zero and who are (as of the termination date) contributing sponsors of the terminated plan or members of their controlled groups, a person described in subsection (a) shall be liable to the corporation (in lieu of the amount described in paragraph (1)(A)(ii) and not to exceed, in the aggregate, such amount plus interest accrued from the termination date) in an amount equal to the sum of—

"(i) such 30-percent amount plus interest accrued from the termination date (payable only in cash or securities acceptable to the corporation), and

"(ii) the annual liability payments required under subparagraph (C).

"(B) For purposes of subparagraph (A), determinations of net worth shall be—

"(i) made as of a day chosen by the corporation (but not more than 120 days before the termination date), and

"(ii) computed without regard to any liability under this section.

"(C)(i)(I) Each person whose liability is determined under this paragraph shall be liable to the corporation, for each of the liability payment years described in clause (ii), in an amount equal to 10 percent of the sum of the individual pretax profits of all persons who are liable under this section in connection with the plan termination, and who have a profit, for their respective fiscal years ending during such liability payment year.

"(II) Notwithstanding subclause (I), the liability to the corporation of any such person under this subparagraph for any liability payment year is satisfied upon receipt by the corporation of liability payments under this subparagraph for such liability payment year in connection with the same plan termination which equal, in the aggregate, such 10-percent amount.

"(ii) The liability payment years referred to in clause (i) are the 10 consecutive 1-year periods beginning with the earlier of—

"(I) the first 1-year period beginning 1 year after the end of the last plan year preceding the termination date in which any person liable under this section in connection with the plan termination earns a pretax profit, or

"(II) the fourth 1-year period beginning 1 year after the end of the last plan year preceding the termination date.

Notwithstanding the preceding provisions of this subparagraph, all liability of any person under this paragraph may be satisfied at any time by payment of any outstanding balance of the total amount of liability described in paragraph (1)(A)(ii) together with any accrued interest.

"(D)(i) The amount of liability referred to in subparagraph (A)(i) shall be due and payable as of the termination date.

"(ii) A person's liability for each annual liability payment referred to in subparagraph (A)(ii) for a liability payment year shall—

"(I) accrue as of the end of such year, and

"(II) be paid (with interest accrued from the end of such year) not later than 30 days after the latest date on which any such person files a Federal income tax return for a fiscal year ending during such liability payment year.

"(E) The corporation and any person liable under this section may agree to alternative arrangements for the satisfaction of the liability for which payments are required under subparagraph (A)(ii).

"(c)(1) For purposes of subsection (b)(2), the net worth of an employer shall be—

"(A) determined on whatever basis best reflects, in the determination of the corporation, the current status of the employer's operations and prospects at the time chosen for determining the net worth of the employer, and

"(B) increased by the amount of any transfers of assets made by the employer determined by the corporation to be improper under the circumstances, including any such transfers which would be inappropriate under title 11, United States Code, if the employer were the subject of a proceeding under such title.

"(2)(A) For purposes of subsections (b)(2), the term 'pretax profits' means—

"(i) except as provided in clause (ii), in the case of any fiscal year of any person, such person's consolidated net income (excluding any extraordinary charges to income and including any extraordinary credits to income) for such fiscal year, as shown on audited financial statements prepared in accordance with generally accepted accounting principles, or

"(ii) in the case of any fiscal year of an organization described in section 501(c) of the Internal Revenue Code of 1954, the excess of income over expenses (as such terms are defined for such organizations under generally accepted accounting principles).

"(B) Such profits shall be calculated before provision for or deduction of—

"(i) Federal or other income tax,

"(ii) any contribution to any single-employer plan of which such person is a contributing sponsor at any time during the period beginning on the termination date and ending with the end of such fiscal year, and

"(iii) any amounts required to be paid for such fiscal year under this section.

"(C) The corporation may by regulation require such information to be filed on such forms as may be necessary to determine the existence and amount of such pretax profits.

"(d) If an employer ceases operations at a facility in any location and, as a result of such cessation of operations, more than 20 percent of the total number of the employees of the employer who are participants under a plan established and maintained by the employer are separated from employment, the employer shall be treated with respect to that plan as if the employer were a substantial employer under a plan under which more than one employer makes contributions and the provisions of sections 4063, 4064, and 4071 shall apply.".

(c) LIABILITY FOR FAILURE TO SATISFY FINAL BENEFIT OBLIGATIONS UNDER STANDARD TERMINATION.—Subtitle D of title IV (29 U.S.C. 1361 et seq.) is amended—

(1) by redesignating sections 4065 through 4068 (29 U.S.C. 1365 through 1368) as sections 4071 through 4074, respectively;

(2) by inserting after section 4064 (29 U.S.C. 1364) the following new section:

"LIABILITY FOR FAILURE TO SATISFY FINAL BENEFIT OBLIGATION UNDER STANDARD TERMINATION

"SEC. 4065. If a court of competent jurisdiction determines in a civil action after the final distribution of assets is completed pursuant to the closing out of a plan terminated in a standard termination under section 4041(b) that the plan has failed to discharge when due the final benefit obligations of the plan to any participant or beneficiary in accordance with section 4041(b)(3), and the final benefit obligations are not fully satisfied by the defendant in such action, any person who was (as of the termination date of such plan) a contributing sponsor of the plan or a member of such sponsor's controlled group shall be liable—

"(1) to the corporation for all final benefit obligations which the corporation guarantees under section 4022 in accordance with section 4041(b)(4), and

"(2) to each participant or beneficiary for any final benefit obligations which are not otherwise guaranteed by the corporation, discharged when due by the plan, or satisfied by the defendant in such action."; and

(3) by inserting after section 4065 (as added by clause (2)) the following: "Part 2—Administration and Enforcement".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to—

(1) terminations with respect to which section 4041(c) of the Employee Retirement Income Security Act of 1974 (as amended by section 993 of this Act); applies, and

(2) terminations under section 4042 of such Act with respect to which proceedings are instituted on or after the date of the enactment of this Act.

SEC. 997. LIABILITY TO PARTICIPANTS AND BENEFICIARIES UPON A DISTRESS TERMINATION OR TERMINATION BY THE CORPORATION.

(a) Each person who is, on the termination date of a single-employer plan terminated under section 4041(c) or 4042, a contributing sponsor of such plan or a member of such sponsor's controlled group shall, for any year following the date of termination in which such contributing sponsor or member of a control group earns a pretax profit, be liable to participants and beneficiaries of the terminated plan for that portion of their final benefit obligations (if any), which are not otherwise paid by the corporation for the plan. The liability of any contributing sponsor or member of a control group under this paragraph for any year shall not exceed 5 percent of such person's pretax profit. The liability of any person liable under this subsection shall run for the 10-year period described in 4062 (b)(2)(C)(ii).

(b) Any payment made in accordance with this section shall be treated as a contribution under section 404(g) of the Internal Revenue Code of 1954, as amended.

SEC. 998. EFFECT OF CORPORATE REORGANIZATION.

Subtitle D of title IV (as amended by section 996(c)(1) of this Act) is further amended by adding after section 4074 the following new section:

"EFFECT OF CORPORATE REORGANIZATION

"SEC. 4075. For purposes of this subtitle, the following rules apply in the case of certain corporate reorganizations:

"(1) If a person ceases to exist by reason of a reorganization which involves a mere change in identity, form, or place of organization, however effected, a successor corporation resulting from such reorganization shall be treated as the person to whom this subtitle applies.

"(2) If a person ceases to exist by reason of liquidation into a parent corporation, the parent corporation shall be treated as the person to whom this subtitle applies.

"(3) If a person ceases to exist by reason of a merger, consolidation, or division, the successor corporation or corporations shall be treated as the person to whom this subtitle applies.".

SEC. 999. CONFORMING, CLARIFYING, TECHNICAL, AND MISCELLANEOUS AMENDMENTS.

(a) CONFORMING AMENDMENTS RELATING TO PLAN TERMINATIONS.—

(1) CREDITS TO PENSION BENEFIT GUARANTY FUNDS.—Section 4005(b)(1)(C) (29 U.S.C. 1305 (b)(1)(C)) is amended by inserting "terminated under section 4041(c) or" after "a plan".

(2) ESTIMATED BENEFITS FOR CERTAIN SINGLE-EMPLOYER PLANS.—Section 4005(b)(2) (29 U.S.C. 1305(b)(2)) is amended—

(A) by striking out "and" at the end of subparagraph (C);

(B) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof ", and"; and

(C) by adding at the end thereof the following:

"(E) to pay to participants and beneficiaries the estimated amount of benefits which are guaranteed by the corporation under this title and the estimated amount of other benefits to which plan assets are allocated under section 4044, under single-employer plans which are unable to pay benefits when due or which are abandoned.".

(3) APPROVAL BY JOINT RESOLUTION OF RECOMMENDATIONS OF THE PENSION BENEFIT GUARANTY CORPORATION.—

(A) The last sentence of section 4006(a)(2) (29 U.S.C. 1306(a)(2)) is amended by striking out "the Congress approves such revised schedule by a concurrent resolution" and inserting in lieu thereof "a joint resolution approving such revised schedule is enacted"

(B) Section 4006 (a)(4) (29 U.S.C. 1306(a)(4)) is amended by striking out "approval by the Congress" and inserting in lieu thereof "the enactment of a joint resolution".

(C) Section 4006(b)(3) (29 U.S.C. 1306 (b)(3)) is amended (i) by striking out "concurrent" and inserting in lieu thereof "joint"; (ii) by striking out "That the Congress favors the" and inserting in lieu thereof "The"; and (iii) by inserting "is approved" after the blank space.

(D) Section 4022A(f)(2)(B) (29 U.S.C. 1322a(f)(2)(B)) is amended by striking out "Congress by concurrent resolution" and inserting in lieu thereof "enactment of a joint resolution".

(E) Section 4022A(f)(2)(C) (29 U.S.C. 1322a(f)(2)(C)) is amended by striking out "approved" and inserting in lieu thereof "enacted".

(F) Section 4022A(f)(3)(B) (29 U.S.C. 1322a(f)(3)(B)) is amended by striking out "Congress by a concurrent resolution" and inserting in lieu thereof "enactment of a joint resolution".

(G) The first sentence of section 4022A(f)(4)(A) (29 U.S.C. 1322a(f)(4)(A) is amended by striking out "concurrent" and inserting in lieu thereof "joint".

(H) Section 4022A(f)(4)(B) (29 U.S.C. 1322a(f)(4)(B)) is amended (i) by striking out "concurrent" each place it appears and inserting in lieu thereof "joint"; (ii) by striking out "That the Congress favors the" and inserting in lieu thereof "The"; and (iii) by inserting "is approved" after the blank space.

(I) Section 4022A(g)(4)(A)(ii) (29 U.S.C. 1322a(g)(4)(A)(ii)) is amended (i) by striking out "concurrent" and inserting in lieu thereof "joint"; and (ii) by striking out "adopted" and inserting in lieu thereof "enacted".

(J) Section 4022A(g)(4)(B) (29 U.S.C. 1322a(g)(4)(B)) is amended (i) by striking out "That the Congress disapproves the" and inserting in lieu thereof "The"; and (ii) by inserting "is disapproved" after the blank space.

(4) BENEFITS NOT GUARANTEED UNDER STANDARD TERMINATION.—Subsections (a) and (b) of section 4022 (29 U.S.C. 1322) are amended by inserting "under section 4041(c) or 4042" after "terminates" each place it appears.

(5) APPLICABILITY OF ASSET ALLOCATION RULES.—Section 4044 (29 U.S.C. 1344) is amended—

(A) by inserting "under section 4041(c) or 4042, or in the case of the closing out of a plan under section 4041(b)(3)" after "single employer defined benefit plan" in the matter preceding paragraph (1) of subsection (a);

(B) in the first sentence of subsection (c)—

(i) by striking out "the later of (1)",

(ii) by striking out "or (2)" and inserting in lieu thereof "and ending on", and

(iii) by inserting "under section 4041(c) or 4042" after "is terminated"; and

(C) by inserting "under section 4041(c) or 4042" after "is terminated" in the second sentence of subsection (c).

(6) TERMINATION DATE.—Section 4048(a) (29 U.S.C. 1348(a)) is amended—

(A) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively;

(B) by inserting before paragraph (2) (as redesignated) the following new paragraph:

"(1) in the case of a plan terminated in a standard termination in accordance with the provisions of section 4041(b), the date specified in the notice of intent to terminate,";

(C) in paragraph (2) (as redesignated)—

(i) by inserting "in a distress termination" after "terminated"; and

(ii) by striking out "section 4041" and inserting in lieu thereof "section 4041(c)"; and

(D) by striking out "in accordance with the provisions of either section" in paragraph (4) (as redesignated) and inserting in lieu thereof "under section 4041(c) or 4042".

(7) ADDITIONAL AMENDMENTS TO LIABILITY PROVISIONS.—

(A) Section 4063(c) (29 U.S.C. 1363(c)) is amended—

(i) by inserting "under section 4041(c) or 4042" after "terminated" in paragraph (2); and

(ii) by inserting "under section 4041(c) or 4042" after "terminates" in the matter preceding subparagraph (A) of paragraph (3).

(B) Section 4064(a) (29 U.S.C. 1364(a)) is amended by inserting "under section 4041(c) or 4042" after "terminated".

(C) Section 4073 (as redesignated by section 996(c)(1) of this Act) is amended—

(i) by inserting ", contributing sponsors, and members of such sponsors' controlled groups," after "employers"; and

(ii) by inserting "of amounts of liability to the corporation accruing as of the termination date" after "deferred payment".

(D)(i) Section 4074 (as redesignated by section 996(c)(1) of this Act) is amended—

(I) in subsection (a), (aa), by striking out "employers" the first place it appears and inserting in lieu thereof "person"; (bb) by striking out "neglect or refuse" and inserting in lieu thereof "neglects or refuses"; and (cc) by striking out "employer or employers" and inserting in lieu thereof "person";

(II) by striking out "employer" in subsection (d)(1) and inserting in lieu thereof "liable person";

(III) by striking out "employer" each place it appears in subsection (d)(2) and inserting in lieu thereof "liable person"; and

(IV) by striking out "employer or employers" in subsection (e) and inserting in lieu thereof "liable person".

(ii) Paragraph (1) of section 4074(c) (as redesignated by section 996(c)(1) of this Act) is amended to read as follows:

"(1)(A) Except as otherwise provided under this section, the priority of a lien imposed under subsection (a) shall be determined in the same manner as under section 6323 of the Internal Revenue Code of 1954 with respect to liens thereunder.

"(B) For purposes of this section, section 6323 of such Code shall be applied by substituting—

"(i) 'lien imposed by section 4074 of the Employee Retirement Income Security Act of 1974' for 'lien imposed by section 6321' each place it appears in subsections (a), (b)(c)(1), (c)(4)(B), (d), (e), and (h)(5),

"(ii) 'the Pension Benefit Guaranty Corporation' for 'the Secretary' in subsections (a) and (b)(9)(C),

"(iii) 'the payment of the amount on which the lien is based' for 'the collection of any tax under this title' in subsection (b)(3),

"(iv) 'the person whose property is subject to the lien' for 'the taxpayer' in subsections (b)(8), (c)(2)(A)(i) (the first place it appears), (c)(2)(A)(ii), (c)(2)(B), (c)(4)(B), and (c)(4)(C) (in the matter preceding clause (i)),

"(v) 'such person' for 'the taxpayer' in subsections (c)(2)(A)(i) (the second place it appears) and (c)(4)(C)(ii),

"(vi) 'payment of the loan value is made to the corporation' for 'satisfaction of a levy pursuant to section 6332(b)' in subsection (b)(9)(C),

"(vii) 'section 4074 lien' for 'tax lien' each place it appears in subsections (c)(1), (c)(2)(A), (c)(2)(B), (c)(3)(B)(iii), (c)(4)(B), (d), and (h)(5),

"(viii) 'the date on which the lien is first filed' for 'the date of the assessment of the tax' in subsection (g)(3)(A), and

"(ix) 'if the lien arising under section 4075(a) of the Employee Retirement Income Security Act of 1974 is first filed before January 1, 1986, the first required refiling period shall be the calendar year 1991' for 'if the assessment of the tax was made before January 1, 1962, the first required filing period shall be the calendar year 1967' in subsection (g)(4).".

(b) ADDITIONAL AMENDMENTS.—

(1) Section 3 (29 U.S.C. 1002) is amended by adding at the end thereof the following new paragraph:

"(41) The term 'single-employer plan' means any pension plan which is not a multiemployer plan.".

(2) Part (4) of subtitle B of title I is amended by inserting after section 413 (29 U.S.C. 1113) the following new section:

"LIMITATION ON DEPARTMENT OF LABOR REGULATIONS

"SEC. 413A. (a)(1) Except as a defense, no regulation issued pursuant to the Department of Labor's proposed regulation defining 'plan assets' for purposes of this Act (50 Fed. Reg. 961, January 8, 1985, as modified by 50 Fed. Reg 6361, February 15, 1985) shall apply to any assets of a real estate entity in which a plan subject to this Act invests if—

"(A) interests in the entity are first offered to plans subject to this Act on or before a date 120 days after the date of the Department of Labor's publication of such final regulation;

"(B) no plan acquires an interest in the entity at any time on or after a date 270 days after the date of publication of such final regulation (except pursuant to a contract binding on the plan entered into before the expiration of such 270-day period); and

"(C) every interest in the entity acquired by a plan before the expiration of such 270-day period is a security which is held by 100 or more persons, freely transferable and part of a class of securities that is registered under the Securities Act of 1933 (15 U.S.C. 77a et seq.) and the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.) (or a class of securities that is registered under the Securities Act of 1933 and which subsequently is registered under the Securities and Exchange Act of 1934 as soon as practicable after the issuance of such securities).

"(2) No asset of any entity described in paragraph (1) shall be treated as an asset of any plan for any purpose under this Act if the assets of such entity would not have been assets of such plan under the provisions of Interpretive Bulletin 75-2 (29 C.F.R. §2509.75-2) or under the provisions of the regulations proposed by the Department of Labor and published—

"(A) on August 28, 1979, at 44 Fed. Reg. 50363,

"(B) on June 6, 1980, at 45 Fed. Reg. 38084,

"(C) on January 8, 1985, at 50 Fed. Reg. 961, or

"(D) on February 15, 1985, at 50 Fed. Reg. 6361,

without regard to any limitation of any effective date proposed therein.

"(b) For purposes of this section—

"(1) The term 'real estate entity' means an entity which is—

"(A) registered with the Securities and Exchange Commission;

"(B) is owned by more than 100 investors, and;

"(C) at least 75 percent of the value of net assets available for investment consists of direct or indirect ownership of 'real estate assets' or 'interests in real property' at any time within two years of the closing of its offering period.

"(2) The term 'real estate assets' means—

"(A) real property (including interests in real property and interests in mortgages on real property); or

"(B) shares (or transferable certificates of beneficial interest) in other real estate entities.

"(3) The term 'interests in real property' includes—

"(A) direct or indirect fee ownership and co-ownership and mortgages of land or improvements thereon;

"(B) leaseholds of land or improvements thereon;

"(C) options to acquire land or improvements thereon; and

"(D) options to acquire leaseholds of land or improvements thereon,

but it does not include mineral, oil, and gas royalty interests.

"(c) Nothing in this section shall limit the authority of the Department of Labor to issue regulations or otherwise interpret section 3(21) of this Act.".

(3) Section 105 (29 U.S.C. 1025) is amended by adding at the end thereof the following new subsection:

"(e) In the case of a standard termination of a single employer defined benefit plan, at the same time as the plan administrator notifies any participant or beneficiary of the benefits to which such participant or beneficiary is entitled upon such termination, the plan administrator shall notify the participant or beneficiary of the information that was used in computing the amount of such benefits, including—

"(1) the length of service,

"(2) the age of the participant or beneficiary,

"(3) wages, and

"(4) such other information as the corporation may require.".

(4) The first sentence of section 4003(f) (29 U.S.C. 1303(f)) is amended by striking out "employee" and inserting in lieu thereof "employer".

(5) Section 4005 (29 U.S.C. 1305) is amended by adding at the end thereof the following new subsection:

"(g) Any stock issued by a person liable to the corporation under this title which is paid to the corporation by such person in satisfaction of such person's liability under this title may be voted only by the corporation's custodial trustees or outside money managers.".

(6) The second sentence of section 4022(b)(7) (29 U.S.C. 1322(b)(7)) is amended by striking out "following" and inserting in lieu thereof "beginning with".

(7) Section 4042(d)(3) (29 U.S.C. 1342(d)(3)) is amended by striking out "same duties as a trustee appointed under section 47 of the Bankruptcy Act" and inserting in lieu thereof "same duties as those of a trustee under section 704 of title 11, United States Code".

(8) Section 4044(a)(4) (29 U.S.C. 1344(a)(4)) is amended—

(A) by striking out "section 4022(b)(5)" in subparagraph (A) and inserting in lieu thereof "section 4022B(a)"; and

(B) by striking out "section 4022(b)(6)" in subparagraph (B) and inserting in lieu thereof "section 4022(b)(5)".

(9) Paragraph (2) of section 4074(c) (as redesignated by section 996(c)(1) of this Act) is amended to read as follows:

"(2)(A)(i) In any case subject to title 11, United States Code, any lien imposed under this section and perfected shall be treated as securing an allowed claim under section 506 of such title, subject only to the limitations imposed by section 6323 of the Internal Revenue Code of 1954.

"(ii) The lien and perfection of the lien shall be treated as a fixing of a statutory lien that is not avoidable under section 545 of title 11, United States Code.

"(B) Any claim for the amount of liability under sections 4062, 4063, or 4064 (including interest) for which a lien has not been perfected shall be treated in the same manner as a claim for a tax on income having priority under section 503(b)(1)(B) or section 507(a)(7) of title 11, United States Code.

"(C) For purposes of section 3713 of title 31, United States Code—

"(i) any claim for the amount of liability under sections 4062, 4063, or 4064 (including interest) shall be treated in the same manner as a claim of the United States, and;

"(ii) any lien imposed under this section shall be treated in the same manner as a lien securing a claim of the United States.".

(10) Section 4074(e) (as redesignated by section 996(c)(1) of this Act) is amended by striking out ", with the consent of the board of directors,".

SEC. 999A. AMENDMENTS TO THE TABLE OF CONTENTS OF ERISA.

The table of contents in the first section is amended—

(1) by inserting after the item relating to section 413 the following new item:

"Sec. 413A. Limitation on Department of Labor regulations.";

(2) by striking out the item relating to section 4004 and inserting in lieu thereof the following new item:

"Sec. 4004. Appointment of receivers by the corporation.";

and

(3) by striking out the items relating to subtitle D of title IV and inserting in lieu thereof the following new items:

"Subtitle D—Obligations of the Corporation; Liability of Employers and Other Persons

"PART 1—OBLIGATIONS OF THE CORPORATION; PRIMARY LIABILITY FOR SINGLE-EMPLOYER PLAN TERMINATION

"Sec. 4061. Amount payable by the corporation.

"Sec. 4062. Liability to the corporation for termination of single-employer plans under a distress termination or a termination by the corporation.

"Sec. 4063. Liability of substantial employer for withdrawal.

"Sec. 4064. Liability of employers on termi-

nation of plan maintained by more than one employer.
"Sec. 4065. Liability for failure to satisfy final benefit obligation under standard termination.

"PART 2—ADMINISTRATION AND ENFORCEMENT

"Sec. 4071. Annual report of plan administrator.
"Sec. 4072. Annual notification to substantial employers.
"Sec. 4073. Recovery of employer liability for plan termination.
"Sec. 4074. Lien for liability of employer.
"Sec. 4075 Effect of corporate reorganization.".

SEC. 999B. EFFECTIVE DATE.

Except as otherwise provided in this title, this part and the amendments made by this part shall become effective on the date of the enactment of this Act.

SEC. 999C. STUDIES.

(a)(1) As soon as practicable after the date of enactment of this Act, the Secretary of Labor shall conduct a study of terminations to which section 4044(d) applies.

(2) No later than February 1, 1986, the Secretary shall submit a report on the study conducted under paragraph (1), together with any recommendations for statutory changes, to the chairmen of the Committee on Ways and Means of the House of Representatives and the Committee on Labor and Human Resources and the Committee on Finance of the Senate.

(b)(1) As soon as practicable after the date of enactment of this Act, the Pension Benefit Guaranty Corporation shall conduct a study on the purchase of insurance contracts from an insurer in satisfaction of all final benefit obligations under title IV.

(2) No later than one year after the date of enactment of this Act, the Pension Benefit Guaranty Corporation shall submit a report on the study conducted under paragraph (1) to the chairman of the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives and the Committee on Labor and Human Resources and the Committee on Finance of the Senate.

TITLE X—COMMITTEE ON SMALL BUSINESS

TABLE OF SECTIONS

Sec. 1001. Small Business Administration program levels.
Sec. 1002. Business lending reforms.
Sec. 1003. Guarantee fee.
Sec. 1004. Program guarantee authority.
Sec. 1005. Disaster lending reforms.
Sec. 1006. Federal Financing Bank purchase of guaranteed obligations.
Sec. 1007. Surety guarantees.
Sec. 1008. Eligibility of small businesses owned by Indian tribes.
Sec. 1009. Size standard for agricultural enterprises.
Sec. 1010. Formation of Veterans Business Resource Councils.

SMALL BUSINESS ADMINISTRATION PROGRAM LEVELS

SEC. 1001. Section 20 of the Small Business Act is amended—

(1) by adding at the end thereof the following new subsections:

"(u) The following program levels are authorized for fiscal year 1986:

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $35,000,000 in direct and immediate participation loans; and of such sums, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), and $20,000,000 in loans to be made only to disabled veterans, and veterans of the Vietnam era, as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72.

"(2) For the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $2,930,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $15,000,000 in loans as provided in paragraph (12), and $200,000,000 in loans as provided in paragraph (13) and guarantees and debentures as provided in section 503.

"(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $250,000,000 in guarantees of debentures.

"(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $1,115,000,000.

"(5) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $150,000,000.

"(6) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(v) There are authorized to be appropriated to the Administration for fiscal year 1986, $534,000,000. Of such sum $312,000,000 shall be available for carrying out the programs referred to in subsection (u), paragraphs (1) through (3); $12,000,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $210,000,000 shall be available for salaries and expenses of the Administration.

"(w) The following program levels are authorized for fiscal year 1987:

"(1) For the programs authorized by section 7(a) of this Act, the Administration is authorized to make $35,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), and $20,000,000 in loans to be made only to disabled veterans, and veterans of the Vietnam era, as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72.

"(2) For the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $3,050,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $63,000,000 in loans as provided in paragraph (11), $16,000,000 in loans as provided in paragraph (12), and $200,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503.

"(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $261,000,000 in guarantees of debentures.

"(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $1,164,000,000.

"(5) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $157,000,000.

"(6) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(x) There are authorized to be appropriated to the Administration for fiscal year 1987, $561,000,000. Of such sum $331,000,000 shall be available for carrying out the programs referred to in subsection (w), paragraphs (1) through (3); $16,000,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $214,000,000 shall be available for salaries and expenses of the Administration.

"(y) The following program levels are authorized for fiscal year 1988:

"(1) For the programs authorized in section 7(a) of this Act, the Administration is authorized to make $35,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), and $20,000,000 in loans to be made only to disabled veterans, and veterans of the Vietnam era, as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72.

"(2) For the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $3,169,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $6,000,000 in loans as provided in paragraph (10), $65,000,000 in loans as provided in paragraph (11), $16,000,000 in loans as provided in paragraph (12), and $200,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503.

"(3) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $272,000,000 in guarantees of debentures.

"(4) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $1,213,000,000.

"(5) For the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is

authorized to enter into guarantees not to exceed $163,000,000.

"(6) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(z) There are authorized to be appropriated to the Administration for fiscal year 1988, $566,000,000. Of such sum $333,000,000 shall be available for carrying out the programs referred to in subsection (y), paragraphs (1) through (3); $15,000,000 shall be available for the purpose of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $218,000,000 shall be available for salaries and expenses of the Administration.";

(2) in subsection (t), as added by section 302 of Public Law 98-270—

(A) by inserting "(1)" after "(t)";

(B) by striking out "each of fiscal years 1985 and 1986," and inserting in lieu thereof "fiscal year 1985"; and

(C) by striking out "for each of such years"; and

(3) in subsection (t), as added by section 3 of Public Law 98-395—

(A) by striking out "(1)", "(2)", and "(3)" and inserting in lieu thereof "(A)", "(B)", and "(C)", respectively; and

(B) by striking out "(t)" and inserting in lieu thereof "(2)".

BUSINESS LENDING REFORMS

SEC. 1002. Section 7(a) of the Small Business Act is amended by striking out "90" each place it appears and inserting in lieu thereof "80".

GUARANTEE FEE

SEC. 1003. Section 7(a) of the Small Business Act is amended by adding at the end thereof the following:

"(16) The Administration shall collect a guarantee fee equal to 2 per centum of the amount of the deferred participation share of any loan under this subsection other than a loan repayable in one year or less or a loan under paragraph (13). The fee shall be payable by the participating lending institution and may be charged to the borrower.".

PROGRAM GUARANTEE AUTHORITY

SEC. 1004. Section 20(a) of the Small Business Act is amended—

(1) by inserting "(1)" after "SEC. 20. (a)"; and

(2) by adding at the end thereof the following:

"(2) Notwithstanding any other provision of law, the Administration shall enter into commitments to guarantee loans, debentures, payment of rentals, or other amounts due under qualified contracts and other types of financial assistance and enter into commitments to guarantee sureties against loss pursuant to programs under this Act and the Small Business Investment Act of 1958, in the full amounts provided by law subject only to (A) the availability of qualified applications for such guarantees, and (B) limitations contained in appropriations Acts. Nothing in this paragraph authorizes the Administration to reduce or limits its authority to enter into commitments for such guarantees to qualified applicants.".

DISASTER LENDING REFORMS

SEC. 1005. (a) Section 7(b) of the Small Business Act is amended—

(1) by striking out "The" after "(b)" and inserting in lieu thereof "Except as to agricultural enterprises as defined in section 18(b)(1) of this Act, the";

(2) by striking out the semicolon at the end of paragraph (2) and inserting in lieu thereof a period; and

(3) by striking out paragraphs (3) and (4).

(b) Section 7(c)(4) of such Act is amended by striking out the last two sentences.

(c) Section 18(a) of such Act is amended by striking out all that follows "Federal Government" and inserting in lieu thereof a period.

FEDERAL FINANCING BANK PURCHASE OF GUARANTEED OBLIGATIONS

SEC. 1006. (a) Title III of the Small Business Investment Act of 1958 is amended by adding at the end thereof the following new section:

"GUARANTEED OBLIGATIONS NOT ELIGIBLE FOR PURCHASE BY FEDERAL FINANCING BANK

"SEC. 320. Nothing in any provision of law shall be construed to authorize the Federal Financing Bank to acquire after September 30, 1985—

"(1) any obligation the payment of principal or interest on which has at any time been guaranteed in whole or in part under this title,

"(2) any obligation which is an interest in any obligation described in paragraph (1), or

"(3) any obligation which is secured by, or substantially all of the value of which is attributable to, any obligation described in paragraph (1) or (2).".

(b) The table of sections for such title III is amended by adding at the end thereof the following new item:

"Sec. 320. Guaranteed obligations not eligible for purchase by Federal Financing Bank.".

SURETY GUARANTEES

SEC. 1007. (a) Section 411(a) of the Small Business Investment Act of 1958 (15 U.S.C. 694b(a)) is amended by striking out "$1,000,000" and inserting in lieu thereof "$1,500,000".

(b) Section 411(e)(2) of such Act is amended by striking out "$1,000,000" and inserting in lieu thereof "$1,500,000".

ELIGIBILITY OF SMALL BUSINESSES OWNED BY INDIAN TRIBES

SEC. 1008. (a) Section 2(e)(1)(C) of the Small Business Act (15 U.S.C. 631(e)(2)(C)) is amended by inserting "Indian tribes," after "Native Americans,".

(b) Paragraph (4) of section 8(a) of the Small Business Act (15 U.S.C. 637(a)) is amended to read as follows:

"(4)(A) For purposes of this section, the term 'socially and economically disadvantaged small business concern' means any small business concern which meets the requirements of subparagraph (B) and—

"(i) which is at least 51 per centum owned by—

"(I) one or more socially and economically disadvantaged individuals, or

"(II) an economically disadvantaged Indian tribe, or

"(ii) in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by—

"(I) one or more socially and economically disadvantaged individuals, or

"(II) an economically disadvantaged Indian tribe.

"(B) A small business concern meets the requirements of this subparagraph if the management and daily business operations of such small business concern are controlled by one or more—

"(i) socially and economically disadvantaged individuals described in subparagraph (A)(i)(I) or subparagraph (A)(ii)(I), or

"(ii) members of the economically disadvantaged Indian tribe described in subparagraph (A)(i)(II) or subparagraph (A)(ii)(II).".

(c) Paragraph (6) of section 8(a) of the Small Business Act (15 U.S.C. 637(a)) is amended by adding at the end thereof the following new sentence: "In determining the economic disadvantage of an Indian tribe, the Administration shall consider, where available, information such as the following: the per capita income of members of the tribe excluding judgment awards, the percentage of the local Indian population below the poverty level, and the tribe's access to capital markets.".

(d) Subsection (a) of section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end thereof the following new paragraph:

"(13) For purposes of this subsection, the term 'Indian tribe' means any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation (within the meaning of the Alaska Native Claims Settlement Act) which—

"(A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians, or

"(B) is recognized as such by the State in which such tribe, band, nation, group, or community resides.".

SIZE STANDARD FOR AGRICULTURAL ENTERPRISES

SEC. 1009. Not later than ten days after the date of enactment of this Act, the Administrator of the Small Business Administration shall issue a regulation setting the annual receipts size standard under section 3(a) of the Small Business Act for agricultural enterprises, as defined in section 18(b) of such Act (other than beef cattle feedlot operators and chicken egg producers), at $500,000. The standard established under the preceding sentence shall be deemed to have taken effect on June 21, 1985.

FORMATION OF VETERANS BUSINESS RESOURCE COUNCILS

SEC. 1010. (a) The Congress finds that—

(1) Veterans Business Resource Councils have been established in the following ten States: California, Ohio, Texas, New York, Massachusetts, Indiana, Louisiana, Maryland, Minnesota, and Missouri;

(2) the concept of Veterans Business Resource Councils to establish networks of veterans with business experience assisting fellow veterans seeking to establish small businesses merits serious consideration; and

(3) the majority of our Nation's Vietnam era veterans fall within the thirty-five to forty-five-year old age range, in which most people decide to enter into small business ownership.

(b) Therefore, the Congress urges the Small Business Administration—

(1) to evaluate the effectiveness of the Veterans Business Resource Councils which are currently operating and to recommend improvements in their operations;

(2) to develop guidelines to assist in the establishment of Veterans Business Resource Councils; and

(3) to work with the remaining States and any interested organizations to encourage the establishment of Veterans Business Resource Councils in those States.

TITLE XI—COMMITTEE ON VETERANS' AFFAIRS

PART A—ENTITLEMENTS AND ELIGIBILITIES FOR HEALTH CARE FROM THE VETERANS' ADMINISTRATION

ENTITLEMENT AND ELIGIBILITY FOR HOSPITAL CARE

SEC. 1101. Section 610(a) is amended by striking out "(a)" and all that follows through "care;" at the end of clause (1)(B) and inserting in lieu thereof the following:

"(a)(1)(A)(i) Except as provided in division (ii) of this subparagraph, the Administrator, through Veterans' Administration facilities or through non-Veterans' Administration facilities to the extent authorized in section 603 of this title, shall furnish such hospital care as the Administrator determines to be reasonably necessary for—

"(I) a veteran for a disability rated as service connected; and

"(II) any disability of a veteran who has a service-connected disability rated at 50 percent or more.

"(ii) In the case of a veteran who is under incarceration, the Administrator (I) may decide not to furnish care under division (i) of this subparagraph in a Veterans' Administration facility if the Administrator determines that to do so would not be feasible in terms of the security necessary in connection with the custody of the veteran or the safety of other individuals receiving care in such facility, and (II) may furnish care under such division in a non-Veterans' Administration facility (as authorized in section 603 of this title).

"(B) The Administrator, through Veterans' Administration facilities or through non-Veterans' Administration facilities to the extent authorized in section 603 of this title, may furnish such hospital care as the Administrator determines to be reasonably necessary for—

"(i)(I) a non-service-connected disability of a veteran who has a service-connected disability rated at less than 50 percent;

"(II) a veteran who, but for the receipt of retired pay, would be entitled to disability compensation;

"(III) a veteran who is entitled to disability compensation pursuant to section 351 of this title or, but for a suspension pursuant to such section, would be entitled to disability compensation, but only to the extent that such veteran's continuing eligibility for such care is not limited in the judgment or settlement described in such section; and

"(IV) a veteran whose discharge or release from active military, naval, or air service was for a disability incurred or aggravated in line of duty;

"(ii) a veteran who is a former prisoner of war;

"(iii) a veteran exposed to a toxic substance or radiation, as provided in subsection (e) of this section;

"(iv) a veteran of the Spanish-American War, Mexican border period, or World War I; and

"(v) a non-service-connected disability of a veteran who is unable to defray the expenses of necessary care.

"(C) The Administrator, through Veterans' Administration facilities or through non-Veterans' Administration facilities to the extent authorized in section 603 of this title, may (to the extent facilities and resources are otherwise available and subject to subparagraph (D) of this paragraph) furnish such hospital care as the Administrator determines to be reasonably necessary for a non-service-connected disability of a veteran who agrees to make payment to the United States under section 612B of this title in connection with such care.

"(D) The Administrator may prescribe regulations under which a veteran having an annual income above an amount specified in such regulations, or an estate with a corpus above an amount specified in such regulations, would not be eligible for care under subparagraph (C) of this paragraph. For the purpose of this subparagraph, the Administrator shall determine annual income in accordance with section 503 of this title and shall count as income of the veteran any income of a veteran's family member that would be taken into account under section 521(c) of this title.".

ENTITLEMENT AND ELIGIBILITY FOR NURSING HOME CARE

SEC. 1102. Section 610(a) is further amended by striking out "(2)" and all that follows and inserting in lieu thereof the following:

"(2)(A) The Administrator, through Veterans' Administration facilities or as provided in section 620 of this title, shall furnish such nursing home care as the Administrator determines to be reasonably necessary to a veteran for a service-connected disability.

"(B) The Administrator, through Veterans' Administration facilities or as provided in section 620 of this title, may furnish such nursing home care as the Administrator determines to be reasonably necessary to any veteran eligible for hospital care under subparagraphs (A) and (B) of paragraph (1) of this subsection for any disability other than a service-connected disability.

"(C) The Administrator, through Veterans' Administration facilities or as provided in section 620 of this title, may (to the extent facilities and resources are otherwise available and subject to subparagraph (D) of this paragraph) furnish such nursing home care as the Administrator determines to be reasonably necessary for a veteran eligible for hospital care under subparagraph (C) of paragraph (1) of this subsection who agrees to make payment to the United States under section 612B of this title in connection with such care.

"(D) The Administrator may prescribe regulations under which a veteran having an annual income above an amount specified in such regulations, or an estate with a corpus above an amount specified in such regulations, would not be eligible for care under subparagraph (C) of this paragraph. For the purpose of this subparagraph, the Administrator shall determine annual income in accordance with section 503 of this title and shall count as income of the veteran any income of a veteran's family member that would be taken into account under section 521(c) of this title.".

ELIGIBILITY FOR DOMICILIARY CARE

SEC. 1103. Section 610(b) is amended to read as follows:

"(b) The Administrator, through Veterans' Administration facilities, may furnish such domiciliary care as the Administrator determines to be reasonably necessary to a veteran who is in need of domiciliary care if the Administrator finds, pursuant to regulations which the Administrator shall prescribe, that such veteran is incapacitated from earning a living and has no adequate means of support.".

ENTITLEMENT AND ELIGIBILITY FOR AMBULATORY OR OUTPATIENT MEDICAL SERVICES

SEC. 1104. (a) Section 612 is amended—

(1) in subsection (a)—

(A) by amending the first sentence to read as follows:

"(1) Except as provided in paragraph (2) of this subsection and in subsection (b) of this section, the Administrator, through Veterans' Administration facilities or through private facilities to the extent authorized by section 603 of this title, shall furnish such medical services as the Administrator determines to be reasonably necessary (A) to any veteran for a service-connected disability (including a disability that was incurred or aggravated in line of duty and for which the veteran was discharged or released from the active military, naval, or air service), and (B) for any disability of a veteran who has a service-connected disability rated at 50 percent or more.";

(B) in the second sentence by striking out "may" and inserting in lieu thereof a comma and "as part of medical services furnished under the preceding sentence, shall";

(C) by striking out the third sentence; and

(D) by inserting at the end the following new paragraph:

"(2) In the case of a veteran who is under incarceration, the Administrator (A) may decide not to furnish services under the first sentence of paragraph (1) of this subsection in a Veterans' Administration facility if the Administrator determines that to do so would not be feasible in terms of the security necessary in connection with the custody of the veteran or the safety of other individuals receiving care in such facility, and (B) may furnish services under such sentence in a non-Veterans' Administration facility (as authorized in section 603 of this title).";

(2) in subsection (f)—

(A) in the first sentence—

(i) by stiking out "within the limits of Veterans' Administration facilities" and inserting in lieu thereof "through Veterans' Administration facilities or through non-Veterans' Administration facilities to the extent authorized in section 603 of this title";

(ii) by inserting "and" after the semicolon at the end of clause (1);

(iii) by striking out clause (2); and

(iv) by redesignating clause (3) as clause (2);

(B) in the second sentence by striking out "also" and inserting in lieu thereof "as part of medical services furnished under the preceding sentence"; and

(C) in the third sentence by inserting a comma and "through Veterans' Administration facilities or through non-Veterans' Administration facilities to the extent authorized in section 603 of this title," after "may";

(3) in subsection (g) by striking out "within the limits of Veterans' Administration facilities" and inserting in lieu thereof "through Veterans' Administration facilities or through non-Veterans' Administration facilities to the extent authorized in section 603 of this title"; and

(4) by striking out subsection (i) and redesignating subsection (j) as subsection (i).

(b) Section 612A is amended—

(1) in subsections (a) and (b)(1) by striking out "within the limits of Veterans' Administration facilities" and inserting in lieu thereof "through Veterans' Administration facilities"; and

(2) in subsection (e)(1) by striking out "sections 612(f)(2) and 601(4)(C)(ii)" and inserting in lieu thereof "sections 612(a)(1)(B) and 603(2)(A)".

PAYMENTS BY CERTAIN VETERANS FOR, AND PRIORITIES IN THE FURNISHING OF, HOSPITAL AND NURSING HOME CARE AND MEDICAL SERVICES

SEC. 1105. (a) Subchapter II of chapter 17 is amended by inserting the following new sections:

"§ 612B. Payment in connection with hospital and nursing home care and medical services

"(a)(1) A veteran who is eligible for care or services under section 610 or 612(f)(1) of this title because of section 610(a)(1)(C) or (2)(C) of this title may not under this subchapter be furnished hospital care, nursing home care (including such care under section 620 of this title), or medical services on an outpatient or ambulatory basis unless the veteran agrees to pay to the United States—

"(A) in the case of each episode of hospital care or nursing home care, for each 60 days of care, an amount equal to the lesser of—

"(i) an amount equal to the amount of the inpatient hospital deductible in effect under section 1813 of the Social Security Act (42 U.S.C. 1395e(b)) at the time such care is furnished; or

"(ii) the cost of furnishing such care, as determined by the Administrator; and

"(B) in the case of each visit in which medical services are furnished on an outpatient or ambulatory basis under section 612(f) of this title, an amount equal to the percentage referred to in paragraph (2) of this subsection of the estimated average cost of an outpatient visit in a Veterans' Administration facility during the fiscal year in which the services are furnished, as determined by the Administrator pursuant to regulations which the Administrator shall prescribe.

"(2) The percentage described in paragraph (1)(B) of this subsection is the percentage of reasonable charges not paid from the Federal Supplementary Medical Insurance Trust Fund pursuant to section 1833(a)(1) of the Social Security Act (42 U.S.C. 1395l(a)(1)), not taking into account the provisions of the subclauses of such section 1833(a)(1) (42 U.S.C. 1395l(a)(1)).

"(3) In any case in which the Administrator determines, pursuant to regulations which the Administrator shall prescribe, that it is not feasible to request a veteran (or other individual authorized to act on the veteran's behalf) for the veteran's (or such other individual's) agreement pursuant to paragraph (1) of this subsection prior to commencing the furnishing of care or services to the veteran, an obligation to make payments pursuant to such paragraph shall nevertheless be incurred.

"(b) Any moneys collected or received by the Veterans' Administration under this section shall be deposited in the Treasury as miscellaneous receipts.

"(c) For the purpose of subsection (a) of this section:

"(1) The term 'episode of hospital or nursing home care' with respect to a veteran means a period of consecutive days—

"(A) beginning with the first day (not included in a prior episode of such care) on which such veteran is furnished hospital or nursing home care under this subchapter, and

"(B) ending with the close of the first period of 60 consecutive days thereafter on each of which such veteran is not being furnished either hospital care or nursing home care under this subchapter.

"(2) The term '60 days of care' means (A) in the case of a veteran who during an episode of hospital or nursing home care is furnished 60 days or less of care, up to 60 days of hospital or nursing home care (or of any combination thereof), or (B) in the case of a veteran who during an episode of hospital or nursing home care is furnished care for a number of days greater than 60, each period of hospital or nursing home care (or of any combination thereof) of 60 days and, if such number of days is not evenly divisible by 60, the remaining period of care that is less than 60 days.

"§ 612C. Priorities in furnishing hospital, nursing home, and domiciliary care and medical services

"(a) The Administrator shall prescribe regulations to ensure that, except in cases involving medical emergencies which pose a serious threat to life or health, priority in furnishing hospital or domiciliary care or medical services under this chapter shall be accorded to veterans in the following order:

"(1) To a veteran for a service-connected disability.

"(2) To a veteran with a service-connected disability rated at 50 percent or more.

"(3) To a veteran who has a service-connected disability rated at less than 50 percent and as compensable in degree (including any veteran being examined to determine the existence or rating of a service-connected disability, for the purposes of such examination).

"(4) To a veteran who, but for the receipt of retirement pay, would be entitled to disability compensation.

"(5) To a veteran who is entitled to disability compensation pursuant to section 351 of this title, or, but for a suspension pursuant to such section, would be entitled to disability compensation, but only if such veteran's continuing eligibility for such care is not limited under a judgment or settlement described in such section.

"(6) To a veteran (A) whose discharge or release from active military, naval, or air service was for a disability incurred or aggravated in line of duty, or (B) with a disability which is service-connected but not compensable in degree.

"(7) To a veteran (A) who is a former prisoner of war, or (B) who, as a result of exposure to a toxic substance or radiation is eligible for care under section 610(a)(1)(B)(iii) of this title, for care as specified in section 610(e) of this title.

"(8) To a veteran of the Spanish-American War, the Mexican border period, or World War I, or who is otherwise being furnished services under section 612(g) of this title.

"(9) To a veteran in receipt of pension under chapter 15 of this title.

"(10) To a veteran who is unable to defray the expenses of necessary care.

"(11) To a veteran being furnished care or services because of section 610(a)(1)(C) or (2)(C) of this title and who is 65 years of age or older.

"(b)(1) The Administrator shall prescribe regulations to ensure that priority in furnishing nursing home care under this chapter shall be accorded in the order set forth in paragraph (2) of this subsection and, within each of the categories specified in such paragraph, in the order specified in subsection (a) of this section.

"(2) The priority order referred to in paragraph (1) of this subsection is as follows:

"(A) Care for a veteran in need of a level or type of nursing home care that (i) is not readily available in a nursing home care facility for which the Administrator may contract under section 620 of this title and which is located in a geographic area where it is reasonable, as determined by the Administrator, for the veteran to be furnished such care, and (ii) is available in a nursing home care facility under the jurisdiction of the Administrator.

"(B) Care for a veteran in need of a level or type of nursing home care that is readily available in such a contract facility in such geographic area.

"(c) The Administrator shall ensure that no guideline, regulation, or other issuance of the Veterans' Administration has the effect of encouraging, directly or indirectly, the furnishing of care or services to a veteran eligible because of section 610(a)(1)(C) or (2)(C) of this title in any fashion not fully consistent with the priorities established by this section.".

(b) The table of sections at the beginning of chapter 17 is amended by inserting after the item relating to section 612A the following new items:

"612B. Payment in connection with hospital and nursing home care and medical services.

"612C. Priorities in furnishing hospital, nursing home, and domiciliary care and medical services.".

DETERMINATION OF A VETERAN'S INABILITY TO DEFRAY NECESSARY EXPENSES

SEC. 1106. Section 622 is amended—

(1) by inserting "(a)" before "For the purposes";

(2) by striking out "610(a)(1)(B)" and inserting in lieu thereof "610(a)(1)(B)(v)";

(3) by striking out "610(b)(2),"; and

(4) by adding at the end the following new subsection:

"(b)(1)(A) Subject to subparagraph (B) of this paragraph and except as provided in paragraph (3) of this subsection, a veteran who does not meet one of the eligibility criteria referred to in subsection (a) shall be determined by the Administrator to be unable to defray necessary expenses for the purpose of the sections of this title referred to in such subsection if the veteran's income (as determined under paragraph (2) of this subsection) during the calendar year preceding the date of the veteran's application for care is not greater than $25,000 (or the applicable greater amount calculated under subparagraph (B) of this paragraph).

"(B)(i) Whenever, after December 1, 1985, maximum annual rates of pension are increased under section 3112(a) of this title, the Administrator shall, effective on the date that the increase in such rates of pension takes effect, increase the dollar amount specified in subparagraph (A) of this paragraph as such amount was in effect immediately prior to the effective date of such increase in such rates of pension, by the same percentage as the percentage by which such rates of pension are increased.

"(ii) In order to avoid hardship, the Administrator, pursuant to regulations which the Administrator shall prescribe, may, in any fiscal year, increase for a specified geographic area the income level established pursuant to subparagraph (A) of this paragraph.

"(2) For the purpose of this subsection, the Administrator shall determine a veteran's income in accordance with section 503 of this title and shall count as income of the veteran any income of a veteran's family member that would be taken into account under section 521(c) of this title.

"(3)(A) The Administrator shall not make a determination that a veteran is unable to defray necessary medical expenses for the purpose of the sections of this title referred to in subsection (a) of this section if the corpus of the estate of the veteran (and of the veteran's spouse and dependent children, if any) is such that, under all the circumstances (including consideration of the annual income of the veteran and of such spouse and dependent children), the Administrator finds it is unreasonable to make such determination.

"(B) In evaluating the corpus of a veteran's estate for the purpose of this paragraph, the Administrator shall consider the same items to be part of the corpus of the veteran's estate as would be so considered under section 522 of this title.".

CONTRACT HOSPITAL CARE AND MEDICAL SERVICES

SEC. 1107. (a) Section 601 is amended—

(1) in paragraph (4)—

(A) in clause (A), by inserting "and" after the semicolon; and

(B) by striking out the semicolon in clause (B) and all that follows through the end of such paragraph and inserting in lieu thereof a period; and

(2) by adding at the end the following new paragraph:

"(9) The term 'non-Veterans' Administration facilities' means facilities other than Veterans' Administration facilities.".

(b)(1) Subchapter I of chapter 17 is amended by adding at the end the following new section:

"§ 603. Contract hospital care and medical services

"When Veterans' Administration facilities are not capable of furnishing economical hospital care or medical services because of geographical inaccessibility or of furnishing the care or services required, a requirement or an authority in section 610 or 612 of this title to furnish care or services includes a requirement or authority, as the case may be, to contract with non-Veterans' Administration facilities for the furnishing of hospital care or medical services in order to provide—

"(1) hospital care or medical services to a veteran for the treatment of a service-connected disability or a disability for which a veteran was discharged or released from the active military, naval, or air service;

"(2) medical services for the treatment of any disability of (A) a veteran described in section 612(a)(1)(B) of this title, (B) a veteran described in clause (1)(B) of the first sentence, or in the third sentence (but only to the extent authorized therein), of section 612(f) of this title, or (C) a veteran described in section 612(g) of this title if the Administrator has determined, based on an examination by a physician employed by the Veterans' Administration (or, in areas where no such physician is available, by a physician carrying out such function under a contract or fee arrangement), that the medical condition of such veteran precludes appropriate treatment in Veterans' Administration facilities;

"(3) hospital care or medical services for the treatment of medical emergencies which pose a serious threat to the life or health of a veteran receiving medical services in a Veterans' Administration facility until such time following the furnishing of care in the non-Veterans' Administration facility as the veteran can be safely transferred to a Veterans' Administration facility;

"(4) hospital care for women veterans;

"(5) hospital care, or medical services that will obviate the need for hospital admission, for veterans in a State not contiguous to the forty-eight contiguous States, except that the annually determined hospital patient load and incidence of the provision of medical services to veterans hospitalized or treated at the expense of the Veterans' Administration in Government and private facilities in each such noncontiguous State shall be consistent with the patient load or incidence of the provision of medical services for veterans hospitalized or treated by the Veterans' Administration within the forty-eight contiguous States, but the authority of the Administrator under this subclause (except with respect to Alaska and Hawaii) shall expire on October 31, 1985, and until such date the Administrator may, if necessary to prevent hardship, waive the applicability to the Commonwealth of Puerto Rico and to the Virgin Islands of the restrictions in this subclause with respect to hospital patient loads and incidence of provision of medical services; or

"(6) diagnostic services necessary for determination of eligibility for, or of the appropriate course of treatment in connection with, the provision of medical services at independent Veterans' Administration outpatient clinics to obviate the need for hospital admission.

In the case of any veteran for whom the Administrator contracts to provide care or services in a private facility pursuant to a provision of this section, the Administrator shall periodically review the necessity for continuing such contractual arrangement pursuant to such provision.".

(2) The table of sections at the beginning of chapter 17 is amended by inserting after the item relating to section 602 the following new item:

"603. Contract hospital care and medical services.".

IMPLEMENTATION REPORT

SEC. 1108. Not later than December 1, 1985, the Administrator of Veterans' Affairs shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on procedures that the Administrator has established for implementation of section 612B of title 38, United States Code, as added by section 1105(a) of this Act. Such report shall contain information with respect to the guidelines and processes for (1) implementation of income criteria established by and under the amendments made by this Part for Veterans' Administration health-care eligibility, and (2) for the collection of payments required by the amendments made by this Part.

EFFECTIVE DATE

SEC. 1109. (a) Except as provided in subsection (b), the amendments made by this part shall apply to hospital care, nursing home care, domiciliary care, and medical services furnished on or after November 1, 1985.

(b)(1) The provisions of sections 610 and 622 of title 38, United States Code, as in effect on the day before the date of the enactment of this Act, shall apply with respect to hospital and nursing home care furnished on or after November 1, 1985, to veterans who were furnished such care on October 31, 1985, but only to the extent that such care is furnished with respect to the same period of care for which it was furnished on October 31, 1985, as determined by the Administrator pursuant to regulations which the Administrator shall prescribe.

(2) During the month of November 1985, the Administrator may, in order to continue a course of treatment begun prior to November 1, 1985, furnish medical services to a veteran on an ambulatory or outpatient basis without regard to the amendments made by this Part.

(3) For the purpose of this subsection—

(A) the term "period of care' means a period of consecutive days—

(i) beginning with the first day on which a veteran is furnished hospital or nursing home care, and

(ii) ending with the veteran's discharge from the hospital or nursing home facility, as the case may be;

(B) the terms "hospital care", "medical services", and "domiciliary care" have the meanings given those terms in paragraphs (5), (6), and (8), respectively, of section 601 of title 38, United States Code; and

(C) the terms "veteran" and "nursing home care" have the meanings given those terms in paragraphs (2) and (28), respectively, of section 101 of such title.

PART B—RECOVERY OF THE COST OF CERTAIN HEALTH CARE AND SERVICES FURNISHED BY THE VETERANS' ADMINISTRATION

SEC. 1111. (a) Section 629 of title 38, United States Code, is amended to read as follows:

"§ 629. Recovery by the United States of the cost of certain care and services

"(a)(1) Subject to the provisions of this section, in any case in which a veteran is furnished care or services under this chapter for a non-service-connected disability described in paragraph (2) of this subsection, the United States has the right to recover or collect the reasonable cost of such care or services (as determined by the Administrator) from a third party to the extent that the veteran (or the provider of the care or services) would be eligible to receive payment for such care or services from such third party if the care or services had not been furnished by a department or agency of the United States.

"(2) Paragraph (1) of this subsection applies to a non-service-connected disability—

"(A) that is incurred incident to the veteran's employment and that is covered under a workers' compensation law or plan that provides for payment for the cost of health care and services provided to the veteran by reason of the disability;

"(B) that is incurred as the result of a motor vehicle accident to which applies a State law that requires the owners or operators of motor vehicles registered in that State to have in force automobile accident reparations insurance;

"(C) that is incurred as the result of a crime of personal violence that occurred in a State, or a political subdivision of a State, in which a person injured as the result of such a crime is entitled to receive health care and services at such State's or subdivision's expense for personal injuries suffered as the result of such crime; or

"(D) that is incurred by a veteran who does not have a service-connected disability and who is entitled to care (or payment of the expenses of care) under a health-plan contract.

"(3) In the case of a health-plan contract that contains a requirement for a deductible or copayment by the veteran—

"(A) the veteran's not having paid such deductible or copayment with respect to care or services furnished under this chapter shall not preclude recovery or collection under this section; and

"(B) the amount that the United States may collect or recover under this section shall be reduced by the appropriate deductible or copayment amount, or both.

"(b)(1) The United States shall, as to the right provided in subsection (a) of this section, be subrogated to any right or claim that the veteran (or the veteran's personal representative, successor, dependents, or survivors) may have against a third party.

"(2)(A) In order to enforce any right or claim to which the United States is subrogated under paragraph (1) of this subsection, the United States may intervene or join in any action or proceeding brought by the veteran (or the veteran's personal repre-

sentative, successor, dependents, or survivors) against a third party.

"(B) If—

"(i) no such action or proceeding is begun within 180 days after the first day on which care or services for which recovery is sought were furnished to the veteran by the Administrator under this chapter, and

"(ii) the United States has sent written notice by certified mail to the veteran at the veteran's last-known address (or to the veteran's personal representative or successor) of the intention of the United States to institute legal proceedings,

the United States may, after 60 days have lapsed from the mailing of such notice, institute and prosecute legal proceedings against the third party.

"(c)(1) The Administrator may compromise, settle, or waive any claim which the United States has under this section.

"(2)(A) The Administrator, after consultation with the Comptroller General of the United States, shall prescribe regulations for the purpose of determining the reasonable cost of care or services under subsection (a)(1) of this section. Any determination of such cost shall be made in accordance with such regulations.

"(B) Such regulations shall provide that in no event may the reasonable cost of care or services sought to be recovered or collected from a third-party liable under a health-plan contract exceed an amount equal to the prevailing rate that such third party can demonstrate to the satisfaction of the Administrator it would pay for the care or services under comparable health-care contracts with facilities (other than facilities of departments or agencies of the United States) in the same geographic area.

"(C) Not later than 45 days after the date on which the Administrator prescribes such regulations or any amendment to such regulations, the Comptroller General shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives the Comptroller General's comments on and recommendations regarding such regulations or amendment.

"(d) Any contract or agreement into which the Administrator enters with a person under section 3718 of title 31 for collection services to recover indebtedness owed the United States under this section shall provide, with respect to such services, that such person is subject to sections 3301 and 4132 of this title.

"(e) A veteran eligible for care or services under this chapter (1) may not be denied such care or services by reason of this section, and (2) shall not be required by reason of this section to make any copayment or deductible payments in order to receive such care.

"(f) No law of any State or of any political subdivision of a State, and no provision of any contract or other agreement, shall operate to prevent recovery or collection by the United States under this section or with respect to care or services furnished under section 611(b) of this title.

"(g) Any moneys collected or recovered on behalf of the United States under this section shall be deposited into the Treasury as miscellaneous receipts.

"(h) Medical records of a veteran who is a beneficiary of a health-plan contract under which recovery or collection is sought under this section from the third party concerned for the cost of the care or services furnished to such veteran shall be made available, under such conditions to protect the confidentiality of such records as the Administrator shall prescribe in regulations, for inspection and review by representatives of such third party for the sole purpose of permitting the plan to verify that the care or services for which recovery or collection is sought were furnished and that the provision of such care or services meets criteria generally applicable under the contract.

"(i) For purposes of this section—

"(1) The term 'health-plan contract' means an insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar arrangement, under which health services for individuals are provided or the expenses of such services are paid.

"(2) The term 'payment' includes reimbursement and indemnification.

"(3) The term 'third party' means a State or political subdivision of a State, an employer, an employer's insurance carrier, automobile accident reparations insurance carrier, or a person obligated to provide, or to pay the expenses of, health services under a health-plan contract, except that such term does not include an insurance program described in section 1811 of the Social Security Act or established by section 1831 of such Act or a State plan for medical assistance approved under title XIX of such Act.".

(b)(1)(A) Except as provided in subparagraph (B), the amendment made by subsection (a) shall apply to care and services provided on or after the date of the enactment of this Act.

(B)(i) The amendment made by subsection (a) shall not apply so as to nullify any provision of a health-plan contract (as defined in subsection (i) of section 629 of title 38, United States Code, as amended by subsection (a)) that was entered into before such date and is not modified or renewed on or after such date.

(ii) In the case of a health-plan contract (as so defined) that was entered into before such date but which is modified or renewed on or after such date, the amendment made by subsection (a) shall apply with respect to such plan as of the day after the date that it is so modified or renewed and with respect to care and services provided after such date of modification or renewal.

(2) For purposes of paragraph (1), the term "modified" includes any change in premium or coverage.

(c)(1) Not later than 6 months after the date of the enactment of this Act, the Administrator of Veterans' Affairs shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on the process for and results (including costs of administration and the amount of receipts and collections) of the implementation of the amendment made by this section.

(2) Not later than February 1, 1987, and February 1 of each year thereafter, the Administrator shall submit to such Committees a report updating the information in the most recent report under this subsection and providing information on the process and results of such implementation with respect to the most recent full fiscal year preceding the date on which the report is required to be submitted under this paragraph.

PART C—LIMITATION ON INCREASE IN RATES OF VETERANS' ADMINISTRATION COMPENSATION

SEC. 1121. No legislation shall be enacted that would (1) effective in fiscal year 1986, increase one or more rates of the benefits under chapter 11 or 13 of title 38, United States Code, by a percentage greater than 3.7 percent, or (2) cause the total costs of legislation increasing such rates in fiscal year 1986 to exceed $311,000,000 in budget authority or $280,000,000 in outlays in fiscal year 1986.

TITLE XII—MISCELLANEOUS PROVISIONS

RECONCILIATION BILL PROCEDURES

SEC. 1201. When the Senate is considering a reconciliation bill, upon a point of order being made by any Senator, and sustained, any part of the bill not in the jurisdiction of the reporting committee or extraneous to the instructions given that committee shall be deemed stricken from the bill and may not be offered as a floor amendment. This provision may be waived by three-fifths of the Senators duly chosen and sworn. No motion to waive germaneness on reconciliation bills shall be agreed to unless supported by three-fifths of the Senators duly chosen and sworn, which super-majority shall be required to successfully appeal the ruling of the Chair on these matters which include the points of order on extraneous matters and matter not properly reported from a committee.

MINIMUM DRINKING AGE

SEC. 1202. Section 158 of title 23, United States Code, is amended—

(1) in subsection (a)(2), by striking "the fiscal year" and inserting in lieu thereof "each fiscal year"; and

(2) in subsection (b), by striking "in fiscal year if in any succeeding fiscal year" and inserting in lieu thereof "in the fiscal year beginning after September 30, 1986, or the fiscal year beginning after September 30, 1987, if before the end of the period for which such funds would be available for expenditure under section 118(b) of this title".

SENSE OF THE SENATE

SEC. 1203. Senators have an obligation to inform themselves on the issues on which they are to vote; ten hours of time for debate on S. 1730 were at an earlier date yielded back by unanimous consent; all time for debate has expired, although numerous amendments remain to be voted upon; and it is the sense of the Senate that at least ten minutes on each side be allotted for purposes of debate with regard to the remaining amendments pending to the bill, S. 1730.

Amend the title so as to read: "An Act to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, Ninety-ninth Congress).".

Mr. DOMENICI. Mr. President, I have an amendment at the desk that changes the title. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

Amend the title so as to read:

"An act to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, Ninety-ninth Congress)."

Mr. DOMENICI. Mr. President, this amendment has been cleared on both sides. I move its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DOMENICI. I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—SENATE JOINT RESOLUTION 77

Mr. McCLURE. Mr. President, I am going to propound a rather lengthy unanimous-consent agreement which I believe has been cleared on both sides. I make that preamble because I ask Members to listen closely from the beginning to the end because it is rather lengthy.

I ask unanimous consent that the Senate turn to the consideration of Calendar Order No. 257, Senate Joint Resolution 77, the Compact of Free Association, and it be considered under the following time agreement: 2 hours on the bill, to be equally divided between the chairman of the Energy Committee and the Finance Committee, and the ranking minority member, or their designees; that the following amendments be the only amendments in order and they be limited to the following time limitation, and in the first degree, unless otherwise specified:

The pending Finance Committee reported amendments; and a substitute amendment to be offered by Senator PACKWOOD to substitute the trade provisions in the Finance Committee amendment, limited to 1 hour, total;

An amendment to be offered by Senator HATCH, dealing with nuclear claims, limited to 1 hour;

An amendment to be offered by Senators JOHNSTON and McCLURE to compensate the Island countries on the loss of the tax provisions, limited to 30 minutes;

An amendment to be offered by Senators JOHNSTON and McCLURE to include Palau in the compact, limited to 15 minutes;

An amendment to be offered by Senator HART, dealing with oil import fees, limited to 1 hour;

An amendment to be offered by Senator WILSON on imputed interest rules, limited to 30 minutes;

That no motions to recommit with instructions be in order; 20 minutes on any debatable motions, appeals, or points of order, if so submitted to the Senate; and that the agreement be in the usual form.

Finally, in this portion of the agreement, I ask unanimous consent that, in the event the Hart amendment is not tabled, the bill be open to unlimited debate and amendments.

S. 655

I further ask unanimous consent that at 1 p.m. on Monday, December 2, the Senate temporarily lay aside the pending business and turn to Calendar Order No. 300, S. 655, the low-level radioactive waste compact.

I further ask unanimous consent that, once the clerk has reported the bill, Senator BOREN be recognized to offer his PAC amendment and there be no amendments in order to the Boren amendment and there be 2 hours of debate, equally divided.

I further ask unanimous consent that, at 10 a.m. on Tuesday, December 3, the Senate resume the Boren amendment to S. 655, and there be 2 hours of debate, to be equally divided, and no amendments to the Boren amendment be in order.

I ask unanimous consent that, following the conclusion or yielding back of time on the Boren amendment, the Senate proceed to vote in relation to the Boren amendment, either on a motion to table or up or down on the Boren amendment, without intervening action, and that no call for the regular order prior to the vote in relation to the Boren amendment serve to displace S. 655.

Mr. BYRD. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. BYRD. In the second paragraph, which makes reference to the ranking minority member, are we talking about the ranking minority member on the Energy Committee or on the Finance Committee?

Mr. McCLURE. It would be both.

Mr. BYRD. The ranking minority members.

Mr. McCLURE. Of each of those two committees.

Mr. BYRD. I have no objection.

Mr. PACKWOOD. Mr. President, I have no objection, but a clarification. As the unanimous-consent agreement was read, it referred to an amendment to be offered on behalf of the Finance Committee relating to trade. There is only one amendment, but there are trade provisions and tax provisions in that. I would not want those to be precluded by this.

Mr. McCLURE. I understand that to be the case.

The PRESIDING OFFICER. Are there any objections to the proposed unanimous-consent agreement? Hearing none, it is so ordered.

COMPACT OF FREE ASSOCIATION

The PRESIDING OFFICER. The clerk will report the bill.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 77) to approve the "Compact of Free Association", and for other purposes.

The Senate resumed consideration of the joint resolution.

[Note.—Earlier proceedings in connection with Senate Joint Resolution 77, including printing of the committee amendments, are printed in the RECORD of October 2, 1985, beginning at page S 12419.]

AMENDMENT NO. 1051

(Purpose: To modify the trade and tax provisions)

Mr. PACKWOOD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oregon (Mr. PACKWOOD) proposes an amendment numbered 1051.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning with page 92, line 1, strike out all through page 96, line 7, and insert in lieu thereof the following:

SEC. 7. (a) Sections 242 and 243 of the Compact shall be construed and applied as if they read as follows:

"Section 242

"The President shall proclaim the following tariff treatment for articles imported from the Federated States of Micronesia or the Marshall Islands which shall apply during the period of effectiveness of this title:

"(1) Unless otherwise excluded, articles imported from the Federated States of Micronesia or the Marshall Islands, subject to the limitations imposed under sections 503(b) and 504(c) of title V of the Trade Act of 1974 (19 U.S.C. 2463(b); 2464(c)), shall be exempt from duty.

"(2) The duty-free treatment provided under paragraph (1) shall not apply to—

"(A) watches, clocks, and timing apparatus provided for in subpart E of part 2 of schedule 7 of the Tariff Schedules of the United States;

"(B) buttons (whether finished or not finished) provided for in item 745.32 of such Schedules;

"(C) textile and apparel articles which are subject to textile agreements; and

"(D) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of chapter V of the Trade Act of 1974 (19 U.S.C. 2461, et seq.) on April 1, 1984.

"(3) If the cost or value of materials produced in the customs territory of the United States is included with respect to an eligible article which is a product of the Federated States of Micronesia or the Marshall Islands, an amount not to exceed 15 percent

of the appraised value of the article at the time it is entered that is attributable to such United States cost or value may be applied for duty assessment purposes toward determining the percentage referred to in section 503(b)(2) of title V of the Trade Act of 1974.

"Section 243

"Articles imported from the Federated States of Micronesia or the Marshall Islands which are not exempt from duty under paragraphs (1), (2), and (3) of section 242 shall be subject to the rates of duty set forth in column numbered 1 of the Tariff Schedules of the United States and all products of the United States imported into the Federated States of Micronesia or the Marshall Islands shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage, or use.".

(b)(1) Subsection (a) of section 253 of the Compact shall not apply.

(2) Subsection (b) of section 253 of the Compact shall apply only to individuals who are nonresidents and not citizens of the United States.

(c) The relief from liability referred to in the second sentence of section 254(a) of the Compact means only—

(1) relief in the form of the foreign tax credit (or deduction in lieu thereof) available with respect to the income taxes of a possession of the United States, and

(2) relief in the form of the exclusion under section 911 of the Internal Revenue Code of 1954.

(d) Section 255 of the Compact shall be construed and applied as if it read as follows:

"Section 255

"(a) EXTENSION OF SECTION 936 TO THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA.—For purposes of section 936 of the Internal Revenue Code of 1954, the Marshall Islands and the Federated States of Micronesia shall be treated as if they were possessions of the United States.

"(b) EXCHANGE OF INFORMATION.—Subsection (a) shall not apply to the Marshall Islands and the Federated States of Micronesia (as the case may be) for any period after December 31, 1986, during which there is not in effect between the appropriate government and the United States an exchange of information agreement of the kind described in section 274(h)(6)(C) (other than clause (ii) thereof) of the Internal Revenue Code of 1954.

"(C) PROCEDURE IF SECTION 936 INCENTIVES REDUCED.—If the tax incentives extended to the Marshall Islands and the Federated States of Micronesia under subsection (a) are, at any time during which the Compact is in effect, reduced, the Secretary of the Treasury shall negotiate an agreement with the Marshall Islands and the Federated States of Micronesia under which, when such agreement is approved by law, they will be provided with benefits substantially equivalent to such reduction in benefits. If, within the 1-year period after the date of the enactment of the Act making the reduction in benefits, an agreement negotiated under the preceding sentence is not approved by law, the matter shall be submitted to the Arbitration Board established pursuant to section 424 of the Compact. For purposes of article V of title two of the Compact, the Secretary of the Treasury or his delegate shall be the member of such Board representing the Government of the United States. Any decision of such Board in the matter when approved by law shall be binding on the United States, except that such decision rendered is binding only as to whether the United States has provided the substantially equivalent benefits referred to in this subsection.

"(d) THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA TREATED AS NORTH AMERICAN AREA.—For purposes of section 274(h)(3)(A) of the Internal Revenue Code of 1954, the term 'North American area' shall include the Marshall Islands and the Federated States of Micronesia.".

(e) Nothing in any provision of this joint resolution (other than this section) which is inconsistent with any provision of this section shall have any force or effect.

(f) This section shall apply to income earned, and transactions occurring, after September 30, 1985, in taxable years ending after such date.

(g) The Secretary of the Treasury or his delegate–

(1) shall conduct a study of the effects of the tax provisions of the Compact (as clarified by the foregoing provisions of this section), and

(2) shall report the results of such study before October 1, 1987, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

Mr. PACKWOOD. Mr. President, there are some provisions in the bill as it was reported by the Finance Committee relating to certain tax and trade advantages given to Micronesia and the Marshall Islands that I'd like to explain. Some of them are similar to those given to Puerto Rico, and in addition there is the section 911 tax exclusions that we give to American citizens earning wages abroad.

There is a further provision in the Finance Committee bill that provides that if some of those business tax incentives are subsequently taken away from Micronesia or the Marshall Islands because the general tax law is changed, there is an arbitration procedure involving the United States to, in essence, keep these States whole by some other form of compensation—giving them money rather than the advantages they had from the changed tax provisions. The amendment I now offer clarifies this arbitration procedure. The President agrees with this; the Government agrees with this. It was worked out with the Treasury Department and I know of no objection to that particular part of the amendment.

The trade provisions of this amendment are relatively slight. The bill, as it was before us with the Finance Committee amendment, granted duty-free entry to certain products from the so-called compact territories, Micronesia and the Marshall Islands. The amendment certainly changes the list quite slightly.

Again, to the best of my knowledge, I know of no objections. Those are the two provisions of the Finance Committee substitute.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, as the Senator from Oregon has properly stated, there are provisions in the compacts that give certain tax benefits to the trust territory areas, and certain trade concessions.

Those in the minds of the Micronesians are worth something to them in terms of economic development, and in terms of economic value.

These amendments would alter the provisions that were in the compact at the time the Micronesians voted on the compacts. There is a provision in the compact as well as in this amendment for arbitration of the value of any changes.

As the Senator from Oregon remembers, in our conversations I have said we are not going to try to tell the Finance Committee what should be done with respect to tax provisions or trade provisions but we have to be in a position to guarantee to the people who negotiated with us in good faith that the total package is of the same value as the one they voted on originally.

Mr. PACKWOOD. I will give a good example. One of the provisions is the so-called section 936 incentive of the Tax Code that allows businesses to invest in Puerto Rico and get a certain tax advantage for locating there. That is extended to Micronesia and the Marshall Islands. But let us say we abolish that law. They have lost an advantage, and the amendment we have offered simply says we will negotiate a way to replenish that advantage, only in this case there will no longer be a tax advantage.

Very frankly, it will probably be an appropriation that will come out of the committee of the Senator from Idaho, and he will have to find the money for it.

Mr. McCLURE. That is correct. I am not anxious to figure that out.

Nevertheless, the Senator states it correctly. I think it is also fair to state these two provisions are in the jurisdiction of the Finance Committee in the Senate, and the Ways and Means Committee in the other body. The Ways and Means Committee, and in the initial action taken by the House, has taken different actions, and that is reflected in the Finance Committee amendments.

We are not going to know exactly how that comes out until we have gone to conference. So the compensation side of it will be relatively uncertain. We will address that later in the amendments that I have to offer.

I want everybody to understand the give and take that is involved in trying to put this package together.

But we have no objection to the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. JOHNSTON. Mr. President, the Senator from Idaho has given us a detailed and necessary history of how we have gotten into the position we now face with this amendment. I want to underline five times in red what the Senator has touched on with respect to the unconscionable behavior of certain officials at the Treasury Department in their dealings with the Micronesians. I also want to underline five times in red what the Senator has touched on with respect to Treasury's behavior toward the Energy Committee and indeed with the Senate itself.

Henry Adams once said, "The work of internal government has become the task of controlling the thousands of fifth-rate men." President Reagan not once but twice endorsed each and every element of the package he submitted to the Congress. Some at the Treasury Department apparently think that they, not the President, speak for the administration. I hope that the Secretaries of the Treasury and of State will review the Senator from Idaho's statement and will take the necessary actions to institute some control over who speaks for whom. If we can't rely on statements of the President as evidence of administration support for, or opposition to, a particular matter, then we will never know whether a commitment for or against any position will be there tomorrow. We in the Congress will have no alternative but to work in a void and without any executive input. This is frustrating for us and probably will not result in especially well thought out policy. However, for those who live thousands of miles away the situation is even more serious. Why would they even negotiate with our Government when they could never have any assurance that any representative speaks for anyone other than himself?

There have been so many official and unofficial and semiofficial positions from those within the administration on the committee-reported provisions that I am not in a position to either support or oppose them, or the amendment from the Senator from Oregon or any other amendment which may be offered on this subject. Completing action on the compact is critical, Mr. President, and if adopting this amendment will help us do that, then I have no objection to it.

Mr. LAUTENBERG. Mr. President, I rise to express my opposition to the amendment of the Senator from Oregon, the chairman of the Finance Committee. It would, I believe, be an unwise step in our trade policy.

The amendment would grant to the Federal States of Micronesia [FSM] and the Marshall Islands unduly favorable trade treatment. Except for certain timepieces, buttons, textile and apparel, footwear and other leather items, articles imported from the freely associated states would be duty free. They would be duty-free subject to rules of origin and certain limits.

However, there would be no consideration of the impact of such duty-free imports on industry and employment in the United States. The provision would harm the comparative competitive position of other nations, also critical to American interests, which like the freely associated states, are struggling to develop their economies.

Today, the trust territories enjoy duty-free treatment of certain exports to the United States under title V of the Trade Act of 1974, providing for a generalized system of preferences. However, duty-free treatment is denied to articles found by the President to be import-sensitive, like canned tuna, and those expressly excluded by law—certain textiles and apparel, watches, electronics, steel, footwear, and glass.

The House-passed version of the compact would extend GSP treatment, and enhance it, by revising the rule of origin requirements, and allowing U.S. components to comprise as much as 15 percent out of the 35 percent of the value that must be added. However, the bill ensures that canned tuna would not be accorded duty-free treatment, so as not to complete unfairly with the product of our insular possessions, where producers bear costs not borne in the freely associated state, and so as not to compete unfairly with the product of other developing nations, whose economic welfare the United States also has a foreign policy interest in promoting.

Mr. President, I believe that the House trade provisions are preferable to the provision offered by the Senator from Oregon. As I understand that the other body will press for its provisions in conference, I simply express my reservations here.

I do not underestimate the importance of this compact. It will further United States security interests, and will assist the people of Micronesia and the Marshall Islands. Yet, I question whether the grant of such liberal trade benefits are necessary to secure an agreement that fairly addresses the mutual needs of the United States and the freely associated states.

The PRESIDING OFFICER. Is all time yielded back?

Mr. PACKWOOD. I yield back the balance of our time.

Mr. LONG. We yield back our time.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Oregon.

The amendment (No. 1051) was agreed to.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on the committee amendment, as amended.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, is there pending a motion to reconsider, and a motion to table the motion to reconsider?

The PRESIDING OFFICER. The pending question is on the committee amendment, as amended.

Mr. McCLURE. Mr. President, I deeply regret the amendment offered by the Finance Committee although I do appreciate the effort made by the Senator from Oregon to improve the trade provisions passed by the House. I hope that when the Finance and Ways and Means Committees discuss these provisions, some further refinements can be made in the tax area.

I understand the concern which the Senator from Oregon has over potential abuses, and if the Treasury Department had been a little more honest, those concerns could have been taken care of in a less draconian fashion. I would note that when the Energy and Natural Resources Committee raised the same and additional concerns, the administration dismissed the concerns and stated that there were sufficient protections. The same Treasury officials who negotiated these provisions defended them before the House Interior Committee.

It was only when the House Interior Committee moved to add provisions providing tax treatment for the territories that Treasury began a guerrilla campaign.

What is disconcerting about all of this is that the administration never came to us to see whether there was any danger that such amendments would ever be agreed to. Rather than being honest that they feared that their proposals to make changes in current tax treatment of the territories, including Puerto Rico, might be in some jeopardy, they sought to eliminate treatment for Micronesia.

There seems to be a persistent failure to understand what we are dealing with in this resolution. The United States made a conscious decision at the end of the Second World War that

we would not use our victory to acquire new territory. For good or ill we would stand by our principles and in an effort unheard of in history, we would assist our former enemies. The Marshall plan and our efforts in Japan have transformed two shattered areas of the world into our strongest allies and economic powers which can and do compete strongly with us.

Micronesia was the setting for the beginning of the war in the Pacific. From the Marshall Islands Japan launched the attack on Pearl Harbor. From the Marianas Japan invaded and occupied Guam. The islands and atolls of Micronesia saw the bloodiest and most difficult campaigns of the Pacific campaign. Kwajalein, Enewetak, Peilieu and Bloody Nose Ridge, Ulithi, Operation Hailstorm at Truk, Guam, Saipan, Tinian—the list goes on. It was from Micronesia that the war also came to an end with two flights from Tinian.

The United States could have annexed the area and fully protected our western flank forever. We could have followed the Soviet lead from Yalta and treated the Pacific as they did Eastern Europe. But there is something in our character which says that our word means something.

After the war, we agreed to continue the mandate for Micronesia under the United Nations trusteeship system. We undertook to do what Japan had failed to do and assume the responsibility to promote the development of the islands, to foster the growth of self government, and eventually bring the islands to a position where, according to the freely expressed wishes of the peoples concerned, they would decide what their future would be.

In all the struggles of the decolonization movements, in all the terror and revolution, in all the subversion of democratic institutions throughout the world, the Pacific not only remained calm, but progressed toward forms of government and relationshps suited to the aspirations of the individual countries. Some opted for independence, some opted for free association, and some opted to remain with the metropolitan power.

Fiji has become more than just a tropical island state, but has become a respected member of the international community. Under Sir Ratu Mara it has voiced consensus and development in the Pacific Basin "the Pacific way" and assumed full responsibilities to the entire world, even sending troops into the Middle East with the U.N.

With a full range of options available, the Micronesians did not rush to a conclusion as to where they wanted to go. The Congress of Micronesia as one of its first official acts established a commission to review the options, look at how they were working elsewhere, and make recommendations. The option selected by the Micronesians was association with the United States. That was not the initial U.S. offer, but the firm position of the Micronesians.

I would like to quote from the statement of intent of the final report of the Micronesian Commission.

(W)e choose an associated state because we recognize the historically unique partnership between Micronesia and the United States. In recommending free association with the United States, we seek not an end but a re-definition, renewal and improvement of this partnership.

Whatever our particular evaluations of the American administration in Micronesia may be, we feel that one contribution has been indelible, one achievement almost unqualified: The idea of democratic, representative, constitutional government. Our recommendation of a free associated state is indissolubly linked to our desire for such a democratic, representative, constitutional government. We endorse this system—which was brought to us by America and which we have come to know as an essentially American system.

. . . As a self-governing state, Micronesia will continue to look to America: For representation and protection in international affairs, for material and human assistance in the affairs of government, both in times of crisis and in day-to-day operations. As a self-governing state, Micronesia's needs will be as great or greater than as a Territory. We do not underestimate the problems we will face. We do not wish for any lessening of American concern for Micronesia or of American presence in Micronesia.

Mr. President, there is really little more which could be said. The Micronesian governments should be congratulated on their persistence in the negotiations in reaching what they sought all along.

Friendship is not measured by how you curry favor from the powerful whom you need. It is measured in how you assist those in need. Those who so readily condemn the Japanese for assisting their businesses would deny assistance to United States firms and individuals who would work and invest in Micronesia. If anyone wants to reestablish the Greater East Asia Co-Prosperity Sphere, elimination of assistance to United States firms is a wonderful beginning. Treasury should take great pride in their efforts.

Mr. President, there are certain realities about Micronesia, and one of them is that they are just emerging from a subsistence economy. The private sector is minimal and much remains to be done in developing an infrastructure. Micronesia needs not just what is provided within the United States to the States, but far more than is even provided to the territories. We should enter into this relationship with pride and with the hand of friendship. We should do all in our power to encourage U.S. investment and presence in Micronesia. We should look forward to the day when the micronesians can say that they no longer need our assistance and stand with the United States and our other allies against the threats to peace and democratic governments.

Mr. President, we will not assist in the development of a private sector in Micronesia through grants alone. We will not encourage the development of needed skills by wishing for them. The provisions of the compact as originally submitted by the administration would have provided a climate and market for private sector development. It would have enabled the Micronesian governments to employ U.S. citizens without paying exorbitant wages with the demonstration effect on the local economy. It would have assisted U.S. firms in competing with foreign firms for contracts. It would also have encouraged U.S. firms to locate there and develop trade relations with the United States.

This is what the Micronesians want. It is what four administrations have negotiated toward. It is what the President wanted and twice recommended to the Congress. It is also what has been twice unanimously recommended to the Senate by the Energy and Natural Resources Committee after extensive hearings and oversight over the last 15 years. I can not express how strongly I regret this amendment and the actions of the Treasury which led to its passage in the House.

Mr. President, the record of the Department of the Treasury in this matter does not reflect well on this Government. The Department was deeply involved in the negotiations. The U.S. position was overseen by two interagency groups under the watchful gaze of OMB. The tax and trade provisions were agreed to under the last administration and were reaffirmed by President Reagan after a year and a half review.

Treasury seems to have adopted the attitude that they were never involved or consulted during these negotiations and consequently never agreed to the provisions. Anyone who seriously thinks that this administration would conduct a year long review and involve all agencies except Treasury does not remember who headed that Department.

In fact, despite concern over sections 254 and the potential extension of section 936 to the Micronesian's, on September 15, 1981, David Glickman, the Deputy Assistance Secretary for tax policy, wrote to William Clark, then the Deputy Secretary of State in charge of the overall review of the compact, and stated that "Treasury withdraws its recommendation that the compact be opened to renegotiate the tax provisions." That apparently remained the Treasury position when they responded to the questions which the Energy and Natural Resources Committee posed and when they testi-

fied before the House Interior Committee.

The Energy and Natural Resources Committee asked over 1,300 questions on the compact in our hearings, many of them dealing with precisely these provisions and not once did the administration express any concern. At the last moment, the Department apparently decided to abandon the position stated by the President and go to the Ways and Means Committee and the Finance Committee to undercut the compact. I would commend to everyone's attention the comments made in the RECORD by Congressman LEACH on the understanding of the House when they passed similar amendments. He stated that they did so on the assurance that the compact would be passed clean in the Senate and that these problems would be worked out in conference—as they would have been. The administration apparently deceived the House as they have deceived us. I ask unanimous consent that a copy of Congressman LEACH's remarks be printed in the RECORD at this point.

There being no objection, the material ordered to be printed in the RECORD, as follows:

REMARKS OF HON. JIM LEACH OF IOWA

Mr. LEACH of Iowa. Mr. Speaker, this House ought to be alerted to the fact that one of the most profound agreements the United States has ever negotiated in the Pacific is in serious jeopardy.

On Thursday of last week, the House adopted House Joint Resolution 355, which embodies the Compact of Free Association between the United States and two Pacific Island States: the Marshall Islands and the Federated States of Micronesia.

This legislation is unprecedented.

The compact, like all negotiated agreements, involves quid pro quos. The United States received vital national security rights under the compact and in turn agreed to provide the freely associated states with a mixed package of tax and trade benefits along with certain grant and program assistance.

From the time of its earliest consideration in the House this year, it was clear that conflict would occur as a result of overlapping commitee jurisdictions. This could have been expected. But what was not expected was the division and chaos which has marked the administration's approach to this legislation. It now threatens to undercut one of the significant foreign policy initiatives of the decade.

Last week in adopting House Joint Resolution 355, the House accepted an 11th hour compromise worked out with the Ways and Means Committee on the tax and trade provisions of the compact, but with the express understanding that the administration would be seeking further changes in that package of amendments when the House would go to conference with the Senate. However, in the intervening couple of days, that the Department of the Treasury and other elements of the administration appear rather extraordinarily to have continued to march at cross purposes.

The issue is not whether the position of the Ways and Means Committee or the Treasury Department is more persuasive in the abstract. The issue is whether the parties involved will recognize that the compact represents a carefully negotiated document which must either be generally accepted or rejected, but which we in Congress unilaterally modify at substantial risk.

My own view is that the administration served well the national interest in extending to the freely associated states certain trade and tax incentives which provide the prospect of binding these island states economically as closely as possible to the United States rather than to our trade rivals or strategic adversaries. If the compact were to be subjected to reopened negotiations as a result of congressional diminution of existing provisions, it would undercut the President's negotiating position and quite likely result in either a mired deadlock or end up costing the taxpayers significantly more.

It is one thing for reasonable differences of opinion to surface in the Congress. It is quite another in a matter of serious foreign policy for the administration to march to a discordant theme.

Last week the administration gave conflicting signals to the Congress, with one White House spokesman telling the House that the administration could support the House bill with the reservation that it would seek changes during the House-Senate conference to reflect more closely previously negotiated tax and trade benefits, and another White House spokesman telling Members of the other body that the administration could flatly accept the House passed provisions on tax and trade.

It should be noted that the 11th hour compromise in the House was reached late Thursday afternoon with the involvement of the chairman of most of the principal House committees and subcommittees involved. Minority Members of this body were excluded from those deliberations. Members of the minority, like myself and the gentleman from Minnesota [Mr. FRENZEL], objected to the procedures when the bill came to the floor. However, those of us that favored language closer to that of the original compact were assured that the administration's position would prevail in the Senate, and House conferees could then defer to the Senate in conference.

It appears now that this perspective represented under confidence that the administration would present a consistent perspective to the Senate and that its views would prevail in the other body. But this morning the Treasury testified in support of the House passed rather than White House position, which means the compact, negotiated under four administrations of both political parties, and which in some areas of the Micronesia territory was approved with relatively thin margins of support, is suddenly in jeopardy.

Given the sensitivity of the issues, it is not clear a new compact could be easily negotiated nor would it be as likely to contain provisions as favorable to the United States as those in the present compact.

The question must be asked: Can the administration get its act in order in time to straighten out the diplomatic embarrassment that is in the making. Is it not time to bring in the larger perspective and larger administration actors to resolve a foreign policy issue of substantial import?

The idea under consideration, after all, is the size of the continental 48 States.

Forty years ago thousands of Americans lost their lives in the region to defend the principle of democracy and self-determination. To honor those principles today and reduce the prospect of military reengagement, let's not in Congress muddy up a carefully honored agreement.

It is simply unprecedented for one part of an administration (in this instance, this Department of the Treasury) to undercut a treaty approach drafted by another part of the same administration. It is even more so for Congress to turn upside down an approach that is of such extraordinary significance.

It would be more prudent for Members of Congress to express dissent by voting "no" on the compact, if that is indeed their position, than for Congress to throw so much pepper into the soup that it becomes unpalatable to all parties. Greater wisdom is to recognize that this agreement is in the interest of both parties and deserves strong support in Congress as well as the executive branch.●

Mr. McCLURE. Based on a review of the report from the Ways and Means Committee, most of the concerns could have been resolved without major changes to the compact. It would have been nice if anyone at Treasury had had the simple courtesy to have talked to the Micronesians, because they probably would have found the Micronesians just as concerned about potential abuses. Section 253 could have been left intact with a simple provision denying its benefits to any person who is or has been a citizens or national of the United States.

Perhaps section 911 of the code is a better solution to the potential problems raised with respect to section 254 than a provision denying section 254 benefits to anyone who resides in Micronesia for the purposes of tax evasion or limiting the amount of income subject to section 254. I do not know, but I do know that no one has sought to talk to the Micronesians except our committee and some Members of the House. Most of the changes made by TEFRA would apply to the Micronesians since they corrected abuses and not to apply them would be manifestly inconsistent with the compact. The Micronesians bargained for some certainty in order to attract investment. They did not bargain for tax havens, loopholes, or abuses.

Apparently there is some fear in the Treasury that if we try to assist the Micronesians, we will be inconsistent when we consider tax reform. Perhaps the people in Treasury are incapable of crafting legislation which can distinguish between the Free Associated States, the individual territories, and the States. I can assure them that we are not.

If there are problems in Guam, then we can fashion a remedy for Guam without making a leap to a conclusion that anything we do for Guam we must do for the Virgin Islands or for Puerto Rico. If that makes life difficult for the people at Treasury, no one required them to work there. Sometimes we all must work long hours in

the national interest. I can assure the Treasury that their performance on this issue has not won them any support for any other ideas they may have.

I ask unanimous consent that an exchange of correspondence between the Secretary of the Treasury and the Secretary of State on the issue of Treasury's involvement be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY,
Washington, DC, August 8, 1985.

Hon. GEORGE P. SHULTZ,
Secretary of State
Washington, DC

DEAR GEORGE: I am writing in response to your suggestion this morning that the Treasury Department has frustrated passage of the Compact of Free Association with the Marshall Islands and the Federated States of Micronesia.

We fully share your view that our relationship with the Freely Associated States is vitally important, and that there is a clear need to enact a Compact in such form as will enhance the development of those areas and protect our national security interests.

However, as you are well aware, the Compact as originally negotiated contained a number of tax provisions that are of significant concern. In general, the Compact would create tax-haven status for the Freely Associated States by granting broad exemptions from U.S. tax for U.S. citizens who establish residence in the Freely Associated States. In addition, the Compact would grant certain investment incentives, particularly the benefits of section 936, to the Freely Associated States as those incentives were in force as of January 1, 1980. Thus, for example, the benefits of section 936 (without the 1982 legislative changes) would be granted to the Freely Associated States under the original Compact. This is specifically inconsistent with the President's tax reform proposals, which recommend a change in section 936. Treasury was not alone in expressing these concerns. Indeed, there was widespread concern in Congress that the tax provisions of the originally-negotiated Compact had serious deficiencies.

House Interior and Insular Affairs Committee Chairman Udall said on the House floor that the originally-negotiated compact "would have created a foolproof, low-rate tax haven for Americans seeking to avoid U.S. income taxation." House Ways and Means Committee Chairman Rostenkowski, in a March 7, 1985 letter to Speaker O'Neill regarding the tax provisions of the compact, expressed his "grave concern for potential U.S. tax avoidance."

At the Ways and Means Committee markup on July 18, Treasury expressed our concerns regarding the tax provisions after clearing our position with representatives of the Office of Micronesian Status Negotiations, who were also present at this markup.

As a result of these and other concerns, two substitute versions of the Compact legislation were drafted, one by the House Foreign Affairs and Interior Committees, and one by the Ways and Means Committee. Prior to the House floor debate, a compromise agreement was reached between the Interior and Ways and Means Committees and subsequently the House adopted the compromise version of the Compact by an overwhelming vote of 360–12.

Treasury had a number of concerns regarding the tax provisions in each of the two earlier versions. We were particularly concerned that provisions in the Interior substitute were inconsistent with the President's tax reform proposal, a concern you yourself noted in the joint letter you sent to Congress on July 25 with Cap Weinberger and Don Hodel.

On the following day, Friday, July 26, Max Friedersdorf acknowledged to a member of my staff that the originally-negotiated Compact had serious tax problems and said that the House-passed compromise was acceptable to the Administration. On Monday, July 29, Treasury testified before the Senate Finance Committee at the request of Chairman Packwood on the tax provisions of the Compact and stated that "the provisions adopted by the House of Representatives provide an acceptable resolution of the difficult issues raised." This testimony was cleared in advance by the Office of Management and Budget. Furthermore, Ambassador Zeder at that time told Treasury officials he had no problem with our position on the tax provisions. Representatives of the OMSN were also present at the hearing and subsequent markup, and did not disagree with our position on the tax provisions.

Given these events, I respectfully disagree with the suggestion that Treasury has created problems in the adoption of the Compact. The position taken by the Treasury Department on the tax provisions of the Compact is clearly correct—we simply cannot accept the creation of a tax haven for American citizens as would have occurred under the original Compact. Such an arrangement would be fundamentally inconsistent with the President's proposals on tax reform. Indeed, the tax provisions of the original Compact were also strongly objectionable to the Chairmen of the Ways and Means and Finance Committees, their committee members, and an overwhelming number of members in both the House and the Senate.

In my opinion, the Compact is running into difficulties in Congress not because of Treasury's position but because those who negotiated the Compact apparently not only neglected to consult with the Treasury Department and with the tax-writing committees in Congress during these negotiations, but also failed to consult with the Ways and Means Committee during the subsequent development of the Udall-Fascell substitute. Chairman Rostenkowski called the failure to consult with his Committee during the negotiation of the compact a "gross oversight." Whatever the competing views of the merits may be, I agree with Chairman Rostenkowski on the process.

In closing, let me repeat that we fully support the effort to enact Compact legislation and are willing to cooperate with you and others in the Administration to provide a coordinated approach to achieve this goal.

Sincerely,

JAMES A. BAKER, III.

THE SECRETARY OF STATE,
Washington, DC, August 16, 1985.

Hon. JAMES A. BAKER III,
Department of the Treasury.

DEAR JIM: I appreciate your letter of August 8 reiterating Treasury's commitment to the Compact of Free Association and outlining its position on the Compact's tax provisions. As you know, I share your concern that those provisions conform fully to the President's tax reform proposal and have expressed that view to Congress. As important as that concern may be, however, I think we must also keep in mind the underlying national security and foreign policy objectives that continue to demand the Compact be implemented on October 1.

In view of the need to act promptly and yet in conformity with the President's tax reform proposal, I have directed my staff to work closely with Treasury and the concerned tax-writing committees to develop a compromise proposal that will meet our domestic needs and still be acceptable to the Micronesians. In this context, I am particularly grateful that your representatives on the IG working group and at senior strategy sessions called by State have indicated your strong desire to accomplish this task.

Several of the points you raised in your letter deserve a thoughtful reply. I also would like to help correct for the record some misunderstandings that seem to have developed on your staff regarding Treasury's past involvement in the negotiation of the Compact and the Nature of the Administration's support for the final document.

As you recall, from February to September 1981, Jim Buckley chaired a senior Administration review of the entire Compact in which Treasury participated. At the beginning of that review, Jim clearly stated that the Reagan Administration did not feel bound by any of the specific provisions of the Compact or, indeed, to the Compact itselfs as an overall approach to resolving the future political status of the Trust Territory. In the course of that review, each section of the Compact, including that dealing with taxation, was open for review, revision, or rejection. The Buckley committee's final recommendations, contained in SIGM 5 and explicitly concurred in by Treasury, concluded that the security and foreign policy objectives underlying the Compact were of sufficient importance to preclude any effort to change or seek renegotiation of individual provisions of the documents.

As a consequence of the SIGM 5 recommendations, President Reagan on September 21, 1981 announced to the leaders of the Trust Territory that this Administration preferred Free Association for the Trusteeship and that it reaffirmed the individual terms of the Compact. NSDD 10, implementing SIGM 5, specifically instructed the negotiator, Ambassador Zeder, not to reopen negotiations and to promptly conclude the outstanding subsidiary agreements and bring the Compact before Congress.

Your staff also appears to be of the view that many of the problems we now face could have been resolved had the Treasury Department and the appopriate tax-writing committees been consulted during the negotiations of the Compact's tax provisions. These negotiations were completed during the Carter Administration by two Treasury officials, Carla Hoff and Stanley Langbein, under the direct supervision of David Rosenbloom, then International Tax Counsel for Treasury. I share your surprise that these officials did not discuss their negotiations with your congressional committees and agree that had they done so, our present difficulty might have been avoided.

Finally, the Office of Micronesian Status Negotiations does not agree that it cleared your representatives' testimony before the Ways and Means and Finance Committees. As OMSN recalls the matter, its staff was advised of the key elements of the testimony only minutes before it was presented and

had no real opportunity to discuss its content.

I hope this reply helps clarify some of my concerns and the need for a united Administration front when discussing the Compact with Congress. I will be in touch with you shortly to discuss how we can play a direct role in winning Congress' approval of the Compact in the opening days of the next session.

Sincerely yours,

GEORGE P. SHULTZ.

Mr. McCLURE. Mr. President, I deeply regret that this amendment is even offered. I honestly think that the Congress has been deceived. I can pledge that I will do all in my power to see that the final version of the compact will provide the necessary incentives to encourage U.S. private sector assistance and investment in Micronesia, even if we are to be denied the tax and trade provisions. Perhaps with a little more time, the Congress will understand how foolish the Treasury position is and we will reverse this decision.

I do want to state that I fully understand the concerns of the Senator from Oregon and I appreciate the attention which he has given this issue in an effort to prevent any potential abuse while protecting the objectives of the negotiations.

I hope that when he discusses these provisions with the House, he will be successful in making further improvements.

COMMITTEE AMENDMENT, AS AMENDED

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the committee amendment, as amended, was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1052

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE] proposes an amendment numbered 1052.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following:

SEC. 8. (a) In addition to the programs and services set forth in Section 221, of the Compact, and pursuant to Section 224, the programs and services of the following agencies shall be made available to the Federated States of Micronesia and the Republic of the Marshall Islands and, upon approval of a Compact for the Republic of Palau, the Republic of Palau: Federal Deposit Insurance Corporation, Small Business Administration, Economic Development Administration, and the programs and services of the Department of Commerce relating to tourism and marine resource development.

(b) In order to further the close economic commercial relations between the United States and the Freely Associated States, and to encourage the presence of the United States private sector in the Freely Associated States, there are hereby created three investment Development Loan Funds: one for the Federated States of Micronesia, one for the Republic of the Marshall Islands, and, upon approval of a Compact for the Republic of Palau, one for the Republic of Palau.

For the Federated States of Micronesia, there is hereby authorized to be appropriated $30 million with an additional $15 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the Fund to be conducted by the Secretary of the Interior in consultation with the appropriate officials of the Federated States of Micronesia.

For the Republic of the Marshall Islands, there is hereby authorized to be appropriated $15 million with an additional $7.5 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the funds to be conducted by the Secretary of the Interior in consultation with the appropriate officials of the Republic of the Marshall Islands.

For the Republic of Palau, there is hereby authorized to be appropriated $15 million with an additional $7.5 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the Fund to be conducted by the Secretary of the Interior in consultation with the appropriate officials of Palau.

To provide policy guidance for the Fund, there is hereby authorized to be established a Board of Advisors, pursuant to agreement between the United States and the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau respectively.

Mr. McCLURE. Mr. President, the amendment which I am offering would seek to mitigate the effect of the changes in the compact resulting from the amendment offered by the Finance Committee and supported by the administration. The objectives of the three sections of the compact affected—253, 254, and 255—were to strengthen the relationship between the United States and these two new governments.

Section 253 of the compact was designed to encourage Micronesians to work and invest in the United States. Section 254 was designed to assist the new governments in hiring U.S. citizens without skewing the local economy by having to pay wages far in excess of the normal local levels. It would also have assisted U.S. firms to locate there by reducing their wage costs. Section 255 was designed to treat the new freely associated states as if they were a part of the United States so long as they remained in political association with the United States. The Micronesian governments believed that domestic treatment would have also facilitated the development of their local economies.

I am not completely certain that the actual effect of the changes to these three sections is known. I have heard varying estimates. The low end comes from OMB whose estimate is $12.43 plus two free rides on the Metro. The high end runs somewhere around $135 million. The truth lies somewhere between those two estimates.

I believe that when this Government makes a commitment, it has an obligation to stand by its word. It would have been helpful if the administration had requested that the Congress defer action on the compact until it had renegotiated these provisions once it had made up its mind that it wanted the provisions changed. Unfortunately it did not do so. It chose to tell our committee one thing and another committee another.

I do not know what the precise answer is. I am not comfortable with this amendment, although I do believe that it directly addresses the major economic needs of these two governments. It is offered without hearings and subject to action by the Appropriations Committee where I hope we will be able to refine it a bit more. I am certainly willing to consider other alternatives and would encourage the administration to sit down with each of the two governments and come up with a package which would better achieve the original objectives of the compact.

Mr. President, the amendment which I am offering is done within the context of Senate action on the compact. We have over the last 2 months been negotiating with the House on the extensive amendments which they adopted, and I believe that we have reached an agreement which avoids the need for a conference. I fully expect the House to review this compensation package and modify it in light of the agreement which we have reached on their amendments.

I did not think that we should do so here so that at least the Senate would keep faith and then the Congress could when the final package is agreed to. One agreement which we have reached with the House is to use the U.S. private sector to assist the new governments in their infrastructure program. That is not in the Senate measure but it would offset some of the impact of the tax changes.

Time is running from us. This is not the way I like to legislate but I recognize the frustration of delay. The Micronesians have invested over 15 years and want to end the trusteeship. We have spent a lot of time and also want to end the trusteeship. I do not believe that further delay is in anyone's interest.

I can only offer President Kabua and President Nakayama my personal

assurance that I am as frustrated as they but I am also as deeply committed to the principles and objectives of the compact. If the package which I am offering is not the best to achieve the objectives of economic development and close relationships between the Micronesian and United States private sectors, then I will be more than willing to support alternatives.

Mr. JOHNSTON. Mr. President, I support the package offered by the distinguished Senator from Idaho which is designed to compensate the Micronesians for in effect deleting three sections of the compact as the Energy Committee reported it by the Senate Finance Committee.

These three sections were part of the total package the Micronesians considered over 5 years ago when assessing whether or not the agreement reached after over a decade of negotiations on terms and commitments should be initialed. These three sections were also part of the overall package which the peoples of the Republic of the Marshall Islands and the Federated States of Micronesia voted on and approved in referenda.

Like the senior Senator from Idaho, I cannot say with certainty what the precise effect of eliminating the original intent and meaning of these three sections is. I do not think anyone can with any degree of accuracy. However, I can say that there is an effect, and an effect which within the range of estimates we have received from various administration officials is a significant one, one which may be as high as $135 million in lost benefits to the Micronesians over the life of the compact.

My concern, like the concern of the Senator from Idaho, is that wholesale, unilateral changes in these sections now, after the agreement has been initiated and voted on by the Micronesians, without any offsetting provision, is inequitable and unfair. We in the Senate have been placed by the administration in what my colleague has charitably called an "uncomfortable" position.

I call it a rock and a hard place. On the one hand, we were told by some in the administration that the "administration" supported the compact as submitted. In fact, we received testimony to that effect in the Senate Energy Committee on not one but two separate occasions. On the other hand, after we received that testimony and indeed over a year after the administration first requested favorable action on the compact, I was told—although no one ever contacted me directly—that part of the administration—specifically the Treasury Department—no longer supported these three provisions and now wanted these three provisions deleted.

I find this odd and disturbing. The administration apparently speaks with many voices on this issue. Since the administration apparently cannot keep its position together, we in the Senate—without the benefit of any hearings or of any good estimates—are forced to try to restore some equity and fairness if we are to have a package approved which has the balance in it that all parties thought they had agreed to over a year ago.

The chairman's compensation package attempts to do this. I think this is the best effort we can make. It would have been better, I think, for the administration to have renegotiated the compact in light of the changes which Treasury has unilaterally attempted to impose and to have requested the Congress to defer action on the compact until this could be accomplished.

In the absence of deferral, it would have been better, I think, for the administration to have requested an additional hearing before the Senate Energy Committee to present the Treasury Department's view on sections 253, 254 and 255, to allow the Micronesians a fair forum for their views on the impact which deleting these changes would have, and to give committee members a forum for asking questions and getting some answers on the record from OMB, Treasury, State, Interior and all the other voices speaking on this issue about the effect of deleting these provisions.

In the absence of a hearing, it would have been better for each agency of the administration which is apparently making decisions on this issue to have put into writing their views on the effect of these three sections and officially submit their individual and contradictory views to the Energy Committee for due consideration of them.

None of these routes were followed and thus we do not have very good or reliable information on which to act. I think the chairman has done the best under the circumstances to try to develop a package to compensate the Micronesians for these changes. I am willing to go along with this because I believe it is consistent with the Senate's good faith record in dealing with the Micronesians and because I believe we can fine tune the package in the Appropriations Committee where we will have a chance to get some answers on the record.

I am also willing to go along because I think it is urgent that we take positive action on the compact and not further delay Senate consideration over this issue. I again emphasize that if this package is insufficient or proves unworkable we will have a chance to improve on it in the Appropriations Committee. I say this with some confidence because the chairman has a distinct track record in his other role as chairman of the Interior Appropriations Subcommittee of seeing that our obligations to the Micronesians are fulfilled in appropriations actions.

He has been consistent in this respect and I expect that he will move mountains to make sure that the administration comes forth with a unified position on whatever information we require in the appropriations process to enable us to act with certainty on future appropriations packages to provide in real terms the compensation the Micronesians deserve.

As a member of the Appropriations Committee, and the Interior Subcommittee myself, I am committed to making sure that this occurs.

Mr. President, I urge adoption of the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. McCLURE. Mr. President, I yield back the time on this side.

Mr. LONG. Mr. President, I yield back the time on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1052) was agreed to.

AMENDMENT NO. 1053

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE], for Mr. JOHNSTON, proposes an amendment numbered 1053.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, between lines 2 and 3, insert the following:

TITLE I.—COMPACT OF FREE ASSOCIATION WITH THE FEDERATED STATES OF MICRONESIA AND THE MARSHALL ISLANDS

On page 3, line 3, strike "That the" and insert in lieu thereof "Sec. 1. The".

At the end of the joint resolution, insert the following new title:

TITLE II.—COMPACT OF FREE ASSOCIATION WITH PALAU

SEC. 201. APPROVAL OF THE COMPACT.

(a)(1) Subject to paragraph (2) of this subsection Congress expresses its approval of the Compact of Free Association Between the Government of the United States of America and the Government of the Republic of Palau, (hereafter in this section referred to as the "Compact"), the text of which is set forth in Section 202.

(2) The Compact shall take effect only upon—

(A) a certification by the President to the Congress on later than March 31, 1986 that the Republic of Palau has approved the Compact in accordance with section 411 of the Compact and that the President has determined that the United States will be able to carry out fully its rights and responsibilities under Title III of the Compact and the subsidiary agreements thereto; and

(B) enactment by the Congress of a joint resolution approving such certification and providing for implementation of the Compact.

(b) Sections 2, 4, 5(a), 5(b), 5(c)(1), 5(d), 6, 7, and 8 of title I of this joint resolution shall apply to the Compact, except that any reference in such sections—

(1) to the Compact shall be treated as referring to the Compact set forth in section 202, and

(2) to the Federated States of Micronesia or the Marshall Islands shall be treated as referring to the Republic of Palau.

SEC. 202. The text of the Compact is as follows:

COMPACT OF FREE ASSOCIATION

PREAMBLE

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PALAU

Affirming that their Governments and the relationship between their Governments are founded upon respect for human rights and fundamental freedoms for all; and

Affirming the common interest of the United States of America and the people of Palau in creating close and mutually beneficial relationships through a free and voluntary association of their Governments; and

Affirming the interest of the Government of the United States in promoting the economic advancement and self-sufficiency of the people of Palau; and

Recognizing that their previous relationship has been based upon the International Trusteeship System of the United Nations Charter; and that pursuant to Article 76 of the Charter, the people of Palau have progressively developed their institutions of self-government, and that in the exercise of their sovereign right to self-determination they have, through their freely-expressed wishes, adopted a Constitution appropriated to their particular circumstances; and

Recognizing that the people of Palau have and retain their sovereignty and their sovereign right to self-determination and the inherent right to adopt and amend their own Constitution and form of government and that the approval of the entry of their Government into this Compact of Free Association by the people of Palau constitutes an exercise of their sovereign right to self-determination;

NOW, THEREFORE, AGREE to enter into a relationship of free association which provides a full measure of self-government for the people of Palau; and

FURTHER AGREE that the relationship of free association derives from and is as set forth in this Compact; and that, during such relationships of free association, the respective rights and responsibilities of the Government of the United States and the Government of the freely associated state of Palau in regard to this relationship of free association derives from and is as set forth in this Compact.

TITLE ONE

GOVERNMENT RELATIONS

Article I

Self-Government

Section 111

The people of Palau, acting through their duly elected government established under their constitution, are self- governing.

Article II

Foreign Affairs

Section 121

The Republic of Palau has the capacity to conduct foreign affairs in its own name and right, except as otherwise provided in this Compact.

Section 122

The Government of the United States shall support application by the Government of Palau for membership or other participation in regional or international organizations as may be mutually agreed. The Government of the United States agrees to accept citizens of Palau for training and instruction at the United States Foreign Service Institute, established under 22 U.S.C. 4021, or similar training under terms and conditions to be mutually agreed.

Section 123

In recognition of the authority and responsibility of the Government of the United States under Title Three, the Government of Palau shall consult with the Government of the United States. The Government of the United States in the conduct of its foreign affairs, shall consult with the Government of Palau on matters which the Government of the United States regards as relating to or affecting the Government of Palau.

Section 124

(a) The Government of Palau has authority to conduct its foreign affairs relating to law of the sea and marine resources matters, including the harvesting, conservation, exploration or exploitation of living and nonliving resources from the sea, seabed or subsoil to the full extent recognized under international law.

(b) The Government of Palau has jurisdiction and sovereignty over its territory, including its land and internal waters, territorial seas, the airspace superjacent thereto only to the extent recognized under international law.

Section 125

Except as otherwise provided in this Compact or its related agreements, all obligations, responsibilities, rights and benefits of the Government of the United States as administering authority which have resulted from the application pursuant to the Trusteeship Agreement or any treaty or other international agreement to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact are no longer assumed and enjoyed by the Government of the United States.

Section 126

The Government of the United States shall accept responsibility for those actions taken by the Government of Palau in the area of foreign affairs, only as may from time to time be expressly and mutually agreed.

Section 127

The Government of the United States may assist or act on behalf of the Government of Palau in the area of foreign affairs as may be requested and mutually agreed from time to time. The Government of the United States shall not be responsible to third parties for the actions of the Government of Palau undertaken with the assistance or through the agency of the Government of the United States pursuant to this Section unless expressly agreed.

Article III

Communications

Section 131

The Government of Palau has full authority and responsibility to regulate its domestic and foreign communications, and the Government of the United States shall provide communications assistance in accordance with the terms of a separate agreement which shall come into effect simultaneously with this Compact. The United States Federal Communications Commission has jurisdiction, pursuant to the Communications Act of 1934, 47 U.S.C. 151 et seq., and the Communications Satellite Act of 1962, 47 U.S.C. 721 et seq., over all domestic and foreign communications services furnished by means of satellite earth terminal stations where such stations are owned or operated by the United States common carriers and are located in Palau.

Section 132

The Government of Palau shall permit the Government of the United States to operate telecommunications services in Palau to the extent necessary to fulfill the obligations of the Government of the United States under this Compact in accordance with the terms of separate agreements which shall come into effect simultaneously with this Compact.

Article IV

Immigration

Section 141

(a) Any person in the following categories may enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories and possessions without regard to paragraphs (14), (20), and (26) of section 212(a) of the Immigration and Nationality Act, 8 U.S.C. 1182(a)(14), (20), and (26):

(1) a person who, on the day preceding the effective date of this Compact, is a citizen of the Trust Territory of the Pacific Islands, as defined in Title 53 of the Trust Territory Code in force on January 1, 1979, and has become a citizen of Palau;

(2) a person who acquires the citizenship of Palau, at birth, on or after the effective date of the respective Constitution; or

(3) a naturalized citizen of Palau, who has been an actual resident there for not less than five years after attaining such naturalization and who holds a certificate of actual residence.

Such persons shall be considered to have the permission of the Attorney General of the United States to accept employment in the United States.

(b) The right of such persons to establish a habitual residence in a territory or possession of the United States may, however, be subjected to non-discriminatory limitations provided for:

(1) in statutes or regulations of the United States; or

(2) in those statutes or regulations of the territory or possession concerned which are authorized by the laws of the United States.

(c) Section 141(a) does not confer on a citizen of Palau, the right to establish the residence necessary for naturalization under the Immigration and Nationality Act, or to petition for benefits for alien relatives under that Act. Section 141(a), however, shall not prevent a citizen of Palau, from otherwise acquiring such rights or lawful permanent resident alien status in the United States.

Section 142

(a) Any citizen or national of the United States may enter into, lawfully engage in occupations, and reside in Palau, subject to the right of that Government to deny entry to or deport any such citizen or national as an undesirable alien. A citizen or national of the United States may establish habitual residence or domicile in Palau only in accordance with the laws of Palau.

(b) With respect to the subject matter of this Section, the Government of Palau shall accord to citizens and nationals of the United States treatment no less favorable than that accorded to citizens of other countries; any denial of entry to or deportation

of a citizen or national of the United States as an undesirable alien must be pursuant to reasonable statutory grounds.

Section 143

(a) The privileges set forth in Sections 141 and 142 shall not apply to any person who takes an affirmative step to preserve or acquire a citizenship or nationality other than that of Palau.

(b) Every person having the privileges set forth in Sections 141 and 142 who possesses a citizenship or nationality other than that of Palau or the United States ceases to have these privileges two years after the effective date of this Compact, or within six months after becoming 21 years of age, whichever comes later, unless such person executes an oath of renunciation of that other citizenship or nationality.

Section 144

(a) A citizen or national of the United States who, after notification to the Government of the United States of an intention to employ such person by the Government of Palau, commences employment with that Government shall not be deprived of his United States nationality pursuant to section 349(a)(2) and (a)(4) of the Immigration and Nationality Act, 8 U.S.C. 1481(a)(2) and (a)(4).

(b) Upon such notification by the Government of Palau, the Government of the United States may consult with or provide information to the notifying Government concerning the prospective employee, subject to the provisions of the Privacy Act, 5 U.S.C. 552a.

(c) The requirement of prior notification shall not apply to those citizens or nationals of the United States who are employed by the Government of Palau on the effective date of this Compact with respect to the positions held by them at that time.

Article V

Representation

Section 151

The Government of the United States and the Government of Palau may establish and maintain representative offices in the capitals of the other.

Section 152

(a) The premises of such representative offices, and their archives wherever located, shall be inviolable. The property and assets of such representative offices shall be immune from search, requisition, attachment and any form of seizure unless such immunity is expressly waived. Official communications in transit shall be inviolable and accorded the freedom and protections accorded by recognized principles of international law to official communications of a diplomatic mission.

(b) Persons designated by the sending Government may serve in the capacity of its resident representatives with the consent of the receiving Government. Such designated persons shall be immune from civil and criminal process relating to words spoken or written and all acts performed by them in their official capacity and falling within their functions as such representatives, except insofar as such immunity may be expressly waived by the sending Government. While serving in a resident representative capacity, such designated persons shall not be liable to arrest or detention pending trial, except in the case of a grave crime and pursuant to a decision by a competent judicial authority, and such persons shall enjoy immunity from seizure of personal property, immigration restrictions, and laws relating to alien registration, fingerprinting, and the registration of foreign agents.

(c) The sending Governments and their respective assets, income and other property shall be exempt from all direct taxes, except those direct taxes representing payment for specific goods and services, and shall be exempt from all customs duties and restrictions on the import or export of articles required for the official functions and personal use of their representatives and representative offices.

(d) Persons designated by the sending Government to serve in the capacity of its resident representatives shall enjoy the same taxation exemptions as are set forth in Article 34 of the Vienna Convention on Diplomatic Relations.

(e) The privileges, exemptions and immunities accorded under this Section are not for the personal benefit of the individuals concerned but are to safeguard the independent exercise of their official functions. Without prejudice to those privileges, exemptions and immunities, it is the duty of all such persons to respect the laws and regulations of the Government to which they are assigned.

Article VI

Environmental Protection

Section 161

The Government of the United States and the Government of Palau declare that it is their policy to promote efforts to prevent or eliminate damage to the environment and biosphere and to enrich understanding of the natural resources of Palau.

Section 162

The Government of the United States and the Government of Palau agree that with respect to the activities of the Government of the United States in Palau, and with respect to substantively equivalent activities of the Government of Palau, each of the Governments shall be bound by such environmental protection standards as may be mutually agreed for the purpose of carrying out the policy set forth in this Compact.

Article VII

General Legal Provisions

Section 171

Except as provided in this Compact or its related agreements, the application of the laws of the United States to the Trust Territory of the Pacific Islands by virtue of the Trusteeship Agreement ceases with respect to Palau as of the effective date of this Compact.

Section 172

(a) Every citizen of Palau who is not a resident of the United States shall enjoy the rights and remedies under the laws of the United States enjoyed by any non-resident alien.

(b) The Government and every citizen of Palau shall be considered a "person" within the meaning of the freedom of Information Act, 5 U.S.C. 552, and of the judicial review provisions of the Administrative Procedure Act, 5 U.S.C. 701-706.

Section 173

The Government of the United States and the Government of Palau, agree to adopt and enforce such measures, consistent with this Compact and its related agreements, as may be necessary to protect the personnel, property, installations, services, programs and official archives and documents maintained by the Government of the United States in Palau pursuant to this Compact and its related agreements and by that Government in the United States pursuant to this Compact and its related agreements.

Section 174

Except as otherwise provided in this Compact and its related agreements:

(a) The Government of Palau shall be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall be immune from the jurisdiction of the courts of Palau.

(b) The Government of the United States accepts responsibility for and shall pay:

(1) any unpaid money judgment rendered by the High Court of the Trust Territory of the Pacific Islands against the Government of the Trust Territory of the Pacific Islands or the Government of the United States with regard to any cause of action arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact;

(2) any claim settled by the claimant and the Government of the Trust Territory of the Pacific Islands but not paid as of the effective date of this Compact; and

(3) settlement of any administrative claim or of any action before a court of the Trust Territory of the Pacific Islands, pending as of the effective date of this Compact, against the Government of the Trust Territory of the Pacific Islands or the Government of the United States, arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States.

(c) Any claim not referred to in Section 174(b) and arising from an act or omission of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact shall be adjudicated in the same manner as a claim adjudicated according to Section 174(d). In any claim against the Government of the Trust Territory of the Pacific Islands, the Government of the United States shall stand in the place of the Government of the Trust Territory of the Pacific Islands. A judgment on any claim referred to in Section 174(b) or this subsection, not otherwise satisfied by the Government of the United States, may be presented for certification to the United States Court of Appeals for the Federal Circuit, or its successor court, which shall have jurisdiction therefor, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States. The United States Court of Appeals for the Federal Circuit shall certify such judgment, and order payment thereof, unless it finds, after a hearing, that such judgment is manifestly erroneous as to law or fact, or manifestly excessive. In either of such cases the United States Court of Appeals for the Federal Circuit shall have jurisdiction to modify such judgment.

(d) The Government of Palau, shall not be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall not be immune from the jurisdiction of the courts of Palau in any case in which the action is based on a commercial activity of the defendant Government where the action is brought, or in a case in which damages are sought for personal injury or death or damage to or loss of property occurring where the action is brought.

Section 175

A separate agreement, which shall come into effect simultaneously with this Compact, shall be concluded between the Government of the United States and the Govern-

ment of Palau regarding mutual assistance and cooperation in law enforcement matters including the pursuit, capture, imprisonment and extradition of fugitives from justice and the transfer of prisoners. The separate agreement shall have the force of law. In the United States, the laws of the United States governing international extradition, including 18 U.S.C. 3184, 3186 and 3188-3195, shall be applicable to the extradition of fugitives under the separate agreement, and the laws of the United States governing the transfer of prisoners, including 18 U.S.C. 4100-4115, shall be applicable to the transfer of prisoners under the separate agreement.

Section 176

The Government of Palau confirms that final judgments in civil cases rendered by any court of the Trust Territory of the Pacific Islands shall continue in full force and effect, subject to the constitutional power of the courts of Palau to grant relief from judgments in appropriate cases.

Section 177

(a) Federal agencies of the Government of the United States which provide services and related programs in Palau are authorized to settle and pay tort claims arising in Palau from the activities of such agencies or from the acts or omissions of the employees of such agencies. Except as provided in Section 177(b), the provisions of 28 U.S.C. 2672 and 31 U.S.C. 1304 shall apply exclusively to such administrative settlements and payments.

(b) Claims under Section 177(a) which cannot be settled under Section 177(a) shall be disposed of exclusively in accordance with Article II of Title Four. Arbitration awards rendered pursuant to this subsection shall be paid out of funds under 31 U.S.C. 1304.

(c) The Government of the United States and the Government of Palau shall provide for:

(1) the administrative settlement of claims referred to in Section 177(a), including designation of local agents in Palau such agents to be empowered to accept, investigate and settle such claims, in a timely manner, as provided in such separate agreements; and

(2) arbitration, referred to in Section 177(b), in a timely manner, at a site convenient to the claimant, in the event a claim is not otherwise settled pursuant to Section 177(a).

(d) The provisions of Section 174(d) shall not apply to claims covered by this Section.

TITLE TWO

ECONOMIC RELATIONS

Article I

Grant Assistance

Section 211

In order to assist the Government of Palau in its efforts to advance the well-being of the people of Palau and in recognition of the special relationship that exists between the United States and Palau, the Government of the United States shall provide to the Government of Palau on a grant basis the following amounts:

(a) $12 million annually for ten years commencing on the effective date of this Compact, and $11 million annually for five years commencing on the tenth anniversary of the effective date of this Compact, for current account operations and maintenance purposes, which amounts include a minimum annual distribution of $5 million from the fund specified in Section 211(f).

(b) $2 million annually for fourteen years commencing on the first anniversary of the effective date of this Compact as a contribution to efforts aimed at achieving increased self-sufficiency in energy production.

(c) $150,000 annually for fifteen years commencing on the effective date of this Compact as a contribution to current account operations and maintenance of communications systems, and the sum of $1.5 million, to be made available concurrently with the grant assistance provided during the first year after the effective date of this Compact, for the purpose of acquiring such communications hardware as may be located within Palau or for such other current or capital account activity as the Government of Palau may select.

(d) $631,000 annually on a current account basis for fifteen years commencing on the effective date of this Compact for the purposes set forth below:

(1) $109,600 annually for the surveillance and enforcement by the Government of Palau of its maritime zone;

(2) $208,600 annually for health and medical programs, including referrals to hospital and treatment centers; and

(3) $312,900 annually for a scholarship fund to support the post-secondary education of citizens of Palau attending United States accredited, post-secondary institutions in Palau, the United States, its territories and possessions, and states in free association with the United States. The curriculum criteria for the award of scholarships shall be designed to advance the purposes of the plan referred to in Section 231.

(e) The sum of $666,800 as a contribution to the commencement of activities pursuant to Section 211(d)(1).

(f) The sum of $60 million on the effective date of this Compact to create a fund to be invested by the Government of Palau in issues of bonds, notes or other redeemable instruments of the Government of the United States or other qualified instruments which may be identified by mutual agreement of the Government of the United States and the Government of Palau. The Government of the United States and the Government of Palau shall set forth in a separate agreement, which shall come into effect simultaneously with this Compact, provisions for the investment and management of the fund so as to allow for an agreed minimum annual distribution from its accrued principal and interest commencing upon the effective date of this Compact for fifty years. The objective of this sum is to produce an average annual distribution of $15 million commencing on the fifteenth anniversary of this Compact for thirty-five years. Any excess or variance from the agreed minimum annual distributions which may be produced from this sum shall accrue to or be absorbed by the Government of Palau and such distributions are not subject to sections 215 and 236.

Section 212

In order to assist the Government of Palau in its efforts to advance the economic development and self-sufficiency of the people of Palau and in recognition of the special relationship that exists between the United States and Palau, the Government of the United States shall provide:

(a) To the people of Palau, a road system on the island of Babelthuap in accordance with mutually agreed specification, the construction of which shall be completed prior to the sixth anniversary of the effective date of this Compact; and

(b) To the Government of Palau, the sum of $36 million, during the first year after the effective date of this Compact, for capital account purposes.

Section 213

The Government of the United States shall provide on a grant basis to the Government of Palau the sum of $5.5 million in conjunction with Article II of Title Three. This sum shall be made available concurrently with the grant assistance provided pursuant to this Article during the first year after the effective date of this Compact. The Government of Palau, in its use of such funds, shall take into account the impact of the activities of the Government of the United States in Palau.

Section 214

All funds previously appropriated to the Trust Territory of the Pacific Islands for the Government of Palau which are unobligated by the Government of the Trust Territory as of the effective date of this Compact shall accrue to the Government of Palau for the purposes for which such funds were originally appropriated as determined by the Government of the United States.

Section 215

Except as otherwise provided, the amounts stated in Sections 211(a), 211(b), 211(c) and 212(b) shall be adjusted for each fiscal year by the percent which equals two-thirds of the percentage change in the United States Gross National Product Implicit Price Deflator, or seven percent, whichever is less in any one year, using the beginning of Fiscal Year 1981 as the base.

Article II

Program Assistance

Section 221

(a) The Government of the United States shall make available to Palau, in accordance with and to the extent provided in the separate agreement referred to in Section 232, without compensation and at the levels equivalent to those available to the Trust Territory of the Pacific Islands during the year prior to the effective date of this Compact, the services and related programs:

(1) of the United States Weather Service;

(2) of the United States Federal Emergency Management Agency;

(3) provided pursuant to the Postal Reorganization Act, 39 U.S.C. 101 et seq.;

(4) of the United States Federal Aviation Administration; and

(5) of the United States Civil Aeronautics Board or its successor agencies which has the authority to implement the provisions of paragraph 5 of Article IX of such separate agreements, the language of which is incorporated into this Compact.

(b) The Government of the United States, recognizing the special needs of Palau particularly in the fields of education and health care, shall make available, as provided by the laws of the United States, the annual amount of $2 million which shall be allocated in accordance with the provisions of the separate agreement referred to in Section 232.

(c) The Government of the United States shall make available to Palau such alternate energy development projects, studies and conservation measures as are applicable to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact, for the purposes and duration provided in the laws of the United States.

(d) The Government of the United States shall have and exercise such authority as is necessary for the purposes of this Article and as is set forth in the separate agreements referred to in Section 232, which shall also set forth the extent to which services and programs shall be provided to Palau.

Section 222

The Government of Palau may request, from time to time, technical assistance from the Federal agencies and institutions of the Government of the United States, which are authorized to grant such technical assistance in accordance with its laws and which shall grant such technical assistance in a manner which gives priority consideration to Palau over other recipients not a part of the United States, its territories or possessions and equivalent consideration to Palau with respect to other states in Free Association with the United States.

Section 223

The citizens of Palau who are receiving post-secondary education assistance from the Government of the United States on the day preceding the effective date of this Compact shall continue to be eligible, if otherwise qualified, to receive such assistance to complete their academic programs for a maximum of four years after the effective date of this Compact.

Section 224

The Government of the United States and the Government of Palau may agree from time to time to the extension to Palau of additional United States grant assistance and of United States services and programs as provided by the laws of the United States.

Article III

Administrative Provisions

Section 231

(a) The annual expenditure by the Government of Palau of the grant amounts specified in Article I of this Title shall be in accordance with an official national development plan promulgated by the Government of Palau and concurred in by the Government of the United States prior to the effective date of this Compact. This plan may be amended from time to time by the Government of Palau.

(b) The Government of Palau shall report annually to the President of the United States and to the Congress of the United States on the implementation of the plan and the use of the funds specified in Article I of this Title.

Section 232

The specific nature, extent and contractual arrangements of the services and programs provided for in section 221 as well as the legal status of agencies of the Government of the United States, their civilian employees and contractors, and the dependents of such personnel while present in Palau, and other arrangements in connection with a service of program furnished by the Government of the United States, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Section 233

The Government of the United States, in consultation with the Government of Palau, shall determine and implement procedures for the periodic audit of all grants and other assistance made under this Title. Such audits shall be conducted at no cost to the Government of Palau.

Section 234

Title to the property of the Government of the United States situated in the Trust Territory of the Pacific Islands and in Palau or acquired for or used by the Government of the Trust Territory of the Pacific Islands on or before the day preceding the effective date of this Compact shall, without reimbursement or transfer of funds, vest in the Government of Palau as set forth in a separate agreement which shall come into effect simultaneously with this Compact. The provisions of this Section shall not apply to the property of the Government of the United States for which the Government of the United States determines a continuing requirement.

Section 235

(a) Funds held in trust by the High Commissioner of the Trust Territory of the Pacific Islands, in his official capacity, as of the effective date of this Compact shall remain available as trust funds to their designated beneficiaries. The Government of the United States, in consultation with the Government of Palau, shall appoint a new trustee who shall exercise the functions formerly exercised by the High Commissioner of the Trust Territory of the Pacific Islands.

(b) To provide for the continuity of administration, and to assure the Government of Palau that the purposes of the laws of the United States are carried out and that the funds of any other trust fund in which the High Commissioner of the Trust Territory of the Pacific Islands has authority of a statutory or customary nature shall remain available as trust funds to their designated beneficiaries, the Government of the United States agrees to assume the authority formerly vested in the High Commissioner of the Trust Territory of the Pacific Islands.

Section 236

Except as otherwise provided, approval of this Compact by the Government of the United States shall constitute a pledge of the full faith and credit of the United States for the full payment of the sums and amounts specified in Article I of this Title. The obligation of the Government of the United States under Article I of this Title shall be enforceable in the United States Claims Court, or its successor court, which shall have jurisdiction in cases arising under this Section, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States.

Article IV

Trade

Section 241

Palau is not included in the customs territory of the United States.

Section 242

For the purpose of assessing duties on its products imported into the customs territory of the United States, Palau shall be treated as if it were an insular possession of the United States within the meaning of General Headnote 3(a) of the Tariff Schedules of the United States. The exceptions, valuation procedures and all other provisions of General Headnote 3(a) shall apply to any product deriving from Palau.

Section 243

All products of Palau imported into the customs territory of the United States which are not accorded the treatment set forth in Section 242 and all products of the United States imported into Palau shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage or use.

Article V

Finance and Taxation

Section 251

The currency of the United States is the official circulating legal tender of Palau. Should the Government of Palau act to institute another currency, the terms of an appropriate currency transitional period shall be as agreed with the Government of the United States.

Section 252

The Government of Palau may, with respect to United States persons, tax income derived from sources within its respective jurisdiction, property situated therein, including transfers of such property by gift or at death, and products consumed therein, in such manner as such government deems appropriate. The determination of the source of any income, or the situs of any property, shall for purposes of this Compact, be made according to the United States Internal Revenue Code.

Section 253

A citizen of Palau, domiciled therein, shall be exempt from income taxes imposed by the Government of the United States upon fixed or determinable annual income; and estate, gift, and generation-skipping transfer taxes imposed by the Government of the United States.

Section 254

(a) In determining any income tax imposed by the Government of Palau, the Government of Palau shall have authority to impose tax upon income derived by a resident of Palau from sources without Palau in the same manner and to the same extent as the Government of Palau imposes tax upon income derived from within its jurisdiction. If the Government of Palau exercises such authority as provided in this subsection, any individual resident of Palau who is subject to tax by the Government of the United States on income which is also taxed by the Government of Palau shall be relieved of liability to the Government of the United States for the tax which, but for this subsection, would otherwise be imposed by the Government of the United States on such income. For purposes of this Section, the term "Resident of Palau" shall be deemed to include any person who was physically present in Palau for a period of 183 or more days during any taxable year.

(b) If the Government of Palau subjects income to taxation substantially similar to that imposed by the Trust Territory Code in effect on January 1, 1980, such Government shall be deemed to have exercised the authority described in Section 254(a).

Section 255

Where not otherwise manifestly inconsistent with the intent of this Compact, provisions in the United States Internal Revenue Code that are applicable to possessions of the United States as of January 1, 1980, shall be treated as applying to Palau. If such provisions of the Internal Revenue Code are amended, modified or repealed after that date, such provisions shall continue in effect as to Palau for a period of two years during which time the Government of the United States and the Government of Palau shall negotiate an agreement which shall provide benefits substantively equivalent to those which obtained under such provisions.

TITLE THREE

SECURITY AND DEFENSE RELATIONS

Article I

Authority and Responsibility

Section 311

The territorial jurisdiction of the Republic of Palau shall be completely foreclosed to the military forces and personnel or for the military purposes of any nation except the

United States of America, and as provided for in section 312.

Section 312

The Government of the United States has full authority and responsibility for security and defense matters in or relating to Palau. Subject to the terms of any agreements negotiated pursuant to Article II of this Title, the Government of the United States may conduct within the lands, water and airspace of Palau the activities and operations necessary for the exercise of its authority and responsibility under this Title. The Government of the United States may invite the armed forces of other nations to use military areas and facilities in Palau in conjunction with and under the control of United States Armed Forces.

Section 313

The Government of Palau shall refrain from actions which the Government of the United States determines, after consultation with that Government, to be incompatible with its authority and responsibility for security and defense matters in or relating to Palau.

Article II

Defense Sites and Operating Rights

Section 321

The Government of the United States may establish and use defense sites in Palau, and may designate for this purpose land and water areas and improvements in accordance with the provisions of a separate agreement which shall come into force simultaneously with this Compact.

Section 322

(a) When the Government of the United States desires to establish or use such a defense site specifically identified in the separate agreement referred to in section 321, it shall so inform the Government of Palau which shall make the designated site available to the Government of the United States for the duration and level of use specified.

(b) With respect to any site not specifically identified in the separate agreement referred to in section 321, the Government of the United States shall inform the Government of Palau, which shall make the designated site available to the Government of the United States for the duration and level of use specified, or shall make available one alternative site acceptable to the Government of the United States. If such alternative site is unacceptable to the Government of the United States, the site first designated shall be made available after such determination.

(c) Compensation in full for designation, establishment or use of defense sites is provided in Title Two of this Compact.

Section 323

The military operating rights of the Government of the United States and the legal status and contractual arrangements of the United States Armed Forces, their members, and associated civilians, while present in Palau, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Article III

Defense Treaties and International Security Agreements

Section 331

Subject to the terms of this Compact and its related agreements, the Government of the United States, exclusively, shall assume and enjoy, as to Palau, all obligations, responsibilities, rights and benefits of:

(a) Any defense treaty or other international security agreement applied by the Government of the United States as administering authority of the Trust Territory of the Pacific Islands as of the day preceding the effective date of this Compact; and

(b) Any defense treaty or other international security agreement to which the Government of the United States is or may become a party which it determines to be applicable in Palau. Such a determination by the Government of the United States shall be preceded by appropriate consultation with the Government of Palau.

Article IV

Service in the Armed Forces of the United States

Section 341

Any citizen of Palau entitled to the privileges of section 131 of this Compact shall be eligible to volunteer for service in the Armed Forces of the United States, but shall not be subject to involuntary induction into military service of the United States so long as such person does not establish habitual residence in the United States, its territories or possessions.

Section 342

The Government of the United States shall have enrolled, at any one time, at least one qualified student from Palau as may be nominated by the Government of Palau, in each of:

(a) The United States Coast Guard Academy pursuant to 14 U.S.C. 195; and

(b) The United States Merchant Marine Academy pursuant to 46 U.S.C. 129b(b)(6), provided that the provisions of 46 U.S.C. 1295b(b)(6)(C) shall not apply to the enrollment of students pursuant to section 342(b) of this Compact.

Article V

General Provisions

Section 351

(a) The Government of the United States and the Government of Palau shall establish a joint committee to consider disputes which may arise under the implementation of this title and its related agreements.

(b) Any unresolved issue with respect to the implementation of this title and its related agreements shall be referred exclusively to the Government of the United States and the Government of Palau for resolution.

Section 352

In the exercise of its authority and responsibility under this Compact, the Government of the United States shall accord due respect to the authority and responsibility of the Government of Palau under this Compact and to the responsibility of the Government of Palau to assure the well-being of Palau and its people.

TITLE FOUR

GENERAL PROVISIONS

Article I

Approval and Effective Date

Section 411

This Compact shall come into effect upon mutual agreement between the Government of the United States, acting in fulfillment of its responsibilities as Administering Authority of the Trust Territory of the Pacific Islands, and the Government of Palau, subsequent to completion of the following:

(a) Approval by the Government of Palau in accordance with its constitutional processes;

(b) Approval by the people of Palau in accordance with the Constitution of Palau by not less than a majority of the votes cast in a referendum on the Compact signed on May 23, 1984; and

(c) Approval by the Government of the United States in accordance with its constitutional processes.

Article II

Conference and Dispute Resolution

Section 421

The Government of the United States and the Government of Palau shall confer promptly at the request of the other on matters relating to the provisions of this Compact or of its related agreements.

Section 422

In the event the Government of the United States or the Government of Palau, after conferring pursuant to section 421, determines that there is a dispute and gives written notice thereof, the Governments shall make a good faith effort to resolve the dispute among themselves.

Section 423

If a dispute between the Government of the United States and the Government of Palau cannot be resolved within 90 days of written notification in the manner provided in section 422, either party to the dispute may refer it to arbitration in accordance with section 424.

Section 424

Should a dispute be referred to arbitration as provided for in section 423, an arbitration board shall be established for the purpose of hearing the dispute and rendering a decision which shall be binding upon the two parties to the dispute unless the two parties mutually agree that the decision shall be advisory. Arbitration shall occur according to the following terms:

(a) An arbitration board shall consist of a chairman and two other members, each of whom shall be a citizen of a party to the dispute and each of the two parties to the dispute shall appoint one member to the arbitration board. If either party to the dispute does not fulfill the appointment requirements of this section within 30 days of referral of the dispute to arbitration pursuant to section 423, its member on the arbitration board shall be selected from its own standing list by the other party to the dispute. Each government shall maintain a standing list of 10 candidates. The parties to the dispute shall jointly appoint a chairman within 15 days after selection of the other members of the arbitration board. Failing agreement on a chairman, the chairman shall be chosen by lot from the standing lists of the parties to the dispute within 5 days after such failure.

(b) The arbitration board shall have jurisdiction to hear and render its final determination on all disputes arising exclusively under Articles I, II, III and IV of title one, title two, title four and their related agreements.

(c) Each member of the arbitration board shall have one vote. Each decision of the arbitration board shall be reached by Majority vote.

(d) In determining any legal issue, the arbitration board may have reference to international law and, in such reference, shall apply as guidelines the provisions set forth in Article 38 of the Statute of the International Court of Justice.

(e) The arbitration board shall adopt such rules for its proceedings as it may deem appropriate and necessary, but such rules shall not contravene the provisions of this Compact. Unless the parties provide otherwise by mutual agreement, the arbitration board shall endeavor to render its decision within 30 days after the conclusion of arguments.

The arbitration board shall make findings of fact and conclusions of law and its members may issue dissenting or individual opinions. Except as may otherwise be decided by the arbitration board, one-half of all costs of the arbitration shall be borne by the Government of the United States and the remainder shall be borne by the Government of Palau.

Article III

Amendment and Review

Section 431

The provisions of this Compact may be amended at any time by mutual agreement.

Section 432

In agreeing to any amendment to this Compact which constitutes the inclusion of subject matter not addressed in its terms as of the effective date of this Compact, the Government of the United States commits itself to the principle of essential parity, when it deems appropriate, with the terms of the Compact of Free Association with the Marshall Islands or the Federated States of Micronesia.

Section 433

Upon the thirtieth anniversary of the effective date of this Compact, the Government of the United States and the Government of Palau shall formally review the terms of this compact and its separate agreements and shall consider the overall nature and development of their relationship. Any alteration to the terms of this Compact or its separate agreements shall be made by mutual agreement. Absent such mutual agreement, the terms of this Compact and its separate agreements shall remain in force until otherwise amended or terminated pursuant to title four of this Compact.

Article IV

Termination

Section 441

This Compact may be terminated by mutual agreement and subject to Section 451.

Section 442

This Compact may be terminated by the Government of the United States subject to Section 452, such termination to be effective on the date specified in the notice of termination by the Government of the United States but not earlier than six months following delivery of such notice. The time specified in the notice of termination may be extended.

Section 443

This Compact shall be terminated, pursuant to its constitutional processes, by the Government of Palau subject to Section 452 if the people of Palau vote in a plebiscite to terminate. The Government of Palau shall notify the Government of the United States of its intention to call such a plebiscite which shall take place not earlier than three months after delivery of such notice. The plebiscite shall be administered by such government in accordance with its constitutional and legislative processes, but the Government of the United States may send its own observers and invite observers from a mutually agreed party. If a majority of the valid ballots cast in the plebiscite favors termination, such government shall, upon certification of the results of the plebiscite, give notice of termination to the Government of the United States, such termination to be effective on the date specified in such notice but not earlier than three months following the date of delivery of such notice. The time specified in the notice of termination may be extended.

Article V

Survivability

Section 451

Should termination occur pursuant to Section 441, economic assistance by the Government of the United States shall continue on mutually agreed terms.

Section 452

Should termination occur pursuant to Section 442 or 443, the following provisions of this Compact shall remain in full force and effect until the fiftieth anniversary of the effective date of this Compact and thereafter as mutually agreed:

(a) Article I and Section 233 of Title Two;

(b) Title Three; and

(c) Article II, III, V and VI of Title Four.

Section 453

Notwithstanding any other provision of this Compact:

(a) The provisions of Section 311, even if Title Three should terminate, are binding and shall remain in effect for a period of 50 years and thereafter until terminated or otherwise amended by mutual consent.

(b) The separate agreements referred to in Article II of Title Three shall remain in effect in accordance with their terms.

Article VI

Definition of Terms

Section 461

For the purpose of this Compact the following terms shall have the following meanings:

(a) "Trust Territory of the Pacific Islands" means the area established in the Trusteeship Agreement consisting of the administrative districts of Kosrae, Yap, Palau, Ponape, the Marshall Islands and Truk as described in Title One, Trust Territory Code, Section 1, in force on January 1, 1979. This term does not include the area of the Northern Mariana Islands.

(b) "Trusteeship Agreement" means the agreement setting forth the terms of trusteeship for the Trust Territory of the Pacific Islands, approved by the Security Council of the United Nations April 2, 1947, and by the United States July 18, 1947, entered into force July 18, 1947, 61 Stat. 3301, T.I.A.S. 1665, 8 U.N.T.S. 189.

(c) "Palau" is used in a geographic sense and includes the land and water areas to the outer limits of the territorial sea and the air space above such areas as now or hereafter recognized by the Government of the United States.

(d) "Government of Palau" means the Government established and organized by the Constitution of Palau including all the political subdivisions and entities comprising that Government.

(e) "Habitual Residence" means a place of general abode or a principal, actual dwelling place of a continuing or lasting nature; provided, however, that this term shall not apply to the residence of any person who entered the United States for the purpose of full-time studies as long as such person maintains that status, or who has been physically present in the United States or Palau for less than one year, or who is a dependent of a resident representative, as described in Section 152.

(f) For the purpose of Article IV of Title One of this Compact:

(1) "Actual Residence" means physical presence in Palau during eighty-five percent of the period of residency required by Section 141(a)(3); and

(2) "Certificate of Actual Residence" means a certificate issued to a naturalized citizen by the Government which has naturalized him stating that the citizen has complied with the actual residence requirement of Section 141(a)(3).

(g) "Defense Sites" means those land and water areas and improvements thereon in Palau reserved or acquired by the Government of Palau for use by the Government of the United States, as set forth in the separate agreements referred to in Section 321.

(h) "Capital Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, which are to be obligated for:

(1) the construction or major repair of capital infrastructure; or

(2) public and private sector projects identified in the official overall economic development plan.

(i) "Current Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, which are to be obligated for recurring operational activities including infrastructure maintenance as identified in the annual budget justifications submitted yearly to the Government of the United States.

(j) "Official National Development Plan" means the documented program of annual development which identifies the specific policy and project activities necessary to achieve a specified set of economic goals and objectives during the period of free association, consistent with the economic assistance authority in Title Two. Such a document should include an analysis of population trends, manpower requirements, social needs gross national product estimates, resource utilization, infrastructure needs and expenditures, and the specific private sector projects required to develop the local economy of Palau. Project identification should include initial cost estimates, with project purposes related to specific development goals and objectives.

(k) "Tariff Schedules of the United States" means the Tariff Schedules of the United States as amended from time to time and as promulgated pursuant to United States law and includes the Tariff Schedules of the United States Annotated (TSUSA), as amended.

(l) "Vienna Convention on Diplomatic Relations" means the Vienna Convention on Diplomatic Relations, done April 18, 1961, 23 U.S.T. 3227, T.I.A.S. 7502, 500 U.N.T.S. 95.

Section 462

The Government of the United States and the Government of Palau shall conclude related agreements which shall come into effect and shall survive in accordance with their terms, as follows:

(a) Agreement Regarding the Provision of Telecommunication Services by the Government of the United States to Palau Concluded Pursuant to Section 131 of the Compact of Free Association;

(b) Agreement Regarding the Operation of Telecommunication Services of the Government of the United States in Palau Concluded Pursuant to Section 132 of the Compact of Free Association;

(c) Agreement on Extradition, Mutual Assistance in Law Enforcement Matters and Penal Sanctions Concluded Pursuant to Section 175 of the Compact of Free Association;

(d) Agreement Regarding United States Economic Assistance to the Government of Palau Concluded Pursuant to Section 211(f) of the Compact of Free Association;

(e) Agreement Regarding Construction Projects in Palau Concluded Pursuant to Section 212(a) of the Compact of Free Association;

(f) Agreement Regarding Federal Programs and Services, Concluded Pursuant to Article II of Title Two and Section 232 of the Compact of Free Association;

(g) Agreement Regarding Property Turnover, Concluded Pursuant to Section 234 of the Compact of Free Association;

(h) Agreement Regarding the Military Use and Operating Rights of the Government of the United States in Palau Concluded Pursuant to Sections 321 and 322 of the Compact of Free Association; and

(i) Status of Forces Agreement Concluded Pursuant to Section 323 of the Compact of Free Association;

(j) Agreement Regarding the Jurisdiction and Sovereignty of the Republic of Palau over its Territory and the Living and Non-living Resources of the Sea.

Article VII

Concluding Provisions

Section 471

(a) The Government of the United States and the Government of Palau agree that they have full authority under their respective constitutions to enter into this Compact and its related agreements and to fulfill all of their respective responsibilities in accordance with the terms of this Compact and its related agreements. The Governments pledge that they are so committed.

(b) The Government of the United States and the Government of Palau shall take all necessary steps, of a general or particular character, to ensure, not later than the effective date of this Compact, the conformity of its laws, regulations and administrative procedures with the provisions of this Compact.

(c) Without prejudice to the effects of this Compact under international law, this Compact has the force and effect of a statute under the laws of the United States.

Section 472

This Compact may be accepted, by signature or otherwise, by the Government of the United States and the Government of Palau. Each government shall possess an original English language version.

IN WITNESS THEREOF, the undersigned, duly authorized, have signed this Compact of Free Association which shall come into effect in accordance with its terms between the Government of the United States and the Government of Palau.

DONE AT WASHINGTON, D.C., THIS 23RD DAY OF MAY, ONE THOUSAND, NINE HUNDRED EIGHTY-FOUR

FOR THE GOVERNMENT
OF
THE UNITED STATES OF AMERICA
AMBASSADOR FRED M. ZEDER, II
PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTATIATIONS

DONE AT WASHINGTON, D.C., THIS 23RD DAY OF MAY, ONE THOUSAND, NINE HUNDRED EIGHTY-FOUR

FOR THE GOVERNMENT
OF
THE REPUBLIC OF PALAU
LAZARUS SALII
AMBASSADOR FOR POLITICAL STATUS AND TRADE NEGOTIATIONS

Mr. McCLURE. Mr. President, I offer this amendment on behalf of Mr. JOHNSTON.

Mr. JOHNSTON. Mr. President, this amendment to Senate Joint Resolution 77 would include within the resolution the Compact of the Republic of Palau and expresses the sense of the Congress that future action on the Palau Compact, once approved, certified and submitted, will be expeditious. This amendment has the approval of the administration and of the newly-elected President of the Republic of Palau.

This amendment will send a strong signal to the people of Palau that the Congress is ready to act to approve the Palau Compact within the framework of and subject to the same conditions of this resolution which approves the compacts for the Republic of the Marshall Islands and the Federated States of Micronesia. However, the Palau Compact cannot become effective until: First, the President of the United States certifies to Congress that the Republic of Palau has approved the compact in accordance with its constitutional processes (including a majority vote on the compact signed May 23, 1984) and the President determines that the United States will be able to carry out fully its rights and responsibilities under title III of the compact and the subsidiary agreements thereto; and second Congress approves the compact by joint resolution.

While Palau's Compact was not specifically considered by the Senate, the substantive provisions parallel the provisions in the other two compacts. Having reached agreement on the substantive changes in those compacts, it is a propitious time to lock up those agreements as to Palau.

The administration informs us that it believes that it can work out an agreement with Palau which will reconcile the defense needs of the United States with the Constitution of Palau and permit Palau to certify that it has approved the compact in accordance with its constitutional processes. The committee has had assurances from Admiral Crowe, the commander in chief for the Pacific, who is intimately familiar with the Pacific area and Palau, that the defense and security interests of the United States will be fully protected in any agreement with Palau. I ask unanimous consent that a copy of a telegram from Admiral Crowe, chief of CINPAC and the newly designated head of the JCS, to Senator McCLURE be inserted in the RECORD at this point which urges that action be taken with respect to the Palau Compact.

I am very sensitive to the needs of the new administration in Palau which has come to power through a special election made necessary as the result of the assassination of the former President, Haruo Remeliik, a strong supporter of the compact. The new President, Lazarus Salii, was the chief negotiator of the Palau Compact and campaigned on the promise of immediate action on the compact. He has requested this action by the Congress at this time and I ask unanimous consent that the text of the attached telegram from President Salii be printed in full in the RECORD which states his support for this amendment.

I believe the amendment which I offer hits the mark by moving forward to the mutual advantage of the Republic of Palau and the United States while preserving for Congress the final decision as to when and if the Palau Compact becomes effective, and I urge the Senate to approve it.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

[Telegram]

SEPTEMBER 17, 1985.

Hon. JAMES A. McCLURE, *Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR SENATOR McCLURE: As you are aware from my previous communications with the Congress, I consider the security aspects of the Compact of Free Association between the United States and the Freely Associated States in Micronesia to be of great importance to our defense posture in the Pacific. I have therefore consistently urged expeditious congressional approval of the compact.

I have recently learned that consideration is being given to including Palau in the compact legislation currently before the Senate, on condition that the compact would not take effect for Palau until the President certifies that the United States can carry out its defense rights and responsibilities under title III of the compact—and that such certification would have to be received not later than March 31, 1986.

In view of the fact that the compatibility with Palau's constitution of our defense rights and responsibilities is the only outstanding issue with Palau, I believe that including Palau in the current legislation could encourage prompt Palauan adherence to the compact and thus would be a helpful step, provided that making the change would not delay achievement of the most important current objective—implementation of the compact with the Marshall Islands and the Federated States of Micronesia. I believe that the requirement for Presidential certification within a limited period of time will assure that our security interests will continue to be fully protected with regard to Palau. Please let me know if we at USCINCPAC headquarters can be of any assistance to you or your committee in this important matter.

Warmest regards,

W.J. CROWE, Jr.,
Admiral, U.S. Navy.

SEPTEMBER 18, 1985.

Hon. JAMES McCLURE,
U.S. Senate, Dirksen Office Building, Washington, DC.

Hon. J. BENNETT JOHNSTON,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATORS McCLURE AND JOHNSTON: I respectfully request that the Palau Compact be included in the Joint Resolution of Approval pending before the Senate which presently includes only the Compacts of the FSM and the Marshall Islands. This action is extremely important to the Republic of Palau and I would appreciate any steps that

you and the Senate might take to achieve that goal.

Sincerely yours,

LAZARUS E. SALII,
President, Republic of Palau.

Mr. McCLURE. Mr. President, I am pleased to accept the amendment offered by Senator JOHNSTON. I want to make it clear, as he has done, that the amendment does not approve the compact for Palau, but rather expresses the sense of the Congress that upon its final approval by the Republic of Palau and transmittal by the administration, Congress will act expeditiously. While the committee did not specifically consider the compact for Palau since it had not been submitted, we did receive testimony and questioned the witnesses about the status of negotiations with the Republic. We have, in addition, closely monitored the progress of the negotiations in Palau as well as elsewhere in the trust territory over the last two decades. This is a good amendment and I congratulate the Senator for offering it.

Mr. President, I urge its immediate adoption.

The PRESIDING OFFICER. Is there further debate?

Mr. McCLURE. Mr. President, I yield back my time.

Mr. LONG. Mr. President, I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1053) was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 772

(Purpose: To provide for the establishment of a Commission to award compensation to persons damaged as a result of nuclear testing, and for other purposes)

Mr. HATCH. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself and Mr. GARN, proposes an amendment numbered 772.

Mr. HATCH. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the resolution add the following:

TITLE II—NUCLEAR TESTING

SHORT TITLE

SEC. 201. This title may be cited as the "Atmospheric Nuclear Testing Compensation Act.".

FINDINGS

SEC. 202. (a) The Congress finds that—

(1) the Federal Government bore a special duty to monitor and protect populations that were at risk of receiving substantial doses of ionizing radiation from the atmospheric nuclear tests conducted by the Government and from uranium mining when the Government directly controlled such mining;

(2) the Federal Government failed to meet such special duty;

(3) people exposed to nuclear fallout and uranium miners have been denied a fair opportunity to prove their claims that radiation caused their cancers through standard tort or workers compensation remedies; and

(4) such denial of opportunity has come about only because of the failure of the Government to meet its duty to such people.

(b) Under these circumstances, to provide a fair remedy to these people the Congress establishes, in this title, an optional administrative remedy which entails standards of proof that are more generous to claimants than those standards generally available under provisions of tort law or workers compensation law. The Congress does not expect the standards established in this Act to be extended to become standards in cases dealing with general tort or workers compensation law.

PURPOSE

SEC. 203. The purposes of this title are—

(1) to provide a fair administrative remedy against the Federal Government in lieu of a judicial remedy—

(A) to persons alleging that ionizing radiation from the open-air atomic bomb tests that were conducted at the Nevada test site from January 1, 1951, to July 31, 1962, caused their cancer or killed or harmed their livestock, and

(B) to uranium miners alleging that being exposed to ionizing radiation while working in a uranium mine in Colorado, New Mexico, Arizona or Utah between January 1, 1947 and December 31, 1961 caused their cancer, and

(2) to provide health screening to those people who now reside in areas which received the preponderance of the radioactive fallout from such tests and to enhance the accessibility of health care to such people.

TRUST FUND

SEC. 204. (a)(1) There shall be established in the Treasury of the United States, a trust fund known as the "Atmospheric Nuclear Testing Compensation Trust Fund" (hereinafter in this title referred to as the "Trust Fund") consisting of—

(A) the sum appropriated to the Trust Fund under section 214; and

(B) any amount credited to the Trust Fund under subsection (b)(3).

The Trust Fund shall remain available without fiscal year limitation and the amounts in the Trust Fund may be used only for appropriations authorized under subsection (c).

(2) The Secretary of the Treasury shall transfer from the general fund of the Treasury to the Trust Fund all moneys appropriated to such Fund pursuant to this title.

(3) The Secretary of the Treasury shall estimate the total of the sum appropriated to the Trust Fund and the amounts credited to the Trust Fund under subsection (b)(3) and shall allocate to the Commission, in substantially equal amounts, such total over the 15-year period of the Trust Fund.

(4) The Secretary of the Treasury shall be the trustee of the Trust Fund and shall report to the Congress not later than March 1 of each year on the operation and status of the Trust Fund during the preceding fiscal year and on the Trust Fund's expected operation and status during the five fiscal years following such fiscal year.

(b)(1) It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired—

(A) on original issue at the issue price, or

(B) by purchase of outstanding obligations at the market price.

(2) Any obligation acquired by the Trust Fund may be sold by the Secretary of the Treasury at the market price.

(3) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to, and form a part of, the Trust Fund.

(c) There shall be allocated for each fiscal year for 15 consecutive fiscal years, out of amounts in the Trust Fund, such sums as are necessary up to the total amount allocated for such year, to make payments certified by the Commission to be paid for awards, grants, or other expenses authorized by this title. Amounts for such payments certified to the Treasury of the United States by the Commission shall be made available to such Commission. No funds shall be available for claims made pursuant to this title after 15 fiscal years after the date of enactment of this title.

(d) For the administrative expenses of the Commission there shall be allocated, out of the funds available for each fiscal year, not more than $1,000,000 for each of the first five fiscal years after the date of enactment, and $500,000 for each of the remaining 10 fiscal years.

ESTABLISHMENT OF COMMISSION

SEC. 205. (a) In order to carry out the purposes of this title there is established a Commission on Compensation for Atmospheric Nuclear Testing (hereinafter referred to as the "Commission").

(b) The Commission shall be composed of seven members appointed by the President, six of whom shall be appointed upon the recommendations of several States as follows:

(1) two members shall be appointed upon the recommendation of the State of Utah;

(2) two members shall be appointed upon the recommendation of the State of Nevada; and

(3) two members shall be appointed upon the recommendation of the State of Arizona.

(c)(1) All recommendations to be made by the various States as specified in subsection (b) shall be made within 60 days after the date of enactment of this title.

(2) All appointments to be made pursuant to this title shall be made by the President

within 90 days after the date of enactment of this title.

(d) All members of the Commission shall be appointed for terms of three years and may be reappointed.

(e) The first meeting of the Commission shall be called by the President and shall be held within 120 days after the date of enactment of this title.

(f) At the first meeting of the Commission the Commission shall select a chairman from amongst its members. The chairman shall serve as such for his term and may be reselected as Chairman if he is reappointed to the Commission by the President.

(g) Four members of the Commission shall constitute a quorum but a lesser number may conduct meetings.

(h)(1) A vacancy on the Commisison resulting from the death or resignation of a member prior to the expiration of the term for which such person was appointed shall be filled in the same manner as the original appointment. A member appointed to fill such a vacancy shall be appointed only for the remainder of his predecessor's term but may be reappointed.

(2) All decisions to certify claims obligating funds must be made by a majority of the Commission.

(i) The principal office of the Commission shall be in the State of Utah. Whenever the Commission deems that the convenience of the public or of the parties may be promoted, or delay or expense may be minimized, it may hold hearings or conduct other proceedings at any other place it deems necessary or appropriate.

POWERS AND ADMINISTRATIVE PROVISIONS

SEC. 206. (a) The Commission is authorized to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

(b) The Commission is authorized to enter into agreements with the General Services Administration for the procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Commission in such amounts as may be agreed upon by the Chairman and the Administrator of General Services.

(c) The Commission is authorized to procure supplies, services, and property, and make contracts in any fiscal year, only to such extent or in such amounts as are provided in appropriation Acts.

(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions and agencies for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of its duties.

(e) The Commission or, on the authorization of the Commission, any member thereof, may, for the purpose of carrying out the provisions of this title, hold such hearings and sit and act at such times and places, and request the attendance and testimony of such witnesses and the production of books, records, memoranda, papers and documents as the Commission or such member deems advisable. Subpenas may be issued to any person within the jurisdiction of the United States courts, under the signature of the Chairman, or any duly designated member, and may be served by any person designated by the Chairman or any such member. In the case of the failure of any witness to comply with any subpoena, or to testify when summoned under authority of this section, the provisions of sections 102 through 104, inclusive, of the Revised Statutes (2 U.S.C. 192 et seq.), shall apply to the Commission to the same extent as such provisions apply to Congress.

(f) The Commission, or on the authorization of the Commission, any member thereof, may, for the purpose of carrying out this title, have such printing and binding done, enter into contracts and other arrangements to such extent or in such amounts as are provided in appropriation Acts, and make such expenditures as the Commission or such member deems advisable.

(g) The Commission may acquire directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality, information, suggestions, estimates, and statistics for the purpose of this title. Each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish, to the extent permitted by law, such information, suggestions, estimates, and statistics directly to the Commission, upon request by the Chairman.

(h) The Chairman of the Commission is authorized to appoint, terminate, and fix the compensation, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, of such personnel as he deems necessary, at rates not to exceed a rate equal to the maximum rate for GS-18 of the General Schedule under section 5332 of such title.

(i) Upon request of the Commission, the head of any Federal agency is authorized to make any of the facilities and services of such agency available to the Commission or to detail any of the personnel of such agency to the Commission, on a reimbursable basis, to assist the Commission in carrying out its duties under this section, unless the head of such agency determines that urgent overriding reasons will not permit the agency to make such facilities, services, or personnel available to the Commission and so notifies the Chairman in writing.

(j) The Commission may use the United States mails in the same manner and under the same conditions as departments and agencies of the United States.

(k) Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(l) The Commission may expend funds made available for purposes of this title for printing and binding notwithstanding any other provision of law.

DUTIES OF THE COMMISSION

SEC. 207. (a) The Commission shall, prior to hearing any specific claims made against the United States pursuant to this title—

(1) set forth what the Commission will define as the sizable possibility necessary to allow for an award of damages to individuals covered by this title;

(2) determine how such Commission will prorate the amount of actual damages, other than damage awards made for pain and suffering, awarded for individuals with a probability of causation of less than 50 percent; and

(3) issue any rules or regulations necessary to implement the provisions of paragraphs (1) and (2).

(b) Any interested person may bring an action in the District Court of Utah to review the actions or decisions of the Commission made pursuant to subsection (a) of this section.

(c) The Commission shall make all decisions regarding grants and awards to be made each year from the annual allotment made from the Trust Fund established pursuant to this title and make certifications to request that the Treasury of the United States make disbursements from such fund.

(d) Every official act of the Commission shall be entered of record, and its hearings and records shall be open to the public. The Commission is authorized to make such rules as are necessary for the orderly transaction of its proceedings.

(e) The Commission shall hear specific claims made against the United States in accordance with the provisions of chapter 5 of title 5, United States Code, using the guidelines set forth in this title, and the Commission shall make specific findings and awards or grants. Except as otherwise provided in this title, any such findings and awards of grants shall be considered final actions subject to judicial review by the appropriate court of appeals. Such court may reverse or modify the determination of the Commission if the court finds that such action was clearly erroneous.

(f)(1) The Commission shall certify to the Treasury of the United States that actual damages be paid to claimants—

(A) who owned animals that died or were injured as a result of such exposure;

(B) for whom there is a sizable possibility that they developed cancer from receiving doses of ionizing radiation from such tests; or

(c) for whom there is a sizable possibility that they developed cancer form receiving doses of ionizing radiation from working in a uranium mine in Colorado, New Mexico, Arizona or Utah between January 1, 1947 and December 31, 1961.

(2) The Commission may obligate for awards or grants, in any year, an amount greater than the total allotment for such year, but shall not—

(A) certify payments for awards or grants for any year in an amount in excess of the allotment for such year,

(B) certify or obligate amounts in excess of the total amount of the trust Fund, or

(C) Obligate any amounts, or make any payments after the date of the expiration of such Trust Fund.

(g) At the end of any fiscal year if any funds allotted to the Trust Fund for such year have not been spent or obligated for damages or the administrative expenses of the Commission, the Commission may use part or all of the remainder of such allotment to—

(1) provide medical screening, especially screening for cancer, to residents of the areas determiend by the Commission to have received the greatest fallout from the Nevada tests:

(2) improve accessibility to health care for the people of such areas, especially health care for the treatment of cancer; and

(3) the Commission may use such funds which are allotted annually to endow existing programs which provide the services listed in this subsection.

The services mandated by paragraphs (1) and (2) shall be provided through a program that is operated in cooperation with health care professionals and services available in the areas to be served.

ELECTION PROVISIONS

SEC. 208. (a) Subject to the limitations of this title, but notwithstanding any other

provision of law, any person who has sustained damages covered by this title (or the parent or legal guardian of such person in the case of a minor) may elect to seek compensation under this title as an alternative to filing an action for damages in a State or Federal court.

(b)(1) Any person covered by the provisions of this title who has filed an action with the Commission pursuant to this title, may at any time prior to the time the Commission has decided such claim, file an action for damages in the appropiate State or Federal court. Such filing in the State or Federal court shall constitute a permanent bar against the filing with, or further consideration of the claim by the Commission for damages arising out of the same incident for which compensation is sought from the court.

(2) Any person covered by the provisions of this title who has filed an action in the appropriate State or Federal court, for damages covered by the provisions of this title, may, at any time before the court of original jurisdiction first hearing such case has decided such claim, file a petition with the Commission pursuant to the provisions of this title. Such filing shall constitute a permanent bar against the filing or further consideration of any civil action in a State or Federal court by, or on behalf of, such person for damages arising out of the same incident for which compensation was sought under this title.

(3) Any person who has a claim that has been decided by a court prior to the date of enactment of this title, for damages covered by the provisions of this title, may elect to seek compensation under this title, may elect to seek compensation under this title by filing a petition with the Commission. Such filing with the Commission shall constitute a permanent bar against the further consideration or filing of any civil action in any court, by or on behalf of such person for damages arising out of the same incident for which compensation was sought in the court.

(c) Nothing in this title shall affect the legal standards, burdens of proof, statutes of limitations, court jurisdiction, allowable damges, or any other aspect of State or Federal actions for damges for any injury or loss covered by this title, except the awards made for pain and suffering, as provided in section 209(c).

(d) It shall be the ethical obligation of any attorney who represents a client in connection with an action relating to any injury or loss covered by this title for which compensation may be available under this title to advise the client of his rights under this title.

SEC. 209. (a) In assessing claims for radiogenic cancer, the Commission shall rely upon the preponderance of current scientific opinion regarding the causal link between ionizing radiation and cancer, and the relationship between a given prior dose of radiation and the likelihood that a given cancer resulted from such dose. As guides to this scientific opinion, the Commission shall use only the relevant publications of authoritative scientific agencies and societies such as the National Institutes of Health, the National Academy of Sciences, the National Cancer Institute, the National Council on Radiation Protection and Measurements, the International Council on Radiation Protection, and the Health Physics Society. The Commission shall take into account the uncertainties that are entailed in determining whether a given dose of radiation caused a given cancer when those uncertainties are described in such publications. The Commission shall give claimants the benefits of the doubt regarding such uncertainties.

(b) The Commission shall give the claimants who were at the Nevada test site, or immediately downwind of such site, when radioactive fallout was being precipated from the atmospheric nuclear tests, or who worked in a uranium mine in Colorado, New Mexico, Arizona, or Utah between January 1, 1947 and December 31, 1961, the benefit of the doubt when assessing the ionizing radiation doses received by such claimants.

(c)(1) In making awards, the Commission shall determine the amount of actual damages to be awarded to any individual claimant. If the Commission determines that the probability that the claimant developed cancer as a result of the testing or mining activities covered by this title is less than 50 percent, but is sufficient to allow for an award of damages pursuant to subsections (a) and (f) of section 207, the amount of such award, other than any award made for pair and suffering, shall be prorated by such probability.

(2) The Commission shall limit the amount of any award paid to any individual claimant as compensation for pain and suffering to no more than $100,000. Such awards shall not be prorated.

(d) The Commission shall award damages to any claimant who alleges injury to his livestock when the Commission, after giving such claimant the benefit of the doubt, determines that such claimant has demonstrated that his livestock was harmed by the fallout.

(e) During the fifteen-year period that this title is in effect, if an authoritative scientific agency or society issues a new report indicating a probability that a claimant developed cancer from the fallout or the uranium mining, and such probability is significantly increased over such probability the Commission previously determined, the Commission may reopen and reconsider such claimant's case notwithstanding the fact that such determination may have become final. In determining whether to reconsider a case, the Commission shall pay particular attention to the updating of the Radiation Effects Research Foundation studies of Hiroshima and Nagasaki survivors.

STANDING TO PETITION THE COMMISSION

SEC. 210. (a) Any person who alleges that, as a result of ionizing radiation from the fallout from the Nevada atmospheric nuclear tests, he lost livestock that was immediately downwind of the Nevada test site, may petition the Commission for redress.

(b) Any person who alleges that he has or has had cancer caused by exposure to ionizing radiation from nuclear tests at the Nevada test site or from working in a uranium mine in Colorado, New Mexico, Arizona or Utah between January 1, 1947 and December 31, 1961 may petition the Commission for redress.

(c) Any claim for cancer related damages to an individual must be made by an individual who has or has had cancer, or on behalf of a deceased individual if the cancer was diagnosed or manifest prior to the death of such person.

MISUSE OF INFORMATION BY EMPLOYEES

SEC. 211. (a) Neither a member of the Commission, nor the Director or any other employee of the Commission may—

(1) use any information furnished under the provisions of this title for any purpose other than the specific purposes for which it is supplied; or

(2) permit anyone other than officers or employees of the Commission to examine any information submitted to the Commission except the information printed in the reports submitted to the Congress and to the President.

(b) Whoever, being or having been an employee or member of the Commission referred to in subsection (a) publishes or communicates any information, the disclosure of which is prohibited by subsection (a), and which comes into his possession by reason of his being employed or providing services under this title shall be fined not more than $500 or imprisoned not more than 1 year, or both.

(c) Whoever, being or having been an employee or member of the Commission, with unlawful or fraudulent intent uses, sells or falsely obtains information which comes into his possession by reason of his being employed or providing services under this title shall be fined not more than $1,000, or imprisoned not more than 2 years, or both.

ATTORNEY FEES

SEC. 212. (a) No attorney shall charge, demand, receive, or collect for services rendered pursuant to an action brought under this title, fees in excess of 10 per centum of the first $100,000 of any judgment rendered under this title, and 5 per centum of any excess.

(b) Any attorney who charges, demands, receives, or collects, for services rendered in connection with such claim, any amount in excess of that allowed under this section shall be required to make restitution of any such excess and may be fined not more than $5,000, or imprisoned not more than one year, or both.

INSURANCE COMPANIES

SEC. 213. An award of damages made in accordance with this title shall not be considered as any form of compensation of reimbursement for a loss for purposes of making any individual receiving such an award liable, on the basis of such receipt, to repay such insurance company; nor shall an award or claim affect any future or pending insurance claim.

AUTHORIZATION OF APPROPRIATIONS

SEC. 214. There are authorized to be appropriated to carry out the purposes of the title, $150,000,000.

TERMINATION

SEC. 215. The Commission and the provisions of this title shall cease to be effective on October 1, of the year 15 years after the date of enactment of this title.

Mr. HATCH. Mr. President, today I hope to begin the final chapter in a long struggle for justice. From 1951 to 1962, the Federal Government rushed to perfect a nuclear arsenal that could meet the challenge of the Soviet Union which was also building a nuclear arsenal. America met this challenge, and developed a formidable nuclear deterrent. But this achievement came at a substantial cost to the communities situated immediately downwind of the Nevada test site where over 100 nuclear explosions lit up and thundered across the desert. The civilians in these communities became willing but unwitting veterans of the cold war because, although they provided

cooperation and support that was essential to the success of the Government's nuclear program, their Government did not keep faith with them. The Federal Government did not meet its clear duty to protect these Americans from the nuclear fallout that rained invisibly upon their homes and towns. For this reason, and because it is probably that this negligence caused a higher cancer rate among the communities downwind of the Nevada test site, I am introducing legislation, by way of an amendment, to compensate these communities for the results of their Government's callousness and negligence.

The case for this amendment has grown steadily since 1977, when Dr. Joseph Lyon of the University of Utah published a scientific monograph in the New England Journal of Medicine. In this article, Dr. Lyon reported that there was a surprisingly high incidence of childhood leukemia in southern Utah—several times the normal rate for such cancer. This finding set off a furor in the three-State region downwind of the Nevada test site. Accounts of personal experiences that had been kept private for years were suddenly made public. Consequently, people all over the affected area began to realize that they were not alone in questioning and resenting the conduct of the Government during the atmospheric nuclear tests. Individually, many families had long believed that the radioactive fallout had caused cancer among their members, especially the children. Now they learned that other families felt the same way.

FEDERAL GOVERNMENT'S DUTY

In April 1979, the first congressional hearings were held in Salt Lake City on the Government's conduct of the atmospheric tests and on the question of whether the fallout caused cancer. How much cancer was caused by these tests and who has or has had these cancers could not be determined from the early hearings, and have yet to be determined in part because the Federal Government's negligence had made the technical difficulties involved in making these determinations virtually inseperable. Federal negligence was the biggest revelation to come from the 1979 hearings and subsequent hearings in 1980, 1981, and 1982.

The Federal Government had a duty to exercise due care in protecting the downwind citizens from the invisible dangers of radiation, dangers that in the 1950's were well known to Government officials but largely unkown to the American people. Yet, the Government did not adequately warn, protect, or even monitor the downwind population during the nuclear bombardment at the Nevada test site. Imbued with a sense of cold war urgency, the agencies responsible worked hard to pacify the downwinders with bland assurances of "no danger," but did little to insure that these people took the proper precautions to minimize their exposures to radiation from the fallout. Also, by failing to collect adequate data on radiation doses among the downwind citizens—the data that the Government at that time routinely collected for nuclear workers—the downwind citizens have been deprived of evidence that is crucial to making a case against the Government in court.

THE ALLEN DECISION: SPECIAL DUTY OF CARE

Despite the difficulties of demonstrating that the nuclear tests caused individuals' cancers, 1,200 downwind plaintiffs have brought suit against the Federal Government, alleging that the fallout caused cancer to them or their relatives. In May of last year, the first 24 cases were decided in Allen versus United States, a 419-page opinion handed down by U.S. District Judge Bruce Jenkins. In Allen, the court made awards to 10 of the 24 plaintiffs.

Several findings by the court are of particular interest. First, the court ruled that the Federal Government had a special duty of care in protecting American citizens from the nuclear fallout. The court cited a series of statutory provisions dating from the 1940's and 1950's which charged the Atomic Energy Commission with the primary responsibility for nuclear safety. The court then stated the following:

The rule is grounded upon common sense: the party with superior knowledge is in the better position to lessen or mitigate the risks of injury. As far as nuclear fallout is concerned, the government possessed an overwhelming superiority in knowledge, as well as an effective monopoly of the special skills, training and experience relevant to open-air atomic testing.

The immediate danger, i.e., exposure to humans to ionizing radiation, involves direct contact with the invisible. Alpha particles, beta particles and gamma rays fall beyond the range of human senses. Specialized instruments or materials must be used to detect their presence. Those without special technical skills are hard pressed to exercise the degree of care needed to protect themselves from such a hazard. A stringent duty of care to minimize such hazards is deliberately imposed on the party who acts with vastly superior knowledge, in favor of those having less information. The information gap between the plaintiffs and the Government in this action approaches the absolute; a duty of care adjusted according to that vast difference is a very stringent duty indeed. Another reason for imposing a high standard of care is supplied by precedent: in dealing with conduct of potential danger to children, there is a duty to observe extra caution for their safety.

This last point is important for although children are not found on nuclear submarines or in nuclear powerplants, they are in abundance in residential communities such as those which were in the immediate path of the fallout. To make matters worse, scientists have demonstrated that children are far more likely than adults to develop cancer from radiation. One would think that the Government would have at least made vigorous attempts to safeguard the children.

But the court found that the Federal Government did not even approach meeting its duty of care regarding the Americans who lived in the shadow of the nuclear blasts:

This court is convinced that that part of the program of public safety—the public information program—was badly flawed, and that during the operation of that program, the information given to the off-site public as to the long-term biological consequences of exposure to ionizing radiation was woefully deficient—indeed, essentially non-existent. The off-site personnel failed to adequately inform persons at risk of what the Government knew or could foresee concerning long-term biological consequences of radiation fallout exposure; failed to adequately instruct persons at hazard how to avoid or how to minimize such risk; failed to adequately, contemporaneously, and thoroughly measure and monitor such fallout so as to be able to inform persons at risk of the extent of the hazard faced by each; failed to explain the increased risks of radiation to children, infants and pregnant mothers; failed to warn of the risk of feeding farm animals with forage dusted with radioactive fallout, failed to warn of the dangers of fallout entering the food chain and the potential long-term biological risks involved in eating of such food—particularly to children; and failed to adequately, intensively and periodically advise persons at risk to do the simple things learned in prior Pacific experiments and laboratory practice, namely to stay indoors and under cover, shower, wash clothes, scrub and clean food, and if deeply worried, to evacuate or leave the area for other locations of less potential contamination.

On many occasions my constituents have corroborated these findings to me privately. There has also been testimony at several congressional hearings. On April 8, 1982, a very brave lady from Nevada, Gloria Gregerson, who was deathly ill with cancer and who has since died, came all the way to Salt Lake City to attend a hearing where she said the following:

I remember the day the nuclear testing started in Nevada. The first blast came without any warning. We were awakened out of a sound sleep. No one was even informed it was going to happen.

We lived in an old two-story home. It broke out several of our windows and cracked our house on two sides the full length of the house.

After this my parents would not let us stay in the house. They took us, still in our pajamas, to the top of a hill where we would watch the blast from there. We could see the flash immediately, and a few minutes later the rumble would come up the river and bounce back and forth between the different mountain ranges. A little later the mushroom cloud would appear.

We were quite close to the test site. We could see the planes as they circled to drop the bombs.

The radioactive cloud, as it came over, was really distinct. It would usually come over our school campus between 9 and 10 in the morning. You could always distinguish it

from any other clouds because it had a pinkish-orange tint to it.

I remember my principal told me just two or three years ago that the AEC had called him on several occasions between 8 and 9 in the morning and told him not to let the kids out of school for any recesses or any classes, to stay inside the building. By 9 or 10 in the morning he would call back and say, its OK, you can let them out. There was not anybody taking readings in our area. There was no way anybody could have known that it was virtually safe for us to go outside.

Later the Government officials would come to our school to talk to us in assemblies, but they never came until after several blasts had already been shot off. They would tell us different things for which we were to watch.

They would preface their remarks saying: "There is nothing to be alarmed about. There is nothing to hurt you, so don't worry, but wash your cars every day; wash your clothes twice before you wear them; don't eat the plants and the vegetables; be sure you wash everything off with water before you even walk on it; don't drink the local milk," yet that is the only way we had to get milk, through our cows.

They just kept emphasizing one point, and that was: "Nothing to worry about. There is no danger." We wondered why they took the trouble to come all the way just to tell us there was nothing to worry about. . .

I remember playing under the oleander trees, which is a wide leaf tree, and the fallout was so thick it was like snow. We do not have snow where we come from. As a result, we liked to play under the trees and shake this fallout onto our heads and our bodies, thinking that we were playing in the snow.

I remember writing my name on the car because the dust was so thick. It was lots of fun. Then I would go home and eat. If my mother caught me as a young child, I would wash my hands; if not, then I would eat with the fallout on my hands.

I made most of the bread for my family when I was still very young. I am not so sure that I always washed my hands, but I did not wear a hairnet either.

Our family ate the vegetables from the fallout-exposed gardens and livestock raised on our fallout laden grass. The AEC told us not to drink the local milk, but they never said anything about our water.

You will note from Mrs. Gregerson's account that there was some effort to suggest precautions to school officials, and even some effort to warn the children directly. There was a public information program, just as there was a program to measure the fallout levels. Sometimes the Federal officials even recited the proper safety precautions, but usually only after a community had been subject to fallout from some of the dirtiest tests, and never with the sense of urgency that would have impressed the children and their parents with the importance of the safety measures. And, where did the Government expect farming families to get their food?

The Americans who lived in the arid environs of the Nevada test site were patriotic. If they had been told the dangers of the fallout, straight out—they would have still supported their Government. But they would have also gotten indoors during the blasts and their aftermath. They would have kept their children indoors. They would have washed themselves and their clothes more often during the fallout. They would have tried to avoid contamination of the food they provided their families.

I do not believe that there was any malicious intent on the part of the responsible Federal officials. Nonetheless, their failure to care properly for the downwinders was unconscionable.

FEDERAL TORT CLAIMS ACT; PROXIMATE CAUSE

For this failure alone—for this negligence—there should be recompense; but the Federal Tort Claims Act, which governs actions brought against the Government, requires more than a demonstration of egregious dereliction. The law also requires a demonstration through a preponderance of the evidence that the nuclear fallout was the proximate cause of the cancers in question.

Radiation causes cancer; but so do other things, and under the best of circumstances, it is hard to prove that radiation has caused a given cancer. No examination of the cancer victim himself can provide the answer, since radiation-caused cancers are indistinguishable from other cancers. The link between radiation and human cancer is primarily statistical, and the link between radiation and any individual's cancer can only be expressed in terms of probabilities.

Scientists have established that radiation causes human cancer by comparing populations that have been exposed to similar populations that have not been exposed to given doses of ionizing radiation. Repeatedly, exposed populations have exhibited higher cancer rates than unexposed or "control" populations. However, such a comparison study, known as an epidemiological study, can show that a particular group has been harmed by radiation only if the number of people in the group is large enough so that the scientists can be sure that the extra cancers did not occur by chance.

Government estimates of the downwind population have ranged from 172,000 to nearly 200,000. This may seem like a large number of people, but it is still too few for a definitive determination either that the fallout caused or did not cause cancer. Therefore, no direct study of the downwinders themselves can scientifically establish their case. What is more, even if a definitive study could be performed and it did show that the downwind population had radiogenic cancers, these cancers would be hidden among many naturally occurring cancers. The study could not distinguish which cancer victims were the radiation victims.

Despite these problems, radiation is the most studied and best known environmental toxin. Models and profiles can be developed from a vast store of scientific data gathered around the world but especially from the experiences of Nagasaki and Hiroshima. These models and profiles can be used to estimate the likelihood that a person's cancer is radiogenic so long as certain critical factors about the person are known. The probability that an individual developed cancer from radiation has been shown to vary according to such things as the type of cancer, the person's age at the time of exposure, the person's sex, and not surprisingly, the size of the radiation dose the person received.

But herein lies another critical, perhaps insurmountable, problem for the downwinders. Nuclear workers wear film badges and dosimeters as do sailors in the nuclear Navy, and careful records are kept of their doses. X-ray machines and radiation therapy equipment are calibrated, and doctors know or should know the doses their patients receive. But no credible dose estimates exist for the downwinders, especially when they are considered as individuals.

Let me say this, Mr. President. As we have held the hearings on this matter, we have come to the conclusion that the Federal Government was negligent. The courts in Utah have come to the conclusion that the Federal Government was negligent. Virtually everybody who has examined these materials has come to the conclusion that the Federal Government was negligent; they failed to warn not only when the blasts were taking place, they failed to warn of the dangers involved when those blasts did take place. People were outside watching the clouds coming over. One man, the president of one of the colleges, was standing outside watching the orange clouds. He died of cancer. Another man testified that 10 people in his family died of cancer. We have higher incidence of cancer. We had children playing in the fields, playing on the playgrounds. We had people out driving their cars covered with nuclear dust; cows out in the fields eating forage that was covered with nuclear dust. Not one ounce of warning or one ounce of help from the people who really knew that these things were dangerous.

I suppose the reason they did not warn us was because they thought this was in the national security interest, and it was. And oddly enough, the people from Utah who came in and testified as to the injustices they suffered said they would go through it again in the best interests of this country. But they also said that some recognition ought to be given to the people who have gone through this type of negligence.

I think when any of us are negligent, we ought to have to pay for it. The

Federal Government should not be immune from negligence when it does something wrong, and here there is a superabundance of evidence that the Federal Government not only did what was wrong but literally and willfully did some things that were very, very wrong.

The dearth of dose data makes impossible the construction of standard radiogenic cancer cases by the downwinders against the Government. These data do not exist because the Government negligently failed to gather these data. Therefore, the Government has made it exceedingly difficult, if not impossible, for the downwinders to prove their cases under a standard interpretation of the Federal Tort Claims Act. What is more, this Federal negligence makes it unlikely that we will ever know the actual health effects of the fallout.

In Allen versus U.S., the court has much to say about the failure of the Government to monitor adequately the radiation doses of the people who lived with the fallout.

On page 247 of the opinion the court says:

. . . at no time during the period 1951 through 1962 did the off-site radiation safety program make any concerted effort to directly monitor and record internal contamination or dosage in off-site residents on a comprehensive person-specific basis. Widespread person-specific monitoring on a random sample basis did not take place until PLUMBBOB in 1957. Unlike the national laboratories, such as Oak Ridge, where the quantities of material involved were a tiny fraction of those released at NTS, no routine urine, fecal or blood samples were taken from residents of local areas exposed to significant, measurable radioactive contamination. Not even in those circumstances where external exposures were estimated to meet or exceed the established safety guidelines, such as in St. George following the HARRY test in May 1953, did the off-site rad-safe personnel make any effort to check possible internal contamination among residents by direct methods. No thyroid or whole-body counters were constructed for use in screening members of the community—especially children—who may have been exposed to more than was permissable even for radiation workers. In fact, in the aftermath of HARRY, the monitors decided not to take a number of milk samples in order to avoid arousing public concern.

On page 258 the court says:

Even in dealing with "hard" external gamma radiation, does estimation for the off-site residents amounted at best to an educated guess. Hastily taken, surface gamma measurements were generalized into smooth isodose lines on a fallout map and then "adjusted" downward by a factor of 2 or more to account for assumptions made about the attenuating effects of housing materials, automobiles, clothing, topography, distance and other factors.

On page 261 the court says:

Person-specific monitoring and record-keeping through use of film badges or dosimeters would have largely eliminated the guesswork used both then and now to assess external radiation risks to the local community . . . had the Government accurately monitored the individual exposures in off-site communities at the time of the tests, accurate estimation of actual dosage to individual persons would have been achieved.

On page 262 the court says:

Careful review of the numerous relevant documents, reports and statements which are now a part of the record in this case compels this court to conclude that the monitoring activities conducted in the areas surrounding the Nevada Test Site in an effort to ascertain external doses of radiation were persistently negligent in philosophy and action. The monitoring program as carried out necessarily produced inadequate data from which to accurately evaluate either acute, short-term or chronic, long-term risks of adverse health effects, especially as related to children. Long-term exposures and risks, particularly those related to external beta and internal exposure, alpha, beta and gamma radiations, were never adequately measured or analyzed during the period of atmospheric testing. The inability of current dose estimation projects to make reasonably confident dose estimates based solely on the contemporaneous measurements by NTS neatly underscores the inadequacy of that data at that time as a basis for making those estimates at that time.

On page 275 the court says:

Test personnel were commonly assigned film badges and dosimeters; residents were not. Test personnel were regularly directed to shower, bathe, change and launder clothing, decontaminate vehicles, buildings and work areas and to exercise care to avoid ingesting or inhaling fallout materials . . . . Although the same or even stricter exposure standards were to be applied to the off-site population, no general direction was given to residents to shower or bathe carefully, change and launder clothing; except for brief efforts at washing vehicles at roadblocks, decontamination activities in the communities were minimal. This disparity ran contrary to the public-related obligations recognized by the Government.

On page 338 the court says:

. . . the Government's negligent failure to adequately monitor and record the actual external and internal radiation exposures of off-site residents on a person-specific bases has yielded many glaring deficiencies in the evidentiary record as it relates directly to the question of causation . . . . Accurate monitoring of persons largely was not undertaken; adequate warnings and information were almost entirely omitted from the operational radiation safety activities.

On page 370 the court says:

Rather than serving as the ceiling of retrospective dosimetry for many of the plaintiffs, the exposure estimates currently offered by the government should likely be deemed to be minimum figures for use in risk estimation.

The glaring deficiencies in the Federal data on doses also became evident during the 1979 congressional hearings. Embarrassment over these deficiencies at that time prodded the Department of Energy to begin the Off-site Radiation Exposure Review project [ORERP] which has since spent millions of dollars attempting to reconstruct the doses through an array of clever techniques. However eminent and resourceful the scientists involved, I cannot imagine their succeeding in providing estimates that will be approximately accurate for individual claimants. Several of the people who were off-site monitors during the bomb tests have reported that the fallout readings could vary substantially depending on whether one was measuring at the ground level, at waist level, or over at a bush 10 feet distant. The radiation blew and swirled with the wind, and was concentrated or dispersed according to topography. The downwinders were here and there, going about their daily business in the course of an entire decade of nuclear explosions. How can anyone now reconstruct the dose that any individual downwinder accrued?

The court notes this problem as well in the following passage:

Yet it is particularly evident here, where the extended period of repeated, uneven exposures to off-site fallout alone renders the processes of estimation far more complex than those for single-exposure events, such as Hiroshima and Nagasaki, or the Windscale incident in Great Britain, or the Three Mile Island incident in Pennsylvania.

Occasionally, the fallout drifted on a small area, what the monitors called a "hot spot," a place where radiation readings were extraordinarily higher than the adjoining areas. On discovering one such "hot spot" prospectors filed a claim, thinking they had discovered uranium deposits. There is no way now of learning how many "hot spots" there were, or whether a given downwinder did or did not encounter one.

This is not to say that the dose reconstruction project is worthless and should cease. The old data, however incomplete, should be mined and new evaluations should be made so that we gain the best sense possible of both the parameters and the perimeters for the disposition of the fallout. What I am saying is that although certain limits, especially geographic limits, can be approximated; for the people who lived in the maelstrom of the fallout, no credible, individual dose estimates can be made. One cannot be sure what individual downwinders ate, what they breathed, or where they stood. These people are denied the personal dose data that is available to every nuclear worker.

THE NEED FOR CONGRESSIONAL ACTION

Considering the court's awareness of the scope and implications of the Federal Government's negligence in this matter, and considering the court's decision in favor of a substantial portion of the first 24 plaintiffs, one might question why the issue should not be left to the court, why there is a need for remedial legislation. There are several answers to this question.

The Department of Justice is appealing the Allen decision to the Tenth Circuit Court of Appeals. There is a distinct possibility that this case will be carried all the way to the Supreme Court. Thus, even if the plaintiffs are ultimately successful, it is likely to be years before they receive any compensation. It has already been 23 years since the last atmospheric test. Many of the people involved with the cases have already died. There is no time for further delays.

In seeking to provide justice to the downwinders under the constrictions of the Federal Tort Claims Act, Judge Jenkins in Allen devised an innovative interpretation of the burden of proof for causality. Arguments can be made in favor of Judge Jenkins' interpretation, but clearly, arguments can and will be made against it by the Department of Justice. Though the requirements of justice should mean success for the plaintiffs, the letter of the law may well be against them. It is not the responsibility of the courts to reinvent the law to accommodate special circumstances such as these. Such is the province of the Congress.

A court remedy even if it favors some plaintiffs is not necessarily the best remedy for the communities involved, or the fairest. In Allen the court did seem to restrict the awards to the plaintiffs with cancers that have been shown to be the most closely associated with radiation. Still, under the circumstances, assessing the merits of individual claims is especially arduous technically, and is best left to an administrative body that has better expertise and better references at its disposal. Also, in a situation such as this one in which it is likely that all the people harmed by the fallout will not be identified, an administrative body can, in addition to making individual awards, fund programs that will serve the communities themselves. The atmospheric nuclear testing harmed not only individuals, but their communities as well.

TRUST FUND PROPOSALS

Finally, the administration has shown the way by developing an administrative trust fund remedy for the radiation damages claims of the Marshall Islanders. Micronesia was the other place that the Federal Government tested its nuclear weapons in the atmosphere. My constituents in Utah as well as the citizens of Arizona and Nevada feel a special kinship with the people of the Marshall Islands. Sixty-six nuclear explosions were set off in the vicinity of Enewetak and Bikini Islands. More than 100 "announced" nuclear bombs were detonated above the Nevada test site. Both the Pacific and the Nevada test sites were selected because the areas around them were almost without people. Almost but not quite. In both cases people were there. The Marshallese are as convinced as the American downwinders that the tests damaged property and lives. Consequently, the Marshall Islanders have filed billions of dollars in claims in American courts against the United States.

On October 1, 1982, Ambassador Zeder signed, for the United States, the Compact of Free Association with the Governments of Micronesia. By the fall of 1983 these governments had also signed the compact, and their people had ratified it through plebiscites. The compact contains a section 177 which will establish a $150 million trust fund to settle all radiation damages claims by the Marshall Islanders against our Federal Government. The fund will be held in American securities, but it will be administered by commissioners appointed by the Marshall Islanders. The fund will be used to pay damages to individuals, but also to restore property and to provide a variety of health services.

TRUST FUND FOR AMERICANS, TOO

A similar trust fund and administrative remedy would serve our own American downwinders well. Therefore, I am proposing such a fund and remedy in the legislation that I am introducing today. This bill will establish a $150 million trust fund. Seven Commissioners to administer it will be appointed by the President, six of them on the advice of the Governors of Arizona, Nevada and Utah. These Commissioners will assess claims, pay damages, and support community projects designed to promote the public health.

URANIUM MINERS

In addition to claims arising from the atmospheric testing at the Nevada test site, the remedy will cover the people who mined uranium in Colorado, New Mexico, Arizona, and Utah from 1947 through 1961. This is the period in which the Federal Government controlled all aspects of the production of nuclear fuel.

The uranium miners are included for a variety of reasons. First of all, they were subject to the same callousness that was endured by the downwinders. The miners' complaint is the product of the same era. For technical, legal reasons, most of the miners with radiogenic cancer, most of whom are American Indians, have a claim on neither the mining companies nor the State workers compensation boards. Although in recent court decisions this situation seems to have begun to change.

The simple fact is that the miners were sent into inadequately ventilated mines with virtually no instruction regarding the dangers of ionizing radiation. These miners sometimes ate their lunches in these mines, and often failed to bathe when they returned home in the evening. They had no idea of the danger. Consequently many miners inhaled radon daughters that eventually yielded substantial doses of ionizing radiation. As a result, these miners have a substantially elevated cancer rate. The uranium that they mined was used to fuel our Federal nuclear program, and it is only fitting that these miners also be given a proper legal remedy.

EQUAL TREATMENT FOR AMERICANS AND MICRONESIANS

In May, 1984, the Committee on Energy and Natural Resources conducted a hearing on the Micronesian Compact of Free Association. Chairman McCLURE graciously invited me to attend. Ambassador Zeder and other representatives of the administration were present to express the administration's support for the Compact of Free Association and the $150 million trust fund for the Marshall Islanders. I asked these representatives of the administration whether they saw any reason why this Government should show our own American citizens any less courtesy and compassion than we are showing the people of the Marshall Islands, and whether there was any reason why we should not provide to our own people a remedy that we are providing to the people of the Marshall Islands. The representatives of the administration could think of no reason why the Americans should not be treated the same as the Marshall Islanders. This is not surprising, since there is no reason why the American downwinders should not also have a trust fund that will provide them at long last with both the appearance and the reality of justice.

TRUST FUND THE BEST SOLUTION

I believe that a trust fund administrative remedy is the best solution for the downwinders and for the Government. I have come to this conclusion after years of working to devise a proper legislative solution. This project has been exceptionally complicated, involving difficult questions of law, science and events.

In the 97th Congress I introduced S. 1483. This was a strict liability remedy that would have compensated virtually every cancer victim in the downwind area. Several prominent scientists persuaded me at a hearing in October 1981 that such a "cancer relief" law was not warranted since most of the cancers in question were not caused by the radiation, and since the more meritorious claims could be culled from the rest by the use of what they termed radioepidemiological formulas. These formulas could be derived from numerous epidemiological studies and a large store of data on radiation and cancer that has been collected over the last several decades.

The only problem was that these radioepidemiological formulas had never been thoroughly developed or systematically compiled. Therefore, I pushed for the passage of Public Law 97-414

which established a scientific panel at the National Institutes of Health to develop and to compile the proper formulas within the context of an explanatory report.

In anticipation of this report I introduced S. 921 in the 98th Congress. This remedy compelled the courts to use the radioepidemiological method to sort out the claims, and to pay damages to the claimants whose cancers were more likely to have been caused by the fallout.

The NIH radioepidemiological report was published this February, but earlier it had already become apparent that the reliable dose estimates that are critical to the proper use of this method are not available for the downwinders. Therefore, although the report can help sort out cases, something more flexible than a court remedy is needed to provide justice to the downwinders. Thus, the trust fund.

The trust fund sets a limit on the liability of the Federal Government; yet it provides the downwind communities with a certain and substantial settlement. The remedy can be generous to individual claimants in special circumstances without setting legal precedents for the courts. The Commissioners can be more lenient than the judges should be; yet the Commissioners can also exercise judgment, and when proper, reserve. They will have the NIH radioepidemiological report to guide them. The Commissioners can round out their services to the downwind communities by funding or even endowing worthwhile community programs designed to promote the public health.

COST COMPARISONS

One hundred and fifty million dollars may seem like a lot of money. But it is not that much, considering the harm that was done. It comes to less than $1,000 per downwinder. According to the General Accounting Office, the Federal Government has spent over $2 billion to study the health effects of radiation. We have spent well over $100 million to clean up uranium tailings. We have spent over $100 million to treat and study the people of Nagasaki and Hiroshima. We have continued to spend hundreds of millions of dollars on underground nuclear testing. Finally, the money for the downwinders is not for some discretionary program; it is to pay a debt that the whole country owes.

BURDEN AND CONTRIBUTIONS OF DOWNWINDERS

I will close with two thoughts.

First, hardly any complaint about the fallout has been heard from Las Vegas which is quite close to the Nevada test site, or from Los Angeles which is not that far away. The reason is simple. The masters of the Nevada test site would not detonate a nuclear bomb when the wind was blowing toward either of these two cities. They exercised this restraint because they considered the fallout dangerous. They only exploded a bomb when the wind was blowing into southern Utah, and then they hastened to assure the people there that there was not danger.

Finally, I wonder sometimes what each of my fellow Senators might say to a proposal to put an atmospheric nuclear bomb testing ground in his State, or in the State next door. What if the idea were to put one in New Hampshire, New Jersey or Montana, what would the Senators from these States say? Would they oppose such a move? I suspect so. I suspect that every Senator would oppose such a facility being in his or her State, vehemently. I suspect that the people of the State, whatever the State, would react as vehemently as their Senators. This suggests to me that the American people and this Senate implicitly understand the burden the downwinders bore and the contribution they have made. Therefore, I urge my colleagues to do the right thing and to support legislation to provide justice to these Americans.

Mr. President, there is an overwhelming amount of evidence that the people in our country have been mistreated by the Federal Government. There was negligence and a willful wrong that took place. I personally believe something has to be done about it. We have worked on it for years, and we have come up with I think a reasonable solution. If we can do it for the Marshall Islanders, we ought to do it for our people.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I yield such time as he may consume to the distinguished Senator from Vermont, the chairman of the Environment and Public Works Committee.

Mr. STAFFORD. Mr. President, it should come as no surprise to Members of this body to hear that the Senator from Vermont fully supports what I understand to be the goal of this amendment. The goal, which I support, is the full compensation of persons injured as a result of exposure to radiation from atmospheric nuclear testing conducted in Nevada and from uranium mining in several States.

At this time, however, I must reluctantly oppose adoption of the amendment.

The amendment contains several new concepts, such as awarding compensation based upon "sizable possibilities," giving claimants "the benefit of the doubt," and prorating awards for persons with "probability of causation" less than 50 percent. These are novel concepts and deserve examination as to their effectiveness in assuring that victims receive adequate compensation.

This is not to suggest that we need years and years of study or total agreement on issues involving causation and scientific uncertainty. I am grateful to the Senator from Utah for recognizing the important jurisdictional interest of the Committee on Environment and Public Works in this matter, and for holding joint hearings with the Subcommittee on Nuclear Regulation with respect to some of the science underlying the amendment.

Nonetheless, there have been no hearings or analysis by any committee of the amendment itself and of the new legal concepts it contains.

I stressed during the debate on the Superfund Victims' Compensation Program that the Superfund provision was the result of committee hearings, and committee deliberation, findings, and approval. I believe this proposal needs the same scrutiny.

Without a legislative record, I am not confident that the amendment will achieve what I believe is a legitimate goal. I would like to have the benefit of a record of the views and comments of interested and knowledgeable persons before adopting a measure as important as this, and I believe my distinguished colleagues deserve the same record and opportunity.

Thus, at this time I must oppose adoption of the amendment.

Mr. McCLURE. Mr. President, I yield such time as he may consume to the Senator from Wyoming.

Mr. SIMPSON. Mr. President, no one has been more hard working and more diligent and more distinguished in debate than the Senator from Utah. He has worked literally for years on this issue. I admire that greatly. He is trying to ensure that those exposed to fallout from atmospheric testing of nuclear weapons have an equitable and efficient remedy for whatever injuries or damage may have been caused by that exposure.

I admire the perseverance with which he has pursued a just solution. And I admire the efforts of his staff, too. I have met several of them who have been involved in this case. They are zealous and enthusiastic about the issue. The only problem is, the amendment is such a flight from anything we know in legal terminology with regard to the tort law of the United States or through decades of tort law through any legal system that it is a complete usurpation of that system.

I know from where it comes. It comes from frustration and it comes from impatience.

Unfortunately, cases borne out of frustration and impatience have not been the cases to receive awards in the court systems of the United States, and that is why they do not.

I have had the unenviable position of dabbling with agent orange on this

floor. The things I get to play with are filled with emotion, fear, guilt, and racism. I have said that before; I say it again. Those are issues such as immigration reform, refugees, nuclear energy, victims' compensation. Those are the things I have been dealt by the keeper of the cards.

So here we go back to victims' compensation. At the nub of the frustration is an inability to prove, based upon sound—and I say "sound" because that is what we used when we dealt with agent orange—sound medical and scientific evidence. That is what is not here. That is why we are here in the frustration of dealing with it. Sound medical and scientific evidence that the injury was caused by the particular exposure, the basic requirement which is imposed under our judicial system and has been for centuries.

There are five fundamental flaws in the proposed amendment.

First, this amendment allows awards even where the claimant is absolutely unable to show that his or her cancer was caused by the fallout under our traditional tort principles. In fact—and you must hear this—the amendment allows prorated awards where the probability of causation—that is a new phrase—it is called probability of causation—is less than 50 percent. There is a fundamental change in traditional court rules under this approach where you make awards based upon a probability of less than 50 percent.

The Senator from Utah and I have chaired a hearing together on this issue, and he knows of what I speak when we deal with this remarkable formula known simply as "PC."

Mr. HATCH. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield for a question.

Mr. HATCH. Will the Senator agree with me when I mention that the reason why the downwinders cannot prove their case today is that the Federal Government refused to—deliberately did not—keep dosimetric tables or records, and in some cases even fabricated those records, so that there is no way anybody can prove their case?

Second, is the Senator aware that there is no way, under tort law or any theory of medical analysis, that you can prove which cancer came from which cause, no matter what you do, without the proper dosimetric information?

The fact is that not only was the Federal Government negligent in failing to warn the downwinders about what was going on, but also, it did not keep the information that would have given them half a chance to prove their case. That is why we cannot apply regular tort law today. That is why we have to come up with an innovative theory of probable risk estimate, in order to provide some form of compensation.

I think that if we had those dosimetric tables and we had kept those records and the Federal Government had kept them—and I ask my colleague if he agrees that this is so—we would not be looking at $150 million in tort damages; we would be looking at billions of dollars in claims in tort damages.

In fact, just in the Allen case alone——

Mr. SIMPSON. Mr. President, I should like to finish my remarks.

Mr. HATCH. I think, if I am correct, the Senator is ignoring much of the case we have made and much of the injustice that has occurred, and much of the injustice that our people in eastern Nevada and southern Utah face. That is what we have gone through for years to get justice, but you cannot get it if the Federal Government does not do its job keeping the materials which it is supposed to keep and which it has kept in other cases.

Mr. SIMPSON. Mr. President, I think that is a plausible question. It was addressed this morning in the Washington Post, where there was evidence of those who had actually, by direction, flown through the fallout, flown through the actual after effects of an atomic explosion, and they all are reporting on it as live human beings who have indicated that they have no particular ailments of any kind.

That is what makes the issue tough. You get the same amount of cancers in the general population. With agent orange, you have the subcutaneous cancers. You have the chloracne. You have diseases that arise in every known group of citizens. It happens with agent orange and with radiation.

I share with my colleagues that there have been 88,000 studies on radiation since the bomb was dropped—88,000 studies on the health effects of radiation exposure—making it the single-most studied carcinogen ever known to the mind of man.

The longer we study it and the longer we review it, we find the frustration that gives vent to this kind of amendment. You simply cannot prove causal connection.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. SIMPSON. I yield.

Mr. JOHNSTON. The Senator from Utah has raised a very serious problem and one which deserves a serious response. I certainly understand the unique situation his constituents face and I don't intend to make light of this problem. But, can the Senator enlighten me, or us, as to what it is about nuclear energy generally that makes the general population seem to lose their perspective and their sense of realism when the word "nuclear" is used?

We know, for example, that nuclear energy, in terms of the record of safety, is by far the safest thing on record. Yet, you see nuclear energy opponents smoking cigarettes, the most deadly thing you can do to your health.

They go skiing. They understand that is dangerous. They drive in automobiles. They do a whole series of dangerous things. Yet, when you put the word "nuclear" to it, somehow that conjures up in the mind some kind of voodoo evil, some evil spirit that is subject to some kind of special compensation, special treatment.

Does the Senator know what it is in the human psyche that reacts in a special way to the word "nuclear"?

Mr. SIMPSON. Mr. President, it can be summarized in two words. It is called "raw fear."

It has been an extraordinary venture for me to chair the Subcommittee on Nuclear Regulation. What we are talking about is commercial nuclear power, which now provides approximately 15 percent of our electricity nationwide.

When we finish the acid rain debate, we will really use a lot more of it, because, ironically, we will find that acid rain is much more detrimental to the health and safety of the citizens of this country than nuclear power.

So, every time we talk about commercial nuclear energy or a reactor, we suddenly conjure Hiroshima and Nagasaki out of that. That is unfortunate. The things that happened in that period, in 1945, were deeply troubling in many ways to us all, but it could have been a different result without that use. We forget that.

I say to the Senator that that is what I find—I share it with my colleague from Louisiana—it is called raw fear. It is difficult to hurdle.

The other thing is that in my travels, in dealing with the media of the United States on this issue—usually they do have to follow the issue—I finally say to them, and I do this often: "How many of you here in this room favor the use of commercial nuclear energy?"

Very few raise their hands on that inquiry, and I say, "Well, I know you are going to be balanced as you report on the issue then in your journalistic endeavor."

Usually there is kind of a gasping noise and a few things are thrown from the back of the room and other things like that.

But it is always an interesting question, I think, to ask. I try to ask it continually.

So it comes from raw fear, Three Mile Island. Who can forget the cover of every news magazine in the United

States with a purple haze of the cooling tower? Is this the end?

You know, I have been there. I find it absolutely fascinating and as I say after the debate is finished it will be ironical that this particular energy source—nuclear energy—will be there helping us to maintain some form of standard of living in the United States which we apparently have become used to.

I say the 88,000 studies have shown that the more you study it the less you come to, and that is frustrating. It is frustrating to the Senator from Utah. It has to be frustrating. We held the hearings. It is frustrating to people, when you just junk the tort system of the United States for the purpose of lining up behind high emotion, terribly high emotion, fear, guilt, anguish and pain. The hearings we come to with Superfund and toxic waste. What is spewing out upon us? Those are things that seem to hammer reason around pretty well.

Two more things and then I will stop my remarks. The compensation here in this amendment is based upon "an average population," rather than the specific characteristic of any given claimant. This is a population-based approach to liability. It is a fundamental departure from anything we know because only if a person could prove in his or her own case, if they could prove the case as worthy, that is the way we do our tort law in the United States.

So now you do not even have to be an individual. You just need to be a member of the population that has been injured.

Finally, we did study the tables that were used. There is considerable uncertainty in the tables. People testified to that. In fact, there was great confusion as to the tables. This amendment would restrict the administrative body to the use of certain publications called authoritative scientific studies. I do not see how that can possibly ever be identified in this way. It is extraordinarily vague.

Then we give the claimant the benefit of the doubt, even though the Federal Government, through extensive dose calculation, has already determined that the doses received may have been extremely low.

I just say it does not seem appropriate.

Mr. President, today with some reluctance I express my opposition to the amendment that my distinguished colleague and good friend, the Senator from Utah, has offered to this bill. I admire the efforts that the Senator from Utah has undertaken over the years to ensure that those exposed to fallout from the atmospheric testing of nuclear weapons have an equitable and efficient remedy for whatever injuries or damage might have been caused by that exposure. I do admire the perseverance with which he has pursued a just solution to this emotion-laden dilemma.

But after devoting considerable time and thought to this issue, and after a careful review of the amendment that has been offered to address this problem, I have clearly concluded that I cannot support this amendment.

This is not the first time that this body has been asked to address the difficult and controversial issue of compensating individuals exposed to fallout from the Atmospheric Testing Program who allege that they have suffered injuries as a result of exposure to the fallout; and I hunch that this will not be the last time that we must contend with this issue. Various approaches have been debated over the years, and we will, no doubt, see new approaches as the debate continues, over what, if anything, the Congress should do in response to those who claim that they have suffered injury because of the Atmospheric Testing Program.

I do not intend to address my remarks here today to the merits of those claims nor to the alleged negligence of the Federal Government as a result of the manner in which the weapons testing program was conducted. Considerable scientific attention has already been devoted to these subjects, in particular, and, more generally, to the question of what the health impacts are of exposure to radiation. In fact, on this latter point, more than 80,000 studies have been undertaken on the health effects of radiation exposure—making radiation the single most studied carcinogen ever—and the conclusions from those studies form an overwhelming scientific body of evidence on the carcinogenic effects of radiation exposure.

My reservations about the amendment that has been offered by the Senator from Utah today stem from my concern over the rules that this amendment would establish for assessing the claims of those alleging that their cancer was caused by exposure to atmospheric fallout. In particular, it appears to me that section 209 of this amendment contemplates that awards to individual claimants would be made based upon the guidance provided in a report just recently submitted to the Congress by the Department of Health and Human Services entitled "Report of the National Institutes of Health Ad Hoc Working Group to Develop Radioepidemiological Tables." More specifically, I read section 209 of this bill as encouraging or endorsing the "probability of causation" methodology set forth in this recently submitted report, as a basis for awarding compensation to fallout claimants.

On June 11 and 12 of this year, Mr. President, the Senator from Utah, in his capacity as chairman of the Labor and Human Resources Committee, and myself, as chairman of the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works, held joint hearings on the "probability of causation" methodology, as set forth in the report submitted to the Congress by the Department of Health and Human Services. Based upon the testimony presented at those hearings, Mr. President, and after careful thought as to the implications of the proposal that the Senator from Utah has made here today, I have concluded that it would be wholly inappropriate for the Congress to endorse or encourage the use of the "probability of causation" methodology, in the fashion that is contemplated in section 209.

Many of the witnesses who came before the joint hearings on June 11 and 12 were highly critical of the balance and objectivity of the ad hoc working group that prepared the radioepidemiological tables, and of the oversight committee that undertook a peer review of those tables. I do not share those concerns, Mr. President, in fact, I was highly impressed with the caliber of talent represented on those two panels, and with the scientific training and experience of each and every member. They have performed an invaluable service to this country by advancing our understanding of the connection between radiation exposure and cancer.

Nevertheless, it appears to me that, in a number of respects, the scientific underpinnings of this report—and, in particular, its efforts to define, with some degree of precision, a "probability of causation"—suffer from an extraordinary degree of uncertainty. It is deficient indeed. I realize, Mr. President, that the Congress is often called upon to act in response to a problem without the benefit of perfect science. And indeed, we rarely ever have the kind of comprehensive and definitive scientific evidence that we all would like to support the decisions that we reach in the Congress. I am not suggesting that we should wait to act in response to various problems until we have perfect science. But during the hearings that Senator HATCH and I jointly chaired, we were advised that efforts are underway right now to address the areas of uncertainty identified in the "probability of causation" report—efforts that, as I understand it, will be completed in the near future, and, once completed, will contribute significantly to reducing the uncertainties in the current report. In particular, the two committees were informed that a comprehensive effort is nearing completion involving reassessing the doses from the Hiroshima and Nagasaki bombings.

Based upon these efforts, Mr. President, I think it would be important and prudent for the Congress to await

the results of this work before we endorse the use of the "probability of causation" methodology as a basis for deciding individual claims.

My second concern, Mr. President, relates to the "probability of causation" methodology. This amendment would, if adopted, provide for compensation of individual claimants, even though those claimants could not establish that it was "more likely than not" that their cancer was caused by exposure to fallout—the standard traditionally imposed under our tort system as a condition of recovery. Under section 209(c) of this amendment, the Commission would be authorized to provide prorated compensation for persons with probabilities of causation less than 50 percent. This provision represents a fundamental and grievous departure from the principles of fault and compensation that have served as the foundation of our tort system, and, in my judgment, the Congress should reject what has been proposed.

The tort system is far from perfect as a mechanism for deciding fault and awarding compensation, particularly when it comes to cases where causation is difficult to establish, such as the toxic torts lawsuits that have emerged just recently. But the system is not so imperfect that it is incapable of responding to the challenge that these cases pose. And it is certainly not so imperfect that we should abandon the fundamental principle that an individual should be compensated if he can demonstrate, by a preponderance of the evidence, that his injury or damage was caused by the actions of the defendant. Under the amendment proposed today by the Senator from Utah, a plaintiff would no longer be required to meet that standard. Indeed, the amendment specifically provides that an individual can be compensated if there is a sizable possibility that he or she developed cancer from exposure to weapons fallout, and that compensation can be prorated for those claims where the "probability of causation" is less than 50 percent. That strains any legal concept or theory of victims compensation.

These changes are, in my judgment, Mr. President, not only unwarranted, but unprecedented. At a minimum, I would think that the Committee on the Judiciary would want to look long and hard at what is being proposed before endorsing such a fundamental departure from our traditional tort concepts of causation, liability, and compensation. For these reasons, Mr. President, I am unable to support the amendment that my good colleague from Utah has offered today.

HATCH AMENDMENT

Legislation such as this—agent orange, victims' compensation, and this amendment—is borne out of impatience and frustration with the slow pace of the legal system, or dissatisfaction with the results. At the nub of the frustration is an inability to prove, based upon sound medical and scientific evidence, that the injury was caused by the particular exposure—the basic requirement imposed under our judicial system.

Five fundamental flaws in the proposed amendment:

First, amendment allows awards, even where the claimant is unable to show that his cancer was caused by the fallout under our traditional tort principles. In fact, the amendment allows prorated awards where the "probability of causation" is less than 50 percent. Fundamental change in traditional tort rules.

Second, compensation is based upon the characteristics of an average population, rather than the specific characteristics of a given claimant. This population based approach to determining causation is also a fundamental departure from our tort rules, under which a given claimant can recover, if he can prove that his case is worthy, rather than proving, as this amendment would allow, that he is one member of a population that has been injured.

Third, considerable uncertainty in the tables that are to be used as a basis for compensation.

Fourth, amendment would restrict the administrative body to the use of certain publications from "authoritative scientific agencies"—"the Commission shall use only the relevant publications of authoritative scientific agencies" as guides to awarding compensation.

Fifth, amendment gives claimants the "benefit of the doubt" when assessing the dose that they received from the fallout, even through the Federal Government, through extensive dose recalculation, has already determined that the doses received by the fallout victims have been extremely low.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I am delighted to yield 5 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. I thank my colleague from Utah.

Mr. President, I rise in support of this amendment. Frankly, I would like to see an amendment that goes further, an amendment that covers the people who served in our armed forces who went through these nuclear tests and are not receiving compensation. They are not recognized as having a service-connected disability, I want to return to that in a moment.

But the Senator from Utah has put together something that simply says if we are going to do this for the people of the Marshall Islands, and I intend to support this, and I am not opposed to granting some compensation for these people, what about people in Utah, what about people in Nevada?

In response to my good friend from Wyoming, proving that you have thyroid cancer, proving that you have leukemia, because of tests, is a very, very difficult thing. So, the Senator from Utah in his amendment, and I have just read the amendment here, says you have compensation for people for whom there is a sizeable possibility that they developed cancer from receiving doses of ionizing radiation from such tests. I do not think that is an unreasonable type of measurement.

Let me add I hope we will go beyond this one of these days. I have no great illusions, frankly, we are likely to adopt the amendment of the Senator from Utah, though I think fairness would suggest that we ought to.

But if it is not adopted, I hope we will move on this step and I hope we will go one step beyond that and take care of people in the Armed Forces.

Let me just give a practical example of someone who by coincidence was in Washington today. He lives in southern Illinois. His name is Bob Farmer.

Bob Farmer came to me and this is how I got interested in the problems of atomic veterans. He was a 19-year-old seaman in the Marshall Islands when they had the tests. And when they had the tests, he was told to duck behind a vehicle, and he ducked behind a vehicle, and when the test went off he saw the bones in his hands and he looked ahead and he saw his buddies who were there in the Marshall Islands and he could see the skeleton frames of his buddies.

As soon as the test was over they went out there, scrubbed down the ships, played in the sea, played in the sand. No one told them there was any problem.

Bob Farmer seemed to be doing very well until a few years ago he started developing tumors.

Bob Farmer and his family suffered beyond that. Bob Farmer and his family have no history of any genetic problems. They had nine children.

One appeared to have a deformity. Let me tell you what has happened now on these children.

Robert Jr., 33 years old, was born with a lung deformity which has almost killed him twice through hemorrhaging.

Dianna, 32, was born with skull irregularities which bring on headaches severe enough at times to drive her to hospital emergency rooms for relief.

Victoria, 30, was born with abdominal and heart deformities.

Patricia, 28, had an 8-pound nonmalignant tumor removed 13 years ago.

Steven, 22, was born with one knee joined to his torso and without a hip or thighbone. He did not get his first

artificial leg until he was a first-grader.

William, 21, was born with small cyst-like bumps all over his body just beneath the skin.

Michael, 17, has an irregular heartbeat and is developing the same sort of bumps as William.

Jeffrey, 15, finds an extra bone growing in his right leg.

Janet, 14, suffers from a serious breathing problem.

Now the VA says to Bob Farmer and all these other veterans this is not a service-connected disability. If he was shot in the leg it is a service-connected disability. If you get exposed to radiation it is not.

The Senator mentioned the article in the paper this morning about planes purposely being sent through these mushroom clouds, people having radiation tags on them. In the paper this morning was one little interesting item. It was call "Human Experiment Number 133."

I think we have a responsibility.

Now, the amendment of the Senator from Utah does not cover veterans. I hope one of these days we will do that. But it moves on a problem that is our responsibility. This Government created this responsibility and while it sounds like it is easy to get compensation, it is a very difficult thing to get compensation from the Federal Government. It is a very difficult thing. Bob Farmer, for example, cannot sue the Federal Government because of the amendment that was adopted here a little better than a year ago, cannot sue any private contractor. Where do you go? What do you do?

I think we have a responsibility.

Incidentally, as I read through this bill the Senator from Utah says, if I may have his attention for one moment here, the Commission is structured to have responsibility for the title. The title is Atmospheric Nuclear Testing Compensation Act. The title does not limit it to Nevada, Utah, and Arizona. The compensation is limited to those three States.

My hope is that the Commission could take a look at this whole problem that the VA is ducking.

I think we have a responsibility. I think the Senator from Utah is moving us one step in the right direction.

I hope and trust if we do not do it tonight, one of these days we will do the sensible right thing by these people, and I applaud my colleague from Utah for his stand here.

Forty years ago, on July 16, 1945, at 5:30 in the morning, Project Trinity became history with the detonation of a plutonium-fueled implosion device. Humanity had captured the atom. As if in prophecy, it took place in a desert area of south-central New Mexico known as the Jornada del Muerto, Journey of Death.

As the compact is attempting to provide for residents of the Marshall Islands, I am hoping to provide for disability and death allowances, compensation, health care, and other benefits to veterans and the survivors of veterans who participated in atomic tests or the occupation of Hiroshima and Nagasaki and who suffer from diseases that may be attributable to ionizing radiation.

Mr. President, to the concern of many we have recently become a debtor nation in financial terms. With regard to those who have sacrificed to make this a great and secure country, we shall always be a debtor nation. We have always met our responsibilities to veterans. My purpose today is to ensure that we do not abridge this long-standing tradition. Without our efforts there is no hope for atomic veterans to be afforded what is prescribed for all Americans: equal protection under the law. Unlike civilians, veterans have no recourse to the courts for compensation when they are harmed by actions of the Government because of restrictions the Feres Doctrine places on them. Even without these restrictions, tort law requires causal proof before compensation can be adjudicated.

Today we are taking action on the Compact of Free Association that would end our trusteeship of the Marshall Islands and other Trust Territories in the South Pacific, some of which have been sites for some of these same tests. In this legislation, a trust fund is being established to compensate islanders who may have been injured by radiation. Yet our own servicemen and servicewomen who participated in these tests are still overwhelmingly denied service-connection help for their radiogenic illnesses. A requirement for causal proof provides a continuing debate that serves only to highlight how little is known about the effects of ionizing radiation. The contradictions provided by endless debate of scientists' theories, coupled with a void of medical knowledge concerning a disease that wears many guises, serve to emphasize the futility of placing the total burden of proof on the victims. While the debates may have merit for the advancement of scientific and technical knowledge, they are being waged at the expense of those who have already sacrificed so that the nuclear age could grow and flourish. Progress should not be bought at the expense of ethical and moral principle. This compact and Senator HATCH's efforts to compensate civilian victims of the Nevada tests are witness to the complexity and impossibility of relying solely on tort law, and a requirement for causal proof, to provide a fair and just solution. Those who need relief cannot wait for neat and tidy solutions. They must rely on a heritage that believes in the fairness of Government actions.

What we know by hindsight is that we were incautious and naive about the dangers of radiation during the above-ground atomic testing program.

Contrast the concern of today with the seemingly reckless way that service personnel were exposed to unknown dangers:

GI's were sent aboard target fleet ships stationed off the test islands in the Pacific and were directed to scrub the radiation from the ships that were supposed to be under quarantine.

Crews scoured these target ships for weeks, often living on them. They drank contaminated lagoon water that was distilled through evaporators, many of which were contaminated as well.

Two of the target ships that were boarded, the U.S.S. *Nevada* and the U.S.S. *Salt Lake City*, were later torpedoed and sunk because of the residual radioactivity.

Men on ships anchored in the target areas swam in the lagoon, sometimes ate coconuts from Bikini and rarely, if ever, were informed of any danger in doing so.

In the Nevada tests, troops were sometimes marched into the central detonation area soon after a blast.

One report allows that men were subject to "extremely hazardous respiratory conditions" in Operation Wigwam (1955).

Once-classifed records in the National Archives disclose that low-level radiation outside the city limits of Nagasaki 2 months after the blast was about 10 times what we now consider to be a safe level for the general population. Many U.S. troops were stationed there at the time.

We do not have historical records of all encounters precisely because in our ignorance we were not concerned about the dangers. There may be endless debate about causality factors—what levels of radiation cause cancer and how—but there is no debate that given a sufficient dosage, cancer does result. Given any situation I have narrated for you, the evidence is conclusive that cancer has been or will be a result to those who were sufficiently exposed. The sticking point is that exposure cannot be proven except by the result, but the result is not proof because the radiation factor is nonexclusive. In many cases dosage is an unknown quantity. The choice, therefore, is to hide behind technicalities or provide help on the basis of presumed cause. Before making that choice I ask you: Would any reputable scientist conscientiously officiate at duplicating the conditions faced by atomic veterans? I need not go into further detail of these conditions. Instead, I offer for the record a copy of an article from the July 17, 1985, edition of the Wash-

ington Times, concerning Bob Farmer, a long-time constituent of mine, who exemplifies the victimization of the atomic veterans. I also offer for the record a copy of Mary McGrory's column from the July 18, 1985, edition of the Washington Post aptly titled "Help Our First Atomic Victims."

Before concluding my remarks, I would like to address the latest National Research Council study based on mortality rates. The NRC study has been used to infer that, because of low mortality rates attributed to cancer, there is not a high incidence of cancer among atomic veterans. I would like to set the record straight. The study provides for no such conclusion based on the approach and the parameters chosen. In a word the results are "inconclusive." The study adds nothing to the body of knowledge concerning this problem.

I have introduced the Atomic Veterans' Relief Act, S. 707, which is currently in committee. Today, I ask that we also remember the atomic veterans. If the incidence of radiation inducible illness among them is truly no higher, or as some have concluded is actually lower, than among the general population, the cost will be no more than the cost of additional studies. If the situation is otherwise, we will have righted a wrong and upheld a long-standing American tradition. In either case, there is relief for those who deserve our help and gratitude.

Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mary McGrory entitled "Help Our First Atomic Victims."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HELP OUR FIRST ATOMIC VICTIMS

(By Mary McGrory)

That first test, 40 years ago in New Mexico, has been described poetically by the inventors of the nuclear bomb, some of whom are sorry now. Subsequent tests, on Pacific islands and in American deserts, evoked no poetry, but some bewildered servicemen have lived with the consequences ever since.

Representatives of two Trinity alumni groups were on Capitol Hill for the anniversary of Trinity, as the first explosion was named by J. Robert Oppenheimer. Trinity scientists Victor Weisskopf, Robert Bacher, Hans Bethe, Philip Morrison and Cyril Smith held, under the auspices of the Union of Concerned Scientists, a somber seminar in the Senate auditorium, during which they pleaded for a reduction of a stockpile to which they made the first fateful contribution.

At the same time, a House Veterans Affairs subcommittee listened to the pathetic testimony of atomic veterans, those good soldiers and sailors who marched or sailed into the heart of the fallout caused by the 235 tests carried out during the halcyon days when scientists unaccountably failed to warn the authorities of radiation hazards.

The atomic veterans, who cheerfully scrubbed the decks of vessels used in the tests or played in radioactive waters, certainly did not know. One of them, Robert Farmer, then a 19-year-old seaman, stepped ashore on Bikini Island hours after two 23-kiloton bombs had been exploded. After eight of his nine children were born with serious genetic defects, he began to make the connection.

Farmer suffered from cancer of the thyroid and heart problems. The Veterans Administration, which hates to consider ills imposed on servicemen by their own side, had no time for him. He got the treatment later accorded to Vietnam veterans zapped by Agent Orange. Finally, Farmer went to then-Rep. Paul Simon (D-Ill.), a man with an acute sense of justice. Now a senator, Simon has drafted a bill that clearly establishes the government's responsibility to the forgotten victims.

To the unexpectedly sympathetic subcommittee, Simon explained his proposal for relief for atomic veterans. To begin with, he wants to have their radiation-related ailments treated as service-connected disorders. In the long run, Simon calls for the establishment of a program of research and training for servicemen exposed to radiation.

The Reagan administration is flatly opposed to the Simon solution. VA General Counsel Donald L. Ivers denounced it as a wicked extravagance. He claimed the cost would be an alarming $23 billion. He arrived at this figure by including all atomic-era veterans in the possible clientele.

Simon says he is concerned only with the 250,000 servicemen who participated in the 235 tests so blithely carried out by the authorities between 1946 and 1962, before the Kennedy test ban.

Presently, the burden of proof that an illness, often long years after exposure, is caused by radiation is on the veteran. Records of participation are apparently sketchy. For instance, Ford Harrison, a 71-year-old Navy veteran from Selma, Ala., testified that he was part of a landing force at Nagasaki 33 days after the second of two explosions that ushered in the era of nuclear weaponry. He stayed there two weeks. Five months later, his teeth fell out. Since then, he has suffered from lung cancer and skin cancer. The Veterans Administration denied his claims because they said he could not prove he was in Nagasaki. But he could, with pictures.

Simon pointed out while the administration is fighting him on relief for atomic veterans, the Department of Defense is pushing a bill that contains a trust fund for claims of victims of low-level radiation in the Marshall Islands, where many of the 66 South Pacific tests were conducted.

The stricken scientists who are now pleading for the lives of potential nuclear casualties might do well to lend an expert hand to these actual, unintended victims of their genius. The lack of information that led the services to expose 250,000 uniformed Americans to radiation still afflicts the atomic veterans, who are expected by their government to provide "scientific" evidence that radiation is the cause of their woes. Who could help them better than the scientists, whose ignorance—or indifference—informed the 20-year orgy of testing?

No one wants to add to the regret and guilt of these distinguished scientists, who were looking for a weapon to end World War II and found one that could end the planet. But they are plainly seeking atonement. The atomic veterans offer them a most appropriate form.

Mr. HATCH. I thank my distinguished friend from Illinois.

I reserve the remainder of the time.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. Mr. President, I yield 2 minutes to the distinguished Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I also oppose this amendment and basically for the same reasons which the Senator from Idaho has already outlined.

First, the subject matter of the amendment does not fall within the Energy Committee's jurisdiction. We have not had a hearing on it, we have not received any comments on it from the executive branch or any other experts who can advise us on the implications or impact of it and we do not have any information on whether it will even remedy the serious problem which the Senator from Utah seeks to address.

Second, I do not think we should agree to a nongermane amendment which could jeopardize enactment of this joint resolution. We have delayed long enough on the urgent issues this compact addresses. Time after time, the Micronesians have found themselves caught up in extraneous issues which are not of their making and to which they are not even parties in interest in both the House and the Senate, most recently the dispute on textile imports. The result has been delay after delay in enacting this resolution which was first reported by the Energy Committee over a year ago. This delay now has us in the second budget cycle with no compact. This delay has meant that we have missed one good opportunity to go to the United Nations and request termination of the trusteeship. If we attach this amendment and the resolution is vetoed, as I believe it would be, we will have to start all over again and further budget cycles and opportunities will go by without a compact.

Third, if we agree to this amendment then we will need to agree to other nongermane amendments. We have a number of concerns about this issue, and other equally critical issues, on our side. If this joint resolution is going to become the vehicle for all the issues we have hanging around this body on which we need to act then I can tell my colleagues we are going to have a number of long debates and a very lengthy vehicle passing this body. I know of at least two on our side by other Senators, and I think I have a few of my own that I may wish to add, too. I suspect the Senator from Idaho also has some he would then think about attaching.

I urge my colleagues to vote to table this amendment and let us get on with

our work on the compact. We have delayed long enough on the serious issues the compact raises and I hope we can work through these and approve it without further extraneous matter which will place it in jeopardy.

Mr. McCLURE. Mr. President, I regret that I must oppose the amendment offered by the Senator from Utah. I do so not because of any lack of sympathy for the objective of his amendment. Frankly I do not know whether the particular solution which he proposes is the best for the down wind problem or not. I am troubled that this amendment has not been submitted as legislation, referred to the appropriate committee, reviewed and considered by committee, and presented to the Senate with the views and recommendations of the appropriate committee.

I do want the RECORD to state that I and the Committee on Energy and Natural Resources have tried to be as helpful as we could to the Senator from Utah. During the hearings on the compact which the committee conducted last year we not only scheduled the Senator to permit him to lay his concerns before the administration, but we even permitted the Senator, who is not a member of the committee, to sit with the committee and question the administration witnesses.

I think it is at best unusual for committees to permit other Senators to participate in a hearing as if they were on the committee, but it is unheard of to interrupt a hearing to permit a Senator who is not on the committee to question witnesses on a subject which is not pending or before the committee.

I think we have bent over backward to assist the Senator from Utah. I do not think we should be expected to agree to a nongermane amendment which would jeopardize enactment of the compact.

I would point out that the resolution has been twice submitted by the President and twice reported unanimously by the Committee on Energy and Natural Resources to the Senate. The compact is the result of over a decade of negotiations spanning four administrations and has been approved in the United Nations observed plebescites in each of the Micronesian areas. I think it is sad that the Senate was prevented from considering and approving the compact at the end of last year because of this nongermane amendment and that it has remained on the Senate calendar since March of this year for the same reason.

There is a reason why we have committees and why legislation should be introduced, subjected to the hearing process, and then considered and reported to the Senate. It allows the Members of the Senate to have the benefit of the expertise of the committee system. It permits the development of a legislative history which can be essential in preventing later litigation or uncertainty over the meaning of statutes.

I will not go into depth on the potential problems raised by this amendment, but I do, as a lawyer, want to mention a few. The amendment introduces a new standard of proof which is undefined. The phrase is "sizable possibility." I am familiar with phrases such as clear and convincing or preponderance, but unless we are promoting a lawyers relief act, I worry about "sizable possibility," especially when there is no legislative history whatsoever on the term. Claimants, however, probably do not have to worry about the vagueness of the standard since they are to be given the benefit of the doubt. I know what reasonable doubt is, but this seems to imply any doubt.

This may simply be a drafting problem but it points out why this amendment should be introduced as legislation so that it can be reviewed. I will not go into how this amendment relates to the Federal Tort Claims Act or the limitation on attorney's fees, because I believe that these also should be carefully considered and the Senate should have the benefit of a legislative history.

There is also the question of how three year appointments square with the quasi judicial functions of the Commission. Should appointees be for the life of the Commission in order to develop consistency? The views of the Judiciary Committee would be helpful.

Mr. President, I do want to make clear that I am not unsympathetic to what the Senator from Utah is attempting to do. We always seem to have vehicles around if there were a time constraint or there had been a full review. I regret that I must urge that this amendment be tabled.

Finally, Mr. President, I would note that on July 26, 1985, Max Friedersdorf, Assistant to the President wrote Senator DOLE expressing the views of the administration on this amendment. The letter notes the differences between the provisions of the Compact and this amendment, and concludes that "should Senator HATCH's amendment be added to the compact, senior advisors to the President will recommend that the S.J. Res. 77 be vetoed". I do not doubt the letter, and ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, July 26, 1985.

Hon. ROBERT J. DOLE,
Majority Leader, U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: I understand that the Compact of Free Association (Compact), S.J. Res. 77, will be considered before the August recess. Senator Hatch has announced his intention to introduce an amendment on the Senate floor that would establish a $150 million trust fund. This fund would be used to compensate persons who developed cancer allegedly caused by exposure to ionizing radiation from nuclear tests conducted at the Nevada Test Site or from working in a uranium mine in Colorado, New Mexico, Arizona, or Utah between January 1, 1947 and December 31, 1961 and persons alleging loss of livestock as a result of ionizing radiation from fallout immediately downwind of the Nevada Test Site.

The Administration strongly opposes adoption of this amendment or any other amendment that would provide compensation for cancer allegedly caused by exposure to low levels of radiation. The amendment is not germane to the Compact, has not been the subject of hearings, and is contrary to the Administration's policy that such claims should be resolved through the Federal Tort Claims Act.

The Compact is the product of a unique set of circumstances differing substantially from those surrounding the Nevada nuclear tests, both in terms of the nature and effects of the testing program in the Pacific and with respect to the legal and political framework within which the Compact was negotiated. These unique framework within which are discussed below in greater detail, made resolution of the Marshall Islanders' claims through the usual vehicle, the courts, inappropriate. Rather it was prudent to negotiate a government to government political settlement in the overall context of the future political relationship contemplated between the United States and the Marshall Islands.

The focus of the Compact is on claims of a nature quite different from those alleged to have resulted from the continental atmospheric testing program, which are based essentially on the alleged consequences of exposure to low-level radiation. Although some Marshall Islanders have filed "low-level" radiation claims similar to those claimed to have resulted from the Nevada tests, nowhere, in the Compact or elsewhere, has the United States admitted the validity of such claims.

The testing in the Marshall Islands resulted in (1) the accidental exposure of some inhabitants on the atolls of Utirik and Rongelap to high levels of radiation, causing injuries to the thyroid glands and skin lesions; (2) the destruction of several islands; (3) and nuclear contamination of several islands which may render them uninhabitable for decades; and (4) the continuing temporary relocation, for the past 30 years, of the inhabitants of Bikini. The people of Enewetak were also dislocated by the testing program, and though many Enewetakese have returned home, they, like the Bikinians, require food supplement assistance and other services to ensure their welfare.

In the past, both Congress and the Executive Branch have recognized a responsibility to compensate these affected inhabitants of the Marshall Islands for the consequences of our atomic testing. Since 1964, at least fourteen United States Public Law, including P.L. 95-134 and P.L. 96-205, have provided ex gratic payments and assistance to Marshallese affected by the testing program. At the same time, the U.S. negotiators of the Compact, consistent with United States policy, firmly refused to recognize the validity of any claims whatsoever for illnesses or injuries for which no casual connection with the tests has been shown. There is thus no basis for stating that claims addressed by the Compact are similar

to those being advanced in the "downwind" cases in the United States where the exposures to radiation were extremely low.

The situation of the Marshall Islanders is also unique in another important respect. As you know, the Compact defines the political relationship of the United States to the freely associated states upon termination of the trusteeship. It provides the basis for a continuing close relationship between the United States and the Marshall Islands, and the Federated States of Micronesia. The Compact also provides both for substantial economic assistance and for continued security and defense relations between the United States and the future freely associated states which will permit the United States to operate military facilities critical to our national security. In order to achieve these objectives, the Compact addresses the wide range of political and economic needs of the Micronesian people following their transition to self government, and resolves all outstanding issues arising from the United States actions in administering the Trusteeship. It is in this context that the Compact establishes procedures for the resolution of all categories of existing claims by citizens of the freely associated states against the United States.

As part of the overall package, the United States negotiated for and obtained a favorable government to government agreement for the espousal by the Government of the Marshall Islands of all claims it might have and all claims of its citizens related to the nuclear testing program conducted in the Northern Marshall Islands between 1946 and 1958. This will close the United States courts to all claims of individual Marshallese claimants or their government arising from the Marshall Islands testing program. The $150 million grant provided for in the Compact, is consideration for the Marshall Islands Government's espousal of claims by its citizens against the United States government and contractors totalling more than $5 billion. The grant does not, however, represent a judgment as to the merits of any individual claim. The valuation of such individual claims will be left to the Islanders and their new government. The espousal resolved an issue, which, if left unresolved, would serve as a source of political friction between two governments. Such an unresolved dispute could ultimately jeopardize the security and defense arrangements which are an important element of the Compact. The espousal is thus a vital element of the political accord embodied in the Compact, and will contribute to the free association relationship and the United States' security interests.

Given the fundamental and controlling distinctions between the Compact's resolution of the Marshallese claims and the claims arising from the nuclear tests conducted at the Nevada Test Site, the Administration strongly opposes this attempt to amend the Compact to provide a trust fund for alleged injuries resulting from the nuclear weapons testing program at the Nevada Test Site. Those persons whose claims Senator Hatch's amendment seeks to satisfy are for the most part already pursuing their remedy through the court system, where some have prevailed, some have not, and some are still pending in the orderly process of litigation.

Accordingly, should Senator Hatch's amendment be added to the Compact, senior advisors to the President will recommend that the S.J. Res. 77 be vetoed.

Sincerely,

MAX L. FRIEDERSDORF,
Assistant to the President.

Mr. KENNEDY. Mr. President, I rise in support of the amendment offered by the Senator from Utah. This amendment rights an egregious wrong which was done to the citizens of Utah and to the uranium miners of the Southwest by our Federal Government. During the decade of the 1950's, atmospheric nuclear testing subjected over 200,000 U.S. citizens to radiation contamination. Little useful advice or protection was offered to them. Virtually no efforts were made to investigate the effects on them. There is little doubt that some have suffered cancers and other harm because of that contamination.

The Labor and Human Resources Committee has worked on the problem since 1978. During this time, we have sought to create a fair and just means to compensate the legitimate victims of atmospheric nuclear testing. I have worked with Senator HATCH on this problem. In fact, I chaired hearings in Utah at Senator HATCH's request when we began work on this issue.

Action by this body is long overdue. While the measure we are considering today is not a perfect remedy, it is an important and necessary step.

That an injustice was committed against the citizens of Utah is clear. Determining who should be compensated is less clear.

It is less clear for two reasons. Government negligence is one reason. The second is scientific uncertainty about the effects of radiation.

Though the atmospheric atomic tests were carefully planned and conducted, no attempt was made to monitor the radiation levels in the fallout. Vital information that could have helped determine who was harmed by the fallout was simply never collected.

Some of the scientific data that links specific cancers to radiation remains controversial. I should add that not all of it is controversial. It is clear that some cancers are caused by radiation.

Many scientists feel that the quality of evidence will be greatly improved in a few years. New studies from Hiroshima and Nagasaki will provide important information. Because there are so many uncertainties, a flexible approach is needed. Decisions about compensation must not be construed too narrowly.

I have worked with Senator HATCH to build flexibility and fairness into his compensation scheme. He has accepted many of my proposals.

Three areas, expecially, have improved because of our work together.

First, the Commission is not an exclusive remedy. Any individual has the right to choose between the courts and the Commission to redress his grievance.

Second, the claimant is given the benefit of the doubt in the estimate of radiation exposure and in the scientific calculation of the probability that the cancer was radiation induced.

Third, if new scientific evidence comes to light during the life of the Commission, the claimant may return to the Commission for another hearing.

I believe that this legislation could benefit from additional changes. A probability of causation of 50 percent is too high to be the cut off for full compensation.

Exclusive use of the research of some scientific bodies to the exclusion of others is unwarranted. All the evidence needs to be considered.

My concerns with this bill are not fundamental ones. I believe these problems areas can be resolved with further discussion. I welcome the opportunity to work with my good friend, Senator HATCH to forge a bill that I can support without reservation.

If this motion to table succeeds, and I sincerely hope that it does not, I would like to promise my colleague that I will continue to work with him until the people of Utah are justly compensated for the wrong that was done to them.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Utah has 9 minutes and 30 seconds remaining.

Mr. HATCH. I thank the Chair.

Mr. President, I think a couple of things have to be made clear. First of all, the science in this matter is sound, contrary to what the distinguished Senator from Wyoming has said. What is wrong is that the law is inadequate. We know about the science. In every case which has come to trial, the Government has lost the case on science and they have won on immunity under the Federal Torts Claim Act.

In the sheep case, the court even came to the conclusion that the Government had committed a fraud on the court.

In the Allen case, negligence was proven. No doubt about that. Everybody admits the Federal Government was negligent.

I think even the most callous, hardhearted person has to admit that. There is no emotion involved here. This is straight, pure, and simple negligence on the part of the Federal Government, without a remedy. And the reason there is no remedy is because the Federal Government made it impossible to have a remedy—they did not keep the doses and the dosimetry with regard to this matter.

Even in the Allen case, negligence was proven but immunity is in doubt. Some attorneys would prefer to win it in court. I submit to my colleagues here in the U.S. Senate I hope that the Supreme Court upholds the Allen case. If it does, it is going to cost this Government billions of dollars and we will learn our lesson. But, if you listen to what I am suggesting here this evening, we have a reasonable way of showing these people some compassion and some consideration under a theory of law that will work, that will do justice, certainly as much justice as is done to the Micronesians.

How could any U.S. Senator in here in the U.S. Senate stand here and say that we are not going to do anything for our people, but we are willing to throw $150 million at this other problem? Now, I am willing to help the Micronesians. It is only right. I support this treaty. I support Senator McCLURE. I believe I have made it clear that I have tried to cooperate in getting this up.

But I support our people as well. I believe this body ought to be ashamed if we do not come up with some ingenious way to solve this injustice—if somebody wants to tell me a better way to do it, I will do it. We have had days of hearings. I listened for 6 hours to 44 witnesses in Saint George, UT, tell me about their suffering. In the case of uranium miners there is no question of causation; immunity is the issue.

We have a law that has been screwed up by the Federal Government so that it cannot work for the benefit of the people. Small wonder that you can get pretty excited about this. But it is not emotional. I find it almost an effrontery to have somebody suggest something about smoking around nuclear energy and getting excited about nuclear energy. I am one of the strongest supporters of nuclear energy in this country. That has no relationship to this case.

We have a Federal Government that admits it was negligent in countless hours of testimony; admits it did not keep the records; admits it made it impossible to prove a case. And everybody admits you cannot prove which kind of cancer came from which kind of cause.

Yet, we have evidence that people in a State where people generally do not smoke or drink—to hit the cigarette argument out of the ballpark—people do not even drink tea or coffee for the most part; still they have a higher incidence of cancer than in other areas; Utah is a State where there are always lower incidences of cancer because of the health factors of the people.

Mr. President, I ask unanimous consent that a document explaining the purposes of this act be printed in the RECORD.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

ATMOSPHERIC NUCLEAR TESTING COMPENSATION ACT

(1) *The purposes:*

(a) A purpose of this act is to provide a fair and exclusive administrative remedy in lieu of a court remedy to those persons who claim that ionizing radiation from the open-air atomic bomb tests that were conducted at the Nevada Test Site from January 1, 1951 to July 31, 1962 caused them cancer or killed or harmed their livestock, and to those uranium miners who claims that being exposed to ionizing radiation while working in a uranium mine in Colorado, New Mexico, Arizona or Utah between January 1, 1947 and December 31, 1961 caused them cancer.

(b) A second purpose of this act is to provide health screening to those people who now reside in areas which received the preponderance of the radioactive fallout from these tests and to enhance the accessibility of health care to those people.

(2) *The trust fund:* The Federal Government will establish a $150 million trust fund, held in American Securities. The secretary of the Treasury will manage the fund and allot each year a sum for awards, grants and administrative costs so that the annual allotments are similar in size and that the fund is exhausted at the end of fifteen years. The entire annual allotment need not be spent within the year, but all allotted funds must be spent before the end of the fifteenth year or any unspent funds will revert to the federal treasury. The commission may use up to one million dollars from each annual allotment for the first five years and then five hundred thousand dollars a year for the remaining ten years for the administrative expenses of the commission.

(3) *The Commission:* The trust fund shall be administered by a commission of seven members who shall also act as a tribunal for judging specified claims made against the United States. The commission shall make all decisions in accordance with this act regarding the use of the annual allotments from the trust fund. The commission will cease to exist and the remedies available under this act will expire at the end of the fifteenth fiscal year after the enactment of this act.

(a) The commission will consist of seven members who shall be appointed by the President. Six of these commissioners will be appointed upon the recommendation of various states as specified below. Two members each will be recommended by the states of Arizona, Nevada and Utah. Each member shall serve for a term of three years.

(b) A majority of the commission will constitute a quorum for the conducting of business and the making of decisions, and all decisions that obligate funds must be made by a majority of the commission.

(4) *Uses of the trust fund:*

(a) The fund will be used to pay actual damages to claimants who are judged by the commission to have owned animals that died or were harmed as a result of being exposed to ionizing radiation from the tests, and to claimants for which there is a sizable possibility as judged by the commission that these claimants developed cancer from ionizing radiation received from the tests or from working in a uranium mine in Colorado, New Mexico, Arizona or Utah between January 1, 1947 and December 31, 1961.

(b) A portion of the annual allotment from the fund will be used by commission to provide medical screening, particularly screening for cancer, to people who live in areas where in the judgment of the commission the greatest fallout from the Nevada tests occurred, and to improve accessibility to health care for these same people, especially cancer treatment.

(5) *Rules for assessing radiogenic cancer claims:*

(a) The commission will use as a guide the latest radioepidemiological report published by HHS in accordance with section 7(b) of P.L. 97-414, the Orphan Drug Act.

(b) The commission will give eligible claimants a reasonable benefit of the doubt when assessing the ionizing radiation doses received by these claimants from the fallout or uranium mining.

(c) To insure that funds are available to pay damages to all worthy claimants, the commission may establish a cap on the amount of damages paid to individual claimants. Also, this cap may be prorated for claimant when his probability of having developed cancer from the fallout is judged by the commission to be substantial but less than 50 percent; for such persons the degree of proof as well as the extent of harm may determine the size of damages.

(6) *Rules for assessing livestock claims:* The commission will award damages to a claimant who alleges injury to his livestock when the commission determines after giving such claimant a reasonable benefit of the doubt that such claimant has demonstrated that his livestock was harmed by the fallout.

(7) *Powers and duties of the commission:* The commission has subpoena power. The commission will determine from evidence presented by the claimant and from the evidence provided by experts of the commission's own choosing whether a claimant's claim meets the criteria for the award of damages set forth in this act. If so, the commission will then base the award on its assessment of real damages, except that the commission can take the claimant's need into account. There will be no punitive damages.

(8) *Standing to petition the commission for damages:* Any person may seek redress from the commission if he can show that he has cancer or has had cancer and claims that his cancer was caused by his exposure to ionizing radiation from the 1951-1962 Nevada atmospheric nuclear tests or from working in a uranium mine in Colorado, New Mexico, Arizona or Utah between January 1, 1947 and December 31, 1961. Any person may seek redress from the commission if he can show that he had livestock that was immediately downwind of the Nevada Test Site during the atmospheric tests and if he claims that radioactive fallout from these tests harmed or killed his livestock. Family and heirs can bring a claim on behalf of a person with standing who is disabled or deceased. In the case of claim for radiogenic cancer made on behalf of a deceased person the cancer must have been diagnosed or manifest while said person was living.

Mr. HATCH. Mr. President, on April 8, 1982, a very brave lady from Nevada, Gloria Gregerson, who was deathly ill with cancer and who has since died—she was only in her 30's—came all the way to Salt Lake City to

attend a hearing, where she said the following. And I will never forget it.

I remember the day the nuclear testing started in Nevada. The first blast came without any warning. We were awakened out of a sound sleep. No one was even informed it was going to happen.

We lived in an old two-story home. It broke out several of our windows and cracked our house on two sides the full length of the house.

Think about it. How can you sit here and do nothing about it?

After this, my parents would not let us stay in the house. They took us, still in our pajamas, to the top of a hill where we would watch the blast from there. We could see the flash immediately, and a few minutes later, the rumble would come up the river and bounce back and forth between the different mountain ranges. A little later, the mushroom cloud would appear.

We were quite close to the test site. We could see the planes as they circled to drop the bombs.

The radioactive cloud, as it came over, was really distinct. It would usually come over our school campus between 9 and 10 in the morning. You could always distinguish it from any other clouds because it had a pinkish-orange tint to it.

I remember my principal told me just 2 or 3 years ago that the AEC had called him on several occasions between 8 and 9 in the morning and told him not to let the kids out of school for any recesses or any classes—to stay inside the building. By 9 or 10 in the morning, he would call back and say, it's OK; you can let them out. There was not anybody taking readings in our area. There was no way anybody could have known that it was virtually safe for us to go outside.

Later, the Government officials would come to our school to talk to us in assemblies, but they never came until after several blasts had already been shot off. They would tell us different things for which we were to watch.

They would preface their remarks saying: "There is nothing to be alarmed about. There is nothing to hurt you, so don't worry, but wash you cars every day; wash your clothes twice before you wear them; don't eat the plants and the vegetables; be sure you wash everything off with water before you even walk on it; don't drink the local milk," yet that is the only way we had to get milk, through our cows.

They just keep emphasizing one point, and that was: "Nothing to worry about. There is no danger." We wondered why they took the trouble to come all the way just to tell us there was nothing to worry about.

I remember playing under the oleander trees, which is a wide leaf tree, and the fallout was so thick it was like snow. We do not have snow where we come from. As a result, we liked to play under the trees and shake this fallout onto our heads and our bodies, thinking that we were playing in the snow.

I remember writing my name on the car because the dust was so thick. It was lots of fun. Then I would go home and eat. If my mother caught me as a young child, I would wash my hands; if not, then I would eat with the fallout on my hands.

I made most of the bread for my family when I was still very young. I am not so sure that I always washed my hands, but I did not wear a hairnet, either.

Our family ate the vegetables from the fallout-exposed gardens and livestock raised on our fallout laden grass. The AEC told us not to drink the local milk, but they never said anything about our water.

This woman is now dead. She is one of hundreds who are dead. We sit here and we act as if because they cannot prove their case, that is just tough. All of the attorneys in this body and we cannot come up with a methodology of providing justice. And yet we are willing to spend $150 million to provide justice where the Federal Torts Claim Act does not apply in the Micronesian Islands.

Where in the world is the justice here? Why can we not do it for our people here?

I am not asking for billions of dollars. I have no illusions about what is going to happen here this evening. I hope enough of my colleagues are serious so they will send a resounding message here. But the odds are, even now, that that probably will not happen.

But we are going to bring it up and we are going to bring it back. If we do not pass this this evening—and I hope, I sure hope some miracle occurs—but if we do not pass it this evening, at least I hope somebody has been listening, because it is time to do justice. It is time for this body to wake up and start doing what is right for our people.

I would be arguing for Massachusetts, if it were Massachusetts. I would be arguing for Florida, if it were Florida. I would be arguing for Wyoming, if it were Wyoming. It just happens to be Utah, Nevada, and Arizona; only three States, only six Senators.

But, I know this body has had compassion before. There is no reason why it should not be here this evening. But if it does not, this issue is not going to go away. The purpose of this battle here this evening is to raise the issue so that everybody can hear about it.

And hopefully the story will be written. Hopefully Gloria Gregerson's story will come out a little bit more than it has. Hopefully, we can learn something in our country about compassion and decency. Yes, we are going to be compassionate with Micronesians but not to our people.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HATCH. I ask unanimous consent that I may have 2 more minutes.

The PRESIDING OFFICER. Is there objection?

Mr. McCLURE. Mr. President, I object. I will yield 2 minutes of my time.

Mr. HATCH. I am happy to yield to the distinguished Senator from Illinois.

Mr. SIMON. I thank the Senator from Idaho and the Senator from Utah.

As I read the Senator's amendment, is it possible for that commission to take a look at the whole problem of veterans?

Mr. HATCH. It is.

Mr. SIMON. That would certainly not violate the spirit of the amendment?

Mr. HATCH. It would not. We have left that open. We think there is some injustice there as well. We are only biting off what we can this evening. I certainly have much sympathy with what the distinguished Senator from Illinois has said about veterans.

Mr. SIMON. I thank the Senator from Utah.

The Senator said there are only six Senators immediately affected.

Mr. HATCH. I include my colleagues from Illinois.

Mr. SIMON. There is the other thing that is affected, and that is the cause of justice. The Senator from Utah is on the side of justice.

I hope this Senate will be on the side of justice.

Mr. HATCH. I do, too. I hope our colleagues will listen to us this evening.

Mr. President, might I ask the distinguished Senator from Idaho to yield me 2 more minutes?

Mr. McCLURE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 12 minutes and 50 seconds.

Mr. McCLURE. I yield 2 additional minutes to the distinguished Senator from Utah.

Mr. HATCH. Mr. President, I yield that time to the distinguished Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I just want to put a question to the distinguished sponsor of the legislation.

Am I correct that the legislation covers persons having claims as a result of mining uranium as well as from the atmospheric tests?

Mr. HATCH. The distinguished Senator is correct. The Senator has raised an interesting point. Should we not expand the commission by two more so that we can include representatives from his State? I am willing to do that. I think we may be able to get that done.

Mr. BINGAMAN. I thank the Senator.

Mr. President, I ask unanimous consent that I be added as a cosponsor of this legislation.

Mr. HATCH. I am honored to have the distinguished Senator as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. McCLURE. Mr. President, I yield back the balance of my time.

Mr. SIMON. Mr. President, may I ask unanimous consent to have an additional 2 minutes?

Mr. McCLURE. Mr. President, I withhold.

I yield 2 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, the tough part of the issue we have seen. We have heard the Senator from Illinois and the Senator from Utah talk about some very exceedingly extraordinary cases of people who have suffered.

This is what occurs in the United States. It occurs in the area of Superfund. It occurs in the area of the atomic veterans. It occurs in this area. It is part of the engine that drives us to try to do the right thing.

Somehow there is an image that if we do not do the right thing that we are pinched, shriven, and mean-spirited. I can assure you that does not fit this Senator.

I just say that if we can get through the emotion—and those cases are not cited to do anything but general emotion, and there is no other reason to present those in this case—and if you look at the rates under Senator HATCH'S amendment, you will find that the rates that he computes in his "PC" formula for exposure are less than the Federal Government allows for those who mill and mine uranium.

What do you think is going to happen when you get into that situation? The formula is less than what the Federal Government has previously allowed for miners and millers of uranium. I wish that were not so. We had better correct that somewhere along the line.

But the thing that the Senator from Utah misses is that in the hearing that he and I chaired it was said there is a continuing study taking place on this issue of probability of causation, and it will be completed in the near future. It is not yet completed. When it is completed it will contribute significantly to reducing the uncertainties in this current effort.

Our two committees were informed that a comprehensive effort is now nearing completion involving reassessing the doses in Hiroshima and Nagasaki. Those are the unresolved issues that we need deal with.

This amendment addresses itself to the toughest cases, to the weakest cases, and makes them well. That is not what we should have in mind.

The PRESIDING OFFICER. The 2 minutes of the Senator have expired.

Mr. McCLURE. Mr. President, I yield the balance of my time.

Mr. MURKOWSKI. Mr. President, I wonder if I, as chairman of the Veterans' Committee, can advise my colleagues of something. It will take 5 seconds.

Mr. McCLURE. Mr. President, I yield to the Senator 10 seconds.

I yield to the Senator 1 minute.

Mr. MURKOWSKI. Mr. President, I appreciate the chairman of the Energy Committee yielding.

From the standpoint of the Senate Veterans' Committee, I would like my colleagues to be aware that Public Law 98-542 enacted last year directed the VA to devise a mechanism to adjudicate claims of atomic veterans.

The Veterans' Administration has published a draft procedure, and is now evaluating the public comment. It is felt that further action before we have a chance to evaluate the results of last year's action may be premature at this time.

As a consequence, as far as the veterans of the Nation are concerned, we had today a hearing to accommodate the atomic veterans, and significant testimony was garnered.

Mr. President, the Senate Committee on Veterans' Affairs, held a hearing today to hear testimony on issues related to veterans exposed to ionizing radiation.

Of principal interest to the committee is the effect of section 1631 of the Department of Defense Authorization Act of 1985, Public Law 525, which concerns the legal rights of veterans in suits against private contractors who were involved in the fabrication or actual testing of atomic devices. The act also affects veterans who participated in the occupation of Hiroshima and/or Nagasaki, and who choose to bring suit for claims of radiation-related disabilities.

The committee is interested in all issues affecting veterans exposed to ionizing radiation. These veterans have unique problems not faced by other veterans or nonveterans and the law should reflect an awareness of this. It is the committee's role to consider, with compassion, whether or not this group of veterans is being well served.

The hearing addressed the content and effect of those sections of the Federal regulations adopted by the Veterans' Administration under Public Law 98-542, the Veterans' Dioxin and Radiation Exposure Compensation Standards Act, which, among other things, establish uniform guidelines for adjudicating veterans' claims for compensation for conditions which may be due to ionizing radiation exposure.

Witnesses from organizations representing veterans exposed to ionizing radiation, and personal testimony of one such veteran, were called to address the issue of veterans' rights to bring suit against either the Government and/or manufacturers of atomic devices.

Current law prevents either action, protecting both the Federal Government and the contractors working for it. Under an amendment to the 1985 Defense Authorization Act, the Federal Government must substitute itself for contractors working under its auspices in the event those contractors are sued by veterans seeking damages from injuries alleged to be the result of an action of the contractors.

Once substituted for the contractor, the Government itself is immune from suits brought by veterans, those suits being barred by the "discretionary function" exception to the Federal Tort Claims Act [FTCA] and the Feres doctrine—Feres versus United States—which bars FTCA actions by servicemen for injuries incident to their military service.

The committee heard testimony from the National Association of Radiation Survivors, the National Association of Atomic Veterans, the Veterans' Administration, and the Department of Energy. In addition, testimony was heard from our colleagues, Senator PAUL SIMON and Congressman LANE EVANS. Personal testimony was heard from Mr. James A. Dennis, a highly decorated veteran from Alexandria, VA, who participated, at relatively close range, in two atomic tests in Nevada in the mid-1950's.

Subsequent to his exposure to radiation from those tests he was detailed by the military to General Electric to demolish a defective nuclear reactor and was, in the course of that assignment, further exposed to radioactive particles. Dennis was diagnosed as having blood and bone marrow cancer in 1978, nearly 16 years after his last exposure to atomic radiation.

Mr. President, I feel it is important that my colleagues are aware of the recent action of the Committee on Veterans' Affairs on the issue of veterans exposed to radiation, as we consider this amendment offered by Senator HATCH.

I present this as a matter of information to my colleagues as to what the Veterans' Committee is doing in this regard.

I thank my friend.

Mr. McCLURE. Mr. President, I yield back the balance of my time.

Mr. President, I move to table the amendment, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho to lay on the table the amendment of the Senator from Utah. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], and the Senator from Virginia [Mr. TRIBLE] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. STENNIS] is necessarily absent.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 53, nays 42, as follows:

[Rollcall Vote No. 315 Leg.]

YEAS—53

Abdnor	Exon	Murkowski
Armstrong	Ford	Nickles
Baucus	Glenn	Nunn
Bentsen	Gorton	Packwood
Boren	Harkin	Proxmire
Boschwitz	Helms	Pryor
Bradley	Hollings	Quayle
Bumpers	Johnston	Roth
Chafee	Kassebaum	Rudman
Chiles	Kasten	Sasser
Cochran	Long	Simpson
Cohen	Lugar	Stafford
Cranston	Mathias	Symms
Danforth	Mattingly	Wallop
Dole	McClure	Warner
Durenberger	Metzenbaum	Weicker
Eagleton	Mitchell	Zorinsky
Evans	Moynihan	

NAYS—42

Andrews	Grassley	Levin
Biden	Hart	Matsunaga
Bingaman	Hatch	McConnell
Burdick	Hawkins	Melcher
Byrd	Hecht	Pell
D'Amato	Heflin	Pressler
DeConcini	Heinz	Riegle
Denton	Humphrey	Rockefeller
Dixon	Inouye	Sarbanes
Dodd	Kennedy	Simon
Domenici	Kerry	Specter
Garn	Lautenberg	Stevens
Gore	Laxalt	Thurmond
Gramm	Leahy	Wilson

NOT VOTING—5

East	Hatfield	Trible
Goldwater	Stennis	

So the motion to lay on the table amendment No. 772 was agreed to.

Mr. McCLURE. I move to reconsider the vote by which the motion was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Idaho.

Mr. McCLURE. Madam President, I want to take just a moment so we might advise our colleagues what to expect for the balance of the evening with respect to this legislation.

I know of only one further amendment that will require a rollcall. That is the amendment to be offered by the distinguished Senator from Colorado [Mr. HART]. The Senator has indicated to me that he intends to be brief. Certainly, the managers of the bill intend to be brief with respect to this amendment. I shall offer a motion to table. We anticipate that we can get to that vote before very much longer.

I know of no other rollcall votes that would be required on this measure. If we can expedite the disposition of this amendment, I would then hope that there would be no further rollcall votes this evening because I do not know of any reason to require one on final passage.

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

AMENDMENT NO. 1054

(Purpose: To increase the tariff on petroleum and petroleum products by $10 per barrel)

Mr. HART. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado [Mr. HART] proposes an amendment numbered 1054.

Mr. HART. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the joint resolution, add the following:

TITLE II—TARIFF ON PETROLEUM AND PETROLEUM PRODUCTS

SEC. 201. This title may be cited as the "Oil Freedom Act of 1985".

SEC. 202. (a)(1) Item 475.05 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended—

(A) by striking out "0.125¢ per gal." and inserting in lieu thereof "$10.0525 per Bbl.", and

(B) by striking out "0.5¢ per gal." and inserting in lieu thereof "$10.21 per Bbl.".

(2) Item 475.10 of such Schedules is amended—

(A) by striking out "0.25¢ per gal." and inserting in lieu thereof "$10.105 per Bbl.", and

(B) by striking out "0.5¢ per gal." and inserting in lieu thereof "$10.21 per Bbl.".

(3) Item 475.25 of such Schedules is amended—

(A) by striking out "1.25¢ per gal." and inserting in lieu thereof "$10.525 per Bbl.", and

(B) by striking out "2.5¢ per gal." and inserting in lieu thereof "$11.05 per Bbl.".

(4) Items 475.30, 475.35, and 475.65 of such Schedules are each amended—

(A) by striking out "0.25¢ per gal." and inserting in lieu thereof "$10.105 per Bbl.", and

(B) by striking out "0.5¢ per gal." and inserting in lieu therof "$10.21 per Bbl."

(5) Item 475.45 of such Schedules is amended—

(A) by striking out "2¢ per gal." and inserting in lieu thereof "$10.84 per Bbl.", and

(B) by striking out "4¢ per gal." and inserting in lieu thereof "$11.68 per Bbl.".

(b) There is authorized to be appropriated to the President for the purpose of providing or increasing funding for any program of the United States under which financial assistance (including loans and loan guarantees) is provided to lower income individuals and families adversely affected by increased energy costs, an amount equal to the monetary effect on such individuals and families of the increase in the duties made by subsection (a). The monetary effect of such increase on such individuals and families is to be jointly determined by the Secretary of Health and Human Services and the Secretary of Energy. Amounts appropriated pursuant to the preceding sentence shall be obligated or expended only in connection with such programs as may be provided for by law.

(c) Section 201(a) of the Social Security Act (42 U.S.C. 401(a)) is amended—

(1) by striking out "100 per centum of",

(2) by inserting "100 percent of" before "the taxes" in clauses (1), (2), (3), and (4),

(3) by striking out the period at the end of clause (4) and inserting in lieu thereof a semicolon and "and", and

(4) by inserting immediately after clause (4) the following new clause:

"(5) the revenues from the increase in the amount of duties imposed on petroleum and petroleum products made by section 202(a) of the Oil Freedom Act of 1985, less the amount required for purposes of section 202(b) of such Act.".

(d)(1) Notwithstanding any other provision of law to the contrary, the Secretary of the Treasury shall, from time to time, reduce—

(A) the rates of tax imposed by sections 3101(a) and 3111(a) of the Internal Revenue Code of 1954 (relating to old-age, survivors, and disability insurance), and

(B) the rate of tax imposed by section 1401(a) of such Code (relating to old-age, survivors, and disability insurance),

to the extent necessary to reduce the net revenue attributable to the taxes imposed by such sections by the net revenues attributable to the increase in duties made by subsection (a) in fiscal years beginning after the date of enactment of this Act. The rates of tax imposed by such sections, as reduced by the Secretary under the preceding sentence, shall be treated as the rates in effect for such sections for the periods designated by the Secretary at the time of such reductions.

(2) The monetary effect of the increase in duties on petroleum and petroleum products made by subsection (a) on residents of each of the United States is to be determined jointly by the Secretary of Health and Human Services and the Secretary of Energy. No residents of any State shall receive a portion of the Social Security tax rate reductions made under paragraph (1) that is disproportionate to the residents of that State's portion of the total monetary effect of such increase in duties.

Mr. HART. Madam President, 4 months ago I introduced the Oil Freedom Act of 1985, placing a $10 tariff on each barrel of crude oil or petroleum product entering this country. I have argued for such a tariff since 1977 because it would enhance our national security in an area of critical vulnerability—our persistent and increasing dependence on foreign oil.

In introducing this bill, I also argued that circumstances—the weakness of oil prices and the weakness of OPEC—made this the ideal moment for this tariff.

At this moment, America is listening to the lullaby of lower oil prices. We

are falling asleep—dreaming about an era when no one thought about what oil cost, or where it came from, or whether it would ever stop flowing.

Why are we enjoying this moment of respite from high prices? Because OPEC's ministers have failed to find either a brake on their own competition or a floor for prices that fall as a result. The exasperated Saudis have decided to widen the floodgates on their vast reserves, nearly doubling their output to more than 4 million barrels a day. Iraq has pledged to follow suit. After an autumn uptick and the winter heating season, the world price of oil is expected to plunge again. Some say as far as $20 per barrel, some say farther.

The reaction on these shores has been a celebration. And, in a sense, joy is justified. We do reap short-term economic advantages as the world price falls. But, Mr. President, over the long voyage, lower world prices steer us toward ruin.

The more we rely on someone else's oil, the more we allow that someone to influence, direct and even derail our economy. But this goes beyond economics. Not long ago, Israel's enemies tried to make us choose between an ally and our own petroleum lifeline. What makes us think that choice will never be posed again? And what about the day when disrupted oil shipments imperil not only an ally's military security, but our own?

The truth is that we already pay a premium on oil imports. We do not pay it at the pump, we pay it to the Internal Revenue Service. Because protecting oil sources halfway around the world requires military preparations at a fabulous cost. We are building a rapid deployment force, primarily in response to the oil disruptions of the 1970's. The Secretary of Defense has budgeted $13.6 billion to operate this force through 1988. But the RDF also adds enormously to the Pentagon's big-ticket shopping list:

The Navy wants $5.5 billion for 13 new prepositioning ships at a development and acquisition cost of $5.5 billion. The Air Force wants 50 additional C-5 cargo planes, at a cost of $11 billion, and it wants to develop a new airlift fleet of C-17's at a total cost of nearly $40 billion.

Despite all this, Mr. President, these oil sources will be extremely costly—in lives as well as dollars—because of geography and logistics. And the whole proposition is indefensible in logic, because we need not rely on these sources at all.

In 1981, we had 4,100 drilling rigs at work in the United States. Today, we have fewer than 1,800. In the same time, the number of seismic exploration crews in the field had dropped by nearly half. No wonder energy analysts see U.S. production eroding badly in the next 3 to 5 years—whatever happens to the world price.

Imports already have crept back up to constitute nearly a third of our supply. And analysts warn that, in the 1990's, we will be right back to the 50-percent-import dependency of the 1970's.

What does it mean if we return to the heyday of the supertanker? The first victims will be conservation and conversion to alternative fuels—the keys to eventual and sustained energy independence. We throw these keys away when cheap oil tempts us back into wastefulness.

Yet a day of reckoning will come. OPEC may have collapsed as an effective cartel. But if we fail to exploit this opportunity, we can be sure that the Saudis, the Iranians and the other petro-powers will rule the world oil market again. And when they do, we will have to go back to them—empty gas can in hand.

Madam President, America is one oil-importing nation that has an alternative. We can use OPEC's season of impotence to reclaim control of our energy destiny.

With this tariff, we would reverse the trend toward oil profligacy. Economists have generally agreed that a 10-percent increase in oil prices cuts consumption about 1 percent. Thus, by the tariff I propose, we could cut consumption by about 650,000 barrels a day. Some analysts believe this figure would reach 1 million barrels or more per day, a fifth of our total imports. Most important, we would reverse the trend toward dependency.

Even as we reinforced conservation, we would encourage drilling for oil of our own. Researchers for the Texas Railroad Commission estimate that even a $5 tariff could put 1,250 rigs back in the field—an increase of two-thirds over current drilling activity.

Finally, by cutting imports and helping to depress the world price, the tariff would take a healthy bite out of our merchandise trade deficit. That deficit—the evils of which are increasingly obvious to all—exploded last year to $107 billion on current account.

As we contemplate drastic policies to reduce that figure, we should remember that oil imports were responsible for $53 billion of it—nearly half. This tariff could make an enormous contribution by eventually reducing our petroleum trade deficit by as much as a third.

For all the years I have supported this tariff, I have seen it as energy policy—first and last. In recent months, the tariff has attracted attention for its revenue, which could be rich indeed. The CBO says that tariff could bring in $18 billion—plus additional billions in windfall profits and income taxes.

I understand those of my colleagues who find the prospect of so much revenue irresistible—especially when so much of it would derive from foreign sources. Energy analysts tell us that 20 percent to 30 percent of the tariff revenue would come not from American consumers but from foreign producers of oil—some of the same people who extorted billions from us in the 1970's, introducing the world stagflation into our language.

Moreover, individual American consumers could reduce their contribution to this revenue by conserving energy and converting to other forms of energy. To a great degree, each of us could choose how much we paid by adjusting our use of gasoline and other oil products.

Madam President, I have proposed this tariff on this floor three times now. Each time, my bill returned its revenue to consumers via energy assistance for the poor and lower Social Security taxes. I prefer this approach because my support of the tariff is grounded in energy policy, not budget policy.

Other Senators who support such a tariff would retain this revenue to reduce the budget deficit. The Senator from Oklahoma would retain the revenue but soften the tariff's impact by exempting oil used to heat homes and businesses. The Senator from New Jersey supports this bill but also argues for a higher gasoline tax to raise revenue.

Madam President, a few weeks ago this Senate embraced a new budgeting process. Given the deficit ceilings envisioned by that process, I can certainly understand those who would use the revenue from an oil tariff to help us reduce deficits. Their position is not only defensible, it shows courage. It dispels the disingenuous delusion that Congress or the President will ever balance this budget with spending cuts alone.

But my purpose in this tariff is not to address that delusion, nor to bail out the failed fiscal policies of the past 4 years. It is to reverse our fateful commitment to energy dependency. The deadliness of our current direction in energy policy demands attention on its own.

We can stop our slide back into dependence on foreign oil . . . . We can lift the depression now settling over the U.S. drilling and refining industries . . . . We can renew our vital commitment to conservation and fuel conversion . . . .

And we can relieve our beleaguered trade account.

But we must act now, not just to exploit OPEC's problems but to protect ourselves, realizing as we must that a price collapse will bear bad fruit alongside the good.

If we blithely assume cheaper oil will gush forever, if we become addicted to it again, we will soon be as vulnerable to supply disruptions as we were a decade ago. When that happens, Americans will ask their leaders why they dove back into the same OPEC trap. Why are we doing so, Mr. President?

We have an alternative. I urge the Senate to adopt this amendment.

Mr. DURENBERGER. Madam President, I rise in opposition to the amendment offered by Senator HART to place a $10 per barrel tariff on imports of crude oil and petroleum products as a way to balance the budget, reduce the Federal deficit, and encourage conservation and the domestic oil industry.

You can call it a tariff, you can call it a fee, you can call it a tax, you can call it anything you like. But it has less to do with eliminating the Federal deficit than it does propping up the domestic oil and gas industry. And I guarantee you, once the particulars of this proposal are known, the American people will be outraged.

Proponents of the fee argue that it is needed for a number of reasons, the first of which is to reduce the Federal deficit. The second is to provide a safety net under the domestic oil industry. The third reason is that it is fair tax policy and will promote energy independence and conservation.

I oppose it, first, because more dollars will go into the pockets of the domestic oil industry than into the Federal Treasury. It will be a tax collected by American oil producers from American oil consumers. The price of oil is tied to the world price, and although it is unraveling, OPEC still sets the price of oil—30 percent of the oil used in the United States is imported. If we raise the price of that oil by $5, we raise the price of all oil used by $5. For every $5 the Treasury gets, the oil companies get $10.

Based on annual 1984 statistics, for every dollar in revenue generated for the Treasury, an additional $2.52 would be added to domestic producers' revenues. Thus, a $5 per barrel fee on crude oil, which would raise approximately $6.270 billion a year for the Federal Treasury, would increase crude oil producers' revenues by approximately $15.771 billion per year.

Likewise, for every dollar in revenue generated by a $10 per barrel fee on imports of all finished petroleum products, an additional $8.72 would be added to the revenues of domestic oil companies. Thus, a $10 per barrel fee on finished petroleum products, which would raise approximately $1.092 billion for the Federal Treasury, would enhance domestic oil companies' revenues by approximately $23.402 billion per year.

It is not fair. It is not fair to the American consumer, those at the end of the energy pipeline and it is not fair to prop up one industry at the expense of another. There is no doubt in my mind that this proposal will hurt, rather than help the economy of the State of Minnesota.

World oil prices are falling and a decline in crude oil prices from a current world average of approximately $26 a barrel to $20 a barrel-coupled within a matter of months lower prices for all goods and services by a percentage point or more. The drop in price levels would have the effect of transfering $125 billion from the owners of oil and gas—and the governments that tax its value—to energy consumers.

Finally, an oil import fee, by itself, does not encourage conservation or the development of alternative energy sources. It encourages and benefits the domestic oil industry, period. If we were really serious about reducing the deficit with an import fee, we would include an excise tax of some sort.

A 10-cent-per-gallon increase in the gas tax would raise the same amount of revenues without negatively impacting consumers, particularly farmers, in states at the end of the pipeline. I am not necessarily advocating an increase in the excise tax, but I am saying that if what is good for the goose, is good for the gander.

If the domestic oil industry wants an import fee to protect the industry, then the industry should be willing to accept a similar fee. And we would have the added benefit of raising twice the revenue.

There is no doubt that the deficit is a serious problem. It is one this Senator is concerned about. But I am not willing to fleece the residents of Minnesota to line the pockets of the domestic oil industry. President Reagan rejected this notion when the Budget Committee proposed it during the summer. And I urge the Senate to reject this amendment.

Mr. LEVIN. Madam President, the fact that I am voting against tabling the amendment to impose a $10 per barrel fee on imported oil does not mean I support the amendment as written.

If this amendment is not tabled, I will seek to persuade the sponsor of the amendment to modify the amendment in two significant ways. First, a $10 fee is too large, and risks too sudden of a disruption to our economy. Second, any fee should be phased out if the price of oil increases. If these modifications were not made, I would vote against final passage of this amendment.

However, our budgetary situation is such that we cannot dismiss out of hand—which would be the effect of tabling this amendment—a source of significant revenue which could reduce the deficit. Similarly, it would be nearsighted to act as if we should not take precautions about excessive reliance on foreign energy sources. Our potential vulnerability requires that we at least give some consideration to this mechanism.

Mr. KERRY. Madam President, I have great respect for the Senator from Colorado. During the long Presidential campaign last year, he brought to the national consciousness many interesting and innovative proposals, proposals which showed courage and vision.

However, among many good proposals was one bad one—the idea of imposing a fee on imported oil. I disagreed with it then, and now.

Unfortunately, this amendment is a shortsighted and inequitable solution to the problem of energy dependence by the United States on foreign oil.

While we need to find ways to reduce our dependence on foreign oil, and while we need to find ways to reduce our Nation's Federal debt, I believe that a policy which would place an inordinate burden on specific regions of the Nation is both unfair and unwise.

The Northeast and Midwest portions of this country should not be forced to pay the price that this amendment would cost. Already, this Nation imports far less foreign oil than it did in the dark days of the OPEC oil crisis. We do so not because we have imposed oil import fees or quotas—we have not done so. We import far less foreign oil, because we have learned to conserve oil, and because market forces have enabled us to move to alternative sources, including hydroelectric and even cost-effective solar heating.

In the future, if we put our resources into developing new and appropriate technologies to meet our energy needs, our reliance on foreign oil imports should decrease still further.

For these reasons, I respectfully oppose this amendment and urge its defeat.

Mr. METZENBAUM. Madam President, I rise in opposition to this amendment

I do not believe that a good case has been made that we really need it, and I believe that it will create more problems than it solves.

I do believe that it will have disruptive effects on our economy and rob the consumers in order to line the pockets of the oil industry.

There are many more cost-effective ways to reduce crude oil imports which are much more effective and much less disruptive economically and socially than import tariffs: weatherization, fuel efficiency standards, appliance efficiency standards, and increased utilization of our coal resources.

But when we try to enact legislation to promote these measures—fuel efficiency standards, for example—our efforts are turned down by this body.

So why do we need an oil import tax?

Very simple: It will help drive up oil and gas prices and throw a windfall to the oil and gas companies.

Let's not fool ourselves—an import tariff will result in a corresponding price rise in domestically produced oil so quickly that it would make your head spin.

And while the oil and gas boys are counting their excess profits, who will pay?

Well, we know who will pay. The poor, the elderly, and our economy.

This is a progressive tax. It will be borne by those who can least afford it—the poor and the elderly.

Now the proponents will say—"Oh, but we will rebate some of the funds." Well, I say "fool me once, shame on you, fool me twice, shame on me." We already tried these rebate schemes under the windfall profits tax.

But as we have seen, that program has been totally ineffective in getting the money back to those segments of the population for which it was targeted.

There is no reason that any new proposals will be any more effective.

If the proponents of the fee are so concerned about getting money back to the poor and the elderly, then I suggest that the best way to do it is to just leave the money with them now, rather than taking it away in the form of a regressive tax.

Proponents of this tariff are not anxious to talk about the cost that our society will pay for this great bailout.

As I have already noted, it will unfairly put most of the burden on the poor and elderly.

It will also damage our U.S. economy by increasing inflation and undermining economic growth.

The DOE concluded that imposing higher tariffs on product imports would "hurt consumers, and industries, damage trade relations with our neighbors and allies, and threaten the pace of our economic growth."

A study recently completed by economists for the Federal Reserve Bank of Dallas concluded that an oil import fee will have substantial negative impacts on the economy.

The Consumer Federation of America has reported that a $10 per barrel import fee would:

Decrease GNP by over 1 percent—perhaps $50 billion in lost output.

Reduce employment by almost one-half a percent—that's 500,000 jobs lost.

And increase inflation on the order of 1 to 2 percent. And Madam President, let's not forget. The Defense Fuel Supply Agency purchases about 990 million barrels of fuel each year.

A $10 per barrel increase in the cost of oil will result in a $10 billion cost increase to the Defense Department.

There are better ways to reduce oil consumption—if that is what the intent is here—with a lot less disruption and hardship.

I suggest we employ those before we enact a measure like this.

I urge the defeat of the amendment.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. Madam President, how much time does the Senator require?

Mr. MITCHELL. Ten minutes.

Mr. McCLURE. I yield 10 minutes to the Senator.

Mr. MITCHELL. Madam President, I rise to oppose this amendment that would impose a $10 tariff on every barrel of crude oil or petroleum product imported to the United States.

My objections to the amendment are simple. I believe an oil import fee would have an adverse impact on our national economy; it represents a regressive, inefficient method of raising revenues; and it addresses a phantom problem, namely a growing U.S. dependence on imported oil.

The last extended serious debate on oil import fees occurred in early 1982. That debate generated a number of studies on the economic and revenue impacts of an oil import fee. Several stand out, specifically the ones prepared by the Congressional Budget Office, the Congressional Research Service, the Consumer Energy Council of America Research Foundation, and the American Gas Association.

Neither national nor global circumstances have so drastically changed that we cannot benefit today from a review of what those studies projected then from a $5 per barrel fee on imported oil.

Probably the most dramatic impact would be seen in the 8 to 12 cents a gallon increase in the price of gasoline and other petroleum products as domestic producers increased the price of their products to match the import fee.

The studies projected that the increased cost of petroleum would reduce the gross national product by between four-tenths of 1 percent and 1 percent, as higher gasoline and energy costs flowed throughout the economy.

In addition, the studies indicated that following the imposition of an import fee, inflation would increase immediately by a rate ranging from four-tenths of a percentage point to 1 percentage point.

And last, we should expect to see the number of unemployed Americans rise by 100,000 to 400,000, from the resulting economic slowdown. That, also, was a largely undisputed conclusion from the 1982 studies.

Madam President, I have seen no evidence—and supporters of the amendment have offered no evidence—that the assumptions, projections and conclusions in those studies do not remain valid today.

There is a key point, however, which must be considered in this debate. The studies considered the economic impacts resulting from the imposition of a $5 per barrel import fee.

What the present amendment proposes is a fee twice that amount, $10 per barrel. The impact of a $5 per barrel fee would be damaging to the U.S. economy. The impact, of a $10 per barrel fee would likely be twice as adverse.

If so, then enactment of the fee proposed in this amendment could result in a drop in GNP in the area between 1 and 2 percentage points.

It could mean an increase in this Nation's inflation rate of roughly the same scale, between 1 and 2 percentage points.

The imposition of a $10 per barrel fee could result in an increase in the number of unemployed Americans between 400,000 and 800,000. Those economic effects from the proposed import fee totally unacceptable.

A second major disadvantage of any oil import fee is that the fee is perhaps the least efficient revenue-raising option now under serious discussion. An oil import fee would, of course, raise revenues. But that, of course, cannot be our sole standard.

The studies I have referred to previously estimated that the revenues generated by $5 per barrel fee would be in the range of $9 billion per year over the next 5 years. But the cost to consumers was estimated to range from $20 to $30 billion per year. What we are talking about then, in considering a $10 per barrel fee, is increased revenues to the Federal Government of roughly $19 billion, and a cost to American consumers of between $40 and $60 billion.

Because domestic oil prices would rise to match the increase in imported oil prices, oil companies would realize higher revenues. The windfall profit and corporate income taxes will not recoup all of these revenues, as is acknowledged in this amendment by the inclusion of a rebate scheme.

That rebate scheme is without merit.

Such refunds were promised to offset the effects of the crude oil windfall profits tax in 1979. However, the program that was implemented, the Low-Income Home Energy Assistance Program, did not fulfill this promise.

Instead, it provides assistance without regard to whether a recipient heats with oil, gas, or electricity. It is unfair to tax oil consumers and provide relief to others who don't use oil.

But despite the rebate scheme, domestic oil companies would reap tremendous benefits from an oil import fee. We would face again, in the mid-1980's, the problems with which the Nation grappled throughout the 1970's, as governmentally induced distortions in our economy artificially created favorable investment opportunities in some sectors and not in others. Once again, the economy would face a concentration of liquidity in some sectors and a corresponding lack of capital in others.

It is ironic that at a time when we are seeking to eliminate Government-induced distortions into our capital and investment markets through a major tax overhaul, we should be asked to consider a measure which could have the effect of creating significant new distortions. I believe that the Senate, if it is intent on pursuing new taxes to address the deficit, should pursue more efficient revenue-raising options.

A third disadvantage is that the burden of the fee cannot be fairly spread among industries, regions, or income classes. I can state categorically that the residents of my State of Maine would be among those most adversely affected by an oil import fee.

Oil accounts for 80 percent of the total energy consumption in Maine. In comparison, the rest of the Northeast States utilize oil for 50 percent of their energy, and the country as a whole, uses oil for 44 percent of its energy.

Alternatives to oil for home heating in Maine—a major and significant component of the cost of living in New England—are limited to wood and electricity. Our electricity in Maine is largely generated by hydro, coal, and nuclear fuels, but oil still accounts for 19 percent of generating capacity—a proportion roughly three times the national average.

Not only, therefore, does my State rely disproportionately on oil for direct heating, but a principal alternative heat source is also highly dependent on oil. An import fee on that product, therefore, is virtually certain to impose an enormous drain on the incomes, investment and savings of Maine citizens.

Finally, proponents of oil import fees claim that national energy policy objectives would be served. Specifically, they claim that the fee will help this country reduce its dependence on foreign oil, especially oil from unstable, unfriendly, or unreliable sources.

The Energy Information Administration in the Department of Energy periodically publishes information on this country's oil imports. Its May 1985 report revealed that average 1985 imports are estimated at 4.8 million barrels per day. That estimate reflects an expected decrease from 1984 levels, which averaged 5.4 million barrels per day.

Those who point to the 1984 import figures and say that they show an increase over 1983 and 1982, and that this increase means a dangerous new increased dependence on foreign oil imports, are creating a phantom problem.

Imports fell in 1982 for the simple reason that our economy suffered the worst economic contraction since the Great Depression. The fact that imports rose as the economy recovered is hardly surprising.

The real fact is that, overall, imports have fallen over a period that covers both an economic downturn and an economic upswing. The past 5 years—which saw the recession of 1982 and the recovery of 1983—show a reduction of more than 2 million barrels a day in oil imports.

Those same 5 years show a decrease in national consumption of imported oil from 40 percent of our total usage to 34 percent last year.

If current projections hold, the percentage of imported oil this year will fall to 30 percent of national usage. And the cost of the foreign oil is dropping at the same time, from $33 average landed cost per barrel in 1980 to $28 in 1984. The cost today is just over $27 per barrel.

So I say to my colleagues, we are facing a situation where foreign imports, in total and as a percentage of total consumption, are significantly down from the levels of 1980. These decreases are not temporary, artificially induced responses to an artificial price increase; they are long term, lasting, and sustainable changes in the composition of our Nation's energy sources.

Earlier this year, I wrote to the chairman of the Senate Budget Committee, along with several of my colleagues, to inform him of my opposition to the inclusion of a $5 per barrel import fee as part of the budget resolution. I ask unanimous consent that the letter be printed in the RECORD in its entirety.

To sum up, Madam President, I believe that a fee on imported oil would adversely affect the U.S. economy, serve as an inefficient and regressive means of raising revenues, and would adversely impact oil consumers.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, July 26, 1985.

Hon. PETE V. DOMENICI,
U.S. Senator,
Washington, DC.

DEAR PETE: It has come to our attention that you and other Senate conferees on the Fiscal Year 1986 Budget Resolution are recommending a $5 per barrel oil import fee as a method of achieving the deficit reduction levels included in the Senate-passed Resolution. We would strongly oppose such an oil import fee if it is included in a conference report on S. Con. Res. 32.

First, the imposition of such an oil import fee would unfairly impact on our constituents in the Northeast and Midwest because of the region's reliance on oil for home heat, commercial and industrial processing, power generation and transportation. As noted in the 1984 State Energy Factbook published by the Northeast-Midwest Institute, states in our region have been hit hard by the increased cost of energy since the first energy crises of the 1970s; with average household energy bill far higher than households in South and West. The prime consideration in any effort to reduce this nation's deficit must be fairness, with shared sacrifice. That essential element is missing from an oil import fee.

Second, an oil import fee, no matter how it is disguised, is a new federal tax. It is one that the President has specifically opposed as a "hidden tax." New taxes were not a part of S. Con. Res. 32 and therefore have not been addressed by the Finance Committee or the Senate. An oil import fee is both an unfair and inefficient method of raising revenue and will have serious effects on consumers, inflation, employment and the competitiveness of American industry. These effects must be aired, and compared to other methods of raising revenues, before any specific new tax can be endorsed by the Senate.

Based on studies that analyzed oil import fees in the past, we believe a $5 per barrel fee would likely have the following primary effects:

It would raise the prices of both imported and domestic oil to $5 per barrel, as well as increase prices for decontrolled natural gas by a comparable amount;

It would provide a multi-billion dollar windfall to the domestic oil and gas industry as a result of increased prices for oil and gas and all petroleum products, particularly if the fee on petroleum products is higher than the fee on crude oil;

It would raise the prices of goods and services in the U.S. by about $30 billion annually, which would increase the CPI by at least 0.5 percent, reduce GNP by about $75 billion and increase unemployment by 200,000 to 400,000 persons;

It would further increase the U.S. trade deficit, by handicapping the agricultural, petrochemical and plastics industries in world trade and making them less competitive to imports in domestic markets.

For these reasons, we believe an oil import fee is not an appropriate mechanism to raise revenue to meet the deficit reduction targets of S. Con. Res. 32.

Sincerely,

GEORGE MITCHELL.
BILL COHEN.
CHRISTOPHER J. DODD.
CLAIBORNE PELL.
D.P. MOYNIHAN.
AL D'AMATO.
GORDON J. HUMPHREY.
DAVE DURENBERGER.
TED KENNEDY.
FRANK LAUTENBERG.
———— ————.
JOHN F. KERRY.
ROBERT T. STAFFORD.

Mr. MITCHELL. I thank you, Madam President.

Mr. HART. Madam President, I have no real response to any Senator who wishes to persist in the dream that oil will continue to remain unrealistically

low in value. Any Senator or any American who believes that the 1970's were an aberration and that we will continue far into the future as we can with unrealistically cheap energy should not vote against the amendment offered by the Senator from Colorado.

On the other hand, if Senators are concerned about what is in fact an increasing reliance by this country on foreign supplies of oil from the most unstable region of the world, if they are concerned about the possibility of losing young American lives unnecessarily in a war in the Middle East for someone else's oil, if they are concerned about the outflow of capital from this country to pay for someone else's oil, if they are concerned about a declining American energy industry, they are really concerned about the well-being of the senior citizens and the poor people of this country and the people who need to rely on American supplies of energy, then they should support this amendment.

Mr. McCLURE. Madam President, I yield 2 minutes to the Senator from Louisiana.

Mr. JOHNSTON. Madam President, I simply wish to say that I believe what the Senator from Colorado says is correct, and I urge him to pursue this concept because I believe for any number of reasons which he had indicated he is correct.

I think, though, Madam President, it does not belong on this legislation. It would surely run into deep constitutional problems if it were ever to pass the whole Congress. But before it did that, it would run into a blue slip on the House side, and this would surely stop it dead in its tracks because it is a revenue measure and it did not originate in the House of Representatives. And while I make no point of order on that, it is still a reality that that would happen.

So, I really urge the distinguished Senator from Colorado to do two things: First, to continue to pursue this and in this endeavor I would help him, but, second, not to pursue it on this piece of legislation, first, because I think it will not pass, and I would indeed be constrained to have to vote against it and in the process I think we get a less favorable indication for the concept that it might otherwise get.

I urge him to put in legislation and let us pursue it in committee. I would hope we could have hearings on that in the Energy Committee while the Finance Committee may have the primary jurisdiction.

Mr. HART. Madam President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. HART. This is the eighth year I have been trying to pursue this legislation with very little success in the committee process.

Mr. JOHNSTON. I think this year may be different as Gramm-Rudman begins to rumble down the track and people realize we have to have some revenue. I mean if Gramm-Rudman is going to work its will we are going to have to have revenue and I think this may be a good source of it.

So I submit that to the Senator for whatever he wishes to do on it.

Madam President, I yield the floor.

Mr. McCLURE. Madam President, I yield 4 minutes to the distinguished Senator from Rhode Island.

Mr. PELL. Madam President, I join those who rise in strong opposition to the thought of imposing $10 tariff on every barrel of crude oil and petroleum products imported into the United States.

An oil import fee would impose an unfair and highly discriminatory tax on business, homeowners, and consumers not only in the State of Rhode Island and other States of the Northeastern section of the United States, but the whole east coast.

Rhode Island and other States of the Northeast already suffer from paying energy costs that are far above the national average. We are more heavily dependent on oil as an energy source than any other region of the country. About 70 percent of Rhode Island energy consumption—for industry, business, home heating and transportation—is in the form of oil, while for the Nation as a whole, oil provides just 40 percent of total energy consumption. And not only is Rhode Island heavily dependent on oil, it is particularly dependent on imported oil, with imports accounting for 70 percent of total oil consumption.

An oil import fee would bear far more heavily on the Northeast and the State of Rhode Island than on other regions of the country that have access to natural gas, coal and hydroelectric power. It would mean higher energy costs for Rhode Islanders for home hearing—an estimated 25 cents more per gallon for home heating oil, or an additional $275 for the average Rhode Island family's annual heating bill. It would mean higher energy costs for business and industrial uses, and for transportation. An oil import fee would widen the gap between Rhode Island energy costs and energy costs in other regions of the Nation.

Rhode Island has been making a strong and determined effort to encourage economic and business growth. We know that to persuade business to remain in our State, to expand in our State and to come to our State, we must be competitive with other States and regions. In that effort the State of Rhode Island has cut taxes, made painful and difficult revisions in labor laws, and worked hard to provide attractive sites and financing to industry.

But surveys, studies and my own conversations with business leaders all confirm that the most serious problem confronting business in Rhode Island is high energy costs. An oil import fee, further increasing energy costs, would be an economic disaster for industry, workers and business in Rhode Island.

I can understand why Senators from other regions might consider an oil import fee as a good way to reduce the Federal budget deficit. After all, it would provide another huge subsidy to the domestic oil industry which could and would increase the price of domestic oil by the amount of the oil import fee. With higher oil prices, the oil producing States would receive more money from their serverance taxes—money that is paid by the consumers in Rhode Island, and other oil-consuming States.

But these benefits to other regions would come at a huge and unfair cost to Rhode Island and other States that are heavily dependent on oil.

An oil import fee would be a new tax, and one that would be grossly unfair to Rhode Island and other States of the Northeast. It is an idea that should be defeated, and I strongly urge my colleagues to oppose this amendment.

Mr. BOSCHWITZ. Vote.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. Madam President, I yield to the Senator from Rhode Island.

Mr. CHAFEE. Madam President, I express my opposition to the oil import fee amendment to the compact of free association.

A $10 tariff on every barrel of crude oil or petroleum product imported into the United States will have a severed impact on the U.S. economy. Foreign suppliers will pass on all, or part of, the import fee. Domestic oil producers will raise their prices to match imported prices. Domestic refiners, which operate at very low margins, will attempt to pass all cost increases through to their customers. Oil consumers will, thus, bear the brunt of the tariff.

According to a study by the Petroleum Marketing Association of America, for every $1 per barrel tax on imported crude oil, consumers pay almost $8 billion per year in increased petroleum prices. Thus, the impact on consumers of a $10 tariff is $80 billion per year.

This tariff will impose an unfair burden on New England. Because of its dependence on oil, New England's economy will suffer more than other areas of the country. About 70 percent of Rhode Island's energy consumption is oil, versus the national average of 40 percent. Rhode Island is particularly vulnerable because of its heavy reliance on imported oil, which represents 70 percent of total oil consumption. Crude oil producing States will benefit

at the expense of energy dependent States.

The Nation as a whole will also suffer as a result of the oil import fee. The ripple effect of higher oil prices will result in an increased inflation rate, a reduction in gross national product, and increased unemployment. Most U.S. products will become less competitive internationally, if they have some direct or indirect petroleum component in their cost structure.

While an import fee will benefit domestic crude oil producers, many industries and homeowners will be hurt. Oil refiners, airlines, railroads, and petrochemical firms will all be faced with rising product costs and declining profits. Individual households will see cost increases for gasoline, heating bills, and goods and services produced from petroleum products. Now that the price of oil has declined, the American consumer and the economy should be allowed to benefit. Instead, we are now considering an oil import fee.

An oil price increase will retard economic growth and spur inflation. I ruge my colleagues not to support this measure.

Mr. McCLURE. Madam President, I rise in opposition to the amendment offered by the senior Senator from Colorado, Mr. HART, to add $10 per barrel to the tariff schedules already present on imported crude oil and refined petroleum products. The proposed tariff is a mechanical add-on. It is not related to the current situation in the world or the domestic oil markets, nor does it provide any mechanism for adjustment in case change is needed. This amendment is not energy policy, it is just a way of raising enormous amounts of revenues.

If this amendment were adopted it would seriously harm consumers, our economy, and our international relations. It would be a major tax increase. It would increase the price consumers pay for petroleum products, such as gasoline and heating oil. It would throw people out of work. It would increase the Federal deficit. It would add to the rate of inflation. And it would slow the growth of our economy.

I note that neither the Senate Finance Committee nor the Senate Energy Committee have held any hearings on the Senator's proposal. Right now, we simply do not know how much revenue it would raise; or what impact it might have on our economy; or how it would affect our energy situation; or what it would do to U.S. energy intensive industries, such as petrochemicals and steel; or how it would affect our relations with other nations. In my opinion, until we fully review the proposed tariff increase and get the answers to these and many other important questions, it would be most unwise to act.

The one thing that is absolutely clear about this amendment, however, is that it would impose an enormous new tax on the American people. Rough calculations indicate that this new tax would be in the range of $57 billion per year. That would be one of the largest tax increases in my memory. The proposed amendment would have this enormous impact because imported oil is the marginal barrel which sets the price for all oil consumed in the United States. Last year Americans consumed 5.7 billion barrels of domestic and imported petroleum products. Hence, a $10 tariff increase would cost U.S. consumers $57 billion per year in higher oil prices—or about $1,000 per year for a family of four.

Although it may only be small comfort, I point out for the benefit of the Senate that not all regions of the United States would be hurt by the proposed tariff increases as much as would be New England. It is well known that the Northeast region of the United States is relatively more dependent on oil—particularly imported heating oil—than the rest of the Nation. As a result, Northeast residents would suffer disapproportionately greater from the amendment than would those located elsewhere in the Unites States.

The proposed $10 per barrel tariff increase would also have seriously negative macroeconomic consequences, although as I noted earlier we cannot fully fathom its potential impact as hearings have not yet been held. However, we can qualitatively assess its potential impact.

First, the proposed $10 per barrel tariff increase would adversely affect Federal and State budgets, both reducing revenues and increasing outlays. Higher oil prices lead to reduced economic activity, which translate into lower overall corporate and personal income taxes collected. On the outlay side, a tariff increases the Consumer Price Index which would automatically trigger increases in Government expenditures, such as for Social Security.

A 1982 CBO study indicates that a $10 per barrel tariff increase would reduce personal and nonoil corporate income taxes by as much as $18 billion per year in out years, and it would increase Federal expenditures by as much as $15 billion per year in out years.

The CBO study also concluded that an increase in the import tariff increases inflation, slows the economy, reduces the growth of our gross national product, and worsens unemployment. The CBO study indicated that a $10 per barrel import tariff would result in a loss of 1 percent of real GNP in the first year following adoption. It also indicated that such a tariff increase would add 200,000 to the ranks of the unemployed.

In his September 23, 1985, "Dear Colleague" letter, the Senator from Colorado stated that his proposed $10 per barrel tariff would reduce U.S. energy consumption—and presumably imports—by 500,000 to 1 million barrels per day. That it would reduce oil consumption is probably true. Accepting his estimate of energy savings, however, leads one to conclude that the proposed tariff would save energy at a cost of between $75 and $150 per barrel. Now with the price of imported crude oil now at about $27 per barrel and falling, this makes the proposed increase in oil import tariffs a bad bargain. I can think of many better ways of spending $57 billion of U.S. consumers' money.

I also point out that the proposed $10 per barrel tariff increase would have a devastating impact on U.S. energy intensive industries, such as plastics and petrochemicals. These U.S.-located industries are in stiff competition both here and abroad with companies located offshore. If U.S. companies are forced to pay an additional $10 per barrel for the oil it consumes or employs as a feedstock in the manufacture of products, they will become uncompetitive. If that were to happen, we would see a massive increase of imported energy intensive products, and the decimation of our domestic industries. Those energy intensive industries that are located in the United States will either flee over the border to Canada or Mexico, or go out of business. I can assure you, American workers would not be happy when they find their jobs "exported" as a result of the amendment.

One of the key arguments used to support the proposed $10 per barrel tariff increase is the contention that it is needed to counteract a growing U.S. dependence on foreign oil. Unfortunately, just the reverse is occurring. U.S. imports of crude oil and refined petroleum products are down by more than 50 percent from their all-time high in 1977 when we imported an average of 6.6 million barrels per day of crude oil and refined products. During the first 6 months of 1985 we imported an average of 3 million barrels per day.

Another key argument made in support of the proposed $10 per barrel tariff is that the United States will be affected by a new outpouring of oil on the world oil market coming from Saudi Arabia. What those who advance this argument fail to note, however, is that only 2 percent of the oil the United States now imports comes from Saudi Arabia. The six nations on which the United States depends for two-thirds of our oil imports are, in descending order: Mexico, Canada, Venezuela, Indonesia, the United Kingdom, and Nigeria. The United States imports more oil from Algeria, Trini-

dad and Tobago, and the Virgin Islands than we do from Saudi Arabia.

Madam President, before we mechanically increase the tariff on the oil we import from these important trading partners and friendly nations by $10 per barrel, we better make sure we fully understand what this may do to their economies, and what economic, financial, and diplomatic repercussions it will have for the United States. For example, if the proposed import tariff makes a country unable to service their debts to U.S. creditors, we may bankrupt a number of U.S. banks. Most importantly, we must pay careful attention to the impact of such action on our international relations with oil exporting nations. We simply cannot afford to bankrupt a foreign nation and drive that nation into the Soviet Union's sphere of influence.

Another central argument used by the proponents of the $10 per barrel import tariff is that it is needed to spur domestic energy development. While I am sure that it is true that a $10 per barrel import tariff would increase domestic oil exploration, at what price per barrel would this additional oil be developed? The CBO analysis that I previously referred to concluded that "the domestic production effects of a tariff would not be noticeable in the short run." The study goes on to say that "Although some fields might be pumped more rapidly, there would be no substantial increase in production."

Madam President, it is for these reasons that I oppose the pending amendment and urge the other Members of the Senate to vote against it.

Madam President, I am prepared to make a motion to table when all time has been yielded back. I do not see anyone else in the Chamber who seeks recognition.

Mr. HART. Madam President, if the Senator will yield for a question, will the compact have a vote on final passage?

Mr. McCLURE. I was going to indicate and ask the question openly if there is anyone present or listening who could indicate whether or not there would be a demand for a rollcall vote on final passage of the compact.

I know of no such request and I will not make any such request.

I understand the Senator from Louisiana will not make any such request.

Mr. JOHNSTON. That is correct.

Mr. McCLURE. And if that would be the case, this vote on this motion to table this amendment should be the last rollcall vote with respect to this legislation.

I am happy to yield to the majority leader.

Mr. DOLE. I appreciate that very much.

Madam President, I think most of our colleagues would be very willing to accept a voice vote on final passage. The ones I checked with are enthusiastic about it.

Mr. McCLURE. Madam President, I am prepared to yield back the remainder of my time on this amendment.

Mr. HART. Madam President, I yield back the remainder of my time.

Mr. McCLURE. Madam President, I yield back the remainder of my time. I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays were ordered.

Mr. DOLE. Madam President, let me again advise my colleagues there will be no session tomorrow. We have done a lot of work today. I appreciate everyone's cooperation. We will probably come in about 11 or noon on Monday. There could be a vote or two on Monday, but I just suggest those who might have an interest might want to check in early Monday morning.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Colorado.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Oregon [Mr. HATFIELD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. STENNIS] is necessarily absent.

The PRESIDING OFFICER (Mr. PRESSLER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 78, nays 18, as follows:

[Rollcall Vote No. 316 Leg.]

YEAS—78

Abdnor	Gorton	Metzenbaum
Andrews	Gramm	Mitchell
Armstrong	Grassley	Moynihan
Baucus	Harkin	Murkowski
Biden	Hatch	Nickles
Boschwitz	Hawkins	Nunn
Bumpers	Hecht	Packwood
Burdick	Heflin	Pell
Byrd	Heinz	Pressler
Chafee	Helms	Proxmire
Chiles	Hollings	Quayle
Cochran	Humphrey	Riegle
Cohen	Inouye	Roth
Cranston	Johnston	Rudman
D'Amato	Kassebaum	Sasser
Danforth	Kasten	Simpson
DeConcini	Kennedy	Specter
Denton	Kerry	Stafford
Dixon	Laxalt	Symms
Dodd	Leahy	Thurmond
Dole	Lugar	Trible
Domenici	Matsunaga	Wallop
Durenberger	Mattingly	Warner
Evans	McClure	Weicker
Garn	McConnell	Wilson
Gore	Melcher	Zorinsky

NAYS—18

Bentsen	Ford	Mathias
Bingaman	Glenn	Pryor
Boren	Hart	Rockefeller
Bradley	Lautenberg	Sarbanes
Eagleton	Levin	Simon
Exon	Long	Stevens

NOT VOTING—4

East	Hatfield
Goldwater	Stennis

So the motion to lay on the table amendment No. 1054 was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. MITCHELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, the Senator from New Hampshire, Mr. HUMPHREY, had earlier requested that we modify the unanimous-consent agreement to make it in order to offer an amendment. We have attempted to clear that on both sides of the aisle.

Therefore, Mr. President, I make that unanimous-consent request at this time.

Mr. BYRD. Mr. President, I reserve the right to object.

Mr. President, the Afghans have no better friend in this fight than I am. I am constrained to have to object because another Member had an understanding that the amendment would not be called up. Therefore, I have to object.

Mr. McCLURE. Mr. President, I understand.

Mr. SIMON. Mr. President, I want to express my serious reservations about the constitutionality of section 177 of the Compact of Free Association and the accompanying implementing agreement.

Under this provision, the United States would compensate citizens of the Marshall Islands for losses and damages suffered as a result of the U.S. nuclear testing program.

Article X of the separate agreement referred to in section 177 creates an abandonment by the Government of the Marshall Islands of all claims made by Marshallese citizens against the United States.

Article XII provides that all pending claims of Marshallese citizens against the United States are to be terminated and the courts of the United States are barred from assuming jurisdiction over these or similar claims.

These provisions are particularly troublesome in view of the recent decision by the U.S. Court of Claims in Limojwa Nitol, et al., versus United States, that the fifth amendment extends to protecting the rights of the Marshallese. In view of this decision, there is considerable doubt whether any court would uphold the constitutionality of a provision that denies these persons access to U.S. courts. It is worth noting that the Marshallese now have $5 billion in claims pending in the U.S. Claims Court.

A recent study by the Congressional Research Service suggests that because the Government of the Marshall Islands lacks sufficient sovereignty

either under the trust agreement or the compact, it may not have sufficient authority to espouse the claims of the Marshallese citizens.

I ask that the CRS legal analysis be included in the RECORD at this point.

In sum, I do not want my general support of the compact to be misconstrued as acceptance and endorsement of the constitutionality of the section 177 agreement.

CONSTITUTIONALITY OF SECTION 177 OF THE COMPACT OF FREE ASSOCIATION

Mr. METZENBAUM. Mr. President, on behalf of myself and Senators MATSUNAGA, KERRY, and KENNEDY, I want to express my serious reservations about the constitutionality of section 177 of the Compact of Free Association and the accompanying implementing agreement.

Under this provision, the United States would compensate citizens of the Marshall Islands for losses and damages suffered as a result of the U.S. Nuclear Testing Program.

Article X of the separate agreement referenced in section 177 creates an espousal by the Government of the Marshall Islands of all claims made by Marshallese citizens against the United States.

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These provisions are particularly troublesome in view of the recent decision by the U.S. Court of Claims in Limojwa Nitol, et al., versus United States, that the fifth amendment extends to protecting the rights of the Marshallese. In view of this decision, there is considerable doubt whether any court would uphold the constitutionality of a provision that denies these persons access to U.S. courts. It is worth noting that the Marshallese now have $5 billion in claims pending in the U.S. Claims Court.

A recent study by the Congressional Research Service suggests that because the Government of the Marshall Islands lacks sufficient sovereignty either under the trust agreement or the compact, it may not have sufficient authority to espouse the claims of the Marshallese citizens.

I ask unanimous consent that the CRS legal analysis be included in the RECORD at this point.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, April 2, 1985.

To:
From: American Law Division.
Subject: Espousal of Claims Under the Compact of Free Association.

This memorandum is submitted in response to your request for a legal analysis of the espousal of claims provisions in the proposed Compact of Free Association, by which the Marshallese Nuclear Test claims would be settled. In spite of the relatively simple language used in section 177 and its implementing agreement, the procedure set forth is highly complex in its effects from a strict legal perspective. It would seem that many of the legal problems or issues discussed here may eventually have to be resolved by the courts even if the Compact is approved.

The first problem that arises from a purely legal analysis is that while the descriptive term "espousal" is used to describe the mechanism provided for, it is not a true espousal procedure as is generally practiced in international relations, and is in fact really quite a different procedure with respect to United States participation. From a United States action stance, espousal usually refers to the practice of the United States representing the claims of its nationals against foreign sovereigns. Here, in effect, the nuclear claims are against the United States itself, and they have been brought by individuals who, although not strictly its own nationals in the sense that the United States has complete sovereignty over them, yet who arguably cannot rightfully be classifiable for the purpose of bringing claims against the United States except as quasi-nationals, since the territory that they inhabit is under a strategic trusteeship administered by the United States. Thus, the term "espousal", if it is to be used at all, really refers only to the possible relationship between such individual claimants and the Government of the Marshall Islands when and if it is ever established as a true sovereign in international law. Until such time, there would not seem to be any possibility of an espousal of claims within an international law categorization. It is also possible that a court might hold under proper challenge that the foreign affairs provisions of the Compact prevent such entity from ever becoming a sovereign, particularly in the area of foreign affairs and especially with respect to its relations with the United States. It might be relevant that the foreign affairs authority is the one upon which espousal of claims rests. Thus, it would seem that an analysis of a legal nature would have to approach the issue presented here on two tiers. First, from the issue of whether the Government of the Marshall Islands can in law ever espouse the claims of such claimants. Second, as to whether the United States has the authority to establish an entity of its own creation to settle claims, claims which may be based on violations of constitutional rights.

Is There An Espousal?

An argument could be made that might persuade a court that there cannot be an espousal of claims by the Government of the Marshall Islands in the situation here. Interestingly, this tact would involve looking at two complexities of the same international law doctrine, the so-called "nationality of the claim". Both aspects revolve around the fact that the claimants here were not nationals of the Government of the Marshall Islands because that Government was not in existence at the time that the claims arose.

First, it might be argued that the claimants under the doctrine of "nationality of the claim" were not citizens of that Government. "The variety of situations which may arise in practice makes the interpretation and application of the principle not an easy, mechancial task. . . . (S)pecial situations certainly make the admissibility of the international claim a difficult determination from the standpoint of the nationality requirement. There is, however, a general rule which seems to prevail both in diplomatic practice and in international case law. Such rule was formulated by the Preparatory Committee of the Hague Codification Conference (1930) in its Basis of Discussion No. 241, in its first paragraph, 'A state may not claim a pecuniary indemnity in respect of damage suffered by a private person in the territory of a foreign State unless the injured person was the national at the moment when the damage was caused and retains its nationality until the claim is decided.' " F.V. Garcia-Amador, *The Changing Law of International Claims,* Vol. II (1984), at 503.

Second, since the Government of the Marshall Islands did not exist as a foreign sovereign at the time the claims arose, it might be asserted that it cannot represent the claimants. A claimant state neither represents the national who has sustained the injury nor gives effect to his "right", but rather the claimant state represents its own right to have its own citizens treated by other states in accordance with international law. Note, *The Nature and Extent of Executive Power to Espouse the International Claims of United States Nationals,* 7 VAND. J. TRANSN'L L. 95, 97 (1973). This contention appears to be bolstered by the unique facts in this instance that the claimants were more akin to nationals of the United States at the time of the injury, and that if a change of nationality for the purpose of bringing claims could be effectuated in the manner as attempted here, such would amount to an attempted grant of retroactive sovereignty. Further, considering the confusion and disagreement on where or who presently has sovereign rights in the Trust Territory (see, e.g., *People of Saipan* v. *United States Department of Interior,* 356 F. Supp. 645 (D. Haw. 1973), aff'd as modified on other grounds, 502 F. 2d 90 (9th Cir. 1974), cert den. 420 U.S. 1003 (1975)), it would seem especially difficult for the purposes of nationality of claim requirements to establish that the Marshall Islands is or was foreign territory for the purpose of an international claim and that the Government of the Marshall Islands is the proper successor to sovereign rights for the purpose of asserting such claims. Legal complexity is added by the fact that it is possible for the Compact to become effective prior to the actual termination of the Trust Territory.

Can the United States Congress Create Such a Settlement Mechanism?

While the Congress can settle claims by legislation (a notable example might be legislative enactments settling Indian land claims, see, e.g., 25 U.S.C. Secs. 1701 and 1721), the nature and extent of such legislative prescription is not clearly defined. In fact, a case is now pending decision in the Supreme Court in which the high court is being asked to pass on a legislative scheme which calls for a mandatory arbitration procedure in which there is limited judicial review (see, *Thomas* v. *Union Carbide Agricultural Products,* No. 84-497). Likewise, even the power of the President is not unlimited in this respect. While *Dames & Moore* v. *Regan,* 453 U.S. 654 (1981) is often cited to represent that contention, the Supreme Court was careful to state therein that it does "not decide that the President possesses plenary power to settle claims, even as against foreign governmental entities. . . .' (t)he sheer magnitude of such a power, considered against the background of the diversity and complexity of modern

international trade, cautions against any broader construction than is necessary.'"

Assuming that this settlement procedure is rightfully not classifiable as an espousal commonly practiced under international relations, and is merely an attempt to create a body to determine the validity of claims and the amount of compensation, if any, to be given to an individual claimant, at least two aspects seem troublesome from a constitutional overview. First, unlike some mixed bodies in which the United States had or has representation, such as the Iran-United States International Claims Tribunal, here there is to be established a totally "foreign" Claims Tribunal which presumably will be able to determine any legal issue based on the law of the Marshall Islands, international law, or law of the United States. Not only is this arguably a delegation to settle claims without any standards to be applied but also seems to be a grant of judicial authority by bestowing it upon a private body in violation of separation of powers. Further, it might be considered an overreaching of the foreign affairs power by bestowing such an authority totally on a foreign entity. Second, is the absolute bar to seeking relief in United States courts. The fact that there may be a bar to judicial relief for arbitrary actions of the established Claims Tribunal itself, or the termination of certain suits that are based on violations of constitutional rights, might have problems possibly running afoul of the Constitution. Apparently, a February 1985 Claims Court decision has held that the claimants have a right to seek just compensation under the Fifth Amendment (Los Angeles Daily Journal, March 7, 1985).

DANIEL HILL ZAFREN,
SPECIALIST IN AMERICAN PUBLIC LAW,
American Law Division.

Mr. METZENBAUM. In sum I do not want my general support of the compact to be misconstrued as acceptance and endorsement of the constitutionality of the section 177 espousal agreement.

Mr. CRANSTON. Mr. President, the resolution before us today affects an area commonly known as Micronesia—over 2,100 islands in the central and western Pacific 2,000 miles southwest of Hawaii—and approximately 111,000 people living there.

The Compact of Free Association, Senate Joint Resolution 77, is a major step toward ending the trusteeship the United States has held over this area since 1947.

I applaud this action as it advances the Marshallese toward full sovereignty and independence, the right of every nation.

However, I must raise some concerns I have with two sections of the compact.

First, those Pacific islanders who were relocated from Kwajalein Island to accommodate our military program to receive compensation through section 313 of the compact. However, under the Senate version of the compact, there is no provision ensuring that the funds intended for the former Kwajalein landowners will ever reach them. Under the version of the compact before us there is a substantial risk—which the Kwajalein Islanders fear will materialize—that these funds, intended exclusively for the people of Kwajalein, will be diverted.

I note that the version of the compact passed by the House reflects considerable concern on this payment issue.

The final version of this resolution should clearly reflect that congressional approval of this compact is conditioned on the clear understanding that the appropriate U.S. officials would act swiftly to prevent the diversion from, or failure to make timely payment of these funds to, their intended beneficiaries, the Kwajalein landowners.

Second, of concern to me also are the provisions of section 177 and the attempt in it to create an espousal by the Government of the Marshall Islands of claims for compensation against the United States by Bikinians suffering damages and losses resulting from atmospheric testing of United States nuclear weapons.

Notably I am concerned that certain provisions of this section would violate both the provisions of the U.S. Constitution and applicable principles of international law. Specifically these provisions are contained in articles X through XII.

Article X attempts to create an espousal by the Government of the Marshall Islands of all present and future claims by Marshallese citizens against the United States for damages resulting from loss to property and life arising out of the United States atmospheric nuclear weapons testing program.

In other words, in return for everything the United States provides in the agreement, the Marshall Islands Government will espouse, or take over all the Bikinians' claims, terminate their two pending lawsuits and bar any future ones, or indemnify the United States for any future losses arising out of these claims.

Although this sounds like a negotiated bargain to settle outstanding claims, it really is not.

The United States provides more than $750 million under this compact to the Government of the Marshall Islands. In consideration for those payments, the United States insisted that the Government of the Marshall Islands, of which the Bikinians represent less than 3 percent of the population, accept espousal of the Bikinians' radiation claims, or lose the whole agreement.

By making espousal a condition of the whole agreement, the United States negotiators prevented the Marshallese from weighing individually on its merits the fairness or adequacy of the proposal with respect to nuclear claims at a time when our experience with Hiroshima and Nagasaki tells us the full extent of individual damage may not even be known.

These provisions, which establish a $150 million trust fund from which all claims are to be paid—an amount which may not be adequate—deny to 5,000 Marshallese, who have already filed claims, their day in court.

Difficult legal problems exist with respect to the attempt to create this espousal, because of the uncertainty of the sovereign status of the Government of the Marshall Islands and the uncertain national status of the Bikinians at the time their claims arose.

On this subject I ask unanimous consent to print at this point in the RECORD a Congressional Research Service discussion on the legality of the espousal of claims under the compact.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, April 2, 1985.

From: American Law Division.
Subject: Espousal of Claims Under the Compact of Free Association.

This memorandum is submitted in response to your request for a legal analysis of the espousal of claims provisions in the proposed Compact of Free Association, by which the Marshallese Nuclear Test claims would be settled. In spite of the relatively simple language used in section 177 of its implementing agreement, the procedure set forth is highly complex in its effects from a strict legal perspective. It would seem that many of the legal problems or issues discussed here may eventually have to be resolved by the courts even if the Compact is approved.

The first problem that arises from a purely legal analysis is that while the descriptive term "espousal" is used to describe the mechanism provided for, it is not a true espousal procedure as is generally practiced in international relations, and is in fact quite a different procedure with respect to United States participation. From a United States action stance, espousal usually refers to the practice of the United States representing the claims of its nationals against foreign sovereigns.

Here, in effect, the nuclear claims are against the United States itself, and they have been brought by individuals who, although not strictly its own nationals in the sense that the United States has complete sovereignty over them, yet who arguably cannot rightfully be classifiable for the purpose of bringing claims against the United States except as quasi-nationals, since the territory that they inhabit is under a strategic trusteeship administered by the United States. Thus, the term "espousal", if it is to be used at all, really refers only to the possible relationship between such individual claimants and the Government of the Marshall Islands when and if it is ever established as a true sovereign in international law. Until such time, there would not seem to be any possibility of an espousal of claims within an international law categorization.

It is also possible that a court might hold under proper challenge that the foreign affairs provisions of the Compact prevent such entity from ever becoming a sovereign, particularly in the area of foreign affairs and especially with respect to its relations with the United States. It might be relevant

that the foreign affairs authority is the one upon which espousal of claims rests. Thus, it would seem that an analysis of a legal nature would have to approach the issues presented here on two tiers. First, from the issue of whether the Government of the Marshall Islands can in law ever espouse the claims of such claimants. Second, as to whether the United States has the authority to establish an entity of its own creation to settle claims, claims which may be based on violations of constitutional rights.

IS THERE AN ESPOUSAL?

An argument could be made that might persuade a court that there cannot be an espousal of claims by the Government of the Marshall Islands in the situation here. Interestingly, this tact would involve looking at two complexities of the same international law doctrine, the so-called "nationality of the claim". Both aspects revolve around the fact that the claimants here were not nationals of the Government of the Marshall Islands because that Government was not in existence at the time that the claims arose.

First, it might be argued that the claimants under the doctrine of "nationality of the Claim" were not citizens of that Government. "The variety of situations which may arise in practice makes the interpretation and application of the principle not an easy, mechanical task. . . . (S)pecial situations certainly make the admissibility of the international claim a difficult determination from the standpoint of the nationality requirement. There is, however, a general rule which seems to prevail both in diplomatic practice and in international caselaw. Such rule was formulated by the Preparatory Committee of the Hague Codification Conference (1930) in its Basis of Discussion No. 241, in its first paragraph, 'A state may not claim a pecuniary indemnity in respect of damage suffered by a private person in the territory of a foreign State unless the injured person was the national at the moment when the damage was caused and retains its nationality until the claim is decided.'" F.V. Garcia-Amador, the Changing Law of International Claims, Vol. II (1984), at 503.

Second, since the Government of the Marshall Islands did not exist as a foreign sovereign at the time the claims arose, it might be asserted that it cannot represent the claimants. A claimant state neither represents the national who has sustained the injury nor gives effect to his "right", but rather the claimant state represents its own right to have its own citizens treated by other states in accordance with international law. Note, The Nature and Extent of Executive Power to Espouse the International Claims of United States Nationals, 7 VAND. J. TRANSN'L L. 95,97 (1973). This contention appears to be bolstered by the unique facts in this instance that the claimants were more akin to nationals of the United States at the time of the injury, and that if a change of nationality for the purpose of bringing claims could be effectuated in the manner as attempted here, such would amount to an attempted grant of retroactive sovereignty. Further, considering the confusion and disagreement on where or who presently has sovereign rights in the Trust Territory (see, e.g., *People of Saipan* v. *United States Department of Interior*, 356 F. Supp. 645 (D. Haw. 1973), aff'd as modified on other grounds, 502 F. 2d 90 (9th Cir. 1974), cert den. 420 U.S. 1003 (1975)), it would seem especially difficult for the purposes of nationality of claim requirements to establish that the Marshall Islands is or was foreign territory for the purpose of an international claim and that the Government of the Marshall Islands is the proper successor to sovereign rights for the purpose of asserting such claims. Legal complexity is added by the fact that it is possible for the Compact to become effective prior to the actual termination of the Trust Territory.

CAN THE UNITED STATES CONGRESS CREATE SUCH A SETTLEMENT MECHANISM?

While the Congress can settle claims by legislation (a notable example might be legislative enactments settling Indian land claims, see., e.g., 25 U.S.C. Secs. 1701 and 1721), the nature and extent of such legislative prescription is not clearly defined. In fact, a case is now pending decision in the Supreme Court in which the high court is being asked to pass on a legislative scheme which calls for a mandatory arbitration procedure in which there is limited judicial review (see, *Thomas* v. *Union Carbide Agricultural Products*, No. 84-497). Likewise, even the power of the President is not unlimited in this respect. While *Dames & Moore* v. *Regan*, 453 U.S. 654 (1981) is often cited to represent that contention, the Supreme Court was careful to state therein that it does "not decide that the President possesses plenary power to settle claims, even as against foreign governmental entities. . . . '(t)he sheer magnitude of such a power, considered against the background of the diversity and complexity of modern international trade, cautions against any broader construction than is necessary.'"

Assuming that this settlement procedure is rightfully not classifiable as an espousal commonly practiced under international relations, and is merely an attempt to create a body to determine the validity of claims and the amount of compensation, if any, to be given to an individual claimant, at least two aspects seem troublesome from a constitutional overview.

First, unlike some mixed bodies in which the United States had or has representation, such as the Iran-United States International Claims Tribunal, here there is to be established a totally "foreign" Claims Tribunal which presumably will be able to determine any legal issue based on the law of the Marshall Islands, international law, or law of the United States.

Not only is this arguably a delegation to settle claims without any standards to be applied but also seems to be a grant of judicial authority by bestowing it upon a private body in violation of separation of powers. Further, it might be considered on overreaching of the foreign affairs power by bestowing such an authority totally on a foreign entity.

Second, is the absolute bar to seeking relief in United States courts. The fact the there may be a bar to judicial relief for arbitrary actions of the established Claims Tribunal itself, or the termination of certain suits that are based on violations of constitutional rights, might have problems possibly running afoul of the Constitution. Apparently, a February 1985 Claims Court decision has held that the claimants have a right to seek just compensation under the Fifth Amendment (Los Angeles Daily Journal, March 7, 1985).

DANIEL HILL ZAFREN,
Specialist in American Public Law,
American Law Division.

Mr. CRANSTON. Despite these reservations, which have been receiving ongoing attention in the other body, this Compact has important values to both the United States and the Marshallese, and I will support it in hopes that our further efforts will result in an even better agreement leading to the independence and sovereignty of the people of the Marshall Islands.

Mr. METZENBAUM. Mr. President, I am concerned about the effect of the Compact of Free Association and the committee amendments on certain individuals in the Marshall Islands affected by the nuclear testing program.

Specifically, I am concerned that the compact might exclude individuals other than the four named atolls receiving compensation even if future radiological and other surveys establish that they were adversely affected by the nuclear testing program.

I believe that Congress has a continuing moral and humanitarian obligation—particularly in view of the fact that the subsidiary agreement to section 177 of the compact dismisses all pending claims against the United States and denies individuals access to the courts to pursue future claims—to consider favorably any new claims that may arise as a result of future surveys.

Will the chairman of the committee comment on this matter?

Mr. McCLURE. The Senate has in the past addressed this possibility in Public Law 95-134 and Public Law 96-205 which provided for comprehensive health care for the affected people. These laws specifically allow for the possibility that other atolls might have been affected by the nuclear testing program and State that if such is proved to be the case they would be covered.

Public Law 96-205 is quite clear on this point: "In addition to any other payments or benefits provided by law to compensate inhabitants of the atolls of Bikini, Enewetak, Rongelap, and Utirik, in the Marshall Islands, for radiation exposure or other losses sustained by them as a result of the United States Nuclear Weapons Testing Program at or near their atolls during the period 1946 to 1958, the Secretary of the Interior shall provide for the people of the atolls of Bikini, Enewetak, Rongelap and Utirik and for the people of such other atolls as may be found to be or to have been exposed to radiation from the Nuclear Weapons Testing Program, a program medical care and treatment and environmental research and monitoring for any injury, illness or condition which may be the result directly or indirectly of such nuclear weapons testing program."

As you note, the subsidiary agreement to section 177 of the compact would bar future nuclear weapons program testing victims from seeking compensation through the U.S. courts. The fund established under the sub-

sidiary is designed to be a perpetual source of compensation, and the tribunal is not limited to considering claims from only the four named atolls.

As you also know, article IX of the subsidiary contains a changed circumstance clause which would allow the Marshallese to ask Congress for relief if circumstances develop which could not have been foreseen, such as newly identified claimants.

The committee amendment acknowledges this continued concern by authorizing additional ex gratia payments to the four named atolls and indicates our continued sensitivity and concern for persons on other atolls if it proves that they have been affected.

While the committee amendment does not authorize ex gratia contributions for residents of other atolls if it proves that they have been affected by the nuclear testing program, I agreed that there is an enormous burden on Congress to state affirmatively that if future valid claims develop we will do everything possible to compensate adequately all newly-identified victims.

As you indicated, there is a continuing moral and humanitarian obligation on the part of the United States to compensate any victims—past, present or future—of the nuclear testing program. For this reason, I fully expect that if new claims develop Congress should and will provide any assistance required, absent compelling contradictory evidence.

Mr. METZENBAUM. I thank the chairman for his remarks. I am pleased that the record is clear that if the need for further assistance arises, nothing in the compact will discourage the Marshallese from seeking additional money and that the Senate shall give a sympathetic hearing to these appeals and, indeed, absent substantial conflicting evidence, take the necessary steps to provide such additional compensation as needed.

Mr. McCLURE. Mr. President, I know of no further amendments to be offered on this side.

If there are no further amendments, I ask for third reading of the bill.

The PRESIDING OFFICER. The joint resolution is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The joint resolution was ordered to be engrossed for a third reading and was read the third time.

Mr. McCLURE. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of Calendar No. 255, House Joint Resolution 187, the House companion bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 187) to approve the "Compact of Free Association", and for other purposes.

Mr. McCLURE. Mr. President, I move to strike all after the enacting clause and insert the text of Senate Joint Resolution 77, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. McCLURE. Third reading.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the joint resolution.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass?

So the joint resolution (H.J. Res. 187), as amended, was passed, as follows:

Resolved, That the joint resolution from the House of Representatives (H. J. Res. 187) entitled "Joint resolution to approve the 'Compact of Free Association', and for other purposes", do pass with the following amendments:

Strike out all after the resolving clause and insert:

TITLE I—COMPACT OF FREE ASSOCIATION WITH THE FEDERATED STATES OF MICRONESIA AND THE MARSHALL ISLANDS

SECTION 1. The Compact of Free Association, the text of which follows, is hereby approved and the President is authorized to agree to an effective date for and thereafter to implement the Compact of Free Association, subject to the provisions of section 4, having taken into account any procedures with respect to the United Nations for termination of the Trusteeship Agreement:

COMPACT OF FREE ASSOCIATION

PREAMBLE

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENTS OF THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA

Affirming that their Governments and their relationships as Governments are founded upon respect for human rights and fundamental freedoms for all, and that the peoples of the Trust Territory of the Pacific Islands have the right to enjoy self-government; and

Affirming the common interests of the United States of America and the peoples of the Trust Territory of the Pacific Islands in creating close and mutually beneficial relationships through two free and voluntary associations of their respective Governments; and

Affirming the interest of the Government of the United States in promoting the economic advancement and self-sufficiency of the peoples of the Trust Territory of the Pacific Islands; and

Recognizing that their previous relationship has been based upon the International Trusteeship System of the United Nations Charter, and in particular Article 76 of the Charter; and that pursuant to Article 76 of the Charter, the peoples of the Trust Territory have progressively developed their institutions of self-government, and that in the exercise of their sovereign right to self-determination they have, through their freely-expressed wishes, adopted Constitutions appropriate to their particular circumstances; and

Recognizing their common desire to terminate the Trusteeship and establish two new government-to-government relationships each of which is in accordance with a new political status based on the freely-expressed wishes of peoples of the Trust Territory of the Pacific Islands and appropriate to their particular circumstances; and

Recognizing that the peoples of the Trust Territory of the Pacific Islands have and retain their sovereignty and their sovereign right to self-determination and the inherent right to adopt and amend their own Constitutions and forms of government and that the approval of the entry of their respective Governments into this Compact of Free Association by the peoples of the Trust Territory of the Pacific Islands constitutes an exercise of their sovereign right to self-determination;

NOW, THEREFORE, AGREE to enter into relationships of free association which provide a full measure of self-government for the peoples of the Marshall Islands and the Federated States of Micronesia; and

FURTHER AGREE that the relationships of free association derive from and are as set forth in this Compact; and that, during such relationships of free association, the respective rights and responsibilities of the Government of the United States and the Governments of the freely associated states of the Marshall Islands and the Federated States of Micronesia in regard to these relationships of free association derive from and are as set forth in this Compact.

TITLE ONE

GOVERNMENTAL RELATIONS

Article I

Self-Government

Section 111

The peoples of the Marshall Islands and the Federated States of Micronesia, acting through the Governments established under their respective Constitutions, are self-governing.

Article II

Foreign Affairs

Section 121

(a) The Governments of the Marshall Islands and the Federated States of Micronesia have the capacity to conduct foreign affairs and shall do so in their own name and right, except as otherwise provided in this Compact.

(b) The foreign affairs capacity of the Governments of the Marshall Islands and the Federated States of Micronesia includes:

(1) the conduct of foreign affairs relating to law of the sea and marine resources matters, including the harvesting, conservation, exploration or exploitation of living and non-living resources from the sea, seabed or subsoil to the full extent recognized under international law;

(2) the conduct of their commercial, diplomatic, consular, economic, trade, banking, postal, civil aviation, communications, and cultural relations, including negotiations for the receipt of developmental loans and grants and the conclusion of arrangements with other governments and international and intergovernmental organizations, in-

cluding any matters specially benefiting their individual citizens.

(c) The Government of the United States recognizes that the Governments of the Marshall Islands and the Federated States of Micronesia have the capacity to enter into, in their own name and right, treaties and other international agreements with governments and regional and international organizations.

(d) In the conduct of their foreign affairs, the Governments of the Marshall Islands and the Federated States of Micronesia confirm that they shall act in accordance with principles of international law and shall settle their international disputes by peaceful means.

Section 122

The Government of the United States shall support applications by the Governments of the Marshall Islands and the Federated States of Micronesia for membership or other participation in regional or international organizations as may be mutually agreed. The Government of the United States agrees to accept for training and instruction at the Foreign Service Institute, established under 22 U.S.C. 4021, citizens of the Marshall Islands and the Federated States of Micronesia. The qualifications of candidates for such training and instruction and all other terms and conditions of participation by citizens of the Marshall Islands and the Federated States of Micronesia in Foreign Service Institute programs shall be as mutually agreed between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia.

Section 123

(a) In recognition of the authority and responsibility of the Government of the United States under Title Three, the Governments of the Marshall Islands and the Federated States of Micronesia shall consult, in the conduct of their foreign affairs, with the Government of the United States.

(b) In recognition of the respective foreign affairs capacities of the Governments of the Marshall Islands and the Federated States of Micronesia, the Government of the United States, in the conduct of its foreign affairs, shall consult with the Government of the Marshall Islands or the Federated States of Micronesia on matters which the Government of the United States regards as relating to or affecting any such Government.

Section 124

The Government of the United States may assist or act on behalf of the Government of the Marshall Islands or the Federated States of Micronesia in the area of foreign affairs as may be requested and mutually agreed from time to time. The Government of the United States shall not be responsible to third parties for the actions of the Government of the Marshall Islands or the Federated States of Micronesia undertaken with the assistance or through the agency of the Government of the United States pursuant to this Section unless expressly agreed.

Section 125

The Government of the United States shall not be responsible for nor obligated by any actions taken by the Government of the Marshall Islands or the Federated States of Micronesia in the area of foreign affairs, except as may from time to time be expressly agreed.

Section 126

At the request of the Government of the Marshall Islands or the Federated States of Micronesia and subject to the consent of the receiving state, the Government of the United States shall extend consular assistance on the same basis as for citizens of the United States to citizens of the Marshall Islands and the Federated States of Micronesia for travel outside the Marshall Islands and the Federated States of Micronesia, the United States and its territories and possessions.

Section 127

Except as otherwise provided in this Compact or its related agreements, all obligations, responsibilities, rights and benefits of the Government of the United States as Administering Authority which have resulted from the application pursuant to the Trusteeship Agreement of any treaty or other international agreement to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact are no longer assumed and enjoyed by the Government of the United States.

Article III

Communications

Section 131

(a) The Governments of the Marshall Islands and the Federated States of Micronesia have full authority and responsibility to regulate their respective domestic and foreign communications, and the Government of the United States shall provide communications assistance in accordance with the terms of a separate agreement which shall come into effect simultaneously with this Compact, and such agreement shall remain in effect until such time as any election is made pursuant to Section 131(b) and which shall provide for the following:

(1) the Government of the United States remains the sole administration entitled to make notification to the International Frequency Registration Board of the International Telecommunications Union of frequency assignments to radio communications stations respectively in the Marshall Islands and the Federated States of Micronesia; and to submit to the International Frequency Registration Board seasonal schedules for the broadcasting stations respectively in the Marshall Islands and the Federated States of Micronesia in the bands allocated exclusively to the broadcasting service between 5,950 and 26,100 kHz and in any other additional frequency bands that may be allocated to use by high frequency broadcasting stations; and

(2) the United States Federal Communications Commission has jurisdiction, pursuant to the Communications Act of 1934, 47 U.S.C. 151 et seq., and the Communications Satellite Act of 1962, 47 U.S.C. 721 et seq., over all domestic and foreign communications services furnished by means of satellite earth terminal stations where such stations are owned or operated by United States common carriers and are located in the Marshall Islands or the Federated States of Micronesia.

(b) The Government of the Marshall Islands or the Federated States of Micronesia may elect at any time to undertake the functions enumerated in Section 131(a) and previously performed by the Government of the United States. Upon such election, the Government of the United States shall so notify the International Frequency Registration Board and shall take such other actions as may be necessary to transfer to the electing Government the notification authority referred to in Section 131(a) and all rights deriving from the previous exercise of any such notification authority by the Government of the United States.

Section 132

The Governments of the Marshall Islands and the Federated States of Micronesia shall permit the Government of the United States to operate telecommunications services in the Marshall Islands and the Federated States of Micronesia to the extent necessary to fulfill the obligations of the Government of the United States under this Compact in accordance with the terms of separate agreements which shall come into effect simultaneously with this Compact.

Article IV

Immigration

Section 141

(a) Any person in the following categories may enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories and possessions without regard to paragraphs (14), (20), and (26) of section 212(a) of the Immigration and Nationality Act, 8 U.S.C. 1182(a) (14), (20), and (26):

(1) a person who, on the day preceding the effective date of this Compact, is a citizen of the Trust Territory of the Pacific Islands, as defined in Title 53 of the Trust Territory Code in force on Janaury 1, 1979, and has become a citizen of the Marshall Islands or the Federated States of Micronesia;

(2) a person who acquires the citizenship of the Marshall Islands or the Federated States of Micronesia at birth, on or after the effective date of the respective Constitution;

(3) a naturalized citizen of the Marshall Islands or the Federated States of Micronesia who has been an actual resident there for not less than five years after attaining such naturalization and who holds a certificate of actual residence; or

(4) a person entitled to citizenship in the Marshall Islands by lineal descent whose name is included in a list to be furnished by the Government of the Marshall Islands to the United States Immigration and Naturalization Service and any descendants of such persons, provided that such person holds a certificate of lineal descent issued by the Government of the Marshall Islands.

Such persons shall be considered to have the permission of the Attorney General of the United States to accept employment in the United States.

(b) The right of such persons to establish habitual residence in a territory or possession of the United States may, however, be subjected to non-discriminatory limitations provided for:

(1) in statutes or regulations of the United States; or

(2) in those statutes or regulations of the territory or possession concerned which are authorized by the laws of the United States.

(c) Section 141(a) does not confer on a citizen of the Marshall Islands or the Federated States of Micronesia the right to establish the residence necessary for naturalization under the Immigration and Nationality Act, or to petition for benefits for alien relatives under that Act. Section 141(a), however, shall not prevent a citizen of the Marshall Islands or the Federated States of Micronesia from otherwise acquiring such rights or lawful permanent resident alien status in the United States.

Section 142

(a) Any citizen or national of the United States may enter into, lawfully engage in occupations, and reside in the Marshall Islands or the Federated States of Micronesia, subject to the rights of those Governments to deny entry to or deport any such citizen or national as an undesirable alien. A citizen or national of the United States may estab-

lish habitual residence or domicile in the Marshall Islands or the Federated States of Micronesia only in accordance with the laws of the jurisdiction in which habitual residence or domicile is sought.

(b) With respect to the subject matter of this Section, the Government of the Marshall Islands or the Federated States of Micronesia shall accord to citizens and nationals of the United States treatment no less favorable than that accorded to citizens of other countries; any denial of entry to or deportation of a citizen or national of the United States as an undesirable alien must be pursuant to reasonable statutory grounds.

Section 143

(a) The privileges set forth in Sections 141 and 142 shall not apply to any person who takes an affirmative step to preserve or acquire a citizenship or nationality other than that of the Marshall Islands, the Federated States of Micronesia or the United States.

(b) Every person having the privileges set forth in Sections 141 and 142 who possesses a citizenship or nationality other than that of the Marshall Islands, the Federated States of Micronesia or the United States ceases to have these privileges two years after the effective date of this Compact, or within six months after becoming 21 years of age, whichever comes later, unless such person executes an oath of renunciation of that other citizenship or nationality.

Section 144

(a) A citizen or national of the United States who, after notification to the Government of the United States of an intention to employ such person by the Government of the Marshall Islands or the Federated States of Micronesia, commences employment with such Government shall not be deprived of his United States nationality pursuant to Section 349(a)(2) and (a)(4) of the Immigration and Nationality Act, 8 U.S.C. 1481 (a)(2) and (a)(4).

(b) Upon such notification by the Government of the Marshall Islands or the Federated States of Micronesia, the Government of the United States may consult with or provide information to the notifying Government concerning the prospective employee, subject to the provisions of the Privacy Act, 5 U.S.C. 552a.

(c) The requirement of prior notification shall not apply to those citizens or nationals of the United States who are employed by the Government of the Marshall Islands or the Federated States of Micronesia on the effective date of this Compact with respect to the positions held by them at that time.

Article V

Representation

Section 151

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia may establish and maintain representative offices in the capital of the other for the purpose of maintaining close and regular consultations on matters arising in the course of the relationship of free association and conducting other government business. The Governments may establish and maintain additional offices on terms and in locations as may be mutually agreed.

Section 152

(a) The premises of such representative offices, and their archives, wherever located, shall be inviolable. The property and assets of such representative offices shall be immune from search, requisition, attachment and any form of seizure unless such immunity is expressly waived. Official communications in transit shall be inviolable and accorded the freedom and protections accorded by recognized principles of international law to official communications of a diplomatic mission.

(b) Persons designated by the sending Government may serve in the capacity of its resident representatives with the consent of the receiving Government. Such designated persons shall be immune from civil and criminal process relating to words spoken or written and all acts performed by them in their official capacity and falling within their functions as such representatives, except insofar as such immunity may be expressly waived by the sending Government. While serving in a resident representative capacity, such designated persons shall not be liable to arrest or detention pending trial, except in the case of a grave crime and pursuant to a decision by a competent judicial authority, and such persons shall enjoy immunity from seizure of personal property, immigration restrictions, and laws relating to alien registration, fingerprinting, and the registration of foreign agents.

(c) The sending Governments and their respective assets, income and other property shall be exempt from all direct taxes, except those direct taxes representing payment for specific goods and services, and shall be exempt from all customs duties and restrictions on the import or export of articles required for the official functions and personal use of their representatives and representative offices.

(d) Persons designated by the sending Government to serve in the capacity of its resident representatives shall enjoy the same taxation exemptions as are set forth in Article 34 of the Vienna Convention on Diplomatic Relations.

(e) The privileges, exemptions and immunities accorded under this Section are not for the personal benefit of the individuals concerned but are to safeguard the independent exercise of their official functions. Without prejudice to those privileges, exemptions and immunities, it is the duty of all such persons to respect the laws and regulations of the Government to which they are assigned.

Section 153

(a) Any citizen or national of the United States who, after consultation between the designating Government and the Government of the United States, is designated by the Government of the Marshall Islands or the Federated States of Micronesia as its agent, shall enjoy exemption from the requirements of the laws of the United States relating to the registration of foreign agents. The Government of the United States shall promptly comply with a request for consultation made by the prospective designating Government. During the course of the consultation, the Government of the United States may, in its discretion, and subject to the provisions of the Privacy Act, 5 U.S.C. 552a, transmit such information concerning the prospective designee as may be available to it to the prospective designating Government.

(b) Any citizen or national of the United States may be employed by the Government of the Marshall Islands or the Federated States of Micronesia to represent to foreign governments, officers or agents thereof the positions of the Government of the Marshall Islands or the Federated States of Micronesia, without regard to the provisions of 18 U.S.C. 953.

Article VI

Environmental Protection

Section 161

The Governments of the United States, the Marshall Islands and the Federated States of Micronesia declare that it is their policy to promote efforts to prevent or eliminate damage to the environment and biosphere and to enrich understanding of the natural resources of the Marshall Islands and the Federated States of Micronesia. In order to carry out this policy, the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia agree to the following mutual and reciprocal undertakings.

(a) The Government of the United States:

(1) shall continue to apply the environmental controls in effect on the day preceding the effective date of this Compact to those of its continuing activities subject to Section 161(a)(2), unless and until those controls are modified under Sections 161(a)(3) and 161(a)(4);

(2) shall apply the National Environmental Policy Act of 1969, 83 Stat. 852, 42 U.S.C. 4321 et seq., to its activities under the Compact and its related agreements as if the Marshall Islands and the Federated States of Micronesia were the United States;

(3) shall comply also, in the conduct of any activity requiring the preparation of an Environmental Impact Statement under Section 161(a)(2), with standards substantively similar to those required by the following laws of the United States, taking into account the particular environments of the Marshall Islands and the Federated States of Micronesia: the Endangered Species Act of 1973, 87 Stat. 884, 16 U.S.C. 1531 et seq.; the Clean Air Act, 77 Stat. 392, 42 U.S.C. Supp. 7401 et seq.; the Clean Water Act (Federal Water Pollution Control Act), 86 Stat. 896, 33 U.S.C. 1251 et seq.; the Ocean Dumping Act (Title I of the Marine Protection, Research and Sanctuaries Act of 1972), 86 Stat. 1053, 33 U.S.C. 1411 et seq.; the Toxic Substances Control Act, 90 Stat. 2003, 15 U.S.C. 2601 et seq.; the Resources Conservation and Recovery Act of 1976, 90 Stat. 2796, 42 U.S.C. 6901 et seq.; and such other environmental protection laws of the United States as may be mutually agreed from time to time with the Government of the Marshall Islands or the Federated States of Micronesia; and

(4) shall develop, prior to conducting any activity requiring the preparation of an Environmental Impact Statement under Section 161(a)(2), appropriate mechanisms, including regulations or other judicially reviewable standards and procedures, to regulate its activities governed by Section 161(a)(3) in the Marshall Islands and the Federated States of Micronesia in a manner appropriate to the special governmental relationship set forth in this Compact. The agencies of the Government of the United States designated by law to administer the laws set forth in Section 161(a)(3) shall participate as appropriate in the development of any regulation, standard or procedure under this Section, and the Government of the United States shall provide the affected Government of the Marshall Islands or the Federated States of Micronesia with the opportunity to comment during such development.

(b) The Governments of the Marshall Islands and the Federated States of Micronesia shall develop standards and procedures to protect their environments. As a reciprocal obligation to the undertakings of the

Government of the United States under this Article, the Governments of the Marshall Islands and the Federated States of Micronesia, taking into account their particular environments, shall develop standards for environmental protection substantively similar to those required of the Government of the United States by Section 161(a)(3) prior to their conducting activities in the Marshall Islands and the Federated States of Micronesia, respectively, substantively equivalent to activities conducted there by the Government of the United States and, as a further reciprocal obligation, shall enforce those standards.

(c) Section 161(a), including any standard or procedure applicable thereunder, and Section 161(b) may be modified or superseded in whole or in part by agreement of the Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia.

(d) In the event that an Environmental Impact Statement is no longer required under the laws of the United States for major federal actions significantly affecting the quality of the human environment, the regulatory regime established under Sections 161(a)(3) and 161(a)(4) shall continue to apply to such activities of the Government of the United States until amended by mutual agreement.

(e) The President of the United States may exempt any of the activities of the Government of the United States under this Compact and its related agreements from any environmental standard or procedure which may be applicable under Sections 161(a)(3) and 161(a)(4) if the President determines it to be in the paramount interest of the Government of the United States to do so, consistent with Title Three of this Compact and the obligations of the Government of the United States under international law. Prior to any decision pursuant to this subsection, the views of the affected Government of the Marshall Islands or the Federated States of Micronesia shall be sought and considered to the extent practicable. If the President grants such an exemption, to the extent practicable, a report with his reasons for granting such exemption shall be given promptly to the affected Government.

(f) The laws of the United States referred to in Section 161(a)(3) shall apply to the activities of the Government of the United States under this Compact and its related agreements only to the extent provided for in this Section.

Section 162

The Government of the Marshall Islands or the Federated States of Micronesia may bring an action for judicial review of any administrative agency action or any activity of the Government of the United States pursuant to Sections 161(a), 161(d) or 161(e) or for enforcement of the obligations of the Government of the United States arising thereunder. The United States District Court for the District of Hawaii and the United States District Court for the District of Columbia shall have jurisdiction over such action or activity, and over actions brought under Section 172(b) which relate to the activities of the Government of the United States and its officers and employees, governed by Section 161, provided that:

(a) Such actions may only be civil actions for any appropriate civil relief other than punitive damages against the Government of the United States or, where required by law, its officers in their official capacity; no criminal actions may arise under this Section;

(b) Actions brought pursuant to this Section may be initiated only by the Government concerned;

(c) Administrative agency actions arising under Section 161 shall be reviewed pursuant to the standard of judicial review set forth in 5 U.S.C. 706;

(d) The District Court shall have jurisdiction to issue all necessary processes, and the Government of the United States agrees to submit itself to the jurisdiction of the court; decisions of the District Court shall be reviewable in the United States Court of Appeals for the Ninth Circuit or the United States Court of Appeals for the District of Columbia, respectively, or in the United States Supreme Court as provided by the laws of the United States;

(e) The judicial remedy provided for in this Section shall be the exclusive remedy for the judicial review or enforcement of the obligations of the Government of the United States under this Article and actions brought under Section 172(b) which relate to the activities of the Government of the United States and its officers and employees governed by Section 161; and

(f) In actions pursuant to this Section, the Governments of the Marshall Islands and the Federated States of Micronesia shall be treated as if they were United States citizens.

Section 163

(a) For the purpose of gathering data necessary to study the environmental effects of activities of the Government of the United States subject to the requirements of this Article, the Governments of the Marshall Islands and the Federated States of Micronesia shall be granted access to facilities operated by the Government of the United States in the Marshall Islands and the Federated States of Micronesia, to the extent necessary for this purpose, except to the extent such access would unreasonably interfere with the exercise of the authority and responsibility of the Government of the United States under Title Three.

(b) The Government of the United States, in turn, shall be granted access to the Marshall Islands or the Federated States of Micronesia for the purpose of gathering data necessary to discharge its obligations under this Article, except to the extent such access would unreasonably interfere with the exercise of the authority and responsibility of the Government of the Marshall Islands or the Federated States of Micronesia under Title One, and to the extent necessary for this purpose shall be granted access to documents and other information to the same extent similar access is provided those Governments under the Freedom of Information Act, 5 U.S.C. 552.

(c) The Governments of the Marshall Islands and the Federated States of Micronesia shall not impede efforts by the Government of the United States to comply with applicable standards and procedures.

Article VII

General Legal Provisions

Section 171

Except as provided in this Compact or its related agreements, the application of the laws of the United States to the Trust Territory of the Pacific Islands by virtue of the Trusteeship Agreement ceases with respect to the Marshall Islands and the Federated States of Micronesia as of the effective date of this Compact.

Section 172

(a) Every citizen of the Marshall Islands or the Federated States of Micronesia who is not a resident of the United States shall enjoy the rights and remedies under the laws of the United States enjoyed by any non-resident alien.

(b) The Governments of the Marshall Islands and the Federated States of Micronesia and every citizen of the Marshall Islands or the Federated States of Micronesia shall be considered a "person" within the meaning of the Freedom of Information Act, 5 U.S.C. 552, and of the judicial review provisions of the Administrative Procedure Act, 5 U.S.C. 701–706, except that only the Government of the Marshall Islands or the Federated States of Micronesia may seek judicial review under the Administrative Procedure Act or judicial enforcement under the Freedom of Information Act when such judicial review or enforcement relates to the activities of the Government of the United States governed by Sections 161 and 162.

Section 173

The Governments of the United States, the Marshall Islands and the Federated States of Micronesia agree to adopt and enforce such measures, consistent with this Compact and its related agreements, as may be necessary to protect the personnel, property, installations, services, programs and official archives and documents maintained by the Government of the United States in the Marshall Islands and the Federated States of Micronesia pursuant to this Compact and its related agreements and by those Governments in the United States pursuant to this Compact and its related agreements.

Section 174

Except as otherwise provided in this Compact and its related agreements:

(a) The Governments of the Marshall Islands and the Federated States of Micronesia shall be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall be immune from the jurisdiction of the courts of the Marshall Islands and the Federated States of Micronesia.

(b) The Government of the United States accepts responsibility for and shall pay:

(1) any unpaid money judgment rendered by the High Court of the Trust Territory of the Pacific Islands against the Government of the Trust Territory of the Pacific Islands or the Government of the United States with regard to any cause of action arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact;

(2) any claim settled by the claimant and the Government of the Trust Territory of the Pacific Islands but not paid as of the effective date of this Compact; and

(3) settlement of any administrative claim or of any action before a court of the Trust Territory of the Pacific Islands, pending as of the effective date of this Compact, against the Government of the Trust Territory of the Pacific Islands or the Government of the United States, arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States.

(c) Any claim not referred to in Section 174(b) and arising from an act or omission of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact shall be adjudicated in the same manner as a claim adjudicated according to Section 174(d). In any claim against the Government of the Trust Territory of the Pacific Islands, the Government of the United States shall stand in the place

of the Government of the Trust Territory of the Pacific Islands. A judgment on any claim referred to in Section 174(b) or this subsection, not otherwise satisfied by the Government of the United States, may be presented for certification to the United States Court of Appeals for the Federal Circuit, or its successor court, which shall have jurisdiction therefor, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States. The United States Court of Appeals for the Federal Circuit shall certify such judgment, and order payment thereof, unless it finds, after a hearing, that such judgment is manifestly erroneous as to law or fact, or manifestly excessive. In either of such cases the United States Court of Appeals for the Federal Circuit shall have jurisdiction to modify such judgment.

(d) The Governments of the Marshall Islands and the Federated States of Micronesia shall not be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall not be immune from the jurisdiction of the courts of the Marshall Islands and the Federated States of Micronesia in any case in which the action is based on a commercial activity of the defendant Government where the action is brought, or in a case in which damages are sought for personal injury or death or damage to or loss of property occurring where the action is brought.

Section 175

A separate agreement, which shall come into effect simultaneously with this Compact, shall be concluded between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia regarding mutual assistance and cooperation in law enforcement matters including the pursuit, capture, imprisonment and extradition of fugitives from justice and the transfer of prisoners. The separate agreement shall have the force of law. In the United States, the laws of the United States governing international extradition, including 18 U.S.C. 3184, 3186 and 3188-3195, shall be applicable to the extradition of fugitives under the separate agreement, and the laws of the United States governing the transfer of prisoners, including 18 U.S.C. 4100-4115, shall be applicable to the transfer of prisoners under the separate agreement.

Section 176

The Governments of the Marshall Islands and the Federated States of Micronesia confirm that final judgments in civil cases rendered by any court of the Trust Territory of the Pacific Islands shall continue in full force and effect, subject to the constitutional power of the courts of the Marshall Islands and the Federated States of Micronesia to grant relief from judgments in appropriate cases.

Section 177

(a) The Government of the United States accepts the responsibility for compensation owing to citizens of the Marshall Islands, or the Federated States of Micronesia (or Palau) for loss or damage to property and person of the citizens of the Marshall Islands, or the Federated States of Micronesia or resulting from the nuclear testing program which the Government of the United States conducted in the Northern Marshall Islands between June 30, 1946, and August 18, 1958.

(b) The Government of the United States and the Government of the Marshall Islands shall set forth in a separate agreement provisions for the just and adequate settlement of all such claims which have arisen in regard to the Marshall Islands and its citizens and which have not as yet been compensated or which in the future may arise, for the continued administration by the Government of the United States of direct radiation related medical surveillance and treatment programs and radiological monitoring activities and for such additional programs and activities as may be mutually agreed, and for the assumption by the Government of the Marshall Islands of responsibility for enforcement of limitations on the utilization of affected areas developed in cooperation with the Government of the United States and for the assistance by the Government of the United States in the exercise of such responsibility as may be mutually agreed. This separate agreement shall come into effect simultaneously with this Compact and shall remain in effect in accordance with its own terms.

(c) The Government of the United States shall provide to the Government of the Marshall Islands, on a grant basis, the amount of $150 million to be paid and distributed in accordance with the separate agreement referred to in this Section, and shall provide the services and programs set forth in this separate agreement, the language of which is incorporated into this Compact.

Section 178

(a) The federal agencies of the Government of the United States which provide the services and related programs in the Marshall Islands or the Federated States of Micronesia pursuant to Articles II and III of Title Two are authorized to settle and pay tort claims arising in the Marshall Islands or the Federated States of Micronesia from the activities of such agencies or from the acts or omissions of the employees of such agencies. Except as provided in Section 178(b), the provisions of 28 U.S.C. 2672 and 31 U.S.C. 1304 shall apply exclusively to such administrative settlements and payments.

(b) Claims under Section 178(a) which cannot be settled under Section 178(a) shall be disposed of exclusively in accordance with Article II of Title Four. Arbitration awards rendered pursuant to this subsection shall be paid out of funds under 31 U.S.C. 1304.

(c) The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia shall, in the separate agreements referred to in Section 232, provide for:

(1) the administrative settlement of claims referred to in Section 178(a), including designation of local agents in the Marshall Islands and each State of the Federated States of Micronesia; such agents to be empowered to accept, investigate and settle such claims, in a timely manner, as provided in such separate agreements; and

(2) arbitration, referred to in Section 178(b), in a timely manner, at a site convenient to the claimant, in the event a claim is not otherwise settled pursuant to Section 178(a).

(d) The provisions of Section 174(d) shall not apply to claims covered by this Section.

TITLE TWO
ECONOMIC RELATIONS
Article I
Grant Assistance

Section 211

(a) In order to assist the Governments of the Marshall Islands and the Federated States of Micronesia in their efforts to advance the economic self-sufficiency of their peoples and in recognition of the special relationship that exists between them and the United States, the Government of the United States shall provide on a grant basis the following amounts:

(1) to the Government of the Marshall Islands, $26.1 million annually for five years commencing on the effective date of this Compact, $22.1 million annually for five years commencing on the fifth anniversary of the effective date of this Compact, and $19.1 million annually for five years commencing on the tenth anniversary of this Compact. Over this fifteen-year period, the Government of the Marshall Islands shall dedicate an average of no less than 40 percent of these amounts to the capital account subject to provision for revision of this percentage incorporated into the plan referred to in Section 211(b).

(2) to the Government of the Federated States of Micronesia, $60 million annually for five years commencing on the effective date of this Compact, $51 million annually for five years commencing on the fifth anniversary of the effective date of this Compact, and $40 million annually for five years commencing on the tenth anniversary of the effective date of this Compact. Over this fifteen-year period, the Government of the Federated States of Micronesia shall dedicate an average of no less than 40 percent of these amounts annually to the capital account subject to provision for revision of this percentage incorporated into the plan referred to in Section 211(b). To take into account the special nature of the assistance, to be provided under this paragraph and Sections 212(b), 213(c), 214(c), 215(a)(3), 215(b)(3), 216(a), 216(b), 221(a), and 221(b), the division of these amounts among the national and state governments of the Federated States of Micronesia shall be certified to the Government of the United States by the Government of the Federated States of Micronesia.

(b) The annual expenditure of the grant amounts specified for the capital account in Section 211(a) by the Governments of the Marshall Islands and the Federated States of Micronesia shall be in accordance with official overall economic development plans provided by those Governments and concurred in by the Government of the United States prior to the effective date of this Compact. These plans may be amended from time to time by the Government of the Marshall Islands or the Federated States of Micronesia.

(c) The Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia recognize that the achievement of the goals of the plans referred to in Section 211(b) depends upon the availability of adequate internal revenue as well as economic assistance from sources outside of the Marshall Islands and the Federated States of Micronesia, including the Government of the United States, and may, in addition, be affected by the impact of exceptional economically adverse circumstances. Each of the Governments of the Marshall Islands and the Federated States of Micronesia shall therefore report annually to the President of the United States and to the Congress of the United States on the implementation of the plans and on their use of the funds specified in this Article. These reports shall outline the achievements of the plans to date and the need, if any, for an additional authorization and appropriation of economic assistance for that year to account for any ex-

ceptional, economically adverse circumstances. It is understood that the Government of the United States cannot be committed by this Section to seek or support such additional economic assistance.

Section 212

In recognition of the special development needs of the Federated States of Micronesia, the Government of the United States shall provide to the Government of the Federated States of Micronesia $1 million annually for fourteen years commencing on the first anniversary of the effective date of this Compact. This amount may be used by the Government of the Federated States of Micronesia to defray current account expenditures attendant to the operation of the United States Military Civic Action Teams made available in accordance with the separate agreement referred to in Section 227.

Section 213

(a) The Government of the United States shall provide on a grant basis $1.9 million annually to the Government of the Marshall Islands in conjunction with Section 321(a). The Government of the Marshall Islands, in its use of such funds, shall take into account the impact of the activities of the Government of the United States in the Kwajalein Atoll area of the Marshall Islands.

(b) The Government of the United States shall provide on a grant basis to the Government of the Federated States of Micronesia the sum of $160,000 in conjunction with Section 321(a). This sum shall be made available concurrently with the grant assistance provided pursuant to this Article during the first year after the effective date of this Compact. The Government of the Federated States of Micronesia, in its use of such funds, shall take into account the impact of the activities of the Government of the United States in Yap State, Federated States of Micronesia.

Section 214

As a contribution to efforts aimed at achieving increased self-sufficiency in energy production, the Government of the United States shall provide on a current account grant basis for fourteen years commencing on the first anniversary of the effective date of this Compact the following amounts:

(a) To the Government of the Marshall Islands, $2 million annually; and

(b) To the Government of the Federated States of Micronesia, $3 million annually.

Section 215

(a) As a contribution to the current account operations and maintenance of communications systems, the Government of the United States shall provide on a grant basis for fifteen years commencing on the effective date of this Compact the following amounts:

(1) to the Government of the Marshall Islands, $300,000 annually; and

(2) to the Government of the Federated States of Micronesia, $600,000 annually.

(b) For the purpose of acquiring such communications hardware as may be located within the Marshall Islands and the Federated States of Micronesia or for such other current or capital account activity as may be selected, the Government of the United States shall provide, concurrently with the grant assistance provided pursuant to this Article during the first year after the effective date of this Compact, the sum of $9 million to be allocated as follows:

(1) to the Government of the Marshall Islands, $3 million; and

(2) to the Government of the Federated States of Micronesia, $6 million.

Section 216

(a) The Government of the United States shall provide on a current account basis an annual grant of $5.369 million for fifteen years commencing on the effective date of this Compact for the purposes set forth below:

(1) $890,000 annually for the surveillance and enforcement by the Governments of the Marshall Islands and the Federated States of Micronesia of their respective maritime zones;

(2) $1.791 million annually for health and medical programs, including referrals to hospital and treatment centers; and

(3) $2.687 million annually for a scholarship fund or funds to support the post-secondary education of citizens of the Marshall Islands and the Federated States of Micronesia attending United States accredited, post-secondary institutions in the United States, its territories and possessions, the Marshall Islands or the Federated States of Micronesia. The curricula criteria for the award of scholarships shall be designed to advance the purposes of the plans referred to in Section 211(b).

(b) The Government of the United States shall provide the sum of $1.333 million as a contribution to the commencement of activities pursuant to Section 216(a)(1).

(c) The annual grants referred to in Section 216(a) and the sum referred to in Section 216(b) shall be made available by the Government of the United States promptly after it receives instruction for their distribution agreed upon by the Governments of the Marshall Islands and the Federated States of Micronesia.

Section 217

Except as otherwise provided, the amounts stated in Sections 211, 212, 214, 215 and 231 shall be adjusted for each Fiscal Year by the percent which equals two-thirds of the percentage change in the United States Gross National Product Implicit Price Deflator, or seven percent, whichever is less in any one year, using the beginning of Fiscal Year 1981 as the base.

Section 218

If in any year the funds made available by the Government of the United States for that year pursuant to this Article or Section 231 are not completely obligated by the recipient Government, the unobligated balances shall remain available in addition to the funds to be provided in subsequent years.

Section 219

All funds previously appropriated to the Trust Territory of the Pacific Islands which are unobligated by the Government of the Trust Territory of the Pacific Islands as of the effective date of this Compact shall accrue to the Governments of the Marshall Islands and the Federated States of Micronesia for the purposes for which such funds were originally appropriated as determined by the Government of the United States.

Article II

Program Assistance

Section 221

(a) The Government of the United States shall make available to the Marshall Islands and the Federated States of Micronesia, in accordance with and to the extent provided in the separate agreements referred to in section 232, without compensation and at the levels equivalent to those available to the Trust Territory of the Pacific Islands during the year prior to the effective date of this Compact, the services and related programs:

(1) of the United States Weather Service;

(2) of the United States Federal Emergency Management Agency;

(3) provided pursuant to the Postal Reorganization Act, 39 U.S.C. 101 et seq.;

(4) of the United States Federal Aviation Administration; and

(5) of the United States Civil Aeronautics Board or its successor agencies which has the authority to implement the provisions of paragraph 5 of Article IX of such separate agreements, the language of which is incorporated into this Compact.

(b) The Government of the United States, recognizing the special needs of the Marshall Islands and the Federated States of Micronesia particularly in the fields of education and health care, shall make available, as provided by the laws of the United States, the annual amount of $10 million which shall be allocated in accordance with the provisions of the separate agreement referred to in Section 232.

(c) The Government of the United States shall make available to the Marshall Islands and the Federated States of Micronesia such alternate energy development projects, studies and conservation measures as are applicable to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact, for the purposes and duration provided in the laws of the United States.

(d) The Government of the United States shall have and exercise such authority as is necessary for the purposes of this Article and as is set forth in the separate agreements referred to in Section 232, which shall also set forth the extent to which services and programs shall be provided to the Marshall Islands and the Federated States of Micronesia.

Section 222

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia shall consult regularly or upon request regarding:

(a) The economic development of the Marshall Islands or the Federated States of Micronesia; or

(b) The services and programs referred to in this Article. These services and programs shall continue to be provided by the Government of the United States unless their modification is provided by mutual agreement or their termination in whole or in part is requested by any recipient Government.

Section 223

The citizens of the Marshall Islands and the Federated States of Micronesia who are receiving post-secondary educational assistance from the Government of the United States on the day preceding the effective date of this Compact shall continue to be eligible, if otherwise qualified, to receive such assistance to complete their academic programs for a maximum of four years after the effective date of this Compact.

Section 224

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia may agree from time to time to the extension of additional United States grant assistance, services and programs as provided by the Laws of the United States, to the Marshall Islands or the Federated States of Micronesia, respectively.

Section 225

The Governments of the Marshall Islands and the Federated States of Micronesia shall make available to the Government of the United States at no cost such land as may be necessary for the operations of the services

and programs provided pursuant to this Article, and such facilities as are provided by the Government of the Marshall Islands or the Federated States of Micronesia at no cost to the Government of the United States as of the effective date of this Compact or as may be mutually agreed thereafter.

Section 226

The Governments of the Marshall Islands and the Federated States of Micronesia may request, from time to time, technical assistance from the federal agencies and institutions of the Government of the United States, which are authorized to grant such technical assistance in accordance with its laws and which shall grant such technical assistance in a manner which gives priority consideration to the Marshall Islands and the Federated States of Micronesia over other recipients not a part of the United States, its territories or possessions. The Government of the United States shall coordinate the provision of such technical assistance in consultation with the respective recipient Government.

Section 227

In recognition of the special development needs of the Federated States of Micronesia, the Government of the United States shall make available United States military Civic Action Teams for use in the Federated States of Micronesia under terms and conditions specified in a separate agreement which shall come into effect simultaneously with this Compact.

Article III

Administrative Provisions

Section 231

Upon the thirteenth anniversary of the effective date of this Compact, the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia shall commence negotiations regarding those provisions of this Compact which expire on the fifteenth anniversary of its effective date. If these negotiations are not concluded by the fifteenth anniversary of the effective date of this Compact, the period of negotiations shall extend for not more than two additional years, during which time the provisions of this Compact including Title Three shall remain in full force and effect. During this additional period of negotiations, the Government of the United States shall continue its assistance to the Governments with which it is negotiating pursuant to this Section at a level which is the average of the annual amounts granted pursuant to Sections 211, 212, 213, 214, 215 and 216 during the first fifteen years of this Compact. The average annual amount paid pursuant to Sections 211, 212, 214 and 215 shall be adjusted pursuant to Section 217.

Section 232

The specific nature, extent and contractual arrangements of the services and programs provided for in Section 221 as well as the legal status of agencies of the Government of the United States, their civilian employees and contractors, and the dependents of such personnel while present in the Marshall Islands or the Federated States of Micronesia, and other arrangements in connection with a service or program furnished by the Government of the United States, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Section 233

The Government of the United States, in consultation with the Governments of the Marshall Islands and the Federated States of Micronesia, shall determine and implement procedures for the periodic audit of all grants and other assistance made under Article I of this Title and of all funds expended for the services and programs provided under Article II of this Title. Such audits shall be conducted on an annual basis during the first five years following the effective date of this Compact and shall be at no cost to the Government of the Marshall Islands or the Federated States of Micronesia.

Section 234

Title to the property of the Government of the United States situated in the Trust Territory of the Pacific Islands or acquired for or used by the Government of the Trust Territory of the Pacific Islands on or before the day preceding the effective date of this Compact shall, without reimbursement or transfer of funds, vest in the Government of the Marshall Islands and the Federated States of Micronesia as set forth in a separate agreement which shall come into effect simultaneously with this Compact. The provisions of this Section shall not apply to the property of the Government of the United States for which the Government of the United States determines a continuing requirement.

Section 235

(a) Funds held in trust by the High Commissioner of the Trust Territory of the Pacific Islands, in his official capacity, as of the effective date of this Compact shall remain available as trust funds to their designated beneficiaries. The Government of the United States, in consultation with the Government of the Marshall Islands or the Federated States of Micronesia, shall appoint a new trustee who shall exercise the functions formerly exercised by the High Commissioner of the Trust Territory of the Pacific Islands.

(b) To provide for the continuity of administration, and to assure the Governments of the Marshall Islands and the Federated States of Micronesia that the purposes of the laws of the United States are carried out and that the funds of any other trust fund in which the High Commissioner of the Trust Territory of the Pacific Islands has authority of a statutory or customary nature shall remain available as trust funds to their designated beneficiaries, the Government of the United States agrees to assume the authority formerly vested in the High Commissioner of the Trust Territory of the Pacific Islands.

Section 236

Except as otherwise provided, approval of this Compact by the Government of the United States shall constitute a pledge of the full faith and credit of the United States for the full payment of the sums and amounts specified in Articles I and III of this Title. The obligation of the United States under Articles I and III of this Title shall be enforceable in the United States Claims Court, or its successor court, which shall have jurisdiction in cases arising under this Section, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States.

Article IV

Trade

Section 241

The Marshall Islands and the Federated States of Micronesia are not included in the customs territory of the United States.

Section 242

For the purpose of assessing duties on their products imported into the customs territory of the United States, the Marshall Islands and the Federated States of Micronesia shall be treated as if they were insular possessions of the United States within the meaning of General Headnote 3(a) of the Tariff Schedules of the United States. The exceptions, valuation procedures and all other provisions of General Headnote 3(a) shall apply to any product deriving from the Marshall Islands or the Federated States of Micronesia.

Section 243

All products of the Marshall Islands or the Federated States of Micronesia imported into the customs territory of the United States which are not accorded the treatment set forth in Section 242 and all products of the United States imported into the Marshall Islands or the Federated States of Micronesia shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage or use.

Article V

Finance and Taxation

Section 251

The currency of the United States is the official circulating legal tender of the Marshall Islands and the Federated States of Micronesia. Should the Government of the Marshall Islands or the Federated States of Micronesia act to institute another currency, the terms of an appropriate currency transitional period shall be as agreed with the Government of the United States.

Section 252

The Government of the Marshall Islands or the Federated States of Micronesia may, with respect to United States persons, tax income derived from sources within its respective jurisdiction, property situated therein, including transfers of such property by gift or at death, and products consumed therein, in such manner as such Government deems appropriate. The determination of the source of any income, or the situs of any property, shall for purposes of this Compact be made according to the United States Internal Revenue Code.

Section 253

A citizen of the Marshall Islands or the Federated States of Micronesia, domiciled therein, shall be exempt from:

(a) Income taxes imposed by the Government of the United States upon fixed or determinable annual income; and

(b) Estate, gift, and generation-skipping transfer taxes imposed by the Government of the United States.

Section 254

(a) In determining any income tax imposed by the Government of the Marshall Islands or the Federated States of Micronesia, those Governments shall have authority to impose tax upon income derived by a resident of the Marshall Islands or the Federated States of Micronesia from sources without the Marshall Islands and the Federated States of Micronesia, in the same manner and to the same extent as those Governments impose tax upon income derived from within their respective jurisdictions. If the Government of the Marshall Islands or the Federated States of Micronesia exercises such authority as provided in this subsection, any individual resident of the Marshall Islands or the Federated States of Micronesia who is subject to tax by the Government of the United States on income which is also taxed by the Government of the Marshall Islands or the Federated States of Micronesia shall be relieved of liability to the Govern-

ment of the United States for the tax which, but for this subsection, would otherwise be imposed by the Government of the United States on such income. For purposes of this Section, the term "resident of the Marshall Islands or the Federated States of Micronesia" shall be deemed to include any person who was physically present in the Marshall Islands or the Federated States of Micronesia for a period of 183 or more days during any taxable year; provided, that as between the Government of the Marshall Islands and the Federated States of Micronesia, the authority to tax an individual resident of the Marshall Islands or the Federated States of Micronesia in respect of income from sources without the Marshall Islands and the Federated States of Micronesia as provided in this subsection may be exercised only by the Government in whose jurisdiction such individual was physically present for the greatest number of days during the taxable year.

(b) If the Government of the Marshall Islands or the Federated States of Micronesia subjects income to taxation substantially similar to that imposed by the Trust Territory Code in effect on January 1, 1980, such Government shall be deemed to have exercised the authority described in Section 254(a).

Section 255

Where not otherwise manifestly inconsistent with the intent of this Compact, provisions in the United States Internal Revenue Code that are applicable to possessions of the United States as of January 1, 1980 shall be treated as applying to the Marshall Islands and the Federated States of Micronesia. If such provisions of the Internal Revenue Code are amended, modified or repealed after that date, such provisions shall continue in effect as to the Marshall Islands and the Federated States of Micronesia for a period of two years during which time the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia shall negotiate an agreement which shall provide benefits substantially equivalent to those which obtained under such provisions.

TITLE THREE

SECURITY AND DEFENSE RELATIONS

Article I

Authority and Responsibility

Section 311

(a) The Government of the United States has full authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia.

(b) This authority and responsibility includes:

(1) the obligation to defend the Marshall Islands and the Federated States of Micronesia and their peoples from attack or threats thereof as the United States and its citizens are defended;

(2) the option to foreclose access to or use of the Marshall Islands and the Federated States of Micronesia by military personnel or for the military purposes of any third country; and

(3) the option to establish and use military areas and facilities in the Marshall Islands and the Federated States of Micronesia, subject to the terms of the separate agreements referred to in Sections 321 and 323.

(c) The Government of the United States confirms that it shall act in accordance with the principles of international law and the Charter of the United Nations in the exercise of this authority and responsibility.

Section 312

Subject to the terms of any agreements negotiated in accordance with Sections 321 and 323, the Government of the United States may conduct within the lands, waters and airspace of the Marshall Islands and the Federated States of Micronesia the activities and operations necessary for the exercise of its authority and responsibility under this Title.

Section 313

(a) The Governments of the Marshall Islands and the Federated States of Micronesia shall refrain from actions which the Government of the United States determines, after appropriate consultation with those Governments, to be incompatible with its authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia.

(b) The consultations referred to in this Section shall be conducted expeditiously at senior levels of the Governments concerned, and the subsequent determination by the Government of the United States referred to in this Section shall be made only at senior interagency levels of the Government of the United States.

(c) The Government of the Marshall Islands or the Federated States of Micronesia shall be afforded, on an expeditious basis, an opportunity to raise its concerns with the United States Secretary of State personally and the United States Secretary of Defense personally regarding any determination made in accordance with this Section.

Section 314

(a) Unless otherwise agreed, the Government of the United States shall not, in the Marshall Islands or the Federated States of Micronesia:

(1) test by detonation or dispose of any nuclear weapon, nor test, dispose of, or discharge any toxic chemical or biological weapon; or

(2) test, dispose of, or discharge any other radioactive, toxic chemical or biological materials in an amount or manner which would be hazardous to public health or safety.

(b) Unless otherwise agreed, other than for transit or over flight purposes or during time of a national emergency declared by the President of the United States, a state of war declared by the Congress of the United States or as necessary to defend against an actual or impending armed attack on the United States, the Marshall Islands or the Federated States of Micronesia, the Government of the United States shall not store in the Marshall Islands or the Federated States of Micronesia any toxic chemical weapon, nor any radioactive materials nor any toxic chemical materials intended for weapons use.

(c) Radioactive, toxic chemical, or biological materials not intended for weapons use shall not be affected by Section 314(b).

(d) No material or substance referred to in this Section shall be stored in the Marshall Islands or the Federated States of Micronesia except in an amount and manner which would not be hazardous to public health or safety. In determining what shall be an amount or manner which would be hazardous to public health or safety under this Section, the Government of the United States shall comply with any applicable mutual agreement, international guidelines accepted by the Government of the United States, and the laws of the United States and their implementing regulations.

(e) Any exercise of the exemption authority set forth in Section 161(e) shall have no effect on the obligations of the Government of the United States under this Section or on the application of this subsection.

(f) The provisions of this Section shall apply in the areas in which the Government of the Marshall Islands or the Federated States of Micronesia exercises jurisdiction over the living resources of the seabed, subsoil or water column adjacent to its coasts.

Section 315

The Government of the United States may invite members of the armed forces of other countries to use military areas and facilities in the Marshall Islands or the Federated States of Micronesia, in conjunction with and under the control of United States Armed Forces. Use by units of the armed forces of other countries of such military areas and facilities, other than for transit and overflight purposes, shall be subject to consultation with and, in the case of major units, approval by the Government of the Marshall Islands or the Federated States of Micronesia.

Section 316

The authority and responsibility of the Government of the United States under this Title may not be transferred or otherwise assigned.

Article II

Defense Facilities and Operating Rights

Section 321

(a) Specific arrangements for the establishment and use by the Government of the United States of military areas and facilities in the Marshall Islands or the Federated States of Micronesia are set forth in separate agreements which shall come into effect simultaneously with this Compact.

(b) If, in the exercise of its authority and responsibility under this Title, the Government of the United States requires the use of areas within the Marshall Islands or the Federated States of Micronesia in addition to those for which specific arrangements are concluded pursuant to Section 321(a), it may request the Government concerned to satisfy those requirements through leases or other arrangements. The Government of the Marshall Islands or the Federated States of Micronesia shall sympathetically consider any such request and shall establish suitable procedures to discuss it with and provide a prompt response to the Government of the United States.

(c) The Government of the United States recognizes and respects the scarcity and special importance of land in the Marshall Islands and the Federated States of Micronesia. In making any requests pursuant to Section 321(b), the Government of the United States shall follow the policy of requesting the minimum area necessary to accomplish the required security and defense purpose, of requesting only the minimum interest in real property necessary to support such purpose, and of requesting first to satisfy its requirement through public real property, where available, rather than through private real property.

Section 322

The Government of the United States shall provide and maintain fixed and floating aids to navigation in the Marshall Islands and the Federated States of Micronesia at least to the extent necessary for the exercise of its authority and responsibility under this Title.

Section 323

The military operating rights of the Government of the United States and the legal status and contractual arrangements of the United States Armed Forces, their members,

and associated civilians, while present in the Marshall Islands or the Federated States of Micronesia, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Article III

Defense Treaties and International Security Agreements

Section 331

Subject to the terms of this Compact and its related agreements, the Government of the United States, exclusively, shall assume and enjoy, as to the Marshall Islands and the Federated States of Micronesia, all obligations, responsibilities, rights and benefits of:

(a) Any defense treaty or other international security agreement applied by the Government of the United States as Administering Authority of the Trust Territory of the Pacific Islands as of the day preceding the effective date of this Compact; and

(b) Any defense treaty or other international security agreement to which the Government of the United States is or may become a party which it determines to be applicable in the Marshall Islands and the Federated States of Micronesia. Such a determination by the Government of the United States shall be preceded by appropriate consultation with the Government of the Marshall Islands or the Federated States of Micronesia.

Article IV

Service in Armed Forces of the United States

Section 341

Any person entitled to the privileges set forth in Section 141 shall be eligible to volunteer for service in the Armed Forces of the United States, but shall not be subject to involuntary induction into military service of the United States so long as such person does not establish habitual residence in the United States, its territories or possessions.

Section 342

The Government of the United States shall have enrolled, at any one time, at least two qualified students, one each from the Marshall Islands and the Federated States of Micronesia, as may be nominated by their respective Governments, in each of:

(a) The United States Coast Guard Academy pursuant to 14 U.S.C. 195; and

(b) The United States Merchant Marine Academy pursuant to 46 U.S.C. 1295b(b)(6), provided that the provisions of 46 U.S.C. 1295b(b)(6)(C) shall not apply to the enrollment of students pursuant to Section 342(b) of this Compact.

Article V

General Provisions

Section 351

(a) The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia shall establish two Joint Committees empowered to consider disputes under the implementation of this Title and its related agreements.

(b) The membership of each Joint Committee shall comprise selected senior officials of each of the two participating Governments. The senior United States military commander in the Pacific area shall be the senior United States member of each Joint Committee. For the meetings of each Joint Committee, each of the two participating Governments may designate additional or alternate representatives as appropriate for the subject matter under consideration.

(c) Unless otherwise mutually agreed, each Joint Committee shall meet semi-annually at a time and place to be designated, after appropriate consultation, by the Government of the United States. A Joint Committee also shall meet promptly upon request of either of its members. Upon notification by the Government of the United States, the Joint Committees so notified shall meet promptly in a combined session to consider matters within the jurisdiction of more than one Joint Committee. Each Joint Committee shall follow such procedures, including the establishment of functional subcommittees, as the members may from time to time agree.

(d) Unresolved issues in each Joint Committee shall be referred to the Governments concerned for resolution, and the Government of the Marshall Islands or the Federated States of Micronesia shall be afforded, on an expeditious basis, an opportunity to raise its concerns with the United States Secretary of Defense personally regarding any unresolved issue which threatens its continued association with the Government of the United States.

Section 352

In the exercise of its authority and responsibility under Title Three, the Government of the United States shall accord due respect to the authority and responsibility of the Governments of the Marshall Islands and the Federated States of Micronesia under Titles One, Two and Four and to their responsibility to assure the well-being of their peoples.

Section 353

(a) The Government of the United States shall not include any of the Governments of the Marshall Islands and the Federated States of Micronesia as named parties to a formal declaration of war, without their respective consent.

(b) Absent such consent, this Compact is without prejudice, on the ground of belligerence or the existence of a state of war, to any claims for damages which are advanced by the citizens, nationals or Government of the Marshall Islands or the Federated States of Micronesia, which arise out of armed conflict subsequent to the effective date of this Compact and which are:

(1) petitions to the Government of the United States for redress; or

(2) claims in any manner against the government, citizens, nationals or entities of any third country.

(c) Petitions under Section 353(b)(1) shall be treated as if they were made by citizens of the United States.

Section 354

(a) Notwithstanding any other provision of this Compact, the provisions of this Title are binding from the effective date of this Compact for a period of fifteen years between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia and thereafter as mutually agreed or in accordance with Section 231, unless earlier terminated by mutual agreement pursuant to Section 441, or amended pursuant to Article III of Title Four.

(b) The Government of the United States recognizes, in view of the special relationship between the Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia, and in view of the existence of separate agreements with each of them pursuant to Sections 321 and 323, that, even if this Title should terminate, any attack on the Marshall Islands or the Federated States of Micronesia during the period in which such separate agreements are in effect, would constitute a threat to the peace and security of the entire region and a danger to the United States. In the event of such an attack, the Government of the United States would take action to meet the danger to the United States and to the Marshall Islands and the Federated States of Micronesia in accordance with its constitutional processes.

TITLE FOUR

GENERAL PROVISIONS

Article I

Approval and Effective Date

Section 411

This Compact shall come into effect upon mutual agreement between the Government of the United States, acting in fulfillment of its responsibilities as Administering Authority of the Trust Territory of the Pacific Islands, and the Government of the Marshall Islands or the Federated States of Micronesia and subsequent to completion of the following:

(a) Approval by the Government of the Marshall Islands or the Federated States of Micronesia in accordance with its constitutional processes;

(b) Conduct of the plebiscite referred to in Section 412; and

(c) Approval by the Government of the United States in accordance with its constitutional processes.

Section 412

A plebiscite shall be conducted in each of the Marshall Islands and the Federated States of Micronesia for the free and voluntary choice by the peoples of the Trust Territory of the Pacific Islands of their future political status through informed and democratic processes. The Marshall Islands and the Federated States of Micronesia shall each be considered a voting jurisdiction, and the plebiscite shall be conducted under fair and equitable standards in each voting jurisdiction. The Administering Authority of the Trust Territory of the Pacific Islands, after consultation with the Governments of the Marshall Islands and the Federated States of Micronesia, shall fix the date on which the plebiscite shall be called in each voting jurisdiction. The plebiscite shall be called jointly by the Administering Authority of the Trust Territory of the Pacific Islands and the other Signatory Government concerned. The results of the plebiscite in each voting jurisdiction shall be determined by a majority of the valid ballots cast in that voting jurisdiction.

Article II

Conference and Dispute Resolution

Section 421

The Government of the United States shall confer promptly at the request of the Government of the Marshall Islands or the Federated States of Micronesia and any of those Governments shall confer promptly at the request of the Government of the United States on matters relating to the provisions of this Compact or of its related agreements.

Section 422

In the event the Government of the United States, or the Government of the Marshall Islands or the Federated States of Micronesia, after conferring pursuant to Section 421, determines that there is a dispute and gives written notice thereof, the Governments which are parties to the dispute shall make a good faith effort to resolve the dispute among themselves.

Section 423

If a dispute between the Government of the United States and the Government of the Marshall Islands or the Federated States of

Micronesia cannot be resolved within 90 days of written notification in the manner provided in Section 422, either party to the dispute may refer it to arbitration in accordance with Section 424.

Section 424

Should a dispute be referred to arbitration as provided for in Section 423, an Arbitration Board shall be established for the purpose of hearing the dispute and rendering a decision which shall be binding upon the two parties to the dispute unless the two parties mutually agree that the decision shall be advisory. Arbitration shall occur according to the following terms:

(a) An Arbitration Board shall consist of a Chairman and two other members, each of whom shall be a citizen of a party to the dispute. Each of the two Governments which is a party to the dispute shall appoint one member to the Arbitration Board. If either party to the dispute does not fulfill the appointment requirements of this Section within 30 days of referral of the dispute to arbitration pursuant to Section 423, its member on the Arbitration Board shall be selected from its own standing list by the other party to the dispute. Each Government shall maintain a standing list of 10 candidates. The parties to the dispute shall jointly appoint a Chairman within 15 days after selection of the other members of the Arbitration Board. Failing agreement on a Chairman, the Chairman shall be chosen by lot from the standing lists of the parties to the dispute within 5 days after such failure.

(b) The Arbitration Board shall have jurisdiction to hear and render its final determination on all disputes arising exclusively under Articles I, II, III, IV and V of Title One, Title Two, Title Four and their related agreements.

(c) Each member of the Arbitration Board shall have one vote. Each decision of the Arbitration Board shall be reached by majority vote.

(d) In determining any legal issue, the Arbitration Board may have reference to international law and, in such reference, shall apply as guidelines the provisions set forth in Article 38 of the Statute of the International Court of Justice.

(e) The Arbitration Board shall adopt such rules for its proceedings as it may deem appropriate and necessary, but such rules shall not contravene the provisions of this Compact. Unless the parties provide otherwise by mutual agreement, the Arbitration Board shall endeavor to render its decision within 30 days after the conclusion of arguments. The Arbitration Board shall make findings of fact and conclusions of law and its members may issue dissenting or individual opinions. Except as may be otherwise decided by the Arbitration Board, one-half of all costs of the arbitration shall be borne by the Government of the United States and the remainder shall be borne by the other party to the dispute.

Article III

Amendment

Section 431

The provisions of this Compact may be amended as to the Governments of the Marshall Islands and the Federated States of Micronesia and as to the Government of the United States at any time by mutual agreement.

Section 432

The provisions of this Compact may be amended as to any one of the Governments of the Marshall Islands or the Federated States of Micronesia and as to the Government of the United States at any time by mutual agreement. The effect of any amendment made pursuant to this Section shall be restricted to the relationship between the Governments agreeing to such amendment, but the other Governments signatory to this Compact shall be notified promptly by the Government of the United States of any such amendment.

Article IV

Termination

Section 441

This Compact may be terminated as to any one of the Governments of the Marshall Islands or the Federated States of Micronesia and as to the Government of the United States by mutual agreement and subject to Section 451.

Section 442

This Compact may be terminated by the Government of the United States as to the Government of the Marshall Islands or the Federated States of Micronesia subject to Section 452, such termination to be effective on the date specified in the notice of termination by the Government of the United States but not earlier than six months following delivery of such notice. The time specified in the notice of termination may be extended.

Section 443

This Compact shall be terminated, pursuant to their respective constitutional processes, by the Government of the Marshall Islands or the Federated States of Micronesia subject to Section 453 if the people represented by such Government vote in a plebiscite to terminate. Such Government shall notify the Government of the United States of its intention to call such a plebiscite which shall take place not earlier than three months after delivery of such notice. The plebiscite shall be administered by such Government in accordance with its constitutional and legislative processes, but the Government of the United States may send its own observers and invite observers from a mutually agreed party. If a majority of the valid ballots cast in the plebiscite favors termination, such Government shall, upon certification of the results of the plebiscite, give notice of termination to the Government of the United States, such termination to be effective on the date specified in such notice but not earlier than three months following the date of delivery of such notice. The time specified in the notice of termination may be extended.

Article V

Survivability

Section 451

Should termination occur pursuant to Section 441, economic assistance by the Government of the United States shall continue on mutually agreed terms.

Section 452

(a) Should termination occur pursuant to Section 442, the following provisions of this Compact shall remain in full force and effect until the fifteenth anniversary of the effective date of this Compact between the Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia and thereafter as mutually agreed:

(1) Article VI and Sections 172, 173, 176 and 177 of Title One;

(2) Article I and Section 233 of Title Two;

(3) Title Three; and

(4) Articles II, III, V and VI of Title Four.

(b) The Government of the United States shall also provide the Government as to which termination occurs pursuant to Section 442 with either the programs or services provided pursuant to Article II of Title Two at the time of termination, or their equivalent, as determined by the Government of the United States. Such assistance shall continue until the fifteenth anniversary of the effective date of this Compact, and thereafter as mutually agreed.

Section 453

(a) Should termination occur pursuant to Section 443, the following provisions of this Compact shall remain in full force and effect until the fifteenth anniversary of the effective date of this Compact between the Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia and thereafter as mutually agreed:

(1) Article VI and Sections 172, 173, 176 and 177 of Title One;

(2) Title Three; and

(3) Articles II, III, V and VI of Title Four.

(b) Upon receipt of notice of termination pursuant to Section 443, the Government of the United States and the Government so terminating shall promptly consult with regard to their future relationship. These consultations shall determine the level of economic assistance which the Government of the United States shall provide to the Government so terminating for the period ending on the fifteenth anniversary of the effective date of this Compact provided that the annual amounts specified in Sections 211, 212, 214, 215 and 216 shall continue without diminution. Such amounts, with the exception of those specified in Section 216, shall be adjusted according to the formula set forth in Section 217.

Section 454

Notwithstanding any other provision of this Compact:

(a) The Government of the United States reaffirms its continuing interest in promoting the long-term economic advancement and self-sufficiency of the peoples of the Marshall Islands and the Federated States of Micronesia; and

(b) The separate agreements referred to in Article II of Title Three shall remain in effect in accordance with their terms which shall also determine the duration of Section 213.

Article VI

Definition of Terms

Section 461

For the purpose of this Compact only and without prejudice to the views of the Government of the United States or the Government of the Marshall Islands or the Federated States of Micronesia as to the nature and extent of the jurisdiction under international law of any of them, the following terms shall have the following meanings:

(a) "Trust Territory of the Pacific Islands" means the area established in the Trusteeship Agreement consisting of the administrative districts of Kosrae, Yap, Ponape, the Marshall Islands and Truk as described in Title One, Trust Territory Code, Section 1, in force on Jaunary 1, 1979. This term does not include the area of Palau or the Northern Mariana Islands.

(b) "Trusteeship Agreement" means the agreement setting forth the terms of trusteeship for the Trust Territory of the Pacific Islands, approved by the Security Council of the United Nations April 2, 1947, and by the United States July 18, 1947, entered into force July 18, 1947, 61 Stat. 3301, T.I.A.S. 1665, 8 U.N.T.S. 189.

(c) "The Marshall Islands" and "the Federated States of Micronesia" are used in a geographic sense and include the land and

water areas to the outer limits of the territorial sea and the air space above such areas as now or hereafter recognized by the Government of the United States.

(d) "Government of the Marshall Islands" means the Government established and organized by the Constitution of the Marshall Islands including all the political subdivisions and entities comprising that Government.

"Government of the Federated States of Micronesia" means the Government established and organized by the Constitution of the Federated States of Micronesia including all the political subdivisions and entities comprising that Government.

(e) The following terms shall be defined consistent with the 1976 Edition of the Radio Regulations of the International Telecommunications Union (ISBN 92-61-0081-5) as follows:

(1) "Radio Communications" means telecommunication by means of radio waves.

(2) "Station" means one or more transmitters or receivers or a combination of transmitters and receivers, including the accessory equipment, necessary at one location for carrying on a radio communication service; each station shall be classified by the service in which it operates permanently or temporarily.

(3) "Broadcasting Service" means a radio communication service in which the transmissions are intended for direct reception by the general public, and which may include sound transmissions, television transmissions or other types of transmissions.

(4) "Broadcasting Station" means a station in the broadcasting service.

(f) "Frequency Assignment" means the same as 'Frequency Assignment' means in the 1976 Edition of the Radio Regulations of the International Telecommunications Union (ISBN 92-61-0081-5).

(g) "Habitual Residence" means a place of general abode or a principal, actual dwelling place of a continuing or lasting nature; provided, however, that this term shall not apply to the residence of any person who entered the United States for the purpose of full-time studies as long as such person maintains that status, or who has been physically present in the United States, the Marshall Islands, or the Federated States of Micronesia for less than one year, or who is a dependent of a resident representative, as described in Section 152.

(h) For the purposes of Article IV of Title One of this Compact:

(1) "Actual Residence" means physical presence in the Marshall Islands or the Federated States of Micronesia during eighty-five percent of the period of residency required by Section 141(a)(3); and

(2) "Certificate of Actual Residence" means a certificate issued to a naturalized citizen by the Government which has naturalized him stating that the citizen has complied with the actual residence requirement of Section 141(a)(3).

(i) "Military Areas and Facilities" means those areas and facilities in the Marshall Islands or the Federated States of Micronesia reserved or acquired by the Government of the Marshall Islands or the Federated States of Micronesia for use by the Government of the United States, as set forth in the separate agreements referred to in Section 321.

(j) "Capital Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, adjusted by Section 217, which are to be obligated for:

(1) the construction or major repair of capital infrastructure; or

(2) public and private sector projects identified in the official overall economic development plan.

(k) "Current Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, adjusted by Section 217, which are to be obligated for recurring operational activities including infrastructure maintenance as identified in the annual budget justifications submitted yearly to the Government of the United States.

(l) "Official Overall Economic Development Plan" means the documented program of annual development which identifies the specific policy and project activities necessary to achieve a specified set of economic goals and objectives during the period of free association, consistent with the economic assistance authority in Title Two. Such a document should include an analysis of population trends, manpower requirements, social needs, gross national product estimates, resource utilization, infrastructure needs and expenditures, and the specific private sector projects required to develop the local economy of the Marshall Islands or the Federated States of Micronesia. Project identification should include initial cost estimates, with project purposes related to specific development goals and objectives.

(m) "Tariff Schedules of the United States" means the Tariff Schedules of the United States as amended from time to time and as promulgated pursuant to United States law and includes the Tariff Schedules of the United States Annotated (TSUSA), as amended.

(n) "Vienna Convention on Diplomatic Relations" means the Vienna Convention on Diplomatic Relations, done April 18, 1961, 23 U.S.T. 3227, T.I.A.S. 7502, 500 U.N.T.S. 95.

Section 462

The Government of the United States and the Government of the Marshall Islands or the Federated States of Micronesia, as appropriate, shall conclude related agreements which shall come into effect and shall survive in accordance with their terms, as follows:

(a) Agreement Regarding the Provision of Telecommunication Services by the Government of the United States to the Marshall Islands and the Federated States of Micronesia Concluded Pursuant to Section 131 of the Compact of Free Association;

(b) Agreement Regarding the Operation of Telecommunication Services of the Government of the United States in the Marshall Islands and the Federated States of Micronesia Concluded Pursuant to Section 132 of the Compact of Free Association;

(c) Agreement on Extradition, Mutual Assistance in Law Enforcement Matters and Penal Sanctions Concluded Pursuant to Section 175 of the Compact of Free Association;

(d) Agreement Between the Government of the United States and the Government of the Marshall Islands for the Implementation of Section 177 of the Compact of Free Association;

(e) Federal Programs and Services Agreement Concluded Pursuant to Article II of Title Two and Section 232 of the Compact of Free Association;

(f) Agreement Concluded Pursuant to Section 234 of the Compact of Free Association;

(g) Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Marshall Islands Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association;

(h) Agreement Regarding the Military Use and Operating Rights of the Government of the United States in the Federated States of Micronesia Concluded Pursuant to Sections 227, 321 and 323 of the Compact of Free Association;

(i) Status of Forces Agreement Concluded Pursuant to Section 323 of the Compact of Free Association;

(j) Agreement Between the Government of the United States and the Government of the Federated States of Micronesia Regarding Friendship, Cooperation and Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association; and

(k) Agreement Between the Government of the United States and the Government of the Marshall Islands Regarding Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association.

Section 463

(a) Except as set forth in Section 463(b), any reference in this Compact to a provision of the United States Code or the Statutes at Large of the United States constitutes the incorporation of the language of such provision into this Compact, as such provision was in force on January 1, 1980.

(b) Any reference in Article VI of Title One and Sections 131, 174, 175, 178 and 342 to a provision of the United States Code or the Statutes at Large of the United States or to the Privacy Act, the Freedom of Information Act or the Administrative Procedure Act constitutes the incorporation of the language of such provision into this Compact as such provision is in force on the effective date of this Compact or as it may be amended thereafter on a non-discriminatory basis according to the constitutional processes of the United States.

Article VII

Concluding Provisions

Section 471

(a) The Government of the United States and the Governments of the Marshall Islands and the Federated States of Micronesia agree that they have full authority under their respective Constitutions to enter into this Compact and its related agreements and to fulfill all of their respective responsibilities in accordance with the terms of this Compact and its related agreements. The Governments pledge that they are so committed.

(b) Each of the Governments of the United States, the Marshall Islands and the Federated States of Micronesia shall take all necessary steps, of a general or particular character, to ensure, not later than the effective date of this Compact, the conformity of its laws, regulations and administrative procedures with the provisions of this Compact.

(c) Without prejudice to the effects of this Compact under international law, this Compact has the force and effect of a statute under the laws of the United States.

Section 472

This Compact may be accepted, by signature or otherwise, by the Government of the United States, the Government of the Marshall Islands, and the Government of the Federated States of Micronesia. Each Government accepting this Compact shall possess an original English language version.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Compact of Free Association which shall come into effect in accordance with its terms between the Government of the United States and each of the other Governments signatory to this Compact.

DONE AT HONOLULU, HAWAII, THIS 1ST DAY OF OCTOBER, ONE THOUSAND, NINE HUNDRED EIGHTY-TWO
FOR THE GOVERNMENT
OF
THE UNITED STATES OF AMERICA

AMBASSADOR FRED M. ZEDER, II
PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTIATIONS

DONE AT HONOLULU, HAWAII, THIS 1ST DAY OF OCTOBER, ONE THOUSAND, NINE HUNDRED EIGHTY-TWO
FOR THE GOVERNMENT
OF
THE FEDERATED STATES OF MICRONESIA

HONORABLE ANDON L. AMARAICH
CHAIRMAN, COMMISSION ON FUTURE
POLITICAL STATUS AND TRANSITION

DONE AT MAJURO, MARSHALL ISLANDS, THIS 25TH DAY
OF JUNE, ONE THOUSAND, NINE HUNDRED, EIGHTY-THREE
FOR THE GOVERNMENT
OF
THE UNITED STATES OF AMERICA

AMBASSADOR FRED M. ZEDER, II
PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTIATIONS
DONE AT MAJURO, MARSHALL ISLANDS, THIS 25TH DAY
OF JUNE, ONE THOUSAND, NINE HUNDRED EIGHTY-THREE
FOR THE GOVERNMENT
OF
THE MARSHALL ISLANDS

PRESIDENT AMATA KABUA
PRESIDENT OF THE REPUBLIC
OF THE MARSHALL ISLANDS

SEC. 2. (a) With respect to section 321 of the Compact of Free Association and its related agreements, the jurisdictional provisions set forth in subsection (b) of this section shall apply only to the citizens and nationals of the United States and aliens lawfully admitted to the United States for permanent residence who are in the Marshall Islands or the Federated States of Micronesia.

(b)(1) The defense sites of the United States established in the Marshall Islands or the Federated States of Micronesia in accordance with the Compact of Free Association and its related agreements are within the special maritime and territorial jurisdiction of the United States as set forth in section 7, title 18, United States Code.

(2) Any person referred to in subsection (a) of this section who within or upon such defense sites is guilty of any act or omission which, although not made punishable by any enactment of Congress, would be punishable if committed or omitted within the jurisdiction of the State of Hawaii by the laws thereof, in force at the time of such act or omission, shall be guilty of a like offense and subject to a like punishment.

(3) The United States District Court for the District of Hawaii shall have jurisdiction to try all criminal offenses against the United States, including the laws of the State of Hawaii made applicable to the defense sites in the Marshall Islands or the Federated States of Micronesia by virtue of paragraph (2) of this subsection, committed by any person referred to in subsection (a) of this section.

(4) The United States District Court for the District of Hawaii may appoint one or more magistrates for the defense sites in the Marshall Islands. Such Magistrates shall have the power and the status of Magistrates appointed pursuant to chapter 43, title 28, United States Code, provided, however that such Magistrates shall have the power to try persons accused of and sentence persons convicted of petty offenses, as defined in section 1(3), title 18, United States Code, including violations of regulations for the maintenance of peace, order, and health issued by the Commanding Officer on such defense sites, without being subject to the restrictions provided for in section 3401(b), title 18, United States Code.

SEC. 3. Upon the effective date of the Compact of Free Association, the laws of the United States generally applicable to the Trust Territory of the Pacific Islands shall continue to apply to the Republic of Palau and the Republic of Palau shall be eligible for such proportion of Federal assistance as it would otherwise have been eligible to receive under such laws prior to the effective date of the Compact, as provided in appropriation acts.

SEC. 4. (a) Mutual agreement by the Government of the United States as provided in the Compact which results in amendment, change, or termination of all or any part thereof, shall be effected only by Act of Congress and no unilateral action by the Government of the United States provided for in the Compact, and having such result, may be effected other than by Act of Congress.

(b) The provisions of subsection (a) shall apply to all actions of the Government of the United States under the Compact including, but not limited to, actions taken pursuant to sections 431, 432, 441 or 442 and shall also apply to any amendment, change, or termination in the Agreement between the Government of the United States and the Government of the Federated States of Micronesia Regarding Friendship, Cooperation and Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association referred to in section 462(j) of the Compact and the Agreement Between the Government of the United States and the Government of the Marshall Islands Regarding Mutual Security Concluded Pursuant to Sections 321 and 323 of the Compact of Free Association referred to in section 462(k) of the Compact and shall apply to the amendment, change, or termination of any agreement the terms of which are incorporated by reference into the Compact.

(c) The determination by the Government of the United States under section 219 of the Compact shall be as provided in appropriation acts.

SEC. 5. (a) The authorization provided by the Act of June 30, 1954 (68 Stat. 330) shall remain available after the effective date of the Compact with respect to the Federated States of Micronesia and the Republic of the Marshall Islands for the following purposes: (1) prior to October 1, 1986 for any purpose authorized by the Compact and (2) transition, including, but not limited to, completion of projects and fulfillment of commitments or obligations; termination of the Trust Territory Government and the operation of the High Court; health and education as a result of exceptional circumstances; ex gratia contributions to or for the populations of Bikini, Enewetak, Rongelap, and Utrik; and technical assistance and training in financial management, program administration, and maintenance of infrastructure.

(b) Technical assistance may be provided pursuant to section 226 of the Compact by Federal agencies and institutions of the Government of the United States to the extent such assistance may be provided to States, territories, or units of local government, or to the Trust Territory of the Pacific Islands prior to the effective date of the Compact.

(c) In addition to the programs and services set forth in section 221 and pursuant to section 224, the programs and services of the following agencies shall be made available as on the day prior to the effective date of the Compact:

(1) to the Federated States of Micronesia—

(A) Farmers Home Administration: Provided, That, in lieu of continuation of the program, the President may transfer to the Government of the Federated States of Micronesia, without cost, the portfolio of the Farmers Home Loan Administration applicable to the Federated States of Micronesia and provide such technical assistance in management of the portfolio as may be requested;

(B) Legal Services Corporation

(C) Public Health Service

(2) to the Republic of the Marshall Islands—

(A) Legal Services Corporation

(B) Public Health Service

(d) Upon the request of the government of the Federated States of Micronesia or the Republic of the Marshall Islands, pursuant to section 224 of the Compact the President may, by proclamation, continue any Federal program which has been extended to the Trust Territory of the Pacific Islands to such government for a transition period of not to exceed three years from the effective date of the Compact if he determines that such a temporary continuation of the program would assist the requesting government in its transition.

SEC. 6. (a) Appropriations made pursuant to the Compact of Free Association or any other provision of this joint resolution may be made only to the Secretary of the Interior who shall have authority over any program or activity provided to the Federated States of Micronesia or the Republic of the Marshall Islands by the United States pursuant to the Compact of Free Association or pursuant to any other authorization except for the provisions of sections 161(e), 313, and 351 of the Compact of Free Association and the authorization of the President to agree to an effective date contained in section 1 of this joint resolution. The resident representatives of the United States to the Federated States of Micronesia and to the Republic of the Marshall Islands pursuant to Article V of Title I of the Compact of Free Association shall be appointed by the Secretary of the Interior.

(b) All programs and services provided to the Federated States of Micronesia or the Republic of the Marshall Islands by Federal agencies may be provided only after consultation with, approval by, and under the supervision of the Secretary of the Interior, and the head of each Federal agency is directed to cooperate with the Secretary of the Interior and to make such personnel and services available as the Secretary of the Interior may request.

SEC. 7. (a) Sections 242 and 243 of the Compact shall be construed and applied as if they read as follows: "Section 242

"The President shall proclaim the following tariff treatment for articles imported from the Federated States of Micronesia or the Marshall Islands which shall apply during the period of effectiveness of this title:

"(1) Unless otherwise excluded, articles imported from the Federated States of Micronesia or the Marshall Islands, subject to the limitations imposed under sections 503(b) and 504(c) of title V of the Trade Act of 1974 (19 U.S.C. 2463(b); 2464(c)), shall be exempt from duty.

"(2) The duty-free treatment provided under paragraph (1) shall not apply to—

"(A) watches, clocks, and timing apparatus provided for in subpart E of part 2 of schedule 7 of the Tariff Schedules of the United States;

"(B) buttons (whether finished or not finished) provided for in item 745.32 of such schedules;

"(C) textile and apparel articles which are subject to textile agreements; and

"(D) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of chapter V of the Trade Act of 1974 (19 U.S.C. 2461, et seqq.) on April 1, 1984.

"(3) If the cost or value of materials produced in the customs territory of the United States is included with respect to an eligible article which is a product of the Federated States of Micronesia or the Marshall Islands, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered that is attributable to such United States cost or value may be applied for duty assessment purposes toward determining the percentage referred to in section 503(b)(2) of title V of the Trade Act of 1974.

"Section 243

"Articles imported from the Federated States of Micronesia or the Marshall Islands which are not exempt from duty under paragraphs (1), (2), and (3) of section 242 shall be subject to the rates of duty set forth in column numbered 1 of the Tariff Schedules of the United States and all products of the United States imported into the Federated States of Micronesia or the Marshall Islands shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage, or use.".

(b)(1) Subsection (a) of section 253 of the Compact shall not apply.

(2) Subsection (b) of section 253 of the Compact shall apply only to individuals who are nonresidents and not citizens of the United States.

(c) The relief from liability referred to in the second sentence of section 254(a) of the Compact means only—

(1) relief in the form of the foreign tax credit (or deduction in lieu thereof) available with respect to the income taxes of a possession of the United States, and

(2) relief in the form of the exclusion under section 911 of the Internal Revenue Code of 1954.

(d) Section 255 of the Compact shall be construed and applied as if it read as follows:

"Section 255

"(a) EXTENSION OF SECTION 936 TO THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA.—For purposes of section 936 of the Internal Revenue Code of 1954, the Marshall Islands and the Federated States of Micronesia shall be treated as if they were possessions of the United States.

"(b) EXCHANGE OF INFORMATION.—Subsection (a) shall not apply to the Marshall Islands and Federated States of Micronesia (as the case may be) for any period after December 31, 1986, during which there is not in effect between the appropriate government and the United States an exchange of information agreement of the kind described in section 274(h)(6)(C) (other than clause (ii) thereof) of the Internal Revenue Code of 1954.

"(c) PROCEDURE IF SECTION 936 INCENTIVES REDUCED.—If the tax incentives extended to the Marshall Islands and the Federated States of Micronesia under subsection (a) are, at any time during which the Compact is in effect, reduced, the Secretary of the Treasury shall negotiate an agreement with the Marshall Islands and the Federated States of Micronesia under which, when such agreement is approved by law, they will be provided with benefits substantially equivalent to such reduction in benefits. If, within the 1-year period after the date of the enactment of the Act making the reduction in benefits, an agreement negotiated under the preceding sentence is not approved by law, the matter shall be submitted to the Arbitration Board established pursuant to section 424 of the Compact. For purposes of article V of title two of the Compact, the Secretary of the Treasury or his delegate shall be the member of such Board representing the Government of the United States. Any decision of such Board in the matter when approved by law shall be binding on the United States, except that such decision rendered is binding only as to whether the United States has provided the substantially equivalent benefits referred to in this subsection.

"(d) THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA TREATED AS NORTH AMERICAN AREA.—For purposes of section 274(h)(3)(A) of the Internal Revenue Code of 1954, the term 'North American area' shall include the Marshall Islands and the Federated States of Micronesia.".

(e) Nothing in any provision of this joint resolution (other than this section) which is inconsistent with any provision of this section shall have any force or effect.

(f) This section shall apply to income earned, and transactions occurring, after September 30, 1985, in taxable years ending after such date.

(g) The Secretary of the Treasury or his delegate—

(1) shall conduct a study of the effects of the tax provisions of the Compact (as clarified by the foregoing provisions of this section), and

(2) shall report the results of such study before October 1, 1987, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

SEC. 8. (a) In addition to the programs and services set forth in section 221, of the Compact, and pursuant to Section 224, the programs and services of the following agencies shall be made available to the Federated States of Micronesia and the Republic of the Marshall Islands and, upon approval of a Compact for the Republic of Palau, the Republic of Palau: Federal Deposit Insurance Corporation, Small Business Administration, Economic Development Administration, and the programs and services of the Department of Commerce relating to tourism and marine resource development.

(b) In order to further the close economic commercial relations between the United States and the Freely Associated States, and to encourage the presence of the United States private sector in the Freely Associated States, there are hereby created three Investment Development Loan Funds: one for the Federated States of Micronesia, one for the Republic of the Marshall Islands, and, upon approval of a Compact for the Republic of Palau, one for the Republic of Palau.

For the Federated States of Micronesia, there is hereby authorized to be appropriated $30 million with an additional $15 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the Fund to be conducted by the Secretary of the Interior in consultation with the appropriate officials of the Federated States of Micronesia.

For the Republic of the Marshall Islands, there is hereby authorized to be appropriated $15 million with an additional $7.5 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the funds to be conducted by the Secretary of the Interior in consultation with the appropriate officials of the Republic of the Marshall Islands.

For the Republic of Palau, there is hereby authorized to be appropriated $15 million with an additional $7.5 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the Fund to be conducted by the Secretary of the Interior in consultation with the appropriate officials of Palau.

To provide policy guidance for the Fund, there is hereby authorized to be established a Board of Advisors, pursuant to agreement between the United States and the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau respectively.

TITLE II.—COMPACT OF FREE ASSOCIATION WITH PALAU

SEC. 201. APPROVAL OF THE COMPACT.

(a)(1) Subject of paragraph (2) of this subsection Congress expresses its approval of the Compact of Free Association Between the Government of the United States of America and the Government of the Republic of Palau, (hereafter in this section referred to as the "Compact"), the text of which is set forth in Section 202.

(2) The Compact shall take effect only upon—

(A) a certification by the President to the Congress no later than March 31, 1986 that the Republic of Palau has approved the Compact in accordance with section 411 of the Compact and that the President has determined that the United States will be able to carry out fully its rights and responsibilities under Title III of the Compact and the subsidiary agreements thereto; and

(B) enactment by the Congress of a joint resolution approving such certification and providing for implementation of the Compact.

(b) Sections 2, 4, 5(a), 5(b), 5(c)(1), 5(d), 6, 7, and 8 of title I of this joint resolution shall apply to the Compact, except that any reference in such sections—

(1) to the Compact shall be treated as referring to the Compact set forth in section 202, and

(2) to the Federal States of Micronesia or the Marshall Islands shall be treated as referring to the Republic of Palau.

SEC. 202. The text of the Compact is as follows:

COMPACT OF FREE ASSOCIATION

PREAMBLE

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PALAU

Affirming that their Governments and the relationship between their Governments are

founded upon respect for human rights and fundamental freedoms for all; and

Affirming the common interest of the United States of America and the people of Palau in creating close and mutually beneficial relationships through a free and voluntary association of their Governments; and

Affirming the interest of the Government of the United States in promoting the economic advancement and self-sufficiency of the people of Palau; and

Recognizing that their previous relationship has been based upon the International Trusteeship System of the United Nations Charter; and that pursuant to Article 76 of the Charter, the people of Palau have progressively developed their institutions of self-government, and that in the exercise of their sovereign right to self-determination they have, through their freely-expressed wishes, adopted a Constitution appropriated to their particular circumstances; and

Recognizing that the people of Palau have and retain their sovereignty and their sovereign right to self-determination and the inherent right to adopt and amend their own Constitution and form of government and that the approval of the entry of their Government into this Compact of Free Association by the people of Palau constitutes an exercise of their sovereign right to self-determination;

NOW, THEREFORE, AGREE to enter into a relationship of free association which provides a full measure of self-government for the people of Palau; and

FURTHER AGREE that the relationship of free association derives from and is as set forth in this Compact; and that, during such relationships of free association, the respective rights and responsibilities of the Government of the United States and the Government of the freely associated state of Palau in regard to this relationship of free association derives from and is as set forth in this Compact.

TITLE ONE
GOVERNMENT RELATIONS

Article I
Self-Government

Section 111

The people of Palau, acting through their duly elected government established under their constitution, are self- governing.

Article II
Foreign Affairs

Section 121

The Republic of Palau has the capacity to conduct foreign affairs in its own name and right, except as otherwise provided in this Compact.

Section 122

The Government of the United States shall support application by the Government of Palau for membership or other participation in regional or international organizations as may be mutually agreed. The Government of the United States agrees to accept citizens of Palau for training and instruction at the United States Foreign Service Institute, established under 22 U.S.C. 4021, or similar training under terms and conditions to be mutually agreed.

Section 123

In recognition of the authority and responsibility of the Government of the United States under Title Three, the Government of Palau shall consult with the Government of the United States. The Government of the United States in the conduct of its foreign affairs, shall consult with the Government of Palau on matters which the Government of the United States regards as relating to or affecting the Government of Palau.

Section 124

(a) The Government of Palau has authority to conduct its foreign affairs relating to law of the sea and marine resources matters, including the harvesting, conservation, exploration or exploitation of living and nonliving resources from the sea, seabed or subsoil to the full extent recognized under international law.

(b) The Government of Palau has jurisdiction and sovereignty over its territory, including its land and internal waters, territorial seas, the airspace superjacent thereto only to the extent recognized under international law.

Section 125

Except as otherwise provided in this Compact or its related agreements, all obligations, responsibilities, rights and benefits of the Government of the United States as administering authority which have resulted from the application pursuant to the Trusteeship Agreement or any treaty or other international agreement to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact are no longer assumed and enjoyed by the Government of the United States.

Section 126

The Government of the United States shall accept responsibility for those actions taken by the Government of Palau in the area of foreign affairs, only as may from time to time be expressly and mutually agreed.

Section 127

The Government of the United States may assist or act on behalf of the Government of Palau in the area of foreign affairs as may be requested and mutually agreed from time to time. The Government of the United States shall not be responsible to third parties for the actions of the Government of Palau undertaken with the assistance or through the agency of the Government of the United States pursuant to this Section unless expressly agreed.

Article III
Communications

Section 131

The Government of Palau has full authority and responsibility to regulate its domestic and foreign communications, and the Government of the United States shall provide communications assistance in accordance with the terms of a separate agreement which shall come into effect simultaneously with this Compact. The United States Federal Communications Commission has jurisdiction, pursuant to the Communications Act of 1934, 47 U.S.C. 151 et seq., and the Communications Satellite Act of 1962, 47 U.S.C. 721 et seq., over all domestic and foreign communications services furnished by means of satellite earth terminal stations where such stations are owned or operated by the United States common carriers and are located in Palau.

Section 132

The Government of Palau shall permit the Government of the United States to operate telecommunications services in Palau to the extent necessary to fulfill the obligations of the Government of the United States under this Compact in accordance with the terms of separate agreements which shall come into effect simultaneously with this Compact.

Article IV
Immigration

Section 141

(a) Any person in the following categories may enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories and possessions without regard to paragraphs (14), (20), and (26) of section 212(a) of the Immigration and Nationality Act, 8 U.S.C. 1182(a)(14), (20), and (26):

(1) a person who, on the day preceding the effective date of this Compact, is a citizen of the Trust Territory of the Pacific Islands, as defined in Title 53 of the Trust Territory Code in force on January 1, 1979, and has become a citizen of Palau;

(2) a person who acquires the citizenship of Palau, at birth, on or after the effective date of the respective Constitution; or

(3) a naturalized citizen of Palau, who has been an actual resident there for not less than five years after attaining such naturalization and who holds a certificate of actual residence.

Such persons shall be considered to have the permission of the Attorney General of the United States to accept employment in the United States.

(b) The right of such persons to establish a habitual residence in a territory or possession of the United States may, however, be subjected to non-discriminatory limitations provided for:

(1) in statutes or regulations of the United States; or

(2) in those statutes or regulations of the territory or possession concerned which are authorized by the laws of the United States.

(c) Section 141(a) does not confer on a citizen of Palau, the right to establish the residence necessary for naturalization under the Immigration and Nationality Act, or to petition for benefits for alien relatives under that Act. Section 141(a), however, shall not prevent a citizen of Palau, from otherwise acquiring such rights or lawful permanent resident alien status in the United States.

Section 142

(a) Any citizen or national of the United States may enter into, lawfully engage in occupations, and reside in Palau, subject to the right of that Government to deny entry to or deport any such citizen or national as an undesirable alien. A citizen or national of the United States may establish habitual residence or domicile in Palau only in accordance with the laws of Palau.

(b) With respect to the subject matter of this Section, the Government of Palau shall accord to citizens and nationals of the United States treatment no less favorable than that accorded to citizens of other countries; any denial of entry to or deportation of a citizen or national of the United States as an undesirable alien must be pursuant to reasonable statutory grounds.

Section 143

(a) The privileges set forth in Sections 141 and 142 shall not apply to any person who takes an affirmative step to preserve or acquire a citizenship or nationality other than that of Palau.

(b) Every person having the privileges set forth in Sections 141 and 142 who possesses a citizenship or nationality other than that of Palau or the United States ceases to have these privileges two years after the effective date of this Compact, or within six months after becoming 21 years of age, whichever comes later, unless such person executes an oath of renunciation of that other citizenship or nationality.

Section 144

(a) A citizen or national of the United States who, after notification to the Govern-

ment of the United States of an intention to employ such person by the Government of Palau, commences employment with that Government shall not be deprived of his United States nationality pursuant to section 349(a)(2) and (a)(4) of the Immigration and Nationality Act, 8 U.S.C. 1481(a)(2) and (a)(4).

(b) Upon such notification by the Government of Palau, the Government of the United States may consult with or provide information to the notifying Government concerning the prospective employee, subject to the provisions of the Privacy Act, 5 U.S.C. 552a.

(c) The requirement of prior notification shall not apply to those citizens or nationals of the United States who are employed by the Government of Palau on the effective date of this Compact with respect to the positions held by them at that time.

Article V

Representation

Section 151

The Government of the United States and the Government of Palau may establish and maintain representative offices in the capitals of the other.

Section 152

(a) The premises of such representative offices, and their archives wherever located, shall be inviolable. The property and assets of such representative offices shall be immune from search, requisition, attachment and any form of seizure unless such immunity is expressly waived. Official communications in transit shall be inviolable and accorded the freedom and protections accorded by recognized principles of international law to official communications of a diplomatic mission.

(b) Persons designated by the sending Government may serve in the capacity of its resident representatives with the consent of the receiving Government. Such designated persons shall be immune from civil and criminal process relating to words spoken or written and all acts performed by them in their official capacity and falling within their functions as such representatives, except insofar as such immunity may be expressly waived by the sending Government. While serving in a resident representative capacity, such designated persons shall not be liable to arrest or detention pending trial, except in the case of a grave crime and pursuant to a decision by a competent judicial authority, and such persons shall enjoy immunity from seizure of personal property, immigration restrictions, and laws relating to alien registration, fingerprinting, and the registration of foreign agents.

(c) The sending Governments and their respective assets, income and other property shall be exempt from all direct taxes, except those direct taxes representing payment for specific goods and services, and shall be exempt from all customs duties and restrictions on the import or export of articles required for the official functions and personal use of their representatives and representative offices.

(d) Persons designated by the sending Government to serve in the capacity of its resident representatives shall enjoy the same taxation exemptions as are set forth in Article 34 of the Vienna Convention on Diplomatic Relations.

(e) The privileges, exemptions and immunities accorded under this Section are not for the personal benefit of the individuals concerned but are to safeguard the independent exercise of their official functions. Without prejudice to those privileges, exemptions and immunities, it is the duty of all such persons to respect the laws and regulations of the Government to which they are assigned.

Article VI

Environmental Protection

Section 161

The Government of the United States and the Government of Palau declare that it is their policy to promote efforts to prevent or eliminate damage to the environment and biosphere and to enrich understanding of the natural resources of Palau.

Section 162

The Government of the United States and the Government of Palau agree that with respect to the activities of the Government of the United States in Palau, and with respect to substantively equivalent activities of the Government of Palau, each of the Governments shall be bound by such environmental protection standards as may be mutually agreed for the purpose of carrying out the policy set forth in this Compact.

Article VII

General Legal Provisions

Section 171

Except as provided in this Compact or its related agreements, the application of the laws of the United States to the Trust Territory of the Pacific Islands by virtue of the Trusteeship Agreement ceases with respect to Palau as of the effective date of this Compact.

Section 172

(a) Every citizen of Palau who is not a resident of the United States shall enjoy the rights and remedies under the laws of the United States enjoyed by any non-resident alien.

(b) The Government and every citizen of Palau shall be considered a "person" within the meaning of the freedom of Information Act, 5 U.S.C. 552, and of the judicial review provisions of the Administrative Procedure Act, 5 U.S.C. 701-706.

Section 173

The Government of the United States and the Government of Palau, agree to adopt and enforce such measures, consistent with this Compact and its related agreements, as may be necessary to protect the personnel, property, installations, services, programs and official archives and documents maintained by the Government of the United States in Palau pursuant to this Compact and its related agreements and by that Government in the United States pursuant to this Compact and its related agreements.

Section 174

Except as otherwise provided in this Compact and its related agreements:

(a) The Government of Palau shall be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall be immune from the jurisdiction of the courts of Palau.

(b) The Government of the United States accepts responsibility for and shall pay:

(1) any unpaid money judgment rendered by the High Court of the Trust Territory of the Pacific Islands against the Government of the Trust Territory of the Pacific Islands or the Government of the United States with regard to any cause of action arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact;

(2) any claim settled by the claimant and the Government of the Trust Territory of the Pacific Islands but not paid as of the effective date of this Compact; and

(3) settlement of any administrative claim or of any action before a court of the Trust Territory of the Pacific Islands, pending as of the effective date of this Compact, against the Government of the Trust Territory of the Pacific Islands or the Government of the United States, arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States.

(c) Any claim not referred to in Section 174(b) and arising from an act or omission of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact shall be adjudicated in the same manner as a claim adjudicated according to Section 174(d). In any claim against the Government of the Trust Territory of the Pacific Islands, the Government of the United States shall stand in the place of the Government of the Trust Territory of the Pacific Islands. A judgment on any claim referred to in Section 174(b) or this subsection, not otherwise satisfied by the Government of the United States, may be presented for certification to the United States Court of Appeals for the Federal Circuit, or its successor court, which shall have jurisdiction therefor, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States. The United States Court of Appeals for the Federal Circuit shall certify such judgment, and order payment thereof, unless it finds, after a hearing, that such judgment is manifestly erroneous as to law or fact, or manifestly excessive. In either of such cases the United States Court of Appeals for the Federal Circuit shall have jurisdiction to modify such judgment.

(d) The Government of Palau, shall not be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall not be immune from the jurisdiction of the courts of Palau in any case in which the action is based on a commercial activity of the defendant Government where the action is brought, or in a case in which damages are sought for personal injury or death or damage to or loss of property occurring where the action is brought.

Section 175

A separate agreement, which shall come into effect simultaneously with this Compact, shall be concluded between the Government of the United States and the Government of Palau regarding mutual assistance and cooperation in law enforcement matters including the pursuit, capture, imprisonment and extradition of fugitives from justice and the transfer of prisoners. The separate agreement shall have the force of law. In the United States, the laws of the United States governing international extradition, including 18 U.S.C. 3184, 3186 and 3188-3195, shall be applicable to the extradition of fugitives under the separate agreement, and the laws of the United States governing the transfer of prisoners, including 18 U.S.C. 4100-4115, shall be applicable to the transfer of prisoners under the separate agreement.

Section 176

The Government of Palau confirms that final judgments in civil cases rendered by any court of the Trust Territory of the Pacific Islands shall continue in full force and effect, subject to the constitutional power of the courts of Palau to grant relief from judgments in appropriate cases.

Section 177

(a) Federal agencies of the Government of the United States which provide services and related programs in Palau are authorized to settle and pay tort claims arising in Palau from the activities of such agencies or from the acts or omissions of the employees of such agencies. Except as provided in Section 177(b), the provisions of 28 U.S.C. 2672 and 31 U.S.C. 1304 shall apply exclusively to such administrative settlements and payments.

(b) Claims under Section 177(a) which cannot be settled under Section 177(a) shall be disposed of exclusively in accordance with Article II of Title Four. Arbitration awards rendered pursuant to this subsection shall be paid out of funds under 31 U.S.C. 1304.

(c) The Government of the United States and the Government of Palau shall provide for:

(1) the administrative settlement of claims referred to in Section 177(a), including designation of local agents in Palau such agents to be empowered to accept, investigate and settle such claims, in a timely manner, as provided in such separate agreements; and

(2) arbitration, referred to in Section 177(b), in a timely manner, at a site convenient to the claimant, in the event a claim is not otherwise settled pursuant to Section 177(a).

(d) The provisions of Section 174(d) shall not apply to claims covered by this Section.

TITLE TWO

ECONOMIC RELATIONS

Article I

Grant Assistance

Section 211

In order to assist the Government of Palau in its efforts to advance the well-being of the people of Palau and in recognition of the special relationship that exists between the United States and Palau, the Government of the United States shall provide to the Government of Palau on a grant basis the following amounts:

(a) $12 million annually for ten years commencing on the effective date of this Compact, and $11 million annually for five years commencing on the tenth anniversary of the effective date of this Compact, for current account operations and maintenance purposes, which amounts include a minimum annual distribution of $5 million from the fund specified in Section 211(f).

(b) $2 million annually for fourteen years commencing on the first anniversary of the effective date of this Compact as a contribution to efforts aimed at achieving increased self-sufficiency in energy production.

(c) $150,000 annually for fifteen years commencing on the effective date of this Compact as a contribution to current account operations and maintenance of communications systems, and the sum of $1.5 million, to be made available concurrently with the grant assistance provided during the first year after the effective date of this Compact, for the purpose of acquiring such communications hardware as may be located within Palau or for such other current or capital account activity as the Government of Palau may select.

(d) $631,000 annually on a current account basis for fifteen years commencing on the effective date of this Compact for the purposes set forth below:

(1) $109,600 annually for the surveillance and enforcement by the Government of Palau of its maritime zone;

(2) $208,600 annually for health and medical programs, including referrals to hospital and treatment centers; and

(3) $312,900 annually for a scholarship fund to support the post-secondary education of citizens of Palau attending United States accredited, post-secondary institutions in Palau, the United States, its territories and possessions, and states in free association with the United States. The curriculum criteria for the award of scholarships shall be designed to advance the purposes of the plan referred to in Section 231.

(e) The sum of $666,800 as a contribution to the commencement of activities pursuant to Section 211(d)(1).

(f) The sum of $60 million on the effective date of this Compact to create a fund to be invested by the Government of Palau in issues of bonds, notes or other redeemable instruments of the Government of the United States or other qualified instruments which may be identified by mutual agreement of the Government of the United States and the Government of Palau. The Government of the United States and the Government of Palau shall set forth in a separate agreement, which shall come into effect simultaneously with this Compact, provisions for the investment and management of the fund so as to allow for an agreed minimum annual distribution from its accrued principal and interest commencing upon the effective date of this Compact for fifty years. The objective of this sum is to produce an average annual distribution of $15 million commencing on the fifteenth anniversary of this Compact for thirty-five years. Any excess or variance from the agreed minimum annual distributions which may be produced from this sum shall accrue to or be absorbed by the Government of Palau and such distributions are not subject to Section 215 and 236.

Section 212

In order to assist the Government of Palau in its efforts to advance the economic development and self-sufficiency of the people of Palau and in recognition of the special relationship that exists between the United States and Palau, the Government of the United States shall provide:

(a) To the people of Palau, a road system on the island of Babelthuap in accordance with mutually agreed specification, the construction of which shall be completed prior to the sixth anniversary of the effective date of this Compact; and

(b) To the Government of Palau, the sum of $36 million, during the first year after the effective date of this Compact, for capital account purposes.

Section 213

The Government of the United States shall provide on a grant basis to the Government of Palau the sum of $5.5 million in conjunction with Article II of Title Three. This sum shall be made available concurrently with the grant assistance provided pursuant to this Article during the first year after the effective date of this Compact. The Government of Palau, in its use of such funds, shall take into account the impact of the activities of the Government of the United States in Palau.

Section 214

All funds previously appropriated to the Trust Territory of the Pacific Islands for the Government of Palau which are unobligated by the Government of the Trust Territory as of the effective date of this Compact shall accrue to the Government of Palau for the purposes for which such funds were originally appropriated as determined by the Government of the United States.

Section 215

Except as otherwise provided, the amounts stated in Sections 211(a), 211(b), 211(c) and 212(b) shall be adjusted for each fiscal year by the percent which equals two-thirds of the percentage change in the United States Gross National Product Implicit Price Deflator, or seven percent, whichever is less in any one year, using the beginning of Fiscal Year 1981 as the base.

Article II

Program Assistance

Section 221

(a) The Government of the United States shall make available to Palau, in accordance with and to the extent provided in the separate agreement referred to in Section 232, without compensation and at the levels equivalent to those available to the Trust Territory of the Pacific Islands during the year prior to the effective date of this Compact, the services and related programs:

(1) of the United States Weather Service;

(2) of the United States Federal Emergency Management Agency;

(3) provided pursuant to the Postal Reorganization Act, 39 U.S.C. 101 et seq.;

(4) of the United States Federal Aviation Administration; and

(5) of the United States Civil Aeronautics Board or its successor agencies which has the authority to implement the provisions of paragraph 5 of Article IX of such separate agreements, the language of which is incorporated into this Compact.

(b) The Government of the United States, recognizing the special needs of Palau particularly in the fields of education and health care, shall make available, as provided by the laws of the United States, the annual amount of $2 million which shall be allocated in accordance with the provisions of the separate agreement referred to in Section 232.

(c) The Government of the United States shall make available to Palau such alternate energy development projects, studies and conservation measures as are applicable to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact, for the purposes and duration provided in the laws of the United States.

(d) The Government of the United States shall have and exercise such authority as is necessary for the purposes of this Article and as is set forth in the separate agreements referred to in Section 232, which shall also set forth the extent to which services and programs shall be provided to Palau.

Section 222

The Government of Palau may request, from time to time, technical assistance from the Federal agencies and institutions of the Government of the United States, which are authorized to grant such technical assistance in accordance with its laws and which shall grant such technical assistance in a manner which gives priority consideration to Palau over other recipients not a part of the United States, its territories or possessions and equivalent consideration to Palau with respect to other states in Free Association with the United States.

Section 223

The citizens of Palau who are receiving post-secondary education assistance from the Government of the United States on the day preceding the effective date of this Compact shall continue to be eligible, if otherwise qualified, to receive such assistance to complete their academic programs for a maximum of four years after the effective date of this Compact.

Section 224

The Government of the United States and the Government of Palau may agree from time to time to the extension to Palau of additional United States grant assistance and of United States services and programs as provided by the laws of the United States.

Article III

Administrative Provisions

Section 231

(a) The annual expenditure by the Government of Palau of the grant amounts specified in Article I of this Title shall be in accordance with an official national development plan promulgated by the Government of Palau and concurred in by the Government of the United States prior to the effective date of this Compact. This plan may be amended from time to time by the Government of Palau

(b) The Government of Palau shall report annually to the President of the United States and to the Congress of the United States on the implementation of the plan and the use of the funds specified in Article I of this Title.

Section 232

The specific nature, extent and contractual arrangements of the services and programs provided for in section 221 as well as the legal status of agencies of the Government of the United States, their civilian employees and contractors, and the dependents of such personnel while present in Palau, and other arrangements in connection with a service of program furnished by the Government of the United States, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Section 233

The Government of the United States, in consultation with the Government of Palau, shall determine and implement procedures for the periodic audit of all grants and other assistance made under this Title. Such audits shall be conducted at no cost to the Government of Palau.

Section 234

Title to the property of the Government of the United States situated in the Trust Territory of the Pacific Islands and in Palau or acquired for or used by the Government of the Trust Territory of the Pacific Islands on or before the day preceding the effective date of this Compact shall, without reimbursement or transfer of funds, vest in the Government of Palau as set forth in a separate agreement which shall come into effect simultaneously with this Compact. The provisions of this Section shall not apply to the property of the Government of the United States for which the Government of the United States determines a continuing requirement.

Section 235

(a) Funds held in trust by the High Commissioner of the Trust Territory of the Pacific Islands, in his official capacity, as of the effective date of this Compact shall remain available as trust funds to their designated beneficiaries. The Government of the United States, in consultation with the Government of Palau, shall appoint a new trustee who shall exercise the functions formerly exercised by the High Commissioner of the Trust Territory of the Pacific Islands.

(b) To provide for the continuity of administration, and to assure the Government of Palau that the purposes of the laws of the United States are carried out and that the funds of any other trust fund in which the High Commissioner of the Trust Territory of the Pacific Islands has authority of a statutory or customary nature shall remain available as trust funds to their designated beneficiaries, the Government of the United States agrees to assume the authority formerly vested in the High Commissioner of the Trust Territory of the Pacific Islands.

Section 236

Except as otherwise provided, approval of this Compact by the Government of the United States shall constitute a pledge of the full faith and credit of the United States for the full payment of the sums and amounts specified in Article I of this Title. The obligation of the Government of the United States under Article I of this Title shall be enforceable in the United States Claims Court, or its successor court, which shall have jurisdiction in cases arising under this Section, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States.

Article IV

Trade

Section 241

Palau is not included in the customs territory of the United States.

Section 242

For the purpose of assessing duties on its products imported into the customs territory of the United States, Palau shall be treated as if it were an insular possession of the United States within the meaning of General Headnote 3(a) of the Tariff Schedules of the United States. The exceptions, valuation procedures and all other provisions of General Headnote 3(a) shall apply to any product deriving from Palau.

Section 243

All products of Palau imported into the customs territory of the United States which are not accorded the treatment set forth in Section 242 and all products of the United States imported into Palau shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage or use.

Article V

Finance and Taxation

Section 251

The currency of the United States is the official circulating legal tender of Palau. Should the Government of Palau act to institute another currency, the terms of an appropriate currency transitional period shall be as agreed with the Government of the United States.

Section 252

The Government of Palau may, with respect to United States persons, tax income derived from sources within its respective jurisdiction, property situated therein, including transfers of such property by gift or at death, and products consumed therein, in such manner as such government deems appropriate. The determination of the source of any income, or the situs of any property, shall for purposes of this Compact, be made according to the United States Internal Revenue Code.

Section 253

A citizen of Palau, domiciled therein, shall be exempt from income taxes imposed by the Government of the United States upon fixed or determinable annual income; and estate, gift, and generation-skipping transfer taxes imposed by the Government of the United States.

Section 254

(a) In determining any income tax imposed by the Government of Palau, the Government of Palau shall have authority to impose tax upon income derived by a resident of Palau from sources without Palau in the same manner and to the same extent as the Government of Palau imposes tax upon income derived from within its jurisdiction. If the Government of Palau exercises such authority as provided in this subsection, any individual resident of Palau who is subject to tax by the Government of the United States on income which is also taxed by the Government of Palau shall be relieved of liability to the Government of the United States for the tax which, but for this subsection, would otherwise be imposed by the Government of the United States on such income. For purposes of this Section, the term "Resident of Palau" shall be deemed to include any person who was physically present in Palau for a period of 183 or more days during any taxable year.

(b) If the Government of Palau subjects income to taxation substantially similar to that imposed by the Trust Territory Code in effect on January 1, 1980, such Government shall be deemed to have exercised the authority described in Section 254(a).

Section 255

Where not otherwise manifestly inconsistent with the intent of this Compact, provisions in the United States Internal Revenue Code that are applicable to possessions of the United States as of January 1, 1980, shall be treated as applying to Palau. If such provisions of the Internal Revenue Code are amended, modified or repealed after that date, such provisions shall continue in effect as to Palau for a period of two years during which time the Government of the United States and the Government of Palau shall negotiate an agreement which shall provide benefits substantively equivalent to those which obtained under such provisions.

TITLE THREE

SECURITY AND DEFENSE RELATIONS

Article I

Authority and Responsibility

Section 311

The territorial jurisdiction of the Republic of Palau shall be completely foreclosed to the military forces and personnel or for the military purposes of any nation except the United States of America, and as provided for in section 312.

Section 312

The Government of the United States has full authority and responsibility for security and defense matters in or relating to Palau. Subject to the terms of any agreements negotiated pursuant to Article II of this Title, the Government of the United States may conduct within the lands, water and airspace of Palau the activities and operations necessary for the exercise of its authority and responsibility under this Title. The Government of the United States may invite the armed forces of other nations to use military areas and facilities in Palau in conjunction with and under the control of United States Armed Forces.

Section 313

The Government of Palau shall refrain from actions which the Government of the United States determines, after consultation with that Government, to be incompatible with its authority and responsibility for security and defense matters in or relating to Palau.

Article II

Defense Sites and Operating Rights

Section 321

The Government of the United States may

establish and use defense sites in Palau, and may designate for this purpose land and water areas and improvements in accordance with the provisions of a separate agreement which shall come into force simultaneously with this Compact.

Section 322

(a) When the Government of the United States desires to establish or use such a defense site specifically identified in the separate agreement referred to in section 321, it shall so inform the Government of Palau which shall make the designated site available to the Government of the United States for the duration and level of use specified.

(b) With respect to any site not specifically identified in the separate agreement referred to in section 321, the Government of the United States shall inform the Government of Palau, which shall make the designated site available to the Government of the United States for the duration and level of use specified, or shall make available one alternative site acceptable to the Government of the United States. If such alternative site is unacceptable to the Government of the United States, the site first designated shall be made available after such determination.

(c) Compensation in full for designation, establishment or use of defense sites is provided in Title Two of this Compact.

Section 323

The military operating rights of the Government of the United States and the legal status and contractual arrangements of the United States Armed Forces, their members, and associated civilians, while present in Palau, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Article III

Defense Treaties and International Security Agreements

Section 331

Subject to the terms of this Compact and its related agreements, the Government of the United States, exclusively, shall assume and enjoy, as to Palau, all obligations, responsibilities, rights and benefits of:

(a) Any defense treaty or other international security agreement applied by the Government of the United States as administering authority of the Trust Territory of the Pacific Islands as of the day preceding the effective date of this Compact; and

(b) Any defense treaty or other international security agreement to which the Government of the United States is or may become a party which it determines to be applicable in Palau. Such a determination by the Government of the United States shall be preceded by appropriate consultation with the Government of Palau.

Article IV

Service in the Armed Forces of the United States

Section 341

Any citizen of Palau entitled to the privileges of section 131 of this Compact shall be eligible to volunteer for service in the Armed Forces of the United States, but shall not be subject to involuntary induction into military service of the United States so long as such person does not establish habitual residence in the United States, its territories or possessions.

Section 342

The Government of the United States shall have enrolled, at any one time, at least one qualified student from Palau as may be nominated by the Government of Palau, in each of:

(a) The United States Coast Guard Academy pursuant to 14 U.S.C. 195; and

(b) The United States Merchant Marine Academy pursuant to 46 U.S.C. 129b(b)(6), provided that the provisions of 46 U.S.C. 1295b(b)(6)(C) shall not apply to the enrollment of students pursuant to section 342(b) of this Compact.

Article V

General Provisions

Section 351

(a) The Government of the United States and the Government of Palau shall establish a joint committee to consider disputes which may arise under the implementation of this title and its related agreements.

(b) Any unresolved issue with respect to the implementation of this title and its related agreements shall be referred exclusively to the Government of the United States and the Government of Palau for resolution.

Section 352

In the exercise of its authority and responsibility under this Compact, the Government of the United States shall accord due respect to the authority and responsibility of the Government of Palau under this Compact and to the responsibility of the Government of Palau to assure the well-being of Palau and its people.

TITLE FOUR

GENERAL PROVISIONS

Article I

Approval and Effective Date

Section 411

This Compact shall come into effect upon mutual agreement between the Government of the United States, acting in fulfillment of its responsibilities as Administering Authority of the Trust Territory of the Pacific Islands, and the Government of Palau, subsequent to completion of the following:

(a) Approval by the Government of Palau in accordance with its constitutional processes;

(b) Approval by the people of Palau in accordance with the Constitution of Palau by not less than a majority of the votes cast in a referendum on the Compact signed on May 23, 1984; and

(c) Approval by the Government of the United States in accordance with its constitutional processes.

Article II

Conference and Dispute Resolution

Section 421

The Government of the United States and the Government of Palau shall confer promptly at the request of the other on matters relating to the provisions of this Compact or of its related agreements.

Section 422

In the event the Government of the United States or the Government of Palau, after conferring pursuant to section 421, determines that there is a dispute and gives written notice thereof, the Governments shall make a good faith effort to resolve the dispute among themselves.

Section 423

If a dispute between the Government of the United States and the Government of Palau cannot be resolved within 90 days of written notification in the manner provided in section 422, either party to the dispute may refer it to arbitration in accordance with section 424.

Section 424

Should a dispute be referred to arbitration as provided for in section 423, an arbitration board shall be established for the purpose of hearing the dispute and rendering a decision which shall be binding upon the two parties to the dispute unless the two parties mutually agree that the decision shall be advisory. Arbitration shall occur according to the following terms:

(a) An arbitration board shall consist of a chairman and two other members, each of whom shall be a citizen of a party to the dispute and each of the two parties to the dispute shall appoint one member to the arbitration board. If either party to the dispute does not fulfill the appointment requirements of this section within 30 days of referral of the dispute to arbitration pursuant to section 423, its member on the arbitration board shall be selected from its own standing list by the other party to the dispute. Each government shall maintain a standing list of 10 candidates. The parties to the dispute shall jointly appoint a chairman within 15 days after selection of the other members of the arbitration board. Failing agreement on a chairman, the chairman shall be chosen by lot from the standing lists of the parties to the dispute within 5 days after such failure.

(b) The arbitration board shall have jurisdiction to hear and render its final determination on all disputes arising exclusively under Articles I, II, III and IV of title one, title two, title four and their related agreements.

(c) Each member of the arbitration board shall have one vote. Each decision of the arbitration board shall be reached by Majority vote.

(d) In determining any legal issue, the arbitration board may have reference to international law and, in such reference, shall apply as guidelines the provisions set forth in Article 38 of the Statute of the International Court of Justice.

(e) The arbitration board shall adopt such rules for its proceedings as it may deem appropriate and necessary, but such rules shall not contravene the provisions of this Compact. Unless the parties provide otherwise by mutual agreement, the arbitration board shall endeavor to render its decision within 30 days after the conclusion of arguments. The arbitration board shall make findings of fact and conclusions of law and its members may issue dissenting or individual opinions. Except as may otherwise be decided by the arbitration board, one-half of all costs of the arbitration shall be borne by the Government of the United States and the remainder shall be borne by the Government of Palau.

Article III

Amendment and Review

Section 431

The provisions of this Compact may be amended at any time by mutual agreement.

Section 432

In agreeing to any amendment to this Compact which constitutes the inclusion of subject matter not addressed in its terms as of the effective date of this Compact, the Government of the United States commits itself to the principle of essential parity, when it deems appropriate, with the terms of the Compact of Free Association with the Marshall Islands or the Federated States of Micronesia.

Section 433

Upon the thirtieth anniversary of the effective date of this Compact, the Government of the United States and the Government of Palau shall formally review the terms of this compact and its separate agreements and shall consider the overall nature and development of their relation-

ship. Any alteration to the terms of this Compact or its separate agreements shall be made by mutual agreement. Absent such mutual agreement, the terms of this Compact and its separate agreements shall remain in force until otherwise amended or terminated pursuant to title four of this Compact.

Article IV

Termination

Section 441

This Compact may be terminated by mutual agreement and subject to Section 451.

Section 442

This Compact may be terminated by the Government of the United States subject to Section 452, such termination to be effective on the date specified in the notice of termination by the Government of the United States but not earlier than six months following delivery of such notice. The time specified in the notice of termination may be extended.

Section 443

This Compact shall be terminated, pursuant to its constitutional processes, by the Government of Palau subject to Section 452 if the people of Palau vote in a plebiscite to terminate. The Government of Palau shall notify the Government of the United States of its intention to call such a plebiscite which shall take place not earlier than three months after delivery of such notice. The plebiscite shall be administered by such government in accordance with its constitutional and legislative processes, but the Government of the United States may send its own observers and invite observers from a mutually agreed party. If a majority of the valid ballots cast in the plebiscite favors termination, such government shall, upon certification of the results of the plebiscite, give notice of termination to the Government of the United States, such termination to be effective on the date specified in such notice but not earlier than three months following the date of delivery of such notice. The time specified in the notice of termination may be extended.

Article V

Survivability

Section 451

Should termination occur pursuant to Section 441, economic assistance by the Government of the United States shall continue on mutually agreed terms.

Section 452

Should termination occur pursuant to Section 442 or 443, the following provisions of this Compact shall remain in full force and effect until the fiftieth anniversary of the effective date of this Compact and thereafter as mutually agreed:

(a) Article I and Section 233 of Title Two;

(b) Title Three; and

(c) Article II, III, V and VI of Title Four.

Section 453

Notwithstanding any other provision of this Compact:

(a) The provisions of Section 311, even if Title Three should terminate, are binding and shall remain in effect for a period of 50 years and thereafter until terminated or otherwise amended by mutual consent.

(b) The separate agreements referred to in Article II of Title Three shall remain in effect in accordance with their terms.

Article VI

Definition of Terms

Section 461

For the purpose of this Compact the following terms shall have the following meanings:

(a) "Trust Territory of the Pacific Islands" means the area established in the Trusteeship Agreement consisting of the administrative districts of Kosrae, Yap, Palau, Ponape, the Marshall Islands and Truk as described in Title One, Trust Territory Code, Section 1, in force on January 1, 1979. This term does not include the area of the Northern Mariana Islands.

(b) "Trusteeship Agreement" means the agreement setting forth the terms of trusteeship for the Trust Territory of the Pacific Islands, approved by the Security Council of the United Nations April 2, 1947, and by the United States July 18, 1947, entered into force July 18, 1947, 61 Stat. 3301, T.I.A.S. 1665, 8 U.N.T.S. 189.

(c) "Palau" is used in a geographic sense and includes the land and water areas to the outer limits of the territorial sea and the air space above such areas as now or hereafter recognized by the Government of the United States.

(d) "Government of Palau" means the Government established and organized by the Constitution of Palau including all the political subdivisions and entities comprising that Government.

(e) "Habitual Residence" means a place of general abode or a principal, actual dwelling place of a continuing or lasting nature; provided, however, that this term shall not apply to the residence of any person who entered the United States for the purpose of full-time studies as long as such person maintains that status, or who has been physically present in the United States or Palau for less than one year, or who is a dependent of a resident representative, as described in Section 152.

(f) For the purpose of Article IV of Title One of this Compact:

(1) "Actual Residence" means physical presence in Palau during eighty-five percent of the period of residency required by Section 141(a)(3); and

(2) "Certificate of Actual Residence" means a certificate issued to a naturalized citizen by the Government which has naturalized him stating that the citizen has complied with the actual residence requirement of Section 141(a)(3).

(g) "Defense Sites" means those land and water areas and improvements thereon in Palau reserved or acquired by the Government of Palau for use by the Government of the United States, as set forth in the separate agreements referred to in Section 321.

(h) "Capital Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, which are to be obligated for:

(1) the construction or major repair of capital infrastructure; or

(2) public and private sector projects identified in the official overall economic development plan.

(i) "Current Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, which are to be obligated for recurring operational activities including infrastructure maintenance as identified in the annual budget justifications submitted yearly to the Government of the United States.

(j) "Official National Development Plan" means the documented program of annual development which identifies the specific policy and project activities necessary to achieve a specified set of economic goals and objectives during the period of free association, consistent with the economic assistance authority in Title Two. Such a document should include an analysis of population trends, manpower requirements, social needs gross national product estimates, resource utilization, infrastructure needs and expenditures, and the specific private sector projects required to develop the local economy of Palau. Project identification should include initial cost estimates, with project purposes related to specific development goals and objectives.

(k) "Tariff Schedules of the United States" means the Tariff Schedules of the United States as amended from time to time and as promulgated pursuant to United States law and includes the Tariff Schedules of the United States Annotated (TSUSA), as amended.

(l) "Vienna Convention on Diplomatic Relations" means the Vienna Convention on Diplomatic Relations, done April 18, 1961, 23 U.S.T. 3227, T.I.A.S. 7502, 500 U.N.T.S. 95.

Section 462

The Government of the United States and the Government of Palau shall conclude related agreements which shall come into effect and shall survive in accordance with their terms, as follows:

(a) Agreement Regarding the Provision of Telecommunication Services by the Government of the United States to Palau Concluded Pursuant to Section 131 of the Compact of Free Association;

(b) Agreement Regarding the Operation of Telecommunication Services of the Government of the United States in Palau Concluded Pursuant to Section 132 of the Compact of Free Association;

(c) Agreement on Extradition, Mutual Assistance in Law Enforcement Matters and Penal Sanctions Concluded Pursuant to Section 175 of the Compact of Free Association;

(d) Agreement Regarding United States Economic Assistance to the Government of Palau Concluded Pursuant to Section 211(f) of the Compact of Free Association;

(e) Agreement Regarding Construction Projects in Palau Concluded Pursuant to Section 212(a) of the Compact of Free Association;

(f) Agreement Regarding Federal Programs and Services, Concluded Pursuant to Article II of Title Two and Section 232 of the Compact of Free Association;

(g) Agreement Regarding Property Turnover, Concluded Pursuant to Section 234 of the Compact of Free Association;

(h) Agreement Regarding the Military Use and Operating Rights of the Government of the United States in Palau Concluded Pursuant to Sections 321 and 322 of the Compact of Free Association; and

(i) Status of Forces Agreement Concluded Pursuant to Section 323 of the Compact of Free Association;

(j) Agreement Regarding the Jurisdiction and Sovereignty of the Republic of Palau over its Territory and the Living and Nonliving Resources of the Sea.

Article VII

Concluding Provisions

Section 471

(a) The Government of the United States and the Government of Palau agree that they have full authority under their respective constitutions to enter into this Compact and its related agreements and to fulfill all of their respective responsibilities in accordance with the terms of this Compact and its related agreements. The Governments pledge that they are so committed.

(b) The Government of the United States and the Government of Palau shall take all necessary steps, of a general or particular character, to ensure, not later than the effective date of this Compact, the conformity of its laws, regulations and administrative procedures with the provisions of this Compact.

(c) Without prejudice to the effects of this Compact under international law, this Compact has the force and effect of a statute under the laws of the United States.

Section 472

This Compact may be accepted, by signature or otherwise, by the Government of the United States and the Government of Palau. Each government shall possess an original English language version.

IN WITNESS THEREOF, the undersigned, duly authorized, have signed this Compact of Free Association which shall come into effect in accordance with its terms between the Government of the United States and the Government of Palau.

DONE AT WASHINGTON, D.C., THIS 23RD DAY OF MAY, ONE THOUSAND, NINE HUNDRED EIGHTY-FOUR

FOR THE GOVERNMENT
OF
THE UNITED STATES OF AMERICA
AMBASSADOR FRED M. ZEDER, II
PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTATIATIONS

DONE AT WASHINGTON, D.C., THIS 23RD DAY OF MAY, ONE THOUSAND, NINE HUNDRED EIGHTY-FOUR

FOR THE GOVERNMENT
OF
THE REPUBLIC OF PALAU
LAZARUS SALII
AMBASSADOR FOR POLITICAL STATUS AND TRADE NEGOTIATIONS

Strike out the preamble and insert:

Whereas the United States, in accordance with the Trusteeship Agreement, the Charter of the United Nations and the objectives of the international trusteeship system, has promoted the development of the peoples of the Trust Territory toward self-government or independence as appropriate to the particular circumstances of the Trust Territory and its peoples and the freely expressed wishes of the peoples concerned; and

Whereas the United States, in response to the desires of the peoples of the Federated States of Micronesia and the Marshall Islands expressed through their freely-elected representatives and by the official pronouncements and enactments of their lawfully constituted governments, and in consideration of its own obligations under the Trusteeship Agreement to promote self-determination, entered into political status negotiations with representatives of the peoples of the Federated States of Micronesia, and the Marshall Islands; and

Whereas these negotiations resulted in the "Compact of Free Association" which, together with its related agreements, was signed by the United States and by the Federated States of Micronesia and the Republic of the Marshall Islands on October 1, 1982 and June 25, 1983, respectively; and

Whereas the Compact of Free Association was approved by majorities of the peoples of the Federated States of Micronesia and the Marshall Islands in United Nations-observed plebiscites conducted on June 21, 1983 and September 7, 1983, respectively; and

Whereas the Compact of Free Association has been approved by the Governments of the Federated States of Micronesia and the Marshall Islands in accordance with their respective constitutional processes, thus completing fully for the Federated States of Micronesia and the Marshall Islands their domestic approval processes with respect to the Compact as contemplated in Compact Section 411: Now, therefore, be it

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I want to thank the distinguished Senator from Idaho, Senator McCLURE, Senator LONG, Senator LUGAR, and all others. I know this has been a long time coming. I know it is a very important piece of legislation. I think there is a tendency to overlook the importance of some measures.

I know it is a matter of significant importance to the United States. I understand the Senator from Idaho had a call just today indicating how fragile certain matters were, depending on the outcome. I want to congratulate all my colleagues and thank my colleagues for letting us move ahead on this matter this evening. It has taken 3 hours or less on the entire bill.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. DOLE. I yield

Mr. McCLURE. I thank the majority leader for yielding and I thank him for his remarks.

Mr. President, I know it is customary at the end of a legislative package to commend staff, and I customarily do that. I need to do that to the staff on both sides of the aisle.

There is really one staff member where trust and territorial affairs has really been his adult life and without whom we could not have possibly gotten to this point tonight. I think the best mark of good staff work is in the kind of work that Jim Beirne has done on this legislation. I was remarking a moment ago if they do not strike a bust for him and put at least one out there, someone is missing a bet. There is no one more responsible for the successful consummation of this effort that Jim Beirne.

Mr. President, I would like to express my appreciation to Senator LUGAR for his assistance in passage of this compact. The compact has great significance for U.S. foreign policy and security interests in the Pacific Basin. The Committee on Foreign Relations held an oversight hearing in 1982 on the compact and our staffs worked together to avoid any problems. Senator MURKOWSKI, who chairs the Asia and Pacific Subcommittee, helped bridge the two committees and I am grateful to him for chairing a portion of our hearing.

OMB has continually misrepresented the amendment of the Energy Committee, so I would like to make the record clear as I have to Senator LUGAR. The committee amendment speaks only to the point within the executive branch where appropriations will be made for the provision of the programs and services which the United States will provide to the Micronesians. It does not prevent the President from conducting the foreign, defense, and national security policy of the United States in the way he determines to be best in accordance with any applicable laws. The posttrusteeship management arrangement which will eventually be adopted should reflect these foreign policy and security interests adequately. The Senate Foreign Relations Committee has an integral responsibility in this regard.

I want, and fully expect, that the expertise of the State Department and the Foreign Service will be relied on in the government-to-government relations as well as in assistance to the Micronesians in the conduct of their foreign affairs. I fully expect that all Federal agencies will be involved, hopefully in concert with one another. There is a difference between our provision and that adopted by the House, and I expect that the final legislation will be resolved along the lines I have just outlined.

I also want to express my deepest appreciation to Senator JOHNSTON. If it had not been for his efforts and those of Senator Jackson during the negotiations we would not be here. We have been able to maintain a nonpartisan approach throughout this process and I am very grateful for all his efforts and those of his staff, especially Laura Hudson and our minority counsel, Mike Harvey.

Mr. BYRD. Mr. President, I associate myself with and join in the complimentary remarks that have been made by the distinguished majority leader with reference to the Senators named and the staff. Those compliments are well deserved.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I now ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond the hour of 10:30, with statement limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ACCEPTANCE OF COMMUNITY GROUP HOMES

Mr. CHAFEE. Mr. President, as the debate on S. 873—the Community and Family Living Amendments of 1985—continues, I frequently hear a variety of excuses for not offering communi-

ty-based services to persons with mental retardation.

One of these excuses is that the public does not want community residences, and will no longer pay for them. While it is true that there is still resistance in many communities, I think that the real issue is not one of public acceptance, but rather whether community residences in a State or region have been successful in the past.

People who have seen high quality, well supervised community residences are much less likely to resist new residences. I think that recent bond issue in my home State of Rhode Island makes this point quite clearly.

On November 7, 1985 the citizens of Rhode Island voted to spend almost $13 million on various community centers and residences. The people of my State voted overwhelmingly for this bond issue by more than a 2-to-1 margin.

Now, Mr. President, I realize that to my colleagues from States like California and New York, $12 million may seem like a small amount. I assure you, however, that to the voters of Rhode Island, this represents a serious financial commitment to the community based services.

Mr. President, through this vote, Rhode Islanders have sent a clear message. They are saying that we have done a good job with community residences in our State.

The State of Rhode Island has shown that people can be successfully supported in the community. The voters have responded by showing that they are not opposed to paying for quality services and, just as important, that they are not necessarily hostile to programs that move people with disabilities into their neighborhoods. They have clearly stated that they are willing to spend their own tax dollars to support mentally retarded persons in group homes in their own communities.

Mr. President, I think there are several lessons to be learned from this:

First. If a State or a region does a good job of deinstitutionalization, and offers high quality community residences to mentally retarded persons, the community will not oppose it.

Second. Even in times of economic hardship, citizens are willing to spend tax money to help those who are less fortunate.

Third. We should not underestimate the public with our doomsday generalizations: "They will oppose the group home"; or "they do not want the retarded to live in their communities." This is not necessarily true.

Mr. President, I am proud of the stand taken by the voters of my great State this past week. I do not want to imply, however, that this support is somehow unique to my State. Many States have demonstrated that citizens with mental retardation can be well supported in the community. The more successes we achieve, the less resistance we will find.

The move toward providing services for citizens with developmental disabilities in community based settings rather than in segregated environments will not be completed overnight and it may not be overwhelmingly approved. But then again, the civil rights movement took time, and there were a great many years during which it was not popular.

The fact is, that our attitudes, biases and understanding change over time—we are a fluid society. Twenty years ago in Rhode Island a bond issue like the one recently passed would have been laughed at. If anyone had suggested that the individuals at Ladd Center, the largest institution for the mentally retarded in our State, could live within neighborhoods with the rest of us, people would have been horrified.

Yet, the State is in the process of closing Ladd Center down and moveing those who live there into small group homes and apartments. And the voters have overwhelmingly supported that effort. Why? Not because only mildly retarded individuals live in the State of Rhode Island, but rather because a better quality and fuller life can be found by individuals with even the most severe disabilities in the community.

We will continue to make progress. With the assistance of legislation like S. 873. we can see to it that our citizens with mental retardation are welcomed into residential neighborhoods throughout this country.

WHAT IT MEANS TO BE AN AMERICAN

Mr. COHEN. Mr. President, I recently came across a speech delivered in 1983 by Dan Rather, the managing editor of "the CBS Evening News." This speech, on the topic of "What it Means To Be An American," is a graceful, incisive, and thoughtful examination of our national identity, and I commend it to my colleagues for their careful review.

I ask unanimous consent that the speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

WHAT IT MEANS TO BE AN AMERICAN

(Address by Dan Rather)

What I have to offer is not the testimony of an intellectual but the observations of a working journalist.

When I started working on this speech I realized 1983 marks my 30th year as a reporter. More than 20 of those years have been with CBS News. And because of that association I've had a seat on the aisle as some of the big stories of our time have unfolded. I saw some from first act to last . . . sometimes I just caught the overture and then I had to go . . . I had a good seat—not third row center, that's for the movers and shakers. But I preferred the aisle anyway because it's more suited to a reporter—you could jump up and run out and tell everyone what was happening.

It's also where the critics sit. And to function as a journalist is to function in part as a critic—someone who reports some unhappy uncomfortable stories, stories that occasionally are grounds for criticism of ourselves.

The subject of this speech is "What It Means To Be An American." And I'll tell you how that came about. The Detroit Economic Club invited me to speak some time ago and I eagerly agreed. Then a few stories came along. Little stories. Beirut, the Korean airliner . . . And the days are going by and I'm putting off writing the speech. And the Club's on the phone to New York every day saying, "Tell Dan we gotta have the subject of the address so we can print up the invitations" . . . and I'm putting them off and putting them off. Finally, not being stupid people, they went around me. And called my friend Peter Herford. Peter's an executive at CBS. He's the Vice President in charge of Fear. He stands at the door in the morning and writes down the names of the people who are late. He's also in charge of scaring the talent. So Peter gets the call and they're asking for the topic and Peter just leans back and thinks, What topic can I pick that will make Dan forever be punctual in picking topics in the future? And he remembers his high school graduation and he says "Well the topic, of course, is . . . What It Means To Be An American!" Then he probably giggled and hung up.

I will confess that I was not exactly thrilled. You get a topic like that and it's either a desert or a minefield. Because for 200 years now some of the best minds in the country have been taking a stab at this subject through word and deed, and how could I equal them? And what's left to say?

I decided I wouldn't try to equal anybody. This isn't a definitive statement. It's just a bunch of observations—but observations that I think stand up.

I think we've gotten a little bit lost on what it means to be an American. I think we're forgetting a lot of what we're about. And I think that's one of the causes of the problems, the political problems, that we're having these days.

I keep thinking, the past few days, of a quote from Scott Fitzgerald. Now Fitzgerald was known for writing about a time, the twenties, and a group, the Lost Generation. But he was really splendid on the subject of America. It was deep in his consciousness, his country, and it helped shape and inform all his writings.

And he once said—and I think this is a direct quote, I read it years ago and now I can't find it—he said, "France is a place, England is a people. But America having about it still the quality of an ideal is harder to utter. It is the graves at Shiloh . . . it is the tired drawn faces of its great men . . . It is country boys from Kansas dying in the Argonne Forest for a phrase that was empty before their bodies were withered . . . America is a willingness of the heart."

It's the last phrase that captures so much, I think—a willingness of the heart.

A country is a place, a country is a people, a country is a culture and a history. It is palpable—it exists in fixed coordinates. It is spiritual—it exists in the imagination and the memory. But some countries actually

exist more as an ideal than anything else. I say "some countries" because I do not wish to sound like a chauvinist . . . but I really think of only one country that exists as an ideal and that is America.

When Fitzgerald spoke of a willingness of the heart he didn't mean only that our boys, in World War One, went out and crossed a sea to defend the West when their own homes were not in danger. He wasn't only referring to the fact that the first summer they were in the trenches of France the fighting was so tough that the land cost twenty lives a foot.

He was referring to the fact that we were—and are—a new thing in history: A totally new thing with new ideas. That all men are created equal, that they are born with natural rights to life and liberty, and that it is the Right of the People (Capital R, Capital P in the original of the Constitution) to create and alter if they wish their own government . . .

The men who wrote that document squabbled over it, fought over it, anguished over it throughout a hot Philadelphia summer . . . and eventually put their heads on the line when they signed it.

There's a willingness of the heart for you.

And people all over the world, in time, read that document—and believe it—and think that we believed it too. It's what made us special, made the world think we were special. . .

By the end of World War One we were the strongest nation in the world—a conquerer of older worlds. We were considered innocents abroad in those days—clod busters, rough kids, frontiersmen. Certainly not as smooth and refined as the English and the French. Buncha farmboys with a great hick pride, staring up at Versailles and saying "I like the Springfield state capital better myself!"

But for all that, the Europeans had to admire us. Because we stood for something. And they knew it. We even wanted to share our good fortune, make the world safe for democracy. (And never was a nobler intention sadder in its outcome.)

I think all the world must have looked at us and thought: what a good people.

In World War Two we were pretty much the same. A good, decent people who sent their young men to save the West again, this time from a destroyer of worlds. We did it with the same willingness of the heart. Our continents hadn't been invaded, no buzz bombs careened across our channel, no rockets disturbed our slumber. . .

And when it was over and we were once again the conquerers of the world, what did we do? We packed up and went home. We didn't even have a debate about it, no big national hue and cry about how our boys died for that soil and we oughtta keep it because they've proved *they* can't run it. It wouldn't have been like us to stay. After all, we stood for an ideal—democracy. And they deserve it the same as us. Spread it around, it's like love, the more you give it the more you keep it. Or so it seemed. Or so we thought. Or hoped.

We did stay of course long enough to rebuild them—rebuild the countries of the people who'd killed our boys. We built Germany's and Japan's factories, literally poured the foundation for the might they'd later use against us in the economic wars to follow. And they didn't seem too embarrassed about it. Maybe they said "Thanks!" but in a way, I think, they expected what we did. After all, they knew that America is an ideal, a willingness of the heart.

Anyway, we rebuilt them quite literally with malice toward none and charity for all. Lincoln's great heart would have exploded with pride.

Jump now to the last fifth of the twentieth century. The post-technological age.

What do they think of us now? Well—we've all travelled a bit, most of us. And in other countries around the world they do not seem in love with America, do they? A million reasons for this, some good and some very bad. But I get the impression that they think we've lost our spirit. That they think we've lost our spiritualism.

And I think we've begun to doubt ourselves.

Maybe we've judged ourselves too much by what others say. If, 65 years ago, France thought we were heroes then, surely we were—and we acted the part. Now, if they think we stand for nothing . . . maybe that's left us feeling that we stand for nothing. I'm thinking again Scott Fitzgerald, who called this The American Disease. We want to be good and kind and decent, but most of all we want to be loved. And when we're not . . . we think ourselves unlovable.

I get the impression, particularly with the young people of the world, that they think America stands for only two things: militarism and materialism.

On materialism, they've got us. We *are* in the thrall of things, we *are* captivated by what we consume. Europe suffers too—it's the disease of the West—but, let me be a chauvinist: we represent an ideal and we're supposed to be better than that.

There was an essay in the Christian Science Monitor a few weeks ago. The Writer, Allison Phinney Junior, said, "Our age is one that presses its materialism and blandly denies anything but what the senses know. We fill up our days with business as usual, with worries, with shopping. And this trend isn't going on just in the far side of the world, under communism . . . It's happening here in our own society."

We all know he's right. We've got our individual Marshall Plans these days . . . and we're building for and giving to ourselves.

And we did it to ourselves. At least the woman standing in line four hours in Moscow to buy a bolt of cloth is the victim of Lenin—who thought all spiritual concerns were a distraction for the real struggle. We're not the victims of a system.

And does it—materialism—make us strong? No. Does it make us deep? Hardly. Does it make us loved? Nope. Does it even make us happy? Only for a moment. What it does is make us fat. And in the foreign capitals of the world they see our waste size and judge our souls by it . . . and conclude the Yanks have gone pretty flabby.

We shouldn't live in a spiritual vacuum. And we might remember that the men who made this country, the men who invented it, pledged not only their lives, their fortunes and their sacred honor . . . They referred most explicitly to "The Creator." In the Declaration they called on his help and his guidance, and they unveiled their nation as one nation under God . . . We might remember this.

As for militarism—there's an irony in the charge. We've only been a great world power since the turn of the century. About 80 years. Not long in the history of man. In 1917 when we saved the West we talked a lot about love of man, love of freedom, and bringing the fruits of democracy "over there." But we didn't boast that we were the most powerful nation in the world. The national chant wasn't We Are Number One.

In World War Two the attitude was pretty much the same.

But in the past few decades I think we've changed. And our claims to being number one got weaker—as we were threatened by the might of the Soviet Union and the sheer numbers in China—as our hold on Indisputable Champ got weaker . . . we got louder. We started smacking our breastplates with our fists like a Roman Centurian, and talking about how we're the richest and most powerful nation on earth.

Naturally the world—not being composed of a bunch of blushing flowers—rather resented this. And some of them loved it when our tanks sank slowly, irretrievably into the jungle floor. And some of them secretly crowed when we couldn't get our helicopters out of the desert . . . or our diplomats out of the embassy . . .

We comfort ourselves with the symbols of might. I was thinking the other day about the signoffs television stations use to mark the end of the broadcast day. There's The Star Spangled Banner, and the flag snapping in the wind—and then a V-formation of B-52's tears through the sky. A lot of military images follow.

Military images aren't bad in their place. But what we're suggesting in those films—perhaps unconsciously—is that our patriotism resides in our military might. Not God bless our ideals but God bless our tanks. This is changing—but those little films, made, most of them, in the 60's and 70's, said a lot about how we were seeing ourselves. And again, it's ironic because when we had the smallest army in the West, when we had the weakest military, we were the greatest country on earth. And that was in 1776.

And I don't mean to suggest everything would be just great again if only we'd stop building tanks. Hardly. We live in the real world and there are real forces arrayed against us. And part of continuing the American dream is protecting the dreamers.

But there's little point in that if the dreamers don't dream anymore!

When we talk about how we're the richest and most powerful nation in the world, by the way, I think we forget the context in which it was said.

We were rich in the old lady James Agee talked to when he was doing his marvelous depression piece, "Let Us Now Praise Famous Men." He found her out in the hollows of the hills in Appalachia—little shack with dirt floors, bare feet, no heat, no plumbing. Agee says to the woman, "What would you do if someone came along and gave you some money to help you out?" Old lady rocks in her chair, sucks in her cheeks and shakes her head. She's thinking. Finally she nods and says, "I guess I'd give it to the poor."

That's what we were rich in, that old lady, that generosity.

Our wealth was in our human resources—and our natural resources. We were blessed with a continent ribbed in gold and ruled by sunlight. Land. Land we could work and build on and live on and pass down . . . We were an immigrant race, and no one loves land like an immigrant . . .

Maybe part of our problem is that we're in a kind of historical stasis. History has left us undefined. We're not pioneers carving out the West anymore . . . we're not great patriots creating a country or farmboys defending the West from tyrants and trying to spread democracy. . . At least we don't think of ourselves as those things.

Maybe we feel there's nowhere to *push off* to, so no point in packing a copy of the Constitution to take with us. I know—space, the last frontier. But you can't read the Bill of Rights to the stars—they're very quiet but they do not listen well.

Maybe we should try to remember what our marvelous strengths are. Our real strengths, as opposed to our imagined ones: money and military might.

Consider this one. We can adapt, we can change we're flexible. Americans are sometimes slow but they're not stupid. And we have a national conscience that can be appealed to. Remember, Gandhi won his battle because he made a successful appeal to Britain's conscience, to its sense of fairness. This would not work for Lech Walesa—because the Kremlin, as it has shown this past week, does not exactly have a sensitive conscience. But America does. We just passed the 20th anniversary of the March on Washington. And it's amazing to remember that only 20 years ago racial segregation was still the law in big parts of the land. Segregation was the product of ingrained social attitudes, racial attitudes that some of us in this room grew up with. It is hard to shake that stuff off, change it, end it forever. And we haven't. Not by a long way, but at least we began. And so fully and so quickly that in terms of racial relations, 20 years ago looks like the stone age. We still have a long way to go. But what other nation on the face of the earth can claim such a sociological sea change in such a short time? The answer is none.

Most of us travel a good deal—and when we do we represent our country. And I bet many of you have, as I have, met up with the smart people, the intellectuals of other countries. And I bet you've received at least once a smart and snappy lecture on why America is a pretty terrible country.

We hear the lecture, and for about the past ten years we've been bowing our heads and saying, Yes, Indian Intellectual, you are right, Yes, Mr. Marxist Professor in Mexico City, we're pretty bad . . .

It is time we started to argue back. Calmly and forcefully. Point out, for instance, to the Indian professor that after World War Two we barely kept an inch of real estate, unlike the Soviet Union which never gave one back . . . and please explain how America is an imperialist power in light of this fact . . .

You know, whenever Marxism, communism, makes inroads it's because they've got what they believe—what they *say* they believe—all laid out. They've got the drill down, they know what they stand for, it's all down there in the little red book or the little green book or whatever color it is this year.

Their insistence that they stand for the poor, that they stand with them, is their strength. The steady drumbeat of that message seeps down like heavy rain through a thatch roof. That's their strength, they always get their message across.

But we can fight it. We can outlast them, and we can prevail if we know what we stand for. And we'd better remember, we'd better get it straight.

We are the revolutionaries—*we're* the revolutionary people. We are the new idea, the new thing in history.

The Soviets say *they* are, and that's a great historical joke. They're totalitarians, and totalitarianism is as old as Attila, as old as Caligula, as old as the worst of the worst pharaohs and Roman Emperors.

We're the ones who believe that all men are equal under the law. Even dissidents, even Catholics, Jews, Buddhists, even Pentacostalists and Calvinists. We're the ones who insist that all people have the right to choose, together, their own destiny, their own form of governing.

Maybe we should get handed business cards that say this with our passports. We could give them out as we travel around. We'd end it this way: We commend our system to you. We created it on our own, 200 years ago. And it was, historically speaking, a 110 yard kickoff return—possible to equal but impossible to surpass. (That's Walker Percy. Had to put a football metaphor in so they'd know it's an American talking.)

I know this all sounds pretty flag-waving—but we shouldn't be embarrassed. The *last* thing a revolutionary feels is embarrassment!

And by the way, I didn't want to get into domestic politics in this but there is a part of my message that has to do with conservatives and liberals in this country.

It's a quote from Archibald MacLeish—who said, about 30 years ago, "American liberals were men who believed in the achievement of the American revolution, no matter who was against them. And American conservatives . . . were men who believed in conserving America, including the Constitution, including the Bill of Rights, regardless of the opposition."

This struck me because I had to ask myself if it wasn't true that a lot of American liberals these days are for any revolution but their own. And conservatives—I wonder if they don't often forget these days exactly what we're trying to conserve.

And one of the things we're trying to conserve, apart from our ideals, and what we stand for, one of the things we ought to be trying to conserve is reflected in a small scene from a kind of obscure movie that came out 2 or 3 years ago. It's called "Four Friends," written by a brilliant young screen writer named Steven Tesich. One of the characters says of one of his friends, an immigrant kid, "Whenever he spoke of the country he never said, The U.S. He always said America. As if he was *seeing* something when he said it." Isn't that lovely? I think that may set the right mood to help us explain what and who we are.

"SDI: HOPE FOR THE FUTURE"

Mr. DOLE. Mr. President, several weeks ago the President, in response to a question at a press conference, told the Nation just how important he believed our continued pursuit of the strategic defense initiative is, not just for our own national security, but for the security of the whole world. What he said was the same message he's been conveying ever since March 1983.

The term SDI has become one of the best known phrases in the world these days. It's also one of the most poorly understood concepts, and the resulting confusion makes it hard for many people to understand why either the United States or the Soviets take it so very seriously.

The arguments put forth against SDI generally fall into two categories—either that it won't work—the "technology" argument—or that it will destabilize rather than stabilize—the arms race argument. Let me try to address those issues.

WHY WE NEED SDI

First of all, why do we need SDI? Why can't we continue to live safely under the protection of the nuclear umbrella? The answer to that question lies in the issue of stability. It's true that we've coexisted with nuclear arms—that is, we've had them and not used them. And one might argue that their presence has inhibited some, though certainly not all, conventional military excursions.

But that record hides a dangerous situation. Without going into details, let me just state that it would be difficult to find many people who doubt that stability—and by that I mean our continued ability to prevent the use of nuclear weapons—has declined over the past 20 years, as offensive weapons have grown in accuracy and numbers. I for one am deeply concerned when I realize the degree to which we rely today on our strategic submarines as an assuredly survivable retaliatory deterrent. A decade ago we had three assuredly reliable deterrents; today, two—bombers and land-based ICBM's—are under a growing burden.

In a very direct way the President's proposal to begin to develop technical options for strategic defense resulted from the increasing difficulty of maintaining survivable nuclear deterrents. Because if the time comes when we can't do that—whether in 5 years or 20 years—then the free world, like the emperor, is left naked and vulnerable.

It wasn't supposed to be this way. Fifteen years ago, the last time we were engaged in national debate about ballistic missile defense, the existing and foreseeable technologies effectively limited us to using last-minute interceptor missiles to defend against incoming warheads. The defenses we could have built then had one glaring fault—they could be overwhelmed by enough incoming weapons. It's a situation that can encourage proliferation.

FAILINGS OF ABM TREATY

In 1972, we recognized that situation and signed the ABM Treaty. We assumed that the ABM Treaty would be the catalyst for mutual reductions in offensive arms, and we expected to see some progress within 5 years. After all, if nuclear forces were to be only used as retaliatory threats, they wouldn't have to be very large.

It never happened. Instead of getting the reductions we hoped the treaty would bring, we got the proliferation we feared the missiles would bring. The situation that confronted President Reagan in 1981 was one in which Soviet forces were far larger than ours. And—especially important to this point—the Soviets had proliferated their land-based ICBM's to an alarming degree.

Let's separate two factors that led to that situation. One is that the Soviets never accepted the premise of mutual vulnerability. While we continued to balance our strategic triad, they were busy building civil defenses and developing terminal defense technologies, air defenses, and even the advanced technologies that SDI is only now trying to develop in the West. The ultra-fast ICBM, which can deliver thousands of highly accurate warheads nearly simultaneously, is the centerpiece of that first-strike strategy. The Soviets have built an enormous force of ICBM's, with half a dozen different kinds being continually modernized and upgraded with a highly accurate capability. In the face of this kind of unrelenting growth in Soviet offensive weapons, weapons in the quantities and with the necessary accuracy to pose a credible first-strike threat against the West, we reluctantly concluded that we had to respond to the growing imbalance—hence, the modernization of Western strategic forces and the INF and cruise missile deployments in Europe.

So SDI is really a response to the failure of expectations for arms control. But SDI is more than just an attempt to counter the growing menace of preemptive forces. SDI is also a potential means to do what we've failed to do any other way—to bring about meaningful reductions in offensive nuclear arms.

NEW TECHNOLOGICAL TOOLS

When we looked at the question again in 1983, we began to look at defensive alternatives and realized we had a good chance of developing a workable technology for SDI. Since then there's been remarkable—and in some cases truly astounding—technical progress. Two years ago the opponents of SDI made a great to-do about what they insisted were technical impossibilities. Today they've shifted their technical criticism to the infeasibility of achieving perfect defenses. The President's ultimate goal of making nuclear weapons, obselescent isn't based on the need for such perfection. Rather, it requires only that there is no incentive to use these awesome weapons. And that's both a reasonable and a realistic pursuit.

The rate of progress over the past 2 years in developing and refining technologies essential for SDI is demonstrating that we have the scientific and technical tools to make SDI very promising.

EFFECT ON NUCLEAR STABILITY

As the arguments about technical feasibility fade, the focus of debate shifts to the effects SDI might have on stability. SDI's opponents raise three primary arguments. First, they claim that introduction of SDI defenses will stimulate proliferation of offensive arms by the Soviets—a new offensive arms race. Second, they claim that introduction of SDI will so threaten the Soviets to a point where they may be provoked into a preemptive nuclear strike to prevent the West from getting an upper hand. And third, they assert that the United States is starting what's referred to as an arms race in space.

Paul Nitze has approached these questions from a different angle. Nitze proposed two tests that must be passed by any proposed strategic defense system. First, it must be cost-effective at the margin, and by that he means that the cost of adding additional units of offense must be higher than the cost of adding the defense to counter it. We can look on that as an antiproliferation requirement.

As I'm sure you've heard, one of the arguments frequently used against SDI is that the Soviets can overcome it easily by simple proliferation of offensive arms. But believe me, that's not the case. First of all, boost phased defenses give us the potential for tremendous leverage, because it would enable us to destroy missiles, not reentry vehicles. In fact, it would take away the offensive advantages of MIRV'ing, of decoys, and of penetration aids. The prospect of boost phase defenses could so overwhelm the offensive forces that countering them by proliferation would be out of the question.

Nitze's second test is that a strategic defense system be survivable. That means it has to be able to function in spite of attempts to disable or destroy it. Again, we're highly confident that we'll be able to produce systems that meet that strict criterion. We think survivability will rest primarily on the redundancy of the defenses. In effect, at each stage of a Soviet missile's flight—boost phase, midcourse, and reentry—SDI can attack it with two or three radically different kinds of defensive weapons, some nearby and some at great distance, some in space, and some on the ground. We can set up a devastating gauntlet to stop both the nuclear missiles and the weapons trying to attack our defenses.

So if and when we do propose to deploy a defense, it will be defense that would stabilize the nuclear balance by removing any incentive for preemption and by providing a new incentive for negotiating truly meaningful reductions in these offensive ICBM's.

OTHER EFFECTS

But over and above those requirements which we set for ourselves, we have to remember two other things about the effects of introducing an SDI system. First, any strategic defense system will be developed and phased in over an extended period of many years; nothing will occur suddenly to threaten stability. And remember, during that time we in the West will still maintain strong retaliatory deterrents. There's no suggestion of letting down our guard during any transition.

Second, these arguments that the United States SDI is rocking an otherwise stable boat fail—and fail blatantly—to recognize the ongoing Soviet efforts in strategic defense. And I'm not talking about their ABM system around Moscow, nor even about their highly sophisticated air defenses or the infamous radar at Krasnoyarsk. I'm talking about their well-established research and development program, underway for more than a decade, to develop the very same kinds of technology that we've just begun to investigate in our own SID program.

And as a point of calibration, the Soviet SDI program last year was larger than the program that President Reagan has proposed for the United States next year. At the same time that the Soviets are waging a fierce propaganda and diplomatic campaign to discredit our SDI program, they won't even admit the existence of their own. What are we to make of this duplicity—except that we can be reasonably sure that the Soviets will be phasing in their own version of SDI in the same time frame we could be. Certainly their previous performance in the 1970's with respect to offensive forces suggests that they'll do it whether or not we in the West go ahead. Indeed, if their unrelenting attack on our SDI efforts is successful, they'll have the field all to themselves.

Consider an analogy to the hydrogen bomb. Now we can all agree that the world would have been far better off if no one had hydrogen bombs or the knowledge of how to make them. But that was never our option. The real lesson of that story is that within 6 months of the American success, the Soviets exploded their own H-bomb, which they had begun working on while we debated. If you think our condition today is perilous, imagine what kind of world we would have been living in if the Soviets had won a monopoly on hydrogen bombs. Then imagine what kind of world we could be living in if the Soviets alone develop strategic defense. Would they, as President Reagan does, view a stable world as one where both sides have defensive capabilities? Would they, as he proposed, share that technology if it appeared that deployment by one side only would be destabilizing? Not likely.

ALLIED APPROACH

My reference to President Reagan's expectation that stability comes when both sides have strategic defenses—a conviction that he expressed, as you'll remember, during the second Reagan-Mondale debate—reminds us that SDI has always been intended as a broad defense. In the speech more than 2 years ago when he first proposed SDI, the President specifically noted that

our allies' "vital interests and ours are inextricably linked." He said: "Their safety and ours are one. And no change in technology can or will alter that reality." So let me emphasize a point that has been subject to confusion. SDI's goal is to protect people, not weapons. The intention is to do that by developing effective boost-phase defenses that stop missiles while they're still rising over Soviet territory, without regard to what their targets are—whether they're SS-20's targeted at London or SS-18's heading for Washington.

Certainly one of the reasons we're trying to establish an allied approach to strategic defense is because this is an issue for the Western Alliance, not just for the United States. SDI is not a 1980's version of "Fortress America." Maybe I can convey what I mean by asking you to replace the image you may have in your mind of the United States with a shield over it to prevent warheads from getting in. Think instead of what those boost-phase strategic defenses really create—a shield over the Soviet Union that prevents ballistic missiles from getting out.

In any case, we're still going to have to rely on strategic nuclear weapons as deterrents during a transition period. SDI in no way lessens the importance of continued modernization and deployment of strategic systems for the foreseeable future.

This dual emphasis on both SDI and continued deployment of modernized offensive weapons makes perfect sense when we remember that we are talking about this extended transition. I would point out, for example, that the Congress has voted to fund both the MX missile and research on SDI. There's no inconsistency there, because during the coming period of transition from offense to mixed offense and defense, our security will continue to rest to a significant degree on the potency of our retaliatory deterrents.

EFFECT ON CONVENTIONAL FORCES

Finally, let me touch briefly on the fundamental issue of the consequences for conventional forces of reduced reliance on nuclear weapons. The SDI does propose to elevate the role of conventional, nonnuclear deterrents. And that objective is both overdue and practical. The gradual reduction in the nuclear threshold has been like a cancerous tumor, eroding our strength and our will. The fact is that the same kinds of technologies available to the West to make SDI possible can also make it possible to strengthen our conventional deterrents.

Not too many years ago we maintained a very large "force multiplier" over the East, a multiplier based on superior technology that enabled us to more than offset the much larger numbers of men and machines that the East had in place. If anything, there's been a widening gap between the industrial technology of the West and East in the past decade. Ironically, there's been a narrowing of the gap in defense technology. But there's no reason why we can't rebuild that conventional superiority during the same time we're working on SDI. By taking advantage of the technical advances in computer vision, materials, and other areas that thrive in the modern competitive environment of free enterprise, we can erect and, more important, we can afford highly intimidating defenses against any temptation by the East to advance on the West.

NEW OPPORTUNITY FOR PEACE

The absence of thoughtful debate on those issues as they confront us today has short-changed the public. The truth is that the most prevalent arguments against SDI seem to come down to a fundamental objection—that SDI disturbs the status quo. And I would roughly translate status quo to mean an unspoken willingness to continue to live under mutual assured destruction, combined with a continuing, blind faith that arms control alone can eventually bring about the reduction of arms. And I use the word faith in connection with arms control for good reason. Perhaps because the potency of offensive weapons has dominated our thoughts about security until now, we've had to place virtually all our hope for the future on the arms control process. So SDI, because it directly raises the question of whether one of the few existing arms control agreements will continue to be in our best interest 20 years after it was signed, is seen automatically as a threat rather than as an opportunity.

I've been talking today about that opportunity, not about an arms race in space nor about an attempt to gain an offensive advantage by introducing dangerous instabilities into the strategic balance. SDI is hope based on the reality of attainable technology. In the meantime, SDI as a concept ought to be provoking serious discussion of our fundamental assumptions about the nuclear era and about the real options we have for controlling it rather than being controlled by it.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 9:51 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. HEFNER, Mr. BEVILL, Mr. ALEXANDER, Mr. COLEMAN of Texas, Mr. ADDABBO, Mr. CHAPPELL, Mr. EARLY, Mr. WHITTEN, Mr. EDWARDS of California, Mr. LOEFFLER, Mr. RUDD, Mr. LOWERY of California, and Mr. CONTE as managers of the conference on the part of the House.

At 1:47 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 505) to amend title 38, United States Code, to improve the delivery of health-care services by the Veterans' Administration, and for other purposes.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 3721) to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 3447) to amend and extend the Congressional Award Act.

The message also announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 449. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 232. Concurrent resolution expressing the sense of the Congress with respect to the restoration of democracy in the Philippines.

ENROLLED BILLS SIGNED

At 2:14 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 3038. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes; and

H.R. 3721. An act to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

The enrolled bills were subsequently signed by the President pro tempore [Mr. THURMOND].

At 4:46 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill and joint resolution, without amendment:

S. 1851. An act to extend temporarily the dairy price support program and certain food stamp provisions, and for other purposes; and

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day".

ENROLLED BILL SIGNED

At 5:33 p.m., a message from the House of Representatives, delivered by Mr. Allen, one of its clerks, announced that the Speaker has signed the following enrolled bill:

S. 1851. An act to extent temporarily the dairy price support program and certain food stamp program provisions, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore [Mr. THURMOND].

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, November 14, 1985, she had presented to the President of the United States the following enrolled bill:

S. 1851. An act to extend temporarily the Dairy Price Support Program and certain Food Stamp Program provisions, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Finance, with an amendment in the nature of a substitute:

H.R. 3128. A bill to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

H.J. Res. 259. Joint resolution to designate November 30, 1985, as "National Mark Twain Day."

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 850. A bill to create a Federal criminal offense for operating or directing the operation of a common carrier while intoxicated or under the influence of drugs.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 74. Joint resolution to provide for the designation of the month of February 1986, as "National Black (Afro-American) History Month."

By Mr. LUGAR, from the Committee on Foreign Relations, with an amendment in the nature of a substitute and an amended preamble:

S.J. Res. 177. Joint resolution relating to an International Space Year in 1992.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 202. Joint resolution designating November 1985 as "American Liver Foundation National Liver Awareness Month."

S.J. Res. 232. Joint resolution to designate October 6, 1986, through October 10, 1986, as "National Social Studies Week."

By Mr. LUGAR, from the Committee on Foreign Relations, without amendment:

S.J. Res. 238. An original joint resolution relating to the approval and implementation of the proposed agreement for nuclear cooperation between the United States and the People's Republic of China.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S. Con. Res. 69. Concurrent resolution to recognize the National Camp Fire Organization for 75 years of services.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

David R. Thompson, of California, to be U.S. circuit judge for the ninth circuit;

Bobby Ray Baldock, of New Mexico, to be U.S. circuit judge for the tenth circuit;

James L. Buckley, of Connecticut, to be U.S. circuit judge for the District of Columbia Circuit;

Glenn L. Archer, Jr., of Virginia, to be U.S. circuit judge for the Federal circuit;

Frank X. Altimari, of New York, to be U.S. circuit judge for the second circuit;

Patrick A. Conmy, of North Dakota, to be U.S. district judge for the District of North Dakota;

Lynn N. Hughes, of Texas, to be U.S. district judge for the Southern District of Texas;

Morris S. Arnold, of Arkansas, to be U.S. district judge for the Western District of Arkansas;

William C. Carpenter, Jr., of Delaware, to be U.S. attorney for the District of Delaware for the term of 4 years;

Benjamin L. Burgess, Jr., of Kansas, to be U.S. attorney for the District of Kansas for the term of 4 years; and

Marvin Collins, of Texas, to be U.S. attorney for the Northern District of Texas for the term of 4 years.

By Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation:

Karen Pryor, of Washington, to be a member of the Marine Mammal Commission for the term expiring May 13, 1986;

Anne Graham, of Virginia, to be a Commissioner of the Consumer Product Safety Commission for a term of 7 years from October 27, 1984;

Carol Gene Dawson, of Virginia, to be a Commissioner of the Consumer Product Safety Commission for a term of 7 years from October 27, 1985;

Francis J. Ivancie, of Oregon, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1987;

William Robert Graham, of California, to be Deputy Administrator of the National Aeronautics and Space Administration;

Michael A. McManus, Jr., of New York, to be a member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1987;

Neal B. Freeman, of Virginia, to be a member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1988;

John A. Gaughan, of Maryland, to be Administrator of the Maritime Administration;

John K. Lauber, of California, to be a member of the National Transportation Safety Board for the remainder of the term expiring December 31, 1989;

James Curtis Mack II, of California, to be Deputy Administrator of the National Oceanic and Atmospheric Administration;

Jennifer Lynn Dorn, of Maryland, to be Associate Deputy Secretary of Transportation; and

The following officers of the U.S. Coast Guard for promotion to the grade of commodore:

Capt. Richard I. Rybacki.
Capt. Martin H. Daniell, Jr.
Capt. Robert T. Nelson.
Capt. Marshall E. Gilbert.
Capt. Joseph E. Vorbach.

(The above nominations were reported from the Committee on Commerce, Science, and Transportation with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. DANFORTH. Mr. President, also for the Committee on Commerce, Science, and Transportation, I report favorably a nomination list in the Coast Guard which appeared in full in the CONGRESSIONAL RECORD of October 8, 1985, and ask, to save the expense of reprinting them on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SPECTER:

S. 1852. A bill to aid in the planning and development of an African-American Hall of Fame Sculpture Garden to be located in Philadelphia, Pennsylvania; to the Committee on Energy and Natural Resources.

By Mr. HATCH (for himself, Mrs. HAWKINS, Mr. CHAFEE, Mr. ANDREWS, Mr. MATSUNAGA, Mr. HARKIN, Mr. ZORINSKY, and Mr. KERRY):

S. 1853. A bill to amend the Court Interpreters Act of 1978; to the Committee on the Judiciary.

By Mr. BOSCHWITZ (for himself, Mr. ABDNOR, Mr. BAUCUS, Mr. MCCON-

NELL, Mr. NICKLES, Mr. BOREN, and Mr. GRASSLEY):

S. 1854. A bill to provide an opportunity for agricultural borrowers to restructure loans from commerical lenders and Farm Credit System institutions in order to maintain the viability of their farming operations and thus preserve the family farm system as the backbone of American agriculture; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. LUGAR, from the Committee on Foreign Relations:

S.J. Res. 238. An original joint resolution relating to the approval and implementation of the proposed agreement for nuclear cooperation between the United States and the People's Republic of China; placed on the calendar.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE (for himself, Mr. RUDMAN, and Mr. HUMPHREY):

S. Res. 258. Resolution applauding former New Hampshire Senator Norris Cotton for his contribution as a public servant and dedicated citizen; considered and agreed to.

By Mr. DOLE (for himself and Mr. BYRD):

S. Res. 259. Resolution to authorize representation by the Senate Legal Counsel of a Senate employee; considered and agreed to.

By Mr. SIMON (for himself, Mr. HATFIELD, Mr. STAFFORD, Mr. GORE, Mr. PELL, Mr. JOHNSTON, Mr. REIGLE, Mr. MATSUNAGA, Mr. BUMPERS, Mr. DECONCINI, and Mr. GRASSLEY):

S. Con. Res. 88. Concurrent resolution inviting Americans to light porchlights, candles, or other lights from dusk to dawn on November 19 and 20, 1985, and for other purposes; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1852. A bill to aid in the planning and development of an African-American Hall of Fame Sculpture Garden to be located in Philadelphia, PA; to the Committee on Energy and Natural Resources.

AFRICAN-AMERICAN HALL OF FAME SCULPTURE GARDEN

Mr. SPECTER. Mr. President, today I am introducing legislation which would aid in the establishment of an African-American Hall of Fame Sculpture Garden to serve as a monument to the achievements and contributions which black Americans have made to the development of the United States. The Hall of Fame Sculpture Garden would be located in Fairmount Park in Philadelphia, PA.

The history of black people in the United States has been extremely vulnerable to neglect and distortion. For many years, a history of black Americans simply did not even exist. Denied citizenship and freedom, black Americans were even denied a recorded history beyond what could be handed down by word of mouth.

Mr. President, the American Foundation for Negro Affairs/Education and Research Fund located in Philadelphia, PA, proposes to ensure that the many achievements and contributions of black Americans be recognized. This distinguished organization, under the able leadership of Mr. Samuel L. Evans, has already made major strides on this project in cooperation with local officials.

The African-American Hall of Fame Sculpture Garden to be established by the group will be located on 30 to 40 acres of urban parkland. Key features of this undertaking include horticultural sculpture, an Education and Hall of Fame Center which will house an auditorium, library, hall of fame gallery, and offices, and a pyramid in memory of African-Americans who died in slavery in the United States. Busts depicting historical and contemporary African-Americans will be displayed in the hall of fame gallery. In addition, the education center will contain historical and current information on black Americans.

Primary funding for this project will be through memberships fees and contributions from the private sector. Due to the national significance of this project, however, my legislation authorizes the Secretary of the Department of the Interior to provide $5 million to aid in the planning and development of the African-American Hall of Fame Sculpture Garden.

The African-American Hall of Fame Sculpture Garden will be a permanent national memorial to outstanding men and women of African descent, who have helped this country become the great Nation it is today. Through this effort, we can ensure the continued acknowledgment and recording of the significant roles played by black Americans in the development of the United States.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1852

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS AND PURPOSES

SECTION 1. (a) The Congress finds that—

(1) persons of African-American descent have contributed greatly to the development of the United States in agriculture, science, medicine, education, religion, politics, journalism, the arts, athletics, and every other area of American life;

(2) African Americans were among the earliest newcomers to these shores, they were the backbone of our early agricultural development;

(3) Americans of African descent have fought valiantly and tirelessly to protect the interests of the United States and to ensure freedom and rights for others—rights which they themselves were not allowed to claim;

(4) even as we now prepare to commemorate the Bicentennial of the United States Constitution, we make note of the deplorable degree to which persons of African descent—their many achievements and contributions to this great country—have been ignored in our recording of history, thereby, distorting the facts of the development of the United States;

(5) the American Foundation for Negro Affairs Education and Research Fund located in Philadelphia, Pennsylvania, is a nonprofit organization which has a long history of assisting young Black Americans in pursuit of higher education in fields such as law, medicine, and business; and

(6) the American Foundation for Negro Affairs Education and Research Fund proposes to build a national monument in recognition of the contributions and achievements of Americans of African descent.

(b) The purpose of this Act is to establish an African American Hall of Fame Sculpture Garden to be located in Fairmount Park in Philadelphia, Pennsylvania to serve as a living monument to the achievements and contributions which Black Americans have made to this country.

PLANNING AND DEVELOPMENT

SEC. 2. The Secretary of the Interior is authorized to provide $5,000,000 to aid in the planning and development of the African-American Hall of Fame Sculpture Garden. Funds provided under this section may be used for purposes related to the further planning and supervision of this project and the exploration, testing, and development of the site.

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. There are hereby authorized to be appropriated $5,000,000 to carry out the purposes of this Act.

By Mr. HATCH (for himself, Mrs. HAWKINS, Mr. CHAFEE, Mr. ANDREWS, Mr. MATSUNAGA, Mr. HARKIN, Mr. ZORINSKY, and Mr. KERRY):

S. 1853. A bill to amend the Court Interpreters Act of 1978; to the Committee on the Judiciary.

COURT INTERPRETERS ACT AMENDMENTS

Mr. HATCH. Mr. President, today, along with several other Senators, I submit legislation which attempts to remedy several deficiencies in the substance and administration of the Court Interpreters Act of 1978, 28 U.S.C. 1827, et seq. The Court Interpreters Act initially established the right of certain defendants and witnesses to court interpretation at government expense in criminal and civil proceedings instituted by the United States in Federal court. This bill, which carries the short title, "the Court Interpreters Improvement Act of 1985," would expand the right to interpretation services provided by the original legislation and more significantly, would mandate the promulgation of comprehensive standards and regulations designed to assure that only the most capable interpreters are retained for Federal judicial proceed-

ings and that the language services so rendered are of the highest possible quality.

The enactment of the Court Interpreters Act represented the culmination of a lengthy effort to provide for mandatory interpretation services in Federal court proceedings. While previous legislation had permitted the appointment of court interpreters under certain circumstances as a matter of judicial discretion, see for example, 18 U.S.C. section 3006 (e), rule 28 (b), Fed.R.Civ.P., reported decisions indicated that interpreters were not being appointed in situations where they were obviously needed and that on numerous occasions where interpreters were retained, the interpretation provided was either completely inaccurate or of insufficient quality to comport with Constitutional guarantees relating to due process of law, confrontation of witnesses and the adequate assistance of counsel. These constitutional rights were held to be implicated because the non-English speaking defendants in those cases were unable to understand the testimony of adverse witnesses, the rulings and related statements of the judge, or effectively assist counsel in their own defense. See e.g., *Terry* v. *State*, 105 So. 386, 387 (Ala. 1925).

The sponsors of the original act were particularly influenced by the factual setting of *United States Ex Rel. Negron* v. *New York*, 434 F. 2d 386 (2d Cir. 1970). In that case, a Spanish-speaking defendant was provided with an interpreter who only periodically summarized the progression of the defendant's murder trial. The court, ruling on the defendant's petition for a writ of habeas corpus, held that it constituted a denial of due process for the defendant to be forced "to sit in total incomprehension as the trial proceeded." 434 F.2d at 390.

In order to remedy the injustices typified by Negron, the Court Interpreters Act of 1978 instructs the Director of the Administrative Office of the U.S. Courts to determine the qualifications of persons fit to serve as interpreters in Federal court and to establish a program for the certification of such persons. In addition, the act requires the appointment of an interpreter by a presiding judicial officer whenever it is determined that a defendant or witness in a Federal court proceeding instituted by the United States "speaks only or primarily a language other than the English language or suffers from a hearing impairment." Finally, the act mandates the use of consecutive mode interpretation for most court proceedings unless the parties and the presiding judicial officer agree to authorize either a simultaneous or a summary mode interpretation.

While the act has had a salutary impact upon court proceedings affecting a substantial number of Americans, it nevertheless contains certain substantive deficiencies which have prevented it from accomplishing all of the purposes envisioned by its original sponsors. Most significantly, the act provides for the use of "otherwise competent interpreter[s]" where no certified interpreters are reasonably available. The act, however, does not define the term "otherwise competent interpreter." Nor have criteria been established by regulations under the act to give content to the concept of competency. As a result, unqualified interpreters have been retained in various situations where certified interpreters were unavailable, or even where they were reasonably available, contrary to the letter and spirit of the act.

Similarly, while the act generally prohibits summary mode interpretation, as rejected by the court in Negron, it broadly authorizes the use of consecutive mode interpretation, which is singularly unsuited to interpretation for defendants. Unlike the interpretation of direct and cross-examination of a witness, which involves relatively brief, insular exchanges of information, a running interpretation of a trial for a defendant involves a continuous flow of information which in no way can be conveyed through a consecutive mode interpretation. Because of the delay factor involved in consecutive interpretation and the necessity that the interpreter note or recall lengthy statements, a defendant receiving such an interpretation in effect receives only a summary of the proceedings.

In addition to these concerns relating to the quality of the interpretation provided under the act, the scope of the statutory right to interpretation has been unnecessarily restricted. The act, in its present form, mandates the appointment of interpreters in civil and criminal actions commenced by the United States in Federal district court, including bankruptcy proceedings and petitions for habeas corpus. Significantly, though, the act does not reach grand jury proceedings conducted pursuant to the authority and jurisdiction of U.S. district courts.

The grand jury serves a vital function in our system of criminal jurisprudence. It stands as a bulwark of the community against prosecutorial excesses and unfounded criminal prosecutions. See, *Branzburg* v. *Hayes*, 408 U.S. 665 (1972). Yet, while the grand jury is manifestly "a protector of citizens against arbitrary and oppressive governmental action," *United States* v. *Calandra*, 414 U.S. 338 (1974), it also has the authority and obligation to bring to trial those who may be guilty of criminal activity. This power of the grand jury to affect the liberty and reputation of persons subject to indictment—interests no less weighty than those at stake in court proceedings currently addressed by the act—makes it necessary that the accuracy of such proceedings involving non-English-speaking witnesses and their comprehension by non-English-speaking defendants be guaranteed to the greatest possible extent. If this goal is to be realized, qualified interpreters must appear before Federal grand juries, because pervasive grand jury interpretation errors may not always be remedied at trial.

Finally, among the substantive deficiencies of the existing court interpreters legislation, the statute fails to provide for annual appropriations to the Administrative Office of the U.S. Courts for the specific purpose of establishing, implementing and enforcing a comprehensive court interpretation program. Instead, the act requires the Director of the Administrative Office to draw funds from general appropriations to the judiciary in order to finance court interpreter operations. To the extent that such funds are expended under the Court Interpreters Act, other projects and functions within the purview of the Administrative Office are deprived of needed resources. Given this untenable choice, the Administrative Office has not devoted sufficient funds to the Court Interpretrs Program, and that program, accordingly, has suffered in terms of the scope of its implementation.

Indeed, the failure of the Administrative Office to fully implement the program mandated by the original legislation forms the second major basis for the present bill. Today, nearly 7 years after the Court Interpreters Act was signed into law, the Administrative Office continues to certify only Spanish language court interpreters, and operates under "interim" regulations promulgated in 1978. This level of activity falls far short of the program envisioned by the sponsors of the act. The Senate committee report on the act states, for example, "The committee presumes that qualification standards will be prescribed for interpreters of the following languages: Spanish, Italian, Chinese, Japanese, French, Portuguese, Greek, German, Korean and Filipino." (S. Rept. No. 569, 95th Cong. 1st Sess. at 11-12). Statistics compiled by the Administrative Office itself demonstrate that languages other than Spanish are spoken by participants in Federal court proceedings in subsantial numbers, yet no provision has been made by the Administrative Office for certification of court interpreters for these languages. Nor has the director certified interpreters for the hearing impaired, a major focus of concern among the sponsors of the original legislation. See, Proceedings of the Judicial Conference of the United States, Annual Report of the Director of the Adminis-

trative Office of the United States Courts (1983) at 42. The Administrative Office, moreover, has established a pay scale which is not professionally competitive with prevailing pay rates in the governmental and private sector. Hence, the most qualifed interpreters do not necessarily seek work pursuant to the act.

It is apparent that the convergence of various deficiencies in the substance and administration of the Court Interpreters Act has led to a situation in which a substantial number of persons have been denied equal access to the courts of the United States, as well as the fundamental rights provided by the fifth and sixth amendments to the Constitution, particularly the right to due process of law. Indeed, the harsh and incomprehensible courtroom environment faced by linguistic minorities (other than Hispanic Americans) and the hearing impaired is much the same today as it was 7 years ago, prior to the adoption of the Court Interpreters Act. Immediate reform of the authorizing legislation for the Federal court interpretation program is thus needed to assure that non-English speaking individuals and the hearing impaired may enjoy the rights guaranteed to all Americans by our Federal Constitution.

The bill I have introduced today is designed to reemphasize our national commitment to due process of law in bilingual judicial proceedings and to assure that the court interpretation program envisioned by the supporters of the original legislation is fully implemented. Toward these ends, a strong congressional statement of purpose would be added to the Court Interpreters Act emphasizing the salutary purpose and constitutional underpinning of the statute. Further, responsibility for the formulation of substantive policies and proposed regulations, including those pertaining to certification requirements, languages to be certified, qualifications for otherwise competent noncertified interpreters, testing instruments, compensation and evaluation of interpreters would initially be vested in a panel of experts selected from all areas of the United States. This panel, after 9 months, would submit recommended regulations to the Director of the Administrative Office.

While the Director of the Administrative Office would retain authority to execute the provisions of the act, he would be required to consult with the aforesaid expert panel and explain in his annual report to Congress any disagreement with the panel's recommendations or failure to implement such recommended regulations. The bill also authorizes special appropriations for interpreter services and requires the Director to expend such funds for purposes of implementing the program established by the act.

In addition to these administrative functions, the bill expands the scope of the statutory right to an interpreter, so as to include grand jury and pretrial proceedings. The bill also seeks to improve the quality of interpretation services by requiring the establishment of definitive educational, training, job-related performance and experience criteria standards for "otherwise qualified" noncertified interpreters, by requiring that both certified and noncertified interpreters be paid at prevailing market rates, and by providing for simultaneous interpretation of judicial proceedings for defendants.

In this manner, it is hoped that non-English-speaking Americans may be provided with language services of a uniformly high quality in Federal judicial proceedings. Services of this type are essential if all Americans are truly to stand as equals before the law.

By Mr. BOSCHWITZ (for himself, Mr. ABDNOR, Mr. BAUCUS, Mr. MCCONNELL, Mr. NICKLES, Mr. BOREN, and Mr. GRASSLEY):

S. 1854. A bill to provide an opportunity for agricultural borrowers to restructure loans from commercial lenders and Farm Credit System institutions in order to maintain the viability of their farming operations and thus preserve the family farm system as the backbone of American agriculture; to the Committee on Agriculture, Nutrition, and Forestry.

FARM CREDIT PARTNERSHIP ACT

Mr. BOSCHWITZ. Mr. President, I rise to spend a little time on a farm issue that we haven't discussed on the floor recently; namely, farm credit. Because, as we all know, there is an urgent need to deal with the problems of farm borrowers and lenders. And if we don't do it here, we may end up doing it through foreclosures and bankruptcies and bank failures.

The difficulties of many farm borrowers are severe. However, I think that the farm credit problem may be much more easily resolved than the one we will be facing on the Senate floor next week; that is, the 1985 farm bill, and all of the complicated economic questions that stem from it. So I have some optimism about what we can do to help farm borrowers and lenders. That is why I and my colleagues Senators ABDNOR, BAUCUS, MCCONNELL, NICKLES, BOREN, and GRASSLEY have joined together to introduce the Farm Credit Partnership Act here today.

I think it is important that we understand how these credit problems evolved. Mr. President, in 1960 the total debt held by farmers in the United States, both long-term debt, such as real estate loans, and short-term operating debt, amounted to $24.8 billion.

Twenty-five years later, the level of debt has increased ninefold, to $215 billion this year. It's interesting to note that most of the growth in the farm debt has occurred in the past 10 years. In fact, debt has increased by $133 billion since 1975, a 62-percent increase.

What these numbers do not show is how the debt became increasingly concentrated in the hands of medium-sized farmers, the so-called family farmers. For instance, if you consider farmers with gross sales of more than $40,000 a year but less than $500,000 a year, they account for about one-third of the total farmers in the country. However, they hold more than 60 percent of the farm debt. And, if you break it down further, and segregate out those farmers who have debt-to-asset ratios of more than 40 percent, you'll find that that group encompasses only 10 percent of all farmers, yet it holds an astonishing 45 percent of the debt. Clearly, we have a situation that can be resolved if we target any Federal credit relief to those farmers who are not in need. And that group can be very specifically identified.

Mr. President, that's what the bill we are introducing today will do.

How did this increase and concentration of debt happen, we might ask? I suppose it occurred in the same way consumer debt and loans to foreign countries occurred. In the 1970's, inflation rates exceeded interest rates, interest payments are tax deductible, and there was a pervasive psychology that inflation was with us to stay, all of which led to lots of bad advice that many people took. Amazingly, however, many farmers didn't and a large group of farmers are still debt free. What happened to credit in this period gives a convincing argument for stable, fairly conservative, and most of all, consistent economic policies.

I approach the ag credit problem—like most credit difficulties—with the assumption that the borrower and lender both were willing to make the original deal. In that light, they should share as much of the responsibility for fixing the credit problem as possible. But there is a definite public, as well as a practical, interest for the taxpayer to preserve a strong agricultural credit system. If the ag economy sees a cascading rate of failures due to overburdened credit, the taxpayer and the Nation will be assessed in many ways—financially through FDIC guarantees, and in other ways as small towns shrink and unemployment increases in rural areas. Helping out these troubled borrowers is decidedly in our interest.

I have prepared a chart showing debt distribution among lenders so we might see where we should channel any assistance. In short-term debt, commercial banks are the biggest lenders with nearly 38 percent of the total.

They are followed by production credit associations, 19 percent; individuals, 18.4 percent; the Farmers Home Administration, 14.2 percent; and the Commodity Credit Corporation, 10.5 percent. For long-term debt, which is primarily real estate, the largest lender is the Federal Land Bank with 43 percent of the debt. Individuals follow with 29 percent, insurance companies hold 11.4 percent, banks 8.4 percent, and the Farmers Home 8.3 percent.

Mr. President I ask that this chart, along with one that shows who holds the debt in the 12 farm credit districts, be included in the RECORD at this point.

In putting together my thoughts on farm credit, I considered what kind of help farmer-borrowers needed when they worked through each of these institutions. For instance, those individuals holding debt from other individuals, such as in a contract for deed arrangement, have considerable flexibility and don't have bank examiners peering over their shoulders. The imputed interest rules allow a family member to reduce interest rates to 6 percent, nonfamily transactions 9 percent, and, of course, principal payments can be entirely rescheduled. To increase flexibility for nonfamily transactions, I would favor lowering the imputed rates to 6 percent for a 5-year period.

But overall these lenders can make their own arrangements. The same can be said for insurance companies, which have diversified sources of capital, and also do not have bank examiners peering over their shoulders. They, too, have considerable flexibility in rearranging payments or setting aside principal.

The Farmers Home Administration has many tools to assist farmers. However, I will resist attempts to take troubled borrowers from other lenders, send them to the FmHA, and then have that loan be used to pay off the original lender. In handling the troubled areas of farm credit, we should not rearrange debt to make the Federal Government the primary lender for agriculture.

So, that puts the major focus of our concern on the borrowers from the commercial banks, which do have to worry about bank examiners, and the Farm Credit System, which is in a unique position because of its portfolio is solely in agriculture.

Our plan is to ease credit problems for the customers of these institutions. To guarantee that assistance goes where it is most needed, farmers would be eligible only if they have gross annual sales of at least $30,000 and a debt to asset ratio exceeding 40 percent. The program is targeted to the family sized commercial farmer, where debt has grown most burdensome over the past few years.

Our program would last 3 years and we could take a new reading at that time. To participate in the program, banks and the FCS must do so within 1 year of enactment of the program.

There would be three points to the program:

First, we have set up an interest rate buydown of up to 5 percent for 3 years, to be borne by the Federal Government, States, and the lender in the ratio of 2-2-1. State participation is optional. The interest rate reduced could not exceed a fixed percentage over the Treasury's cost of money. The Federal Government's 2 percent would cost up to $1 billion per year. This would go a long way toward improving cash-flow. For instance, if you had a $70,000 loan at 12¾ percent, your interest costs would drop from $8,925 a year to $5,425.

Second, we would allow principal forgiveness of up to 30 percent, and the banks would be allowed to write it off over 10 years so their capital structure wouldn't be undermined. Plus, if the bank writes the principal down by 15 percent or more, it would not have to also take the 1-percent interest hit. Bankers have indicated to me that they would be willing to forgive up to this much under the program.

And third, if the loan is an FCS loan and if after the interest buydown and 30 percent principal reduction, the farmer is still unable to make his payments, then his loan will be transferred to the recently established FCS Capital Corporation and warehoused there for at least 3 years. The title to the farm will be taken into the Capital Corporation which can lease it back to the farmer who has the option to repurchase the land at the end of the warehouse period at what is the market price at that time. The FCS will make maximum use of each of its reserves to take care of its own losses. But, after all these reserves have been used up, as certified by the new Farm Credit System's regulator, then we provide some Federal assistance. This assistance could be in the form of a guaranteed loan, a revolving fund, or perhaps some other form of cash infusion.

Mr. President, in conclusion let me say that I believe that the plan we have introduced today is a reasonable, fair approach. It does not bail out anyone, instead it gives farmers and their lenders an opportunity to together walk out of a problem they walked into together.

Clearly, banks and other lenders can do much on their own to lighten the debt burden of their customers—and they are already doing it in many creative ways, particularly rescheduling or laying aside principal payments. But if the Government can add to their bag of tricks by: First, improving imputed interest rules in nonfamily transactions; second, buying down interest up to 5 percent; third, providing a means to adjust principal up to 30 percent; and fourth, also clearing an avenue to collect and strengthen, if necessary, the capital of the Farm Credit System, we would do much to improve the Nation's agricultural debt situation.

And, Mr. President, in case we forget, the most important extra benefit of improving the credit system is that overall interest rates to farmers could—and likely would—fall. That would break the economic stranglehold interest payments have put on many farmers. This would be a giant step in restoring confidence on the main streets and among farmers of rural America.

Mr. President, I ask that a section-by-section analysis be included in the RECORD, along with the text of the bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1854

Be it enacted by the Senate and House of Representatives of the United States of America in Congrees asssembled, That this Act may be cited as the "Farm Credit Partnership Act of 1985".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that the current domestic and international financial situation and recent short-term over-production of basic commodities have precipitated a fiscal crisis in American agriculture unlike any since the great depression a half century ago. The large and increasing number of farmer bankruptcies and agricultural bank mergers and failures in recent years is unprecedented in our nation's history and now threatens collapse of large segments of the American agricultural economy. Commerical, and State and local governmental, initiatives cannot alone adequately address the urgent and immediate cash flow deficit in the agricultural economy. Therefore, because of the resultant threat to interstate and international commerce and the need to preserve the health and welfare of our nation, immediate federal assistance as provided by this Act is essential.

(b) It is the purpose of this Act to extend to agricultural borrowers, and through them to their lenders as well, an opportunity to stabilize their financial situation by applying during a period of one year, beginning on July 1, 1986, for (1) an interest subsidy for up to three years under the cooperative federal-state-lender agricultural loan interest subsidy program, and (2) the longer term and more substantial loan principal reduction program provided by this Act.

DEFINITIONS

SEC. 3. As used in this Act, the term:

(a) "Borrower" means any individual, family corporation, or family partnership who or which derives not less than fifty percent of gross annual income from production of raw agricultural products, including livestock or poultry and the products of aquaculture, and who or which, on the date of enactment of this Act, holds from a lender a loan or loans for agricultural purposes which is or are non-accruing or substandard.

(b) "Lender" means any commercial bank, savings and loan association, credit union, insurance company, or institution (defined in subsection (c)), including subsidiary and affiliates of the above which has agreed to participate in the interest subsidy and loan reduction programs established pursuant to this Act and has been designated in a State plan approved by the Secretary under section five of this Act.

(c) "Institution" means any bank or association of the Farm Credit System established under the Farm Credit Act of 1971, as amended, 12 U.S.C. 2001, et seq.

(d) "State" means each of the several States of the United States, the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, the United States Virgin Islands, Guam, American Samoa and, to the extent the Secretary of Agriculture determines it to be feasible and appropriate, the Trust Territory of the Pacific Islands.

(e) "State agency" means the official or agency designated by the State to administer the programs established by this Act in that State.

SEC. 4. Assistance to any borrower under this Act shall be limited to an aggregate outstanding amount, including principal and interest, which does not exceed $500,000 in the case of an individual, and $750,000 in the case of a family corporation or family partnership. In order to qualify for assistance a borrower must demonstrate to the satisfaction of the lender:

(a) average gross annual sales in excess of $30,000 for not less than three of the preceding five tax years;

(b) a debt to asset ratio in excess of forty percent;

(c) a debt to asset ratio of less than one hundred percent after restructuring pursuant to this Act of loans for which assistance is available under this Act where such restructuring is jointly agreed to by the borrower and a lender other than an institution; and (d) ability, based upon past performance as a capable producer, to repay the debt after restructuring pursuant to this Act where such restructuring is jointly agreed to by borrower and lender.

COOPERATIVE FEDERAL-STATE-LENDER AGRICULTURAL LOAN INTEREST SUBSIDY (AGLIS) PROGRAM

SEC. 5. (a) Subject to the availability of funds provided pursuant to subsection (e) of this section, the Secretary of Agriculture (hereinafter referred to as the Secretary) in consultation and cooperation with the Secretary of the Treasury, Comptroller of the Currency, Chairman of the Federal Reserve Board, Governor of the Farm Credit Administration, Federal Deposit Insurance Corporation, and each State agency, shall establish a cooperative Federal-State-Lender agricultural loan interest subsidy (AgLIS) program in which, at the request of a State, borrowers and lenders within the State shall be provided an opportunity to participate. During the year beginning on January 1, 1986 and ending on December 31, 1986, a borrower may apply to a lender for an interest rate subsidy with respect to any agricultural loan to that borrower from that lender outstanding on October 1, 1985. Upon such application by a borrower who or which qualifies for assistance under this Act and agreement by the lender, the loan shall be restructured within 90 days of date of application in such a manner that the interest rate of the borrower shall be fixed for a period of three years or the remaining term of the loan, whichever is less, at a rate equal to the rate paid by the United States at the auction of three year Treasury bills next preceding the date of restructuring of the loan plus three percentage points, less up to five percentage points. Of the up to five percentage point reduction or subsidy, two percentage points shall be paid by the Secretary through the State agency to the lender, not less than one percentage point nor more than two percentage points shall be paid to the lender by the State, and, subject to the provisions of section 6(a) of this Act, one percentage point shall be borne by the lender. Any State which requests participation in the program but declines to bear that State's share of the interest subsidy shall nonetheless be required to file and implement a State plan as required by this section, but shall be ineligible for reimbursement of administrative expenses as provided by this section. Subject to the provisions of section 6 of this Act relating to reduction of agricultural loan principal, any lender which declines to bear its share of the interest subsidy for any loan restructured pursuant to this Act shall not be eligible to participate in any program established pursuant to this Act.

The term to maturity of any debt for which interest subsidy is provided under this section shall not be less than the term to maturity of the debt outstanding before such subsidy is provided. Payments on such debt shall be restructured in accordance with the borrower's ability to repay. Accrued interest on such outstanding debt prior to restructuring shall not be capitalized but shall be paid by the borrower to the lender prior to any retirement of principal under the loan agreement as restructured pursuant to this Act. Any balance of principal and interest outstanding at the end of three years on any loan restructured under this Act shall be repaid as agreed between borrower and lender at a rate of interest not to exceed the highest rate then charged by the lender on loans with comparable maturities for similar purposes.

(b)(1)(A) From the sums available pursuant to subsection (e) of this section the Secretary shall, subject to the provisions of this subsection and subsection (c), pay to State agencies an aggregate sum not to exceed $1,000 million for each of the years ending December 31, 1986, December 31, 1987, December 31, 1988, December 31, 1989, and December 31, 1990, to finance the Secretary's share of agricultural loan interest subsidies provided to lenders, and, in States contributing to the subsidy, 50 per centum of the approved State administrative expenses related to the provision of such assistance.

(B) The payment or payments to each State agency for any year shall be in such amount or amounts as the Secretary may determine and shall not exceed the expenditures by that State during that year for the provision of the Secretary's share of the interest subsidy to participating lenders according to the plan of the State approved under subsection (c) and, in States contributing to the subsidy, 50 per centum of the related approved State administrative expenses.

(2) The Secretary shall, subject to the provisions of subsection (c), pay to each State for the applicable year, at such times and in such manner as the Secretary may determine, the amount estimated by the State pursuant to subsection (c)(1)(A)(iv), reduced or increased to the extent of any prior overpayment or current underpayment which the Secretary determines has been made under this section and with respect to which adjustment has not already been made under this subsection.

(c)(1)(A) In order for borrowers and their lenders to receive benefits under this Act for any year, each State shall have a plan for the year approved by the Secretary under this section. By March 1 of each year in which the interest subsidy is available, if the State wishes borrowers and their lenders to receive benefits, it shall submit a plan which—

(i) designates a single agency which shall be responsible for the administration, or supervision of the administration, of the program for the provision of such subsidy;

(ii) assesses the interest subsidy needs of borrowers residing in the State;

(iii) describes the program for the provision of such interest subsidy, including the lenders to whom such subsidy will be paid and any agencies designated to provide such payments, which program must meet such requirements as the Secretary may prescribe;

(iv) estimates the amount of expenditures necessary for the provision of the interest subsidy, and, in States contributing to the interest subsidy, related administrative expenses up to the amount allocated by the Secretary for payment in that State out of the total amount available for payment pursuant to subsection (b)(1)(A);

(v) requires any institution participating in the programs established by this Act to provide to any borrower whose loan is, or becomes, non-accruing between the date of enactment of this Act and November 30, 1986, prompt written notice, which is acknowledged by the borrower prior to December 31, 1986, and which fully and fairly describes the assistance available under this Act and the deadline for application; and,

(vi) includes such other information as the Secretary may require.

(B)(i) The Secretary shall approve or disapprove any plan submitted pursuant to subparagraph (A) no later than April 15 of the year in which it is submitted. The Secretary shall approve any plan which complies with the requirements of subparagraph (A). If a plan is disapproved because it does not comply with any of the requirements of that subparagraph the Secretary shall, except as provided in subparagraph (B)(ii), notify the appropriate State agency that payments will not be made to it under subsection (b) for the year to which the plan applies until the Secretary is satisfied that there is no longer any such failure to comply, and until the Secretary is so satisfied, the Secretary will make no payments.

(ii) The Secretary may suspend the denial of payments under subparagraph (B)(i) for such period as the Secretary determines appropriate and instead withhold payments of approved State administrative expenses related to provision of assistance in States contributing to the interest subsidy, in whole or in part, for the year to which the plan applies, until the Secretary is satisfied that there is no longer any failure to comply with the requirements of subparagraph (A), at which time such withheld payments shall be paid.

(2)(A) The State shall provide for an annual audit of expenditures under its program for the provisions of the interest subsidy described in subsection (b)(1)(A), within 60 days of the end of each year which the interest subsidy is provided and shall promptly report to the Secretary the findings of such audit.

(B) Within 60 days of the end of each year in which the interest subsidy is available

the State shall provide the Secretary with a statement as to whether the payments received under subsection (b) for that year exceeded the expenditures by it during that year for which payment is authorized under this section, and if so, by how much, and such other information as the Secretary may require.

(C)(i) If the Secretary finds that there is a substantial failure by the State to comply with any of the requirements of subparagraphs (A) and (B), or to comply with the requirements of subsection (c)(1)(A) in the administration of a plan approved under subsection (c)(1)(B), the Secretary shall, except as provided in subparagraph (C)(ii), notify the State agency State that further payments will not be made to it under subsection (b) until the Secretary is satisfied that there will no longer be any such failure to comply, and until the Secretary is so satisfied, the Secretary shall make no further payments.

(ii) The Secretary may suspend the termination of payments under subparagraph (C)(i) for such period as the Secretary determines appropriate, and instead withhold payments of approved State administrative expenses related to provision of assistance in States contributing to the interest subsidy, in whole or in part, until the Secretary is satisfied that there will no longer be any failure to comply with the requirements of subparagraphs (A) and (B) and subsection (c)(1)(A), at which time such withheld payments shall be paid.

(iii) Upon a finding under subparagraph (C)(i) of a substantial failure to comply with any of the requirements of subparagraphs (A) and (B) and subsection (c)(1)(A), the Secretary may, in addition to or in lieu of any action taken under subparagraphs (C)(i) and (C)(ii), refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance by the State and upon suit by the Attorney General in an appropriate district court of the United States and a showing that noncompliance has occurred, appropriate injunctive relief shall issue.

(d) The Secretary shall provide for review and, in the discretion of the Secretary, audit of the program for which payments are made under this section, and may, as the Secretary deems practicable, provide to the States technical assistance with respect to such program.

(e) There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. In order to make assistance available expeditiously and in a consistent and uninterrupted manner the Secretary is authorized and directed to utilize the funds, personnel and facilities of the United States Department of Agriculture, including those of the Commodity Credit Corporation (CCC), and of any other Federal or State agency whose assistance is required to establish and carry out the AgLIS program. However, the Congress shall, not later than the next ensuing appropriation act provide full reimbursement of any sums advanced pursuant to this section and is authorized to appropriate such sums for the AgLIS program as may be necessary based upon the Secretary's estimate of anticipated Federal costs.

(f) The State agency shall have the authority to monitor lender's compliance with section 5(a). Any lender found in violation of that section shall be ineligible to receive further payment under this Act.

FARM CREDIT SYSTEM AGRICULTURAL LOAN PRINCIPAL REDUCTION

SEC. 6. (a) Any institution participating in the programs provided under this Act shall during the period beginning January 1, 1986 and ending December 1, 1986 with respect to a borrower who or which has applied, but is unable to qualify, for assistance under this Act without assistance in addition to the interest subsidy available under this Act, write down the outstanding principal balance on the loan or loans of such borrower by such amount, and no more than such amount, not to exceed thirty percent thereof, as will permit such borrower to qualify for assistance. The balance of the principal remaining after such write-down and the accrued interest attributable thereto shall be rescheduled for payment as provided in section five of this Act. If the write-down of principal needed to enable the borrower to qualify for assistance under this Act equals or exceeds fifteen percent of the principal balance outstanding, the institution shall not be required to assume any portion of the cost of the interest subsidy provided under section five of this Act. In such case the interest subsidy shall total only such amount as is paid by the Secretary and the State, if such State is contributing to the interest subsidy. The borrower shall not be liable for repayment of that portion of the outstanding principal balance written down pursuant to this section nor for the accrued interest attributable thereto. The institution shall sell to the Capital Corporation established by the Farm Credit System, and said Capital Corporation shall purchase, the portion of the outstanding principal balance written down with the accrued interest attributable thereto for a price which equals, as nearly as may be practicable, the sum of the portion of the principal balance written down with interest thereon to maturity at the original rate, plus interest accrued on the written down portion of the outstanding balance to date of restructuring, discounted to such date of restructuring under generally accepted accounting principles.

(b) The institution shall sell to the Capital Corporation established by the Farm Credit System, and said Capital Corporation shall purchase, the outstanding principal balance and accrued interest of the loan or loans of any borrower who or which (1) cannot qualify for assistance under this Act even with the benefit of the interest subsidy and reduction of principal under this Act; and (2) conveys to the Capital Corporation all security for said loan or loans. The borrower shall be discharged from liability for repayment of principal and interest on said loan or loans and the Capital Corporation shall pay to the institution a price which as nearly as may be practicable equals the sum of the outstanding principal balance with interest to maturity at the original rate plus interest accrued to date of conveyance of all security to the Capital Corporation, discounted to said date of conveyance under generally accepted accounting principles.

(c) The Capital Corporation shall hold all real estate acquired pursuant to this section and related chattels for such period as such Corporation may deem prudent and may, in its discretion, lease any real estate thus acquired, and related chattel security, to any person provided that the Capital Corporation may in its discretion enter into such lease with the former borrower. If said borrower has leased said property for a total of not less than three years, the Capital Corporation shall at any time thereafter offer to the former borrower a first option to purchase any such real estate and/or related chattels, together or separately, at fair maket value therefor and othewise may convey such real estate or chattels to any other person at such price, not less than fair market value, as the Capital Corporation, in its sole discretion elects. In case of any lease of property acquired by the Capital Corporation pursuant to this section, the Corporation shall enlist, and may pay for the reasonable cost of the property management advice or assistance of the institution through which the property was acquired.

(d)(1) The provision of any federal or state law or state constitution to the contrary notwithstanding, the Governor of the Farm Credit Administration shall (A) transfer to the Capital Corporation for the purpose of carrying out the provisions of this Act any and all monies in the revolving funds established pursuant to section 6 of the Act of June 15, 1929, 46 Stat. 14, as amended, and section 5 of the Farm Credit Act of 1933, 48 Stat. 258, as amended (see 12 U.S.C. 2152 n. "Revolving Funds"); and (B) at such time or times as the Secretary of the Treasury may deem appropriate, direct that each institution pay or otherwise transfer to the Capital Corporation for the same purposes such portion or portions of its reserves, surplus, and earnings as the Govenor, in consultation with the Chairman of the Federal Reserve Board, the Controller of the Currency, and the Federal Deposit Insurance Corporation, shall designate. In determining the level of payments to be made by an institution, the Secretary of the Treasury shall take into account the economic viability of the institution, including their ability to provide reasonable rates of interest. Notwithstanding any other provision of law, effective upon date of enactment of this Act, no institution shall pay any dividend or patronage refund except upon prior written approval of the Governor of the Farm Credit Administration.

(2) Notwithstanding any other provision of law, the Secretary of Treasury is hereby authorized and directed to provide to the Capital Corporation such sums as may be necessary, not to exceed in the aggregate $5 billion, to carry out the purpose of this Act: *Provided, however,* That no payment or transfer of credit or funds may be made by the Secretary of Treasury to the Capital Corporation unless the Governor of the Farm Credit Administration has first demonstrated to the satisfaction of the Secretary, by such written certification and ancillary financial or other data as said Secretary may require, that the Farm Credit System has transferred to the Capital Corporation and, in carrying out the provisions of this Act, the Capital Corporation has exhausted or is about to exhaust all available funds from the revolving funds established pursuant to section 6 of the Act of June 15, 1929, 46 Stat. 14, as amended, and section 5 of the Farm Credit Act of 1933, 48 Stat. 258, as amended, and the reserves, surplus, and earnings of each institution of the Farm Credit System paid to the Capital Corporation by direction of the Governor of the Farm Credit Administration pursuant to this subsection. Copies of any certification and other data provided to the Secretary of the Treasury pursuant to this subsection shall at the same time be provided also to the Committee on Agriculture, Nutrition, and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives. Any sums or sums borrowed from the Treasury shall constitute an obligation jointly and severally, of each institu-

tion of the Farm Credit System, their successors and assigns and shall be apportioned among and repaid by such institutions as established in the financing package, in such a manner as the Governor of the Farm Credit System shall direct.

(e) Notwithstanding any other provision of law, the Governor of the Farm Credit Administration may reduce the capital requirements of an institution by not more than 50 per centum for a period of not more than three years. In such case the Governor shall require that, beginning in the year immediately following the period of reduced capital requirements the capital requirements of such institution shall be restored to its original level in uniform annual increments over a period of ten years.

(f) Any officer, director, employee, or agent of any institution, Farm Credit District, the Capital Corporation or the Farm Credit Administration who fails or refuses to comply with or carry out an order, direction, or regulation issued by the Governor of the Farm Credit Administration pursuant to this section shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than five years or both. Upon conviction, any such person's employment or other affiliation with the Farm Credit System shall be terminated and such person shall not thereafter be employed by, or affiliated with, the Farm Credit System.

(g) Upon failure or refusal to comply with any order, direction, or regulation issued by the Governor of the Farm Credit Administration pursuant to this section, the Governor may apply to an appropriate district court of the United States for injunctive relief, and upon a showing that such failure or refusal has occurred, appropriate injunctive relief shall issue.

MORATORIUM ON FMHA LOAN GUARANTEES AND FORECLOSURES BY FARM CREDIT SYSTEM INSTITUTIONS

SEC. 7. (a) During the period beginning on October 1, 1985 and ending on January 1, 1986, an institution may neither consolidate or merge with another institution nor take any action as the result of the default on an outstanding loan made by such institution to any borrower. Thereafter, an institution may not take any action as the result of the default on an outstanding loan made by such institution to any borrower until—

(1) thirty days after notice of availability of assistance under this Act has been provided as required by section 5(c)(1)(A)(v) of this Act, and

(2) any such borrower who has applied for assistance has been determined not to qualify for assistance under this Act even with the benefit of the interest subsidy and reduction of principal and elects not to convey security pursuant to section 6 of this Act.

(b) During the period beginning on January 1, 1986, and ending on December 31, 1986, the Farmers Home Administration of the United States Department of Agriculture shall guarantee no loans which are made for the purpose of restructuring loans under subtitles A or B of the Consolidated Farm and Rural Development Act, 7 U.S.C. 1921–1947.

CAPITAL CERTIFICATES

SEC. 8. (a) Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended by adding at the end thereof the following:

"(j)(1)(A) Notwithstanding any other provision of State or Federal law, and without limitation on any authority provided elsewhere in this Act, the Corporation, in its sole discretion and on such terms and conditions as it may prescribe is authorized to increase or maintain the capital of a qualified institution by making periodic purchases of capital instruments, as defined by the Corporation, for such form of consideration as the Corporation may determine, from such institution, and may authorize such institution to issue capital certificates pursuant to this subsection.

"(B) Dividends on any certificate so purchased shall be at a rate equivalent to the rate of interest paid on any promissory note used to purchase the certificate.

"(C) In making a determination under this subsection, the Corporation shall consult the State supervisor of the State in which a State chartered bank which is the subject of the eligibility determination is located, and in the case of a State member bank or a national bank, the Corporation shall consult the Board of Governors of the Federal Reserve System or the Comptroller of the Currency, respectively.

"(D) Certificates issued under this subsection shall be redeemed by the issuer not later than 10 years after their issuance. During this period, the certificates shall decrease in face value by a pro rata amount of no less than 10% per year.

"(E) With respect to certificates held by it, the claim of the Corporation shall have a priority over any claim arising out of an equity interest in the institution of the event of a liquidation or reorganization, subject to the prior payment of all accounts, certificates of deposit, and debt obligations other than debt obligations subordinated to the claims of general creditors which were outstanding when any certificates were purchased, and over any right of equity holders to participate in future earnings. Issuance of capital certificates in accordance with this subsection shall not constitute a default under the terms of any debt obligations subordinated to the claims of general creditors which were outstanding when such capital certificates were issued.

"(2) For the purposes of this subsection, the term 'qualified institution' means an institution the deposits of which are insured under this Act or insured or guaranteed under State law which, as determined by the Corporation—

"(A) has net worth equal to or greater than 1 per centum of its assets;

"(B) will have a net worth of not less than 1 per centum of assets after any such purchase of its capital certificates by the Corporation, as determined by the Corporation in accordance with the methods for calculating net worth pursuant to this paragraph; and

"(C) has implemented an agricultural loan cancellation program in accordance with paragraph (3), and has thereby reduced its net worth to no lower than the amount referred to in clause (A).

"(3) To be considered for the purpose of paragraph (2), an agricultural loan cancellation program shall—

"(A) be limited to cancellation of not more than 30 percent of the first $500,000 of agricultural loans made to an individual farmer ($750,000 in the case of a partnership or corporation engaged in farming);

"(B) be limited to borrowers with gross sales in excess of $30,000, debt to asset ratios in excess of 40 percent prior to cancellation, and debt to asset ratios of less than 100 percent after cancellation; and

"(C) provide for payment by the institution to the Corporation of a one time up front fee of 1 percent of the amount canceled to be used by the Corporation to cover any losses incurred under this subsection.

"(4) In any case where the staff of the Corporation finds for the purpose of this section that the length of time during which the institution will have positive net worth after a purchase of certificates is less than six months or nine months, as the case may be, the institution may submit to the staff its plans and projections. If the staff does not change its position after considering such plans and projections, the institution may submit such plans and projections to the Corporation and the institution shall be entitled to an appeal to, and a review of the staff's findings by, the Corporation.

"(5) The Corporation shall initially purchase capital certificates as follows:

"(A) With respect to qualified institutions, the Corporation shall purchase net worth certificates during the one year period beginning January 1, 1986, and ending December 31, 1986, from such institution in an amount equal to 100 per centum of its operating losses (not occasioned by mismanagement or speculation in futures or forward contracts), as determined by the Corporation.

"(6) In the exercise of its authority under this subsection, the Corporation shall in no period purchase capital certificates from a qualified institution in an amount equal to more than 100 per centum of such institution's operating losses incurred for the immediately preceding period.

"(7) No assistance may be provided to a qualified institution pursuant to this subsection if the Corporation determines that providing such assistance would be costlier than liquidating (including paying the insured accounts of) such institution or dealing with it in accordance with subsection (c) or (d) of this section.

"(8) The provisions of the constitution or the laws, civil or criminal, of any State, express or implied, limiting the authority of a qualified institution (A) to take part in programs under this subsection, (B) to issue and otherwise deal in capital certificates issued pursuant to this paragraph, or (C) to continue operations, including the receipt of deposits and the payment of crediting of interest or dividends to depositors, because of the level of such institution's net worth, surplus fund, or guaranty fund, shall not apply to any qualified institution which the Corporation has approved for the purpose of taking part in programs under this subsection, continuing operations, or paying interest or dividends.

"(9) During any period when a qualified institution has outstanding capital certificates issued in accordance with this subsection, such institution shall not be liable for any State or local tax which is determined on the basis of the deposits held by such institution or the interest or dividends paid on such deposits.

"(10) Notwithstanding any other Federal or State law, capital certificates purchased by the Corporation under this subsection shall deemed to be net worth for statutory and regulatory purposes.

"(11) The Corporation may not use its authority under this subsection to purchase the voting or common stock of a qualified institution. Nothing in this paragraph shall be construed to limit the ability of the Corporation to enter into and enforce covenants and agreements that it determines to be necessary to protect its financial interests.

"(12) During any period in which a qualified institution which has a stock form of

ownership has outstanding certificates under this subsection, such qualified insured institution may not pay dividends to its shareholders.

"(13) The loss incurred by an eligible institution as a result of a loan cancellation under paragraph (3) shall be recognized in equal annual installments over a period of not to exceed 10 years, except that if the institution forecloses on any loan a portion of which was forgiven under this subsection, the entire remaining balance of the forgiven portion of that loan shall be charged off in the year of the foreclosure.".

"(14) If the amount of the principal written down by a qualified institution under this section equals or exceeds 15 percent of the principal balance outstanding, the institution shall not be required to assume any portion of the cost of the interest subsidy provided under section 5 of this Act.".

(b) The amendment made by subsection (a) shall apply with respect to loan principal cancellations which are put into effect during the 1-year period beginning January 1, 1986.

SEC. 9. The provisions of the constitution or law of any State imposing any penalty, limitation, or moratorium relating to fixed rate mortgages shall not apply to any extension of credit in the form of a fixed rate mortgage made under this Act.

SEC. 10. Whoever embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or financed under this section shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

SEC. 11. There are authorized to be issued such regulations as may be necessary to carry out the provisions of this Act.

SEC. 12. There are hereby authorized to be appropriated such sums as may be required to carry out the provisions of this Act.

FARM CREDIT PARTNERSHIP ACT—SECTION-BY-SECTION ANALYSIS

SECTION 1. TITLE

Farm Credit Partnership Act.

SECTION 2. FINDINGS AND PURPOSE

Agriculture is under severe financial stress. This legislation proposes to restructure outstanding agriculture debt in order to: (1) reduce the debt loan and interest costs of family farmers; and (2) stabilize the Farm Credit System and maintain the solvency of small, rural agricultural lenders.

SECTION 3. DEFINITIONS

"Borrower" is any individual, family corporation or family partnership that makes at least 50 percent of its gross income from farming and holds agricultural loan or loans.

"Lender" is any commerical bank, savings and loan association, credit union, insurance company, or farm credit institution that has agreed to participate.

"Institution" is any bank or association of the Farm Credit System.

SECTION 4. FARMER ELIGIBILITY

Borrowers are limited to a $500,000 aggregate loan participation in the case of an individual and $750,000 in the case of family corporation or partnership. To qualify the borrower must also meet the following:

(1) Average gross annual sales above $30,000 for at least three of the past five years;

(2) Debt to asset ratio above 40 percent;

(3) Debt to asset ratio that falls below 100 percent after loan is restructured (except for the Farm Credit System);

(4) Can show an ability to repay the restructured debt.

SECTION 5. INTEREST BUYDOWN

A three-year program allowing eligible borrowers to apply to their lenders any time during the one-year window from the date the program begins. The loan itself must have been in existence as of October 1, 1985. The individual states will administer this part of the program.

The loan will have up to 5 percent interest buydown, with the 5 percent taken off the rate that equals the three-year T-bill rate plus 3 points.

The 5 percent will be provided by the federal government at 2 points, state government up to 2 points, and the lender taking the remaining one point.

All lenders and farm credit institutions listed in definitions are eligible lenders.

State contribution is optional, but at least one point of participation is required before the federal government will assist the state in its administrative costs.

States will submit a plan to the Secretary of Agriculture by March 1 of each year which:

(1) designates a single agency to be responsible for running the program;

(2) assesses the interest subsidy needs of borrowers in the state;

(3) describes the program for administering, and includes the lenders who will be participating;

(4) estimates the state's borrower participation level and the funds needed.

Secretary must review and rule on the plan before April 15. State agency will then handle the transfer of funds from government to lender.

SECTION 6. FARM CREDIT LOAN PRINCIPAL REDUCTION

This section applies only to the Farm Credit System.

Principal can be written down as much as 30 percent, and if it is written down at least 15 percent, the one point of interest rate buydown required in the Section 5 interest subsidy is waived for the lender.

Borrower will not be liable for any of the written-down loan, or the accrued interest attributable.

The written-down portion of the loan will in effect be purchased by the new Capital Corporation of the FCS and the responsibility for carrying the cost of the loss will reside there. Thus, the losses will be pooled.

The FCS cannot begin foreclosure proceedings until the borrower has been run through both Section 4 and the 30 percent write-down.

For loans that cannot become performing loans after the 30 percent write-down and the interest rate buydown, the borrower is given the option to turn over title of the security. This will fully discharge the borrower from liability for repayments.

For borrowers who do not transfer title, the Capital Corporation may enter into a lease agreement of at least three years, after which the farmers-borrower will have the first option to repurchase the land at the then market value.

Borrowers who do not wish to transfer title will be treated as any other borrower in non-accrual status.

SECTION 6(E) FCS ACCESS TO FEDERAL FUNDS

Before any federal dollars will be transferred to the Farm Credit System Capital Corporation, three things must occur:

(1) the governor of the FCA shall transfer all the monies in the revolving funds to the Capital Corporation;

(2) the governor of the FCA shall, as directed by the Secretary of Treasury, transfer to the Capital Corporation all the reserves, surplus and earnings that are available from the system's districts; and

(3) the governor of the FCA has then demonstrated to the satisfaction of the Secretary of Treasury—by written certification—that the FCS has transferred its resources and that these resources are exhausted or about to be exhausted.

Copies of this certification are to be made available to the Agriculture Committees of both the House and the Senate.

The Secretary of Treasury is then directed and authorized to provide the Capital Corporation such sums—either in a loan or cash payment, not to exceed $5 billion, as would be needed to carry out the purposes of the Act.

The governor of the FCA may reduce the capital requirements of an institution by up to 50 percent for no longer than a three-year period. These requirements would then be restored over an up to ten year period.

SECTION 7. MORATORIUM ON FMHA GUARANTEES AND FORECLOSURES BY FARM CREDIT SYSTEM INSTITUTIONS

This section forbids any consolidations or mergers of FCS institutions during the period beginning October 1, 1985 and ending the date this program begins.

Also prohibits any FCS institutions from foreclosing on its borrowers during that same period plus an additional 30 days after notice of availability of assistance has been provided.

Section also prohibits FmHA from guaranteeing any new restructured loans during the one-year window that this legislation provides access to the program.

SECTION 8. CAPITAL CERTIFICATES FOR COMMERCIAL LENDERS

This section sets up the procedure for the 30 percent write-down for the commercial lenders. The Farm Credit System's institutions do not qualify for this assistance.

The capital certificates will be provided by the FDIC to assist the lenders with the losses associated with their participation in the principal write-down.

The certificates will only be available for up to a 30 percent principal write-down—if a loan is written down more than 30 percent there is no penalty, but no assistance either beyond that point.

The lender must also pay a one percent user fee up front as cost of obtaining the certificates. For example, a 30 percent write-down on a $100,000 loan would mean the bank could be eligible for up to $30,000 worth of capital certificates. It would then owe 1 percent of that total up front.

The certificates will allow the bank to stretch out the loss over a ten-year period; however, if a bank should foreclose on a participating borrower, the bank would take all the remining loss in that year.

Also, if a bank writes down over 15 percent, it is not liable for the one point interest rate reduction described in Section 5.

SECTION 9. FIXED RATE MORTGAGES

This section clarifies that the requirement for fixed rate mortgages in any restructured loan supersedes any state law.

SECTION 10. CRIMINAL PENALTIES

Provides for up to $10,000 fine or up to five years in prison for those who steal, forge, misapply, etc., under this act.

SECTION 11

Authorizes Regulations.

SECTION 12

Authorizes Appropriations at such sums as necessary.

Who holds the farm real estate debt

[By FCS districts; in percent]

Springfield (Maine, New Hampshire, New York, Massachusetts, Connecticut, Rhode Island, Delaware, New Jersey, Vermont):	
FLB	39.0
Insurance company	1.7
Commercial banks	7.4
FmHA	18.8
Individual/other (2.8 percent of total debt)	33.0
Baltimore (Maryland, Pennsylvania, West Virginia, Virginia):	
FLB	44.3
Insurance company	2.7
Commercial banks	15.9
FmHA	10.5
Individual/other (2.4 percent of total debt)	26.6
Columbia (North Carolina, South Carolina, Georgia, Florida):	
FLB	56.8
Insurance company	10.3
Commercial banks	7.6
FmHA	8.8
Individual/other (5.7 percent of total debt)	16.5
Louisville (Kentucky, Tennessee, Ohio, Indiana):	
FLB	39.7
Insurance company	8.8
Commercial banks	7.6
FmHA	9.2
Individual/other (7.6 percent of total debt)	27.2
Jackson (Mississippi, Alabama, Louisiana):	
FLB	51.7
Insurance company	12.5
Commercial banks	12.2
FmHA	10.1
Individual/other (4.5 percent of total debt)	13.5
St. Louis (Missouri, Arkansas, Illinois):	
FLB	40.7
Insurance company	13.1
Commercial banks	11.7
FmHA	8.5
Individual/other (9.8 percent of total debt)	26.1
St. Paul (Minnesota, Wisconsin, Michigan, North Dakota):	
FLB	46.4
Life insurance	5.0
Commercial banks	7.8
FmHA	8.6
Individual/other (15 percent of total debt)	32.1
Omaha (Nebraska, Iowa, South Dakota, Wyoming):	
FLB	37.8
Life insurance	12.2
Commercial banks	4.1
FmHA	8.4
Individual/other (18.4 percent of total debt)	37.4
Wichita (Kansas, Oklahoma, Colorado, New Mexico):	
FLB	49.2
Life insurance	10.8
Commercial banks	6.2
FmHA	8.9
Individual/other (10.7 percent of total debt)	25.0
Texas (Texas):	
FLB	36.6
Life insurance	14.9
Commercial banks	11.2
FmHA	5.8
Individual/other (6.9 percent of total debt)	31.5
Sacramento (California, Utah, Arizona, Nevada, Hawaii):	
FLB	40.1
Life insurance	21.3
Commercial banks	6.2
FmHA	3.3
Individual/other (9.8 percent of total debt)	29.0
Spokane (Washington, Oregon, Idaho, Montana, Alabama):	
FLB	37.1
Life Insurance	14.3
Commercial banks	1.7
FmHA	8.7
Individual/other (6.3 percent of total debt)	38.2

Who holds farm nonreal estate debt

[By FCS districts; in percent]

Springfield (Maine, New Hampshire, New York, Massachusetts, Connecticut, Rhode Island, Delaware, New Jersey, Vermont):	
PCA	27.7
Commercial banks	47.1
FmHA	23.0
CCC (2.1 percent of total debt)	2.7
Baltimore (Maryland, Pennsylvania, West Virginia, Virginia):	
PCA	35.5
Commercial banks	36.1
FmHA	24.0
Individual/other (3.7 percent of total debt)	2.4
Columbia (North Carolina, South Carolina, Georgia, Florida):	
PCA	37.7
Commercial banks	19.1
FmHA	41.3
CCC (7.6 percent of total debt)	1.8
Louisville (Kentucky, Tennessee, Ohio, Indiana):	
PCA	30.8
Commercial banks	41.6
FmHA	20.1
Individuals/other (10.6 percent of total debt)	7.2
Jackson (Mississippi, Alabama, Louisiana):	
PCA	18.4
Commercial banks	24.5
FmHA	51.1
CCC (4.8 percent of total debt)	4.5
St. Louis (Missouri, Arkansas, Illinois):	
PCA	16.1
Commercial banks	55.2
FmHA	17.4
CCC (11.1 percent of total debt)	11.0
St. Paul (Minnesota, Wisconsin, Michigan, North Dakota):	
PCA	26.3
Commercial banks	39.5
FmHA	13.2
CCC (13.1 percent of total debt)	19.6
Omaha (Nebraska, Iowa, South Dakota, Wyoming):	
PCA	14.1
Commercial banks	55.2
FmHA	10.5
CCC (14.3 percent of total tax)	19.5
Wichita (Kansas, Oklahoma, Colorado, New Mexico):	
PCA	14.0
Commercial banks	54.1
FmHA	10.9
CCC (8.9 percent of total debt)	19.2
Texas (Texas):	
PCA	16.7
Commercial banks	48.3
FmHA	18.2
CCC (5.7 percent of total debt)	13.8
Sacramento (California, Utah, Arizona, Nevada, Hawaii):	
PCA	30.0
Commercial banks	57.2
FmHA	10.6
CCC (9.9 percent of total debt)	1.4
Spokane (Washington, Oregon, Idaho, Montana, Alabama):	
PCA	25.6
Commercial banks	42.4
FmHA	14.2
CCC (8.3 percent of total debt)	17.4

DEBT DISTRIBUTION

[Dollar amounts in billions]

	Short term		Long term	
	Percent	Amount	Percent	Amount
Banks	37.9	$39.0	8.4	$9.4
Insurance Companies			11.4	12.8
Individuals	18.4	18.9	29.0	32.5
CCC	10.5	10.8		
FmHA	14.2	14.6	8.3	9.3
Farm credit system PCA's	19.0	19.6		
Land bank			43.0	48.1
Total	100	103	100	112

Source: Chart/Senate Republican Conference.

● Mr. ABDNOR. Mr. President, as coauthor of the Family Farm Partnership Act, I call upon my colleagues for prompt consideration of legislation addressing the agricultural credit crisis which is paralyzing America's heartland.

The financial crisis taking place in rural America today is perhaps the most publicized economic event taking place in the United States today. But the time for just talk, analysis, and hand wringing has expired. It now is time for action—before this frustrating crisis erupts into a disastrous catastrophe.

With the proposal introduced today by myself, Senator BOSCHWITZ, and others, we can begin the necessary and important steps to revitalize agriculture, its lenders, agribusiness, Main Street, and the whole of the farm, and rural economy. The Congress and the financial services industry must mobilize resources to ensure the economic viability of the heartland, the origin and foundation of our entire U.S. economy and society. Indeed, failure to do so jeopardizes our national welfare and security.

Our legislative idea is a starting point and should be viewed in that context. In drafting this document, we did not expect to have all the answers nor did we address all considerations. In good faith, we have established guidelines in what we believe are the appropriate and relevant issues at hand. In coauthoring this legislation, my objectives are the following:

First, we need a farmer-first approach to resolving the rural credit crisis. As long as he is experiencing cash-flow problems, automatically and by definition there will be problems for lenders and the Federal Government.

Second, both dimensions of financial problems must be addressed: high interest rates must be lowered and excessive debt burdens must be reduced.

Third, commercial lenders must not be put at a disadvantage if the farm credit system asks the Congress for a massive bailout. The rural financial network is a complex mixture of private and public sector institutions. We must make sure that any Federal intervention gives fair treatment to the private sector.

Fourth, the farm credit system's autonomous and self-regulating status must end. In the time-honored tradition of our Federal Government's check-and-balance system, it is time to require external examination of the FCS to protect the public from potential abuses.

Equal to the objectives cited above, there is a compelling national interest at stake and worth defending. Stability and solvency must be restored to the entire rural and farm finance network. We must ensure that both commercial and Federal lending institutions continue to serve rural customers. All of America cannot afford a faltering economic foundation. And our foundation clearly is agriculture. All the rest of our great economy is built upon the fact that we can feed and clothe ourselves first.

The introduction of this legislation was not the first action on this important issue. Rather, it is a product of considerable effort undertaken by the Joint Economic Committee over the past year or so. Last June was the most recent rural finance oversight hearing conducted by me. The witnesses included commercial bankers, the Farm Credit Administration, the Federal Deposit Insurance Corporation, and the Federal Reserve. They concurred on this: The condition of rural lenders and borrowers is not good and it is likely to deteriorate further in months to come.

According to Charles Partee, member of the Federal Reserve Board of Governors, two-thirds of U.S. bank failures this year have been agricultural institutions. George Irwin, chief economist of the Farm Credit Administration, suggests that the farm credit system has been weakened not only by nonperforming loans but also by eroding capital bases as good customers exit their borrowers-owned system. Irwin argues that farmers in a sound position today are in jeopardy because they are carrying the burden of other farmers who are unable to pay their loans.

Randall Killebrew, on behalf of the American Bankers Associations, discussed the many factors influencing the current condition of rural borrowers and lenders. Among them are: First, the farm credit system and the Farmers Home Administration have displaced commercial lenders to some degree; second, the banking industry has been burdened by unnecessary regulation and cannot compete with unregulated and new entrants in the financial services industry; and, third, the agricultural economy is under tremendous stress in the world market today and is enduring the ill-effects of failed Federal farm programs. In this scenario, Killebrew suggests that declines in Federal assistance to the farm sector would be disastrous in the central grain-producing States.

But Gerhart on behalf of the Independent Bankers Association of America presented the view that higher commodity prices to farmers would shore up a considerable amount of farm-debt delinquency. According to his estimates, an increase of 50 cents to $1 would significantly increase the survival rate of farmers.

David Meadows, associate director of the FDIC, emphasized that credit availability is not the problem, but rather interest rates and the creditworthiness of borrowers. The agricultural economy is suffering from external factors as well in his analysis, such as the high value of the dollar and other trade obstacles and the large and rising Federal deficit.

Mr. President, I ask unanimous consent that a paper pertaining to agricultural finance be placed in the RECORD in conjunction with my statement. It is an overview of the Farm Credit System, prepared by Jerry W. Johnson on the Joint Economic Staff.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

OVERVIEW OF THE SUPERVISORY AND REGULATORY ASPECTS OF FARM CREDIT SYSTEM BY JERRY W. JOHNSON

INTRODUCTION

In hearings before the Joint Economic Committee of Congress, George Irwin, Chief Economist of the Farm Credit Administration, stated that, "for the second time in the 20th Century we have a major structural adjustment underway in agriculture under stress conditions and thats whats causing problems for both farmers and for financial institutions that deal with them." Professor Lawrence Shepard, at the Western Economics Association meeting, also stated that with the agriculture sector carrying, "as much as $100 billion more in debt than it can realistically support someone, farmers or their creditors, cannot avoid losses of tens of billions of dollars." He further stated that, "A $1 trillion agricultural capital stock that annually produces average returns of less than $20 billion cannot and will not sustain a debt load of $220 billion at double-digit interest rates." Such pressure has lead even the Federal Farm Credit System's top officials to admit to the possibility of a system collapse without complete reorganization. Those aware of the magnitude of the problem share this view as evidence continues to surface. What happened? What has been the Farm Credit Administration's response? Before attempting to answer these questions, it is important to first understand the structure of the farm credit system.

STRUCTURE OF FARM CREDIT SYSTEM

The structure of the farm credit system is defined in Title 12, Chapter 23 of the U.S. Code. The farm credit banks are mixed-ownership government corporations and are structurally highly decentralized. Ownership, with the exception of the period up to 1968 when the Farm Credit Administration owned shares in them, is held by the member-borrowers. Each of the local production credit associations and Federal land bank associations is run by a Board of Directors which is elected by its member-borrowers. Operating policy, including loan policy, is determined by this Board. In each of the 12 farm credit districts a district board made up of 7, 6 elected locally and one appointed by the Governor of the Farm Credit Administration, serves as the directors of (1) the Federal Land Bank, (2) the Federal Intermediate Credit Bank, and (3) the Bank For Cooperatives in the respective districts. All voting stock of the district bank is held by the respective local associations; thus, they are effectively owned by the member-borrowers of the associations.

The Farm Credit Administration was created in 1933 to serve as the supervisor and regulator of the farm credit system. As the systems regulator, it does not possess the same regulatory powers as the Comptroller of Currency. For example, it does not have cease and desist powers, power to impose monetary punitive damages, or the same level of auditing powers as the Comptrollers office.

Since 1977, the Farm Credit Bank Funding Corporation provides the funding to the district banks. Farm credit securities are issued in the national money and credit markets and the funds are distributed to the district banks. The funding corporation is owned by the farm credit banks which means it is indirectly owned by the local associations. Similarly, the Farm Credit Corporation of America was created to provide a central voice for the system.

The final important piece is the Farm Credit System Capital Corporation formed in 1985. Formed by the credit banks, it is to purchase and service high-risk assets from district banks and associations that qualify for system-wide financial assistance. Under Section 2012 of Subchapter 1 of Chapter 23 line 23 loss sharing was agreed to. Assets shifted into the capital corporation are covered with liabilities obtained from all of the banks.

WHAT HAPPENED?

During the 1960's and 1970's, in a relative sense, the agricultural sector thrived. Exports rose from 7.7 billion in 1971 to 44 billion in 1981 fueling the prosperity of the period. The falling dollar and improved trading arrangements explained the expanded trade. From 1970 to 1979 cash marketings increased at an 11 percent annual rate. With gross farm income up by approximately 23 percent, expected continued inflation, and low real interst rates, land values rose by as much as 70 percent. The associated capital gains was more than a half trillion dollars according to Federal Reserve figures. Many farmers experienced capital gains of $500,000 or more in the 1970's alone. Interestingly, while income from farm assets was rising farm income was falling, most of which has been attributed to the rise in farm interest expense. The rise in wealth, as measured by the rise in the value of the farm assets, provided the impetus and ability of the farmer to assume new debt. Debt, as a percentage of equity, grew

to almost 20 percent by the end of the 1970's. The total value of farm debt at the end of 1984 was $213 billion, rising at the rate of 13 percent annually from 1976 to 1982.

Prosperity ended in 1979 and beyond. From 1980 to 1984 food exports from the United States declined by almost 22 percent. Farm product inventories continued to rise rapidly with huge crops in 1981-82, adding to an already growning worldwide surplus. Worldwide, a recession set in with inflation peaking in 1980. The dollar began to appreciate, severely eroding the competitiveness of the United States.

With the rising surplus, not surprisingly, prices fell. Falling prices precipitated declining income from farm assets. At the same time inflation continued to push farm expenses higher. In 1980, for the first time since 1940, the index of prices paid by the farmer exceeded the index of prices received. Farm incomes dropped to their lowest in over 40 years.

GROWING STRAIN

Concern over the relationship between the district banks and the local associations by member-borrowers was not perceived as being important as long as the system seemed to be working. The district banks had plenty of money to pass to the local associations who, through relatively lenient loan policies, found it easy to loan. With the growing financial stress on the system, the relationships between the components of the system have become strained. The strikingly decentralized nature of the system reflects the intense independence of the farm character. Not surprisingly, the members possess a strong desire to maintain autonomy. Increased perceived intervention by the district banks, though owned by the member-borrowers or any other "government" entity, is not welcome and contributed to the growing strain in the system.

FARM CREDIT SYSTEM RESPONSE

Given the structure of the farm credit system the response of the Farm Credit Administration to the current financial crisis has been, predictably, limited. As can be seen, their ability to respond is limited. Under Title 12, Chapter 23, Section 2252 of U.S. Code, the Farm Credit Administration has the power and responsibility to make investments in the stock of the farm credit banks if issued by the banks. Section 2151(a) states, "the federal land banks, the federal intermediate credit banks, the banks for cooperatives, and subject to Section 2094(d) of this title, the production credit associations may issue stock which may be purchased by the Governor of the Farm Credit Administration on behalf of the United States as a temporary investment in the stock of the institution to help one or several of the banks or associations to meet emergency credit needs to borrowers." Upon purchase of the stocks by the treasury the ownership is deemed not to change, but during ownership Chapter 91 of Title 31 would apply. This latter title relates to the powers of the government over "governmental corporations" and would result in diminished autonomy.

The 37 farm credit banks, as a policy choice in addressing the current farm credit crisis, could issue stock and sell them to the Governor of the Farm Credit Administration as a mechanism to provide an infusion of funds. Why don't they? The reason is that the farm Credit Administration cannot initiate the action since the law states that the farm credit banks may issue the stock, but will not due to the fear of losing autonomy. Even as the regulator, recall that the Farm Credit Administration does not have cease and desist authority or power to impose monetary punitive action; therefore, only through Title 31, Chapter 91 does it obtain meaningful power and this only occurs when purchase of stock takes place.

Effectively, even the owners of the farm credit banks, the member-borrowers, have little influence over them due to the decentralized structure. Meaningful checks and balances over the operations of the farm credit banks do not exist. Not until recently has an independent audit of the system been performed. This is incredible, yet reflective of the weaknesses in the system. From a soundness perspective, perhaps as important is an outside credit audit.

In discussing the performance of the farm credit banks, Randall Kilebrew, President, First National Bank of Petersburg, Illinois, in committee hearings stated, "the cooperative farm system, through the production credit association and the federal land banks, became aggressive lenders, basing its performance on volumes of loans outstanding." Certainly such a measure of performance is inappropriate in assuring the soundness of the institutions. Again, the system failed to provide a check and balance.

SUMMARY

Both the supervisory and regulatory activities of the farm credit system need to be strengthened. The member-borrowers, farmers, contrary to initial perceptions, will be the winners if this is done. As the entity currently most severely harmed, and the owner of the system, they should be insisting on strengthened protection of their capital. Without changes, member-borrowers will continue to drop out of the system and an important source of funds could be severely harmed.

Either the Farm Credit Administration or the Comptroller of Currency office should be given regulatory power similar to that which the Comptroller currently possesses in the banking system. With the regulatory power must go the power to supervise the system more closely, including credit audits.

The current system is in need of change to put in place those built-in incentives which will ensure the integrity of the system. Lacking the necessary incentives, the members will leave the system placing the system in jeopardy. The agricultural system cannot afford the loss of this primary source of funding.●

● Mr. NICKLES. Mr. President, today I join Senator BOSCHWITZ and a number of my farm State colleagues in offering legislation aimed at providing credit relief to commercial-sized family farmers and ranchers who are experiencing financial stress.

This legislation provides an opportunity for agricultural borrowers to restructure loans from commercial lenders and Farm Credit System institutions in order to maintain the viability of their farming operations and thus preserve the family farm as the backbone of American agriculture.

Mr. President, this is a broad-based 3-year program which recognizes the harsh realities facing farmers and ranchers today. It is a program that attacks farm credit problems from the national, State, and local level. It is a targeted program, not a scatter shot approach offering assistance to everyone regardless of financial position or farm structure.

This will not be the only farm credit proposal to surface over the coming weeks and I do not claim this one has all the answers. Certainly, no single piece of legislation is going to solve all of agriculture's problems. However, I feel this bill can serve as the groundwork for legislation to reduce farm interest expense, halt the decline of land values, and inject a little humanity into a crisis situation in rural America.

During spring of this year, agriculture's credit crunch came in focus as Midwest farmers were struggling to obtain financing to put their crops in the ground. In response, the administration's Debt Adjustment Program was modified and improved. But quite frankly, the program has failed to live up to its billing. The bankers did not participate. The administration provided guarantees for operating loans, but not ownership loans. At last report, two guarantees had been made in Oklahoma under the revised Debt Adjustment Program.

Farmers do not need additional debt. They do not need false hope. This bill does not offer new debt. It restructures existing debt which is choking off the profits of family farmers and ranchers throughout America. We are not saying this bill is agriculture's salvation. We have to face the fact that more farmers are going to go out of business. But I believe without action on farm credit legislation such as this, thousands of solid operators in Oklahoma and elsewhere will be forced off the farm through no fault of their own.

This bill targets assistance to family operations involved in the commercial production of crops, livestock, and poultry. To be eligible for assistance, borrowers must receive at least half of their gross income from agriculture, have over $30,000 in historical gross sales and have debt-to-asset ratios in excess of 40 percent. Total restructuring assistance is limited to $500,000 for individuals and $750,000 for family partnerships and family corporations.

Through interest and principal reductions, the bill allows farm debts to be restructured to a manageable level for a 3-year period. Banks will be able to amortize losses over an extended period to prevent a large capital drain in any one year. Farm Credit System borrowers will be protected from forced foreclosures until program restructuring efforts have been made.

Mr. President, this bill can serve as the starting point for Senate consideration of farm credit legislation. It is my hope Congress can act on agriculture credit legislation before year's end. If not, next year's credit problems are bound to outweigh the troubles

farmers encountered this past planting season.

I encourage my colleagues to support this legislation and work with us in an effort to address the credit problems of American agriculture, our Nation's largest industry.

Mr. President, I ask unanimous consent that two pertinent letters be included in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

OKLAHOMA FARMERS UNION,
Oklahoma City, OK, October 25, 1985.
Hon. DON NICKLES,
U.S. Senate,
Washington, DC.

DEAR SENATOR NICKLES: We appreciate you providing us with a copy of the proposed agriculture credit program and the invitation to respond.

In a special called meeting of our Executive Board of Directors today, it was the unanimous decision that we support the proposal.

In the discussion of the matter it was emphasized that it is our desire that the program be extended to all agriculture lenders—community banks as well as the federal credit system.

In regard to any bailout of the federal credit system it is important that the intent of any such bailout be for the exclusive purpose of assisting member borrowers with reasonable hope of surviving the present farm crisis.

We truly appreciate your earnest efforts to bring relief and hope to the thousands of family farmers facing bankruptcy at this time and the thousands more to follow in the wake of those proceeding. Every family farmer has a number and in time that number will be called unless immediate corrective action is taken.

Sincerely,

JACK KELSEY,
President.

COMMUNITY BANKERS
ASSOCIATION OF OKLAHOMA,
Oklahoma City, OK, November 4, 1985.
Hon. DON NICKLES,
U.S. Senate,
Washington, DC.

DEAR SENATOR NICKLES: In response to your letter dated October 7, 1985, the Farm Credit Partnership proposal was reviewed by our Executive Committee and in a joint conference with the Oklahoma Farmers Union, and we find nothing wrong with the proposal as outlined.

I reiterate the statement made by Bud Gerhart, Chairman of the IBAA Agriculture Committee, that any Federal Financial assistance must be equally accessible to commercial agriculture banks—not only Farm Credit banks.

I am sure you are aware of the concern in this area and I only call it to your attention as you continue to work toward resolving the problems in agriculture financing.

We appreciate the opportunity to share our views with you.

Sincerely,

JAMES P. MCKEOWN,
Executive Manager.●

● Mr. MCCONNELL. Mr. President, since I became a U.S. Senator almost 11 months ago, I've dealt with some farm issues critical to Kentuckians—tobacco legislation and the farm bill, to name two—but the issue of farm credit is as potentially devastating as any agricultural issue which has become before the Senate. If we do not act, and act quickly and decisively, a banking crisis of unfathomed proportions may occur as a result of the agricultural credit crisis. That's why I am pleased to be an original cosponsor of legislation that I believe takes an aggressive first step in the right direction.

The Farm Credit Partnership Act of 1985 provides some immediate relief to many small family farmers whose backs are against the wall through no fault of their own. The causes of the agricultural credit crisis are well documented. I'll not go into the causes here, but I believe the initiatives of this legislation attack one of the root problems faced by farmers—exorbitant interest rates.

The high cost of farm credit has literally squeezed the life out of many successful commerical-sized farmers. The Federal Reserve Board decision to wring inflation out of the economy by tightening the supply of money came at the expense of farmers who were told to buy land as a hedge against inflation even though interest rates were at historically high levels. Sound lending decisions that were made based on the expected cash flow from an 8 percent farm loan turned sour when interest rates soared to 18 percent. On a simple loan of $100,000, that meant that a farmer's cash flow was reduced 10,000 per year. When coupled with low cattle and grain prices, farmers who are otherwise financially sound and are good operators, find themselves unable to meet their immediate financial obligations. And the sad part of all this is that most farmers could probably make ends meet if they didn't have that extra $10,000 annual obligation compliments of Paul Volcker and the Federal Reserve Board.

So it is my firmly held belief, Mr. President, that some kind of interest rate buy-down would do more to improve the financial condition of America's family farms than any farm bill that we could write. This bill does just that.

Through a carefully crafted partnership, Federal and State governments and private lending institutions would contribute 2 and 1 percent, respectively, for a total interest rate buy down of 5 percent. Targeted at family farmers whose debt to asset ratio is greater than 40 percent, this buy-down will improve cash flow sufficiently so that further assistance will be unneeded by many farmers. And the genius of this proposal, Mr. President, is that the entire structure of agriculture benefits from farmers' improved cash flow, from agricultural lenders to agricultural suppliers to main street businesses. This concept simply is the best way to improve the plight of rural America in the immediate short term.

Mr. President, another attractive part of this proposal is the "lease-back" provision in which a farmer facing insolvency could continue to operate his farm with dignity and without the embarrassment of forced bankruptcy until he regains sound financial footing. Many farmers in today's farm crisis are young men and women who had the misfortune of starting a farming operation in the 1970's or early 1980's. These young farmers purchased farmland at the peak of its value and at the height of the interest rate debacle. When crop and livestock prices fell, there was no place for these young farmers to turn. We can't turn our backs on these farmers, Mr. President, because we're going to have to turn to them in the near future to produce America's food and fiber. The average age of the American farmer is over 50 years old and we simply cannot allow the next generation of farmers to go broke. We need to keep young, innovative farmers actively involved in production agriculture until we get this farm policy mess straightened out. The "lease-back" provisions of the Farm Credit Partnership Act provide the mechanism to accomplish this.

Mr. President, I have heard it said that you can't fix a corpse. If we allow America's family farmers to drown in a pool of red ink, all the farm bills the Congress writes for the next 20 years will be meaningless. The current agricultural situation is not a temporary situation; it's a permanent change. Agriculture and farm management will be vastly different in the next 20 years and we need to give farmers a chance to adjust to a worldwide agriculture. And I don't think Federal assistance for farmers in this situation is wrong.

After all, Mr. President, it was the U.S. Department of Agriculture who told farmers during the 1980 Agriculture Outlook Conference that "demand for U.S. farm products will continue to grow, land values will continue to increase and inflation will be a plague for the foreseeable future." It's funny how much things can change in just 5 short years.●

ADDITIONAL COSPONSORS

S. 259

At the request of Mr. DANFORTH, the name of the Senator from Kansas [Mrs. KASSEBAUM] was added as a cosponsor of S. 259, a bill to protect the public interest in stable relationships among communities, professional sports teams and leagues and in the successful operation of such teams in communities throughout the Nation, and for other purposes.

S. 1223

At the request of Mr. ARMSTRONG, the names of the Senator from Montana [Mr. MELCHER] and the Senator from Oklahoma [Mr. BOREN] were added as cosponsors of S. 1223, a bill to authorize the erection of a memorial on Federal land in the District of Columbia or its environs to honor members of the Armed Forces of the United States who served in the Korean war.

S. 1250

At the request of Mr. HEINZ, the name of the Senator from Arkansas [Mr. PRYOR] was added as a cosponsor of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1446

At the request of Mr. ANDREWS, the names of the Senator from Virginia [Mr. TRIBLE] and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of S. 1446, a bill to amend title 38, United States Code, to improve veterans' benefits for former prisoners of wars.

S. 1639

At the request of Mr. EXON, the names of the Senator from South Dakota [Mr. ABDNOR], the Senator from Nevada [Mr. HECHT], the Senator from Idaho [Mr. MCCLURE], the Senator from Utah (Mr. GARN], the Senator from Montana [Mr. MELCHER], and the Senator from Wisconsin [Mr. PROXMIRE] were added as cosponsors of S. 1639, a bill to authorize the minting of gold bullion coins.

S. 1742

At the request of Mr. TRIBLE, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 1742, a bill to improve the enforcement of the restrictions against imported pornography.

S. 1775

At the request of Mr. DODD, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1775, a bill to authorize a multifamily housing preservation loan program.

S. 1782

At the request of Mr. CHAFEE, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of S. 1782, a bill to amend the Internal Revenue Code of 1954 to impose a $1.20 per pound excise tax on snuff and a 40 cents per pound excise tax on chewing tobacco.

S. 1818

At the request of Mr. DENTON, the names of the Senator from North Carolina [Mr. HELMS], the Senator from Arizona [Mr. GOLDWATER], the Senator from Nevada [Mr. HECHT], the Senator from South Carolina [Mr. THURMOND], and the Senator from Pennsylvania [Mr. SPECTER] were added as cosponsors of S. 1818, a bill to prevent sexual molestation of children in Indian country.

S. 1823

At the request of Mr. ROCKEFELLER, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1823, a bill to strengthen the technological literacy of the Nation through demonstration programs of technology education.

SENATE JOINT RESOLUTION 77

At the request of Mr. DECONCINI, his name was added as a cosponsor of Senate Joint Resolution 77, a joint resolution to approve the "Compact of Free Association," and for other purposes.

SENATE JOINT RESOLUTION 130

At the request of Mr. QUAYLE, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of Senate Joint Resolution 130, a joint resolution designating the week beginning on November 10, 1985, as "National Blood Pressure Awareness Week."

SENATE JOINT RESOLUTION 141

At the request of Mr. SASSER, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of Senate Joint Resolution 141, a joint resolution to designate the week beginning May 18, 1986, as "National Tourism Week."

SENATE JOINT RESOLUTION 198

At the request of Mr. MATHIAS, the name of the Senator from Georgia [Mr. NUNN] was added as a cosponsor of Senate Joint Resolution 198, a joint resolution to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine."

AMENDMENT NO. 772

At the request of Mr. BINGAMAN, his name was added as a cosponsor of amendment No. 772 proposed to Senate Joint Resolution 77, a joint resolution to approve the "Compact of Free Association," and for other purposes.

SENATE CONCURRENT RESOLUTION 88—INVITING AMERICANS TO LIGHT LIGHTS FROM DUSK TO DAWN DURING THE GENEVA SUMMIT

Mr. SIMON (for himself, Mr. HATFIELD, Mr. STAFFORD, Mr. GORE, Mr. PELL, Mr. JOHNSTON, Mr. RIEGLE, Mr. MATSUNAGA, Mr. BUMPERS, Mr. DECONCINI, and Mr. GRASSLEY) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations.

S. CON. RES. 88

Whereas the United States and the Soviet Union among all nations lead in the development and accumulation of weapons with the ability to devastate and possibly end human life on Earth;

Whereas the increased speed and accuracy of nuclear weapons on both sides greatly increase the danger that nuclear war will occur;

Whereas scientific evidence suggests that the detonation of even a small proportion of the nuclear weapons already in existence would result in dramatic climatic changes which likely could end human life;

Whereas the President of the United States, Ronald Reagan, and General Secretary of the Soviet Union, Mikhail Gorbachev, share responsibility for the avoidance of nuclear war, the peaceful resolution of global conflict, and the instigation of joint cooperation projects; and

Whereas leaders of the National Council of Churches of Christ in the United States of America, the World Council of Churches, the United States Catholic Conference, the Rabbinical Assembly of America, The Synagogue Council of America and the Ecumenical Ministries of Oregon have called upon citizens everywhere to light porchlights, candles, and other lights on November 19 and 20, 1985, from dusk to dawn to openly display their desire for world peace: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That (a) it is the sense of the Congress that—

(1) people around the world desire to work, raise children, build communities, and pursue a quality of life free from the threat of war; and

President Reagan and General Secretary Gorbachev should heed such desire by reaching an understanding on an arms control agreement which significantly cuts nuclear stockpiles and makes strides toward halting the arms race between the United States and the Soviet Union.

(b) The Congress hereby invites all Americans to light porchlights, candles, or other lights from dusk to dawn on November 19 and 20, 1985, while President Reagan and General Secretary Gorbachev meet at the summit in Geneva, Switzerland.

● Mr. SIMON. Mr. President, today, on behalf of myself and my colleague, Senator HATFIELD, I am introducing a concurrent resolution calling on all Americans to light porchlights, candles, and other lights from dusk to dawn on November 19 and 20, during meetings between President Reagan and General Secretary Gorbachev in Geneva.

Several weeks ago, a coalition of religious organizations proposed this idea which, in its simplicity, underscores the significance of the summit. These organizations include the National Council of Churches, the World Council of Churches, the U.S. Catholic Conference, the Synagogue Council of America, the Rabinnical Assembly of America, and the Ecumenical Ministries of Oregon. Since then, many Governors, State legislatures, and city councils have issued proclamations and resolutions in support of this campaign.

We believe this nationwide effort will signal our desire for world peace and highlight the opportunity that the summit brings for increased cooperation and mutual understanding between the United States and the Soviet Union.

This summit offers a rare opportunity to reach an arms control agreement that ensures that our children and

grandchildren live in a world of peace and stability. While each of us may have individual desires for the summit, it is our hope that this "light the lights" campaign can demonstrate our common wish for a lasting peace.

I urge my colleagues to join us in responding to the leadership provided by these religious organizations and to join those back home in lighting up our States on November 19 and 20.●

SENATE RESOLUTION 258—APPLAUDING FORMER SENATOR NORRIS COTTON FOR HIS CONTRIBUTIONS AS A PUBLIC SERVANT AND CITIZEN

Mr. DOLE (for himself, Mr. RUDMAN, and Mr. HUMPHREY) submitted the following resolution; which was considered and agreed to:

S. RES. 258

Whereas, Norris Cotton was an esteemed and beloved member of the United States Senate from 1954 until 1975, and;

Whereas, the former New Hampshire senator was recognized, on both sides of the political aisle, as a leader and a statesman, and;

Whereas, throughout his political career Norris Cotton exemplified the finest values of his New England heritage: honesty, integrity, and hard work, never forgetting his roots or the people he served and;

Whereas, upon his return to private life, Norris Cotton has continued to be an active and admired member of his community;

Therefore, be it the Sense of the Senate, That we offer our congratulations and best wishes to Norris Cotton who is being honored in the Granite State this weekend for his enormous contribution as a public servant and dedicated citizen.

SENATE RESOLUTION 259—AUTHORIZING REPRESENTATION BY THE SENATE LEGAL COUNSEL

Mr. DOLE (for himself and Mr. BYRD) submitted the following resolution; which was considered and agreed to:

S. RES. 259

Whereas, in the cases of *State of New Hampshire* v. *Donald Booth,* Docket No. 85-S-569 M, and *State of New Hampshire* v. *Maryellen Grace,* Docket No. 85-S-471 M, pending in the Merrimack County Superior Court of the State of New Hampshire, counsel for the defendants have served a subpoena upon Frederick Kocher, a Senate employee in the office of Senator Warren B. Rudman, for testimony and the production of documents;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(2) (1982), the Senate may direct its counsel to defend the Senate, its committees, Members, officers, and employees in any proceeding with respect to any subpoena or order directed to them in their official capacity: Now, therefore, be it

Resolved, That the Senate Legal Counsel is directed to represent Frederick Kocher with respect to the subpoena served upon him in the cases of *State of New Hampshire* v. *Donald Booth,* Docket No. 85-S-569 M, *State of New Hampshire* v. *Maryellen Grace,* Docket No. 85-S-471 M, and in any related proceedings, and to assert on his behalf any privileges to which he may be entitled.

AMENDMENTS SUBMITTED

OMNIBUS BUDGET RECONCILIATION ACT

HEINZ AMENDMENT NO. 1039

Mr. HEINZ proposed an amendment to the bill (S. 1730) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, 99th Congress); as follows:

At the end of Title III of the bill, insert the following:

SEC. . Section 5 of the Outer Continental Shelf Lands Act (43 U.S.C. 1334) is amended by adding at the end the following new subsection:

"(j)(1) Any vessel, rig, platform, or other structure used for the purpose of exploration or production of oil and gas on the outer Continental Shelf south of 49 degrees North latitude shall be built—

"(A) in the United States; and

"(B) from articles, materials, or supplies at least 50 percent of which, by cost, shall have been mined, produced, or manufactured, as the case may be, in the United States.

"(2) The requirements of paragraph (1) shall not apply to any vessel, rig, platform, or other structure which was built, which is being built, or for which a building contract has been executed, on or before October 1, 1985.

"(3) The Secretary may waive—

"(A) the requirement in paragraph (1)(B) whenever the Secretary determines that 50 percent of the articles, materials, or supplies for a vessel, rig, platform, or other structure cannot be mined, produced, or manufactured, as the case may be, in the United States, and

"(B) the requirement in paragraph (1)(A) upon application, with respect to any classification of vessels, rigs, platforms, or other structures on a specific lease, when the Secretary determines that at least 50 percent of such classification, as calculated by number and weight, which are to be built for exploration or production activities under such lease will be built in the United States in compliance with the requirements of paragraph (1)(A).".

EVANS (AND OTHERS) AMENDMENT NO. 1040

Mr. EVANS (for himself, Mr. METZENBAUM, Mr. DURENBERGER, Mr. DANFORTH, Mr. GORTON, Mr. LUGAR, and Mr. KASTEN) proposed an amendment to the bill S. 1730, supra; as follows:

Page 132, strike out line 1 and all that follows through line 23 on page 139 and insert in lieu thereof the following:

"REVISION OF SECTION 8(g)

"SEC. 532. Delete paragraphs 8(g) (2) through (4) of the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1337(g)) and insert in lieu thereof:

"(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses and rents derived from any lease issued after September 18, 1978 of any Federal tract which lies wholly within three nautical miles of the seaward boundary of any coastal State or, in the case where a Federal tract lies partially within three nautical miles of the seaward boundary, a percentage of bonuses and rents derived from any lease issued after September 18, 1978 of such tract equal to the percentage of surface acreage of the tract that lies within such three nautical miles. Except as provided in paragraph (5), not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest thereon. The remaining balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the United States Treasury.

"(3) Whenever the Secretary or the Governor of a coastal State determines that a common potentially hydrocarbon-bearing area may underlie the Federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the common potentially hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any common potentially hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. If the Secretary and the Governor do not enter into an agreement, the Secretary may nevertheless proceed with the leasing of the tract or tracts.

"(4) The deposits in the Treasury accounts described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest reasonably available interest rates as determined by the Secretary of the Treasury.

"(5)(A) Where there is a boundary dispute between the United States and a State under section 7 of this Act, the Secretary shall credit to the account referred to in section 533 of the outer Continental Shelf Lands Act Amendments of 1985 revenues from oil and gas lease sales in the area within three nautical miles of the boundary asserted by the State, if that money has not otherwise been deposited in the separate account established under section 7. Proceeds of the account established under section 7, and the account referrred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed as follows:

"(i) If a State is wholly successful in its claim under section 7, such claim shall be satisfied by the money deposited in the escrow account established by section 7. Any excess monies in the section 7 account attributable to such State shall be transferred to the 8(g) account, and any monies due that State, both retrospectively and prospectively, as a result of the 8(g) zone created by the newly established boundary shall be distributed to the State in accordance with the terms of section 533 of the Outer Continental Shelf Lands Act Amendments of 1985.

"(ii) If the United States is wholly successful in its claim under section 7, the amount of money that is necessary to satisfy the State's share as set forth under section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed from the revenues deposited in the section 7 escrow account. The amounts remaining after the distributions described in this subparagraph shall be paid to the United States pursuant to this section.

"(iii) If the United States or the affected State is partially successful in its claim under section 7, after the distribution under that result, the amount of money that is necessary to satisfy the State as set forth under section 533 of the Outer Continental Shelf Lands Act Amendments of 1985 shall be distributed first from the remaining moneys in the section 7 escrow account, and then from the amounts deposited in the account referred to in section 533 of the Outer Continental Shelf Lands Act Amendments of 1985. The amounts remaining after the distributions described in this subparagraph shall be paid to the United States pursuant to this section.

"(B) This paragraph applies to all Federal oil and gas lease sales, under this Act, including joint lease sales, occurring after September 18, 1978.

"(6) This section shall be deemed to take effect on October 1, 1985, for purposes of determining the amounts to be deposited in the separate account and the States' shares described in paragraph (2).

"(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States.".

DISTRIBUTIONS OF 8(g) ACCOUNT

SEC. 533. (a) Prior to January 1, 1986, the Secretary shall distribute to the designated coastal States the sum of:

(1) The amounts due and payable to each such State under paragraph (2) of section 8(g) of the Outer Continental Shelf Lands Act, as amended by this Act, for the period between October 1, 1985, and the date of such distribution, and

(2) The amounts due each such State under subsection (b) for the period prior to October 1, 1985.

(b)(1) The funds which were deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act, as amended (43 U.S.C. 1337(g)(4), as it was in effect prior to the date of enactment of Section 532 of this Act shall be distributed in the following manner as a fair and equitable disposition of such funds derived from bonuses and rents and accrued interest thereon through September 30, 1985:

State:	*[In millions of dollars]*
Louisiana	635
Texas	424
California	375
Alabama	73
Alaska	46
Mississippi	15
Florida	0.03

(2) The amounts derived from bonuses, rents and royalties and accrued interest thereon through September 30, 1985, remaining in the account after distribution to the States under this subsection shall be transmitted to the miscellaneous receipts accounts of the United States Treasury.

(c) The acceptance of payment under this section shall satisfy and release any and all claims against the United States arising under, or related to, section 8(g) of the Outer Continental Shelf Lands Act, as amended, as it was in effect prior to the date of enactment of Section 532 of this Act.

IMMOBILIZATION OF BOUNDARIES

SEC. 534. Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting before the semicolon at the end of the subsection add a comma and the following:

"except that any boundary between a State and the United States under this Act which has been or is hereafter fixed by coordinates under a final decree of the United States Supreme Court shall remain immobilized at the coordinates provided under such decree and shall not be ambulatory.".

WILSON (AND OTHERS) AMENDMENT NO. 1041

Mr. WILSON (for himself, Mrs. HAWKINS, and Mr. MOYNIHAN) proposed an amendment to the bill S. 1730, supra; as follows:

At the appropriate place in the bill, add the following:

"SEC. . Section 7872 of the Internal Revenue Code of 1954 shall not apply to loans made to the State of Israel.

"(a) IN GENERAL.—Subsection (c) of section 7872 of the Internal Revenue Code of 1954 (relating to below-market loans to which the section applies) is amended by adding at the end thereof the following new paragraph:

" '(4) EXCEPTION FOR ISRAEL BONDS.—This section shall not apply to bonds issued by the State of Israel.'.

"(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply as if included in section 172(a) of the Tax Reform Act of 1984.".

DeCONCINI AMENDMENT NO. 1042

Mr. DeCONCINI proposed an amendment to the bill S. 1730, supra; as follows:

At the appropriate place in title VIII of the bill, insert the following new section:

SEC. . Notwithstanding any other provision of law limiting the amounts payable to prevailing wage rate employees during the fiscal year 1986, wage schedules or rates payable in the Tucson, Arizona wage area shall not be reduced as a result of a wage survey conducted during fiscal year 1985.

PACKWOOD (AND OTHERS) AMENDMENT NO. 1043

Mr. PACKWOOD (for himself, Mr. DODD, and Mr. WEICKER) proposed an amendment to the bill S. 1730, supra; as follows:

On page 265, between lines 7 and 8, insert the following:

SEC. 769G. COVERAGE OF CONNECTICUT STATE POLICE.

Notwithstanding any provision of section 218 of the Social Security Act, the Secretary of Health and Human Services shall, upon the request of the Governor of Connecticut, modify the agreement under such section between the Secretary and the State of Connecticut to provide that service performed after the date of the enactment of this Act by members of the Division of the State Police within the Connecticut Department of Public Safety, who are hired on or after May 8, 1984, and who are members of the tier II plan of the Connecticut State Employees Retirement System, shall be covered under such agreement.

METZENBAUM (AND EAGLETON) AMENDMENT NO. 1044

Mr. METZENBAUM (for himself and Mr. EAGLETON) proposed an amendment to the bill S. 1730, supra; as follows:

On page 372, strike out lines 3 and 4 and insert in lieu thereof the following:

PART 3—TOBACCO PRODUCTS EXCISE TAXES

On page 374, strike out line 1 and all that follows through line 9 on page 415.

METZENBAUM AMENDMENT NO. 1045

Mr. METZENBAUM proposed an amendment to the bill S. 1730, supra; as follows:

On page 404, line 16, strike out "Notwithstanding" and insert in lieu thereof "Except as provided in subsection (e), notwithstanding".

On page 406, line 2, after "reduced by" insert "an amount not greater than".

On page 406, line 13, after "sale at" insert "a price no less than.".

On page 406, line 16, after "sale at" insert "a price no less than.".

On page 407, line 5, after "sale at" insert "a price no less than.".

On page 407, strike out line 16 and all that follows through line 16 on page 411.

On page 412, strike out lines 12 through 17 and insert in lieu thereof the following new subsection:

"(E) Nothing in this section shall be construed as declaring any actions otherwise prohibited by the Sherman Act, the Clayton Act, or the Federal Trade Commission Act, as being legal.

BUMPERS (AND OTHERS) AMENDMENT NO. 1046

Mr. BUMPERS (for himself, Mr. LEVIN, and Mr. SASSER) proposed an amendment to the bill S. 1730, supra; as follows:

On page 180, between lines 13 and 14, insert the following:

SEC. 724A. COVERAGE OF LIVER TRANSPLANTS.

(a) The Secretary may not exercise any of the new authority granted by this title until the Secretary using his existing authority has issued regulations stating that for purposes of title XVIII of the Social Security Act, a liver transplant shall not be considered to be an experimental procedure, and shall be covered under such title when reasonable and medically necessary, as determined on a case-by-case basis.

BUMPERS (AND GORE) AMENDMENT NO. 1047

Mr. BUMPERS (for himself and Mr. GORE) proposed an amendment to the bill S. 1730, supra; as follows:

At the appropriate place in the bill add the following new language:

SEC. . (a) Congress finds that:

1. There have been more than 600 liver transplants since 1963 and the one year survival rate at qualified institutions is now greater than 70 percent.

2. There are 4000 to 4700 potential candidates in the U.S. each year who require a liver transplant, but only a small percentage would be eligible for Medicare coverage.

3. There are currently individuals on waiting lists for liver transplants who will die without Medicare coverage.

4. After extensive review and consideration of all the available data, an NIH expert panel concluded liver transplantation is "a therapeutic modility for end-stage liver disease that deserves broader application" in a limited number of centers where they can be carried out under optimal conditions.

5. NIH further recommended that liver transplants be done in individuals under 18 years of age.

6. The CHAMPUS program, after considering all relevant data, determined that there was no scientific basis for limiting liver transplants to children under 18 years of age.

7. The Department of Health and Human Services has determined that liver transplantation is no longer an experimental procedure only for children under 18.

(b) Based upon the above findings, it is the sense of the Senate that:

1. For the purposes of Title XVIII of the Social Security Act, the Secretary immediately reconsider the Medicare liver transplant coverage decision and implement a policy under which a liver transplant shall not be considered to be an experimental procedure for Medicare beneficiaries solely because an individual is over 18 years of age.

2. A liver transplant shall be covered under such title when reasonable and medically necessary.

3. The Secretary shall place appropriate limiting criteria on coverage, including those relating to the patient's condition, the disease state, and the institution providing the care, so as to assure that highest quality of medical care demonstrated to be consistent with successful outcomes.

BOREN (AND OTHERS) AMENDMENT NO. 1048

Mr. BOREN (for himself, Mr. GRASSLEY, Mr. NICKLES, and Mr. BENTSEN) proposed an amendment to the bill S. 1730, supra; as follows:

On page 84, between lines 10 and 11, insert new subsections (d) and (e) as follows:

"(d) The Farm Credit Administration shall take no action under the provisions of the Farm Credit Act of 1971 that would result in the liquidation or merger of any Federal land bank association or production credit association unless such liquidation or merger was approved by the stockholders of the association prior to November 14, 1985, or after December 31, 1985. This subsection shall not be applicable to the Eighth Federal Farm Credit District (Omaha, Nebraska) except that in the case of such district, no elections may be certified, no charters may be issued, and no associations may be liquidated, prior to December 20, 1985.

"(e) Effective for the period from the date of enactment of this Act through December 31, 1985, no Federal land bank, Federal intermediate credit bank, Federal land bank association, or production credit association may (1) require any borrower to provide additional collateral for any loan made under the Farm Credit Act of 1971 if the repayment under the terms of such loan is not overdue, or (2) bring any legal action to foreclose on, or otherwise liquidate, any loan that is based on the failure of a borrower to provide additional collateral for such loan if the repayment of the loan was not overdue at the time such collateral was required.".

BYRD (AND OTHERS) AMENDMENT NO. 1049

Mr. BYRD (for himself, Mr. ROCKEFELLER, Mr. JOHNSTON, Mr. WARNER, and Mr. TRIBLE) proposed an amendment to the bill S. 1730, supra; as follows:

At the appropriate place, insert the following:

SEC. . The first sentence of section 125(b) of title 23, United States Code, is amended by inserting after "$30,000,000" the following: "($55,000,000 for projects in connection with disasters or failures occurring in calendar year 1985)".

METZENBAUM (AND GLENN) AMENDMENT NO. 1050

Mr. METZENBAUM (for himself and Mr. GLENN) proposed an amendment to the bill S. 1730, supra; as follows:

On page 225, strike out all beginning with line 20 through line 6 on page 228.

COMPACT OF FREE ASSOCIATION

PACKWOOD AMENDMENT NO. 1051

Mr. PACKWOOD proposed an amendment to the joint resolution (S.J. Res. 77) to approve the "Compact of Free Association," and for other purposes; as follows:

Beginning with page 92, line 1, strike out all through Page 96, line 7, and insert in lieu thereof the following:

SEC. 7. (a) Sections 242 and 243 of the Compact shall be construed and applied as if they read as follows:

"SEC. 242. The President shall proclaim the following tariff treatment for articles imported from the Federated States of Micronesia or the Marshall Islands which shall apply during the period of effectiveness of this title:

"(1) Unless otherwise excluded, articles imported from the Federated States of Micronesia or the Marshall Islands, subject to the Limitations imposed under sections 503(b) and 504(c) of title V of the Trade Act of 1974 (19 U.S.C. 2463(b); 2464(c)), shall be exempt from duty.

"(2) The duty-free treatment provided under paragraph (1) shall not apply to—

"(A) watches, clocks, and timing apparatus provided for in subpart E of part 2 of schedule 7 of the Tariff Schedules of the United States;

"(B) buttons (whether finished or not finished) provided for in item 745.32 of such Schedules:

"(C) textile and apparel articles which are subject to textile agreements; and

"(D) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of chapter V of the Trade Act of 1974 (19 U.S.C. 2461, et seq.) on April 1, 1984.

"(3) If the cost or value of materials produced in the customs territory of the United States is included with respect to an eligible article which is a product of the Federated States of Micronesia or the Marshall Islands, an amount not to exceed 15 percent of the appraised value of the article at the time it is entered that is attributable to such United States cost or value may be applied for duty assessment purposes toward determining the percentage referred to in section 503(b)(2) of title V of the Trade Act of 1974.

SEC. 243. Articles imported from the Federated States of Micronesia or the Marshall Islands which are not exempt from duty under paragraphs (1), (2), and (3) of section 242 shall be subject to the rates of duty set forth in column numbered 1 of the Tariff Schedules of the United States and all products of the United States imported into the Federated States of Micronesia or the Marshall Islands shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage, or use.".

(b)(1) Subsection (a) of section 253 of the Compact shall not apply.

(2) Subsection (b) of section 253 of the Compact shall apply only to individuals who are nonresidents and not citizens of the United States.

(c) The relief from liability referred to in the second sentence of section 254(a) of the Compact means only—

(1) relief in the form of the foreign tax credit (or deduction in lieu thereof) available with respect to the income taxes of a possession of the United States, and

(2) relief in the form of the exclusion under section 911 of the Internal Revenue Code of 1954.

(d) Section 255 of the Compact shall be construed and applied as if it read as follows:

"SEC. 255. "(a) EXTENSION OF SECTION 936 TO THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA.—For purposes of section 936 of the Internal Revenue Code of 1954, the Marshall Islands and the Federated States of Micronesia shall be treated as if they were possessions of the United States.

"(b) EXCHANGE OF INFORMATION.—Subsection (a) shall not apply to the Marshall Islands and the Federated States of Micronesia (as the case may be) for any period after December 31, 1986, during which there is not in effect between the appropriate government and the United States an exchange of information agreement of the kind described in section 274(h)(6)(C) (other than clause (ii) thereof) of the Internal Revenue Code of 1954.

"(c) PROCEDURE IF SECTION 936 INCENTIVES REDUCED.—If the tax incentives extended to the Marshall Islands and the Federated States of Micronesia under subsection (a) are, at any time during which the Compact is in effect, reduced, the Secretary of the Treasury shall negotiate an agreement with the Marshall Islands and the Federated States of Micronesia under which, when such agreement is approved by law, they will be provided with benefits substantially equivalent to such reduction in benefits. If,

within the 1-year period after the date of the enactment of the Act making the reduction in benefits, an agreement negotiated under the preceding sentence is not approved by law, the matter shall be submitted to the Arbitration Board established pursuant to section 424 of the Compact. For purposes of article V of title two of the Compact, the Secretary of the Treasury or his delegate shall be the member of such Board representing the Government of the United States. Any decision of such Board in the matter when approved by law shall be binding on the United States, except that such decision rendered is binding only as to whether the United States has provided the substantially equivalent benefits referred to in this subsection.

"(d) THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA TREATED AS NORTH AMERICAN AREA.—For purposes of section 274(h)(3)(A) of the Internal Revenue Code of 1954, the term 'North American area' shall include the Marshall Islands and the Federated States of Micronesia.".

(e) Nothing in any provision of this joint resolution (other than this section) which is inconsistent with any provision of this section shall have any force or effect.

(f) This section shall apply to income earned, and transactions occurring, after September 30, 1985, in taxable years ending after such date.

(g) The Secretary of the Treasury or his delegate—

(1) shall conduct a study of the effects of the tax provisions of the Compact (as clarified by the foregoing provisions of this section), and

(2) shall report the results of such study before October 1, 1987, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

McCLURE AMENDMENT NO. 1052

Mr. McCLURE proposed an amendment to the joint resolution (S.J. Res. 77), supra; as follows:

At the end of the bill add the following:

SEC. 8. (a) In addition to the programs and services set forth in Section 221, of the Compact, and pursuant to Section 224, the programs and services of the following agencies shall be made available to the Federated States of Micronesia and the Republic of the Marshall Islands and, upon approval of a Compact for the Republic of Palau, the Republic of Palau: Federal Deposit Insurance Corporation, Small Business Administration, Economic Development Administration, and the programs and services of the Department of Commerce relating to tourism and marine resource development.

(b) In order to further the close economic commercial relations between the United States and the Freely Associated States, and to encourage the presence of the United States private sector in the Freely Associated States, there are hereby created three Investment Development Loan Funds: one for the Federated States of Micronesia, one for the Republic of the Marshall Islands, and, upon approval of a Compact for the Republic of Palau, one for the Republic of Palau.

For the Federated States of Micronesia, there is hereby authorized to be appropriated $30 million with an additional $15 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the Fund to be conducted by the Secretary of the Interior in consultation with the appropriate officials of the Federated States of Micronesia.

For the Republic of the Marshall Islands, there is hereby authorized to be appropriated $15 million with an additional $7.5 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the funds to be conducted by the Secretary of the Interior in consultation with the appropriate officials of the Republic of the Marshall Islands.

For the Republic of Palau, there is hereby authorized to be appropriated $15 million with an additional $7.5 million authorized to be appropriated after five and ten year intervals, based on a review of the success of the Fund to be conducted by the Secretary of the Interior in consultation with the appropriate officials of Palau.

To provide policy guidance for the Fund, there is hereby authorized to be established a Board of Advisors, pursuant to agreement between the United States and the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau respectively.

JOHNSTON AMENDMENT NO. 1053

Mr. McCLURE (for Mr. JOHNSTON) proposed an amendment to the joint resolution (S.J. Res. 77), supra; as follows:

On page 3, between lines 2 and 3, insert the following:

TITLE I.—COMPACT OF FREE ASSOCIATION WITH THE FEDERATED STATES OF MICRONESIA AND THE MARSHALL ISLANDS

On page 3, line 3, strike "That the" and insert in lieu thereof "Sec. 1. The".

At the end of the joint resolution, insert the following new title:

TITLE II.—COMPACT OF FREE ASSOCIATION WITH PALAU

SEC. 201. APPROVAL OF THE COMPACT.

(a)(1) Subject to paragraph (2) of this subsection Congress expresses its approval of the Compact of Free Association Between the Government of the United States of America and the Government of the Republic of Palau, (hereafter in this section referred to as the "Compact"), the text of which is set forth in Section 202.

(2) The Compact shall take effect only upon—

(A) a certification by the President to the Congress on later than March 31, 1986 that the Republic of Palau has approved the Compact in accordance with section 411 of the Compact and that the President has determined that the United States will be able to carry out fully its rights and responsibilities under Title III of the Compact and the subsidiary agreements thereto; and

(B) enactment by the Congress of a joint resolution approving such certification and providing for implementation of the Compact.

(b) Sections 2, 4, 5(a), 5(b), 5(c)(1), 5(d), 6, 7, and 8 of title I of this joint resolution shall apply to the Compact, except that any reference in such sections—

(1) to the Compact shall be treated as referring to the Compact set forth in section 202, and

(2) to the Federated States of Micronesia or the Marshall Islands shall be treated as referring to the Republic of Palau.

SEC. 202. The text of the Compact is as follows:

COMPACT OF FREE ASSOCIATION

PREAMBLE

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PALAU

Affirming that their Governments and the relationship between their Governments are founded upon respect for human rights and fundamental freedoms for all; and

Affirming the common interest of the United States of America and the people of Palau in creating close and mutually beneficial relationships through a free and voluntary association of their Governments; and

Affirming the interest of the Government of the United States in promoting the economic advancement and self-sufficiency of the people of Palau; and

Recognizing that their previous relationship has been based upon the International Trusteeship System of the United Nations Charter; and that pursuant to Article 76 of the Charter, the people of Palau have progressively developed their institutions of self-government, and that in the exercise of their sovereign right to self-determination they have, through their freely-expressed wishes, adopted a Constitution appropriated to their particular circumstances; and

Recognizing that the people of Palau have and retain their sovereignty and their sovereign right to self-determination and the inherent right to adopt and amend their own Constitution and form of government and that the approval of the entry of their Government into this Compact of Free Association by the people of Palau constitutes an exercise of their sovereign right to self-determination;

NOW, THEREFORE, AGREE to enter into a relationship of free association which provides a full measure of self-government for the people of Palau; and

FURTHER AGREE that the relationship of free association derives from and is as set forth in this Compact; and that, during such relationships of free association, the respective rights and responsibilities of the Government of the United States and the Government of the freely associated state of Palau in regard to this relationship of free association derives from and is as set forth in this Compact.

TITLE ONE

GOVERNMENT RELATIONS

Article I

Self-Government

Section 111

The people of Palau, acting through their duly elected government established under their constitution, are self- governing.

Article II

Foreign Affairs

Section 121

The Republic of Palau has the capacity to conduct foreign affairs in its own name and right, except as otherwise provided in this Compact.

Section 122

The Government of the United States shall support application by the Government of Palau for membership or other participation in regional or international organizations as may be mutually agreed. The Government of the United States agrees to accept citizens of Palau for training and instruction at the United States Foreign Service Institute, established under 22 U.S.C. 4021, or similar training under terms and conditions to be mutually agreed.

Section 123

In recognition of the authority and responsibility of the Government of the United States under Title Three, the Government of Palau shall consult with the Government of the United States. The Government of the United States in the conduct of its foreign affairs, shall consult with the Government of Palau on matters which the Government of the United States regards as relating to or affecting the Government of Palau.

Section 124

(a) The Government of Palau has authority to conduct its foreign affairs relating to law of the sea and marine resources matters, including the harvesting, conservation, exploration or exploitation of living and nonliving resources from the sea, seabed or subsoil to the full extent recognized under international law.

(b) The Government of Palau has jurisdiction and sovereignty over its territory, including its land and internal waters, territorial seas, the airspace superjacent thereto only to the extent recognized under international law.

Section 125

Except as otherwise provided in this Compact or its related agreements, all obligations, responsibilities, rights and benefits of the Government of the United States as administering authority which have resulted from the application pursuant to the Trusteeship Agreement or any treaty or other international agreement to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact are no longer assumed and enjoyed by the Government of the United States.

Section 126

The Government of the United States shall accept responsibility for those actions taken by the Government of Palau in the area of foreign affairs, only as may from time to time be expressly and mutually agreed.

Section 127

The Government of the United States may assist or act on behalf of the Government of Palau in the area of foreign affairs as may be requested and mutually agreed from time to time. The Government of the United States shall not be responsible to third parties for the actions of the Government of Palau undertaken with the assistance or through the agency of the Government of the United States pursuant to this Section unless expressly agreed.

Article III

Communications

Section 131

The Government of Palau has full authority and responsibility to regulate its domestic and foreign communications, and the Government of the United States shall provide communications assistance in accordance with the terms of a separate agreement which shall come into effect simultaneously with this Compact. The United States Federal Communications Commission has jurisdiction, pursuant to the Communications Act of 1934, 47 U.S.C. 151 et seq., and the Communications Satellite Act of 1962, 47 U.S.C. 721 et seq., over all domestic and foreign communications services furnished by means of satellite earth terminal stations where such stations are owned or operated by the United States common carriers and are located in Palau.

Section 132

The Government of Palau shall permit the Government of the United States to operate telecommunications services in Palau to the extent necessary to fulfill the obligations of the Government of the United States under this Compact in accordance with the terms of separate agreements which shall come into effect simultaneously with this Compact.

Article IV

Immigration

Section 141

(a) Any person in the following categories may enter into, lawfully engage in occupations, and establish residence as a nonimmigrant in the United States and its territories and possessions without regard to paragraphs (14), (20), and (26) of section 212(a) of the Immigration and Nationality Act, 8 U.S.C. 1182(a)(14), (20), and (26):

(1) a person who, on the day preceding the effective date of this Compact, is a citizen of the Trust Territory of the Pacific Islands, as defined in Title 53 of the Trust Territory Code in force on January 1, 1979, and has become a citizen of Palau;

(2) a person who acquires the citizenship of Palau, at birth, on or after the effective date of the respective Constitution; or

(3) a naturalized citizen of Palau, who has been an actual resident there for not less than five years after attaining such naturalization and who holds a certificate of actual residence.

Such persons shall be considered to have the permission of the Attorney General of the United States to accept employment in the United States.

(b) The right of such persons to establish a habitual residence in a territory or possession of the United States may, however, be subjected to non-discriminatory limitations provided for:

(1) in statutes or regulations of the United States; or

(2) in those statutes or regulations of the territory or possession concerned which are authorized by the laws of the United States.

(c) Section 141(a) does not confer on a citizen of Palau, the right to establish the residence necessary for naturalization under the Immigration and Nationality Act, or to petition for benefits for alien relatives under that Act. Section 141(a), however, shall not prevent a citizen of Palau, from otherwise acquiring such rights or lawful permanent resident alien status in the United States.

Section 142

(a) Any citizen or national of the United States may enter into, lawfully engage in occupations, and reside in Palau, subject to the right of that Government to deny entry to or deport any such citizen or national as an undesirable alien. A citizen or national of the United States may establish habitual residence or domicile in Palau only in accordance with the laws of Palau.

(b) With respect to the subject matter of this Section, the Government of Palau shall accord to citizens and nationals of the United States treatment no less favorable than that accorded to citizens of other countries; any denial of entry to or deportation of a citizen or national of the United States as an undesirable alien must be pursuant to reasonable statutory grounds.

Section 143

(a) The privileges set forth in Sections 141 and 142 shall not apply to any person who takes an affirmative step to preserve or acquire a citizenship or nationality other than that of Palau.

(b) Every person having the privileges set forth in Sections 141 and 142 who possesses a citizenship or nationality other than that of Palau or the United States ceases to have these privileges two years after the effective date of this Compact, or within six months after becoming 21 years of age, whichever comes later, unless such person executes an oath of renunciation of that other citizenship or nationality.

Section 144

(a) A citizen or national of the United States who, after notification to the Government of the United States of an intention to employ such person by the Government of Palau, commences employment with that Government shall not be deprived of his United States nationality pursuant to section 349(a)(2) and (a)(4) of the Immigration and Nationality Act, 8 U.S.C. 1481(a)(2) and (a)(4).

(b) Upon such notification by the Government of Palau, the Government of the United States may consult with or provide information to the notifying Government concerning the prospective employee, subject to the provisions of the Privacy Act, 5 U.S.C. 552a.

(c) The requirement of prior notification shall not apply to those citizens or nationals of the United States who are employed by the Government of Palau on the effective date of this Compact with respect to the positions held by them at that time.

Article V

Representation

Section 151

The Government of the United States and the Government of Palau may establish and maintain representative offices in the capitals of the other.

Section 152

(a) The premises of such representative offices, and their archives wherever located, shall be inviolable. The property and assets of such representative offices shall be immune from search, requisition, attachment and any form of seizure unless such immunity is expressly waived. Official communications in transit shall be inviolable and accorded the freedom and protections accorded by recognized principles of international law to official communications of a diplomatic mission.

(b) Persons designated by the sending Government may serve in the capacity of its resident representatives with the consent of the receiving Government. Such designated persons shall be immune from civil and criminal process relating to words spoken or written and all acts performed by them in their official capacity and falling within their functions as such representatives, except insofar as such immunity may be expressly waived by the sending Government. While serving in a resident representative capacity, such designated persons shall not be liable to arrest or detention pending trial, except in the case of a grave crime and pursuant to a decision by a competent judicial authority, and such persons shall enjoy immunity from seizure of personal property, immigration restrictions, and laws relating to alien registration, fingerprinting, and the registration of foreign agents.

(c) The sending Governments and their respective assets, income and other property shall be exempt from all direct taxes, except those direct taxes representing payment for specific goods and services, and shall be exempt from all customs duties and restrictions on the import or export of articles required for the official functions and personal use of their representatives and representative offices.

(d) Persons designated by the sending Government to serve in the capacity of its resident representatives shall enjoy the same taxation exemptions as are set forth in Arti-

cle 34 of the Vienna Convention on Diplomatic Relations.

(e) The privileges, exemptions and immunities accorded under this Section are not for the personal benefit of the individuals concerned but are to safeguard the independent exercise of their official functions. Without prejudice to those privileges, exemptions and immunities, it is the duty of all such persons to respect the laws and regulations of the Government to which they are assigned.

Article VI

Environmental Protection

Section 161

The Government of the United States and the Government of Palau declare that it is their policy to promote efforts to prevent or eliminate damage to the environment and biosphere and to enrich understanding of the natural resources of Palau.

Section 162

The Government of the United States and the Government of Palau agree that with respect to the activities of the Government of the United States in Palau, and with respect to substantively equivalent activities of the Government of Palau, each of the Governments shall be bound by such environmental protection standards as may be mutually agreed for the purpose of carrying out the policy set forth in this Compact.

Article VII

General Legal Provisions

Section 171

Except as provided in this Compact or its related agreements, the application of the laws of the United States to the Trust Territory of the Pacific Islands by virtue of the Trusteeship Agreement ceases with respect to Palau as of the effective date of this Compact.

Section 172

(a) Every citizen of Palau who is not a resident of the United States shall enjoy the rights and remedies under the laws of the United States enjoyed by any non-resident alien.

(b) The Government and every citizen of Palau shall be considered a "person" within the meaning of the freedom of Information Act, 5 U.S.C. 552, and of the judicial review provisions of the Administrative Procedure Act, 5 U.S.C. 701–706.

Section 173

The Government of the United States and the Government of Palau, agree to adopt and enforce such measures, consistent with this Compact and its related agreements, as may be necessary to protect the personnel, property, installations, services, programs and official archives and documents maintained by the Government of the United States in Palau pursuant to this Compact and its related agreements and by that Government in the United States pursuant to this Compact and its related agreements.

Section 174

Except as otherwise provided in this Compact and its related agreements:

(a) The Government of Palau shall be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall be immune from the jurisdiction of the courts of Palau.

(b) The Government of the United States accepts responsibility for and shall pay:

(1) any unpaid money judgment rendered by the High Court of the Trust Territory of the Pacific Islands against the Government of the Trust Territory of the Pacific Islands or the Government of the United States with regard to any cause of action arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact;

(2) any claim settled by the claimant and the Government of the Trust Territory of the Pacific Islands but not paid as of the effective date of this Compact; and

(3) settlement of any administrative claim or of any action before a court of the Trust Territory of the Pacific Islands, pending as of the effective date of this Compact, against the Government of the Trust Territory of the Pacific Islands or the Government of the United States, arising as a result of acts or omissions of the Government of the Trust Territory of the Pacific Islands or the Government of the United States.

(c) Any claim not referred to in Section 174(b) and arising from an act or omission of the Government of the Trust Territory of the Pacific Islands or the Government of the United States prior to the effective date of this Compact shall be adjudicated in the same manner as a claim adjudicated according to Section 174(d). In any claim against the Government of the Trust Territory of the Pacific Islands, the Government of the United States shall stand in the place of the Government of the Trust Territory of the Pacific Islands. A judgment on any claim referred to in Section 174(b) or this subsection, not otherwise satisfied by the Government of the United States, may be presented for certification to the United States Court of Appeals for the Federal Circuit, or its successor court, which shall have jurisdiction therefor, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States. The United States Court of Appeals for the Federal Circuit shall certify such judgment, and order payment thereof, unless it finds, after a hearing, that such judgment is manifestly erroneous as to law or fact, or manifestly excessive. In either of such cases the United States Court of Appeals for the Federal Circuit shall have jurisdiction to modify such judgment.

(d) The Government of Palau, shall not be immune from the jurisdiction of the courts of the United States, and the Government of the United States shall not be immune from the jurisdiction of the courts of Palau in any case in which the action is based on a commercial activity of the defendant Government where the action is brought, or in a case in which damages are sought for personal injury or death or damage to or loss of property occurring where the action is brought.

Section 175

A separate agreement, which shall come into effect simultaneously with this Compact, shall be concluded between the Government of the United States and the Government of Palau regarding mutual assistance and cooperation in law enforcement matters including the pursuit, capture, imprisonment and extradition of fugitives from justice and the transfer of prisoners. The separate agreement shall have the force of law. In the United States, the laws of the United States governing international extradition, including 18 U.S.C. 3184, 3186 and 3188-3195, shall be applicable to the extradition of fugitives under the separate agreement, and the laws of the United States governing the transfer of prisoners, including 18 U.S.C. 4100–4115, shall be applicable to the transfer of prisoners under the separate agreement.

Section 176

The Government of Palau confirms that final judgments in civil cases rendered by any court of the Trust Territory of the Pacific Islands shall continue in full force and effect, subject to the constitutional power of the courts of Palau to grant relief from judgments in appropriate cases.

Section 177

(a) Federal agencies of the Government of the United States which provide services and related programs in Palau are authorized to settle and pay tort claims arising in Palau from the activities of such agencies or from the acts or omissions of the employees of such agencies. Except as provided in Section 177(b), the provisions of 28 U.S.C. 2672 and 31 U.S.C. 1304 shall apply exclusively to such administrative settlements and payments.

(b) Claims under Section 177(a) which cannot be settled under Section 177(a) shall be disposed of exclusively in accordance with Article II of Title Four. Arbitration awards rendered pursuant to this subsection shall be paid out of funds under 31 U.S.C. 1304.

(c) The Government of the United States and the Government of Palau shall provide for:

(1) the administrative settlement of claims referred to in Section 177(a), including designation of local agents in Palau such agents to be empowered to accept, investigate and settle such claims, in a timely manner, as provided in such separate agreements; and

(2) arbitration, referred to in Section 177(b), in a timely manner, at a site convenient to the claimant, in the event a claim is not otherwise settled pursuant to Section 177(a).

(d) The provisions of Section 174(d) shall not apply to claims covered by this Section.

TITLE TWO

ECONOMIC RELATIONS

Article I

Grant Assistance

Section 211

In order to assist the Government of Palau in its efforts to advance the well-being of the people of Palau and in recognition of the special relationship that exists between the United States and Palau, the Government of the United States shall provide to the Government of Palau on a grant basis the following amounts:

(a) $12 million annually for ten years commencing on the effective date of this Compact, and $11 million annually for five years commencing on the tenth anniversary of the effective date of this Compact, for current account operations and maintenance purposes, which amounts include a minimum annual distribution of $5 million from the fund specified in Section 211(f).

(b) $2 million annually for fourteen years commencing on the first anniversary of the effective date of this Compact as a contribution to efforts aimed at achieving increased self-sufficiency in energy production.

(c) $150,000 annually for fifteen years commencing on the effective date of this Compact as a contribution to current account operations and maintenance of communications systems, and the sum of $1.5 million, to be made available concurrently with the grant assistance provided during the first year after the effective date of this Compact, for the purpose of acquiring such communications hardware as may be located within Palau or for such other current or

capital account activity as the Government of Palau may select.

(d) $631,000 annually on a current account basis for fifteen years commencing on the effective date of this Compact for the purposes set forth below:

(1) $109,600 annually for the surveillance and enforcement by the Government of Palau of its maritime zone;

(2) $208,600 annually for health and medical programs, including referrals to hospital and treatment centers; and

(3) $312,900 annually for a scholarship fund to support the post-secondary education of citizens of Palau attending United States accredited, post-secondary institutions in Palau, the United States, its territories and possessions, and states in free association with the United States. The curriculum criteria for the award of scholarships shall be designed to advance the purposes of the plan referred to in Section 231.

(e) The sum of $666,800 as a contribution to the commencement of activities pursuant to Section 211(d)(1).

(f) The sum of $60 million on the effective date of this Compact to create a fund to be invested by the Government of Palau in issues of bonds, notes or other redeemable instruments of the Government of the United States or other qualified instruments which may be identified by mutual agreement of the Government of the United States and the Government of Palau. The Government of the United States and the Government of Palau shall set forth in a separate agreement, which shall come into effect simultaneously with this Compact, provisions for the investment and management of the fund so as to allow for an agreed minimum annual distribution from its accrued principal and interest commencing upon the effective date of this Compact for fifty years. The objective of this sum is to produce an average annual distribution of $15 million commencing on the fifteenth anniversary of this Compact for thirty-five years. Any excess or variance from the agreed minimum annual distributions which may be produced from this sum shall accrue to or be absorbed by the Government of Palau and such distributions are not subject to Sections 215 and 236.

Section 212

In order to assist the Government of Palau in its efforts to advance the economic development and self-sufficiency of the people of Palau and in recognition of the special relationship that exists between the United States and Palau, the Government of the United States shall provide:

(a) To the people of Palau, a road system on the island of Babelthuap in accordance with mutually agreed specification, the construction of which shall be completed prior to the sixth anniversary of the effective date of this Compact; and

(b) To the Government of Palau, the sum of $36 million, during the first year after the effective date of this Compact, for capital account purposes.

Section 213

The Government of the United States shall provide on a grant basis to the Government of Palau the sum of $5.5 million in conjunction with Article II of Title Three. This sum shall be made available concurrently with the grant assistance provided pursuant to this Article during the first year after the effective date of this Compact. The Government of Palau, in its use of such funds, shall take into account the impact of the activities of the Government of the United States in Palau.

Section 214

All funds previously appropriated to the Trust Territory of the Pacific Islands for the Government of Palau which are unobligated by the Government of the Trust Territory as of the effective date of this Compact shall accrue to the Government of Palau for the purposes for which such funds were originally appropriated as determined by the Government of the United States.

Section 215

Except as otherwise provided, the amounts stated in Sections 211(a), 211(b), 211(c) and 212(b) shall be adjusted for each fiscal year by the percent which equals two-thirds of the percentage change in the United States Gross National Product Implicit Price Deflator, or seven percent, whichever is less in any one year, using the beginning of Fiscal Year 1981 as the base.

Article II

Program Assistance

Section 221

(a) The Government of the United States shall make available to Palau, in accordance with and to the extent provided in the separate agreement referred to in Section 232, without compensation and at the levels equivalent to those available to the Trust Territory of the Pacific Islands during the year prior to the effective date of this Compact, the services and related programs:

(1) of the United States Weather Service;

(2) of the United States Federal Emergency Management Agency;

(3) provided pursuant to the Postal Reorganization Act, 39 U.S.C. 101 et seq.;

(4) of the United States Federal Aviation Administration; and

(5) of the United States Civil Aeronautics Board or its successor agencies which has the authority to implement the provisions of paragraph 5 of Article IX of such separate agreements, the language of which is incorporated into this Compact.

(b) The Government of the United States, recognizing the special needs of Palau particularly in the fields of education and health care, shall make available, as provided by the laws of the United States, the annual amount of $2 million which shall be allocated in accordance with the provisions of the separate agreement referred to in Section 232.

(c) The Government of the United States shall make available to Palau such alternate energy development projects, studies and conservation measures as are applicable to the Trust Territory of the Pacific Islands on the day preceding the effective date of this Compact, for the purposes and duration provided in the laws of the United States.

(d) The Government of the United States shall have and exercise such authority as is necessary for the purposes of this Article and as is set forth in the separate agreements referred to in Section 232, which shall also set forth the extent to which services and programs shall be provided to Palau.

Section 222

The Government of Palau may request, from time to time, technical assistance from the Federal agencies and institutions of the Government of the United States, which are authorized to grant such technical assistance in accordance with its laws and which shall grant such technical assistance in a manner which gives priority consideration to Palau over other recipients not a part of the United States, its territories or possessions and equivalent consideration to Palau with respect to other states in Free Association with the United States.

Section 223

The citizens of Palau who are receiving post-secondary education assistance from the Government of the United States on the day preceding the effective date of this Compact shall continue to be eligible, if otherwise qualified, to receive such assistance to complete their academic programs for a maximum of four years after the effective date of this Compact.

Section 224

The Government of the United States and the Government of Palau may agree from time to time to the extension to Palau of additional United States grant assistance and of United States services and programs as provided by the laws of the United States.

Article III

Administrative Provisions

Section 231

(a) The annual expenditure by the Government of Palau of the grant amounts specified in Article I of this Title shall be in accordance with an official national development plan promulgated by the Government of Palau and concurred in by the Government of the United States prior to the effective date of this Compact. This plan may be amended from time to time by the Government of Palau.

(b) The Government of Palau shall report annually to the President of the United States and to the Congress of the United States on the implementation of the plan and the use of the funds specified in Article I of this Title.

Section 232

The specific nature, extent and contractual arrangements of the services and programs provided for in section 221 as well as the legal status of agencies of the Government of the United States, their civilian employees and contractors, and the dependents of such personnel while present in Palau, and other arrangements in connection with a service of program furnished by the Government of the United States, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Section 233

The Government of the United States, in consultation with the Government of Palau, shall determine and implement procedures for the periodic audit of all grants and other assistance made under this Title. Such audits shall be conducted at no cost to the Government of Palau.

Section 234

Title to the property of the Government of the United States situated in the Trust Territory of the Pacific Islands and in Palau or acquired for or used by the Government of the Trust Territory of the Pacific Islands on or before the day preceding the effective date of this Compact shall, without reimbursement or transfer of funds, vest in the Government of Palau as set forth in a separate agreement which shall come into effect simultaneously with this Compact. The provisions of this Section shall not apply to the property of the Government of the United States for which the Government of the United States determines a continuing requirement.

Section 235

(a) Funds held in trust by the High Commissioner of the Trust Territory of the Pacific Islands, in his official capacity, as of the effective date of this Compact shall remain available as trust funds to their designated beneficiaries. The Government of the United States, in consultation with the Government

of Palau, shall appoint a new trustee who shall exercise the functions formerly exercised by the High Commissioner of the Trust Territory of the Pacific Islands.

(b) To provide for the continuity of administration, and to assure the Government of Palau that the purposes of the laws of the United States are carried out and that the funds of any other trust fund in which the High Commissioner of the Trust Territory of the Pacific Islands has authority of a statutory or customary nature shall remain available as trust funds to their designated beneficiaries, the Government of the United States agrees to assume the authority formerly vested in the High Commissioner of the Trust Territory of the Pacific Islands.

Section 236

Except as otherwise provided, approval of this Compact by the Government of the United States shall constitute a pledge of the full faith and credit of the United States for the full payment of the sums and amounts specified in Article I of this Title. The obligation of the Government of the United States under Article I of this Title shall be enforceable in the United States Claims Court, or its successor court, which shall have jurisdiction in cases arising under this Section, notwithstanding the provisions of 28 U.S.C. 1502, and which court's decisions shall be reviewable as provided by the laws of the United States.

Article IV

Trade

Section 241

Palau is not included in the customs territory of the United States.

Section 242

For the purpose of assessing duties on its products imported into the customs territory of the United States, Palau shall be treated as if it were an insular possession of the United States within the meaning of General Headnote 3(a) of the Tariff Schedules of the United States. The exceptions, valuation procedures and all other provisions of General Headnote 3(a) shall apply to any product deriving from Palau.

Section 243

All products of Palau imported into the customs territory of the United States which are not accorded the treatment set forth in Section 242 and all products of the United States imported into Palau shall receive treatment no less favorable than that accorded like products of any foreign country with respect to customs duties or charges of a similar nature and with respect to laws and regulations relating to importation, exportation, taxation, sale, distribution, storage or use.

Article V

Finance and Taxation

Section 251

The currency of the United States is the official circulating legal tender of Palau. Should the Government of Palau act to institute another currency, the terms of an appropriate currency transitional period shall be as agreed with the Government of the United States.

Section 252

The Government of Palau may, with respect to United States persons, tax income derived from sources within its respective jurisdiction, property situated therein, including transfers of such property by gift or at death, and products consumed therein, in such manner as such government deems appropriate. The determination of the source of any income, or the situs of any property, shall for purposes of this Compact, be made according to the United States Internal Revenue Code.

Section 253

A citizen of Palau, domiciled therein, shall be exempt from income taxes imposed by the Government of the United States upon fixed or determinable annual income; and estate, gift, and generation-skipping transfer taxes imposed by the Government of the United States.

Section 254

(a) In determining any income tax imposed by the Government of Palau, the Government of Palau shall have authority to impose tax upon income derived by a resident of Palau from sources without Palau in the same manner and to the same extent as the Government of Palau imposes tax upon income derived from within its jurisdiction. If the Government of Palau exercises such authority as provided in this subsection, any individual resident of Palau who is subject to tax by the Government of the United States on income which is also taxed by the Government of Palau shall be relieved of liability to the Government of the United States for the tax which, but for this subsection, would otherwise be imposed by the Government of the United States on such income. For purposes of this Section, the term "Resident of Palau" shall be deemed to include any person who was physically present in Palau for a period of 183 or more days during any taxable year.

(b) If the Government of Palau subjects income to taxation substantially similar to that imposed by the Trust Territory Code in effect on January 1, 1980, such Government shall be deemed to have exercised the authority described in Section 254(a).

Section 255

Where not otherwise manifestly inconsistent with the intent of this Compact, provisions in the United States Internal Revenue Code that are applicable to possessions of the United States as of January 1, 1980, shall be treated as applying to Palau. If such provisions of the Internal Revenue Code are amended, modified or repealed after that date, such provisions shall continue in effect as to Palau for a period of two years during which time the Government of the United States and the Government of Palau shall negotiate an agreement which shall provide benefits substantively equivalent to those which obtained under such provisions.

TITLE THREE

SECURITY AND DEFENSE RELATIONS

Article I

Authority and Responsibility

Section 311

The territorial jurisdiction of the Republic of Palau shall be completely foreclosed to the military forces and personnel or for the military purposes of any nation except the United States of America, and as provided for in section 312.

Section 312

The Government of the United States has full authority and responsibility for security and defense matters in or relating to Palau. Subject to the terms of any agreements negotiated pursuant to Article II of this Title, the Government of the United States may conduct within the lands, water and airspace of Palau the activities and operations necessary for the exercise of its authority and responsibility under this Title. The Government of the United States may invite the armed forces of other nations to use military areas and facilities in Palau in conjunction with and under the control of United States Armed Forces.

Section 313

The Government of Palau shall refrain from actions which the Government of the United States determines, after consultation with that Government, to be incompatible with its authority and responsibility for security and defense matters in or relating to Palau.

Article II

Defense Sites and Operating Rights

Section 321

The Government of the United States may establish and use defense sites in Palau, and may designate for this purpose land and water areas and improvements in accordance with the provisions of a separate agreement which shall come into force simultaneously with this Compact.

Section 322

(a) When the Government of the United States desires to establish or use such a defense site specifically identified in the separate agreement referred to in section 321, it shall so inform the Government of Palau which shall make the designated site available to the Government of the United States for the duration and level of use specified.

(b) With respect to any site not specifically identified in the separate agreement referred to in section 321, the Government of the United States shall inform the Government of Palau, which shall make the designated site available to the Government of the United States for the duration and level of use specified, or shall make available one alternative site acceptable to the Government of the United States. If such alternative site is unacceptable to the Government of the United States, the site first designated shall be made available after such determination.

(c) Compensation in full for designation, establishment or use of defense sites is provided in Title Two of this Compact.

Section 323

The military operating rights of the Government of the United States and the legal status and contractual arrangements of the United States Armed Forces, their members, and associated civilians, while present in Palau, are set forth in separate agreements which shall come into effect simultaneously with this Compact.

Article III

Defense Treaties and International Security Agreements

Section 331

Subject to the terms of this Compact and its related agreements, the Government of the United States, exclusively, shall assume and enjoy, as to Palau, all obligations, responsibilities, rights and benefits of:

(a) Any defense treaty or other international security agreement applied by the Government of the United States as administering authority of the Trust Territory of the Pacific Islands as of the day preceding the effective date of this Compact; and

(b) Any defense treaty or other international security agreement to which the Government of the United States is or may become a party which it determines to be applicable in Palau. Such a determination by the Government of the United States shall be preceded by appropriate consultation with the Government of Palau.

Article IV

Service in the Armed Forces of the United States

Section 341

Any citizen of Palau entitled to the privileges of section 131 of this Compact shall be eligible to volunteer for service in the Armed Forces of the United States, but shall not be subject to involuntary induction into military service of the United States so long as such person does not establish habitual residence in the United States, its territories or possessions.

Section 342

The Government of the United States shall have enrolled, at any one time, at least one qualified student from Palau as may be nominated by the Government of Palau, in each of:

(a) The United States Coast Guard Academy pursuant to 14 U.S.C. 195; and

(b) The United States Merchant Marine Academy pursuant to 46 U.S.C. 129b(b)(6), provided that the provisions of 46 U.S.C. 1295b(b)(6)(C) shall not apply to the enrollment of students pursuant to section 342(b) of this Compact.

Article V

General Provisions

Section 351

(a) The Government of the United States and the Government of Palau shall establish a joint committee to consider disputes which may arise under the implementation of this title and its related agreements.

(b) Any unresolved issue with respect to the implementation of this title and its related agreements shall be referred exclusively to the Government of the United States and the Government of Palau for resolution.

Section 352

In the exercise of its authority and responsibility under this Compact, the Government of the United States shall accord due respect to the authority and responsibility of the Government of Palau under this Compact and to the responsibility of the Government of Palau to assure the well-being of Palau and its people.

TITLE FOUR

GENERAL PROVISIONS

Article I

Approval and Effective Date

Section 411

This Compact shall come into effect upon mutual agreement between the Government of the United States, acting in fulfillment of its responsibilities as Administering Authority of the Trust Territory of the Pacific Islands, and the Government of Palau, subsequent to completion of the following:

(a) Approval by the Government of Palau in accordance with its constitutional processes;

(b) Approval by the people of Palau in accordance with the Constitution of Palau by not less than a majority of the votes cast in a referendum on the Compact signed on May 23, 1984; and

(c) Approval by the Government of the United States in accordance with its constitutional processes.

Article II

Conference and Dispute Resolution

Section 421

The Government of the United States and the Government of Palau shall confer promptly at the request of the other on matters relating to the provisions of this Compact or of its related agreements.

Section 422

In the event the Government of the United States or the Government of Palau, after conferring pursuant to section 421, determines that there is a dispute and gives written notice thereof, the Governments shall make a good faith effort to resolve the dispute among themselves.

Section 423

If a dispute between the Government of the United States and the Government of Palau cannot be resolved within 90 days of written notification in the manner provided in section 422, either party to the dispute may refer it to arbitration in accordance with section 424.

Section 424

Should a dispute be referred to arbitration as provided for in section 423, an arbitration board shall be established for the purpose of hearing the dispute and rendering a decision which shall be binding upon the two parties to the dispute unless the two parties mutually agree that the decision shall be advisory. Arbitration shall occur according to the following terms:

(a) An arbitration board shall consist of a chairman and two other members, each of whom shall be a citizen of a party to the dispute and each of the two parties to the dispute shall appoint one member to the arbitration board. If either party to the dispute does not fulfill the appointment requirements of this section within 30 days of referral of the dispute to arbitration pursuant to section 423, its member on the arbitration board shall be selected from its own standing list by the other party to the dispute. Each government shall maintain a standing list of 10 candidates. The parties to the dispute shall jointly appoint a chairman within 15 days after selection of the other members of the arbitration board. Failing agreement on a chairman, the chairman shall be chosen by lot from the standing lists of the parties to the dispute within 5 days after such failure.

(b) The arbitration board shall have jurisdiction to hear and render its final determination on all disputes arising exclusively under Articles I, II, III and IV of title one, title two, title four and their related agreements.

(c) Each member of the arbitration board shall have one vote. Each decision of the arbitration board shall be reached by Majority vote.

(d) In determining any legal issue, the arbitration board may have reference to international law and, in such reference, shall apply as guidelines the provisions set forth in Article 38 of the Statute of the International Court of Justice.

(e) The arbitration board shall adopt such rules for its proceedings as it may deem appropriate and necessary, but such rules shall not contravene the provisions of this Compact. Unless the parties provide otherwise by mutual agreement, the arbitration board shall endeavor to render its decision within 30 days after the conclusion of arguments. The arbitration board shall make findings of fact and conclusions of law and its members may issue dissenting or individual opinions. Except as may otherwise be decided by the arbitration board, one-half of all costs of the arbitration shall be borne by the Government of the United States and the remainder shall be borne by the Government of Palau.

Article III

Amendment and Review

Section 431

The provisions of this Compact may be amended at any time by mutual agreement.

Section 432

In agreeing to any amendment to this Compact which constitutes the inclusion of subject matter not addressed in its terms as of the effective date of this Compact, the Government of the United States commits itself to the principle of essential parity, when it deems appropriate, with the terms of the Compact of Free Association with the Marshall Islands or the Federated States of Micronesia.

Section 433

Upon the thirtieth anniversary of the effective date of this Compact, the Government of the United States and the Government of Palau shall formally review the terms of this compact and its separate agreements and shall consider the overall nature and development of their relationship. Any alteration to the terms of this Compact or its separate agreements shall be made by mutual agreement. Absent such mutual agreement, the terms of this Compact and its separate agreements shall remain in force until otherwise amended or terminated pursuant to title four of this Compact.

Article IV

Termination

Section 441

This Compact may be terminated by mutual agreement and subject to Section 451.

Section 442

This Compact may be terminated by the Government of the United States subject to Section 452, such termination to be effective on the date specified in the notice of termination by the Government of the United States but not earlier than six months following delivery of such notice. The time specified in the notice of termination may be extended.

Section 443

This Compact shall be terminated, pursuant to its constitutional processes, by the Government of Palau subject to Section 452 if the people of Palau vote in a plebiscite to terminate. The Government of Palau shall notify the Government of the United States of its intention to call such a plebiscite which shall take place not earlier than three months after delivery of such notice. The plebiscite shall be administered by such government in accordance with its constitutional and legislative processes, but the Government of the United States may send its own observers and invite observers from a mutually agreed party. If a majority of the valid ballots cast in the plebiscite favors termination, such government shall, upon certification of the results of the plebiscite, give notice of termination to the Government of the United States, such termination to be effective on the date specified in such notice but not earlier than three months following the date of delivery of such notice. The time specified in the notice of termination may be extended.

Article V

Survivability

Section 451

Should termination occur pursuant to Section 441, economic assistance by the Government of the United States shall continue on mutually agreed terms.

Section 452

Should termination occur pursuant to Section 442 or 443, the following provisions of this Compact shall remain in full force and effect until the fiftieth anniversary of the ef-

fective date of this Compact and thereafter as mutually agreed:

(a) Article I and Section 233 of Title Two;

(b) Title Three; and

(c) Article II, III, V and VI of Title Four.

Section 453

Notwithstanding any other provision of this Compact:

(a) The provisions of Section 311, even if Title Three should terminate, are binding and shall remain in effect for a period of 50 years and thereafter until terminated or otherwise amended by mutual consent.

(b) The separate agreements referred to in Article II of Title Three shall remain in effect in accordance with their terms.

Article VI

Definition of Terms

Section 461

For the purpose of this Compact the following terms shall have the following meanings:

(a) "Trust Territory of the Pacific Islands" means the area established in the Trusteeship Agreement consisting of the administrative districts of Kosrae, Yap, Palau, Ponape, the Marshall Islands and Truk as described in Title One, Trust Territory Code, Section 1, in force on January 1, 1979. This term does not include the area of the Northern Mariana Islands.

(b) "Trusteeship Agreement" means the agreement setting forth the terms of trusteeship for the Trust Territory of the Pacific Islands, approved by the Security Council of the United Nations April 2, 1947, and by the United States July 18, 1947, entered into force July 18, 1947, 61 Stat. 3301, T.I.A.S. 1665, 8 U.N.T.S. 189.

(c) "Palau" is used in a geographic sense and includes the land and water areas to the outer limits of the territorial sea and the air space above such areas as now or hereafter recognized by the Government of the United States.

(d) "Government of Palau" means the Government established and organized by the Constitution of Palau including all the political subdivisions and entities comprising that Government.

(e) "Habitual Residence" means a place of general abode or a principal, actual dwelling place of a continuing or lasting nature; provided, however, that this term shall not apply to the residence of any person who entered the United States for the purpose of full-time studies as long as such person maintains that status, or who has been physically present in the United States or Palau for less than one year, or who is a dependent of a resident representative, as described in Section 152.

(f) For the purpose of Article IV of Title One of this Compact:

(1) "Actual Residence" means physical presence in Palau during eighty-five percent of the period of residency required by Section 141(a)(3); and

(2) "Certificate of Actual Residence" means a certificate issued to a naturalized citizen by the Government which has naturalized him stating that the citizen has complied with the actual residence requirement of Section 141(a)(3).

(g) "Defense Sites" means those land and water areas and improvements thereon in Palau reserved or acquired by the Government of Palau for use by the Government of the United States, as set forth in the separate agreements referred to in Section 321.

(h) "Capital Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, which are to be obligated for:

(1) the construction or major repair of capital infrastructure; or

(2) public and private sector projects identified in the official overall economic development plan.

(i) "Current Account" means, for each year of the Compact, those portions of the total grant assistance provided in Article I of Title Two, which are to be obligated for recurring operational activities including infrastructure maintenance as identified in the annual budget justifications submitted yearly to the Government of the United States.

(j) "Official National Development Plan" means the documented program of annual development which identifies the specific policy and project activities necessary to achieve a specified set of economic goals and objectives during the period of free association, consistent with the economic assistance authority in Title Two. Such a document should include an analysis of population trends, manpower requirements, social needs gross national product estimates, resource utilization, infrastructure needs and expenditures, and the specific private sector projects required to develop the local economy of Palau. Project identification should include initial cost estimates, with project purposes related to specific development goals and objectives.

(k) "Tariff Schedules of the United States" means the Tariff Schedules of the United States as amended from time to time and as promulgated pursuant to United States law and includes the Tariff Schedules of the United States Annotated (TSUSA), as amended.

(l) "Vienna Convention on Diplomatic Relations" means the Vienna Convention on Diplomatic Relations, done April 18, 1961, 23 U.S.T. 3227, T.I.A.S. 7502, 500 U.N.T.S. 95.

Section 462

The Government of the United States and the Government of Palau shall conclude related agreements which shall come into effect and shall survive in accordance with their terms, as follows:

(a) Agreement Regarding the Provision of Telecommunication Services by the Government of the United States to Palau Concluded Pursuant to Section 131 of the Compact of Free Association;

(b) Agreement Regarding the Operation of Telecommunication Services of the Government of the United States in Palau Concluded Pursuant to Section 132 of the Compact of Free Association;

(c) Agreement on Extradition, Mutual Assistance in Law Enforcement Matters and Penal Sanctions Concluded Pursuant to Section 175 of the Compact of Free Association;

(d) Agreement Regarding United States Economic Assistance to the Government of Palau Concluded Pursuant to Section 211(f) of the Compact of Free Association;

(e) Agreement Regarding Construction Projects in Palau Concluded Pursuant to Section 212(a) of the Compact of Free Association;

(f) Agreement Regarding Federal Programs and Services, Concluded Pursuant to Article II of Title Two and Section 232 of the Compact of Free Association;

(g) Agreement Regarding Property Turnover, Concluded Pursuant to Section 234 of the Compact of Free Association;

(h) Agreement Regarding the Military Use and Operating Rights of the Government of the United States in Palau Concluded Pursuant to Sections 321 and 322 of the Compact of Free Association; and

(i) Status of Forces Agreement Concluded Pursuant to Section 323 of the Compact of Free Association;

(j) Agreement Regarding the Jurisdiction and Sovereignty of the Republic of Palau over its Territory and the Living and Non-living Resources of the Sea.

Article VII

Concluding Provisions

Section 471

(a) The Government of the United States and the Government of Palau agree that they have full authority under their respective constitutions to enter into this Compact and its related agreements and to fulfill all of their respective responsibilities in accordance with the terms of this Compact and its related agreements. The Governments pledge that they are so committed.

(b) The Government of the United States and the Government of Palau shall take all necessary steps, of a general or particular character, to ensure, not later than the effective date of this Compact, the conformity of its laws, regulations and administrative procedures with the provisions of this Compact.

(c) Without prejudice to the effects of this Compact under international law, this Compact has the force and effect of a statute under the laws of the United States.

Section 472

This Compact may be accepted, by signature or otherwise, by the Government of the United States and the Government of Palau. Each government shall possess an original English language version.

IN WITNESS THEREOF, the undersigned, duly authorized, have signed this Compact of Free Association which shall come into effect in accordance with its terms between the Government of the United States and the Government of Palau.

DONE AT WASHINGTON, D.C., THIS 23RD DAY OF MAY, ONE THOUSAND, NINE HUNDRED EIGHTY-FOUR

FOR THE GOVERNMENT
OF
THE UNITED STATES OF AMERICA
AMBASSADOR FRED M. ZEDER, II
PRESIDENT'S PERSONAL REPRESENTATIVE
FOR MICRONESIAN STATUS NEGOTATIATIONS

DONE AT WASHINGTON, D.C., THIS 23RD DAY OF MAY, ONE THOUSAND, NINE HUNDRED EIGHTY-FOUR

FOR THE GOVERNMENT
OF
THE REPUBLIC OF PALAU
LAZARUS SALII
AMBASSADOR FOR POLITICAL STATUS AND TRADE NEGOTIATIONS

HART AMENDMENT NO. 1054

Mr. HART proposed an amendment to the joint resolution (S.J. Res. 77), supra; as follows:

At the end of the joint resolution, add the following:

TITLE II—TARIFF ON PETROLEUM AND PETROLEUM PRODUCTS

SEC. 201. This title may be cited as the "Oil Freedom Act of 1985".

SEC. 202. (a)(1) Item 475.05 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended—

(A) by striking out "0.125¢ per gal." and inserting in lieu thereof "$10.0525 per Bbl.", and

(B) by striking out "0.5¢ per gal." and inserting in lieu thereof "$10.21 per Bbl.".

(2) Item 475.10 of such Schedules is amended—

(A) by striking out "0.25¢ per gal." and inserting in lieu thereof "$10.105 per Bbl.", and

(B) by striking out "0.5¢ per gal." and inserting in lieu thereof "$10.21 per Bbl.".

(3) Item 475.25 of such Schedules is amended—

(A) by striking out "1.25¢ per gal." and inserting in lieu thereof "$10.525 per Bbl.", and

(B) by striking out "2.5¢ per gal." and inserting in lieu thereof "$11.05 per Bbl.".

(4) Items 475.30, 475.35, and 475.65 of such Schedules are each amended—

(A) by striking out "0.25¢ per gal." and inserting in lieu thereof "$10.105 per Bbl.", and

(B) by striking out "0.5¢ per gal." and inserting in lieu thereof "$10.21 per Bbl.".

(5) Item 475.45 of such Schedules is amended—

(A) by striking out "2¢ per gal." and inserting in lieu thereof "$10.84 per Bbl.", and

(B) by striking out "4¢ per gal." and inserting in lieu thereof "$11.68 per Bbl.".

(b) There is authorized to be appropriated to the President for the purpose of providing or increasing funding for any program of the United States under which financial assistance (including loans and loan guarantees) is provided to lower income individuals and families adversely affected by increased energy costs, an amount equal to the monetary effect on such individuals and families of the increase in the duties made by subsection (a). The monetary effect of such increase on such individuals and families is to be jointly determined by the Secretary of Health and Human Services and the Secretary of Energy. Amounts appropriated pursuant to the preceding sentence shall be obligated or expended only in connection with such programs as may be provided for by law.

(c) Section 201(a) of the Social Security Act (42 U.S.C. 401(a)) is amended—

(1) by striking out "100 per centum of",

(2) by inserting "100 percent of" before "the taxes" in clauses (1), (2), (3), and (4),

(3) by striking out the period at the end of clause (4) and inserting in lieu thereof a semicolon and "and", and

(4) by inserting immediately after clause (4) the following new clause:

"(5) the revenues from the increase in the amount of duties imposed on petroleum and petroleum products made by section 202(a) of the Oil Freedom Act of 1985, less the amount required for purposes of section 202(b) of such Act.".

(d)(1) Notwithstanding any other provision of law to the contrary, the Secretary of the Treasury shall, from time to time, reduce—

(A) the rates of tax imposed by sections 3101(e) and 3111(a) of the Internal Revenue Code of 1954 (relating to old-age, survivors, and disability insurance), and

(B) the rates of tax imposed by sections 1401(a) of such Code (relating to old-age, survivors, and disability insurance).

to the extent necessary to reduce the net revenue attributable to the taxes imposed by such sections by the net revenues attributable to the increase in duties made by subsection (a) in fiscal years beginning after the date of enactment of this Act. The rates of tax imposed by such sections, as reduced by the Secretary under the preceding sentence, shall be treated as the rates in effect for such sections for the periods designated by the Secretary at the time of such reductions.

(2) The monetary effect of the increase in duties on petroleum and petroleum products made by subsection (a) on residents of each of the United States is to be determined jointly by the Secretary of Health and Human Services and the Secretary of Energy. No residents of any State shall receive a portion of the Social Security tax reductions made under paragraph (1) that is disproportionate to the residents of that State's portion of the total monetary effect of such increase in duties.

OVERSEAS PRIVATE INVESTMENT CORPORATION

METZENBAUM AMENDMENT NO. 1055

Mr. BYRD (for Mr. METZENBAUM) proposed an amendment to the the reported amendment to the bill (S. 947) to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation; as follows:

On page 10, line 24, strike out "1989" and insert in lieu thereof "July 1, 1987".

On page 13, after line 13, add the following:

STUDY BY THE COMPTROLLER GENERAL

SEC. 11. The Comptroller General shall conduct a study of the impact on employment in the United States of the activities of the Overseas Private Investment Corporation and shall prepare and transmit to the Congress a report setting forth the findings of such study.

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that the Senate Small Business Committee will hold a full committee field hearing on November 16, 1985, on the cost and availability of liability insurance for small business. The hearing will be held in the Legislative Plaza located at Sixth and Union Street in Nashville, TN. The hearing will begin at 12:30 p.m. For further information, please call Bob Wilson, of the committee staff at 224-5175.

SUBCOMMITTEE ON ENERGY REGULATION AND CONSERVATION

Mr. NICKLES. Mr. President, I would like to announce for the information of the Senate and the public, that the Subcommittee on Energy Regulation and Conservation of the Committee on Energy and Natural Resources has scheduled a field hearing on Wednesday, November 27, 1985, beginning at 9:30 a.m. in Tulsa, OK, in the Tulsa Central Library in the Aaronson Auditorium on the corner of Fourth and Denver Street.

The purpose of this hearing is to review the Federal Energy Regulatory Commission's Order No. 436, Final Rule and Notice Requesting Supplemental Comments on Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol (Docket No. RM85-1-000).

This hearing is in addition to the hearing previously scheduled on Thursday, November 21, at 9:30 a.m. on the same subject.

Those wishing to testify or submit written statements for the hearing record should write to the Subcommittee on Energy Regulation and Conservation, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510.

For further information regarding this hearing, please contact Ms. Debbi Rice or Mr. Howard Useem 202-224-2366.

AUTHORITY FOR COMMITTEES TO MEET

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. DOMENICI. Mr. President, I ask unanimous consent that the permanent Subcommittee on Investigations, of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Thursday, November 14, in order to conduct a hearing on the Foreign Missions Act.

The PRESIDING OFFICER. Without objections, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, November 14, to hold an oversight hearing on the President's July 8, 1985 national defense stockpile "modernization" proposal and its potential impacts on the domestic mining industry.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON TOXIC SUBSTANCES AND ENVIRONMENTAL OVERSIGHT

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Subcommittee on Toxic Substances and Environmental Oversight, of the Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Thursday, November 14, 1985, in order to conduct a hearing on ground water protection.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. GORTON. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, November 14, 1985, in order to receive testimony on the following nominations:

U.S. CIRCUIT JUDGE

Deanell Reece Tacha, of Kansas, to be U.S. circuit judge for the tenth circuit.

U.S. DISTRICT JUDGE

Garrett E. Brown, Jr., of New Jersey, to be U.S. district judge for the district of New Jersey.

Robert L. Miller, Jr., of Indiana, to be U.S. district judge for the northern district of Indiana.

ASSISTANT ATTORNEY GENERAL

John R. Bolton, of Virginia, to be an Assistant Attorney General (Office of Legislative and Intergovernmental Affairs).

WITNESSES

Deanell Reece Tacha; Dr. Myra Hinman, Professor of English, University of Kansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

AUTISM

Mr. INOUYE. Mr. President, I was most pleased to learn recently that the National Society for Children and Adults With Autism [NSAC] is celebrating its 20th anniversary.

Autism is a severely incapacitating lifelong developmental disability, which for a number of years was simply not understood. It occurs in approximately 15 out of every 10,000 births and is often noted during the early years of life. As such, I understand that it is the fourth most prevalent developmental disability, affecting approximately 350,000 citizens.

Mr. President, the National Society for Children and Adults With Autism, which has a chapter in Honolulu, HI, was founded by Dr. Bernard Rimland. Dr. Rimland's book, "Infantile Autism," is still considered today to be one of the most significant scientific contributions ever made to the field.

Upon reflection, I fully expect that every one of us must admit that if we learned that our own beloved child were diagnosed as having autism, we would at first feel that, as parents, we must have done something wrong. We would search our hearts to see if there was something we should have done. We would wonder if this were perhaps our "fault."

Mr. President, it is exactly these feelings of hopelessness and guilt which the national society has fought over the past two decades. They have stressed that there is much that can be done, especially in the area of providing training and education to those over the age of 21 who are afflicted with autism. The society has brought concerned parents and relatives together to understand that they need not feel guilty, that there is hope, and that they need not despair.

Mr. President, the National Society for Children and Adults With Autism has taken the lead in directly addressing the stigma which used to be associated with autism. Without question there is still much more to be done; however, I am most pleased to take this opportunity to express my appreciation to the leadership of NSAC for all that they have done to date.●

POLISH HUMAN RIGHTS LEGISLATION

● Mr. CHAFEE. Mr. President, I remain deeply troubled by the current state of affairs in Poland. General Wocjek Jaruzelski's September 27 speech concerning the improvement of human rights conditions in Poland, before the United Nations, was understood to be little more than a public relations effort for the benefit of an international audience. I have not been convinced by this type of action intended to promote an image of Poland as a tranquil nation. Under General Jaruzelski's stewardship, Poland has become a strict disciple of the Soviet style of control over dissent in its attempt to silence the Solidarnosc movement.

Therefore, it is with great pride and respect for the Solidarity activists—now working underground behind the Iron Curtain—that I have cosponsored Senate Concurrent Resolution 72. This sense of the Senate resolution asks the President to encourage the Polish Government to treat humanely and responsibly all of its citizens. It is a plea for Poland to comply with basic human rights agreements to which it is a signator—such as the Helsinki accords—and would expect that all responsible for the murder of Father Jerzy Popieluszko be brought to justice. In addition, it asks that all international human rights organizations be allowed to function in Poland.

Along with my Senate colleagues who have cosponsored this resolution, I applaud the actions taken by the brave Polish men and women who risk their lives daily in order to promote the activities of the Solidarnosc trade movement. We will not be chided by the Jaruzelski regime into believing that the Polish people are truly free, nor do we believe this regime deserves the international respect it is seeking.●

AARON COPLAND

● Mr. LEVIN. Mr. President, Aaron Copland is 85 today. I thought I would take a moment to place in the RECORD some articles about this extraordinary, wonderfully American composer. For those of us who love his music, we wish he could have 85 more years. We will settle for 25. His gift has already been given, but we want him to be around at least that long to know how much that gift is appreciated by his countrymen.

I ask that articles from the Detroit News dated November 14, 1985, and from the Washington Post and the New York Times of November 10, 1985, be printed in the RECORD.

The articles follow:

[From the Detroit News, Nov. 14, 1985]

COPLAND AT 85: TIME AFFIRMS HIS GREATNESS

(By Nancy Malitz)

"Many American composers felt that he had too much and they had too little."

So speculates Philip Ramey on the resentment that has been directed at Aaron Copland, the Nation's most important composer.

Copland turns 85 today. Largely through the efforts of Ramey, a composer who masterminded a year-long tribute to Copland and a birthday concert by the New York Philharmonic, the great range of Copland's music has had an opportunity to be heard this season. One of those concerts will be telecast live at 8 tonight on Channel 56.

"Other composers may have felt that he was our only exportable composer, much like Benjamin Britten was to England, and that he crowded out others," Ramey continues. But time, which has a way of sorting things out, has only increased our appreciation of those simple pieces which won our hearts when Copland first wrote them—*Applachian Spring, Billy the Kid, Rodeo, A Lincoln Portrait* and *Fanfare for the Common Man.* Those pieces lionized our cowboys and farmers and a simple folk integrity with a stern style that managed to be almost the antithesis of the gushing 19th-century European style. But they achieved a grand loftiness, a romanticism, if you will, of their own.

But there is much more to Aaron Copland than these few works, and Copland, the proud father, feels quite protective about some of his lesser known pieces, many of which are uncompromisingly modern and complex. "Zubin Mehta, the New York Philharmonic's music director, told me he wanted to play whatever Copland wanted to hear," says Ramey, who acted as the project's artistic consultant. "The one thing Copland *didn't* want to hear was *Appalachian Spring.*"

He was gleeful about what he *did* want to hear. He wanted some of his bolder pieces, and above all the *Cortege Macabre,* from his 1925 vampire ballet—the piece that convinced conductor Serge Koussevitsky to do something with this skinny New Yorker in his 20s. Koussevitzky commissioned a symphony, and Copland was on his way.

"Copland tells a wonderful story about that occasion, which is related quite nicely in Vivian Perlis' book about Copland," Ramey recalls. "He hadn't heard *Cortege* since 1927, and it is quintessential Copland with all the elements there in kernel form. He wrote it in Paris and touched it up in the States before taking it to play for Koussevitsky.

"Prokofiev was standing there when he played, and the minute Copland finished, Prokofiev yelled out, 'Too many *bassi ostinati,*' meaning too many repeated bass lines. Well, of course Copland was furious. As he told me, 'I wanted to do my own selling job.'

"But this year, when he heard it at the Philharmonic's opening concert for the first time since 1927, he instantly agreed. At one point he leaned over and said, 'All right, already! Enough! Too much repetition.' So after the performance we made a new edition for publication."

The pieces in tonight's concert include a revised version of the symphony Copland wrote for Koussevitzky. A brilliant, vigorous work from 1925, it should upset the notion that Copland is just a "folksy Americana composer." When it was first performed,

conductor Walter Damrosch told his audience in the presence of a shocked Copland that "if a gifted young man can write a symphony like this at 23, within five years he will be ready to commit murder!"

Tonight's program also presents the world premiere of the orchestral version of *Proclamation*, a piece Copland began in 1973. "*Proclamation* was to have been a big piece," says Ramey, "like the piano concerto." In 1982, at the very end of his composing career, Copland was talked into finishing the piece as a piano work, "but he wasn't up to a big project. He simply made an ABA form (an opening theme returns at the end) and provided a short coda at the end.

"The materials are so good and so strong it is frustrating to listen to in that form. You want it to go on longer, to develop, so it can become more grandiose. That's why it seemed to be a good idea to orchestrate it. But when I as' ed him last January, he had just had major surgery and wasn't feeling well, so he asked me to do it." *Proclamation* will be heard coast to coast tonight. First Mehta and the New York Philharmonic will perform it. Then, three hours later, Erich Leinsdorf and the Los Angeles Philharmonic will take up the tribute.

These days Copland no longer composes. His memory fails him, but Ramey notes that on the subject of music he is still very sharp. For instance, Copland has always been curious about the music of others. "He has a reputation as a sweetheart, but he could be very severe with other composers, especially students, because he was not about to encouraged anybody who shouldn't be encouraged," Ramey says.

"I was with him a few years ago at a Kansas university, where he sat like a schoolmaster at a desk in front of some young victims with their scores. He did not say anything was terribly good, because nothing was. One piece had a few moments, and he noted that, but otherwise there were lapses and he told the composers about that. I could just see those poor students wilting. Here was the greatest living composer telling them the truth."

Of his colleagues, Copland especially admires William Schuman, Virgil Thomson and David Diamond. "And he is always interested in what Leonard Bernstein is writing, and all the younger composers. Throughout his life he has admired rigor and hated romantic excess. He hated it in Rachmaninoff and Sibelius, whom he declared, very archly, 'the enemy.' "

And he apparently detests it in contemporary composers as well:

"We listened to David del Tredici's *Final Alice* when it first came out," Ramey recalls. "He admired Del Tredici. But after about 15 sequences, he shook his head. The music kept getting bigger and bigger, and finally the climax came in a crash, followed by welcome silence.

"Copland cried spontaneously, 'He's having too much *fun*!' "

[From the Washington Post, Nov. 10, 1985]

AMERICAN CLASSIC: AARON COPLAND AND HIS SIMPLE GIFT

(By Joseph McLellan)

'Tis a gift to be simple, 'tis a gift to be free,
'Tis a gift to come down where you ought to be . . .

Aaron Copland did not write the melody associated with those words, but if any tune belongs especially to Copland, this is it. He has used it so eloquently—in the climactic variations section of "Appalachian Spring" and in a plain, powerful arrangement for solo voice—that it is forever associated with his name.

But the music is not the only part of the old Shaker hymn "Simple Gifts" that is thematic in the life and work of Copland. The words are no less important. This composer, who reaches his 85th birthday Thursday, attained his unique position as the No. 1, certified national monument in American classical music by mastering the gift to be simple.

Or at least to appear simple, to generate an uncomplicated, spontaneous response. Copland is neither the most inventively and distinctively American of American composers (that would probably be Charles Ives or perhaps George Gershwin), nor is he the most influential on the world's music scene (that might be Elliott Carter, John Cage or Phillip Glass, depending on the kind of influence you are looking at).

He was by no means the first composer to work American folk motifs into classical structures—that technique is at least as old as the American republic, and those who did it well before Copland include such relatively unknown composers as James Hewitt and Elie Siegmeister as well as the familiar giants Louis M. Gottschalk, Ives and Virgil Thomson.

But Copland is the American serious composer who has most thoroughly and durably captured widespread popular attention. After experimenting with other idioms that ranged from jazz to atonality, he compounded what we might call the "American sound" from a combination of folk melodies and French-inspired orchestration. He has set to music American folk heroes who range from Abraham Lincoln to Billy the Kid, not to mention more generic cowboys and Appalachian farmers. And he has done it for audiences that number in the millions. Most of his best known music is for ballet, which plays well on television and has helped him to win a wide video audience. But ballet in America was an esoteric art for specialized audiences when Copland wrote that music, and he has helped to bring it into the American cultural mainstream.

It is easy, looking at his most popular work, to dismiss Aaron Copland as a "cowboy from Brooklyn," the Walt Disney of American music, but there is much more than that in him and in his music. He has composed works of deep complexity and high quality in the most uncompromisingly modern idioms. It is excellent music though not frequently performed.

Much of it was written for piano, including the Variations (1930), the Sonata (1941), the Fantasy (1957). There is also distinguished chamber music; the Sextet (1937), the Piano Quartet (1950) and the Nonet (1961), as well as orchestral music with sounds that match such arcane titles as "Connotations" (1962) and "Inscape" (1967). In vocal music, there are the "12 Poems of Emily Dickinson." Some of this music may be destined to keep Copland's name and work alive a century from now.

It would not be quite accurate to call these works the "unknown" Copland; almost everything he wrote has been recorded, and his less-known works are generally well regarded by connoisseurs. But compared with "Appalachian Spring," "Billy the Kid," "Rodeo," "A Lincoln Portrait" and "Fanfare for the Common Man," this music has not found much of an audience. Once or twice, when invited to guest conduct an American orchestra, Copland has been known to think about programming "Inscapes" or "Connotations" then to dismiss the idea with the sad comment that it would be "too complicated."

"Appalachian Spring" is not too complicated, but there is a fine sophistication in its structures and its subtly shifting instrumental colors that works on the audience's imagination without calling attention to itself. It sounds utterly plain, like the lives of the Pennsylvania farmers who are the music's subject. But it is (like so much of Copland's best known work) highly skilled theatrical music, as subtly inflected as a fine actor's voice delivering a line of Shakespeare.

Copland's craftsmanship is of the highest order: the art that conceals its artfulness. And he has described it with a properly sophisticated air of simplicity. The art of orchestration, he once told an interviewer, "consists in keeping instruments out of each other's way." But, being Copland, he did not say "the art of orchestration," he said "orchetral know-how." Copland is a man who uses simple words where others use jargon, a man who understates his cleverness where others try to proclaim theirs.

Nowhere is the art that conceals itself more vital than in movie sound tracks. Copland composed eight of these, mostly in the 1940s, and he won an Oscar in 1950—ostensibly for "The Heiress" but actually for revitalizing the whole art of sound-track composing, bringing to it a new sense of freedom and stylistic variety. The award was well earned.

Copland talked about tracks in one of the best sequences of "Aaron Copland: A Self-Portrait," an unusually fine documentary that was aired last month on PBS. And he got to the essence of it: the way the music works subliminally on an audience, telling it how to feel about what is happening on the screen. There was one highly dramatic scene in "The Heiress" where the audience laughed at a sneak preview. Copland told how the studio executives came to him in a panic asking him to fix it. And the insertion of music to tell the audience that this scene was tragic, not funny, did the trick.

The documentary also explored other relatively unfamiliar sides of Copland's art and personality, revealing the expert hand of Joan Peyser (a musicologist at Yale and collaborator on Copland's autobiography in progress). Copland worked hard as a promoter of American music through concerts, festivals, publication of scores, articles in Modern Music magazine and such books as "Our New Music," Music and Imagination" and "What to Listen for in Music."

He was associated with the summer school at Tanglewood for a quarter-century (most of that time as its chairman), and he has served as a mentor for younger composers as diverse as Leonard Bernstein, Ned Rorem, David Diamond, David del Tredici and Toru Takemitsu, encouraging each to develop his talent in his own distinctive way, not shaping them into little Coplands. In this, he is faithful to the example of his teacher, Nadia Boulanger, who became the godmother to a whole generation of wildly diverse American musicians largely because Aaron Copland was one of her first students.

Beneath the simple exterior of this visionary artist and solid craftsman. who was born when the century was new and who stamped his image firmly on its music, lie complexities that his mass audience has hardly begun to explore. If there is one tragedy in his life, it is probably that he has not managed to bring that audience along

into the more rarefied regions of his art. But the fact that he found that audience and took it as far as he did makes him unique among the composers of his time.

[From the New York Times, Nov. 10, 1985]

AARON COPLAND: "HE IS LIKE A SONG-FILLED ROCK OF GIBRALTAR"

(By Ned Rorem)

As a teen-ager at Philadelphia's very proper Curtis Institute in 1943 I would occasionally head for New York to get into mischief. One weekend, before boarding the train (I was off to see Virgil Thomson, whom I'd never met, about becoming his copyist), a schoolmate, Shirley Gabis, said, "Why not drop in on my old friend Lenny while you're up there." I did. Accordingly Bernstein put me onto Copland—"Aaron likes knowing what young composers are up to"—and I spent an afternoon bleating my tunes for the famous musician. Well, I took the job with Virgil, became an instant fan of Aaron and Lenny, and for the next 42 years with many an up and a down I've remained staunch friends with all three men. Some weekend!

In the early postwar years, although Bernstein was yet to become the versifier the world would worship, Copland and Thomson were already the Rome and Avignon of American music. Young composers joined one faction or the other, there was no third. Both were from France through Boulanger, but Aaron's camp was Stravinsky-French and contained a now-vanished breed of neoclassicist like Alexei Haieff and Harold Shapero, while Virgil's branch was Satie-French and contained a still vital breed like John Cage and Lou Harrison. (The Germanisms of Wolpe-via-Schoenberg were as yet quiescent.) The few lone wolves such as myself were still socially partial to one or the other. If I saw a good deal less of Aaron than of Virgil it's because the latter was my employer.

Meanwhile, there has built up around Copland bits of conventional wisdom that bear inspection. On a recent TV hommage I found myself staring, as by rote, that Copland had invented out of whole cloth what it means to be American. Now, wasn't it Thomson who first legitimized the use of homegrown fodder for sophisticated palates, a use Copland borrowed intact for his "second period"—the period of open prairies and Appalachian springs? What's more, hadn't Thomson, like Poulenc, invented his own folk music (you won't find his church-tune pastiches and cowboy ditties in hymnals and songbags), while Copland, like Stravinsky, incorporated pre-existing lore into his scores? Certainly Copland was out to find the American Way, but whether the Brooklynite would have chose just this way without the Missourian Thomson's pioneering is speculative.

As to the "periods," they can now be viewed as mere textbook labels after the fact. Copland's oeuvre is history: each work, from the once "problematic" Piano Variations through the "lean" "Rodeo" to the thorny "Inscape," can now be heard as flowing from the same economical pen. His music, all of it, is accessible to the big public, with (this is his crucial inheritance from Boulanger) never a note too many.

On the same TV program we learned, again through the iteration of received ideas, that Aaron is a saint. The broad acceptance of his sanctity stems less, I think, from his sturdy need for self promotion (which all artists possess) than from his fanatic sense of the value of other people's work (which few artists possess). Even in private Aaron is a public person, enjoying gossip but not uttering it, witty and generous, yes, but also stoic and immutable. Yet to be a saint one must have been a sinner, and it lessens the man to assume he is above temperament.

I have observed Aaron livid with impatience at the longueurs in a French peer's sonata, heard him sigh from betrayed affection, submitted to his ire about what I'd written about a friend of his, known to him to be more than tempted by the flesh. Bland sins, I admit. But then, Aaron is more artist than saint. Saints are a dime a dozen, but true art is scarce, and one could argue that Aaron Copland has changed the world for the better while Joan of Arc never changed it at all.

Last week, I told the composer George Perle that Copland has branded us all in America, even those who repudiate him, since repudiation is acknowledgement of Copland's force. I've said this so often it's dogma, so was disconcerted when George replied, "He never influenced me. In fact, I've influenced him. After all, he finally came over to the serial technique, while I never went over to his side." Indeed, Copland did "come over" to the 12-tone system during his so-called "third" period. Retrospectively, this seems an act of hysteria, of not wanting to be left behind. In the 60's, Copland had the world at his feet except for that small portion older composers most crave: young composers. The young at that moment were immersed in Bouleziana, a mode quite foreign to Copland's very nature (as to the nature of Stravinsky, who also sold out to the system).

The more things change the more they stay the same. Today I teach at Curtis. Lenny's an esteemed poet. Virgil thrives. Shirley has married George Perle. And Aaron is again loved by the young, though less as model than as a fact of sonic geology, like a throbbing song-filled rock of Gibraltar.

FANFARE FOR A MOST UNCOMMON MAN

(By Leonard Bernstein)

On Aaron's 85th birthday.

Awakener,
Asker of riddles,
Responder,
Opener of gates,
Namer of the unnameable!

Compassion-healer,
Organ of Cecilia,
Prophet-friend,
Lucid star and guide,
Ancestor of us all,
Noble father,
Dedicator, Re-dedicator of our Art! ●

MEMORIAL SERVICE FOR UKRANIAN VICTIMS OF NAZI DEATH CAMPS

● Mr. LEVIN. Mr. President, last Saturday night, I spoke briefly at a memorial service for the millions of Ukranians who perished in German death camps in World War II.

The service was held in Dearborn, MI, at St. Michael's Ukranian Catholic Church, whose pastor is Rev. Wayne Ruchgy.

The service, called Panachyda, was attended by 16 former prisoners. I ask that a list of those survivors and the camps at which they were held; a most moving speech of one of the survivors, Jaroslaw Duzyj; and my own brief remarks be printed in the RECORD.

The material follows:

NAMES OF THE 16 FORMER PRISONERS AND CAMP

Dr. Mykola Klymyshyn, Auschwitz.
Jaroslaw Duzyj, Gross rosen.
Dr. Ivan Dutko, Dachau.
Dmytro Fedorko, Neuengamme, Flossenburg.
Stephan Fedenko, Gross rosen, Saksenhausen, Dachau.
Mychajlo Laska, Auschwitz.
Olga Laska, Auschwitz.
Paul Tkach, Dachau.
Ivan Terletzky, Majdanek, Buchenwald, Dachau.
Hryhorij Korolyshyn, Majdanek.
Jaroslaw Gerczak, Dachau.
Mychajlo Glomb, Dachau.
Mychajlo Bazansky, Saksenhausen.
Mychajlo Mushynskyj, Saksenhausen.
Osyp Slywynskyj, Auschwitz.
Petro Lucyk, Dachau, Natzweiler.

ADDRESS BY JAROSLAW DUZYJ

(Ecumenical Panachyda 11/9/85)

Today we pray to God for the souls of millions of Ukrainians annihilated in German concentration camps. O Lord, give us the wisdom and strength to share our horrible experiences in the concentration camps with those, who have not been exposed to such atrocities of life.

Life in concentration camps taught some difficult lessons. Freedom can be truly appreciated by the person who has lost it. I have seen one friend hug another to death from joy on liberation day, because he thought he would never be free.

Hunger teaches a similar lesson. To a man who has gone hungry, the instinct for survival is stronger than any danger which is perceived. Under machine gun fire, I made seven trips to gather kohlrabi stored in the ground, because we did not have any food for 5 days.

One time in Nordhausen, I lay down to rest for the night with two other prisoners. How horrible it was to wake up between two dead bodies! Oh God, how many times we prayed for death! How many times were our hearts heavy! We cried for vengenance and retribution against the Nazis.

I don't know if anyone can really describe the terrible feelings of the past by the spoken word, writing about it, by music, or whatever other means. I have spent many traumatic and long nights, tiresome nights—and then greeted the morning as a blessing, because life has to go on.

One might wonder how it is that I can still smile and be happy. I can, because I am alive, because I am blessed to live in this great country, where the champion of freedom, our great President, Ro ld Reagan, is leading a determined fight against terrorism, tyranny, and oppression. Ukrainians in the free world are obliged to preserve our rich culture and religion, because in Ukranine, the Ukrainian churches have been liquidated. Historical, cultural, and architectural relics are being savagely destroyed and burned.

It is high time to give the true information about the Ukrainian resistance to the realization of German-Nazi plans. German rule in the conquered Eastern European areas soon became anything, but a liberation of the non-Russian nationalities from

Russian oppression. Immediately, Germans began to procure the lebensraum—living space—for the German nation by the extermination and genocide of the Slavic East European nationalities. German atrocities of mass murder and execution, extermination in concentration camps, turning the local population over to forced labor, and the insane genocide of the Jews, soon proved to those East European peoples that the Germans did not bring to them a liberation from Soviet-Russian imperialism, but a new German-Nazi yoke.

A large-scale resistance and insurgent movement flared up in Ukraine against the German occupational forces and the Russian-Bolshevik guerrilla raiders. The struggle was most determined and merciless. The most determined, best-organized, and the largest force was the Ukrainian Insurgent Army, called the UPA. On July 30, 1941, Ukrainians declared independence of western Ukraine in LVOV. The Nazis reacted viciously with arrests, prisons, concentration camps, executions and hangings in Kiev, Babyn Yar, Zhytomir, Wynnycia, Lvov, Stanislawiw, Tarnopil, Sambir and other Ukrainian cities by the Gestapo on a daily basis.

The Ukrainian Catholic Church took a very decisive, active part in the defense of innocent peoples. The head of the Ukrainian Catholic Church, Archbishop of Lvov, metropolitan Andrej Szeptyckyj, protested to the Nazis the extermination of the Jews and saved many Jewish lives in Ukrainian monasteries and churches. The Ukrainian population also risked their lives in hiding and feeding Jews. The UPA gave safe passage through the Carpathian Mountains to the west to many different nationalities.

One important point overlooked by historians is that in Nazi prisons and concentration camps, Ukrainian prisoners were not differentiated by their nationality, but by their citizenship. When a Ukrainian was incarcerated, he was registered as either a Pole, a Russian, a Czech, or a Rumanian, depending on whether he came from Ukrainian lands occupied prior to WWII by Poland, the Soviet Union, Czechoslovakia, or Rumania. When I was asked in the concentration camp, Gross Rosen, at the registration table about my nationality, my reply was that I am Ukrainian. I received a severe beating from those registering prisoners. After that, they asked me again, what was my nationality—my response was the same—I am Ukrainian. I was dragged and spread on the wooden horse and received for this 25 lashes. My friend, then 17 years old, was sent to Gross Rosen with his father. He had to watch helplessly when his father was tortured and received a terrible beating for the simple fact that he wanted to be registered as a Ukrainian.

The Nazi system of torture and mass extermination was planned and conducted almost to perfection. To break a person physically, devastate one psychologically, destroy one spiritually. To take away from a person everything that one had achieved with talent, education, hard work—cremate him or her and use the remains as fertilizer.

The treatment of East Europeans, including Ukrainians, by the media in recent years has often been biased, and not based on facts. We Ukrainians do not expect preferential treatment. What we do expect, however, is accuracy and fairness in reporting history, Geography, or current events. The use by the OSI of fabricated documents and totally unreliable witnesses supplied by the Russian KGB is deplorable.

We, the survivors of German concentration camps, of whom I am one, represent those less fortunate Ukrainians that were tortured, suffered cold and hunger, those led to lose their minds, those hanged, shot and cremated. We protest the defamation of the good Ukrainian name. The Ukrainian people were and are still making the biggest sacrifice—their lives—but not for the Third Reich, not for the Russian empire, but to live free as an independent Ukrainian nation.

Ukrainian Memorial Service

(Remarks of Senator Carl Levin)

Today, our hearts are full—for the millions who perished in the German death camps in World War II—for the one Ukrainian sailor who jumped in the Mississippi twice in his bid for freedom.

Today we remember the Ukrainian millions who were deported to Germany for slave labor, the millions who were confined and placed in camps like Auschwitz and Mauthausen, in camps whose names are burned in on souls. We remember the millions whose lives were snuffed out by the Germans who were beaten, starved, tortured and gassed.

Today we also pray for Miroslav Medvid and we must pray for ourselves, because we failed Miroslav Medvid.

The Statute of Liberty's lamp flickered for a brief moment when the Immigration Service forcefully returned Miroslav Medvid to the Soviets. Twice we failed him when the State Department closed its eyes to the obvious when they returned Medvid a third time. We violated our best tradition and instincts when we let this seaman down.

This sailor boy who knew who he is and who he isn't. Who, when asked, are you Russian, beat his chest with his fist and replied: Ukrainian, Ukrainian. Who, when breathing free air, followed his instincts, put some possessions in a waterproof bottle and dove for freedom.

It's a story as old as the human spirit and as strong and persistent as the Ukrainian struggle for freedom.

So as we remember the millions who perished under the Nazis—and are grateful for the survivors, many of whom are with us here today, as we remember the one who symbolizes the struggle for freedom that continues to this day, let us vow that the lamp in the Lady's hand will never flicker again.

If we do not that, the millions who perished in World War II and Miroslav Medvid will triumph after all.●

GUATEMALAN ELECTIONS

● Mr. LUGAR. The recent presidential and municipal elections in Guatemala are part of a sequence of events which signify the steady progress toward complete democratic rule in that country. In the past 15 months, a constituent assembly has been elected, a new constitution has been drafted and ratified, and new electoral laws were effected, the results of which we witnessed this last Sunday. The people of Guatemala have turned out in overwhelming numbers to show their enthusiasm for these important instruments of liberty.

At the request of President Reagan I acted as chairman of the U.S. delegation to observe the elections. I would like to submit the statement made by the delegation on that occasion:

The statement follows:

Statement of the Observer Delegation of the United States of America to the Guatemalan Elections

Today we were privileged to witness the voting of the people of Guatemala for presidential, legislative, and municipal elections. It is the unanimous conclusion of this bipartisan delegation of elected officials and private citizens that these contests were fairly and efficiently conducted.

Our delegation has spent the day observing the balloting in hundreds of voting places throughout the country and the counting of votes in Guatemala City. We are satisfied that the electoral system was well designed and that its requirements were observed throughout the process. Instances of difficulty were few, isolated, and did not work to the advantage of any particular candidate. We witnessed no intimidation or improper influence upon the voters. Those voters we observed and spoke with expressed confidence in, and generally reflected a positive view of, the elections.

These elections are enormously significant for Guatemala and for the other nations of the Western Hemisphere. They appear to represent another important step forward in the advance of democracy in Latin America during recent years. We recognize that they do not resolve all of Guatemala's problems. The Guatemalan people face the challenge of perfecting and consolidating their new democracy—and making it function in behalf of human rights and socioeconomic progress.

This vote does, however, represent an indispensable step forward. We congratulate the people of Guatemala and the authorities that made this election possible. We thank them for the hospitality that has facilitated our task. In particular, we want to congratulate the Supreme Electoral Tribunal which did an exemplary job of organizing a very complex process in a judicious manner. The recruiting and training of election workers was especially impressive and enhanced the confidence of the voters in the election process. Finally, we would like to express our appreciation to the staff of the U.S. Embassy in Guatemala who, under the direction of Ambassador Alberto Piedra, clearly articulated the commitment of the United States Government to the democratic process in Guatemala.●

JOHN DAVIS LODGE

● Mr. DODD. Mr. President, allow me to pay tribute to a man who has made his mark, not only on my State, but on the Nation and the world. I would like to commemorate a true Connecticut gentleman: John Davis Lodge, who recently passed away.

John Lodge's life spanned an active 82 years. He wore many and varied hats during those years—from actor to Navy officer to Congressman to Governor to Ambassador—and throughout, he was ever a dedicated public servant.

It is only fitting that John's last act before his death was a speech to the Women's National Republican Club in New York. In that speech, John talked about the battles we ought to be fight-

ing. In doing so, he aptly summarized the goals for which I believe he had struggled all his life. Let me quote his final words:

In this troubled world, the word rebellion is bandied about. If we must rebel, let us rebel against vulgarity, against ignorance and stupidity, against the desecration of things of beauty and value, against the degradation of standards, taste, and virtue.

Let us rebel against the prostitution of freedom and free institutions: That which robs life of beauty and meaning; against crass commercialism which seeks to extract the last dollar from every man.

Let us sound the clarion call and rebel against mediocrity. Let us set our sights high and create a veritable Athens in which the best of the old mixes harmoniously with the best of the new. Let us build a society in which justice and mercy stay so strong that neither enemies from abroad nor within can destroy them.

At that point, he began to fail.

A long-time Connecticut resident, John was born in Washington, DC. Public service was in his blood. He counted among his relatives two Connecticut Governors, a Massachusetts Governor, six U.S. Senators, a Secretary of the Navy, a Secretary of State, a judge, an admiral, and a general. His grandfather was Senator Henry Cabot Lodge of Massachusetts. His brother was the late Senator Henry Cabot Lodge, the Republican candidate for Vice President in 1960.

After attending the Middlesex School in Massachusetts, he matriculated at Harvard College and went on to Ecole de Droit in Paris. He graduated from Harvard Law School. He married Francesca Braggiotti, a ballerina from Florence, Italy, and had two daughters, Lili and Beatrice.

Not long after he left Cambridge, he was persuaded to take a screen test. A rather impressive acting career was born. He starred alongside such Hollywood greats as Katherine Hepburn, Shirley Temple, Marlene Dietrich, Joan Bennett, and Lionel Barrymore. Lodge left the cast of a Lillian Hellman play to join the Navy as a liaison officer between the French and American fleets during World War II. To cap his distinguished military career, he was awarded the Croix de Guerre and the Legion of Honor by Gen. Charles de Gaulle.

When the war ended, John plunged into politics. In 1946, he was elected U.S. Congressman from Connecticut's Fourth District. After two terms in the House, he beat incumbent Democrat Chester Bowles for the Governor's seat. He was the first Connecticut Governor to serve a 4-year term. In 1954, he lost his bid for reelection to Abraham Ribicoff, but his taste for politics was not dampened. In his last political campaign, he ran for the Senate against my father, the late Thomas J. Dodd. As it happens, my father won that particular race. But the two remained close friends—whatever one's political orientation, it was hard not to admire John Lodge.

John's political background and sharp mind made him well-prepared to enter the world of diplomacy. Under the Eisenhower administration, Lodge was appointed Ambassador to Spain in 1955. In 1969, Richard Nixon asked him to serve as Ambassador to Argentina. Most recently, at the request of President Reagan, he served as Ambassador to Switzerland and as special delegate to the United Nations.

John Lodge was not only a man of intellect, he was a man of action. He was not content to accept the world as it was. In his own words, he set his sights high and fought to create "A veritable Athens." His many contributions will long be remembered. I am proud that he called Connecticut home. Needless to say, we shall miss him.●

PRINT MORE MONEY

● Mr. SIMON. Mr. President, when I was a State legislator in Illinois some time ago, I received a letter from a constituent who lived in the small town of South Roxana. The letter had 13 points. The first 12 were demands for more government services, and the 13th point was, "cut taxes." At the Federal level, we have been faithfully following that gentleman's advice for about 5 years now, and the result is the monstrous deficit. Recently, I wrote a column for newspapers in my State discussing the deficit and a common suggestion I hear for dealing with it: Print more money. I ask that the column be reprinted in the RECORD.

The column follows.

EASY ANSWERS THAT COURT DISASTER

(By Senator Paul Simon)

"What if?"

That question often is not answerable. But there is an important "what if" that the American people ought to be looking at closely.

What if Congress and the Administration do not come up with a workable plan to get our deficits down?

We know it spells serious trouble. What kind of trouble is less clear. Where we're going is suggested by some statistics. From fiscal year 1980 to this fiscal year we have had the following increases in federal spending:

Defense—88 percent.

Social Security and entitlements—56 percent.

Discretionary/non-defense items—20 percent.

Interest—240 percent.

The significant item is the last one. If we continue our present course, interest expenditures will double every four or five years, squeezing out our ability to respond to a host of other needs.

But my sense is the ultimate answer to this "what if" question is that the federal government will take the easy way out, one that will be disastrous for the nation: Print more money.

As I travel around Illinois, I hear more and more people saying "Let's just repudiate the debt." After you explain what that would mean they soon move away from that answer.

But another tempting answer I hear more and more is to get the Federal Reserve Board to simply print more money. And if they won't do that, some say, then let Congress take over the function of printing money.

It sounds easy. It is easy. But the consequences of either of these moves would be an economic disaster worse than the Great Depression.

We are already skirting with danger in Federal Reserve Board polices. The real economic hero of the decade—up to this point—has been Paul Volcker, chairman of the Federal Reserve Board. He has received much abuse, but the main reason for the drop in the rate of inflation has been because he has recognized a fundamental truth: Money supply cannot grow much faster than a nation's production without causing serious inflation.

In recent months, in order to get the international price of the dollar down, there has been more increase in the amount of money printed than is probably healthy. But it has been marginal.

But if we continue headlong down this road to more and more deficits and huge increases in interest expenditures, I fear the pressure will be too great on any administration, any Congress or any Federal Reserve Board. They will cave in to what will then be growing demand to "solve" our problems by printing more and more money.

Massive inflation would result—inflation far beyond anything we have ever known in our country.

It is not good for the world when Israel or Brazil has tremendous inflation. But the United States is such a massive part of the world's economy that if we were to experience that type of inflation the resulting economic problems would be mammoth.

"When the United States sneezes, we catch pneumonia," is something American officials hear from leaders of other nations.

If we don't get hold of the deficit situation, the United States will have pneumonia, and that would make the fate of other nations grim indeed.

THE IMPACT OF THE LIABILITY INSURANCE CRISIS ON SMALL BUSINESSES

● Mr. WEICKER. Mr. President, I am sure that many of my colleagues have heard and read in recent months about the threat and serious economic hardships being imposed on our Nation's small businesses and local governments by the current crisis in the property and casualty or liability insurance market. Skyrocketing liability insurance premiums, often with reduced amounts of coverage, have burdened many businesses, with an additional insurance expense three and four times what they paid a few years ago. Some businesses which have never filed a claim have received abrupt cancellation or nonrenewal notices and are finding it impossible to obtain liability insurance coverage at any price. Many of them are being

forced to go uninsured or shut down their operations, altogether. This crisis is effecting a wide spectrum of our Nation's businesses, from day-care centers and trucking firms to manufacturers. Certainly, this crisis raises some serious implications for our economy, particularly if businesses pass their increased insurance costs onto consumers and jobs are lost through business closures.

Mr. President, the availability and affordability of adequate liability insurance is one of the most pressing and immediate issues on the minds of most small business operators. It has been raised as a priority in most forums held in the last several months to discuss issues important to small businesses. In 12 of the 13 State meetings in preparation for the 1986 White House Conference of Small Business, one of the priority issues identified by the conferees has been the difficulty in obtaining liability insurance coverage. On October 23, 1985, at the fifth annual meeting of the National Advisory Council to the Senate Small Business Committee, one of the eight resolutions adopted by the Council called for the committee to study and to hold hearings on the liability insurance crisis. Mr. President, I ask that a copy of the National Advisory Council's resolution be printed in the RECORD.

The resolution follows:

RESOLUTION OF THE NATIONAL ADVISORY COUNCIL ON LIABILITY INSURANCE

Whereas, small businesses currently face a crisis in obtaining liability insurance with reported rate increases of 300 percent to 1,000 percent making insurance coverage either unaffordable or unobtainable at any price;

Whereas, the increase in insurance premium rate adds fuel to inflationary engines in the economy as a result of higher costs being passed along in the cost of goods and services;

Whereas, the number of insurance companies offering such liability coverage is steadily decreasing because of high past loss ratios in this type of insurance.

Whereas, many small firms have discontinued uninsurable products and services, others have closed their doors because they cannot continue operations as self-insurers or without insurance;

Whereas, one factor which has contributed to this crisis is the fractured nature of tort law in the various states of our Union which has caused increased unwillingness by insurance companies to provide coverage for firms which do business in a variety of states; and therefore, be it

Resolved, That the National Advisory Council to the Senate Committee on Small Business calls upon the Committee to study and conduct hearings on this critical problem of liability insurance availability and affordability for small businesses, and supports the concept of a federal liability standard removing the uncertainty that surrounds this issue, and thereby providing the type of structure that will permit insurance companies to accurately estimate the costs of such insurance.

Mr. WEICKER. Furthermore, I understand that in recent meetings of the Republican National Committee's Advisory Council and the Small Business Administration's National Advisory Council, the problem has been the subject of lengthy discussions. Furthermore, on September 10, 1985, the Small Business Legislative Council, a consortium of Washington small business trade associations, wrote to President Reagan asking him to establish a Presidential task force to look into this issue.

I realize that several other committees have already begun to look at proposals which deal with aspects of this problem, particularly in the areas of product liability and professional liability reform. In fact the Small Business Committee's Advisory Council resolution supported the concept of a uniform Federal standard on product liability. But as one member of the Council pointed out, the scope of the current crisis is much more extensive than manufacturing firms; it also effects many service businesses which provide a significant number of new jobs for our economy. Similarly, tort law reform may address only a part of the problem.

Mr. President, in order to further examine the complexities of this problem, the Senate Small Business Committee will be holding comprehensive fact finding hearings on the cost and availability of liability insurance for small business. In the next few months, it is my intention to chair a series of Washington hearings and on November 16, 1985, Senator SASSER will chair a committee hearing in Nashville, TN on this important subject.●

ROCKLAND COUNTY UNIFIED SERVICES

● Mr. MOYNIHAN. Mr. President, may I call our colleagues' attention to a remarkable program in Pomona, NY, the Rockland County Unified Services [RCUS], which helps chronically mentally ill young people.

In October the American Psychiatric Association selected RCUS from more than 80 programs nationwide to receive its prestigious 1985 Gold Award, honoring a single institution for its work in the field of mental health.

This is the second time the American Psychiatric Association has honored RCUS for developing and providing medical and social services to mentally ill persons. In 1983, RCUS was honored for its comprehensive service system, meeting the needs of persons of all ages and disabilities. The young people RCUS aids are usually self-sufficient—going to school or maintaining jobs. Without RCUS, their mental illnesses would likely go untreated and ignored, and many of these youngsters would turn to drugs, alcohol abuse, and sometimes crime.

RCUS employees work to create a social network that can provide education, support services, vocational counseling, and social and medical assistance. They also provide crisis treatment, as well as regular therapy sessions, for groups, individuals and families.

In particular, I wish to recognize the work of Dr. Bert Pepper, the chairman of RCUS, and his very capable staff. Their exemplary work has encouraged greater national awareness of the plight of the mentally ill, and I commend their achievements, so aptly acknowledged by the American Psychiatric Association, to the attention of the U.S. Senate.●

THE CALENDAR

Mr. DOLE. Mr. President, I would like to inquire of the minority leader if he is in a position to pass the following calendar items: Calendar No. 399, S. 727; Calendar No. 400, S. 865 with an amendment to the title; and Calendar Order No. 401, S. 1639.

Mr. BYRD. Mr. President, I am pleased to advise the able and distinguished majority leader that those items have been cleared on this side.

Mr. DOLE. I thank the minority leader.

Mr. President, I ask unanimous consent that the calendar items just identified be considered en bloc and passed en bloc, and all reported amendments and preambles be considered agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

COGENERATION ACTIVITIES BY GAS UTILITY HOLDING COMPANY SYSTEMS

The bill (S. 727) to clarify the application of the Public Utility Holding Company Act of 1935 to encourage cogeneration activities by gas utility holding company systems, was considered, ordered to be engrossed for a third reading, read the third time, and passed; as follows:

S. 727

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 11(b)(1) of the Public Utility Holding Company Act of 1935, a company registered under said Act solely by reason of direct or indirect ownership of voting securities of one or more gas utility companies, or any subsidiary company of such registered company, may acquire or retain, in any geographic area, any interest in any qualifying cogeneration facilities as defined pursuant to the Public Utility Regulatory Policies Act of 1978, and shall qualify for any exemption relating to the Public Utility Holding Company Act prescribed pursuant to section 210(e) of the Public Utility Regulatory Policies Act. Nothing herein shall be construed to affect the applicability of provisions of the Public Utility

Holding Company Act, other than section 11(b)(1), to the acquisition or retention of any such interest by any such company.

CONGRESSIONAL GOLD MEDALS TO JAN SCRUGGS, ROBERT DOUBEK, AND JACK WHEELER

The Senate proceeded to consider the bill (S. 865) to award special gold medals to Jan Scruggs, Robert Doubek, and Jack Wheeler, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment:

On page 1, line 5, strike "Jack" and insert in lieu thereof "John".

So as to make the bill read:

S. 865

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) the President of the United States is authorized to present, on behalf of the Congress, to Jan Scruggs, Robert Doubek, and John Wheeler, one gold medal each of appropriate design in recognition of their tireless efforts to give the Vietnam Veterans Memorial to the Nation. The Vietnam Veterans Memorial symbolizes for the veterans the concern the American people have for them and the respect they feel for their service and their sacrifice, and for all Americans the Memorial expresses a spirit of reconciliation that preserves us as a Nation.

(2) For the purpose of this section, the Secretary of the Treasury is authorized and directed to cause to be struck three gold medals with suitable emblems, devices, and inscriptions to be determined by the Secretary of the Treasury. There is authorized to be appropriated not to exceed $25,000 to carry out the provisions of this subsection.

(b) The Secretary of the Treasury may cause duplicates in bronze of such medal to be coined and sold under such regulations as he may prescribe, at a price sufficient to cover the cost thereof, including labor, materials, dies, use of machinery, overhead expenses, and the gold medal. The appropriation made to carry out the provisions of subsection (a) shall be reimbursed out of the proceeds of such sales.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "To award special congressional gold medals to Jan Scruggs, Robert Doubek, and John Wheeler."

GOLD BULLION COIN ACT

The Senate proceeded to consider the bill (S. 1639) to authorize the minting of gold bullion coins, which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment:

On page 3, strike line 24, through and including line 5 on page 4, and insert the following:

(c) Section 5116(a) of title 31, United States Code, is amended by adding at the end thereof the following:

"(3) The Secretary shall acquire gold for the coins issued under section 5112(i) of this title by purchase of gold mined from natural deposits in the United States, or in a territory or possession of the United States, within one year after the month in which the ore from which it is derived was mined. The Secretary shall pay not more than the average world price for the gold. In the absence of available supplies of such gold at the average world price, the Secretary may use gold from reserves held by the United States to mint the coins issued under section 5112(i) of this title.".

The Secretary shall issue such regulations as may be necessary to carry out this paragraph.

So as to make the bill read:

S. 1639

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Gold Bullion Coin Act of 1985".

MINTING GOLD BULLION COINS

SEC. 2. (a) Section 5112(a) of title 31, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(7) A fifty dollar gold coin that is 32.7 millimeters in diameter, weighs 33.931 grams, and contains one troy ounce of fine gold.

"(8) A twenty-five dollar gold coin that is 27.0 millimeters in diameter, weighs 16.966 grams, and contains one-half troy ounce of fine gold.

"(9) A ten dollar gold coin that is 22.0 millimeters in diameter, weighs 8.483 grams, and contains one-fourth troy ounce of fine gold.

"(10) A five dollar gold coin that is 16.5 millimeters in diameter, weighs 3.393 grams, and contains one-tenth troy ounce of fine gold.".

(b) Section 5112 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(i)(1) Notwithstanding section 5111(a)(1) of this title, the Secretary shall mint and issue gold coins described in paragraphs (7), (8), (9), and (10) of subsection (a) of this section, in quantities sufficient to meet public demand, and such gold coins shall—

"(A) have a design determined by the Secretary, except that the fifty dollar gold coin shall have—

"(i) on the obverse side, a design symbolic of Liberty; and

"(ii) on the reverse side, a design representing a family of eagles, with the male carrying an olive branch and flying above a nest containing a female eagle and hatchlings;

"(B) have inscriptions of the denomination, the weight of the fine gold content, the year of minting or issuance, and the words 'Liberty', 'In God We Trust', 'United States of America', and 'E Pluribus Unum'; and

"(C) have reeded edges.

"(2)(A) The Secretary shall sell the coins minted under this subsection to the public at a price equal to the market value of the bullion at the time of sale, plus the cost of minting, marketing, and distributing such coins (including labor, materials, dies, use of machinery, and promotional overhead expenses).

"(B) The Secretary shall make bulk sales of the coins minted under this subsection at a reasonable discount.

"(3) For purposes of section 5132(a)(1) of this title, all coins minted under this subsection shall be considered to be numismatic items.".

(c) Section 5116(a) of title 31, United States Code, is amended by adding at the end thereof the following:

"(3) The Secretary shall acquire gold for the coins issued under section 5112(i) of this title by purchase of gold mined from natural deposits in the United States, or in a territory or possession of the United States, within one year after the month in which the ore from which it is derived was mined. The Secretary shall pay not more than the average world price for the gold. In the absence of available supplies of such gold at the average world price, the Secretary may use gold from reserves held by the United States to mint the coins issued under section 5112(i) of this title.".

The Secretary shall issue such regulations as may be necessary to carry out this paragraph.

(d) Section 5118(b) of title 31, United States Code, is amended—

(1) in the first sentence, by striking out "or deliver"; and

(2) in the second sentence, by inserting "(other than gold and silver coins)" before "that may be lawfully held".

(e) The third sentence of section 5132(a)(1) of title 31, United States Code, is amended by striking out "minted under section 5112(a) of this title" and inserting in lieu thereof "minted under paragraphs (1) through (6) of section 5112(a) of this title".

(f) Notwithstanding any other provision of law, an amount equal to the amount by which the proceeds from the sale of the coins under section 5112(i) of title 31, United States Code, exceed the sum of—

(1) the cost of minting, marketing, and distributing such coins, and

(2) the value of gold certificates (not exceeding forty-two and two-ninths dollars a fine troy ounce) retired from the use of gold contained in such coins,

shall be deposited in the general fund of the Treasury and shall be used for the sole purpose of reducing the national debt.

(g) The Secretary shall take all actions necessary to ensure that the issuance of the coins minted under section 5112(i) of title 31, United States Code, shall result in no net cost to the United States Government.

EFFECTIVE DATE

SEC. 3. This Act shall take effect on October 1, 1985, except that no coins may be issued or sold under section 5112(i) of title 31, United States Code, before October 1, 1986.

Mr. EXON. Mr. President, I am extremely pleased that the Senate will now act on passage of S. 1639, the American Gold Bullion Coin Act.

Today, the Senate has an opportunity to restore an American tradition. This landmark legislation brings regular issue gold coinage back into the U.S. currency for the first time since 1933.

Since 1974, when the Congress removed the restrictions on the private ownership of gold bullion, Americans have enthusiastically exercised their option to own gold. They have invested over $1 billion a year in foreign gold coins. However, nearly half of that investment has gone to the benefit of the racist Government of South Africa.

The American Gold Bullion Coin Act authorizes the minting of four new regular issue legal tender gold coins. Under this legislation, beginning October 1985, the mint will offer gold coins in 1 ounce, one-half ounce, one-quarter ounce and one-tenth ounce sizes. This array of options makes investment in American gold especially accessible to individuals of average means.

Now that President Reagan has banned the importation of South African gold coins, we need an American alternative which will keep investment in the United States and give world coin collectors and investors an opportunity to purchase American gold coins.

The American gold bullion coins authorized by S. 1639 offer a complete and perfect substitute for South African gold coins and other foreign gold coins. New American gold coinage will certainly help turn around the trade deficit especially as other nations turn away from the Krugerrand.

Mr. President, S. 1639 is the product of months of discussion and negotiation between the Members of Congress interested in minting American legal tender gold coins, including Senators CRANSTON and DOLE and Congressmen DIXON and LEWIS. I would like to especially thank Senators PROXMIRE and GARN for their assistance in bringing S. 1639 to the floor and Senator HECHT for his great assistance in finding language acceptable to domestic mining concerns. I would also like to extend my thanks to Congressman ANNUNZIO who is considered the congressional expert on American currency. He has given considerable help to this effort.

Without the interest and help of these distinguished Members of Congress passage of American Gold coinage would not be possible. The congressional journey of the American Gold Bullion Coin Act is an excellent example of the workings of the legislative process. Many diverse and sometimes competing interests were delicately balanced and crafted into a consensus piece of legislation which everyone could support.

I also must mention that the advice of coin collectors has been greatly appreciated. In fact, my interest in gold coin legislation was originally sparked by an inquiry from a Nebraska coin collector. I am hopeful that this effort will be enthusiastically received by the Nation's numismatists. They are truly keepers of the Nation's history. In this legislation, they were truly creators of the Nation's history.

Should this legislation be enacted, the American people will soon have new coinage for a new ERA.

I urge my colleagues to pass S. 1639 and send it to the House of Representatives for quick consideration.

Mr. PROXMIRE. Mr. President, I am pleased to cosponsor S. 1639, a bill to authorize the minting of gold bullion coins, introduced by my distinguished colleague Senator EXON. This legislation—which authorizes the U.S. Treasury to mint four gold coins using domestic gold—has a long history. Since the introduction in March of a similar bill by Senator EXON to mint gold coins which would directly compete with the sale of South African Krugerrands, it has gone through several changes and much compromise. It incorporates S. 636, introduced by Senators DOLE and CRANSTON; and its House companion, H.R. 1123, introduced by Representatives JERRY LEWIS and JULIAN DIXON, who spearheaded an effort to sign over 230 cosponsors to their gold coin bill. Senator HECHT was of great help, as was Representative ANNUNZIO.

The language of S. 1639 is essentially that which was agreed upon by a bipartisan group of Senators and Congressmen and which was contained in section 18 of the joint House-Senate conference report on H.R. 1460, the Anti-Apartheid Action Act of 1985. H.R. 1460 represented a consensus of views that held that the system of apartheid practiced in South Africa is abhorrent and a violation of human rights, and the United States must take action to address the deteriorating situation in South Africa. It was further strengthened in conference by adding a ban on the importation of Krugerrands—hitting the South African Government where it hurts—in the pocketbook. It sent a clear message to the South African Government that it could no longer profit from its intransigence and its repressive policies, that change must go forward. We would no longer tolerate Government oppression characterized by extraordinary wealth and privilege for the white minority and injustice and poverty for the majority of South Africans—financed in part by the sales of Krugerrands.

The House passed this conference report on August 1 by a smashing margin of 380 to 48. However, before the Senate could act, President Reagan on September 9 issued an Executive order imposing his own diluted sanctions against the Government of South Africa. Those sanctions contained a directive to the Secretary of State and the U.S. Trade Representative to "consult with other parties to the General Agreement on Tariffs and Trade [GATT] with a view toward adopting a prohibition on the import of Krugerrands," and no recommendation for a domestic gold coin. It was only recently, on October 1, that the President instituted the ban on Krugerrands.

Last year Krugerrand imports amounted to almost $600 million, which represented almost one-half of the gold coin imports totaling over $1 billion. With that market shut off, and no domestic alternative, Americans have been turning to other sources of foreign gold coins, such as the Canadian maple leaf, whose sales are expected to rise 50 percent or more from last year's level of 1 million ounces. While the administration banned the importation of Krugerrands, it does not solve the problem of where Americans will get the gold coins in which they want to continue to invest. It is estimated that over 5 million Americans participate in the gold coin market as investors. On November 13 the South African Government announced it was suspending entirely production of Krugerrands. Now more than ever investors the world over will seek alternative sources of gold coins. This legislation solves that concern and fills the void. It allows Americans, as well as any one else, to buy gold coins minted by the U.S. Treasury. Anyone who looks at our balances of trade and foreign debt situation surely can see the wisdom in an American gold coin. Money that is currently flowing abroad could be kept in the United States and help reduce the trade deficit. I am convinced that, given a choice, most Americans would prefer to buy an American gold coin over a foreign coin. The bill is also structured so there is no net cost to the Government and all proceeds will be used to reduce the national debt. In addition, S. 1639 ensures that the domestic gold mining industry and employment would not be adversely affected.

Mr. President, the Senate should have considered the Anti-Apartheid Action Act conference report in toto last September. Since we were prevented from doing so, and since there has been overwhelming bipartisan support in both Houses for gold coinage legislation, it is only logical for us to take up S. 1639 at this time. It does not take the place of other, stronger sanctions against South Africa that I have supported in the past, but neither does it penalize Americans who wish to find alternatives to the Krugerrand.

Mr. CRANSTON. Mr. President, I am delighted to join with my distinguished colleague from Nebraska in urging the Senate to pass our bill to cause the Treasury to mint a legal tender U.S. gold coin to replace the Krugerrand, the importation of which was banned October 11, 1985, by Executive order of the President.

The Krugerrand had become a symbol of abomination called apartheid and of the Government of South Africa that practices it. A U.S. gold coin with similar features as the Krugerrand will give American gold investors and coin collectors a free choice between a symbol of liberty and a symbol of race hatred. Just yesterday the South African Government announced it was discontinuing the pro-

ductions of the Krugerrand because of a lack of demand around the world. It is clear that the free people of the world have shown their contempt for the Krugerrand through voluntary rejection.

This American gold coin, the liberty double eagle, will be minted from domestically produced gold and/or U.S gold reserves. No South African gold can be imported to be used in this coin. About 3 million foreign gold coins are imported and sold in the United States every year. That represents almost $1 billion annually in our balance-of-payments deficit; $400 million of that deficit came from the Krugerrand coin sales. If the U.S. mint produces the gold coins Americans buyers are demanding, money that was making our trade deficit so large instead could help to make our Federal budget deficit smaller.

It has been estimated by industry spokesmen that over 3,000 U.S. coin and stamp dealers—mostly small businesses in every communty in this Nation—employ over 15,000 people, making a market for the gold coins of foreign governments. Over 5 million Americans participate in the gold coin market as investors. Additionally, the increased demand for domestic gold deposits, will give a boost to the U.S. gold mining industry creating even more jobs. The State I represent, California is one of the several States that have significant gold mining operations that will benefit from this bill.

This can be a major stimulus for California's gold mining industry. It could mean the opening of new mines. And it could mean the creation of hundreds of new jobs.

This bill is a positive free market approach to the problem of the Krugerrand. If the Krugerrand was simply prohibited without providing an alternative, it would hurt all coin dealers and damage the expectations of millions of innocent American citizens. Starting the production of an American gold coin will in addition to reducing the trading of the Krugerrand, create jobs along with giving the consumers and investors a superior product in the true spirit of American business.

There has been some concern voiced that a legal tender gold coin could cause confusion in the marketplace if storekeepers, and others were forced to accept the coins at market value because of their legal tender status. The market value of this coin will fluctuate on a daily basis with the market price of the precious metal in the coin. We think that this concern is resolved by the language in the bill making clear that an obligation denominated in dollars is not automatically discharged by payment in gold coins authorized under this amendment. Obviously, those parties who wish to accept this coin voluntarily to discharge dollar denominated debts may do so. The voluntariness of such agreements will not affect the legal tender status of the coin.

This gold coin of the realm will contain exactly 1 troy ounce of gold and possess those features important to investors and coin buyers. The Krugerrand has lost market share around the world from competition with gold coins of other countries and because of the unpopularity of the apartheid system. This gold coin will give Americans an opportunity to express their preference for a comparable American gold coin as a symbol of freedom around the world. I am sure Americans will want to buy American and this will give them that opportunity.

I would like to commend Senators EXON, DOLE, HECHT, GARN, and others who have diligently assisted in working out the compromises on this bill. I am pleased that we can move forward on this measure today and speedily send the bill to the House.

Mr. ABDNOR. Mr. President, I am pleased to join my distinguished colleague, the Senator from Nebraska [Mr. EXON] in cosponsoring this legislation so crucial to the domestic gold mining industry.

As many of my Senate colleagues are aware, the Black Hills of South Dakota boasts one of this country's most prodigious gold mines. To date in 1985, the Homestake Gold Mine in Lead/Deadwood, SD, has produced over 230,000 ounces of gold—this of an estimated 2.1 million ounces nationwide. For many years, Homestake in South Dakota has enjoyed the distinction of being the largest single gold producer in the United States.

Despite its exceptional track record, the Lead/Deadwood site has not been immune from the difficulties facing the gold mining industry nationwide. A 10 percent reduction in work force last year attests to this fact.

For that reason, the gold coin market presents a unique opportunity for Homestake and other domestic producers. By providing domestic producers first crack at this market, Congress will be acting to stabilize an industry on which the monetary foundation of this country is heavily dependent.

The implication here is no way, shape, or form, protectionism. The total market for gold in the United States is 7.7 million ounces which, when compared with current domestic production of 2.1 million ounces, suggests there is still plenty of room for competition. It is clear that being awarded first priority on sourcing for the minting of coins will not give the United States a corner on the gold market. At the same time, it is equally clear that a ban on the Kruggerand will create a demand for gold coins which, with additional investment and employment, can be met by domestic suppliers.

Mr. President, the quest for gold has had a rich heritage in the Black Hills of South Dakota. Nothing was more instrumental in the settlement of that area than the prospect of gold. That heritage continues to flourish today in the economy of the northern Black Hills. Mr. President, according domestic gold suppliers top sourcing priority in producing the U.S. gold coin will enhance the continued success of gold mining in South Dakota and preserve the integrity of the industry nationwide.

I commend my colleague for his foresight in drafting this legislation and move its immediate adoption.

Mr. MURKOWSKI. Mr. President, I rise in support of S. 1639, to provide for the minting of gold bullion coins.

The American gold mining industry is in distress today, through no fault of its own. The United States of America has a trade deficit which can best be described as extraordinarily large and growing, and a domestic budget deficit which can be fairly described as staggering. This bill of which I am a cosponsor will provide small but significant relief in each of these areas.

For the first time, Americans will have the opportunity to purchase American bullion coins minted by the U.S. mint.

For years, Americans have purchased South African Krugerrands, Canadian Maple Leafs, and Mexican bullion coins. They could not buy an American-made U.S. bullion coin if they wanted to, because such coins have simply not been made. The only American coins containing precious metal available in recent years have been commemorative coins, which appeal to a different market element than do bullion coins.

This bill will complement the recent announcement by the President that the United States will no longer permit the marketing of Krugerrands.

The legislation under consideration today will help to reduce our trade deficit by first reducing the amount of foreign coins purchased by Americans, and second, by enabling foreigners to purchase American gold legal tender currency. Last year, South Africa sold about 4 million ounces of gold as Krugerrands. The bullion coins to be minted under S. 1639 would compete directly with the Krugerrand on a world market. Since the U.S. gold bullion coin will be legal tender currency of the United States, I expect that it will have sales which will match the combined gold bullion sales of all foreign countries combined.

The volume of coins to be sold as bullion coins will be much greater than that sold as commemorative coins, since these coins have a broader market appeal and because the pro-

gram will be a continuing one. These coins have a great appeal to investors in precious metals; these same investors have made the bullion coin programs of other countries so successful over the years.

American bullion coins will have a broad national as well as international appeal. Consequently, American gold bullion coins should sell about 6 million pieces each year.

This bill provides that the gold bullion coin will be produced at no expense to the Government. The U.S. Government will have all production costs covered, as well as a net income from the sale of any stocks of precious metals already owned by the Government.

Finally, enactment of this measure will provide a much-needed boost to miners of precious metals. I urge my colleagues to support S. 1639.

Mr. HECHT. Mr. President, I rise today as a cosponsor and strong supporter of S. 1639, the Gold Bullion Coin Act of 1985. I would like to compliment my distinguished colleague from Nebraska for initiating this measure of such importance to so many people in America.

On September 9 of this year, President Reagan issued an Executive order which reformulated the administration's positions on South Africa. One of the provisions included in this package was a ban on the importation of the South African Krugerrand. This gold coin was a very popular investment for many in the U.S. and abroad. In fact, the U.S. market alone totaled over 2.6 million ounces per year.

In an effort to fill this void created for investors in the absence of the Krugerrand, this measure will authorize the minting of a series of U.S. gold coins that will be available to the consuming public by October 1, 1986. The series of four coins will contain one ounce, one-half ounce, one-quarter ounce and one-tenth ounce of gold, will have the legal tender status of $50, $25, $10, and $5 respectively.

The one-ounce, $50 gold piece will bear the likeness of Liberty on one side, and reflect a design of a family of eagles on the other. The other coin designs will be left to the discretion of the Secretary of the Treasury, who I hope will keep in mind that a compatible design on the entire series could enhance the investor value.

Additionally, Mr. President, on the sourcing of the gold for the minting of this coin, it was the wish and intention of the sponsors of this measure that assurances should be made that no South African or Soviet gold be used. I fully concur with this position. Therefore, the bill directs the Secretary of the Treasury to obtain the gold by purchase only from natural deposits in the United States, its territories, or possessions. Should adequate supplies of gold from domestic natural deposits be unavailable, the Secretary can then use the gold from the reserves held by Treasury.

Mr. President, South Africa has recently announced that because of the sanctions by the United States and other countries around the world, they will cease production of the Krugerrand. Additionally, Australia has announced that they will also be producing gold coins to capture the Krugerrand markets. It is important that we too act swiftly to get this coin program off the ground so thats foreign competition does not gain the advantage and further aggravate our already spiraling trade deficit.

Again, I wish to commend my distinguished colleague from Nebraska, Senator EXON for introducing this legislation and urge my colleagues to cosponsor S. 1639 as I have.

Mr. EXON. Mr. President, will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. EXON. Mr. President, I ask that Senator DOMENICI be added as a cosponsor on S. 1639.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, have the amendments and the title been agreed to?

The PRESIDING OFFICER. They have.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

OVERSEAS PRIVATE INVESTMENT CORPORATION AMENDMENTS ACT OF 1985

Mr. DOLE. I ask unanimous consent that the Senate turn to considering of Calendar No. 374, S. 947, Overseas Private Investment Corporation Act amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The bill will be stated.

The assistant legislative clerk read as follows:

A bill (S. 947) to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

The Senate proceeded to consider the bill which had been reported from the Committee on Foreign Relations, with an amendment to strike out all after the enacting clause, and insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Overseas Private Investment Corporation Amendments Act of 1985".

POLICY

SEC. 2. Section 231 of the Foreign Assistance Act of 1961 is amended in the second undesignated paragraph—

(1) by striking out "$680 or less in 1979 United States dollars" and inserting in lieu thereof "$896 or less in 1983 United States dollars"; and

(2) by striking out "$2,950 or more in 1979 United States dollars" and inserting "$3,887 or more in 1983 United States dollars".

ADDITIONAL REQUIREMENTS; WAIVER AUTHORITY

SEC. 3. (a) The Foreign Assistance Act of 1961 is amended by inserting after section 231 the following new section:

"SEC. 231A. (a) The Corporation may insure, reinsure, guarantee, or finance a project only if the country in which the project is to be undertaken is taking steps to adopt and implement laws that extend internationally recognized worker rights, as defined in section 502(a)(4) of the Trade Act of 1974 (19 U.S.C. 2462(a)(4)), to workers in that country (including any designated zone in that country). The Corporation shall, in making its determinations under the preceding sentence, use the reports submitted to the Congress pursuant to section 505(c) of the Trade Act of 1974 (19 U.S.C. 2465(c)). The restriction set forth in the first sentence of this subsection shall not apply until the first such report is submitted to the Congress.

"(b) The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views as to whether the Corporation is carrying out its activities in accordance with section 231 and this section or whether any investment in a particular country should have been or should be extended insurance, reinsurance, guarantees, or financing under this title.

"(c) This section shall not prohibit the Corporation from providing any insurance, reinsurance, guaranty, or financing with respect to a country if—the President determines, and so reports in writing to the Congress, together with his reasons therefor, that such activities by the Corporation would be in the national economic interests of the United States.".

(b) Subsection (a) of section 231A, as added by subsection (a) of this section, shall not apply to projects insured, reinsured, guaranteed, or financed before the date of the enactment of this Act.

INVESTMENT GUARANTIES

SEC. 4. Section 234(b) of the Foreign Assistance Act of 1961 is amended by striking out in the third proviso "10 per centum" and inserting in lieu thereof "15 per centum".

FACULTATIVE REINSURANCE PROGRAM

SEC. 5. The Foreign Assistance Act of 1961 is amended by inserting after section 234 the following new section:

"SEC. 234A. FACULTATIVE REINSURANCE PROGRAM.—(a)(1) In order to encourage greater availability of political risk insurance for eligible investors, the Corporation shall establish, not later than one year after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, a pilot program of facultative reinsurance. Such program shall provide reinsurance to insurance companies, financial institutions, other persons, or groups thereof, with respect to insurance issued by such companies, institutions, persons, or groups for new investments, and expansions of existing investments, by eligible investors, in excess of limits which the Corporation

would otherwise normally apply with respect to such investments.

"(2) The exposure of the Corporation under the facultative reinsurance program established under paragraph (1) at any one time may not exceed $150,000,000 or, with respect to any one country, $50,000,000.

"(3) Contracts of reinsurance issued under the program established under paragraph (1) shall be on equitable terms. Such program and any project covered by reinsurance under such program shall be consistent with the provisions of this title. The Corporation shall take steps to encourage equitable participation in such program by all eligible persons.

"(b) An insurance company, financial institution, or other person shall be eligible to participate in the reinsurance program established under subsection (a) if that company, institution, or other person is an eligible investor under this title.

"(c)(1) The Corporation shall establish a group to advise the Corporation (hereafter in this subsection referred to as the "advisory group") on the development and implementation of the program of facultative reinsurance under this section. The advisory group shall be composed of 9 members as follows:

"(A) Three officers or employees of the Corporation designated by the Board.

"(B) Four persons appointed by the Board, of whom at least one shall represent an insurance company, one a reinsurance brokeage firm, and one an underwriter, a financial institution, or other person or entity eligible for the facultative reinsurance program under this section. In selecting such persons, the Board shall consider their previous active involvement in the field of political risk insurance or reinsurance and shall consult with any major organizations representing insurance, reinsurance, and brokerage institutions as to the suitability of the respective candidates to represent their industry.

"(C) Two persons appointed by the Board from among persons who are eligible investors, other than persons described in subparagraph (B).

"(2) The advisory group advise the Corporation on the development and implementation of the facultative reinsurance program under this section, including ways to ensure equitable participation in the program by all eligible persons.

"(3) The advisory group shall meet not later than 180 days after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, and not less than once every 180 days thereafter.

"(4) The advisory group shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(d) The Corporation shall, not later than 18 months after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the implementation of the facultative reinsurance program established under subsection (a).".

ISSUING AUTHORITY

SEC. 6. Section 235(a)(5) of the Foreign Assistance Act of 1961 is amended by striking out "1985" and inserting in lieu thereof "1989".

AUDITS

SEC. 7. Section 239(c) (22 U.S.C. 2199(c)) is amended to read as follows:

"(c)(1) The Corporation shall be subject to the applicable provisions of chapter 91 of title 31, United States Code, except as otherwise provided in this title.

"(2) An independent certified public accountant shall perform a financial and compliance audit of the financial statements of the Corporation at least once every 3 years, in accordance with generally accepted Government auditing standards for a financial and compliance audit, as issued by the Comptroller General. The independent certified public accountant shall report the results of such audit to the Board. The financial statements of the Corporation shall be presented in accordance with generally accepted accounting principles. These financial statements and the report of the accountant shall be included in a report which contains, to the extent applicable, the information identified in section 9106 of title 31, United States Code, and which the Corporation shall submit to the Congress not later than 6½ months after the end of the last fiscal year covered by the audit. The General Accounting Office may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the General Accounting Office considers necessary.

"(3) In lieu of the financial and compliance audit required by paragraph (2), the General Accounting Office shall, if the Office considers it necessary or upon the request of the Congress, audit the financial statements of the Corporation in the manner provided in paragraph (2). The Corporation shall reimburse the General Accounting Office for the full cost of any audit conducted under this paragraph.

"(4) All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Corporation and the accountant who conducts the audit under paragraph (2), which are necessary for purposes of this subsection, shall be made available to the representatives of the General Accounting Office.".

EXEMPTION FROM TAXATION

SEC. 8. Section 239 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(j) The Corporation, including its franchise, capital, reserves, surplus, advances, intangible property, and its income, shall be exempt from all taxation at any time imposed by the United States, by any territory, dependency, or possession thereof, or by any State, the District of Columbia, or any county, municipality, or local taxing authority.".

MISUSE OF CORPORATION NAME

SEC. 9. Section 709 of title 18, United States Code, is amended by inserting after the eleventh undesignated paragraph the following new paragraph:

"Whoever uses as a firm or business name the words 'Overseas Private Investment', 'Overseas Private Investment Corporation', or 'OPIC'; or".

REPEALS

SEC. 10. (a) Section 240B of the Foreign Assistance Act of 1961 (22 U.S.C. 2399) is repealed.

(b) Section 9(b) of the Overseas Private Investment Corporation Amendments Act of 1981 (22 U.S.C. 2200a note) is repealed.

AMENDMENT NO. 1055

(Purpose: To modify the extension of authorities by the Overseas Private Investment Corporation)

Mr. BYRD. Mr. President, on behalf of Mr. METZENBAUM, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated. The assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. BYRD], for Mr. METZENBAUM, proposes an amendment numbered 1055.

Mr. BYRD. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 10, line 24, strike out "1989" and insert in lieu thereof "July 1, 1987".

On page 13, after line 13, add the following:

STUDY BY THE COMPTROLLER GENERAL

SEC. 11. The Comptroller General shall conduct a study of the impact on employment in the United States of the activities of the Overseas Private Investment Corporation and shall prepare and transmit to the Congress a report setting forth the findings of such study within one year from the effective date of this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1055) was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

Mr. SARBANES. Mr. President, today the Senate is being asked to renew the authority of the Overseas Private Investment Corporation [OPIC] for an additional 4 years and to make minor changes to its existing charter as contained in the Foreign Assistance Act of 1961, as amended. That charter establishes as OPIC's primary mandate that OPIC "mobilize and facilitate the participation of U.S. private capital and skills in the economic and social development of less developed friendly countries." It further instructs OPIC's management to "give preferential consideration to investment projects in less developed countries that have per capita incomes of $680 or less in 1979 U.S. dollars."

OPIC's efforts should be focused in those parts of the world which have historically had the greatest difficulty in attracting foreign investment and have insufficient domestic capital with which to undertake meaningful development programs. Unfortunately, I do not believe that OPIC has discharged that mandate with any great enthusiasm or success.

In that connection I would like to call to the attention of my colleagues a recently released report of the House Government Operations Committee on OPIC. Earlier this year that committee undertook an extensive review of OPIC's activities, and recently released a well documented report of its findings and recommendations—"The Role of the Overseas Private Investment Corporation." Among the criticisms contained in the report is that OPIC has "not effectively implemented important statutory mandates that require it to emphasize investment in the poorest LDC's." The committee recommended that OPIC increase the number of its projects in the poorer countries, voluntarily; or face changes in its statute to mandate a specific value.

It might be useful to my colleagues to have a few details on location of OPIC's activities over the past 7 years. For example, between fiscal year 1978–84, only 16 percent of OPIC approved projects were located in Africa. Nor has OPIC's performance improved in this regard of late. In fiscal year 1984, only 9 of the 140 projects supported by OPIC were located in Africa, just slightly more than 6 percent of the total.

If OPIC has not been supporting projects in Africa, where has its principal focus been? Approximately 80 percent of the projects approved by OPIC in fiscal year 1984 were located in Latin America, East Asia, or Europe. Twenty-four percent of all projects insured in that year were undertaken in six countries; Taiwan, Korea, Turkey, Portugal, Brazil, and Saudi Arabia. None of these, I am confident, would be considered least developed countries by any definition used, and certainly not by the standard contained in OPIC's statute.

I am particularly troubled by recent developments vis-a-vis OPIC which I believe move it even further away from its primary mandate to give special consideration to the poorest nations in the world. For example, OPIC's Investment Missions Program, which seeks to identify and publicize private investment opportunities in the developing world by arranging travel and meetings for U.S. companies with their foreign counterparts has paid little attention to those areas of the world which are least developed. Only one of the five missions undertaken in fiscal year 1985 had as its destination a least developed country.

I think that a good indication of the direction which OPIC management would like to see OPIC take is reflected in its efforts to open up programs in countries where OPIC has heretofor not operated. OPIC's management is currently negotiating operating agreements with a number of countries including Bahrain, Kuwait, Qatar and the United Arab Emirates [UAE]—all of these countries have per capita incomes which exceed most European countries. In fact, the per capita incomes of Qatar and the UAE significantly exceed that of the United States.

Mr. President, I believe that these are important issues which the Foreign Relations Committee should look into in a hearing early next year as part of its oversight responsibilities. I have discussed this with the chairman of the Foreign Relations Committee, Senator LUGAR. He has given his commitment to holding such hearings early next year. I thank him for his commitment and look forward to working with him closely in developing a useful framework for looking into the questions which many have raised concerning OPIC.

Mr. LUGAR. Mr. President, Senator SARBANES has expressed his concerns to me with respect to OPIC's activities. I have told him that the committee will review the Corporation's activities in a hearing at an appropriate time early next year. I look forward to having Senator SARBANES' assistance in setting up a useful exploration of the issues relative to OPIC's performance. Let me make a few additional comments with respect to OPIC and some of the charges which have been leveled against it.

S. 947 provides for a 4-year extension in the authority of the Overseas Private Investment Corporation [OPIC], as well as for a number of modifications to its charter. OPIC's authority under existing legislation expired September 30.

Every 4 years, Congress is asked to pass reauthorizing legislation for OPIC. Perhaps because the Corporation is only authorized every fourth year, it does not have the natural base of support on Capitol Hill that other programs, subject to annual congressional scrutiny, enjoy.

OPIC is deserving of support, if for no other reason than that it is entirely self-sustaining requiring no congressional appropriation.

OPIC fosters economic development in developing countries by encouraging U.S. private investment abroad. It provides qualified U.S. investors with insurance against political risks—war, revolution, insurrection, civil strife, expropriation, and inconvertibility of currency—with loan guarantees and direct loans to small businesses.

OPIC efforts are not, however, without controversy.

There are those who argue that the U.S. Government should not be in the business of assisting American companies to invest abroad. Such investment, critics argue, will transfer American jobs to foreign workers.

The answer to these critics, I believe, comes in two parts.

First, The United States devotes considerable sums to foreign assistance. We do this because we have national security, as well as humanitarian interests, in assisting poorer countries to develop. OPIC is an important actor in this wider assistance effort. Its primary mandate is to facilitate LDC development through U.S. private investment. Thus, some of the same people who oppose U.S. foreign assistance generally criticize OPIC in particular.

Second, There is, however, a second part of the answer to these critics. OPIC assists American businesses compete in LDC markets. In doing so, it brings tangible benefits to the U.S. economy and to our balance of payments. When an American plant is set up abroad, that plant requires American goods and services in its construction. Its requires American spare parts to sustain it. This means American jobs and American exports. Indeed OPIC estimated that the 508 investment projects assisted in the 1981–84 period involved $9 billion in U.S. exports. Moreover, 35 percent of these involved assisting American small businesses.

The line then is drawn between supporters and opponents of OPIC around a relatively simple proposition. Supporters argue that for the reasons argued above OPIC serves the national interests of the United States. It assists developing nations and in the process assists American companies to compete in developing nations.

Opponents seek to limit OPIC's ability to do business by creating standards to which the corporation cannot or should not be held. They may make us feel good, but their practical effects are to restrict OPIC's ability to do its job.

Some critics of OPIC argue specifically that the Corporation should be doing more for the poorest developing nations.

From fiscal year 1981 through 1985, nearly half of the projects supported by OPIC were located in the least developing countries, while about 40 percent were in middle-income developing nations. If we tamper in a significant way with this ratio, we risk undermining other congressionally inspired mandates that OPIC be self-sustaining, adhere to principles of prudent risk management, and assist U.S. small businesses.

These are all issues which I look forward to exporing, in detail, next year. I urge support for S. 947 at this time.

Mr. PELL. Mr. President, today the Senate is being asked to consider S. 947, a bill to renew the authority of the Overseas Private Investment Corporation for an additional 4 years. I believe that the bill as reported by the committee makes a number of improvements over that which was originally submitted by the management of OPIC. However, despite these improvements, I have grave reservations

about the wisdom of continuing OPIC's operations in their current form, given the serious trade difficulties facing our Nation today, and for that reason I voted against reporting this legislation favorably to the Senate.

I do not believe that any program of the U.S. Government should be at the expense of our domestic economy. Today, our industrial base is deteriorating because of a lack of sufficient investment here at home. At the same time it is an explicit policy of the Unted States, through OPIC programs to encourage U.S. companies to invest abroad in countries which have become some of our stiffest competitors in the international marketplace. This defies logic.

I suppose that if OPIC projects were being carried out in the least developed countries of the world, where investment funds are not flowing, then perhaps on economic and foreign policy grounds some justification could be made for OPIC's efforts. However, OPIC programs have been undertaken in some of the wealthiest developing countries such as Korea, Taiwan, Brazil, and even Saudi Arabia. Exports from these countries now provide stiff competition for U.S. domestically produced products in our own markets and in third world markets abroad. Therefore, I see little merit in supporting the continuation of these programs in their current form.

I do not think we can any longer afford to pursue a policy which specifically encourages companies to invest abroad rather than at home. At the very least U.S. Government policy should be neutral in this regard, and I dare say some of my colleagues would actively support a policy that encouraged U.S. companies to invest at home in order to modernize our manufacturing sector to make it more competitive. For these reasons, unless OPIC's statute is significantly altered during the course of debate on this legislation, I regret that I will have to consider voting against final passage of this bill.

Mr. METZENBAUM. Mr. President, I rise in opposition to this measure to extend the authorization for the Overseas Private Investment Corporation through 1989.

For the life of me, I cannot understand why the Senate is about to consider continuing this Government agency which helps export American jobs overseas. Just yesterday, this body spent the entire afternoon demonstrating strong support for the American textile industry. In one roll call vote after another, the Senate overwhelmingly rejected efforts to weaken the textile bill requiring stiffer quotas on imports.

Why did we do this?

Presumably, to save American jobs.

Yet, here we are today being asked to adopt another bill which, in my opinion, goes in exactly the opposite direction.

The Overseas Private Investment Corporation insures U.S. multinational companies and banks on their investments against the risks of war, expropriation, currency inconvertibility, civil strife. However, by doing so, OPIC encourages the export of U.S. jobs, technology, and capital overseas.

Talk about confused—and bad—public policy.

Yesterday, one Senator after the next stood up to tell about the loss of jobs in the U.S. textile and apparel industry. According to these Senators, the surge of imports in these industries has resulted in the loss of as many as 350,000 jobs in the past 4 years alone.

Well, according to AFL-CIO estimates OPIC supported business ventures over the past 4 years have resulted in a loss of more than 500,000 American jobs.

I do not believe it is wrong for the United States to promote economic and social development in less developed countries.

It is humane policy. It helps feed and clothe the less fortunate in other nations. It promotes international stability. It furthers U.S. foreign policy objectives abroad.

But I do object to a policy which cares not one iota about the "pure needs" of a foreign nation but merely paves the way for some U.S. companies to set up production overseas so that these companies can turn around and compete with those U.S. firms who have stayed put.

Let us look at specifics.

Last year, the United States recorded a merchandise trade deficit of $123 billion, more than 3 times the level set in 1981. A $150 billion trade deficit is predicted this year.

In manufactured goods, the United States has gone from a surplus of some $5 billion in 1981 to a deficit of $89 billion last year.

During this period, exports fell 7 percent while imports of manufactured goods shot up an incredible 55 percent.

Today, there are almost 1 million fewer jobs in manufacturing than there were 4 years ago.

Yet, unbelievably, 40 percent of OPIC's projects involved investment in overseas manufacturing industries.

At a time when domestic investment was desperately needed, OPIC helped facilitate $13.1 billion of U.S. investment overseas.

And where did this money go?

Sixty percent of OPIC projects involved developing countries in the Western Hemisphere and east Asia. In case anyone hasn't noticed, our trade balance with countries in these regions has declined precipitously.

Last year, the United States had a trade deficit of more than $5½ billion with Brazil. OPIC-supported projects in that country, however, amounted to $439 million. Last year we had a $4 billion deficit with Korea—OPIC projects in that country amounted to $309 million. Last year, we had an $11 billion deficit with Taiwan—yet OPIC insured $346 million worth of projects there.

A review of OPIC assisted investments from 1981 to 1984 as listed in the agency's annual reports shows repeated involvement in projects that will compete directly with U.S. domestic production. A few examples, in the electronic sector, illustrate the problem:

FISCAL YEAR 1981

Taiwan—the manufacture of electronic components.

Korea—The manufacture of magnetic recording heads; manufacture of electronic/telecommunication equipment.

Malaysia—manufacture of television receiver components.

Israel—manufacture of semiconductors.

Philippines—manufacture of electronic devices.

FISCAL YEAR 1982

Philippines—assemble integrated circuits.

Taiwan—production of integrated circuits and miniature televisions.

FISCAL YEAR 1983

Philippines—manufacture and assembly of electronic equipment.

Malaysia—manufacture of appliance controls.

Sri Lanka—semiconductor manufacturing.

Taiwan—manufacture of floppy discs, printers, and terminals.

FISCAL YEAR 1984

Korea—manufacture magnetic recording heads; expansion of semiconductor facility.

Brazil—manufacture of electrical conductors.

Haiti—manufacture of electrical components.

We stand here and carry-on about imports killing American jobs—and then turn around.

It does not make sense.

I am not alone in the opinion that OPIC supported projects may hurt domestic interests.

As the House Committee on Government Operations noted in its oversight report entitled "The Role of the Overseas Private Investment Corporation" issued on November 5, 1985:

> A number of statutory provisions prohibit OPIC from financing or insuring any project which adversely affects U.S. economic interests—a constraint insisted on by Congress. Since its establishment in 1971, OPIC has grossly neglected this important responsibility by failing to adequately screen proposed projects and monitor completed investments for such negative effects.

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Mr. President, do we want to continue to encourage the exportation of jobs overseas?

I think not.

That is why I am offering an amendment to reauthorize OPIC for only 18 months, rather than 4 years as provided by S. 974. My amendment also requires GAO to report to Congress on the negative impact OPIC's investments might have on United States jobs and United States industry within 1 year of passage of this bill.

This is the only prudent course to take in light of the unprecedented trade deficit facing this Nation.

I urge adoption of the amendment.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. BYRD. I move to reconsider the vote by which the bill passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TEMPORARY EXTENSION OF CERTAIN PROGRAMS RELATING TO HOUSING AND COMMUNITY DEVELOPMENT

Mr. DOLE. I ask unanimous consent that the Senate turn to consideration of House Joint Resolution 449, a joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes, which was received from the House of Representatives today.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A House joint resolution (H.J. Res. 449) to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

Mr. GARN. Mr. President, we have before us today a temporary extension of Federal authority to issue insuring contracts for housing and related matters. This extension will be in effect until December 15, 1985. Mr. President, it is my hope that this will be the final temporary FHA extension and that a version extending this authority to the end of fiscal year 1986 will be forthcoming. I am encouraged by a recent discussion, between myself and the chairman of the Housing Subcommittee in the House of Representatives, Mr. GONZALEZ, in which we agreed that housing reauthorization legislation should be considered in the context of a permanent FHA extender and not in the reconcilation bill. We both agree that the reconciliation bill is not the appropriate vehicle for substantive authorizing legislation.

We both intend that a consensus bill on housing be developed during this 1 month extension.

The PRESIDING OFFICER. The question is on agreeing to the joint resolution.

The joint resolution (H.J. Res. 449) was ordered to a third reading, was read the third time, and passed.

Mr. DOLE. I move to reconsider the vote by which the joint resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RESTORATION OF DEMOCRACY IN THE PHILIPPINES

Mr. DOLE. I ask unanimous consent that the Senate turn to House Concurrent Resolution 232, a concurrent resolution expressing the sense of the Congress with respect to the restoration of democracy in the Philippines.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A House concurrent resolution (H. Con. Res. 232), expressing the sense of the Congress with respect to the restoration of democracy in the Philippines.

Mr. LUGAR. Mr. President, I rise to speak in behalf of the concurrent resolution (H. Con. Res. 232) in respect to restoration of democracy in the Philippines which was adopted by the Foreign Relations Committee yesterday by a vote of 15–0. An identical resolution was also adopted by the House Foreign Affairs Committee yesterday and has been passed by the House today by a vote of 407–0.

Many countries have claim to a special relationship with the United States, but history and sentiment give the Philippines one of the best claims. The Philippines is the one country where the United States, for almost half a century, was the colonial authority and where we had the opportunity to instill our concepts of democracy, education and other social values. The United States has not forgotten the sacrifice and suffering of the Filipino people during the Second World War, when our two peoples fought side by side against aggression. No country in the world suffered more than the Philippines during that cruel period. The special relationship has indeed been forged in blood and in a common attachment to democratic institutions.

If is for this reason that the United States has been increasingly concerned about the serious political, economic and security problems which are directly threatening the stability of the Philippines as a country and the well-being of the Filipino people. It is our belief that the renewal of confidence on the part of the Filipino people in their political institutions must be a central element in the resolution of these problems. Reinvigoration of democratic institutions and the restoration of faith in government offer the best alternative to a growing Communist insurgency.

The objective of the concurrent resolution we are now considering is to promote such reinvigoration.

I wish to emphasize several aspects of the resolution so that there is no mistaking our purpose.

First, the resolution recalls a key passage in the foreign assistance authorization bill passed earlier this year and signed into law by the President, to wit: "The Congress has stated that when considering further provision of economic and military assistance to the Philippines, it intends to take into account the degree to which democratic reforms are taking place in that country." I believe the intent of that passage is clear to all.

Second, the resolution expresses the sense of Congress that any election should be conducted in accordance with the constitution of the Philippines. Let me explain that our purpose here is to make clear to President Marcos the necessity of holding an election for the post of vice president at the same time an election for the president is held.

The succession issue remains a source of great instability in the Philippines. If indeed a presidential election is held, the opportunity should be used—as it is clearly stipulated in the Philippine constitution—also to elect a vice president. President Marcos has indicated his intention to follow the constitution. We trust that he will honor that pledge and include in the forthcoming election the post of vice president. Only then will it be possible to allay some of the anxieties regarding the succession and to make the results of this election credible to the Filipino people.

Let me also note briefly the four other provisions of this resolution.

Appointment of an impartial Commission on Elections [COMELEC] staffed by politically independent commissioners.

Timely accreditation of a freely functioning, politically independent, citizens election monitoring organization which has access to all polling places in the country and to all phases of the electoral process, and which is able to report all of its findings fully in a timely fashion.

Adequate access to radio, television, and the print media for members of the Democratic opposition during the entire campaign period.

Neutral conduct by the Philippine military establishment.

If the above list appears to dwell on issues beyond the scope of U.S. congressional interest, let me assure you Mr. President, that this is not the case.

The Philippine elections are crucial to the defense of democracy at this moment in Philippine history. If they are free, fair, and honest, a major step will have been taken toward beating back the Communist insurgency. The Filipino people will have had the chance to express their political opinions openly and without recourse to violence. If the elections are not free, not fair and not honest, they will in effect be worse than no elections at all. They will heighten the already embittered political atmosphere.

The success of these elections rests in part on adherence to the principles set forth in this resolution. The list is not exclusive. It is not meant to dictate to the Philippine Government the details of how to conduct their elections. But our intent is to make abundantly clear that certain elements are necessary.

Mr. President, the forthcoming elections are an important turning point for Philippine democracy. They will not, let me stress, be the answer to all that country's problems. There is no quick fix, no magic solution. It will take years before the deep political, economic and broadly socially divisions in Philippine society are healed. But these elections, if conducted fairly, can be the first vital step in the right direction.

Finally, let me emphasize the bipartisan character for this resolution. It was drafted jointly by the House Foreign Affairs Committee and the Senate Foreign Relations Committee. It has had virtually unanimous support from both majority and minority in both committees. The reason for this support is because the Congress recognizes that in the matter of Philippine democracy there should be a common concern, a common purpose and a common policy. This resolution states clearly that concern. It demonstrates that the Congress is speaking with one voice on the necessity for an honest election in the Philippines. It also represents a vote of confidence in the administration's policy of speaking directly and frankly to President Marcos on the crucial need for reforms in the political sphere before it is too late.

It is not often that both Houses of Congress and both of our political parties can speak so unequivocally on an issue of such gravity and importance. I believe this resolution represents a remarkable consensus on the situation in the Philippines. I believe it sends a clear messaage to President Marcos and his government.

DEMOCRACY IN THE PHILIPPINES

Mr. PELL. Mr. President, with a Philippine national election scheduled for early next year, the coming months will be crucial not only for the future of Philippine democracy but also for the future of U.S. relations with that long-standing ally. Today the Philippines is a nation in severe disarray, riddled by economic and political corruption and under assault from a rising Communist insurgency. But because democratic values have deep roots in the Philippine character, we have every reason to believe that a reinvigoration of democratic institutions could restore public confidence in Government and reverse that nation's decline.

The U.S interest in the Philippines is an amalgam of democratic and strategic interests. But these interests do not conflict. To support Philippine democracy is to strengthen the confidence of the Philippine people in the value of their relationship with the United States.

Today, because of U.S. aid to the Marcos regime, many Filipinos question American purposes and priorities. Accordingly, it is imperative that the American Government make clear its paramount interest in fair elections next year. Toward that end, I am pleased that the Foreign Relations Committee has, with unanimity, reported to the Senate a concurrent resolution articulating this interest in clear and explicit terms. The resolution welcomes the pledge of President Marcos for free and honest elections, and stipulates criteria by which we—and the Filipino people—will judge that pledge is fulfilled.

This resolution, and a companion measure in the House, should leave no doubt on the part of President Marcos and his supporters that Congress and the American people care deeply about Philippine democracy and that future American foreign policy will ally the United States only with those who represent it. President Marcos has made a pledge for which American policy will not hold him accountable.

Mr. DOLE. Mr. President, I join in support of the resolution on the Philippines introduced by the distinguished chairman and the distinguished ranking minority member of the Foreign Relations Committee.

AMERICAN CONCERNS IN THE PHILIPPINES

The situation in the Philippines is deeply troubling to all Americans for a number of reasons.

First, the stability of that country is central to our own security posture in the Pacific, one of the most strategically important regions of the world. We have two vital military installations there, Clark Air Base and Subic Bay Naval Base, and thousands of troops. Those facilities and forces represent part of our front line against a major Soviet military buildup in the region in recent years.

Second, we have a special political relationship with the Philippines, growing out of deep historical ties and a common tradition of adherence to democracy. We take justifiable pride in having nurtured the concept of democracy in the Philippines, and we have an abiding interest in seeing it preserved.

Finally, there is an overriding human dimension to our concern. The people of the Philippines are suffering—suffering from war, suffering from political dislocation and suffering from economic privation. As friends, we want, and we have responsiblity, to do what we can to alleviate that suffering.

REFORM NEEDED

Let us be frank. Major reform is needed in the Philippines, in the political environment, in the military and in the economic and social structure. Without such reform, there is little hope of containing in the long run the insurgency, the unrest or the poverty. The resolution before us underscores the need for this reform.

And let me take special note of the fact that this resolution was voted out of the Foreign Relations Committee 15-0 and that it enjoys wide, bipartisan support throughout the Senate. The message is clear. The call for reform here is not a partisan matter. We all want reform. We all want it soon. We all strongly urge President Marcos to take the lead in instituting such reform.

THE "SNAP" ELECTIONS

His decision to submit to a "snap" election in January is a potentially important step on the road to real reform. I applaud that decision. All of us hope that he will follow through on his pledge to implement a free and fair election.

That is what this resolution seeks. That is what the people of the Philippines deserve. That is what the nation of the Philippines needs.

Mr. President, I strongly encourage all Senators to join in support of this resolution—in the interests of the Philippines and our friendship for its people, and in the interests of our own country.

Mr. BRADLEY. Mr. President, I intend to support this resolution expressing Congress' conviction that free and fair elections are essential to restore democracy in the Philippines. But I do so with some reservations because, quite frankly, I am concerned that it may not go far enough.

Mr. President, America has important interests in the Philippines. The U.S. bases there are our biggest military installations between Hawaii and the Middle East. If we should get into a major war, we will need those bases. The last thing we want is for the Com-

munist to take them over. But unless democracy is restored, that outcome is all too likely.

We also have longstanding ties with the Philippine people. Americans and Filipinos fought and died together to win World War II. Then in the 1950's, we helped them beat back a Communist insurgency and establish real democracy. We do not want to see that legacy destroyed.

Sadly, President Marcos has been betrayed the democratic values and economic hopes of the Philippine people. That has strengthened the Communist victory is to restore democracy and get the economy going again. That means free enterprise and fair elections.

President Marcos' recent announcement that there will be elections next year is encouraging. But if experience is any guide, there is sound reason to question Mr. Marcos' commitment to reform. And America has too much at stake in the Philippines to leave things to chance.

If Mr. Marcos is serious about putting reform ahead of staying in power, there are several steps he must take now:

First, he must appoint an independent electoral commission; second, he must give accreditation to an independent citizens election monitoring organization which has access to all the polling places and to all phases of the electoral process; third, he must ensure that the opposition has adequate access to the media to get their message across; and fourth, he must guarantee that the military protects the people's fundamental right to vote rather than intimidating them from exercising their franchise. In this regard, Mr. Marcos' decision on whether to reinstate General Ver will be absolutely critical.

If the President makes good on all these elements of his pledge to hold free and fair elections, it will be a watershed for Filipino democracy. If he does not, it will be a disaster for the Philippines people and post grave threats to American interests there.

While the resolution before us is useful first step in expressing the importance Congress attaches to the restoration of Filipino democracy, we must stand ready to do more. If Mr. Marcos continues to put staying in power ahead of genuine reform, the United States must be prepared to withdraw support from his regime. Should he default on his promise of honest elections, I will offer an amendment deferring future U.S. assistance to Mr. Marcos until such time as he puts in place the machanisms for truly fair elections and genuine economic and military reform. And from my discussions with Senators on both sides of the aisle, I would expect such a measure to have broad bipartisan support.

Mr. KENNEDY. Mr. President, I rise in strong support of this resolution on the restoration of democracy in the Philippines.

President Marcos' decision to move the Presidential election date up 2 years, from the originally scheduled time in 1987, comes as a welcome surprise to all who care about the future of democracy in the Philippines. The Filipino people clearly want and deserve the opportunity to decide for themselves who should lead them through what may be some of the most critical years in the history of that country.

It is clearly in the security interests of the United States as well as in the interests of the people of the Philippines to encourage free and fair elections and a return to democracy in that country. The outcome of these elections is critical to the American people for three reasons:

First, the American and the Filipino people share a history of commitment to fundamental democratic values. During the Second World War, Americans and Filipinos fought together—and frequently died together—in the effort to defend freedom in the Philippines. The commitment of the Filipino people to democracy has been prove over and over again.

Second, there is a serious crisis of confidence in the Government of the Philippines. Because of Benigno Aquino's murder and the evidence that top officials in the government were responsible for that crime, because of continued human rights abuses by the military, because of the unwilligness of the Marcos government to give up its authorization powers, and because of increasingly well-documented allegations of corruption at the highest levels of the regime, many Filipinos have given up on the possibility of peaceful reform and transition to democracy. The legitimacy of democracy in the Philippines in the future will depend in large part on the legitimacy of these elections.

Finally, the United States has vital national security interests at stake in the Philippines. We provide hundreds of millions of dollars in economic and military assistance to the Philippines every year, and we rely on Clark Air Field and Subic Bay Naval Station as integral parts of our national defense. There is an increasingly popular and violent Communist insurgency in the Philippines that jeopardizes the future of democracy in that country as well as United States interests.

This resolution before us outlines several important steps the Filipino Government must take to enable free and fair elections in the Philippines. The call for "snap" elections in early 1986 by President Marcos calls into question not only certain constitutional issues but also the ability of all of the parties to mount an effective campaign within the proposed timeframe.

The current commission on elections in the Philippines is badly in need of reform. It is staffed almost entirely by friends and supporters of President Marcos. If free and fair elections are to take place, the Comelec must be reshaped with politically independent commissioners.

In addition to such reforms of the government's commission on election, it is essential that the national citizen's organization of poll watchers, Namfrel, be reaccredited by President Marcos. Namfrel has been highly praised for its role in the 1984 elections for its role in ensuring a surprisingly honest election. Yet Marcos has since revoked Namfrel's accreditation despite U.S. pressure against such a move. It is my hope that recent reports that Marcos may reaccredit this important organization are true and that Marcos will allow the Filipino citizens a role in monitoring their own election.

In addition, a truly free and fair election cannot occur unless all parties and candidates have access to the media, including print, radio and television. Throughout the duration of the election the unimpeded distribution of information that is freely available to all citizens of the Philippines must be guaranteed.

There currently exist many other impediments to free and fair elections in the Philippines, including intimidation of opposition organizations, corruption of the military forces and irregularities at the polling places.

And as Congress evaluates the prospects of our military bases in the Philippines and the future levels of aid to the Philippines, it is important for us to know whether the Filipino people were able to hold presidential elections that were in fact free and fair.

In announcing his decision to hold "snap" elections, President Marcos extended an invitation to Congress to monitor these elections to determine for itself the legitimacy of these elections.

I believe Congress should accept President Marcos' invitation and to that end I introduced on November 7 a bill to establish a commission to monitor and evaluate the elections in the Philippines.

The commission I have proposed will enable Congress to make such a determination. Consisting of six members appointed by Congress and the administration, the commission will monitor the electoral process in the Philippines on a full-time basis throughout the duration of the election. By arriving in the Philippines in advance of the election day, the commission's members will be able to establish a presence and to meet with a wide cross-section of the population. They

will be able to judge the conditions for free participation by all citizens in the election, free access to the media by all parties, the objectivity and fairness of the election committee and the integrity of the ballot process. The commission would then report back to Congress its assessment of the election process in the Philippines on the basis of internationally recognized guidelines.

No additional authorization of funding is needed for this commission. The financing will come from the $3 million that has already been appropriated and made available in the Foreign Assistance Act of 1961 to promote increased adherence to civil and political rights in countries currently eligible for U.S. assistance.

This commission will provide a much needed incentive to the Marcos regime to hold as free and fair elections as possible. And this commission's findings will provide the U.S. Congress with a sound basis on which to determine the appropriate levels of future United States aid to the Philippines.

The establishment of this commission will provide Congress the means with which to determine whether the minimal conditions for free and fair elections laid out in the resolution we are considering today have been met.

It is my hope that the Senate Foreign Relations Committee will act quickly and favorably on my bill to establish the monitoring commission. For without our own independent assessment, our future debates on aid to the Philippines will depend on reports from those who won and praise the fairness of the elections and on reports from those who lost and claim the elections were fraudulent.

The future of democracy in the Philippines may hang on the balance.

Mr. KERRY. Mr. President, I believe this resolution is an important bipartisan expression on the part of the Congress as to how critical we view the proposed Presidential elections in the Philippines next year.

This resolution sends a strong signal to the Philippines that a restoration of democracy is the highest priority of our foreign policy. And we emphasize, in this resolution, that the restoration of democracy in that country can be realized only by the holding of free and fair elections.

The fact that this resolution is a strong bipartisan signal is a tribute to the leadership exercised on this issue by my distinguished colleague, Senator MURKOWSKI, the chairman of the East Asian and Pacific Affairs Subcommittee of the Foreign Relations Committee. Our committee Chairman, Senator LUGAR, and the ranking Democrat, Senator PELL, are also to be commended for the leadership roles they played in putting together this joint House-Senate effort.

I think my colleagues would agree that this resolution will not be our final word on the process leading up to the elections. It is imperative that we monitor very carefully the preparations for what could be the most important election in the history of the Philippines. These elections have to be credible for the Filipino people or I fear that large-scale violence will break out.

Therefore, I believe it is important for us to send a strong signal to the Marcos regime that we have an intimate understanding of the electoral process in that country and we know at what points in this process that fraud could take place. I would like to address this point to make sure that we lay out a very clear record as to what our concerns are.

The integrity of the election process can be maintained only if the following procedures are honored. These procedures include:

The retention of the present composition of the local boards of inspectors, the chairperson of which is a teacher, with one representative from the majority party and one representative from the minority party in each locale;

The implementation of procedures for the registration of voters which would include procedures by which "flying voters," or voters who vote more than once, would be purged from the voter lists;

The implementation of procedures to forestall the unauthorized or spurious printing of ballots, election returns and other election forms and paraphenalia;

The placement of polling places in neutral locations. In all too many instances, polling places are located in the residences of baranguay captains who are directly accountable to President Marcos.

The use of invisible ink for voters in order to insure individuals vote only once;

The safe and secure transfer of ballot boxes and their contents from polling places to secure storage areas;

The strict adherence to the Philippine election laws and regulations which prohibit electioneering by government officials and employees, especially officers and families of the military, paramilitary (meaning civilian home defense forces) and police forces.

The use of ROTC cadets to provide security at the polling places, rather than military, paramilitary, or police forces.

The resolution itself addresses four other concerns which affect the election process in the Philippines. These include the reconstitution of the committee on elections [COMELEC] to insure its political independence from the Marcos regime; the accreditation of Namfril, the independent, citizens monitoring organization; the neutrality of the armed forces; and the unimpeded access of the democratic opposition to radio, television, and print media.

I also want to make the following point, about which I believe there is an emerging consensus. If it appears that President Marcos is just preparing to rig another election in his favor, I believe the Congress should cut-off military and economic aid prior to the election as a strong signal that we will not buy another fraud. There will be opportunities available to us to take this step prior to the elections if it appears the process is moving in the direction of fraud. And I for one will be pressing for such an aid cut-off if this occurs.

The Marcos regime had made much of the fact that we are bound, under the bases agreement, to provide this assistance. Under our constitutional system, the Philippine Government is wrong. The President committed himself to a best effort in obtaining appropriations from the Congress, because he could not commit the Congress, in advance, to provide such assistance. In addition, the bases agreement calls for a total allocation of $900 million in military and economic support funds over the 5-year life of the agreement. It does not stipulate that there should be a yearly allocation of this aid.

Mr. President, I also want to make a number of observations which I think are important to the debate we are undergoing. Today's crisis in the Philippines should not have come as any surprise. The root causes of the crisis predate the assassination of Begnigno Aquino in 1983. The event was only the catalyst for the present crisis—not the cause.

The Philippines crisis was born in 1972 when President Ferdinand Marcos, denied by the Constitution from seeking another term in office, declared martial law. The pretext was a Communist threat, allegedly exacerbated by politically chaotic conditions of the time. Washington even welcomed, as necessary to combat the threat of communism, the demise of what at one time was to have been America's "showcase for democracy" in the Far East.

In 1972, the Communist New People's Army could field only a handful of poorly armed guerrillas in the field. Yet, in the intervening 13 years, as the Marcos regime move systematically to dismantle most democratic institutions and set about plundering the Philippines economy for the benefit of a few cronies, the insurgency grew commensurate with the abuses. Yet, as long as the illusion of stability prevailed, four American administrations ignored this unconscionable betrayal of the Filipino people.

While it is disturbing, it is also understandable that the Filipino variation of Marxism/Maoism has increasing appeal, just as it has had in so many other third world countries. In the status quo, the average Filipino sees only a future of corruption, repression, and grinding poverty. It is small wonder that by capturing the moral high ground of social and economic reform, and individual justice, that the NPA has become an increasingly attractive alternative for a growing number of Filipinos.

It has been a hard lesson to learn, but perhaps we may yet gain something from the Philippines experience. We should have realized from the very beginning that our security interests in the Philippines should have been secondary to what should have been our priority concern 13 years ago—the maintenance of democracy in that country.

The Philippines crisis also should teach us that a close identification with repressive governments, to the detriment of democratic forces, in the end only will undermine the very interests we are seeking to protect. And when we allow our aid programs to become instruments of corruption in their own right, and when we do not ensure that such assistance really does reach the poor majority and improves their quality of life, then we have to accept the perception that such assistance is made available for the sole purpose of propping up repressive and corrupt clients.

I believe that most people in the world desire the same things that we Americans desire. They want to feed, clothe, and provide shelter for their families. They want educational opportunities opened to their children and a better life than they, themselves, have experienced. And they want to have a say in government decisions which affect these basic aspirations.

In so many countries of the Third World there are democratic forces of reform which hold out hope for millions that these aspirations can be realized. But these forces are also the first targets of repression from the totalitarian right or left.

It is for these reasons that I do not believe that the United States is being intrusive into the internal affairs of the Philippines if we give our unequivocal support to the democratic forces in that country. I know there is concern that the opposition might be fragmented and weak. However, I cannot think of any better way to strengthen the forces of democracy in the Philippines than to give them our strongest possible support.

We should not be timid in our support. The Soviet Union certainly is not timid when it comes to demonstrating solidarily with Marxist forces around the world. And I believe it is in our interest to be equally aggressive in our support for legitimate forces of democracy no matter where they might be.

We are fortunate in the case of the Philippines. We do not have to create forces committed to democracy. They are already there in impressive numbers. We just have to insure they are not crushed by tyranny of the right of the left.

Mr. MURKOWSKI. Mr. President, I appreciate the opportunity to speak in favor of this concurrent resolution on democracy on the Philippines. I consider this resolution to be of extraordinary significance, not only for what it says but for the manner in which it is being presented by the U.S. Congress.

This resolution has been created by joint effort in the House of Representatives and in the Senate. It has been a bipartisan effort. I pay tribute to the Members of both the majority and minority in both bodies—Republicans and Democrats alike—who have contributed to and supported this resolution.

It is important that what we say to the Philippines at this critical hour bear the unanimous sentiment of both our political parties. The government of President Marcos must understand that we speak with one voice on the vital question of restoring democracy in the Philippines.

There are no factions, no divisions, no differences of opinion in this body, nor in the House of Representatives, I am sure, when it comes to the need to uphold democratic institutions and values in the one country in the world where the United States has had the opportunity to inculcate these institutions and values over a period of a half century.

The Foreign Relations Committee hearing on October 30 provided a good opportunity to hear from the administration how the political, economic, and security situation in the Philippines has evolved in recent months. At that time, however, President Marcos had not announced his intention to call an unscheduled, or snap, election to—in his words—submit himself to a referendum by the Filipino people.

The concurrent resolution we have before us today is the reaction of the Congress to President Marcos' decision. I think the reaction of the U.S. Congress is extremely important and should be studied carefully in Manila.

President Marcos' call for Presidential elections in early 1986 has brought the Philippines to an important crossroads. If the elections are conducted in a free and fair manner, and if the results are perceived to be credible by the Filipino people, the elections could set the stage for a restoration of public confidence in the Philippine Government and the defeat of the new people's army insurgency.

If, however, the elections are not perceived as credible by the Filipino people, there is a real possibility that many Filipinos will despair of the prospects for peaceful political change in their country and will conclude that they have no choice but to resort to violence as a way of bringing about change.

Certainly, the new people's army would rejoice in an election which was obviously and flagrantly manipulated.

For this reason, I think it is not an exaggeration to state that an election that is not perceived by the Filipino people to be free and fair would be worse than no election at all.

It is imperative that United States policy toward the Philippines in the next several weeks emphasize the need for institutional arrangements that will ensure the honesty and credibility of the electoral process. President Marcos' offer to permit international observers to monitor the elections is no substitute for the kind of institutional arrangements that will prevent massive electoral fraud from taking place.

It is also essential that any election for President also include the election of a Vice President. This post was abolished under martial law during the period 1972-81. Since that era the issue of succession has been an element of instability in the Philippines domestic political life. There is now an opportunity to remove this instability by permitting the Filipino people to select a Vice President at the ballot box at the same time they register their choice for President.

The Philippine Constitution requires that these two posts be elected simultaneously, and today I emphasize the need to honor that Constitution and include the Vice Presidency in the voting procedure. President Marcos has indicated his intention to follow the Constitution in this regard. He will be expected to make good on this pledge.

No amount of American pressure, including expressions of the sense of Congress, can ensure a free and fair election. No man and no government is indispensible. It is up to President Marcos and his government to heed the wishes of his own people and to agree to implement procedures which will protect the people's right to be heard, to have their votes counted accurately, and to let the will of the people prevail.

Again, Mr. President, this concurrent resolution is bipartisan. It reflects, I believe, the overwhelming sentiment in the U.S. Senate. I believe it will meet equally broad support in the House of Representatives. I sincerely hope that the message we are sending today in a spirit of friendship will be received in Manila.

WHAT SHALL WE TELL THE FILIPINOS?

Mr. DODD. Mr. President, I rise to emphasize my strong support for

Senate Concurrent Resolution 87, approved unanimously yesterday by the Committee on Foreign Relations.

There is a bipartisan consensus on this issue—A sense that the Philippines are in deep trouble. I share that view. I spent the better part of a week in the Philippines a little over a year ago. I talked with Marcos, and with his opposition; I talked with government officials and garrison commanders, scholars, church people, lawyers and ordinary Filipinos. I learned a lot.

When I came back from that trip, I reported to the Senate:

Before Ronald Reagan departs the Presidential stage, he is all but certain to face some tough foreign policy decisions in the Philippines. It is the one country in the Pacific that is in deep trouble, politically, economically, and militarily. It all adds up to a crisis in the making * * *.

I take no pleasure in the accuracy of that prediction. The crisis is now upon us. We have to make some tough choices. What will we do?

What will we tell the Filipinos?

This concurrent resolution expresses the sense of Congress that democracy must be restored to the Philippines. It notes that President Marcos has pledged free and fair elections, and it makes the point that free and fair elections are an important part of what the Philippines need. That is what we must tell the Filipinos.

What we must not tell them is that economic aid can restore their prosperity or that military aid can defeat an insurgency without the renewal of the Filipino's faith in their government.

The United States and the Philippines have a long history. Americans and Filipinos fought for their freedom together. When I was in Manila, I saw the graves of tens of thousands of Americans and Filipinos who died together so the Philippines could be independent after the war. The older Filipinos all know that history and believe me, despite everything that has happened more recently they retain a warm feeling for the United States because of it.

But the younger generation—the "Marcos generation"—in the Philippines does not share those memories. Other memories are more vivid. I have a few memories of the Philippines myself, and not all are of heroes' graves. Now I know why the corruption in the Philippines is legendary. I have never seen a nation more eager to restore a cherished democratic tradition, and with more reason. Marcos has defiled the Philippines' Constitution. He and his cronies have plundered, pillaged and prostituted the Philippines' economy and political traditions.

Misgovernment has consequences. There is a major guerrilla insurgency operating all over the Philippine archipelago. Its support comes from within the Philippines and it is growing as fast as Marco's creditability as a champion of freedom is dwindling.

The election to be held early next year may well be the last chance. The leaders of the new people's army are Communist, but the rank and file are far more interested in getting rid of Marcos, in bettering their lives, than in ideology. For the United States to act as if the only choices are Marcos or the Marxists is to defeat our own interests.

This resolution is a bipartisan effort to protect our interests by promoting our ideals in the Philippines. It states our belief that free elections in the Philippines require adherence to the Philippines' Constitution, impartial election officials, media access for the opposition, and the neutrality of the military.

There is little, if any disagreement on these basic principles here in the United States. We recognize the potential for a democratic rebirth in the Philippines. But it is not at all plain that President Marcos sees that potential as good.

No, it is likely that President Marcos does not see that not only are his political days numbered, but that they must be numbered if democracy in the Philippines is to be restored. After all, Marcos is mortal. And for the Marcos regime to defer democracy until Marcos is gone from the scene may be to mortally wound the Filipinos' faith in a return to self-government.

When the ballots fail, bullets fly.

Yet President Marcos gives every sign of being prepared to rig this election to smother the right of the Filipinos to choose their own government in a fair and open fashion. We must oppose that. And we must tell the Filipinos we oppose it so plainly that no one can mistake our voice.

We must tell them that democracy means that the people have the right to change their government. It is not our place to tell the Filipinos who to vote for in their upcoming elections. But as a nation with historic ties to the Philippines, as one freedom-loving people to another, we do have an obligation to tell them what they have the right to expect in a truly free election. Honest enforcement of the election laws. Open debate. Impartial officials. A neutral military.

That is what this resolution does, and I strongly urge the Senate to support its passage.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (H. Con. Res. 232) was agreed to. The preamble was agreed to.

Mr. DOLE. I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that Calendar No. 398, Senate Concurrent Resolution 87, be definitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

FORMER SENATOR COTTON—REPUBLICAN OF THE YEAR

Mr. DOLE. I send a resolution to the desk for myself and the distinguished Senators from New Hampshire [Mr. HUMPHREY and Mr. RUDMAN] and ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the resolution by title.

The legislative clerk read as follows:

A Senate resolution (S. Res. 258) applauding former New Hampshire Senator Norris Cotton for his contribution as a public servant and dedicated citizen.

Mr. BYRD. Mr. President, I ask unanimous consent that I be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I thank the distinguished majority leader as I know Senator Cotton would.

NEW HAMPSHIRE'S "REPUBLICAN OF THE YEAR" AWARD NAMED "THE NORRIS COTTON AWARD"

Mr. DOLE. Mr. President, on Friday, November 15, the Republican Party of New Hampshire will announce that it is honoring former Senator Norris Cotton by naming its "Republican of the Year" award "The Norris Cotton Award."

I had both the honor and pleasure of serving with Norris Cotton in the Senate before he retired in 1974, after a congressional career that spanned early 30 years.

Norris' breadth and depth of experience was a resource we could all rely upon, and often did. He was an awesome presence in the Senate, both in committee and on the floor. And his dedication to detail and command of the Senate's business was legendary.

Norris once described himself as a "stand-pat, conservative, hidebound mossback Republican." He certainly represented his New Hampshire constituents with a salt-of-the-earth approach to Government, they obviously approved of, re-electing him to both the House and Senate each time he ran.

Mr. President, Norris is quoted as having said that this country would be healthier if Democrats were "a little less slaphappy" and Republicans "a little more alive." But in his fine book, in the Senate, Norris wrote, "Any real accomplishments that a Senator is able to make, whether in promoting or opposing legislation, or in helping his

State or his individual constituents, depend in a large measure on the good will and cooperation of his fellow senators." Norris put that theory into practice all through his career.

Now living in his hometown of Lebanon, where he served early in his career as a justice of the municipal court, a State representative, and a member of the law firm of Cotton, Tessean, Stebbins, Norris is still active in Republican politics and various civic activities.

Norris Cotton's long and outstanding service to this country is aptly being recognized by the New Hampshire Republican Party this fall. And I know my colleagues will want to join me in congratulating Norris on this honor, and add our very hearty endorsement of their wise choice.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 258) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 258

Whereas Norris Cotton was an esteemed and beloved Member of the United States Senate from 1954 until 1975, and;

Whereas the former New Hamsphire Senator was recognized, on both sides of the political aisle, as a leader and a statesman, and;

Whereas throughout his political career Norris Cotton exemplified the finest values of his New England heritage: honesty, integrity, and hard work, never forgetting his roots or the people he served, and;

Whereas upon his return to private life, Norris Cotton has continued to be an active and admired member of his community:

Therefore, be it the Sense of the Senate, that we offer our congratulations and best wishes to Norris Cotton who is being honored in the Granite State this weekend for his enormous contribution as a public servant and dedicated citizen.

Mr. DOLE. I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REPRESENTATION BY SENATE LEGAL COUNSEL

Mr. DOLE. Mr. President, I send a resolution to the desk on behalf of myself and the distinguished minority leader, Senator BYRD, and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 259) to authorize representation by the Senate legal counsel of a Senate employee.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 259) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 259

Whereas, in the cases of *State of New Hampshire* v. *Donald Booth*, Docket No. 85-S-569 M, and *State of New Hampshire* v. *Maryellen Grace*, Docket No. 85-S-471 M, pending in the Merrimack County Superior Court of the State of New Hampshire, counsel for the defendants have served a subpoena upon Frederick Kocher, a Senate employee in the office of Senator Warren B. Rudman, for testimony and the production of documents;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(2) (1982), the Senate may direct its counsel to defend the Senate, its committees, Members, officers, and employees in any proceeding with respect to any subpoena or order directed to them in their official capacity: Now, therefore, be it

Resolved, That the Senate Legal Counsel is directed to represent Frederick Kocher with respect to the subpoena served upon him in the cases of *State of New Hampshire* v. *Donald Booth*, Docket No. 85-S-569 M, *State of New Hampshire* v. *Maryellen Grace*, Docket No. 85-S-471 M, and in any related proceedings, and to assert on his behalf any privileges to which he may be entitled.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PRINTING OF H.R. 2672

Mr. DOLE. Mr. President, I ask unanimous consent that the bill H.R. 2672, the Federal Retirement Reform Act of 1985, be printed as it passed the Senate on Thursday, November 7, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRINTING OF H.R. 1562

Mr. DOLE. Mr. President, I ask unanimous consent that 500 copies of H.R. 1562 as passed by the Senate on November 13, 1985, be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE CALENDAR

Mr. DOLE. Mr. President, as in executive session, I inquire of the distinguished minority leader if he is in a position to confirm the following nominations: Calendar Nos. 510, 511, 512, 513, 514, 515, 516, 517, and 518.

Mr. BYRD. Mr. President, there is no objection.

Mr. DOLE. Mr. President, I thank the distinguished minority leader.

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now go into executive session for purpose of considering the nominations just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

The nominations confirmed en bloc are as follows:

DEPARTMENT OF LABOR

Dennis Miles Kass, of New York, to be an assistant Secretary of Labor.

THE JUDICIARY

Carolyn Miller Parr, of Maryland, to be a judge of the U.S. Tax Court for a term expiring 15 years after she takes office.

B. John Williams, Jr., of Virginia, to be a judge of the U.S. Tax Court for a term expiring 15 years after he takes office.

DEPARTMENT OF STATE

Roger Kirk, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of Romania.

Joseph Verner Reed, of Connecticut, to be the Representative of the United States of America on the Economic and Social Council of the United Nations, with the rank of Ambassador.

Robert L. Barry, of New Hampshire, a Career Member of the Senior Foreign Service, Class of Career Minister, for the rank of Ambassador during the tenure of his service as U.S. Representative to the Conference on Confidence and Security Building Measures and Disarmament in Europe.

The following-named Career Member of the Senior Foreign Service, Class of Career Minister, for the personal rank of Career Ambassador in recognition of especially distinguished service over a sustained period: Richard W. Murphy, of Maryland.

NATIONAL CONSUMER COOPERATIVE BANK

Robert L. Thompson, an Assistant Secretary of Agriculture, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for a term of 3 years.

DEPARTMENT OF THE TREASURY

George D. Gould, of New York, to be Under Secretary of the Treasury.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR MONDAY, NOVEMBER 18, 1985

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate convenes at 11 a.m. on Monday, November 18, 1985, the reading of the Journal be dispensed with; that no resolutions come over under the rule; that the call of the calendar be dispensed with; and, following the recognition of the two leaders under the standing order, there be a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes, to be followed by a period for the transaction of routine morning business, not to extend beyond the hour of 12 noon, with Senators permitted to speak therein for not more than 5 minutes each; provided further, that morning hour be deemed to have expired.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Would the distinguished majority leader at this time reserve 15 minutes for Mr. ROCKEFELLER on Tuesday morning and 15 minutes for me which I will yield to Mr. ROCKEFELLER on Tuesday morning?

Mr. DOLE. Yes. I add that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, as previously agreed, the Senate will convene at 11 a.m., following adjournment, on Monday, November 18. The two leaders under the standing order will have 10 minutes each. There will be a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes, followed by routine morning business not to extend beyond 12 noon. The Senate will resume consideration of S. 1714, the farm bill, in the afternoon.

I will indicate to my colleagues I expect considerable debate on that bill on Monday. I would guess that votes, if there are any, will occur sometime after 3 p.m. I cannot assure Members there will be no votes, but I will say at the outset there may be one or two votes on Monday but they will not come early because I know a number of Senators have yet to make opening statements on the legislation.

ADJOURNMENT UNTIL MONDAY, NOVEMBER 18, 1985

Mr. DOLE. Mr. President, I move the Senate stand in adjournment until 11 a.m. on Monday, November 18, 1985.

The motion was agreed to; and, at 10:27 p.m., the Senate adjourned until Monday, November 18, 1985, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate November 14, 1985:

DEPARTMENT OF DEFENSE

Russell A. Rourke, of Maryland, to be Secretary of the Air Force, vice Verne Orr.

THE JUDICIARY

Duross Fitzpatrick, of Georgia, to be U.S. district judge for the middle district of Georgia, vice a new position created by Public Law 98-353, approved July 10, 1984.

DEPARTMENT OF THE INTERIOR

C. Dale Duvall, of Washington, to be Commissioner of Reclamation, vice Robert N. Broadbent.

DEPARTMENT OF ENERGY

John C. Layton, of Virginia, to be Inspector General of the Department of Energy, vice James R. Richards.

David M.L. Lindahl, of Virginia, to be Director of the Office of Alcohol Fuels, vice James G. Stearns, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 14, 1985:

NATIONAL CONSUMER COOPERATIVE BANK

Robert L. Thompson, an Assistant Secretary of Agriculture, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for a term of 3 years.

DEPARTMENT OF LABOR

Dennis Miles Kass, of New York, to be an Assistant Secretary of Labor.

DEPARTMENT OF STATE

Roger Kirk, of the District of Columbia, a career member of the Senior Foreign Service, class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of Romania.

Joseph Verner Reed, of Connecticut, to be the representative of the United States of America on the Economic and Social Council of the United Nations, with the rank of Ambassador.

Robert L. Barry, of New Hampshire, a career member of the Senior Foreign Service, class of Career Minister, for the rank of Ambassador during the tenure of his service as U.S. representative to the Conference on Confidence and Security Building Measures and Disarmament in Europe.

The following-named career member of the Senior Foreign Service, class of Career Minister, for the personal rank of Career Ambassador in recognition of especially distinguished service over a sustained period:

Richard W. Murphy, of Maryland.

THE JUDICIARY

Carolyn Miller Parr, of Maryland, to be a judge of the U.S. Tax Court for a term expiring 15 years after she takes office.

B. John Williams, Jr., of Virginia, to be a judge of the U.S. Tax Court for a term expiring 15 years after he takes office.

DEPARTMENT OF THE TREASURY

George D. Gould, of New York, to be Under Secretary of the Treasury.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

THE NEW YORK POST ON THE SUMMIT

HON. JIM COURTER
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. COURTER. Mr. Speaker, with the Reagan-Gorbachev summit fast approaching, it is helpful to have a program of the topics that will be discussed and the positions to be taken by both sides. The following article from the New York Post provides a complete, concise tour of the horizon for summit spectators, and I urge my colleagues to familiarize themselves with this information, as many of us will be called upon to comment upon and analyze the results of the meetings between the two heads of state.

[From the New York Post, Nov. 13, 1985]

WHAT THE SUMMIT IS ALL ABOUT

(By Niles Lathem)

The summit meeting of President Reagan and Mikhail Gorbachev next week has been carefully orchestrated so they will have time to explore in detail the entire range of the U.S.-Soviet relationship.

The talks have been broken down into four areas: arms control, regional conflicts, human rights and bilateral issues. There will be 26 subjects discussed in nine hours of meetings between the two leaders.

Because of the complex issues and continuing disagreements, both sides hold out little hope of substantial breakthroughs on arms control and regional issues.

Both agree that earlier hopes to have Reagan and Gorbachev sign a far-reaching joint communique will not be fulfilled.

Here are the major issues:

Arms control: A lot of noise but little movement on this, the dominant issue.

At earlier meetings between Secretary of State Shultz and Soviet Foreign Minister Shevardnadze in Helsinki, both sides pushed for an "agreement in principle" similar to one signed by President Ford and Leonid Brezhnev in Vladivostok in 1975, which committed both sides to serious negotiations that led to the SALT II accords.

But last week, during Shultz' trip to Moscow, it become clear that the two sides were too far apart for such an agreement.

U.S. and Soviet negotiators now are working on general "guidelines," as well as a joint statement of commitment to arms control.

Arms control negotiations have been split into three areas: strategic nuclear systems, intermeditae-range missile systems in Europe and space weapons.

Strategic weapons: Both sides have proposed a 50 percent reduction in nuclear warheads and a 6000-missile ceiling.

The problem is how to achieve this.

Moscow wants to count NATO's planned 576 medium-range missiles, U.S. bombers and air-launched cruise missiles in Europe as well as all British and French nuclear missile forces as part of the 50 percent 6000-warhead deal it is offering. In addition, it wants to scrap all new weapons systems.

U.S. officials argue that without separate sub-limits, that plan would allow the Soviet Union to keep most of its 6400 land-based stragetic arsenal intact, while forcing the U.S. to make deep cuts in its own intercontinental and submarine-launched missile force.

Moscow's proposal to scrap all new weapons systems would allow the Soviets to keep their deadly mobile SS-24 and SS-25 missile force, while requiring the U.S. to get rid of the Midgetman missile, the Stealth Bomber and D-5 missile programs.

Reagan recently proposed a treaty limiting both sides to 4500 warheads—a 53 percent reduction in the Soviet Union's 6400 land-based missile forces in return for equally deep cuts in the 5754-warhead U.S. submarine missile force.

The U.S. proposal also calls for "sub-limits," establishing a 1500 missile ceiling on air-launched cruise missiles and reducing the number of strategic bombers on the Soviet side form 423 to 350, and allowing the U.S. to increase its bomber force from 325 to 350.

Intermediate forces in Europe: The most contentious items for Moscow.

When the U.S. deployed Pershing and Crusie missiles in Europe to counteract the estimated 2100 Soviet SS-20 missile force, Moscow launched a propaganda blitz against the deployment and, when that failed, the Soviets walked out of the first round of arms control negotiations.

The U.S. so far has deployed about 100 missiles and has scheduled 140 more by the end of the year.

Reagan has proposed freezing the planned 576 intermediate force in Europe at 140, while requiring Moscow to reduce its force to 130 in Europe and halve its SS-20 force aimed at Asia.

Moscow's proposal continues to count British and French missile forces in any equation on this issue—a demand the U.S. finds unacceptable.

Recently some progress has been made. Moscow has signaled its intention to split the intermediate force negotiations from the other two areas and seek an early settlement on the issue—a plan that the U.S welcomed.

Star Wars: With Reagan's commitment to Star Wars and Gorbachev's commitment to killing it, the program remains the most controversial item and the area where confrontation is likely.

Gorbachev has made the scrapping of Star Wars a condition for any agreement limiting offensive nuclear arms. The U.S. has said that Moscow is so far ahead in offensive systems that Star Wars is the only way the U.S. will be able to maintain deterrence in th 21st century without an arms control accord.

The Gorbachev proposals that call for a ban on all research for "space strike weapons" also appear to be cleverly phrased to protect Moscow's own strategic defense program, which is aimed at building a missile defense system on the ground.

Reagan has put in writing what he has been saying for years—that the U.S. would share Star Wars technology with the Soviet Union and other nations once the system was ready to be tested and deployed.

As a "confidence-building measure," Reagan also has offered to let Soviet scientists visit Star Wars laboratories during the research.

The latest Reagan proposals have been greeted with a "nyet" from Gorbachev and there is little hope the issue will be resolved at the summit.

Salt II: This accord, negotiated by President Carter and Brezhnev in 1979, expires Dec. 31.

Although it was never ratified by the U.S. both sides claim to be abiding by its principles.

Reagan has stated frequently that the treaty is "flawed," and will make a decision later in the year on whether the U.S. will continue to honor it.

Gorbachev, whose predecessors used the treaty to embark on a massive military buildup, will press Reagan to continue to abide by it.

Reagan will be armed with a detailed list of Soviet violations of the treaty, which he will recite to Gorbachev.

In the interests of public relations and as a gesture of good faith, Reagan probably will agree to Gorbachev's request.

Nuclear non-proliferation: The U.S. and the Soviets have a "shared interest" in preventing Third World countries from acquiring nuclear weapon capability.

A strong statement about this issue will be issued. A similar statement on non-proliferation of chemical weapons is expected, even though both sides are building a stockpile of these weapons—the U.S. doing so to catch up to the Soviet Union.

Regional conflicts: Reagan plans to make a major issue of Soviet and Cuban mischief—especially in Afghanistan, Nicaragua, Angola and Cambodia.

In his UN speech last month, the President unveiled a three-tiered proposal to settle disputes in these hot spots with U.S.-Soviet "guarantees" of regional settlements and a withdrawal of all foreign forces from the conflicts.

The Soviets, on the defensive here, reacted negatively—accusing the U.S. of trying to "drown" the arms control debate with other issues.

The U.S. view is that there can be no progress in U.S.-Soviet relations without settlement of smaller conflicts that could easily flare up into a superpower confrontation.

U.S. and Soviet officials hold out little hope for progress in this area in Geneva.

There are some signs for hope in the future, however, especially in Afghanistan, where U.S. officials believe Gorbachev is looking for a way out to avoid high economic, manpower and morale costs.

Mideast: When Reagan raises regional issues, Gorbachev is expected to counter with a demand that the Soviet Union be brought into the Mideast peace process.

The Soviets have been looking for years for a way to match U.S. influence in the Mideast, and Gorbachev sees an opening in the wake of King Hussein of Jordan's call

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

for an international conference in which all five members of the UN Security Council will participate.

U.S. officials, who already have had talks on the Mideast with the Soviets this year, say Gorbachev will find Reagan receptive to this idea. There will be a price, however.

Reagan will demand major concessions on Afghanistan as well as normalization of diplomatic relations with Israel. Normalization of relations with Israel will require Gorbachev to ease the Soviet Union's rigid policies on Jewish emigration.

Soviet officials claim Israel is more interested in this than the Kremlin.

Human rights: There is no single issue that has put the Kremlin more on the defensive.

Despite all the kissing of babies and carefully staged handshakes with workers by Gorbachev, he discovered during his trip to Paris that he still has an Achille's heel on this issue.

The Reagan administration has insisted that there can be no progress in the U.S.-Soviet relationship until human rights for Eastern bloc citizens improve.

The Soviets have countered by stating that there are human rights problems in the U.S., caused by racial tensions, unemployment and the homeless.

They further argue that human rights are best served by full employment, free health care and inexpensive housing—which are provided to all Soviet citizens.

Despite all the tough talk, there has been an easing of tensions on this issue.

Shultz told Kremlin leaders in Moscow last week that the U.S. is willing to press the issue with quiet diplomacy—and not with "shouting matches"—if the Soviets ease up a little.

Gobachev approved the release of Andrei Sakharov's wife, Yelena Bonner, for medical treatment.

U.S. officials expect a dramatic guesture from Gorbachev hours before the summit—possibly the release of Sakharov himself.

Defectors: Gorbachev will press Reagan not to grant asylum to Soviet defectors.

Gorbachev may go so far as to hold out against any progress on human rights or other bilateral issues if Reagan refuses.

U.S. officials say Reagan is certain to turn Gorbachev down, citing long-standing U.S. policy on human liberty.

The issue could emerge as a major point of confrontation.

Bilateral issues: The fourth and final subject of the summit, this is the area where there is most likely to be progress.

U.S. officials argue that progress here will go a long way toward easing superpower tensions and toward creating "people-to-people exchanges and a climate of greater understanding.

Trade: Gorbachev, who must establish a new five-year plan to lift the Soviet economy out of its doldrums, will offer proposals to increase East-West trade with an emphasis on high tech, energy and economic items.

Reagan, keenly aware of Gorbachev's needs, insists this will not come without a price.

The U.S. might waive for one year the 1974 Jackson-Vanik amendment, which placed large tariffs on Soviet goods, in return for a break-through on Soviet-Jewish emigration.

Other trade barriers that limit the export of computer technology and heavy non-defense machinery also may be on a list of U.S. concessions.

Regular summits: Reagan, who once dismissed the value of summit meetings, now is proposing that he and Gorbachev hold regular sessions each year to maintain momentum on arms control and other negotiations. He has invited Gorbachev to visit the U.S. next year and is willing to travel to the Soviet Union in 1987.

The Kremlin has not responded, but if the Geneva sessions go well, look for Gorbachev to okay a U.S. visit next October.

Terrorism: Reagan plans to use the recent kidnaping of Soviet diplomats in Beirut to press Gorbachev to join his campaign against international terrorism. In Moscow last week, the Soviets agreed to sign a joint statement on this.

How much substance will be behind the words remains unclear, given the history of Soviet involvement with anti-Western terror organizations like the PLO, the Red Brigades and the Baader-Meinhoff gang.

Commercial aviation: Reagan in 1983 suspended all commercial flights between the U.S. and the Soviet Union after the downing of Korean Airlines Flight 007. U.S. officials hope an agreement to restore flights can be signed.

Sports exchanges: Both sides were stung by the boycotts of each other's Olympic Games in 1980 and 1984 and want to restore sports competitions.

Reagan and Gorbachev are expected to sign an accord that would create regular sports exchanges and provide for a series of visits by track and field, basketball, hockey and chess teams. There also may be a pledge by both sides to attend future Olympic Games.

Education exchanges: An agreement may be signed, similar to the one with China, providing an exchange of up to 13,000 students and teachers from each side.

Consular exchanges: Expect an agreement allowing the U.S. to establish a consulate in Kiev and the Soviets to place one in New York.

A U.S. delegation recently was taken on a tour of Kiev to look at potential sites for a new U.S. building.

SUPPORT FOR TITLE X

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. BARNES. Mr. Speaker, I would like to call my colleagues' attention to the following statement on the family planning program by former Maryland Senator Joseph D. Tydings. As an author of the original title X legislation—the intent of which was to enable all Americans to obtain family planning services if they wished to do so—Senator Tydings is well qualified to address the dangers of current efforts to limit access to services and force providers out of the program.

As Senator Tydings points out, the family planning program has enjoyed broad, bipartisan support over the years. It is neither a controversial nor a "left-wing" program, but an effective deterrent to unwanted pregnancies and abortion which has provided much-needed services and information to millions of women.

The statement follows:

THREATS TO THE NATIONAL FAMILY PLANNING PROGRAM

(By Joseph D. Tydings, former U.S. Senator from Maryland)

Fifteen years ago, I was proud to sponsor legislation to make family planning services available to all women seeking to avoid unintended pregnancies. I am pleased to say that this landmark legislation—title X of the Public Health Service Act—has grown to become one of the most sensible, cost-effective preventive health care programs the Federal Government has funded and it remains to this day one of the legislative accomplishments of which I am most proud. Given title X's long-held success, I am not pleased to say that this program is in serious danger of being defunded or amended to death by the current Congress.

A small faction of Congressmen and Senators backed by right wing vigilantes are proposing amendments to title X which pervert the original intent of the legislation by significantly limiting access to family planning services. They want to force out of the title X program thousands of family planning providers who, in the course of sound and accepted medical practice, offer abortion counseling and referrals to patients. They also want to mandate that physicians serving teenagers through the title X program breach patient confidentiality by requiring them to notify parents of services provided. They want to dictate to the State of Maryland and to private medical providers what services can be provided to the citizens of Maryland with non-Federal funds. When the power of the Federal Government is used to establish law to compel submission to a code of morality defined by a few, it fails as law and becomes oppression.

I am appalled when I read that the Kemp and Hatch amendments are intended to end "an outrageous distortion of the intent of Congress." As an author of the title X legislation, I assure you this program today is doing exactly what we intended it to do: preventing unintended pregnancies and reducing the need for abortion.

In 1983, close to 5 million women received family planning services through federally supported family planning programs.

Most of these women were young, poor and medically needy.

Title X programs avert 800,000 pregnancies a year, half of them among teenagers.

Title X programs prevent more than 400,000 abortions a year.

Each dollar invested in family planning by the Government in any one year yields a savings of two dollars in the following years in health and welfare costs associated with unintended births.

Title X has received broad bipartisan support over the years, allowing the young and the poor unrestricted access to health care services. George Bush joined me in cosponsoring the original title X legislation in 1970. Richard Nixon signed it into law. The title X program has only recently become a controversial or politically charged issue. A vocal, persuasive minority of legislators and the current administration are using title X to advance a narrow-minded agenda against family planning and reproductive freedom. If right wing interests succeed in denying family planning to poor women and teenagers, their next move will be to interfere with the access of all Americans to family planning methods.

As a former public official, I know the power of public opinion and public outcry in shaping public policy. For the sake of those

served by the title X program and for the sake of the personal freedoms of all Americans, I call on all concerned citizens of Maryland to deliver the message to Congress to support title X without the proposed restrictive and damaging amendments. These moral vigilantes must not go unchecked.

DR. DONALD SENESE FEATURED SPEAKER AT WVCCA CONFERENCE

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. RAHALL. Mr. Speaker, we, in West Virginia, are very proud of our outstanding community college system. During the month of October, the West Virginia Community College Association [WVCCA] held its annual conference.

One of the featured speakers at this conference was Dr. Donald J. Senese, who served for 4 years as the Assistant Secretary for Educational Research and Improvement in the U.S. Department of Education (1981–84). Dr. Senese made a number of points relevant to the West Virginia Community College System and applicable to community colleges throughout our country.

I would like to call attention of my colleagues to his remarks by entering into the CONGRESSIONAL RECORD Dr. Senese's remarks, titled "Community Colleges: A New Road to Educational Excellence."

COMMUNITY COLLEGES: A NEW ROAD FOR EDUCATIONAL EXCELLENCE

(By Dr. Donald J. Senese)

Greetings.

It's great visiting the beautiful state of West Virginia and having the opportunity to meet with the key personnel of West Virginia's community college system. You are the leaders who are making the community college system work so well in this state and I commend you for your work and for the theme of this conference focusing on what community colleges can do to promote excellence in education.

Today, I would like to discuss with you some general ideas—as well as a few suggestions—for new directions for the community colleges.

Usually whenever the topic of community colleges come up at meetings of educators, there is prolonged debate over the meaning of the term "community college," a focus on "the mission" of community colleges, or an attempt to redefine the whole educational debate in terms of the community college lexicon (e.g. changing the term "student" to "learner"). It is reminiscent of the story of the three blind individuals who tried to describe an elephant gained only from their sense of touch. One felt the large body of the elephant, one felt the snake-like trunk, and the other felt the large ear. Each gave his own description—varying greatly—with each failing to describe the entire animal. The community college system in America is an animal of many diverse parts and I do not intend to get into that educational thicket or we will be here all day. And we would be in a similar situation to the critic who proposed that if one laid every economist in the world end to end, you could predict one result: they still would not be able to reach a conclusion. In fact, it is not important that we do reach a conclusion.

During the past almost two decades—as a professor in a postsecondary institution, as a legislative aide on Capitol Hill in Washington, D.C., and as the Assistant Secretary for Educational Research and Improvement in the U.S. Department of Education for four years—I have had an unique opportunity to watch the great growth of our community college system. It is an unique system and its greatest attribute is its diversity. This diversity allows the community college to adjust to its geographical setting—urban, rural or suburban—and to the nature of the community.

This diversity and ability to adjust has been the strength of our community college system. Aside from these just mentioned qualities, the community college must be a place committed to excellence in education.

I do not mean excellence in the same sense or with the type of structured curriculum that we expect in our postsecondary institutions, our colleges and universities. Certainly, I think we are past the age of accepting the myth that our community colleges are a wasteland, a so-called dumping ground for those who lack the ability or fortitude or determination to pursue studies in a four-year institution.

The community college is rather a new phenomenon on the American scene. In 1862, the Morrill Act, named for Senator Justin Morrill of Vermont, established land grant colleges, sometimes called "people's colleges," which included both subject matter and students previously excluded from higher education. The debate raged here over the "practical" versus "liberal" education as well as the very function of a postsecondary education. This debate in the latter part of the nineteenth century helped pave the way for similar battles fought by community colleges and even presently being fought by community colleges.

Community colleges can play the role of an extension of high school, preparation directly for a career, a basis for additional career training, or education for entrance in a four-year institution. I think this function has been so well stated by Edmund J. Gleaser Jr. in his book, "The Community College: Values, Vision and Vitality" (Washington, D.C.: American Association of Community and Junior Colleges, 1980, p. 16): "To encourage and facilitate lifelong learning, with community as process and product."

Along this same line, I hope all of us realize that the education reform reports have messages for the community colleges. Certainly the health of our elementary and secondary schools relates directly to the type of programs which will be offered for entering students. Community colleges, like four-year postsecondary institutions, should not serve as repositories for students to take remedial courses, making up for what was not properly taught in secondary schools rather than new knowledge. The report of the National Commission on Excellence in Education, "A Nation at Risk," set a goal which can easily be embraced by the community college system of the state of West Virginia as well as all of our states—the creation of a Learning Society. "A Nation at Risk" described it as follows:

"At the heart of such a society is the commitment to a set of values and to a system of education that affords all members the opportunity to stretch their minds to full capacity, from early childhood through adulthood, learning more as the world itself changes. Such a society has as a basic foundation the idea that education is important not only because what it contributes to one's career goals but also because of the value it adds to the general quality of one's life." (p. 14).

The National Commission noted that at the heart of the Learning Society remained a commitment to learning opportunities far beyond the traditional institutions, schools and colleges clearly into homes, workplaces, art galleries, and museums. Any institution which the individual can develop and mature can contribute to a Learning Society. Observing that formal schooling for youth can provide the essential foundation for learning throughout one's life, it warns that without life-long learning, the skills of the individual will become rapidly dated. Doesn't this define the role and future challenge for the community colleges of our nation?

Before I mention specific avenues of approach, allow me to cite two developments we need to be aware of in our country: future trends in higher education and future trends in economic developments.

The period of the 1970's and the 1980's have been periods of rapid change for institutions of higher education as in the early 1970's we saw college enrollments up because of the "baby boom". In recent years we have witnessed enrollments in our institutions of higher education augmented by the increase attendance of women, part-time students, and older students. In citing this development, the 1985 report on "The Condition of Education," issued by the National Center for Education Statistics of the U.S. Department of Education, observed that many of these students are oriented toward the world of work with students focusing on such fields as business and management, health professions, and computer science "The Condition of Education," p. 86). And management consultant Peter Drucker has noted that while there may be a stabilization, even a contraction in enrollments, the demand for education will be going up, not down. What is going down, he observes, is the demand for traditional education in traditional schools. He foresees that the fastest growing industry in America is the continuing professional education of highly schooled mid-career adults. ("The Coming Changes in Our School Systems," the Wall Street Journal, March 3, 1981, p. 30). This development offers a great opportunity for community colleges for during a period when individuals may need to prepare themselves for three or four career changes in a lifetime, the community college may be catering to the high school graduate or the person with a completed doctorate.

The other trend we should be aware of is the changing nature of our economy. Old jobs are disappearing and new ones are being created. John Naisbitt in "Megatrends: Ten New Directions Transforming Our Lives" (New York: Warner Books, Inc., 1982) writes of our movement as a society from the Industrial Era to the Information Society and, observing that the type of work we do influences what we are and the nature of our society, summarizes a brief history of the United States by listing our evolution through three major occupations: farmer; laborer; clerk (Megatrends, pp. 13-14). Farmers, who constituted almost one-third of our population at the turn of the century less than 100 years ago, occupy 3

percent of our current population's work force. The current two most popular occupational classifications in our present society are clerk, and then professional. We have more people employed in higher education than in agriculture.

The community college bridges this gap as we move into a fundamental economic structural change in our society. It must be ready to prepare a workforce for new industries and service occupations as well as assisting dislocated workers preparing for retraining and new career opportunities. The community colleges aid us in different regions of our country with some stack industries, new high-tech industries, low-tech industries, the rise of new and expanding service industries, and special employment opportunities in rural areas.

As the community colleges focus on a role for the 1980's and beyond, there are some specific actions which can be taken. Let me highlight some of the most notable following on your theme of excellence in education.

First, there is excellence in curriculum. As community college leaders develop new courses and programs, they must be willing to establish and keep high standards. Lower standards may attract more students but it will also harm the community college's reputation as people will rush to judgment viewing the entire community college program as a short step up from a high school vocational education.

Excellence is not defined only in terms of the liberal arts or professional preparation such as medicine. In "A Nation at Risk," excellence is defined in several ways—for the individual, it is defined as the means to test and push back personal limits and for the school or college, it represents the setting of high expectations and goals for all learners and then tries in every way possible to assist learners to reach these lofty goals. Finally, it is defined for a society which accepts excellence as a goal and tries in every possible way to prepare its citizens for the challenges of a rapidly changing world. The community college with this commitment to excellence can aid our society in reaching high employment, economic health, and increased productivity.

Second, there is excellence in teaching. This represents the effort to recruit an outstanding faculty and one that meets the changing needs in the community. It may require selecting individuals with real working experience in the field as well as academic credentials, combining the best of the practical and the theoretical. We appreciate it best not by a study of one's own institution but a study of the administrators, teachers, and successful learners from successful community colleges throughout our state, our region, and our nation. This "outreach" can help us to end academic isolation plus provide a fertile field for new ideas. Excellent teachers along with excellent administrators create excellent community colleges which turn out excellent learners. It takes a conscious effort as well as a commitment to be introspective and evaluate oneself objectively in order to achieve excellence. A good starting place is taking the attributes of a well run company as defined by Thomas J. Peters and Robert H. Waterman, Jr., in "In Search of Excellence: Lessons From America's Best-Run Companies" (New York: Harper and Row, 1982) and applying these standards to our own educational institution. It will cause us to raise such questions as: Are we action oriented? Are we close to our customers, the learners and the community we serve? Do we promote productivity through people?

We also need at the community college level to give recognition to our outstanding teachers. We should not be hesitant to consider a "master teacher" status or endowed chairs in our own institutions.

Third, this means excellence in students. This is one of the most critical factors in building a strong community college body of learners and alumni. This is especially important for community colleges where a large majority of those who complete courses and programs will remain in the community.

We had a population explosion of students entering all types of higher education institutions in the 1960's. It aided us as a nation to increase access and opportunities for many who years earlier would not have gone on to education beyond high school. However, we also discovered that many of these students were not sure why they had gone on to higher education or what they were expected to contribute or to get back from their college education. It is a condition pervasive through our educational system—students not sure why they are taking certain courses or the relevance of these courses to their future, students seeking merely to "get by" earning a "C" grade or just passing, students putting forth minimum effort with no goal in mind, and students not sure of the direction of their lives. We are wasting valuable human resources if we are not aiding students to develop a philosophy of self-help, individual improvement, goal-setting, and then assisting them to devise a strategy to reach these goals.

It is significant that this year we are celebrating the 150th anniversary of the birth of Andrew Carnegie, who built his reputation and made his fortune residing in the neighboring state of Pennsylvania. Born in Scotland, he was one of the great entrepreneurs in our country and built the steel industry during the period of the Industrial Revolution in the United States. In that famous article published in the North American Review of June of 1889 entitled "The Gospel of Wealth," he maintained that the wealthy should serve as trustees for the benefit of the public as a whole and followed his own advice becoming well known as a philanthropist providing funds for the study of science and the humanities and establishing public libraries throughout our country. Carnegie gave birth to a project which I believe has special relevance for those in the service of community colleges.

Andrew Carnegie, while being interviewed by a young reporter named Napoleon Hill in 1908, expressed his concern that each generation had to discovery the secrets of success. He felt that similar to mathematical and scientific formulas, the elements of personal success could be identified, quantified, and applied to specific situations by each generation. He desired not only to leave money but a formula for others to emulate his success as part of his lasting legacy to posterity. He challenged young Napoleon Hill to devote years of study to identifying these principles of success by interviewing the most successful individuals of the time in different fields and he offered his assistance in introducing him to these individuals. Hill took up the challenge and spent 20 years on this research publishing the results of his research in 1928 in eight volumes under the title, "Law of Success." We may be more familiar with the shortened and updated versions published under the titles of "Think and Grow Rich" and "Grow Rich!—With Peace of Mind." The most recent adaption of these principles can be found in "Success Through a Positive Mental Attitude" by Napoleon Hill and W. Clement Stone.

These principles, known generally by the generic term "science of success," have been offered to corporate executives, adult learners, inmates in prison, and inner city youth with very positive results by improving individual self-esteem and confidence, aiding individuals to set goals, and aiding these individuals in accomplishing these goals by a steady application of these principles. These 17 principles (including a positive mental attitude, definiteness of purpose, going the extra mile, self-discipline, teamwork) are taught as learners work on specific tasks to apply these principles to their own lives. Individuals such as W. Clement Stone, Og Mandino, and others and organizations like the Napoleon Hill Foundation are active in promoting these self-help concepts. Perhaps during a time that our educational system may seem like a ship without a rudder, community colleges might take the initiative and the lead incorporating "science of success" courses in their curriculums as meaningful additions to the courses and programs already offered.

Fourth, there is excellence in school and business partnerships. The changes we are experiencing in our economy and will experience in future years present community colleges with the challenge to be more responsive to a changing environment and at the same time to respond in both creative and constructive ways to the new economic changes. Community college administrators and faculty must not only study national trends in the economy but must also be intimately familiar with local trends, data, and developments to seize the initiative for new opportunities.

Let me cite three brief examples. The City College of Chicago is working on a special project in southeast Chicago retraining unemployed steel workers for jobs as security guards, sanitation engineers, and factory workers working with robotics. They have acquired a building from one of the companies and are building another building as a training center in the very neighborhood hard hit by cutbacks in the steel industry and the resulting unemployment. Practical training is being provided for jobs that exist in the local area.

Northern Virginia Community College with its five campuses in Northern Virginia began 20 years ago in a small facility which gave it at that time the name "Warehouse U." In these two decades, it has grown from 350 students to 56,000 full and part-time students making it the second largest community college in the world. The size is not as important as the service provided. The secret of its success, and a lesson that other community colleges can follow, has been regular contact with business leaders and a partnership developed so that businesses supply the colleges with the latest and sometimes expensive hardware so that the colleges in turn can train future employees. The major goals of NVCC has been to supply job programs to residents who want to enter local industries and thus we find that it offers 92 occupational and technical degree programs. It has responded to the local needs as Northern Virginia has moved into a changing, high-tech environment. The President of the college meets regularly with the chief executives of two dozen companies in Northern Virginia to keep aware

of changing economic needs and opportunities.

Another notable example is taking place in the state of Oregon and was related to me by a public official very interested in the outcome, Mr. William Bain, the Director of the Department of Assessment and Taxation for Lane County (Eugene), Oregon. It is an example of what enlightened leadership can accomplish with initiative and imagination. A candy factory burned down in the Portland, Oregon area and the company considered rebuilding on two other sites, including one out of state. An energetic group of businessmen and community college leaders from Lane County got together and met with company officials to make an appeal for them to consider locating in Lane County. A site was offered near a major highway Interstate 5. This leadership then suggested that because of the location the company open a retail store and offer tours of the candy factory, two ideas which the company officials had not considered in their plans to rebuild the factory. Sensing the opportunity available for employing between 150 to 300 employees in this operation, the Lane County Community College is taking steps to establish a Masters in Confectioners program. The company has now agreed to locate in Lane County opening a factory with a retail store and factory tours. In addition, the company now plans to move another part of their corporate operations from another state to this new plant when completed.

This is a time for the community college leadership of this state to be opportunity oriented, rather than problem proned. Out of each adversity are the seeds of new opportunities. Creative and dynamic leadership can identify these opportunities and mobilize the resources to bring positive results.

Let us avoid delay and lost opportunities because of traditional roles or defining a mission or merely seeking additional bodies to occupy our classrooms. By knowing and understanding your own community, you can discover endless opportunities for service to the community by your community college. The hallmark of that exploration needs to be excellence, flexibility, and opportunity.

When we examine community colleges, we understand certain common elements which can be identified in community colleges judged superior. These qualities include adaptability to new conditions and circumstances, operating with a continuing awareness of the community, extension of opportunities to the unserved, accommodation to diversity, an active role in the community's learning system, and a continuing relationship with the learner. It is important that the community college maintain a high visibility in the community so that each of its administrators, teachers, support staff and business council members become salesmen and saleswomen for the community college and the benefits it offers. It may also require a conscious marketing strategy but it is worth the effort.

All of you have done an outstanding job in building a community college system in West Virginia. However, new challenges are before you and I know you will respond to these in the same positive and creative way you have responded to other challenges in the past.

I wish you well in your endeavors as you provide excellence in education and new opportunities for the community college students in West Virginia.

KENNETH KAUNDA'S MESSAGE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. RANGEL. Mr. Speaker, we in the West are far enough removed from the turmoil in South Africa so that it is easy for us to speak from a position of moral superiority. When President Reagan defends constructive engagement, he does so by saying what is best for the nonwhite majority. His advisers use untested theories explaining the detrimental effects of sanctions, while ignoring the rising tide of civil rebellion against Pretoria's racist economic and political system.

Those who have failed to view South Africa within the context of African history have committed a grave error. Pretoria may look to the West for its cultural roots, but it cannot avoid the fact that it is also located in Africa with African citizens, African neighbors, and uniquely African traits. For this reason, we must pay careful attention to the words of Kenneth Kaunda, the respected President of Zambia.

Mr. Kaunda gave an eloquent analysis of the situation in his region of the world during his visit to New York to honor the United Nations. His firsthand analysis is thought-provoking and worth our attention. I would like to submit the following article for inclusion in the CONGRESSIONAL RECORD, and urge my colleagues to read it carefully.

[From the New York Daily News, Oct. 23, 1985]

FROM KAUNDA, A CALL FOR SANCTIONS

(By Earl Caldwell)

The night before, he stood in a crowded room at the River Club on E. 52d St. "I wish I could stand here before you and proclaim a message of hope," he said. "But I have no more reason to be optimistic. I bring very pessimistic news."

There was no other sound in the room, only the voice of Zambian President Kenneth Kaunda. "South Africa and southern Africa as a whole have reached a boiling point," he said. "Only God's miracles can save the situation. Time is not running out; time has run out."

For 21 years, Kenneth Kaunda has been president of Zambia. He has in that time become one of Africa's most respected leaders. Yesterday at the UN, it was his turn to address the historic 40th session of the General Assembly, and he used it to bring the issue of South Africa and apartheid back to the center of the agenda.

He said that inside South Africa the oppressed people are saying, "Enough is enough." And he added that bold steps "must be taken now." He called on South African President Botha to "declare unequivocally that apartheid is a dead issue" and to meet with genuine leaders of the oppressed people. He called for an end to the state of emergency, a lifting of the ban on the African National Congress.

When Kaunda rose to speak, it was 10:30 a.m. Many delegates were just arriving. But there as an urgency in his words, and when he finished, the applause was long and loud.

At the 40th session, it is not just the opportunity to address the world organization that leaders look forward to. A huge press corps has assembled at the UN this week. Leaders of the nations that are world powers can beckon the news media when they want. But for others, especially African leaders, it does not work that way. Those leaders do not often have the chance to express their views to the world press. But this week at the UN it is different. And yesterday, after he finished his address, Kaunda met with reporters.

He used that session, as he had with his speech earlier, to "warn the rest of the world of the impending disaster."

He told reporters he favored tough sanctions against South Africa. "It's quite clear in our minds that something has to be done," he said. He said that sanctions were "the better of two evils," that no sanctions means sending a signal to 29 million people that they are on their own. He said applying sanctions was a way for the rest of the world to say it was sick and tired of apartheid.

"We are at a very important juncture," he said. "Either we act or it will be like it was with Hitler; we will let millions of people die."

He said, "Sanctions at this juncture will hurt us, and hurt us badly, but without sanctions there will be a violent explosion." His is one of the frontline states (the black-ruled states that border South Africa). He spoke of the way they depend on South Africa's economy but added: "We can recover from the hurt caused by sanctions. Without sanctions, there can be no recovery."

The night before, at the River Club, before he finished speaking, he said he wanted to add a personal note: "I want to thank the American people." He spoke of the impact the anti-apartheid movement in the U.S. was having. At his press conference he said that pressure had moved the Reagan administration from its policy of constructive engagement toward South Africa to one of limited sanctions. "Please continue," he said. "We are depending on the American people. Our position is that we should have more severe sanctions. That (pressure for sanctions) is very, very important."

In the fight against apartheid in southern Africa, nobody asks what Kenneth Kaunda has done. He put his whole country on the line. When the fight was against Rhodesia, he gave Joshua Nkomo's liberation army sanctuary in his country. The ANC, now banned in South Africa, operates from Kaunda's Zambia. His whole country pays a price for that. Sanctions will hurt even more, but Kaunda does not complain. It is a part of the reason he is one of Africa's most respected leaders.

HOPE FOR THE SUMMIT

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. GARCIA. Mr. Speaker, our colleague in the other body, the senior Senator from Maryland, MCC MATHIAS, has written an excellent essay on the history of the summit process, which I am submitting for the RECORD.

As usual, his analysis is right on target. He accurately points out that what we should be expecting from the summit is not

necessarily either a formal agreement or communique, but, instead, "to throw light upon possible paths to compromise." That certainly puts the entire process into perspective.

I would like to add that the Senator was recently elected president of the North Atlantic Assembly. It is my hope and belief that during his tenure as president of the assembly that its role in helping to preserve peace will be further enhanced.

The article follows:

[From the Christian Science Monitor, Nov. 13, 1985]

SUMMITS PAST AND PRESENT

(By Charles McC. Mathias, Jr.)

Versailles, Munich, Yalta, Geneva, Glassboro, Vladivostok, Camp David. Famous and not-so-famous cities have become synonymous with summits of the world's leaders.

For better or worse, it is evident that summits are a fixture of modern diplomacy. Yet there has not been a meeting of the leaders of the two most powerful nations of the nuclear age since 1979.

If we are to guard against expecting too much from the rituals of summitry, especially in the television age, we cannot afford to go so long without candid discussion of our deep differences with a nation with the same capacity as we have to destroy the planet in a matter of minutes. For several years, however, a Soviet-American summit has been blocked by the Soviet invasion of Afghanistan, by the attack on a civilian airliner, by too much of an ideological straitjacket here and there, by an ever-changing succession of leaders there.

Summitry seems to run in historical cycles. It was common for monarchs and chieftains to meet their principal rivals in earlier times. This practice fell into disuse in the 18th and 19th centuries—the age of Talleyrand, as we might call it. Yet personal meetings between heads of state have become a distinct feature of the diplomatic landscape once again in the last half-century. From 1940 to 1980, American presidents took part in approximately 50 international meetings that could be called summits. The "Summit Seven," the yearly session of the United States, Canada, Western Europe, and Japan, has become an institution.

But before focusing on the first summit to return to Geneva since 1955, let me remind you of some high-level meetings that all of us have forgotten about—some more spectacular than the multimedia extravaganza on tap in Geneva, some just as dramatic, many just as significant to the people of the day, though the nuclear balance of terror has raised the stakes immeasurably higher.

One of the most incredible summit meetings was that between Pope Gregory VII and the Holy Roman Emperor Henry IV at Canossa in 1077. Gregory, fearing an attack by Henry's legions, took refuge in a castle high in the Apennines. But there was no attack. Instead, for three days at the height of one of the most severe winters in Italy, Henry—unarmed, barefoot, in rags—begged for removal of his excommunication. Impressed, Gregory granted the request, though his forces were at odds with Henry's two years later.

Imagine the scene, as Will Durant recounts it, in the early summer of 1520, when the Kings of England and France met on the Field of the Cloth of Gold: "Here in an open space near Calais, . . . [f]our thousand English noblemen . . . dressed in the colorful silks, flounces, and lace of late medieval costume, accompanied Henry [VIII] as the young red-bearded King rode on a white palfrey to meet Francis I . . . . The political and marital alliance of the two nations was confirmed. The happy monarchs even wrestled, and Francis risked the peace of Europe by throwing the English King. With characteristic French grace, he repaired his *faux pas* by going, early one morning, unarmed and with a few unarmed attendants, to visit Henry in the English camp. It was a gesture of friendly trust which Henry understood. The monarchs exchanged precious gifts and solemn vows."

Not all of the earlier summits took place in grand style. In 1807, Napoleon and Czar Alexander met on a raft in the Niemen River at Tilsit. Though victorious in battle, Napoleon observed proper protocol in peace—stationing the raft equidistant from the banks to emphasize Alexander's dignity.

To be sure, we will not witness the same circumstances at an American-Soviet summit in 1985. Ronald Reagan and Mikhail Gorbachev will not joust or wrestle, or even exchange solemn vows. Nor stand on a raft in the middle of Lake Geneva. Their retinues will be clothed not in plumes and lace, but pin-striped suits and earphones. Amid tight security precautions, the leaders will be whisked by limousine to each other's headquarters; they will speak to global-audiences in the glare of television lights. They will, no doubt, spend more time polishing images than probing issues.

Yet many features of ancient summits are bound to resurface next month as they have in more recent meetings, as they must if this meeting is to succeed in any meaningful manner.

Face to face, for example, the President and the Soviet leader confront the same dilemmas as all leaders in such circumstances have confronted. They must try to reconcile fundamental differences and mutual interests. They must balance a desire for dialogue and a demand for respect. They are bound to engage in the give-and-take of negotiation which cedes no principle but seeks common ground to relieve tensions, tensions not just between two nations but between East and West, tensions between two different conceptions of the governance of man, tensions which if allowed to reach the breaking point could lead to something far worse than a Thirty Years' War.

We can learn, too, from more recent summits. Versailles, for instance, ran too long and dealt with far too many issues. A President learned to his cost that he could not make agreements overseas for which he had not galvanized support at home.

At Munich, another leader learned that one meeting, and one agreement, cannot hold back aggression nor paper over barbarity. A meeting in Tehran demonstrated the need for thorough preparation, another at Yalta the dangers of excessive expectations.

Yet, if we must not look ahead with rose-tinted glasses, I hope we can elevate our sights beyond thinking of this summit as little more than a photo opportunity. It was reassuring to hear President Reagan say he is prepared for real discussions. It was encouraging to see Mr. Gorbachev begin to put serious proposals on the table after months of artful maneuvering.

We must not be swayed, however, by, a certain institutional advantage enjoyed by the Soviets in the art of presummitry. Whereas a US president must face a sometimes hostile congress, a demanding press, and a suspicious public, the tightly closed Soviet system ensures discipline and suggests direction.

As we reflect on lessons of past summits, especially the more successful of them, we find one constant: thorough preparation. Whatever the record of summits, and many have done little but trace fleeting images across a harsh landscape, the exercise of preparation itself is beneficial. It forces antagonists to examine sources of conflict, to inspect each other's motives more closely, to throw light upon possible new paths to compromise.

Agreements, of course, are not the sole or the most important objective of summits. Agreements on secondary issues, however, can help build more cooperation and confidence into what is destined to be a difficult long-term relationship. Personally, I would hope this summit would produce specific accords on trade, terrorism, nuclear risk reduction centers, the Olympic Games. Formal agreements on larger, more complex issues such as arms control and human rights may be virtually impossible in two days of talks, but the stage can be set for more constructive dialogue in ensuing meetings.

And that's what counts—dialogue, communications, a candid exchange of views on the most contentious differences. Some headway is being made today after a prolonged period of megaphone diplomacy. American and Soviet officials have talked about the Middle East, Africa, and Asia in recent months. Serious proposals to reduce our nuclear arsenals are being exchanged right now. Some Soviet dissidents may be released.

Even if the summit does not produce a formal communiqué, it can expand this process, an absolutely vital one if our two nations are to stay away from escalation of conflicts and turn back from the nuclear precipice.

If the summit in Geneva does no more than deepen understanding of our respective problems and remind us of our responsibilities, by broadening the dialogue and by establishing a more realistic basis for our relations, it could be considered a success.

WE NEED ABM—NOW

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. MICHEL. Mr. Speaker, whatever one's views might be on the specific nature of nuclear arms proposals, one thing is certain: we are living in a time when questions concerning defensive weapons have become the most important and crucial geostrategic issues. There is a superabundance of evidence that the Soviet Union is vigorously pursuing research, development and placement of defensive systems—some in line with the ABM Treaty, others clearly in violation of it. But what are we doing in this area? We seem to be doing a lot of talking. But are we acting in our own best interests and in the interests of future generations when it comes to antimissile defenses? According to our colleague JACK KEMP and Senator MALCOLM WALLOP, we are not. Indeed, according to these two, the United States seems to be paralyzed by inaction in this area.

At this time I wish to insert in the RECORD "Clear Up ABM Treaty Confusion," by Representative JACK KEMP and Senator MALCOLM WALLOP, from the Wall Street Journal, Thursday, November 14, 1985.

CLEAR UP ABM TREATY CONFUSION

DEAR MR. PRESIDENT: Soon you will be traveling to Geneva to meet with Mr. Gorbachev. We join with all Americans in sending our best wishes to you as you prepare for that meeting. At the same time, the confusion surrounding the U.S. government's attitude toward the ABM Treaty particularly demands public clarification.

On Oct. 14, Secretary Shultz explained an approach to the ABM Treaty that raises more questions than it answers. Whereas your administration had said previously that the treaty prevents us from doing a variety of things to protect ourselves against ballistic missiles, Secretary Shultz now made clear that we refrain from doing those things not because the treaty forbids us, but because we choose not to do them.

ONE NEED ONLY LOOK

This peculiar self-denial, as Secretary Shultz pointed out, is not required by the ABM Treaty. Nor does technology impose such excessive restraint. To see this, one need only look at the things the Soviets are doing. Five out of the six Pechora-class large phased array battle management radars are perfectly legal, as is the seventh, even more capable radar at Pushkino (yet only the illegal radar at Krasnoyarsk which completes the circle draws our attention). The mass-production of the other components of the ground-based ABM system, the Flat-Twin engagement radar, the SH-4 and SH-8 interceptors, all easily transportable, does not violate any part of the ABM Treaty. The mass-production of the mobile SA-12 system (which is very effective against the mainstay of our retaliatory force, the SLBMs) transcends the ABM Treaty because it performs both antiaircraft and antimissile functions in the same "mode."

No one has suggested that when the Soviets test their space laser weapon soon we will consider that to be a violation of the ABM Treaty, even though all knowledgeable persons would agree that any of our missiles which flew within 1,000 kilometers of such a weapon would be vulnerable to destructure.

The Defense Department's publication Soviet Military Power describes how the Soviet Union is building prototypes of a variety of antimissile devices. The intelligence community tells us about the Soviets' massive building program associated with strategic defense. Since no one in the administration is calling these things treaty violations, we presume they are not. We are not even mentioning the deployment of rapidly reloadable launchers—equipped with who knows how many SH-8s, around Moscow. The actual existence of these weapons is a tiny part of the problem, compared with the open Soviet production lines that keep on disgorging antimissile equipment.

So even without considering the activities that your administration has called violations, the Soviets' approach to strategic defense is diametrically opposed to the self-denying "extra miles" approach your administration is pursuing. But why this disparity? Some may argue that in order to "restore the integrity of the ABM Treaty" we must eschew any capacity for intercepting missiles for the foreseeable future, while we try to draw the Soviet Union into doing the same. But does this make sense? We can only presume that when you labeled your own purpose as "restoring the integrity of the ABM Treaty" you meant to confirm your administration's very effective policy of cleansing the Defense Department of just such a future capacity for intercepting missiles, while we try to draw the Soviets into doing the same. But does this make sense?

We see little reason to believe that the Soviets might reverse their approach to defense and adopt the unilateral U.S. approach of self-denial beyond the terms of the treaty. Moreover, as we see it, this unilateral new approach is wholly incompatible with the strategic direction you have indicated for our country.

Several times since March 23, 1983, you have spoken so eloquently of the need to protect the American people against Soviet missiles. Your secretary of defense and his undersecretary for policy have described defense against ballistic missiles as "the very core" of our strategic policy. We find this not just morally attractive, but strategically indispensable.

Contrary to popular misconceptions, the strategic imbalance to which you pointed when you first sought the presidency has not been eliminated. Indeed, even if every program you proposed to Congress had been fully funded, the Soviet Union's edge over us in counterforce weapons would continue to grow indefinitely. By 1988 our *relative* strategic position is projected to be worse than it was in 1980. The Soviets are now deploying mobile missile systems unlike anything we ever plan to build. As Soviet strategic forces become mobile, the tasks demanded of our few counterforce weapons, due in the late 1980s and 1990s, will become ever more difficult. In other words, under present plans, defending the U.S. against Soviet missiles is the only opportunity we have of preventing Soviet strategic superiority from becoming permanent. If anyone in your administration has any other suggestion, we have not heard it.

Therefore we find it difficult to understand why the people actually in charge of these matters postponed at least until the early 1990s the question of how we are to deal with our strategic predicament. Current SDI planning contains no options for early deployment of antimissile devices. Instead, they have proposed that all of our SDI resources be devoted to research to answer the question of whether defenses against ballistic missiles are possible.

Not surprisingly, the answer to this question is the same today as it was 10 years ago, and as it will be 10 years from now, namely: Yes, it is possible to do some things to defend against ballistic missiles. But, no, it is not possible to do others. The Pentagon's all-too-familiar tradition is to substitute research for action. Yet, tomorrow, just like today and yesterday, someone must decide what action our predicament requires.

Is that decision really to be to postpone any decision on ballistic missile defense until the 1990s even as antimissile devices continue to roll off Soviet production lines?

As two of your staunchest friends and supporters in Congress, we strongly urge you to address publicly certain important questions before you or our negotiators talk seriously with the Soviets about the ABM Treaty.

If our objective, as you have expressed it, is to move to a strategic environment that incorporates stabilizing strategic defenses, why are we imposing unilateral self-restraints required neither by treaty nor technology?

Given that the first megawatt-class Soviet laser weapon will be in orbit in this decade, why is it prudent for us to wait 10 years before even deciding whether or not to build one?

What options will remain to us if in this century an undefended America should face a Soviet Union whose defenses actually provide protection for the capability of a disarming nuclear first strike?

PATH TO A NEW HOPE

As we see it, the noble goal of protecting, rather than avenging, lives is precisely opposite to what has been called "the integrity of the ABM Treaty," when that "integrity" presumes the defenselessness of the American people. We question whether it is reasonable to pursue such wholly contradicting ends at the same time, or whether it is possible to pursue them simultaneously without discrediting both.

Sir, you showed us a path to a new hope which is available in sufficient measure now and in its totality soon. We stand ready to help you to the fullest extent of our abilities to achieve that protection for our nation and our allies. In that spirit, we respectfully address this plea to you: Let the era of MAD come to its logical end. You have shown us the way to ensure our protection through our own resources, rather than through Soviet forbearance. America and the Free World will be safer when you have achieved your goal.

ATTACK ON THE ACHILLE LAURO

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. LAGOMARSINO. Mr. Speaker, I bring to the attention of my colleagues the following insightful comments made by Mr. Charles Mozley of the Fillmore Herald regrading the terrorist attack on the Italian cruise ship *Achille Lauro*.

The comments follow:

AS I SEE IT . . .

(By Charles Mozley)

Although the American people as a whole seem to be supporting President Reagan's action regarding the Italian cruise ship hijackers, I notice that a number of critics of these actions are beginning to step forward.

Last Sunday I watched a television talk show where all of the participants vigorously attacked Mr. Reagan's decisions. They were critical for various reasons, but all of them agreed that bringing the hijackers to juctice would serve no useful purpose. After all, they argued, trying the hijackers would not get at the "root causes" of terrorism, which have to do with injustices done the Palestinian Arabs.

While I understand what these critics are saying, and certainly agree that the Palestinian Arabs have their grievances, I do not agree at all with the proposition that bringing the hijackers to trial will serve no useful purpose.

I mean, what are these people suggesting? Are they really suggesting that because there are injustices in this world armed hoodlums have a right to brutalize and murder unarmed and innocent men, women and children? If so, I'm sorry. I just don't buy that argument. I don't buy it with re-

spect to international affairs, and I don't buy it with respect to domestic affairs, either.

To tell you the truth, I thought we had forever settle this argument at the Nuremberg war crimes trials that followed World War II. In those trails, you may remember, dozens of men and women were brought before the bar of justice primarily because they committed crimes against innocent civilians.

All thoughtful people agreed at the time of those trials that Germany had a right to feel aggrieved before World War II. The Versailles Treaty which ended World War I had been most unfair, and the German people had a perfect right to be upset.

But while this was so, at Nuremberg it was agreed—supposedly for all time—that no matter what the grievances of their country, no political leaders have a right to address those grievances by attacking innocent and peaceful neighbors. At Nuremberg it was clearly determined that there is never any justification for such attacks anywhere, or at anytime.

I agreed with the Nuremberg judgement when it was made, and firmly believe it should continue to be applied today. It does not matter that there are still injustices in the Mideast, nor does it matter that by trying the Italian cruise ship hijackers we will not have stopped all terrorist activity. "Whenever we can catch, try and punish murderous criminals we should do so." And whenever we do so, whether they be international or domestic criminals, in my opinion justice will have prevailed.

HUMAN RIGHTS HAS A PLACE AT THE UNITED STATES-SOVIET SUMMIT

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. GRADISON. Mr. Speaker, I would like to call attention to the following article that appeared in the November 12, 1985 edition of the Cincinnati Post. It is highly appropriate that special attention be paid to human rights and, in particular, the plight of Soviet Jewry, in view of the upcoming summit meeting between President Reagan and Soviet leader Mikhail Gorbachev.

HUMAN RIGHTS HAS A PLACE AT THE UNITED STATES-SOVIET SUMMIT

(By Bill Gradison)

The upcoming summit meeting between President Reagan and Soviet leader Mikhail Gorbachev has raised hopes in much of the Western world that it may bring an improvement in U.S.-Soviet relations. Advocates of arms control are optimistic that a satisfactory agreement will be reached. There is also hope that a productive meeting between the two leaders will generate positive changes in other areas of East-West relations, particularly human rights.

Respect for human rights is the embodiment of both moral and philosophical beliefs. In democratic societies, these rights, the right to freedom of movement and expression, freedom of belief, and due process under law, take precedence over political ideology. In the Soviet Union, however, these selfsame rights, though acknowledged in the Soviet Constitution, are arbitrarily limited. Soviet Treatment of refuseniks (those who have applied for an exit visa to leave the Soviet Union and have been refused), dissidents (those who seek to change Soviet society), and those who wish to practice their religious faith, whether Jewish, Catholic, Baptist, or Pentacostal, varies from that of limited tolerance to harsh repression.

An indication of the Soviet regime's disregard for human rights is provided by its treatment of Soviet Jews. Of all the national and religious groups under Soviet rule, Soviet Jews have been singled out for a systematic campaign of propaganda, persecution, and imprisonment. In Soviet ideology, Jews constitute both a religious group and a nationality. Unlike other religious groups, however, Soviet Jews have no national organization or institution for training clergy, and unlike other nationalities, they have no means through which to perpetuate their heritage.

While the Jews and other ethnic and religious groups have always faced restrictions under Soviet rule, Soviet treatment of the Jews is at its harshest level since the Stalin era. According to a recent State Department report on Jews in the Soviet Union, Soviet authorities began a major crackdown on Jewish cultural activities in July of last year. The report notes that this crackdown, which has resulted in the arrest of Hebrew teachers and activists, has been accompanied by a stepped-up anti-semitic campaign in the Soviet media.

Through methods such as arrests, beatings, the planting of evidence, and the use of the media to slander refusenik activists, the Soviet government has instituted a systematic campaign to discredit, disrupt, and destroy all Jewish religious and cultural activities in the Soviet Union. In one case, a Hebrew teacher in Kiev, sentenced to three years in a labor camp, allegedly for resisting the police, was so savagely beaten after his conviction that he has lost sight in one eye and is in danger of losing the sight in his second eye. Sadly, this is only one example of the tactics used to terrorize Soviet Jews.

Anti-Semitic articles are frequently printed in national and local newspapers and publications of youth and military organizations, and several anti-Semitic "scientific" treaties have been published by the Soviet Academy of Sciences. Attacks on Jews and Judaism are made in films and on television.

Refuseniks are usually fired from their jobs. Without employment, these people face the possibility of imprisonment on charges of "parasitism." Children of refuseniks encounter disrimination and may be denied the opportunity to continue their education.

Despite documentation of its treatment of religious and ethnic minorities, the Soviet government continues to insist that there is no racial or religious discrimination in the Soviet Union. In response to charges that thousands of Soviet Jews are waiting for permission to emigrate, Soviet authorities state that most Soviet Jews have no desire to emigrate. Although more than 350,000 have requested exit visas, only 700 Soviet Jews have been granted permission to leave this year. Instead, Soviet authorities attribute the recent drop in emigration rates to the fact that all who had reason to leave the Soviet Union have already left.

Both the Soviet Constitution and international human rights accords, such as the Universal Declaration of Human Rights and the 1975 Helsinki Final Act of the Conference on Security and Cooperation in Europe, recognize basic standards for human rights and emigration. The Soviet Constitution guarantees its citizens such rights as freedom of speech, of press, and of assembly. It guarantees the right to education, the right to practice a religion, and the right to choose one's profession. The international accords, to which the Soviet Union is a signatory, similarly guarantee the right of emigration, freedom of religion and communication.

Human rights have been raised repeatedly as an issue by both the U.S. and European nations in multilateral and bilateral meetings with the Soviet Union. It is in this context that human rights and Soviet Jewish activists hope for some progress at the upcoming summit meeting. Some scholars and authorities have attributed the easing of Soviet emigration policy in the late 1960's and the 1970's, during which more than 250,000 Soviet Jews were given permission to emigrate, to detente and movement in arms control.

Unquestionably, human rights, whether it be those of Soviet Jews or the rights of other individuals and groups in the Soviet Union, will be raised at the Reagan-Gorbachev meeting this month in Geneva. But, while human rights is a fundamental concern and one which is central to Western interests, emphasis on human rights, to the exclusion of all other concerns, is not the answer. Such an approach would generate more risks than benefits.

The difficulty for the U.S. is in deciding on the best means to achieve improvements in Soviet human rights policies. Should human rights negotiations be implicitly linked to U.S.-Soviet negotiations on other issues, such as trade? Should it take place through "private" diplomacy? Should the U.S. withhold discussion on human rights until U.S.-Soviet relations improve, leaving current human rights discussions to the appropriate international forum?

There are advantages and disadvantages to each approach. Linking progress in human rights to other issues, such as trade, serves to emphasize the importance of human rights through the use of economic incentives. Undeniably, the Jackson-Vanik amendment, which prohibits the U.S. from extending most-favored nation status to a communist country that denies its citizens the right or opportunity to emigrate, has been beneficial in dealing with several East European countries, such as Romania. At the same time, linkage, if improperly used, can limit American flexibility in specific situations.

Private diplomacy could defuse Soviet complaints against Western interference in its internal affairs and permit the Soviet government to respond to human rights concerns without giving the impression it is capitulating to Western demands. The success of quiet diplomacy, however, may depend too much on improvements in the overall U.S.-Soviet relationship, and sometimes public outcry has generated improved treatment for a refusenik or political prisoner, which otherwise would not have occurred.

International human rights agreements provide human rights with the legitimacy it deserves. The Helsinki process has been extremely helpful in focusing attention on human rights and creating an international understanding of what constitutes human rights. Unfortunately, international agreements alone do not always provide sufficient impetus for change.

Western foreign policy is not the only factor influencing Soviet policy on human rights. To a great extent, the Soviet leadership's consideration of human rights, especially those of Soviet Jews, is determined by internal social, economic and demographic factors. For example, an anticipated shortage in the labor supply may limit the government's willingness to ease its emigration policy. Concomitantly, social and economic discontent among some of the ethnic or national groups in the Soviet Union and corresponding efforts by the authorities to provide more educational and professional opportunities for these groups may encourage improvements in Soviet emigration policy and greater discrimination against Soviet Jews. Furthermore, the high rate of population growth among non-Russian groups, such as Moslems and Central Asians, seems to have exacerbated fears by the Soviet leadership that ethnic Russians will be badly outnumbered.

The confluence of factors which determine Soviet policy toward Soviet Jews can not be controlled by any one action. Nevertheless, it is evident that external forces, such as international pressure, do have an impact on the status of human rights in the Soviet Union. Soviet human rights policy is not beyond Western influence. Western opinion is an important tool, and we have seen that international criticism of abuses in specific cases occasionally mitigates the actions of Soviet authorities.

U.S. arms control negotiators can rightfully argue that Soviet credibility depends on the degree to whch the Soviet Union upholds the human rights principles it claims to support. Simply put, how can the Soviets be trusted to uphold an arms control agreement if it does not even respect some of the fundamental principles espoused in the Soviet Constitution?

U.S. human rights policy should utilize a variety of approaches to achieve its objectives. A policy which combines implicit linkage, private as well as public diplomacy, and reliance on international fora offers the best chance of success.

No matter what approach is taken, it is imperative that the U.S. and European nations continue to stress the importance of human rights in its discussions with Soviet authorities. The changes, if any, which occur in the Soviet government's policies toward Jews and other minorities as a result of the summit meeting, are likely to be modest. But presistent and continued discussion of human rights, whenever the opprtunity arises, is the prerequisite for future success. For the United States, the leader of the free world, the elimination of human rights abuses is just as important as arms control.

SOVIETS MOVE AT FLANK SPEED TOWARD SUPERCARRIER DEPLOYMENT

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. COURTER. Mr. Speaker, as the following article from Naval Aviation News demonstrates, the Soviet Union is moving slowly, but steadily toward the deployment of its first true, fixed-wing-capable aircraft carrier, which is extraordinary for a nation that is historically a land power with few overseas allies and no sea lines of communication to defend. Obviously, the Soviets see the power projection advantages inherent in carrier deployments to support budding Communist revolutionary movements, or ensure that existing communist governments are not overthrown.

According to the article, the Soviets are proceeding with the development of carrier battle groups in their usual fashion, which is through trial and error, theft of U.S. secrets, and simple observation of U.S. carrier tactics. Obviously it will be several years before the Soviets deploy significant carrier-based forces and become proficient in the difficult and hazardous carrier operations, but, in conjunction with the largest submarine fleet in the world, Soviet carrier battle groups will eventually present the kind of naval threat that the United States and her Allies have not faced in many years. The implications of such a development should be sobering to all Americans.

SOVIET "SUPERCARRIER" CONSTRUCTION CONTINUES

(By JO2 Timothy J. Christmann)

"The flag of the Soviet Navy flies over the oceans of the world. Sooner or later, the U.S. will have to understand it no longer has mastery of the seas."—Sergei G. Gorshkov, Commander in Chief of the Soviet Navy.

The Soviet Union, a country that once condemned the U.S. Navy's large-deck aircraft carriers as obsolete and too expensive, will launch its own 65 to 75,000-ton behemoth by the end of the decade, according to Naval Intelligence.

The Soviet's first steam catapult-equipped, conventional takeoff and landing "supercarrier," presumably called *Kremlin*, has been under construction at the Nikolayev shipyard on the Black Sea since 1979. It is expected to undergo sea trials as early as 1988 and become fully operational by 1990.

"In the past six months, construction of the carrier has continued steadily," said Rear Admiral John L. Butts, who retired as Director of Naval Intelligence on September 30. "While there are many uncertainties as to its final [flight deck] configuration, we believe it is about 1,000 feet long and should displace 65 to 75,000 tons [or about equal in size to USS *Midway*]. We continue to estimate it will incorporate nuclear power along with fossil-fuel supplementary power, and will embark 35 to 60 aircraft."

Although Naval Intelligence is uncertain of the mix of aircraft the Soviets will use, it expects *Kremlin's* air wing to consist of fighter-interceptor (or fighter-attack), airborne early warning, antisubmarine warfare, reconnaissance and utility aircraft.

Likely candidates for the fighter-interceptor role are the new all-weather Su-27 *Flanker* and the MiG-29 *Fulcrum*, which posses true look-down/shoot-down capabilities enabling them to destroy low flying targets like cruise missiles.

According to *Soviet Military Power*, a U.S. Department of Defense (DoD) yearly publication, the *Fulcrum* is a single-seat, twin-engine fighter similar in size to the U.S. Air Force F-16 *Falcon*. It is estimated to reach speeds up to Mach 2 and have an operating radius of about 500 miles. In addition to being a fighter-interceptor, however, the *Fulcrum* may be configured for ground attack missions. According to DoD, more than 30 MiG-29s are already operational in the Soviet air force.

Compared to the *Fulcrum*, the Su-27 *Flanker* is a larger single-seat, twin-engine fighter-interceptor similar in size to the U.S. Air Force F-15 *Eagle*. It is estimated to reach speeds up to Mach 2 and have an operating radius of about 715 miles.

The *Flanker* and *Fulcrum* are thought to be highly maneuverable aircraft capable of being equipped with six to eight much improved AA-10 air-to-air radar medium range (30 to 50 miles) missiles. However, the Su-27 may also be configured to carry up to 12 500-pound bombs.

In addition to the *Flanker* and *Fulcrum*, the Su-25 Frogfoot may also be a candidate for *Kremlin's* air wing. As a single-seat attack aircraft similar to the U.S. Air Force A-10 *Thunderbolt*, the Su-25 has been used extensively in Afghanistan to support Soviet ground troops. The *Frogfoot* is estimated to carry a payload exceeding 8,800 pounds, fly some 500 miles per hour, and include a combat radius of more than 300 miles.

In order to prepare the Soviets for operating off their first catapult and arresting gear-cabable aircraft carrier, they have been actively involved in a test and evaluation program at Saki naval air base near the Black Sea. There, the Su-27, MiG-29 and the Su-25 are supposedly practicing carrier operations on an outlined 975-foot training flight deck. Included at this facility are two ski-jump ramps (a possible flight deck option), arresting gear and aircraft barricades. The catapults, however, remain under construction.

In addition to the potential carrier takeoff and landing aircraft, Naval Intelligence believes an upgraded version of the vertical takeoff and landing (VTOL) Yak-36 *Forger* may augment the ship's air arm.

"The upgraded *Forger* [which is expected to become operational in the next two years] will probably have increased performance, payload, endurance and Soviet state-of-the-art avionics," said RAdm. Butts, who was appointed Director of Naval Intelligence in 1982. "This may include a combat air-to-air capability with new missiles."

Currently, the *Forger* is used aboard all three of the Soviets' 900-foot, 37,000-ton *Kiev*-class tactical aircraft-carrying cruisers. A ship/ground attack, daylight interceptor, the Yak-36 is supposed to have an operational radius of 125 nautical miles, reach speeds in excess of Mach 1 and carry an assortment of bombs, rockets and missiles. But since its arrival to the Soviet fleet in 1976, the *Forger* seems to have fallen short of fulfilling these expectations. Nevertheless, it has provided the Soviets a fixed-wing capability that they lacked prior to 1976.

"Although its performance and endurance are limited, the *Forger* does pose a serious threat to Western maritime patrol aircraft operating in range—about 100 miles—of a *Kiev*-class carrier," according to RAdm. Butts. "When you consider it was the Soviet Union's war-fighting potential at sea. However, it still is no match for our carrier's tactical aircraft, and has a very limited strike capability."

According to Naval Intelligence, *Kremlin* will use variants of the Ka-27 Helix helicopter to provide airborne early warning, antisubmarine warfare, reconnaissance and utility missions.

Primarily an antisubmarine warfare aircraft, the *Helix* is an advanced replacement for the Ka-25 Hormone, the Soviet navy's first shipboard helicopter. Aside from

having superior speed and endurance, the Ka-27 has a better airframe and more modern avionics than the Ka-25. And, in addition to augmenting *Kremlin's* air wing, the *Helix* will probably replace the Hormone aboard the *Kiev*-class carriers, *Moskva*-class helicopter cruisers and other surface vessels. Naval Intelligence estimates that more than 50 Ka-27s are already operational.

In addition to its high-performance aircraft, *Kremlin* will be adorned with air defense gatling guns, surface-to-air missiles and possibly antiship cruise missiles, according to RAdm. Butts. "We just don't have enough information yet to evaluate the full complement of weapons systems," he said.

When asked to compare the potential mix of Soviet carrier aircraft to the air arm aboard American flattops, RAdm. Butts remarked that Russia has "considerable ground to make up in both carrier hardware and operating procedures.

"After all, we've had a four-decade head start in shipborne aviation," he said. "Also, we've employed our aircraft carriers in combat . . . experience the Soviets still don't have."

Butts added that Russia's lack of experience in carrier construction, air wing deployment and battle group operations will delay their achieving "any reasonable standard of proficiency with their new carrier until at least the mid-1990's."

Unlike U.S. Naval Aviation, which gained its proficiency gradually, beginning with flying a 50-horsepower *Curtiss* biplane off the bow of an anchored ship in 1910, the Soviets are attempting to conquer carrier aviation with high-performance aircraft. Because of this, RAdm. Butts envisions *Kremlin's* growing pains to be severe and prolonged. "I am sure there will be personnel and material failures, some serious," he said.

According to Rear Admiral Jerry O. Tuttle, Naval Inspector General, one of the most difficult obstacles the Soviets must overcome is the use of the catapult.

"Catapults and arresting gears are large, rough, complex and simultaneously delicate mechanical systems which present operational and training challenges that will take the Soviet navy years to master," he said. "No less a problem in breadth, depth and time will be the development, testing and operation of multimission-capable, fixed-wing aircraft for Soviet naval aviation. This is a monumental development, training and doctrinal problem which will take the remainder of this century at a minimum for them to solve."

Admiral James L. Holloway III, USN (Ret.), a Naval Aviator who served as Chief of Naval Operations from 1974 to 1978, said that another demanding obstacle for the Soviets will be training flight deck crews who must maneuver 25-ton aircraft on grease-soaked decks with 35-plus knot winds while avoiding searing jet blasts. "Although they may have written instructions on just how to do it, and watch detailed movies of U.S. flight deck operations, they will still have no experienced petty officers who have actually hooked up a jet fighter on the catapults or chocked up a tactical bomber on the bow of a heaving deck," he remarked. "No amount of book learning or simulation is going to make up for their lack of experience among their enlisted people."

However, Adm. Holloway said the Soviet navy's one advantage in transitioning to conventional deck operations is that it has closely observed U.S. Navy carrier flight operations for years. "The Soviet navy trawlers that maintained a presence in the Gulf of Tonkin in the vicinity of Yankee Station over the entire period of our Vietnam carrier operations, recorded both optically and electronically every aspect of our carrier operations. This included the conversations among flight deck crews on the 'Mickey Mouse' communication devices," he added. "The Soviet navy will be relatively up to date on the latest and most modern operating procedures for air operations around the carrier."

Unlike the other admirals, Admiral Thomas B. Hayward, USN(Ret.), said there is no reason to forecast that the USSR will have any unusual growing pains learning how to operate from a catapult and arresting gear-equipped aircraft carrier.

"Since they are starting from scratch, except for the level of experience gained with the *Kiev*-class carrier, one can anticipate that they [the Soviets] will proceed with discretion and safety," added Hayward, a Naval Aviator who served as Chief of Naval Operations from 1978 to 1982. "If their learning experience with the *Kiev* carrier is any measure, the initial operations will appear basic and rudimentary to us, as they seek to put into practice that which they have learned watching the U.S. Navy for so many years."

He said that there is no reason to anticipate a Soviet breakthrough in operational doctrine or procedures, and that their all-weather night operations will evolve slowly. But Adm. Hayward added that "it would be wishful thinking" to assume the USSR will experience difficulty training their pilots in large-deck carrier operations. "It will take time, but they will do it," he said.

Despite the problems which may befall them in pefecting their largest and most expensive warship, the Soviets eventual ability to operate high-performance aircraft at sea will have many rewards. In addition to the increased capability of protecting their 79 precious ballistic submarines from antisubmarine warfare forces, the Soviets will be able to expand their wartime operating area beyond the range of friendly land-based aircraft, and will further threaten U.S. maritime forces.

"Additionally, the peacetime utility of the Soviet fleet in the 1990s will enhance Moscow's opportunities for spreading its influence and engaging in coercive diplomacy," said RAdm. Butts. "Moscow will continue to probe for additional access to overseas facilities [and] successes in this endeavor will enable the Soviets to more easily sustain distant naval deployments, place them within striking range of additional Western sea lanes and facilities, and create new opportunities to destabilize key nations in the third world."

He added that *Kremlin*—together with other military inprovements—will give the Soviets a better capability to project power ashore against all but the most well-armed regional power by the early 1990s.

"No successful amphibious operation can be conducted without local air superiority," said Adm. Holloway, "The Soviets have a growing amphibious force and increasing opportunities to deploy their naval infantry [some 16,000 troops] outside of the conventional boundaries of Soviet influence. Such operations require air support and their large-deck carrier can provide this kind of support for contingency operations (i.e, assisting the presence of Soviet forces or allies engaged in 'wars of revolution')."

Added RAdm. Butts, "Even under relatively benign circumstances, the potential political impact of a Soviet carrier battle group steaming in, say, the Arabian Sea is a disturbing prospect."

According to Naval Intelligence, *Kremlin* will probably be home-ported with the Northern Fleet (headquartered at Severomorsk) and will most likely assist Soviet sea control operations in the Norwegian/Greenland Seas, Sea of Okhotsk, Sea of Japan and the northwestern Pacific. These are areas where, in time of war, the USSR would probably try to hide and protect a majority of its ballistic missile submarines. The carrier will operate with an assortment of the most modern attack submarines and guided missile cruisers/destroyers.

Naturally, the [Soviets] have some flexibility [with this carrier]," said RAdm. Butts, "[like] changing the disposition with the evolving threat, availability of ships, and mission of the battle force. The carrier will also need support ships [i.e., oilers]; even nuclear carriers need fuel to fly their aircraft."

Adm. Hayward remarked that until the Soviets obtain several carrier battle groups, U.S. naval strategy will not be "significantly" impacted.

"Unless the Congress of the United States fails to support the U.S. Navy's policy of maintaining a relatively large number of carrier battle groups into the future, [America] will maintain a dominant capability to deal with any surface combatant in any waters worldwide," said Adm. Hayward. "However, if the relative superiority among surface battle forces, which the United States presently enjoys, is permitted to erode significantly, U.S. naval tactics and doctrine will undergo dramatic change."

Admiral Thomas H. Moorer, Chief of Naval Operations from 1967 to 1970 and Chairman of the Joint Chiefs of Staff from 1970 to 1974, agreed that the employment of *Kremlin* will not change the overall strategy of the U.S. Navy. "However, it will change the priority of surface targets in that the enemy carrier must be destroyed first in any action. From the Soviet standpoint, the employment of the large carrier will simply give them more flexibility and, in my opinion, tempt them to accelerate their current strategy of expansionism."

However, it is not as important how the Soviets intend to employ *Kremlin*, but the potential capabilities it could provide, such as local air superiority, antisubmarine warfare, attacking surface vessels beyond the range of their antiship missiles, providing close air support for troops ashore, conducting mine and mine countermeasures operations, providing interdiction strikes on land installations, etc.

"I foresee the Soviet navy continuing to expand the employment of tactical aviation at sea by utilizing various classes of ships to operate the different kinds of tactical aircraft—helicopters, jet V/STOL and high-performance tactical fighters and support aircraft—just as the U.S. Navy does," said Adm. Holloway. "We must remind ourselves that there are few areas of the U.S. fleet that are not equipped to effectively utilize Naval Aviation."

In the distant future, a force of large-deck Soviet aircraft carriers could threaten the U.S. Navy's maritime supremacy, he added.

"Today, our war plans do not have to take into consideration the threat of tactical aviation in areas remote from Russian or Warsaw Pact bases," said Holloway. "With the addition of a sea-based Soviet tactical air capability, a whole new threat area must be considered and defensive measures un-

dertaken. It will drastically complicate the task of U.S. strategic planners, just as the potential of the U.S. Navy's carrier strike force has for years complicated the Soviet's overall war-fighting plans."

RAdm. Tuttle, a Naval Aviator who was Commander Battle Force Sixth Fleet prior to assuming his present position, described the U.S. Navy carrier battle group as an awesome force of massed power necessary for a variety of national purposes. "This is in very large measure due to the long evolution of U.S. aircraft carrier classes, carrier capable multimission aircraft and the dedicated, highly trained crews man them," he said. "While the U.S. did not invent all of the unique equipment necessary for a variety of fixed-wing aircraft to operate from a seagoing flight deck, our Navy has unquestionably carried the integrated development of a cohesive, orchestrated and very powerful whole to heights undreamed of by the early developers of this hybrid weapon system."

The aircraft carrier's major role in Western tradition has been power projection, according to RAdm. Tuttle. "This is in keeping with the U.S. Navy's mission under Title 10 U.S. Code, to conduct prompt and sustained combat operations at sea in support of national policies," he said. "In this sense, and given today's high-tech military capabilities, the aircraft carrier and its main battery, the embarked and versatile [90-plus plane] air wing, is the ultimate integrated weapon system which can bloody an opponent with conventional weapons throughout the world on very short notice."

Aircraft carriers in the Soviet tradition, however, have evolved as a function of strategy and plans, according to Tuttle. "Thus, *Moskva, Kiev* and follow-on class designs are and will be optimized for defense of the Soviet homeland, maritime perimeter defense and ASW protection of the Soviet strategic reserve forces [i.e., ballistic submarines]."

The *Moskva*-class helicopter cruiser, which includes a cruiser configuration forward and a helicopter deck aft, is considered the Soviet's first aviation ship. Two of these 620-foot-long, 17,000-ton vessels, *Moskva* and *Leningrad*, were built in the late 1960s to counter some 41 U.S. *Polaris* nuclear submarines. Armed with up to 14 antisubmarine *Hormone* helicopters capable of carrying bombs and torpedoes, these ships helped prove to the USSR the value of sea-based aviation. Though they recognized the *Moskva's* effective though limited capabilities, the Soviets took notice of the value of U.S. aircraft carriers. Before the 1970s, Soviet criticism toward American flattops waned as carrier participation in Vietnam and scores of other minor successful crisis management situations forced Admiral S.G. Gorshkov, Commander in Chief of the Soviet Navy, to encourage the construction of Russia's first "air-craft carrier."

In May 1975, the first vertical takeoff and landing *Kiev*-class tactical aircraft-carrying cruiser was placed into service. Today, three of these ships (*Kiev, Minsk* and *Novorossiysk*), which feature a starboard island structure and angled flight deck, are the largest in the Soviet navy. The fourth, and presumably last *Kiev*-class vessel (said to be called *Kharkov*), is expected to be operational before 1988.

Aside from carrying 14 to 17 *Hormone* and *Helix* helicopters and 12 to 14 Yak-36 *Forgers*, the *Kiev's* weapon inventory bristles with antiship cruise missiles, more than 100 long and short-range surface-to-air missiles, and air defense gun batteries.

"[Since their development in the mid-1970s], the *Kiev*-class carriers have provided the Soviets valuable experience to apply to the development of their new [large-deck] aircraft carrier," said RAdm. Butts. "Also, *Kiev* is a much more capable ASW platform with greater endurance than the earlier *Moskva*-class, a much more capable air defense platform, and a formidable-looking ship for naval diplomacy—showing the flag."

Adm. Hayward called the *Kiev*-class ships "excellent. Many navies in the world could use a ship of this category, including the U.S.," he said. "However, to compare it with a U.S. Navy carrier is disingenuous. The *Kiev* is much more like the Royal Navy *Invincible* class, though it contains considerably more overall firepower."

Besides the limitations in aircraft performance, the *Kiev*-class carriers are inferior in size, steaming endurance and offensive punch when compared to U.S. Navy flattops.

"The bow section is clearly the business end of the ship," said RAdm. Tuttle. "The [*Kiev's*] flight deck and aircraft are experiments whose mission and functions are still in the [operational] test and evaluation stages."

Adm. Moorer agreed. "[The Soviets] are simply following a long-range goal of developing and operating large aircraft carriers and the VTOL [*Kiev*] was nothing more than a learning step toward the achievement of this goal."

According to Moorer, the Soviets will continue building carriers like *Kremlin* because of the lessons learned from the Cuban missile crisis in October 1962." [That crisis] taught the Soviets that surface ships cannot operate without air cover, and lacking air cover they must remain within the envelope dictated by fighter defense range or be forced to withdraw," he said.

According to Adm. Holloway, the Soviets thought *Kiev* would be adequate for their tactical and strategic needs. Two factors, however, convinced them that it was not. "First, today's technology cannot provide a V/STOL or VTOL tactical fighter that is operationally competitive with conventional designs," he said. "Consequently, the air wings of the *Kiev*-class ships were useful only in a relatively benign air environment. The second factor is the continuing expansion of Soviet strategic ambitions. No longer is the Soviet military satisfied with merely interdicting U.S. naval capabilities. The Russians want to be able to project their presence overseas into areas more remote from Continental Russia."

Since *Kiev* can't perform this task adequately, the large-deck carrier is the key to Soviet ambitions, added Adm. Holloway.

Although the Soviet navy has been observing U.S. carrier aviation closely since the 1960s, RAdm. Tuttle believes that "watching it and doing it well are two entirely different propositions."

Like Adm. Moorer, Tuttle thinks that the construction of *Kremlin* proves the Soviet Union is committed to possessing a carrier aviation capability that may some day rival the U.S. Navy's prize 95,000-ton *Nimitz*-class supercarriers. "But I foresee a long, long time in the process for them to get there," he said. "[That's just an] operational reality which we in Naval Aviation know from long personal experience."

Whether or not the Soviet Union will ever build carriers to equal the deadly versatility of America's flattops remains to be seen. But, according to Adm. Holloway, one thing is certain: For the Soviets, a single large-deck aircraft carrier is better than none at all.

FARM CREDIT

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, November 13, 1985, into the CONGRESSIONAL RECORD:

FARM CREDIT

Agricultural issues keep appearing on the congressional agenda this year. First was a bill to give farmers more credit (passed, but vetoed); then came the omnibus farm bill (passed by the House, pending in the Senate). Another critical farm issue is looming: The Farm Credit System (FCS), holder of the largest share of agricultural loans, is in the worst shape of its 50-year history, and could collapse without help.

The FCS is a federally-chartered network of 37 banks and 800 associations cooperatively owned and operated by its member-borrowers. It is regulated by the Farm Credit Administration (FCA). The system has land banks for real estate loans, intermediate credit banks for farm operating loans, and banks for rural cooperatives. Together they hold over $70 billion in farm loans, about one-third of the nation's outstanding farm debt.

The system's banks are in trouble. They reportedly lost about one-half billion dollars during the first 9 months of this year, and officials project the first annual overall operating loss in the system's history. The FCS expects some $6 billion in loan losses the next three years, more than the system can absorb with its own resources.

The root of FCS problems is the depressed farm economy: declining exports and income, and, in particular, falling land values. Since 1981, average land values have dropped by 19% nationally, and by more than 40% in midwestern states such as Indiana. Declining equity and income have caused farmers severe financial problems, leading to huge losses for the FCS.

FCS institutions, unlike commercial banks, are not federally insured. They are also funded differently, raising money by selling bonds to private investors. Repayment of the bonds is not guaranteed by the federal government. Still, FCS bonds have been among the safest securities, with interest rates only slightly above U.S. Government securities. However, if investor confidence in the system's stability declines, the system has to pay higher rates on bonds to attract investors. The difference between Treasury and FCS interest rates is now soaring. To cover these costs and the costs of loan losses, the banks must increase loan rates for farmers. Better borrowers may then turn to other lenders, leaving the system banks with a large percentage of high-risk borrowers. Over the past 3 months, the market value of FCS bonds has declined by 8%, the loan volume has dropped by 4.4% because of fleeing borrowers.

Until recently, FCS officials maintained that the system did not need federal assistance to solve its problems. FCS banks reported major reorganizations to cut costs

and increase efficiency. But in September, the Governor of the FCA stated that, without federal help, the system could collapse in 18-24 months.

Several remedies to help the FCS have been proposed. One is direct federal loans or grants. FCS banks could use the funds to absorb loan losses and restructured debts, which would help prevent further interest rate hikes for borrowers. A second proposal would set up a holding company to purchase problem loans or land acquired by foreclosures. The holding company would stabilize land values by keeping land off the market, and could reduce interest rates to farmers by not requiring them to share the costs of bad loans. Third, interest rate buydowns for farmers, subsidized by lenders and the federal and state governments, could help producers keep up with payments. Proponents argue that without federal aid, investor funds will dry up, good borrowers will flee, and there will be further bank liquidations and farm foreclosures.

Critics of such federal aid plans argue that they are designed to help FCS bondholders more than farmers; that they focus too much on the FCS, and ignore other institutions that lend to farmers (such as commercial banks and Farmers Home) holding ⅔ of farm debt; that they could lead to unending federal aid unless changes are made in farm policy to improve farmers' income; and that they could be enormously expensive to the federal government at a time of tight budgets. They point to alternatives to help the FCS without making the American taxpayer bear most of the burden. In one plan, the federal government would guarantee FCS bonds in exchange for discounting the value of outstanding bonds—in effect making FCS bondholders pay for saving the system. Discounting the bonds could enable the system to reduce the interest rate in charges farmers.

The FCA recently proposed a rescue package to the Congress. The plan, which could cost $5-6 billion includes a line of credit to the FCS, to be repaid, with interest, when the system is more stable. Before the federal government will be willing to rescue the FCS, it will require the FCS to use its own resources (some $5 billion) and increase the FCA's regulatory power over the system. The dilemma is to try to restore the system's stability, maintain the availability of affordable farm credit, and keep government involvement and costs to a minimum.

I do not think that the passage of time alone will restore stability to the system. Congress and the President are likely to work toward a comprehensive, long-term solution to assist the FCS. A solution will not be easy. Any federal action to assist the FCS will set a precedent for dealing with other troubled lending institutions. While maintaining local involvement, more regulation and structural changes in the system will probably be required. A solution might also inlcude federal insurance and a reserve build-up to avoid a recurrence of the problem. An enormous amount of money will be necessary, and that would increase the federal budget deficit noticeably. Congress must ensure that both the assistance and the burdens are distributed equitably. No matter what the President and the Congress do, the risks and costs to the public will likely increase.

While Congress will not allow the largest network of agricultural lenders to fail, the solution will not meet everyone's expectations.

(Please help me to update my mailing lists by notifying me of any incorrect or duplicate mailings.)

DISILLUSIONMENT OF ARTURO CRUZ

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. LAGOMARSINO. Mr. Speaker, Arturo Cruz was the Sandinista's first Ambassador to the United States. He then became disillusioned with their failure to live up to the goals they had set for the future of Nicaragua and he then joined the political opposition to the Sandinistas. He had been the primary political opponent to Daniel Ortega in last year's Presidential elections until Sandinista restrictions on the campaign made it clear the elections would only be a sham. The real will of the people could not be discerned from the results of the orchestrated campaign and elections of last November.

In reviewing the events of the past year since those mock elections, Arturo Cruz stresses the democratic resistance forces are genuinely committed to democracy and, as such, represent a legitimate opposition force to the Sandinistas in Nicaragua. Cruz says there should be no doubt in the minds of the Sandinistas that the democratic resistance in Nicaragua is a force to be reckoned with and that the Sandinistas cannot continue to avoid negotiations because that is the only hope for peace in Nicaragua.

I urge my colleagues to read the following commentary by Arturo Cruz which appeared in the November 8 issue of the Los Angeles Times.

OPPOSITION HAS A DUTY IN NICARAGUA

(By Arturo J. Cruz)

Last year at this time a critical opportunity to achieve peace in Nicaragua was squandered. By going through with the November 1984, elections, in which only small or divided parties participated, the Sandinistas kept their promise that real power would not be at stake.

I was nominated by the Democratic Coordinator coalition to run against Sandinista presidential candidate Daniel Ortega, but after exhausting efforts to obtain a fair electorial contest, our campaign withdrew. In reality, we were forced out by the ruling militaristic dictatorship.

The tangled story of Nicaraguan elections exceeds the scope of this page. Suffice it to say, however, that if the electoral process had been conducted seriously, the prospects of ending our civil war would have been greatly enhanced. The Sandinistas chose otherwise, and as a result Nicaragua's problems have been greatly compounded.

There is a direct link between today's events and those of last November. In the past year the civil war has intensified—above all because of the Sandinistas' constant refusals to heed our pleas for national reconciliation. The sham elections were only one example. Afterward an attempt at national dialogue—welcomed by political moderates searching for a vehicle to resolve Nicaragua's grave problems—quickly broke down due to Sandinista bad faith. Meanwhile, censorship and harassment of opposition leaders increased. Then, last March, a broad group of the Nicaraguan opposition formally proposed a cease-fire and national dialogue leading to new elections. It was rebuffed.

The broadened state of emergency imposed two weeks ago, brutally suppressing basic rights and liberties, is only the latest in a continuum of Sandinista repression—their standard response to serious opposition.

When advocates of peaceful conflict-resolution repeatedly have doors slammed in their faces, the choices narrow. One can either give up or fight. The events of the past year, from the elections until the present, represent doors slammed shut on opportunities for peaceful change. Thus, instead of being closer to peace today we are further away than ever.

In the year that has elapsed since Nicaragua's phony elections, Central America has grown more mistrustful of Managua's intentions, the number of Nicaraguan refugees has increased, the economy is collapsing and the erosion of popular support for the government has reached critical levels.

This should come as a surprise to no one. As long as the Sandinistas shun negotiations with their internal and external opposition, Nicaragua's problems will continue to multiply. All this has led many Nicaraguan democrats to ask: When one party to a conflict is more dedicated to preserving its own power than to the national interest, when it makes a travesty of elections, stifles internal opposition and spurns negotiations, what recourse is left for its adversaries but resignation or armed resistance?

Yet we will not achieve our goals by relying simply on armed resistance. We in the Unified Nicaraguan Opposition, the new umbrella organization of the Nicaraguan resistance, are aware that the most compelling force to democratize the Sandinistas is the opposition's own genuine commitment to democracy. This reality must not be overlooked. To achieve lasting peace, totalitarianism must give away to pluralism through reconciliation. But first, polarization must give way to a consensus both among Nicaraguans and those abroad who influence them.

In the United States, such a consensus began to take shape last June, when Congress voted $27 million in non-lethal aid to Nicaraguan rebel forces. The basis of the agreement between Congress and the Administration was the pursuit of a political solution and respect for human rights on the part of the armed resistance.

In light of this fledgling consensus, it is critical to recognize that the success of the Nicaraguan opposition movement and the success of U.S. policy overlap on one crucial point; the ability of the opposition to act as a truly democratic resistance movement. This is the key to ensure that widespread popular discontent with the Sandinistas translates into broad support for the opposition. There would then be unquestionably valid reasons for the United States to continue aid. And, most important, the existence of a strong consensus might finally induce the Sandinistas to negotiate with their internal dissidents and the armed resistance.

For this to occur, however, we must be clear above all on one point: Placing the resistance movement's commitment to peace through democracy beyond doubt would leave the Sandinistas with no more excuses

for evading their historical responsibility for peace with the Nicaraguan people.

NUCLEAR TERRORISM: A VERY REAL THREAT

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. WOLPE. Mr. Speaker, I urge my colleagues to review the following article which presents a compelling and very troubling picture of American vulnerability to nuclear terrorism. As we approach the American-Soviet summit meetings, it is appropriate that we focus on the serious problem of controlling the superpowers arms race. However, we cannot afford to exclude from our agenda the equally serious problem of so-called horizontal nuclear proliferation. We lose ground with each passing day that we fail to confront what is clearly one of our most perilous of all pending threats—the prospect of nuclear explosives getting into the hands of terrorists. As this article notes, the potential for this sort of catastrophe has been acknowledged since the very first days of atomic weaponry. A top-secret Pentagon report, written 40 years ago, warned:

The present bomb is composed of parts of such weight and size that a strong man can handle any of them alone. A quantity of these bombs could be distributed and assembled stealthily throughout the major cities of the United States.

It is imperative that Congress act to examine and address this issue. If we are serious about protecting our national security and the lives of our citizens, this examination must begin promptly. As part of this effort, I have introduced H.R. 903, the Nuclear Explosives Control Act, which is designed to strenthen our country's nuclear export criteria, offer positive incentives for nations to forego the use of dangerous plutonium and highly enriched uranium in their nuclear energy programs, and to discourage world commerce in U.S.-origin nuclear explosive materials. This is not the whole solution, but at least it is a solid first step in the right direction. The "nuclear genie" is out of the bottle and the challenge is to develop and implement responsible preventative mechanisms to handle this threat.

[From the Parade magazine, Nov. 3, 1985]

CAN WE STOP A BOMB SMUGGLER?

(By Andrew Cockburn)

As the U.S. embarks on the multibillion-dollar "Star Wars" program to develop a shield against Soviet ballistic nuclear missiles, defense officials are facing one particularly frightening problem: It is just as easy to smuggle a nuclear warhead into the United States or any other country as it is to send it on an intercontinental missile or bomber. With today's technology, nuclear devices can be made small enough to be carried by hand and remain almost completely undetectable by even the most sophisticated monitoring equipment. They also are extremely powerful.

This means the U.S. is, and probably will remain, wide open to a terrorist attack from any country that has the resources and will to steal or construct nuclear weapons, such as Libya or Iran. It also means the Soviets could make precise strikes against key targets in the U.S. without any interference from a "Star Wars" defense. Dr. Thomas Amlie, former technical director of the Naval Weapons Center at China Lake, Calif., notes wryly: "A hand-carried device should be accurate to within a foot, which is a lot better than any ICBM that I know of. Their main problem could be finding a space in the Pentagon car park."

The problem is not new. On Sept. 20, 1945, while the ashes of Hiroshima and Nagasaki were still smoldering, a top-secret Pentagon report warned: "The present bomb is composed of parts of such weight and size that a strong man can handle any of them alone. A quantity of these bombs could be distributed and assembled stealthily throughout the major cities of the United States." Preventing their arrival and secret assembly, the report went on, "would rquire a regimentation of individual freedom of action to a degree which would be repugnant to the American people."

Terrorism was not then considered the scourge it is today. What alarmed policymakers in the 1940s and 1950s was the possibility that the Soviets, even without intercontinental bombers and missiles, would have little trouble getting a nuclear weapon to a U.S. target. A top study for the National Security Council in 1957 outlined how a clandestine nuclear attack on selected Strategic Air Command bases "could seriously curtail SAC operations with a possibly decisive effect on the outcome of the nuclear exchange." A 10-megaton weapon detonated in New York, the study added, "would avoid the cost of penetrating New York's relatively strong defense against air attacks." Officials drew up elaborate plans to restrict all Communists bloc shipping to isolated ports on the east and west coasts while expanding the Coast Guard into a huge defense force against nuclear smugglers. In order to test the ways that a nuclear warhead could be brought across our borders, special forces teams carrying simulated nuclear bombs made dozens of dummy runs using every conceivable means, including trucks, small planes and boats. None was intercepted.

Such evidence of the difficulty of doing anything about the "strategic nuclear suitcase," together with the Soviet ICBM build-up of the 1960s, seems to have caused high-level policymakers to stop thinking about this particular threat. Dr. Theodore Taylor, then a leading nuclear-weapons designer, took part in a number of secret studies on the subject of nuclear terrorism. He explains that "there was no way you could get a handle on the problem, so people stopped thinking about it so much."

Other nuclear strategists point out that the Soviets would have had less need to use smuggled warheads once they had built up a large force of ICBMs. "They might have problems with timing and coordination in a large-scale attack using smuggled weapons," says one former high-level defense official, "but of course that option could become very attractive if you really did have a 'Star Wars' system in place."

Warhead designers have made strides since the 1950s in building weapons that are small, powerful and "clean" in the sense that they emit hardly any radiation. Our special forces are trained in the use of the 58½-pound "nuclear backpack." It has an explosive power equivalent to 250 tons of TNT but, according to nuclear-weapons experts, that easily could be raised to 7 kilotons, meaning equivalent to 7000 tons of TNT. This weapon, known as the SADM (Special Atomic Demolition Munition), is not the limit in smallness. The Department of Energy, which controls U.S. nuclear-weapons development and production, is trying to get funds for a smaller one, while the thousands of nuclear artillery shells in the superpower arsenals have warheads compact enough to fit into an overnight bag. On only a slightly larger scale the cone-shaped warhead on the MX missile, which has an explosive power of 335 kilotons, measures about 2 by 3 feet and weighs only 250 pounds. "There is absolutely no reason to believe that Soviet weapons-designers these days are any less skilled at miniaturization than our own," says David Isby, an authority on the Soviet military who serves as a consultant to Congress and the Pentagon. "In any case, it is far easier to miniaturize a device if it does not have to withstand the stresses of being fired from a gun or traveling through space on a missile."

It is certainly true that the Department of Energy has taken steps to deal with a threat from nuclear terrorists. Nuclear Emergency Search Teams are in constant readiness at Andrews Air Force Base, outside Washington, D.C., and at McCarran International Airport in Nevada. They are trained to find and disarm nuclear bombs. But they operate on the assumption that the purpose of such a bomb would be blackmail, so that it would not be let off without some kind of warning. In a military attack against strategic targets in the U.S., however, there would be no such warning.

Bernard J. O'Keefe, who performed a vital last-minute repair job on the bomb that destroyed Nagasaki, is chairman of the executive committee of EG&G Inc. His company supplies the key personnel for Nuclear Emergency Search Teams, He admits that his men and women could not possibly find a bomb without some sort of general information, in the form of a threat: "You have to have some notification. There is no way of scouring New York or Washington, D.C., on the chance that something is there. There is no surveillance that I can think of that would allow you to check if a bomb is being brought into the country."

The Soviets share our dilemma.

"All sorts of things can be and are smuggled into the Soviet Union." says Jeffrey Barrie, a former U.S. military attaché in Moscow. "If a well-organized group wanted to get a nuclear weapon into the Soviet Union, I think they could do it. The best way would be by some combination of train and truck transportation. The airports would be too dangerous—too much security."

Drug traffic into this country is a good example of the openness of our own borders. Despite stepped-up surveillance in recent years along the major drug-entry routes, officials admit that they have no real idea as to the amount of illegal narcotics that flows in. If the frontiers cannot be sealed against drugs, it is hardly likely that deadlier cargoes can be excluded.

Asked about this problem last March, Defense Secretary Caspar Weinberger replied. "I come down, when faced with that dilemma, with a very simple response: We have to do what is necessary to keep our peace, freedom and security." The Strategic Defense Initiative Organization, which is developing

"Star Wars," says the problem of smuggled nuclear weapons "is not in our charter."

John Pike, a weapons specialist with the Federation of American Scientists, puts it this way: "Suppose 'Star Wars' works. How are you going to prevent somebody from wrapping an H-bomb in a bale of marijuana?"

SUPERFUND AMENDMENT ALLOWING VICTIMS OF HARM TO SUE FOR DAMAGES

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. FRANK. Mr. Speaker, I intend to offer an amendment to the Superfund reauthorization that would allow persons injured by hazardous substances to sue in Federal court for damages. The original enactment of Superfund was a recognition by the Federal Government that the problem of hazardous waste is a national one and that there should be a national response. I believe that this national response should encompass those most damaged by hazardous substances, victims of actual harm.

Last year a provision for a Federal cause of action was narrowly defeated on the House floor. In response to many of the concerns raised by those who supported a mechanism by which victims could sue for damages under Superfund but were concerned that some provisions in last year's language might result in excessive liability for those with minimal or no actual responsibility for injuries, I have redrafted the amendment to insure that it deals fairly with innocent parties. For instance, my amendment states clearly that victims must show by "a preponderance of the evidence" that the damages claimed were caused by the hazardous substance in question. Furthermore, defenses from liability have been included for de minimus contributors and innocent landowners. Moreover, the amendment explicitly states that joint and several liability will not apply where the harm is shown to be divisible and that the court can apportion damages among defendants once liability is found. Lastly, the amendment specifically protects sovereign immunity, preventing suits against the United States or any State or local government.

It is clear to me that we need a Federal cause of action in the Superfund law. I have tried, in my amendment, to respond to constructive criticism of last year's language. What follows is the current draft of the amendment and I welcome suggestions on how it might be further improved.

AMENDMENT TO H.R. 2817, AS REPORTED BY THE COMMITTEE ON ENERGY AND COMMERCE, OFFERED BY MR. FRANK

Add at the end the following:

TITLE V—FEDERAL CAUSE OF ACTION

SEC. 501 DEFINITIONS.

For purposes of this title:

(1) MEDICAL COSTS.—The term "medical costs" means the costs of all appropriate medical, surgical, hospital, nursing care, ambulance, and other related services, drugs, medicines, as appropriate for both diagnosis and treatment, and any rehabilitative programs within the scope of section 103 of the Rehabilitation Act of 1973 (29 U.S.C. 723).

(2) DEPENDENT.—The term "dependent" means with respect to any deceased person the individual or individuals referred to in section 8110 of title 5, United States Code, as in effect on May 10, 1984.

(3) RELEASE.—The term "release" means the discharge, deposit, injection, dumping, spilling, leaking, storing, treating, or placing, of any hazardous substance into or on land or water or air, except that such term shall not include activities referred to in subparagraphs (B) through (D) of section 101(22) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

(4) SUPERFUND TERMS.—The terms "Administrator", "act of God", "hazardous substance", and "facility" shall have the same meaning when used in this title as when used in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

SEC. 502. LIABILITY.

(a) LIABILITY.—Notwithstanding any other provision or rule of law, and subject only to the defenses set forth in subsection (d) of this section, the persons described in subsection (b) shall be liable for damages to an individual (and his dependents) if the plaintiff establishes each of the following by a preponderance of the evidence:

(1) There is a release of a hazardous substance from a facility.

(2) The release causes the incurrence of the damages.

(3) The damages are compensable under this title.

(b) PERSONS LIABLE.—The following persons shall be liable under subsection (a):

(1) The owner and operator of the facility at which the release occurred.

(2) Any person who owned or operated the facility at which the release occurred at the time any hazardous substance was disposed of at such facility.

(3) Any person who by contract, agreement, or otherwise made one of the following arrangements:

(A) An arrangement for disposal or treatment by any other party or entity of hazardous substance owned or possessed by such person, at any facility—

(i) which is owned or operated by another party or entity,

(ii) which contains such hazardous substances,

(iii) from which the release occurred.

(B) An arrangement with a transporter for transport of hazardous substances owned or possessed by such person for disposal or treatment by any other party or entity at any facility referred to in clauses (i) through (iii) of subparagraph (A).

(4) Any person who accepts or accepted any hazardous substance for transport to disposal or treatment facilities or sites selected by such person from which such release occurred.

A person described in paragraph (3) or (4) shall be liable under this section only if the plaintiff establishes by a preponderance of the evidence that the type of hazardous substance involved in the disposal or treatment referred to in paragraph (3) or (4) causes the type of damages incured by the plaintiff.

(c) STRICT; JOINT AND SEVERAL.—(1) The liability of any person under this title shall be strict. Except as provided in paragraph (2) of this subsection, such liability shall be joint and several. Nothing in this section shall be construed to affect the equitable powers of apportionment of any court following an adjudication of liability.

(2) If any defendant in an action under this section establishes by a preponderance of the evidence that the harm for which damages are compensable under this title is divisible, he shall be liable only for his portion of such harm and shall not be jointly and severally liable.

(d) DEFENSES.—(1) There shall be no liability under subsection (a) for any defendant who can establish by a preponderance of the evidence that the exposure to a hazardous substance or the damage resulting from such exposure, was caused solely by one or more of the following:

(A) An act of God.

(B) An act of war.

(C) An act or omission of a third party if the defendant establishes each of the following by a preponderance of the evidence:

(i) The defendant exercised due care with respect to the hazardous substance concerned, taking into consideration the characteristics of such hazardous substance, in light of all relevant facts and circumstances.

(ii) The defendant took precautions against foreseeable acts or omissions of any such third party and the consequences that could foreseeably result from such acts or omissions.

(2) Paragraph (1)(C) shall not apply in the case of a third party which is one of the following:

(A) An employee or agent of the defendant.

(B) A person whose omission occurs in connection with a contractual relationship, existing directly or indirectly, with the defendant (except where the sole contractual arrangement arises from a published tariff and acceptance for carriage by a common carrier by rail).

(3) No defendant described in subsection (b) (3) or (4) shall be liable under this section if he establishes by a preponderance of the evidence that both of the following are minimal in comparison to other hazardous substances involved in the release which caused the incurrence of damages:

(A) The amount of the hazardous substance involved in the defendant's arrangement referred to in subsection (b)(3) and the defendant's transportation referred to in in subsection (b)(4).

(B) The toxic or other hazardous effects of the hazardous substance involved in the defendant's arrangement referred to in subsection (b)(3) and the defendant's transportation referred to in subsection (b)(4).

(4) No defendant shall be liable under this section if he establishes each of the following by a preponderance of the evidence:

(A) That the defendant is the owner of the real property on or in which the facility is located.

(B) That the defendant did not conduct or permit the generation, transportation, storage, treatment, or disposal of any hazardous substance at the facility.

(C) That the defendant did not contribute to the release of a hazardous substance at the facility through any action or omission.

The defense under this paragraph shall not be available to a defendant who purchased the real property and who knew or reasonably should have known that the property was used for the generation, transportation, storage, or disposal of any hazardous substance.

(e) CONTRIBUTION.—After adjudication of liability and recovery of damages in any action under this section, any defendant held liable for damages in such action may bring a separate action in the appropriate United States district court to require any other person referred to in paragraph (1), (2), (3), or (4) of subsection (a) to contribute to payment of such damages.

(f) APPORTIONMENT.—Following an adjudication of joint and several liability in an action under this section, the court may apportion damages among parties held jointly and severally liable. In apportioning the damages the court may consider, among other factors, each of the following:

(1) The amount of hazardous substances involved.

(2) The degree of toxicity of the hazardous substances involved.

(3) The degree of involvement by the parties in the generation, transportation, treatment, storage, or disposal of the hazardous substances, taking into account the characteristics of such hazardous substances.

(4) The degree of cooperation by the parties with Federal, State, or local officials to prevent any harm to public health or the environment.

(5) The amount of damages which should justly be attributed to other potentially liable parties who are not, and could not be, brought before the court.

(g) JOINDER.—Joinder of claims and persons in actions under this section shall be in accordance with the Federal Rules of Civil Procedure.

SEC. 503. REALLOCATION OF UNCOLLECTIBLE APPORTIONED SHARES.

Upon a motion made by any plaintiff or defendant in an action under this title not later than 2 years after judgment is entered, the court shall determine whether all or part of the amount for which another jointly liable party is responsible is uncollectible from that liable party, and shall reallocate any uncollectible amount among the other jointly liable parties, according to the ratio of their previously apportioned share of the damages. The jointly liable parties whose shares are reallocated are nonetheless subject to contribution and to continuing liability to the plaintiff.

SEC. 504. EVIDENCE.

The Federal Rules of Evidence shall apply in actions under this title. Any information which tends to establish that exposure to a hazardous substance in question causes or contributes, or does not cause or contribute, to damages compensable under this title of the type or class allegedly suffered by an individual, shall be treated as relevant evidence in an action under this title, including the following:

(1) Any toxicological profile prepared under section 116 of the CERCLA Reauthorization Act of 1985.

(2) Any health effects study carried out under section 104(l) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

(3) An increase in the incidence of injury or illness, or an increase in the incidence of death, in the exposed population above that which is otherwise expected.

(4) Epidemiological studies.

(5) Animal studies.

(6) Tissue culture studies.

(7) Micro-organism culture studies.

(8) Laboratory and toxicologic studies.

SEC. 505. COMPENSABLE DAMAGES.

The following damages shall be compensable under this title:

(1) Any medical expenses, rehabilitation costs, or burial expenses due to personal injury, illness, or death.

(2) Any loss of income or profits or any impairment or loss of earning capacity due to personal injury, illness, or death.

(3) Any pain and suffering which results from personal injury, illness, or death.

(4) Any economic loss and any damages to property, including real and significant diminution in value.

Pain and suffering shall not be compensable under this title for an individual to the extent that such pain and suffering results from such individual's unreasonable fear of experiencing his own physical injury, illness, or death where such individual has not experienced any such physical injury, illness, or death or from such individual's unreasonable fear of another person's personal injury, illness, or death where such other person has not experienced any such physical injury, illness, or death.

SEC. 506. JURISDICTION: COSTS OF LITIGATION.

(a) JURISDICTION.—Any action under this title may be maintained in a district court of the United States in a district in which either the plaintiff or defendant resides or in which the defendant's principal place of business is located, without regard to the amount in controversy. Jurisdiction of the United States district courts over an action under this title shall be concurrent with the jurisdiction of the courts of any State over such an action and nothing in this section shall be construed to affect the jurisdiction of any State court with respect to any action under this title.

(b) COSTS OF LITIGATION.—In issuing any final order in any action under this part, the court may award costs of litigation (including reasonable attorney and expert witness fees) to the prevailing or the substantially prevailing party whenever the court determines such award is appropriate.

SEC. 507. STATE LAW.

Nothing in this title shall be construed to preempt, or otherwise affect, any Federal or State law, or rule or principle of Federal or State law, regarding liability for damages in connection with any hazardous substance.

SEC. 508. LIMITATIONS.

(a) 3-YEAR PERIOD.—No action may be brought by any individual under this title after the end of a 3-year period beginning on the later of the following:

(1) The date the individual knew (or reasonably should have known) that the injury, illness, or death or other expense was caused by the hazardous substance concerned.

(2) The date of enactment of this Act.

(b) MINORS AND INCOMPETENTS.—The time limitation described in subsection (a) shall not begin to run—

(1) against a minor, until that minor reaches 18 years of age or has had a legal representative appointed; or

(2) against an incompetent individual, until that individual becomes competent or has had a legal representative appointed.

(c) DAMAGES INCURRED BEFORE ENACTMENT.—No action may be brought by any person under this title for any damages due to the illness, injury, or death of any individual if such damages were incurred more than 10 years before the date of the enactment of this Act.

(d) OTHER STATUTES.—No action may be brought by an individual under this title for any damages if, prior to the enactment of this Act, the statute of limitations has expired for any cause of action which (but for such expiration) would have been available to such individual under any other authority of law for recovery of the same damages and if the rights of such individual under such other authority of law (including the applicable statute of limitations) are equivalent to such individual's rights under this title.

SEC. 509. WORKER'S COMPENSATION.

No employee, or employee's spouse, dependent, relative, or legal representative, who may assert a claim against the employee's employer under a State or Federal workers' compensation law based on the employee's workplace exposure to a hazardous substance shall be entitled to recover any amount under this title from the employee's employer, such employer's insurance carrier, or a fellow employee based on that exposure.

SEC. 510. COLLATERAL RECOVERY.

No person may bring separate actions in both the courts of any State and the courts of the United States for damages compensable under this title which result from harm caused by the release of a hazardous substance.

SEC. 511. ADDITIONAL RECOVERY.

(a) ADDITIONAL AMOUNTS.—No individual who has recovered any amount in an action under this title with respect to harm caused by the release of any hazardous substance shall be prohibited from recovering from the same defendant or defendants an additional amount under this title if—

(1) such individual establishes (in a subsequent action under this title) that—

(A) personal injury, illness, or death which becomes manifest after the prior action was caused by such release, and

(B) such personal injury, illness, or death was not known, and reasonably could not have been known (on the basis of the facts and circumstances regarding the release) at the time the prior action was brought under this title, and

(2) such individual did not receive compensable damages in anticipation that such personal injury, illness, or death would be discovered.

(b) ACTIONS UNDER OTHER LAW.—An individual who previously brought suit in State or Federal court under any other authority of law for damages compensable under this title which were caused by the release of any hazardous substance may not bring an action under this title for the same damages caused by the same release if judgment on the merits was entered or amicable settlement was completed in the prior suit in State or Federal court.

SEC. 512. CLASS ACTIONS.

It is the policy of the Congress to encourage certification of class actions in actions under this title involving common issues of fact or law. In furtherance of that policy, the Congress finds that the requirements of Rule 23 of the Federal Rules of Civil Procedure are met in actions under this title arising from the same release and presenting common issues of fact or law and involving 30 or more potential claimants.

SEC. 513. PUNITIVE DAMAGES.

In any action under this title, punitive damages may be awarded in the case of conduct manifesting a conscious, flagrant indifference to the safety of those persons who might be harmed by a hazardous substance, pollutant, or contaminant and constituting an extreme departure from accepted practice.

SEC. 514. LIABILITY OF THE UNITED STATES.

The United States shall not be liable under this title, either directly or indirectly or through indemnification, in any action brought under this title or under section 1346(b) of title 28 of the United States Code. No State or local government shall be liable under this title either directly or indirectly or through indemnification in any action brought under this title.

YOUTH AND THE NATIONAL DEBT CRISIS

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. EDWARDS of California. Mr. Speaker, I would like to call to the attention of my colleagues an insightful article which appeared in the Christian Science Monitor on Tuesday, November 12.

It is especially pleasing for me to point out this article, entitled "Youth and the National Debt Crisis," because the author, Matthew J. Cossolotto, is an aide to Majority Leader JIM WRIGHT. Mr. WRIGHT is indeed fortunate to have such a talented and articulate staff person working for him.

Mr. Cossolotto poignantly describes the dangers of our current $2 trillion debt. He points out that for today's young people the national debt hangs like a sword of Damocles over their heads, darkening their prospects for the future. His article makes clear that unless we act now, the next generation will face an era of diminishing opportunities and limited possibilities.

Mr. Cossolotto's article is directed mainly at today's youth, pointing out their responsibilities and stake in changing our current fiscal policies. However, we would all be well advised to take Mr. Cossolotto's words to heart, and realize that we must come to terms with the national debt; if not for our sake, then for our children's sake.

[From the Christian Science Monitor, Nov. 12, 1985]

YOUTH AND THE NATIONAL-DEBT CRISIS

(By Matthew Cossolotto)

The post-World War II generation was the first to grow up learning about the "big bang" theory, and the first to grow up knowing that life on earth could end with a nuclear big boom. Now, with a $2 trillion national debt turning America into a fiscal Titanic, baby boomers could become the generation of the economic "big bust."

Unless young people start putting pressure on policy-makers for a change toward responsible budgets, national indebtedness will continue to hang over their future like a sword of Damocles.

With Congress in the process of agreeing to increase the national-debt ceiling, now is the time to focus national attention on the rising tide of red ink in Washington. Calling the debt limit a "ceiling" is ironic, since it has been routinely increased for years. One wonders just how often a ceiling can be raised without somebody somewhere raising the roof!

And that's exactly what young people should do. They should blow the whistle on the borrow-and-spend policies of the administration and demand that Congress adopt a pay-as-you-go approach to fiscal policy.

When they were teen-agers, many of today's young probably charged clothes and albums on their parents' credit cards. Now the situation is reversed. In the past five years alone, their parents have added $1 trillion to the national debt, and it will fall to them, the next generation, to pay it off or declare national bankruptcy.

Those in their mid-30s or younger have the most at stake in the current debate about deficits and debt ceilings; yet when election time rolls around, this group decides disproportionately not to participate. A paltry 41 percent of 18- to 24-year-olds bothered to vote in 1984. The 25-to-34 age cohorts turned out in large numbers at the polls, but their showing of 54.5 percent was still far below participation levels of 72 percent for Americans over the age of 55.

So, while demographics may suggest a slow shifting of political power to the post-World War II generation, actual political power, reflected by voter participation, still resides with the parents and grandparents of the baby-boom generation.

By sitting on the electoral sidelines, younger Americans set themselves up to be fleeced by the policymakers. Only by actively participating in the political process can they hope to slow down the frenzy of borrowing that passes for fiscal policy in Washington.

The bigger they allow the deficit and the debt to grow, the narrower will be American policy choices in the future. The administration is painting the next generation into a fiscal corner, and is using red ink to do it.

As a member of the younger generation, I personally oppose having to deal with the deficit by cutting financial aid to education, curtailing food assistance to the poor, and standing by while our roads and bridges crumble. I worry that, because of the budget crisis, we're going to return to a less enlightened America of limited economic and educational opportunities, especially for women and minorities.

Because of runaway debt, the federal government will have to devote more and more revenue just to pay the tab for interest on the national debt. Next year, $150 billion will be wasted on interest payments alone. That's equal to what was spent for defense five short years ago.

In all likelihood, before the elections of 1986, the federal government will have accumulated a debt in excess of $2 trillion. That should be a potent political issue, and young people should get out and vote. They should vote their pocketbooks by supporting candidates who offer a pay-as-you-go, pay-what-you-owe budget program.

Some say the best solution is a Constitutional amendment mandating a balanced budget. More to the point might be an amendment to the Ten Commandments directing young people not only to honor their parents, but also to honor their parents' debts.

GENEVA: A HISTORIC OPPORTUNITY

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. GEPHARDT. Mr. Speaker, yesterday House Democrats reaffirmed their support for President Reagan at the upcoming summit with General Secretary Gorbachev. This meeting gives us the first opportunity in 6 years to raise at the highest levels the issues of increasing human rights and decreasing our nuclear arsenals.

Both countries can now replace propaganda with progress.

This summit is long overdue. Sadly, the torch of human rights lighted by the Helsinki Final Act has dimmed around the world. Today, the refuseniks in the Soviet Union and the countries under Soviet domination suffer in the shadows. We must make it clear that improved long-term relations between our countries depend on Soviet progress in human rights and Soviet restraint in world affairs.

Still, the most important item on the agenda is reducing the threat of nuclear war. For years, the nuclear sword of Damocles has hung over all of us. The development of new weapons by both sides has inexorably driven us toward the day when striking first may be chosen first in a crisis. We applaud the wisdom and courage of a President who has chosen to meet at the negotiating summit rather than at the nuclear abyss.

I support the President in his primary task: to ensure that the United States is strong enough to deter any attack by an aggressor against our Nation and our allies. I am realistic about this summit, for many difficult issues separate our countries. The United States has certain basic national security interests which we must not compromise. An agreement must be verifiable. It must increase nuclear stability. And it must enhance the material security of the United States.

Any agreement must meet these conditions. For we seek arms control agreements not just for agreements' sake or even for better relations between our two countries.

Rather, we seek arms control agreements as investments in our own security that steer both countries away from destabilizing and dangerous courses of military action. They impose verifiable limits on Soviet military programs, improve our intelligence, and reduce the number of warheads aimed at our country.

Of course, we must resolve current concerns over existing treaties. The Soviets, for example, must observe the antiballistic missile treaty by terminating programs such as the Krasnoyarsk phased-array radar in Siberia.

Mr. Speaker, since the nuclear arms race began in 1945, moments of hope and courage have advanced the effort to eliminate these weapons before they eliminate us—the limited test ban, the nonproliferation treaty, SALT I and SALT II. But these positive steps have been overshadowed by the inexorable growth in nuclear forces—in both numbers and capability.

At a minimum, we need to limit the most destabilizing of our forces. The stakes are high, for in the balance hang the lives and freedom not just of every American but of every person on the globe.

Yet, I am an optimist. I believe the summit gives the leaders of both nations the ability to take charge of the process and override bureaucratic inertia and resistance.

So let us all, as Americans, wish our President success in this endeavor. He has a rare opportunity to shape history. He carries with him to Geneva the support and hope of all Americans. Let history write that, with our support, an American leader led the world toward its greatest dream—peace with security.

CHIROPRACTIC HOSPITAL OPENS IN SOUTH CAROLINA

HON. CARROLL A. CAMPBELL, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. CAMPBELL. Mr. Speaker, recently the Nation's second chiropractic hospital was opened in Spartanburg, SC, by Dr. Michael U. Kale. I would like to share with my colleagues the story of this new facility which appeared in the Spartanburg Herald Journal:

[From the Spartanburg Herald Journal]

NATION'S SECOND CHIROPRACTIC HOSPITAL TO OPEN HERE

(By Nancy Atkins)

A Spartanburg chiropractor has opened the nation's second chiropractic hospital.

On July 24, Dr. Michael Kale was licensed to operate a 24-hour chiropractic facility, a goal he had been working toward for 13 years.

Kale said this week that, so far, he has had three referrals from chiropractors in various areas of the country. These patients will be coming to Spartanburg from Idaho, New Mexico and Pennsylvania.

Kale opened his chiropractic practice in Spartanburg in 1968 and first brought the idea of a chiropractic hospital to the State Board of Health 13 years ago. He has been operating a chiropractic day clinic since 1974.

"I found that many patients, those with severe problems, needed constant care. They would come in for a treatment, drive home and then they would require another treatment.

"Most of these patients are people who have been to everyone else, clinics and hospitals everywhere, and they have nowhere else to go. They come here and ask me if I can help," he said.

Kale said some insurance policies cover a portion of the cost of transporting these patients to the Kale Hospital for treatment. Kale's staff arranges for transportation from the airport.

The nation's first chiropractic hospital was opened in Denver in 1947. Today that facility has 650 beds.

"At first they (the State Board) took it as a joke. But I kept coming back and finally I hired a lawyer. They realized then that I wasn't going away," Kale said.

On March 27, 1984, a measure setting requirements for establishing a 24-hour chiropractic center was adopted by the S.C. General Assembly. But, Kale said that his battle did not end there.

Next came an effort to meet state regulations. Kale said he had to meet the same regulations that any hospital in the state has to meet. Those include, fire, safety, even regulations on the type of paint used on the walls, curtains in windows, carpet on floors, grab bars, water temperature, emergency generators and disaster plans.

In July, after a final inspection by the South Carolina Department of Health and Environmental Control (DHEC), Kale received his license to operate a 24-hour chiropractic facility.

The hospital is an extension of the day clinic Kale has always provided in his location off Highway 585 in Spartanburg. Care at the hospital costs approximately $110 per day.

It is licensed for 10 beds for 24-hour patients. Those beds are backed up by four free-standing clinics. The facility is now staffed by five chiropractic doctors. A sixth is scheduled to begin practice there next week.

Kale said the referrals to Spartanburg will come from chiropractors across the nation. He said there are 40 which practice "specific chiropractic" as Kale does.

He described specific chiropractic as a specialization within the field of chiropractic that deals only with the spine and adjustment relating to the nervous system. This type of chiropractic was practiced in the B.J. Palmer Research Clinic.

Kale's hospital contains 5,000 square feet. It is located on 23 acres, overlooking a 27-acre lake. The facility adjoins Lakeview Nursing Home, which also is owned and operated by Kale. The nursing home will prepare meals for chiropractic patients.

Kale said there is adequate space for expansion at this location. Expansion will require a certificate of need from DHEC as does any nursing home or hospital expansion project.

Kale said he is proud to have set the state standards for chiropractic hospitals, but he admits being tired from fighting a long bureaucratic battle to become licensed.

ARMS CONTROL WORKSHOPS SEEK TO IMPROVE CONGRESSIONAL INVOLVEMENT IN ARMS CONTROL POLICY

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. FASCELL. Mr. Speaker, I have sought to improve congressional involvement in arms control and in national security policy by holding a series of workshops on a wide variety of arms control topics. These workshops have been open to all Members of Congress. Some of the most notable personalities in the arms control field have been invited to be guest experts and give presentations at these workshops. The workshops have been held in conjunction with a year-long study by the Congressional Research Service on the fundamentals of arms control.

It is my impression that the many Members of Congress who have attended these workshops have benefited from this informal setting where they have been able to question the experts, express their own views, and discuss fully the important arms control questions facing our country. One of my reasons for organizing these arms control workshops has been to encourage more Members of Congress to play well-informed and active roles on arms control matters.

The arms control workshop held today, November 14, is the ninth and last workshop in this series. The listing below of the nine workshops, their topics, and the guest experts illustrates the comprehensive approach and breadth of knowledge and experience that were involved.

Nuclear arms control workshops held by the Committee on Foreign Affairs and the Congressional Research Service in 1985:

Workshop No. 1: February 6, 1985—
Topic: Nuclear Arms Control: A Brief Historical Survey.
Experts: Colin Gray and Herbert Scoville.
Workshop No. 2: March 4, 1985—
Topic: Goals of U.S. Nuclear Arms Control Policy.
Experts: David Aaron and Eugene Rostow.
Workshop No. 3: April 16, 1985—
Topic: Nuclear Arms Control: Structuring Proposals and Agreements.
Experts: Philip Farley and Walter Slocombe.
Workshop No. 4: May 21, 1985—
Topic: Treaty Compliance and Nuclear Arms Control.
Experts: Ray Cline and Sidney Graybeal.
Workshop No. 5: June 19, 1985—
Topic: Developing Positions: The Internal Dynamics of U.S. Nuclear Arms Control Policymaking.
Experts: Les Gelb and Strobe Talbott.
Workshop No. 6: July 23, 1985—
Topic: Nuclear Arms Control: Soviet Attitudes and Objectives in Negotiations.
Experts: Jonathan Dean and Raymond Garthoff.
Workshop No. 7: September 12, 1985—
Topic: Technology and Nuclear Arms Control.
Experts: Richard DeLauer and Jack Ruina.
Workshop No. 8: October 8, 1985—
Topic: Linkage: Nuclear Arms Control in the Broader Context of United States-Soviet Relations.
Experts: Dimitri Simes and John Steinbruner.
Workshop No. 9: November 14, 1985—
Topic: The Congressional Role in Nuclear Arms Control.
Experts: John Culver and Stan Heginbotham.

Each workshop has been coordinated with a chapter-length study by the Congressional Research Service on the same nuclear arms control topic. Three of the nine studies have already been published by the Committee on Foreign Affairs. They will all be published separately and then together in one volume entitled "The Fundamentals of Nuclear Arms Control." I believe that this study will be a very useable and helpful guide for Members of Congress. The study will certainly reveal the important contribution that nuclear arms control has made to U.S. national security interests.

As Members of Congress, we are aware of and share our constituents' deep concern about nuclear war and peace issues, nuclear weapons, and the fact that Ronald Reagan is the first President since Harry Truman not to have reached an agreement with the Soviet Union to control nuclear arms. Congress can and must continue to

provide leadership on nuclear arms control policy. The comprehensive study on the fundamentals of nuclear arms control and the arms control workshops were designed to contribute to preparing Members of Congress to offer constructive nuclear arms control alternatives and generally to be more actively involved in the arms control policymaking process.

SCRAPPY METAL BROKER FINDS A MARKET NICHE

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. WOLPE. Mr. Speaker, we are all too aware of the serious problems facing the U.S. steel industry. I would like to draw the attention of my colleagues to the following article which appeared in the Kalamazoo Gazette. It describes a small family business in my congressional district which, through hard work and good business sense, continues to prosper despite the problems confronting the Nation's steel industry.

SCRAPPY METAL BROKER FINDS A MARKET NICHE

(By Kathy Jennings)

While the number of scrap metal processors and brokers around the nation is in rapid decline, Kalamazoo's Schupan & Sons is fighting to keep from becoming one of the statistics.

"We've made a large investment in our plant and equipment. We're here to stay," says Marc A. Schupan, company president. "We're doing all we can to assure that we continue to be viable into the 1990's."

Schupan says that means being flexible.

For scrap and metal processors, the world has changed dramatically in the past 10 years. Gone are the days when ecology and the environment were of primary concern to the general public—a time when recycling was viewed as a business with unlimited growth potential and the answer to many solid waste problems.

Today the reality of scrap metal processing is one of soaring costs, regulatory problems, shrinking markets and depressed prices.

"Everything we sell, except aluminum, is worth less than it was 10 or 11 years ago," says Schupan. "There are less and less consumers for our materials. The whole market is changing. Costs have escalated while the value of what we have to sell has gone down."

The Institute of Scrap Iron and Steel Inc. evaluates the situation succinctly: "The simple fact is the United States generates far more scrap than steel mills and foundaries choose to buy."

A report prepared by the institute paints a bleak picture of the industry.

"Recovery of metals is difficult and expensive. After extraction, marketing is difficult and not very profitable; in most cases a net loss is the result if an honest accounting is used. Scrap marketing is tricky; long-term contracts are almost impossible to obtain and the scrap buyers want clean, consistent materials in return for 'fair' prices."

A further problem is that separation and extraction equipment is "both capital intensive and energy intensive and requires constant maintenance," the institute report states.

In such an environment, more and more small recyclers are finding they cannot compete.

Schupan's is surviving by stepping up marketing, handling increased volumes, using cost control measures and generally improving efficiencies.

While many scrap processors are closing their doors, Schupan's has continued to grow. In the past ten years the company has expanded so far that it now handles more volume in one month than it did in a full year, said Schupan. It currently ships more than 60 million pounds of scrap annually.

The company started in 1968 when Nelson Schupan, Marc's father, purchased the M. Konigsberg Co. Marc, a former schoolteacher, began working in the business in 1974. Marc took charge of the company three months after joining it, when his father died suddenly.

Initially the company employed six workers. Now it has 50, all involved in different aspects of the processing and brokering business—the pickup, sorting, compacting, cleaning and delivery of scrap metals. Current employees include Schupan's brother, Dan, vice president; Marc Rose, plant superintendent; brother-in-law Jay Wardlaw, assistant plant superintendent; and sister Dana, an industrial sales representative for the firm.

A walk through the firm's warehouse and sorting building at 2619 Miller Road shows the various aspects of Schupan's business. On one wall shredded beer cans are stored until they can be shipped out. In another area copper and brass are sorted for shipment.

Outside, piles of aluminum await sorting. Some will be pressed into bricks, some into logs.

Much of the scrap aluminum has come from recreational vehicle manufacturers, aluminum window makers and similar industries, said Schupan.

He explains that a scrap company's reputation depends upon its ability to send "clean" shipments to its buyers—the smelters, refiners and mills.

Inside, in the midst of the sorting and storing equipment, sits a spectroscope used to test and classify scrap the company receives.

Scrap metal comes from diverse sources, ranging from manufacturers to construction companies to farmers, said Schupan.

About 40 percent of the company's business is local, but as part of Schupan's efforts to stay competitive, it has moved into other markets. Now it collects and supplies scrap to customers as far away as Iowa and Tennessee. The company also recently began selling scrap to Taiwan when it found there was no domestic market for certain metals.

Diversification has helped the company maintain a broad base of industrial customers, which Schupan explains is a basic element in his business philosophy.

As part of its efforts to diversify, the company created an aluminum service center. The center, at 2040 Olmstead, opened in December 1984 and sells items like aluminum sheeting, I-beams and tubing. Sales from the aluminum center represent about 15 percent of the company's sales and within three years Schupan expects it to make us as much as 25 percent.

The 25,000-square-foot building stores 1,200 items, and Schupan says the inventory "grows daily."

Aluminum sold at the center doesn't come directly from scrap collected by the company, rather it is metal purchased from larger warehouses.

Michael Gildea, a former Upjohn Co. employee who now runs the aluminum division, explains the service center was started in response to customers requested for small quantities of aluminum.

"Due to the price structure set by large aluminum warehouses, there is a niche to be filled," Gildea says. Schupan's handles the small quantity sales the large warehouses cannot bother with.

Large warehouses typically handle orders of 10,000-20,000 pounds of aluminum, he said. The service center primarily fills orders of 1,000 pounds or less, although it has filled orders of up to 4,000-5,000 pounds, Schupan adds.

The business also meets the needs of manufacturers who want a small order quickly, Gildea says.

Since its inception in 1977, the aluminum sales division has grown continuously. It now employs seven people, serves businesses within a 75 mile radius, and is expected to fill 6,000 orders this year.

Schupan attributes the success of the aluminum service center to the organizational and management skills of Gildea, as well as the dedication of its two industrial salespeople—Dana Schupan Wardlaw and Gail Brumfield.

"Our road people do an excellent job of telling the story of what we can provide for the customer," Schupan said. As a result, about 30 percent of the aluminum center's business is now coming from the Grand Rapids area where the sales force has focused a lot of effort.

It's through such branching out that Schupan believes the family company will survive—regardless of gloom in the scrap industry at large.

IN SUPPORT OF THE LOCATABLE ADDRESS BILL

HON. H. JAMES SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. SAXTON. Mr. Speaker, not too long ago I introduced H.R. 3582, the locatable address bill. The intent of this legislation is to provide municipalities the opportunity to straighten out the confusion between mailing addresses and geographical addresses.

Recently, a constituent, Mr. Rod Goettelmann of Southampton, NJ, wrote to me to express his support for this legislation. In particular, he cites a personal experience in which a first aid squad had difficulty locating a burn victim because of address problems.

I am providing here the text of Mr. Goettelmann's letter and hope my colleagues in the House will take the time to read it.

The letter follows:

ROD GOETTELMANN, BUILDER INC.,
Southampton Township, NJ,
October 21, 1985.

Hon. H. JAMES SAXTON,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN SAXTON: Thank you for introducing the Locatable Address Bill (H.R. 3582) which is a logical way to solve the address problems which exist in most states. Any state that wishes to place further guidelines on how properties might be numbered or street name problems corrected can do so on their own which is their prerogative. The bill will aid each state that has a problem as well as several New Jersey townships which have recently completed their numbering systems.

Maps and our entire legal system are based on local, county, and state jurisdictions which do not align with postal delivery areas. This bill wisely avoids changing these delivery patterns and zip codes. The use of the legal township name, if it is not the same as the delivering post office name, will eliminate confusion that can cause loss of life, census errors, wasted time, and legal problems. Mail can and is being delivered on the zip code as my printed letterhead demonstrates.

Many counties have initiated county dispatching for emergency services and the name of the town is imperative in locating a caller. Township names eliminate problems caused by street name duplications. Everyone has the right to be located in an emergency and towns, counties, and states do advertise phone numbers for emergency use. If address confusion causes delays, the governments may be in legal jeopardy so the passage of the Locatable Address Bill will aid the citizens and their governments while also eliminating many problems.

Correct addresses will also make the census figures more accurate which in turn will make the federal apportionments more correct. The postal system can then use the rural route numbers as an internal sorting method which can be changed without public resistance, and the use of property numbers, street names, and township names on the address will make the job of sorting the mail much easier for the carriers who have done a fine job regardless of the existing address confusion.

Years ago my neighbor was seriously burned in a gasoline fire. I was able to put him and the fires out and render adequate first-aid. We live in the Pinelands and the delays in finding us could have made for a disaster. The emergency services were frantic to find us and the postal address was no good at all. Passage of your Locatable Address Bill will help paramedics and everyone else locate a property and if the structure of the postal system changes it will be imperative. I hope it gains bipartisan support in both houses and quickly passes into the law of our land.

Sincerely,
RODNEY KERR GOETTELMANN,
President.

THE GENEVA SUMMIT

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. WEISS. Mr. Speaker, in less than a week, Soviet leader Gorbachev and President Reagan will meet in the first Soviet-American summit in 6 years. This historic event offers significant potential for building an improved relationship between the superpowers and for lessening the risk of a nuclear confrontation. Millions of individuals aroung the world are hoping and praying that the two leaders will conscientiously seek to reduce tensions and take firm steps toward substantial arms reductions.

We know that to expect a miraculous breakthrough during the relatively brief meetings in Genva would be to expect too much. The compreshensive treaties and agreements necessary to sustain a lasting peace between our nations cannot be hammered out overnight. Perhaps the most important lesson of Geneva is already clear: it is imperative that high-level contacts between the Soviet Union and the United States continue on a regular basis. Beyond the media hype and hoopla of recent weeks lies the opportunity for real nuts and bolts progress that could change the course of history.

The pressure of the summit has already spurred a series of exchanges between the two nations. While some have dismissed this flurry of position-taking as nothing more than a pitched battle of propagandists from both sides, the fact remains that major arms reduction proposals have been made by both parties. In a departure from recent practice, neither side has dismissed these proposals as completely unnegotiable. The result has been a drastic change in the climate for arms control negotiations from only a short time ago.

Over the past 4 years, the President has often appeared completely intractable on the issue of arms control, and his policies have been marked by repeated failure. He dragged his feet on initiating talks on both strategic and intermediate range nuclear weapons and then made proposals to the Soviets that even his own Secretary of State labelled implausible. The Soviet Union then broke off these talks entirely when the U.S. deployed cruise and Pershing missiles in Western Europe.

Despite his professed desire for substantial cuts in the superpowers' arsenals, the President reaffirmed his pledge not to ratify the SALT II Agreement, which calls for such cuts. He also rejected two agreements regarding nuclear testing that had already been signed and abandoned negotiations on a comprehensive test ban to prohibit all nuclear explosions.

At the same time, the President engaged in the most extensive arms build-up since World War II. The administration has pursued a mindless policy that equates the stockpiling of nuclear weaponry with national security. The result has been the acquisition of weapons that in no way contribute to our national security. Rather, destabilizing weapons like the MX and the Trident II or D-5 threaten to give the United States a first-strike capability, encouraging an accidental conflict or a preemptive first strike on the part of the Soviets.

The President claimed in his 1984 State of the Union address that "the United States is safer, stronger and more secure. * * *" But this hollow claim could not mask the fact that, propelled by intransigence on the part of both countries, the world was inching ever closer to the ultimate and final catastrophe: a nuclear war.

The dangers of nuclear war are not eliminated by the scheduling of a summit meeting. Rather, the mistakes and failures of the past remain a constant and perilous threat. But the summit meeting provides a crucial opportunity, not previously available, to make some kind of progress toward eliminating that threat. For this opportunity alone, all the world is grateful.

The achievement of arms control accords between the United States and the Soviet Union is not a pipe dream; 6 out of the 10 previous post-war summits have resulted in the signing of an actual treaty or an agreement on principles for future negotiations. There can be no doubt that both nations would derive substantial benefit from concluding such accords, not only in the area of strategic arms reductions, but also on the issues of space weapons, nuclear testing, chemical weapons, and nuclear nonproliferation.

One of the key stumbling blocks to a comprehensive arms reduction agreement is the President's strategic defense initiative, or star wars. I have long opposed this initiative on the grounds that it violates existing arms control agreements and threatens our ability to conclude such agreements in the future. Both of these fears have been borne out in recent weeks as the administration sought to reinterpret the provisions of the Antiballistic Missile [ABM] Treaty to permit testing and development of a star wars system and expressed unwillingness to compromise on any aspect of the Star Wars Program in negotiations. Let us hope that the future of arms control talks between the United States and the U.S.S.R. is not held hostage to the President's mistaken endorsement of this concept. We don't know if such a system will even work. What we do know is that it will cost far more than we can afford and will likely increase the risk of a nuclear conflict.

On this and many other weapons-related issues, the President prevailed in this House by claiming that anything less than complete support for this position would undercut his ability to negotiate. While I have consistently rejected this argument, many of my colleagues have supported aspects of the President's defense agenda in anticipation of progress in Geneva. It is certain many Members who supported these programs did so in the expectation that the President would then exercise flexibility in the negotiating process with the Soviets. It is worth noting that future support for the President's defense initiatives is likely to be in part contingent upon a perception that the President is honestly and vigorously pursuing an arms control agreement, not only in Geneva, but beyond.

For the moment, however, all eyes turn to the summit. I am proud to join the peace-loving people of all nations on Earth

in wishing the President the fullest success in his talks with Soviet leader Gorbachev. We all extend our heartfelt wishes and prayers to them both in the sincere hope that, in the end, peace will prevail.

LIVING WITH THE PAIN OF AUTISM

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. LEWIS of California. Mr. Speaker, it is with great pleasure that I rise today to acknowledge the 20th anniversary of the National Society for Children & Adults with Autism [NSAC].

For the past two decades, this fine organization has provided a central agency dedicated to protecting and educating those afflicted with infantile and adult autism as well as assisting their loved ones to find the courage to cope with this debilitating disorder.

Autism has long claimed its victims without great public awareness. NSAC has done much to bring this illness out of the shadows and into the forefront of both medical and public attention. Though it afflicts 1 or 2 children out of every 1,000 born, I wouldn't be surprised if many of my colleagues had never heard of this devastating disease.

Mr. Speaker, let me paint the picture of what autism can do to its victims and their families. Autism is not a disorder which is diagnosed at birth. On the contrary, it is not generally identified until the child is 2 or 3 years of age. Children ultimately diagnosed as having autism often develop normally as infants, giving their parents no significant cause for concern. But, slowly, worried parents become increasingly apprehensive as they see their child acting and reacting very differently than playmates of the same age.

Children with autism have difficulty learning to communicate. They talk late or not at all. Their choice of words and phrases is inappropriate or nonsensical.

At the same time, parents see their children withdrawing from the world around them. They do not seek affection, in fact, they push parents and siblings aside when hugged or kissed. It is hard to explain the pain parents feel when their own children wiggle or scream out in seeming pain when slightly touched or hugged.

The world of a child with autism is made up of phobias and bizzare activities totally unknown to the normal child of the same age. They often become attached to things and objects while their playmates display a normal attraction to family and friends. The child with autism will protest long and loud if their favorite book, bottle, or magazine is taken from them, but show no concern if their parents leave or stay.

They refuse to go into new places, put on new clothes, or deviate in the least from their normal routine. I know a young mother who must take the same route to the grocery store each time or face sending her young son into a tantrum that could last for an hour.

Often the most painful aspect of this disorder is the toll it takes on the ones who live with these special children. Families are daily required to cope with the pain of a beautiful son, daughter, brother, or sister whose only interest seems to be rocking back and forth for hours, turning off and on lights continually, or simply withdrawing into their own, impenetrable world.

But there is hope. Though little is known of the causes of autism, research continues. The National Society for Children & Adults with Autism is in the forefront of the fight against this terrible syndrome. The society not only supports the ongoing medical research into the nature and causes of autism but also provides a network of local support groups to help the parents and families of children with autism cope with the tremendous challenges that face them and their children.

I am proud to salute the National Society for Children & Adults with Autism on their 20th anniversary. I would also like to bring to my colleagues attention House Joint Resolution 440 which would designate the week of December 1 to 7 as National Autism Week and solicit their support for this worthy cause.

Many of us will never be required to feel the pain and sorrow of seeing the ones you love unable to cope with the world around them. For those with autism and their families, the National Society for Children & Adults with Autism provides one of the brightest rays of hope in the fight against this crippling disability.

PROTECT SOCIAL SECURITY FROM BUDGET BALANCING TACTICS

HON. ROBIN TALLON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. TALLON. Mr. Speaker, I believe Social Security is the most vital Federal program ever enacted. Social Security is a working partnership between the Federal Government and America's working majority. It represents the past efforts and future security of past, present and prospective workers. Social Security is, in essence, America's trust. Last week this trust was violated as the administration made the decision to redeem Social Security's long-term investments and as the Nation learned that the Treasury had secretly dipped into Social Security in the past to remedy budget problems.

Despite House action last week precluding Social Security divestment, the administration decided to dip into Social Security. This invasion into Social Security was characterized by Treasury as an "extraordinary step." Unfortunately, we have since learned that this extraordinary step was taken by the Treasury in September and October of this year and in October 1984. Over these 2 years, Treasury apparently redeemed almost $32 billion in long-term securities that otherwise would not have had to be redeemed. According to the Social Security Administration actuaries, the 1985 redemptions could mean as much as $875 million in lost interest by the year 2000, payments that it had no intention of repaying. Let us understand that this loss in interest is a loss in millions of hard earned dollars to American workers.

Mr. Speaker, this ill-advised action will result in more than financial loss, it will result in a loss of trust by the American people. During recent debate on debt ceiling legislation, there has been a good deal of discussion about the dangers of default on our national debt. There is general agreement that default would jeopardize American credibility and respect. I share this concern, but I am equally concerned that this credibility has already been damaged by the Treasury Department's actions over the past 2 years.

During the past 20 years, America witnessed an erosion in public trust that cost us in terms of national security and productivity. Much of the political energy of the 1980's has been aimed at restoring that public faith. We cannot afford to let the American public trust falter again. To maintain that trust, Congress must take every step necessary to restore funds lost as well as make sure that this divestment can never happen again.

Mr. Speaker, I am tired of seeing Social Security used as the scapegoat of political and budgetary maneuvers. We are now in the process of drafting legislation to dramatically revise our fiscal policy and procedure. Let us include measures which will protect Social Security from budget balancing tactics and preserve it for future generations. This legislation, revising our monetary policy and our budget process, is necessary because it is clear that some of our old policies won't work any more. However, in the creation and administration of new policies, we must remember one policy that does work, that is the policy of honesty.

CONGRESSIONAL SALUTE TO JOSEPH MELICAN OF UPPER MONTCLAIR, NJ, EAGLE SCOUT, TROOP 7, BOY SCOUTS OF AMERICA

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. ROE. Mr. Speaker, this year as we celebrate the 75th anniversary of the Boy Scouts of America, I am pleased to call your attention to a young man in my congressional district, Joseph Melican of Upper Montclair, NJ, who has achieved one of the highest and most coveted awards in scouting—the Eagle Scout Award. He received this highly respected Eagle Scout rank on Saturday afternoon, June 15, at the annual Court of Honor of Boy Scout Troop 7 sponsored by the Presbyterian

Church of Upper Montclair. A total of 75 awards were given to 25 scouts and the highest honor was the Eagle Scout Award earned by Joseph Melican.

Mr. Speaker, Boy Scout Troop 7 is one of our Nation's most prestigious affiliates of the Boy Scouts of America. We are all familiar with the noble traditions of the Boy Scouts of America and their outstanding public service to the people of our Nation in helping our young men to achieve leadership qualities of self-reliance, character building, sportsmanship, fair play, and eagerness to serve others. Their deeply committed endeavors based on their motto, "Our Best Today for a Better Tomorrow" have helped to develop lasting qualities of dedication, leadership, honesty, and integrity in millions of young Americans throughout our country. Their programs for community service, citizenship, outdoor, career, fitness, and social activities continue to promote concern for others, service to one's community, and loyalty to one's country.

Joseph Melican, 13-year-old son of Carol and Mort Melican of Upper Montclair, NJ, has by his example exemplified these same true American ideals. He is an honor student, an altar server at St. Cassian's Church, was one of four students in the township of Montclair to attend the New Jersey Principals and Supervisors Association "Election '84" invitational conference mock political convention and election at Monmouth College and was honored by the Montclair superintendent of schools and the Human Relations Affirmative Action Council at its 1985 reception.

On his way to becoming an Eagle Scout Joseph earned all 12 skill awards and 28 merit badges of the Boy Scouts of America while holding office in both Boy Scout Troops 7 and 8, earned the World Conservation Award, NRA Pro Marksman Award, and was elected to the Order of the Arrow.

For his Eagle Scout project Joseph recruited, trained and directed 36 volunteers from 7 scout troops in the collection of 1,200 cans of food for the Mother Theresa soup kitchen in Newark, NJ.

Mr. Speaker, when we reflect upon the qualities of leadership, dedication, honesty, and integrity in the character-building and development of our young people that is achieved through the Boy Scouts of America, we can feel secure about the future of our Nation. Joseph's outstanding record of performance in scouting is a credit to him, his family, and our community. We do, indeed, salute Joseph Melican of Boy Scout Troop 7, Upper Montclair, NJ, upon achieving the Eagle Scout Award of the Boy Scouts of America.

ROCKHURST CELEBRATES ITS 75TH ANNIVERSARY

HON. ALAN WHEAT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. WHEAT. Mr. Speaker, it is indeed an honor to bring to the attention of my colleagues the 75th anniversary of Rockhurst High School and Rockhurst College in my congressional district in Kansas City, MO.

Rockhurst College and Rockhurst High School have always provided an atmosphere for individual growth, leadership development, and civic involvement. Founded as one institution in 1910, Rockhurst High School became a separate institution 13 years later. The educational standard at Rockhurst epitomizes everything that is good in education. Rockhurst prepares students for good citizenship and compassionate living, regardless of their vocational direction. The mission of Rockhurst, as envisoned by its founders, was to be involved in the life and growth of the city and committed to the service of the contemporary world.

The role of Rockhurst in Kansas City began when Bishop John J. Hogan approved the purchase of 20 acres of land south of the city limits. After receiving the charter from the State for the founding of Rockhurst, hard work and perseverance on the part of the Jesuits and the Kansas City community resulted in the completion of the first building, Sedgwick Hall. It was within this building that high school classes for men began in 1914, when 42 students trudged up a muddy hill to enroll in first and second year classes. Greeted by three Jesuit faculty members and by Rev. Michael P. Dowling, founder and first president of Rockhurst, these students became the first of more than 7,000 young men who have since been educated at Rockhurst High School. The first college classes began at Rockhurst in 1917. While the Rockhurst College day program remained an all-male institution until 1969, the college's evening program, established in 1933 as the first evening program in the Kansas City area, has always provided coeducational learning opportunities.

In addition to offering the first evening degree, Rockhurst was also the first college in the area to offer degrees in industrial relations and in computer science. Rockhurst also created innovative programs like the Small Business Development Center, the visiting scholar lecture series, the Greater Kansas City Center for Economic Education and the Season of the Arts. Further, the involvement of the college within the community extends far beyond innovative educational programs. The campus is a center for cultural and athletic events for the public. The site of Rockhurst College, considered south of the city limits when purchased in 1910, is now in the heart of beautiful Kansas City, within minutes of the business and commerce sections of the city and nestled in a residential section of urban Kansas City. The city has literally grown around Rockhurst.

This tremendous growth also caused the college and high school to run out of room on their one common campus. Rockhurst High School moved to a new location in 1962 further south in Kansas City and formed a new corporation, separate from the college. Currently, the college serves about 5,000 students annually through undergraduate and graduate programs, summer sessions, professional and continuing education programs. Like other Jesuit schools around the country, Rockhurst has a strong heritage as a broad-based, liberal arts educational institution. The liberal arts curriculum strives to be both general and specialized—broad and retrospective enough to make students conscious of their roots and modern and structured enough to prepare them for useful careers. Rockhurst educates for life, not just for making a living.

The years of Jesuit education at Rockhurst have been marked by numerous milestones and the impact of individuals whose vision, energy, and commitment have been responsible for the establishment and growth of a unique educational institution and tradition. In celebrating these 75 years of education in Kansas City, Rockhurst renews its commitment to excellence in education and dedication to being a private college in the public service.

Mr. Speaker, Rockhurst has been of tremendous public service to the Kansas City community. It is with heartfelt civic pride that I salute Rockhurst High School and Rockhurst College on their 75th anniversaries and commend them on their contributions to society.

A TRIBUTE TO ED LARA

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. DYMALLY. Mr. Speaker, this evening I will be joining hundreds of southern Californians in a tribute to one of our State's and one of our Nation's most civic minded businessmen, Ed Lara. It is true that the businesses located in a city or region are an asset to the area simply by virtue of their existence. They pay taxes, provide jobs, and contribute to the prosperity of the region. But some business persons go the extra mile and actively pursue opportunities to return their good fortunes to the citizens who support their business. Ed Lara is prime among these people who consider it the responsibility of the businessman to help build the community that has brought them prosperity.

Ed has correctly recognized that the best investment he can make in the future of our community and our country is to help young people get the right opportunities in life. It is significant that tonight's tribute has been organized by Involvement for Young Achievers, Inc. Ed has been a strong supporter of Young Achievers in addition to a number of other key organizations dedicated to providing opportunities for young people. It is all important that those young people who show the spark of initiative have that spark nurtured to the point where it will grow toward a life of accomplishment. Ed has nurtured a lot of sparks of initiative in his time.

Of course, the example of his own accomplishment has set a goal toward which others would do well to aspire. Ed is presi-

dent and owner of Westside Distributors of South Gate, CA, a wholesaler of Anheusher-Busch products. His distributorship is among the top 10 percent of Anheusher-Busch wholesalers in the country. Moreover Ed's distributorship is the 39th largest black owned business in the United States. Reflective of this accomplishment, Westside Distributors has been featured in Black Enterprise magazine as well as most other black publications in the Nation. His fellow distributors in California have honored Ed's business accomplishments by making him president of the California Beer Wholesalers Association.

But I am most impressed by the consistency with which Ed has given of his time and his money to benefit black youth. Ed is recognized not only for his outstanding contributions to Involvement for Young Achievers, but also to the United Negro College Fund, the Black History Essay Contest, the NAACP, the Urban League, the Dr. Martin Luther King, Jr., Award, 100 Black Men, Challengers Boys and Girls Club, and the Brotherhood Crusade. The astounding thing is that this list is only a partial list.

Ed has always been there for his community. I am proud to have the opportunity to acknowledge what he has done for the youth of the country. I am proud to join Ed's other friends in giving him a big thank you. Our community is the better because Ed is a part of it.

REDUCE THE DEFICIT NOW

HON. TIM VALENTINE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. VALENTINE. Mr. Speaker, for several weeks now the House has had before it a measure to reduce the deficit, and balance the budget, known as the Gramm-Rudman proposal, which seeks to balance the budget by fiscal year 1991.

Since the debate began on this measure, the majority Members of the House, and the House as a whole, has been criticized for not being serious about reducing the deficit. In my opinion, nothing could be further from the truth. The fact of the matter is that House Members see no reason why the deficit should not be tackled now, instead of waiting until after the upcoming congressional elections, as proposed by the Senate.

The House adopted its alternative to Gramm-Rudman by proposing deficit reductions beginning with this fiscal year, that is fiscal year 1986.

The House alternatives sets unrealistic reduction targets for each year on the basis of a formula tied to the growth of the gross national product, while the Gramm-Rudman sets fixed, numerical targets for deficits in future years. Further, the House alternative will achieve a balanced budget much sooner than the Gramm-Rudman proposal if the economic performance plays out according to the projections of the Congressional Budget Office and the administration.

Of course, this effort is closely tied to the debt limit increase initiative. The administration has a philosophy of blaming former Democratic administrations for taxing, and taxing, and spending, and spending. That philosophy has been expanded to include borrowing, and borrowing, and spending, and spending. Except this time, the shoe is on the other foot—its on theirs. The Federal Government is now spending more than it is taking in. This trend must be reversed.

The American people, and especially my constituents who have contacted me, are tired of the flip-flopping on the balanced budget initiative. They want to see positive steps taken now to reduce the deficit.

We all are aware of the enormous trade deficit that is upon us. I believe there is a direct correlation between our trade deficit and our budget deficit. If we want to regain our second-to-none position in world trading, then let us balance the budget. If we want to continue a strong economic recovery, then let us balance the budget now.

The American people are willing to sacrifice to balance the budget. No one has ever said that it would be easy, and I believe that the people of this country are willing to make this sacrifice. In doing so, we should pass a balanced budget resolution that exempts only those that are truly needy. We need to reject partisan gridlocks that have gripped the House and Senate over the past several weeks. We need to put aside partisan politics for the sake of the national interest and avoid a financial crisis that is looming over this country. Together, we can share the burdens and the rewards of reducing the deficit immediately, fairly and effectively.

TRIBUTE TO JOHN L. McDONNELL

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HUGHES. Mr. Speaker, I rise today to pay tribute to John L. McDonnell on his retirement from Atlantic City Electric Co. John's long and dedicated service to Atlantic Electric and the southern New Jersey region will be remembered fondly by many.

After graduating from high school in Millville, NJ, John attended the University of Pennsylvania's Wharton School. He first began his electric utility career with Millville Utilities in 1932 and held the position of secretary and comptroller when Millville Utilities merged with Atlantic City Electric Co. in 1952. He has held numerous positions over his 52 years of service ranging from meter reader to payroll clerk, assistant secretary, and comptroller as well as division, district, and area manager. Since 1969, John has worked in the area of government affairs, most recently serving as manager of government affairs for Atlantic Electric. Over the years, John has worked closely with the late Senator Clifford B. Case and the late Congressman Charles Sandman as well as Senator BRADLEY and myself. He has also served as a member of my citizens, advisory committee and I have come to value his sage advice, understanding, and vision.

In addition to his professional career, John has been active in many civic and charitable affairs in south Jersey. Over the years, many, including myself, have come to rely on his enthusiasm and commitment to the people and places of this area. John has served New Jersey and its communities tirelessly. Among his many activities, John has served as a trustee to Cumberland County College, and was chairman of the Cumberland County Economic Development Commission, as well as, Cumberland Country Jury Commissioner. In addition, John has held the titles of vice chairman of the Millville Economic Development Commission, past chairman of the Millville Bicentennial Commission, treasurer of the Millville Hospital, and past president of both the Millville Kiwanis Club and the Millville YMCA. Further, he has served as past State chairman of the Employers Legislative Committee, past president of the New Jersey Taxpayers Association, chairman of the District Trustees of the Southern New Jersey Conference of the United Methodist Church. Beyond that, John was the president of the Southern New Jersey Council on Issues of Aging, past chairman of the Salem Community College Foundations, as well as, executive committee member of the Southern New Jersey Council of Boy Scouts, and the American Legion Nabb-Leslie Post.

John's numerous awards are indicative of his dedication to service in our communities. In 1955, he was chosen as outstanding citizen of the city of Millville and, in 1968, was awarded the Silver Beaver Award from the Southern New Jersey Council of Boy Scouts of America. In addition to those achievements, he was awarded an honorary associate in science degree from Salem Community College in 1975. John has also been awarded the Liberty Bell Award from Cumberland County Bar Association in 1980 and director emeritus from the Water Resource Association of the Delaware River Basin in 1985. He has also received awards of appreciation from the American Legion Rescue Squad, the Millville Hospital, the Millville Bicentennial Commission, the Millville YMCA, and the Cumberland County Economic Development Commission.

John is an outstanding citizen and I am proud to call him my friend and colleague. I look forward to John's continued dedication and devotion to his civic activities upon his well deserved retirement from Atlantic Electric this month.

PROPOSAL TO MODIFY THE TAX TREATMENT OF PHYSICIANS' AND SURGEONS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATIONS

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. MATSUI. Mr. Speaker, today, Representative HEFTEL and I are pleased to introduce an amended version of H.R. 2261 which would modify the Internal Revenue Code of 1954 to provide that payments to certain physicians' and surgeons' mutual protection associations will be tax-deductible under specific circumstances.

This bill will provide that payments to nonprofit mutual protection and interindemnity cooperatives which provide medical malpractice coverage for doctors will be deductible by the doctors to the extent of normal insurance premiums paid to commercial carriers. In addition, the legislation has been drafted so that its revenue effects are minimal.

As a result of the escalation of jury awards in medical malpractice litigation, the cost of medical malpractice insurance coverage has skyrocketed. One response to the crisis caused by this cost escalation has been the adoption of special State laws permitting the establishment of doctor-controlled interindemnity organizations to help reduce risks and to help lower the cost of malpractice protection.

Within these new organizations, doctors are required to make large initial contributions to the organizations' trust funds, the earnings of which are used to help meet potential malpractice costs. If additional amounts are necessary to pay claims covered by the organizations, the doctor-members are subject to additional assessments. The combination of this self-contribution system and the organizations' ability to assess their own members creates an incentive to keep health care costs down as well as to improve the level of practice of their members. Most importantly, the operational costs of nonprofit self-insurance trusts are significantly lower than the costs of private insurance carriers.

Unfortunately, under the current tax law, the intital trust contributions made to these nonprofit self-insurance trusts are not considered deductible business expenses to the doctors who make such payments. Similar payments of insurance premiums to profitmaking organizations, however, would be deductible to the doctors. This discrepancy in tax treatment has put self-insurance trusts at an unfair competitive disadvantage. Physicians utilizing private carriers are paying higher premiums but, ironically enough, are able to fully deduct the increased amounts at the expense to the Treasury.

The positive effects of this legislation will be many:

It would increase Treasury revenues by encouraging doctors to use a self-insurance trust type system for medical malpractice protection and thus pay lesser amounts of deductible premiums;

It would correct the inequity where premium costs paid to a private carrier are deductible, but initial contributions to nonprofit organizations are not;

It would reduce the cost of malpractice protection and help to reduce the cost of medical care;

It would create incentives to improve standards of medical practice because doctors have a personal stake in the protection system and are directly affected when claims are made against the providers of medical services;

Finally, the bill would help decrease the cost of medical malpractice protection to realistic levels so that doctors can maintain their practices and will not practice without adequate liability protection.

Medical malpractice insurance costs and the level of jury awards in medical malpractice litigation are major factors in the escalating cost of health care coverage. The self-insurance trusts that are evolving in our economy are a market response to controlling the cost of insurance and holding down the cost of health care.

We hope that our colleagues will support these efforts and would welcome your cosponsorship and active support of this sensible reform of our bill.

GROUNDBREAKING CEREMONIES FOR THE STROM THURMOND INSTITUTE AT CLEMSON, SC

HON. CARROLL A. CAMBELL, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. CAMPBELL. Mr. Speaker, on Friday, November 8, 1985, I was privileged to be among a crowd of more than 4,000 persons at the groundbreaking ceremony for the Strom Thurmond Institute at Clemson University in South Carolina.

Vice President GEORGE BUSH was the featured speaker at this event, which officially inaugurated the institute and its mission of being an "action oriented" academic facility for individuals interested in pursuing careers in government.

The institute—named for South Carolina's senior U.S. Senator STROM THURMOND, a distinguished alumnus of Clemson University—is but part of an overall, privately funded $25 million Strom Thurmond Center for Excellence in Government and Public Service.

The institute and the Thurmond Center will be vitally important resources, not only for Clemson University, but for all of South Carolina and the Nation. There, students and scholars will be able to pursue the study of government, and individuals interested in public service careers can develop the all-important skills of leadership.

The institute will also be the repository for all of Senator THURMOND'S public papers and memorabilia—a wealth of historical information about our Nation, our State, and this most exceptional man, STROM THURMOND.

It is certainly appropriate that this new center bears the name of STROM THURMOND, a man who has dedicated his entire life and career to the service of his State, his Nation, and his fellow man. No individual has rendered more dedicated, valuable, and distinguished service to South Carolina than STROM THURMOND. His name is synonymous with the central theme of the Thurmond Center—"excellence in government and public service."

His courage, dedication to duty, and the great sacrifices he has made for others, will be the guiding force behind this center, just as they have been a guiding force for the State of South Carolina since the Senator first began his public service career more than 60 years ago.

In inaugurating the Thurmond Institute on Friday, Vice President BUSH paid tribute to STROM THURMOND and his truly remarkable career. "What finally makes for excellence in public life is character and, as I've said of STROM THURMOND, courage," the Vice President said. "What finally makes for excellence is knowing not only what the best course is, but also having the courage actually to take that course and the courage to see your decision through . . ."

STROM THURMOND is such a man—of character, courage, great ability, and tireless strength. The Thurmond Institute, and finally the entire Thurmond Center, will be great testimonies to those traits, and more importantly, will help ensure that they are passed along to the leaders of tomorrow.

Mr. Speaker, I ask that several articles about the Thurmond Institute and the groundbreaking ceremonies be included in the RECORD at the conclusion of my remarks so that my colleagues can learn more about this exceptional academic resource.

GROUND BROKEN AT CLEMSON FOR POLITICAL STUDIES CENTER

(By Bill Baker and Terry Cregar)

Praising Strom Thurmond as a man of character and courage, Vice President George Bush helped break ground Friday at Clemson University for a $5.5 million political studies center that will house the papers of South Carolina's senior senator.

"Strom Thurmond has never been afraid to swim against the political tide if that is what his principles demand," Bush told the more than 4,000 people gathered on the lawn behind the Cooper Library on the Clemson campus. In housing Thurmond's papers, the Strom Thurmond Institute of Government and Public Affairs will safeguard "a testament to political courage," Bush added.

"Too often, it seems to me, the study of government and public service becomes too encased in political science," Bush said. "Students learn about such things as voting patterns, models for decision-making, policy analysis.

"But I believe that, important as this knowledge and these skills are, what finally makes for excellence in public life is character and, as I've said of Strom Thurmond, courage. What finally makes for excellence is knowing not only what the best course is,

but also having the courage actually to take that course and the courage to see your decision through."

A large temporary stage trimmed with red, white and blue bunting and erected across the lawn from the Cooper Library served as the setting for Friday's ceremonies.

Thurmond, who called the cool, cloudless morning "one of the summits of my entire life," sat alongside his wife, Nancy, and two of their four children, J. Strom II and Paul Reynolds. Also joining the family onstage were Clemson trustees and officials and a host of political figures, including Gov. Dick Riley, Sen. Ernest Hollings and Congressmen Carroll Campbell and Tommy Hartnett.

"While I am honored and humbled by the fact that this new facility will carry my name, it is not me whom you honor today," Thurmond told the crowd. "Rather, it is an ideal to which we pay tribute—a principle that has sustained our people individually, and the nation as a whole, since our great experiment in democracy began more than two centuries ago.

"That ideal is that men and women can freely govern themselves; that they are capable of leading this country and sustaining a system of government which upholds liberty, human dignity and justice as our most precious commodities."

Thurmond also thanked Bush for his remarks and made mention of the vice president's future political aspirations. "It's an honor to the state of South Carolina, Vice President Bush, to have you come here and let the people see you, because they may be looking at the next president of the United States," he said.

A 1923 Clemson graduate, Thurmond also used the occasion to praise the university. "It was here that I received much of my training for life," he said. "It was here that my interest in public service and government flourished under the guidance of faculty members who taught me that citizenship in our nation carries with it a responsibility to serve one's fellow man and that public service is a public trust."

Plans for the institute began when Thurmond agreed in October 1981 to donate his papers and memorabilia to Clemson. The Thurmond Institute has been housed for the past three years in temporary quarters near the Clemson campus.

Construction of its five-story, 50,000-square-foot permanent home is expected to take 18 to 24 months. The facility is part of the planned Strom Thurmond Center for Excellence in Government and Public Service, a complex which will include a performing arts center and continuing education facilities.

Clemson officials announced Thursday that they had surpassed their construction goal of $5.5 million for the institute and have commitments to raise an additional $1 million to endow a building maintenance fund.

On Friday, the university announced that Milliken and Co. has contributed $250,000 to the institute.

The senator's wife and two sons joined him, the vice president and other officials in the ground breaking ceremony which followed Friday's speeches. Mrs. Thurmond, who also will have her papers placed in the institute along with those of Thomas Green Clemson, John C. Calhoun and others, said she was proud of her husband and Clemson University "for having the vision and foresight to go ahead with this project."

Thurmond said he sees the institute as a national research center. "I visualize scholars coming here from all over the country to conduct research," Thurmond said as dozens of friends and well-wishers surrounded him in front of the stage following the ground breaking ceremony.

Lecturers brought to Clemson by the institute already have included Commerce Secretary Malcolm Baldrige, businessman Ted Turner and former presidential candidate Jesse Jackson. Research programs also have been initiated by the institute on such topics as the management of water resources, improving education and encouraging volunteer efforts in the private sector.

THURMOND INSTITUTE: FINE PRIVATE ENDEAVOR

Vice President George Bush joined state officials Friday at Clemson University to break ground for an enterprising project that will bear the name of this state's venerable political leader, Strom Thurmond.

Construction will begin next year on the $5.5 million 50,000 square-foot Strom Thurmond Institute in the heart of Clemson's campus. What makes this privately funded project different from many similar endeavors is that it's self-sustaining.

State and national friends of Thurmond didn't stop at raising money for the bricks and mortar; they also have pledged to raise an extra $1 million to establish a building maintenance fund. That makes the project truly a private undertaking, since taxpayers won't be stuck with the bill for the continued operation of the building.

This ambitious project does more than honor a famous Clemson alumnus and South Carolina statesman; it's more than a temple for the Republican senator's papers and memorabilia.

While serving as a monument for an impressive career in public service, the institute will focus on programs geared to promote public service, practical politics and good government.

Some of that's been taking place for the past three years with the speaker series, the summer seminar in American government for high school teachers and the governmental research program that seeks practical solutions to concerns of this state and region.

If adequate private funding materializes, the institute will become just one part of a proposed $25 million Strom Thurmond Center. Other facets would be a performing arts hall and a continuing education center.

These would be, as Bush said Friday, a "fitting tribute to (Thurmond's) greatness for generations to come."

CHARACTER AND COURAGE: SENATOR STROM THURMOND POSSESSES BOTH, VICE PRESIDENT SAYS AT GROUNDBREAKING

Calling U.S. Sen. Strom Thurmond a man of courage, Vice President George Bush joined South Carolina politicians, educators, friends and supporters to break ground for the Thurmond Institute at Clemson University.

"This center will house a testament to political courage—Strom Thurmond's public papers," Bush said.

When completed, the $5.5 million structure will be the headquarters for the Strom Thurmond Institute of Government and Public Affairs, which sponsors seminars for teachers, public lectures and research on public policy.

"We talk a great deal about excellence in education," the vice president said. "I believe that, through those papers and through his example, Strom Thurmond will make for a particular kind of excellence here at this institution.

"Too often, it seems to me, the study of government and public service becomes too encased in political science," Bush said. "Students learn about voting patterns, models for decision-making and policy analysis.

"But important as this knowledge and these skills are—what finally makes for excellence in public life is character and, as I've said of Strom Thurmond, courage," Bush said.

He cited Thurmond's decision to leave the Democratic Party and become a Republican in 1964.

Thurmond "has never been afraid to swim against the political tide if that is what his principles demand," Bush said.

About 4,100 government and university officials, students, friends and members of Thurmond's family turned out for the affair, warmed by a bright sun under a clear blue sky.

The five-level brick building designed in post-modern style will house memorabilia and papers of Thurmond as well as those of state Sen. Edgar A. Brown, university founder Thomas G. Clemson and statesmen James F. Byrnes and John C. Calhoun.

The 82-year-old Thurmond told the gathering that the day "represents one of the summits of my entire life."

"I feel a deep sense of pride in the commencement of this project—not because it will bear my name, but because I will have a chance to contribute something of special significance to an institution which has meant so much to me—Clemson University."

Thurmond, a 1923 Clemson graduate, said, "It was here that I received much of my training for life."

Thurmond said that when he was approached by former Clemson President Bill Atchley about offering his papers and memorabilia to Clemson, "I envisioned their use at a living institution, one where scholars could study all facets of government and students could prepare themselves for careers in public service."

The senator said he saw the institute as a "place where learning and understanding could thrive; where a course for the future could be cast, a course to keep America's ship of state heading proudly and strongly into uncharted waters."

Thurmond's wife, Nancy, and sons, Strom II and Paul, stood with him during the ceremony. His sons assisted in turning over the sod where the building will stand. Paul encountered a particularly hard clump and jumped on the rim of the shovel with both feet.

Boosted by contributions of $500,000 from Georgia insurance executive John B. Amos and $250,000 from Milliken & Co.—the South Carolina firm's first-ever gift to a state institution—the Thurmond institute has met its fund-raising goal of $5.5 million.

Officials said they also have commitments for $1 million in contributions to endow a building maintenance fund.

The institute is the first section of the planned Thurmond Center, which will include a performing arts center and continuing education facilities.

Plans for the institute have been developing since October 1981, when Thurmond announced that he was donating his papers and mementos to Clemson.

Besides texts, audio and videotapes of his speeches, his memorabilia range from pajamas he wore over the years to gavels he has used in his career as state senator, circuit judge, governor, U.S. senator and Senate president pro tempore.

URUGUAYAN DEMOCRATS PRESS FOR IMPROVEMENTS IN HUMAN RIGHTS IN NEIGHBORING PARAGUAY

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. BARNES. Mr. Speaker, the violations of human rights in the Soviet Union, Cuba, the Philippines, Guatemala, and many other countries, receive considerable attention in the United States. However, there is one country whose terrible record on human rights clearly matches any of these well-publicized cases, and receives almost no condemnation. That country is Paraguay.

In Paraguay, there is no free press. The only independent newspaper, ABC Color, was closed down by the Government more than a year ago, and despite international pressure, has not been allowed to reopen. The only independent radio station, Radio Nanduti, has been shut down many times by the Government, and its owner, Humberto Rubin, is dragged in for questioning on a regular basis. He is also permanently barred from speaking on the air.

Torture is not an unusual occurrence in Paraguay. Although our government likes to site figures showing an improvement, the Paraguayan Government still refuses to admit that there are violations of human rights in Paraguay.

I was pleased to note that these abuses do not escape the attention of political and social groups in Uruguay, who have joined together to express their concern for the human rights situation in neighboring Paraguay in a letter to Gen. Alfredo Stroessner, President of Paraguay.

In its letter, the group specifically addresses the prison situation in the country, and makes a particular plea for the well being of Capt. Napoleon Ortigoza. Captain Ortigoza has been imprisoned in Paraguay for 24 years, making him the longest held political prisoner on the continent.

I include, for my colleagues attention, an article about the letter that was reprinted in the Foreign Broadcast Information Service.

The article follows:

STROESSNER ASKED TO IMPROVE PRISONER'S CONDITIONS

MONTEVIDEO, 2 Nov. (EFE).—Leaders of all Uruguayan political parties and social organizations have sent a letter to Paraguayan President Alfredo Stroessner expressing their concern over the human rights situation in his country.

The letter, which today was handed to the Paraguayan ambassador in Montevideo, is signed by, among others, Wilson Ferreira Aldunate, leader of the National, or Blanco, Party, the main opposition party; Liber Seregni, president of the leftist Broad Front coalition, the third political force in Uruguay; and many congressmen of all views, including the governing Colorado Party.

The letter is also signed by leaders of the Interunion Workers Plenum, which is the main labor organization in the country; the Federation of Uruguayan University Students (FEUU); the Peace and Justice Service [Servicio de Paz y Justicia—SERPAJ]; Amnesty International; Argentine writer Adolfo Perez Esquivel, winner of the Nobel Peace Prize; and others.

The letter states that the signatories, who sympathize with the cause of liberty and respect for the rights of people everywhere in the world, have specific requests regarding the situation of Captain Napoleon Ortigoza. The letter says that the captain has been imprisoned for 24 years, making him the longest-held political prisoner on the continent. The signatories state that Ortigoza's prison conditions are so bad that he has gone insane, and that he is partially blind and paralyzed. The letter asks that Ortigoza be taken to the public jail so he can receive visits freely, and that his case be tried again in the presence of foreign lawyers.

ENCOURAGE AMERICANS TO SAVE

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HUBBARD. Mr. Speaker, as I have told my colleagues previously, I am receiving numerous letters and telephone calls from my constituents in western Kentucky and throughout the State of Kentucky about the proposed tax simplification plan.

I would like to share with my colleagues the October 15, 1985, letter to me from my constituent, William E. Dunning of Eddyville, KY. Bill Dunning is strongly opposed to any plan to link individual retirement account [IRA] contributions to employer-sponsored retirement plans. Indeed, he is opposed to changing the tax treatment of IRA's.

I urge my colleagues to read his timely comments. The letter from Bill Dunning follows:

EDDYVILLE, KY, October 15, 1985.

Congressman CARROLL HUBBARD,
Rayburn Building,
Washington, DC.

DEAR CONGRESSMAN HUBBARD: I understand there is a consideration in Congress to tie IRA contributions to employer-sponsored retirement plans. I believe the Tax Laws in the United States should be written to *encourage individuals to save* rather than to discourage them.

Your support in a continuation of the IRA contributions would be appreciated.

Very truly yours,

WILLIAM E. DUNNING.

DEFECTION: IT'S NOT AS EASY AS IT LOOKS

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HYDE. Mr. Speaker, the spectacular "redefection" to the Soviet Union of Vitaly Yurchenko, a senior KGB official, has this Capitol buzzing with speculative stories as to whether he was a bona fide defector who changed his mind or was a phony from the outset. We may never learn the true story. Nevertheless, this episode, and the one involving the young Soviet seaman, Miroslav Medvid, illustrate some of the problems confronting a Soviet who decides to jump ship literally and figuratively. While most Americans may assume that defection to this promised land may be a relatively easy task, from a Soviet's perspective, the opposite may be true.

With that as backdrop, Mr. Speaker, I would like to insert in the RECORD at this point a most interesting column on this subject that appeared in the New Orleans Times Picayune on November 18, 1979. Written by former ABC–TV correspondent Peggy Stanton, it provides some very human insights into the various motives and complications surrounding defections and I commend it to my colleagues as timely reading.

THE DEFECTOR: A PROFILE IN COURAGE

(By Peggy Stanton)

With defections from Russia assuming the proportions of an exodus, Americans may be concluding that trading in the Hammer and Sickle for the Stars and Stripes is a relatively effortless task, and that the Soviet deserter is immediately ecstatic over his or her leap to liberation.

In fact, the opposite may be true, according to American experts on the subject. Total immersion into freedom can be an extremely painful baptism into the waters of choice and opportunity. "A Soviet," explains a former CIA official, "is raised to do what he is told. His idea of how to succeed is to find out who is in charge, find out what they want him to do, do it, and be properly rewarded."

Telling a Russian that he may decide his own future, that he may try for any career that interests him" is one of the most unnerving things that you can say."

Though increased knowledge of the West has somewhat lessened the trauma of adjusting to the flexibility of democracy, it has not shortened the parade of other pressures that accompany the decision to abandon the mother country.

"Russia," points out one former Government official who dealt extensively with defectors for 25 years, "traumatizes what might be a perfectly ordinary act in another country. Article 64 of the Soviet legal code, in effect, defines defection as treason."

Since one does not commit treason without considerable danger to one's health, defection requires a great deal of courage and a great deal of planning. "If you don't plan," say the insiders, "you usually don't make it." Attempting to cross the Russian border on foot or on wheels is not highly recommended, as it is patrolled by 500,000

troops and protected by three separate barbed wire fences. With such obstacles in mind, a Soviet pilot shanghaied a Russian plane out of Siberia, amazingly avoiding detection and destruction in Soviet skies. He landed in Japan with 15 seconds of fuel to spare.

A more conventional route to foreign asylum is to travel overseas under official sanction, i.e., a ballet tour. Once in the West, the defector covertly seeks out sympathetic aid, often the American Embassy, and then disappears from his entourage at the least suspicious moment. Gaining a trip abroad is no small task, however. When a Soviet wins such adventure, one can safely assume he or she has more than native soil awaiting his return. Thus, a husband might be allowed to travel, but not in tandem with his spouse unless they have a relative to leave behind as hostage. Distinguished pianist Vladimir Askanezi and his wife effected an end run around this decree by boarding an airplane with their infant hidden in their flight bag.

One enterprising young Russian turned the hostage ploy to his own ruthless advantage. After joining the Communist Youth League because it offered the opportunity of a journey overseas, he wooed and wed a very beautiful Soviet girl, hoping she would appear to be such an enchanting reason to hurry home that Kremlin officials would not hesitate to allow him to depart Moscow. His strategy worked. Unfortunately, his new freedom was marred by the sudden realization that his feelings for his new bride were not nearly as pragmatic as he had thought. Too late, remembers a witness, "it hit him like a ton of bricks."

Sometimes, however, the love of "Eve" has proven stronger than the love of freedom. American intelligence men still shake their heads over the Communist state security official who was working in East Germany managing the procurement of very specialized machinery, while turning kickback money into a Swiss bank account. When he revealed the existence of his Western nest egg to his East German girlfriend, she complimented the confidence by passing the information on to the KGB. Thanks to a tip, the betrayed boyfriend escaped to West Berlin before his arrest. After several months of exchanging fascinating secrets for safe haven, the officer's heart won reign over his head. Fully aware of his sweetheart's past treachery, the usually tough, cynical officer returned to East Germany for her. When he phoned his presence, she invited him to her apartment where, upon his arrival, he discovered a special welcome prepared for him by the KGB.

The most recent example of love versus liberty was the public schism of a marriage when Russian ballerina Lyudmila Vlasova flew home to Moscow without her husband and partner Aleksandr Godunov after he announced his new allegience to the United States. Some American experts believe that the splintered relationship resulted from a "tragic oversight." The ballerina "should never have been allowed to board that plane," they argue. Once aboard the aircraft, subjected to duress and possibly drugs from Russian security personnel, her later avowals of patriotism to U.S. officials in a van beside the plane with four Russians present, may not have reflected her true feelings about returning to the Soviet Union.

Persuasion is just as likely to be accomplished by sedation as by fears, however. It may be instructive in the Godunov-Vlasova case to recall that the Soviet security man who allowed Rudolph Nureyev to break free from official grasp before boarding a plane in Paris was severely reprimanded by his superiors for failing to have a hypodermic needle at the ready.

Did Lyudmila Vlasova genuinely desire to leave her husband behind in the United States or was she a victim of Russian agents who had gone to school on the Nureyev escape? If she suffering from a broken heart, we will probably never know it.

MINORITY OWNED THRIFTS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. GARCIA. Mr. Speaker, we have been hearing over and over again about what is wrong with the banking and thrift industries, and the dire predictions with respect to the Federal insurance funds.

Every day I receive notices from the FDIC regarding a new bank closing, and the industry papers talk about how and if the insurance system can be saved. That is why it was such a pleasant surprise to run to the American Banker of November 1, 1985 to see the enclosed article entitled "Minority-Owned Thrifts Grow Rapidly." Although these thrifts have not avoided all problems, they have used their ingenuity in order to attract new business, and to continue to grow. At least the news on the financial front is not all bad.

MINORITY-OWNED THRIFTS GROW RAPIDLY

(By Kenneth J. Hicks)

NEW YORK—Many minority-owned thrifts maintained their explosive asset and deposit growth for the second consecutive year in 1984 by using more aggressive and innovative marketing techniques. This gave them the funds to expand the services they can offer their communities.

However, minority-owned thrifts did not escape the earnings problems that afflicted the industry as a whole.

These are among the findings made in conjunction with the *American Banker's* second survey of minority-owned thrift institutions. The table on page 14 lists those thrifts that responded to questionnaires sent by *American Banker* and compares data from Dec. 31, 1984, with data from Dec. 31, 1983.

For the approximately 60% of minority thrift respondents who were able to provide two years of data, deposits soared 43.2%, to $2.7 billion from $1.9 billion, and assets jumped 44.1%, to $3.3 billion from $2.3 billion. Minority thrifts' share of total thrift deposits also increased, to .004% from .003%. Deposits for all thrifts in 1984 were up 14.1%.

Deposit and asset growth also were extremely high for minority-owned thrifts in the period from Dec. 31, 1982, to Dec. 31, 1983, with increases of 49.5% and 51.0%, respectively.

Net income for the survey's minority-owned thrifts, however, plummeted 49.7% to $6.0 million in 1984, from $11.9 million the year before. Although the sample is small, these results can be reflective of the industry as a whole.

Mark Clark, senior vice president for public relations at the U.S. League of Savings Institutions, pointed out that the "interest rate environment in 1984 was not as favorable" as in 1983. "The ability of thrifts to earn on interest rate spreads was more difficult." In 1983, earnings at surveyed minority-owned thrifts skyrocketed 267.1%.

Mr. Clark said the figures for the relatively small sampling of minority-owned thrifts (70 thrifts could be identified as minority-owned at the time of publication) were not totally out of line with the results for the entire industry for 1984.

"The aggregate [for the thrift industry] was growing rapidly," in 1984, Mr. Clark said, "but earnings fell off." Industrywide return on assets was up 18 basis points for all of 1984, compared with an increase of 26 basis points in 1983. This translates into a decrease in earnings of approximately one-third, according to Mr. Clark.

"In contrast," he said, "I believe 1985 will show record earnings for the industry, but growth will not be as strong. Financial service industries have been realizing that you don't necessarily improve net income by growth. Many thrifts are now stabilizing and consolidating" their business line.

SEEKING FUNDS TO EXPAND SERVICES

To expand services to their communities, some minority-owned thrifts are aggressively seeking deposit and asset growth to fund the projects and are instituting local marketing and advertising programs as part of their strategies.

Independence Federal Savings Bank in Washington, D.C., began a local advertising campaign to attract more funds. Previously, the thrift had not advertised.

"We're now offering a student loan program and more mortgage loans," said Polly Malvin, vice president of accounting at the $9.5 million-deposit Independence. "We're aggressively seeking growth and deposits" to offer the expanded services.

Deposits were up 55.7% at Independence, a black-owned thrift, while assets grew 50.4%.

Independence Federal also converted from a mutual savings and loan to a stock savings bank to raise capital. Ms. Malvin feels that "with sufficient capital, minority thrifts can compete. If the regulatory net worth is low, an institution is so heavily regulated" that it makes it difficult to compete, she said.

"Teamwork," is how Leonard Bloom, senior vice president of marketing for Merit Savings Bank, Los Angeles, explains the successes at the $247.1 million-deposit thrift.

Mr. Bloom said Merit Savings holds an annual retreat for its employees, and the theme for the 1984 retreat was "We're a Winning Team."

One of the largest minority-owned financial institutions, Merit saw its deposits rise 26.2% and assets increase 29.4%. Net income exceeded $1 million in 1984.

"We've been growing very well," Mr. Bloom said. "We've been making an emphasis on loans for new construction of single-family homes. We are in innovative and experts in the field."

Part of Merit's innovation was exhibited in a marketing campaign to acquire more construction loan business. According to Mr. Bloom, Merit mailed bricks to new construction firms, asking them, "Do you need a construction loan?"

"It brought in a good deal of business," he said.

Merit, an Asian-American-owned thrift, plans to expand into more residential construction business.

OTHER SURVEY FINDINGS

Of those thrifts that could be identified as owned by a minority group, 16 are black-owned, nine are Hispanic-owned, eight are Asian-owned, four are multiracially owned, and one is owned by women.

United Bank FSB of San Francisco, with $697.1 million in deposits, is not only the largest minority-owned thrift, but the largest minority-owned financial institution.

Of the thrifts in today's listing, United Bank is the largest Asian-owned thrift; Carver Federal Savings & Loan Association in New York is the largest black-owned institution, with $105.2 million in deposits; Tesoro Savings & Loan Association of Laredo, Tex., is the largest Hispanic-owned thrift, with deposits of $218.6 million; and, with $57.0 million in deposits, Time Savings & Loan Association, San Francisco, is the largest multiracially owned thrift.

California is the home state of the most minority thrifts, with 19. Florida is second with seven.

CHRISTMAS CAME EARLY FOR THE CHARDWICK FAMILY

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. MOAKLEY. Mr. Speaker, I would like to bring to the attention of my House colleagues a most prestigious award that was recently bestowed upon the Greenery Rehabilitation and Skilled Nursing Center in Brighton, MA. This outstanding center was presented with President Reagan's Citation Program for Private Sector Initiatives, based upon its comprehensive and individual treatment of those inflicted with severe head injuries.

The Greenery Head Rehabilitation Program consist of three major areas and they include coma treatment, head injury treatment, and long-term care. The coma treatment program concentrates on providing an integrated sensory stimulation program, with specific goals of achieving and maintaining optimal health status which enables the patient to advance to the active participatory rehabilitation program. Once an appropriate level of awareness has been attained the patient enters the intensive head injury rehabilitation program. The goals of this program are to increase the level of functioning and independence to the maximum, depending upon the nature of each patient's disability. Once the level of functioning has been reached the patient moves to the long-term program. In this program the goal is to provide inpatient supportive skilled rehabilitative nursing services to ensure that individuals maintain their health.

I would like to share with my colleagues the story of an individual whose life has been touched so dramatically by the excellent programs and services of the Greenery:

CHRISTMAS CAME EARLY FOR THE CHADWICK FAMILY

TERRY, A UR ATHLETE, HAS PROGRESSED WELL AFTER PARALYZING INJURY

(By Frank Bilovsky)

The May wedding date had been planned for months. It would be a happy day with friends and family invited to watch Syd Chadwick and Lyn Ward exchange marriage vows.

Syd Chadwick was a widower. His wife had died in 1982. But the impending wedding was a happy thought, especially since his second son, Terry, was going to be the best man.

On April 24, though, the elaborate plans suddenly changed, and so did an awful lot of lives, none more than Terry Chadwick's. The junior mathematics major and golfer at the University of Rochester and his classmate and teammate, Tom Skibinski, were on I-390 near the Brooks Avenue exit on their way home from Canada when their car was read-ended by a pickup truck. the entire rear of the Renault was destroyed. Chadwick and Skibinski were rushed to Strong Memorial Hospital. Skibinski, the passenger, overcame his injuries and was out of the hospital in a little more than a week.

Chadwick is still hospitalized and will be for some time in the Greenery Institute in Brighton, Mass., outside Boston. His weight, after several months of intravenous feeding immediately after the accident, has dropped from 170 pounds to 114. He remains paralyzed on his left side from the injuries sustained in the accident. For months, no one was certain that he was going to live.

But this is not a sad story, although it has its deep moments of frustration and anxiety. Instead, it is one of hope. And love.

The hope, which had always been there, intensified on the weekend of December 10-12 when Syd and Lyn Chadwick, who were married on May 12 in a quiet, private ceremony, drove to Massachusetts to visit Terry. Terry had been transferred from Strong to the Greenery in late August. His condition at the time had improved a bit, but hardly terrific.

"I remember visiting him just before he went to Boston," Skibinski said. "He could move his head very little. But his eyes were shifting back and forth excitedly. My mother could talk to him, but I couldn't talk to him. It was a difficult moment.

"I want to see him again. In fact, we've been talking about taking a road trip to Boston to see him soon."

Don Smith would like to see Terry Chadwick again, too. Smith, the golf coach at UR, remembered finding out about the accident that Sunday night in April and what transpired in the weeks that followed.

"I had been away at Elmira College at my youngest daughter's college weekend," Smith said. "We got back home on Sunday night and my oldest daughter hit me with the news out of the blue. She told me that two of my golfers were in a serious auto accident. I was in a state of shock.

"After the first jolt, I got myself over to the hospital. It was kind of a helpless situation. With Tom, they knew he would come out of it. With Terry, there was no guarantee.

"The hardest part was after a week or two of going over to see Terry almost on a daily basis and not seeing any progress," Smith added. "I kept hoping that maybe the next time he was going to speak, but he didn't. But even though he was comatose, I think he knew I was there. There were times where there was a movement in his throat, like he wanted to speak. There were times when there was an encouraging feeling and there were times, when he had high fever, when it was very discouraging."

If the situation was difficult for Skibinski and Smith, the difficulties were compounded for Syd and Lyn Chadwick. Things that very few people have to deal with became daily events. Bothersome events. Medical people were sometimes aloof. The Medicaid papers were filled out for Terry and rejected because something was wrong on the application. It meant refiling. The bank was hitting Terry's account with a service charge and said there was nothing it could do about it. Little things became big things.

"Too much reality," Lyn said.

And then, one July day, Syd and Lyn visited Strong.

"Terry was very positively responsive," Syd said. "Until then, we didn't know if he was going to make it. But we came away from that visit and I told Lyn, 'He has to go to to Greenery. He has to have the chance.' "

"I remember it," Lyn said. "Coming down from the visit, you said, 'He's got to go. There is some hope.' "

Late in August, Terry was transferred from Strong to Greenery by air ambulance and placed on the intensive rehabiliation floor where the cost is $270 a day and the average stay is two and a half years.

The Chadwicks first visited Terry in October. Shortly after that visit, they received a call from Greenery. They were told that Terry had started to talk. A few days later, Terry called home.

"It was an exhilirating experience," Syd said. "We talked to him a couple of times and each time he sounded better. We expected words and we got sentences. But the last time he called before we visited in December, he had a message for us, 'I want to come home.' We had to explain that he was at the best place for him."

The visits from the Chadwicks to Greenery have been made at relatively lengthy intervals for several reasons. For one, they have been time-consuming, since the Chadwicks drove back and forth from Henrietta to Massachusetts. For another, they have been expensive. And, there is the pyschological side of it.

"If you go back too soon, you might become discouraged because the progress is so slow," Syd said.

Thus the trip to Boston on Dec. 9 was filled with uncertainty and apprehension. But once they walked into Terry's room the mood changed quickly.

"The first time we had been there, he was using a symbol board (to convey his wants and needs)," Lyn said. "Now he was using an alphabet board and when we saw him using it, we were thrilled. And he had his sense of humor. Instead of answering yes on the alphabet board, he would point to A-OK. We asked him if he knew his dad's age and he pointed to 89. He asked for his electric razor."

"But," said Syd, "there were things he couldn't remember. He couldn't remember if his mother had died. Or how. He asked if she had died, I said, 'Yes.' He asked how. I said, 'Cancer.' "

That happened on Saturday. On Sunday, Terry Chadwick had a special request for Lyn, whom he had known prior to the accident.

"He asked me, 'Would you be my mother?'," Lyn remembered. "We had been good friends, but I had never expected that. 'Can I call you mother.'

"The ride home was completely different from the ride over. We had Christmas tapes and we sang Christmas carols. It felt like Christmas. I said to Syd, "That's the best Christmas present I could possibly have this year.' "

Syd added softly. "For the both of us."

THE NATIONAL SUBSTANCE ABUSE EDUCATION ACT

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. TRAFICANT. Mr. Speaker, today I am introducing legislation to develop in school districts across the country, a mandatory substance abuse education program. My bill, entitled the National Substance Abuse Education Act, would direct the Secretary of Education to withhold 30 percent of Federal assistance to States that do not make substance abuse education a mandatory part of the curriculum for fourth to twelfth graders.

My bill establishes a substance abuse education program that will be used as a guideline for States to follow. In order to qualify for full Federal assistance under chapter 2 of the Education Consolidation and Improvement Act of 1981, State educational agencies must require that substance abuse education be taught as a mandatory part of the curriculum for fourth through twelfth grade. Such an education program must be approved by the Secretary of Education. Under my bill the program would have to meet the following requirements:

(1) it must meet not less than 2 times weekly for a period of not less not 10 weeks during each school year;

(2) must include instruction with respect to the following areas:

(a) the short-term and long-term health effects on the human body of the ingestion of alcohol or caffeine, the use of tobacco, or the use of illegal drugs; (b) alcoholism; (c) drug, caffeine, and tobacco dependence; (d) the role of parental and peer influence in the individual decision to ingest alcohol or caffeine, to use tobacco, or to illegally use drugs; (e) the history of drugs, alcohol, caffeine, and tobacco, and their use and abuse; (f) the psychological, social, and medical effects of prolonged substance abuse; (g) the classification of all controlled substances, including nonprescription, pharmaceutical, and chemical drugs; and (h) Federal, State, and local laws and court procedures with respect to the illegal ingestion or sale of alcohol or use or sale of drugs, including the penalties imposed for violation of the laws;

(3) education classes for parents with respect to substance abuse during the evening; and

(4) workshops for parents, students, and teachers with respect to substance abuse.

My bill also provides that if the Secretary of Education determines that a State or local educational agency is financially unable to implement such a program, they could still receive full financial assistance by implementing an alternative program. Such an alternative program would include things like a brief series of lectures and discussions on substance abuse in existing science or health courses; special class discussions; health fairs; and afterschool programs designed to educate youngsters on all aspects of substance abuse.

This bill is an ambitious undertaking. Some States may take issue with the idea of losing 30 percent of their block grant money from the Federal Government for failure to implement such a program. But my bill would give States 2 years from the enactment of the bill to develop such a program. In addition, my bill establishes important guidelines for an alternative drug education program for those school districts that are financially unable to implement such a program into their curriculum.

Mr. Speaker, as the director of a countywide drug program for 10 years, I have had vast experience in dealing with young people hooked on deadly drugs. I have seen first hand how drugs and alcohol can ruin a young person's life. I believe strongly, from my vast experience as a drug counselor that drug and alcohol education is essential to addressing the growing problem of drug and alcohol use and abuse among our children. It has been established that in many cases cigarette smoking and alcohol use leads to drug use. Children must be educated fully about the whole spectrum of drug and alcohol use. My bill would make such education a mandatory part of the curriculum for fourth through twelfth graders.

Basic alcohol and drug information, presented in a classroom setting, is the core of any alcohol and drug education program. Many States already require that such education programs be a mandatory part of the elementary and secondary school curriculum. In many communities, however, alcohol and drug education is haphazard and sporadic. Frequently, school districts choose to ignore the tragic problem of drug and alcohol use. My bill is an important first step in the Federal Government acknowledging the grave threat posed by alcohol and drug use among our youth. My bill would provide all States with the incentive to make substance abuse education a part of the curriculum. In my view this is vital. The Federal Government must take a leading role in setting the direction for drug and alcohol education.

As a drug counselor, I have included in my bill a fair number of requirements for the States in developing a substance abuse education program. I feel that these requirements are necessary and extremely important. Students must be exposed to and taught about all the factors involved with substance abuse. We must provide our youth with the entire picture—including the social, psychological, and physical effects of substance abuse. This must include caffeine, tobacco, pharmaceuticals, and nonprescription drugs.

Another fact to consider is that, while many States currently have made drug and alcohol education a part of their elementary and secondary school curriculums, differences remain and there are gaps. There is a clear need for effective classroom education on substance abuse across the country—in all schools. My bill would lay a firm groundwork in this area. The requirements set forth in my bill provide for a comprehensive program that touches on all major areas of substance abuse. Most importantly, my bill would require that parents get involved and attend night classes on substance abuse. Parents would also be able to participate in workshops with their children to better understand one another and to openly talk about drugs and alcohol—often times this is a problem in many families.

I cannot overemphasize the importance of getting parents involved and educating parents. Well-informed parents and children are more apt to talk about drugs and alcohol, and are better prepared to deal with the many decisions involved with both parenting and adolescence.

My bill represents an important step forward. Many polls indicate that drug abuse is one of the major concerns of Americans. The time has come for Congress to address the tragedy of drug and alcohol use among our children. My bill is a feasible measure that sets realistic guidelines for States to follow. I urge all of my colleagues to look at this measure and lend their full support to the National Substance Abuse Education Act.

A TRIBUTE TO MAS FUKAI

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. DYMALLY. Mr. Speaker, on Friday of this week one of the truly outstanding individuals in my congressional district, Mas Fukai, will be honored at a special ceremony which I expect will be a pleasant surprise to him. I want to take a moment to inform my colleagues here in the House of Representatives of just a few of this man's accomplishments. I can only summarize some of what he has done because he has been so active in the area of public service that I would be standing before you most of the day were I to be exhaustive.

Over a career of community involvement spanning nearly a quarter of a century, Mas Fukai has emerged as one of the most important leaders of the southern California community in general and specifically as a leader of the Asian American community. He has been a successful businessman, an elected official in the city of Gardena, and has served the public at the Los Angeles County level as well.

I would say that if a pattern emerges from a review of Mas Fukai's work it is that Mas has been dedicated to giving young people a strong start in life. He has been especially interested in using organized sports to build physical strength, promote teamwork, and to instill values. Mas founded the first baseball league in Gardena, CA. He is also a founder and advisor

for Gardena's FOR Junior Sports Association. In 1961 he became youth and sports chairman for his CFW Post. His valuable contributions to sports activity for young people in Gardena earned him a well-deserved post as commissioner of parks and recreation for the city of Gardena. He served in that capacity from 1965 to 1971.

In the mid-1960's when the Nation first became conscious of the growth of drug use among young people, Mas was quick to provide his leadership in the fight against drug abuse. In 1968 he became a member of the Los Angeles County Narcotics and Dangerous Drug Commission. He served on the commission from 1968 to 1975, and was vicechairman of the commission. He also served as chairman of the commission's subcommittee on prevention where he took a special interest in drug use prevention in the Asian and Pacific Islander communities of southern California.

Mas is especially proud of the fact that through his efforts, Los Angeles County was able to win $1 million grant in 1973 from the National Institute of Mental Health for drug abuse prevention in the Asian and Pacific American communities. He has been a long-time board member and board director of the Asian American Drug Abuse Prevention Program.

One of the more successful efforts to discourage drug abuse has been a program called "Get High on Life." This effort employs top celebrities to bring home to young people the message that drugs should not be abused. Mas Fukai founded the Los Angeles County Get High on Life Program.

His broad experience in community service is recognized and respected in southern California. Reflective of that respect, Mas is an advisory board member of Los Angeles County Community Services. A corollary of his work with the board has been his implementing of the Los Angeles County Asian Community Service Center. He has also served two terms on the Los Angeles County District Attorney's Advisory Committee.

Mas' dedication to young people extends to the field of education. He is a member of the California State University at Dominguez Hills Advisory Board. And he is on the board of counselors of the University of Southern California's Von Kleinsmid Center for Public and International Affairs.

Perhaps some of Mas' dedication to young people can be traced back to his high school, Butte High School. I believe the school no longer exists. It was set up to educate those Japanese-American children who were incarcerated at the Gila, AZ Relocation Camp. Mas and his family were detained there during the war because of their ancestry. That episode is perhaps in part responsible for the great compassion of Mas Fukai. It has also convinced him of the need for reparation of this injustice. Accordingly, Mas has been a leading proponent of efforts in the Congress to pass legislation that would provide some compensation to the thousands of loyal Americans who were incarcerated and lost their property, their homes, and years of their productive life in these camps.

As if these many accomplishments were not enough, Mas has served as mayor pro tempore of the city of Gardena. And he has been an elected member of the city council since 1974. To top off his political service, Mas has served since 1975 as assistant chief deputy to Los Angeles County supervisor, Kenny Hahn. Quite a career. Quite a man. It is fitting that the citizens of southern California honor Mas Fukai. We are merely returning to Mas the respect and love he has shown the citizens of southern California through a lifetime of service.

TRIBUTE TO JOHN L. McDONNELL

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HUGHES. Mr. Speaker, I rise today to pay tribute to John L. McDonnell on his retirement from Atlantic City Electric Co. John's long and dedicated service to Atlantic Electric and southeren New Jersey region will be remembered fondly by many.

After graduating from high school in Millville, NJ, John attended the University of Pennsylvania's Wharton School. He first began his electric career with Millville Utilities in 1932 and held the position of secretary and comptroller when Millville Utilities merged with Atlantic City Electric Co. in 1952. He has held numerous positions over his 52 years of service ranging from meter reader to payroll clerk, assistant secretary and comptroller, as well as division, district, and area manager. Since 1969, John has worked in the area of Government affairs, most recently serving as manager of Government affairs for Atlantic Electric. Over the years, John has worked closely with the late Senator Clifford B. Case and the late Congressman Charles Sandman as well as Senator BRADLEY and myself. He has also served as a member of my citizens advisory committee and I have come to value his sage advice, understanding, and vision.

In addition to his professional career, John has been active in many civic and charitable affairs in south Jersey. Over the years, many, including myself, have come to rely on his enthusiasm and commitment to the people and places of this area. John has served New Jersey and it communities tirelessly. Among his many activities, John has served as a trustee to Cumberland County College, and was chairman of the Cumberland County Economic Development Commission, as well as Cumberland County Jury Commissioner. In addition, John has held the titles of vice chairman of the Millville Economic Development Commission, chairman of the Millville Bicentennial Commission, treasurer of the Millville Hospital, and president of both the Millville Kiwanis Club and the Millville YMCA. Further, he has served as State chairman of the Employers Legislative Committee, president of the New Jersey Taxpayers Association, chairman of the district trustees of the Southern New Jersey Conference of the United Methodist Church. Beyond that, John was the president of the Southern New Jersey Council on Issues of Aging, chairman of the Salem Community College Foundation, as well as executive committee member of the Southern New Jersey Council of Boy Scouts, and the American Legion NABB-LESLIE Post.

John's numerous awards are indicative of his dedication to service in our communities. In 1955, he was chosen as outstanding citizen of the city of Millville and, in 1968, was awarded the Silver Beaver Award from the Southern New Jersey Council of Boy Scouts of America. In addition to those achievements, he was awarded an honorary associate in science degree from Salem Community College in 1975 and received the Citizen of the Year Award from the Masonic Lodge in 1979. John has also been awarded the Liberty Bell Award from the Cumberland County Bar Association in 1980, and director emeritus from the Water Resource Association of the Delaware River basin in 1985. Beyond that, he has also received awards of appreciation from the American Legion Rescue Squad, the Millville Hospital, the Millville Bicentennial Commission, the Millville YMCA, and the Cumberland County Economic Development Commission.

John is an outstanding citizen and I am proud to call him my friend and colleague. I look forward to John's continued dedication and devotion to his civic activities upon his well deserved retirement from Atlantic Electric this month.

TEXAS A&M SALUTES J. WAYNE STARK

HON. JOE BARTON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. BARTON of Texas. Mr. Speaker, during the past weekend, I had the privilege of taking part in a series of events at my alma mater, Texas A&M University. These events all honored a very special person.

J. Wayne Stark, who now serves as special assistant to the president for cultural affairs, has been serving Texas A&M in some capacity since 1947. In that year, he began a 33-year tenure as director of the Memorial Student Center at A&M.

His first task in 1947 was to plan and oversee the building of a new student activities center. The building itself is one of his finest accomplishments. The Memorial Student Center at A&M is unique in the world and has served as the prototype for many others across this Nation.

However, under Wayne Stark's leadership, what went on in the building in the early days and continues to occur today, is an even more impressive accomplishment. Today, the student center sponsors 35-student operated committees. These commit-

tees produce more than 1,400 programs annually that involve nearly 2,000 student volunteers in the various planning and implementing duties. This is the largest student activities program in the world.

Mr. Stark has also been instrumental in the establishment of the Opera and Performing Arts Society on campus. He has encouraged thousands of Aggies to broaden their cultural horizons in this area.

To many Aggies, Wayne Stark served an even more important role—as a counselor. He has always been available when Aggies face key decisions affecting their future lives. He has consistently encouraged all who sought his counsel to accept challenges, pursue dreams and take advantage of all "windows of opportunity"!

Last weekend's events were instrumental in beginning the effort to raise a $250,000 endowment in his name. This will help the student center enhance its programs in six areas that have long been of special interest to him: The performing arts, the visual arts, major lecture programs, international travel, special leadership programs, and career counseling.

I was pleased to bring to Mr. Stark a letter of commendation from the President of the United States and would like to share that with you:

THE WHITE HOUSE,
Washington, November 4, 1985.

DEAR MR. STARK: I am delighted to join Congressman Joe Barton and the administrators, faculty, alumni and students of Texas A&M University as they honor you with the "J. Wayne Stark Tribute."

This occasion is a moving testament to your lifetime commitment to the University. For nearly forty years, since 1947, you have worked tirelessly for that great institution's educational and cultural development. Because of your efforts, "Aggies" are among the best educated and professionally motivated graduates in the nation.

A lasting monument to your achievements over the years is the Memorial Student Center, built largely because of your vision and determination. I know what pride you must have in that accomplishment. It was but one of many dreams you turned into reality.

Nancy and I send you our best wishes. Again, congratulations, and God bless you.

Sincerely,

RONALD REAGAN.

THE TARGETED JOBS TAX CREDIT [TJTC] PROGRAM, H.R. 983

HON. CHARLES A. HAYES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HAYES. Mr. Speaker, I want to draw the attention of my colleagues to the Targeted Jobs Tax Credit [TJTC] Program scheduled to expire December 1985. Mr. Speaker, I have been contacted by the Honorable Harold Washington, mayor of the city of Chicago, to support the continued existence of this vital program by extending its expiration date beyond 1985. I believe you and the rest of my colleagues will find Mayor Washington's remarks to be a powerful testimony regarding the positive impact of the TJTC program.

I support the timely continuation of the TJTC program for the following reasons: The targeted jobs tax credit is available on an elective basis for hiring individuals from one or more of nine targeted groups. The targeted groups are: First, vocational rehabilitation referrals; second, economically disadvantaged youths aged 18 through 24; third, economically disadvantaged Vietnam-era veterans; fourth, SSI recipients; fifth, general assistance recipients; sixth, economically disadvantaged cooperative education students aged 16 through 19; seventh, economically disadvantaged former convicts; eighth, AFDC recipients WIN registrants; and, ninth, economically disadvantaged summer youth employees aged 16 and 17. The credit generally is equal to 50 percent of the first $6,000 of qualified first-year wages and 25 percent of the first $6,000 of qualified second-year wages paid to a member of a targeted group. Thus, the maximum credit is $3,000 per individual in the second year of employment. Also, for economically disadvantaged summer youth employees, the credit is equal to 85 percent of up to $3,000 of wages, for a maximum credit of $2,550. The employer's deduction for wages must be reduced by the amount of the credit.

H.R. 983 would extend the targeted jobs tax credit for 5 years. The bill provides that the credit would be available for qualified wages paid to individuals who begin work on or before December 31, 1990. The bill also would increase the amount of wages eligible for the credit from $6,000 to $10,000 and liberalize the definition of an economically disadvantaged family for credit purposes.

The text of his statement follows:

OFFICE OF THE MAYOR,
CITY OF CHICAGO,
October 30, 1985.

Hon. CHARLES HAYES,
Chicago, IL.

DEAR CONGRESSMAN HAYES: The Targeted Jobs Tax Credit (TJTC) Program is scheduled to expire December, 1985. If allowed to terminate, well over 10,000 Chicagoans could be out of work if action by the Ways and Means Committee is not soon taken.

The Targeted Jobs Tax Credit provides tax incentives for employers to hire the structurally unemployed while providing job training and enhancing their employability. The program is a success because it converts the hard core unemployed into productive taxpayers while alleviating a major cause of local expenditures.

This program is extremely beneficial to job creation in Chicago and is helping to reduce our unemployment rate of 9.4%. Of the 10,500 jobs created through TJTC in Chicago, 33% of Chicago's TJTC job holders were former welfare recipients. This program not only provides meaningful employment but helps to reduce the nations welfare costs.

I call upon you to assure the continued existence of this vital program by extending it beyond its 1985 expiration date.

Please contact Ronald F. Gibbs, Director, or Luis Burguillo, City of Chicago, Washington, D.C. Office at 202-554-7900 if you have any questions.

Sincerely,

HAROLD WASHINGTON, *Mayor.*

GEORGE KONDO AND HARRY HONDA HONORED

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. MATSUI. Mr. Speaker, I rise to call to the attention of the Congress two men who have served the Japanese American community with unselfish devotion and great distinction. This Saturday night, November 16, 1985 the Northern California Western Nevada Pacific District Council of the Japanese American Citizens League will gather to honor George Kondo and Harry Honda. I am pleased to cite just a few of the many accomplishments of these two gentlemen.

George Kondo is currently serving in the capacity of regional director for the NCWNPDC, the largest JACL membership region in the Nation. George's leadership in the Japanese American community and the community at large has included service as a member of the Optimist Club, Rotary Club International, University of California Nikkei Alumni Association, and deputy secretariat of the Pan American Nikkei Association.

Harry Honda has served as editor, and is currently managing director, of the Pacific Citizen newspaper. The Pacific Citizen is the Japanese American community kiosk where ideas and opinions are discussed and analyzed. The Pacific Citizen was recently honored by the Los Angeles Commission on Human Relations with its John Anson Ford Award for "timely and balanced coverage of human relations and issues of importance to the diverse people of Los Angeles County." In accepting the award on behalf of the newspaper, Harry remarked to the distinguished crowd assembled that the Pacific Citizen and JACL are dedicated to promoting human and civil rights for all peoples. To that I would add the name of Harry Honda, who in more than 20 years of devoted service to the community, has been a leader and a role model in the promotion of human and civil rights.

Mr. Speaker, the honor and recognition being bestowed upon George and Harry this weekend is richly deserved. I applaud them on a job well done and look forward to their continued leadership in the community.

A TRIBUTE TO MR. DON WILLIAMS

HON. PAUL B. HENRY

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HENRY. Mr. Speaker, today I rise to pay tribute to one of the most dedicated community leaders of Grand Rapids, MI, Mr. Don Williams. Mr. Williams is resigning as director of the Grand Rapids Job Corps Center to accept a position as director of the Minority Business Education Center at the Seidman School of Business of Grand Valley State Colleges, and his accomplishments during the past 5½ years at Job Corps are truly commendable.

The Grand Rapids Job Corps Center, which is funded by the U.S. Department of Labor, and administered by the Grand Rapids Public Schools is a residential training program for disadvantaged youth. The Job Corps Program's goal is to make these youths productive members of society. It provides them with the opportunity to complete their high school education, to receive job training in areas such as auto mechanics, carpentry, clerk typist skills, cooking, diesel mechanics, nursing assistance, advanced secretarial skills, or welding, and to become experienced in the workplace through an on-the-job training program.

Mr. Williams has been instrumental in the success the Grand Rapids Center has achieved. He is the first director of the facility, which is the only Job Corps Center in Michigan. He has been responsible for the implementation of every aspect of the center from its beginning, from hiring the staff to preparing the building for the arrival of its first students on October 22, 1980, and he has seen over 3,800 individuals become a part of the program. Mr. Williams has served as a member of the Center Directors Advisory Group of the National Job Corps office, and he also has directed a Community Relations Council which involves other Grand Rapids community leaders in improving the Job Corps Center. The emphasis in all of his work has been to encourage others to become productive members of society.

Mr. Williams' involvement in our community does not stop with his work at the Job Corps Center. Among his other activities, he serves on the executive board of the Kent County Boy Scouts of America, the board of directors of the Kent County Children's Trust Fund, and the United Way Program Development Committee. He is also a member of the Urban League and the NAACP.

Mr. Speaker, I ask all the Members of the House of Representatives to join me in thanking Mr. Don Williams, director of the Grand Rapids Center, for his contributions to the Grand Rapids community.

A TRIBUTE TO DR. RALPH GUZMAN

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. ROYBAL. Mr. Speaker, I would like to extend a few remarks today in honor of my personal friend and colleague, Dr. Ralph Guzman, who passed away this October. Dr. Guzman's untimely death has deeply saddened his students at the University of California at Santa Cruz, where he taught political science and public policy, as well as his former colleagues at the Department of State where he served as a special adviser on Central and South American affairs under President Carter.

Dr. Guzman, a native Californian, served as one of the finest role models in the Mexican-American community. Through his diligence and ambition, Ralph Guzman worked his way from agricultural field hand to foreign policy adviser to the President. Along the way, he contributed his knowledge, time, and compassion to the Peace Corps, the civil rights movement, his own community, and his country while serving 4 years in the Navy. He received his education through the California State university system, and became a published author and journalist.

Dr. Guzman carved a path of success for himself and other Hispanics when very few of those paths were even open to Hispanics. He was an idealist who did not believe, and would not accept, those divisions of race and economic class which had for so long subdued and crushed the American dream for many minority Americans. We will remember his achievements and attempt to emulate his accomplishments. Above all, we will miss Ralph Guzman, statesman, author, teacher, friend.

A TRIBUTE TO LEN FIEDLER

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. COURTER. Mr. Speaker, I am pleased to have this opportunity to honor Leonard M. Fiedler, who has decided to retire after 15 years of public service as the Surrogate of Warren County, NJ.

As a surrogate, Len has had to work on very important matters affecting many people at critical times in their lives. He has done this with grace and dignity. Indeed, Len exhibits the admirable combination of being both an efficient administrator and exercising great concern for all the people he serves.

Len Fiedler has set high standards that all people working in government should seek to emulate. I commend you, Len, for a job well done and wish you all the best in the many years to come.

WHITEWATER RAFTING PROVISION APPROVED BY THE HOUSE

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. RAHALL. Mr. Speaker, I am pleased to say that a section of the omnibus water resources bill passed by the House yesterday provides for a program of water releases from the Summersville Dam in southern West Virginia to facilitate whitewater rafting on the Gauley River during the fall drawdown of the Summersville Lake to winter pool level.

This provision complements section 107 of Public Law 98-360 which explicitly authorized as a project purpose of the Summersville project whitewater recreation. In fact, it is my understanding that this is the first U.S. Army Corps of Engineers project in the country to have been so authorized.

The language approved by the House provides for a minimum of 2,500 cubic feet per second of water to be released from Summersville Dam for at least 20 days during the 6-week period following Labor Day each year. However, this provision does not preclude additional releases from being provided at other times during the fall drawdown period, or during any other time of the year.

The support of my colleagues BOB WISE and HARLEY STAGGERS, Jr. of this provision must be noted.

I would at this time also like to recognize some of my friends in the whitewater rafting industry for their contribution to this provision. Special thanks goes to the members of the West Virginia Professional River Outfitters Association, including Jon Dragan of Wildwater Expeditions who first brought the situation on the Gauley to my attention; Paul Breuer with Mountain River Tours, Frank Lukacs with North American River Runners, Irme Szilagyi with Appalachian Wildwater, and Kevin Whalen, David Arnold, and Doug and Jeff Proctor with Class VI River Runners who all so graciously hosted a trip down the Gauley River for a number of Members and myself this past September; Howard Campbell with the Rivermen; Benjy Simpson with Passages to Adventure; Susan Seiler with Songer Whitewater; and Keith Spangler with Gauley Expeditions.

In addition, I would like to express my appreciation to the members of Citizens for Gauley River and particularly to Ed Rhett, Dave Brown, Pope Barrow, and Steve Taylor for their valued contribution to our effort on behalf of whitewater recreation on the Gauley.

Also to be commended for their efforts are Doug Maddy with the Fayette Plateau Chamber of Commerce, John Wilson of the Oak Hill Holiday Inn, and James Rust of the Merchants and Miners National Bank.

All of these citizens have displayed a great deal of courage in their dedication to the economy of southern West Virginia.

They are valued contributors to our growing tourism industry there and through their efforts, today, whitewater rafting activity on the Gauley River brings in over $10 million per year into the region's economy.

Together, it is my hope that we can continue to enhance and protect the status of the Gauley River in the future.

A TRIBUTE TO THE BOISE CASCADE CORP.

HON. RICHARD STALLINGS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. STALLINGS. Mr. Speaker, I would like to bring to the attention of my colleagues the outstanding contributions of the Boise Cascade Corp. to the communities in which it operates. In 1984, Boise Cascade invested $1.8 million in nonprofit organizations throughout the United States and Canada that provide needed services through community programs.

Recipients of this aid fell into six major categories: Health and welfare organizations, particularly the United Way; education, which received over 28 percent of the corporation's 1984 contribution dollars; cultural enrichment programs, primarily at the local level; civic and environmental projects, the grants of which supported a children's park, food banks, community centers, and the Pergrine Fund; affirmative action which encompassed support to programs for women, minorities, and the disabled; and finally, public issues/economic education foundations, examples of which include the American Enterprise Institute, the American Productivity Center, State councils on economic education, and junior achievement programs.

Beyond material and monetary contributions, the Boise Cascade Corp. encourages its employees to become involved in community activities and supports the establishment of employee volunteer programs at company locations.

Such dedication to the betterment of community lifestyle is most commendable; thus, I would like to take this opportunity to salute Boise Cascade and its employees whose exemplary efforts deserve recognition.

PARALYZED VETERANS OF AMERICA HONOR NORTH CENTRAL CHAPTER

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. DASCHLE. Mr. Speaker, it is with a great deal of pride that I inform my colleagues of an award made recently to the North Central Chapter of the Paralyzed Veterans of America [PVA]. This chapter has been honored as the 1985 recipient of the PVA's John M. Price Chapter Award for the "most improved chapter." The award was presented to the president of the North Central Chapter, Darrell E. Jepson, at PVA's 39th Annual Convention held in Seattle, WA. The chapter was also recognized with the President's Award for its outstanding performance in membership growth.

I am particularly proud of the honor extended to the North Central PVA Chapter because the individual most directly responsible for its outstanding performance is its president, Darrell Jepsen, of rural Lincoln County, SD. As a longtime resident of South Dakota, Darrell is a valued constituent. More importantly, however, Darrell is a valued friend and adviser. I seek his views on issues of importance to veterans and appreciate his comments. His sincere concern for and commitment to the welfare of his fellow veterans is exemplified by the award given to the PVA chapter he heads.

Both as a member of the PVA and the community at large, Darrell's involvement is impressive. Among his many activities, he has served as the South Dakota State director for the White House Conference on Handicapped Individuals; the regional advocacy director for PVA; a director of the South Dakota Easter Seal Society; chairman of the Southeastern Mental Health Center Board; chairman of the Lennox District 100 School Board; vice president of the South Dakota County Officials Association, and many other civic activities.

Mr. Speaker, it is clear that Darrell Jepson is an outstanding community leader and his contributions to the State of South Dakota and our Nation are enormous. He and the North Central PVA Chapter are well deserving of their recent honor and I want to extend my congratulations to Darrell and all members of this chapter of the Paralyzed Veterans of America for a job well done.

GEORGE ABBOTT NAMED CHAIRMAN OF THE BOARD OF THE NATIONAL SMALL BUSINESS ASSOCIATION

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. DAUB. Mr. Speaker, George Abbott of Omaha, NE has been named the new chairman of the board of the National Small Business Association, one of the Nation's leading organizations in behalf of America's small businesses.

Mr. Abbott is the president of Trouble Shooters, Inc., a materials handling consulting firm. He is the youngest chairman in the association's 48-year history and was elected unanimously.

Mr. Abbott has extensive experience in the small business field having served as an executive for small firms in California, Nebraska, and Michigan. For the past 4 years, he has served as chief executive of his own firm in my congressional district.

He has been in a leadership role with the National Small Business Association since being named associate trustee in 1974 and being elected to the board of trustees in 1975. For the past 3 years he has been a member of the board's executive committee and chaired the key long range planning committee.

Since my election to Congress, and especially during my service on the Small Business Committee, I have sought his expert counsel and advice on public policy questions as they affect small business. His special insights and seasoned experience in the field have always been especially helpful to my representation.

Mr. Abbott was born in Hanover, NH, and he received his BA degree from the University of Vermont. He served in the Armed Forces as a lieutenant in the U.S. Navy with two tours of duty in Vietnam. He is married to the former Diane Webb, and they have two children, Stephen and Lori.

I know my colleagues will want to join me in congratulating Mr. Abbott on his important new assignment.

STANLEY GRUSZKOWSKI EULOGIZED

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HERTEL of Michigan. Mr. Speaker, last Friday the citizens of Michigan lost a good friend and caring public servant.

At the age of 56, Mr. Stanley Gruszkowski, a State tax judge, had already served the citizens of Michigan as the Detroit treasurer, as income tax director in both the cities of Hamtramck and Highland Park, as the secretary and a member of the Detroit Board of Assessors and as a lobbyist for Detroit in Lansing. He was also a past president of the Polish Chamber of Commerce and a member of the Michigan Democratic Party, the Central Citizens Commitee, the Polish Festival Committee, and the Michigan Municipal Finance Officers Association.

Stanley Gruszkowski's kindness and generosity did not stop there. Only one of many examples of his giving nature occurred a few years ago when Mr. Gruszkowski lost a leg in a car accident while he was helping a fellow motorist in distress. Mr. Gruszkowski was also a loving family man. He is survived by his wife Dolores, his daughter Brenda, his son Gary, and his mother Victoria. We will sorely miss this great man.

I ask that my fellow representatives help me pay tribute to Mr. Gruszkowski, a great American. Thank you very much.

A TRIBUTE TO BRADLEY HUSHAW

HON. BILL EMERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. EMERSON. Mr. Speaker, today I have the sad duty to report to the House the death of Bradley Wayne Hushaw, of Salem, MO, who was a cadet at the U.S. Air Force Academy in Colorado Springs.

On October 31, Brad and his faculty instructor were flying in a motorized hang glider as a part of his academy instruction when the glider went into a spin and crashed in a subdivision near Colorado Springs. Both Bradley and his instructor, Capt. Michael McVay, were killed.

Brad was a bright, athletic, and active young man who had already begun to display his leadership ability in his home town of Salem. He served as the president of both his junior and senior class at Salem High School, and attended Missouri Boys' State where he was elected municipal judge and county committeeman. Brad was active in the Salem Marching Band and received honors ratings in district contests. He also served as the vice president of the Science Club and won a District Science Fair Award. Brad was active in the Fellowship of Christian Athletes as well as the New Home Baptist Church where he was the vice president of the church youth group and the editor of the church newsletter. His grades were outstanding and he ranked fourth academically in his high school class.

When my Academy Review Board met with Brad and reviewed his many achievements, they recommended to me that he be my principal nominee to the Naval Academy in 1984, and I nominated him without reservation. He ultimately elected to accept an appointment to the Air Force Academy and became a member of the Class of 1988.

Mr. Speaker, the Air Force has lost a highly promising young leader. The Salem area has lost an energetic and highly respected citizen and friend. And Brad's parents, Denton and Mary Hushaw, have lost a son of whom they were extremely proud. I know my colleagues in the House join me in extending our most sincere condolences to Brad's family and friends.

IN HONOR OF WESS HEBRON

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. AuCOIN. Mr. Speaker, I would like to take a few minutes to pay tribute to a man who has become a legend in the community of Hillsboro, OR. I'm speaking of Wess Hebron, owner and sole operator of Wess' Barber Shop, an institution that has been open for a quarter of a century.

But Wess' accomplishments go much further. He is known as much for his service to the community as he is for his light touch with a pair of cutting shears. For 25 years, Wess has served as an inspiration to many youngsters—teaching them the kind of dedication, persistence, and responsibility it takes to run a small business. He has also been a comfort, and at times a provider, for the elderly of the community—never refusing to provide a service because his customer couldn't afford it.

Wess' endeavors are well known in Hillsboro. Some years ago he salvaged a popcorn popper from the old Jantzen Beach Amusement Park after the Vanport flood. He offered the local high school students the opportunity to use the cart to make some money and learn how to run a business. The young entrepreneurs would take the popper to the Little League games—buy the fixings—and keep the profits. Wess took nothing.

Wess has been known to have some interesting customers. Some years ago a stranger walked into his shop wearing a blue serge suit. Wess remarked on how nice the suit looked and noted that he had always wanted to have a blue serge suit but had never gotten around to buying one. The customer and Wess talked about other things and Wess forgot about the suit. When the haircut was finished the stranger got up and took off his suit and left wearing only his boxer shorts. This says a lot about how much Wess' customers appreciated his work.

Wess is also known in places far and wide. A few years ago two Canadian cowboys were on their way from a rodeo in Colorado back to their home in Calgary, Canada, when Mount St. Helens erupted, forcing their plane down in Hillsboro. They asked the motel clerk if there were any attractions to see in the area. The clerk scratched his head, looked out the window across the street at Wess' place and directed them to Wess' Barber Shop. "The only tourist attraction in Hillsboro," he said.

Wess' long and dedicated service to the community was noted recently by his friends. Not many people can lay claim to the kind of roots Wess has put down in this community and the kind of friends he has made. We can all learn a lesson from Wess' example.

Congratulations, Wess, on 25 years of business and service to the community.

A TRIBUTE TO LONG ISLAND'S WOMEN'S CLUBS FEDERATION

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. LENT. Mr. Speaker, on November 22, 1985, the Long Island Federation of Women's Clubs, Inc., will celebrate its 90th anniversary. In honor of this memorable occasion, I'd like to take the opportunity to recognize the organization's outstanding contributions to the betterment of Long Island communities and their citizens.

The federation was formed in 1895 by several leaders of women's clubs on Long Island. These women realized that a central organization would enable the individual member clubs to act with greater authority and effectiveness. Today, over 64 Long Island clubs have joined the federation with a membership of over 100,000 throughout Kings, Queens, Nassau, and Suffolk Counties.

The members share the same goal of serving humanity and the community. Over the years, they have made important contributions in social, cultural, education, and civic areas. In addition, the federation membership discusses and recommends positions on timely issues which are presented to Long Island statesmen and legislators.

One of the federation's most valuable projects is the educational aid program. The student aid fund has provided over $50,000 in valuable financial assistance to eligible college students. In addition, separate awards are made to advance the education of selected, qualified high school students in the local communities.

The Long Island Federation of Women's Clubs has been at the forefront of movements to advance the cause of freedom and public welfare. The federation deserves the highest commendation as well for securing much-needed reforms in the areas of public health and education.

Therefore, I would like to extend my congratulations to the federation's 90 years of dedicated service to the community, and I offer my best wishes for continued success.

RELIEF FOR RURAL HOSPITALS

HON. THOMAS J. TAUKE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. TAUKE. Mr. Speaker, with my colleagues Mr. TAYLOR, Mr. STANGELAND, Mr. WHITTAKER, Mr. SKELTON, Mr. LIGHTFOOT, Mr. STENHOLM, Mr. DAUB, Mr. WEBER, Mr. VOLKMER, Mr. EVANS of Iowa, and Mr. LEACH, of Iowa, I am today introducing legislation to correct the severe problem posed for some rural hospitals by the Medicare prospective payment system. These hospitals are located near urban areas and are experiencing labor and nonlabor costs comparable to those of nearby urban hospitals, but because of the rural/urban reimbursement differentials in the prospective payment system, these rural hospitals are receiving substantially less per DRG. In my State, for example, rural hospitals receive on the average 55 percent of what urban hospitals receive for the same DRG services. No matter how cost-effective, these rural hospitals cannot continue to compete under this inequitable reimbursement system. Their survival is threatened.

The legislation my colleagues and I are introducing today allows rural hospitals located within 75 miles of an urban area to file with the Secretary of Health and Human Services for an increase in reimbursement reflecting their actual labor and/or nonlabor costs. To be eligible for

this increase, hospitals must demonstrate that: One, the ratio of its unit inpatient costs for a cost-reporting period and the unit inpatient costs for hospitals in the nearest urban area exceeds the ratio of its average Medicare payment and the average Medicare payment for hospitals in the nearest urban area for that period; two, its average Medicare payment is less than 85 percent of what it would receive if it were located in the nearest urban area; and three, there is a greater differential now in its reimbursement when compared with the reimbursement of nearby urban hospitals that existed in October 1983.

Our measure creates a board to which a hospital may appeal for reconsideration should the Secretary deny its request for an increase. The appeal board is composed of representatives of the Health Care Financing Administration, an equal number of rural and urban hospital administrators, health care consumers, physicians, and others designated by the Secretary.

We believe that how a hospital fares under the prospective payment system should depend upon its ability to provide needed, high-quality, cost-effective services, not upon where it happens to be located. Please join us in cosponsoring our measure to make the prospective system equitable for rural hospitals located near urban areas and severely penalized by the rural/urban differentials.

MORNING STAR BAPTIST CHURCH CELEBRATES ITS 80TH ANNIVERSARY

HON. ALAN WHEAT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. WHEAT. Mr. Speaker, this Sunday, November 17, the Morning Star Baptist Church in Kansas City, MO, will celebrate its 80th anniversary. I want to take part in the church's celebration by sharing with my colleagues a brief history of the Morning Star Baptist Church.

Like so many other religious institutions, the Morning Star Baptist Church grew from humble origins and a simple goal. Organized by the Reverend George Henry Daniels and for other people as the New Prospect Mission in 1905, these five members became the spiritual leaders for the new church. Unable to accommodate the increasing congregation in its first building, Reverend Daniels spearheaded efforts to purchase larger facilities on Vine Street. The new building ushered in a new era as the reverend also changed the mission's name to the Morning Star Baptist Church. Reverend Daniels led the church for 32 years until his death in 1937.

The church continued to grow both physically and spiritually under the leadership of the Reverend A.B. Simmons. Many of the auxiliaries of the church were organized under his capable and dedicated leadership. He led the efforts to move the church to its present location on 2411 East 27th Street. Reverend Simmons, however, was careful not to let the change in facilities shake the spiritual foundation of the church. Reverend Simmons served the church for 25 years as active pastor and held the office of pastor emeritus until his death in December 1963.

The present pastor of Morning Star Baptist Church, the Reverend H.C. Eason, has continued the excellent leadership of his predecessors. Taking over the pastorship in 1965, Reverend Eason has guided the church's efforts toward greater community service. He has instituted several new programs, including a midday prayer service that is serving the needs of the senior citizens in the community. With the needs of his congregation foremost in his mind, Reverend Eason has added many amenities to the church. The sanctuary was refurbished, cushions were added to the pews, air-conditioning was installed, and new musical instruments were purchased for the church.

The church fulfills a special role in our community. In the past 80 years, the Morning Star Baptist Church has provided a spiritual uplifting and served as a moral compass to its members. Guided by excellent leadership, the congregation has never lost sight of the church's original goal which is symbolized by its motto, "Peace, Love, Togetherness." It gives me great pleasure to commend the Morning Star Baptist Church for 80 years of serving the Kansas City community.

EXECUTIVE ORDER 11246, PRESIDENT REAGAN SHOULD NOT WEAKEN ENFORCEMENT OF AFFIRMATIVE ACTION PROGRAMS FOR FEDERAL CONTRACTORS

HON. CHARLES A. HAYES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. HAYES. Mr. Speaker, I want to draw the attention of my colleagues to a recent article which appeared in the Washington Post on Sunday, November 10, 1985, by Peter Robertson, a former senior official with the Equal Employment Opportunity Commission. Mr. Robertson is a management consultant with Organization Resources Counselors, Inc. The article "Why Bosses Like To Be Told To Hire Minorities," eloquently expresses the business reasons why the corporate community strongly supports the continued, vigorous, enforcement of Excecutive Order 11246 and affirmative action goals and timetables. The meaningful participation of minorities and women in the workplace has worked and is working very well.

Mr. Speaker, I believe you and the rest of my colleagues will find this article informative and very helpful in understanding why the Executive order should be preserved in its present form.

The text is as follows:

[From the Washington Post, Nov. 10, 1985]

WHY BOSSES LIKE TO BE TOLD TO HIRE MINORITIES

(By Peter C. Robertson)

President Reagan is being urged to weaken enforcement of affirmative action programs for federal contractors. The proposition has divided the Cabinet, stalling action. But if Reagan still is trying to make up his mind, here's a message from the business community: Go slow.

Although business has major problems with the program, it now supports the basic principles of affirmative action as implemented under Presidents Kennedy, Johnson, Nixon, Ford and Carter.

The reasons corporations are not interested in seeing these principles weakened have more to do with business than with civil rights. Business—led by the National Association of Manufacturers—sees that its own self-interest requires affirmative action. And if the Reagan administration thinks American business will thank it for weakening affirmative action enforcement, then the administration isn't listening to what businessmen outside the Beltway are saying.

The government's present affirmative action program requires companies doing business with the federal government to have written affirmative action plans including goals and timetables to increase the employment of qualified minorities and women where they are "under-utilized." Press reports indicate the administration may no longer require goals and timetables and might even prohibit their voluntary use as a management tool.

There are at least 10 good reasons that business, while seeking administrative reforms, might take a position that voluntary goals and timetables should continue to be allowed and government should have some kind of mandatory program:

1. Changing Labor Market:

Women and minorities will be 75 percent of labor force growth between 1990 and 2000. Employers without plans to eliminate barriers to hiring or promoting these groups will be cut off from a major part of America's labor force.

C.W. Parry, chief executive officer at Alcoa, recently sent a memo to all employes noting that Alcoa's "best prospects for survival and growth lie in our skillful selection of the best individuals" from a broad-based talent pool that includes women and minorities."

2. Minimizing Risk of Reverse Discrimination Suits:

In a recent survey of chief executive officers by the management consulting firm for which I work, 95 percent indicated that they will use numbers as a management tool to measure corporate progress whether the government requires them or not. However, once the government requirements are gone, there would be a risk of so-called "reverse discrimination" suits alleging that employers have gone too far with affirmative action.

The continuation of a responsible and balanced government program that sanctions goals and timetables will make it less likely that such suits will be successful, according to National Association of Manufacturers President Alexander Trowbridge.

3. Compatibility with Management:

The use of goals and timetables and other numerical measures to track the employment of minorities and women is consistent with how corporations deal with all important areas.

In recent meetings with more than 150 companies, the consistent question we were asked was "If we can't count, how can we measure? If we can't measure, how can we manage?"

William McEwen, director of equal-opportunity affairs at Monsanto Co. in St. Louis and chairman of the human resources steering group of the NAM, told a House of Representatives subcommittee in July that "business . . . sets goals and timetables for every aspect of its operations—profits, capital investment, productivity increases and promotional potential for individuals. Setting goals and timetables for minority and female participation is a way of measuring progress and focusing on potential discrimination."

Senior corporate officials clearly recognize that managers must be measured on all of the things they are expected to do.

A survey of more than 200 major companies found 76 percent saying they used "voluntary internal numerical objectives to assess [equal employment opportunity] performance." One-fourth of the companies said that incentive compensation plans for managers include equal employment objectives and that performance against those objectives can affect incentive payments positively or negatively. By 1988 more than half the companies predict they will be basing incentive pay in part on EEO performance.

4. Use of Numbers as a Defense:

One proposal might eliminate the possibility that businesses could use goals and timetables even voluntarily or point to progress in minority and female employment as part of the evidence in defending against discrimination charges, although the Supreme Court has emphasized the appropriateness of such a defense. Employers clearly want to use their progress as a defense and to be able to avoid further government investigations of their activities if they have done well, as measured by the numbers of minorities and females they employ.

At the same time, the program does not require any quotas. The goals and timetables program is a flexible one that business can live with. Ralph P. Davidson, board chairman of Time, Inc. told Congress that at "no time [was his company] subject to anything resembling 'quotas' [and that they] weren't presented with rigid, predetermined statistics for the hiring of women and minorities." He said that the government never tried "to dictate a final, inflexible result."

5. State and Local Government Programs:

Historically, large companies opposed federal regulations pleading states' rights. However, today they prefer the uniformity of a single federal regulation, even if the companies don't always like all the details, to having to meet a multiplicity of state and local regulations.

One national financial services company presently has affirmative action programs with 60 local jurisdictions, each of which calculates its requirements differently.

Recently, NAM President Trowbridge has noted that if states and cities believe the federal program is inadequate, it could lead to a proliferation of "conflicting and complicated standards" that "are bound to cost more ultimately and result in less effective programs." Trowbridge has called for reforms in the federal program without amending the underlying executive order. The NAM believes that such amendments would be "ill-advised," in part, because they might trigger such state and local action.

6. Avoiding Inflexible Federal Legislation:

Employers are concerned that Congress might freeze the present program into law and thus deny flexibility to alter the regulations. Rep. Augustus F. Hawkins (D-Calif.), chairman of the House Education and Labor Committee, has pledged legislative action should the executive order be weakened. He would probably get bipartisan support in both houses. Sen. Robert Dole (R-Kan.) urged the president not to weaken the new executive order and congressmen and senators of both parties have written him strong letters supporting a similar position.

7. Employe Morale and Productivity:

Companies who have made significant progress in hiring minorities and women would have morale and productivity problems if their employes believe that the federal government is reducing its commitment to affirmative action, particularly if they believe that business pressure led to such a change.

For example, IBM now has 30,000 minority employes and 30,000 women who would not be there if the company's percentage of minority and female employment was the same as it had been in the early '60s. Such a company needs its employes to think affirmative action is being eliminated like it needs a corporate hole in the head. In fact, IBM's chief executive officer, John Akers, just issued an IBM-style, 16-page report on its affirmative action program with statistics and a description of the company's programs to achieve these gains. Similar reports have been issued by others: Schering-Plough, Philip Morris, Exxon, AT&T, Westinghouse and Chemical Bank to mention just a few.

The Alcoa memo noted that Alcoa would continue its programs "whatever the government's eventual position." In a similar vein, Davidson, of Time, Inc., told a House Judiciary subcommittee this week that "when press reports indicated that [the presidential order on affirmative action] might be weakened or watered down, Time, Inc. issued a statement [that] 'should this happen, we want to assure you we will maintain our affirmative action program. We have been well served by that program, including the setting of internal hiring and promotion goals for minorities and women. . . .'"

8. Faith in the Legal System: Corporations have a vested interest in our legal system and citizen faith in that system. Laws prohibiting discrimination were preceded by demonstrations by those who had no faith that we could solve our problems by law. President Kennedy wanted to achieve civil rights under law. The late Republican Sen. Everett M. Dirksen (R-Ill.) spoke of "an idea whose time had come" and helped achieve Kennedy's dream of getting the problem out of the streets and into the courts. Employers may argue with how government regulations are applied but they would rather have these arguments occur in a legal framework than in the streets.

9. Third Party Pressures: If faith in the ability of the legal system to increase employment opportunities were to fade, we may not see marches in the streets again, but we will certainly see increasing pressure on employers from outside the legal system. Already, private civil rights organizations have substantially increased their demands for affirmative action plans or fair share agreements outside the context of government requirements. Most employers would prefer to deal with the government, even when perceived as slightly misguided, than to negotiate the details of how they do business with a wide variety of competing private groups whose standards are not subject to judicial review.

10. Management Flexibility—The Deregulatory Issue:

This is perhaps the most important reason employers favor continued use of voluntary goals and timetables and even support appropriately crafted mandatory ones. NAM president Trowbridge made the point when he pointed out that retaining flexible goals and timetables as a measure of good faith compliance to ensure progress would "give business the necessary guidelines to ensure compliance with federal mandates," and pointed out that "absent such guidelines, individual enforcement officers will be left with decisions as to what comprises compliance with affirmative action."

The present rules mandating goals and timetables were adopted by the Nixon administration, in part at the request of business, in essence as a deregulatory move in the area of employment discrimination and affirmative action.

Under pre-Nixon programs, there were major confrontations with government investigators concerning the adequacy of specific details in corporate affirmative action programs. The Nixon pro-business, deregulatory approach was to adopt goals and timetables as an objective measure of corporate progress and thus eliminate many of the arguments about the adequacy of specific programs. In fact, in the lead Supreme Court decision approving race-conscious affirmative action using numbers, the court said that such approval was given in part because of this deregulatory aspect. The court noted that to allow appropriately circumscribed race-conscious affirmative action would permit employers to comply in accord with "traditional management prerogatives" and was consistent with the congressional desire to implement anti-discrimination requirements in a fashion that would "avoid undue federal regulation of private businesses."

It would be ironic indeed if an administration known for its deregulation program and its desire to help business were to go in the exact opposite direction in dealing with affirmative action. The president ought to think twice before eliminating a program begun under a Republican president with business support and originally implemented by George P. Shultz when he was Secretary of Labor.

The president ought to think twice before eliminating an objective numerical measure and substituting bureaucratic examination of the details of employers' practices to see if they meet government standards. He ought to think twice before doing something that might lead to a proliferation of competing and uncontrollable pressures on business from state and local governments and civil rights groups; and he should certainly think twice before taking a step that much of his own business constituency believes is ill-conceived.

WEEK OF DECEMBER 2 DESIGNATED AS "NATIONAL EMERGENCY MEDICAL AIR TRANSPORT WEEK"

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. COYNE. Mr. Speaker, today I am pleased to introduce a House joint resolution which requests that the President of the United States designate the week of December 2, 1985 as "National Emergency Medical Air Transport Week." This resolution commemorates the role of hospital-based helicopters in providing vital access to health services to Americans living in both urban and rural areas of the country.

The original concept of the hospital-based helicopter program, developed during the military conflicts in Korea and Vietnam, has expanded from less than a dozen programs in 1978 to well over 100 in 1985. Last year, alone, over 43,000 persons experiencing life-threatening situations were flown to critically needed medical care by helicopters or fixed wing aircraft.

On this fifth anniversary of the American Society of Hospital Based Emergency Air Medical Services, it is particularly fitting that we join together to recognize the vital service the members of this organization have provided for our communities.

Mr. Speaker, I ask unanimous consent that the text of this joint resolution be printed in the CONGRESSIONAL RECORD.

NATIONAL AUTISM WEEK

HON. BRUCE A. MORRISON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. MORRISON of Connecticut. Mr. Speaker, I rise in support of House Joint Resolution 440, which would declare the week of December 1–7 as National Autism Week.

Mr. Speaker, while many people have heard about autism, few people understand the extent of this incapacitating, lifelong developmental disability. Few people know that over 350,000 Americans are afflicted with the disorder, and that of these, 85 percent are classified as dysfunctional.

The responsibility for caring for an autistic family member can be overwhelming. A strong support system and special training or education must be made available to every person and family affected by autism. The National Society for Children and Adults with Autism and other groups have worked hard to guarantee this support.

It is therefore particularly fitting that we draw public attention to autism this year, the 20th anniversary of the National Society for Children and Adults with Autism. This year also marks the 10th anniversary of passage of Public Law 94–142, "the Education for Handicapped Children's Act," legislation that guaranteed autistic and other handicapped children the right to appropriate education.

As one of the cosponsors of House Joint Resolution 440, I urge my colleagues to join me in supporting passage of this timely legislation.

IN HONOR OF DISTINGUISHED TUSKEGEE UNIVERSITY ALUMNUS DEPUTY CHIEF JESSE A. BREWER

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. DIXON. Mr. Speaker, on November 24, 1985, Tuskegee alumni will honor Deputy Chief Jesse A. Brewer at their Ninth Annual Scholarship Event at the Century Plaza Hotel in Los Angeles. I would like to join the Los Angeles-Tuskegee University Alumni Chapter in saluting Deputy Chief Brewer for his outstanding contributions as a law enforcement officer and the positive role model he has provided to Los Angeles youth.

It has been said that the four cornerstones of character on which this country was built are initiative, imagination, individuality, and independence. During his 38 years of public service, Jesse has called upon these characteristics to make him one of the most well respected and competent law enforcement officials in this Nation. These qualities were particularly recognized when Jesse was appointed by President Ronald Reagan to serve as a member of the President's Commission on Organized Crime.

During the many years that I have known Jesse, his loyal dedication to his family, community and country has been an inspiring and endearing quality. He has actively participated in the L.A. County Peace Officers Association, the L.A. Chapter of the NAACP, the L.A. Urban League, the National Association of Black Law Enforcement Executives, the L.A. Black Agenda, and the Tuskegee University L.A. Alumni Chapter. For 33 years he has been in Active and Reserve service with the U.S. Army, where he attained the rank of colonel and which bas included his receipt of the Legion of Merit, the Bronze Star, the Purple Heart, the Combat Infantry Badge, and two campaign ribbons.

A loving husband and father to his wife, Odessa, and his children, Jesse III, Jonathan, and Kenneth, Jesse is a positive force in the Crenshaw district and a man whose strong character all Los Angelenos can proudly emulate. He has accomplished a remarkable civic career and is truly deserving the honor bestowed on him by the the Los Angeles-Tuskegee Alumni Chapter.

SOCIAL SECURITY TRUST FUND

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 14, 1985

Mr. DASCHLE. Mr. Speaker, many of my constituents have been trying to follow all the recent efforts in Washington to reduce the deficit. Even though I think we're on the right track, a lot of people outside of Washington are a bit more skeptical.

They see us talking about Gramm-Rudman, or the House alternative, and they say, "What's the difference? Who cares? We've seen all this before. When all is said and done, nothing will have changed, and we'll still have a deficit."

Mr. Chairman, as someone who has strongly supported our recent efforts to balance the budget, I've done everything I can to try to convince South Dakotans that this time we're for real. This time we're really going to cut the deficit. This time they can trust us.

But nothing in recent memory has done more to make Americans distrust Washington than the Treasury Department's disinvestment of the Social Security trust fund.

Their reaction when they hear about this is horror. The newspapers don't report the details of how all the money will be paid back. All they see is that the Government has its hands in their Social Security reserves. That's money they count on every month, or will count on when they retire.

The people have a contract with the Government, Mr. Chairman. They agreed to contribute a share of their own salary, in exchange for a guarantee that when the time came, they would have a secure source of income. Secure, Mr. Chairman. Not borrowed, or lent, or kept under somebody's mattress.

There is no excuse for this episode. It was brought about because some people in this town insist on playing politics with the Federal budget and the deficit.

It has happened because some people have refused to act to balance the budget. Sure, they talk a lot, but look what happens when they finally have a chance to do something: They run for cover. It's destroying the economy, it's leaving a huge debt for our children. And now, its making people worry about whether they'll get their next Social Security check.

HOUSE OF REPRESENTATIVES—*Monday, November 18, 1985*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore [Mr. FOLEY].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
November 18, 1985.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on this day.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Let justice roll down as waters and righteousness like an everflowing stream.—Amos 5:24.

We pray this day, O Lord, for peace in our world that righteousness will be done and freedom will flourish. We remember especially all those who meet in Geneva that their minds will be set on the vision of justice that Your Word has given. May Your blessing be upon all who participate that they will receive strength and encouragement from above, and may Your peace that possesses all understanding be with them this day and every day. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 232. Concurrent resolution expressing the sense of the Congress with respect to the restoration of democracy in the Philippines.

The message also announced that the Senate has passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 1562. An act to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the United States textile and apparel industry and its workers; and

H.R. 2672. An act to redesignate the New York International and Bulk Mail Center in Jersey City, NJ, as the "New Jersey International and Bulk Mail Center", and to honor the memory of a former postal employee by dedicating a portion of a street at the New York International and Bulk Mail Center in Jersey City, NJ, as "Michael McDermott Place."

WEINBERGER LETTER SIMPLY A STRAW MAN FOR PRESIDENT REAGAN

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, the Weinberger letter to the Geneva summit bound President Reagan is merely a straw man. This will permit President Reagan to claim a summit victory by just rubber stamping the status quo.

For 5 long years we have achieved no new meaningful nuclear arms limits; now the DOD Secretary Weinberger suggests that we go backward. Weinberger advises Reagan to pursue the star wars-SDI Program, disavow the 1972 ABM Treaty and the SALT II accords, belittles past Presidents' arms agreements and the Soviet compliance to existing accords.

Mr. Speaker, the Congress and our Nation deserve far better and want progress on the agenda of nuclear arms reduction. Just avoiding the rehashed Weinberger issues is not good enough.

We should expect the summit to set in motion new meaningful nuclear arms reductions and grant the proper perspective on past agreements—not the gratuitous undercutting of the past Presidents' achievements or the overblown rhetoric concerning Soviet compliance.

The Weinberger letter is clearly extremest rhetoric that has led the American, and world, media on a wild goose chase.

Nothing in this Weinberger letter or Secretary Shultz' reaction concerning continued SALT II compliance is new—and if indeed the President were to take this advice we would have an unravelling of current nuclear limitations.

Then why this outburst? Is the Reagan administration at war with itself? Hardly. What is being attempted and really quite successfully, is manipulation of the news. This not only makes President Reagan look moderate, but provides a safe harbor when he comes up empty. Everyone can breathe a sigh of relief. In other words, at least he did not accept Weinberger's advice.

Frankly, that type of conclusion just won't do. There is no substitute for meaningful progress at this summit when both the Americans and Soviets have offered significant cuts in nuclear weapons. To achieve the status quo of weapons and development is a failure and a victory of politics over good policy.

NETWORK SCRAMBLING OF THE NEWS

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDEN. Mr. Speaker, earlier today I wrote the three television networks, ABC, CBS, and NBC, and asked them to refrain from scrambling news programs.

Recent reports have indicated that all three television networks were considering scrambling their transmissions via satellite to protect the privacy of those signals. The often unedited signals which were formerly transmitted across television lines are now being received by owners of backyard Earth stations.

Mr. Speaker, it seem to me that the fruits of the telecommunications revolution have made important news programming available to many Americans, largely in rural areas, who would not be able to get national television news otherwise. Scrambling the news would forfeit one of the gains technology has brought to thousands and thousands of Americans.

I asked the networks to do this on a voluntary basis. I do not intend to pursue it legislatively at this time, but I think it would be in the public interest for the television networks to refrain from scrambling the television news and I am making that request today.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled bill on Thursday, November 14, 1985.

S. 1851. An act to extend temporarily the Dairy Price Support Program and certain Food Stamp Program provisions, and for other purposes.

And the following enrolled bill and joint resolution on Friday, November 15, 1985:

H.R. 3447. An act to amend and extend the Congressional Award Act; and

H.J. Res. 449. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC,
November 15, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in clause 5, Rule III of the Rules of the U.S. House of Representatives, the Clerk received at 10:50 a.m. on Friday, November 15, 1985, the following message from the Secretary of the Senate: That the Senate passed H.J. Res. 449.

With kind regards, I am,

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC,
November 15, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in clause 5, Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House at 4:00 p.m. on Friday, November 15, 1985 and said to contain H.R. 3036, an Act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1986, and for other purposes, together with a veto message thereon.

With kind regards, I am,

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 1986—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 99-130)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning herewith without my approval H.R. 3036, making appropriations for the Treasury Department, the United States Postal Service and certain Independent Agencies for the fiscal year 1986.

In my budget last February I proposed reforms, reductions, and terminations in some 50 domestic programs to start us on a sensible path to lower budget deficits. Because Congress has accepted very few of these proposals, it is now clear that all of the non-defense appropriations bills will be far above my budget.

However, in the interest of accommodation, I have indicated that I would accept appropriations bills, even if above my budget, that were within the limits set by Congress' own budget resolution. This bill does not meet that test.

For discretionary programs the bill provides $900 million more than my budget and is $180 million above the level for budget authority and other discretionary resources implied in the budget resolution. For example, my budget proposed a major paring of the remaining postal subsidies, and the Congressional budget resolution envisaged a lesser saving. This bill provides $820 million for these subsidies, which represents little saving from current levels and is $72 million above the budget resolution level.

Apart from its spending levels, this bill contains a number of language provisions that are highly objectionable. Among them are provisions blocking performance-based regulations for civil servants issued by the Office of Personnel Management, curbing the authority of the General Services Administration to contract out certain services to the private sector, forbidding review by the Office of Management and Budget of marketing orders for agricultural products, and one section of the bill raises serious constitutional concerns with respect to presidential appointments.

The presidential veto is an instrument to be used with care. But until the Congress comes to grips with the problem of the large budget deficit, it is an instrument that I shall not hesitate to employ.

RONALD REAGAN.

THE WHITE HOUSE, *November 15, 1985.*

The SPEAKER pro tempore. The objections of the President will be spread at large upon the Journal and without objection, the message and bill will be printed as a House document.

There was no objection.

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that further consideration of the veto message on the bill H.R. 3036, be postponed until November 19, 1985.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

SOVIETS HAVE WON OPENING SALVO OF GENEVA SUMMIT

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, regrettably, the Soviets have won the opening salvo of the Geneva summit. The disgraceful and irresponsible leak of the Weinberger letter has produced four unfortunate repercussions:

First, it has given a boost to the Soviet propaganda machine, already cranking out its anti-United States message.

Second, it gives the impression of an American negotiating team in disarray.

Third, it shows that there are irresponsible leakers in the U.S. Government who are insisting on sabotaging the talks.

Fourth, it demonstrates that there are those in the Pentagon who have some inflexible positions, that if they should prevail, will hinder the chances of a successful summit.

Mr. Speaker, despite this initial setback, the President has shown courage and commitment in pursuing a successful arms control summit. His plans for student and cultural exchange are important. They are two areas that we have been losing the battle to the Soviets. We have been losing and it is important that we give his initiatives enthusiastic support.

Mr. President, our prayers are with you as you enter these critical talks, and if you need any help in tracking down those leakers and firing them, I am sure you will find many Members of this Congress ready to help. Whomever leaked this letter should consider joining the Soviet negotiating team.

RETIREMENT TRUST FUNDS PROTECTION ACT OF 1985 (COOKIE JAR PROTECTION ACT)

(Mr. MILLER of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of Ohio. Mr. Speaker, it has been jokingly said that Uncle Sam has been caught with his hand in the cookie jar. But dipping into the trust funds for Social Security, civil service retirement, military retirement, and railroad retirement is no laughing matter. If the House had followed the lead of many Members, it would not have adjourned at the time it was needed to act on Senate changes to the debt limit extension. As a result, the Treasury Department resorted to divesting the trust funds that so many of our elderly citizens depend on.

The bulk of this bailout came from the old-age and survivors' and disabil-

ity insurance trust funds—mostly in long-term securities, some yielding up to 13¾ percent, and some with maturity dates as late as the year 2000. Disinvesting and reinvesting at a lower rate of interest could result in the loss of hundreds of millions of dollars annually.

Today I am introducing the Retirement Trust Funds Protection Act of 1985 to protect and restore already lost interest earnings of the Social Security and other Federal trust funds, and in the event of any future disinvestment to require reinvestment at terms and rates of interest equivalent to the projected annual interest income. I urge my colleagues to join me in this effort to protect the vital interests of our retired citizens.

SERIOUS CONCERNS ABOUT REVISION OF JOINT CHIEFS OF STAFF

(Mr. BENNETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BENNETT. Mr. Speaker, soon we will have the Joint Chiefs of Staff revision before us. I have very serious concerns about this. The Constitution provides that the President shall be Commander in Chief of all the Armed Forces.

It also provides that the Congress shall provide for the national defense of our country, providing necessary material and things like that for the Army, and the Navy, et cetera.

I think this measure is well intentioned, but I think there are very many problems involved in revising the Joint Chiefs of Staff along the way in which it has been suggested we should go.

Mr. Speaker, I expect to have some amendments, at least one amendment, to that bill.

On final passage, unless it is revised considerably more than it is now, I would expect to oppose it because it seems to me that it goes contrary to the Constitution where it places power and responsibility and is something which really is not needed.

□ 1215

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting for rollcall vote No. 407 on November 14, 1985. Had I been present, I would have voted "aye" on roll No. 407, Philippine elections.

IMPENDING FARM CREDIT CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas [Mr. ALEXANDER] is recognized for 30 minutes.

Mr. ALEXANDER. Mr. Speaker, I take this time today to address the House on the question of the impending farm credit crisis that plagues our Nation and makes the financing of next year's agricultural production questionable.

This morning, I had the opportunity to address the American Bankers Association and to discuss the politics of the farm credit crisis. I was introduced with remarks by one of the officers who explained to the bankers, and I quote, "That there will be a bailout of the Farm Credit System." We need to focus on how and what Congress will do to respond to this crisis.

As a preface for my remarks there and again here today, I would like to make three basic observations.

First of all, there is an enormous credit problem in the farm community today. The Farm Credit System owes $74 billion which farmers cannot repay at this time. In addition, there is another $51 billion owed to commercial banks that farmers cannot repay. That is $125 billion in outstanding debt which cannot be redeemed by current profits from the agricultural sector of our economy.

Of the Nation's 2.2 million farm operations: 98,000 are technically insolvent; 109,000 have extreme financial problems and are rapidly moving toward insolvency; and 417,000 have financial problems so severe that they may require some form of debt or asset restructuring assistance in order to help them survive.

In short, there is more debt than there is income among farmers to repay that debt. This has been due, in part, to a devaluation of assets, particularly land, over the last 5 years. The collateral no longer exists to justify the continuation of this debt. The Government must now intervene to provide additional backing to the FCS.

The problem of declining asset values results from U.S. farm policy geared to exporting our produce. In the past, we exported approximately 30% of all our produce, but now farmers cannot export their products because competing and conflicting U.S. economic policies prevent it.

How does the economic policy prevent the farmers from exporting their products? The deficit, which will be approximately $200 billion for the current fiscal year, is conciously financed by our Government with foreign capital. Let me explain what this means. The interest rates offered by our country in exchange for investment are higher in the United States than anywhere else in the world, therefore foreign capital is attracted to the United States. In effect, we are sucking into our country the capital of the world to meet this enormous debt requirement. The process of moving foreign capital to finance the U.S. debt bids up the value of the dollar and makes U.S. farm products too expensive for foreigners to buy. This results in what is called an overvalued dollar, or an inflated dollar. Some even boast that it is a strong dollar.

So long as the dollar is overvalued or is strong, it makes U.S. products too expensive for foreigners to buy.

Another point should be noted. Other than President Reagan's remark on March 23, 1985, that we should "keep the grain and export the farmer," the administration has no short-term policy to deal with the farm credit crisis. There is no policy. There is no bill. There is no proposal. There is only discussion by mid-level administration representatives with Members of Congress in hopes of developing a consensus solution to the farm credit crisis.

What the administration is doing is meeting with Members of Congress in order to ascertain what we will support in the Congress. They will then discern their position, and following that, a bill will be introduced which establishes that position. The administration will then proceed to address the short-term farm credit crisis based on Congressional sentiment.

The Credit crisis needs to be addressed before Congress adjourns for the Christmas recess, because a new crop must be financed next year. As of this time, the credit crunch prevents that from occurring.

A third important point to observe is that the administration has no strategy to address the long-term problem of the overvalued dollar, which is the cause of this credit problem. As I said earlier, the problem of the overvalued dollar results from the prevailing economic policy of financing the Federal deficit through foreign capital, this bidding ups the value of the dollar, making our agricultural products too expensive for foreigners to buy.

When we cannot sell our farm products overseas, surpluses build up and the value of those products comes down. That is why farm prices are depressed at the present time and the credit crisis exists.

It is interesting to observe that the American Bankers had a mixed attitude toward this issue and this problem. One banker said to me, "There needs to be a washout of inefficient farmers who cannot compete under present conditions. That is the free enterprise system which rewards those who are stong and who are fit to survive within both domestic and international competition." In other words, this is a dog-eat-dog economic policy. That policy rewards those who are strong and can compete in an environment of domestic and international

competition, and it penalizes and forces out those who cannot compete.

The problem that we have in this country is that about half of our farmers will be forced out of production if the present system prevails without addressing the causes of farmers' economic disadvantages.

A question arises in my mind when that idea is presented of whether or not the American farmer should pay and bear the burden of the U.S. economic policy designed to finance our debt with foreign capital. It is this policy which causes the farmer to be in the position of inability to compete. It is not the farmer's fault that the President and his economic advisers have chosen a policy which inflates the value of the dollar and inflates the price of American farm products, making them too expensive for foreigners to buy. That is a national policy that is borne on the backs of the American farmer.

We can see the social toll imposed upon farmers and their families. A recent Wall Street Journal article, illustrates the climate of hopelessness felt within the farm communities. Stress on farm children is causing them to run away, become delinquent, and ever consider suicide.

Their parents feel the loss of this generation and of their forebears. In my district in Arkansas, a dear friend, whom I have known since boyhood, has expressed to me his great sadness at the knowledge that his farm, which has been passed through four generations of his family, will not be handed to his children. The family ties to the land will be broken.

□ 1225

We have a question of public policy. Should the farmer be allowed to be forced out? Should he be forced to compete within an environment that he has not contributed to? After all, it is not the farmer's inefficiency, as some have alleged. It is an independent intervening force of a U.S. economic policy which places the farmer in a position of noncompetition.

The farmer is a victim of the current economic policy. He is not a partner in making it. He is not rewarded by the benefits that we see reported each day when the stock markets on Wall Street continue to spiral upward at record rates. The farmer is burdened by this policy; he is penalized by it. In fact, I would characterize the American farmer as an economic serf in a system of capitalistic fiefdom which causes the farmer to be enslaved to the present policy. He supports the system without its rewards.

So what policy should we formulate? First of all, I agree that Congress and the administration should address the short-term credit crisis for next year. Our colleague, the gentleman from Tennessee [Mr. JONES] is chairman of the Farm Credit Subcommittee. He is working to help fashion a policy that will address that problem. I support his efforts and I will join in them.

But I think we should have a two-track policy. In addition to addressing the short-term farm credit crisis, we should also have another track that I would call the long-term exchange rate problem.

Just last week, I attended the Congressional Summit on Exchange Rates and the Dollar that was convened by our colleague, the gentleman from New York [Mr. KEMP] and his counterpart in the other body, Mr. BRADLEY, from New Jersey. Our major trading partners from around the world convened in order to present their ideas. Two unamious points become clear, one, an enormous need for change within the international exchange rate system exists, and two, international cooperation is required to bring about this change. Currency misalignment is creating international economic hardship. Countries, their citizens and industries are rewarded and penalized, and made rich or put into bankruptcy, because of erratic fluctuations of currencies.

Some industries cannot compete. The farmers are one of those industries in this country. And while no consensus was reached at the conference, there is an emerging support for a process to deal with this problem of disparity in international exchange rates. U.S. trading partners expressed a desire to convene, as is described by some, another Bretton Woods conference, to set forth an international monetary policy stabilizing currencies around the world. Stable currencies will contribute to international stability and peace. After all, one of the essential ingredients to world peace is a stable international monetary system. Without a stable monetary system throughout the international community, peace cannot prevail. Instability breeds conflict within and among our trading partners. Some partners are unable to compete. Internal economic dissatisfaction leads failing industries to demand their legislatures and parliamentary bodies to enact protectionist legislation, as we have done in this body. The executive branch faces pressure to intervene with various mechanisms to bring down the value of the dollar. However, this option has limited capabilities and short-term results.

There is a third possibility which I recommend today, and that is the possibility of agreement and of accord in the spirit of Bretton Woods. I think we can achieve that through leadership provided in our own Government.

The first step, as I say, was taken last week. But what is lacking other than a policy is also a process. We do not have a process to achieve international accord.

In 1983, I talked to then Secretary of the Treasury, Don Regan, about the problem of exchange rates. He said that I was a good Democrat, but for me not to worry about the international free enterprise system, that it would take care of itself and the problem would go away. He told me to go back to Congress and worry about something else. The problem has not gone away. Instead, we have built up a $160 billion trade deficit because the disparity in international economic policies favors some economies, allowing them to subsidize their exports into our country. These are flooding our markets at the rate of about $160 to $180 million a year, putting shoe manufacturers and textile mills out of work in my hometown of Osceola, AR.

Last year, two textile mills closed down in 1 day, and about 800 workers were laid off. A year later, the loss in incomes to those workers has reduced the gross revenues of the merchants on Main Street by about one-third, devastating the economy of a little town in Arkansas with a population of about 10,000 people.

The problem of exchange rates and disparity in economic policy will not go away without leadership from our Government and the governments of our major trading partners. We need a policy, and we need a process. While we are developing a policy with discussion, I suggest that we also begin developing a process through which this debate can achieve an international accord.

Today, in order to take a step in that direction, not necessarily a step that will resolve all our problems, but to take a step in the direction of establishing a process, I offer a bill which would create a currency valuation board. I call this, the U.S. Dollar Valuation Board.

This board, consisting of three members, would be appointed by the President. The members would have staggered terms. It would be an independent agency and would have standing with the Federal Reserve System, the Congress and the executive branch.

The purpose of the board is to establish or create an ongoing process to reach an international accord on monetary exchange rates among trading nations. That is the overall purpose of the board. Its day-to-day functions would include three:

First, to meet daily to determine the real value of the dollar when traded against foreign currencies, taking into consideration the underlying competitiveness of our economy and the economies of our trading partners. A means of comparing currencies already exists in this recent and erudite publication by the Institute of International Economic Policy Analysis, International Economics, the Exchange Rate System by John Williamson dated September 1983, revised June 1985. It is possible to determine

the purchasing power parity of the dollar when traded against foreign currencies.

Second, the Board would also make recommendations for short- and long-term monetary policy that would encourage the realignment of the dollar to its real value. These recommendations would be presented to the President, Congress, the Federal Reserve Board, and other relevant Government agencies.

Third, the Board would also present an agenda to the President for international economic conferences so that the United States can work with our trading partners to establish realistic currency values. Included in this agenda should be the recommendation to each trading partner to establish their own currency valuation board. The cooperation of these boards would constitute an integral part of an international effort to achieve and maintain currencies of trading nations within valuation ranges that represented their true competitive levels.

The establishment of a dollar valuation board would be the first step in achieving an international agreement or treaty to mutually determine the relative real value of each participating nation's currency and thus avoid radical and unreasonable shifts in any currency's value.

A managed exchange rate system worked reasonably well from 1944 through 1973 when we had an exchange rate based upon the gold standard with the U.S. dollar as the lead currency. We decided to abandon that policy in 1973 and to allow the dollar to float, as it has since that time. For the first 5 years, the dollar was undervalued by about 20 to 21 percent and it made our products in this country inexpensive on the world market and we could export them abroad, although we paid for this through domestic inflation. But in the last 5 years, the dollar has become extremely overvalued, which makes our products too expensive to export. We are disadvantaged by our own economic policies which are forcing our people out of work, and in effect exporting our jobs overseas.

I am told that about 3 million American jobs have been exported into foreign countries as a result of our own economic policy. Many of those jobs have come from farm communities which should concern us here today.

It is possible to achieve an international accord on a continuing basis if we have such a process as envisioned in the U.S. dollar valuation board.

Now, I agree that establishing what some would call a bureaucracy is no substitution for a solution to a very, very difficult problem. Just passing a law to establish a U.S. Dollar Valuation Board alone will not do that. We have to have the will, we have to have a policy. The board would meet with our trading partners on a continuing basis with at least one annual summit meeting each year to solve the exchange rate problem.

So to answer the critics who might say that this is another bureaucracy, I have included a sunset clause which terminates this board in 1994, December 31, 1994, which would automatically terminate the U.S. Dollar Valuation Board in the event it did not serve the purpose for which it was intended. And admittedly, if our leaders in this country in economic policy and political concerns do not wish for this type of a policy to be devised, to be formulated, a process would be of little value. Again, we must have both the desire to establish an international monetary system that brings into parity the various currencies among the trading nations, and we must establish a process through which that goal can be attained. .

□ 1240

It is with these thoughts in mind, ladies and gentleman, that I address this body today. I would like to add that Fred Bergsten, of the Institute of International Economics, as well as other renowned economists, blame the overvalued dollar for 75 percent of the current negative trade balance. Even Martin Feldstein, former Chairman of the Council of Economic Advisers under President Reagan, admits that the strong dollar has created the trade deficit. In a recent Washington Post article, he wrote, "The Treasury has at last acknowledged that the overvalued dollar is the source of the overwhelming trade deficit * * * The current huge trade deficit is not due to any fundamental weakness of American industry or to increases in unfair trade practices of other nations." I agree with these economists in their belief that the dollar is largely responsible for our current economic woes.

Mr. Speaker, I am certain that I will come to this body in future dates, within the next several weeks, to add additional comments to the remarks that I have made today, but for openers, I would like to offer the proposal to establish the U.S. Dollar Valuation Board as a process, as a way to achieve a continuing international economic accord, international monetary accord among trading nations who cannot continue in peace without a stable international monetary system.

The file follows:

H.R. 3771

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Dollar Valuation Board Act"

SEC. 2. UNITED STATES DOLLAR VALUATION BOARD.

There is hereby established the United States Dollar Valuation Board (hereinafter in this Act referred to as the "Board"), as an independent agency for the purpose of creating an ongoing process to reach an international accord on monetary exchange rates among trading nations.

SEC. 3 DUTIES OF BOARD.

The duties of the Board are as follows:

(1) DETERMINATION OF DAILY REAL DOLLAR VALUE.—

(A) IN GENERAL.—Before the close of each business day, the Board shall determine the real dollar value for such day.

(B) NOTICE AND PUBLICATION OF REAL DOLLAR VALUE.—The Board shall transmit its determination of the real dollar value for each business day to the President, the Secretary of the Treasury, the Secretary of Commerce, the Board of Governors of the Federal Reserve System, and the International Monetary Fund and shall publish such determination in the Federal Register

(2) RECOMMENDATIONS FOR MONETARY POLICY.—

(A) SHORT-TERM.—Before the end of each calendar quarter beginning after the date of the enactment of this Act, the Board shall prepare a report containing its recommendations for a short-term monetary policy which will bring the value of the dollar in the foreign currency exchange markets into line with the real value of the dollar. The Board shall transmit a copy of such report to the President, the Congress, the Board of Governors of the Federal Reserve System, and such other Federal agencies and departments as the Board may determine to be appropriate.

(B) LONG-TERM.—Before the end of each calendar year beginning after the date of the enactment of this Act, the Board shall prepare a report containing its recommendations for a long-term monetary policy which will bring the value of the dollar in the foreign currency exchange markets into line with the real value of the dollar. The Board shall transmit a copy of such report to the President, the Congress, the Board of Governors of the Federal Reserve System, and such other Federal agencies and departments as the Board may determine to be appropriate.

(3) INTERNATIONAL ECONOMIC CONFERENCES.—The Board shall make recommendations to the President with respect to items to be included in the agenda of any international economic conference to which the United States is a party, including the recommendation that the President urge the major trading partners of the United States to set up their own currency valuation boards.

(4) REAL DOLLAR VALUE DEFINED.—For purposes of this Act, the term "real dollar value" has such meaning as the Board shall prescribe by regulations taking into account—

(A) the purchasing power parity of the United States dollar,

(B) United States budget deficits or surpluses,

(C) the average rates of interest in the United States and each of its major trading partners,

(D) high rate of foreign investment in the United States,

(E) the average rates of inflation in the United States and each of its major trading partners, and

(F) such other factors as the Board may determine to be appropriate.

(5) BUSINESS DAY DEFINED.—For purposes of this Act, the term "business day" means any day other than a Saturday, Sunday, or legal holiday.

SEC. 4. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

(1) IN GENERAL.—The Board shall consist of 3 members appointed by the President, by and with the advice and consent of the Senate, from persons who are not officers or employees of any government and who are specially qualified to serve on the Board by virtue of their education, training, and experience.

(2) VACANCY APPOINTMENT.—A vacancy on the Board shall be filled in the same manner as the original appointment was made.

(3) POLITICAL PARTY AFFILIATION.—Not more than 2 members appointed under this subsection may be of the same political party.

(4) APPOINTMENT NOT SUBJECT TO CAP ON EXECUTIVE LEVEL POSITIONS.—Appointment may be made under this subsection without regard to section 5311(b) of title 5, United States Code.

(b) TERMS.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), members shall be appointed for terms of 7 years.

(2) STAGGERED TERMS.—Of the members first appointed—

(A) 1 shall be appointed for a term of 3 years;

(B) 1 shall be appointed for a term of 5 years; and

(C) 1 shall be appointed for a term of 7 years,

as designated by the President at the time of appointment.

(3) VACANCY APPOINTMENT; SERVICE AFTER EXPIRATION OF TERM.—Any member appointed to fill a vacancy occurring before the expiration of the term for which such members; predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of such member's term until such member's successor has been appointed.

(c) QUORUM.—2 members of the Board shall constitute a quorum.

(d) CHAIRPERSON.—Of the members appointed to the Board, one shall be designated by the President, by and with the consent of the Senate, to serve as chairperson of the Board for a term of 4 years.

(e) FULL-TIME SERVICE.—Members shall devote their entire time to the business of the Board.

SEC. 5 DIRECTOR AND STAFF: EXPERTS AND CONSULTANTS.

(a) DIRECTOR.—The Board shall have a director who shall be appointed by the Board and shall be paid at a rate established by the Board.

(b) STAFF.—The Board may appoint and fix the pay of such additional personnel as the Board determines to be appropriate

(c) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and Staff of the Board may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the classified service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may be paid at a rate in excess of the maximum rate of basic pay payable for GS-18 of the General Schedule.

(d) EXPERTS AND CONSULTANTS.—The Board may procure temporary and intermittent service under section 3109 of title 5, United States Code, but at rates not to exceed the daily equivalent of the maximum rate of basic pay payable for GS-18 of the General Schedule.

(e) STAFF OF FEDERAL AGENCIES.—Upon request of the Board, the head of any Federal agency or department may detail to the Board, on a reimbursable basis, any of the personnel of such agency to assist the Board in carrying out its duties under this Act.

SEC. 6. POWERS OF BOARD.

(a) HEARINGS AND SESSIONS.—The Board may, for the purpose of carrying out this Act, hold such hearings, sit and act at such time and places, take such testimony, and receive such evidence as the Board determines to be appropriate.

(b) POWERS OF MEMBERS AND AGENTS.—Any member or agent of the Board may take, to the extent authorized by the Board, any action which the Board is authorized to take under this section.

(c) OBTAINING OFFICIAL DATA.—The Board may secure directly from any Federal agency or department information the Board determines to be necessary to enable it to carry out this Act. Upon request of the Chairperson, the head of such agency or department shall furnish such information to the Board.

(d) MAILS.—The Board may use the United States mails in the same manner and under the same conditions as other Federal agencies or departments.

(e) ADMINISTRATIVE SUPPORT SERVICES.—The Administrator of General Services shall provide to the Board, on a reimbursable basis, such administrative support services as the Board may request.

SEC. 7 SALARIES OF MEMBERS.

(a) CHAIRPERSON.—Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"Chairperson, United States Dollar Valuation Board.".

(b) MEMBERS.—Section 5315 of title 5, United States Code, is amended by addding at the end thereof the following new paragraph:

"Member, United States Dollar Valuation Board.".

SEC. 8. TERMINATION.

The Board shall cease to exist on December 31, 1994.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MILLER of Ohio) to revise and extend their remarks and include extraneous material:)

Mr. HILLIS, for 60 minutes, on November 19.

(The following Members (at the request of Mr. ALEXANDER) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. GAYDOS, for 30 minutes, on November 19.

Mr. GAYDOS, for 30 minutes, on November 20.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. MILLER of Ohio) and to include extraneous matter:)

Mr. VANDER JAGT.

Mr. CRANE.

Mr. GILMAN in two instances.

Mr. MOORHEAD.

Mr. COURTER.

Ms. SNOWE.

Mr. BROOMFIELD in three instances.

(The following Members (at the request of Mr. ALEXANDER) and to include extraneous matter:)

Mr. YATRON.

Mr. SOLARZ in two instances.

Mr. RODINO.

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. ROE.

Mr. ALEXANDER in two instances.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3447. An act to amend and extend the Congressional Award Act, and

H.J. Res. 449. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1851. An act to extend temporarily the daily price support program and certain food stamp program provisions, and for other purposes.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following days present to the President, for his approval, bills and joint resolution of the House of the following title:

On November 14, 1985:

H.R. 3721. An act to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds, and

H.R. 3038. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations,

and offices for the fiscal year ending September 30, 1986, and for other purposes.

On November 15, 1985:

H.R. 3447. An act to amend and extend the Congressional Award Act, and

H.J. Res. 449. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

ADJOURNMENT

Mr. ALEXANDER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 42 minutes p.m.), the House adjourned until tomorrow, Tuesday, November 19, 1985, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2259. A letter from the Comptroller General of the United States, transmitting a review of the President's 12th special message for fiscal year 1985 and the first special message for fiscal year 1986, proposing two new deferrals and two revised deferrals, pursuant to 2 U.S.C. 685 (H. Doc. No. 99-128); to the Committee on Appropriations and ordered to be printed.

2260. A letter from the General Manager, District of Columbia Armory Board, transmitting the District of Columbia Armory Board's annual report and financial statement for Starplex (Robert F. Kennedy Memorial Stadium and District of Columbia National Guard Armory), pursuant to 2 D.C.C. 1710 and 1728; to the Committee on the District of Columbia.

2261. A letter from the Secretary of Energy, transmitting a report on the development of the strategic petroleum reserve during the period June 1, 1985, through September 30, 1985, pursuant to EPCA, section 165(b) (95 Stat. 620); to the Committee on Energy and Commerce.

2262. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Department of the Army's proposed letter of offer to Behrain for defense articles and services (Transmittal No. 86-10), pursuant to 22 U.S.C. 2776(b); to the Committee on Foreign Affairs.

2263. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2264. A letter from the Director, Defense Security Assistance Agency, transmitting a report covering the history of the FMS Financing Program, the condition of the Guaranty Reserve Fund, and recommendations for its replenishment, pursuant to Public Law 99-83, section 106(a); to the Committee on Foreign Affairs.

2265. A letter from the Inspector General, Department of Health and Human Services, transmitting notice of a new Federal records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2266. A letter from the Secretary, Commodity Credit Corporation, transmitting a report on compliance with the laws relating to open meetings of agencies of the Government (Government in the Sunshine Act), pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

2267. A letter from the Attorney General, Department of Justice, transmitting the annual report of the Attorney General for fiscal year 1984, pursuant to 28 U.S.C. 522; to the Committee on the Judiciary.

2268. A letter from the Special Counsel, U.S. Merit Systems Protection Board, transmitting a report on the results of an investigation into allegations of a violation of law and regulations, mismanagement, waste of funds, and abuse of authority by officials of the Atlanta Regional Office of the Interstate Commerce Commission, pursuant to 5 U.S.C. 1206(b)(5)(A) (92 Stat. 1125); to the Committee on Post Office and Civil Service.

2269. A letter from the Acting Assistant Secretary of the Army (Civil Works), transmitting a report of the Chief of Engineers, Department of the Army, on Kill Van Kull and Newark Bay Channels, New York and New Jersey, together with other pertinent reports (H. Doc. No. 99-129); to the Committee on Public Works and Transportation and ordered to be printed.

2270. A letter from the Secretary of Health and Human Services, transmitting a report on the impact of the Medicare hospital prospective payment system [PPS], pursuant to 42 U.S.C. 1395ww (Public Law 98-21, section 603(a)(2)(A)); to the Committee on Ways and Means.

2271. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to amend certain provisions of the Internal Revenue Code of 1954 relating to the place for filing tax returns pertaining to alcohol, tobacco and firearms, and for other purposes; to the Committee on Ways and Means.

2272. A letter from the Chairman, Nuclear Regulatory Commission, transmitting a report of the nondisclosure of safeguards information for the quarter ending September 30, 1985, pursuant to AEA, section 147e (94 Stat. 788); jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DINGELL: Committee on Energy and Commerce. H.R. 3456. A bill to amend the Consumer Product Safety Act to extend it for three fiscal years, and for other purposes; with an amendment (Rept. 99-377). Referred to the Committee of the Whole House on the State of the Union.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing and referred as follows:

Mr. MICA: Committee on Foreign Affairs. H.R. 2851. A bill to amend title 5, United States Code, to provide certain benefits for Government employees and similarly situated individuals who are captured, kidnaped, or otherwise deprived of their liberty as a result of hostile action directed against the United States; to provide for certain payments to individuals who were taken hostage as a result of the seizure of the United States Embassy in Iran in 1979; and for other purposes; with amendments; referred to the Committee on Appropriations for a period not to exceed 15 legislative days with instructions to report back to the House as provided in section 401(b) of Public Law 93-344 (Rept. 99-201, Pt. 2). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VANDER JAGT:

H.R. 3770. A bill to amend the Internal Revenue Code of 1954 to provide funding for the U.S. Olympic Committee by imposing an excise tax on amounts paid for U.S. television and radio broadcast rights for Olympic events; to the Committee on Ways and Means.

By Mr. ALEXANDER:

H.R. 3771. A bill to establish the U.S. Dollar Valuation Board, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BIAGGI:

H.R. 3772. A bill to amend the Foreign Assistance Act of 1961 to authorize economic relief and rehabilitation assistance for Northern Ireland; to the Committee on Foreign Affairs.

By Mr. FUQUA (for himself, Mr. MICHEL, Mr. LUNDINE, Mr. WALGREN, Mr. LUJAN, Mr. BOEHLERT, Mr. BROWN of California, Mr. MINETA, Mr. RITTER, Mr. VALENTINE, Mr. HENRY, Mr. BRUCE, Mr. COBEY, and Mr. WIRTH):

H.R. 3773. A bill to amend the Stevenson-Wydler Technology Innovation Act of 1980 to promote technology transfer by authorizing Government-operated laboratories to enter into cooperative research agreements and by establishing a Federal Laboratory Consortium for Technology Transfer within the National Science Foundation, and for other purposes; to the Committee on Science and Technology.

By Mr. GRAY of Illinois:

H.R. 3774. A bill to amend title XIX of the Social Security Act to assist severely disabled individuals to attain or maintain their maximum potential for independence and capacity to participate in community and family life; to the Committee on Energy and Commerce.

By My. MILLER of Ohio:

H.R. 3775. A bill entitled: "The Retirement Trust Funds Protection Act of 1985"; to the Committee on Ways and Means.

By Mr. MOORHEAD (for himself, Mr. FISH, Mr. HUGHES, Mr. KINDNESS, Mr. LUKEN, Mr. DEWINE, Mr. MORRISON of Connecticut, Mr. ECKART of Ohio, Mr. COBLE, and Mr. NIELSON of Utah):

H.R. 3776. A bill to protect patent, trademark and copyright owners from importation into the United States of goods made overseas in violation of U.S. patent, trademark and copyright law, and for other purposes; to the Committee on the Judiciary.

By Mr. WHITTEN:

H.J. Res. 457. Joint resolution making further continuing appropriations for the fiscal

year 1986, and for other purposes; to the Committee on Appropriations.

By My SOLARZ (for himself and Mr. LEACH of Iowa):

H. Con. Res. 233. Concurrent resolution expressing the sense of the Congress concerning representative government, political parties, and freedom of expression on Taiwan; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

282. By the SPEAKER: Memorial of the Legislature of the State of Illinois, relative to a memorial to the veterans of the Korean Conflict; to the Committee on House Administration.

283. Also, memorial of the Legislature of the State of Illinois, relative to the establishment of a Mississippi River National Heritage Corridor; to the Committee on Interior and Insular Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 512: Mr. PENNY.

H.R. 1030: Mr. FISH.

H.R. 1769: Mr. LUNDINE and Mr. MOORE.

H.R. 2483: Mr. FUSTER and Mr. MOLLOHAN.

H.R. 2701: Mr. UDALL and Mr. MILLER of California.

H.R. 3024: Mr. BATEMAN, Mr. OLIN, Mr. BLILEY, Mr. EMERSON, Mr. TAYLOR, and Mr. SISISKY.

H.R. 3121: Mr. UDALL, Mr. MILLER of California, Ms. KAPTUR, and Mr. MARTINEZ.

H.R. 3203: Mr. SAVAGE.

H.R. 3408: Mr. LELAND, Mr. KASTENMEIER, and Mr. MARTINEZ.

H.R. 3438: Mr. KINDNESS.

H.R. 3730: Mr. STARK, Mr. BOUCHER, Mr. MATSUI, Mr. MORRISON of Connecticut, Mr. SPRATT, Mr. RICHARDSON, Mr. FOGLIETTA, Mr. HAYES, Mr. MRAZEK, Mr. LAFALCE, Ms. KAPTUR, Mr. EVANS of Illinois, Mr. BEDELL, Mr. LEVINE of California, and Mr. WIRTH.

H.R. 3736: Mr. KASICH, Mr. WORTLEY, Mr. BURTON of Indiana, Mr. CRANE, and Mr. LAGOMARSINO.

H.J. Res. 101: Mr. MONSON and Mr. LEVIN of Michigan.

H.J. Res. 127: Mr. FROST, Mr. DANIEL, Mr. PASHAYAN, and Mr. LOEFFLER.

H.J. Res. 292: Mr. TOWNS, Mr. STUMP, Mr. HORTON, Mr. BEILENSON, Mr. DEWINE, Mr. LEWIS of California, Mr. STRANG, Mr. SHELBY, Mr. SCHAEFER, Mr. FEIGHAN, Mr. LIVINGSTON, Mr. NIELSON of Utah, Mr. BLILEY, Mr. MACK, Mrs. BENTLEY, Mr. WORTLEY, Ms. SNOWE, Mr. LENT, Mr. MOLINARI, Mr. SWEENEY, Mr. SUNDQUIST, Mr. YOUNG of Florida, Mr. CONTE, Mrs. VUCANOVICH, Mr. BURTON of Indiana, Mr. KASICH, Mr. FRANKLIN, Mr. DENNY SMITH, Mr. MCCAIN, Mr. ROBERT F. SMITH, Mr. CHAPPELL, Mr. BEDELL, Mr. LEHMAN of California, Mr. WHITTAKER, Mr. SCHEUER, Mr. SWINDALL, and Mr. LEWIS of Florida.

H.J. Res. 421: Mr. MOORE and Mr. TAUKE.

H.J. Res. 439: Mr. BRYANT, Mr. LUKEN, Mr. ADDABBO, Mr. FEIGHAN, Mrs. BENTLEY, Mr. BROOMFIELD, Mr. CONYERS, Mr. DINGELL, Mr. O'BRIEN, Mr. PRICE, Mr. HYDE, and Mr. BONER of Tennessee.

H. Con. Res. 173: Mr. COBEY and Mr. PACKARD.

PETITIONS, ETC.

Under clause 1 of rule XXII,

251. The SPEAKER presented a petition of the Council of the city of New York, NY, relative to the immigration of Soviet Jews; which was referred to the Committee on Foreign Affairs.

SENATE—*Monday, November 18, 1985*

The Senate met at 11 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

In a moment of silence, let us remember more than 40 years of honorable public service by Senator Sparkman on Capitol Hill.

Thine, O Lord is the greatness, and the power, and the glory, and the victory, and the majesty; for all that is in the heaven and in the earth is thine; thine is the Kingdom, O Lord, and Thou art exalted as head of all. Both riches and honor come to Thee, and Thou rulest over all.—I Chronicles 29: 11,12.

God of peace, in the words of Israel's great King David, we acknowledge Who Thou art, as the world looks anxiously to Geneva. Some are pessimistic, some, perhaps, overly optimistic, some cynical—many are hopeful. Wisdom of the ages, guide President Reagan, his advisors, General Secretary Gorbachev and his advisors, that every detail of the agenda and every moment of meeting will be constructive. Guide those responsible for security that all who participate may be free of threat or danger.

God of Infinite Love, move in the hearts of these two powerful men; make them aware of their common humanness, and the profound destiny their few hours together involve. If they cannot be friends, help them not to meet as adversaries, but as leaders with a common concern for all people. Dissolve alienation and nuture reconciliation. Give each a vision of the people of the world joining hands around them in universal longing for peace. In the name of the Prince of Peace. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order the leaders have 10 minutes each, and I will reserve any time I do not use.

Then there will be a special order in favor of the Senator from Wisconsin [Mr. PROXMIRE] for not to exceed 15 minutes and routine morning business not to extend beyond the hour of 12 noon.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that morning business be extended to 1:30 p.m. with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I know there were a number of requests for special orders this morning. It may be that we can honor some of those requests.

Following morning business, the Senate will resume the unfinished business, S. 1714, the farm bill.

Votes could occur during today's session, but I indicate to my colleague if there is a vote it would probably be a procedural vote, and I may be able to advise colleagues on both sides that there may not be a vote today.

I know there are a number of meetings going on with farmers, farm groups, and Senators on both sides of the aisle. We may accomplish more in some of those sessions than we would here.

In addition, there are some Senators who are attending the services for our late colleague, Senator Sparkman.

I will advise the minority leader at the earliest opportunity of our plans.

We will stay on the farm bill. There will be no intervening business, unless there is something to be done by unanimous consent, or we could work out some early morning schedule.

It seems to me that we probably have about 3 legislative weeks remaining before adjournment, hopefully three—maybe it could extend to four. If it extends much longer than that the year will be over.

We did meet with the Speaker. He said he would work toward a December 6 adjournment date.

But there are some things we must complete, and one of those is the farm bill. I am hopeful we will pass the bill and go through conference prior to the adjournment. Hopefully, the bill will not be subject to a veto. This is why I think it is important that many of us who want a bill passed and signed, not vetoed, will have an opportunity to maybe discuss some of our concerns during the day.

Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. EVANS). The Democratic leader is recognized.

Mr. BYRD. I thank the Chair.

SENATOR JOHN STENNIS

Mr. BYRD. Mr. President, last Friday, November 15, marked a very significant day in the history of the U.S. Senate, and in the life and career of our distinguished and esteemed colleague, the senior Senator from Mississippi.

As of November 15, 1985, Senator JOHN C. STENNIS had served in this Chamber for 38 years and 10 days. Senator STENNIS then became the second longest-serving Senator in the history of the United States as he surpassed the length of service of the late Senator Richard Russell of Georgia.

Having observed and admired Senator STENNIS' performance in this Chamber since I was elected to the Senate in 1958, I can say emphatically that he has faithfully and successfully served the people of Mississippi and the United States.

Mr. President, in today's political world we too often hear flamboyant speeches about the "man who did this" and the "man who did that." These speeches are often filled with exaggeration and hyperbole. But in speaking of the career of the senior Senator from Mississippi, there is no exaggeration or hyperbole.

Senator STENNIS is a man who has been and is a dominating figure in the U.S. Senate, an adviser to Presidents, and a man of enormous power and influence.

His tenure as a U.S. Senator has included valuable service on many subcommittees, and as an active and important Member, and currently ranking democratic member, of the Appropriations Committee. As a member of the Senate Space Commission, he played an important role in moving the United States ahead in putting a man on the Moon and in the current interplanetary competition.

Senator STENNIS also has been one of the best and most effective chairmen of the Armed Service Committee in the history of the Senate. During the 12 years (1969 to 1981) in which he held this position, it has been reported that "more than 50 new weapons systems were authorized." Equally important, however, is the fact that Senator STENNIS never gave the Pentagon a blank check—he demanded close and

careful scrutiny of every proposed defense outlay. In words that it would do well for all of us to heed, Senator STENNIS stated:

I will strongly support whatever is essential for national security in the way of modern weapons and quality fighting forces. I will try to see that these essentials are provided—and no more." This attitude, undoubtedly, came from the fact that, as Senator STENNIS explained on another occasion, he "was raised to believe that waste is a sin."

Senator STENNIS has consistently opposed what he considered excessive and gratuitous intrusions of the Federal Government into the rights and privileges of the States and the American people.

But he also has recognized and actively supported, expanding the creative functions of the Federal Government in a number of areas including agriculture, medical research, forestry, small business, public works, and, especially, industrial and rural development. And he has been a consistent champion of education at all levels.

The senior Senator from Mississippi has brought to the U.S. Senate the judicial skills and temperament acquired during a decade on the judicial bench (1937-47), and has put them to effective use in this Chamber. When Mississippians first sent Mr. STENNIS to the U.S. Senate in 1947, they did so based on his pledge to "plow a straight furrow right down to the end of my row." They have been neither disappointed nor betrayed.

In this Chamber, Senator STENNIS has secured a justly-deserved reputation for unimpeachable integrity and fairness.

In recognition of his high ethical standards, in 1965 Senator STENNIS was made the first chairman of the Senate Committee on Standards and Conduct. In this position, he was instrumental in developing the Senate code of ethics.

But all those accomplishments and experiences—and they are great and many—are dwarfed by the courage and strength that Senator STENNIS has continuously demonstrated during his years in this Chamber. He has had to endure personal pain and hardships that most of us, we hope and pray, will be spared. And the Senator has endured them, and risen above them, in a way that is an inspiration to us all.

We remember all too well our sadness just last year (1984) when it was learned that the Senator was about to lose one of his limbs to cancer. But we also remember our joy barely a month later when he was back in this Chamber, admirably performing his duties to his State and country.

And we remember those dark days of January 1973, when Senator STENNIS was shot twice during a robbery in front of his house in northwest Washington. Although the bullets penetrated several vital organs, and his condition was considered "grave," Senator STENNIS survived and was back in his Senate seat within 9 months.

Recalling those dark days of January 1973, I recollect the words of one of his dear friends. The friend assured worried Members of this Chamber that, "JOHN STENNIS will make it because he is not yet prepared to leave the Senate."

Upon his return to the Senate on September 5, 1973, I pointed out that Seneca wrote in his moral essays, that "fire is the test of gold: adversity, of strong men." This philosophy, I said then, "has never been better proved than by the most welcome presence on the floor of the Senate today of the Senator from Mississippi [Mr. STENNIS].

Mr. President, I have never had reason to question, much less doubt that assessment that I made more than 12 years ago.

Mr. President, Bill Peterson noted in the Washington Post, on September 28, 1982:

It's hard to imagine the Senate without John C. Stennis or John C. Stennis without the Senate.

I know that the Senate is proud of Senator STENNIS, and am sure that the people of the United States, as well as his beloved State of Mississippi feel likewise. All of us wish him the best of health in all his future service.

Last week, Senator STENNIS was the subject of an article in the New York Times written by Steve Roberts (November 4, 1985), which illuminates other notable aspects of this remarkable Senator's life and Senate service. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 4, 1985]

WISDOM IN JUDGMENT, 38 YEARS IN THE MAKING

(By Steven V. Roberts)

WASHINGTON, November 3.—When Senator Richard B. Russell died in office on Jan. 21, 1971, he had served in the Senate for 38 years and 9 days. That record placed the Georgia Democrat second on the Senate's seniority list behind Carl Hayden of Arizona, who held office for more than 41 years.

Today, Senator John C. Stennis of Mississippi occupies Mr. Russell's old office and sits at Mr. Russell's old desk, a huge mahogany table that easily seats a dozen Senators. The office building is named for Mr. Russell, one of the most respected legislators of his generation.

On Nov. 15, Mr. Stennis will pass Mr. Russell's record, and while the Mississippi Democrat takes pride in his longevity, he does not want any fuss made about it.

"ALL-AROUND A STATESMAN"

"With all deference to everyone," Mr. Stennis said the other day, "Russell was the No. 1 man that I have been associated with in all this tenure in the Senate. He was all-around a statesman and a gentleman and a very able man."

Today, many legislators would use the same words about Mr. Stennis. He is the undisputed patriarch of the Senate, a teacher to younger members and a conscience for the entire institution. He seldom makes national headlines, but he wields considerable influence in the Senate itself. And that influence comes from the quality of his personal judgment, not from the quantity of his television appearances.

Mr. Russell noticed Mr. Stennis in his first year in the Senate, when the young Mississippian wrote a report on a civil rights bill. As a result, Mr. Russell picked Mr. Stennis to lead off the floor debate for the Southern bloc, an unusual honor for a junior legislator.

"IT WAS UNTHINKABLE"

"Well, good Lord, the telephone went ringing around at my office, the press was calling," Mr. Stennis recalled with some glee. "The word had gone out that I was going to open the debate. It was unthinkable."

Within a year or two, Mr. Russell had found places for his protégé on his own committees, Appropriations and Armed Services. "Well, the vacancies were there, and he just filled them about the way he wanted." Mr. Stennis recalled. "He was a great worker, but he needed somebody of similar thought along with him, I think."

Those common ideas included unswerving support for the military, and for the President, particularly in foreign policy matters. Mr. Stennis was shaped by the post-World War II era, before Vietnam and Watergate soured the relationship between the White House and Capitol Hill, and today he says that he never tries to "second guess" a President.

"I LEAN WITH THE PRESIDENT"

"I lean with the President on our system of Government," said Mr. Stennis, in terms that many modern Senators would consider old-fashioned. "Makes no difference who he is. I would back those fellows on a lot of things."

Mr. Stennis also shared with Mr. Russell a Southern viewpoint on race relations, and he did not vote for his first civil rights bill until 1982, when he was running for re-election. But he has adjusted to the changing climate of his home state and now runs well among black voters.

The Senator has also seen many changes in the Senate, and in his view, most of them have been for the worse. He remembers the Senate of a generation ago as a "well-ordered parliamentary body that operated strictly under the rules."

MORE TIME ON OTHER TASKS

Today, Mr. Stennis asserts, the legislative load in fields like education and health has grown enormously. Constituents are able to hop on an airplane and demand a slice of their Senator's day. And the skyrocketing cost of campaigning causes legislators to spend more and more time raising money.

"So we are not the deliberative body that we were," the Senator added. "It is a rush job all the time."

Mr. Stennis came to a Senate dominated by barons like Mr. Russell, who had patiently worked their way up through the seniority ladder. Now that he is at the top of the ladder, however, Mr. Stennis finds himself surrounded by a new breed of legislators, who refuse to wait their turn or hold their tongue.

"I am not blaming them," he said of his junior colleagues. "They come here on the

average well-educated. But they don't have the maturity if I may use that term. They don't have the experience in public affairs that the old-timer had. It takes time to mature."

NOW THEY'RE "BENDING RULES"

Moreover, Mr. Stennis added, some of these newcomers have become so adept at "bending the rules" that at times, the Senate seems paralyzed, a giant enmeshed in its own traditions of unfettered debate.

Perhaps, the Senator mused, the lack of maturity on the Senate floor is related to the changing atmosphere in the cloakroom, the private precinct just off the Senate floor.

"Well, we used to be back there quite a bit and talk to each other, explain bills to each other, ask each other questions about matters they saw in the press, and we would train and educate each other," Senator Stennis recalled. "Well, I was in there not long ago and there were about 14 Senators in there. And there wasn't a soul talking to each other. They were all looking at the television."

HE GOT 60 PERCENT OF VOTE IN 1982

Mr. Stennis faced a stiff challenge for reelection in 1982 but he raised almost $1 million, made his first television commercials, and wound up winning over 60 percent of the vote. Last year, his left leg was removed because of a malignant tumor, but his health seems sound and if he wants to run again in 1988, his seat is probably safe.

Asked for his reflections on his impending milestone, Mr. Stennis replied: "Well, I am proud that I did have the opportunity to become a member of the Senate, I've expressed it one time that my work is my play, and my play is my work. I used to think a man that was in his 80's was an old man, but I've changed my mind about that."

Then his weathered face crinkled into a smile. "I may make a career out of this thing yet," said the patriarch. "I'm thinking about it."

A MAN FROM "BIG SKY COUNTRY"

Mr. BYRD. Mr. President, in area, Montana is the fourth largest State in the Union. With the spectacular Rockies in the west and a vast, rising plain stretching farther east, Montana is a State of seemingly limitless spaces, and has justly earned the name "Big Sky Country."

Since January 1977, Montana has been represented in the Senate by our distinguished colleague Senator JOHN MELCHER. Prior to being elected to succeed retiring Senator Mike Mansfield, Senator MELCHER served 8 years in the House of Representatives. Prior to launching into politics, Senator MELCHER's profession was veterinary medicine.

Montana is fortunate to have Senator MELCHER as one of its spokesmen on Capitol Hill. In the House of Representatives, he had long experience as the Congressman from an important agricultural region and one of the largest congressional districts in the country. As a member of the Senate Committees on Agriculture, Nutrition and Forestry, and on Energy and Natural Resources, Senator MELCHER is involved in issues of great significance to Montanans and to Montana industries. With a wide understanding of the problems facing many people in his and other States, Senator MELCHER has brought a thoughtful and challenging perspective to many Senate questions.

Recently, the Washington Post carried an article on Senator MELCHER. I request that that article, "Sen. Melcher Is Smiling Again," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SEN. MELCHER IS SMILING AGAIN

(By Ward Sinclair)

The elfin fellow with the enigmatic smile is down there again on the Senate floor, driving Republicans out of their tree, which must mean that farm legislation is pending again and that John Melcher of Montana is up to his old tricks.

As often happens to others in this curious city, Melcher has somehow got a reputation—not necessarily pejorative—as an obstructer of farm legislation and as a man of unfathomable motivation.

But in another sense, as the Senate debates a new farm bill, the Democrat from Montana is all that stands in the way of a Reagan administration steamroller that wants to squash federal farm spending and reshape the rural countryside.

Once again, as has happened in the past, the rules of the Senate have given Melcher a whip hand in the debate and the Republican leadership is pulling out every parliamentary stop it can find to sit him down.

Majority Leader Robert J. Dole (R-Kan.) has denounced him in the floor, blamed him for thwarting passage of the bill and called into question the sincerity of his professed aim of aiding farmers. Agriculture Committee Chairman Jesse Helms (R-N.C.) sputters and gets emotional when Melcher starts talking.

Through it all, Melcher cracks a small smile that never lets on what he is really thinking, and just keeps coming back at them. He did it again last week and, sure enough, the Republicans were dispeptic.

The background is that Melcher led a campaign in the committee to stop the administration's plan to cut income supports, known as deficiency payments, that are paid to grain, cotton and rice farmers. With help from GOP defectors, Melcher got the panel to adopt a four-year freeze on the subsidies instead of the one-year freeze the White House sought.

Back in the summer, when it appeared Melcher had the votes to carry the day, Helms refused to reconvene the committee to allow the inevitable vote. Then the Senate left on August recess and did not confront the Melcher four-year freeze again until mid-September.

But the freeze carried and went to the floor as part of the farm bill, despite efforts by Dole and Helms to get the committee to reverse itself. Things have been nasty ever since.

On the floor last week, Dole and Helms flexed their muscles a couple of times, trying to upset Melcher, but it didn't exactly work. They railed at Melcher for backing budget-busting legislation, but then blocked his bid to call up an amendment that would have trimmed $7.6 billion from the farm bill.

They lost, 51-48, when they tried to pass their one-year freeze on subsidy payments. Through a complex parliamentary move, Dole regained control and got the Senate to support him on a test vote that left a substitute, with the one-year freeze, as the pending business.

Through it all, John Melcher just smiled.

Dole denounced his budget cut ideas as "smoke and mirrors." Melcher smiled.

When Dole put some of the Melcher ideas in his own substitute, Melcher forced him to admit they were the same smoke and mirrors. Melcher smiled again.

"There are other places in the farm bill to save money, not just by cutting target prices," Melcher said in an interview. "They have dealt with target prices as a crucial part of the bill and I thank them for it. It is a symbol to the rural community whether we are going to do something for farmers. They have handed us the high ground and I thank them for it."

The issue is important enough to the GOP leadership that Dole has threatened senators from the cotton and rice areas—where deficiency payments tend to be highest—that the subsidies will be cut if they do not come out for the one-year freeze.

Melcher is smiling, in part because he has been there before—and stopped the seeming juggernauts. At least four times since 1981, with farm-related legislation hanging fire on the floor, Melcher has thrown up roadblocks because he did not like what was happening.

The odd thing about this, considering Melcher's reputation as a blind defender of the federal farm support programs, is that he actually does not like them.

"I have a problem with the whole scheme," he said. "Why do we have to have a program that pays farmers in lieu of them getting a price from the marketplace? The only reason I vote for these things is to keep them going until we come to our senses in this country. Why don't we find other mechanisms?"

Another tag they keep hanging on Melcher is that he is obsessed with ideas for sending more surplus food to the needy around the world. Mention "food aid," and a Melcher dissertation is sure to follow.

He probably is the foremost congressional champion of feeding the hungry in other nations. The specter of American grain and dairy products going unused drives him batty.

"If I were dictator for a day? I would set up exports, provide more impetus on exports, and my policy would be to try to turn our production machine loose to try to meet the world's needs," he said.

"This administration is blatant in its belief that there are too many farmers in this country. There really are not. There simply isn't too much food in the world. We're blessed in the variety of foods we have and there's just a breakdown in supplying that food to people who need it.

"And I say that's a hell of a lot more important right now than whether we have Reagan's 'Star Wars' defense or MX missiles."

Back to the farm bill, Melcher is smiling that smile again. "I don't care what Dole does to me. I don't mind his verbal assaults. "But, obviously, he's been doing the stalling around here. . . ."

Will Melcher block it in the end? Will he talk the bill to death? He's smiling again, and the enigmatic plainsman is riding again. "The rules allow you to express your judg-

ment," he said. "And sway the vote one way or another."

Mr. BYRD. Mr. President, I ask unanimous consent that I may reserve the remainder of my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I yield the floor.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 15 minutes.

WISE ADVICE FROM AMERICAN BUSINESS FOR THE PRESIDENT AT THE SUMMIT

Mr. PROXMIRE. Mr. President, there have been many editorials and columns in the past few weeks urging one kind of approach or another on the President of the United States as he proceeds to his first-ever meeting with a head of the Soviet Government at Geneva tomorrow, November 19 and Wednesday, November 20. One of the most impressive and thoughtful opinions comes from the November 11 issue of Business Week. Business Week speaks out often as a kind of conscience of American business. Most Americans would expect that voice to be conservative. We would expect that voice to be leaning toward the past foreign policies advanced by the Reagan administration. That is why this Senator found the Business Week editorial to be a pleasant surprise. The editorial makes five main points:

First, Soviet Secretary Gorbachev has a strong motivation to seek an agreement with President Reagan to slow down the arms race. He also has good reason to seek to find a way to get out of Afghanistan and other areas in the world that are absorbing Soviet resources without significantly advancing Soviet interests. This is especially true because military spending constitutes an immense burden on Russia's limited economic resources. For this reason Business Week urges President Reagan to push hard to explore whether the U.S.S.R. is serious about a mutual slowdown in the arms race now going on in both countries.

Second, the President should recognize that he has expressed two views about the Soviets which contradict each other. And both of them are at least partly wrong. The first view is that the Soviet Union is an aggressively expanding global empire. The second view is that the Soviet Union is an economic and political failure. So what are the facts? The facts are that the Soviet Union would like to be an aggressively expanding global empire. It is largely failing. But second, the failure is only partial. The Soviet Union has immense economic strength. It also has the capacity as a totalitarian dictatorship to focus, concentrate, and direct that strength on military objectives that exceed the capacity of free, pluralistic democracies.

Third, the Soviet Union is characterized by Business Week as bogged down in a political morass in Afghanistan and in a "basket case" in Ethiopia and Angola. If Gorbachev can be persuaded to resist the temptation to take advantage of the turmoil in South Africa in advancing the Soviet cause in Angola, Reagan should seek out a way to enable both the United States and Soviets to reduce their costly activities in these areas. As for Nicaragua, Business Week contends that both superpowers could save resources and embarrassment by supporting the political solution urged by the Contadora nations.

Fourth, President Reagan should recognize that although the United States owns a big technological advantage over the Soviets in any arms race in space, the Soviets do have the technological and the economic capability to make such a race a contest and an immensely expensive one, burdening both economies and sharply increasing the danger of nuclear war. The President should, therefore, ease up on star wars and move decisively toward an arms control agreement that would include an end to the arms race in space as well as offensive missiles.

Fifth, the President should heed the advice of our allies who tell us that arms control agreements should not be held hostage to "linkage" with settlements of conflicts all over the world. The United States should strive to make progress in both areas. But we should not junk arms control because the Soviet Union is engaged in aggression. And we should not throw in the sponge on stopping Soviet aggression because we cannot agree on arms control. Business Week is right. These problems are separate. They can be handled best separately.

Business Week acknowledges that not all these problems can be solved at the summit. But the summit conference does offer an excellent opportunity to begin moving constructively in each of these areas.

Mr. President, I congratulate Business Week on an extraordinarily thoughtful and responsible editorial. If the President will follow this advice that comes from the "conscience" of the American business community, he will take a very long step toward promoting world peace.

I ask unanimous consent that the editorial to which I have referred, entitled "Seize the Moment at the Summit," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SEIZE THE MOMENT AT THE SUMMIT

President Reagan approaches the Nov. 19-20 Geneva summit with Soviet leader Mikhail Gorbachev at a time when the Soviet Union may be entering a period of major change. The vigorous new boss at the Kremlin is launching a fresh effort to put new life into the Soviet Union's sputtering economy and narrow the widening technological gap between his country and the U.S. His economic strategy opens the possibility for the first time in two decades that the Soviet Union will shake off some of the fetters of the rigid central planning system imposed by Stalin.

Gorbachev has a powerful motivation to agree with President Reagan to try to slow down the nuclear arms race. If that can be done, he will have more resources to invest in modernizing Soviet industry. Similarly, by extricating Soviet troops from the war in Afghanistan and lowering tensions with the U.S. over other trouble spots, Gorbachev could also ease the drain of military spending, which siphons off 14% of the Soviet gross national product. President Reagan's primary goal at the summit and in subsequent contacts should be to find out whether the General Secretary is serious about exploring ways to achieve both these goals.

To do that, the President should decide, for starters, which of the two views he regularly paints of the Soviet Union will shape his approach to Gorbachev. Is Reagan dealing with an aggressively expanding global empire or an economic and political failure? U.S. policies toward Moscow will more effectively advance U.S. interests if the rhetoric of both these views is tempered with large doses of realism.

Moscow's direct and indirect roles in Ethiopia, Angola, Cambodia, Afghanistan, and Nicaragua—cited by Reagan in his Oct. 24 speech at the U.N.—date back to the 1970s. There is no sign that Gorbachev, any more than his two immediate predecessors, wants to take on more such commitments around the world: Ethiopia and Angola are basket cases, and Afghanistan is, for Gorbachev, a political morass. Beyond the rhetoric, Reagan should look for practical ways to accommodate U.S. and Soviet interests in these areas. In Nicaragua, under attack by a U.S.-sponsored army, the Contadora group has already created negotiating mechanisms. What is lacking is a U.S. decision to support a political, rather than military, solution. Gorbachev, for his part, must avoid any temptation to use the Soviet presence in Angola to take advantage of the turmoil in South Africa.

Despite the Soviet Union's lagging economy and technology, and realistic assessment of the risks of an open-ended nuclear arms race would discourage the illusion that the U.S. can gain a decisive edge over the Soviets, militarily or politically, by launching a massive competition in space weapons. On past performance, there is little doubt that the Kremlin under Gorbachev will mobilize resources, if a Star Wars competition commences, to build space weapons and more nuclear missiles as well. The cost of such a rivalry could be staggering for both sides and the outcome more, not less, danger for both.

Clearly, Gorbachev and Reagan cannot reach specific agreements on nuclear arms or regional tensions at the summit. But U.S. allies in Europe are right in insisting that arms negotiations must not be held hostage, through "linkage," to settlements of complex conflicts around the globe. Both sets of

problems must be tackled. And the time to start is now, while the new man in the Kremlin is still shaping his foreign policy goals and strategy.

THE STATES BALANCE THEIR BUDGETS—WHY CAN'T THE FEDERAL GOVERNMENT?

Mr. PROXMIRE. Mr. President, why is it that States and cities in this country are able to bring their fiscal policy under control but the Federal Government cannot? The recession of 1982 was the worst since the Great Depression. States like Michigan, Wisconsin, and others have moved into late 1981 and 1982 with sharply falling revenue and rising welfare and unemployments costs. A number of these States seem on the verge of bankruptcy. The Governors and State legislators faced exactly the same political pressures to keep popular spending programs moving ahead that Members of the Congress have suffered. Elected State officials faced a virtual taxpayers' revolt. A Michigan State senator actually suffered defeat in a recall election because he favored a tax increase to meet the State's obvious necessity to cover its essential expenditures with revenue. Because State legislators are necessarily closer to their constituents day in and day out, the prospect that any of these elected State officials could meet their obligations by cutting their strongly supported programs and raising taxes seemed remote.

THE MICHIGAN STORY

So what happened? How many States were capable of cutting spending enough or raising taxes enough to survive that unusually deep recession of 1982? Answer: Every last one of them. Not only did they master a far more difficult situation than has lately confronted the Federal Government, they achieved an even more remarkable miracle. They sharply cut popular spending programs. In most cases, they increased taxes. Was this spending reduction and tax increase policy political suicide? No! They survived the next election. Mr. President, the most heartening political picture of 1985, in the judgment of this Senator, was that great shot of the beleaguered Governor of Michigan, James Blanchard, grinning ear to ear as he held up a sign emblazoned: "Michigan Debt—Paid in Full." Mr. President, that was a great achievement by Governor Blanchard and his Michigan Legislature. It was a great example to the Federal Government.

THE WISCONSIN STORY

In Wisconsin, Governor Tony Earl and his legislature have been equally courageous and successful in fighting what appeared to be an impossible combination of a massive threatened State deficit, a heartbreakingly deep recession, and a citizenry adamantly opposed to either widespread cuts in State spending programs or an increase in State taxes. Wisconsin State government, like Michigan, has had to work with an economy that is very heavy in industry that has suffered grievously from the bloated dollar and the consequent sharp diminution in exports and the onrush of cheap imports. In autos, in farm equipment, in machine tools, in textiles, and in shoes, the last few years have been an economic nightmare, a disaster, for Wisconsin. To make matters worse, Wisconsin already suffered from a high personal income tax and very high property taxes.

Meanwhile, Wisconsin's agricultural economy—especially its dairy farmers—have been struggling with devastating reductions in price supports. Since 1980, Wisconsin dairy farmers have not only had to endure substantial inflation. They have suffered an 11-percent cut in the price they receive for their milk. But milk is not the only Wisconsin agricultural product that has taken a painful beating. Wisconsin is No. 1 in the production of some vegetables. It is near the top in potato production. It is high in the production of soybeans, corn, and hogs. Every one of these commodities has dropped cruelly in the price the farmer receives.

The effect on Wisconsin farms and our rural communities has been depressing. How to pay State and local taxes has haunted hundreds of thousands of Wisconsin rural residents. At the same time, how to keep body and soul together through many long months of unemployment has been the problem for Wisconsin's urban residents. Consider, therefore, how much more imposing the fiscal problem must have seemed for our Governor and our State legislators than the fiscal problem that faced the President and the Congress over the past 5 years.

So what happened? Did the Governor appeal to the Congress for a bailout? Did anyone suggest that the State should repeal its constitutional requirement for a balanced budget and try to borrow its way out of its difficulty? Did the State government cave in in the face of popular opposition to spending cuts and a tax increase? No; none of these dire developments occurred. Governor Earl and the Wisconsin Legislature found ways to hold down spending. They temporarily increased taxes. But most recently, they have reduced taxes including Wisconsin's previously high income tax. They have also found a way to provide more State assistance to local and county governments so that local property taxes can be kept out of the stratosphere.

WHY CAN'T THE FEDS DO IT?

Mr. President, if States like Michigan and Wisconsin, which have suffered economic consequences that could have been expected to make them basket cases, can summon the will and the courage to cut spending and bring in whatever tax revenues are necessary, why can't the U.S. Congress and the President? What is the answer? The answer is that, unlike the Federal Government, the States cannot print money. They have no Federal Reserve Board that can provide them with a bottomless pit of cash. So whether they have balanced budget requirements in their constitutions or not, they have no choice except to cover their spending with taxes. If they do borrow, they find themselves strictly disciplined by a bond market that insists on embarrassingly high and costly interest rates unless they are following a prudent fiscal policy.

So why have the States behaved with fiscal prudence? Because they have to do so. This is why some kind of institutionally imposed restraint like Gramm-Rudman or a balanced budget constitutional amendment is an imperative necessary for the Federal Goverment. The Governors have shown that elected public officials can take the painful, unpopular spending and taxing steps necessary to bring public fiscal policy under control. They can vote to cut spending. They can vote to increase taxes. And they can survive. Members of the Congress should show the same kind of will to bring fiscal policy under control. So far, Congress has failed. We have had 3 years of disgracefully high budget deficits. More are surely on the way.

Why does Congress fall short year after year? Because we can always escape the consequences of our profligacy by going into debt and printing money. How do we stop this wastrel habit? We stop it by adopting some kind of institutional restraint to force Congress to reduce the deficit. That is why such badly flawed proposals as Gramm-Rudman and a constitutional requirement for a balanced budget are a grim necessity.

THE MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that small levels of carcinogens pose no risk to the American consumer.

Latest industry arguments in the color additives debate attempt to convince the public that certain small cancer risks are acceptable in color additives use. Cosmetic industry representatives claim that a new scientific technique is reliable enough to accurately measure the potential hazards of small amounts of carcinogens. By accepting this newly found and purely arbitrary technique, they believe that certain color additives possess only insignificant cancer risks and are not harmful to the public.

The cosmetics industry is convinced that this technique, called quantitative risk assessment, or QRA, is a scientifically sound practice. In reality, QRA has never been established as scientifically valid. The National Cancer Institute reports that QRA has only primitive application and makes only rough approximations of actual risks—hardly appropriate for establishing safety standards for dyes known to be carcinogenic.

The National Cancer Institute also reports that QRA must rely on simplistic and untestable assumptions. Yet, large factions of the cosmetics industry believe that QRA is sufficiently developed to merit the approval of cancer causing color additives. They ignore the real fact that QRA is scientifically unsubstantiated and a highly disputed practice, all at the risky expense of the American consumer.

The Reagan administration seems to have taken a powder from their duty to enforce the law as a result of cosmetics industry pressure. The Department of Health and Human Services, because of the industry claims that I have described, has allowed six color additives known to cause cancer to remain on the market. For 25 years the DHHS has ignored congressional direction to take responsible action on these six carcinogenic dyes.

Mr. President, I have introduced legislation that will bring an end to this. My bill, the Color Additives Amendments of 1985, will force the DHHS to require industry to obey the law and not the myth governing carcinogenic risk.

THE GENOCIDE CONVENTION: CONSTITUTIONAL PROTECTIONS ARE PRESERVED

Mr. PROXMIRE. Mr. President, opponents of the Genocide Convention warn that ratification of the convention would invalidate our treasured constitutional protections. Are these critics right? Would ratification of the convention give the World Court the power to grab American citizens by the scruff of the neck and haul them into court?

The short answer to that question is an emphatic "no." The long answer reveals the many protections built into the convention and into the U.S. Constitution.

First, U.S. ratification would not take effect until the Congress—through its normal legislative procedures—hammered out and passed implementing legislation. The Genocide Convention is not self-implementing which means that the convention does not reach behind domestic law to affect U.S. citizens directly; it can only work through laws passed by the Congress. Article V of the convention explicitly acknowledges this limitation because it calls on each country to pass implementing legislation that is "in accordance with their respective constitutions."

Second, the World Court's role extends only to disputes arising under the terms of the convention—the interpretation, application, or fulfillment of the agreement. Over 60 treaties and agreements that the United States already has signed contain the same provision. This provision has not threatened the United States in any of these agreements. Regardless of this provision, the World Court could never try an American citizen because only states—not individuals—can be defendants before the court. Theoretically, a new tribunal could be created to try individuals on charges of genocide, but the creation of that tribunal is an entirely separate matter that would require a new treaty and new Senate debate.

Third, the Supreme Court has been unambiguous that no treaty or law can violate the Constitution. Should a Federal law or treaty conflict, the most recent action of Congress would be controlling. However, neither a law nor a treaty could ever undercut the Constitution. We have the assurance of a noted conservative on this issue—Supreme Court Justice William Rehnquist. When Rehnquist was serving as Assistant Attorney General in the Nixon administration he declared that "the Constitution is superior to a treaty no matter how interpreted."

Ratification of the Genocide Convention would not threaten the constitutional protections of American citizens. Noted jurists throughout this country have stated and restated that assurance. Rather than reviewing long-resolved questions, the Senate should act swiftly to ratify the Genocide Convention.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 1:30 p.m., with statements therein limited to 5 minutes each.

LATVIAN INDEPENDENCE DAY

Mr. THURMOND. Mr. President, I am pleased once again to participate in the Senate's commemoration of Latvian Independence Day.

This month marks the 67th anniversary of the establishment of the Republic of Latvia. The unlawful incorporation of Latvia by force into the U.S.S.R. in 1940 has never been, nor should it ever be, recognized by the United States. We uphold the rights of Latvians, like all peoples of the world, to determine their own national destiny.

Despite almost 45 years of Soviet subjugation, the courageous Latvian people continue to display an indomitable spirit which, I am confident, will one day set tnem free. Today, we rise to pay tribute to Latvia and remind its people that the United States has not forgotten, nor will it ignore, the political injustice, religious persecution, economic exploitation, and cultural deprivation Latvians continue to suffer at the hands of an oppressive Soviet Government and military.

Mr. President, I sincerely pray that one day soon the people of Latvia will regain their independence and begin anew to enjoy the freedom they so rightfully deserve.

THE IMPORTANCE OF THE NEW GATT ROUND

Mr. BAUCUS. Mr. President, an historian once observed that, "The real crises are often concealed in occurrences so trivial in appearance that they pass unobserved."

Last Thursday, the economists at the GATT Secretariat released statistics that may at first appear insignificant, but have profound implications for the economic health of this country.

The economists estimated that world trade will grow by only 2-3 percent in 1985, much less than the 9-percent expansion last year.

They attributed the slowdown to rising protectionism in the world today.

These seemingly dry statistics—possible to lose in a flood of numbers—give an ominous warning that protectionism is dragging down the growth of all countries, just as it did during the depression years.

However, this report can also be a guide for the future. It gives us a clear indication of what we must seek in a new GATT round.

Mr. President, next week the GATT ministers will meet in Geneva to discuss setting the agenda for a new round of GATT negotiations.

Those negotiations could easily take 5 years to complete.

But I am hopeful that this meeting will be a first step in the right direction: reversing the decline in the growth in world trade.

Mr. President, the report released last Thursday shows that, at a minimum, we must achieve at least three goals in any new GATT round.

ENFORCEABILITY

First, GATT rules must be enforceable.

The growth of protectionism in the world today reflects the fact that GATT rules are not enforced.

The dispute resolution mechanism is inefficient and unwieldy. It moves at the pace of a snail.

It is also ineffective. Countries violate the GATT with impunity, and other countries respond by erecting barriers of their own.

The result is that all countries lose.

In fact, the GATT process is so inefficient and clumsy that most observers more correctly call GATT not the General Agreement on Tariffs and Trade but the "gentlemen's agreement to talk and talk."

COVERAGE

Second, a new GATT must be complete.

By some estimates less than half of all international trade is conducted under the principles of GATT.

The current GATT does not cover trade in services. Trade-related investment issues are largely excluded. Commercial counterfeiting and other intellectual property questions are not covered.

It does not cover trade practices, which, while technically not in violation of the GATT, nevertheless violate its underlying principles of free, open, and fair trade.

Its provisions on agriculture are inadequate.

And the subsidies code is so vague as to be the source of endless dispute.

SUCCESS

Third, and perhaps most important, a new GATT agreement must be reached.

The report just released reminds us we cannot afford to be without some type of GATT system.

We need a set of rules that promotes free trade among nations.

We need a system that discourages countries from retreating into the false haven of protectionism. Countries cannot build one-way walls around their borders.

The statistics released by the GATT provide a disturbing inkling of what happens when such a system does not exist.

SUMMARY

Mr. President, the administration must begin consultations with the Congress, business, and labor about U.S. aims and goals in any new round.

But as we move toward a new round of GATT negotiations, all participants should remember that international trade is not a zero-sum game.

We must insist that trade be reciprocal and fair. We should seek complete coverage by trade rules.

And when we have achieved an agreement that embodies those principles, we can begin a new era of international economic growth among all nations.

ROBERT LEWIS

Mr. RIEGLE. Mr. President, I rise to commend Robert Lewis, the dean of Michigan's Washington press corps, on his election as president of the Society of Professional Journalists, Sigma Delta Chi.

Bob Lewis has been covering the Michigan congressional delegation since he and I came to Washington nearly 20 years ago, and I can say that he has always provided the firm and fair coverage of our activities that the readers of Michigan's eight Booth newspapers deserve.

In his nearly two decades of Washington reporting, Bob Lewis has always sought to meet the principles of Sigma Delta Chi, the organization he will lead for the next year. Those principles include raising the quality of journalism and adhering to the highest standards and ethics. In addition to these concerns, Bob Lewis has also led SDX in other areas, serving as chairman of its National Freedom of Information Committee, and as one of the originators of "Project Watchdog." The latter was prompted by the concern of Bob and others that the public was losing its sense of how valuable a free and independent press is to democracy and to a self-governing people.

Admittedly, those of us in public office do not always appreciate every story written about us and our activities—we often make subjective judgments about what a reporter might consider an objective story. But, I think I can join my Michigan colleagues in saying that whenever Bob Lewis writes about us, he has been fair and has written what he perceives to be the truth. That is all that we and the public can ask.

Over the years of our professional relationship and regular working contact, I have particularly admired Bob Lewis' desire to get the full story to the people. In that sense, he is a classic newsperson—a passionate guardian of a free press—believing that the public has a right to know, and that the news reporter must dig out the facts and get them to the people. His thoroughness and patient marshaling of the facts are hallmarks of his work, as one finds in reading the stories he has written.

The Society of Professional Journalists is to be commended for electing Bob Lewis as its president. I am sure that he will provide the kind of principled leadership that the society's 24,000 members deserve, and I join my colleagues in congratulating Bob Lewis on his election to this honored post.

ADDRESS BY SENATOR CRANSTON TO NURSES ORGANIZATION OF THE VETERANS' ADMINISTRATION

Mr. DECONCINI. Mr. President, Senator CRANSTON, the ranking democratic member of the Senate Veterans' Affairs Committee, shared with me the speech he recently gave to the Nurses Organization of the Veterans' Administration [NOVA]. Not only does the speech outline congressional actions which have been taken to improve the recruitment, pay, and working conditions of nurses within the VA, it provides a succinct summary of the funding and program improvements that have been made generally in the VA health care system over the past few years. In addition, the speech points out the staffing and funding problems the system faces today and will continue to face in the years ahead.

No Senator has been more committed to ensuring the maintenance of an independent, high-quality, and comprehensive health care system within the VA than Senator CRANSTON. I highly recommend Senator CRANSTON's speech to my colleagues and request that the full text of the speech be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SENATOR ALAN CRANSTON AT THE PUBLIC RECOGNITION AWARD CEREMONY—NURSES ORGANIZATION OF THE VETERANS' ADMINISTRATION

Thank you very much, Noreen. I am deeply honored to receive this award from your fine organization. It is always gratifying to have one's work recognized. That is especially so where the recognition comes from those who really know the score.

I've worked with NOVA from your earliest days and greatly respect and admire the work you are doing—collectively as an organization, and individually, as working nurses in the VA.

Speaking of the early days of your organization, I remember wondering why an organization representing VA nurses—such as NOVA—did not exist in 1973 and again in 1979 and 1980 as our Committee grappled with the very serious nurse recruitment problems that were then afflicting the VA. I was, therefore, delighted when NOVA was born. I've been pleased to watch your growth and development since then. I'm especially pleased, of course, by the presence of Californians in the leadership of NOVA, your current president, Elaine Lloyd, and Board members Lenore Manak and Noreen Sommers.

My interest in VA health care dates from my first days in the Senate. When I came to the Senate in 1969, my first assignment was the chairmanship of the Veterans' Affairs Subcommittee of the then-Labor and Public Welfare Committee, the Senate unit with jurisdiction over VA health-care programs. Since then, I have been either the Chairman or the Ranking Democratic Member of the subcommittee or full Committee with jurisdiction over these programs.

The VA health-care system that I encountered in 1969 was not in good shape. Years of indifference had taken their toll, and the system was simply unprepared to meet the special health-care needs of the injured and disabled veterans returning from Vietnam.

I recognized then, and continue to believe very strongly today, that the heart and soul of the VA system is sufficient, qualified health-care personnel. Without caring, compassionate, competent health-care staff, all the buildings, beds, and equipment cannot do the job.

From the beginning, therefore, I undertook an effort to markedly increase the number and quality of health-care staff in the VA, an effort that I think has been remarkably successful up to this date.

Between 1971 and 1985, we in the Congress have taken the initiative to add approximately 66,000 full-time-equivalent employees to the system. In my opinion, these increases have made a dramatic difference in the quality of care available in the VA.

In order to add this staffing and make other improvements, the funding of VA medical care has been increased 5-fold since 1971. This funding and the increased staffing have permitted tremendous expansion of the system's capacity. Over these 15 years, we've added 6 hospitals, more than 50 nursing homes, and 25 outpatient clinics, and we've gone from treating approximately 780,000 inpatients in 1971 to treating more than 1.2 million inpatients in 1985 and from providing approximately 7.4 million outpatient visits to providing more than 18.6 million such visits now.

In addition to this critical staffing and funding improvement and program growth, numerous legislative initiatives that I've authored have been enacted to improve the VA's ability to recruit and retain the necessary numbers and caliber of health-care staff, especially nurses.

For example, in 1973, my legislation became law to authorize the payment of overtime pay, shift differentials, and premium pay for holidays and Sundays for VA nurses at rates generally comparable to those paid to G.S. employees. I insisted that Congress deal fairly with the nursing situation in the very legislation in which the physician special pay program was being established. I have continued and will continue to ensure this parity of consideration of the needs for legislation to improve nursing as well as doctoring in the VA.

In 1980, we enacted the legislation I introduced giving the VA new authority to modify rates of basic pay for certain health-care personnel when necessary to compete with the private sector. This authority has been widely used to improve the recruitment and retention of VA nurses.

In that same 1980 legislation, the VA was also authorized to offer scholarships to nurses in exchange for a commitment to work in the VA. I was pleased to collaborate on the final version of this legislation with its author, then-House Committee Chairman Ray Roberts, who took the initiative on this measure. I believe that this program has made a significant contribution to VA nursing, especially in support of further education for current VA nursing personnel—a change I pushed hard to achieve in 1982.

Perhaps the most significant recent initiative affecting VA nursing was one that did not, ultimately require legislation, although I was prepared to pursue legislation if necessary. As the result of an agreement I reached with then-Chief Medical Director Dr. Donald Custis in 1980, the Head of the Nursing Service in Central Office was elevated to the Deputy-Assistant-Chief-Medical-Director level.

The fortuitous selection of the current Director of the Nursing Service, Vernice Ferguson—together with the higher status of the office—has, I believe, led to important improvement in the extent to which VA nursing personnel, both in the Central Office and in the field, participate in planning, policy development, and decision-making activities throughout the VA health-care system. Vernice has been a very real leader in that regard.

Because I believe these changes have been so important, I was very concerned when I learned, earlier this year, that the Central Office Nursing staff was being cut in half. I wrote to the Chief Medical Director to express my apprehension that this change could impair the ability of the Nursing Service to continue to play the leadership role it has assumed.

In a recent response to my letter, Dr. Ditzler indicated that the change in Central Office was in the nature of a decentralization, not a reduction. He stressed that, as a result of this change, together with the assignment of additional personnel, there will now be a person with nursing expertise in the field office of each of the DM&S 7 Regional Directors. According to Dr. Ditzler, this means the Nursing Service will actually have a total of eleven persons rather than the 8 it did have, in addition to the Chief of Nursing.

Frankly, I am not persuaded one way or the other on the merits of this new reorganization and, in this regard, have written to your President, Elaine, to solicit NOVA's views on it and how it is working. I extend that request to all of you here today and to your members around the system. Please let me know how you believe this reorganization is working in actuality. I am totally committed to maintaining the important role that the Nursing Service is playing and will oppose any change that would dilute that role.

Underlying all of the significant changes for VA nursing in recent years has been the challenge of maintaining the long tradition of providing quality nursing care to eligible veterans, even under difficult staffing situations. The VA, even more than most health-care systems, depends on nursing personnel to provide the lion's share of the actual, hands-on care.

Continuing this tradition of quality nursing care will become even more critical in the months and years ahead as the veteran population ages. Increased emphasis on extended care, new forms of noninstitutional care, and what I hope will be, at long last, a new VA emphasis on preventive care, to name just a few of the changes that can be expected, will all place new and greater emphasis on nursing personnel.

Despite my strong belief in the importance of the VA health-care system and its future role, I cannot paint a very rosy picture of the future this morning, unfortunately. My view is that the new deficit-reduction climate in the country and in the Congress makes it necessary for the system to face up to even greater challenges than in the past.

The deficit-reduction effort now before Congress is of enormous importance for our Nation. It is absolutely imperative that we take dramatic steps to reduce the deficit sharply and to bring the budget into balance.

As I mentioned earlier, we have been very successful in increasing the system's resources over the last 15 years. Although the process of improvement slowed greatly in the 1980's, even last year we still were able to add 620 more staff above the budget request level and have continued over these last 5 years to bring on line new nursing homes and outpatient clinics.

This trend was maintained as recently as this July, when the House and Senate insisted on the VA achieving and maintaining the 194,000 staff-year level Congress had intended for fiscal year 1985. Despite the Administration's objection, we added $80 million in funding for that purpose. OMB had proposed cutting the staffing level for fiscal year 1985 to 192,000 and had held back funds for the 1985 civilian pay raise to accomplish that result. That effort failed, fortunately.

But now for fiscal year 1986, the situation is in the process of changing very dramatically and the problems created by the deficit make the situation all the more ominous.

As I've indicated, in virtually every year since 1971, the Congress has increased, and in many years very substantially increased, VA medical care funding and staff above the levels requested in the President's budget. Now, for this fiscal year, there is a real potential for reductions.

And here's the situation: For this fiscal year 1986, the House Appropriations bill is $76 million higher than the Administration's medical care request and retains the 194,000 staff years that the Administration wanted to reduce by 1,000 for this fiscal year. However, the Senate Appropriations Committee, in August, recommended a cut of $230 million below the budget request.

This action by the Appropriations Committee was a truly unprecedented move. We had all we could do to restore $100 million of that reduction on the Senate floor and obtain a commitment for a supplemental appropriation later this year if proven necessary to maintain the 194,000 staff-years level.

As a result, the Senate bill is $130 million below the Administration's budget request. The conference outcome is still unknown, but the very best we can hope for for fiscal year 1986 and beyond is a no-growth budget in VA medical care.

And now it must be asked, what effect will the new deficit-reduction legislation have on funding for VA health care this year and in the years to come?

Let me provide some ideas on that.

On Tuesday, in an attempt to resolve this uncertainty, I joined with Senator Don Riegle of Michigan to offer an amendment to that legislation on the Senate floor. Our amendment would have provided that, in the event there was to be an automatic across-the-board reduction pursuant to the new deficit-reduction legislation, the VA medical care account could not be cut below a level equal to the prior year's appropriation level plus the additional amounts needed for pay increases to maintain the prior year's staffing level.

In our view, this amendment would provide the type of protection needed to maintain a stable VA health-care system.

We came close to having the Senate adopt our amendment but lost 44–52. Incidentally, only 5 Republicans voted with us, I regret to say.

It is virtually certain that deficit-reduction legislation in some form will be enacted this year, probably along lines relatively close to the Senate-passed version. Although I have strongly opposed this particular version of deficit-reduction legislation—I voted for alternatives that I think would be far wiser—I believe that something like that approach is, regrettably, the only way that Congress will come to grips with the incredibly tough decisions that need to be made to reduce the deficit and balance the budget. And I believe we must make those decisions.

What this means, as a practical matter, is that the VA medical care account will be placed in a limbo of uncertainty year after

year after year. Even when its appropriations is enacted at a reasonably adequate level in the late summer or early fall, the whole process will be reevaluated at the beginning of the fiscal year, each October first.

Congress is looking at across-the-board cuts in excess of 20 percent to reduce the deficit and balance the budget over the next five years. That could mean a total reduction, over this period, of 60,000 staff-years in VA nursing and medical care for American's veterans.

No one should be lulled into any false sense of security because the cuts are not that deep this year and would come about over 5 years. I know you, on the front lines, truly understand what the numbers I've cited would mean in day-to-day, real-life terms.

Worse yet, I'm afraid, if anything could be much worse, while the deep cuts take effect, the need will continue to climb as the nation's veterans become older and less able to care for themselves.

These very deep cuts, then, are a certainty as long as there is no real reduction in defense spending and no significant new revenues.

The non-defense side of the budget just cannot alone bear the brunt of the enormous cuts needed to meet the new deficit-reduction targets between now and fiscal year 1991.

I know that you understand very well the value of federal programs, such as VA medical care. As nurses, you especially know how vital, also, are other health and health-related programs such as women and infant child feeding, Headstart, Medicaid, school lunch, food stamps, child immunization, and many more—not to mention many other programs that serve many other valid public purposes.

The reality is that if the American people want to fulfill our societal obligations to veterans, to children, and to disadvantaged men and women, they have to be willing to foot the bills for these programs.

Veterans will continue to receive adequate health care from the VA only—only—if the public is willing to pay for it! That is the simple truth! That is today's reality!

The Nation is so deeply in debt and the deficit is so high that the American people must make a decision: Are we willing to support new revenues to finance adequate health and hospital care for our Nation's veterans?

If the answer is yes, then tell it to President Reagan. That is my message to you and that is my message to all Americans today.

President Reagan refuses even to consider, in order to reduce the deficit, a minimum tax on corporations and on high-income individuals who pay little or no taxes—minimum taxes the Senate has endorsed three times over the past eight months.

Indeed, the President still talks of cutting taxes while our total federal debt approaches 2 trilling dollars. Speak of Rome burning . . . .

Those, then, are some of the grave issues confronting the Congress and the American people, and confronting you in VA health care.

This is a strong and resilient Nation—the greatest Nation on Earth. In times of national crisis, our people have always risen to the challenge to do what is right. I'm confident they will do so again if they're told the truth and not fed a line of Presidential pabulum!

Your efforts to serve veterans deserve the continued backing of the American people. They have mine. My commitment to maintaining and strengthening the VA health-care system will continue unabated, as will my support for those who make that system work—you, the providers of that care.

Together we can still accomplish much—as we have in the past. I urge you to spread the word, both individually and through NOVA. Stay in touch with the Executive Branch and with members of Congress so that our people and our Government will do what must be done to ensure the continued strength of the VA health-care system and good medical care for the Nation's veterans.

I thank all of you for what I know you will endeavor to do toward these needs.

FARM CREDIT PARTNERSHIP ACT OF 1985

Mr. BAUCUS. Mr. President, I am pleased to have joined in introducing the Farm Credit Partnershp Act of 1985.

America's farmers have been beset by a series of plagues. Farmland prices fell over 12 percent for the year ending April 1, 1985.

Sales are sagging. Wheat exports alone are expected to be down 349 million bushels from last year, a decline of about, 49 percent.

Farmers simply cannot make a profit. Between 1980-84, net farm income was half what it was in the previous 4 years.

And among the biggest losers in all this have been the issuers and users of farm credit—both farmers and farm lenders.

Agricultural debt has skyrocketed from $50 billion in the mid-1970's to more than $200 billion in 1985.

Two hundred thousand farmers—approximately 10 percent of this Nation's 2.4 million farmers—could well be out of business within 4 years.

We must act now.

But at the same time, we must be sure that we do not simply prop up those farmers who are inefficient and can never be competitive.

We must separate the wheat from the chaff.

This bill does that. The main goal of this bill is to help farmers who are carrying heavy debts but have the management ability and the assets to work out their problems with some assistance.

This bill would restructure outstanding agricultural debt to reduce the debt load and interest costs of family farmers.

This bill is geared toward family farms with gross sales of more than $40,000 per year and debt-to-asset ratios of above 40 percent.

This group of farmers accounts for about 10 percent of all farmers, but they carry 45 percent of the nation's farm debt.

Too often farm credit legislation has been designed to protect the assets of lenders without regard to farmers.

This bill is aimed at helping overloaded farmers survive.

And when we help these farmers, we help the entire Nation.

You will hear it said that we need this legislation to help preserve America's rural heitage.

That's true. But we need this legislation because it makes good, hard economic sense for this country.

Last year agricultural exports provided this country with a $16.7 billion trade surplus.

That's no small contribution when this country faces record trade deficits.

And American farmers feed this country and the world.

That is not only essential to our physical health but also to our position as the leader of the Free world.

Mr. President, we cannot afford to continue to watch the decline of the American farmer.

For them, and for our Nation, I support this legislation.

LATVIAN INDEPENDENCE DAY

Mr. PRESSLER. Mr. President, November 18 is a day of great importance to the people of Latvian descent all over the world. Sixty-seven years ago on that day, the nation of Latvia was declared an independent republic. Unfortunately, remembrance of this day is not a celebration of freedom, but a painful reminder of the Soviet domination Latvians have been forced to endure.

There are approximately 85,000 people of Latvian ethnic background in the United States today. Many emigrated to this country during World War I to escape the ravages of war that existed in their homeland during German occupation. When the Germans were defeated and a free nation was established, thousands returned to their native Latvia. Their period of self-government was tragically short-lived, however, as the Soviet Union forcibly annexed Latvia as a Soviet territory in 1940. Gross deprivations and violations of fundamental human freedoms punctuated the Soviet invasion. Thousands of Latvians judged to be politically "unreliable" were deported eastward to Siberia.

Latvians are a very proud people, nationally loyal and possess a strong desire to preserve the Latvian culture. Their heritage is rich with poetic folk songs or dainas, art forms, and crafts, some over 3,000 years old. The native language, which is most closely related to ancient Indo-European tongues, is very unusual in that Lithuanian is the only language directly related to Latvian that is still spoken today. Although foreign control dominates Latvian political history, the distinct customs and traditions of the Latvian nationality have been kept alive by the hearty,

courageous spirit of the Latvian people.

The Latvians who came to the United States not only brought their unique history with them, but also the sorrow of a captured homeland. Their yearning for freedom and desire for a national identity have not diminished with time, and neither have their hopes for reestablishment of free Latvia. As members of the free world, it is our responsibility and privilege to remember and support the people of Latvia. Our protest of their captivity by an aggressor nation is renewed today, Latvian Independence Day, as we denounce Soviet denial of Latvian human rights, and every day, so long as oppression and injustice exist in the world.

LATVIAN INDEPENDENCE DAY

Mr. SARBANES. Mr. President, on this, the 67th anniversary of Latvian independence, it is an honor for me to join with Latvian-Americans in celebrating their quest for human dignity and freedom. Symbolizing the determination of the Latvian people, November 18 provides an opportunity to reflect on the rich heritage of the Latvian people and their abiding faith in the future. For while personal and national integrity may be cruelly oppressed in their homeland it has not been extinguished.

The Latvians are a proud and spirited people who through the long centuries were able to repulse the attempts of conquest by their stronger neighbors including the Russians, Germans, Poles, and Swedes. During the period between 1721 and 1795 Russia gained control of Latvia, which remained in Russian hands until 1918. During the last half of the 19th century the national consciousness of the Latvian people reemerged. Thus, when the Russians adopted a russification policy in 1888-89, the Latvian people responded with a determined assertion of their own national identity. Their unyielding efforts were finally triumphant and on November 18, 1918, they declared their independence as the Latvian Republic, 1 year after having adopted a resolution calling for a united Latvia. This resolution, which sounded the note of self-determination, has been characterized as Latvia's first declaration of independence. Although the new state soon became a battleground for German ambitions, Russian designs, and Latvian national aspirations, she at last began her independent existence with the signing of a Latvian-Soviet peace treaty on August 11, 1920. On February 15, 1922, Latvia adopted its constitution.

The newly found freedom of the Latvian people, however, was short-lived. During the Second World War, conflict ravaged this small and vulnerable country. First, the Soviet Union invaded and annexed Latvia in 1940, and then Germany invaded in 1941, occupying the country for 3 years. Eventually, the Soviet Union drove the Germans out but then forceably incorporated Latvia into the Soviet Union as one of its republics. A Soviet regime was established and thousands of Latvians were deported to northern Russia and Siberia. Approximately 100,000 of those who escaped at that time settled in the United States and have contributed to the economic, cultural, political, and academic growth of their adopted American communities. It is their efforts that have brought public awareness to the Latvian situation.

Today the plight of the Latvians continues: The Soviets have embarked upon a systematic campaign of cultural repression. Preference for jobs and housing is given to non-Latvians, in an effort to make Latvians second-class citizens in their own country; by 1979 only 55 percent of the population of Latvia was ethnically Latvian. Their art and native tongue are threatened with calculated extinction, and those who openly practice religion are targets of various forms of harassment by the government. Nonetheless, the Latvian people have bravely resisted these Soviet efforts to suppress their national identity and have steadfastly persisted in the preservation of their cultural integrity.

We find leadership and inspiration in those who, at great personal cost, have lived courageously by the principles they espouse—Ints Calitis, Gunars Astra, Juris Bumeistars, and Teovils Kuma. Their names are well known to us. Countless others whose names we do not always know have joined them in openly protesting cultural repression, religious persecution, and economic exploitation, and like them, many have gone to prison for daring to express their most deeply held convictions.

Let us take this, the occasion of the 67th anniversary of independence, to salute the Latvian people, their strong sense of national and cultural identity, and their enduring, freedom-loving spirit. As we recall the sacrifices as well of these brave and courageous people, let us renew our commitment to speak out on behalf of those who suffer deprivation under a government which continues to deny basic human rights.

LATVIAN INDEPENDENCE

Mr. RIEGLE. Mr. President, on this day, in 1918, Latvians celebrated their independence from Russian czarist rule. Over the past 67 years Latvians have both endured great suffering and achieved great accomplishments in their brief, but productive period of independence from 1918 until 1940.

After the collapse of the Russian czar in 1918, the Soviets promised the Latvians their status as a sovereign nation forever. The Latvians put forth all their efforts into creating a nation where, in the words of Prime Minister Karlis Ulmanis, there would be "neither the oppressed nor the oppressors."

Once independence was gained, the Latvians set to work to rebuild their nation which, like most of Europe, bore the scars of the First World War. Within a few short years, the Latvian people created farm outputs great enough to satisfy both domestic needs and to provide surplus for grain exports. Latvia's industrial workers grew fivefold as industries were built around natural resources such as forest, peats, clay, and limestone.

Education during Latvia's years of independence blossomed. During the 1930's Latvia had the highest percentage of youth attending high schools and colleges of all the European countries. Cultural events such as folk festivals and opera flourished. Literature and art based on folk traditions made memorable this special period of Latvian reawakening.

Following the signing of the Molotov-Ribbentrop pact between Nazi Germany and the Soviet Union, the occupation of Soviet troops soon crushed the efforts of Latvians to rebuild their own country. In defiance of international law, Moscow then declared Latvia a Soviet Socialist Republic.

In 1944 more than 200,000 Latvians and Estonians were deported from the Baltic nations to the Soviet Union. Since this time the Soviets, using such incentives as job opportunities and better standard of living, have attempted to dismantle Latvian culture by encouraging Slavs to immigrate to Latvia. This has resulted in a significant decrease in the number of Latvians as a percentage of the total population. In some urban areas, Latvians have even become outnumbered by Russians.

Russification of language has also been used by the Soviets in an effort to eliminate the Latvian cultural and social identity.

Today, Latvians continue to resist Soviet attempts to destroy their heritage. On such holidays as today, the Day of National Independence, Latvians place flowers and wreaths on the graves of Latvian heros to demonstrate their continued commitment to independence. Another important date in all of the Baltic States is Baltic Freedom Day which marks the anniversary of the brutal occupation of the three Baltic nations by the Soviet Union. I am again introducing legislation this year to commemorate the 46th anniversary of this occupation.

The United States has never recognized the Soviet occupation of Latvia and to this day continues to recognize the accredited diplomatic representatives of the previous independent Government of Latvia. It is important that we as a nation continue to keep abreast of the ongoing struggle of the Latvians to regain their independence and maintain their culture and identity. Their efforts toward freedom from repression have not gone unnoticed and continue to have our support.

DR. MALIK SPEAKS TO THE WORLD

Mr. HELMS. Mr. President, one of the more valuable privileges of membership in the Senate is the opportunity to know distinguished men from around the world, and to seek their counsel. Such a man is Dr. Charles H. Malik, one of Lebanon's most distinguished citizens, and, indeed, a friend to many in this body.

Dr. Malik's career as a diplomat, a professor, and a philosopher has often taken him out of Lebanon; but he has never left Lebanon. It remains his actual home, and his spiritual home, despite the agonies and the difficulties which wrack that unfortunate country.

Dr. Malik has much to say to the world. Some superficial commentators might think that someone who lives in the midst of the convulsions in that country would have little to say to the world. But the very trials to which that country is subjected represent a microcosm of the problems which we face on global scale.

Just last week, we learned that a suicide truck, loaded with dynamite, virtually destroyed an historic building where four of the most distinguished leaders of the Christian community in Lebanon were considering recent proposals for putting an end to the turmoil. At the last minute, the truck's trajectory was somewhat deflected. As it was, four persons died in the resulting explosion, including three soldiers who deflected the truck. Although the room in which the leaders were meeting was badly destroyed, the four leaders themselves escaped with superficial wounds.

Had Dr. Malik been in Lebanon last week, instead of in Washington urgently seeking attention for his country's problems, he would have been the fifth official in that room.

Mr. President, perhaps the best way to get some idea of the way in which the world has honored Dr. Malik, is to read the entry in the current "Who's Who," and I ask unanimous consent that it appear at this point in the RECORD:

There being no objection, the entry was ordered to be printed in the RECORD, as follows:

WHO'S WHO IN THE WORLD

(7th Edition 1984-1985)

Malik, Charles Habib, philosoper; b. Bterram, Al-Koura, Lebanon, 1906;s. Habib Khalil and Zareefi (Karam) M.; B.A., Am. U., Beirut, 1927; M.A., Ph.D., Harvard, 1937; student U. Freiburg (Germany), 1935-36; hon. doctoral degrees 50 univs. and colls. in U.S., Can. and Europe including Princeton U., Harvard U., Yale U., Columbia U., U. Calif. at Los Angeles, Notre Dame U., Brown U., Ill. Inst. Tech., Cath. U. Am., Georgetown U., Williams Coll., Dartmouth Coll., U. Freiburg, St. Mary's U., others; m. Eva Badr, 1941; 1 son, Michael Habib Charles. Teaching and administrv. positions Am. U. Beirut, 1927-76, dean grad. studies, 1955-60, distinguished prof. philosophy, 1962-76, disting. prof. emeritus, 1976—; Jacques Maritain disting, prof. moral and polit. philosophy Cath. U. Am., Washington, 1981-82; vis. prof. Dartmouth and Harvard, 1960; Univ. prof. Am. U., Washington, 1961-62; E.E. and M.P. to U.S., 1945-53 to Cuba, 1946-55; ambassador E. and P. to U.S., 1953-55; mem., sometime chmn. Lebanese del. UN, 1945-54, Signatory Charter UN, San Francisco, 1945, chmn. delegations Lebanon to UN, 1956-58; chmn. 3d Com. UN Gen. Assembly, 1948-49; pres. 13th Session, UN Gen. Assembly, 1958-59; mem. UN Security Council, 1953-54, pres., Feb. 1953, Jan., Dec. 1954; mem. UN ECOSCO Council, 1946-49, pres., 1948; mem. UN Human Rights Commn., 1947-54, chmn. commn., 1951, 52; rep. Lebanon Internat. Bank Fund and UNESCO, various times, 1947-52; Signatory for Lebanon, Japanese Peace Treaty, 1951; del. Bandung Conf., 1955; minister fgn. affairs Lebanon, 1956-58, minister nat. edn. and fine arts, 1956-57, mem. Parliament, 1957-60. Grand 1st magistrate Holy Orthodox Ch.; pres. World Council Christian Edn., 1967-71; v.p. United Bible Socs., 1966-72; former pres. bd. trustees Orthodox Coll. Annunciation, Beirut; dir. Woodrow Wilson Found., 1961-63; sometime vis. com. philosophy dept. Harvard and physics dept. Tufts U. Fellow Inst. Advanced Religious Studies, U. Notre Dame. 1969. Fellow AAAS, Am. Geog. Soc. Spring Arbor Coll.; mem. Am. Bible Soc. (hon. life), Am. Philos. Assn., Am. Philos. Soc., Assn. Realistic Philosophy, Assn. Symbolic Logic, Metaphys. Soc. Am., Am. Acad. Arts and Scis., Am. Polit. Sci. Assn., Am. Acad. Polit. and Social Sci., Am. Soc. Internat. Law, Internat. Law Assn., Union Internat. Assns., Internat. Polit. Sci. Assn., Nat. Geog. Soc., Acad. Human Rights, Internat. Movement for Atlantic Union, Internat. Platform Assn., Lebanese Acad. (a founder), Société européenne de Culture, Assn. mon diale de la Culture. Decorated by the governments of Lebanon, Italy, Jordan, Syria, Iraq, Cuba, Iran, Brazil, Dominican Republic, Austria, Greece, Nationalist China; holder highest order Lebanon for distinguished service, Clubs; Cosmos (Washington); Century, Harvard (N.Y.C.). Author; (essays) War and Peace, 1950, Problem of Asia, 1951; Christ and Crisis, 1962; Man in the Struggle for Peace, 1963; God and Man in Contemporary Christian Thought, 1971; God and Man in Contemporary Islamic Thought, 1972; The Wonder of Being, 1974; A Christian Critique of the University, 1982; author numerous books in Arabic, most recent Almuqaddimah, 1977; contbr. parts to 20 books; author over 200 articles, Am., European, Near Eastern mags. Home: Harvard Club 27 W 44th St New York NY 10036 also Cosmos Club 2121 Massachusetts Ave NW Washington DC 20008 also Rabiya, Almatn, Lebanon.

Mr. HELMS. Mr. President, last summer, Dr. Malik gave a notable address at the Cosmos Club, whose members comprise a group of men distinguished in science, literature, the arts, and public service. As usual, his remarks reflected his vast erudition and practical experience in the world of diplomacy.

Although Dr. Malik brought a message from Lebanon, it was not narrowly directed at the problems of his own country. No, it was a message that went to the essence of the problems facing the West. I will give just one example of his wisdom from the summing up. Dr. Malik said:

> The fundamental element in the situation is neither political, nor social, nor economic, nor material, nor international: It is spiritual and religious. This is what the West does not understand. The West has become so politicized, socialized, and economicized, in short, so secularized, and so determined by world relations of power, that it thinks that history hinges on considerations of power and material deprivation and development alone. This is one of the principal fallacies of this age. Men are actuated and moved by spirit and mind and fundamental convictions and attitudes and conflicting wills to power more than by anything else.

Mr. President, I ask unanimous consent that the entire address by Dr. Malik be printed in the RECORD at the conclusion of my remarks.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

A MESSAGE FROM LEBANON

(An address by Charles Malik—Delivered on Monday noon, June 3, 1985 at the Cosmos Club, Washington, DC at a Special Noon Forum)

The title "A Message from Lebanon," which was announced without previous consultation with me, is misleading. It does not mean a message from Lebanon about Lebanon. The message is about the state of the world. It is the state of the world that has occasioned the present sad state of Lebanon. Let us then go straight to the origin, the source, the fundamental cause, and let us not waste any time on subsidiary issues.

I discuss the state of the world under six headings: the rivalry between Washington and Moscow; China; the so-called Third World; the Near and Middle East; the technological revolution and the state of the mind and spirit; a summing up. I discuss these matters topically; for the most part I only list under each heading the fundamental topics to be gone into in depth, trusting that in the question and answer period you will challenge me to enlarge on some of them.

(1) RIVALRY BETWEEN WASHINGTON AND MOSCOW

So far as I understand it, the Strategic Defense Initiative (popularly called Star Wars) is purely defensive. In fact it is the ultimate weapon of defense. Destroy the rockets in flight rather than on the ground—this is the principle of this initiative. Nobody objects to nations building fortifications, or developing strong armies to defend themselves, or creating shelters against nuclear explosions; if all these measures have always been regarded is legitimate, the Stra-

tegic Defense Initiative, as a defensive mechanism, appears to me to be ten times more legitimate. If this system, when perfected, should render obsolete all long-range nuclear weapons, then it would be the greatest boon to mankind in this nuclear age. From the first moment ICBM's and medium range nuclear missiles were invested, the mind at once turned to what would neutralize them. We appear to be there now, or near there. It is a compelling argument for disarmament. Only nuclear devices poised for offense will be the casualties. Therefore it is only the offensive mind bent on aggression that will be offended by the SDI.

The development of nuclear arms is not an end in itself. One of its effects is to help prevent a Third World War. If the balance of terror is maintained, then I believe both the Americans and the Soviets are rational enough not to initiative a world war in which both will be losers, and losers on an incomparably unprecedented scale. The paradox of nuclear rearmament is that the very arms that are thus devised are destined not to be used but only to induce the scrapping of them. The rearmament is precisely for the sake of disarmament. Man is such that only terror can cause him to disarm. The danger of accidents is real, but even this danger, I believe, can be controlled. And with the certain proliferation of nuclear weapons, some madman or mad movement in Asia or Africa or the Middle East, namely, other than the superpowers, might be tempted to use them. My bet is that neither the Soviets nor the Americans are mad, and that they will not be drawn into such a local conflict, but that they have the power then to work together to force it to remain localized.

Why, then, the whole exercise of rearmament if it is only for the sake of disarmament? Why not disarm forthwith? Because there is a profound mistrust between Washington and Moscow. And mistrust of this nature is not subject to material or military determination: it is something profoundly spiritual. We have two different, and in many respects contradictory, fundamental interpretations of man, history, society, government, freedom, destiny, and the right scale of values: two interpretations fatefully confronting each other in this physically unified world. The communists themselves are the first to emphasize this fact. Who started this opposition? This is the fundamental question. The confrontation is about history itself, and the final things. We shall inherit the earth—and now also the moon and the planets and the solar system and the whole galaxy? This is what is at stake. A mistrust of this order of magnitude raises the question of the meaning of the whole of recorded history for 6000 years for the present and for the future. And the categories, conditions and procedures of how to deal with this kind of mistrust are all psychological, intellectual and spiritual.

Communism has developed refined techniques for addressing and mobilizing the masses; the West addresses only governments, only the ruling classes. This is the West's most important built-in handicap. If ours is a Marxist age, it is for that reason the age of the masses. The category of quantity today predominates, not that of quality. The principle of the materialists is matter, and matter acts only by mass and weight. The only way to meet quantity is to develop the qualitative edge to the utmost.

That wherein the West is in principle strongest, I mean, freedom, mind, spirit, values, ideas, the continuity of tradition, it in fact is weakest, so far as the image it projects of itself abroad is concerned. It projects the image for the most part of having only money and machines to give. Those whose first principle is matter care more for penetrating the mind and spirit of the world than those whose first principle is mind and ideas. Matter cares more for mind, mind more for matter. This is the supreme paradox of our age.

To confine the universe of discourse between Washington and Moscow only to matters political, economic and social, and only to considerations of defense and security, is to fall into the trap of Marx, who understands history and the world only in these terms. The values of freedom and man should be vigorously thrust to the foreground. Those who only think of political, economic, social and security values have already become Marxist, perhaps without their knowing it. To that extent our age is a Marxist age. It is on spiritual, human and freedom questions that the West is strongest, if only it knew itself and its cumulative tradition.

Under conditions of no war, which are likely to remain prevailing as a result of the balance of terror, who is changing more and more in the image of the other, the West or the Marxist world? This is the crucial question. Again, if you think only in economic, social and political terms, you are already overwhelmed. You should think in terms of spirit, and mind, and man, and faith, and the interpretation of history and human destiny, to be able to answer this question correctly. And I find clear signs of the West turning more and more in the image of the communist world. For instance, who among the youth of America really believe? Who among the great scientists and professors and scholars really believe? The spread of atheism and materialism and uncritical rationalism, or at least of indifferentism, is most alarming.

It is true there are signs of a stirring of the spirit in America and the West, just as there are among the Russians. But the anti-spiritual, anti-intellectual, anti-Christian, anti-freedom, even anti-human, forces continue to preponderate.

CHINA

One of the basic long-range problems of history is China. Chou-en-lai told us publicly in 1955 in Bandung, with evident pride, if not also defiance, that he was an atheist. He told me privately that the one formidable problem they face was how to control the birthrate, and while they were doing the best they could toward that end, he was not sure they would succeed. Could the population of China be stabilized at one billion only?

During the nineteenth century and up to the middle of the twentieth, China opened up considerably to Western influence. However, Marx, who is a special version of the West, stole the show and beat the other version a generation or so ago in the race for the soul of China. How and why this happened is a searching question that only history and philosophy can determine. How much the many signs of liberation from Marx we read about today are authentic and lasting, I do not know. But full advantage must be taken of them. Freedom to criticize Marx and Mao-tse-tung appears possible. The educational system is in process of being liberalized—how far, again I do not know. But what I do know on authoritative grounds is that the United Bible Societies signed two months ago an agreement with the churches of China, with the approval of the Government, to provide those churches with millions of copies of the Bible. I do not know that this has happened with respect to the Soviet Union.

People refer to China, with euphoric expectation, that it is the world's greatest market. Is that all that China means to them? They have nothing to give China save to sell and buy from it? If this generation misses the opportunity of penetrating the heart and soul and mind of China, now that the door appears to be slightly ajar, then I dread to think of the judgment of history 200 years from now on this generation. This process of penetration requires the most responsible study and thinking. It requires more: it requires conviction and daring, and an exuberant faith in your deepest values.

The Chinese are a people of genius, and not only in their cuisine. Don't only sell them goods and provide them with machines. Don't only "use" them to balance the Soviet Union. Develop a real interest in their culture for its own sake: in their literature, in their art, in their history, in their philosophy, in their way of life, in their ideas about man and his destiny. And not only that, but humbly ask yourselves the question: do we have in our great tradition (I hope you still believe it is great) something spiritual, intellectual, moral, human, that the Chinese do not have, that we feel we must share with them? In the deeper things that last longest among peoples, it is always true that it is more blessed to give than to receive.

(3) THE THIRD WORLD

The Third World is "third" because there are two other worlds with which it is contrasted. Therefore the very naming of it is derivative from the two other worlds.

It is also dignified by the term "developing" rather than, as used to be the case, the term "underdeveloped," which would not be very dignifying; although the two other worlds are "developing" too, and in some instances and in certain respects faster than it.

The basic problem of the Third World is that it lacks uninterrupted political traditions and stable political institutions.

Three things can be predicted about Asia, Africa and the Middle East, and to some extent about Latin America: (1) We can expect coups, upheavals and revolutions in these countries, not for years, but for generations and perhaps centuries to come. (2) Although freed from classical colonialism, these peoples cannot stand on their own feet, but must depend for the indefinite future on the more advanced countries for their development and stability. (3) Japan, China, the Soviet Union, Europe and America shall for the foreseeable future always find themselves competing with one another for political, economic, ideological and strategic influence in these countries. Thus America cannot disengage itself from now on from almost any part of the Third World.

Without the great universities, the Freiburgs, the Sorbonnes, the Oxfords, the Harvards, the West could never have developed itself. Can you imagine an Oxford or a Harvard arising in Africa, Asia and the Middle East before hundreds of years from now, I mean a university to which a German, or Frenchman, or Englishman, or American would go to specialize in his own culture, just as Asians, Africans and Middle Easterners can go now to German, French, British and American universities to learn about

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and specialize in their own cultures? And even then the cultures of the Third World will have been incorporated into the 4000-year old culture of Europe and America, without which Europe and America would never have produced their great civilizations.

Therefore, the dependency of the Third World is of its very essence. This fact bears in itself immense world-historical and world-cultural implications.

THE NEAR AND MIDDLE EAST

The Gulf war is but the latest recurrence of the age-old Persian reaction to the influences impinging upon that country from the West. In olden times there was first the dualism of Zoroastrianism against the rigid monism of the Eastern Mediterranean; then the Persian Empire which we read about in the Bible; then the Graeco-Persian wars; then Alexander; then the Parthian resistance to Roman expansion; then we have Manichaeism which vigorously competed with Christianity up to the early fifth century when Augustine gave it the coup de grace; and even Shi'ism, originally and today, is a Persian reaction from within Islam against the Arab version of Islam. Persia has always been a breeding ground of all sorts of esoteric mystical movements. No wonder, then, the Khomeinism of our times.

The Cosmos Club is full of Persian presence. Witness the magnificent Persian rugs all over the place, especially the one with Persian writings in the inner office on the first floor. That one is worth several hundred thousand dollars. You do not find a single Arab presence in the Cosmos Club, save perhaps the electric light and the hot water, which may be fueled by Arab oil. But Arab oil is not the creation of Arab genius but of geology. We have also in Washington the concrete blocks in front of the White House and the State Department, which proclaim loudly the presence, at least potentially, of Khomeini.

Vishinsky turned once to Henry Cabot Lodge at the United Nations and said something to this effect: What has the Middle East to do with South Dakota or with American security in general? We are a Middle Eastern country ourselves, which you are not, and the Middle East is of vital importance to our security, which it is not to yours. Add to this observation of Vishinsky the following three facts: first, the fact that the Soviet Union contains more than fifty million Moslems; second, the fact that the Russians interacted with the Turks and fought them for three or four centuries (witness the marvelous little story "Hadji Murad" by Tolstoy); and third, the fact that Byzantium is the cultural mother of Russia, and therefore Istanbul holds a spiritual-mystical significance to the Russian soul beyond any considerations of strategy.

Whatever the outcome of the Iraqi-Iranian war, I doubt that the West can recover its past presence in Persia. It appears to me that all realistic, long-range, strategic calculations must reckon with the distinct possibility, not quite to say certainty, that Iran will one day fall under Soviet influence. Your abiding zone of influence, all down the ages, is not the Gulf, but, especially now with the almost organic relationship that has been built up between you and Israel, the Eastern Mediterranean. Concentrate first on this, and be prepared to cut your losses there.

All the regimes of the Middle East without exception are wobbly. There is an essential reason why this is the case. You cannot afford to forget the grand reception accorded the Shah of Iran at the beginning of 1978 by President Carter, and what happened to that man at the end of the same year. Similar surprises are almost certain to recur.

Last week's King Hussein initiative is significant: it should be followed up assiduously. Its basic flaw, however, is twofold: it does not include Syria, and it conceives of an international conference comprising, in addition to the parties directly concerned, the permanent members of the Security Council of the United Nations as an "umbrella". The word "umbrella" has suddenly crept into the diplomatic jargon. No resolution of the Arab-Israeli conflict is possible with Syria and the Soviet Union being excluded from the peace process. Syria has announced its determination to wreck the Hussein initiative as it succeeded in causing the May 17, 1983 agreement between Israel and Lebanon, which was midwifed by the United States, to be abrogated. And to suppose that the Soviet Union will allow itself to be used as an "umbrella" without itself also wrecking whatever the use of the "umbrella" is going to yield, is naive in the extreme.

Lebanon is a very sick country. It desperately needs doctors to tend and cure it. Doctors do not care about the shabbiness of the patient: they just go ahead and treat him with a view to restoring him to health. Lebanon is so shabby within that I am ashamed of it. But it is has wonderful reserves of health and strength. Its shabbiness has been analyzed ad nauseam, but the importance of saving it, even if necessary against itself, has not been brought out.

Three things are at stake in the agony of Lebanon: whether it is inevitable that the free, sovereign and independent state of Lebanon be incorporated into another state or be divided up between its neighbors; whether it is inevitable that the free, open, democratic, and pluralist society of Lebanon be assimilated into the kind of societies prevailing in the Middle East, which are neither free, nor open, nor democratic, nor pluralist; and whether it is inevitable that the free and secure Christian community of Lebanon, the only such community in the Middle East, (and we must keep in mind that all fundamental distinctions in the Middle East are religious), lost its freedom and security. I believe that none of these three possibilities is inevitable, and that high and daring diplomacy can avert them.

The widespread disgust at Lebanon among the thoughtful and deciding circles of America today is, humanly speaking, perfectly understandable. But what if this disgust should help in bringing about the destruction of the only free, open, democratic and pluralist society, and the only 2000-year-old free and secure Christian community in the entire Arabic-speaking and Moslem worlds? This is the question: disgust leading to indifference, and indifference leading to perishing. Those who are overcome by disgust do not know the world-historical significance of what they are thereby helping to cause happen.

There is a blackout in the media of this country about the communist presence in the Middle East. The cause of this blackout baffles me. A brilliant writer published last week two columns on the Middle East; he mentioned the United States, Israel, Lebanon, Syria, Jordan, the Palestinians, Iraq, Iran, and the names of leaders; I could not take exception to almost anything he said; but not a word hinted that the Soviet Union or the communists exist; while they are as present on the scene as, and in certain respects more present than, you are. And even the leaders of America hardly ever mention the Soviet Union in connection with the Middle East: they talk for the most part as though the Middle East were an exclusive preserve of their own. The truth is that the Soviet Union and its friends in the Near and Middle East have it in their power to frustrate any development they wish to frustrate, and to initiate independent developments favorable to their aims. You are not acting alone, nor is anybody in the Middle East acting in the absence of the decisive presence of the Soviet Union.

There is a fateful competition in the concept of the state between Israel and Lebanon. Israel declares itself a Jewish state; Lebanon wants itself to be a pluralist state. I must repeat here, unfortunately to the dismay or even the incomprehension of the secularists of the West, that all fundamental distinctions in the Middle East are religious. And so, by a pluralist state is meant one where religious communities feel perfectly at home in it, each being free and master of its own values and destiny. There are Moslems who openly want Lebanon to be a Moslem state or an Islamic republic. The Christians want Lebanon to be neither a Moslem nor a Christian state, but a pluralist one. While this competition between the two concepts of state has not been resolved, and while only the concrete developments of history can resolve it, the Christians do not accept any kind of state in which they are not guaranteed that they will never become second-class citizens. This, in a nutshell, is what the whole drama of Lebanon is really about.

(5) THE TECHNOLOGICAL REVOLUTION AND THE STATE OF THE MIND AND SPIRIT

The technological revolution is just beginning. Nor can it be stopped. We are going to see wonders upon wonders in every field—in space, in sending human settlements to Mars, in transportation and communication, in instruments of war, in medicine, in what is called genetic engineering, in the endless proliferation of gadgets and creature comforts, in the adaptation of the computer to every conceivable need. Technology enhances life, but it can also detract from it. Turning the good of technology against the evil effects of technology—this is the supreme desideratum of the technological revolution.

Technology is the realm of means and not of ends. Depending on the heart and will of man, every means can be turned to bad use. Therefore, make sure of your heart and will first, and then you can set the right ends and choose the right means.

The most nagging question is: in whose light are we to seek the ends and according to what criterion are we to make sure of our heart and will? When you track down the values of our age to their deepest depths, you will find that the light and the criterion are chance and chaos.

In cocktail parties you sometimes overhear the ladies present, even more than the men, exchanging such remarks as: "My analyst told me this, and my analyst told me that." Urban neurosis lives these days by standards set by analysts. Analysts have replaced priests and Freudian lore the Bible. Where do analysts get their norms from? Again, in the final analysis, from chance and chaos. The whole atmosphere of urban existence hardly ever permits you to say, the Bible says this and the Bible says that.

Now the Bible repeatedly warns against idolatry, namely, admiring, or, to use the

Biblical term, worshiping, the works of our own hands—and we many add "of our own heads—" because no hand ever worked without the direction of the head. The idolatry of our times is to get lost in the wonders of the endless gadgets created by technology. We end up in worshiping man and his creations, namely, in worshiping ourselves, rather than the creator both of ourselves and our creations.

Give glory to something other than yourself—this is a basic maxim. What is this "other"?—this is the question.

Carl Sagan's 13-part television series entitled "Cosmos" in which he speaks of the wonders of cosmology is itself one way of getting lost in the material world, and therefore one from of idolatry. Much of what he says is true and he is to be thanked for every truth he brought out. But as an exulting, self-proclaimed atheist, may he not have other motives than truth for truth's sake? And why fasten on the truths of the material universe in such a way as to derive from them the far more glorious truths of culture and the great intellectual and spiritual traditions of mankind? Even truth may be used to befuddle man in his simple, happy faith.

And Helen Caldicott wrote a book called "Missile Envy." My only comment here is that the title is Freudian. One of the spiritual wonders of this age is how Freud has invaded the mind, and not only Marx. Who is not Freudian today, who indeed is not Marxist?

Such books as John Naisbitt's "Megatrends" and Alvin Toffler's earlier "Future Shock," though futurist, are all purely economic-social-political-psychological, with hardly any reference to matters human, moral, personal, spiritual. Such matters are only "subjective forms," as Whitehead would say, and yet they are the most decisive, and without them human life would not be worth much.

The thinkers who thought through the technological revolution in metaphysical depth are all European. They include Kierkegaard, Nietzsche, Heidegger, Jaspers, Gabriel Marcel, Ortega Y Gaset, Berdyaev, Archbishop Temple, C. S. Lewis, G. K. Chesterton. If you read these men passionately, you will receive an intellectual and spiritual enlightening the like of which can be gotten in no other way. This 50-page essay by Kierkegaard, written in 1846, 139 years ago, entitled "The Present Age," is absolutely prophetic so far as the moral and personal phenomena of our time are concerned.

Of the possible deleterious effects of technology I mention only five: (1) The possible destruction of community life: no sooner do people know each other than they part from each other. But man is created for fellowship, friendship, love, community. (2) Movement for its own sake. But man is created for quiet, stillness, peace, thought, contemplation. (3) The breakdown of the family. The Census Bureau reported a couple of weeks ago that "Of all United States families with children, more than one quarter have only one parent present." I am sure other startling statistics can be cited about divorce. But character, moral stability, contentment, joy, self-confidence are all the product of the happy, united and loving family. Disturbing statistics about the breakdown of family life in Europe and America under the trying tensions of technological existence could be misleading; there are wonderful, happy, God-fearing families all over Europe and America, perhaps more than anywhere else in the world. (4) The urban neurosis has almost become the norm. But the norm is health, nature, wholesomeness, serenity, integrity of being. (5) The fad of violence and sex. But the joy and power consequent upon self-control exceeds by far every other joy and power.

Far from helping to overcome these deleterious effects, television, itself the greatest character- and mind-forming invention of technology, is accentuating them. Let there be one T.V. channel wholly dedicated to the blessings of community life, to stillness and rest, to great poetry, music and art, to happy family existence, to the natural and normal, to self-control and the sense of honor, to the great heroes of the spirit in history, and you will wipe out most of the evil effects of technology. This is an example of the good use of technology counteracting its bad effects.

(6) A SUMMING UP

The caldron that is the Near and Middle East is boiling, both in the Gulf and in the Eastern Mediterranean. It could erupt any minute. I am not an alarmist, and while it may erupt, I do not believe it need erupt: the likelihood is that it will be contained. The fundamental element in the situation is neither political, nor social, nor economic, nor material, nor international: it is spiritual and religious. This is what the West does not understand. The West has become so politicized, socialized and economicized, in short so secularized, and so determined by world tensions of power, material deprivation and development alone. This is one of the principal fallacies of this age. Men are actuated and moved by spirit and mind and fundamental convictions and attitudes and conflicting wills to power more than by anything else. Even if you guarantee them all the wealth and comforts in the world, the men and women who are fighting and dying in the Eastern Mediterranean and in the Gulf will keep on fighting and dying all the same. Fundamental differences in culture, in outlook, in values, in the interpretation of freedom and history and society and government and human destiny, are potently at work. And the day shall come when the radical religious fanaticism now gathering momentum in the Near and Middle East will spill over into Europe and America. The spilling over has already begun (not to mention the concrete blocks in front of the White House and the State Department in Washington) with the chasing out of Americans and Europeans from Lebanon, a land once celebrated precisely for its climate of freedom in which Europeans and Americans felt more at home than anywhere else outside the borders of their own countries. And the West meets this relentless onslaught only with money and machines, never with its own ideas of fairness and justice and tolerance and peace and government and history and freedom and destiny and mutual respect and the highest values that man has known, all integral to its own heritage. Is there a more culpable exploitation than to care only for people's raw materials and never for their soul—in fact to take pride in the escapist doctrine that each one of us is entitled to his own independent soul? Nothing to share with others, except one side offering raw materials including outstanding strategic locations in return for money and machines from the other side?

Mind can only be met by mind, spirit by spirit, fundamental attitude by fundamental attitude, or else Western civilization is doomed. Whether this civilization can wake up from its own materialist miasma and shake off its own moral and spiritual indifference, is the question facing not only that civilization but the world.

The tragedy today is that the civilization of the West, extending cumulatively without interruption for five to six thousand years, possesses creative values, ideals and practices that no other civilization has ever possessed; and yet it is not activating these values and practices, whether for defense or for offense. It just lets itself be subverted and overwhelmed, both from inside and from outside. What is fatefully called for is a mighty spiritual awakening emanating from the churches, the universities and the media. Thus means and sources of inspiration are all there; what is wanting is conviction, will and leadership. History itself awaits the initiative of the West on the deepest level more than ever before. And the thirst of the souls of men everywhere for that initiative is simply indescribable.

PORCHLIGHT CAMPAIGN

Mr. HATFIELD. Mr. President, I rise today in support of legislation recently introduced by my good friend from Illinois, Senator SIMON, that is aimed at lighting porches and windows across America in the name of peace. This bill, Senate Concurrent Resolution 88, underscores the danger that nuclear weapons hold for all life and urges citizens everywhere to light porchlights, candles, and other lights on November 19 and 20, the days of the summit as on open display of desire for world peace.

The "porchlight campaign" was first envisioned by a coalition of religious groups consisting of the National Council of Churches, the World Council of Churches, the United States Catholic Conference, the Rabbinical Assembly of America and the Ecumenical Ministries of Oregon. It was their intent to show both governments the importance that Americans attach to the rare opportunity for peace offered by the summit meeting between President Reagan and General Secretary Gorbachev. This resolution, also introduced in the House of Representatives by our colleagues Representatives AUCOIN and CONTE, is just a part of a broad global effort to urge citizens everywhere to join together in showing their hope for world peace.

This week we all have heard the almost deafening media blitz surrounding the summit meeting. As I have read newspaper and magazine articles and watched television reports concerning this historic event, I have been struck not by opinions expressed, but by the commentators. Instead of the ordinary citizens that have the greatest interest in seeing tangible results, we are bombarded by various experts and politicians who all have certain angles and opinions on what they believe will influence the summit meeting. While these professionals, who often represent different ideological factions, have offered many constructive insights concerning the summit, I see a distinct lack of cover-

age on the underlying facets that demand arms control—the devastating economic tradeoffs, the overwhelming fear of a nuclear holocaust. Our desire to avoid these perils must be expressed in a way that will catch the attention of world leaders.

I believe that the porchlight campaign offers a rallying point for all America to show a united desire for peace. It is important that both nations realize the sense of urgency that its citizens hold toward achieving meaningful arms control. Lighting a light for peace is a small but significant way to get the message through. I would encourage all my colleagues to support this resolution by adding their names as cosponsors and, of course, by voting for it. More important, I would ask all Members of Congress to urge both the citizens and the businesses of their States and districts to participate in this cause by lighting a light for peace on November 19 and 20.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WARNER). Without objection, it is so ordered.

Mr. BYRD. Mr. President, I understand that it is alright with the leadership on the other side if I speak longer during the period for the transaction of morning business than the 5 minutes which has been a part of the order thus far. I, therefore, ask unanimous consent that I may speak beyond the 5-minute limitation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, may I say also that if any Senator wishes to have the floor while I am speaking I will be happy to yield it, in which case I ask unanimous consent that if there is such an interruption in my statement that the Record show no such interruption when I resume the speech later.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I thank the Chair.

THE UNITED STATES SENATE

ROBERT A. TAFT'S SENATE, 1945-53

Mr. BYRD. Mr. President, in several previous addresses on the Senate's history I have spoken of those crucial years following the end of the Second World War in 1945. I have discussed the landmark Legislative Reorganization Act of 1946 that provided the base of support on which the modern Senate operates. Recently, I spoke of the post-war conditions that gave rise to the era of Senator Joseph R. McCarthy. Finally, I devoted an address to the topic of the Senate and foreign policy during the eight years of the Truman presidency. Today, I shall turn my attention to the major domestic policy issues that the Senate confronted between 1945 and 1953, the year in which it first came to the House of Representatives.

In any survey of Senate life during that period there are a handful of Senators whose names immediately come to mind. They include Tennessee's Kenneth McKellar, Georgia's Walter George and Richard Russell, Arizona's Carl Hayden, Wyoming's Joseph O'Mahoney, Montana's James Murray, New Hampshire's Styles Bridges, and Alabama's Lister Hill. Each of these men left an impact on this institution and on the laws of our nation. There are other Senators, of course, who had a major impact on the institution and on the Nation's laws, but I have selected these in particular, it being obvious that one cannot in one dissertation—without making it overly long—go into the services that were performed by each and every Senator during that particular era.

There is one member, however, whose career reached its zenith during the Truman administration. A review of his activities will bring some focus to life in the Senate during those turbulent post-war years.

That Senator's memorials surround us today. Across Constitution Avenue there arises from the sloping plain of Capitol Hill a white marble bell tower bearing his name. At its base there stands guard his ten-foot-high bronze statue. Just outside this Senate Chamber there appears another notable memorial to the Senator, in the Senate Reception Room among the five medallion portraits honoring the elite among the Senate's most outstanding former members. Two of these Senators served in the twentieth century. One is Robert M. La Follette, Sr., of Wisconsin. The other, considered by historians to have been one of the most powerful senators in modern times, is the subject of my remarks today—Robert A. Taft, Sr., Republican of Ohio.

Born in Cincinnati in the waning years of the nineteenth century, Robert Taft descended from one of this nation's most illustrious political families. His grandfather had held positions as attorney general and secretary of war in Ulysses Grant's administration. His father, William Howard Taft, served as civil governor of the Philippines, as Secretary of War under Theodore Roosevelt, as President of the United States from 1909 to 1913, and as Chief Justice of the Supreme Court from 1921 to 1930.[1]

Robert Taft came to the Senate in 1939 at the age of 49, following a successful career in Ohio law and politics. At first appearance he seemed somewhat out of place in the political arena. A dry and uninspiring speaker, Robert Taft lacked the natural gregariousness found in many of his Senate colleagues. Yet, as his biographer James Patterson notes, he made up for his reserved and professorial manner through "a limitless capacity for work, careful attention to organization, candor in discussing issues, and—above all—command of factual information."[2]

The freshman Ohio senator quickly established himself as a forceful critic of President Roosevelt's economic policies. He attacked deficit spending, high farm subsidies, the federal bureaucracy, federal aid to education, and government-subsidized health insurance. Taft viewed the New Deal as an unfortunate adventure in socialism. In foreign policy, he stoutly opposed American involvement in allied efforts to resist Germany's aggressive aims under Hitler. He argued that Germany posed no threat to the western hemisphere and that involvement with Europe's problems would only promote socialism in this country. These isolationist views caused this prominent freshmen Senator to lose the 1940 Republican presidential nomination, on the sixth ballot, to internationalist Wendell Willkie. From 1941 to 1945, Taft steadfastly opposed the Roosevelt administration's major foreign and domestic policies.

This opposition nearly proved fatal to Taft's ability to continue his Senate career. In a hotly contested 1944 campaign, Taft won reelection by less than one percentage point. With the security of a fresh six-year term ahead, he returned to Washington in 1945 as the Senate's leading Republican and as a principal spokesman for the bipartisan conservative block that then dominated both houses of Congress. For the next eight years, until his untimely death in 1953, Robert A. Taft effectively exercised enormous power on Capitol Hill.

The major problem facing the Senate in 1945 was conversion from a wartime to a peacetime economy. The war had brought full employment and a dramatic increase in personal income. As Germany and Japan moved toward surrender, the nation found itself without adequate plans for sustaining its robust economy. Americans entered the postwar period with more money in the bank than ever before, along with the determination to enjoy the consumer goods that had been difficult to obtain during the wartime

[1] Footnotes at end of article.

emergency. Members of the Senate recognized that there existed a dangerous climate in which inflation was likely to develop as too much money chased too few goods across the economic landscape.[3]

President Truman set the tone for postwar reconversion efforts in an address to a joint session of Congress on September 6, 1945. Coming just four days after Japan's formal surrender, the president's remarks included twenty-one points he wished Congress to consider in reconstructing the nation's economy. His proposals included measures to encourage full employment, improve collective bargaining, promote unemployment compensation, continue authority for economic controls, increase the minimum wage, reduce taxes, and provide for an expanded public works program.[4]

The war and the new president's honeymoon with Congress ended at about the same time. When Franklin Roosevelt's death elevated Harry Truman to the White House in April 1945, Robert Taft expressed cautious optimism that his former Senate colleague would pursue a more conservative and less famboyant course than his predecessor. Such optimism had vanished by the fall of the year, however, as Taft concluded that Truman would "be as much a New Dealer as Roosevelt." He could only hope that the president would "not acquire the popularity of Roosevelt for election purposes.[5] The Ohio Republican complained to friends that the President "hasn't got the background or education to analyze complex economic problems for himself, so he takes what is handed to him by the bureaus which are full of New Dealers."

Taft and his Senate allies quickly capitalized on the nation's restlessness under governmental restrictions. Early in 1946, the Senate reduced corporate tax rates and killed the excess profits tax that had plagued American industry during the war. With minor exceptions, Taft held out for a balanced budget and stoutly opposed deficit spending proposals. He also fought vigorously against administration efforts to establish a permanent Fair Employment Practices Commission. Although he helped achieve cloture to end a southern filibuster on this bill, Taft substituted milder language that would give the commission merely powers of persuasion. Like other well-meaning legislators of his era, Taft believed that the government could not effectively legislate against racial discrimination. He argued that "it is just about as difficult to prevent discrimination among negroes as it is to prevent discrimination against Republicans."[6]

In the spring of 1946, Taft turned his attention to two increasingly troublesome issues: labor unrest and price control. With the war over, union leaders began to push for significant wage increases. When management refused to go along with these demands, a series of nationwide strikes broke out in such vital industries as coal, steel, automobiles, and transportation. This unprecedented labor militance fueled determination of many powerful conservative members of Congress to place drastic new limits on unions. As the nation lay in the clutches of a paralyzing railroad strike in May 1946, the Senate accepted Taft-sponsored amendments to the 1935 National Labor Relations Act. This legislation sought to establish a Federal Mediation Board, largely independent of the Labor Department; to set a sixty-day cooling-off period before strikes could take place; to provide for employer involvement in the administration of union welfare funds; and to prohibit secondary boycotts. President Truman quickly vetoed this legislation on constitutional and practical grounds. The House failed to override the president's action, but Taft vowed to force the issue in the next Congress.

At the height of the rail strike, the president appeared before Congress and demanded authority to deal decisively with unions that acted against the national interest. Specifically, Truman wished to declare a state of emergency in cases where unions struck against vital industries or in the mines. This would allow him to assure government control of the industries involved, to punish defiant union leaders, and to draft strikers into the military. Within two hours of the president's request, the House of Representatives passed authorizing legislation by a 306-13 margin. Contrary to popular expectations, the Senate refused to go along with the hysteria that had propelled the measure in the House. This occurred because Taft, true to his consistent opposition to federal intervention in the lives of citizens—whether union members or corporate executives—joined forces with Senator Claude Pepper to engineer Senate defeat of the bill by a vote of 70 to 13. The Senate eventually passed a weakended version that Taft continued to oppose because he felt it violated workers' civil liberties.[7]

Taft also engaged the other great domestic issue of 1946—price control. By the end of the year, he had succeeded in his campaign to remove most controls. As his biographer has noted, "Few issues in his long career did more to stamp him in the eyes of his critics as a friend of business and an enemy of the poor man."[8] As wages increased under steady union pressure, the administration fought the immediate removal of wartime price ceilings. This reduced profit margins and brought howls of protest from businessmen. Taft mistakenly believed that a removal of price controls would stimulate production which, in turn, would satisfy demand, thus stabilizing prices. This view ignored the fact that most manufacturers were already producing close to capacity and that potential demand was much greater than expected. As it was, producers of abundant commodities such as lumber and meat were withholding their goods from the market in an effort to force the administration to remove controls. This resulted in severe shortages. Few Americans today who are old enough to remember 1946 can forget the frustration of empty meat cases and the emotion attached to the news that black market supplies had reached certain local stores.

As the Truman administration sought an extension of price controls beyond mid-1946, Taft used his position as second ranking minority member of the Banking and Currency Committee to oppose this action. One of his amendments outlawed price ceilings that failed to provide comfortable profit margins equal to those of October 1941. Truman vetoed the resulting legislation, after singling out Taft for particular criticism. This left the country without any price controls, triggering a rapid increase in prices and a resulting public outcry. Within a few weeks Congress passed and the president signed a slightly revised price control measure, but it was too late to check the inflationary impact of this fundamental dispute between Congress and the White House.

While many Americans blamed Taft for this situation, he was becoming recognized as the preeminent leader of Senate Republicans. As Congress adjourned at mid-summer, cover stories in both *Time* and *Newsweek* underscored Taft's increasing prominence. As the fall congressional election campaigns got underway, severe shortages of meat forced the president to remove price controls on that commodity. With Republicans resorting to slogans such as "To Err is Truman" and "Under Truman: Two Families in Every Garage," Taft noted happily, "If Truman wanted to elect a Republican Congress, he could not be doing a better job."[9]

Election day 1946 brought disaster to Democrats in Congress as Republicans took control of both Houses for the first time since 1930. Republicans increased their membership in the Senate from 38 to 51 while the Democrats dropped from 57 to 45. Among the casualties were four of the Senate's seven most senior members—Henrik Shipstead, Burton Wheeler, Robert La Follette, Jr., and David Walsh. The new Senate Class of 1946 included such conservative Republicans as William Jenner of Indiana, William Knowland of California, George Malone of Nevada, Joseph R. McCarthy of Wisconsin, Arthur Wat-

kins of Utah, and John Williams of Delaware.

Robert Taft held many reins of power as the 80th Congress got underway on January 3, 1947. Although the title of majority leader was conferred on the amiable Wallace White of Maine, White himself candidly told reporters, "Taft is the man you want to see." On the Senate floor, White often turned to receive signals from Taft. This prompted reporters to jokingly offer the new Republican leader a rear-view mirror.[10]

Joseph R. McCarthy's defeat of Robert La Follette, Jr., had the effect of elevating Taft to the position of senior Republican on the new Labor and Public Welfare Committee as well as the Finance Committee. Under the recently passed Legislative Reorganization Act, senators could serve on only two major committees and chair only one. Taft reluctantly resigned from the Banking Committee and with equal reluctance accepted the helm of the Labor Committee. He would have preferred to chair the Finance Committee, but that would have opened the labor panel chairmanship to the next ranking Republican, Vermont's George Aiken. From his experience in labor matters during 1946, Taft wanted the Labor Committee to move against the growing power and militance of the unions. George Aiken seemed reluctant to do so, and Taft was unable to engineer an arrangement to bypass the independent Vermont senator. He also chaired the newly created Republican Policy Committee, a post that he inherited by virtue of having led the Republican Steering Committee since 1944. Elsewhere in the Senate, men who shared Taft's conservative philosophy were safely in command of the other major committees. They included New Hampshire's Styles Bridges at Appropriations and Colorado's Eugene Millikin on Finance.

Robert Taft quickly asserted his control over the Senate's 1947 legislative agenda. In expressing his goals for the new Congress, Taft proclaimed, "The main issue of the election was the restoration of freedom and the elimination or reduction of constantly increasing interference with family life and with business by autocratic government bureaus and autocratic labor leaders." Although Republicans held the Senate by a modest 51-45 margin, Senators Wayne Morse and William Langer could not be counted on to follow that party's lead. Nonetheless, Taft was able to rely on such conservative Southern Democrats as Richard Russell, Walter George, and Harry Byrd, Sr., to forge necessary coalitions. Certainly the closeness of the division between the two parties made members more receptive to party discipline than in earlier years when the Democrats had held lopsided majorities. The *New Republic* grudgingly acknowledged Taft's preeminence in observing that "Congress now consists of the House, the Senate, and Bob Taft."[11]

Within the Senate's Republican ranks, Taft experienced the difficulties of any party leader in trying to accommodate all factions. In particular, he faced considerable unrest from the more conservative Republican members of the "Class of 1946." Although Taft had strong foreign policy views, he reluctantly deferred to Foreign Relations Committee chairman Arthur Vandenberg to avoid a potentially crippling party split. This was particularly stressful for Taft. Believing that strong parties were the bedrock on which the American political system rested, he disliked Vandenberg's willingness to accommodate the Democrats through a bipartisan approach to foreign affairs.[12]

Taft's style of leadership found little room for personal warmth or conviviality. At times he conveyed a sense of intellectual arrogance that offended associates. His biographer, James Patterson, observes that Taft "struck many people as abrupt, cold, and inhumanly efficient. It did not occur to him to linger with colleagues, to swap stories, or to pause for a drink after work. Though he did his share of entertaining, he never grew very close personally to any of his colleagues." Professor Patterson concludes, "It was therefore not surprising that some of his peers in a body that treasured the conviviality of men like Alben Barkley of Kentucky and the courtly geniality of Richard Russell of Georgia found his often abrupt manners difficult to understand."[13]

Robert Taft's most enduring legislative monument and the major domestic policy accomplishment of the 80th Congress was that Labor-Management Relations Act of 1947, more widely known as the "Taft-Hartley Act." A version of this measure, similar to the bill that the president vetoed the previous year, arrived in the Senate in April 1947 after the House had passed it by a decisive 308-107 margin. Through the first four months of 1947, the Labor Committee, under Taft's leadership, struggled to devise a bill that would mollify hard-line antiunionists in the House, survive a presidential veto, and incorporate the chairman's support for labor's right to strike and to bargain collectively with management. As in 1946, Taft vigorously objected to federal government involvement, particulary its intervention in nationwide strikes. He opposed provisions to allow the president to seize industries and to draft strikers. He believed that government's only role was to protect individual workers from the excesses of their union leaders.

As finally passed in mid-1947, the Taft-Hartley Act outlawed the "closed shop" requiring new workers to join a union before they could be employed and declared illegal certain "unfair labor practices." These included strikes called over jurisdictional disputes between unions, secondary boycotts, and union contributions to political campaigns. The act required unions to file financial reports with the Labor Department and, most significantly, it allowed the president to seek court injunctions delaying strike action for an 80-day "cooling off" period. Union leaders called the act a "slave labor law" because such injunctions forced men and women to work against their will. Union leaders also resented the insulting provision that required union officers to take an oath that they were not communists. Thus, rather than weakening the union movement, the Taft-Hartley Act served to unify organized labor.

Truman vetoed the Taft-Hartley Act, but the House quickly overrode the President's veto and, after a 28-hour filibuster led by Senators Wayne Morse and Claude Pepper, the Senate followed suit by a vote of 68-25. Union leader Philip Murry expressed labor's reaction by calling the sponsors of this measure "diabolical men who, seething with hatred, designed this ugly measure for the purpose of imposing their wrath upon the millions of organized and unorganized workers throughout the United States."[14] More than 200,000 soft-coal workers immediately went on strike to protest the Taft-Hartley Act. Senator Taft had handed the Democrats a ready-made campaign issue for the 1948 elections.

Beyond labor issues, Taft also concerned himself with broad economic policy during the 80th Congress. In addition to his other heavy responsibilities, Taft took on the chairmanship of the newly created Joint Economic Committee. In this capacity, he promoted efforts to reduce federal spending, especially military spending. He opposed efforts to raise the minimum hourly wage from sixty-five cents to seventy-five cents. He also led the campaign for federal tax reduction that resulted in Congress sending the President, on July 1, 1947, an act designed to save taxpayers $4 billion. President Truman vetoed this measure arguing that it would contribute to inflation and undercut his efforts to reduce the government's indebtedness. Although his veto was barely sustained, both houses in the following year passed similar legislation and, in the face of forthcoming congressional elections, managed to override the resulting second presidential veto.

Conservative House Republicans undermined Taft's most positive accomplishment of the 1948 session. Largely as a result of his leadership, the

Senate passed, on April 1, 1948, the first general aid-to-education bill in more than a half century. He obtained support from 27 of the 44 Senate Republicans who voted on this $300 million measure. The House failed to go along, however, with many of its members decrying this legislation as a sure road to socialism.

A coalition of moderate Republicans and moderate Southern, Southwestern, and border-state Democrats was largely responsible for enacting the Senate's domestic program during the 80th Congress. Robert Taft managed this coalition to produce labor, tax-reduction, and social security legislation that he hoped would bolster his party's prospects for the 1948 elections. At the same time, this coalition blocked administration initiatives in universal military training, civil rights, public housing, aid to education, and higher minimum wages. By mid-1947, the president concluded that the makeup of the Republican Congress rendered futil any vigorous campaign on his part to move key legislation, and conclude that the veto would be his most effective weapon. This encouraged Republican Senate leaders to modify the most objectionable portions of their legislative packages as a means of securing enough Democratic votes to override Truman's inevitable vetoes.[15]

Mr. President, it was also at this time, late in 1947, that the Senate career of one of our most beloved colleagues had its beginning. Upon the death of Mississippi Senator Theodore G. Bilbo, five men announced their candidacies for his vacant seat. They included two members of the House of Representatives, and three other prominent Mississippians. Among the later group was a man whom the local press described as an "able DeKalb jurist."[16] That gentleman was Judge John C. Stennis, who demonstrated his popularity with a broad cross section of his state's population by winning that race with 27 percent of the total vote. His closest rival, Representative William Colmer, polled 24 percent.[16]

Mr. President, Senator Stennis' term began on November 5, 1947. Last week, on November 15, 1985, he achieved yet another distinction in a career filled with honors and accomplishments. On that day, he became the second longest serving member in the history of the Senate, surpassing Richard Russell's record of 38 years and 9 days. Only Arizona's Carl Hayden, among the 1,767 men and women who have sat in this body, exceeds that milestone with his record of 41 years and 10 months.

I am sure that Senator Stennis remembers well those emotion-filled days leading to the presidential election of 1948. President Truman believed that full public exposure to the escapades of what he labeled as the "Do-Nothing" 80th Congress would result in identifying the Republican Party, as a whole, with the most reactionary members of that Congress. This was effective campaign rhetoric, even though the record of that Congress was not as barren as the president would have liked the voters to believe. Nor had that conservative Congress succeeded in dismantling broad New Deal-era reforms. As Professor Susan Hartmann has pointed out in her excellent study of this Congress, "Given the unhospitable atmosphere for reform and Truman's limitations as a legislative leader, the record of the Eightieth Congress testified remarkably to the acceptance of a large role for the Federal Government in the promotion of economic stability and social welfare." She continues:

> The successful attacks on New Deal programs represented a limited curtailment of some programs, not a wholesale dismantling of reform legislation. Although important restrictions were placed upon organized labor, the Taft-Hartley act did not destroy government protection of collective bargaining. While tax relief was granted in larger measure to higher income groups, the principle of progressive taxation prevailed. The Eightieth Congress overruled judicial interpretations expanding social security but made no cutbacks in current coverage and took a modest step toward expanding benefits. And, although budget requests were cut for a variety of programs, the substance of each was left intact.[17]

Taft's prominent leadership role during the 80th Congress elevated him to the front rank of Republican presidential hopefuls by the spring of 1948. His major apparent rivals were new York Governor Thomas E. Dewey, who had lost to Roosevelt in 1944, and Minnesota Governor Harold Stassen. Unfortunately for Taft, his aloof manner, terrible press relations, and a poor campaign organization doomed his chances. In the April Nebraska primary he ran an unconvincing third to Dewey and Stassen. In his home State of Ohio he managed to turn back a Stassen challenge, but only at great physical and financial cost. Taft went into the 1948 Republican convention at a tactical disadvantage, for the 80th Congress had remained in session until 7:15 a.m. on Sunday, the day before the convention was to open. As the proceedings unfolded, it became apparent to Taft that his organization simply lacked the strength and efficiency of Dewey's campaign machinery. Trailing in the first two ballots, he conceded to Dewey. Ostensibly united under Dewey's banner, Republicans left the convention confident of victory in November.

Three weeks later, as Taft prepared to relax for the remainder of the summer, President Truman startled the Nation by announcing at the Democratic convention that he was calling the Republican-controlled Congress back into a special session "to get the laws the people need." The President shrewdly placed the Republicans on the defensive by demanding that their congressional members increase the minimum wage, control high prices, and pass legislation for public housing and aid to education. If Republican leaders failed to follow Truman's direction, he would charge them with neglecting issues vital to the national interest.

While some Republican congressional leaders believed the best tactic would be to adjourn the session as soon as it met, Taft refused to fall into the President's trap. He successfully counseled other members of his party's high command to allow both Houses to meet briefly, pass some minor legislation, and then adjourn. Consequently, Congress met for two weeks and adjourned on August 7. That short session aggravated tensions between Republican factions in the Senate. Liberal Republicans succeeded in reporting for floor action the public housing bill that Taft had supported earlier in the session. Taft opposed these tactics and ended up engineering defeat of his own measure. This prompted Democratic leader and vice presidential candidate Alben Barkley to observe that "the Senator from Ohio apparently has surrendered his position." It also gave Truman the opportunity to chide the Republican leader by charging that after losing his party's nomination, "Taft didn't have to carry on his pretense of caring about the needs of the people. He could act," the President continued, "in his real character—as a cold-hearted, cruel aristocrat."[18]

During the fall campaign Taft and Dewey quickly parted company, splitting, as in the 1940 contest, into two ideological and geographical camps. Dewey rallied his party's eastern, liberal-internationalist wing while Taft consolidated the traditionalist midwestern-isolationist bloc. Dewey's campaign and his party's confidence about victory caused many Republican voters to stay at home on election day. The result, as we know, was Truman's surprising victory.

Earlier in the year, Senate Democratic Secretary Leslie Biffle, fearing the consequences for his party in the Senate of a Truman loss, worked diligently to assemble a strong slate of prominent Democratic challengers that would ensure return of Democratic control. Biffle's strategy paid off handsomely as the Democrats gained nine seats and thus recaptured the Senate by a 54 to 42 margin.

The Senate Class of 1948, by any measure, came to be regarded as one of the most remarkable freshman classes in modern times. Its Democratic members included our distinguished colleague from Louisiana, thirty-year-

old Russell Long; former Secretary of Agriculture Clinton Anderson of New Mexico; the crusading mayor of Minneapolis, Hubert Humphrey; Paul Douglas, the liberal economist from the University of Chicago; Robert Kerr, the millionaire former Governor of Oklahoma; Tennessee-progressive Estes Kefauver; and former Texas Congressman Lyndon B. Johnson, whose 87-vote margin earned for him the nickname "Landslide Lyndon."

Most of the fourteen Democrats among the Senate's eighteen new members had significantly outpolled the President in their respective States. Columnists Rowland Evans and Robert Novak later observed that this class, "perhaps the most publicized band of freshmen in Senate history, /consisted of/independent personalities whose ambitions, idiosyncracies, and rivalries were to shape the history of the Senate and the nation for the next decade." [19]

As the new Senate convened on January 3, 1949, the Republicans found themselves back in their accustomed role as the minority party. Republican Senators Henry Cabot Lodge, William Knowland, and Irving Ives blamed Dewey's defeat on the negative record of the 80th Congress and they called for fresh Senate party leadership. With the retirement of Wallace White, the party's nominal Majority leader, the Lodge faction sought to oust Taft as chairman of the Republican Policy Committee and to prevent the election of Nebraska's Kenneth Wherry as floor leader. The dissidents proposed a slate that included Lodge as chairman of the Policy Committee, Knowland as floor leader, and Lodge's Massachusetts colleague Leverett Saltonstall as party whip. When the votes were counted, however, Taft and Wherry won easily. To mollify the dissidents, they allowed Saltonstall to become whip and they placed him and Irving Ives on the Policy Committee.[20]

The newly victorious Democrats, for their part, selected Scott Lucas of Illinois as floor leader to replace Alben Barkley who had been elected Vice President. Lucas had served as Democratic Whip in the previous Congress, but he lacked the finesse and experience of Barkley, who had been floor leader since 1937. Lucas faced a difficult task, for only forty of the Senate's fifty-four Democrats regularly voted for administration programs. In spite of his robust build and great stamina, Lucas began to show signs of strain under the pressures of his new position. In 1949, after an exhausting filibuster over civil rights legislation, the 57-year-old senator was hospitalized for three weeks suffering from a stomach ulcer.[21]

Despite the factionalism among Republicans and their return to minority status, Taft maintained his effectiveness and balance. Campaign rhetoric aside, President Truman confided to a friend that he believed Taft was "a high class man. He is honest, intelligent, and extremely capable . . ."[22] A poll of 200 Washington newsmen awarded Taft the designation of "best" Senator. (William Jenner of Indiana was voted the "worst.")

Fresh from his surprise election victory, President Truman had come to Capitol Hill in January 1949 to enunciate a program that consolidated the domestic initiatives that he had been seeking since becoming chief executive in 1945. Declaring that "every segment of our population and every individual has a right to expect from our government a fair deal," Mr. Truman outlined his plan to spur economic growth, restrain inflation, reduce the national debt, streamline the executive branch, and improve the quality of social services.[23]

The President assigned a high priority to civil rights legislation within his "Fair Deal" proposals. Although he was able to take limited executive action in this direction, such as ending racial segregation at Washington's National Airport and at his own inauguration, he realized that Congress held the key to reform. In the Senate, interpretation of the cloture rule would determine whether civil rights legislation stood a chance of success. During the previous year, Senator Arthur Vandenberg, as president pro tempore, had ruled that cloture could not be invoked on motions to consider legislation. This destroyed cloture, as a debate limiting device, for the remainder of the 80th Congress. In 1949, however, Senate Republican leaders offered to allow cloture on any motion or measure. Senator Majority Leader Lucas failed to capitalize on this offer, thus permitting those Senators who opposed cloture to preserve Vandenberg's earlier interpretation.[24]

Subsequently, both floor leaders presented a cloture motion, signed by thirty-three Senators, to shut off debate on the motion to overturn Vandenberg's ruling. Vice President Barkley ruled favorably on the motion, but, on appeal from his decision, the Senate immediately reversed the ruling. This action, engineered by Senators Vandenberg and Richard Russell, led to a further restriction on the Senate's ability to obtain cloture. On March 17, 1949, the Senate adopted a resolution that required a constitutional two-thirds of all Senators, rather than two-thirds of those present and voting, to invoke cloture. This doomed the portion of the administration's civil rights program that required congressional approval.

In the area of public housing, the President looked to Robert Taft and to southern conservatives for support. He sought to strengthen and extend rent controls and to add more than 800,000 public housing units to the nation's inventory. The President's aides needlessly antagonized Taft by giving him only an hour to study the administration bill before it was introduced. Although Taft retaliated by introducing his own bill, he eventually reconciled his differences with the administration. Despite the efforts of the real estate lobby to kill the legislation by inserting a provision to prevent racial discrimination in public housing, their efforts were turned aside and the President signed the Housing Act in mid-summer.

Most of the President's other domestic policy initiatives ran into fatal opposition in the Senate or House. Only four months into the 1949 congressional session, Mr. Truman reluctantly agreed to cut back on his legislative agenda. When Democratic Leader Scott Lucas leaked that news to the press, the President exploded with anger. At one point, with characteristic sarcasm, he charged that the Senate's Democratic leaders did "not have the guts of a gnat." [25] The President's anger flared again when the Senate Armed Services Committee voted to table the nomination of his close friend, former Senator and Washington state governor Monrad Wallgren, as chairman of the National Security Resources Board. The committee's majority argued that this was too important a post to treat as a patronage plum for a recently defeated Democratic governor. Senator Harry Byrd, Sr., expressed frustration that Wallgren had already arranged to have several of his key lieutenants appointed to positions on the board before the Senate had worked its will in the matter.

This followed an earlier series of disputes during which Senators accused the President of appointing cronies to key government posts. In 1946, his nominees to the Reconstruction Finance Corporation and the Federal Reserve Board were confirmed only after much difficulty. During that same year, the Senate, detecting possible influence peddling, forced the President to withdraw the nomination of California oil man Edwin Pauley to be Under Secretary of the Navy. A year later, the President waged a difficult, but ultimately successful, campaign to obtain confirmation for his appointees to head the Atomic Energy Commission and the Tennessee Valley Authority. Finally, in 1949, the Senate rejected two major presidential appointments. The first was Leland Olds. Oil and gas interests, with the assistance of Lyndon Johnson, vigorously opposed his nomination to a third term on the Federal Power Commission. The other was Carl Ilgenfritz, who refused to take the chairmanship of the Munitions Board, at an annual salary of $14,000, unless he could retain his $70,000 salary as a steel ex-

ecutive. At that time, Members of Congress earned only $12,500 per year![26]

The President also ran into congressional resistance on his efforts to repeal the Taft-Hartley Act. The likelihood of repeal dropped from slim to none in June 1949 when United Mine Workers President John L. Lewis declared a series of week-long vacations for coal miners. This came in retaliation against mine owners' efforts to reduce employee benefits to compensate for the financial reverses brought on by a decline in the market for coal. Robert Taft could not have been happier, for this action demonstrated to him and to many of his Senate colleagues the value of the Taft-Hartley Act's controls on organized labor. A major coal strike lasted from late September until mid-November 1949. Early in 1950, a series of wildcat strikes forced the President to resort to the machinery provided by Taft-Hartley. When the miners refused to obey Lewis' order to return to work, the President sought a contempt citation against Lewis and the United Mine Workers. On the grounds that it lacked evidence, the court refused to issue the citation. When Truman then asked Congress for authority to seize the mines, the miners and owners quickly agreed on a new contract.

Labor unrest dominated relations between the Senate and the President for the remainder of his term in office, as trouble flared in the steel, telephone, aluminum, and railway industries. Nonetheless, the Senate agreed to several measures improving the lot of the nation's workers. These included an increase in the minimum wage and legislation to expand Social Security benefits.

Truman and the Senate quickly locked horns over the rapidly growing government deficit. A tax cut in 1948 had produced a deficit of $1.8 billion for fiscal 1949. This was three times greater than the President's own economic advisors had earlier estimated. The prediction of $5.5 billion for the coming year was even more alarming. Yet, the onset of a recession in mid-1949 destroyed the President's efforts for a tax increase to offset this deficit. As the gross national product fell and unemployment rose, Members of Congress were in no mood to support increased taxation. Neither was the President willing to call for a reduction in federal expenditures. This impasse guaranteed that the deficit would continue to expand.[27]

Robert Taft and Harry Truman worked with the Senate's Democratic leadership to pass major legislation providing federal aid to elementary and secondary education. The bill died in the House, however, victim of a dispute over allocation of funds to parochial and racially segregated schools. The fate of this legislation seemed typical of that awaiting other domestic policy measures. Powerful coalitions assembled to block presidential initiatives, resulting in a relatively unimpressive record for the administration. Few members of the Senate saw any strong reason to give the president their complete and unwavering support. Many felt that his agenda was simply too full to permit establishment of clear priorities and goals. Most Democratic Members who won election in 1948 correctly believed that their victories were achieved without much assistance from the President's coattails.

Mr. Truman gave vent to his growing frustration with Congress on numerous occasions. He argued that the Twenty-second Amendment to the Constitution, limiting presidential terms, should have placed a twelve-year restriction on congressional service to prevent, in his words, the "fossilization of key committees." He added that "there are old time Senators who even Louis XIV of France and George I of England look like shining liberals." And he forecast that a limit on congressional service would "help cure senility and seniority—both terrible legislative diseases."[28]

Actually, compared to his record with the previous and subsequent Congress, Mr. Truman's record with the 81st Congress was relatively impressive. Together they had achieved notable advances in the fields of housing, Social Security, government efficiency, and minimum wage legislation. His agenda remained unachieved, however, in the areas of education, civil rights, agriculture, labor, health care, and taxation.

Professor Donald McCoy, in his recent biography of Harry Truman, provides a useful summary of the relations between Congress and the White House during the 1949-1950 sessions.

> Congress was beyond the control of the White House. There were usually enough Democratic and Republican conservatives, as well as recalcitrants, in Congress to block administration proposals on domestic affairs and to cause major battles occasionally even on foreign policy. And this coalition was well organized, especially in the Senate. Senator Paul H. Douglas wrote: "Its members always showed up for roll calls, and its power was occasionally flaunted, as when Harry F. Byrd and Robert A. Taft sat together on the floor checking the list of senators and sending out for the absent or the few recalcitrants." Whatever Truman and his allies in Congress did was usually deemed to be wrong. When they were moderate, it was usually taken as a sign of weakness; when they were bold, it was taken as an attack. They had neither the weapons nor the ability to turn the president's narrow 1948 election victory into substantial legislative success. The congressional Democrats were at least as badly split as they had been in the 80th Congress, and the most conservative of them usually were in control of committees. The Republicans would prove to be less amenable to agreeing with the administration than they had been before; they may have lost in 1948, but they were planning to win again soon.[29]

By the summer of 1950, the outbreak of hostilities in Korea and the forthcoming congressional elections put an end to Senate action on domestic policy matters. In November, Robert Taft easily turned back a Democratic challenger to win a third Senate term. Achieving a margin of victory larger than that of any other Republican Senator that year, Taft once again moved to the forefront of his party's presidential hopefuls. He had taken a prominent position of national party leadership during the campaign, charging the Truman administration with responsibility for "losing" China to the communists, for high prices, for the conflict in Korea, and for government corruption. Other Republican candidates fared equally well as that party gained five Senate seats. This brought the margin to 49 Democrats and 47 Republicans.

Among Democrats, the most prominent fatality was majority leader Scott Lucas. Absorbed by his duties in Washington, he failed to invest the necessary time and energy in his own reelection campaign. Consequently the voters of Illinois retired him in favor of former Pekin Congressman Everett McKinley Dirksen. Certainly, Lucas was caught in a difficult position. As writers Roland Evans and Robert Novak later observed, "The job of Senate Majority Leader in that era was a misery without splendor. While Russell and Taft pulled the strings from the cloakroom, the 'leader' was out there on the floor trying to keep the Senate's creaky machinery in operation. While Truman hurled his legislative thunderbolts from the White House—and conveniently all but forgot them—Lucas was required to make a nominal effort to catch and pass them."[30] Lucas subsequently acknowledged that his 2 years as floor leader were the worst of his entire life.

There were other prominent Democratic casualties in the 1950 election. One was majority whip Francis Myers, who lost his seat to Pennsylvania's Republican Governor, James Duff. Armed Services Committee chairman Millard Tydings was beaten by John Marshall Butler, a protege of Joseph R. McCarthy. On the Republican side, Representative Richard Nixon won a bitter Senate campaign against Democratic congresswoman Helen Gahagan Douglas.

At the start of the 82nd Congress in 1951, with Lucas and Myers gone, Richard Russell and other Senate party elders looked for replacements who would be willing to take on the headaches that were certain to come to floor leaders in dealing with an increasingly unpopular administration. For majority leader, they recruited Arizona's affable Ernest McFarland, who

was facing a difficult race in 1952. To fill the post of majority whip, the Democratic high command, at the urging of Oklahoma's Robert Kerr, settled on a member who had been in this body for only 2 years—the junior Senator from Texas, Lyndon B. Johnson, about whom I shall have more to say in my next address in this series.

The Senate of the 82nd Congress, preoccupied with the Korean Conflict, foreign policy, and the 1952 Presidential elections, accomplished little in the domestic field. Robert Taft, seeking the Republican Presidential nomination, worked hard to avoid unnecessary criticism as an obstructionist in domestic issues and he took on an attitude of accommodation that led Democratic Senator Paul Douglas to label him "the uncrowned leader of the Senate." He joined with Hubert Humphrey to modify the Taft-Hartley Act's provisions regarding union shop elections. He supported legislation that provided a more favorable tax treatment for farm cooperatives, and he temporarily dropped his objections to deficit financing under the pressure of the wartime emergency. Taft also sought to protect himself from his own party's eastern wing that had denied him the nomination in 1948.

These latter efforts ultimately failed for Taft, as his party, meeting in Chicago in July 1952 gave the nomination to General Dwight Eisenhower by a first ballot vote of 595 to 500. Shortly thereafter, the Democrats nominated Adlai Stevenson to carry their Presidential standard. After a long and difficult campaign, the Republicans captured the White House for the first time since the election of 1928. Winning more than 55 percent of the popular vote—the largest such margin since Franklin Roosevelt's 1936 victory—Eisenhower also brought in sufficient margins to return both the Senate and the House to Republican control.

After the convention, Taft tried to overcome his disappointment at losing what he recognized was his last chance to gain the White House. He advised General Eisenhower on prospective Cabinet nominees, but the President-elect seemed to take his counsel from other sources. Taft was particularly disheartened that Eisenhower ignored his suggestion that Senator Harry Byrd, Sr., become Secretary of the Treasury. He believed that Byrd would have been able to construct a powerful alliance between Republicans and conservative Democrats in Congress. The Ohio Senator's irritation with Eisenhower intensified when he learned that the President-elect had named an Ohio steel executive, George Humphrey, to that post without bothering to ask his opinion.[31]

The supreme insult to Taft, universally regarded as "Mr. Republican", came when Eisenhower selected, as Labor Secretary, Martin Durkin, a plumber's union president, a Democrat, and an avowed foe of the Taft-Hartley Act. News of the appointment reached Taft while he was at lunch in the Senators' Dining Room. Senator Prescott Bush, the father of our distinguished Vice President, later recounted that Taft "nearly exploded." As the senior Republican on the Labor Committee and author of the Taft-Hartley legislation, Taft could not understand Eisenhower's decision. According to Senator Bush, Taft said, "This is incomprehensible! It is incredible that this appointment could have been made without consulting any of us."[32] The Republican leader told an associate that this "was the first repudiation by the General of the position he took in the campaign and in my conference with him. I don't know whether he realizes that, but if he doesn't he is very stupid indeed."[33] Meanwhile, Democrats joked that Eisenhower's rather conservative, business-oriented Cabinet included "eight millionaires and a plumber."

Before the Durkin appointment, Taft had seriously considered accepting the post of majority leader in the 1953 session. That incident caused him to hesitate. As he did so, Eisenhower supporters suggested that New Hampshire Senator Styles Bridges would be an excellent floor leader. Senator Bridges had served briefly as minority leader following the death of Kenneth Wherry in 1951. Bridges preferred, however, to take on the chairmanship of the Appropriations Committee as well as to become the Senate's President pro tempore. Speculation then centered on California's William Knowland. At that point, Taft made up his mind to become floor leader. With the president's endorsement, he was unanimously elected to that post at the start of the 83rd Congress.[34]

Clearly, Eisenhower's landslide victory in 1952 reflected his enormous personal popularity, but his popularity failed to transfer directly to that year's congressional races. In the House, Republicans picked up only 22 seats giving them a bare three-vote majority. In the Senate the margin of Republican control was equally slim with 48 Republicans, 47 Democrats and one Independent—Oregon's Wayne Morse.

Disaffected with Eisenhower and his platform, Morse had resigned from the Republican party in September 1952, noting, "I didn't leave the Republican Party. The Republican Party left me." When Morse arrived in the Senate Chamber on opening day in 1953, he carried a metal folding chair that he was prepared to place in the center aisle. Party leaders persuaded him to take a seat in the front row on the Republican side, but they proceeded to oust him from the Armed Services and Labor committees. After much dispute, Morse ended up on the District of Columbia and Public Works committees. Two years later he joined the Democratic Party.[35]

Among the sixteen members of the incoming Senate freshmen class of 1952 were 35-year-old former Representative John F. Kennedy; former Air Force Secretary Stuart Symington; Montana's Mike Mansfield; Washington's Henry Jackson; Tennessee's Albert Gore, Sr.; and our distinguished colleague from Arizona, Barry Goldwater, fresh from his victory over former Democratic Leader, Ernest McFarland.

As the 83rd Congress got underway, Robert Taft settled into a smooth working relationship with President Eisenhower and the new Democratic leader, Lyndon Johnson. Due in part to the closeness of the majority party's margin of control and in part to Taft's skillful leadership, the Republicans maintained an unusually high degree of party unity on key votes. Taft effectively restrained disruptive elements within his party and within the administration. Those who had observed him over the years noted a decided change in his demeanor. As one journalist wrote, he seemed "relaxed and genial. He moves about the floor wreathed in smiles, a friend of all men, almost a gladhander." For the first time in his Senate career he was the official leader of this body's majority party, with a president of his own party in the White House. As one historian explained it, Taft was "at last freed from his heritage. Trained to serve, he had entered public life. Raised to excel, he had aimed for the top. Now at the age of sixty-three, he knew he could do no more than he was doing; he had found his station in life, perhaps his place in history."[36]

Mr. President, at the very moment that Robert Taft seemed to be on top of the world, tragedy struck. Late in April, an ache in his hip spread to his thighs and then to most of his joints. Increasingly, he had trouble walking and he suffered a persistent fever. His physicians were initially unable to diagnose his illness. After weeks of tests, however, they discovered that he had cancer. With great courage and determination, Taft tried to maintain his taxing daily pace. He insisted on keeping the nature of his illness from the public. As the weeks passed, however, and as his physical appearance revealed the disease's ravages, he realized that his days were numbered. Bypassing party whip Leverett Saltonstall, he asked William Knowland to take over the leadership for the remaining weeks of session. Soon the Senate and the country learned the distressing news and reacted with shock and dismay. After conducting an extended series of tests and exploratory surgery, his doctors discovered that

cancer had spread throughout his body. By then it was only a matter of time.

Inspector Leonard Ballard of the U.S. Capitol Police, a West Virginian, recently recalled Taft's final days.

Senator Bob Taft—now he would walk down the corridor and he never spoke to you. He never spoke to another senator. He was always preoccupied. But when he got on crutches, you remember he got cancer, he would come down to the door and wait for his car—he would sit there at the desk—I'd be there. And he said to me, "It's a shame that I didn't get on these things a long time ago. I'm seeing so many nice people that I never recognized before." I liked Taft, his office was awful nice—a good staff.[37]

The end came for Taft on the morning of July 31, 1953. Two days later, his body lay in state in the Capitol Rotunda, just as his father's had twenty-three years earlier. He was then returned to his native Cincinnati and laid to rest in a gentle slope behind the Presbyterian Church. A small marker reads simply, "Robert A. Taft: United States Senator, 1889-1953."

Mr. President, I believe that Robert Taft's biographer, James Patterson, has written a most fitting epitaph to this illustrious Senator, noting that Senator Taft's triumphs far outnumbered his disappointments, Patterson observes:

He enjoyed power in the Senate matched by few men; and he ordinarily wielded it responsibly. Above all his stature depended on personal qualities: honesty, conscientiousness, courage, dignity, and intelligence. These attributes were counter-balanced by a partisan combativeness which made him as feared as he was respected, and by a refusal—usually to depart from principles, leaving him vulnerable to the charge that he was stubborn and reactionary. But they also gave him the strength to rise above personal defeats and to maintain his commitment to serve. It was given to him as it is to few men: to embark on a career he had been trained to follow and to pursue it effectively until the day he died.[38]

Mr. President, I ask unanimous consent to have printed at this point in the RECORD footnotes to Robert A. Taft's Senate, 1945-1953.

There being no objection, the footnotes were ordered to be printed in the RECORD, as follows:

FOOTNOTES TO "ROBERT A. TAFT'S SENATE, 1945-1953"

[1] James T. Patterson, *Mr. Republican: A Biography of Robert A. Taft* (Boston, 1972), parts I and II. For an insightful account of Taft's life by a friendly journalist, see William White, *The Taft Story* (New York, 1954).

[2] James T. Patterson, "Robert Alphonso Taft," in *Dictionary of American Biography*, Supplement 5 (New York, 1977), 673-7.

[3] Donald R. McCoy, *The Presidency of Harry S. Truman* (Lawrence, KS, 1984), 49-50.

[4] *New York Times*, September 8, 1945.

[5] Patterson, *Mr. Republican*, 302-4.

[6] Ibid., 304.

[7] *Congressional Record*, May 25, 1946, 5714.

[8] Patterson, *Mr. Republican*, 308.

[9] Quoted in Ibid., 313.

[10] "Old Guard Supreme," *New Republic*, January 13, 1947, 116.

[11] "TRB," *New Republic*, May 3, 1947, 11.

[12] Patterson, *Mr. Republican*, 338-41.

[13] Ibid., 341.

[14] Joseph G. Rayback, *A History of American Labor* (New York, 1959), 400; Robert J. Donovan, *Conflict and Crisis: The Presidency of Harry S. Truman, 1945-1948* (New York, 1977), 298-304.

[15] Susan M. Hartmann, *Truman and the 80th Congress* (Columbia, MO, 1971), 213-4.

[16] *Meridian Star*, August 22, 1947; Billy Weeks, "The 1947 Senatorial Campaign of John C. Stennis," (May 1973), typescript copy in files of the United States Senate Historical Office.

[17] Hartmann, *Truman and the 80th Congress*, 213-4.

[18] Patterson, *Mr. Republican*, 420-1; Richard O. Davies, *Housing Reform During the Truman Administration* (Columbia, MO, 1966), 94-7.

[19] Roland Evans and Robert Novak, *Lyndon B. Johnson: The Exercise of Power* (New York, 1966), 26-31.

[20] Patterson, *Mr. Republican*, 427; Harold F. Gosnell, *Truman Crises: A Political Biography of Harry S. Truman* (Westport, CT, 1980), 439-42.

[21] Edward L. Schapsmeier and Frederick H. Schapsmeier, "Scott W. Lucas of Havana: His Rise and Fall as Majority Leader in the United States Senate," *Journal of the Illinois State Historical Society* 70 (November, 1977), 302-20.

[22] Patterson, *Mr. Republican*, 440.

[23] McCoy, *The Presidency of Harry S. Truman*, 166.

[24] Clinton P. Anderson, *Outsider in the Senate* (New York, 1970), 95-6; Robert C. Byrd, "The United States Senate: Limited Debate, 1789-1981, The Cloture Rule," *Congressional Record*, March 10, 1981, S1931-2 (Daily Edition).

[25] McCoy, *The Presidency of Harry S. Truman*, 185-6.

[26] Congressional Quarterly, *Guide to Congress*, 3rd edition (Washington, 1982), 202-3.

[27] McCoy, *The Presidency of Harry S. Truman*, 178-9.

[28] Ibid.

[29] Ibid., 165.

[30] Evans and Novak, *Lyndon B. Johnson*, 40.

[31] Patterson, *Mr. Republican*, 582-5.

[32] Prescott Bush, Oral History Interview, Columbia University, July 7, 1966.

[33] Patterson, *Mr. Republican*, 585.

[34] Ibid., 585-7.

[35] Lee Wilkins, *Wayne Morse: A Bio-Bibliography* (Westport, CT, 1985), 28-9; Samuel Shaffer, *On and Off the Floor: Thirty Years as a Correspondent on Capitol Hill* (New York, 1980), 138-9.

[36] Patterson, *Mr. Republican*, 598; Richard Langham Riedel, *Halls of the Mighty: My 47 Years at the Senate* (Washington, 1969), 148-52; Gary W. Reichard, *The Reaffirmation of Republicanism: Eisenhower and the Eighty-Third Congress* (Knoxville, TN, 1975), 3-15, 22-6, 39-40.

[37] Leonard H. Ballard, Oral History Interview, U.S. Senate Historical Office, August 18, 1983.

[38] Patterson, *Mr. Republican*, 617.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER [Mr. GORTON]. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The PRESIDING OFFICER. The Senate will resume consideration of S. 1714, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 1714) to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Dole motion to recommit the bill, with instructions to report back forthwith, with Dole Amendment No. 939, dealing with intermediate export credits.

Dole Amendment No. 940 (to Amendment No. 939), of a perfecting nature.

Mr. HELMS. Mr. President, will the Chair state the pending business?

The PRESIDING OFFICER. The pending business is amendment No. 940, offered by the majority leader.

Mr. HELMS. I thank the Chair. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, the lament of those who make their living from crops or livestock is heard across the land:

The times are tough, the prices are rough;
But save us our pride, while we fight the tide.

Today, the crumbling status of rural America provides a backdrop of ironic parallel and paradoxes for President Reagan's summit meeting with Soviet General Secretary Gorbachev. The failure of Russian agriculture to meet production goals forces the Soviets to import large quantities of food. Because of this, their Secretary of Agriculture is rumored to be on his way out. The situation in our country is reversed. Our Secretary of Agriculture is rumored to be on his way out because he has failed to export enough of the farm commodity surplus that presents such a problem here. Thus, the two countries at the summit provide a sharp contrast—the Soviets showing weakness in agricultural production and the United States showing great strength in production while seemingly unable to put the strength of abundant food supplies to most effective use.

The land and those who work the land are bonded by an understanding that the good earth will sustain those who work and care for it. All life starts and renews itself with a fertile seed. Between the seed and the soil, life is sustained, and an annual promise renewed.

That separates Earth—in the cosmos that we know—from the other planets which, as far as we have been able to observe, do not provide such life-sustaining properties.

For the people of the world there is a universal common need—the producing of life-sustaining amounts of food. Fortunate regions of the world—the United States, for example—have an abundance of food, much more than is required for our people. And, surely, it is one of the great marvels of the world that here in the United States so few produce so much.

Developed countries produce the world's surplus of foods, and of these countries we outproduce all others both in per capita food for ourselves and in an abundance of food surplus supplies that can be made available for others.

The World Food Organization tabulates total world need for food; and, according to the WFO, all of the food needs of people around the world would be barely met if all of the surplus food were distributed to those regions where people hunger. There is not too much food in the world; there is only a seemingly perverse reluctance to do what must be done in order to get it to those in need. Those basic needs are dramtically evident for millions in Africa and Asia. In addition, however, upgrading nutritional levels will require that more and more grain be used for dairy, poultry, and livestock production. In short, food production will have to be increased if we hope to meet the needs of a burgeoning world population and improve their nutritional levels.

Food is the oldest and most vital medium of exchange between people. Thus, food production is the basis of all societies in all countries.

Here in the United States, we have succeeded so well we have become blasé about food abundance and pay little heed to the mounting problems of those who produce it. Our basic commodities of grains and cerals, cotton and wool, milk, sugar, and soybeans have price support programs, but prices have been so low for several years—both here and abroad—that Federal price support programs are costing the Treasury much more than ever before. Three years of low world prices and the resulting buildup of unsold commodities in Federal granaries and warehouses have triggered demands to reduce supply and further reduce the prices that farmers receive in order to discourage production. The administration's request for new legislation this year is built on that premise—reduce supply by reducing the price and thus eliminate the production of a significant number of farmers. Today there are approximately 2.4 million U.S. farm or ranch operators, but of that number, at least a third earn most of their income from another business or a job separate from farming or ranching. In other words, agriculture is a sideline for them, and the low commodity prices, while unwelcome, do not force them into bankruptcy. These part-time farmers are financially more secure. What is more, their total production is insignificant compared to the production of the other two-thirds of farmers and ranchers.

So, it is the approximately 1½ million full-time farm and ranch operators who produce approximately 90 percent of the food and fiber that concern us in our battle to prevent the administration from forcing, through lower prices, the liquidation of many of these producers. They are vulnerable. They have large investments in land and machinery which have generally declined in value. Their credit is stretched now and, if their cash flow is further reduced in the coming years, their survival will become more and more questionable. Of the 1½ million farm and ranch operators producing 85 to 90 percent of the food and fiber commodities, it appears that fully 20 percent now have their loans classified and another 20 percent are borderline. After the cumulative effect of the past 3 years of sagging farm prices, 3 more years of declining prices, coupled with a cut in target prices, would force liquidation of nearly half of them.

The Senate Agriculture Committee has reported a farm bill that provides only the minimum safety net. There is not much in this bill to stop the downward slide in farm prices, so what there is must be preserved to save as many agricultural producers as possible.

The bill allows the market-oriented lowering of market prices for grain, cotton, milk, and cereal, an action the administration considers essential to increasing foreign exports. What the bill does not allow—and on which the administration must not prevail—is lowering the safety net of target price deficiency payments. These are frozen at present levels for the 4-year life of the bill. Holding prices at the current levels is the minimum safety net that Congress can provide, and administration efforts to lower the amounts or reduce the number of years of safety net protection must be met with all-out resistance.

It is, after all, target prices that provide a measure of farmers' cash flow. Moreover, for those whose credit line is now critical, the target price may be their only lifeline. Creditors, be they bankers, production credit associations, or the Department of Agriculture's own Farmers Home Administration, can only calculate cash flow from the stability of the target price deficiency payments over the next 4 years and in this way determine the survivability of these farmers and ranchers.

And that process of calculation of cash flow is critical, too, for those operators who, while solvent now, will slide lower in credit rating if commodity prices continue to decline and target prices are lowered.

The administration is wrong in its attitude about this feature of the farm bill. It is wrong to try to reduce the number of farmers by lowering the target price safety net and forcing liquidations. The Secretary of Agriculture, the Office of Management and Budget, and the White House cite the need to reduce Federal costs as the reason for opposing this feature of the farm bill. They are also wrong to make target prices their target.

The farm bill is a 4-year bill and the projected cost of the target prices freeze for those 4 years is approximately $4 billion. However, there are other places to reduce the costs of farm programs without tearing up this safety net.

When we are allowed the opportunity to offer an amendment—and this is not the case now because the majority leader's combination of pending amendments prevents that—we shall present a budget-cutting amendment calling for an $8 billion reduction in costs during the 3-year budget cycle, thus bringing the farm bill under budget and providing an additional $2 billion cost reduction for the fourth year of the bill.

We meet our responsibility to be within the budget by this amendment to reduce the farm bill's costs. Yet a deep sense of responsibility admonishes us not to reduce the target prices.

But this savings does not satisfy those who do the bidding of the administration, echoing the administration's farm policy are statements that a market-oriented policy requires lower target prices. However, that is not the case. The market-oriented lower grain, rice, and cotton prices that the administration seeks are not affected by target prices. Deficiency payments are separate. They do not prevent the lower market prices. Rather, target prices only provide a buffer for producers while the market-oriented policies are tested to increase exports and thus, in theory, to stabilize prices.

Increasing exports to stabilize prices is sound, but I have strong objection to the administration's deliberate muddling of immediate opportunities to increase exports to countries that are consistent customers.

To correct these misguided policies of both the State Department and the Department of Agriculture, the export title of the farm bill mandates change. Amendments are necessary to strengthen it further, and I urge the Senate to support them when we have the opportunity to consider them.

Mr. President, there are other amendments, many other amendments, that will be offered to the farm bill when the opportunity for amendments is available. There will be, undoubtedly, Senators who have been waiting to offer cuts in the Dairy Pro-

gram to reduce the support price of the milk; the same, I am led to believe, is true of the Sugar Program and the Peanut Program. Senators are certainly entitled to offer these amendments. I hope they are defeated. The farm bill comes to us after many months of deliberation in the Senate Agriculture Committee. It comes to us with the opportunity for members of the committee and for all others to consider both the administration program and the various programs and proposals offered by the 17 Members among those of us who serve on the Agriculture Committee.

It is my considered judgment that what we have before us, while not a particularly good bill, is probably the best bill that could be enacted at this time. We have what is known as a farm coalition, those commodity groups and people who produce those commodities on the farms and ranches of this country, who attempt to generate the thought and the momentum to carry through a farm bill every time it comes up for reenactment. It is not that there has not been enough thought or enough discussion put into this bill. There has been.

It is not that there is not a desire to do much more in this bill to correct the programs or to help the producers provide the investment and the work and the dedication, most generally their lifelong dedication, to producing these crops.

But the situation is one where the condition of low prices for these commodities has created not only a mountain of problems for the producers, it has also created a mountain of surplus commodities.

There is another amendment that could be offered. It deals with payment limitations. For 10 years and longer we have had payment limitations on the basic commodities of wheat, corn, feed grains, rice and cotton. It is a $50,000 payment limitation per farm operator. It has stood in that amount since the the last farm bill was enacted in 1981 and since the farm bill that was enacted previous to that, the 1977 farm bill. I do not believe that the $50,000 payment limitation should be tinkered with on the floor of the Senate in this particular bill, and I will tell you why, Mr. President.

If there was great interest by the administration or others to change the payment limitation figure, there was plenty of time to give it adequate consideration in the committee while we had the bill before us. If an amendment is now offered on that here on the Senate floor, I am sure we would want to take adequate time to consider it and to debate it, and when would that be? First of all, the payment limitation of $50,000 is one that was carved out so many years ago, as I have previously mentioned, for wheat, feedgrains, corn, cotton and rice. Payment limitation does not apply to other commodities. But if the thought is, by a payment limitation amendment now offered, to reduce the cost of the bill, we would certainly want the opportunity to consider payment limitations for other commodities that are not covered under present law. There is no payment limitation on tobacco. There is no payment limitation on peanuts. There is no payment limitation on milk. We have in this bill a modest payment limitation on wool. And there is no payment limitation on sugar. Granted, these are different types of programs but in the understanding and knowledge of the various programs, whether it is dairy, sugar, peanuts, wool or tobacco, there are plenty of ideas I suppose that would be speculated about on the Senate floor.

For example, how would you apply it to peanuts, since that is a crop that is entirely different? Some people have been heard to remark they did not want to understand any more than they had already misunderstood about the Peanut Program. They apply that to a great number of programs. A lot of people who do not want to understand any more than they have already misunderstood about these programs, because they are difficult and involved, think they should be properly unraveled so you can get a thorough understanding. But nevertheless, an amendment to reduce payment limitations, could have been thoroughly discussed, adequately debated, the language reviewed from all directions and provided to the public, particularly to these commodity groups, these producers and warehouses and all that are involved in agribusiness—cooperatives also—all that are involved in the production and marketing chain of these particular commodity groups could have looked at the language to see what was workable and not workable.

Now, that type of draftsmanship on the Senate floor I strongly recommend against. I hope the payment limitation amendment is not even offered because the 5 days of this week, when it is thought we might stay on this bill and vote on these amendments and finally enact a bill before the week is out, would be taken up principally just talking about payment limitations.

I do not think there is anything perfect in the mass of farm law that we have in the United States. I do not think there is anything perfect in that whole mass that could not be improved upon, and I am certain, as surely as I am standing here, that payment limitation law could be improved upon. But I do not believe the outcome on this Senate floor would be good.

I hope I am not wrong on this, but I will make this statement and somebody who is now on the floor or perhaps listening somewhere else can correct me. I would be honored if they would correct me—it is my understanding that the administration has not, during this whole year, recommended any serious changes in the payment limitation on these four basic commodities, nor applying payment limitations to these other commodities that are not now covered. They may have had some changes in the bill sent up by the administration—but we all recognize that that bill was stillborn. It never was considered serious.

So I do not believe this is really the time to tie up this floor with endless discussion on the pros and cons of payment limitations. I certainly want it clearly understood that any Senator, of course, surely has the right—and I would advocate protection of that right—to offer any amendment that he or she might care to offer regarding payment limitations.

I just express the hope and the recommendation that unless we want to spend a long period of time in discussion consideration of all the various aspects of payment limitations on those commodities that are now covered and on those commodities which are not covered, it might be a very long, tedious job. I doubt the language that would be drafted on the Senate floor would be all that erudite or satisfactory.

Mr. President, I believe basically there is a rather broad coalition of commodity groups and farm organizations that are in favor of the passage of this act. I know it requires time to go to conference with the House. If my memory is correct, I believe most conference committees on farm bills require 2 to 3 weeks before conferees agree on the final package. That requires the completion of this bill by the Senate to allow at least 2 or 3 weeks for conferees to meet.

The completion of this bill in the Senate would have to come by the end of the week or very early next week. Even then, it would probably entail conferees meeting rather assiduously, with diligent effort, for another 2 weeks after that, which would put us very close to the middle of December. I believe it can be done, but it is going to take more of a concerted effort here on this floor than we have addressed to this bill over the past several weeks.

References were made to me as delaying the bill in committee. I do not believe that is accurate. Over the many weeks—more accurately, over the many months—that this bill was before the committee for markup, I attended the meetings and attempted to have some input into the decisions that were made on various sections of the bill and the various titles of the bill.

I was very interested in making sure that a 4-year target price freeze would be the final outcome of the bill that was reported to the Senate. That happened to be the case, but it was by a very narrow margin—9 votes to 8. It was either in by a vote margin of 9 to 8 or it was taken out by a vote margin of 9 to 8. If my memory is correct, we put it in once, it was taken out, and then put back in again. That would be 3 votes, by 9 to 8. So that particular provision in this bill comes to the floor on a very narrow margin vote in the Senate committee.

Perhaps a major reason for the 165-page amendment that is now pending before us, which was offered by the majority leader, is a test vote as to whether or not the 4-year target price freeze will remain in the bill. In 165 pages of amendments, there is a great deal of other language. Only one feature in that amendment addresses that particular issue.

The amendment would freeze the target prices for the 1986 crop but not for the 1987, 1988, and 1989 crops. They would be reduced by 5 percent per year.

Much of the amendment deals with the different approach to wheat, the so-called flexible parity formula for wheat producers. A portion of the amendment deals with the phasing out of the Acreage Reduction Program and removing that discretionary authority from the Secretary of Agriculture at the end of 3 years. These points need to be debated, and I am sure will be.

If the amendment should carry, and I hope it does not—I hope the amendment fails—but if it should carry, we would seek to do two things. We would like to have the opportunity—and this would be true if the amendment carried or failed—to offer an amendment to reduce the cost of the bill by $8 billion for the 3 budget years of this budget cycle, and that would carry along with it some saving for the fourth year of the bill, some additional savings, about $2 billion. We would like to offer the amendment and have it voted upon, and I believe it would be a satisfactory proposal to the Senate, because it carries in it many of the savings of the majority leader's amendment. This is a reduction in cost of $7.6 billion; and $5.3 billion of that $7.6 billion is very similar to provisions in our budget-reduction, cost-cutting amendment.

The other $2.3 billion of savings in the amendment offered by the majority leader, of course, could be credited to the reduction in the target prices over the 1987 and 1988 crop, which is all that would be counted in the budget cycle; but of course it would carry over into the 1989 crop, and the target price reductions would go into effect for that crop. So there would be additional savings in his amendment over and above the $7.6 billion.

Second, if the majority leader's amendment prevails, we would still, of course, appreciate and expect to have the opportunity, and I am sure the opportunity would be afforded at some point in the debate, to offer a 4-year target price freeze separate from his amendment. That is one feature we would like to have cranked into his amendment.

Mr. President, we would like to get on with this process. We understand the circumstances that confront the Senate this afternoon, with numerous Senators, out and with the funeral of a former colleague, Senator John Sparkman of Alabama; and I can readily understand why there would not be votes of consequence this afternoon.

However, I understand that perhaps amendments that would not be controversial and would not require a vote might be offered if unanimous consent is asked to set aside the pending amendment, so that other amendments can be considered. I believe that is expeditious and worthwhile, and I should like to cooperate in that endeavor.

Mr. President, I yield the floor.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER (Mr. (DURENBERGER). The Senator from North Carolina.

Mr. HELMS. Mr. President, here we are on November 18, many, many months after deliberation begain on this farm bill.

While the distinguished Senator from Montana was speaking, I reflected upon what has gone on in the period from when we began to this date.

I recall the seemingly endless days when I sat—sometimes alone, sometimes with a few others—waiting for a quorum. The distinguished Senator from Montana was almost always there, as was the distinguished ranking minority member of the Agriculture Committee, Mr. ZORINSKY.

But somewhere along the line early in the game, I had the staff begin to make a note of how long it required us to get a quorum. And 2 or 3 days after the bill was reported, the staff informed me that I had sat more than 40 hours total waiting for a quorum. On top of that, day after day objections were raised to the committee even meeting after the Senate had been in session 2 hours. As the distinguished occupant of the Chair knows, the Senate rules on that are quite clear and precise. But objection after objection was raised to our even meeting. So that meant we could meet only on very few afternoons. We could have, and we would have, completed action in September except for the inordinate delays that occurred in this way during the markup.

In any case, over a period of 4 months we muddled through as best we could and we now have a bill with, as I recall, 19 titles and some 2,200 provisions.

Just examining the report, it is almost as thick as the "Tale of Two Cities." It is 914 pages long, which is a measurement of the enormity of the piece of legislation.

The distinguished Senator from Nebraska and I have been doing a little wishful thinking here and we engaged in the fantasy of waiting a little while for Senators to appear and offer their amendments and if no Senator appears moving that we go to third reading. Of course, we will not do that. But the thought is enticing.

In any case, if we buckle down here and move along and restrain the inclination that is so prevalent among Senators to go on and on like Tennyson's brook, we could finish this bill this week and we could go to conference the week after Thanksgiving. Whether we will do that remains to be seen.

Mr. President, I am not going to take very much time, but let me review the situation from my own standpoint as just one Senator who happens to be chairman of the Committee on Agriculture, Nutrition, and Forestry.

Way back when, early this year when we began deliberations on the farm bill, I did my best to urge the committee to report a bill that would correct the mistakes in current farm policy and to set our sights toward bringing about a recovery in the agricultural economy.

From what developed thereafter, largely as a result of very close votes in the Committee on Agriculture, Nutrition, and Forestry, that did not happen. It was with considerable regret and absolutely no satisfaction that I felt obliged to become the first chairman of the Agriculture Committee in history to vote against reporting a farm bill. I did not like to do that and I wish I had not felt obligated to do it, but I was convinced that the bill as it was reported by the committee is not sound farm policy and it offers scant hope for recovery in the agriculture sector.

There is a lot good about this bill in terms of policy and I do hope that we can remedy the other parts so that we can pass a bill that has a chance of not being vetoed. This means that we have to decide this week, and pretty quickly now, whether we want a bill reflecting our political desires or whether we want a bill that will be enacted into law, not vetoed.

Why did I vote against reporting this particular bill? There is an easy answer to that. This bill exceeds the budget resolution by $9.2 billion. That is the calculation of the Congressional Budget Office. Senators may argue about the conclusions of CBO, but

that happens to be the organization that we use in the Senate for our budget figures. The USDA, which has a later estimate of the budget-busting aspects of this bill, says that it will exceed the budget by $25 billion.

Obviously, this bill in its present form is not satisfactory to anyone believing, as this Senator does, that Congress had a duty to restore fiscal sanity to the cost of operating the Federal Government.

While my greatest objection is, first, failure of the policy instruments and, second, the counterproductive impact they will have on the agricultural sector, it will be perilous to the Nation if we ignore the damage that will be done to the entire economy if the Senate does not agree to make this farm bill conform to the budget resolution.

Every authorizing committee reports bills. I have to look at it from the standpoint of my own stewardship, of what would happen to the entire budget process if every committee were to exceed the budget by $25 billion, of what would happen to the general economy if Federal deficits are permitted to grow by such breathtaking amounts.

Moreover, I think it needs to be borne in mind that less than 20 percent of the $54 billion in benefits and subsidies provided in this farm bill are directed to farmers who are experiencing financial distress. Yet, it is the relatively high degree of financial distress that is the only justification offered by the proponents of these tremendous outlays for farm subsidies. With all due respect to them, and I do respect them, such justification borders on falling into the category of false pretense.

So the point, Mr. President, is that the Senate can, if it will and should approve a farm bill that is sound farm policy, one that does conform to the budget resolution. And as we proceed, when we proceed, it is my hope that Senators will consider carefully various amendments that will be offered to attempt to correct the mistakes in this bill. If efforts to reform the failed policies of the past, and to conform the bill to the budget resolution, are successful, the recovery that is so desperately needed by farmers can get underway. If we fail to do our duty, and if the 1985 farm bill ends up continuing the mistakes of the past, then the farm economy is certain to continue a downward spiral.

Mr. President, I ran across just a few minutes ago two columns which, it seems to me, pretty well analyze the situation we are in. The first one was written by Robert J. Samuelson, in Newsweek, of November 18, the latest issue, and it is entitled "The Farm Mess Forever." The other written by Jonathan Rauch, of the National Journal of November 16, and it is entitled "Agriculture Focus."

I ask unanimous consent that each of these columns be printed in the RECORD.

There being no objection, the columns were ordered to be printed in the RECORD, as follows:

THE FARM MESS FOREVER

(By Robert J. Samuelson)

Anyone who doesn't feel the pain of American farmers must have a soul of stone. For more than a year, the images have floated from television, magazines and newspapers: of foreclosures, shattered lives and families losing their land. Their anguish affects us, because our romance with the land remains strong. Farmers do honest work and produce something of value. These emotions are powerful. They're part of our Jeffersonian heritage. We may always have a "farm problem" simply because we think about farming with our hearts, not our heads.

Otherwise, you must conclude that something is drastically wrong. For half a century we have subsidized and pampered farming. By any test, these policies have failed. They have not saved "family farmers"; since 1940, the number of farms has dropped by roughly two-thirds. They have not stabilized farm incomes. And they have not expanded food exports; indeed, in recent years, they've done the opposite. Yet our farm policies survive as if none of this mattered. The versions of the new farm bill being debated in Congress would be enormously expensive; rough estimates put the costs through fiscal 1988 between $40 billion and $60 billion.

We recoil from the basic questions. Do farm programs serve any public purpose? Since 1979 the government has spent more than $11 billion to buy surplus dairy products. If we stockpiled beer or toothpaste, people would be outraged. But somehow, mounds of excess cheese, butter and powdered milk are considered normal and acceptable. Farming inspires a lot of sentimental nonsense. In the Farm Aid concert's theme song, singer Merle Haggard asks: "If the amber waves of grain should disappear . . . would we buy our bread and butter from the Toyota man?" Hold it, Merle. Even if all distressed farmers went bankrupt, the land wouldn't disappear. Most of it would be bought at lower prices and farmed by others. And Japan's wheat production is about a hundredth of ours.

Inflation's Backlash: True, many distressed farmers are victims—some of their own mistakes, others of erratic economic policies. In the 1970s farmers borrowed against land values, as they always have (land constitutes about three-quarters of farm assets). Farmers' debt-to-asset ratio was 16 percent throughout the 1970s. But the debt became excessive when the inflationary policies of the '70s—which tripled land values—were reversed. Farmers with big debts got caught in the downdraft of global recession. Interest rates rose, crop prices dropped and land values plunged. Economist Emanuel Melichar of the Federal Reserve estimates about a fifth of commercial farmers are in financial trouble; others put the proportion somewhat higher.

But farmers aren't alone in being victims. The basic premise of farm policy—that farmers are more economically vulnerable than others—is increasingly untenable. A world of large trade flows and wild swings of interest rates and exchange rates makes instability the rule, not the exception. Try telling auto or textile workers that they're snug and secure. Farm programs don't even rescue farmers in trouble. A large part of the subsidies (which also cover wheat, corn, soybeans and cotton) go to healthy farmers. Consequently, the financial strains on rural bankers or the federally sponsored Farm Credit System won't be significantly eased. The Farm Credit System says it may face losses up to $6 billion on its $73 billion loan portfolio.

Government's proper role in agriculture is limited: it is to ensure adequate food supplies, not to prop up farmers' incomes. As the world's largest food exporter, we need to maintain some grain reserves to guard against bad harvests. Government should also support soil conservation, agricultural research and data collection. Otherwise, farming should be treated like any other business because, in fact, most commercial farms are sizable businesses. In 1980 the 287,000 farms with more than $100,000 in annual sales accounted for about two-thirds of the nation's total agricultural output.

The abiding lesson of farm policy is that government can't easily anticipate or override basic changes in economic conditions or technology. For example, in 1981 when the last farm bill was passed, everyone wrongly assumed that the trends of the 1970s—rising exports, high prices—would continue. The mistake left crop support prices too high. Consequently, our farm policies have hurt our exports. Our overseas competitors can win sales by pricing their exports near American crop support levels. At those levels, our farmers effectively sell their grain into the government's bloated reserves. By setting subsidies too high, we stimulate excess production here and abroad. The oversupply then prolongs the depression in farmers' incomes or requires even greater subsidies.

Imperfect Solutions: Getting out of this mess is tougher than getting into it. A sensible case can be made for a gradual end to subsidies. After all, farmers are addicted to them. A case can even be made for debt relief—a simple bailout—because inflationary government policies fostered farmers' excessive debt. At the end of 1984, farm debt totaled $212 billion. Suppose the government bought or canceled (if the debt is owed to the government) about a fifth of that, or $42 billion. The initial cost would be huge, but, if it were tied to a rapid end to annual subsidies, this solution would be relatively cheap and efficient. Any transition is bound to be imperfect. If we help farmers in trouble, we aid the most inefficient or the biggest risk takers. If we help everyone, many prosperous farmers get undeserved windfalls.

But the worst choice is what Congress is doing: continuing current policies, which create windfalls without providing relief. The details, not the philosophy, of farm policy are being changed. You can blame Congress or farm groups for this, but the real reason lies in all of us. The status quo survives because it reflects popular attitudes. Our images of farming remain fixed, even though farming is forever changing. We share farmers' distress because they represent values that, as a nation, we prize. Our nostalgic sympathy is understandable, but its practical consequence is expensive foolishness.

AGRICULTURE FOCUS

(By Jonathan Rauch)

Consider a couple of propositions. One, the government's farm subsidy program is first and foremost income maintenance—welfare for farmers. Two, as such, it is among the most brutally inefficient welfare programs in the government—welfare, in many cases, for the wealthy.

Although the first statement is somewhat controversial politically, it seems to have become noticeably less so during the course of this year's debate on the 1985 farm bill. When you grant the first statement, the second becomes difficult to deny.

"Maintain farmers' income": That has emerged this year as the battle cry for many Members of Congress in both political parties. From an economist's point of view, maintaining farmers' income may not be such a good idea, any more than maintaining auto workers' income or textile workers' income or anyone else's is a good idea.

But the drumbeat of farm disaster stories has created a political imperative: Save the family farmer. "They're trying to make it [the farm bill] into a program that maintains a social structure," Gene Moos, an aide to House Majority Whip Thomas S. Foley, D-Wash., said of many Members, "I guess it's all a social program."

It may be that farm programs have always been intended, underneath the rhetoric, as income maintenance programs. During the current debate, however, the welfare goal of farm programs has become explicit. For many years, the programs were primarily thought of as market regulators. Because farmers were selling to a domestic market, the government could set minimum prices and make adjustments in supply to reduce the riskiness inherent in farming, and it could do it without spending vast sums of money. Government programs' explicit aim—although perhaps not their implicit one—was to give farmers a stable market rather than government-guaranteed incomes.

Today's world is very different. U.S. farmers are competing in an international marketplace over which any single government can exert only marginal control. The U.S. government can throw vast sums of money into the domestic agricultural market and do little more than spit into the wind. So the old rationale that pegged farm subsidies to market forces looks to economists more and more anachronistic.

Most income-support programs work by providing income based on need. That's the one thing that farm programs do not do; instead, they are based on production—a simple dollars-per-bushel formula. The more you produce, the more you get. Necessarily, big producers get more than little producers. The farmers under financial stress are a minority—20-30 percent of the total—and they much more often run small farms than large ones.

According to the Agriculture Department, the 80 percent of farmers with sales of less than $100,000 a year—the class in which financial stress is the most serious—receive less than a third of government payments. The 99,000 farms with sales of more than $250,000 a year, which account for almost half of all production but only about 5 percent of all farms, got almost a third of government payments. Those farmers aren't poor: Their average annual family income is $97,000 and their average equity, $900,000. Half of all farmers are getting payments of less than $1,000 a year; only about 10 percent get more than $10,000 a year.

In short, a small proportion of the nation's farmers—many of them demonstrably the least needy—are getting the great bulk of cash supports. Farming today is big business, and it is big businesses that are raking in the most money. "This is a continuing source of frustration to me—we never seem to be able to get through with that message," Robert L. Thompson, assistant Agriculture secretary for economics, said: "What they [farm income subsidies] are really doing is transferring significant amounts of income to larger growers."

And they are doing it, many farm economists say, counterproductively: Pegging income aid to production inevitably encourages production, they say, driving prices down and ultimately worsening the farm income problem.

If the goal is to help needy farmers survive, clearly the current program leaves a lot to be desired. This year's farm debate seems to be making that somewhat clearer to people on Capitol Hill. Senate Majority Leader Robert Dole, R-Kan., and Senate Agriculture, Nutrition and Forestry Committee chairman Jesse A. Helms, R-N.C., have been pounding away at the point that aid is not going where it is needed.

Helm's committee took a baby step toward change by approving income support levels for wheat that are lower per bushel for production in excess of 20,000 bushels. Taking more than a baby step toward focusing aid on the farmers who need it requires decoupling income supports from production levels. Sen. Rudy Boschwitz, R-Minn., proposed that, but his plan was rejected.

In any case, the Boschwitz plan was expensive. The only cheap way to aim aid to the needy is to do what is today the politically unthinkable: link farm income supports directly to need—which is to say, turn an implicit welfare program into an explicit one.

"If what we're really concerned with is low income, I'm convinced it [a means test for farm aid] could be done." Thompson said. "But farmers don't want to be on the dole. They don't want it to be perceived that they're on welfare."

No one in Congress has proposed a means test for farm subsidies this year; the idea has yet to appear over the horizon of political practicability. But people are beginning to talk about farm income aid as it relates to need. "Those who produce the most . . . get the most, and they need it least." Rep. Byron L. Dorgan, D-N.D., complained in House debate; Rep. Dan Glickman, D-Kan., said of federal aid, "More of it ought to be targeted to those farmers who are in trouble, small and medium-sized farmers."

That kind of talk wasn't much in evidence during the 1981 farm debate; look for more of it as current policy piles up the bills.

Mr. HELMS. Mr. President, I thank the Chair and I yield the floor.

Mr. ZORINSKY. Mr. President, the pending amendment, the one offered by Senators DOLE and LUGAR, is well intentioned—it would reduce the costs of the committee reported farm bill. However, there is more than one method of balancing budgets and reducing the costs of legislation.

The historic debate on the Gramm-Rudman-Hollings deficit reduction and balanced budget amendment illustrates that point.

In my judgment, there are three ways to balance the budget or reduce deficits: No. 1, increase taxes; No. 2, reduce spending; and, No. 3, increase the number of taxpayers who pay into the taxing system, which would in turn increase the amount of taxes paid to the Treasury of the United States.

Now there are many ways to reduce spending. Having been a businessman for 35 years, I could lay off people. I could go to a shorter work week. I could reduce benefits. I could reduce inventory. I could reduce credit terms. I could use many methods to reduce costs and balance a budget, and so can the Federal Government.

The Senator from Montana, myself, and other Senators have drafted an amendment that would reduce the cost of the committee-reported farm bill in a responsible manner. However, the authors of the pending amendment have created a mechanism for reducing net farm income, thereby compounding the economic chaos that presently exists in agriculture.

We would like the opportunity—and eventually we will—to offer an amendment that would reduce the costs of the committee-reported bill, while retaining the 4-year freeze on target prices for wheat, feed grains, upland cotton, and rice.

The Dole-Lugar amendment freezes feed grain, cotton, and rice target prices for 1 year and then reduces them 5 percent annually for the next 3 years. The amendment attempts to achieve a 1-year freeze for wheat through a "flexible parity" approach. A 1-year target price freeze would be devastating to the "safety net" concept of income protection for farmers and lead to increased farm failures.

Let me point out that perception plays a great role in the economics and the future of farming in this country, as does the participation of the two leaders of the superpowers at the current summit meeting in Geneva. The perception, the psychological effect of the occurrence itself, may be as important as the outcome of that meeting.

The Dole-Lugar amendment would inevitably increase the amount of Federal assistance that would be required for farm credit assistance. furthermore, the Senate has already rejected the 1-year freeze aspect of the amendment. The flexible parity portion of the amendment would result in reduced cash flow as acreage reduction increases. And this would bestow the least benefit on those farmers who are suffering financial hardship. This is inconsistent with statements by many critics of the committee-reported bill that target prices should benefit those producers who need them most.

Just let me point this out as to the perception of a farm bill. If we freeze target prices for 4 years—as proposed in the bill reported from the Senate Agriculture Committee—and we adopt the Melcher amendment reducing the

cost of the bill to the Treasury to bring it within the budget—we would doubtlessly revisit this farm bill after 2 years in any event, as we did in the case of the 1981 farm bill. But the perception in 1981 was we had a long-range farm bill and this helped stabilize the economy. Once again, we have to look at passing a farm bill in this body, independent of the administration's wishes.

Now we are past wishing things to happen around here. We are just going to have to make them happen. The bottomline of any farm bill coming out of here—the bottomline has to be whether it strengthens the economy of agriculture to the extent farmers have a better opportunity to make a profit above their cost of production.

Ideologically and philosophically, a farm bill should pass the test of transferring the responsibility of cost to the consumers in eliminating the cheap food mentality that several administrations have fostered. Representatives of the farm credit system have told me that their No. 1 priority is to pass a farm bill that will help stabilize the economy of agriculture. The alternative to that will be the continuance of eroding land values, and the continued failure of small, rural, independent banks.

I supported the flexible parity proposal when it was introduced in 1978. However, the flexible parity proposal offered here differs markedly from the original. For example, the 1978 plan achieved full parity at the maximum acreage reduction level. For the current proposal to reach a comparable level, a target price of around $7 would be required.

In other words, the target price levels provided in the current proposal are insufficient to induce the cutbacks in production that were contemplated under the 1978 version.

This has led to the uncertainty and confusion among wheat farmers as they attempt to assess this proposal in the short period of time since it was offered.

In addition, no national standard for the production adjustment of wheat would be established by the flexible parity proposal. If it was enacted, depending upon the participation levels chosen by individual producers, we could experience great surpluses or, conceivably, shortages. The Secretary of Agriculture would have a difficult time in anticipating participation and production levels as well as its budget effect on the Treasury.

It is apparent from the amendment that the distinguished Senators from Kansas and Indiana intend to eliminate the authority in the committee-reported bill for mandatory production controls on wheat, subject to a producer referendum.

The flexible parity provisions of this amendment, if agreed to, should—I think—be submitted to producers for their approval or disapproval as well.

In addition, the amendment requires the Secretary of Agriculture to make advance deficiency payments for the 1986 crop with 15 percent of the payments in the form of Commodity Credit Corporation commodities. PIK payments of this magnitude with no concurrent decrease in production would further depress market prices.

The amendment further provides for the total elimination of acreage limitations or set-asides beginning with the 1989 crop year for wheat, feed grains, cotton, and rice.

This could stimulate production and increase surpluses, placing more downward pressure on market prices. The combined effect would be to increase both loan forfeitures and deficiency payments.

Mr. President, nothing in this amendment would increase net farm income. That is the important factor; that is, in order for any farm bill to help the economy of agriculture, it has to help stabilize net farm income. And this amendment is deficient in that regard.

Mr. President we should not strive to construct a farm bill that will be acceptable only to the administration. We have to have a farm bill that is acceptable to the farmers of America, to the agricultural industry, and a bill that will strengthen the Nation's ability to feed its own people at reasonable prices.

Our Constitution provides for the balance of powers. In this body, we are going to have to set aside any partisanship that exists. We are going to have to work together to pass a farm bill that does not penalize the farmer, so that the consumer of America will continue to have a reliable supply of food at reasonable costs. Nor is it in the best interests of the Nation to fashion a bill predicated on being its veto proof.

The threat of a veto has hung over the farm bill ever since we started talking about it. As a matter of fact, I believe it was the third day of markup when we were threatened in the Agriculture Committee with a veto by a representative of the administration.

I say this: Republicans, Democrats, Farm Belt Senators or urban Senators—the one common denominator that we have is that all citizens of this Nation are going to have to eat in order to survive. That should be as high a priority as defense in this country.

We must set aside veto threats and devise a bill that is good for agriculture, then try to resolve it in conference because that is where a great deal of this bill is going to be resolved, and then present it to the administration for their approval or disapproval.

They are going to have to make that independent judgment, and this body I believe, according to our Constitution, is not only empowered but mandated to make an independent judgment on the merits of the farm bill.

When the time comes for the administration to make its judgment as to veto or not to veto, that is its right. But, as I stated earlier, we should pass a farm bill that will enable farmers to stay in business so that they can continue to produce commodities, and not end up like farmers in the Soviet Union. They have a lot of farmers but no profit motive, no incentive to produce more food. That is why historically they have been very dependent on importing their food.

I would hate to see the farmers of America drawn into the same economic circumstances as farmers in the Soviet Union, where there is no profit motive.

Mr. President, I submit that the disturbing record of last year and this year as to rural bank failures, as to chapter 11's, as to bankruptcies is not a figment of anybody's imagination; it is out there—there are crisis hot lines and suicide hot lines, with many radio stations broadcasting call ins. The incidents of suicide have increased in the rural farm belts. This is not imagination. It is historical fact.

I think we have the ability to take the "D" after our name or that "R" after our name and set them aside, and pass a farm bill that will be good for the Nation, good for farming, and good for agriculture in general.

I join with my colleague from North Carolina, the chairman of the Agriculture Committee, in fantasizing about wanting to go to third reading if no Senators appear in this Chamber to offer amendments.

I just glanced at the amendments that the chairman has on his list. I think that there are approximating 90 amendments on his list. I have a list of about 80 amendments. With all these amendments you would think there would be lines forming at the doors to present those amendments.

I would say to my colleagues, I would appreciate it, as ranking minority member of this committee, if any of those within earshot of my voice, if you are a sponsor of one of those 90 amendments, listed as the author or cosponsor, I am sure the chairman and I would appreciate your coming to the floor. It is now after 3 o'clock in the afternoon. We are ready to do business. We want to do business. We want to have a farm program. Why wait until Thursday at 2 in the morning to start offering amendments? I think if we start doing this now, we can establish voting patterns.

That is another matter I would like to have resolved, too. I think we should have votes. We got here with

up and down votes. If you had enough votes to be elected to the Senate, you became a Senator. I think, likewise, that these amendments should be judged on the same basis.

We are not going to decide this by rhetoric and wishing it to happen. We are going to decide it by Senators coming to the floor and offering those amendments and then voting on them in an expeditious manner.

The chairman of the committee and I will most sincerely appreciate the appearance of our colleagues if, indeed, we are to finish this farm bill this week.

Mr. President, I suggest—

Mr. MELCHER. Will the Senator yield?

Mr. ZORINSKY. I yield the floor to my colleague.

Mr. MELCHER. Will the Senator yield just for a comment on his remarks?

First of all, I commend my colleague from Nebraska for his fine work on the committee. He has presented very profound and very correct statements regarding the situation on the farms and the need for bipartisan support for moving the farm bill to bring income stability to farm producers and better days for them.

It is my understanding, and I want to be sure that it is correct, that it would take unanimous consent to offer an amendment at this time.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MELCHER. It would take unanimous consent to set aside the pending amendment to offer another amendment, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. MELCHER. If Senators are listening to us in their offices, if they have an amendment which could be accepted, which would not be controversial, perhaps the amendment of the majority leader could be set aside. We would have to have unanimous consent to set this amendment aside.

It that the understanding of the Senator from Nebraska?

Mr. ZORINSKY. That is my understanding. Again, I will check that with the chairman of the committee. But the Senator is correct, it would take unanimous consent to set the pending amendment temporarily aside.

Mr. President, I suggest the absence of a quroum.

The PRESIDING OFFICER (Mr. SYMMS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, in the coming days, we shall address an issue which is obviously very, very important to those of us who represent agricultural States. Likewise it is very, very important to those of us who represent agricultural States. Likewise it is very, very important to America as a whole. But in coming days, I hope that we shall think of this legislation not just as a farm bill but as a food bill. That name, I believe, puts this legislation into proper perspective for all of us to understand. I have a few items I would like to call to the attention of my colleagues.

First, I hope all of the Members have had an opportunity to read from last Saturday's Washington Post an op-ed letter written by my good friends from Arkansas and Oklahoma. Mr. BOREN and Mr. PRYOR, responding to previous statements made by the chairman of the Agriculture Committee, discount several myths. Among them is the myth that farmers are unfairly subsidized. I quote, "the fact is that, in the larger sense, it is the farmer who is subsidizing the rest of the U.S. economy." The farmer is subsidizing the rest of us with cheap food.

I urge all my colleagues to read and maybe even to reread the entire piece if they have not done so already. I submit that article from the Washington Post by the two Senators I have just mentioned and ask unanimous consent that it be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. We have been given immense public trust as U.S. Senators by the people of this country. I would hope that we can see beyond the inherent controversies of forming legislation. We must realize that we cannot allow our farmers to subsidize the rest of the country, indeed a good portion of the world, by producing food so cheaply that it drives our farmers out of business.

Second, I would like to talk about exports, which is the justification some Members use to promote "cheap food" and "farm failure" legislation. How many times have we heard on this floor that our price-support levels are putting us out of world markets?

I offer, instead, that there are other important reasons for our decline in export markets. If we want to blame the strong U.S. dollar for our lost exports, then we will be partly correct because certainly the high value of our dollar is causing interruption to the shipment of our grain overseas. If we blame our inferior commercial grain cleanliness, we are getting closer. If we want to admit that foreign policy has gotten in the way of agriculture exports which have resulted in ill will and reduced overseas sales, we will be more correct. However, we are a party to a fraudulent hoax if we put undue blame on our price-support levels.

Those who attack price-support levels have transparent motives. If the truth were known, they actually favor letting America's farmers indirectly subsidize the rest of us with some of the cheapest food in the world. I would hope every other Member of those body with a sense of fairness would oppose efforts to weaken our price supports.

That is not often said, Mr. President, but it should be said more often. Those who are fighting the 4-year freeze of target prices are doing just that. I hope that every other Member of this body with an ounce of fairness would oppose every effort to weaken our price-support program.

Mr. President, there are negotiations going on all around the Senate but not on the Senate floor right now. There is meeting after meeting after meeting and there have been for the past 2 weeks, where deals are trying to be cut to eliminate the 4-year freeze of target prices as passed out by the Senate Agriculture Committee. Those who are seeking to do that simply do not have an understanding of the depressing, the calamity, that has hit the Farm Belt today.

Oh, I know of the good reports that flow out of Washington as if they came out of a computer daily, how wonderful things are. Things are not wonderful in Nebraska, Mr. President. Our economy is down. The tax receipts at all levels of government are a disaster. The legislature is in special session right at this time to meet a financial calamity in the State caused primarily by the depression in agriculture.

Mr. President, I do not use this word, "depression," lightly. I know what it means. I have been through a depression. We are having one right now again in Nebraska and the adjoining farm States that is going to come rippling and rumbling like a flood into the rest of the economy unless we have the courage to do something about it.

The administration's farm bill and efforts by some Senators on the floor of the Senate and in the secret rooms now, trying to make deals, show they do not understand that there is a calamity, that is there is a depression out there.

One thing above everything else we must have is a 4-year freeze in target prices for grains.

Mr. President, that is not going to solve the problem, but that is going to give the family farmers and their bankers an opportunity to plan to know that even the relatively low levels expressed in the present target and loan prices are not going to cure the ills, but at least, it is going to give them a chance to know what prices

will generally be for the next 4 years so they can plan their financing, they can plan their restructuring accordingly. Without something like that, all hope is lost. As I talk here this afternoon, there are those who are losing hope out there right now and who will never return to produce food for America and for the world.

My third and final topic relates more directly to the specific legislation that we are now talking about. There are those who attempt to make the Senate believe that farmers are with the administration on its antifarm legislation. This is not the case. There may be some farm organizations that, in my opinion, do not represent the grassroots family-size farmers, who sit around in board-like rooms and make pronouncements.

But the facts are that the family-sized farmers in America today are wondering whether or not we care about what we have done in the past 4 or 5 years and what we are planning or not planning to do in the next 4 or 5.

I would like to call attention to a family farm survey that was just recently published in the Kansas Farmers magazine. A few of the results of that survey were interesting. This was not a random pole. This was an in-depth sampling of farmers by a farming magazine that knows and cares about what is happening in the Farm Belt today. I hope that my colleagues become aware of it. Eighty-one percent of the farmers in that survey said that they should be allowed to vote on a referendum for or against a specific piece of farm legislation. As the Presiding Officer knows, there are all kinds of suggestions that have been made along this line in the House of Representatives and all kinds of referendum proposals made in the Senate, including the bill that came out of the Senate Agriculture Committee which is now before our body. Eighty-one percent of the Kansas farmers thought they should have the right to vote on some kind of a referendum. That is an interesting figure.

Sixty-seven percent would favor shifting production controls from acreage to bushel allotments. A farmer knows best about that, because for far too long, Mr. President, we have given bushel or hundredweight allotments for crops that are measured other than bushels and said, "Go out and produce but you can't produce more than so many bushels or so much per hundredweight," and the farmers know that full well. A farmer knows his land and he will put his least productive land out of production and fertilize, plant closer, and raise that much more on the remaining acreage. So farmers know and are ready to make the sacrifice to go to some kind of an acreage program that would begin to cut down on the oversupply that they recognize is a major problem with which we are dealing now.

Sixty-two percent favored a Marketing Certificate Program. What is a Marketing Certificate Program? A Marketing Certificate Program is a Government program where you can only produce the amount granted you by the Government. Is that Government control of agriculture? Of course it is. But the farmers, who by and large have been those who want to plant and plant and plant, recognize that fencerow to fencerow production has been a major reason for getting them into the situation they face today, and they are saying, 62 percent of them in Kansas, that they favor a Marketing Certificate Program.

Mr. President, I suggest that that would not have been the case had those same farmers been surveyed a few years ago. But the farmers themselves recognize the depths of the problem.

Finally, I believe we have a survey result here which tells the story, the true story concerning so-called flexible parity plans that are being advanced. Seventy-eight percent of the responses said no, when asked the question: "Would you be willing to accept lower loan rates or target prices in exchange for lower setaside requirements?"

Farmers know overproduction is a problem and do not want to plant fencerow to fencerow. Let us not force them into overproduction. Let us not force them into subsidizing the rest of the country with food so cheap that it mandates their economic failure.

Mr. President, the 4-year freeze on target prices and the wheat referendum are essential parts of this 1985 farm bill. I urge this body in the strongest possible way not to change that.

I also urge this body, do not retreat behind closed doors with hours and hours of quorum calls where essentially nothing happens on the floor of the Senate. We should be out here voting on the bill that was duly sent to the floor by the Agriculture Committee. Now, if it is not the will of the Senate that that bill as reported should become law, then let us get on with the business of considering amendments, changes, hopefully improvements, to that bill by rollcall votes. I also hope that we untie the knot that the Senate has been tied into by the leadership that essentially prevents other pieces of legislation or other amendments being offered. I hope that we would turn the Senate free to work its will on the farm bill which is essential, a key responsibility that we hold.

I hope, Mr. President, that we could move forward during the daylight hours. I am continually frustrated by the fact that a productive afternoon like today has essentially up until now gone for naught, and I suspect that maybe we will be here after 6 o'clock, 7, 8, or 9 or else we will adjourn early and start over again tomorrow with the laborious back-room bickering that unfortunately has taken the action away from where it should be, the floor of the Senate.

EXHIBIT 1

[From the Washington Post, Nov. 16, 1985]

MYTHS ABOUT FARMERS FROM JESSE HELMS

(By David Pryor and David Boren)

Millions of Americans have been confused by a set of myths about farmers and farm programs. A well-written piece by Sen. Jesse Helms that appeared in The Post ["The Struggling Family Farmer Will Be the Victim," op-ed, Oct. 24] contributed even more to this confusion. It is now time to separate the myths and the facts.

First is the myth that what happens on the farm bill is not important to the 97 percent of Americans who don't live on farms. The fact is that $133 billion of farm debt is held by farmers who have difficulty paying it on time. This figure approaches the $166 billion owed to U.S. banks by developing nations.

All Americans recognize the threat posed to our whole economy by a possible default on the Third World debt. When will we wake up to the danger posed by a possible collapse of American agriculture?

The second myth is that farmers are being subsidized unfairly by the rest of us. The fact is that in the larger sense it is the farmer who is subsidizing the rest of the U.S. economy.

Americans today spend less than 15 percent of their disposable income on food, by far the lowest in the world. In Western Europe, the figure is well above 20 percent, and it is above 30 percent for most of the world. Government payments to farmers do not begin to equal the money that American consumers are able to keep in their pockets because of the food bargain they receive from American farmers.

The third myth is that farmers are somehow inefficient and poor managers who cannot compete in free world markets without government help. The fact is that our farmers are the most cost-effective and productive in the world. They want a chance to compete in the free market but in fact have to compete with the treasuries of other nations, which are subsidizing their farm exports. Our farmers must also overcome the negative effects of trade embargoes and overvalued dollars imposed upon them by our own government.

Fourth, the myth perpetuated by the Helms article is that most farmers are experiencing no financial trouble. The fact is that, according to the U.S. Department of Agriculture itself, 58 percent of family farms are under serious financial stress. They hold 67 percent of all farm debt.

How could Helms assert that 72 percent of all farmers are not in trouble? It's easy, if you include "hobby farmers" in the average and count them as farmers. There are 634,000 hobby farmers who farm 50 acres or less and do not depend upon farming for a living. Family farmers are only 34 percent of all farmers, but they account for over 90 percent of all farm production. They are the ones who must be preserved, and not the hobby or weekend farmers.

Fifth, the myth is that if we lower the deficiency payment limit under current farm programs from $50,000 to $25,000 we would

help family farmers by targeting benefits away from the big farms. The fact is that a $25,000 payment limit would exclude over half the family farms. A 539-acre wheat farm would bump up against the payment limitation, as would a 300-acre cotton farm.

Helms confuses deficiency payments with farm incomes. He makes it appear as if the government is providing guaranteed incomes to farmers of up to $50,000 per year. Of course, if this were true, no family farmers would be in trouble. Deficiency payments make up some of the difference between the market price and the farmer's cost of production. They don't give the farm a profit or an income.

Using USDA figures and projecting the results under the bill now before the Senate, the average 600-acre family wheat farm would receive $27,800 in deficiency payments but would average only $7,646 in net income for the family. This represents the total payment for the labor of the entire family for a year and total return on an investment of an average of $500,000.

There are better ways to target more of the help to the family-sized farms. The housewife in the largest city will wonder what happened to her food bargains once agriculture gets into the hands of only a few huge operators. We will all miss hard-working family farmers if we let them go out of business.

Mr. EXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, for the purpose of the record I inquire of the Chair what is the pending business?

The PRESIDING OFFICER. It is the Dole amendment in the second degree.

Mr. HELMS. And behind that is the amendment of the distinguished Senator from Alaska; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. Mr. President, the distinguished Senator from Mississippi is on his way to the Chamber to offer an amendment which is going to be accepted.

I ask unanimous consent upon the arrival of Mr. COCHRAN that the pending amendment be laid aside temporarily for consideration of the Cochran amendment alone, that no amendment to the Cochran amendment be in order, and that upon disposition of the Cochran amendment the Senate return to the present status in the legislation.

I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, let me inquire of the Chair if I am correct that there is also a motion to recommit involved in the legislative process now extant?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I ask the Chair if the unanimous consent request that I just propounded would cover also the motion to recommit.

The PRESIDING OFFICER. If the Senator wishes to add that.

Mr. HELMS. I do add that.

Let me ask the Chair if under the unanimous consent request just propounded, if agreed to, when the Cochran amendment has been disposed of one way or the other the legislative situation would be precisely then what it is now.

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I propound the unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

AMENDMENT NO. 1056

(Purpose: To modify the loan program for extra long staple cotton)

Mr. COCHRAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Mississippi [Mr. Cochran], for himself, Mr. DOMENICI, Mr. GRAMM, Mr. BENTSEN, and Mr. DECONCINI, proposes an amendment numbered 1056.

Mr. COCHRAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 158, after line 23, insert the following new section:

EXTRA LONG STAPLE COTTON

SEC. . Section 103(h) of the Agricultural Act of 1949 (7 U.S.C. 1444(h)) is amended—

(1) in paragraph (2)—

(A) in the first sentence, by striking out "50 per centum in excess of the loan level established for each crop of strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States" and inserting in lieu thereof "85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.";

(B) by striking out "November" in the last sentence and inserting in lieu thereof "December"; and

(C) by striking out in the last sentence ", or within 10 days after the loan level for the related crop of upland cotton is announced, whichever is later,"; and

(2) by adding at the end thereof the following new paragraph:

"(19) Notwithstanding any other provision of law, this subsection shall not be applicable to the 1990 and subsequent crops of extra long staple cotton.".

Mr. COCHRAN. Mr. President, I offer this amendment on behalf of myself and Senators DOMENICI, GRAMM, BENTSEN, and DECONCINI.

Mr. President, the purpose of this amendment is to change the extra long cotton program.

Legislation now in effect requires the loan rate for ELS cotton to be at least 150 percent of the upland cotton loan rate. Since the upland cotton loan is determined by the moving average spot-market price, the ELS loan is affected by changes in upland cotton markets.

The Extra Long Staple Cotton Act of 1983, which I introduced, made significant changes in the ELS Cotton Price Support Program, primarily by lowering the average loan rate from 96.25 to 82.50 per pound and by providing for disposition of government stocks at prevailing market prices.

As a result, the ELS cotton situation has changed dramatically. ELS exports increased from 13,000 bales in the 1982-83 marketing year to 36,000 bales in the 1983-84 marketing year and to 90,000 bales in the 1984-85 marketing year. Exports are expected to exceed 90,000 bales in the marketing year ending July 31, 1986.

During the same period, surplus stocks have been reduced from 90,000 to 50,000 bales, despite an increase in production from 90,000 to 130,000 bales.

The ELS market outlook is positive. However, to ensure the continuity of this successful program, the loan support level must be determined by ELS cotton prices, not upland cotton prices.

My amendment would first, base the ELS loan rate for the 1986 and subsequent crops on 85 percent of the most recent 5 year moving average, excluding the highest and lowest years, of ELS market prices, second, change the ELS program announcement date from November 1 to December 1, and third, change the program from permanent legislation and cause it to expire after the 1989 crop.

The board of directors of the Supima Association of America met on December 8, 1985 and agreed to these program changes. The National Cotton Council and the American Cotton Shippers support this amendment.

I also have a letter, dated October 23, 1985, from Secretary of Agriculture John Block supporting these changes.

Mr. President, I ask unanimous consent that the letter to me from Secretary Block be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, October 23, 1985.

Hon. THAD COCHRAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR COCHRAN: Thank you for your letter requesting the Department of Agriculture's (USDA's) position on the proposed legislation for extra long staple (ELS) cotton.

The Department supports this amendment. Legislation now in effect for ELS cotton is permanent legislation. Under the present statute, the ELS cotton loan rate must be at least 150 percent of the upland cotton loan rate and the ELS cotton target price is set at 120 percent of the ELS loan rate. Thus, both the loan rate and target price for ELS cotton would be affected by any revisions in the upland cotton loan rate. Because of the many changes being considered by the Congress with respect to the upland cotton loan rate, the ELS cotton industry is proposing to base the ELS loan rate on 85 percent of a 5-year moving average of ELS market prices, rather than on the loan rate for upland cotton. This formula would result in loan rates and target prices for ELS which are comparable to those applicable to the 1984 and 1985 crops.

In addition, the amendment would allow the ELS authority to expire after the 1989 crop along with the other commodity programs. This would give the Department and the Congress the opportunity to review the ELS program again at that time.

I hope this information will be helpful to you in considering changes to the legislation for ELS cotton.

Sincerely,

JOHN R. BLOCK, *Secretary.*

Mr. COCHRAN. Mr. President, I believe this amendment has been reviewed by the managers of the legislation. We appreciate the support of the cosponsors and those who helped in the development of the amendment.

Mr. HELMS. Mr. President, the able Senator from Mississippi is correct. We have examined the amendment and conferred with him on it. As he has said, it will keep extra long staple cotton competitive on a world market by tying the loan rate to an average price received by farmers in the immediately preceding 5 years excluding the high and low years.

In fact, I say to my friend from Mississippi, this is precisely the formula that some of us think ought to be applicable to all commodities. So I commend him on the amendment he is offering.

I might add, Mr. President, that recent history with the ELS Cotton Program provides an important lesson about market orientation, the lesson that market orientation and marketing in general produce favorable results.

In 1984 the ELS loan rate was dropped almost 15 percent. ELS cotton exports increased from 13,000 bales in the 1982–83 marketing year to 36,000 bales in the 1983–84 marketing year and to 90,000 bales in the 1984–85 marketing year. Exports are expected to exceed 90,000 bales again in the 1986–87 marketing year.

During the same period, surplus stocks have been reduced from 90,000 bales to 50,000 bales despite an increase in production from 99,000 to 130,000 bales.

The amendment is acceptable on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment and urge its adoption. The amendment is supported by the extra long staple cotton industry and the Department of Agriculture. In addition, the amendment would allow the ELS authority to expire after the 1989 crop, along with other commodity programs. This would give the Department and the Congress the opportunity to review the ELS program again at that time.

The amendment would not increase the cost of the committee-reported bill and we recommend its adoption.

The PRESIDING OFFICER (Mr. MCCLURE). Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Mississippi.

The amendment (No. 1056) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the very same arrangement prevail in the case of an amendment to be called up by the distinguished Senator from Georgia, Mr. MATTINGLY, the same arrangement that prevailed with respect to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Hearing none, it is so ordered.

AMENDMENT NO. 1057

(Purpose: To permit family farmers with FmHA or SBA loans who are subject to foreclosure, bankruptcy or liquidation proceedings stemming from such loans to occupy temporarily the principal residence and adjoining land that was pledged as collateral for such loans)

Mr. MATTINGLY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. MATTINGLY] proposes an amendment numbered 1057.

Mr. MATTINGLY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 357 of the bill, strike out line 16 and insert in lieu thereof the following:

"SETTLEMENT OF CLAIMS AND HOMESTEAD PROTECTION".

On page 357, line 17, strike out "SEC. 1707." and insert in lieu thereof "SEC. 1707. (a)".

On page 358, between lines 11 and 12, insert the following new subsection:

"(b)(1). As used in this subsection—

"(A) The term 'Administrator' means the Administrator of the Small Business Administration.

"(B) The term 'farm program loan' means any loan made by the Administrator under the Small Business Act (15 U.S.C. 631 et seq.) for any of the purposes authorized for loans under subtitle A or B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.)

"(C) The term 'homestead property' means the principal residence and adjoining property possessed and occupied by a borrower specified in paragraph (2) of this subsection.

"(D) The term 'secretary' means the Secretary of Agriculture.

"(2)(A) If the Secretary forecloses a loan made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), the Administrator forecloses a farm program loan made under the Small Business Act (15 U.S.C. 631 et seq.), or a borrower of a loan made or insured by either agency declares bankruptcy or goes into voluntary liquidation to avoid foreclosure or bankruptcy, the Secretary or Administrator must, upon application by the borrower, permit the borrower to retain possession and occupancy of any principal residence of the borrower, and no more than ten acres of adjoining land (including any farm buildings located thereon), pledged as collateral for such loan.

"(B) The total value of the homestead property may not exceed $250,000, as determined by an independent appraisal made within six months preceding a borrower's application to retain possession and occupancy of such homestead property.

"(C) The period of occupancy of such homestead property under this subsection may not exceed five years, but in no case shall the Secretary or the Administrator grant a period of occupancy less than 3 years, subject to compliance with the provisions of paragraph (3).

"(3) To be eligible to occupy homestead property under this subsection, a borrower of a loan made or insured by the Secretary or the Administrator must—

"(A) apply for such occupancy during the three-year period beginning on the date of the enactment of this Act;

"(B) have exhausted all other remedies for the extension or restructuring of such loan, including all remedies authorized under subsection (d) of this section;

"(C) have made gross annual farm sales of at least $40,000 in at least 2 calendar years during the 5 year period beginning on January 1, 1981, and ending on December 31, 1985 (or equivalent crop or fiscal years);

"(D) have received from farming operations at least 60 per centum of the gross annual income of the borrower and any spouse of the borrower during at least 2 years of such 5 year period;

"(E) have occupied the homestead property and engaged in farming or ranching operations on adjoining land, or other land controlled by such borrower, during such 5 year period;

"(F) during the period of occupancy of the homestead property, pay a reasonable sum as rent for such property to the Secretary or the Administrator in an amount substantially equivalent to rents charged for similar properties in the area in which the homestead property in good condition; and

"(G) during the period of occupancy of homestead property, maintain such property in good condition; and

"(H) agree to such other terms and conditions as are prescribed by the Secretary or the Administrator in order to facilitate the administration of this subsection.

"(4) Failure to make rental payments on the homestead property in a timely manner shall constitute cause for the termination of all rights of a borrower to possession and occupancy of such property under this subsection;

"(5) At the end of the period of occupancy described in paragraph (2) of this subsection, the Secretary or the Administrator shall grant to the borrower a first right of refusal to reacquire the homestead property on such terms and conditions (which may include payment of principal in installments) as the Secretary or the Administrator shall determine: *Provided*, That at the time any reacquisition agreement is entered into, the Secretary or the Administrator may not demand a total payment of principal that is in excess of the total value of the homestead property as established under paragraph (2)(B) of this subsection.".

Mr. MATTINGLY. Mr. President, I offer an amendment which will offer at least some relief for those farm families in this country who simply have no chance whatsoever of salvaging their farming operation. I earlier introduced this measure as the Family Farm Homestead Protection Act of 1985, S. 1196. I would like to discuss the provisions of the amendment and the rationale behind it for a few brief minutes.

I could stand here today and recite the well-known statistics about the current distressed economic situation which faces many of our agricultural producers in America, but that would only repeat what each of us already knows. Not long ago in a news story, Secretary of Agriculture Jack Block admitted that nearly 5 percent of our 2.3 million farmers will not survive the present crisis in agriculture. He freely acknowledged that nothing short of a massive, vastly expensive bailout would help save these earnest laborers who till the soil for the benefit of us all. Even without a $200 billion deficit, a rescue mission of this magnitude would not likely gain political approval or public acceptance.

Present farm programs have a wealth of detractors and the media would have us believe that many farmers are nothing more than greedy, shiftless leeches sucking blood from the Federal Treasury. The rare news story which does not emphasize only the costs of the farm programs, goes to the other extreme in trying to pin the blame for current financial stress on the administration. Of course they generally fail to talk about the past mistakes in Government policy which have served to drive the costs of production sky high.

They do not tell the tale of the inflation during the last 3 years of the 1970's which pushed double-digit upper limits and interest rates in excess of 20 percent. Saddled with such tremendous increases in land and operating costs, it is no wonder that farming in this decade has become almost financially impossible. Add to these factors other policies which first encouraged expansion and production, then slammed shut the door on major export markets with ineffectual, selective embargoes. Considering these adverse economic elements, exacerbated by speculative lending binges in the commercial credit markets and fanned to an even hotter flame by misguided Government credit programs, one has to wonder that things are not even worse than they actually are.

Many now talk about making farm programs more market oriented. They insist that such changes in farm policy would allow American produced commodities and products to move in export trade more freely to the financial gain of the farmer. But this myopic view totally ignores the fact that our country has failed to formulate and implement a comprehensive, cohesive trade policy. We have failed to do those things necessary to ensure our own producers an opportunity to take advantage of their inherent competitive advantage in agricultural production.

For the past 5 years, Congress has been unable to summon the political courage necessary to forcefully address the predatory tactics of foreign competitors. We have been totally unwilling to say to our world trading partners that the day has come when their excessive production and export subsidies must end. We have waffled on the issue of demanding an end to their tariff and nontariff barriers which prevent the free flow of American goods and products into their countries.

So, Mr. President, I would urge my colleagues in the Senate to consider this modest proposal which I offer to help the most severely affected members of our farm population. Even more, I would also offer my sincere support of any and all efforts to strengthen the linkage between free and fair international trade rules and the orderly development of a long-term farm policy for this Nation's producers.

The Family Farm Homestead Protection amendment which I urge us to adopt today certainly is not intended to solve the serious, underlying problems facing American agriculture. Rather, it is a small—but meaningful—indication of the esteem in which the Congress holds those men and women of American agriculture who have devoted their time, talents, and energies to feed and clothe their fellow countrymen and women, and indeed much of the world.

This amendment is designed to help ease the pain currently experienced by those farm producers who simply will not survive the present crisis. Much of the personal and community shock which results from farm failures could be tempered if we could provide the farmer and his family some time to readjust their lives. What I am suggesting today for your consideration is a plan which would allow a bona fide family farmer to retain possession and occupancy of the family homeplace for a reasonable amount of time so that he can make the financial, emotional, and perhaps job training adjustments necessary to carry on a normal lifestyle.

The legislation would provide that a farmer who had occupied the family homeplace for at least 5 years and who had actually depended on farming for a livelihood could retain possession of the homestead residence and up to 10 acres of land for a period of 5 years following any bankruptcy, foreclosure or liquidation necessitated by his inability to pay farm indebtedness.

During this grace period he would pay Farmers Home Administration or the Small Business Administration, as the case may be, a portion of the family income as rent for the occupancy and use of the property. It will also help protect the land values which is a tremendous problem all across this country. If, by the end of the fifth year, the family could show repayment ability then they would be allowed to redeem the family homestead residence and the small amount of adjacent acreage.

Mr. President, this is such a reasonable approach to helping smooth the transition which some 120,000 farm producers will face if Secretary Blocks' estimates are correct. I think that we

in Congress would be callous and cruel if we did not at least offer some type of escape valve for those who have devoted their best efforts only to see hopes and dreams of a lifetime dashed upon the rocks of faulty Government policies and stranded upon the reefs of unfair foreign trade tactics. I would suggest that this is probably the least we should do for these who have given in good faith their productive talents to the benefit of our country.

Let me suggest, Mr. President, that there should be little or no cost to the Treasury as a result of this proposal. In all probability the properties we are talking about would bring only a very small fraction of their book value if placed on today's depressed farm real estate market under forced sale. If held for 5 years they will certainly not bring any less should the family still be unable to redeem the homestead. They might even bring more at that time due to stabilization and improved economic conditions in the agricultural sector. During the grace period the Government would be receiving payments in the form of rent, which would further lessen the Treasury's loss on the original loan.

I have a great deal of confidence in the Members of the Senate and their knowledge about and concern for farm producers in this land. I simply urge constructive consideration of this suggestion. I will work with all of my concerned colleagues in every way possible to see this small flame of hope and opportunity kept alive for those in this distressed sector of our economy. Thank you.

I ask my colleagues to accept this amendment to this very important bill.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, this is a good amendment. I commend the able Senator from Georgia for offering it. In adopting such amendment, as he has indicated, the impact would be lessened on those Farmers Home Administration and Small Business Administration farm borrowers who find that continuation of their farming operation is not economically feasible. This measure would permit farm families who would lose their homes through foreclosure or liquidation, under certain circumstances, to remain living in their homes.

There is no doubt that the liquidation of a farming operation is a traumatic experience for the unfortunate farm family. Not only does the farmer lose his primary livelihood, but in many cases, he loses his residence if it was pledged as collateral for his farm indebtedness.

This amendment would enable significant numbers of farm families to continue living in their homes through the payment of reasonable rent to the Farmers Home Administration or the SBA and, hopefully, regain ownership within 5 years.

The committee bill, S. 1714, contains a provision which allows the Secretary of Agriculture broad discretion to settle claims of hopelessly delinquent FmHA borrowers. The bill provides for negotiations between the borrower and FmHA prior to liquidation or foreclosure to settle indebtedness. Hopefully, through such negotiations borrowers can retain some assets, specifically their homes.

The amendment offered by the Senator from Georgia would complement the "settlement of claims" provision in the committee bill. The language in this amendment requires the Secretary or the Small Business Administration to permit the borrower to rent back his residence and not more then 10 acres if the applicant is able to meet several eligibility requirements.

Under this proposal, the family will pay a fair and equitable rent to continue living in the residence for up to 5 years during which time he would be able to purchase it back if his financial situations improves to the point where this is possible.

Mr. President, I believe this is a reasonable proposal that shows compassion for farm families who will experience the stress of liquidation or foreclosure in the future. I urge its adoption.

Mr. President, it has been cleared on this side. I urge adoption.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, I support Senator MATTINGLY's amendment and congratulate him for its introduction.

The amendment provides that if a farmer loses his home because it has been used as collateral on an FmHA and SBA loan, the farmer would be allowed, under certain conditions, to rent the residence from the Government for no more than 5 years.

Senator MATTINGLY's amendment would not interfere with the action taken by the committee. The committee agreed that the Secretary of Agriculture needed broader authority to settle the debt obligations of Farmer's Home Administration borrowers. This action was taken because the committee believed it was in the best interest of both the borrower and the Government to have greater flexibility to compromise repayment obligations.

The committee intended for the Secretary to work with severely delinquent borrowers, especially those who have adequately maintained security property and made every effort in good faith to live up to the terms of their loan agreement. This action would be taken prior to liquidation so that agreements could be reached that would allow the borrower to retain his home and some immediate real property thereby assisting the borrower in making a transition from agriculture to another livelihood.

I believe the Senator's amendment will help ease the trauma experienced by farmers and their families. I urge my colleagues to join me in supporting the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Georgia.

The amendment (No. 1057) was agreed to.

Mr. MATTINGLY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT TO 1985 FARM LEGISLATION TO SAVE $78.6 BILLION IN BUDGET OUTLAYS OVER THE NEXT 4 YEARS

Mr. THURMOND. Mr. President, I rise in support of the so-called Lugar-Dole compromise amendment. This compromise amendment would achieve savings of $7.6 billion in budget outlays over the next 4 years.

Mr. President, under this amendment, target prices for feed grains, cotton, and rice in 1986 would be held to 1985 levels. The Secretary of Agriculture would be given authority to reduce target prices by up to 5 percent in each of the next 3 years. The amendment would also provide for an Acreage Reduction Program [ARP] for wheat. Other cost savings would be achieved by altering provisions in the conservation, export, and credit sections of the farm bill.

Mr. President, I believe that adoption of this amendment is a crucial step in the right direction. The amendment would make necessary adjustments in farm programs and thereby bring the projected spending levels under the farm bill closer in line with the budget resolution.

I was pleased that the Senate Agriculture Committee reported a farm bill which would give the Secretary of Agriculture discretion to low loan rates on feed grains, cotton, and rice. Lower loan rates would enable our farmers to better compete with foreign agricultural concerns. Fewer farmers would have their commodities placed under Government loan, thus saving valuable tax dollars.

However, as loan rates drop, deficiency payments for some farmers would rise to meet the target price. Therefore, any budget savings realized by lowering loan rates will be nullified if target prices are not also lowered to more realistic market levels.

According to the U.S Department of Agriculture, $83 out of every $100 in direct payments last year went to

farmers who were not facing severe financial stress. While we may temporarily help some farmers through deficiency payments, the end result would be an increase in the budget deficit, which already seriously threatens the financial health of our Nation's agricultural industry.

On this point, Mr. President, I would like to share with my colleagues the comments of two noted South Carolina agricultural economists. Professors J. Edwin Faris and Harold M. Harris, Jr., of Clemson University had the following to say regarding the impact of our huge Federal budget deficit on the farmer:

> The result has been a strong U.S. dollar and high real interest rates. High interest rates are most harmful to highly capitalized industries dependent on borrowing, such as agriculture. The high value of the dollar is most injurious to industries dependent on export sales, such as agriculture. Because South Carolina farm income comes chiefly from export crops like soybeans, wheat, corn, cotton, and tobacco, the situation has been magnified here. Unless the Federal budget deficit is cured or partially monetized, South Carolina agriculture faces a difficult adjustment process. Thousands of South Carolina farmers will be forced from the land, and hundreds of millions of dollars worth of farm assets will be erased from the State's wealth as farm land values plummet.

In my opinion, this same analysis applies nationwide. It is clear that our current farm crisis is a fiscal crisis, characterized by farm foreclosures and farmer bank failures across the country. It is a cruel irony that the 1985 bumper crop, which should be a boon to our farmers, will only depress prices and hurt American farmers who suffer not from bad harvests, but financial circumstances largely beyond their control.

Spending more money and increasing the budget deficit will not help the farmer. The Farm Bureau in my home State of South Carolina has stated that the budget deficit is the farmer's biggest enemy. We have spent months proclaiming the need to balance the budget and reduce the Federal deficit. We passed a budget resolution that would accomplish those goals. The farm bill as reported by the Senate Agriculture Committee, however, is projected to cost almost $20 billion more than what is provided for in the budget resolution. We must act now to bring farm program spending closer to the figures provided for in that resolution.

I commend the majority leader, Senator DOLE, and Senator LUGAR for their efforts to hammer out this compromise amendment to the farm bill. I urge my colleagues to support the Lugar/Dole amendment.

Mr. DOLE. Mr. President, it is my understanding that the managers of the bill are hoping that tomorrow morning we can lay down the dairy amendment and after the disposition of that amendment a number of others where we can set aside the pending amendment. We have had meetings in our offices this afternoon with the managers of the bill, myself, and Senator MELCHER, and a series of other meetings today with farm representatives.

It seems to me that we have known all along the big issue is going to be commodity price-support levels. Perhaps we can dispose of a number of other amendments in the interim. I find a willingness on both sides to do that. I thank my colleagues.

As I understand, the process is going on now to get a number of amendments ready to start on in the morning. Is that correct?

Mr. HELMS. That is correct.

Mr. Leader, if the majority leader will yield, I hope before we depart the Chamber this evening, to give you a list of four or five amendments that we will endeavor to dispose of tomorrow. The first one will be, if our hopes are realized, the dairy amendments or a dairy amendment.

Mr. DOLE. Let me indicate that it is almost imperative that we pass the bill this week. We can work late tomorrow night and Wednesday. Of course, on Thursday night the President will be addressing a joint session of Congress, so we will be in very late that evening and then again on Friday. It would seem to me it would be necessary to complete action this week so that the conference can start immediately after the recess and give the staff some time during the recess to lay out the differences in the various bills. It is our hope, or at least there is some glimmer of hope, that we might be able to work that out.

Mr. HELMS. Mr. President, if the distinguished majority leader will yield, is it too early to have both sides explore the possibility of time agreements on these amendments?

Mr. DOLE. I do not believe so.

The question is whether it is too early to explore time agreements. I know you have disposed of two or three amendments in fairly quick order. That leaves only 87 pending. I would guess that a good two-thirds of those may never be offered. I understand there is a willingness on both sides to enter into time agreements on certain specified amendments.

Mr. ZORINSKY. That is correct. We certainly have no objection to taking up the dairy bill in the morning. However, there is one Senator arriving shortly after caucus time. But we will notify all Senators that the vote will be sometime after the caucus.

Mr. DOLE. That will be up to the managers.

If we can follow up the dairy debate with another amendment, maybe there can be a couple of votes after the policy luncheons.

I thank my colleagues.

Mr. HELMS. Mr. President, in order to facilitate plans that we hope will materialize, let me do again what I have previously done this afternoon. That is to ask unanimous consent that when the Senate resumes S. 1714 tomorrow the motion to recommit and amendments thereto and the Stevens amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, for the purpose of which amendment? The dairy amendment?

Mr. HELMS. That is correct.

Mr. MELCHER. That is part of the request?

Mr. HELMS. Yes.

Mr. President, I suggest the absence of a quorum.

Mr. BYRD. Reserving the right to object, Mr. President.

Mr. President, I apologize for delaying the Senate and delaying the parties who are having a colloquy in regard to the legislation pending. I remove my reservation.

I just wanted to be doubly sure. I had not been in on any of the earlier conversations. That is nobody's fault, but I just wanted to be sure this was cleared with some of the Senators who are absent.

I remove my objection.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, we understand on this side that there may be some little problem with that specific hour, but I hope that Senators will make appropriate accommodations to be over here and on the amendment. It is an important amendment and probably will give some indication of what happens to later amendments.

I think there is a willingness, from what I can determine this afternoon, on all sides to try to do something this week to get the bill into conference. We are exploring a number of possibilities on both sides. I think as far as this Senator knows, having met with the wheat growers, the corn growers, the farm credit people, and OMB today, everybody had pretty much the same view, along with others of my colleagues.

Mr. President, let me add one item. I think I understand this. Obviously, when an amendment comes up on dairy, it could be amended with anything else. It is my understanding that we are operating in good faith on both sides trying to dispose of some amendments. We are not going to have every amendment amended with a 4-year freeze or a 1-year freeze or whatever. Is that the understanding of the other side?

Mr. HELMS. That is my understanding, Mr. President, and I believe it is of all those who are interested in this legislation.

Mr. ZORINSKY. That is my understanding, also, Mr. President.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond the hour of 6 p.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on November 15, 1985, during the adjournment of the Senate, received messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received on November 15, 1985, are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE RECEIVED DURING THE ADJOURNMENT

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on November 13, 1985, during the adjournment of the Senate, received a message from the House of Representatives announcing that the Speaker had signed the following enrolled bill and joint resolution:

H.R. 3447. An act to amend and extend the Congressional Award Act; and

H.J. Res. 449. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

Under the authority of the order of the Senate of January 3, 1985, the enrolled bill and joint resolution were signed on November 15, 1985, during the adjournment of the Senate, by the President pro tempore [Mr. THURMOND].

MEASURES PLACED ON THE CALENDAR

Pursuant to the provisions of section 2159(a) of title 42, United States Code, the Committee on Foreign Relations was discharged from the further consideration of the following joint resolution; which was placed on the calendar:

S.J. Res. 216. Joint resolution approving the proposed agreement for cooperation between the United States and the People's Republic of China.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1991. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report on 2 new deferrals and 2 revised deferrals for fiscal year 1985 and 23 new deferrals for fiscal year 1986; jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, Agriculture, Nutrition, and Forestry, Armed Services, Banking, Housing, and Urban Affairs, Energy and Natural Resources, Environment and Public Works, Foreign Relations, the Judiciary, and Labor and Human Resources.

EC-1992. A communication from the Assistant Secretary of Defense transmitting, pursuant to law, certain selected acquisition reports including 13 exception reports on programs with schedule delays of 3 months or more or cost changes of 5 percent or more since the last report; to the Committee on Armed Services.

EC-1993. A communication from the Director of the Defense Security Assistance Agency transmitting, pursuant to law, a report on the foreign military sales credit program and the military assistance program, and the guaranty reserve fund; to the Committee on Armed Services.

EC-1994. A communication from the Secretary of the Interstate Commerce Commission transmitting, pursuant to law, a report on the determination to extend time periods for action or certain appeals before the Commission; to the Committee on Commerce, Science, and Transportation.

EC-1995. A communication from the Secretary of Transportation transmitting, pursuant to law, a report on the relative cost of shipbuilding in the various coastal districts; to the Committee on Commerce, Science and Transportation.

EC-1996. A communication from the Secretary of Energy transmitting, pursuant to law, the report on the Strategic Petroleum Reserve for the period June 1, 1985 to September 30, 1985; to the Committee on Energy and Natural Resources.

EC-1997. A communication from the Deputy Associate Director of the Minerals Management Service transmitting, pursuant to law, a report on 27 refunds of excess royalty payments to various oil and gas companies; to the Committee on Energy and Natural Resources.

EC-1998. A communication from the Deputy Associate Director of the Minerals Management Service transmitting, pursuant to law, a report on six refunds of excess royalty payments to various oil and gas companies; to the Committee on Energy and Natural Resources.

EC-1999. A communication from the Secretary of the Interior transmitting, pursuant to law, a notice of a leasing systems sale on the Outer Continental Shelf, eastern Gulf of Mexico; to the Committee on Energy and Natural Resources.

EC-2000. A communication from the Chairman of the Nuclear Regulatory Commission transmitting, pursuant to law, the quarterly report on nondisclosure of safeguards information; to the Committee on Environment and Public Works.

EC-2001. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, a report on children in foster care under voluntary placement agreements; to the Committee on Finance.

EC-2002. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, a report on the impact of the Medicare Hospital Prospective Payment System; to the Committee on Finance.

EC-2003. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, copies of international agreements, other than treaties, entered into by the United States within the 60 days previous to November 15, 1985; to the Committee on Foreign Relations.

EC-2004. A communication from the Chairman of the U.S. Merit Systems Protection Board transmitting, pursuant to law, the Board's Annual Government in the Sunshine Act report; to the Committee on Governmental Affairs.

EC-2005. A communication from the Secretary of the Commodity Credit Corporation transmitting, pursuant to law, Government in the Sunshine reports of the Corporation for 1983 and 1984; to the Committee on Governmental Affairs.

EC-2006. A communication from the Inspector General of Health and Human Services transmitting, pursuant to law, a report on a new Privacy Act records matching program; to the Committee on Governmental Affairs.

EC-2007. A communication from the Special Counsel, U.S. Merit Systems Protection Board, transmitting, pursuant to law, a report on allegations of violations of law and regulations, mismanagement, waste of funds, and abuse of authority by officials in the Atlanta, GA, office of the Interstate Commerce Commission; to the Committee on Governmental Affairs.

EC-2008. A communication from the Special Counsel, U.S. Merit Systems Protection Board, transmitting, pursuant to law, a report on allegations of a violation of law and regulations, waste of funds, and abuse of authority by an official of the Waltham, MA, Office of the Social Security Administration; to the Committee on Governmental Affairs.

EC-2009. A communication from the Attorney General of the United States transmitting, pursuant to law, the 1984 Annual Report of the Attorney General of the United States; to the Committee on the Judiciary.

EC-2010. A communication from the Assistant Attorney General, Civil Rights Division, transmitting, pursuant to law, the annual report of the Rehabilitation Act Interagency Coordinating Council; to the Committee on Labor and Human Resources.

EC-2011. A communication from the Secretary of Education transmitting a draft of proposed legislation entitled "The Equity and Choice Act of 1985"; to the Committee on Labor and Human Resources.

EC-2012. A communication from the Administrator of the Veterans Administration transmitting, pursuant to law, the annual report on the Exchange of Medical Information for 1985; to the Committee on Veterans Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and

were referred or ordered to lie on the table as indicated:

POM-524. A resolution adopted by the California Federation of Republican Women, supporting President Reagan's strategic defense initiative; to the Committee on Armed Services.

POM-525. A resolution adopted by the City Council of San Mateo, CA, supporting the Legislature of the State of California in its request that deductibility of State and local taxes be retained in any revision of Federal income tax law; to the Committee on Finance.

POM-526. A resolution adopted by the Legislature of the State of Illinois; to the Committee on Energy and Natural Resources.

"SENATE JOINT RESOLUTION No. 96

"Whereas, on July 27, 1953, an armistice was signed at Panmunjon, Korea, which created a cease fire that ended two years of agonizing deadlock in the truce talks and three years of conflict that brought more than one million American military personnel to Korea; and

"Whereas, in the Korean Conflict 54,000 Americans were killed and more than 103,000 were wounded; and

"Whereas, on the eve of the thirty-second anniversary of the armistice, a United States Congressional panel will conduct hearings on legislation calling for a memorial to honor veterans who served during the Korean Conflict, to be placed on federal land in the District of Columbia or its environs; and

"Whereas, there are more than five million living American veterans of the Korean Conflict, many of whom served during World War II or the Vietnam era; and

"Whereas, the deeds of these dedicated persons in Korea are often overshadowed by the world war that had not long been ended and by Vietnam, which still lies fresh on our minds; and

"Whereas, the Korean Conflict veterans are silent veterans, the veterans who served, and then slipped back into civilian life practically unnoticed, making this type of recognition long overdue; therefore, be it

"Resolved, By the Senate of the eighty-fourth General Assembly of the State of Illinois, the House of Representatives concurring herein, that we approve and endorse legislation by the United States Congress to create a memorial to the veterans of the Korean Conflict on federal land in the District of Columbia or its environs; and be it further

"Resolved, That a suitable copy of this preamble and resolution be presented to the Speaker of the United States House of Representatives, to the President of the United States Senate, and to each member of the Illinois Congressional Delegation."

POM-527. A joint resolution adopted by the Legislature of the State of Illinois; to the Committee on Energy and Natural Resources:

"SENATE JOINT RESOLUTION No. 100

"Whereas, The Mississippi River is a tremendous asset in the cultural, ecological and economic development of our Country; and

"Whereas, As a favorite site for visitors, the Mississippi River has become a famous national as well as international attraction; and

"Whereas, The ten-state Mississippi River Parkway Commission has proposed the designation of the Mississippi River Corridor as a National Heritage; and

"Whereas, The proposed designation would recognize a vast array of diverse resources in the River Valley and promote economic development in the heartland of this Nation; and

"Whereas, Such a designation, which would be similar to the Illinois-Michigan Canal Corridor, is not expected to impose any new regulatory burdens on the citizens, or on local, regional or state governments; and

"Whereas, This proposed corridor would encourage the Department of Interior to provide coordinating and technical functions for the Mississippi Corridor; and

"Whereas, Participation by constituent groups, historians, sportsmen, industrialists, archeologists, conservationists, road-builders, and planners is anticipated for enhancement of the Corridor; therefore, be it

"Resolved, by the Senate of the eighty-fourth General Assembly of the State of Illinois, the House of Representatives concurring herein, that we approve the establishment of a Mississippi River National Heritage Corridor; and that we urge that the United States Congress proceed toward this designation; and be it further

"Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives and to each member of the Illinois Congressional Delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 1116. A bill to amend the Act of October 15, 1982, entitled "An Act to designate the Mary McLeod Bethune Council House in Washington, District of Columbia, as a national historic site, and for other purposes" (Rept. No. 99-181).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment:

S. 1503. A bill to clear title to certain lands along the California-Nevada boundary (Rept. No. 99-182).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, without amendment:

S.J. Res. 187. Joint resolution designating Patrick Henry's last home and burial place, known as Red Hill, in the Commonwealth of Virginia, as a National Memorial to Patrick Henry (Rept. No. 99-183).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with amendments:

H.R. 1185. A bill to amend the Act establishing the Petrified Forest National Park (Rept. No. 99-184).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with amendment:

H.R. 2776. A bill to amend the District of Columbia Stadium Act of 1957 to direct the Secretary of the Interior to convey title to the Robert F. Kennedy Memorial Stadium to the District of Columbia (Rept. No. 99-185).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with amendment in the nature of a substitute:

H.R. 3003. A bill to authorize the Secretary of the Interior to convey certain land located in the State of Maryland to the Maryland-National Capital Park and Planning Commission (Rept. No. 99-186).

By Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, without amendment:

H.R. 3235. A bill to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, MS (Rept. No. 99-187).

By Mr. ANDREWS, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute:

S. 1684. A bill to declare that the United States holds certain Chilocco Indian School lands in trust for the Kaw, Otoe-Missouria, Pawnee, Ponca, and Tonkawa Indian Tribes of Oklahoma (Rept. No. 99-188).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Robert Logan Clarke, of Texas, to be Comptroller of the Currency for a term of 5 years.

(The above nomination was reported from the Committee on Banking, Housing, and Urban Affairs with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee on the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. QUAYLE (for himself, Mr. WEICKER and Mr. DURENBERGER):

S. 1855. A bill to revise the provisions of the Public Health Service Act relating to health planning; to the Committee on Labor and Human Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolution and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE (for himself and Mr. BYRD):

S. Res. 260. Resolution to authorize representation by the Senate Legal Counsel and testimony of Senate employees; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. QUAYLE (for himself, Mr. WEICKER, and Mr. DURENBERGER):

S. 1855. A bill to revise the provisions of the Public Health Service Act relating to health planning; to the

Committee on Labor and Human Resources.

HEALTH PLANNING AND RESOURCE ALLOCATION ACT

● Mr. QUAYLE. Mr. President, I am introducing legislation today with my distinguished colleague, Mr. WEICKER, to establish a block grant to the States to support health planning activities designed to meet the needs of a competitive health care market structure. This bill represents a compromise between separate proposals we had both introduced earlier this session. We hope to markup this compromise tomorrow during the Senate Labor and Human Resources Committee's executive session.

The most recent authorization for the Federal health planning program expired at the end of fiscal year 1982. Since that time, the program has been funded under a continuing resolution despite the fact that it has not been reauthorized. I believe that outlays for a Federal program without appropriate authorizing legislation is an abdication of Congress' responsibility. When an authorization expires, Congress should evaluate the program and either give it renewed direction and funding or drop it from the books. This has not been done with the Federal health planning program.

Moreover, as a result of congressional inaction our health planning law has remained stagnant. Since the enactment of health planning legislation in the early 1970's, dramatic changes have taken place in the delivery of health care services because of the competitive effects of the prospective payment system and, more significantly because of initiatives the private sector has taken to contain costs; yet, our health planning law has not been updated to address these changes in any significant way. I believe our proposal achieves the reforms necessary to establish a health planning program that will help the competitive approach move forward by reversing the regulatory and bureaucratic burdens the existing law imposed on the States and providing sufficient flexibility for each State to carry out a health planning program to meet its own special needs.

I also believe that this legislation will complement the proposal put forth earlier this year by Senator DURENBERGER and myself to integrate capital costs for part A reimbursement into Medicare's prospective payment methodology. Together, these two proposals provide a comprehensive reform of our Federal policy of health facilities regulation.

This bill replaces our current health planning law with a block grant to the States that choose to participate in this program. The bill provides for a 3-year reauthorization and requires that at least 90 percent of the appropriated funds must be utilized for grants to the States in order to minimize the amount of funds that can be spent on Federal administrative costs. States choosing to participate in this program may use the funds to design their own health planning programs. The bill requires that the States use their allotment to undertake one or more of the following activities: Data collection and research; the development of local health plans; the collection and dissemination of purchaser information; assessments of access to health care services for individuals living in rural areas and for those who have no medical insurance or insufficient medical insurance; and for certificate of need programs. However, those States that choose to use these funds for certificate of need reviews will be required to establish this program in accord with a number of requirements outlined in S. 1855.

In addition, the States will be required to undertake a limited number of activities in order to be eligible to receive these funds. Each State will be required to: Designate a State agency as the State health services and resource allocation agency; develop a State plan; develop a State administrative program; appoint a State advisory board; and develop an annual report. The bill also requires that the State make grants to local agencies and that 30 percent of appropriated funds be used for this purpose. However, the bill provides that the Secretary must grant a waiver for any State that does not wish to make such grants. In addition, the bill provides that the funding levels for the 10 States which currently have a section 1536 exemption from the local planning requirements of present law must be held harmless at their fiscal year 1985 level. Finally, in terms of Federal activity the bill requires the establishment of two health planning centers and a National Health Planning and Resource Control Council.

As I stated previously, this bill represents a compromise. Thus, there are elements of this bill that I disagree with just as there are elements of it that Mr. WEICKER does not favor. I would prefer that the use of the funds be far more discretionary and that the bill include a sunset provision. I would certainly prefer fewer reports and councils. However, I feel that this is a small price to pay in order to rid our States of the enormous burdens of our current health planning laws, most particularly the mandatory certificate of need program, and to establish a planning program that will help and not hinder our competitive health care delivery system.

As I have noted I would have preferred a bill with a sunset provision. However, I must emphasize such a provision is purely symbolic. It is impossible for one Congress to bind the hands of a future Congress in such a fashion. In 1988 when this law expires the next Congress will decide whether or not to continue this program regardless of whether or not it includes a sunset provision. A careful review of the history of the Economic Opportunity Act clearly demonstrates that the option of continuing unauthorized programs under a continuing resolution is available regardless of whether the authorizing statute includes a sunset provision.

Mr. President, I believe that this bill represents a compromise that will prove to be acceptable to all the Members of the Senate and to the administration. I urge my colleagues to support it when it reaches the Senate floor. I also wish to thank my distinguished colleague from Connecticut and his staff for all their hard work and cooperation in crafting this compromise.●

● Mr. WEICKER. Mr. President, the rapid spiraling of health care costs continues to be of major national concern. Congress has responded to this concern in several ways: It has enacted a new prospective payment system for Medicare; it has placed some controls on medicare reimbursement rates; and it has supported the Government's efforts to assess medical technology and practice patterns.

At the heart of any effective system of cost control must be some mechanism that will control the excessive growth of capital expenditures, equipment, and services, while preserving for our citizens their current reasonable access to health care. Senator QUAYLE and I believe that a system of health planning continues to be an indispensible part of that mechanism.

Senator QUAYLE and I are introducing a health planning bill that is designed to support current State efforts in health planning while providing a good deal of flexibility to the States that wish to develop new and different programs.

In order to be eligible for funds, States will be required to designate a State health services and resource allocation agency, develop a State plan, appoint a State advisory board, and produce an annual evaluation of the planning program.

In addition, the States may use the health planning allotment to support certificates of need programs, collect data and conduct evaluation, and to support local planning.

A modest attempt is made in this legislation to encourage the strengthening of market forces within the health care system. Advisory councils, dominated by employers and other purchasers who actually pay the major portion of the health care bill, are established. These councils will ensure that those who have a vested interest in controlling costs have a say in the way it is done.

Matching grant funds are also incorporated as a further incentive for local planning organizations to involve major purchasers of health care in the planning process.

Mr. President, in the present regulatory climate where each major payer of health services, including the Federal and State governments, is aggressively pursuing cost control, it is essential that the distribution of health services not become a function of formula regulation. The explosion in total revenues spent for health care has not resulted in equal availability. Medically underserved areas continue to exist in our cities and rural communities.

We have witnessed the effects of this maldistribution, be it increased infant mortality in a segment of our society, or the misery of living with an ailment for which there is no available, or affordable, cure.

Health planning has two major purposes: To prevent unnecessary and duplicative expansion of health services and facilities and to encourage the availability of these services and facilities in areas lacking them. Thoughtful prospective planning based on need is absolutely necessary to achieve these ends.

Mr. President, we are presently spending almost 12 percent of our gross national product on health care while millions of Americans are still underserved. Health planning is one of the necessary tools to ensure that this expenditure is made most wisely and for the benefit of all our citizens.

I urge my colleagues to support this measure.●

ADDITIONAL COSPONSORS

S. 8

At the request of Mr. CRANSTON, the names of the Senator from Missouri [Mr. EAGLETON] and the Senator from Nebraska [Mr. ZORINSKY] were added as cosponsors of S. 8, a bill to grant a Federal charter to the Vietnam Veterans of America, Inc.

S. 850

At the request of Mr. THURMOND, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 850, a bill to create a Federal criminal offense for operating or directing the operation of a common carrier while intoxicated or under the influence of drugs.

S. 1039

At the request of Mr. CRANSTON, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1039, a bill entitled the "Ocean Incineration Research Act of 1985."

S. 1250

At the request of Mr. HEINZ, the names of the Senator from Florida [Mr. CHILES] and the Senator from California [Mr. CRANSTON] were added as cosponsors of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1305

At the request of Mr. TRIBLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1305, a bill to amend title 18, United States Code, to establish criminal penalties for the transmission by computer of obscene matter, or by computer or other means, of matter pertaining to the sexual exploitation of children, and for other purposes.

S. 1360

At the request of Mr. CRANSTON, the names of the Senator from Hawaii [Mr. MATSUNAGA] and the Senator from Massachusetts [Mr. KERRY] were added as cosponsors of S. 1360, a bill to amend the Energy Policy and Conservation Act to improve the administration of the Federal energy conservation program for consumer products, to enhance consumer information programs, to encourage the purchase of more energy-efficient appliances, to implement efficiency standards for certain appliances and to improve environmental quality by reducing acid-producing emissions threatening public health and safety, and for other purposes.

S. 1362

At the request of Mr. EVANS, the names of the Senator from North Dakota [Mr. BURDICK] and the Senator from Hawaii [Mr. INOUYE] were added as cosponsors of S. 1362, a bill to amend part A of title IV of the Social Security Act to provide for a study of quality control standards and procedures under the Aid to Families with Dependent Children Program, to provide for a moratorium on the imposition of penalties for erroneous payments, and for other purposes.

S. 1640

At the request of Mr. GRASSLEY, the names of the Senator from North Carolina [Mr. EAST], the Senator from North Carolina [Mr. HELMS], and the Senator from Mississippi [Mr. STENNIS] were added as cosponsors of S. 1640, a bill to amend title XVIII of the Social Security Act to provide for coverage under the Medicare Program of services performed by a physician assistant.

S. 1734

At the request of Mr. COCHRAN, the names of the Senator from New Hampshire [Mr. RUDMAN], and the Senator from Alabama [Mr. DENTON] were added as cosponsors of S. 1734, a bill to prevent distortions in the reapportionment of the House of Representatives caused by the use of census population figures which include illegal aliens.

S. 1817

At the request of Mr. TRIBLE, the name of the Senator from Idaho [Mr. SYMMS] was added as a cosponsor of S. 1817, a bill to suspend temporarily most-favored-nation treatment to Romania.

SENATE JOINT RESOLUTION 202

At athe request of Mr. HATCH, the names of the Senator from Florida [Mr. CHILES], and the Senator from Ohio [Mr. METZENBAUM] were added as cosponsors of Senate Joint Resolution 202, a joint resolution designating November 1985 as "American Liver Foundation National Liver Awareness Month."

SENATE JOINT RESOLUTION 229

At the request of Mr. NUNN, the names of the Senator from Utah [Mr. GARN], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of Senate Joint Resolution 229, a joint resolution designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week."

SENATE JOINT RESOLUTION 232

At the request of Mr. SIMON, the name of the Senator from Ohio [Mr. METZENBAUM], was added as cosponsors of Senate Joint Resolution 232, a joint resolution to designate October 6, 1986, through October 10, 1986, as "National Social Studies Week."

SENATE JOINT RESOLUTION 236

At the request of Mr. GORTON, the names of the Senator from North Dakota [Mr. ANDREWS], and the Senator from Kansas [Mr. DOLE], and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of Senate Joint Resolution 236, a joint resolution to authorize and request the President to issue a proclamation designating April 20, through April 26, 1986, as "National Organ and Tissue Donor Awareness Week."

SENATE CONCURRENT RESOLUTION 69

At the request of Mr. DANFORTH, the names of the Senator from California [Mr. WILSON], and the Senator from Mexico [Mr. BINGAMAN], and the Senator from Virginia [Mr. TRIBLE] were added as cosponsors of Senate concurrent Resolution 69, a concurrent resolution to recognize the National Camp Fire Organization for seventy-five years of service.

SENATE RESOLUTION 260—RESOLUTION AUTHORIZING REPRESENTATION BY THE SENATE LEGAL COUNSEL

Mr. DOLE (for himself and Mr. BYRD) submitted the following resolution; which was considered and agreed to:

S. RES. 260

Whereas, in the case of *United States v. David Allen Anderson, et al.*, Criminal No. 85-00089-L, pending in the United States

District Court for the Western District of Kentucky, the defendants have obtained subpoenas for the appearances of Senator Wendell H. Ford and Senator Mitch McConnell, as well as Blanche R. Mahoney, Carolyn Duffin, Ann Woods, and Cynthia Heckmann, employees in Senator Ford's Louisville office, and Larry E. Cox and Cynthia Paschall, employees in Senator McConnell's Louisville office;

Whereas, in the same case the United States has requested the testimony of Blanche R. Mahoney and Larry E. Cox;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, pursuant to sections 703(a) and 704(a) (2) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(2)(1982), the Senate may direct the Senate Legal Counsel to defend Senators and Senate employees in any proceeding with respect to any subpoena or order directed to them in their official capacity;

Whereas, when it appears that the testimony of an employee of the Senate is needful for use in any court for the promotion of justice, the Senate will take such action thereon as will promote the ends of justice consistent with the privileges and rights of the Senate: Now, therefore be it

Resolved, That the Senate Legal Counsel is directed to represent Senator Ford, Senator McConnell, and their staff assistants with respect to the subpoenas to them.

SEC. 2. That Blanche R. Mahoney, Carolyn Duffin, Ann Woods, Cynthia Heckmann, Larry E. Cox, Cynthia Paschall, and any other employees of Senator Ford or Senator McConnell who may have testimony relevant to this proceeding are authorized to appear and testify in the case of *United States v. David Allen Anderson, et al.*, except concerning matters for which a privilege should be asserted.

AMENDMENTS SUBMITTED

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

COCHRAN (AND OTHERS) AMENDMENT NO. 1056

Mr. COCHRAN (for himself, Mr. DOMENICI, Mr. GRAMM, Mr. BENTSEN, and Mr. DECONCINI) proposed an amendment to the bill (S. 1714) to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes; as follows:

On page 158, after line 23, insert the following new section:

EXTRA LONG STAPLE COTTON

SEC. . Section 103(h) of the Agricultural Act of 1949 (7 U.S.C. 1444(h)) is amended—

(1) in paragraph (2)—

(A) in the first sentence, by striking out "50 per centum in excess of the loan level established for each crop of Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States" and inserting in lieu thereof "85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.";

(B) by striking out "November" in the last sentence and inserting in lieu thereof "December"; and

(c) by striking out in the last sentence ", or within 10 days after the loan level for the related crop of upland cotton is announced, whichever is later,"; and

(2) by adding at the end thereof the following new paragraph:

"(19) Notwithstanding any other provision of law, this subsection shall not be applicable to the 1990 and subsequent crops of extra long staple cotton.".

MATTINGLY AMENDMENT NO. 1057

Mr. MATTINGLY proposed an amendment to the bill S. 1714, supra; as follows:

On page 357 of the bill, strike out line 16 and insert in lieu thereof the following:

"SETTLEMENT OF CLAIMS AND HOMESTEAD PROTECTION"

On page 357, line 17, strike out "Sec. 1707," and insert in lieu thereof "Sec. 1707. (a)".

On page 358, between lines 11 and 12, insert the following new subsection:

"(b)(1) As used in this subsection—

"(A) The term 'Administrator' means the Administrator of the Small Business Administration.

"(B) The term 'farm program loan' means any loan made by the Administrator under the Small Business Act (15 U.S.C. 631 et seq.) for any of the purposes authorized for loans under subtitles A or B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.)

"(C) The term 'homestead property' means the principal residence and adjoining property possessed and occupied by a borrower specified in paragraph (2) of this subsection.

"(D) The term 'Secretary' means the Secretary of Agriculture.

"(2)(A) If the Secretary forecloses a loan made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), the Administrator forecloses a farm program loan made under the Small Business Act (15 U.S.C. 631 et seq.), or a borrower of a loan made or insured by either agency declares bankruptcy or goes into voluntary liquidation to avoid foreclosure or bankruptcy, the Secretary or Administrator must, upon application by the borrower, permit the borrower to retain possession and occupancy of any principal residence of the borrower, and no more than ten acres of adjoining land (including any farm buildings located thereon), pledged as collateral for such loan.

"(B) The total value of the homestead property may not exceed $250,000, as determined by an independent appraisal made within six months preceeding a borrower's application to retain prossession and occupancy of such homestead property.

"(C) The period of occupancy of such homestead property under this subsection may not exceed five years, but in no case shall the Secretary or the Administrator grant a period of occupancy less than 3 years, subject to compliance with the provisions of paragraph (3).

"(3) To be eligible to occupy homestead property under this subsection, a borrower of a loan made or insured by the Secretary or the Administrator must—

"(A) apply for such occupancy during the three-year period beginning on the date of the enactment of this Act;

"(B) have exhausted all other remedies for the extension or restructuring of such loan, including all remedies authorized under subsection (d) of this section;

"(C) have made gross annual farm sales of at least $40,000 in at least 2 calendar years during the 5 year period beginning on January 1, 1981, and ending on December 31, 1985 (or equivalent crop or fiscal years);

"(D) have received from farming operations at least 60 per centum of the gross annual income of the borrower and any spouse of the borrower during at least 2 years of such 5 year period;

"(E) have occupied the homestead property and engaged in farming or ranching operations on adjoining land, or other land controlled by such borrower, during such 5 year period;

"(F) during the period of occupancy of the homestead property, pay a reasonable sum as rent for such property to the Secretary or the Administrator in an amount substantially equivalent to rents charged for similar properties in the area in which the homestead property is located;

"(G) during the period of occupancy of homestead property, maintain such property in good condition; and

"(H) agree to such other terms and conditions as are prescribed by the Secretary or the Administrator in order to facilitate the administration of this subsection.

"(4) Failure to make rental payments on the homestead property in a timely manner shall constitute cause for the termination of all rights of a borrower to "possession and occupancy of such property under this subsection;

"(5) At the end of the period of occupancy described in paragraph (2) of this subsection, the Secretary or the Administrator shall grant to the borrower a first right of refusal to reacquire the homestead property on such terms and conditions (which may include payment of principal in installments) as the Secretary or the Administrator shall determine: *Provided*, That at the time any reacquisition agreement is entered into, the Secretary or the Administrator may not demand a total payment of principal that is in excess of the total value of the homestead property as established under paragraph (2)(B) of this subsection.".

DURENBERGER (AND OTHERS) AMENDMENT NO. 1058

(Ordered to lie on the table.)

Mr. DURENBERGER (for himself, Mr. GRASSLEY, and Mr. BOSCHWITZ) submitted an amendment intended to be proposed by them to the bill S. 1714, supra; as follows:

On page 459, between lines 18 and 19, insert the following new subtitle:

Subtitle D—National Advisory Commission on Rural America

SEC. 1930. Findings and Purposes.

(a) Congress finds that:

(1) The conditions which attend the farm crisis, including the decline in farm income, farm property values, and available credit, are having serious adverse effects on rural enterprises which derive their principal support from the farm industry;

(2) These enterprises together with the farm industry that supports them are the mainstay of the rural tax base;

(3) The farm crisis foreshadows an even larger crisis in rural America—a crisis of governance;

(4) Rural communities throughout the United States which rely primarily on a single form of economic activity—agriculture, forestry, mining, manufacturing or tourism—are part of this emerging crisis;

(5) If unabated, the rural crisis will undermine the fiscal capacity of rural government and the ability to provide basic public services including education, health, housing, police, and other emergency services;

(6) The relationship between the declining rural economy and the provision of basic public services in rural communities of the United States is not well understood or documented; and

(7) An independent analysis of the nature of the relationship is required in order to determine the appropriate roles and responsibilities of all levels of government in responding to this emerging problem.

(b) The purpose of this Subtitle is to create a National Advisory Commission on Rural America to conduct a study and report to Congress and the President on conditions in rural America and relate those trends and problems to the provision of public services by Federal, State and local governments.

ESTABLISHMENT OF COMMISSION

SEC. 1931. (a) There is established a National Advisory Commission on Rural America (hereafter in this subtitle referred to as the "Commission") to study conditions in rural areas of the United States.

(b)(1) The Commission shall be composed of 21 members appointed as follows:

(A) Three members appointed by the President, from among representatives of Federal entities, in accordance with paragraph (2)(A).

(B) Twelve members appointed by the President, from among private citizens or elected officials or employees of State or local governments, in accordance with paragraph (2)(B).

(C) Three members appointed by the President pro tempore of the Senate from members of the Senate in accordance with paragraph (2)(C), on the recommendation of the majority leader or the minority leader of the Senate, as the case may be, with respect to members appointed from the political party of that leader.

(D) Three Members of the House of Representatives appointed by the Speaker of the House of Representatives in accordance with paragraph (2)(C).

(2)(A) In carrying out paragraph (1)(A), the President shall appoint three members, from among representatives of Federal entities, with an expertise in conditions in rural areas of the United States, including—

(i) the Secretary of Agriculture; and

(ii) the Assistant to the President for Intergovernmental Affairs.

(B) In carrying out paragraph (1)(B), the President shall appoint 12 members, from among private citizens or elected officials or employees of State or local governments, with an expertise in conditions in rural areas of the United States, including—

(i) four members appointed to represent various rural interests, including—

(I) one member appointed to represent economic interests;

(II) one member appointed to represent agricultural interests;

(III) one member appointed to represent small businesses; and

(IV) one member appointed to represent employees;

(ii) two members appointed to represent rural private sector service delivery interests; and

(iii) six members appointed to represent State, local, and regional governments, including—

(I) two members appointed to represent State governments;

(II) two members appointed to represent local governments; and

(III) two members appointed to represent State-recognized consortia of local governments.

(C)(i) In carrying out subparagraph (C) or (D) of paragraph (1), the President pro tempore of the Senate and the Speaker of the House of Representatives shall give special consideration to the appointment of members of the Senate or the House of Representatives, as the case may be, who are members of the committees of their respective Houses that have legislative jurisdiction over, or special concerns with respect to, matters relating to conditions in rural areas of the United States and intergovernmental relations.

(ii) Not more than two members of the Commission appointed under paragraph (1)(C) shall be members of the same political party.

(iii) Not more than two members of the Commission appointed under paragraph (1)(D) shall be members of the same political party.

(c) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(d) the Commission shall elect a Chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the Chairman or a majority of the Commission.

STUDY

SEC. 1932. (a) The Commission shall conduct a study of conditions in rural areas of the United States and the manner in which such conditions relate to trends in and problems for the provision of public services by rural governments.

(b) The study shall include an analysis of—

(1) conditions that reflect the declining rural economy, including economic and demographic trends, rural and agricultural income and debt, and other approrpriate social and economic indicators of such conditions;

(2) trends and fiscal conditions of rural local governments;

(3) trends and patterns in the delivery of rural public services;

(4) the impact of the deregulation of transportation, telecommunications and banking on the rural economy and delivery of public sevices; and

(5) trends and patterns of Federal, State, and local government financing, delivery, and regulation of public services in rural areas of the United States.

ADMINISTRATION

SEC. 1933. (a) The Commission may, for the purpose of carrying out this subtitle, hold such hearings, sit and act at such times and places, administer oaths, take such testimony, and receive such evidence under subpoena or otherwise, as the Commission considers appropriate.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Such members who are private citizens of the United States may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Federal Government service under sections 5701 through 5707 of title 5, United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out the duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish to the Commission such personnel and support services as are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act (5 U.S.C. App. 2), the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be available to the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for purposes of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act and sections 4301 through 4308 of title 5, United States Code.

REPORT

SEC. 1934. (a) Not later than 1 year after the establishment of the Commission, the Commission shall submit a report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1931, including—

(1) an analysis of the manner in which changes in the rural economy affect rural local governments;

(2) a description of the measures of rural distress in rural communities that result from changes in the rural economy, includ-

ing an analysis of the regional and geographical distribution of such distress and a description of trends in the severity and changing nature of rural distress;

(3) a detailed analysis and description of the extent to which distress in rural communities affect the ability of such communities to raise revenues, sustain employment, maintain infrastructure, and deliver services adequate to meet current and anticipated public needs;

(4) a description of the programs and policy instruments available to Federal, State, and local governments to address distress in rural communities;

(5) the development of a framework within which to analyze such instruments;

(6) a comparative analysis of each of the instruments that utilizies such framework;

(7) an assessment of whether and in what ways Federal and State governments can mitigate the decline in economic conditions in rural America which, if unaltered, will erode the fiscal capacity of rural governments to finance such public services; and

(8) recommendations about the appropriate role of Federal and State governments in assuring the continued provision of basic public services, including education, health, housing, police, and other emergency services.

(b) The Commission may not comment on legislative pending before Congress unless specifically requested to do so by the chairman of a committee of Congress.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1935. (a) There are authorized to be appropriated such sums as are necessary to carry out this subtitle.

(b) To the maximum extent practicable, this subtitle shall be carried out using funds otherwise available to the Secretary of Agriculture for the expenses of advisory committees.

TERMINATIONS

SEC. 1936. The authority provided under this subtitle and the Commission shall terminate 60 days after the submission of the report required under section 1933(a).

● Mr. DURENBERGER. Mr. President, during consideration of the farm bill, this body has debated and will continue to debate what the appropriate steps should be to address the farm crisis—a crisis I consider to be one of the most grave domestic problems facing the country today. Up to now our focus has been on the most direct issues—what's happening to farmers, their credit and their commodities. We have heard reports, read statistics, and talked prices.

Mr. President, I rise today to submit that there is a broader crisis confronting rural America. What is happening to our farmers is of great concern but it is only part of the picture.

Mr. President, there is no question that the American farmer is in trouble. We have clear tangible evidence that farms are going under, that farmers have too much debt, and that the problem will get worse before it gets better.

We can see what is happening to farmers. They are on the front lines. But behind them is an entire rural economy that is totally dependent on them. There is a whole set of businesses and financial institutions which depend on farmers for their livelihoods.

It is these groups in combination with farmers which form the economic base that supports local community services and activities—things like building roads, delivering education, ensuring police protection, and providing fire safety. It is also these groups who are suffering with farmers as the entire farm economy fails.

To bring the problem closer to home, I took a survey of 10 counties in my home State of Minnesota. These are counties in which at least 80 percent of the total market value of land in the county is farm property. I discovered that they receive between 30 and 50 percent of their revenues from property taxes. But, the property values in those counties have dropped tremendously—and they are not alone.

According to a report from the economic research service, farm market values in Minnesota counties have plummeted 24 percent between 1984 and 1985 alone. This decline follows on the heels of the previous year's 12 percent decline.

Not only have farm market values fallen, but property tax delinquency rates have risen. In 1984, delinquency rates rose an average of 56 percent in the counties I surveyed. What is even more alarming is that these delinquency rates include farm property as well as business and residential property in rural communities.

Businesses certainly are feeling the pinch. Their profits are under attack from both sides. On one hand, sales are down as farmers cut back on their discretionary purchases. On the other hand, more and more businesses recievables are becoming uncollectable, as formerly reliable customers are unable to make their payments.

The warning signs are there. J.C. Penney announced last month that it was pulling out of Redwood Falls, MN. Nearly every other store front in Fairmont is vacant. The list goes on.

Rural population, which experienced strong gains in the late 1970's and early 1980's is once again dropping. We will have to wait unit the next census to get the exact numbers, but the direction is quite clear. People are migrating out of rural areas.

So towns are losing people, businesses and revenue. What does it mean for rural communities? It means they can no longer afford to provide basic services to their residents at precisely the time their citizens are most in need of those services. They cannot build roads, provide jails or maintain schools. Those who remain must watch the Government services which have nourished the country way of life steadily erode.

Mr. President, Minnesota localities are not alone in their problems. In fact, because of a healthy economy in Minneapolis-St. Paul and higher-than-average levels of State aid to farmers and local governments, rural communities in Minnesota are better off than many of their neighbors.

For example, in some counties in Iowa, 15 to 24 cents of every tax dollar levied last year remained uncollected as of May 1. In Lebanon, KS, the drop in population has prompted education officials to close the local school. One need only pick up the paper to read about the impact the farm crisis is having on rural communities.

Not only is the future of the family farmer on the line, but whole rural communities, local governments and businesses, and a way of life we have known and celebrated as truly American are threatened.

Mr. President, throughout our history, we have made a conscientious commitment to agriculture and to rural America. In this debate, we cannot afford the mistake of assuming that if we address the farm income situation satisfactorily, we've taken care of rural America.

The question I ask is, "What is left for Main Street?" What is left when long-time residents move away? What is left to pay for the school and hospitals roads that are an essential part of rural life? These are questions which beg for answers—answers nobody seems to have.

Mr. President, today I am submitting on behalf of myself and Senators GRASSLEY and BOSCHWITZ, an amendment which I intend to offer later this week to the pending farm bill. The amendment will establish a National Advisory Commission on Rural America. The charge to the Commission will be that they undertake a comprehensive study of the problems which have already surfaced in rural areas across this country and to call attention to emerging crisis they foreshadow. In addition the Commission will report to the President and the Congress on proposed solutions and the responsibilities of Federal, State and local government in this regard.

Mr. President, rural America has made an incalculable contribution to the greatness of this Nation. It has produced an abundance of food to be sure, but it has also produced cherished American values, which are our greatest strength. I believe we owe it to future generations to protect this national asset. I urge my colleagues to support this initiative to focus the attention of the Nation of this problem now, in the hopes that we will be better prepared to address this looming crisis when the Commission completes its work.

Mr. President, I ask unanimous consent that a factsheet on the amendment be printed in the RECORD.

There being no objection, the fact-sheet was ordered to be printed in the RECORD, as follows:

NATIONAL ADVISORY COMMISSION ON RURAL AMERICA

An amendment to the Farm bill to create a National Advisory Commission on Rural America.

The Commission would be made up of 21 members representing the Administration, Congress, state, local and regional governments, farm groups, rural businesses, providers of services and related interests.

STUDY

The Commission will conduct a study, including holding public hearings, on the conditions in rural America and relate those conditions to trends in and problems for the provisions of public services by rural governments.

Specifically, the study shall include:

The conditions which reflect the declining rural economy including but not limited to, economic and demographic trends, rural and agricultural income and debt, the commission shall compile other appropriate social and economic indicators as necessary to accurately measure and describe these trends;

Trends in and current fiscal condition of rural local governments;

Trends and patterns in the delivery of rural public services;

Impact of the deregulations of transportation, telecommunications, and banking on the rural economy and delivery of rural public services; and

Trends in and current patterns of Federal, state, and local government financing, delivering and regulation of public services in rural America.

REPORT

One year after the establishment of the Commission, the Commission shall submit a report to the President and Congress containing the findings and recommendations of the Commission as outlined above, including:

An analysis of the ways in which changes in the rural economy affect rural local governments;

An identification of the measures of rural distress which affect the rural economy;

An identification of the measure of distress in rural communities which result from changes in the rural economy, including an anaylsis of the regional and geographical distribution of that distress and an identification of the trends relating to the severity and changing nature of rural distress;

A detailed analysis and description of the extent to which distress in rural communities affects the abilities of those communities to raise revenues, sustain employment, maintain infrastructure and provide and deliver services adequate to meet current and anticipated public needs;

An identification of the programs and policy instruments available to Federal, state and local governments to address distress in rural communities;

An identification of a framework in which to analyze those instruments;

A comparative analysis of each of the instruments which utilizes that framework;

Assessment of whether and in what ways state and Federal government can stem the decline in economic conditions in rural America which, if unaltered, will erode the fiscal capacity of rural governments to finance these public services; and

Make recommendations about the appropriate roles for state and Federal government in assuring the continued provisions of basic public services including, but not limited to, education, health, housing, police and other emergency services and infrastructure.

ADMINISTRATION

The Commission will have the authority to hire an executive director and staff. Commissioners will serve without compensation, but shall be eligible for per deim. The Commission will expire 60 days after submitting its report. Funds to carry out the activities of the Commission are authorized.●

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce that the Senate Small Business Committee will hold a full committee field hearing on December 2, 1985, on the implementation of the Prompt Payment Act of 1981, Public Law 97-177. The hearing will commence at 11 a.m. and will be held at the Norfolk City Council Chamber in Norfolk, VA. For further information, please call Bill Montalto, of the committee staff at 224-5175.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources to consider the following nominations to the Department of Energy: Donna R. Fitzpatrick to be an Assistant Secretary of Energy, Conservation and Renewable Energy, and Mary L. Walker to be an Assistant Secretary of Energy, Environment, Safety, and Health.

The hearing will take place Thursday, December 5, 1985, 10 a.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

Those wishing to testify or who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, room SD-358, Dirksen Senate Office Building, Washington, DC 20510. For further information, please contact Gerry Hardy at (202) 224-5304.

Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources to consider the following nominations to the Department of the Interior: Ralph W. Tarr to be Solicitor; Gerald Ralph Riso to be Assistant Secretary for Policy, Budget and Administration; and J. Steven Griles to be Assistant Secretary for Land and Minerals Management.

The hearing will take place Wednesday, December 4, 1985, 9:30 a.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

Those wishing to testify or who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, room SD-358, Dirksen Senate Office Building, Washington, DC 20510. For further information, please contact Nan Morrison at (202) 224-7143.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, the Senate Committee on Governmental Affairs will hold a business meeting on Tuesday, November 19, at 10 a.m. in room SD-342. Under consideration will be the following:

S. 209. The Federal Debt Recovery Act of 1985;

S. 1134. The Program Fraud Civil Remedies Act of 1985;

H.R. 3384. The Federal Employees Benefits Improvement Act of 1985;

S. 1440, The Non-Smokers Rights Act of 1985;

S. 1047. Titles II and III of the Former Presidents Facilities and Services Reform Act of 1985; and

S. 1734. A bill to prevent distortions in the reapportionment of the House of Representatives caused by the use of census population figures which include illegal aliens.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON ENVIRONMENTAL POLLUTION

Mr. HELMS. Mr. President, I ask unanimous consent that the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Monday, November 18, to hold a hearing on S. 740, Emergency Wetlands Resources Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE 67TH ANNIVERSARY OF LATVIAN DECLARATION OF INDEPENDENCE

● Mr. HEINZ. Mr. President, today Latvians of American descent will mark the 67th anniversary of Latvia's Declaration of Independence. Like most Eastern European peoples, however, Latvians today are neither independent nor free. The Soviet Union has dominated and repressed all aspects of Latvian life.

Forty-five years ago, the Soviet Union forcibly annexed the Baltic States of Latvia, Lithuania, and Estonia. What followed was the implementation of a ruthless policy of Russianization designed to eradicate the Baltic languages, cultures, religions, and all aspects of national identity.

That this brutal effort continues to this day is a testament to the strength and fortitude of the Baltic peoples in resisting Soviet repression. The U.S.S.R. cannot destroy the dream of

freedom and self-determination which continues to live on in the hearts of Latvian and other Baltic peoples, a dream shared by their relatives in the United States.

As a member of the Commission on Security and Cooperation in Europe, I urge my colleagues not to forget the plight of these brave people striving to obtain their basic human rights. We all hope that one day, the Latvians' dreams of political freedom can become a reality. Until then, the free nations of the world must continue to condemn the repression and brutality which these Baltic nations are suffering at the hands of the Soviet Union.●

WILLARD R. WOOD

● Mr. SYMMS. Mr. President, to "pull one up by one's bootstraps" is a favorite American expression to describe a self-made-person. It flows from the tongue so quickly that we hardly ever pause to consider all the time and toil involved. I would like to bring to the attention of my colleagues the hard work of one great Idahoan who "pulled himself up by his bootstraps."

At age 3 Willard R. Wood of Idaho Falls lost his father; 11 years later his mother died. He worked his way through high school and college—business administration—by washing dishes and floors.

Through hard work and wise use of his limited resources Willard Wood today is a successful restaurant and hotel businessman and a leader in his community and in the State of Idaho.

Mr. President, I commend Willard Wood to my colleagues as one who has achieved success the old-fashioned way: he earned it. I ask that the following article from the Idaho Falls Post-Register about Willard Wood be printed into the RECORD.

[From the Post-Register (Idaho Falls) Oct. 13, 1985]

50 YEARS IN RESTAURANT BUSINESS, AND GOING STRONG

(By Joe L. Marker)

Willard R. Wood, who began his restaurant career at Wood's Cafe in Jerome in 1935, and has been owner-operator of Westbank Coffee Shop and Lounge in Idaho Falls since it opened in 1963, will reach his 50th milestone in the restaurant business Tuesday.

At 75, he still is very much a part of the restaurant business.

Born in Hickory County, Mo., Wood attended school at Walnut Grove, Mo. His father, W. Coy Wood, died when Willard was 3 years old, and his mother, Sina Malicoat Wood, died when he was 14. "So I was pretty much on my own and I worked in restaurants, washing dishes, swamping the floor, and doing some cooking while going to high school and college."

He attended Drury College at Springfield, Mo., and attended the University of Missiouri at Columbia for two years.

He taught school for a couple years back in the Ozark Hills of Missouri. Then he took the advice of Horace Greeley and came west, traveling with a school principal who was going to Twin Falls to visit some relatives.

"I didn't have much money," Wood said, "So I hustled a job as cook in three days at Speer's Coffee Shop across from the Perrine Hotel."

He worked there for about a year and a half and then went back to the University of Missouri and graduated with a bachelor's degree in business administration.

After graduation, Wood was invited by the man he used to work for in Twin Falls to come back. Wood did. That was in 1934. Wood said he liked Idaho's cool nights and enjoyed trout fishing.

He was married to Donna Bowen of Spanish Fork, Utah, in 1937. They have two sons Coy Wood, who is in partnership with his father on some of the operations; and Dr. David Wood of Salt Lake City. The Woods have four grandchildren.

Wood worked for Speers until he moved to Jerome to open the cafe on Main Street in 1935, which he sold in 1953.

Wood said he had to borrow $50 from the Jerome National Bank for cash register change when he opened the Wood's Cafe.

During a snow storm in January 1936, the cafe stayed open from 6 a.m. to midnight and took in $28. In contrast, Wood said he can remember that while he operated the Roadway Inn in Boise its sales receipts on one day in 1977 totalled about $33,000.

Wood also had the contract for operating the civilian cafeteria at Mountain Home Air Force Base during World War II.

He purchased the Oregon Trail Cafe on Main Street in Burley in 1938 and sold it in 1958. In 1939, he and a partner, Brick Thompson, bought the Hotel Whitman in Pocatello, and on Dec. 1, 1941, purchased Rogers Coffee Shop in Idaho Falls. A couple of years later they disposed of both of operations.

War broke out and Wood and Thompson were 1-A and after Brick was called into the service, they decided to split up.

He bid on a contract with the Army Corps of Engineers in 1951 and was successful bidder for operating the restaurant, mess hall, trailer court, recreation hall, grocery store, service station and theater at the Glen Canyon Dam project. He operated the barracks, the recreation hall and the trailer court until 1957. He also ran the civilian cafeteria.

When Wood went to Dugway in 1950 there were practically no roads, no water and no electricity. "We were feeding about 15-20 men a day, but as the project grew, at one time we were housing and feeding 1,100 men a day. This lasted for seven years," he said.

While there, Wood was invited to help serve meals for the National Junior Chamber of Commerce convention in Las Vegas. "We served over 4,500 people," he said.

"When that large operation at Glen Canyon Dam started to go down, I knew I had to look for something else. That was when I negotiated with Ferris H. Clark in Idaho Falls for operation of the Westbank Restaurant and Lounge. That was in 1957."

In 1970, Wood went into partnership with five others and built the Burley Inn, which is now the Best Western Burley Inn, of which he is president.

Also during the 1970s, Wood and his son, Coy, held the management contract for the Holiday Inn restaurant, lounge and convention facilities in Twin Falls.

Also in 1970, Wood opened and operated the restaurant, lounge, gift shop and convention facilities at the Roadway Inn in Boise, until 1979, when he and his wife, Donna, moved to Idaho Falls to oversee the operation here. In September 1979, Wood and his son, Coy, negotiated with Clark and leased the Westbank Motel, which they continue to operate.

Two years ago, the Westbank Convention Center underwent a $500,000 expansion and remodeling project.

In 1978, Wood, Coy and Wally Wright, built the Hilton Inn in Pocatello, which they now operate as the Quality Inn. The lounge, convention facilities and restaurant in this operation belong to Willard Wood.

Wood has been the recipient of numerous awards for public service and dedication to the restaurant and motel industry. One of these that he prizes highly was being honored as the Restaurant Operator of the Year by the Idaho State Restaurant Association, which also accorded him a Lifetime Honorary Membership.

"I learned how to work when I was 10 years old because my mother didn't have any money to support us. Work didn't hurt me. In fact, I think it is my best asset," Wood said.

"The thing that helped me most was good, reliable employees," he said. "I never expected anyone to do any kind of work I wouldn't try to do myself. That includes mopping the floors, washing pans and dishes, cooking and cleaning."

EXPANDED CAPITAL OWNERSHIP AND THE IDEOLOGICAL HIGH GROUND

● Mr. LUGAR. Mr. President, today I am introducing the last of the statements on expanded capital ownership, part of a series started by Representative PHILIP M. CRANE on June 4, 1985. This series, introduced by several articles by Ronald Reagan, consists of three major divisions: one on the Marxist threat to justice, one on the moral dimensions of justice as seen by Christians, Jews, and Moslems, and one on the technology of expanded capital ownership.

In order to complete the insertions in the CONGRESSIONAL RECORD on the technology of expanded capital ownership, some guidelines are called for to build justice in the workplaces of the world. This is necessary to make employee stock ownership a reality in its most effective form. A valuable set of guidelines is introduced today in the article by Norman G. Kurland, entitled "Practical Guidelines for Building Justice in the Workplace." I ask that it be printed in full.

The article follows:

PRACTICAL GUIDELINES FOR BUILDING JUSTICE IN THE WORKPLACE

(By Norman G. Kurland)

In terms of saving jobs and demonstrating the power of leveraged ESOP financing, the story of South Bend Lathe remains a landmark. South Bend Lathe was the world's first 100% employee-owned company that was purchased by 100% of its employees on a 100% capital credit, no-down-payment loan. It showed how a dying company could be transformed into a dynamic success. The company has been profitable since 1975 when its 500 workers adopted their ESOP.

This model, however, also shows what can go wrong as long as management and workers cling to "wage system" thinking. In August 1980, the world was shocked to hear that union members had gone on strike against top management who controlled the voting power of the company.

What critics of this case have generally failed to recognize was that South Bend Lathe had the first ESOP in a large closely-held corporation which passed through the vote to all employees on the shares they earned. Yet, without objection from the United Steelworkers (either at the inception of the ESOP or during the strike), management assumed power over the control block of still-unearned shares in the ESOP. The union's failure to negotiate ownership issues was the hidden cause of the strike which erupted in 1980. Thus, South Bend Lathe also became a classic case of how worker ownership can generate new expectations and create a whole new set of problems for management, workers and labor unions.

Many critics have focused exclusively on the labor-management problems at South Bend Lathe. What they have downplayed or misunderstood is that South Bend Lathe proved the fundamental importance of capital credit, even under a "worst-case" example, for converting workers into owners. Despite its flaws, this "basket-case" company proved that even diluted ownership opportunities can save jobs, which, in the short-run, are more critical to workers' income security than participation through the vote.

But South Bend Lathe also demonstrated that a taste of justice only whets the appetite for more. In the long-run, management and the union in an ESOP company can ignore the ownership participation rights of worker-shareholders only at the expense of the company and everyone with a stake in its success.

For those of us searching for successful approaches for building more productive and people-oriented workplaces, the South Bend Lathe experience offers some valuable lessons:

Crisis may present opportunity. What appears to be a hopeless situation, may allow for a radical restructuring of a failing company within a more competitive ownership participation framework. Companies undergoing "Chapter XI" reorganizations may be prime candidates for a "new labor deal." This would "trade off" increases in fixed wage and pension costs for flexible but more unlimited ownership benefits linked to productivity and profits. A crisis situation may also provide workers greater leverage in helping to design the ESOP's ownership participation system.

Financing follows feasibility. If a company has a technically feasible strategy and an economically viable operation, leveraged financing can generally be obtained, even at today's outrageously high interest rates. Many people cannot find sufficient funding simply because they have not put together a package that can convince a lender that the loan can be repaid. As the South Bend Lathe experience suggests, four crucial elements should be present in any ESOP financing strategy:

(1) A management/entrepreneurial term capable of competing in the global marketplace and commanding respect from the banking community, organized labor, and suppliers and customers;

(2) A detailed feasibility study of the company and prospects for the future;

(3) A willingness on the part of organized labor to adopt an innovative productivity-oriented labor contract, based on sharing the ownership risks and future gains from the "ownership system" while holding the line on inflationary or non-productive "wage system" gains; and

(4) Access to sufficient capital credit, at reasonable interest rates to meet up to 100 percent of the capitalization needs of the company as an independent operating unit.

Where you are forced to restructure a closely-held company, re-examine its existing pension plan. Most healthy companies keep their pension plans when they adopt an ESOP. In an emergency situation, however, consider trading in the "security" of job-destroying pension promises for the opportunities of growing co-ownership. Under the conventional "defined benefit" pension plan, the company becomes locked into a fixed and increasing liability, even when company profits and pension plan assets are shrinking. This may cause a potentially fatal cash drain from the company, none of which can be used to meet the company's own growth and modernization needs.

Many progressive companies have begun to shift away from the rigid and often uncontrollable old-style pension plans, to the more flexible "defined contribution" employee benefit plans like ESOPs and profit sharing plans. A "defined contribution" type of retirement plan might conceivably provide greater job security, while linking workers more realistically to the productivity and profits of their company. Workers could thus begin to control their own destinies, rather than be left vulnerable to expensive pension overhead and the whims of Wall Street speculators, large institutional investors and money managers.

Before designing the ownership and participatory machinery for a worker-owned company, there should be an understanding of and commitment to a basic set of core values and fundamental ownership rights, by all parties who will be involved—including legal and other professional consultants, top and middle management, workers and all levels of their bargaining units. Obviously, in a desperate situation such as in South Bend Lathe, survival is the first order of business. There may not be time to get complete consensus. But effective employee ownership participation will ultimately rest upon the careful structuring of principles which everyone perceives as fair. Since "rule by the majority" does not always insure justice, these fundamental ownership rights must be considered sacred and inalienable, and cannot be taken from an individual by the will of the majority.

While there are more immediate ways to motivate people on a material and emotional level, the most lasting way to reach them is through their minds. The process of educating workers to the ethics and mechanics of the ownership system, while difficult and slow, should be set into motion from the very first meeting, even in the tiniest of doses. The sooner all employees understand the superior logic and justice of the ownership system, and recognize their personal stake in it, the sooner the company will harness the fullest creative potential of each member of its team.

Negotiators should try to develop an ideal ownership blueprint from which to work. Bargain for the ideal. But be prepared to compromise if some of the elements are initially rejected. Keep the blueprint in a drawer to go back to for future reference, planning and bargaining.

To reinforce the gradual building of "ownership consciousness," the ESOP should always be supplemented with frequent economic feedback in the form of cash productivity bonuses linked to a formula based on profits. Once-a-year ESOP statements are insufficient for communicating ownership. A more effective ownership sharing program can be found at Allied Plywood Corporation of Alexandria, Virginia, where the average employee often earns three times more of ownership than what he earns from wages. A truck driver earning a modest base salary of $8,000 may earn an additional $24,000 from monthly and annually-determined cash productivity bonuses and ESOP distributions. While providing an objective measure of company, team and individual performance on a monthly, quarterly and yearly basis, this feedback merges each worker's self-interest with the common good of the company.

Develop a just wage differential between the highest- and lowest-paid employee. In the Sony Corporation, for example, a chief executive officer's income is only 6 to 7 times that of a newly hired college graduate. When integrated with formula-based productivity bonuses, everyone's rewards rise and fall together. In some top-heavy American companies, where top corporate salaries run over $1 million annually and only executives enjoy productivity bonuses and ownership opportunities, that ratio can exceed 50 to 1. (The Washington Post, April 12, 1983, p.G1.) Too wide a gap between the highest-paid and lowest-paid employees creates an unbridgeable barrier which divides rather than unites the members of a company. Some smaller ESOP companies operate with a 3:1 differential, with modest fixed wages supplemented with more flexible ownership gains in the same ratio.

Provide greater job security by maximizing rewards based on ownership sharing for every member of the corporate team. Fixed labor costs (or at least future increases) should be set at levels to insure survival of jobs under hardship conditions, with everyone receiving regular cash bonuses during normal conditions based on an agreed-upon gain sharing formula. In times of economic crisis, reduce hiring levels by attrition and avoid layoffs by across-the-board "hardship sharing," cuts in base compensation and work-sharing. Offer relocation assistance, compensatory ownership benefits, and sufficient severance payments to help those unable or unwilling to share in the burdens of corporate "belt-tightening."

Make sure there is a structure for following-up and continuing the dialogue on ownership issues. Unions or worker's organizations should insure that workers have continued access to and assistance from top-flight professional and legal consultants. However, to add to the dignity of ownership participation, like involvement in in the political process, ownership meetings and discussions should be voluntary and generally held after working hours.

Clearly define the expanding role of the union within the new ownership framework. Where there is a union or a workers' organization involved, it should not wait for management to take the initiative for designing and overseeing any ownership participation strategies. When the initiative comes from the bottom-up, rather than from the top-down, the ESOP generally will be qualitatively better in its design and operation. The union should assume the responsibility to negotiate with management on the ownership incentive systems, participatory and self-management machinery, accountability systems, voting rights, allocation rights,

vesting schedules, mutual assessments systems, etc. While protecting the basic wage rights and working conditions of each worker, the union in an employee-owned company should also begin promoting and protecting its members' ownership interests. Union advocacy is vital in resolving such crucial issues as workers' voting rights on unallocated stock in a leveraged ESOP situation. To avoid weakening its specialized institutional role, and to avoid the danger of monopolizing power, the union should:

(1) Avoid any role in hiring and firing management. Instead the union should insure that its members, through their vote for board directors, can participate in the process of hiring and firing management;

(2) Avoid taking on a managerial role. Instead the union should encourage decentralized decision-making within all operational levels of a company;

(3) Avoid voting as a bloc (as in Pan Am) where the votes of dissenting individuals are not counted. Rather, the union should insure that each of its members has a vote, educate its members as to the rights and responsibilities of ownership, make sure that workers have access to vital financial information entitled to any shareholder, and trust that informed worker-owners will apply common sense in assessing the best alternatives.

Begin linking union revenues to the expanding ownership pie. The traditional checkoff on wage system benefits sends out all the wrong signals. The wage checkoff contradicts the union's interest in holding the line against inflationary increases in fixed labor costs. And it signals the union's reluctance toward enabling workers to gain significant private property ownership of corporate equity. To realize its own stake in the growth pie of expanding ownership, the union should explore ways to expand its checkoff system to cover new capital formation, and the worker's growing stake in cash bonuses, dividends and company stock. Potentially, a checkoff on ownership system benefits offers the union a much bigger revenue pie than the counterproductive checkoff on wage system benefits.

Determine management's "new" role vis-a-vis the employee-owners. Managers, to be effective in an employee-owned company, must begin to think more like teachers than bosses. They have to abandon "rule by the whip" methods and become genuine leaders who command the support of their co-workers by setting examples of excellence. And by sharing some of the "headaches" as well as the rewards of ownership, management can be freed of daily detail work, in order to concentrate on corporate strategy, research and development.

Balance continuity and efficiency of the firm with justice and accountability for the workers. Developing checks-and-balances is easier said than done. But the principle is clear enough. While professional managers are vital and must be free to make day-to-day operational decisions, they should not expect to be accountable only to themselves. They must be willing to make full disclosures and be accountable to a board of directors elected by the employees themselves. To achieve a reasonable degree of continuity and security for top executives, board directors should serve on a staggered-term basis and top executives should protect themselves with carefully-drafted long-term employment contracts.

To sustain the union's effectiveness as a tool for protecting the rights of individual workers against arbitrary management or even majority actions, and to minimize possible conflicts-of-interest, try to maintain a "wall of separation" between the institutional roles of management and the union.

Deal with the one-person, one-vote vs. the one-share, one-vote issue, but realize that the issue of "control" in an ownership framework can become very complex. Discuss the pros and cons and comparative democratic impact of both alternatives. In a small company, direct or "democratic" participation in policy and daily operational decision-making may be appropriate. And it makes good sense from a management and motivational standpoint to allow each person a meaningful degree of control over his or her immediate area of responsibility. In a corporation with thousands of employees, however, constant voting by all company members on all management decisions would become unwieldly. A corporate "republic" demands a new type of corporate "constitution," so that the major functional branches of corporate government can serve as a check on one another, while remaining responsive to the immediate and long-term interests of the new worker-stockholders.

Develop strategies and programs for helping workers to adapt to and welcome new technology and the "Age of the Robot." Provide a special stock and profit sharing pool and job retraining programs for technologically displaced workers. Diversify the company's products and services to afford more job security and career transfers among employees. Begin redefining the concepts of "work" and "the workplace" in the context of the expanding ownership system. Create systems for encouraging individual creativity, initiative and responsibility within the framework of a self-sustaining, more humanistic and mutually profitable business organization. Combining efficiency with justice is a never ending challenge.

CONCLUSION

People want justice. Around the world, workers are demanding livable wages and greater participation in decision-making. However, these demands alone are insufficient and merely mask the fundamental injustice of the wage system. And alone, they fail to add constituents for an expanding system of private property ownership, the basis of a more just, global free enterprise system, which in turn is the economic foundation for world-wide political democracy. Since power and property go hand-in-hand, "participation" can only be short-lived among people without effective, personal access to property. Participation without power is a cruel hoax.

Perhaps the meaning of ownership may not become clear to a worker until he perceives he has some property of his own to lose. But once that threshhold is reached, only force can keep that worker from exercising his full rights as an owner. The human right of access to property must therefore precede participation, not as an ultimate goal but as an essential foundation for effective participation. Without this foundation, economic justice will remain an empty dream. Unless we begin connecting workers to property and power, we can only deal with the symptoms, not the causes, of economic injustice in the world. This is the most important lesson we can learn from South Bend Lathe.●

THE FARM CREDIT PARTNERSHIP ACT OF 1985

● Mr. GRASSLEY. Mr. President, I am pleased to cosponsor the Farm Credit Partnership Act of 1985. This legislation is a good starting point for the debate on Federal assistance to the farm credit system. The bill targets aid to the American farmer, not to the professional managers of the system or the bondholders.

Unlike some of the other proposals which have been suggested, this legislation will help farmers first and then the benefits will spread to the rest of the farm economy. The benefits trickle up rather than down. A farmer's need for financial assistance determines where the government aid goes, no matter who that farmer's lender is.

The legislation calls for a partnership between the Federal Government and State governments to reduce interest rates and loan principal for eligible farmers. It is geared toward full-time family farmers who need a chance to work out of their problems.

The Farm Credit Partnership Act requires the farm credit system to pool its reserves before going to the Treasury for assistance. This requirement is entirely proper, but I think that the legislation should include additional reforms in the management and structure of the farm credit system.

Our first priority must be to ensure that the system does not go ahead with its plans for a wave of foreclosures and liquidations in the Omaha district. These unfair and devastating policies were described at a field hearing I held in September. If these policies are enacted the entire farm economy will be jeopardized. One of the strong points of the Farm Credit Partnership Act is that the Government aid is conditioned on the lenders working with their borrowers to restructure loans rather than foreclosing.

Control of the system must remain in the hands of the farmer/stockholders. The system was established by Congress to be owned and operated by farmers. Today it appears to be controlled by professional managers more interested in preserving their jobs. This must be corrected.

The farm credit system must be supervised by a tough regulatory agency with a board of directors that is totally separate from the system. In this way, local control can be maintained while ensuring the financial safety and soundness of the system. The cozy relationship which exists today between the Farm Credit Administration and the system bears part of the blame for the current financial distress in the system.

As we debate these complicated issues, we must keep in mind that the mission of the farm credit system is to serve the family farmer. If the system strays from that mission, there is no

point in saving it. We should reaffirm the original mission of the system and make clear the congressional intent that the system exists to lend to agriculture.

I look forward to working with my colleagues to craft a constructive solution to the financial crisis in the farm credit system and I would urge that we move forward as quickly as possible.●

ADVANCE NOTIFICATION—PROPOSED ARMS SALES

● Mr. LUGAR. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be reviewed. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that 2 such notifications have been received.

Interested Senators may inquire as to the details of these advance notifications at the office of the Committee on Foreign Relations, room SD-423.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC, November 15, 1985.

Dr. M. GRAEME BANNERMAN,
Deputy Staff Director, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR DR. BANNERMAN: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southeast Asian country for major defense equipment tentatively estimated to cost $14 million or more.

Sincerely,

PHILIP C GAST,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC, November 15, 1985.

Dr. M. GRAEME BANNERMAN,
Deputy Staff Director, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR DR. BANNERMAN: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Northeast Asian country for major defense equipment tentatively estimated to cost $50 million or more.

Sincerely,

PHILIP C GAST,
Director.

PROPOSED ARMS SALES

● Mr. LUGAR. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon such notification, the Congress has 30 calendar days during which the sale may be reviewed. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the notification which has been received. The classified annex referred to in the covering letter is available to Senators in the office of the Foreign Relations Committee, room SD-423.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC, November 15, 1985.

In reply refer to: I-03483/85ct.

Hon. RICHARD C. LUGAR,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 86-10 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter(s) of Offer to Bahrain for defense articles and services estimated to cost $90 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

PHILIP C. GAST,
Director.

[Transmittal No. 86-10]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b)(1) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Bahrain.

(ii) Total estimated value:

	Million
Major defense equipment [1]	$65
Other	25
Total	90

[1] As defined in section 47(6) of the Arms Export Control Act.

(iii) Description of articles or services offered: Fifty-four M60A3 Tanks, concurrent spare parts, related communications equipment, special tools, major assemblies, ammunition, and training.

(iv) Military department: Army (JDQ, JDZ, UAV, UAX, OAM, OAN, and OAO).

(v) Sales commission, fee, etc., paid, offered, or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See annex under separate cover.

(vii) Section 28 report: Included in report for quarter ending June 30, 1985.

(viii) Date report delivered to Congress: November 15, 1985.

POLICY JUSTIFICATION

BAHRAIN—M60A3 TANKS

The Government of Bahrain (GOB) has requested the purchase of fifty-four M60A3 Tanks, concurrent spare parts, related communications equipment, special tools, major assemblies, ammunition, and training. The estimated cost is $90 million.

This sale is consistent with the U.S. policy of assisting other nations to provide for their own defense and security by the transfer of reasonable amounts and types of military equipment. Bahrain is a member of the recently created Gulf Cooperation Council and seeks a modest defense establishment within this context. A moderate voice in the region, Bahrain is a long-time friend of the United States and allows the U.S. Navy access to facilities in the country.

The Government of Bahrain plans to use these tanks for force modernization. This sale would provide the GOB with a modern armor capability which could serve the Gulf Cooperation Council as well as enhance Bahrain self-defense capabilities. Bahrain is capable of absorbing these tanks into its defense establishment on a phased schedule with an initial delivery of up to 35 tanks and upon absorption of these a subsequent delivery of 19 more. This will result in a marked improvement in its land defense capabilities.

The sale of this equipment and support will not affect the basic military balance in the region.

Implementation of this sale will not require the assignment of any contractor representatives; however, additional U.S. Government personnel will be required in Bahrain as follows: 21 personnel for 2 weeks, 26 personnel for 6 months and 3 U.S. Government personnel for 2 years.

There will be no adverse impact on U.S. defense readiness as result of this sale.●

YESHIVA UNIVERSITY

● Mr. D'AMATO. Mr. President, I take great pleasure in rising today to call the attention of my colleagues to the well-established excellence of Yeshiva University in the State of New York. Since 1886, Yeshhiva has been on outstanding center for learning, crafting some of the finest minds our State—and the world—has to offer.

Under the guidance of Dr. Lamm, chancellor of Yeshiva University, this school has steered the course for the American Jewish community of this Nation—a course which has brought together the various segments of American Jewry to realize their leadership potential. Through Yeshiva University, the American Jewish community has accomplished much, but as

Dr. Lamm articulates in an address in celebration of Yeshiva's Centennial Year, American Jewry's theme song of old has been changed.

Mr. President, the last 100 years of our Nation has been filled with Jewish contributions, but this is only the tip of the iceberg. I therefore ask that Dr. Lamm's statement be printed in its entirety in the RECORD at the conclusion of my remarks so we may all bear witness to Yeshiva University's commitment to the next 100 years.

The statement follows:

AMERICAN JEWRY—THE NEXT 100 YEARS

(By Dr. Norman Lamm, President, Yeshiva University)

I am not a great believer in celebrating birthdays. Birthdays are anniversaries of birth, a passive act which signifies only potential and not achievement. One has no right to boast of his potential; that is natural and God-given. Hence, birthdays as such are insignificant. Why, then, am I so eager and hopeful about Yeshiva University's 100th birthday, its Centennial Year? Because far more than an opportunity for nostalgic reflection on the past, it can and must have a powerful and meaningful impact upon the present and the future.

I discern three major purposes for our Centennial Year observances.

First: Yeshiva University is, and ought to be appreciated as, a microscosm or pardigm of 100 years of American Jewish history. Our founding in 1886 took place during the first great wave of Jewish immigration from Eastern Europe to the United States. What this Jewish immigration has accomplished in the course of a century is truly mind-boggling. And this century of American Jewish history is symbolized by Yeshiva University. Together and coequally, we have experienced growth, influence, crisis, challenges, and opportunities. We have gone from an immigrant to an in-status.

How symbolically appropriate it is that Yeshiva University's Centennial come about at the same time, and is indeed tied in with, last year's Centennial celebration of Ellis Island, and this coming year's 100th birthday of the Statue of Liberty. Yeshiva University bridges the two: From New York as the harbor that received the bedraggled but hopeful immigrants from the shtetls and ghettoes of Russia and Poland, to the unlimited opportunity in this land of liberty, cultural pluralism, democracy, and unparalleled hospitality.

This projection of Yeshiva as the symbol of a century of American Jewish history thus allows us to do two things: a) We thereby enhance as well as commemorate American Jewry vis-a-vis America in general. It is a fine way of telling the story of American Jewry in a manner that will make it palatable and inspiring to all of America. b) It positions Yeshiva University as a focus and fulcrum in the American Jewish community. For too long have we been overlooked as playing a major role in the destiny of American Jewry. The community has been so involved in fundraising and overseas crises, that no one has bothered to ask where the future enlightened and educated Jewish leadership of this country is going to come from, which institution can bridge the gap between the various centrifugal segments of American Jewry, and which institution has proven the capacity for the cultural, religious, and educational continuity of the Jewish people.

Included in this rubric is the role of American Jewry in the founding and support of the State of Israel. Clearly, Yeshiva here plays a preeminent role. Our students were amongst the first to fall in battle during the Israel War of Independence. At a time of diminished aliyah, we last year sent some 300-350 students to study in Israel. Most of our students spend at least a year in Israel. Some 1,500 of our undergraduate alumni have made aliyah, and settle in Israel with their families.

The second purpose of our commemoration is to reorient Yeshiva University to the second century of its existence. I divide this opportunity for reflection as to ultimate ends into two parts: That which we share with all American Jewry, and that which is germane only to us.

Along with all other American Jews, we of Yeshiva University must realize at this occasion that the theme song of both the American Jewish community and Yeshiva University can no longer be survival. First, survival for the sake of survival is simply inadequate. It is nothing more than the spelling out of animal instinct: the blind, imminent drive towards continuity for the sake of continuity. Cockroaches too reproduce in order to survive. Humans must do more. So, unless an institution or a community has a higher, transcendent goal, its survival should be of interest to no one.

Similarly, our goal must not be mere acceptance by the wider society. We American Jews have already been accepted, and the degree to which we are not yet accepted should be of no concern to us. The constant drive to break into new levels of the general society is really an affront to our own dignity as human beings and as Jews.

The theme of our efforts henceforth must be creative growth, new horizons, and the fulfillment of our own innate potential.

That holds true both for American Jewry and for Yeshiva University.

With a full heart we offer our thanks to the Almighty for having survived our first century, including especially some perilous crises, the last one no more than three or four years ago. Moreover, we have achieved acceptability and recognition. Now we must undertake the creative growth of which I spoke, and apply it to our University as such. In this sense, Yeshiva University can play a leadership role for American Jewry. For both of us, it means an unabashed but totally non-parochial pursuit of the Jewish dimension of our existence. We must unself-consciously focus on enhancing our Jewishness not in order to exclude others; but in order to draw the strength and the power to generate inspiration and teaching for others.

The second aspect of this reorientation applies exclusively to Yeshiva itself. For us, it means the opportunity and, indeed, the obligation to seek new definitions of the missions of our individual parts.

For instance, some of our schools have recently done just that. Ferkauf Graduate School of Psychology has found its soul in turning largely into a school of professional psychology. Wurzweiler School of Social Work now has located its mission largely, although not exclusively, in preparing social workers for service in the Jewish community. The David J. Azrieli Graduate Institute of Jewish Education and Administration has for the last couple of years been working strenuously in preparing supervisors, principals, and administrators for Jewish schools.

Similarly, the Albert Einstein College of Medicine is groping for the proper focus for its enormous vitality and intellectual energy. It began by successfully meeting an overwhelming societal challenge: discrimination against Jewish students and Jewish faculty members. By the very act of founding the Albert Einstein College of Medicine, that numerus clausus which kept so many of the best and brightest of our people out of medical schools, was broken. But that is only a part, albeit a magnificent part, of Albert Einstein College of Medicine's story. History alone cannot sustain us. The future cannot be a replay of the past, and we cannot rest on faded laurels. So, Albert Einstein College of Medicine is now dedicating its efforts at becoming an even greater center of medical research, even more than a great school of medical education. And it is seeking out certain areas and disciplines where its pre-eminence will be unchallenged.

The Benjamin N. Cardozo School of Law is now engaged in a heroic effort to be a model to other law schools in showing how a young school, without any kind of significant endowment, can establish its own identity and seek its own destiny and survive the mindless swings of career fashions that make one profession too popular one year and inadequately respected the other.

Our undergraduate schools have but recently adopted a new and open attitude towards accounting, economics, and the world of business. I expect that in the near future the Board of Trustees, in consultation with its Academic Affairs Committee, will have some important announcement to make.

Our affiliated Rabbi Isaac Elchanan Theological Seminary has in recent years added three Kollelim, or post-graduate institutes, each of which is singular; and together they spell out a new dimension of commitment to scholarship and responsiveness to a changing community.

All our units, and the University as a whole, must be able to respond to new conditions with maleability and mobility. We live in a society where changes that used to take a hundred years can now occur in ten or fifteen years. Under conditions, rigidity is deadly, and flexibility an absolute necessity.

Finally, there is the "bottom line." We are a University that has made a tremendous contribution to this past century. The pity of it is that our contribution could have been ten-fold if only we had had the resources for it. We must determine that, as we face the second century, our administrative and academic leadership will not have to be so preoccupied with the daily struggle for fiscal survival that there is little intellectual stamina left for the profound thinking and intellectual reflection necessary for developing the educational norms and means for a new generation. The Centennial Year gives us a golden opportunity to increase our endowment, establish new chairs, fund new programs, create additional scholarships, and thereby release the enormous vitality, energy, and drive that we possess in order to conquer new horizons.●

LATVIAN INDEPENDENCE DAY

● Mr. D'AMATO. Mr. President, I rise today to express my praise for the struggle for self-determination by the people of Latvia and to express my continued indignation over the Soviet Government's relentless subjugation, oppression, and Russification of the Latvian people. My desire for Latvian

autonomy runs deep, and our Nation's recognition of their independence from foreign rule extends as far back as November 18, 1918: the day of national independence for Latvia. On that day, with the collapse of Germany, Latvian leaders were able to proclaim an independent Latvian Government in Riga.

The age-old Latvian struggle for an independent nation continues today as it has since the late 1800's. However, the roots of foreign intrusion extend deep into the early Middle Ages, when Viking marauders first penetrated Latvia for commercial use of their rivers—which are the envy of Latvia's neighbors to this day.

During the mid- to late-1100's, Latvia's closely knit tribal kingdoms, which comprised their ruling system at that time, were unable to repel the colonization of the north German merchants, who played off one Latvian tribe against another, securing territory and trade routes for years to follow. These merchants were replaced by Christian zealots from the Holy Roman Empire who were hungry for converts.

Subsequently, the bishop of Livonia, with papal consent, established the Knights of the Sword to consolidate the German domination which lasted for three centuries. In 1561, Latvia passed under Polish rule, and 8 years later, the Sweeds took control in the south until 1721, when they ceded it to the Russians in the Treaty of Nystad. Russia gained complete control over the rest of Latvia through the many succeeding partitions of Poland. It was under Russian rule, however, that a steady growth in the national consciousness of the Latvian people began to emerge.

In 1868, the Riga Latvian Association was established. It soon became the fountainhead of a cultural renaissance. Thus, when the Russians adoped a russification policy for Latvia in the late 1880's, the people of Latvia responded with a determined assertion of their own national identity.

After the Russian Revolution, a Latvian National Political Conference passed a resolution which expressed Latvia's right for complete autonomy within the Republic of Russia. Soon thereafter, Germany overran Latvia, but could not overrun the Latvian spirit for self-determination. Germany and the newly formed Communist Government in Russia were negotiating for peace at Brest-Litovsk, but the Latvians did not believe these usurpers had standing to determine their fate. Thus, on November 18, 1918, with the collapse of Germany, the Latvian Government proclaimed its independence.

In the aftermath of World War I, many conflicting interests were at work within Latvian territory; namely, the existence of foreign troops which were jockying for position to remain indefinitely. Both the Soviets and Germany wanted to retain political, if not military, control over this Baltic region. With the aid of their northern neighbor, however, the combined Estonian-Latvian forces were able to defeat the last of the German forces in an effort to gain Baltic freedom.

On August 11, 1920, the Soviet Union signed a peace treaty with Latvia. Designed as it was only to pacify Latvian opposition to Soviet intrusion, the words of that treaty had no more meaning to the Soviet Government than does their more recent signature to the Helsinki accords. Article 2 of the Latvian-Soviet treaty stated:

> The Soviet Union recognizes without preservation the independence, automomy and sovereignty of Latvia and voluntarily and forever renources all sovereign rights over the Latvian people and territory.

During the 20 years that followed World War I, the embryonic republic quickly developed into a strong agrarian country. Cultural life blossomed, and its system of education made tremendous strides. Politically, minorities were guaranteed cultural and political rights.

Latvians had achieved their dreams. Through years of foreign intrusions, through years of being caught up in the games of conquest played by their more powerful neighbors—Latvia's dream for autonomy and independence came to fruition. Joining the League of Nations, Latvia sought nothing but peace, for itself and for the world.

Mr. President, the events that unfolded on June 17, 1940, stand as a shock to the world. Clearly against reason and written promise, and without provocation, the Red Army of the Soviet Union invaded Latvia. Leading citizens of Latvia were tortured and murdered and 40,000 Latvians of all social classes were carted off to Siberia.

Since that day, the Soviet Union has embarked upon an intense, aggressive policy of Russifying Latvia, its politics, and its industry. Situated north and south of Latvia, both Estonia and Lithuania have suffered a similar fate. The extent to which the Soviet Union has attempted to extinguish the Latvian heritage and spirit has reached genocidal proportions.

The Soviet Union has directed an attack against the Latvian language, businesses, government agencies, and educational institutions. They even have formulated a plan to demographically limit the population density of the Latvian people within the cities through a special distribution of apartments. According to census taken in 1979, the proportion of Latvians in the population of 2,521,000 was a mere 53.7 percent. In Riga, the capital city of Latvia, the percentage of Latvians sank to 38.5 percent through the immigration of Russians and other Slavs. As with other non-Russian republics, the Soviet Union is seeking to replace the cultural and social identity, indeed the national consciousness, of the Latvian people to enhance Soviet control.

As we have seen throughout history, however, the struggle for self-determination of the peoples of Latvia will continue. The United States will now, and always, recognize the independence of Latvia, just as Latvians themselves observe this 67th anniversary of their national holiday today. Let us, as a nation in love with liberty and freedom, continue our praise for the undying, stalwart spirit for self-determination that has, and will always, characterize our Latvian friends.

Thank you, Mr. President.●

WEEKLY BUDGET SCOREKEEPING REPORT

● Mr. DOMENICI. Mr. President, I hereby submit to the Senate, and ask to be printed in the RECORD, the budget scorekeeping report for the week of November 11, 1985, prepared by the Congressional Budget Office in response to section 5 of the first budget resolution for fiscal year 1986. This report also serves as the scorekeeping report for the purposes of section 311 of the Congressional Budget Act.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 18, 1985.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the budget for fiscal year 1986. The estimated totals of budget authority, outlays, and revenues are compared to the appropriate or recommended levels contained in the most recent budget resolution, S. Con. Res. 32. This report meets the requirements for Senate scorekeeping of Section 5 of S. Con. Res. 32 and is current through November 15, 1985. The report is submitted under Section 308(b) and in aid of Section 311(b) of the Congressional Budget Act.

Since my last report the Congress has cleared for the President's signature the HUD-Independent Agencies Appropriations Bill (H.R. 3038) and the Temporary Debt Limit Increase (H.R. 3721), and the President has vetoed the Treasury-Postal Service Appropriations Bill for 1986 (H.R. 3036), changing budget authority, outlay, and revenue estimates.

With best wishes,
Sincerely,

RUDOLPH G. PENNER.

CBO WEEKLY SCOREKEEPING REPORT FOR THE U.S. SENATE, 99TH CONGRESS, 1ST SESSION, AS OF NOVEMBER 15, 1985

[Fiscal Year 1986—In billions of dollars]

	Budget authority	Outlays	Revenues	Debt subject to limit
Current level [1]	1,069.0	982.5	793.1	1,861.0
Budget resolution, Senate Concurrent Resolution 32	1,069.7	967.6	795.7	[2] 2,078.7
Current level is:				
Over Resolution by		14.9		
Under Resolution by	.7		2.6	217.7

[1] The current level represents the estimated revenue and direct spending effects (budget authority and outlays) of all legislation that Congress has enacted in this or previous sessions or sent to the President for his approval. In addition, estimates are included of the direct spending effects for all entitlements or other programs requiring annual appropriations under current law even though the appropriations have not been made. The current level excludes the revenue and direct spending effects of legislation that is in earlier stages of completion, such as reported from a Senate committee or passed by the Senate. Thus, savings from reconciliation action assumed in Senate Concurrent Resolution 32 will not be included until Congress sends the legislation to the President for his approval. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] The current statutory debt limit is $1,903.8 billion.

FISCAL YEAR 1986 SUPPORTING DETAILS FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 99TH CONGRESS, 1ST SESSION, AS OF NOVEMBER 15, 1985

[In millions of dollars]

Budget authority	Outlays	Revenues	
I. Enacted in previous sessions:			
Revenues			792,800
Permanent appropriations and trust funds	717,617	631,009	
Other appropriations		185,348	
Offsetting receipts	−162,006	−162,006	
Total enacted in previous sessions	555,610	654,351	792,800
II. Enacted this session:			
Famine relief and recovery in Africa (Public Law 99–10)		421	
Federal supplemental compensation phaseout (Public Law 99–15)			10
Appropriations for the MX missile (Public Law 99–18)		368	
Contemporaneous recordkeeping repeal bill (Public Law 99–44)			13
United States-Israel Free Trade Act (Public Law 99–47)			−8
Statue of Liberty—Ellis Island Coin Act (Public Law 99–61)	−15	31	
International Security and Development Cooperation Act (Public Law 99–83)	−25	−25	
Supplemental appropriations bill (Public Law 99–88)	36	3,138	
State Department authorization (Public Law 99–93)			2
Emergency Extension Act of 1985 (Public Law 99–107)	−49	−230	210
Simplication of imputed interest rules (Public Law 99–121)			−31
Health professions educational assistance (Public Law 99–129)		−8	
Amendments-Special Defense Acquisition Fund (Public Law 99–139)	100		
Department of Defense Authorization Act, 1986 (Public Law 99–145)	280	−5	
Energy and water appropriations, 1986 (Public Law 99–141)	15,252	8,245	
Legislative branch appropriations, 1986 (Public Law 99–151)	1,599	1,385	
Total enacted this session	17,178	13,320	195
III. Continuing resolution authority:			
Continuing appropriations, 1986 (Public Law 99–154)	463,542	303,400	
Offsetting receipts	−23,808	−23,808	
Total continuing resolution authority	439,734	279,592	
IV. Conference agreements ratified by both Houses:			
Temporary debt limit increase (H.R. 3721)	−34	−156	140
HUD-Independent Agencies appropriations, 1986 (H.R. 3038)	56,909	36,247	
Offsetting receipts	−4,185	−4,185	
Total conference agreements	52,690	31,906	140
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Payment to the CIA retirement fund	10	10	
Claims, defense	7	3	
Payment to the foreign service retirement trust fund [1]	(7)	(7)	
Range improvements	1		
BLM: Miscellaneous trust fund	([2])		
Payment to air carriers, DOT	18	17	
Retired pay—Coast Guard	21	19	
Maritime, operating-differential subsidies		3	
BIA: Miscellaneous trust funds	([2])	([2])	
Higher education facilities loans and insurance	4		
Retirement pay for PHS officers	12	6	
Medicaid	1,617	1,285	
Payment to heath care trust funds [1]	(1,011)	(1,011)	
Child nutrition programs	254	234	
Advances to unemployment trust fund [1]	(516)	(516)	
Special benefits (general retirement and Federal employee retirement)	48	48	
Black lung disability trust fund	85	85	
Assistance payments	573	573	
Veterans readjustment benefits	180	137	
Veterans pensions	10		
Salaries of judges	3	1	
Payment to civil service retirement [1]	(214)	(214)	
National wildlife refuge fund	([2])	([2])	
Defense pay raise-military	925	897	
Total entitlements	3,769	3,318	
Total current level as of November 15, 1985	1,068,980	982,487	793,135
1986 budget resolution (S. Con. Res. 32)	1,069,700	967,600	795,700
Amount remaining:			
Over budget resolution		14,887	
Under budget resolution	720		2,565

[1] Interfund transactions do not add to budget totals.

[2] Less than $500 thousand.

Note: Numbers may not add due to rounding.●

SALUTE TO OUTGOING FFA PRESIDENT

● Mr. FORD. Mr. President, about 22,000 Future Farmers of America delegates met in Kansas City last week for their annual convention, as members have each year since 1928.

With that annual fall pilgrimage now ended, I take this opportunity to salute an outstanding young man from Glendale, KY, who was national FFA president over the past year. That young man, Steve Meredith, has served admirably in this demanding, yet rewarding position. His duties have taken him across the Nation, representing the interests of young men and women in agriculture.

Ralph and Ruth Meredith have good reason to be proud of their son, Steve. He graduated at the top of his 140-member high school class, and he was voted most likely to succeed. With high school behind him, Steve plans to pursue a degree in agricultural economics at the University of Kentucky. His career goal is to be a vocational agriculture teacher and farmer.

Steve's fellow-FFA members in Kentucky, more than 13,000 of them, are proud of his leadership and accomplishments. When Steve was elected, it has been 20 years since a Kentuckian had served as national FFA president. Kenneth Kennedy, of Cadiz, KY, had held the post in 1964. The Bluegrass State was proud to return a Kentuckian to the helm of that important organization.

The Future Farmers of America is truly an important and outstanding organization. Members compete both locally and nationally in a variety of contests, including public speaking, recordkeeping, and farm production projects. The organization's many activities develop skills in young men and women that will be beneficial to them in their future endeavors, both on and off the farm.

This is a difficult time for agriculture, as thousands of farmers are undergoing extreme financial hardships. Despite this bleak cloud, 500,000 students studying agriculture are FFA members. It is encouraging to know that so many young people maintain an interest in this, our Nation's largest industry.

We, in Congress, must be reminded of the responsibility that rests with us in shaping agricultural policy. We must ensure that these future farmers are rewarded for their hard work and preparations. Their expectations for a promising future in agriculture must be made possible through passage of agricultural legislation that works.

It was important for FFA, during this period, to be represented by a young man of Steve's caliber. I salute his efforts and wish him every success in his farming future.●

TRIBUTE TO DON SENTERFITT, PRESIDENT, AMERICAN BANKERS ASSOCIATION

● Mrs. HAWKINS. Mr. President, I would like to recognize today Floridian Don T. Senterfitt who has served his community for a number of years and has recently been elected to the distinguished position of president of the American Bankers Association. I congratulate Mr. Senterfitt in being the first native Floridian to be elected to this prestigious national position.

Born in Marianna, FL, Don's family has been in residence on the Sunshine State for five generations. Upon receiving his bachelor of arts degree from Carson Newman College in 1941, he began a legal education at George Washington University. Working his way through law school, he served on the staff of Florida's Senator Charles O. Andrews.

During World War II, Don proudly served in the 108th Infantry Division. After the War, he returned to our Nation's Capital to play an integral part on Senator Andrews' staff until the Senator's death.

In 1948, Mr. Senterfitt received his LL.B. degree from the University of Florida and went into practice in Orlando, FL. In 1958, his firm merged to become Akerman, Senterfitt, Edison, and in that same year, he assumed the position of outside counsel for the Florida Bankers Association. In 1978, the Florida Bankers Association awarded Mr. Senterfitt with the Distinguished Service Award.

He was elected to the board of directors of Sun Bank in 1964 and became one of the founding directors of the holding company that became Sun Banks Inc. Don was then elected chairman of the holding company's executive committee in 1977. When Sun Banks and Trust Co. of Georgia merged, he became vice chairman of the new corporation, Sun Trust Banks, Inc. He was instrumental in many of Sun Banks, Inc., corporate decisions.

It is evident that Don Senterfitt will bring a wealth of experience to his new position. As the junior Senator from his home State, I sincerely congratulate Don on his accomplishments and wish him well in his term as president of the American Bankers Association.●

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE GENEVA SUMMIT: HUMAN RIGHTS IN THE SOVIET UNION

Mr. DOLE. Mr. President, during our last session, I began a series of statements on issues likely to arise at the Geneva summit. At that time, I discussed SDI. Today, I wish to spend a few moments talking about human rights in the Soviet Union.

There are some issues which should be discussed subtly and some which demand bluntness. The question of human rights in the Soviet Union is one of the latter. So let me be blunt.

U.S.S.R. A TOTALITARIAN STATE

The U.S.S.R. is a totalitarian state. It suppresses its citizens, denying them many fundamental human rights. It persecutes the religious and many minorities. It jails those who dissent, and will not permit those who want to leave to do so.

The Soviet Union does not have gulags—it is a gulag. Its performance on human rights matters is inconsistent with internationally recognized standards. Its performance is unacceptable to us. It is unacceptable to decent people everywhere.

HUMAN RIGHTS SITUATION DETERIORATING

Because human rights issues will be very much on the President's agenda in Geneva, it is appropriate that we take a few moments now to review the Russians' sorry human rights record. Although there have been occasional hopeful signs, in general it is accurate to say that the overall human rights situation in the Soviet Union has been deteriorating since at least the late 1970's.

The most fundamental and glaring shortcoming of the Soviet system, of course, is that it is utterly nondemocratic. It is a system of the state, by the state, and for the state. Although virtually required to participate in periodic sham elections, the average Soviet citizen is denied the right to have any real say in the way he is governed or the way his government conducts its business. In that sense, all Soviet citizens are prisoners of the gulag.

BUT SOME ARE MORE "EQUAL" THAN OTHERS

When you think about it, though, you realize that we hardly ever talk about this fundamental, systemic denial of human rights anymore. And the reason we do not is as simple as it is tragic. For there are some people in the Soviet Union so specially and brutally suppressed that the everyday suppression under which all citizens suffer pales in comparison. The Soviet system maltreats some people so badly, and their plight so demands our attention, that we just do not have time to talk much about this fundamental, routine denial of human rights. George Orwell had it right—some are more "equal" than others, at least in the degree to which they are persecuted.

These cases of especially harsh denial of human rights fall into three general categories: First: political dissidents; second, ethnic and religious minorities; and third, emigration cases.

POLITICAL DISSIDENTS

To dissent in any way from official Soviet policy—and especially to voice that dissent in such a manner that it becomes known outside the Soviet Union—is to invite economic reprisal, internal exile, imprisonment—on trumped up national security charges or patently phony psychiatric confinement—or worse.

The preeminent representative of the Soviet human rights movement, Andrei Sakharov, remains confined in the isolated city of Gorky, along with his wife, Yelena Bonner. Although the Soviets have recently permitted Sakharov to contact family members in the West and agreed to permit Bonner to travel abroad to seek sorely needed medical attention, there is no evidence that they are removing any of the basic restrictions on Sakharov.

Yuriy Orlov, the founder of the Helsinki Monitor Movement, is in exile in Yakutia.

Former Helsinki Monitor Anatoly Shcharansky has been imprisoned for more than 8 years. He is now at the Lerm labor camp 35, with 6 years remaining on his sentence.

Psychiatrist Anatoliy Koryagin languishes near death in a Soviet prison, solely because he protested the misuse of psychiatric diagnoses to imprison people.

The list of dissidentes—a few prominent like these, but most anonymous, ordinary Soviet citizens—could go on and on. All of them, ultimately, are quilty of only one crime—they spoke out for what they believed, in a system which demands only silent acquiescence.

ETHNIC AND RELIGIOUS MINORITIES

There is widespread mistreatment and denial of fundamantal rights to many ethnic and religious minorities in the Soviet Union.

The special case of Soviet Jewry. No group suffers more serious suppression than Soviet Jews. I shall speak in a moment about the Russians' failure to permit thousands of Jews who wish to emigrate permission to do so. But all Jews who wish to practice their religion or just study their heritage, whether or not they want to leave the Soviet Union, face state-sponsored suppression.

Jews are routinely arrested and interrogated for alleged antistate activities. Many have lost their jobs and had their apartments searched, mail seized, and telephones disconnected. Some have also been beaten, either by security officials or by state-organized thugs. The Soviet press publishes frequent anti-Jewish articles, under the rubric of an ongoing campaign against Zionism which the Soviets formally equate with racism and naziism.

Since July 1984, at least 16 Jewish cultural activists have been arrested, in a campaign to stamp out a revival of interest among Soviet Jews in their cultural heritage. To date, 14 of those arrested have been convicted on crudely trumped up criminal charges. At least two have been badly beaten, one of them to the point that he has lost nearly all of his eyesight.

Other ethnic and religious groups.—Nor are other groups, ethnic and religious, spared state repression. The dominant Christian church, the Russian Orthodox Church, and all other legal religious groups operate under tight controls. Sects cannot, for example, own their own church buildings but must rent them from the Government. Children are not allowed in churches but must be taught religion at home. All religious material must be approved by the State.

The second largest religious group in the Soviet Union, the Muslims, numbering about 45 million strong, are under particularly close scrutiny, as many live near sensitive border areas, for example, with Afghanistan. Reflecting state concern over their loyalty and activities, they are now limited to several hundred mosques nationwide, compared to the 25,000 which existed at the turn of the century.

A number of smaller Christian groups are outlawed entirely, among them the Ukrainian Catholic Church; with an estimated 1 million believers; many of the Evangelical Protestants—Baptists, Seventh-Day Adventists; and Pentacostals—and the Jehovah's Witnesses.

Some ethnic groups are similarly suppressed. Ethnic Armenians and Kurds, for example, many again resident in the border areas, are kept under close scrutiny and have their cultural activities strictly limited.

EMIGRATION

An especially noxious problem is the Soviet failure to permit thousands of its citizens who wish to emigrate the right to do so. Although the problem affects many thousands from various groups, three categories are especially troubling: First, American-interest cases; second, Soviet Jews; and, third, divided German families.

American-interest cases.—These fall into three groups. One group is the more than 20 American citizens—let me repeat that, so it is clear—the more than 20 American citizens whom the Soviets will not permit to return to this country. Let me cite just one such case, that of Karo Chrovian, who left Cornell university in 1932 for a 2-year engineering job in the Soviet Union and who has been trying unsuccessfully to return from the Soviet Union for a half century. Our message to the Soviets on the Chrovian case, and the others, is simple—let them come home.

A second category are the separated spouses cases. These are the two dozen or so cases where a Soviet citizen spouse of an American citizen is not being permitted to leave Russia to join his or her family in the West.

It is encouraging that the Soviets, apparently as part of their pre-summit public relations blitz, have agreed to allow about half of these spouses to come to the United States. But it ought not take an event like a summit to take the simple, decent step of allowing husbands, wives, and children to live together in the place of their choosing.

Finally, there are the separated family cases. There are well over a hundred of these cases, involving the separation of nonspouse but immediate family members—parents, siblings, et cetera. There is no reason why all these cases could not be resolved soon.

Soviet Jews. As I noted earlier, the Soviet Union has systematically denied permission to tens of thousands of Soviet Jews to emigrate. Most of them wish to go to Israel, some to the United States. None of them have done anything to justify the Soviets' refusal to grant them exit visas.

In the late 1970's, there were signs that the Soviets were prepared to resolve this issue, at least partly in response to our repeated declarations that the problem constituted an important barrier to better bilateral relations. That year, more than 50,000 Jews were permitted to emigrate.

Since that time, though, the Russians have callously restricted the flow, to the extent that less than 1,000 have been permitted to depart annually over the past 2 years.

The Soviets explain these drastically reduced levels by claiming that virtually all Jews who wish to emigrate have already done so. That claim just will not wash. Thousands more would leave tomorrow, if given the chance. Hundreds of thousands would leave ultimately, if given the chance to do so in an orderly way and without risking their jobs, their peace of mind, their freedom, and even their personal safety by the act of applying for a visa.

Divided German families. Because of decades-old patterns of population movement in Europe and the events of World War II, nearly 2 million ethnic Germans, about half who consider German their native tongue, now live in the Soviet Union. Many of them, particularly the most culturally active, suffer special suppression. Informed observers believe that perhaps 100,000 of them would emigrate to West Germany if they had the opportunity.

CONCLUSION

Mr. President, this is the record of the Soviet Union—a record inconsistent with the pledges that the Soviets have repeatedly undertaken; inconsistent with the treaties and agreements which the Soviets have signed: The U.N. Universal Declaration on Human Rights; the International Convention on Civil And Political Rights; and the Helsinki Final Act.

The Soviet Union blatantly violates all of these treaties and agreements. It blatantly suppresses its own citizens. It blatantly makes a mockery of its own claim to be a democracy—a workers' democracy.

And we must never forget that.

Yet, the Soviet Union is a reality—a powerful reality. We have to deal with it, even though we find its system and its conduct abhorrent. In fact, we have to deal with it even more because we find its system utterly inimical to ours and because we find its conduct on these issues and others unacceptable.

Yet, as we talk to the Soviet leaders, we can never forget this record. Even more important, we can never let the Soviets forget that their record remains a fundamental difference between their system and ours and a fundamental barrier to normal relations between our countries.

I know the President understands this very well. And I know that he will act on this understanding as he pursues his important, and broadly based, discussions with Soviet General Secretary Gorbachev.

THE CALENDAR

Mr. DOLE. Mr. President, I would like to ask the distinguished minority leader if he is in a position to pass the following calendar items: Calendar Nos. 403, 404, 405, 406, and 407?

Mr. BYRD. Mr. President, I am pleased to respond to the distinguished majority leader by saying that these items have been cleared on this side and we are ready to proceed.

Mr. DOLE. I thank the distinguished minority leader.

Mr. President, I ask unanimous consent that the calendar items just identified be considered en bloc and adopted en bloc, and that all reported amendments and preambles be considered agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNIZING THE NATIONAL CAMP FIRE ORGANIZATION FOR 75 YEARS OF SERVICE

The concurrent resolution (S. Con. Res. 69) to recognize the National Camp Fire Organization for 75 years of service, was considered, and agreed to.

The preamble was agreed to.

The concurrent resolution, and the preamble, are as follows:

S. CON. RES. 69

Whereas the National Camp Fire Organization is celebrating its seventy-fifth anniversary during 1985;

Whereas Camp Fire has chosen to commemorate this significant anniversary in a national celebration of friendship;

Whereas Camp Fire councils offer young people opportunities to develop important friendships through informal educational programs for youth through the age of twenty-one;

Whereas in Camp Fire, recognition of accomplishments is combined with encouragement to use developing skills in service to others in the community; and

Whereas Camp Fire is to be commended for the opportunities for friendship the program offers young people throughout the Nation, and for the many services young people perform for the community as Camp Fire members: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby recognizes the seventy-five years of service given by Camp Fire to the Nation.

NATIONAL BLACK (AFRO-AMERICAN) HISTORY MONTH

The joint resolution (S.J. Res. 74) to provide for the designation of the month of February 1986, as "National Black (Afro-American) History Month," was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 74

Whereas in 1926 Dr. Carter Godwin Woodson launched the celebration of Negro History Week;

Whereas this observance evolved into a month-long celebration in 1976;

Whereas February 1, 1986, will mark the beginning of the sixtieth annual public and private salute to Black History;

Whereas the observance of Black (Afro-American) History Month provides opportunities for our Nation's public schools, institutions of higher learning, and the public to gain a deeper understanding and knowledge of the many contributions of Black Americans to our country and the world: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the month of February, 1986, is designated as "National Black (Afro-American) History Month", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe that month with appropriate ceremonies and activities to salute all that Black Americans have done to help build our country.

AMERICAN LIVER FOUNDATION NATIONAL LIVER AWARENESS MONTH

The joint resolution (S.J. Res. 202) designating November 1985 as "American Liver Foundation National Liver Awareness Month," was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 202

Whereas there are more than one hundred liver diseases which are progressive debilitating and often fatal;

Whereas liver diseases claim fifty thousand lives annually and are the fourth leading cause of death of Americans between the ages of fifteen and sixty-five;

Whereas liver diseases strike infants, children, adolescents, and adults, regardless of sex, race, or economic status;

Whereas there are no known causes, effective treatments (other than liver transplants), or cures for the vast majority of liver diseases;

Whereas there are many conditions which can lead to liver diseases, including congenital or inherited abnormalities, severe reactions to drugs, prolonged exposure to environmental toxins, parasitic and other diseases, as well as alcoholism;

Whereas people with a liver disease suffer not only physically from the disease but also emotionally from the unjust stigma placed on them due to the common, but mistaken, notion that liver disease is caused only by alcoholism;

Whereas the American Liver Foundation is the only national organization to focus on the full array of liver diseases;

Whereas the Foundation is a network of volunteers, families, researchers, and health care professionals located throughout the United States, dedicated to funding and increasing research to find the causes, treatments, cures, and ways to prevent these devasting diseases; and

Whereas the Foundation is committed to promoting the health of Americans by increasing public awareness of all conditions which can lead to a liver disease, providing health and therapy information and education programs about liver diseases for lay persons and professionals, and supporting and enhancing the quality of life for those individuals and their families who must cope with a liver disease: Now, therefore, be it.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That November 1985 is designated as "American Liver Foundation National Liver Awareness Month", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to—

(1) learn more about the liver and how to prevent liver diseases;

(2) support the search for the causes and possible cures for liver diseases;

(3) aid those who suffer from the crushing physical, psychological, and financial burden of a liver disease; and

(4) observe such month with other appropriate acitivies.

NATIONAL SOCIAL STUDIES WEEK

The Senate proceeded to consider the joint resolution (S.J. Res. 232) to designate October 6, 1986, through October 10, 1986, as "National Social Studies week."

Mr. SIMON. Mr. President, I wish to urge my colleagues to vote in favor of Senate Joint Resolution 232, a bill to designate October 6, 1986, to October 10, 1986, as "National Social Studies Week." This bill will recognize and commemorate the role of the social studies teacher in the United States. The social studies teacher must be a master of not one, but several disciplines to teach in any area of the social studies. These teachers must not only be bright, creative, and inquisitive, but they must also possess a world view and be committed to democratic values such as freedom, equality, peace, and justice. This knowledge is necessary in addition to the basic qualities needed to be a teacher: Strong interpersonal skills, flexibility, tolerance of divergent viewpoints, and the ability to withstand the pressures of conflicting values within the classroom and the community. Social studies teachers are the ones who present the basics of our Government to the children of our Nation. They initiate an interest of the world and its peoples and cultures.

In the view that national attention should be focused on the exemplary efforts of social studies teachers in the United States, I would like to set aside October 6 through October 10, 1986, as "National Social Studies Week." During this week, social studies classes nationwide may undertake special projects, give recognition to their social studies teachers, and achieve a renewed spark of interest in their govenrment, their country, and their world.

The joint resolution was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 232

Whereas national attention should be focused on the exemplary efforts of social studies teachers in the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That October 6, 1986, through October 10, 1986, is designated as "National Social Studies Week," and that the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe the week with appropriate ceremonies, programs, and activities.

NATIONAL MARK TWAIN DAY

The joint resolution (H.J. Res. 259) to designate November 30, 1985, as "National Mark Twain Day," was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the measures were agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I inquire of the distinguished minority leader if he is in a position to agree to the confirmation of the following nominations: Calendar No. 527, William C.

Carpenter, Jr.; No. 528, Benjamin L. Burgess, Jr.; No. 529, Marvin Collins; No. 530, Karen Pryor; No. 533, Francis J. Invancie; No. 534, William Robert Graham; No. 535, Michael A. McManus, Jr.; No. 536, Neal B. Freeman; No. 537, John A. Gaughan; No. 538, John K. Lauber; No. 539, James Curtis Mack II; No. 540, Jennifer Lynn Dorn; No. 541, Coast Guard.

Mr. BYRD. Mr. President, I am pleased to respond to the distinguished majority leader's inquiry. All the calendar order numbers to which he has referred have been cleared for action on this side.

Mr. DOLE. I thank the distinguished minority leader.

Mr. President, I ask unanimous consent that the nominations just identified be considered en bloc and confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF JUSTICE

William C. Carpenter, Jr., of Delaware, to be U.S. attorney for the district of Delaware for the term of 4 years.

Benjamin L. Burgess, Jr., of Kansas, to be U.S. attorney for the district of Kansas for the term of 4 years.

Marvin Collins, of Texas to be U.S. attorney for the northern district of Texas for the term of four years.

MARINE MAMMAL COMMISSION

Karen Pryor, of Washington, to be a member of the Marine Mammal Commission for the term expiring May 13, 1986.

FEDERAL MARITIME COMMISSION

Francis J. Ivancie, of Oregon, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1987.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

William Robert Graham, of California, to be Deputy Administrator of the National Aeronautics and Space Administration.

COMMUNICATIONS SATELLITE CORPORATION

Michael A. McManus, Jr., of New York, to be a member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1987.

Neal B. Freeman, of Virginia, to be a member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1988. (Reappointment)

DEPARTMENT OF TRANSPORTATION

John A. Gaughan, of Maryland, to be Administrator of the Maritime Administration.

NATIONAL TRANSPORTATION SAFETY BOARD

John K. Lauber, of California, to be a member of the National Transportation Safety Board for the remainder of the term expiring December 31, 1989.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

James Curtis Mack II, of California, to be Deputy Administrator of the National Oceanic and Atmospheric Administration.

DEPARTMENT OF TRANSPORTATION

Jennifer Lynn Dorn, of Maryland, to be Associate Deputy Secretary of Transportation. (New position)

COAST GUARD

The following officers of the U.S. Coast Guard for promotion to the grade of commodore:

Capt. Richard I. Rybacki.
Capt. Martin H. Daniell, Jr.
Capt. Robert T. Nelson.
Capt. Marshall E. Gilbert.
Capt. Joseph E. Vorback.

Mr. DOLE. Mr. President, I move to reconsider the votes by which the nominations were confirmed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate resume consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

TESTIMONY OF SENATE EMPLOYEES AND REPRESENTATION BY SENATE LEGAL COUNSEL

Mr. DOLE. Mr. President, on behalf of myself and the distinguished minority leader, Mr. BYRD, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 260) to authorize representation by the Senate Legal Counsel and testimony of Senate employees.

Mr. DOLE. Mr. President, the defendants in the case of United States versus David Allen Anderson, et al., pending in the U.S. District Court for the Western District of Kentucky, have subpoenaed both Senator FORD and Senator MCCONNELL—as well as six members of their Louisville office staffs—to testify at their consolidated trial scheduled for tomorrow morning, November 19, 1985, at 10 a.m. In addition, the U.S. attorney has requested the presence of Senator FORD's district representative and Senator MCCONNELL's State director.

These criminal prosecutions arose out of demonstrations at both Senators' Louisville offices on June 12 of this year. When the 29 defendants involved refused to leave upon request at closing time, they were arrested and charged with violation of a GSA regulation prohibiting disturbances in Federal buildings. Neither Senator FORD nor Senator MCCONNELL was present at the time of the protest, but their staff assistants named in this resolution were witnesses to the event in question.

Such resolution would authorize those Senate employees to testify and would direct the Senate legal counsel to represent Senator FORD, Senator MCCONNELL and their staffs in connection with the subpoenas issued to them in this proceeding. This would be in keeping with our practice of facilitating justice consistent with the privileges and rights of the Senate. Mr. President, I move adoption of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 260) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 260

Whereas, in the case of *United States* v. *David Allen Anderson, et al.*, Criminal No. 85-00089-L, pending in the United States District Court for the Western District of Kentucky, the defendants have obtained subpoenas for the appearance of Senator Wendell H. Ford and Senator Mitch McConnell, as well as Banche R. Mahoney, Carolyn Duffin, Ann Woods, and Cynthia Heckmann, employees in Senator Ford's Louisville office, and Larry E. Cox and Cynthia Paschall, employees in Senator McConnell's Louisville office;

Whereas, in the same case the United States has requested the testimony of Blanche R. Mahoney and Larry E. Cox;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(2) (1982), the Senate may direct the Senate Legal Counsel to defend Senators and Senate employees in any proceeding with respect to any subpoena or order directed to them in their official capacity;

Whereas, when it appears that the testimony of an employee of the Senate is needful for use in any court for the promotion of justice, the Senate will take such action thereon as will promote the ends of justice consistent with the privileges and rights of the Senate: Now, therefor be it

Resolved, That the Senate Legal Counsel is directed to represent Senator Ford, Senator McConnell, and their staff assistants with respect to the subpoenas to them.

SEC. 2. That Blanche R. Mahoney, Carolyn Duffin, Ann Woods, Cynthia Heckmann, Larry E. Cox, Cynthia Paschall, and any other employees of Senator Ford or Senator McConnell who may have testimony relevant to this proceeding are authorized to appear and testify in the case of *United States* v. *David Allen Anderson, et al.*, except concerning matters for which a privilege should be asserted.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. I move to lay that motion on the table.

ORDERS FOR TUESDAY

RECESS UNTIL 9:15 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that once the Senate completes its business today, it stand in recess until 9:15 a.m. on Tuesday, November 19, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF CERTAIN SENATORS

Mr. DOLE. Mr. President, following the recognition of the two leaders under the standing order, there will be a special order in favor of the following Senators for not to exceed 15 minutes each by previous order, the distinguished minority leader, and the distinguished junior Senator from West Virginia [Mr. ROCKEFELLER].

ROUTINE MORNING BUSINESS

Mr. DOLE. Following the special orders just identified, I ask unanimous consent there be a period for the transaction of routine morning business not to extend beyond 10 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS BETWEEN 12 AND 2 P.M.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate stand in recess between the hours of 12 noon and 2 p.m. tomorrow for the weekly caucuses.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, following routine morning business, the Senate will resume consideration of the farm bill, S. 1714, and I am now advised that there will probably not be votes before noon. If the dairy amendment is completed, hopefully we can take up another amendment and if there is one or more, hopefully more than one vote, they will be conducted following policy luncheons at 2 p.m.

When the Senate reconvenes, as indicated, S. 1714 will be the pending business and hopefully by that time votes will be in order.

I will advise my colleagues that we can probably expect a number of votes tomorrow. There is, I sense, some indication that perhaps we can move very quickly on a number of the measures in the farm bill because it is important that we do so and go to conference very quickly.

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until 9:15 a.m. on Tuesday, November 19.

The motion was agreed to, and at 5:47 p.m. the Senate recessed until tomorrow, Tuesday, November 19, 1985, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate November 15, 1985, under authority of the order of the Senate of January 3, 1985:

DEPARTMENT OF JUSTICE

Arnold I. Burns, of New York, to be Associate Attorney General, vice D. Lowell Jensen.

BOARD FOR INTERNATIONAL BROADCASTING

Arch L. Madsen, of Utah, to be a member of the board for International Broadcasting for a term expiring April 28, 1987, reappointment.

HARRY S. TRUMAN SCHOLARSHIP FOUNDATION

Truman McGill Hobbs, of Alabama, to be a member of the board of trustees of the Harry S. Truman Scholarship Foundation for a term expiring December 10, 1991, reappointment.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Thomas A. Bolan, of New York, to be a member of the board of directors of the Overseas Private Investment Corporation for a term expiring December 17, 1988, reappointment.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 18, 1985:

MARINE MAMMAL COMMISSION

Karen Pryor, of Washington, to be a member of the Marine Mammal Commission for the term expiring May 13, 1986.

FEDERAL MARITIME COMMISSION

Francis J. Ivancie, of Oregon, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1987.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

William Robert Graham, of California, to be Deputy Administrator of the National Aeronautics and Space Administration.

COMMUNICATIONS SATELLITE CORPORATION

Michael A. McManus, Jr., of New York, to be a member of the board of directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1987.

Neal B. Freeman, of Virginia, to be a member of the board of directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1988.

DEPARTMENT OF TRANSPORTATION

John A. Gaughan, of Maryland, to be Administrator of the Maritime Administration.

NATIONAL TRANSPORTATION SAFETY BOARD

John K. Lauber, of California, to be a member of the National Transportation Safety Board for the remainder of the term expiring December 31, 1989.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

James Curtis Mack II, of California, to be Deputy Administrator of the National Oceanic and Atmospheric Administration.

DEPARTMENT OF TRANSPORTATION

Jennifer Lynn Dorn, of Maryland, to be Associate Deputy Secretary of Transportation.

IN THE COAST GUARD

The following officers of the U.S. Coast Guard for promotion to the grade of commodore:

Capt. Richard I. Rybacki.
Capt. Martin H. Daniell, Jr.
Capt. Robert T. Nelson.
Capt. Marshall E. Gilbert.
Capt. Joseph E. Vorbach.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF JUSTICE

William C. Carpenter, Jr., of Delaware, to be U.S. attorney for the district of Delaware for the term of 4 years.

Benjamin L. Burgess, Jr., of Kansas, to be U.S. attorney for the district of Kansas for the term of 4 years.

Marvin Collins, of Texas, to the U.S. attorney for the northern district of Texas for the term of 4 years.

EXTENSIONS OF REMARKS

GENEVA: THE PRESIDENT'S MISSION FOR PEACE

HON. WM. S. BROOMFIELD
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. BROOMFIELD. Mr. Speaker, prior to departing for Geneva and his summit conference, the President shared his thoughts with all of us in a nationwide television address. During his speech, he told the American people of his vision of peace and his personal hopes for the meeting with Soviet leader Gorbachev. The President gave us a vision of the future and is to be commended for his brave efforts to honestly improve relations with the Soviet Union.

We all know that there are deep differences between our two nations. We all know that a realistic assessment of the talks would lead us to believe that a major agreement on arms reductions will not result from only 2 days of meetings. The President is correct in trying, however, to establish a dialog and build a framework for future discussions with the Soviet leader.

Our Chief Executive spoke of his hopes that a broad cultural agreement can be signed. Such an agreement would expand educational and cultural exchange programs between our two countries. Soviets from all walks of life would be exposed to the American way of life, and our open society. A bilateral agreement may also be signed which would result in opening new consulates in our respective countries. Also possible is the signing of an air traffic agreement to ensure the safety of passenger aircraft which fly near Soviet airspace.

We all know that regional issues divide our two nations. Events in Afghanistan, Cambodia, Nicaragua, Angola, and other areas of the world are viewed from totally different perspectives by our two nations. Tensions have been created as a result of our mutual suspicions over these areas of conflict. Resolving these problems is essential if the United States and the Soviet Union are going to build a truly peaceful relationship.

While our President is deeply committed to achieving deep and verifiable reductions in nuclear weapons, it is unlikely that much progress will be made on this issue in Geneva.

We must remember that this is the first high-level meeting between the United States and the Soviet Union in 6 years. The President is to be commended for trying to make a fresh start on the long road to peace with the Soviet Union. I am certain that all of us in the Congress wish him well in his quest.

With these comments in mind, I commend the following Presidential address to my colleagues in the Congress.

ADDRESS BY THE PRESIDENT TO THE NATION

My fellow Americans. Good evening. In 36 hours, I will be leaving for Geneva for the first meeting between an American President and a Soviet leader in 6 years. I know that you and the people of the world are looking forward to that meeting with great interest, so tonight I want to share with you my hopes and tell you why I am going to Geneva.

My mission, stated simply, is a mission for peace. It is to engage the new Soviet leader in what I hope will be a dialogue for peace that endures beyond my Presidency. It is to sit down across from Mr. Gorbachev and try to map out, together, a basis for peaceful discourse even though our disagreements on fundamentals will not change.

It is my fervent hope that the two of us can begin a process which our successors and our peoples can continue: facing our differences frankly and openly, and beginning to narrow and resolve them; communicating effectively so that our actions and intentions are not misunderstood; and eliminating the barriers between us and cooperating wherever possible for the greater good of all.

This meeting can be an historic opportunity to set a steady, more constructive course to the 21st century.

The history of American-Soviet relations, however, does not augur well for euphoria. Eight of my predecessors—each in his own way in his own time—sought to achieve a more stable and peaceful relationship with the Soviet Union. None fully succeeded. So I don't underestimate the difficulty of the task ahead. But these sad chapters do not relieve me of the obligation to try to make this a safer, better world. For our children, our grandchildren, for all mankind—I intend to make the effort. And with your prayers, and God's help, I hope to succeed.

Success at the summit, however, should not be measured by any short-term agreements that may be signed. Only the passage of time will tell us whether we constructed a durable bridge to a safer world.

This, then, is why I go to Geneva. To build a foundation for lasting peace.

When we speak of peace, we should not mean just the absence of war. Truce peace rests on the pillars of individual freedom, human rights, national self-determination, and respect for the rule of law. Building a safer future requires that we address candidly all the issues which divide us, and not just focus on one or two issues, important as they may be. When we meet in Geneva, our agenda will seek not just to avoid war, but to strengthen peace, prevent confrontation, and remove the sources of tension. We should seek to reduce the suspicions and mistrust that have led us to acquire mountains of strategic weapons.

Since the dawn of the nuclear age, every American President has sought to limit and end the dangerous competition in nuclear arms. I have no higher priority than to finally realize that dream. I've said before, and will say again, a nuclear war cannot be won and must never be fought.

We have gone the extra mile in arms control, but our offers have not always been welcome.

In 1977, and again in 1982, the United States proposed to the Soviet Union deep reciprocal cuts in strategic forces. These offers were rejected, out-of-hand. In 1981, we proposed the complete elimination of a whole category of intermediate range nuclear forces. Three years later, we proposed a treaty for a global ban on chemical weapons. In 1983, the Soviet Union got up and walked out of the Geneva nuclear arms control negotiations altogether. They did this in protest because we and our European allies had begun to deploy nuclear weapons as a counter to Soviet SS-20's aimed at our European and other allies.

I am pleased now, however, with the interest expressed in reducing offensive weapons by the new Soviet leadership. Let me repeat tonight what I announced last week: the United States is prepared to reduce comparable nuclear systems by 50 percent. We seek reductions that would result in a stable balance between us—with no first strike capability—and verified, full compliance.

If we both reduce the weapons of war there would be no losers, only winners. And the whole world would benefit if we could both abandon these weapons altogether and move to non-nuclear defensive systems that threaten no one.

But nuclear arms control is not of itself a final answer. I told four Soviet political commentators 2 weeks ago that nations do not distrust each other because they are armed; they arm themselves because they distrust each other. The use of force, subversion, and terror has made the world a more dangerous place.

Thus, today, there is no peace in Afghanistan; no peace in Cambodia; no peace in Angola, Ethiopia, or Nicaragua. These wars have claimed hundreds of thousands of lives and threaten to spill over national frontiers.

That is why in my address to the United Nations I proposed a way to end these conflicts, a regional peace plan that calls for negotiations among the warring parties, withdrawal of all foreign troops, democratic reconciliation, and economic assistance.

Four times in my lifetime our soldiers have been sent overseas to fight in foreign lands. Their remains can be found from Flanders Field to the islands of the Pacific. Not once were those young men sent abroad in the cause of conquest. Not once did they come home claiming a single square inch of other country as a trophy of war.

A great danger in the past, however, has been the failure by our enemies to remember that, while we Americans detest war, we love freedom and stand ready to sacrifice for it. We love freedom, not only because it is practical and beneficial, but because it is morally right and just.

In advancing freedom, we Americans carry a special burden—a belief in the dignity of man in the sight of God who gave birth to this country. This is central to our being.

A century-and-a-half ago, Thomas Jefferson told the world, "The mass of mankind

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

has not been born with saddles on their backs. . . ." Freedom is America's core. We must never deny it, nor forsake it. Should the day come when we Americans remain silent in the face of armed aggression, then the cause of America—the cause of freedom—will have been lost, and the great heart of this country will have been broken.

This affirmation of freedom is not only our duty as Americans, it is essential for success at Geneva.

Freedom and democracy are the best guarantors of peace. History has shown that democratic nations do not start wars. The rights of the individual and the rule of law are as fundamental to peace as arms control. A government which does not respect its citizens' rights and its international commitments to protect those rights is not likely to respect its other international undertakings.

That is why we must and will speak in Geneva on behalf of those who cannot speak for themselves. We are not trying to impose our beliefs on others. We have a right to expect, however, that great states will live up to their international obligations.

Despite our deep and abiding differences, we can and must prevent our international competition from spilling over into violence. We can find as yet undiscovered avenues where American and Soviet citizens can cooperate, fruitfully, for the benefit of mankind. And this, too, is why I am going to Geneva.

Enduring peace requires openness, honest communications, and opportunities for our peoples to get to know one another directly.

The U.S. has always stood for openness. Thirty years ago in Geneva, President Eisenhower, preparing for his first meeting with the then Soviet leader, made his Open Skies proposal and an offer of new educational and cultural exchanges with the Soviet Union. He recognized that removing the barriers between people is at the heart of our relationship. He said:

"Restrictions on communications of all kinds, including radio and travel, existing in extreme form in some places, have operated as causes of mutual distrust. In America, the fervent belief in freedom of thought, of expression, and of movement is a vital part of our heritage."

I have hopes that we can lessen the distrust between us, reduce the levels of secrecy, and bring forth a more "Open World." Imagine how much good we could accomplish, how the cause of peace would be served, if more individuals and families from our respective countries could come to know each other in a personal way.

For example, if Soviet youth could attend American schools and universities, they could learn first-hand what spirit of freedom rules our land, and that we do not wish the Soviet people any harm. If American youth could do likewise, they could talk about their interests and values and hopes for the future with their Soviet friends. They would get first-hand knowledge of life in the U.S.S.R., but most important they would learn that we are all God's children with much in common.

Imagine if people in our Nation could see the Bolshoi Ballet again, while Soviet citizens could see American plays and hear groups like the Beach Boys. And how about Soviet children watching Sesame Street.

We have had educational and cultural exchanges for 25 years and are now close to completing a new agreement. But I feel the time is ripe for us to take bold new steps to open the way for our peoples to participate in an unprecedented way in the building of peace.

Why shouldn't I propose to Mr. Gorbachev at Geneva that we exchange many more of our citizens from fraternal, religious, educational, and cultural groups? Why not suggest the exchange of thousands of undergraduates each year, and even younger students who would live with a host family and attend schools or summer camps? We could look to increase scholarship programs, improve language studies, conduct courses in history, culture, and other subjects, develop new sister cities, establish libraries and cultural centers, and, yes, increase athletic competition.

People of both our nations love sports. If we must compete, let it be on the playing fields and not the battlefields.

In science and technology we could launch new joint space ventures and establish joint medical research projects. In communications, we would like to see more appearances in the other's mass media by representatives of both our countries: if Soviet spokesmen are free to appear on American television, to be published and read in the American press, shouldn't the Soviet people have the same right to see, hear, and read what we Americans have to say?

Such proposals will not bridge our differences, but people-to-people contacts can build genuine constituencies for peace in both countries. After all, people don't start wars, governments do.

Let me summarize, then, the vision and hopes that we carry with us to Geneva.

We go with an appreciation, born of experience, of the deep differences between us—between our values, our systems, our beliefs. But we also carry with us the determination not to permit those differences to erupt into confrontation or conflict.

We do not threaten the Soviet people and never will.

We go without illusion, but with hope—hope that progress can be made on our entire agenda.

We believe that progress can be made in resolving the regional conflicts now burning on three continents—including our own hemisphere. The regional plan we proposed at the United Nations will be raised again at Geneva.

We are proposing the broadest people-to-people exchanges in the history of American-Soviet relations, exchanges in sports and culture, in the media, education, and the arts. Such exchanges can build in our societies thousands of coalitions for cooperation and peace.

Governments can only do so much: once they get the ball rolling, they should step out of the way and let people get together to share, enjoy, help, listen and learn from each other, especially young people.

Finally, we go to Geneva with the sober realization that nuclear weapons pose the greatest threat in human history to the survival of the human race, that the arms race must be stopped. We go determined to search out, and discover, common ground—where we can agree to begin the reduction, looking to the eventual elimination, of nuclear weapons from the face of the Earth.

It is not an impossible dream that we can begin to reduce nuclear arsenals, reduce the risk of war, and build a solid foundation for peace. It is not an impossible dream that our children and grandchildren can some day travel freely back and forth between America and the Soviet Union, visit each other's homes, work and study together, enjoy and discuss plays, music, television, and root for teams when they compete.

These, then, are the indispensable elements of a true peace: the steady expansion of human rights for all the world's peoples; support for resolving conflicts in Asia, Africa, and Latin America that carry the seeds of a wider war; a broadening of people-to-people exchanges that can diminish the distrust and suspicion that separate our two peoples; and the steady reduction of these awesome nuclear arsenals until they no longer threaten the world we both must inhabit. This is our agenda for Geneva; this is our policy; this is our plan for peace.

We have cooperated in the past. In both world wars, Americans and Russians fought on separate fronts against a common enemy. Near the city of Murmansk, sons of our own Nation are buried, heroes who died of wounds sustained on the treacherous North Atlantic and North Sea convoys that carried to Russia the indispensable tools of survival and victory.

While it would be naive to think a single summit can establish a permanent peace, this conference can begin a dialogue for peace. So we look to the future with optimism, and we go to Geneva with confidence.

Both Nancy and I are grateful for the chance you have given us to serve this Nation and the trust you have placed in us. I know how deep the hope of peace is in her heart, as it is in the heart of every American and Russian mother.

I received a letter and picture from one such mother in Louisiana recently. She wrote, Mr. President, how could anyone be more blessed than I? These children you see are mine, granted to me by the Lord for a short time. . . . When you go to Geneva, please remember these faces . . . remember the faces of my children—of Jonathan (my son), and of my twins, Lara and Jessica. Their future depends on your actions. I will pray for guidance for you and the Soviet leaders.

Her words—my children—read like a cry of love. And I could only think how that cry has echoed down through the centuries, a cry for all the children of the world, for peace, for love of fellow man.

Here is the central truth of our time, of any time, a truth to which I have tried to bear witness in this office.

When I first accepted the nomination of my party, I asked you, the American people, to join with me in prayer for our Nation and the world. Six days ago, in the Cabinet Room religious leaders—Ukrainian and Greek Orthodox bishops, Catholic church representatives including a Lithuanian bishop, Protestant pastors, a Mormon elder and Jewish Rabbis—made me a similar request.

Tonight, I am honoring that request. I am asking you, my fellow Americans, to pray for God's grace and His guidance—for all of us—at Geneva, so that the cause of true peace among men will be advanced and all of humanity thereby served.

THE INTELLECTUAL PROPERTY RIGHTS PROTECTION AND ENFORCEMENT ACT OF 1985

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. MOORHEAD. Mr. Speaker, today we are introducing legislation to help enforce and strengthen intellectual property rights in America. It's no secret that our artists, our scientists, and our creators are having their property and inventions taken and used without their knowledge.

President Reagan's Commission on Industrial Competitiveness (January 1985) recently confirmed that America has no greater economic advantage than its technology and innovation. Our most valuable economic resource is no longer our industrial power and natural resources but the creative potential of the minds of our citizens. While our innovation and creativity holds America's greatest promise for the future, it is also our most fragile commodity; fragile because, while difficult and expensive to produce and market, intellectual and industrial property once created is today relatively easy and inexpensive to copy and pirate.

The problem and the task of adaptation continues. It grows more serious every day because technology vastly expands the opportunities for copyrighted works to be replicated and used without the owner's consent and oftentimes without even the owner's knowledge. And the pace of technological innovation is itself accelerating. Our task is made particularly difficult when the public is offered the choice of using their work product for practically nothing.

To try and correct this, we are introducing the Intellectual Property Rights Protection and Enforcement Act of 1985. As its name implies, the bill is part of a continuing effort to encourage and protect American technological innovation which is so crucial to a growing U.S. economy and the worldwide competitiveness of U.S. industry. Specifically:

Title I would prohibit the practice of producing certain products overseas in violation of a U.S. process plant and shipping that product back to the United States. This provision passed the House last year on suspension;

Title II would enable U.S. patent holders and trademark and copyright owners to obtain cease-and-desist of exclusion orders against the importation of an infringing product without first having to show that importation would tend to destroy or substantially injure an efficiently and economically operated U.S. industry, as is currently required;

Title III would strengthen patent owners' ability to effectively license patents and efficiently transfer technology; and

Title IV would provide low-cost, effective protection against counterfeiting a protected article by copying its shape or appearance. Protection would extend for a 10-year period. Nearly 10 times the number of design registrations are obtained in Japan by Japanese nationals as registrations in the United States by United States nationals and nearly 20 times our number are obtained in design-conscious West Germany. Foreign copycats divert an estimated $12 billion in sales abroad and about $3 billion in domestic sales, costing Americans over 250,000 jobs.

Unless new technology reaches the marketplace protected in the quickest and most efficient manner, our industry will not be able to reap the full benefits of that technology, and our economy will suffer. In fact, it is precisely in disseminating and marketing new technologies that U.S. industry has fallen behind in recent years. Therefore, we must ensure that our intellectual property laws allow—and even encourage—those who create new technology to market it in all its useful applications.

For all of these reasons, we urge the Judiciary Committee to give this legislation early and favorable consideration.

ENTERPRISE ZONES FOR ALL

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. GARCIA. Mr. Speaker, as a sponsor of legislation creating enterprise zones, I found the following article from the Wall Street Journal very good and want to share it with my colleagues. It points out that even as the Congress stalls on the enactment of enterprise zone legislation, the States have successfully implemented hundreds of zones creating billions in capital investment and thousands of jobs. It's obvious the potential for job creating that exist with enterprise zones and that we are wasting a valuable resource and opportunity by not enacting Federal legislation to create the same thing.

[From the Wall Street Journal, Nov. 7, 1985]

ENTERPRISE ZONES FOR ALL

While Congress stalls on enterprise-zone legislation, 20 state governments have plowed ahead, designating such zones on their own. In only a few short years, 1,300 enterprise zones have been established in 600 jurisdictions throughout the states. The 16 states with zones in existence for a year or more have attracted more than $3 billion in capital investment, and retained or created more than 80,000 jobs total, the Department of Housing and Urban Development estimates.

Some states have posted particularly impressive results, Connecticut, for one, boasts six zones with a total of 453 development projects. These projects have attracted $135 million in investment, while creating and retaining just over 8,500 jobs. Arkansas' zones have spawned 52 businesses, created more than 3,000 new jobs and drawn more than $100 million in investment in little over a year of operation. Louisiana ambitiously projects creation of 10,000 permanent jobs, 8,000 construction jobs and private investment of more than $600 million in its zones over the next five years.

Such numbers have to be weighted with some care, of course. States have had industrial-development programs for years, offering tax breaks and other inducements to anyone willing to set up shop. Sometimes "job-creation" numbers merely reflect normal economic growth or the moving around of jobs. But enterprise zones usually broaden the industrial-development approach by putting heavy stress on freeing employers from unjustified red tape as well as some share of the tax burden. There seems to be new emphasis on business and government working in partnership to provide jobs and training.

Enterprise zones, of course, are intended mainly to bring jobs into economically distressed communities with surplus labor and, in some cases, social problems to match. Initial experiences show this can be done. A Maryland zone incorporating sections of Hagerstown and Washington County (areas of high unemployment) has drawn $5.1 million in private investment and spurred creation of almost 500 jobs. An Indiana zone encompassing Michigan City has attracted $7.5 million in investment, saved 1,000 jobs and provided impetus for 400 new jobs.

Among the carrots state government dangle at companies are investment tax credits, per-employee tax credits, exemption from state sales and use taxes, exemption from utility taxes, reduction of capital gains taxes and use of industrial-development bonds. As an example of reduced regulation, a Wisconsin bill would exempt businesses within zones from rent controls, restrictive building-code provisions and overly stringent air-quality standards.

Of the 30 remaining states without active enterprise zones, half are well along in the start-up process. Six already have enacted enterprise-zone legislation and nine have such legislation under consideration.

The U.S. Senate has twice passed bills to promote enterprise zones nationally. New York Reps. Jack Kemp and Robert Garcia have sponsored enterprise-zone bills in the House the past two years only to have them derailed by Dan Rostenkowski's Ways and Means Committee. Messrs. Kemp and Garcia have revised the legislation this year, incorporating some of the changes suggested by Charles Rangel and others on Ways and Means in the hope that it will be viewed more favorably.

Letting the states proceed on their own may prove to be the best answer, however. For all the success enterprise zones may be having, there is a conceptual problem when some employers are offered special inducements merely to lure them to locations that, for a wide variety of reasons, might be less attractive than others. Experimentation of this sort often is better done at the state rather than the federal level.

Some states will find that cutting taxes and red tape works so well they will offer the same incentives statewide. Making entire states, and ultimately the entire U.S., into enterprise zones should be the ulimate goal. The U.S., through economic deregulation and an improved tax structure, has been moving in that direction, but greater benefits are waiting to be reaped.

SENATOR WYNONA LIPMAN

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. RODINO. Mr. Speaker, it was my great pleasure to attend a breakfast in Newark this past Sunday in honor of Senator Wynona M. Lipman. Senator Lipman is a dear friend and a dedicated person who has served the State for 13 years. During these years her energies have been directed to the concerns of the people of New Jersey. She believes in people working together to achieve common objectives even in the face of adversity.

Following is Senator Lipman's moving and eloquent expression of her philosophy on public service and her commitment to working to solve the problems of our community and State:

As we begin to enter the second half of this decade and look just beyond to the conclusion of this century, there are problems to be acknowledged and opportunities to be embraced. Having served as your State Senator for 13 years, I have seen first hand what can be accomplished when committed people work together to achieve a common objective even in the face of adversity. Knowing that success is in the offering if only we make the commitment, let me suggest three areas where our energies should be applied in the years ahead. These are problem areas, but they are also areas in which real opportunities for progress are equally clear.

For over thirty years the Democratic Party has been at the forefront of the effort to secure equal opportunity and fair treatment for all of America's citizens. There are rumblings in some quarters, however, that the party standing might benefit from a not so close association with its minority constituency and most particularly, its black constituency. I believe the Democratic Party's commitment to the black community is and will continue to be as strong as in the past. Those who would have us view the Democratic Party as abandoning the black community, of turning its back on us, would have us believe a lie. We have contributed much to the vibrancy of the Democratic Party and it, in turn, has contributed much to our struggle toward equality. If the Democratic Party holds fast to its commitment to the black community, we will hold fast to it.

Because our state is so rich in resources, the plight of our homeless is not justifiable. The "haves" in the suburbs have closed their eyes to the problem, hoping it will go away. The "have nots" in the urban centers have been left to shoulder the entire burden of homeless adults and children. Many of the homeless in urban centers were once productive citizens living in communities throughout the state. It is the responsibility of our entire state to assist in the resolution of this problem.

This State's push for excellence in education has taken on momentum. Parents, school administrators, students and concerned citizens are striving to overcome the obstacles that have stood as barriers to quality education for too long in our State. The cities of New Jersey have the most distance to travel in search of educational quality and the most to lose by not achieving it. Our energies must be firmly fixed on ensuring that the young people in our school system will be prepared to compete once they leave the classroom. Nothing can be permitted to keep us, their elders, from working toward this end.

My good friend the Reverend M. William Howard, the guest speaker gave a memorable speech that was enjoyed by all. Reverend Howard is an outstanding individual who has dedicated himself to relieving the plight of others, both in the United States and abroad. For example, in 1984 he was elected president of the North American conference for Action Against Apartheid which is the largest conference for action against apartheid. Reverend Howard has been elected to several prominent national boards, such as the Urban League Board of Trustees and the Children Defense Fund Board of Directors.

Also at this memorable event a number of awards were presented: Haven Claybourne and Kim Garrett received scholarships; awards were presented to Sandra Robinson, executive director of Essex Newark Legal Services; Newark Museum Black Film Festival; Barbara Bell, executive director of the Boys and Girls Clubs of Newark; James Brown, director of the Newark Public Library Black Studies Program; and Raymond Rivera, executive director of La Casa de Don Pedro.

I was proud and privileged to attend this event and want to extend my appreciation to the honorary chairman, Kenneth A. Gibson and Peter Shapiro, and the chairperson Dorothea Lee, for organizing the "Friends of Wynona Lipman."

THE FREEDOM TO LEARN

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. SOLARZ. Mr. Speaker, our society is currently confronted with many rightwing organizations whose aim is to remove from our society the traditional American freedoms of speech and thought and replace them with a society that conforms to their tightly structured guidelines and standards.

One such group, inappropriately called Accuracy in Academia was created last summer to expose perceived inaccuracies and ideological bias in college teaching practices. Such a group is particularly dangerous, because it targets one of this countries most important freedoms, the freedom to learn.

Through its student contacts on more than 100 campuses, Accuracy in Academia collects complaints about professors and after an investigation by these self-styled moralists, informs professors by letter if "seriously inaccurate material" has been found in their teaching. If they do not make the appropriate corrections in the classroom the group publicizes the uncorrected errors in its newsletter, which goes to the groups' 50,000 members.

Recently Joseph S. Murphy, chancellor of the City University of New York spoke on the subject of Accuracy in Academia. As he eloquently noted, the free expression of ideas, "whether in the classroom, on the pages of a journal, or, for that matter, on a streetcorner" is a moral value and a fundamental tenet of our national tradition, embedded in the Constitution. I would like to submit to the RECORD, and draw my colleagues attention to, this extremely accurate speech.

REMARKS OF JOSEPH S. MURPHY, CHANCELLOR OF THE CITY UNIVERSITY OF NEW YORK BEFORE CONFERENCE OF THE AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS

Let me begin by putting the subject of Accuracy in Academia in some perspective.

Unlike some of my colleagues, I do not view this group, in and of itself, as a major threat to the idea or the practice of academic freedom. It may become that in due time; the forces that it represents certainly pose as grave a menace to the free exchange of ideas in our society as they do to the existence and extension of economic and political freedom. As of November 1985, however, the Accuracy in Academia organization, with its budget of $50,000 and its full-time professional staff of one, represents only an irritation.

It may be, ironically, a useful irritation. Like most of the other fringe entities with which we have become familiar in recent years, this group combines a paucity of valid ideas with an impressive capacity for media manipulation. It has already pushed itself and its concerns onto a dozen television talk shows, the pages of a hundred newspapers, the American consciousness, and the agenda of the AAUP. In doing so it has given us the opportunity to restate the case for academic freedom—what Einstein called "the right to search for the truth and to publish and teach what one holds to be true."

The arguments on our side of the issue can be stated in simple terms.

Why is free expression of ideas, whether in the classroom or the pages of a journal or, for that matter, on a streetcorner, a right of moral value? Not solely because it represents a fundamental tenet of our national tradition, embedded in the Constitution and in a two-century-old body of case law; private property rights, after all, have a similar Constitutional and case law basis and few among us hold those to be sacred. We contend that there is something of greater import about academic freedom that impels us to defend it from attack from whatever quarter.

To put it directly, we believe in the proliferation of ideas. We believe especially in the promulgation of ideas that put to the test the dominant hypotheses and the dominant class and social structures of our culture—ideas that challenge economic and political hegemony. We believe this not because we are revolutionaries or Marxists, by and large: even Accuracy in Academia admits that ninety-eight percent of us in the profession are not. Our reason for defending what some would call the right to subversive thought is more profound. We believe that when the dominant ideology is subjected to the test of competing ideas it will emerge stronger, more resilient, more valid than before, or it will be transformed by the intellectual force of contrary dogma. Either way, society is well served.

We have all seen the process work, at sometime or another. Students faced with ideas that run counter to the mainstream notions they brought with them to college—

generally the middle-class world view inculcated by the media and the elementary and secondary school system—test and modify those notions, or cling to them more tightly than before, more confident of their truth. Defenders of the prevailing ways of thought and action in the larger community will, when confronted with a dissident perspective, refine their arguments and develop new proofs. This, at least, is what we aim for—even knowing that it may be a vain hope for the vast majority of students, who are drawn to the university in pursuit of greater earning power. But for a few, the concepts of skeptical thought that guided Galileo and Newton, Darwin and Freud, Marx and Keynes may be a living reality.

The systemic, almost automatic impediments to this kind of freedom are known to most of us. We have, in fact, accepted many of them as basic and immutable facts of our professional lives.

The most important, of course, is our system of tenure tracking and peer review. Tenure exists primarily to protect academic freedom. But let me pose the question: Is there anyone in the profession who has not felt the subtle pressures, in the five years before the awarding of tenure, to stay within a respectable range on the ideological spectrum—and to avoid offensive language and potentially offensive themes, to cover safe issues in preference to inflammatory ones, to use conventional texts instead of those that convey deviant concepts? Some of us rise above the pressure and others do not; all of us feel it. And while, for many, the coercive force stops with the awarding of tenure or the final promotion to full professor, for the rest it becomes so internalized that they become in the end of defenders (or the enforcers) of conformity.

But there are other threats as well. In recent days we have seen this Administration announce its plans to use federal funds—Star Wars funds—to lure faculty into personally lucrative research efforts. They promise that technology developed with public sector defense grants can then be peddled for individual gain in private sector markets. Coercion can come in many forms, and we may soon have evidence on this issue that grants can be as inimical to free thought as is out and out censorship.

The drive to turn universities into tools of economic productivity, with the encouragement of more contractual linkages between the campus and the corporation, poses another set of threats; how many institutions will jeopardize big dollars for the sake of a few faculty members lingering loudly outside the dominant consensus and criticizing capitalism in general and the affiliated corporations in particular? As colleges compete for more private sector dollars, how many will be immune from the fear that a negative press created by dissident professors will alienate potential clients—as it might alienate potential students and potential donors?

These are serious concerns, but they move us away from the topic of the moment, Accuracy in Academia.

What we have before us, in my view, is a group that exists largely as a symptom of serious underlying problems: the frustrated national quest for simplistic philosophical truth in a confusing time, mirrored in the same quest that accounts for much of Ronald Reagan's mandate. It has spawned an anti-intellectualism characteristic of an era in which our leaders give us at best a vacuous ideology such as in the 1950's and the 1920's, and an expression of anger at large and powerful institutions wrongly perceived to be antithetical to the goals of those people who define themselves as part of the American middle class.

It may be beyond our present capacity to address those larger concerns. We can, at least, address Accuracy in Academia—and do so in a way that will win those outside of the profession to our cause.

For over two hundred years this society has tolerated the existence of reactionary forces who include the academy prominently among their targets of attack. In this sense Accuracy in Academia is only the latest chorus of an old song. We have coexisted with such groups in the past; why not simply shrug this one off now?

For two reasons:

First and most obvious is Accuracy in Academia's totally offensive methodology—the recruitment of students (and others incited to enroll as auditors) as a corps of thought police, the development of a private bureau of investigation, the exposure of private individuals to public condemnation, the announcement and promulgation of some self-defined concept of acceptable truth.

All of us in the profession are repulsed by that means of operation (or ought to be) no less than if the perpetrators of the acts were government agents rather than privately-funded vigilantes. Censorship does violence to most of what is good about the American political tradition and all that is worthy in the traditions of the academy. It matters little in the end whether the censors are cloaked in public or private garb.

I cannot speak for the leaders of other institutions. Speaking for myself I can make clear at every opportunity that no group functioning in the manner of Accuracy in Academia will have any influence over any hiring, firing, promotion or tenure decision, or any other decision, at the City University of New York as long as I am Chancellor.

Second, there is the possibility that this group and those behind it will establish themselves as a significant presence in the public agencies that regulate, fund, and in better times serve as advocates for the higher education community. This has been the case in a host of areas already. It takes no great flight of fantasy to imagine that an Administration that turned to Anne Burford for environmental advice would turn to Reed Irvine and the twenty-two-year-old executive director of Accuracy in Academia for advice about what grants to award and what institutions to help.

How should we in the profession deal with this potential menace? My own approach has several basic elements.

One is a restatement of the essential legitimacy of intellectual freedom, and a clear and cogent denunciation of attempts from any source to restrict it. Such attempts are more than arrogrant; they do violence to the fundamental tenets of democratic government.

Secondly, we should present to those members of the public who follow these issues the contention, clear to most of us in the profession, that the very concept of "accuracy" in academia is seductively misleading. Truth is a goal to be pursued rather than a commodity to be packaged. In this society more than in most others, contradiction is an inherent element of ideology and multiple ideologies usually cohabit the same academic space. We cannot identify what is true. At best, we can more or less determine what is the conventional wisdom, what represents a dissident view, and what is outrageously dissident. Apparently what Accuracy in Academia is trying to do is ferret out of higher education all that is outrageous and most of what is dissident. They delude the public, and probably themselves, when they contend that what they are up to has anything to do with truth, or even that they know what it is. On all the important questions, no one does.

Third, we should maintain and extend free access to our campuses to all who come in an orderly manner, whatever their purpose. When Adlai Stevenson was spat upon in Dallas a month before the Kennedy assassination, he was asked if he would send the people who did it to jail. No, he said, he would send them to school. That should be our attitude.

Fourth, we should defend without apology and without concession those cited by an external group as perpetrators of incorrect thought. We may give them the resources they need to respond, but make it clear that from the institution's point of view no response is necessary.

Finally, we should avoid the guilt mentality that has taken root in our profession as it has in most others—the reflexive response to external criticisms that we and we alone can and will remedy any defects extant in our institutions.

The argument, or, if one insists, the concession, that we make should follow a different path. There are indeed defects within the academy, and "inaccuracies" may be among them. Many are simply not susceptible to remediation; they come with the territory. Those who would purge higher education of error would transform higher education into something it should not be—something of trivial value at best, and something of no greater purpose than the advancement of vocationalism. Let us concede the existence of what Accuracy in Academia characterizes as deficiencies, but make the case that they are part and parcel of a valuable whole.

We in the academy are privileged, as are few others in American society, to perform important work to deal with profound ideas, and to examine and explicate the critical issues of our time, but these privileges do not come free. They carry with them profound obligations.

None of those is greater than the duty to be on guard for, and to speak out against, any and all who would put at risk the free generation and dissemination of knowledge—and to arouse our community and the social system of which it is a part to stand firm against substantial threats to our fundamental rights in a democratic society.

The threat from Accuracy in Academia is as of this moment not large, but it is real. And the threat to academic freedom from forces learger than this individual group—forces that, directly or indirectly, spawned and sustain it—is a central and vitally important reality of our lives. Our obligation to resist those forces, and to encourage the lay public to do likewise, is clear.

THE KREMLIN CRITICIZES PRESIDENT'S RADIO ADDRESS

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. BROOMFIELD. Mr. Speaker, as we near the starting date for the Geneva talks

between President Reagan and Soviet leader Gorbachev, the Kremlin is taking off the gloves and playing hardball again. If any progress is to be made in the talks, the Soviets should stop saying "nyet" to everything and start listening to what our President is saying.

This past Saturday, President Reagan used the Voice of America to beam his radio address to the Soviet people. Although the President recently talked at length with Soviet reporters, Soviet newspapers excluded most of his comments. The included comments were intentionally distorted. Our Chief Executive chose to use the Voice of America to communicate with the people in the Soviet Union. His message was one of hope, friendship, and peace. The President told his audience that the United States has no hostile intentions toward the Soviet Union. He told his listeners that our two countries must never engage in a nuclear conflict. The President also told them that he hoped the upcoming summit meeting would be fruitful and would lead to future meetings between the two leaders. Our President explained his plans for a space-based antimissile defense and described the existing Soviet-American ties and relationships in many areas. He also called for expanded contacts, to include the opportunity to communicate on each other's television systems. What do the Soviets now think about the free flow of communications among nations?

Unfortunately, radio broadcasts from the free world are routinely jammed by Soviet jamming stations. Sources in the U.S.S.R. advised that President Reagan's comments could be heard clearly in translation on two frequencies only. The other 17 channels used by the Voice of America for Russian programming were, however, jammed. It is possible that the Soviet authorities honored our Government's request that they not jam the President's message. It is also possible that the supension of jamming on those two frequencies could have been a technical lapse.

Unbelievable as it may seem, the Kremlin condemned the Presidents address. The Soviet paper Tass reported that the President was more interested in talking about preventing nuclear war than in doing something concrete to produce an arms control agreement. Tass also accused the President of "falsifying facts," and talked about a White House propaganda machine at work.

As strange as it may seem at this late date, the Kremlin failed to take the olive branch from our President. Rather than reacting positively to the President's comments, Tass attacked the President's remarks. This is no way to set a favorable climate for high-level talks on what is almost the eve of the meeting.

If any progress is to be made in Geneva, the Soviet Union must stop saying "nyet" to every American proposal for improving relations between our two nations. It takes two to tango and it takes two to put together an agreement. Let's hope for a change of attitude on the part of the Soviet leader when he arrives in Geneva.

With these concerns in mind, I commend the following article describing the Soviet reaction to the President's radio address to my colleagues in the Congress:

[From the New York Times, Nov. 11, 1985]

KREMLIN ASSAILS REAGAN SPEECH AS EMPTY TALK

(By Philip Taubman)

Moscow, Nov. 10.—The Soviet Union today condemned President Reagan's radio address to the Russian people on Saturday, charging the broadcast showed Washington was not interested in peace.

The criticism, published in the form of a commentary by the press agency Tass, said Mr. Reagan "uttered a good deal of words about peace" but offered no sign the White House was "prepared to go its part of the road to the cause of preventing an arms race in outer space and of radically curbing it in earth."

The commentary did not mention that Mr. Reagan's radio talk was directed specifically to the Soviet Union and was broadcast by the Voice of America in Russian as well as English.

HEARD CLEARLY IN MOSCOW

Although most of the short-wave frequencies used by Voice of America for Russian-language programming were jammed Saturday evening during Mr. Reagan's address, his words could be heard clearly in English and Russian on several channels in Moscow.

It was not known whether the clear signals were the result of a Kremlin decision to suspend jamming on some frequencies, as the White House had requested, or were produced by a technical failure in the jamming system.

The Tass commentary said Saturday's broadcast and other recent Reagan speeches suggested that the Administration was more interested in talking about preventing nuclear war than doing something concrete to produce an arms control agreement.

In his 10-minute talk, Mr. Reagan said, "Americans are a peace-loving people—we do not threaten your nation and never will."

The Tass article quoted these words, but went no farther in suggesting that Mr. Reagan's comments were aimed at Russians. Tass said only that "the propaganda machinery of the White House continues to increase the number of the U.S. President's speeches beamed at various regions of the world on the eve of the summit in Geneva."

Mr. Reagan and Mikhail S. Gorbachev, the Soviet leader, are scheduled to meet in Geneva on Nov. 19 and 20.

Tass accused Mr. Reagan of "juggling" words about his plans for a space-based missile defense. It repeated Soviet charges that the program, called the strategic defense initiative by the White House and popularly known as "Star Wars," would make the arms race worse rather than reducing it.

The commentary also challenged Mr. Reagan's assertion that after World War II, the United States offered to turn its nuclear weapons over to an international authority so that, in Mr. Reagan's words, "No country would have such destructive power at its disposal."

"FALSIFYING FACTS," TASS SAYS

Tass called this account "a deliberate attempt at falsifying facts," adding that the United States, in its attacks on Japan, was the first nation to use nuclear weapons against civilian targets and "did not respond to the proposal advanced by the Soviet Union way back in 1945 to ban nuclear weapons."

Responding to Mr. Reagan's comment that Washington and Moscow "owe it to the rest of humanity" to help resolve local and regional conflicts elsewhere in the world, Tass said, "The world remembers who trampled down the independence of Grenada, and who violates the rights of Arab countries."

"Who if not U.S. secret services," the commentary went on, "raise their hand threateningly against whole countries and their governments, seeking by force of arms to impose 'American-style democracy.'"

BEHIND THE WORDS AT THE WORLD BANK

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. CRANE. Mr. Speaker, I would like to call your attention to a recent article in the Wall Street Journal, September 30, 1985, "Behind the Words at the World Bank." This article cites many examples of the World Bank's inconsistencies with regard to their encouragement of private enterprise.

Recently the World Bank has been credited with a "new awareness of the private sector." Even World Bank President A.W. Clausen has been quoted as "having praise for private enterprise." However, these recent promotions for private enterprise by the World Bank are not supported by its past record. Since 1981, World Bank loans to Communist countries have increased four times. In particular, bank President Clausen favors doubling its loans to China which are already at $1 billion.

I strongly oppose any loans by the World Bank to Communist countries, especially since the United States is the World Bank's largest shareholder. It is imperative that we stop subsidizing Communist countries, or to paraphrase Lenin, "The capitalists will sell us the means by which we can destroy them." Earlier this year I introduced H.R. 97, which will prohibit all extensions of credit, credit guarantees, investment guarantees or grants by any agency of the U.S. Government to a Communist country.

Mr. Speaker, I urge my colleagues to read this article which provides insight into how the World Bank is using our money to support Communist countries and what the World Bank is not doing to promote private enterprise. Again I strongly urge my fellow colleagues to support my bill, H.R. 97, which will stop all credit and loans to Communist countries.

[From the Wall Street Journal, Sept. 30, 1985]

BEHIND THE WORDS AT THE WORLD BANK

(By James Bovard)

As some 9,000 interested parties gather in Seoul this week for the World Bank's annual meeting, accolades will be heard for the bank's new awareness of the private sector, and its crucial role in spurring international development. But what changes the bank has made in recent years don't add up to an improvement.

Bank President A.W. Clausen often praises private enterprise these days, but the vast majority of World Bank loans still go to strengthen government bureaucracies and reinforce their control over the economy. Loans to communist countries alone have increased fourfold since 1981 and will constitute 13.4% of the bank's 1985 lending. The bank has been the driving force behind the nationalization of oil and natural gas throughout the Third World. And all the while, it has shown too little concern for human-rights violations in its projects.

SET CROPS ON FIRE

The bank has given the government of Indonesia more than $600 million to remove—sometimes forcibly—several million people from the densely populated island of Java and resettle them on comparatively barren islands elsewhere in Indonesia. Despite reports of violence, the bank continues lauding the project as "the largest voluntary migration" in recent history.

The London-based Anti-Slavery Society for Human Rights reported to the United Nations that at least one supposedly vacant island being given to the migrants was already inhabited—and that the Indonesian army cleared the island by setting the original inhabitants' crops on fire. Indonesia is sending hundreds of thousands of migrants to the island of Irian Jaya—and the island's original inhabitants claim they are being driven from their lands by the Indonesian army. The Indonesian government is also resettling Javanese on the island of East Timor—which the army seized in 1975. According to a 1983 Washington Post account quoting relief workers, an estimated 150,000 of the island's 700,000 inhabitants were killed or left to die of starvation in the ensuing strike.

The transmigration project is supposed to make the migrants more productive. But the project mainly moves poor farmers from small amounts of good land to large amounts of nearly worthless land. The government often fails to honor its promises to provide water, roads, schools and tools. It costs about $6,000 to move each family, yet most families that are moved end up making little or no income from their new habitats, and many who previously supported themselves in java have gone on welfare.

The Polonoroeste project in Brazil is a similar fiasco. The bank has poured almost half a billion dollars into a scheme to move landless farmers into cleared areas in the Amazon tropical forests. But about all the project succeeded in doing was building a road and encouraging tens of thousands of people to move to an area with terrible farm land and almost no infrastructure. The project has pointlessly cut down hundreds of square miles of rain forests and engendered much violence between the new arrivals and the indigenous Indians. The bank specified in the original loan agreement with Brazil that the Indians' rights must be respected, but then did nothing when the Indians' lands were trampled. After two years' uproar by U.S. environmental groups and extensive congressional hearings, the bank has temporarily stopped funding the project.

To its credit, the bank has contributed funds to help privatize a few government corporations in Africa and Asia. But at the same time the bank is spending a few million dollars to resurrect private companies that previous bank loans often helped nationalize, it is pouring billions into maintaining state-owned enterprises (SOEs) throughout the Third World.

The bank's latest kick is "public sector improvement loans"—basically, transferring the cost of socialist inefficiency from the recipient government to the World Bank's donors. Morocco received $200 million for "actions to improve public investment planning and the functioning of the public enterprise sector." Chile received $11 million to help the government "orient and guide the process of resource allocations" among SOEs. Ecuador received $14 million "to increase the public sector's contribution to economic growth by improving the management of key public enterprises."

The bank's biggest socialistic binge is occurring in energy projects. Most World Bank energy loans either displace foreign private investment or deter the development of private companies in recipient countries. World Bank 1985 energy loans include $92 million to the Yugoslavian government for oil and gas exploration, $233 million to the Pakistani government oil companies, $248 million to the Indian government for coal-mine development, and $110 million to the Bangladesh government for natural gas exploration. These loans do nothing to increase development—but only add to the size of Third World governments, breeding more bureaucrats and fewer entrepreneurs.

The biggest change at the bank since Mr. Clausen took over in 1981 is the huge increase in lending to communist countries. Since 1981, China, Romania, Ethiopia, Yugoslavia and Hungary have received more than $6 billion—including almost $2 billion in 1985. Even though China has easy access to commercial credit, Mr. Clausen favors doubling World Bank lending to China from the current $1 billion a year. Nor is World Bank financing being used to pry China away from socialism—the bank gave China a $47 million zero-interest, 50-year loan for the development of its state farms.

The bank also is busy subsidizing America's trade competitors. South Korea received $556 million in World Bank loans this past year for purposes like providing "much needed capital for economically and financially viable industry projects" and enhancing rail capacity in the Seoul industrial corridor. South Korea is better managed than most World Bank borrowers—but, like most borrowers, it has long had easy access to commercial credit and need not rely on the bank's subsidies.

The bank, like most international organizations, has tried to use the African famine to drum up support to boost its own budget. Though much of Mr. Clausen's rhetoric is devoted to Africa's dire straits, barely 10% of the bank's 1985 loans have gone to sub-Saharan Africa. And the biggest beneficiary was Ethiopia.

This past year, much to the bank's embarrassment, its loan volume fell 7%. A classified internal World Bank memo late last year outlined plans to relax all types of loan requirements in order to spur borrower demand. The bank subsequently abolished its one-quarter percent "handling fee" on loans. The bank currently has $17 billion in unlent cash reserves.

Despite the bank's inability to meet its loan goals, Mr. Clausen wants to expand. Earlier this year he said he hoped to request a $40 billion increase in callable capital (existing total: $55.8 billion), though he may be retreating from that goal now. Whatever, Mr. Clausen wants the bank to have a larger role in managing the international debt crisis—which would be akin to appointing Mrs. O'Leary's cow chief of the Chicago Fire Department.

BANK'S LARGEST SHAREHOLDER

Mr. Clausen and his predecessor, Robert McNamara, beat the bushes to encourage more commercial lending to Third World governments. Now we have a debt problem that is indeed serious, and foolish American banks are in trouble. But if the U.S. wants to bail out its banks it should give them the money directly and not launder the handouts through the World Bank and Third World governments.

Mr. Clausen's term as bank president expires in mid-1986. The U.S., as the bank's largest shareholder, has effective power to appoint a new bank president. One hopes the Reagan administration will find a replacement, but in the meantime the funding issue must be addressed.

The bank can sustain a lending level of $13 billion a year simply by relying on its principal repayment and interest earnings. Its 1985 lending amounts to $14.4 billion. That's more than enough to cover good projects to well-managed countries that do not have access to commercial credit. A poorer bank would be a wiser bank—and a better friend to the Third World.

A TRIBUTE TO RABBI JACOB AND MARJORIE PRESSMAN

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. WAXMAN. Mr. Speaker, we would like to ask you and our distinguished colleagues to join us in saluting two outstanding Los Angeles leaders, Rabbi Jacob and Marjorie Pressman.

On December 9, 1985, a gala banquet will be held to mark Rabbi Jacob Pressman's retirement as spiritual leader of Temple Beth Am. Rabbi Pressman has held the pulpit of this distinguished congregation for 35 years. During that period, Rabbi Pressman built Temple Beth Am into one of the largest and most dynamic conservative temples in the United States.

Rabbi Pressman has been a leader in numerous projects. Yet, his work has never lacked focus. His first concern has always been with our youth. He established and actively guided the Herzl Schools and the Beth Am Academy. He served not only the Jewish community but the larger community as well by establishing the Beverly Hills Maple Center—a guidance center designed to help young people and their families.

Rabbi Pressman's influence has been felt far beyond the Los Angeles and Beverly Hills communities. In Israel, Rabbi Jacob Pressman is revered as one of Israel's staunchest, most articulate, and most effective friends in the entire American rabbinate. Under Rabbi Pressman's dynamic leadership, Temple Beth Am has risen to the No. 1 position nationally in support of State of Israel bonds.

Despite the enormous burdens of guiding a huge congregation, Rabbi Pressman has served in leadership positions in virtually every rabbinical organization—from the local Board of Rabbis of Southern California to the National Rabbinical Assembly.

Marjorie Pressman has amazingly carried the considerable burdens of first lady" of Temple Beth Am and also vigorously and successfully pursued many interests of her own.

This remarkable woman used her talents as an administrator and an organizer to bring together a multifaceted event at Temple Beth Am called Israel Expo West. Attendance topped 50,000.

The same talents Mrs. Pressman brought to her temple and Jewish community activities, she has now brought to the world of commerce and enterprise. Mrs. Pressman may be the only rebbitzen—rabbi's wife—to serve as a vice president and director of a savings and loan. Mrs. Pressman holds those positions with Unity Savings & Loan Association which she helped found.

Such diverse organizations as the American Youth Symphony, the Women's League for Conservative Judiasm, Hadassah, and the Beverly Hills Theatre Guild have benefited from the energy and talent of this remarkable woman.

The Pressmans are the proud parents of two sons and a daughter, and three grandchildren.

Mr. Speaker, we ask that you and our colleagues join us in expressing praise and gratitude to Rabbi and Mrs. Pressman on the occasion of his retirement. We further ask that the leadership and Members of the House of Representatives join us in wishing these extraordinary Americans good health and many years of continued contributions to our community and our Nation.

THE 67TH ANNIVERSARY OF LATVIAN INDEPENDENCE DAY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. GILMAN. Mr. Speaker, it is of great importance to note that, on the eve of the Geneva summit between President Reagan and Soviet Leader Mikhail Gorbachev, Americans of Latvian descent will be celebrating, in exile, the 67th anniversary of that Baltic nation. Today marks that anniversary, which is bittersweet indeed. The Latvian heritage, so vibrant and rich, has been continually crushed underfoot by the Soviet Union, yet it is to the credit of these dedicated men and women that they stoically maintain their national identity.

The United States policy of nonrecognition of this domination on the part of the U.S.S.R. has been maintained for many years, and it is an important and intrinsic part of the Latvian struggle for freedom. On this date in 1918, the Latvian people declared themselves an independent nation, with a separate heritage, religion, and cultural and political outlook. That brief period of self-determination was soon swept away by the oppressive forces of the Soviet Union; the last decades having been spent in an ever-growing struggle to overcome this tyranny in order to reestablish the Latvian nation.

Mr. Speaker, when President Reagan and Mikhail Gorbachev meet in Geneva, the issue of Latvian independence, and indeed, that of all the captive nations, must be on the agenda. We must take advantage of this opportunity to impress upon Soviet officials our commitment to this noble principle, and to the concepts embodied in the Helsinki Final Act. Men and women are not free if they do not feel free themselves—they are not free if their actions and writings are monitored and banned. The Latvian people have made their feelings known to us on many occasions, and it is incumbent upon us as Members of Congress to express our solidarity with them in their continuing aspiration for freedom from Soviet domination. Not to do so would be a grave injustice to them and to ourselves as a people.

LATVIAN INDEPENDENCE DAY—NOVEMBER 18, 1985

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. BROOMFIELD. Mr. Speaker, today marks the 67th anniversary of the establishment of the modern Republic of Latvia. This small but proud country enjoyed independence from 1918 until 1940 when the dark hand of Soviet savagery choked the life out of Latvian freedom. Latvia remains an occupied territory of the Soviet Union, yet another "worker's paradise" in the still growing list of victims to vicious and relentless Soviet hegemony. Today, Latvians everywhere tenaciously strive to free their homeland from the grip of the Soviet Union. We in Congress must support the efforts of Latvians to keep the flame of Latvian freedom alive for this and future generations.

It is a particularly important time for those of us who enjoy freedom to focus attention on the plight of Latvia. Tomorrow, President Reagan meets with Soviet leader Mikhail Gorbachev in Geneva, Switzerland. It is appropriate that on the eve of this important event we remember the short-lived independence of the Republic of Latvia.

I know President Reagan will be thinking of Latvia and all the other free and independent countries that are no more, as he looks into the cold and calculating eyes of Mr. Gorbachev. We in this body should also remember the fate of Latvian freedom. It is important for all Americans to be fully aware of the sobering track record of our smiling adversary as our President prepares to meet him. We should not prejudge the potential results of this historic meeting. We also should not overlook, in the interests of conciliation, the history that precedes it. The illegal occupation of Latvia is an important and continuing element of that history.

THE HANDICAPPED CHILDREN'S PROTECTION ACT—RESTORING BASIC CIVIL RIGHTS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. SOLARZ. Mr. Speaker, I am pleased to note the passage of H.R. 1523, the Handicapped Children's Protection Act of 1985. The defense of the rights of each individual in our Nation is the basis of the freedom and equality as we all enjoy. H.R. 1523 helps us reach this goal. It protects the educational rights of handicapped children by guaranteeing that handicapped children and their families receive the same civil rights protections Congress has extended to all other protected groups in attorney's fees laws.

The passage of this bill makes clear the original intent of Congress when it passed the Education of the Handicapped Act in 1975, which ensured that every child who is handicapped has the right to a free and fair education.

In 1984, the Supreme Court ruled in Smith versus Robinson that parents could not receive attorney's fees for hearings in which discrimination against their child by a school board was shown to have taken place. H.R. 1523 returns that right to the parents.

The House of Representatives, in passing H.R. 1523, has made clear that this issue is a fundamental matter of fairness and justice. How meaningful is the law if parents must fight through administrative and judicial hearings against publicly financed school administrations which arbitrarily decide to deny equal access to the system for handicapped children? How meaningful is the law if lower income families, who might otherwise not have the legal knowledge or the financial resources, cannot gain help in this grueling process?

The parents of handicapped children carry a great enough burden already and should be spared the additional emotional ordeal of fighting alone for their children's rights against skilled attorneys representing the school district. I am gratified that the House has acted to correct this error. By so doing we reassert the most basic principles of our heritage. We are providing to handicapped children and their parents the same rights that are provided to all other groups under the other Civil Rights Acts of the United States. These people deserve no less.

THE OLYMPIC FUNDING BILL

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. VANDER JAGT. Mr. Speaker, today, I am introducing legislation that will pro-

vide funds for our 1988 and future Olympic efforts.

The legislation is necessitated by the fact that the U.S. Olympic Committee is perhaps the only Olympic committee in the world that does not receive direct funding from its government. As the Members may recall, an Olympic checkoff bill was passed by the Senate in 1984. However, it was not accepted in the conference on the Deficit Reduction Act of 1984 because of alleged complexity. Despite this, the need for funds to maintain and continue our Olympic efforts remains.

Under the bill a 10 percent tax would be imposed on the amount paid by any U.S. business for the rights to televise or broadcast an Olympic event in the United States. The tax would be contributed to a special Olympic trust fund. The amounts in this fund would be used to provide training facilities, coaches and other specialists for the summer and winter Olympic games. The bill would be applicable to the amounts paid for the rights to broadcast the 1988 winter and summer Olympic games.

The legislation is intended to impose a tax on the sale of rights to broadcast Olympic events in the United States whether the rights are sold by the host country Government or by an independent company or agency formed to sell or otherwise market these rights. The tax imposed by the bill will be fully creditable against any U.S. income or withholding tax otherwise due. Thus, the possibility of double taxation is removed.

The bill recognizes the fact that, in most, if not all foreign countries, the radio and television broadcast systems is owned by the government. The United States is unique in that it has a number of networks which compete for programming. As a result, unlike other foreign countries, the price bid for the right to broadcast Olympic events is a function of the competition which occurs between the networks. This competition, in effect, produces a windfall to the sponsors of the Olympic events, whether they be in the United States or some other foreign country. The effect of the Olympic excise tax would be to recoup a small portion of that windfall element. This seems only fair in view of the fact that the most significant component of the competitive bidding accrues to the sponsors of the Olympic games. Moreover, this approach recognizes that the Federal Government in the United States offers little, if any, assistance to the Olympic program. It is unlikely that such a tax will significantly raise the costs of acquiring U.S. broadcasts rights to U.S. television networks.

Since the sale of the broadcast rights for the 1988 winter and summer games has been completed I urge prompt consideration and passage of this bill. We all benefit from this legislation.

CONGRESSIONAL SALUTE TO THE HONORABLE GEORGE EDWARD (NED) SHRIVER, PH.D. OF NEW JERSEY 1985 "PAUL HARRIS FELLOW," ROTARY CLUB OF WAYNE

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. ROE. Mr. Speaker, on Thursday, November 21, the residents of Wayne, my congressional district and State of New Jersey will join together with our fellow Rotarians at a testimonial dinner sponsored by the board of trustees of the Foundation for the Handicapped in honor of an outstanding community leader, distinguished citizen and good friend, the Honorable George Edward (Ned) Shriver, Ph. D. of New Jersey, whose standards of excellence throughout his lifetime have earned him the most highly coveted honor of being chosen 1985 Paul Harris Fellow of the Rotary Club of Wayne—the highest award that Rotary can bestow upon any of its members.

I know that you and our colleagues here in the Congress will want to join with me in extending our heartiest congratulations to Ned Shriver and share the great pride of his good wife Alice May; son David and wife Elizabeth; son Douglas and wife Roanne; and grandchildren in applauding this milestone of achievement in their family endeavors.

The Rotary Club of Wayne is one of our Nation's most prestigious affiliates of Rotary International whose motto: "We make a living by what we get—we make a life by what we give—service above self"—and their good deeds in helping others, young and adults alike have served to inspire all of us. Dr. Shriver has by his example and lifetime of dedication to these same true American ideals personified exemplary leadership in his outstanding responsible service to our people.

Mr. Speaker, Ned Shriver has been a staunch supporter and active participant in many civic and community improvement programs and we applaud the quality of his leadership endeavors in the vanguard of service to people's needs. He was born in Baltimore, MD, on June 5, 1908. He lived in Baltimore until age 6, when after a severe respiratory illness he was sent to his paternal grandmother's home in the rolling hills of Westminster, MD. After grade schooling in Westminster he attended Western Maryland College, graduating in 1929 summa cum laude with a B.A. degree in chemistry. While in college he became cadet major, commanding the college ROTC battalion, played varsity tennis; was varsity head cheerleader; led the college dance orchestra, and played in a professional orchestra in Baltimore.

In the fall of 1929 he obtained a teaching fellowship in the chemistry department of New York University, with an annual stipend of $900 for living expenses. Living in Greenwich Village he pursued graduate studies in chemistry and physics, receiving an M.S. degree in 1932 and Ph.D. in physical chemistry in June 1934. He augumented his income during this period by playing saxophone in a semipro orchestra in Staten Island, NY.

In February 1935, Dr. Shriver accepted a position as research chemist at the general laboratories of the U.S. Rubber Co.—now known as Uniroyal—in Passaic, NJ. In 1943 he was appointed manager of the company's applied and operating research department where he directed a team of 90 scientists, engineers, and technicians in the areas of chemical, plastics, and synthetics rubber research and technology. Notable products that were commercialized by the company from this work include latex foam sponge, ABS high-impact plastics, improved synthetic rubber for tires, and chemicals for agricultural crop protection.

During World War II, he was exempted from military service because of his expertise in synthetic rubber technology. He was a member of the research advisory committee which met regularly to coordinate the industry-wide research on synthetic rubber under the auspices of the U.S. Government Rubber Reserve Organization.

In 1951 he was appointed manager of project planning and economic evaluations for Uniroyal's central research department. In this capacity he made numerous trips during the period 1954–60 to Cuba, Mexico, Great Britain, France, Germany, and Japan on technical surveys to assess foreign technology developments to assist top management of Uniroyal in formulating commercial policy.

From 1957 until his retirement in 1972, he was assistant director of the company's corporate research center in Wayne, responsible for the administration of project planning, budget preparation and all research service departments.

Mr. Speaker, this special tribute to Dr. Shriver has been sponsored by the board of trustees of the Foundation for the handicapped, a sheltered workshop for physically and mentally handicapped adults, in testimony to his outstanding public service during his tenure as executive director of the foundation. It is important to note that the workshop was founded by the Wayne Rotary Club in an abandoned sewerage treatment plant in Wayne, NJ, in 1968. During that same year Dr. Shriver joined the Rotary Club as a representative of the Uniroyal Research Center of Wayne. He was chairman of the attendance committee from 1969–74. During this period he raised the club's, average weekly attendance from 75 percent to 90 percent. He also served 4 years on the board of directors of the Wayne Rotary Club attaining a perfect attendance record of 17 years.

Through his association with Rotary he became aware of the Foundation for the Handicapped and as coordinator for the move of Uniroyal from Wayne to Connecticut in 1972 he arranged for much surplus office furniture and production work tables to be donated to the workshop.

In 1973, after retiring from Uniroyal Corp., Ned took on the part-time job of executive director of the Foundation for the Handicapped, which at that time consisted of 13 handicapped workers servicing industry in a 1,200 square feet abandoned sewerage treatment plant.

Twelve years ago, the small company had a gross income of less than $20,000, no assets, a substantial debt and a consumer list of six. Today, under Ned's direction, dedication, and just plain hard work, 55 of our handicapped citizens have a meaningful job, sales now exceed a quarter of a million dollars annually, a modern plant of 6,000 square feet, which is still growing and assets in the six figures. Perhaps the most significant factor is that all this was accomplished under Ned's leadership without 1 cent of Government subsidy.

The success of this privately run project has brought Wayne Rotary perennial recognition from Rotary District 749 and two citations from Rotary International. Dr. Shriver was made a Walter Head Fellow for his contribution in 1982. After a second career spanning 12 years he finally retired from his position as executive director in May 1, 1985, but is remaining on the board of directors.

Mr. Speaker, it is indeed appropriate that we reflect on the deeds and achievements of our people who have contributed to the quality of life and way of life here in America. As we gather together on November 21 in tribute to Dr. Shriver's leadership endeavors and personal commitment dedicated to service to people. I know that you will want to join with the board of trustees of the Fundation for the Handicapped and the Rotary Club of Wayne, NJ in honoring our good friend Ned as an outstanding citizen and great American. We do indeed salute the Wayne Rotary Club's "Paul Harris Fellow"—Hon. George Edward (Ned) Shriver, Ph.D. of New Jersey.

NOVEMBER—NATIONAL ALZHEIMER'S DISEASE MONTH

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Ms. SNOWE. Mr. Speaker, the month of November marks National Alzheimer's Disease Month. Not only does this commemorative month underline our continued commitment to greater understanding of Alzheimer's disease, but it also represents the distance we have come in our recognition of the impact this devastating disease has on us all.

When I first came to Congress almost 7 years ago, not a single bill had been introduced to deal with the problems of Alzheimer's. In the 97th Congress, only three bills were introduced. By the 98th Congress, the total number had climbed to 26. And now, in this Congress, 24 bills have already been introduced, which I believe gives a strong indication of our growing commitment to those individuals and their families who suffer with Alzheimer's disease.

It has been estimated that between 3 and 4 million Americans suffer from some form of dementia, the majority of whom have Alzheimer's disease. One in three families will see a parent succumb of Alzheimer's, making it the fourth leading cause of death in this country. In most cases of Alzheimer's disease, the families will bear the brunt of the responsibility for care. A recent study has found that families provide 80 to 90 percent of needed personal care for older family members. Since the course of Alzheimer's disease may run anywhere from 3 to 20 years, the family commitment to the Alzheimer's victim is substantial. Only at the end stages of the disease do most families turn to institutionalization as a means of care. This family care comes at a high price, not only emotionally, but financially. For those requiring long-term care, the financial impact can be staggering. In all, the cost of care for Alzheimer's victims ranges between $17,000 and $50,000 per person per year, most of which is borne by the family.

During the last two Congresses, I have attempted to highlight and support the problems that caregiving creates for the entire family and to develop more skilled individuals to deliver that care. As a consequence, I have introduced legislation that would provide tax assistance to family caregivers. H.R. 468 would provide a deduction for taxpayers providing home care and adult day care to family members with Alzheimer's disease. As a part of the Economic Equity Act, I introduced H.R. 2527 which would expand the dependent care tax credit and make respite care an eligible expense. And just last month, Mr. CONTE, Mr. LEWIS, and I introduced H.R. 3523 which would provide a tax credit for home care, respite and adult day care, and nursing home care for families providing this care for family members with Alzheimer's disease.

I am pleased that legislation I introduced was incorporated into the Older Americans Act which now requires that special consideration be given to providing assistance to older persons with Alzheimer's disease and that priority for grants and contracts be given to students who specialize in the custodial or skilled care of victims of Alzheimer's disease. I have also introduced a package of legislation that targets the care of veterans who suffer from Alzheimer's disease as a means of assisting the Veterans' Administration in its planning for the rapidly growing number of aging veterans and the impact that can be expected from an increased number of Alzheimer' victims.

Increasingly, greater effort has been turned to understanding the biomedical aspects of Alzheimer's disease. I am pleased to note that, following a bill which I introduced to increase authorizations to the National Institutes of Health for research on Alzheimer's disease, the appropriations committee increased funding for basic research in this area. Secretary Heckler also established an interagency task force on Alzheimer's disease. That was the first concerted effort to elevate Alzheimer's to the level of recognition it so badly needed. And while the money spent on research for Alzheimer's disease has increased rapidly in recent years, today only about $150 million is spent on research on Alzheimer's disease. That amounts to only $10 to $20 per Alzheimer's victim as compared to cancer research which spends about $200 per cancer sufferer.

While we can all take some satisfaction in the strides we have made, we have only begun to address the difficult issues associated with this disease. The issue of home and institutional care will persist until we can develop a coordinated system of long-term care that provides a range of financing mechanisms that include both private and public financing. That is but one of the larger tasks that looms for us in the coming years.

It is fitting that the month in which we celebrate Thanksgiving, a family holiday, should be the month chosen to give special thought to those who suffer from Alzheimer's disease because Alzheimer's is a family issue.

CARDINAL O'CONNOR'S COMMITMENT TO HUMAN RIGHTS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. GILMAN. Mr. Speaker, I would like to inform my colleagues of a noble undertaking by John Cardinal O'Connor of the New York Diocese on the eve of President Reagan's summit conference in Geneva with Soviet leader Mikhail Gorbachev.

At a recent meeting with members of the Rabbinical Assembly, an international organization of 1,200 conservative rabbis, Cardinal O'Connor stated, "The story of Jewish and Christian suffering in the Soviet Union must be told to every man, woman and child. We cannot be rebuffed in this mission to educate everyone regarding this deprivation of human rights." He then stated that he intended to lead Catholic members of his diocese in lighting candles this evening for world peace, for the release of Soviet Jewish prisoners of conscience, and that every Jew and Christian in the Soviet Union be permitted to worship and study without harassment.

Mr. Speaker, this evening, hundreds of communities across the country will heed Cardinal O'Connor's call, and in solidarity with their brethren behind the Iron Curtain, candles will flicker from coast to coast. Many of us remember Cardinal O'Connor's sincere and committed gesture to religious freedom and human rights when he had the doors of St. Patrick's Cathedral opened in support of Solidarity Sunday for Soviet Jewry. On the steps of the cathedral, Cardinal O'Connor put his words into action, as he will again demonstrate this evening. This significant expression of solidarity is highly appreciated by us all and Cardinal O'Connor is to be lauded for his leadership.

LATVIAN INDEPENDENCE DAY

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. ANNUNZIO. Mr. Speaker, on November 18, 1918, the modern Republic of Latvia was established as a free and independent country, and the courageous Latvian people proclaimed their right as a nation to stand proudly among the other free countries of the world.

The Latvian Republic rose out of the death and destruction of World War I, and had every hope of success. The Latvians proved their devotion to democracy by establishing a representative government with a parliament, a cabinet, a president, and freely organized parties. With a strong sense of national purpose and educated devoted leaders committed to the cause of freedom, the Latvians began to boldly initiate new economic, social, and political programs.

Latvia was one of the first European countries to reform their financial system, and their land reform law of 1920 was a model of fair, democratic dispersal of feudal estates. This division of land ended forever the supremacy of the Balt nobles over the vast majority of the population.

By 1937, there were over 5,500 industrial enterprises in Latvia, and 70,000 farmers had enrolled in more than 2,300 educational societies. The national income increased despite the depression experienced in other parts of the world, and the Latvian National Banks' assets rose significantly. By 1939, Latvia was almost completely self-supporting.

Sadly, however, in June 1940, Latvia, along with the other Baltic States, was invaded, and brutally occupied by the Red army. The Communists cynically disregarded their earlier treaty commitments recognizing the sovereignty of Latvia. Today, although the Communists continue in their attempts to destroy the heritage and culture of the Latvians, the determined spirit of the Latvian people is still unbroken, as they continue in their fight to free Latvia.

This year, a panel of judges sponsored by the World Baltic Conference convened in Copenhagen to hear testimony on Soviet crimes committed against citizens of the Baltic States, and at this point in the RECORD, I would like to include an article which appeared in the July 31, 1985 edition of the Wall Street Journal, which describes some of the testimony at this Conference. The article follows:

BALTIC WITNESS AGAINST THE SOVIET TYRANNY

(By Seth Lipsky)

COPENHAGEN.—The community of exiled Balts put the Soviet Union on trial here last week. Before a panel of judges, convened at the Hotel Scandinavia by the World Baltic Conference, witnesses testified on Soviet crimes in Estonia, Latvia and Lithuania in the years since those nations were taken captive under the terms of Stalin's pact with Hitler. Exiles, including many assimilated into Western life, came to hear others, some recently arrived, report on the Russification of their homelands, a process that represses native culture, language and politics and replaces it with an alien ideology from Moscow. The verdict seemed clear enough. Then the group took a chartered ship up the Baltic coast to gain a glimpse of the lost lands.

As protests go, it wasn't much; the 150 or so people involved included almost no famous figures, although one legendary Soviet dissident, Vladimir Bukovsky, was on hand. But the fate of the Balts is something to think about as the glitterati gather in Finland this week to congratulate themselves on the signing a decade ago of the Helsinki Final Act. It reminds us that statesmen can sign all the documents they want, whether they be Molotov and Ribbentrop inking the 1939 Russo-German pact or Gerald Ford, Leonid Brezhnev and a few others putting their names to the 1975 Helsinki accords. Still, the claims individuals hold in their hearts have a way of haunting the diplomats.

The World Baltic Conference found its mark in Helsinki in 1973, when the ground work was under way on the now notorious Final Act. The conference, then a year old, had sent a delegation to Helsinki to press free Baltic interests. One of their number—a Latvian named Uldis Grava, who otherwise works as a marketing man for the Newspaper Advertising Bureau in New York—got invited to a press reception at the East German embassy, where he ended up face to face with the Soviet foreign minister. Andrei Gromyko. The ensuing conversation so angered Gromyko that he stalked out of the reception and had the Finnish government arrest the Baltic delgates at their hotel. It took the American secretary of state—then William Rogers—to get the Balts bailed out. They've been getting the Soviet goat ever since.

The gathering here last week is the latest example. Tass went into a tizzy. It used adjectives like "recidivist burglar" and "alcoholic troublemaker" to describe witnesses against the Russification of the Baltic nations. The Soviets sent to Copenhagen their own delegation of captive Balts, with Russian escorts, to tell local newspapers that everything back home was peaches and cream. Their claims won't emerge as credible with those who followed the testimony, some in writing, some in person, of the free Balts. They conveyed not merely the humiliation of an invasion by the Red Army, such as struck the Baltic nations in 1940; they emphasized the more maddening attempts, under way in Tallin, Riga and Vilnius, to erase the concept of a nation.

A defector, Valdo Randpere, formerly assistant to the Estonian minister of justice, told how the legal code of the Russian republic was transferred to Estonia. A young Russian, Sergei Zamascikov, who was educated in Latvia, defected in 1979 and now lives in Los Angeles, described university reserve officers training classes, where future Soviet military leaders hear condemnations of Latvian ethnic traditions considered to be "bourgeois nationalism." A one-time Lithuanian communist now teaching in England, Alexander Shtromas, spoke of those "who grew old only to realize the monstrosity of the cause they chose to serve." A former Soviet tobogganer and now a Munich housewife, Rita Bruvere, told of Russians telling Latvians on an overcrowded bus in Riga: "We slaughtered too few of you fascists."

Then there was the case of an ex-agent in the Latvian KGB, Imants Lesinskis, now living in the U.S. under a new name. The World Baltic Conference wrote to him at the post office box through which he maintains contact, and he agreed to participate. He was put on the schedule. Two hours before he was to testify in Copenhagen, he telephoned regrets, as too many spies were around. At 8:30 the next morning, though, according to a conference organizer, Mr. Lesinskis walked into the hotel. He appeared uncomfortable amid the photographers and met conference officials in private. He asked to be driven into the city. His escort of Balts drove him about town, and when he was satisfied he wasn't being tailed, he got out of the car and walked into the train station and out of sight.

So it goes on the front lines of the Cold War. On Sunday, the Baltic Star docked at Helsinki, after its charter up the coast. About 400 Balts staged what the Associated Press called "Finland's first major anti-Soviet protest" since the Warsaw Pact invaded Czechoslovakia in 1968. Mr. Bukovsky, who spent 15 years in Soviet labor camps, was the demonstration's featured speaker. The 10 years since the signing of the Final Act, Mr. Bukovsky told a crowd of 2,000, "have been marked by the communist authorities by the increased aggression, by the unprecendented arms buildup, by the support of international terrorism, by the increase of repression, by jamming radio broadcasts, by imprisoning anybody who is willing to speak out."

Few think the free Balts, in their persistent vigil, threaten the Soviets—except, it would seem, the Soviets themselves.

Mr. Speaker, the Latvian people have experienced the denial of civil rights and fundamental freedoms, and on this 67th anniversary of Latvian Independence Day, it is a most appropriate occasion to reaffirm our sympathy for the aspirations of the Latvian people in their struggle to resist the tyrannical communistic system. I am privileged to join with Americans of Latvian descent in the 11th Congressional District of Illinois, which I am honored to represent, and Latvian-Americans throughout the Nation who continue to work and pray for the day when Latvia will once again be a free and independent state.

THE PEOPLE'S FIREHOUSE: A DECADE OF DEDICATION AND DETERMINATION

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. SOLARZ. Mr. Speaker, this month marks the 10th anniversary of a remarkable community organization, the People's Firehouse of Brooklyn. It began as a grassroots effort to prevent the city of New York from closing Engine Company 212, the firehouse which provided protection to the residents of the northside and North Greenpoint communities.

This neighborhood is an older ethnic residential area characterized by an aging housing stock, struggling small businesses, and industries. But it is blessed with a wealth of talented, energetic people who have deep ties to the area's churches, insti-

tutions, and organizations. Faced with this threat to their very survival, they decided to organize, fight, and beat City Hall.

In the best traditions of American democracy, the men and women of the People's Firehouse, led by its president, Adam Veneski, have the pioneering spirit. They are willing to "do it themselves," and they never take no for an answer.

Arson plagued both businesses and residents. The People's Firehouse decided to find a way to prevent arson and improve the fire safety of older buildings. Fritz Ringler, executive director of the firehouse, and Ron Webster, the director of housing and development, talked to experts and went to City Hall, Albany, and Washington. They researched the Byzantine Building codes, fire laws, and insurance records. They identified buildings likely to succumb to arson and informed city and State agencies of the risk. Then the firehouse organized merchants and tenants, taught them fire safety and arson prevention, and interested them in neighborhood improvement.

The enthusiasm and initiative of the firehouse attracted attention. Foundations and Government became interested in supporting their efforts. Arson rates came tumbling down in the neighborhood; and the new organizations of tenants, homeowners, and businessmen started to work together on housing and economic development programs. Adam Veneski decided it was time to take this antiarson campaign on the road. If they could save this neighborhood in Brooklyn, then hundreds of other communities threatened with blight and destruction could also be saved. Housing and businesses could be rebuilt and new jobs created in older neighborhoods.

The People's Firehouse is composed of determined, professional community activists who know the virtue of being prepared and the power of persistence. They listen to what is asked, they learn their facts, and they deliver cost-effective and practical programs that save hundreds of lives and millions of dollars.

The firehouse has become the catalyst of a national lobby effort, and Congress provided $1 million for community-based fire safety and antiarson programs.

The need for decent, safe, affordable housing in the neighborhood has also kept the firehouse staff busy for the past 10 years. Recently, after countless proposals, plans, meetings, and hard lobbying, the firehouse won 72 apartments for the elderly and handicapped under the Federal 202 Program. The Alexis Jarka Hall, which will rise at 184 Metropolitan Avenue, is one of the few grants given to Brooklyn this year. It would not have happened if the firehouse had been willing to take "no" for an answer.

I am proud to pay tribute to the People's Firehouse and its dedicated, determined community activists who have devoted the past 10 years of their lives to making their community a better place to live and work. Men like Adam Veneski prove that Americans are still willing to volunteer, to roll up their sleeves, work long hours, and take dozens of bus trips to Albany or Washington to make sure that Government doesn't forget the power of the people or its obligation to provide for the well-being of all our citizens.

I am pleased to have been able to work with the People's Firehouse to preserve this community and to have played a role in their effort to convince the Federal Government to undertake an improved national fire safety and antiarson program. These are accomplishments of which we all can be proud.

Today I wish that the fiery determination, consuming commitment, and flaming idealism that have characterized the first 10 years of the firehouse remain unquenched in the years ahead.

People's Firehouse—take a bow!

GENEVA SUMMIT

HON. DOUGLAS H. BOSCO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. BOSCO. Mr. Speaker, as the November 19–20 summit meeting between President Reagan and Soviet leader Gorbachev approaches, it is vitally important that congressional attention continue to be focused on the plight of Soviet Jews. In so doing, we may help ensure that this important issue be given a high priority at the upcoming Geneva talks.

I rise today to ask my colleagues to take a few minutes to read the following profile of a second Soviet refusenik that I have adopted, Mr. Alexander Kushnir. Alexander is a 37-year-old construction engineer residing in Odessa. Because he desires to emigrate to Israel to join his mother and younger brother, he has been unable to find work in his profession. Alexander's mother and brother left the Soviet Union for Israel in 1973. However, Alexander was unable to apply to leave because 5 years had not elapsed since his demobilization from the Navy where he had served from 1969–70. In the Soviet Union at least 5 years must elapse following military service before one is likely to be allowed to leave the country. Since first becoming eligible for an exit visa, Alexander has been refused six times.

While waiting for permission to leave, Alexander participates in Hebrew lessons and seminars on Judaism along with other refuseniks. He and his friends have also celebrated Jewish festivals together. For this activity, they were warned in December 1982 not to associate with other activists among Jewish refuseniks.

Alexander Kushnir's tragic predicament exemplifies the plight of many thousands of Soviet Jews. Soviet Jews are arbitrarily singled out as a group and denied fundamental human rights, including the right to freedom of religious and cultural expression. Yet, while faced with constant persecution, Soviet Jews are prevented from emigrating to Israel or other nations where they might live and worship freely. Moreover, many Jews like Alexander who are separated from their families are cruely denied the right to join them in other countries.

Mr. Speaker, for the 400,000 Soviet Jews who await exit visas, the upcoming Geneva summit meeting offers renewed hope. I would hope that our President's effective communication skills might persuade Soviet leaders to agree to a swift resolution to the issue of Jewish emigration and human rights for Soviet Jews.

PAN AMERICAN FLIGHT MARKS GOLDEN ANNIVERSARY

HON. BEN GARRIDO BLAZ

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. BLAZ. Mr. Speaker, 50 years ago, a young boy on Guam stood with his father by a picturesque cove to witness an event he would never forget. As he stood there watching a silvery flying boat descend gracefully over the glistening tropical lagoon, he had no way of knowing he was about to witness an historic event, a milestone in American aviation history.

When the strange looking aircraft gently touched down on the calm waters of Sumay, Guam, Pan American World Airways had completed its first commercial crossing of the Pacific Ocean. The *China Clipper* was only a day's flight over the Philippine Sea to Manila, the final stop on the record-setting voyage.

I was that boy. Now, 50 years later, I am honored to be able to help mark the anniversary by participating in a special Pan American World Airways commemorative flight. Pan American will celebrate the golden anniversary of service across the Pacific on November 22 by staging a nostalgic reenactment of the fabled *Clipper's* pioneering flight between San Francisco and Manila.

I call this historic event to the attention of my colleagues in recognition of Pan American's contribution toward making the U.S. aviation industry preeminent in the world.

This anniversary also serves to focus attention on the huge expanse of the Pacific Ocean and how recent our conquest of its vast distances has been. Bridging the Pacific has had a tremendous impact on America's commercial and political relations with Asia and expanded the territory of Guam's role as America's transportation and communications hub of the Western Pacific.

The anniversary flight will be on a Boeing 747 Jet Clipper named *China Clipper II* in honor of the Martin 130 flying boat that inaugurated commercial air service across the world's largest ocean. *China Clipper II* will fly the exact route of her namesake, making stops at Honolulu, Midway, Wake, and Guam, a flying distance of 8,210 statute miles.

The 1935 trip took 6 days, 7 hours and 46 minutes. The Pan Am Boeing 747 anniversary flight will cover the journey in less than a day—a striking testament to the

role Pan American has played in making the four corners of the world within our easy reach.

A TRIBUTE TO ALIE RANDLETT

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. COURTER. Mr. Speaker, I am pleased to have this opportunity to honor Alie Randlett, who has decided to return to New Jersey after 4 years of service as director of the State of New Jersey Washington office.

As the director, Alie has had to work on very important matters affecting New Jersey. She has served her position in the New Jersey Washington office with distinction and provided the State with a valuable asset here in Washington. Alie was an efficient administrator whose loyal help and endless support will be hard to match.

Alie Randlett has set high standards that people should seek to emulate. I commend you, Alie, for a job well done and I wish you all the best and good luck in your future endeavors.

CONGRATULATIONS ON CITIZENSHIP

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. BONKER. Mr. Speaker, I rise today to congratulate one of my interns, Marcelo Mottesi, who, on Friday, became a U.S. citizen.

Marcelo and his family came to the United States from Argentina 10 years ago and since that time have worked hard to build a life for themselves in this country. At the same time, they have remembered their roots in Latin America. Their new citizenship marks a proud moment in their family's history.

I am particularly proud of Marcelo, who is a special example of someone who has come to this country and, in spite of the difficulties posed by a new culture and way of life, has persevered and been rewarded for his efforts. As my American Studies Program intern for this fall, he went through an extremely selective screening program which chose 40 students from 73 different colleges around the country. I am particularly excited for him because of the unique opportunity this internship program gives students to see up close how our Government works.

I also consider myself lucky, because Marcelo has been a pleasure to work with and a tremendous help in the office. I know that my staff joins me in congratulating him on this happy occasion and wishing him great success in his future as an American citizen.

YELENA BONNER

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. YATRON. Mr. Speaker, reports that Yelena Bonner, wife of Nobel Peace Prize laureate Andrei Sakharov, has been given permission to leave the Soviet Union for medical treatment are encouraging. Those of us who have been advocates for the Sakharovs and have witnessed firsthand the hardships this brave couple has endured are hopeful that this information is accurate.

Ms. Bonner's being permitted to go abroad may be a Soviet initiative indicating some awareness of the human rights issues which may be central to the summit meeting between Soviet leader Gorbachev and President Reagan. Since the state of détenté between the United States and the Soviet Union—of which the Helsinki accords were a product—we have seen a worsening of East-West relations. This deterioration can be partially attributed to differing interpretations of the highest law involving individual rights and freedoms. Before any other question, whether political or economic, can be resolved between the United States and the Soviet Union, the human rights question must be addressed.

If the Soviet leadership decides to let Yelena Bonner get the medical attention she desperately needs, they will be sending a sorely needed signal to the world. This gesture could prove that this Government is not immune to world opinion. However, this signal alone will not appease the millions of Soviet citizens who are denied their liberty and justice.

I am hopeful that Ms. Bonner will receive medical treatment. I am also hopeful that this action signifies a more flexible position by the Soviet Government on human rights issues. While we focus on new arms control measures and the November summit, we must never lose sight of the plight of the Sakharovs, and others like them, whose fate remains uncertain.

MONTEREY HONORS ITS NATIONALLY AND INTERNATIONALLY RENOWNED RESTAURANTEURS—TED BALESTRERI AND BERT CUTINO

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. PANETTA. Mr. Speaker, I am pleased to inform my colleagues that the people of Monterey will gather on November 10 to honor two of our most successful and well-known businessmen, Ted Balestreri and Bert Cutino, the owners of the renowned Sardine Factory in Monterey's Cannery Row.

Ted and Bert, who I am proud to say have been good friends of mine for many years, are being honored for the contribution they have made to the tourism and hospitality industry along the California coastline, which is one of the mainstays of the economy not only of coastal communities but of the entire State.

The Sardine Factory is well known as one of the finest restaurants in the Nation. It has received a number of prestigious awards, including the Ivy Award, the Travel/Holiday Magazine Award, the Nation's Restaurant News Hall of Fame Award, the Mobil Travel Guide Award, the Signature Award of the Diners Club, the Business Executives Dining Award, Wine Spectator's Grand Award, and the Knights of the Vine's Gold Vine Award. In addition, it has been named by the Armstrong Gourmet Guide as one of California's Top 10 Restaurants and was one of 50 restaurants selected to serve at the last two Presidential inaugurations.

Ted and Bert also operate the Carmel Butcher Shop in Carmel, the Rougue Restaurant on Fisherman's Wharf in Monterey, and the San Simeon Restaurant near the Hearst Castel in San Simeon. In addition, they own a number of real estate ventures together.

Ted was born in Brooklyn, NY, and moved to the Monterey Peninsula in 1957. He graduated from Carmel High School in 1958 and attended Monterey Peninsula College as well as Lewis Management School in Washington, D.C. He has worked in the hospitality industry as everything from busboy to owner.

Ted has been very active in the hospitality industry both locally and nationally. He currently serves as president of the National Restaurant Association. He is a past president of the California Restaurant Association and is also past chairman of the Executive and Finance Committee of the CRA. He is a member of the board of trustees for the National Institute for the Foodservice Industry and is a member of the Corporation of the Culinary Institute of America. Ted serves on the State of California's Tourism Corporation as well as on the California Tourism Commission.

Locally, Ted is a past president and one of the founders of the Monterey Peninsula Hotel and Restaurant Association. He is also a founder and past president of the Northern California Restaurant Association, which he helped move into a merger with the Southern California Restaurant Association to form the California Restaurant Association.

Ted has also served as regional director of the Monterey Peninsula Chapter of the Wine Investigation for Novices and Oenophiles and is currently a Master Knight in the Monterey Chapter of The Brotherhood of the Knights of the Vine. He served as bailli of the Monterey Chapter of the Confrerie de la Chaine des Rotisseurs.

In the community, Ted has been appointed to serve on the Monterey Country Sheriff's Advisory Council and is chairman of the Membership Committee of the Monterey Chamber of Commerce.

In 1981, Ted received the Restaurant Hospitality Magazine's Hall of Fame Award, and in 1982, he received the Gold Plate Award from the American Academy of Achievement. He has also received the Outstanding Hospitality Professional Award from the Monterey Peninsula Hotel and Restaurant Association and the Silver Plate Award and the prestigious Gold Plate Award from the International Foodservice Manufacturers Association.

Ted and his wife, Velma, have two sons and live in Pebble Beach.

Bert Cutino was born in Monterey and graduated from Monterey High School in 1957. He received an A.A. degree from Monterey Peninsula College in 1964 after attending at night while working full time in restaurants.

Bert started his restaurant career at the age of 13, and has worked as everything from dishwasher and chef to manager and owner.

Bert's specialty has always been the culinary arts. He is a certified executive chef and a member of the American Culinary Federation and the American Academy of Chefs, which is the honor society of the American Culinary Federation. He is also a member of the American Institute for Food and Wine, founded by Julia Child, and is a member of the Confrerie de la Chaine des Rotisseurs, in which he holds the office of vice chancelier-argentier. He is also a member of the Wine Investigation for Novices and Oenophiles and a Master Knight of the Monterey Chapter of Knights of the Vine. He is a member of the Guild of Sommeliers from England and the Toques Blanches International Society.

Locally, Bert has served as president, vice president, and secretary of the Monterey Peninsula Chefs Association. He is currently its chairman of the board. In 1982, he founded the Culinary Arts Salon held at the California Wine Festival in Monterey.

Bert helped institute the culinary program at Monterey Peninsula College and has also been active with the college as a guest lecturer and a strong supporter of education in the culinary arts. Bert is a vice president of the Monterey Peninsula Chamber of Commerce and is a member of the Chamber's Visitor Education Committee.

In 1982, Bert received both the Distinguished Alumni Award from the California Association of Colleges and the Monterey Peninsula Chefs Association President's Award for outstanding service. In 1983, the Chefs Association named him Chef of the Year, and he was chosen as the California Restaurant Association Chef of the Year in 1984.

Bert, his wife, Bella, and their daughter and two sons live in Monterey.

Mr. Speaker, Ted Balestreri and Bert Cutino have made tremendous contributions to the Monterey Peninsula, and the community is going to give them a well-deserved tribute. I know my collegeaues join me in congratulating them and their families and in wishing them the best of luck in the future.

SALUTING VICTORY OUTREACH

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. TORRES. Mr. Speaker, I ask my colleagues to join with me today in saluting the Victory Outreach Program which will be celebrating its 18th anniversary on November 20.

Victory Outreach has provided assistance to thousands of individuals throughout the southwestern United States who are involved with substance abuse and gang activity. The program has established over 50 sites in California alone. Founded by Rev. Cruz Arguninzoni and his wife, Julie, Victory Outreach has provided spiritual guidance and help to men and women with drug and family problems.

The program has been recognized by many Federal, State, county, and community agencies for its outstanding work. I, too, now recognize and join in congratulating Victory Outreach for these many years of successful service and ministering to those in need.

HONORING SHERWIN BIEBER OF QUEENS COUNTY, NY

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 18, 1985

Mr. ACKERMAN. Mr. Speaker, I rise today in honor of Sherwin Bieber of Queens County, NY, who will be honored by the Israel Center of Hillcrest Manor on behalf of the United Jewish Appeal-Federation Campaign on Sunday, November 17, 1985.

Sherwin Bieber is a veteran leader in Jewish communal and synagogue life in Queens; he is one of those dedicated New Yorkers who has been responsible for the strength of that community. Sherwin is the honorary president of the Israel Center of Hillcrest Manor, and he is a former Queens cabinet member for the UJA-Federation campaign. He also represented Queens this year as a delegate to the World Council of Synagogues, and he has won many prestigious awards from major national and international Jewish organizations.

Mr. Speaker, I have been particularly impressed with Sherwin Bieber's deep commitment to strengthening the Jewish community of Queens. Not only has he been involved in a wide range of organizations, but he consistently has looked ahead to anticipate the challenges that the Jewish community as a whole must face.

Mr. Speaker, I call now on all of my colleagues in the U.S. House of Representatives to join me in congratulating Sherwin Bieber as he is honored by his own community, and to wish him every success as he continues to be an important leader in Queens County.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, November 19, 1985, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 20

9:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and the Congress.
SR-253

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Finance
To resume hearings to review U.S. trade policy.
SD-215

Select on Intelligence
To hold closed hearings on intelligence matters.
SH-219

10:00 a.m.
Environment and Public Works
Nuclear Regulation Subcommittee
Business meeting, to mark up S. 1578, to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste.
SD-406

Governmental Affairs
Energy, Nuclear Proliferation and Government Processes Subcommittee
To hold hearings on the 1985 Conferences on the Treaty on the Non-Proliferation of Nuclear Weapons and on the International Atomic Energy Agency.
SD-342

Judiciary
Patents, Copyrights and Trademarks Subcommittee
To hold hearings on S. 1384, to clarify the operation of the derivative works

exception of the Copyright Act of 1976.
SD-226

11:00 a.m.
Foreign Relations
Business meeting, to consider pending calendar business.
SD-419

Conferees
On H.R. 3424, appropriating funds for fiscal year 1986 for the Departments of Labor, Health and Human Services, and Education, and related agencies.
H-140, Capitol

11:15 a.m.
Judiciary
To hold hearings on S. 1655, to provide for the private enforcement of prohibitions concerning the importation or sale of merchandise in U.S. commerce.
SD-226

2:00 p.m.
Foreign Relations
To hold hearings on the nominations of Paul M. Cleveland, of Florida, to be Ambassador to New Zealand, and Laurence W. Lane, Jr., of California, to be Ambassador to Australia, and to serve concurrently as Ambassador to the Republic of Nauru.
SD-419

Judiciary
To resume closed hearings on the nomination of Stanley Sporkin, of Maryland, to be United States District Judge for the District of Columbia.
S-407, Capitol

3:30 p.m.
Rules and Administration
Business meeting, to consider S. Res. 204,. to authorize supplemental expenditures by the Select Committee on Indian Affairs, S.J. Res. 214, to provide for the reappointment of Carlisle H. Humelsine as a citizen regent of the Board of Regents of the Smithsonian Institution, and S.J. Res. 215, to provide for the reappointment of William G. Bowen, as a citizen regent of the Board of Regents of the Smithsonian Institution, and other pending legislative and administrative business.
S-207, Capitol

NOVEMBER 21

9:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and the Congress.
SD-138

*Judiciary
Business meeting, to consider pending calendar business.
SD-226

9:30 a.m.
Commerce, Science, and Transportation
Aviation Subcommittee
To hold oversight hearings to examine government policies regarding airline mergers and acquisitions, and the impact of such transactions on airline employees.
SR-253

Energy and Natural Resources
Energy Regulation and Conservation Subcommittee
To hold oversight hearings to review Federal Energy Regulatory Commission's Order 436, final rule and notice requesting supplemental comments on regulation of natural gas pipelines after partial wellhead decontrol (Docket No. RM85-1-000).
SD-366

Finance
To continue hearings to review U.S. trade policy.
SD-215

10:00 a.m.
Select on Intelligence
Closed briefing on intelligence matters by officials of the Defense Intelligence Agency.
SH-219

2:00 p.m.
Armed Services
Strategic and Theater Nuclear Forces Subcommittee
To hold hearings on the ABM Treaty relating to the Strategic Defense Initiative program.
SR-232A

Foreign Relations
To hold hearings on the nominations of Charles R. Carlisle, of Vermont, for the rank of Ambassador during his tenure of service as United States Negotiator on Textile Matters, and Jose Manuel Casanova, of Florida, to be United States Executive Director of the Inter-American Development Bank.
SD-419

Judiciary
To hold hearings to review the antitrust provisions of S. 638, Conrail Sale Amendments Act of 1985 (pending on Senate Calendar).
Room to be announced

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to mark up proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

NOVEMBER 22

9:30 a.m.
Finance
Savings, Pensions and Investment Policy Subcommittee
To hold hearings on S. 1250, to extend the targeted jobs income tax credit for 5 years.
SD-215

NOVEMBER 27

9:30 a.m.
Select on Intelligence
To hold closed hearings on intelligence matters.
SH-219

DECEMBER 3

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on S. 812, to authorize the President to restrict the export or transfer of money or other financial assets to countries subject to national security export controls.
SD-538

Energy and Natural Resources
To hold hearings on S.J. Res. 192, to authorize financial assistance for the Northern Mariana Islands, and S. 1441, to provide for a plan to govern the use and/or disposal of Federal lands by Guam.
SD-366

10:00 a.m.
Armed Services
To hear and consider the nomination of Russell A. Rourke, of Maryland, to be Secretary of the Air Force, and to consider routine military nominations.
SD-138

Environment and Public Works
To hold oversight hearings on the Acid Rain Precipitation Assessment program
SD-406

Judiciary
Administrative Practice and Procedure Subcommittee
To hold hearings on proposed legislation authorizing funds for the Administrative Conference of the United States.
SD-226

Labor and Human Resources
Children, Family, Drugs, and Alcoholism Subcommittee
To hold hearings on the issues of childcare, focusing on education, job training and the labor market.
SD-430

DECEMBER 4

9:30 a.m.
Energy and Natural Resources
To hold hearings on the nominations of Ralph W. Tarr, of Virginia, to be Solicitor of the Department of the Interior, Gerald R. Riso, of New York, to be Assistant Secretary of the Interior for Policy, Budget and Administration, and J. Steven Griles, of Virginia, to be Assistant Secretary of the Interior for Land and Minerals Management.
SD-366

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Labor and Human Resources
To hold hearings on the impact of space technology on human resources.
SD-430

DECEMBER 5

9:30 a.m.
Office of Technology Assessment
The Board, to meet to discuss pending business.
EF-100, Capitol

10:00 a.m.
Energy and Natural Resources
To hold hearings on the nominations of Donna R. Fitzpatrick, of the District of Columbia, to be an Assistant Secretary of Energy (Conservation and Renewable Energy), and Mary L. Walker, of Maryland, to be an Assistant Secretary of Energy (Environment, Safety and Health).
SD-366

Environment and Public Works
To hold hearings to review the health, soil, and forest effects of acid precipitation.
SD-406

DECEMBER 6

9:15 a.m.
Finance
Health Subcommittee
To hold hearings to review possible reforms in the Federal supplementary medical insurance program (Medicare Part B) payments for physicians' services.
SD-215

9:30 a.m.
Joint Economic
To hold hearings on the employment/unemployment situation for November.
Room to be announced

DECEMBER 10

10:00 a.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 1785, to amend the Garrison diversion project in North Dakota.
SD-366
Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold oversight hearings on environmental effects of global atmospheric warmings.
SD-406

10:30 a.m.
Labor and Human Resources
To hold hearings on the nomination of Jeffrey I. Zuckerman, of Maryland, to be General Counsel of the Equal Employment Opportunity Commission.
SD-430

DECEMBER 11

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

DECEMBER 12

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

CANCELLATIONS

NOVEMBER 20

9:30 a.m.
Labor and Human Resources
To resume hearings to examine certain barriers to health care.
SD-430

NOVEMBER 21

4:00 p.m.
Select on Intelligence
Closed briefing on worldwide intelligence matters.
SH-219

4:30 p.m.
Select on Intelligence
Closed briefing on technology transfer and Soviet research and development.
SH-219

SENATE—*Tuesday, November 19, 1985*

(Legislative day of Monday, November 18, 1985)

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

*Blessed be the name of God forever and ever, to whom belong wisdom and might. He changes times and seasons; He removes kings and sets up kings; He gives wisdom to the wise and knowledge to those who have understanding * * *.*—Daniel 2:20-21.

O Lord our God, Who led Thy servant Daniel to great influence before an alien monarch, be present at the Geneva talks in wisdom and power. Overrule suspicion, prejudice, enmity, ambition, arrogance, and any spirit that would hinder constructive engagement. Restrain speech which would provoke hostility and inspire words which edify and dignify. Grant to the leaders cool heads and warm hearts and infuse the atmosphere with unexpected good will and trust. Be glorified in this summit conference, sovereign Lord of the nations.

Likewise, gracious God, manifest Thyself in this place. Inspire and direct in ways that will make it possible for the Senate to complete the work which must be done in the few weeks that remain in this session. Overrule the exigencies of human pride and weakness and discouragement that these final weeks may be ones of achievement. In Jesus' name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order the leaders have 10 minutes each, and I reserve the time for the distinguished minority leader.

Then we have special orders not to exceed 15 minutes each by Senators BYRD and ROCKEFELLER; routine morning business not to extend beyond the hour of 10 a.m.; and then it is our hope that at 10 a.m. we will be on the farm bill with amendments pending.

At the last count there were 90 proposed amendments to the farm bill. I am advised by the distinguished chairman of the Agriculture Committee that he must complete action on the bill this week. That will mean that we will be in late tonight and late tomorrow night. On Thursday night, of course, we will have a joint session so we will not be able to be in late that evening, but there will undoubtedly be a Friday session.

The managers have been working with others on some way to resolve some of the very sticky issues in the farm bill.

We believe there may be an agreement on that sometime today. If so, that might help expedite the business.

It was the hope of the managers that this morning they could bring up a dairy amendment. I understand there is some objection. But there are four or five dairy amendments. There are four or five clear title amendments. There are 12 food stamp amendments. There are all kinds of amendments that can be taken up.

I think I can speak for Senators HELMS and ZORINSKY that they are not particular—they will bring up any amendment. They are ready to go to work and they will be here at 10 a.m.

I urge my colleagues who have amendments that can be disposed of, if they can be accepted, it will be a good time to do that.

So we will have at noon, of course, our party caucuses from 12 to 2, and then we will reconvene following the recess, resume the farm bill, and votes can be expected throughout the day and into the evening.

So I urge my colleagues to be on the floor at 10 a.m. with amendments, and, if they have questions, to contact either Senator ZORINSKY or Senator HELMS.

Mr. President, I reserve the balance of my time. I will be happy to yield the balance of my time to the Senator from Wisconsin.

I reserve the balance of my time.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER (Mr. WALLOP). Under the previous order, the Democratic leader's representative is recognized. The Senator from Wisconsin, Senator PROXMIRE, is recognized.

A FIRST: INTEREST ON DEBT RISES FASTER THAN ANY OTHER COST

Mr. PROXMIRE. What is the least productive and most wasteful spending by the Federal Government? Answer: Payment of interest on the Federal debt. Consider: That spending provides no service. It does not improve the national security. It does not improve educational opportunity. It does not improve the Nation's health. It does not achieve a greater degree of justice of any kind. It does not enforce the law.

So what purpose does paying interest on the national debt achieve? It pays for the costs that Government incurred in the past, and failed to pay for in the past. And what is the most rapidly rising cost of Government? Is it the rising cost of the arms race—the big buildup of the American military establishment? No. Is it the soaring cost of Social Security including pensions, Medicare, and all the other expenditures paid for by the huge payroll tax imposed on virtually all American workers? No. In fiscal year 1985, for the first time in recent American history, the most rapidly rising cost of the Federal Government was interest on the national debt.

How can we justify this expenditure which is utterly useless except as a required payment for the past neglect of the Congress to either hold down spending or raise whatever additional revenue is necessary to cover that Federal spending? At various times in American history, the Federal Government has incurred big deficits. But always before, that increase has had a compelling justification.

In World War I and World War II, for instance, the Federal Government permitted expenditures to run far ahead of revenues for the duration of both of those major wars. Was that borrowing justified? It was. Why? Because the country was fighting for its life. Also both wars were followed by periods of substantial Federal surpluses when the national debt was reduced. Think of it. For 10 years in the Great Depression of the thirties, an average of more than 17 percent of the work force was unemployed. That Depression knocked business and agriculture flat on their backs.

The President of the United States described one-third of our countrymen as ill-fed, ill-housed, and ill-clothed. In spite of all that, were the deficits as high in relationship to the gross na-

tional product at that time as they have been in the past 5 years? No, Mr. President. Even in relationship to the far smaller GNP of the 1930's, those Depression deficits were only half as high.

Mr. President, just consider the gross improvidence of this Congress and this administration in the past 5 years. The United States was not engaged in a major war or anything approaching a major war during this period. The standard of living of the American people had reached the highest level in the history of our country—higher than that of any other country in the world. During most of that period, that is from the fall of 1982 to date, the country enjoyed a strong period of economic expansion.

In fact, the year 1984 saw the most vigorous growth of the economy of any time in the preceding 33 years. With that kind of economic growth, our Government should have been running surpluses, and big surpluses. Instead, we have suffered deficits so enoromous that in the last 5 short years, the Federal Government increased its national debt more than in our entire previous 200-year history. As we know, that debt has now approached the fantastic sum of $2 trillion. And interest rates should have fallen far more than they have in the past 5 years. After all, inflation has declined dramatically.

Normally, interest rates follow inflation as lenders insist on repayments that will, after the lapse of the time between making the loan and receiving the repayment, compensate for the intervening inflation. But interest rates have not fallen in tandem with inflation. Why? Because lenders know that the massive Federal borrowing will very probably—after a few years—result in explosive inflation. So the deficit has shot the national debt to $2 trillion and kept interest rates at still punishing levels.

This has had a double effect in increasing the cost of interest on the national debt. The increase in the debt has required a larger interest payment because the principal has become so enormous. The prospect of future inflation has kept up the interest rate. That devastating combination of a $2 trillion principal and a high rate of interest have given us an increase in the interest cost of the national debt that exceeds any other increase in cost incurred by the Federal Government.

Mr. President, here we have an increase in the rate of spending—the biggest increase in our Federal Government that has nothing to do with any need of our Government or any of our citizens. Why do we increase this spending more rapidly than any other spending in our Federal Government? Because the Congress and the administration lack the courage and will to come to grips with a simple, elementary fact. That fact is that the first duty of elected officials at any level of government is to hold down spending to that level that will permit the government to raise the funds necessary to meet that spending.

We can only begin to bring this utterly useless and totally wasted multi-billion-dollar cost down either by holding down spending or raising taxes or doing both. The biggest mistake we can make is to fall for the nonsense that we can grab this economy of ours by the bootstraps and pull ourselves out of our problem by the magic of economic growth. We cannot.

There is only one way we can end this skyrocketing increase in Government spending. It is this: We must cut spending as severely as possible. We must raise taxes by whatever amount it takes to make up the difference. There is no other way.

ARMS CONTROL CAN WORK—STAR WARS CANNOT

Mr. PROXMIRE. Mr. President, this Congress seems hell bent to proceed at breakneck speed to rush into the trillion dollar star wars or SDI Antimissile Defense Program. The independent scientific community overwhelmingly opposes this pell-mell on-rush. Why? Simple. They do not believe it will work.

Many Americans, who are convinced that arms control represents far and away the best chance to prevent a nuclear war, oppose star wars. They oppose it first because it would push the nuclear arms race into space. They oppose it also because it would bluntly and directly torpedo the Anti-Ballistic Missile Treaty. That treaty represents the prime achievement of nuclear arms control to date. It has one single purpose. That purpose is to prevent carrying the nuclear arms race into space with a star wars defense.

There is still another group of opponents that have been strangely quiet so far. These opponents are late on everything. That is why they have such an unblemished record of always losing. I am referring to those who would hold down Federal spending. I am also referring to those who want to restrain Federal taxes. This is the crowd that bemoans, and wisely so, the colossal deficits that so gravely threaten our economy. They call for an end to massive Government spending increases. But as usual they overlook the big, oncoming programs until those programs have built up a momentum and a head of steam that makes them irresistible.

Of course, if star wars could work it would be worth an immense burden of taxes, or even continued massive deficits. If it worked, it could even justify repudiation of the ABM Treaty. If it will not work, it will be a disaster for this country to proceed with it. It will be a fiscal disaster. It will be a national security disaster.

So will star wars work? No. It will not. Why not? Mr. President, the prime reason star wars will not work is because whatever defensive miracles our magnificent military technology might develop will provoke a match in similarly magic technological miracles that both superpowers will develop in offensive nuclear penetrating weapons.

What is the basis for the support of star wars? It is a boundless faith in our scientists to continue to make breakthrough after breakthrough until they have solved every technological military problem. I share that faith. If only the offense would stand still, there is no question in my mind that our scientists would develop an antiballistic missile defense that would stop any offensive missile now in existence. I am sure of that.

But Mr. President, that is not enough; 15 or 20 or 25 years from now when we have spent several trillion dollars and fully deployed our marvelous star wars astrodome defense, scientists working night and day on methods of penetrating that offense will have developed the successful response, and the offensive penetrating magic. Why is not that obvious? It should be. After all, as technology develops to serve a defensive purpose, it also develops to serve the purpose of overcoming that defense.

On Saturday, November 9 in an article in the Washington Post, George Wilson reported that already even today both superpowers have developed an offensive missile system that can certainly penetrate any star wars defense so far dreamed of. It gets worse. That nuclear missile offense is out of the reach of arms control agreements. Both sides know that there is no verifiable method to control it. I am speaking of sea-launched cruise missiles. That is SLCM's or "Slickems."

One of the Senate experts on these matters, former Navy Secretary, now Senator JOHN WARNER calls these weapons "the untouchable" of arms control. He says a way to prevent their proliferation "isn't there." Kenneth Adelman—head of the Arms Control and Disarmament Agency agrees.

Mr. President, these cruise missiles do not even represent a new technology. They have been around for more than 30 years. And how ironic, the astrodome defense of star wars that may not be deployed for another 30 years cannot touch them now, and will not be able to touch them 30 years from now. Why not? Because star wars would work by intercepting missiles in the course of a long trajectory. During the trajectory intercontinental nuclear missiles would reach a height of

hundreds of miles above the Earth where they could be tracked and intercepted in a variety of ways.

Could we track and intercept cruise missiles? No, we would not. Why not? Because cruise missiles can come from submarines that fire from beneath the surface of the ocean from anywhere at any time—5 or 6 miles off America's thousands of miles of coast line. They already have ranges of more than 1,500 miles. So they can reach any target in the United States. Why could not the star wars net stop them? Because cruise missiles hug the ground. They have no trajectory. They travel a few feet above the ground. They carry a map in their brain. They fly around mountains and hills, and through valleys. Their speed is constantly increasing. So is their range. They already strike their target with the power of 200,000 tons of TNT. That payload is increasing too.

For any American who feels that 20 years from now star wars will be our security blanket, today's cruise missile posses a tough rebuttal. Some say we can knock out cruise missiles if we spend hundreds of billions of dollars in antiaircraft defense. Sure we can. But by the time we have such defense in place, technology can give cruise missiles a speed and maneuverability that will certainly permit many cruise missiles to penetrate antiaircraft fire.

So what is the answer? The answer is the same as it is to every other part of the arms race. If both superpowers are to survive, they have to rely on arms control agreements. They have to improve those agreements. They should start with greatly expanded opportunities for verification. Arms control agreements have to permit verification teams to come aboard every submarine, every ship, every plane of both superpowers to make meticulous inspection to determine the presence of cruise missiles. The inspections will have to be without notice.

Mr. President, I suppose some will say this will make the world safe for star wars. How about that? The answer is that if we can achieve this kind of arms control—with thorough and reliable verification to prevent cheating—we will not need to carry the arms race into space. We will not need to spend a trillion dollars or more on star wars.

For the 40 years of the nuclear age there has been no superpower war. Why? Because both nations had a credible nuclear deterrent. The one way we can assure that there will be no superpower nuclear war in the next 40 years is through an end to the arms race.

Arms control will need the following characteristics:

First, it must be mutual. Each side will have to make the same concessions the other side makes.

Second, it will stop all nuclear weapons testing, all nuclear weapons production, and all nuclear weapons deployment.

Third, it will sharply reduce the nuclear weapons arsenals equally leaving sufficient nuclear deterrent capability on both sides to prevent a third country attack on either superpower.

Fourth, the agreement will be reinforced by the most comprehensive possible kind of verification, including satellite inspection, unannounced on the spot followup inspections, and the stationing of monitoring stations within the territory of both superpowers to detect nuclear weapons test explosions on both sides.

Fifth, it will elevate the Standing Consultative Commission to a very active status. The SCC will continue to discuss alleged violation of nuclear arms control agreements on both sides. Its mission will continue to be to determine violations or allay suspicions of violations.

Sixth and finally, both sides will express their willingness to renounce an arms control treaty—with notice if the other side insists on violating its terms.

Mr. President, the cost of the arms control regime I have described would be minuscule compared to the cost of star wars. And the prospect of its success in preventing a nuclear holocaust would be infinitely greater.

Mr. President, I ask unanimous consent that the article by George Wilson in the Saturday, November 9 Washington Post headlined: "Sea-Based Missiles Defy Limiting" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SEA-BASED MISSILES DEFY LIMITING

(By George C. Wilson)

As the United States and Soviet Union grapple for a way to slow the arms race, Reagan administration officials acknowledged this week that one type of nuclear weapon is so out of control that effective limits appear impossible: sea-launched cruise missile (SLCM), commonly called Slickems.

Kenneth L. Adelman, director of the U.S. Arms Control and Disarmament Agency, said in an interview that SLCM's were excluded from President Reagan's arms-control proposal last month because neither Washington nor Moscow has devised "a sound way" to verify how many each side has and whether the missiles are nuclear-tipped. Sen. John W. Warner (R-Va.) calls the weapons "the untouchable" of arms control, adding that a solution to curbing their proliferation "isn't there."

In flight after being fired from a ship or submarine, the Navy's Tomahawk cruise missile hugs the sea or land, similar to a drone jet. It can sink ships or attack land targets. The missile can carry either a conventional or nuclear warhead without any change in the weapon's external appearance.

Many arms-control specialists are distressed that the Reagan administration is making no attempted to negotiate limits on SLCMs. They warn that the superpowers will be less secure as the missiles proliferate and say they could be as destabilizing as multiple, independently targetable reentry vehicles (MIRVs), which complicated arms control in the early 1970s when both sides were putting numerous nuclear warheads atop individual missiles. For example, Spurgeon M. Keeny Jr., president of the Arms Control Association, said the United States is more imperiled by SLCMs than is the Soviet Union because of the number of large American coastal cities within range of Soviet cruise missiles.

Eugene J. Carroll, a retired Navy rear admiral who serves as deputy director of the Center for Defense Information, said letting the Navy develop a nuclear SLCM with a range of more then 1,200 miles gives the United States unnecessarily redundant firepower against land targets which can already be destroyed by U.S. land-based and submarine-based missiles.

Low-flying SLCMs also threaten any antimissile defense, such as Reagan's Strategic Defense Initiative program, which envisions a shield primarily against ballistic missiles raining down from space, added Sen. William S. Cohen (R-Maine), a member of the Senate Armed Services Committee. Reagan administration officials concede the point but say that stopping cruise missiles would be left to U.S. fighter planes and antiaircraft missiles.

The proliferation of SLCMs would require the spending of billions of dollars to bolster antiaircraft defenses, many experts believe. Such concerns, however, have generally been pushed aside as the superpowers concentrate on achieving reductions in the more-menacing intercontinental ballistic missiles.

When the superpower summit convenes in Geneva Nov. 19, the United States will have no proposal in its arms-control package concerning SLCMs, Adelman said. The Soviets, he added, have proposed banning all cruise missiles, both sea- and air-launched, with a range greater than 360 miles, an idea rejected by the administration as unverifiable and disadvantageous.

The arms control conundrum of verifying whether SLCMs are carrying nuclear warheads has led to proposals to allow each side to inspect the other's cruise missiles before they go to sea. However, Adelman said, "it would take just a cartridge"—which could be provided by supply ships on the high seas—to swap a conventional warhead for a nuclear one.

The Navy plans to buy 3,994 Tomahawk cruise missiles by 1994 for $14 billion from General Dynamics Corp. and McDonnell Douglas Corp. The Tomahawk SLCMs have been installed on submarines and battleships, with ultimate plans to arm 106 submarines and 91 surface ships, including destroyers, with missiles. Of that total, 758 would be nuclear-armed. The Soviets also have hundreds of SLCMs.

The issues of who started the cruise missile race and who is winning is hotly debated today. Public documents show that the Navy believed almost 30 years ago that it was ahead of the Soviets in this race. In 1956, the Navy had a cruise missile, Regulus I, deployed on two submarines and four cruisers and was working on an improved version, Regulus II, which was canceled in an economy move.

On Dec. 16, 1957, Rear Adm. John E. Clark, head of the Navy's guided missile division, had this exchange with Edwin L.

Weisl, chief counsel of the Senate permanent investigating subcommittee and Sen. Lyndon B. Johnson (D-Tex.), the committee chairman:

Weisl: Do you consider two submarines equipped with Regulus I sufficient?

Clark: I do for Regulus I, yes sir.

Johnson: What knowledge do we have as to the status of Soviet naval type missiles?

Clark: We have considerable knowledge.

Johnson: Are we ahead or behind them?

Clark: I think generally we are ahead, Mr. Chairman.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is the often heard statement that the President's tax reform proposals would simplify the present tax system?

Sounds good, does it not? Everyone wants a simpler tax system—one that could be done at home in a few minutes without the assistance of an expensive accountant. The President said that even Albert Einstein reportedly needed help on his 1040 form. So does the President's plan answer that problem? Does it make the Tax Code simpler, the tax form easier to read and understand? Would the President's tax plan put tax preparers out of work and into the unemployment lines to be joined by their accountant friends and tax lawyers?

What a sight that would be, Mr. President, but there is not a chance of that happening. In fact those accountants and tax lawyers may be sharpening their pencils and calculating their net worth gains if the President's plan goes into effect because there will be very little simplification, and a whale of a lot of added complexity.

The President's plan calls for reducing the number of tax brackets from 14 to 3. Sounds like simplification. But in reality a taxpayer simply reads across one line in a tax table and he will still have to do exactly that.

The creation of an expanded eligibility for the tax credit for the elderly and disabled will involve a new complicated formula for many taxpayers. Those receiving workers' compensation and black lung payments would be required to have to compute an offset against the expanded credit for the elderly and disabled. All employees would have to compute the value of their employer-provided health insurance and begin reporting that in order to pay a portion in taxes. Similar calculations would have to be made by millions who have built up value in their whole life insurance policies—so that can be taxed. And there would be a complex mathematical computation arising from the limit on deductions for personal interest payments which would be set at $5,000 above the taxpayer's so-called passive investment income.

Mr. President, there may be some simplification flowing from the President's plan but for every reduction in paperwork it appears to me there will be a corresponding increase in some other area for many taxpayers—particularly those in the middle-income brackets who would continue to itemize.

Simplification? Not hardly. An increase in complexity for many. But the myth remains that this plan will ease the paperwork for American taxpayers.

"RE'EH": WITNESS THE HOLOCAUST

Mr. PROXMIRE. Mr. President, few artists have contributed to our understanding of the Holocaust as powerfully as Irwin Kremen, a professor of psychology at Duke University.

According to the Art Review section of the September 15 New York Times, Irwin Kremen successfully has turned "images identified with the Holocaust into metaphors" that seem to say "witness this event, do not let it fall away from your consciousness."

Kremen's series of abstract collages treat the Holocaust with restraint. His works are small and intimate, composed of scraps of paper he has carefully selected from the walls of old American and European homes. His selections of old wallpaper evoke images of the past and shadows of the Holocaust.

According to the Times, Kremen's use of paper scraps that have been worn down over time allows the history of his theme to emerge with dramatic emotional impact. The Times comments that Kremen's collages "are like images we have looked at a thousand times yet never seen."

This is the genius of Kremen's work. He brings out images of the Holocaust that have become part of Western imagination. In doing so, he reminds us of the important role these images continue to play in our political conscience.

Mr. Kremen's art complements our historical understanding of the Holocaust with an artistic interpretation. His abstract images are a sensitive supplement to the concrete evidence of the Holocaust that exist in pictures and on film. These images serve as a subtle reminder of systematic thinking pushed to its irrational limits.

Mr. Kremen calls his series of 11 abstract collages "Re'eh." In Hebrew, "Re'eh" encompasses the meanings "Look." "See." "Witness." "Remember."

Mr. President, we will remember. Our interest in the Holocaust will continue. Our desire to prevent any more of these atrocities will continue.

We must take whatever steps are available to us to prevent future Holocausts. One important step we can take is that of ratifying the Genocide Convention.

Mr. President, ratifying the Genocide Convention would make genocide an international crime. In ratifying the convention, we will be joining 96 nations who have agreed according to the articles of the convention to act to prevent, as well as punish, all perpetrators of genocide.

Ratifying the Genocide Convention is one step in the direction of preventing future crimes against national, ethnical, racial and religious groups. It is a step in support of our vocal commitment to human rights.

Let us take this step and join the international community in its condemnation of genocide.

ORDER OF PROCEDURE

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the time of the distinguished minority leader, Senator BYRD, be yielded to the junior Senator from West Virginia, Senator ROCKEFELLER, and that his leader time be reserved for Senator BYRD's use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROCKEFELLER. Mr. President, I thank the senior Senator from Wisconsin.

RECOGNITION OF SENATOR ROCKEFELLER

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia, Senator ROCKEFELLER is recognized for not to exceed 30 minutes.

LESSONS OF WHEELING-PITTSBURGH

Mr. ROCKEFELLER. Mr. President, on October 26, the Wheeling, WV, United Steelworkers voted by a margin of more than 7 to 1 to approve the contract negotiated by the union with the new management of Wheeling-Pittsburgh Steel. The ratification ended the 98-day strike that had brought Wheeling-Pitt, the Nation's seventh largest steelmaker, already in chapter 11 bankruptcy proceedings, perilously close to liquidation.

I was in Wheeling for the ratification, and it was an extraordinary experience.

The new chief executive officer of the company, George Ferris, was there, mingling with the workers, who called him by his first name.

They described him as a breath of fresh air, who has transformed a bitter, deadlocked situation: By opening the company's books to the union; cutting management salaries and personally working without pay until the strike was resolved; and above all, by being willing to really listen to both the union leadership and the workers.

Mr. Ferris called the union negotiators, led by Paul Rusen, the most cooperative group that he had ever bargained with.

Workers spoke enthusiastically about the features of the cooperative partnership agreement included in the new contract and promised Mr. Ferris that their plant would make the best steel in the country.

In short, I saw the bitter strike—the first major strike in the steel industry since 1959—end, not with resignation, but with a genuine hope for a new day at Wheeling-Pitt.

I have been deeply and continuously involved in the Wheeling-Pitt situation since February. Wheeling-Pitt is the economic backbone of the Ohio and Monongahela Valleys—a region where West Virginia, Pennsylvania, and Ohio come together. The company employs 8,200 people in this area which has not yet recovered from the recession. Thousands of families depend on the company—directly or indirectly—for their economic well-being. If Wheeling-Pitt were to fail, the impact on that region would be devastating.

The jobs at stake, the families affected, and the fate of whole communities were my paramount concern in the Wheeling-Pitt situation. But I also believe that Wheeling-Pitt is a special company.

When other steel companies invested in oil or real estate, Wheeling-Pitt invested in steel. Under the leadership of Dennis Carney, Wheeling-Pitt invested every dollar it could find in modernization: Up-to-date pollution abatement equipment; the most modern rail mill in the country; a pathbreaking, innovative joint venture with Nisshin Steel of Japan to build a coating mill.

The commitment to modernize and to compete was unique. For example, from 1979 to 1983, no Japanese steel firm invested as high a percentage of its sales volume in modernization as Wheeling-Pitt did. This modernization program was made possible, when the industry was in recession, only by the far-sighted willingness of the steelworkers to make wage concessions and take preferred stock in the company because they saw that modernization was critical.

And yet, in the past 9 months, the company moved to the brink of liquidation. The same economic conditions that cost the steel industry 40 percent of its jobs in the past 5 years made it impossible for Wheeling-Pitt to earn the profits needed to service the debt incurred to modernize. the labor-management cooperation that had made past accomplishments possible broke down, leading first to chapter 11 and then to the strike just ended.

The end of the strike is only the first step in what must be a long recovery process for Wheeling-Pitt. The company faces a difficult and painful reorganization under the bankruptcy laws. It must keep the old customers and gain new ones at a time when there is an excess of low-cost steel available. But I believe that the Wheeling-Pittsburgh situation holds very important lessons for the country about the urgent need for labor-management cooperation to revitalize our critical industries and meet the challenges posed by a competitive, world economy.

Newspaper accounts of the end of the strike have focused on the $18 per hour cost of the labor package—compared to the industry norm of $23.50—and speculated about its effect on next year's bargaining in the steel industry. They have also talked about the implications of terminating Wheeling-Pitt's pension plan as part of the agreement reached. Comparatively little attention, however, has been given to the extraordinary nature of the cooperative partnership agreement, incorporated into the new contract.

If the spirit of the agreement follows the letter—and I fully believe it will—it will be a breakthrough in labor-management relations for Wheeling-Pitt and the steel industry: A virtually unprecedented commitment to partnership between workers and management in charting the future of this company.

The cooperative partnership agreement is an extraordinary document which I predict will be the basis for negotiations in other steel contracts next year. It is premised on the view that "both parties must more closely work together in a joint partnership that extends from the shop floor to the board room to solve problems in a quicker and more cooperative way." The agreement recognizes that "survival of the company depends on building its reputation as the highest quality supplier of competitively priced steel products" and to build such a reputation, "the experience, skill, intelligence, and commitment of each employee will be needed, and must be fully utilized."

To carry out this philosophy, the contract places a representative of the union on the Wheeling-Pitt board. Except for Weirton Steel, which the employees own, no other steel company has done this. But the agreement goes far beyond that. It establishes an eight member joint strategic decisions board, composed of four union representatives and four from management, including the CEO and president of the company. This board will consult regularly and advise on the full range of decisions most fundamental to the future of the company: Performance levels and quality controls; cost cutting measures, including ways to reduce capacity; decisions about capital investment, and the installation of new technology. It will review the performance of the company on a monthly basis and report directly to the company's board of directors.

In addition, recognizing that for operations to improve, major changes have to occur at the department and plant level, the agreement establishes a system of labor-management committees within each department of each plant covered by the agreement. These committees will deal with a variety of workplace problems and—drawing on suggestions from the shop floor—seek ways that performance can be improved.

This contract is a visionary and far-reaching framework. But it is also distinguished by an absence of naivete. The agreement notes that "both parties recognized that bringing about change in an ongoing operation is an extremely difficult task which must be approached realistically and patiently because we are dealing with deep rooted attitudes and practices." But "if the company is to survive, these changes must be made."

Mr. President, the words of this agreement—and its spirit—reflect what I believe is a deep-seated recognition, not just at Wheeling-Pitt, or in the steel industry—but in the country as a whole. In the past, the strength of America's competitive position allowed us to lead the world economy despite labor-management hostility. That time is gone, and it won't be returning. We can no longer afford the luxury of our old antagonisms.

We all know that adversarial labor-management relations have cost us dearly: Not just in days lost from strikes, but the toll sometimes taken by rigid work rules, indifference to quality, lack of price in our products and commitment to our companies. We all know that our economy would perform better if our corporate executives realized that they can't do it alone; that decisionmaking must be decentralized and shared, with the talents of our workers used to their fullest potential. We all know that one major reason for Japan beating us in industry after industry is the profound differences on the factory floor: Where they benefit from trained workers, given responsibility, taking pride in the quality of their products and the performance of their companies—and their departments within those companies.

And we also know that here in those companies that have begun substituting cooperation and participation for the old ways of doing business—from the auto factories to Silicon Valley—the improvements have been unmistakable and immediate. What one group of authors called industrial renaissance is beginning—and will occur in this country—only through that commitment to partnership and cooperation.

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Real participation and partnership cannot be limited to the factory floor—critically important though that is. Modernizing our industries to make them competitive, and keep them competitive, will require tough choices and some bitter medicine. Sometimes wage concessions will be needed; sometimes jobs will be lost as companies restructure in order to compete. Isn't it obvious that those hard decisions will be made better and more fairly if the representatives of the workers understand the justification for the hard decisions, and fully participate in making them?

I am under no illusion that labor-management cooperation alone can guarantee the success of Wheeling-Pitt or secure the future of the American steel industry. It cannot fully offset the handicaps imposed by three recessions in 10 years, an overvalued dollar, and the lack of a realistic trade policy. Government policies can make the difference between competitive success or failure, and the Reagan administration economic and trade policies have tilted the scales sharply against our steel industry.

In the past 5 years, the American steel industry has gone through its worst crisis since the Great Depression. The recession of 1981-82 drove the American steel industry's operating capacity below 50 percent. In just 2 years, 1982 and 1983, the American steel industry lost $6 billion. When the recovery came, it brought little relief to the industy; U.S. manufacturing industries turned increasingly to imported steel to meet their renewed needs.

The Reagan administration preached the virtues of free trade, in a world where, as the chairman of Bethlehem Steel observed, "government ownership, control, and subsidization of steel is a basic fact of economic life." The result was inevitable; as the world's largest relatively open market, we became the dumping ground for the world's excess steel. Imports surged from 15 percent of the domestic market in 1980 to 26 percent in 1984, depriving our companies of the market share and the profits needed for modernization and reinvestment.

In the past year, the administration has worked to negotiate voluntary export restraints with other steel-producing nations. That policy represented a welcome change from the policy of neglect followed by the administration until the politics of an election year dictated a change of course. But the hard truth is that the new policy has only produced negligible improvements. The import level for 1985 will be 25 percent—a far cry from the 18.5-percent goal proclaimed by the administration when it convinced Congress that steel quotas were unnecessary. The difference between 18.5 percent and 25 percent import penetration could still spell the difference between success or failure at Wheeling-Pitt—not to mention LTV, Armco, Bethlehem, and other major steel companies that have moved close to the financial edge.

It is ironic that in the 1960's and 1970's, domestic steel companies had a relatively stable share of the market, thanks to import relief, but management and labor failed to take advantage of it. Management did not commit to modernization, and the companies and the union negotiated wage increases that had no relationship to increases in productivity.

In the past few years, the companies have begun to recognize the seriousness of the challenge; the workers have bitten the bullet on wage concessions to help the companies survive and modernize. Now, however, the failure of Government economic and trade policy may make the efforts of labor and management futile: Sand castles washed away by a tidal wave of imported steel. How long until we grasp what should be obvious: That the future of this industry depends on labor and management cooperating, along with Government doing its share?

President Reagan in 1980 promised to get Government off the back of the American steel industry. In fact, it's time to get the Government on the side of the American steel industry. We in Government should be limiting imports to the goal set by Congress and the President—which would still leave us a more open market than any of our trading partners. But in exchange for that import relief, we should be requiring commitments from the steel companies and workers on modernization, and wage and price restraint.

And yet, even in bad economic times, or at times when the Government puts its head in the sand and ignores the plight of our industries and our workers, we have seen dramatic examples of what American workers and management can do when they work as partners, sharing the burdens and benefits of industrial change and adjustment.

Close to home for me in West Virginia is the extraordinary success story of Weirton Steel. Weirton was set for shutdown when the workers decided to form an employee stock ownership plan [ESOP] and buy the company. By a 9-to-1 margin, they approved a contract containing a 20-percent reduction in wages, in order to have a chance to make the company work. In a period in which virtually all steel companies have reported massive losses, Weirton recently reported its seventh consecutive profitable quarter. At Weirton, the partnership and teamwork often missing in American industry are a way of life; people worry about making steel well, not who has a key to the executive washroom.

The old habits of labor-management antagonism are deeply ingrained—particularly in my part of the country. But Wheeling-Pitt demonstrates that the potential for rapid change is far greater than one might think. There is a recognition that the old habits are not suited to the world characterized by tough, international competition. In the steel industry, there is an urgency to the understanding that companies cannot survive for long if management and workers are adversaries. They must be partners, working and fighting together against the real threats to their industry: The challenge of foreign competition—fair and unfair—and our Government's tragic indifference to their plight.

Mr. President, on the day that the ratification of the Wheeling-Pitt agreement took place, the Washington Post reported that United States Steel, which last year earned more than half its revenue from oil and gas, was considering a merger with Texas Oil & Gas. The Post also reported that Monsanto was moving ahead on a radical restructuring of its business to emphasize specialty chemicals instead of basic chemicals, and that Texas Instruments, the world's largest semiconductor company, had lost $82 million in the third quarter, and laid off 7,000 workers—fully 10 percent of its work force—in the past year.

That's just 1 day's news, but it is a vivid reminder that the pace of economic change in our country is stunning: Driven by the twin forces of international competition and changing technology. We will navigate what one commentator called the white water of change only by enlisting the talents of all our people in a cooperative effort.

Dr. Paula Stern, Chair of the International Trade Commission, put it well in her recent speech to the National Press Club. Trade, she said, is important, but competitiveness is the issue. And while we should always oppose unfair trade, we should worry "less about the level of the playing field and more about the quality of the American team."

And "the quality of the American team" is what real cooperation between labor and management is about. It is a recognition that we as a Nation will accomplish more together than divided, and that the skills of our people are our most precious asset. It carries with it not just profound implications for the workplace, but also for new policies in education, training, and adjustment assistance. It represents a belief in our people, a commitment to them, and a willingness to invest in them. Nothing is more fundamental to our economic future.

Mr. President, before I yield back the remainder of my time, I thank the distinguished majority leader of the Senate for making his time available to me. I also thank those of my colleagues who were courteous and kind enough to be sure.

Mr. President, I yield back the remainder of my time.

Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, I congratulate the Senator from West Virginia on what has been the most exciting and inspiring speech I have heard in this Congress. The Senator points to the need of a new capitalism. He has suggested that management and labor are partners, and indeed they are. But they must recognize that they are partners. The difficulty is that they have been partners for many years and have not seemed to know it, but invariably, the success of one depends on the success of the other.

The Senator, as Governor of West Virginia, provided leadership to save one of the largest payrolls in his State, Weirton, WV. Without his leadership, that payroll would have been extinguished. When the workers saw fit to put themselves to work, they obtained the best management advice that could be obtained anywhere in the world to see what could be done and what should be done to save their jobs, and they improved their operation to what is now perhaps the most productive steel operation in the United States. That kind of imaginative new approach to cooperation and understanding among management, labor, and government is clearly the wave of the future.

There are many ways it can be achieved, as the Senator has pointed out, but the teamwork that was implicit in the contract he has just discussed will necessarily have to be the direction in which we point. In other words, we need an approach of understanding and cooperation instead of fighting one another where each wants more for less—labor wants more money for less work; management wants more productivity and more work for less pay; and on the other hand, Government wants more taxes while only doing a minimum to take an interest in the outcome of their venture.

All three are partners. Unless they work together, we shall fail. It is time we realized that we must be a team, we must work together, and failure to find new methods of doing that would mean a failure for our system. I believe our system will not fail, it will succeed, thanks to the kind of leadership the Senator from West Virginia has projected here today.

Mr. EAGLETON. Mr. President, I ask unanimous consent that I may proceed for 2 minutes to comment on the excellent speech by the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. EAGLETON. I thank the Presiding Officer.

Mr. President, I share the sentiments expressed by the distinguished Senator from Louisiana. I think the speech by the Senator from West Virginia is one of the finest I have heard and certainly the finest with respect to a significant part of the industrial sector of America: to wit, the steel industry. The Senator said "No longer can we afford the continuance of old antagonisms." I say amen. The steel industry in America, Mr. President, is a classic example, indeed it is the classic example of where American industry must find a better way, and I mean all of American industry—labor, management, and government as well. If there is to be import relief—and I suspect such is very necessary in the steel industry—it must be accompanied by concessions by labor and modernization by management. Any relief that the Government may give has to be accompanied by a quid pro quo. I think the speech of the Senator from West Virginia magnificently spells out the dilemma which exists today in the American steel industry and points the way to the future. I commend him for his remarks.

Mr. SARBANES. Will the Senator from Missouri yield?

Mr. EAGLETON. I yield to my colleague from Maryland.

Mr. SARBANES. I appreciate the Senator yielding.

Mr. President, I commend the very able Senator from West Virginia for a most thoughtful and perceptive address and for bringing to the attention of this body and to the country matters of the utmost importance to our Nation's future, the strength and vitality of our economy.

As the distinguished Senator from West Virginia has pointed out, labor-management hostility in the old tradition simply will not work. We cannot afford the luxury of our old antagonisms, and he has illustrated from his experience in West Virginia, from what has taken place there—a path that we may be able to follow not only in the steel industry but in other industries that find themselves similarly beleaguered.

Perhaps the most important theme in the Senator's address was his sensitivity to the necessity to include workers fully in the decisionmaking process involving their future and affecting their lives. If we are to succeed in modernizing these industries and to make them competitive, it is essential, as the Senator has pointed out, that the workers be an intimate part of that process and that it truly be real participation in a shared partnership with a genuine cooperation.

I applaud the Senator for taking the specifics which are being applied by labor and management in his State and generalizing from the particular to establish certain important concepts which would be effective guides in moving the Nation to a more energetic and vital economy. The Senator has made a very significant contribution to the national debate on this issue, as he has on many other issues and we look forward to his continuing and effective leadership.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I wish to associate myself with the remarks of my distinguished colleagues in commendation of our new and distinguished colleague from West Virginia [Mr. ROCKEFELLER].

Let me go one step further as it relates to our distinguished colleague. There is a quote I think which is important that we understand, that service to people is the only reason for Government's existence. Inasmuch as he has been Governor of West Virginia, and closer to the anguish, the hopes and desires of the people of Appalachia, their need to acquire some things that others take for granted, he has better insight into local desires. While Congress does try to exercise that imagery, he brings to this body the realism of having been Governor. It is an unnecessary ingredient, but I think it is one that we should take note of and try to learn from and then exercise our judgment—we hope it will be a commonsense judgment—as it relates to the good of our people in the future. I compliment my friend and colleague from West Virginia for the statement he has made today.

Mr. DANFORTH. Mr. President, yesterday when I learned that the Senator from West Virginia would make this morning his first major speech on the floor of the Senate, little did I realize that it would in fact be a major speech. Around here "major speech" generally means long speech, not necessarily a good speech. The Senator from West Virginia made an excellent speech. He made an excellent speech because he went to a major problem in this country and he pointed to the solution. The steel industry is in desperate trouble, heavy industry in general in America is in desperate trouble, and we in the Congress typically address ourselves to what sorts of remedies we can offer. We talk about the relationship between the deficit and our trade problems. We talk about unfair trade practices abroad. We talk about the possibility of providing temporary relief to beleaguered industries. But always it seems to me we have to focus not only on what Government can do usually on a short-term basis to make things

better for import-affected industries but we have to focus on what those industries can do for themselves.

Back in 1981, at the time of the voluntary restraints for automobiles, a lot of people made it clear at that time that while it was possible to provide temporary import relief for the automobile industry, the future of that industry depended not on the relief that was granted either by the Government of this country or the Government of Japan, but, rather, on whether the industry and its work force was able to produce competitive automobiles at a competitive price. The same is true for any industry. Eventually, the time comes when the industry is going to have to make its own future, and that is certainly the case with steel. The Senator from West Virginia has pointed to the kind of cooperation which is going to be necessary, and I think that it is informative to the Senate that in his first major speech to the Senate the Senator from West Virginia has talked about the need for coooperation, the need to bring diverse groups together to work for a common purpose. That same spirit is needed throughout our country. The same spirit is needed, as a matter of fact, within the Senate itself. One of the great privileges I have had is that the Senator from West Virginia chose to serve on the Senate Commerce Committee, which I am privileged to chair. He has brought that same kind of willingness to bring together disparate forces, that same sort of spirit he has brought to the Commerce Committee which he has referred to in this speech. So I join with his other colleagues in complimenting the Senator from West Virginia for a truly marvelous message.

Mr. DODD. Mr. President, I join with my colleagues this morning in commendation of our distinguished colleague from West Virginia in what has been an extremely thoughtful and very fine presentation of a major, major issue that affects all of us in this country. As my distinguished colleague from Maryland has pointed out, he has taken a situation in his home State of West Virginia and translated that very finely to a far broader problem that we all face across this country in a variety of industries.

It is interesting as well, Mr. President, that the distinguished Senator from West Virginia has chosen this particular day to address this issue. As we sit here this morning, the President of our country is meeting with the General Secretary of the Soviet Union. One may first ask, "What is the relationship between the subject matter of the speech given by the Senator from West Virginia and what is going on in Geneva at this very hour?" The subject matter is the same. It is national security. It is the defense of this country.

The subject matter chosen by the distinguished Senator from West Virginia is no less important to this Nation's future, I suggest, than the discussions going on at this very hour on the other side of the world. Certainly, we would never be a very strong Nation were we to lose an essential manufacturing base such as steel in this country.

We will never be a strong country, regardless of the product being produced, if there is not that sense of cooperation between labor and management and the essential element of Government playing a positive and constructive role. I think the two subject matters go hand in hand.

It was creative and unique for the distinguished Senator from West Virginia to raise this subject at this time, and I join my colleagues in praise and commendation for him.

Mr. LEVIN. Mr. President, I congratulate my friend from West Virginia for a clear and brilliant speech on the most important economic subject we face, which is making America competitive so that we can compete in this world.

The compliment paid to the Senator from West Virginia by the Senator from Louisiana is symbolic of the others who have responded to this speech, and it is important. The Senator from Louisiana was the father, or one of the fathers, of ESOPS. Perhaps our friend from West Virginia, being somewhat new to the Senate, is not aware of the kind comment he received from the Senator from Louisiana, because ESOPS, to which the Senator from West Virginia referred, was sponsored not for the first time but at one time by the Senator from Louisiana [Mr. LONG].

So that is quite a compliment, coming from the Senator from Louisiana, about the remarks delivered this morning by the Senator from West Virginia, and it is a well-deserved compliment indeed.

You have touched the heart of the problem we face in this country economically, and that is that we must be cooperative and harmonious in our relations if we are to compete in this world.

It is hoped that legislation will come to the floor involving the Department of Trade. The Senator from Missouri is critically involved in that legislation, which involves voluntary competitive counsel. That is at the heart of the subject which you addressed today. So I congratulate you.

Everybody here has had a role in the trade effort in the Senate. Senator DANFORTH pointed out very well the kind of cooperative relationships which you pointed to in the area of competitiveness which will be essential in the Senate if we are to pass important competitive trade legislation. Your leadership will be essential to the passage of that legislation.

Mr. SIMPSON. Mr. President, I wish to add my remarks to what others have said about the Senator from West Virginia.

It is indeed his first major statement in depth on this floor. It is a very provocative review of the problems of an ailing industry, an industry that is well known to the Senator from West Virginia because of his stewardship as Governor of that fine State. He knows it intimately.

I have come to know and enjoy my angular colleague from West Virginia. I have come to see him as a very thoughtful and very sensitive man. He comes here following two legendary figures not only in West Virginia history but also in Senate history—our remarkable minority leader, Senator ROBERT BYRD and the dear Senator Jennings Randolph, towers of the Senate. But he does pretty well at towering, too, at 6 feet, 6 inches.

I have observed him; I have shared much with him. I have come to admire him. He is in a tough, new arena in this fishbowl existence of the Senate. He handles well all the hoopla that goes with that, directed to him, to his particular situation, the intrusions and speculations and commentaries; the rather goofy questions and frenetic fans and harsh judges and all of the rest of the stuff that goes with that.

He and Sharon, his wife, handle it all with great grace. She, of course, is the daughter of our respected former colleague from Illinois. They are indeed a great pair. Lovely people. They are a nice addition to the life of the Senate.

It is a pleasure to hear him relate this concept. These are the things we will use as tools as we grapple with the tough issue of how to make American industry work, without the pettiness and the bitterness and the continual playing of "win or lose," when labor, management, and government should all be playing "all win." What he shares with us will help us do the things we must do.

I see in my colleague a man who wants very much to do the job right in the U.S. Senate, not just for the citizens of West Virginia but also for the citizens of the country and for himself—and I predict that he will do that beautifully.

I yield back the remainder of my time.

Mr. BYRD. Mr. President, Senator ROCKEFELLER's remarks reflect an understanding of the current challenges facing our basic industries.

The Wheeling-Pitt negotiations are an excellent example of the importance of flexibility and innovation in meeting the competitive challenge. Senator ROCKEFELLER and I worked to-

gether when he was West Virginia's Governor to assist the Weirton Steel employees in their successful efforts to restructure that company. In West Virginia, we have examples of the kind of labor-management partnership and cooperation that must prevail to assure that American industries compete and retain their world-class status. But these must become the rule, rather than special cases, if we are to succeed as a nation.

Senator ROCKEFELLER has called for an appropriate, activist policy on behalf of Government. He and I are concerned that this administration's lack of a convincing trade or economic strategy is turning winning American companies into losers.

Nowhere is this lack of policy more evident than in the American steel industry. We are the only major steel producing country—and one of the only countries in the world—that has no comprehensive steel plan. In an excellent column in the Washington Post of June 30, 1985, George Will noted that:

> The steel industry's primary problem is that it is competing not with foreign corporations * * * but with foreign governments that have flooded the world with excess capacity and are running nationalized steel plants as jobs programs.

Last year, the administration turned down the International Trade Commission's recommendation of import relief for our steel industry and developed a program that called for an 18.5 percent ceiling on foreign steel imports. In October of this year, foreign steel accounted for about 30 percent of the American market. As Senator ROCKEFELLER has pointed out, American steelworkers and steel companies have made the tough choices and are working diligently to become more productive, more efficient, and better competitors. But time is short for America's steel industry, and a failure of will on the part of the administration is imperiling this crucial sector.

My colleague's call for a new, dynamic approach to labor-management-government coordination should be heard far beyond the steel industry. As my colleague points out, the high technology firms, of which we are justifiably proud, are learning that they, too, must compete in a global market. This challenge was described by Senator TED KENNEDY and his colleagues in the Senate Democratic Task Force on Jobs for the Future that I appointed 2 years ago. The dangers—and the opportunities—described at that time are even more real for us today than they were then.

I commend Senator ROCKEFELLER for his insight and his understanding in describing the problems we face. His statement today is a useful step in advancing the terms of debate as we seek wise and effective solutions in the good interests of the Nation.

I again compliment my distinguished colleague.

Mr. ROCKEFELLER. Mr. President, I want to thank all my colleagues who have spoken for their extraordinarily generous remarks. They mean a great deal to me.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. CHAFEE). Under the previous order, there will now be a period for the transaction of routine morning business not to extend the hour of 10 a.m., with statements therein limited to 5 minutes each.

OPPOSITION TO COAST GUARD BUDGET REDUCTION

Mr. STEVENS. Mr. President, the Senate recently passed an appropriations bill for the Department of Transportation which reduced the Coast Guard operating budget by $230 million. The Appropriations Committee included this reduction in an effort to reconcile outlay authority which is purportedly inconsistent with the budget resolution.

I strongly support the efforts of the Senate in coping with the budget deficit. However, a reduction of this magnitude in the Coast Guard's operating budget is against the national interest. The Coast Guard plays a vital role in our national defense. It is also responsible for drug interdiction and border patrol. These types of activities benefit the residents of inland States as well as the coastal States. Illegal aliens and narcotics are not confined to the coastal States if movement across our borders is successful.

The Coast Guard is an integral part of the management of the living marine resources located in Federal waters, and has the sole responsibility for search and rescue. Alaska has special need for the continuation of a strong Coast Guard. Alaska has over 33,000 miles of shoreline. Over half of the residents of my State live on the coast, and are dependent on the ocean for transportation and employment opportunities. There is a billion dollar fishing industry in Alaska and a high level of offshore oil and gas development.

The tremendous expansion of missions by the Congress have imposed a huge burden on the Coast Guard to act as the savior of last resort during times of emergency. Last year the Coast Guard patrolled over 530,000 miles of Alaskan shoreline and saved over 200 lives. If the proposed reduction is allowed to stand, the Alaska ship and air fleets will be reduced by 30 percent. This will include the decommissioning of six cutters and the closure of five Coast Guard stations. One thing is sure—many lives will be lost if the operating budget is not restored.

Alaskans are keenly aware of the Coast Guard's life-saving function. Last week a radio station in Kodiak, AK, received almost 1,200 phone calls in support of the Coast Guard within a 3-hour time span. Kodiak is an island surrounded by some of the most dangerous waters in the world. The residents of Kodiak considered the Coast Guard their "life line." In an era where many communities shun the presence of the military, the strong feelings emanating from the Alaskan coastal communities for the Coast Guard illustrates the importance of its function.

ANGLO-IRISH AGREEMENT ON NORTHERN IRELAND

Mr. KENNEDY. Mr. President, the far-reaching agreement signed at Hillsborough in Northern Ireland on November 15, 1985 between the Irish and British Governments is a hopeful step toward peace in Northern Ireland and an end to the violence and terrorism that have plagued the province since 1969.

For the first time, the British Government has granted a specific—and long overdue—role for the Republic of Ireland in the day-to-day affairs of Northern Ireland. The Catholic minority in the North will have an effective new advocate to advance their rights—and reduce the alienation and oppression that have led to so much tragedy and violence.

Once before, in 1973, a major initiative was taken—and failed, because of the die-hard refusal of the entrenched Protestant majority to grant fundamental rights to the Catholic minority. The new agreement shows that both Ireland and Britain have learned from that experience—and Hillsborough can succeed where Sunningdale did not.

This is an agreement that can work, if the governments hold firm, and if the extremists on both sides put aside their prejudicies and give it a chance. All of us in Congress who care about peace in Northern Ireland are encouraged by this new initiative, and we hope for its success.

Mr. President, I ask unanimous consent that a statement by Members of Congress endorsing the agreement may be printed in the RECORD, together with the joint communique issued at the summit meeting, a summary of the agreement released by the two governments, and the agreement itself.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT ON THE ANGLO-IRISH AGREEMENT ON NORTHERN IRELAND

[November 15, 1985]

As friends of Ireland in the United States Congress, we strongly support the agreement reached today by the Governments of Ireland and Great Britain in their historic joint effort to end the violence and achieve a peaceful settlement of the conflict in Northern Ireland.

The new agreement is not a final answer, but it is an important step toward reconciliation between the Nationalist and Unionist traditions in Northern Ireland and among all the peoples of Ireland. It also fairly reflects the spirit of the far-reaching principles set forth in the report of the New Ireland Forum in 1984.

We are particularly encouraged by the British Government's acceptance of an unprecedented official role for the Irish Government in the day-to-day affairs of Northern Ireland.

At this hopeful time, we renew our unequivocal condemnation of the violence in Northern Ireland. In the weeks ahead, we stand ready to work in Congress and with the President to provide all appropriate assistance by the United States, including financial and economic support, to help implement the new agreement.

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Robert C. Byrd
Alan Cranston
Claiborne Pell
Joseph R. Biden, Jr.
Jeff Bingaman
Christopher J. Dodd
Thomas F. Eagleton
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ANGLO-IRISH SUMMIT MEETING, 15 NOVEMBER 1985, JOINT COMMUNIQUE

1. The Taoiseach, Dr. Garret FitzGerald T.D. and the Prime Minister, the Rt. Hon. Mrs. Margaret Thatcher FRS MP, met at Hillsborough on 15 November 1985. It was the third meeting of the Anglo-Irish Intergovernmental Council to be held at the level of Heads of Government.

2. The Taoiseach was accompanied by the Tanaiste (Deputy Prime Minister), Mr. Dick Strong TD, and the Minister for Foreign Affairs, Mr. Peter Barry TD. The Prime Minister was accompanied by the Secretary of State for Foreign and Commonwealth Affairs, the Rt. hon. Sir Geoffrey Howe QC MP, and the Secretary of State for Northern Ireland the Rt. Hon. Tom King MP.

3. The Taoiseach and the Prime Minister signed a formal and binding Agreement between their two Governments, which will enter into force as soon as each Government has notified the other of acceptance. The Agreement has the aims of promoting peace and stability in Northern Ireland; creating a new climate of friendship and cooperation between the people of the two countries; and improving cooperation in combatting terrorism.

4. The Agreement deals in particular with the status of Northern Ireland and the establishment of an Intergovernmental Conference in which the Irish Government will put forward views and proposals concerning stated aspects of Northern Ireland affairs; in which the promotion of cross-border cooperation will be discussed; and in which determined efforts will be made to resolve any differences between the two Governments.

5. The Taoiseach and the Prime Minister committed themselves to implementing and sustaining the measures set out in the Agreement with determination and imagination and undertook to encourage people of both the unionist and nationalist traditions in Ireland to make new efforts to understand and respect each other's concerns with a view to promoting reconciliation.

6. The exchange of notifications of acceptance will not be completed until the Agreement has been approved by Dail Eireann and by the British Parliament. The two Governments intend that action to implement the provisions of the Agreement should begin once the exchange of notifications has been completed. The first meeting of the Intergovernmental Conference will take place as soon as possible thereafter. The Irish side will be led by the Minister designated as the Permanent Irish Ministerial Representative and the British side by the Secretary of State for Northern Ireland.

7. The two Governments envisage that the meetings and agenda of the Conference will not normally be announced. But they wish it to be known that, at its first meeting, the Conference will consider its future programme of work in all the fields—political, security, legal, economic, social and cultural—assigned to it under the Agreement. It will concentrate at its initial meetings on: relations between the security forces and the minority community in Northern Ireland; ways of enhancing security co-operation between the two Governments; and seeking measures which would give substantial expression to the aim of underlining the importance of public confidence in the administration of justice.

In the interests of all the people of Northern Ireland the two sides are committed to work for early progress in these matters. Against this background, the Taoiseach said that it was the intention of his Government to accede as soon as possible to the European Convention on the Suppression of Terrorism.

8. In addressing the improvement of relations between the security forces and the minority community, the Conference at its first meeting will consider:

a. the application of the principle that the Armed Forces (which include the Ulster Defence Regiment) operate only in support of the civil power, with the particular objective of ensuring as rapidly as possible that, save in the most exceptional circumstances, there is a police presence in all operations which involve direct contact with the community;

b. ways of underlining the policy of the Royal Ulster Constabulary and of the Armed Forces in Northern Ireland that they discharge their duties even-handedly and with equal respect for the unionist and nationalist identities and traditions.

9. In its discussion of the enhancement of cross-border co-operation on security, the first meeting of the Intergovernmenal Conference will give particular attention to the importance of continuing and enhanced cooperation, as envisaged in Article 9(a) of the Agreement, in the policing of border areas.

10. In addition to concluding the new Agreement, the Taoiseach and the Prime Minister reviewed the wide range of work being done under the auspices of the Anglo-Irish Intergovernmental Council to develop further the unique relationship between the two countries. The fact that in the past year there have been more than twenty meetings between Ministers of the two Governments demonstrates the closeness of co-operation. The Taoiseach and the Prime Minister decided that this work should be actively continued, in the interests of friendship between all the people of both countries.

11. The Taoiseach and the Prime Minister agreed to meet again at an appropriate time to take stock of the development of relations between the two countries and of the implementation of the agreement which they have signed.

SUMMARY OF THE ANGLO-IRISH AGREEMENT 1985, JOINT PRESS RELEASE

(Note: This summary has no legal status)

1. The Agreement begins with a preamble incorporating a joint statement of objectives.

THE STATUS OF NORTHERN IRELAND

2. The two Governments affirm that any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland; recognise that the present wish of a majority there is for no change in that status; and declare that, if in the future a majority there clearly wish for and formally consent to the establishment of a united Ireland, the two Governments will introduce and support legislation in the respective Parliaments to give effect to this. (Article 1)

FRAMEWORK AND OBJECTIVES OF THE INTERGOVERNMENTAL CONFERENCE

3. The Agreement establishes, within the framework of the Anglo-Irish Intergovernmental Council, an Intergovernmental Conference concerned with Northern Ireland and with relations between the two parts of the island of Ireland which, subject to the terms of the Agreement, will deal on a regular basis with: political matters; security and related matters; legal matters, including the

administration of justice; the promotion of cross-border co-operation. (Article 2(a))

The Agreement provides for a review of the working of the Conference after three years, or earlier if either side desires. (Article 11)

4. The Conference will proceed on the basis that: the United Kingdom Government accept that the Irish Government will put forward within the Conference views and proposals on certain matters relating to Northern Ireland as provided for in the Agreement; in the interest of promoting peace and stability, determined efforts will be made in the Conference to resolve any differences; there will be no derogation from the sovereignty of either Government, and each retains responsibility for the decisions and administration of government within its own jurisdiction. (Article 2(b))

5. The Conference will be a framework within which the two Governments work together for the accommodation of the rights and identities of the two traditions in Northern Ireland and for peace, stability and prosperity throughout Ireland by promoting reconciliation, respect for human rights, cooperation against terrorism and the development of economic, social and cultural cooperation. (Article 4(a))

PROCEDURES AND MEMBERSHIP OF THE INTERGOVERNMENTAL CONFERENCE

6. There will be regular and frequent meetings of the Conference at Ministerial level as well as meetings at official level, and special meetings may be convened at the request of either side. The joint Chairmen at Ministerial level will be on the Irish side a Minister designated as the Permanent Irish Ministerial Representative and on the United Kingdom side the Secretary of State for Northern Ireland. Other Ministers and advisers will participate as appropriate. There will be a Secretariat to service the Conference on a continuing basis. (Article 3)

7. The Irish Government declare their support for the United Kingdom Government's policy of seeking devolution in Northern Ireland on a basis which would secure widespread acceptance throughout the community. (Article 4(b)). The Conference will be a framework in which the Irish Government can put forward views and proposals on the modalities of devolution, in so far as they relate to the interests of the minority community. (Article 4(c)). Should a devoted administration be established, the devolved matters would not be for consideration by the Conference. (Article 2)

POLITICAL MATTERS

8. The Conference will concern itself with measures to recognise and accommodate the rights and identities of both traditions in Northern Ireland in such areas as cultural heritage, electoral arrangements, use of flags and emblems, the avoidance of economic and social discrimination and the advantages and disadvantages of a Bill of Rights for Northern Ireland. (Article 5(a))

9. Should it prove impossible to achieve and sustain devolution, proposals for major legislation and major policy issues where the interests of the minority community are significantly or especially affected and which come within the administrative responsibility of the Northern Ireland Departments will be for consideration by the Conference. (Article 5(c))

10. The Conference will be a framework within which the Irish Government may put forward views on the role and composition of bodies appointed by the Secretary of State for Northern Ireland or his Departments. (Article 6)

SECURITY AND RELATED MATTERS WITHIN NORTHERN IRELAND

11. The Conference will consider security policy issues as well as serious incidents and forthcoming events. A programne of action will be developed with the particular object of improving the relations between the security forces and the nationalist community. Elements of the programme may be considered by the Irish Government for application in the South. The Conference may also consider policy issues relating to prisons, and individual cases may be raised. (Article 7)

LEGAL MATTERS INCLUDING THE ADMINISTRATION OF JUSTICE

12. Both Governments recognise the importance of public confidence in the administration of justice. The Conference will seek measures that would give substantial expression to this aim, considering among other things the possibility of mixed courts in both jurisdictions for the trial of certain offences. The Conference will also consider whether there are areas of the criminal law in both jurisdictions which might with benefit be harmonised and will be concerned with policy aspects of extradition and extra-territorial jurisdiction as between North and South. (Article 8)

CROSS-BORDER CO-OPERATION ON SECURITY, ECONOMIC, SOCIAL AND CULTURAL MATTERS

13. The Conference will set in hand a programme of work to be undertaken by the Chief Constable of the Royal Ulster Constabulary and the Commissioner of the Garda Siochana with a view to enhancing co-operation between the security forces of the two Governments in such areas as threat assessments, exchange of information, liaison structures, technical co-operation, training of personnel and operational resources. The Conference will have no operational responsibilities. (Article 9)

14. The two Governments undertake to co-operate to promote the economic and social development of those areas in both parts of Ireland which have suffered most severely as a result of the instability of recent years. The two Governments will consider the possibility of securing international support for this work. (Article 10(a))

15. The Conference will, in the absense of devolution, be the framework for the promotion of cross-border economic, social and cultural co-operation. In the event of devolution, machinery would be needed to deal with co-operation in respect of cross-border aspects of devolved matters. (Article 10 (b) and (c))

INTERPARLIAMENTARY BODY

16. The two Governments agree that they would give appropriate support to any Anglo-Irish Interparliamentary body established by the two Parliaments. (Article 12)

AGREEMENT BETWEEN THE GOVERNMENT OF IRELAND AND THE GOVERNMENT OF THE UNITED KINGDOM

The Government of Ireland and the Government of the United Kingdom:

Wishing further to develop the unique relationship between their peoples and the close co-operation between their countries as friendly neighbours and as partners in the European Community;

Recognising the major interest of both their countries and, above all, of the people of Northern Ireland in diminishing the divisions there and achieving lasting peace and stability;

Recognising the need for continuing efforts to reconcile and to acknowledge the rights of the two major traditions that exist in Ireland, represented on the one hand by those who wish for no change in the present status of Northern Ireland and on the other hand by those who aspire to a sovereign united Ireland achieved by peaceful means and through agreement;

Reaffirming their total rejection of any attempt to promote political objectives by violence or the threat of violence and their determination to work together to ensure that those who adopt or support such methods do not succeed;

Recognising that a condition of genuine reconciliation and dialogue between unionists and nationalists is mutual recognition and acceptance of each other's rights;

Recognising and respecting the identities of the two communities in Northern Ireland, and the right of each to pursue its aspirations by peaceful and constitutional means;

Reaffirming their commitment to a society in Northern Ireland in which all may live in peace, free from discrimination and intolerance, and with the opportunity for both communities to participate fully in the structures and processes of government;

Have accordingly agreed as follows:

A STATUS OF NORTHERN IRELAND

Article 1

The two Governments:

(a) affirm that any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland;

(b) recognise that the present wish of a majority of the people of Northern Ireland is for no change in the status of Northern Ireland;

(c) declare that, if in the future a majority of the people of Northern Ireland clearly wish for and formally consent to the establishment of a united Ireland, they will introduce and support in the respective Parliaments legislation to give effect to that wish.

THE INTERGOVERNMENTAL CONFERENCE

Article 2

(a) There is hereby established, within the framework of the Anglo-Irish Intergovernmental Council set up after the meeting between the two Heads of Government on 6 November 1981, an Intergovernmental Conference (hereinafter referred to as "the Conference"), concerned with Northern Ireland and with relations between the two parts of the island of Ireland, to deal, as set out in this Agreement, on a regular basis with (i) political matters; (ii) security and related matters; (iii) legal matters, including the administration of justice; (iv) the promotion of cross-border co-operation.

(b) The United Kingdom Government accept that the Irish Government will put forward views and proposals on matters relating to Northern Ireland within the field of activity of the Conference in so far as those matters are not the responsibility of a devolved administration in Northern Ireland. In the interest of promoting peace and stability, determined efforts shall be made through the Conference to resolve any differences. The Conference will be mainly concerned with Northern Ireland; but some of the matters under consideration will involve cooperative action in both parts of the island of Ireland, and possibly also in Great Britain. Some of the proposals considered in respect of Northern Ireland may also be found to have application by the Irish Government. There is no derogation from the sovereignty of either the Irish Government

or the United Kingdom Government, so that each retains responsibility for the decisions and administration of government within its own jurisdiction.

Article 3

The conference shall meet at Ministerial or official level, as required. The business of the Conference will thus receive attention at the highest level. Regular and frequent Ministerial meetings shall be held; and in particular special meetings shall be convened at the request of either side. Officials may meet in subordinate groups. Membership of the Conference and of sub-groups shall be small and flexible. When the Conference meets at Ministerial level an Irish Minister designated as the Permanent Irish Ministerial Representative and the Secretary of State for Northern Ireland shall be joint Chairmen. Within the framework of the Conference other Irish and British Ministers may hold or attend meetings as appropriate: when legal matters are under consideration the Attorneys General may attend. Ministers may be accompanied by their officials and their professional advisers: for example, when questions of security policy or security co-operation are being discussed, they may be accompanied by the Commissioner of the Garda Siochana and the Chief Constable of the Royal Ulster Constabulary; or when questions of economic or social policy or co-operation are being discussed, they may be accompanied by officials of the relevant Departments. A Secretariat shall be established by the two Governments to service the Conference on a continuing basis in the discharge of its functions as set out in this Agreement.

Article 4

(a) In relation to matters coming within its field of activity, the Conference shall be a framework within which the Irish Government and the United Kingdom Government work together (i) for the accommodation of the rights and identities of the two traditions which exist in Northern Ireland; and (ii) for peace, stability and prosperity throughout the island of Ireland by promoting reconciliation, respect for human rights, co-operation against terrorism and the development of economic, social and cultural co-operation.

(b) It is the declared policy of the United Kingdom Government that responsibility in respect to certain matters within the powers of the Secretary of State for Northern Ireland should be devolved within Northern Ireland on a basis which would secure widespread acceptance throughout the community. The Irish Government support that policy.

(c) Both Governments recognise that devolution can be achieved only within the co-operation of constitutional representatives within Northern Ireland of both traditions there. The Conference shall be a framework within which the Irish Government may put forward views and proposals on the modalities of bringing about devolution in Northern Ireland, in so far as they relate to the interests of the minority community.

C. POLITICAL MATTERS

Article 5

(a) The Conference shall concern itself with measures to recognise and accommodate the rights and identities of the two traditions in Northern Ireland, to protect human rights and to prevent discrimination. Matters to be considered in this area include measures to foster the cultural heritage of both traditions, changes in electoral arrangements, the use of flags and emblems, the avoidance of economic and social discrimination and the advantages and disadvantages of a Bill of Rights in some form in Northern Ireland.

(b) The discussion of these matters shall be mainly concerned with Northern Ireland, but the possible application of any measures pursuant to this article by the Irish Government in their jurisdiction shall not be excluded.

(c) If it should prove impossible to achieve and sustain devolution on a basis which secures widespread acceptance in Northern Ireland, the Conference shall be a framework within which the Irish Government may, where the interests of the minority community are significantly or especially affected, put forward views on proposals for major legislation and on major policy issues, which are within the purview of the Northern Ireland Departments and which remain the responsibility of the Secretary of State for Northern Ireland.

Article 6

The Conference shall be a framework within which the Irish Government may put forward views and proposals on the role and composition of bodies appointed by the Secretary of State for Northern Ireland or by Departments subject to his direction and control including:

The Standing Advisory Commission on Human Rights;

The Fair Employment Agency;

The Equal Opportunity Commission;

The Police Authority for Northern Ireland;

The Police Complaints Board.

D. SECURITY AND RELATED MATTERS

Article 7

(a) The Conference shall consider (i) security policy; (ii) relations between the security forces and the community; (iii) prisons policy.

(b) The Conference shall consider the security situation at its regular meetings and thus provide an opportunity to address policy issues, serious incidents and forthcoming events.

(c) The two Governments agree that there is a need for a programme of special measures in Northern Ireland to improve relations between the security forces and the community, with the object in particular of making the security forces more readily accepted by the nationalist community. Such a programme shall be developed, for the Conference's consideration, and may include the establishment of local consultative machinery, training in community relations, crime prevention schemes involving the community, improvements in arrangements for handling complaints, and action to increase the proportion of members of the minority in the Royal Ulster Constabulary. Elements of the programme may be considered by the Irish Government suitable for application within their jurisdiction.

(d) The Conference may consider policy issues relating to prisons. Individual cases may be raised as appropriate, so that information can be provided or inquiries instituted.

E. LEGAL MATTERS, INCLUDING THE ADMINISTRATION OF JUSTICE

Article 8

The Conference shall deal with issues of concern to both countries relating to the enforcement of the criminal law. In particular it shall consider whether there are areas of the criminal law applying in the North and in the South respectively which might with benefit be harmonised. The two Governments agree on the importance of public confidence in the administration of justice. The Conference shall seek, with the help of advice from experts as appropriate, measures which would give substantial expression to this aim, considering inter alia the possibility of mixed courts in both jurisdictions for the trial of certain offences. The Conference shall also be concerned with policy aspects of extradition and extra-territorial jurisdiction as between North and South.

F. CROSS-BORDER CO-OPERATION ON SECURITY, ECONOMIC, SOCIAL AND CULTURAL MATTERS

Article 9

(a) With a view to enhancing cross-border co-operation on security matters, the Conference shall set in hand a programme of work to be undertaken by the Commissioner of the Garda Siochana and the Chief Constable of the Royal Ulster Constabulary and, where appropriate, groups of officials, in such areas as threat assessments, exchange of information, liaison structures, technical co-operation, training of personnel, and operational resources.

(b) The Conference shall have no operational responsibilities; responsibility for police operations shall remain with the heads of the respective police forces, the Commissioner of the Garda Siochana maintaining his links with the Minister for Justice and the Chief Constable for the Royal Ulster Constabulary his links with the Secretary of State for Northern Ireland.

Article 10

(a) The two Governments shall co-operate to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years, and shall consider the possibility of securing international support for this work.

(b) If it should prove impossible to achieve and sustain devolution on a basis which secures widespread acceptance in Northern Ireland, the Conference shall be a framework for the promotion of co-operation between the two parts of Ireland concerning cross-border aspects of economic, social and cultural matters in relation to which the Secretary of State for Northern Ireland continues to exercise authority.

(c) If responsibility is devolved in respect of certain matters in the economic, social or cultural areas currently within the responsibility of the Secretary of State for Northern Ireland, machinery will need to be established by the responsible authorities in the North and South for practical co-operation in respect of cross-border aspects of these issues.

G. ARRANGEMENTS FOR REVIEW

Article 11

At the end of three years from signature of this Agreement, or earlier if requested by either Government, the working of the Conference shall be reviewed by the two Governments to see whether any changes in the scope and nature of its activities are desirable.

H. INTERPARLIAMENTARY RELATIONS

Article 12

It will be for Parliamentary decision in Dublin and in Westminster whether to establish an Anglo-Irish Parliamentary body of the kind adumbrated in the Anglo-Irish Studies Report of November 1981. The two

Governments agree that they would give support as appropriate to such a body, if it were to be established.

I. FINAL CLAUSES

Article 13

This Agreement shall enter into force on the date on which the two Governments exchange notifications of their acceptance of this Agreement.

In witness whereof the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done in two originals on the 15th day of November 1985.

An Taoiseach,
DR. GARRET FITZGERALD,
For the Government of Ireland.
Prime Minister,
MRS. MARGARET THATCHER,
For the Government of the United Kingdom.

MAINTAINING THE SALT NO-UNDERCUT POLICY

Mr. LEAHY. Mr. President, the egregious leaking to the press of Secretary Weinberger's letter accompanying the Defense Department report to the President on Soviet arms control compliance is clearly a maneuver to undermine the possibility of a formal understanding being reached in Geneva that both sides will not undercut SALT II limitations.

Specifically, in his letter, Secretary Weinberger opposed seeking at the summit either a formal agreement to extend adherence to provisions of the SALT II Treaty for another year, or any understanding with the Soviets which would result in a restrictive interpretation of the ABM Treaty and thereby constrain star wars.

The effect of this calculated leak has been to attack the President's existing policies and to illuminate at a most unfortunate moment the disarray within the administration over fundamental arms control issues.

Mr. President, I, together with several of my colleagues, have for the last 2 years argued that extending adherence to the key numerical ceilings of the SALT I Interim Agreement and the SALT II Treaty for another year would at the very least allow our negotiators to work without fear that their efforts would be overtaken by an acceleration of the arms race.

Indeed, President Reagan supported our view when, on June 10, 1985, he went along with the recommendation of the Bumpers-Leahy-Chafee-Heinz amendment that the United States should dismantle an older Poseidon submarine in order for the United States to remain within the SALT II MIRV'd ICBM and SLBM launcher subceilings. Our amendment was adopted by a vote of 90 to 5 in the Senate.

The President took this action, certainly not because of his dedication to the SALT agreements—which he once labeled as "fatally flawed"—but because he must understand that the Soviets are in a better position to exploit a breakdown in adherence to numerical limits of SALT. Obviously, in making his June 10 decision, he recognized that in the absence of the SALT restraints, ongoing Soviet strategic programs would increase the nuclear threat to the United States.

Secretary Weinberger also must be aware of these facts, yet he continues to ignore them. Perhaps the Secretary feels that engaging in a mutual breakout of the SALT subceilings is the only way to generate support in the United States for the type of massive nuclear build-up he apparently favors.

Mr. President, I challenge Secretary Weinberger's selective interpretation of the facts.

In his letter to the President, as published in the newspapers, Secretary Weinberger declares that continued adherence by the United States to the numerical ceilings of SALT II would "require us to dismantle far larger numbers of modern weapons than the Soviets over the near term."

Yet, Secretary Weinberger chooses to define the near term as "through 1991," as though there were any realistic prospect of the current situation extending that long. A much more meaningful timeframe to evaluate the implications of extending the SALT ceilings is through 1986 or perhaps 1987. Using figures from open-source publications of the Congressional Research Service, the International Institute for Strategic Studies and the Nuclear Weapons Data Book, I have prepared an alternative set of figures for the impact of dismantlements through 1987. Let's look at what would happen during that period.

If SALT II limits were continued through 1986 or 1987, the Soviet Union would clearly pay a higher price in terms of required dismantlements than would the United States. Through 1986, the United States would have to dismantle either 3 Poseidon submarines or 40-50 Minuteman III's. However, the Soviet Union would be forced to dismantle 4 Yankee class submarines, 2 hotel class submarines and 125 SS-11 and SS-17 ICBM's. In 1987, because no Trident submarine deployments are scheduled, the United States would only have to compensate for a modest deployment of air launched cruise missiles on B-52 or B-1 bombers. As an offset, the United States would have to dismantle either 1 additional Poseidon submarine or 20 Minuteman III ICBM's. The Soviets, on the other hand, would be required to dismantle a further 2 or more Yankee class submarines and 90 or more SS-11 and SS-17 ICBM's.

More important than the launcher numbers, other measures, such as warhead reductions would favor the United States as well, as would other indices beloved of the administration such as throwweight and megatonnage. Through 1987, for example, the U.S. warhead reduction could be as low as 240, if we opted to dismantle vulnerable silo-based Minuteman III ICBM's instead of Poseidons. By contrast, the Soviets would be required to eliminate nearly 500 operational ballistic missile warheads. For the same period, the Soviets would have to reduce over 800,000 pounds of throw-weight and 337 megatons of destructive power. The corresponding figures for the United States in the same period are 212,000 lbs. of throw-weight and 31 megatons.

Mr. President, the facts make clear that in the real near term—through 1987—contrary to Secretary Weinberger's assertion, the SALT dismantlements would continue to favor the United States. Beyond 1987, as new U.S. strategic systems come on line, it is true that the United States would then begin to make greater sacrifices in order to remain within the SALT ceilings. However, no one to my knowledge has suggested that the policy of interim restraint be carried on indefinitely. The Bumpers, Leahy, et al amendment adopted this year recommends only that the present "no undercut" policy be continued through 1986.

Interim restraint is no substitute for a new treaty which results in deep reductions in strategic weapons. However, a formal extension of SALT II for a year or two would at the very least provide our negotiations in Geneva with a more positive atmosphere to follow up on the summit. It would also allow us to pursue serious compliance issues with the Soviets at the Standing Consultative Commission and in other channels in a business-like manner.

Unfortunately, Secretary Weinberger in his letter to the President repudiated the SCC, the only established forum we have for the peaceful resolution of outstanding compliance issues with the Soviet Union. The Secretary described the SCC as a "diplomatic carpet under which Soviet violations have been continuously swept, an Orwellian memory hole into which our concerns have been dumped like yesterday's trash." This type of inflated rhetoric is simply not worthy of a policy statement by a senior member of this administration—or any administration. Until the advent of the present administration, the SCC has been a place where issues could be discussed, and in most cases, resolved in a manner free from the public tirades which characterize much of the United States-Soviet relations. Over the last 5 years, the SCC has fallen victim to the broader breakdown in communication between the United States and the Soviets on all significant arms control matters.

The SCC works when both sides want to use it quietly and in a business-like way to discuss compliance issues, and when both sides are determined to address serious arms control problems without turning them into tests of national wills. Neither of these conditions exist now, nor have they existed for several years. That is not to denigrate the past accomplishments of the SCC, for which I refer Senators to the public report of then-Secretary of State Cyrus Vance in July 1979, nor to disparage its potential when both sides are once again prepared to use it in the manner and for the purpose for which it was created.

Mr. President, many of us, both Republican and Democratic, have had large differences with this administration over its arms control policies. Yet as the summit approached, we all have come together behind our President, in the hope that he and the Soviet leader would be able to take meaningful steps toward the deep reductions we all so deeply want.

Unfortunately, some of the President's own advisers have decided to undermine his efforts. Let us hope the President will repudiate them.

I ask unanimous consent that an editorial on this subject that appeared in this morning's Washington Post be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

LEAKED LETTER

Even in a city inured to rocking disclosures, the weekend leak of Secretary of Defense Caspar Weinberger's letter to President Reagan was an eye-opener. Here was a powerful Cabinet officer being seen to warn the president against coming to terms with Mikhail Gorbachev on several of the most critical issues ostensibly being considered for negotiation at Geneva. Here was a president five years in office, barely hours away from his first meeting with a Soviet leader, appearing to have failed so far to resolve fundamental issues bearing on summit tactics and grand strategy.

On both these scores—reluctance in the Pentagon, confusion in the White House—the letter was an embarrassment to the president and a coup for the Soviets. If Mr. Reagan takes the advice in the letter, he risks being portrayed as a captive of the "military-industrial complex"—the phrase of President Eisenhower that Mr. Gorbachev has recently put to his own propaganda uses. If the president ignores the advice, it will look as though he has repudiated a faithful aide and an important slice of his constituency. Certainly the leak illuminated public understanding. It also steepened the president' summit path.

The Weinberger letter focused first on suspected Soviet violations of SALT II. In the Pentagon, the letter implicitly granted, there are two views on what military response may be required. The Joint Chiefs feel that programs already requested are enough; the command is on record as arguing the Soviet Union is considerably better placed than the United States to break through SALT ceilings if the present mutual policy of not undercutting the treaty is set aside. By contrast, the Weinberger view is that Soviet violations require new American strategic programs. To make them legal, he urged the president not to agree to continue observing SALT II.

The secretary also urged Mr. Reagan to rebuff summit pressures to hold to the "narrow and, I believe, wrong" interpretation of the Anti-Ballistic Missile Treaty that the administration recently accepted. To confirm that research-only interpretation in an agreement with Moscow, Mr. Weinberger said, would endanger the president's Strategic Defense Initiative.

In short, Mr. Weinberger would move away from the key existing Soviet-American agreements limiting both offensive and defensive strategic arms. He would end any effort to treat arms control as well as arms building as vital to American security.

Conceivably the summit will finish off arms control, thanks to Soviet intransigence. But the summit should not come to that thanks to American intransigence. If Mr. Reagan's pledge of going to Geneva to make "fresh start" means anything at all, he will keep his mind open and not allow this latest leak to close it.

OUTSTANDING ACHIEVEMENT FOR BERNARD SHANLEY

Mr. BRADLEY. Mr. President, I was pleased to be informed by Fordham University that they had recently awarded the Dean's Medal of Recognition to the Honorable Bernard M. Shanley, a leading attorney in New Jersey.

Mr. Shanley, who graduated from Fordham Law School many years ago, has had a distinguished career in public service and as a leading private legal practitioner. In 1942, when Mr. Shanley was serving in the U.S. Army in Italy and North Africa, he began a life-long friendship with then Gen. Dwight D. Eisenhower. Upon his return from the service, Mr. Shanley was active in the efforts to elect his associate as President of the United States. Subsequently, he served as Deputy Chief of the White House staff, Acting Counsel to the President, and finally as Secretary to the President. Following his important public service, he founded the firm of Shanley & Fisher which is one of the leading law firms in New Jersey.

It is extremely appropriate that Fordham Law School has recognized Mr. Shanley for his many, many years of outstanding public service. Others have also taken note of his distinguished career. He holds an honorary degree from Seton Hall University. He was named Outstanding Citizen of New Jersey in 1954, and was made a Knight of St. Gregory the Great in 1979 by Pope John Paul II.

In addition, Mr. Shanley has served on countless boards of civic, religious, and philanthropic organizations. He continues to represent excellence in our State. I am pleased to bring to the attention of my colleagues Mr. Shanley's latest achievement.

COLUMBIA UNIVERSITY—AMERICAN LEGION VIETNAM VETERANS STUDY

Mr. CRANSTON. Mr. President, on July 23, 1985, the American Legion released the first report of results from its "Vietnam Veterans Study," conducted in cooperation with researchers from Columbia University's School of Public Health. The American Legion, the largest veterans' service organization in the United States, has a longstanding involvement in efforts to understand the special needs and concerns of veterans, including the many Vietnam veterans who are members of the organization.

The Columbia University—American Legion Vietnam Veterans Study, begun in early 1983, was conducted on a randomly-selected population of approximately 7,000 Vietnam-era Legionnaires. Among the preliminary results, as outlined in the first report, is the finding that the exposure to intense combat conditions of the Vietnam veterans studied negatively affected their annual family income and marital status. Moreover, the report notes that "measures of general happiness and satisfaction and reports of general health are significantly worse" for those "who served under the heavy combat conditions."

In order to gain an outside, scientific perspective on this study, I asked the Office of Technology Assessment to review the Columbia University—American Legion study and to provide its views on the study. OTA has recently completed that review.

Mr. President, so that my colleagues and others with an interest in issues relating to Vietnam veterans may be informed of ongoing efforts such as this study to understand the experiences of Vietnam veterans, I ask unanimous consent that the OTA's review of the Columbia University—American Legion study on Vietnam veterans be printed in the RECORD at this point.

There being no objection, the review was ordered to be printed in the RECORD, as follows:

REVIEW OF THE COLUMBIA UNIVERSITY-AMERICAN LEGION—VIETNAM VETERANS STUDY REPORT NO. 1 AND STUDY QUESTIONNAIRE

INTRODUCTION

The American Legion and researchers from Columbia University School of Public Health joined forces to plan and carry out this study to find out about the health and welfare of American Legion members who served during the Vietnam era. OTA finds this a basically well-designed, reasonable study that appears to have been well executed. Report No. 1 is the first of a series that the investigators expect to issue, each one concentrating on particular aspects of the data. This report presents demographic, economic, and social characteristics of the participants, discusses responses to subjective questions about general health and well-being, and discusses the participants' attitudes toward the Veterans Administration.

This review describes the study design, summarizes the main conclusions presented in report No. 1, and then presents a critique of the report. The review ends with a brief discussion of certain aspects of the questionnaire.

OTA obtained the questionnaire and additional information about the study from John Sommer, the American Legion Project Officer for this study, and a member of OTA's Agent Orange Advisory Panel. We will be providing Mr. Sommer with a copy of this review and with additional detailed comments on the report.

STUDY DESIGN

A sample of about 7,000 Vietnam veterans (defined as veterans who served during the Vietnam era, either in Southeast Asia or elsewhere) comprise the study population. All are male American Legion members who belong to posts in six states: Colorado, Ohio, Maryland, Pennsylvania, Indiana, and Minnesota. The 7,000 participants were recruited in the following way. A file of 85,000 records of men who had been members for less than 20 years was assembled from the American Legion membership files in the six states. A letter was sent to each man on the list explaining the study and asking that he fill out a postcard with information about where and when he has served in the military. About 50,000 responded. Attempts were made to contact the remaining 35,000, and some of these were contacted by American Legion volunteers who had been trained for the project.

Of those who responded by postcard or were contacted by a volunteer, 12,588 were Vietnam veterans. Each of the Vietnam veterans was sent a study questionnaire and about 7,000 completed and returned it. The analysis is based on these respondents. Report No. 1 does not include information about the total number of men on the original list who were actually contacted, or discuss response rates in general. That information will be included in a future report.

The information about "exposures" (in this case the experiences of men while serving in the military) and "outcomes" (in this case social factors, educational attainment and income, and mental and physical well-being) depend, to a great extent, on memories of events from the time of military service, many years ago, and events that have taken place since then. This type of study is called a "retrospective cohort study," in which two cohorts that differ with respect to a specific "exposure" (in this case, those who served in Southeast Asia and those who served elsewhere) are compared. Some of the analyses in this study compare outcome measures between "in-country" (service in Southeast Asia) and "in-service" (service outside Southeast Asia) veterans. Other analyses compare outcome measures among veterans with different levels of combat experience.

RESULTS REPORTED BY THE STUDY RESEARCHERS

Report No. 1. (1) presents basic demographic information about the study participants; (2) reports on education and income of participants according to their degree of combat experience; (3) reports on the participants' appraisal of their health and happiness according to combat experience; and (4) reports on attitudes toward and perceptions of the Veterans Administration.

More than 98 percent of the participants are white, with a median family income of between $25,000–$30,000. More than 90 percent have completed high school and well over 50 percent have some additional education. The "in-country" and "inservice" groups do not differ significantly in their distribution according to these characteristics. The two groups are also similar in their reasons for joining the American Legion. Very few (about 1 percent men joined principally because they has a personal problem that they thought the Legion could help with. The majority joined for social reasons.

The remainder of the analyses compare social and economic characteristics of men exposed to different levels of combat. The report finds "very little difference in educational attainment" among groups with different combat exposure ratings.

INCOME

Several analyses deal with income. The data support some expected trends: average income increases with increasing age group of respondents; average income increases with increasing stratum of educational attainment. For each educational attainment level, and for each age group, there were no appreciable differences between income levels of "in-country" and "in-service" veterans. The most striking finding reported is "a consistent and statistically different . . . mean income level range between those men who served in Southeast Asia who reported combat experiences in the 4 and 5 range (on a scale from 1 to 5, where 5 represents the most intense combat) and all other men, both with and without service in Southeast Asia." There was no overall difference in income level between the group that served in Southeast Asia and those who served elsewhere.

An additional analysis was done to determine whether educational attainment and combat level were independently associated with income levels, and to find out whether those two variables also have an interactive effect on income levels. The result was a finding that both education and combat were independently associated with income.

MARITAL STATUS

Roughly equal proportions of "in-country" and "in-service" veterans are currently married. The researchers note, however, an increasing trend of divorce with increasing combat levels. The latter analysis was based only on men born between 1944 and 1949.

HAPPINESS AND HEALTH

The investigators report on an index of happiness and life satisfaction according to combat levels. The scores are based on answers to two general questions, one about how happy the respondent is, and the other about how satisfying his life is. Particularly for the birth cohorts 1944–1949, the investigators note a trend toward lower happiness and life satisfaction scores with higher combat levels. The general health measure is based on one question about the veterans' perception of their health status. As a group, the men in birth cohorts 1944–1949 who had the highest combat levels rate their health generally poorer than those with little or no combat experience.

ATTITUDES AND PERCEPTIONS OF THE VA

The study reports on responses to questions about the participants' attitudes toward the VA and their knowledge of specific features of VA benefits. A separate set of questions, answered by men who had used VA health services, concerns specific experiences with the VA system. The researchers interpret the answers to these questions as showing a generally poor attitude toward the VA among the entire study population, and a somewhat more positive attitude, but with a "considerable proportion" of negative responses, among the men with direct experience in the VA system. Based on a series of questions about different aspects of the program, the study reports general dissatisfaction with the VA's Agent Orange Examination Program. The researchers also grouped the VA questions into four related areas and tabulated the responses together. From that analysis they concluded that the "in-country" veterans rate themselves better informed about VA services than the "in-service" veterans, but have a more negative attitude toward the VA. More than half the respondents who had used VA services were positive about their experiences.

OTA CRITIQUE

In general, the interpretations of results given by the investigators are accurate, but in several cases they appear to overstate what the data show. Several of these cases are mentioned below under Specific Comments. There are also two general subjects that are of concern. The first is possible non-response bias. It appears that about 50–60 percent of those who were sent questionnaires returned them. If those who responded differ in important ways from those who did not respond, and particularly if the differences vary among the subgroups within the study, the results could be unrepresentative of the total population of American Legion Vietnam era veterans. The response issue will be discussed in a future report from the study, but it may have some bearing on the results presented in report #1.

The second issue, selection bias, is one that is very difficult to address in a study, but should at least be mentioned. There is no direct information about the factors that might come into play in "selecting" some men into combat and others in military situations involving little or no combat. If there were factors present before military service that predisposed men toward combat or non-combat, these factors might also help to explain differences that exist between these men today. There is some mention of this in report #1, but it deserves more prominent discussion, which might be done in subsequent reports.

STATISTICAL POWER OF THE STUDY AND SIGNIFICANCE OF RESULTS

Because the exact numbers of respondents in various categories are not given and because the variety of different statistical analyses are being used by the researchers, it is not possible to give a simple estimation of the power of this study. Assuming, however, that about 40 percent of the approximately 7,000 participants served in Southeast Asia, we can make some estimates. The study has a good chance (about 80 percent of detecting a doubling in an outcome that occurs in the comparison group at a prevalence of about 1 percent (i.e., a prevalence of about 2 percent). For events that are more common, the power to detect increases should be even better. The power to detect increased occurrences of rarer events (e.g. those that occur at a baseline rate of fewer than 1 per 1,000) falls off quickly, but larger increases (e.g. 5-fold) are still likely to be detected in this study. These power estimates apply only to analyses that compare the total "in-country" cohort with the total "in-service" cohort. Most of the analyses examine trends, comparing outcomes at different combat levels and/or in different birth cohorts. The probabilities of being able to detect an effect if it exists differ according to the numbers of individuals in the various

categories. If there are many cells with small numbers of individuals, it will be harder to show an effect.

It is not possible to summarize the power of these analyses without examining all the data and looking at each analysis individually. Overall, however, the study is probably big enough to detect moderate differences in many of the outcomes in the study. It cannot be expected to pick up small or even moderate differences in events or characteristics that generally occur rarely. The study is probably powerful enough to fulfill the aims of the study planners, as stated in the report.

It would be most helpful if the investigators consistently reported significance levels (commonly reported as p values). P values are reported for a number of the analyses discussed, but not for all. For instance, the investigators report differences in marital status, happiness and life satisfaction, and overall health by combat levels, but do not report whether the differences are statistically significant.

SPECIFIC COMMENTS

1. P. 6, para. 2: "The 1946-49 age cohort . . . is . . . the group that experienced the highest combat levels . . ."

According to Table 5, on p. 7, the highest combat level occurred in two birth cohorts: before 1930 and 1948-49. The combat level for the 1946-47 birth cohort was somewhat lower. In addition, there is no indication of whether the differences observed were statistically significant.

2. P. 9, para. 4: "Our analysis shows a clear and consistent adverse social effect of exposure to traumatic situations (combat) among members of the study population . . . Further, we find that educational attainment . . . cannot account for this effect."

The first statement is stronger than the data support. The second is misleading. On page 14, the discussion of the effects of both education and combat levels show that while combat appears to exert an independent effect on income, educational attainment does account for a large part of the income differences.

3. P. 13, para. 1: "In each case, combat 4 and combat 5 veterans earned less than their peers in the same age group."

This statement is actually true for only one birth cohort (1946-1947) in Table 13. In each other birth cohort, at least one other combat level group had a lower income level than combat 4 or combat 5. Looking at the 1944-1945 cohort, for instance, while combat 5 has the lowest income level, combat 4 is tied for the highest income level.

4. P. 21, para. 2: "The attitudes and perceptions of the group as a whole are very negative toward the Veterans Administration. Virtually no one considered the benefits of the VA as an incentive for joining the service."

The fact that a man's incentive for joining the service was independent of the VA gives no information whatsoever about his opinion of the VA, but is here interpreted as a negative response. Related to this, there is no information about how many men volunteered for service and how many were drafted. Surely those who were drafted wouldn't have considered the VA as an incentive for joining.

5. P. 21, para. 2: "Fewer than 15 percent of the group endorse the ideas that they were knowledgeable about procedures for applying for compensation and pension or were even aware of the workings of the Vietnam Veterans Outreach Program."

It tabulating the percentage of responses, the investigators interpreted all answers of "slightly true," one of the choices given the veterans, as being "not true." In fact about 35 percent responded either "slightly true," "moderately true," or "very true" to the question about procedures for applying for compensation, and 33 percent gave one of those responses to the question about the Outreach Program. Assuming that most of the participants are relatively young and healthy, why should they know about filing for compensation and pension? How many people know about filing for workers' compensation and pensions when they are in their 30's and 40's?

6. P. 22, para 1: "Forty-four percent endorsed and 56 percent rejected the statement that the VA is a well organized and smoothly running operation."

Here again, the 30 percent of participants who answered "slightly true" to the question about the VA are included among those who the researchers say "rejected the statement."

While these comments may appear to be picayune or quibbling, they reflect a subtle but consistent interpretation of the results that appears to favor finding effects of combat and highlighting negative attitudes toward the VA. Our concern is not so much for how this interpretive bent affects the results in this report, but about how it might affect future reports about such subjects as PTSD. We in no way question the integrity or motives of the researchers involved with this project, and we do not believe that they have any intention to misinform or mislead with their data or their interpretations.

THE QUESTIONNAIRE

To review the study report adequately, it was necessary to examine the questionnaire as well. Some general comments about the questionnaire design and some specific items on it are included in this review, even though they have little impact on Report No. 1. They may be more important later on as reports are issued on different subjects.

The questions themselves are generally clear and understandable and the questionnaire is well laid out. The main concern we have has to do with the order of the questions and the way some of the questions are worded. It is well known that the way in which questions are asked can influence the answers that are given, in subtle and perhaps unmeasurable ways., These influences are known as the "demand characteristics" of the questionnaire.

In the questionnaire for this study, the questions that might evoke negative feelings—e.g., about combat situations, about exposures to chemicals in the military, about flashbacks and anxieties—are asked first. Then the questions about happiness, satisfaction, and health are asked. In general, people might be more inclined to look upon their lives less favorably by the end of the questionnaire than they might have if those questions had been asked first. Also, certain hypotheses are set up in the mind of the participant as the questionnaire progresses. In this case, it is logical to assume that the researchers are interested in finding out whether wartime experiences have adverse effects on people in later years. People might have a tendency to answer questions in a way they think conforms to the hypotheses that are being tested.

The wording of some of the individual questions also suggest hypotheses. For example, question I.12 (p. 3 of questionnaire) contains a list of questions that presumably will be used to assess PTSD. The questions are introduced with this statement: "Serving in the military often puts us in situations that stay in our memories for a long time." The first question asks: ". . . how often have you: Had vivid recollections of your military service, especially bad scenes?" The introduction to the question sets up a situation in which the respondent would be encouraged to report recollections. If a person reported that he never or rarely has recollections, his response would be contrary to the statement made in the introduction. A similar effect might occur in the rest of the questions under No. 12.

Another example is question VII.8 (p.11). Question 8.a. asks: "When all things are considered, to what degree were your military experiences stressful?" Next, question 8.b asks: "Taking all things together, how happy are you these days?," and 8.c asks: "In general, how satisfying is your life?" The ordering and grouping of these questions forces the respondent to evaluate happiness and satisfaction today in light of the level of stress he experienced in the military as though there is necessarily a connection.

There is no way of measuring exactly what effect the questionnaire design and wording has had on the responses, but we assume that the investigators will be taking these potential influences into account in their evaluation.

APPLICABILITY OF THE STUDY RESULTS TO THE ENTIRE VIETNAM-ERA POPULATION

It was not the intention of the study designers to reach conclusions about the general vietnam-era veteran population, and that issue is not addressed in the report. It is apparent, however, that American Legion members are not entirely representative of all veterans. Based on information from the 1980 census, it appears that about 80 percent of all Vietnam-era veterans are white. In the American Legion sample, more than 98 percent were white. The American Legion members are representative of a significant segment of the Vietnam-era veteran population, however, and the results of this study can provide useful clues to effects that might be seen in the entire veteran population.

THE GENEVA SUMMIT: REGIONAL CONFLICTS, NOVEMBER 19, 1985

Mr. DOLE. Mr. President, The Geneva summit began today, with two sessions—including an hour-long private meeting between the President and Gorbachev—devoted to opening exchanges and arms control issues.

Tomorrow the summit talks will focus, among other topics, on regional conflicts, and it is that subject I would like to discuss briefly today.

THE NATURE OF REGIONAL CONFLICTS

Regional conflicts infect every part of the globe, from our own backyard in Central America to Africa, the Middle East, and South and Southeast Asia. They demand our attention, and a prominent place on the agenda in Geneva, for two reasons. First, they bring suffering and privation to millions, and in most cases in regions already struggling under the burden of underdeveloped economies and wide-

spread poverty. Second, these conflicts spill, or threaten to spill, across national borders, disrupting regional stability and raising the risk of superpower confrontation.

No one of these conflicts is exactly like any other, either in all its causes or its characteristics. And most of them to some degree reflect indigenous interests and rivalries which relate only indirectly to the competition between the superpowers. If both we and the Soviets somehow went away, some of these conflicts, at least, might well persist.

THE NEW IMPERIALISM

But, in acknowledging that, let us be equally clear about another fact: In virtually every one of these conflicts, the Soviets have gotten in up to their necks. Soviet political propaganda is filled with charges of Western imperialism and foreign intervention. In fact, by any reasonable standard, it is the Soviets who are guilty of what can rightly be called a new imperialism, an imperialism replete with ugly overtones of jingoism, racism, and exploitation.

And, as with earlier forms of imperialism, the Russians are involved solely and cynically for one purpose—to advance the interests of their own state. The Russians couldn't care less about real national liberation. Indeed, most of the time these days, Soviet intervention is on the side of despotic, repressive regimes, which—as the President said at the United Nations last month—"are at war with their own people"; regimes which are battling against indigenous, democratic forces which really seek to liberate their countries and people.

What the Russians do care about, of course, is extending their hegemony, where that is feasible, and expanding their influence, where outright control is impossible. That has been one of the most persistent characteristics of the Soviet state since its founding. It is reflected in Stalin's post-World War II enslavement of Eastern Europe; in widespread Soviet interventions in Asia and Africa during the 1950's; in Khrushchev's successful conversion of Cuba to a Soviet client state during the 1960's; in Brezhnev's support for North Vietnamese aggression and embrace of international terrorists like Libya's Qadhafi in the 1970's. And it is reflected in Soviet incitement of reginal conflicts today, under the regime of Mikhail Gorbachev.

It is worth reviewing briefly Soviet involvement in some of the most dangerous of these contemporary regional conflicts.

AFGHANISTAN

The Soviet Union invaded Afghanistan in December 1979; was party to the assassination of the Afghan leader then in charge—a Marxist, no less, who once was considered a Soviet ally; and installed its own client regime to run the country. It is a case, pure and simple, of the military conquest of one country by another.

The Soviet occupation of Afghanistan continues in full force today. There are 118,000 Russian troops now stationed in the country. They provide a security shield for the Karmal regime—the one the Russians installed—without which that regime would quickly fall. The Russian troops also carry the brunt of the war against a strong coalition of resistance forces—the Mujahidin. And the war the Russians wage against the Mujahidin is as vicious and deadly as any in history, utilizing the most modern weapons, including, by some accounts, chemical weapons.

The Soviet occupation of Afghanistan also represents a growing threat to Afghanistan's non-Communist neighbors and to regional stability. When Pakistan's President Zia met Gorbachev shortly after the latter's assumption of power, Gorbachev warned of Soviet retaliation for continued Pakistani acquiescence in the movement of supplies through Pakistan for the Mujahidin. A recent increase in Soviet operations near the Pakistan border suggest Gorbachev is prepared to follow through on his threat.

There is no dispute about the fact what the Soviets did, and are doing, in Afghanistan is wrong and totally unjustified. Even the United Nations—which, as we know all too well, is extremely reluctant ever to criticize the Russians—has overwhelmingly passed seven different resolutions—the most recent less than a week ago, by a vote of 122-19—demanding that the Soviets withdraw their forces. So far, not surprisingly, the Soviets have turned a deaf ear to these demands.

NICARAGUA

The Russians' effort to convert Nicaragua into another Soviet client state, though less direct and blatant than in Afghanistan, has been hardly less determined. Over the past 4 years, the Soviets and their allies have provided the Sandinista regime nearly a half billion dollars in military aid. Large-scale, direct Soviet shipments of military equipment to Managua began in 1984 and have included modern tanks, sophisticated attack helicopters, and surface-to-air missiles. The most recent shipments of such equipment, including new attack helicopters, are en route even as I speak today.

This military assistance, and the massive military machine it has created in Nicaragua, are far out of proportion to that country's legitimate defense needs. What the Russians want the Sandinistas to do—and there are about 8,000 Soviet and Cuban advisers there, to make sure they do it—is bully their neighbors—our allies and friends, such as El Salvador, Costa Rica, and Honduras—and support Marxist insurgencies which seek to spread the Sandinista germ throughout the region.

The Sandinistas have also learned a great deal from their Communist mentors about how to run a totalitarian state. We are all sadly aware of the record of the Sandinista regime in denying basic freedoms, including free speech and assembly and the right to fair elections, and in suppressing the Catholic Church, the Jewish community, and such minority groups as the Meskito Indians. Just this week there was another press report of eight arrests in Nicaragua for what the Sandinistas consider a terrible crime—organizing a meeting for Cardinal Obando y Bravo, the head of the country's Catholic Church.

It is these actions of the Sandinistas—and especially their unwillingness to provide their own people the freedoms to which they have a right—that has spurred the Contra movement. It is these actions which have led us to support the Contras and led the people of Nicaragua to support them, too, in growing numbers.

ANGOLA

The Soviets, again aided by their Cuban brethern, are also neck deep in Angola. Indeed, their presence there is the most blatant imperialist intervention in Africa in the postcolonial period.

Some 1,200 Soviet advisers, along with 35,000 Cuban troops, provide the protective shield around the regime—the so-called MPLA—which came to power illegally, after abrogating an agreement to hold free and fair elections. It is a regime which has denied its people their most fundamental rights and which has driven the Angolan economy—except that small segment run under contract by Western firms—into the ground. And it is a regime that, absent the Soviet and Cuban presence, would fall quickly to the strong, democratic insurgency called Unita, under the direction of the charismatic Jonas Savimbi.

And one final and particularly unsavory aspect of the Soviet/Cuban presence needs to be noted. There is a great deal of concern—and very legitimate concern—about the suppression of blacks by whites in South Africa. Let us show the same kind of concern about the suppression of blacks in Angola, at the hands of largely white Soviet and Cuban personnel and the traitors to black freedom they back in Luanda.

CAMBODIA

Finally, let me say a word about Cambodia. No nation in history has suffered more grievously from Communist rule. Few, if any, exist today under a tighter yoke of foreign domination.

The Vietnamese, directly and strongly backed by the Soviets, rule Cambo-

dia today as a foreign occupying power. More than 140,000 Vietnamese troops, utilizing a frightening arraying of Soviet weapons, including chemical weapons, are carrying out a vicious war against a growing insurgency, at least many of whose supporters—under the banners of Son Sann and Norodom Sihanouk—seek the restoration of a free, independent Cambodia.

For the Soviets, much more is at stake than just control of Cambodia. For them, Cambodia is a potential path to greater leverage over the free states of Southeast Asia. It is a battleground for influence in their struggle with their former Communist partner, China. And it is part of a broader Soviet effort to increase their presence, and their miitary strength, in an area where we have vital security and economic interests.

SOVIET CHALLENGE—AMERICAN RESPONSE

In Afghanistan and Nicaragua, in Angola and Kampuchea—in these places and elsewhere throughout the globe—the Soviets are mounting a major challenge to our security and our interests. What shoud we do in response?

We need a long-term, four-part strategy, which keeps us on the offensive, in both concrete and political terms.

SUPPORT FOR ALLIES AND FRIENDS

First, we need to stand with our allies and friends threatened by Soviet expansionism, from El Salvador on our doorstep to Thailand on the other side of the globe. When we help these allies and friends—through strong political support, through security and economic assistance, and through a vigorous investment and trade relationship—we bring greater stability to their regions and, thereby, greater security to our important interests there.

ASSISTANCE TO DEMOCRATIC RESISTANCE FORCES

Second, we must continue, and perhaps expand, our programs of support for truly indigenous, truly democratic resistance forces struggling against Soviet-backed totalitarian regimes. We already provide support to the Contras, the Afghan Mujahidin, and the democratic elements of the Kampuchean resistance. It is time to consider whether assistance to other democratic resistance groups, such as Unita in Angola, would also be in our interest and foster prospects for long-term stability and freedom.

DIPLOMATIC PRESSURE ON THE RUSSIANS

Third, we have to keep regional issues near the top of our agenda in dealing with the Soviets. The Soviets have to be told, and we have to act in ways that lead them to believe, that their illegal, dangerous foreign adventures will impact strongly and negatively on our overall relations. I know that the President is determined to deliver that message in Geneva, even as he explores other issues with Gorbachev.

PROCESS FOR RESOLVING REGIONAL ISSUES

Finally, we must pursue the President's initiative, announced during his UN speech last month, to look for new ways to resolve regional conflicts. The President proposed a three-step process—negotiations among the indigenous parties to the conflict; supporting talks between us and the Soviets; and the provision of assistance to facilitate any settlement reached.

So far, the Soviets have not responded to the President's initiative in any concrete way. Hopefully, in Geneva, Gorbachev will, so that we can get a better idea of whether the Soviets have any real interest in peaceful solutions to some or all of the regional conflicts which afflict the world today.

HOPES FOR THE GENEVA SUMMIT

Mr. CRANSTON. Mr. President, the summit conference between President Reagan and Soviet General Secretary Gorbachev could prove to be a watershed in United States-Soviet relations. I am hopeful that meaningful gains might be made in this brief conference. If sufficient will exists on both sides, there is no reason why we cannot achieve significant gains in the areas of arms control, scientific and cultural exchanges, government to government communications, human rights, and trade relations. In addition, we could achieve progress toward agreements establishing a sound basis for further improvement in relations between our two countries.

The President has said the Geneva meetings are more than just getting acquainted sessions. I welcome the Geneva summit as an opportunity for the two leaders to get to know one another, but I agree with President Reagan that every inhabitant of this planet has a right to hope for more than that from this meeting between leaders of the two most heavily armed nations on Earth.

Specifically, I would hope the Geneva meeting could make progress in four key areas:

First, the discussions could provide a framework for an arms reduction agreement. This framework would include a timetable for implementing deep cuts in both our nuclear arsenals. Such an agreement would provide the crucial impetus to break the deadlock at the ongoing negotiations in Geneva. The obstacles to a meaningful arms reduction treaty can be removed only when clear direction is provided to negotiators by the President and the General Secretary.

Second, the summit could move toward a mutual nuclear testing moratorium and an agreement to resume negotiations for an enduring, verifiable Comprehensive Test Ban Treaty. Recently the leaders of six key nonaligned nations called for a halt to all nuclear testing for 1 year with third-party assistance on verification. I hope that the President and the General Secretary will give this offer careful and serious consideration. It is my personal belief that a mutual testing moratorium is essential: we must first stop the escalating arms race if we are ever to achieve mutual reductions in nuclear weapons. The argument that just one more round of nuclear force modernization will make us more secure has been proven tragically false by history. Most of the new weapons systems deployed recently by the United States and the Soviet Union—MIRV's, SLCM's, ALCM's—have provoked unverifiable, destabilizing counterresponses, bringing us both closer to the potential for a nuclear catastrophe. The efforts of negotiators to agree on reductions have forever been outpaced by new weapons deployments. A mutual nuclear testing halt is the best way—if not the only way—to end this insanity. President Reagan and General Secretary Gorbachev hold the opportunity to achieve such a halt in their hands at Geneva.

A third goal for the summit should be a prompt agreement on the establishment of routine communications between the American and Soviet leadership. Such an agreement could include: First, the establishment of a Nuclear Crisis Control Center to reduce the risk of a nuclear war arising out of accident or misunderstanding; second, the provision for regular, annual summit meetings; and, third, the establishment of a regular dialog between high-level foreign affairs and defense officials from both nations. The greatest dangers to our national security lie in the recurrent tensions between the United States and the Soviet Union. We need to initiate a process for discussing these tensions as they arise, and we must seek to reduce the suspicion and mistrust which has dominated the United States-Soviet relationship.

Finally, I am hopeful that an understanding can be reached at Geneva on the issues of Soviet human rights abuses and the emigration rights of Soviet Jews and other minorities. Progress on this issue is deeply awaited by so many people who are suffering. The United States could move to ease trade restrictions if they were substantial improvements in Soviet compliance with the Helsinki accord provisions on human rights and emigration.

In addition to these goals, we may also assume that two other major subjects will be discussed in some detail at Geneva: These issues are the strategic defense initiative [SDI] and the regional conflicts which continue to plague the United States-Soviet rela-

tionship and sour the prospects for agreement on arms reductions and other areas of mutual interest.

While I believe it would be unrealistic to expect substantial agreements on regional issues to come out of the summit, it is vital that the United States indicate its intention to press for a resolution of these conflicts, especially the brutal Soviet military occupation of Afghanistan.

It is also clear that SDI will be a discussion item at Geneva. I support prudent levels of research on these various technologies; indeed a proposal to ban research would be unverifiable. We know the Soviets are engaged in extensive research of their own in the field. But I am concerned that overselling of SDI proposals could lead to extensive testing of new defensive weapons systems that would not add to our security. I am therefore hopeful that a United States-Soviet dialog on this issue can produce an understanding which upholds the ABM Treaty and which ensures that SDI does not prove to be a stumbling block to mutual nuclear arms reductions.

President Reagan and General Secretary Gorbachev are in a unique position to make real progess on curbing the arms race, reducing strategic nuclear arsenals, and lessening tensions between the United States and the Soviet Union. I fervently hope that the Geneva summit will result in a better, common understanding and significant agreements that will enhance the security of the American people.

LETTER TO GORBACHEV REQUESTING RELEASE OF ANATOLY SHCHARANSKY

Mr. KENNEDY. Mr. President, as Ronald Reagan and Mikhail Gorbachev convene in Geneva, I would like to call the attention of my colleagues to a letter addressed to Mr. Gorbachev. The letter asks for the immediate release of Mr. Anatoly Shcharansky and is endorsed by 99 Senators.

Mr. Shcharansky, a prisoner of conscience, was convicted in 1978 and sentenced to 13 years in a labor camp. His release would indicate a renewed effort by the Soviet Union to put an end to all human rights violations.

The communication of the U.S. Senate's committment to human rights could not be more timely. I ask unanimous consent that the text of this letter, the names of the 99 Senators who signed it, and the text of Senator KERRY's statement at the Soviet Embassy on November 14, 1985 may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, November 12, 1985.

MIKHAIL GORBACHEV,
General Secretary, Union of Soviet Socialist Republics.

MR. SECRETARY GENERAL: As you prepare for the summit in Geneva with President Reagan, your attention must not be diverted from a personal tragedy that continues to cast a dark shadow on Soviet-American relations—the continued unjustifiable imprisonment of Anatoly Shcharansky.

The release of Mr. Shcharansky would be seen here as a positive signal for improved Soviet-American relations. Please understand that the American people feel very strongly about this case, and that all of us in the United States Senate view his continued imprisonment as a serious obstacle to the full normalization of relations between our two countries.

Sincerely yours,

Edward M. Kennedy, Alphonse M. D'Amato, Pete Wilson, Don Nickles, Mark O. Hatfield, John Melcher, Mark Andrews, Frank H. Murkowski, Frank R. Lautenberg, Howell Heflin, Bill Bradley, Jeff Bingaman, Slade Gorton, Dan Quayle, Gary Hart, David Pryor, Russell Long, Lawton Chiles, Malcolm Wallop, Jack Danforth, Paul Sarbanes, Bob Packwood, Max Baucus, Rudy Boschwitz, Paul Trible, Ted Stevens, Jim Sasser, David L. Boren, Mitch McConnell, Quentin N. Burdick, Bill Proxmire, Bill Roth, John Chafee, Phil Gramm, ——— ———, Patrick Leahy, Daniel P. Moynihan, Albert Gore, Jr., John F. Kerry, George Mitchell, John Glenn, Dick Lugar, Donald Riegle, Lowell P. Weicker, Jr., Edward Zorinsky, Spark M. Matsunaga, Larry Pressler, Carl Levin, Joe Biden, Claiborne Pell, Ernest F. Hollings, Dave Durenberger, ——— ———, Paul Simon, Lloyd Bentsen, Jay Rockefeller, Tom Harkin, Alan Cranston, Arlen Specter, J. Bennett Johnston, Robert T. Stafford, Gordon J. Humphrey, James Abdnor, Sam Nunn, John C. Stennis, John Warner, Robert C. Byrd, John P. East, Bill Armstrong, Orrin Hatch, Christopher J. Dodd, Mack Mattingly, Bob Kasten, Warren B. Rudman, J. James Exon, Wendell Ford, Tom Eagleton, Chuck Grassley, Alan J. Dixon, Jim McClure, Jake Garn, Chic Hecht, Dale Bumpers, Nancy Landon Kassebaum, Paul Laxalt, John Heinz, Pete Domenici, Jeremiah Denton, Daniel J. Evans, Strom Thurmond, Charles McC. Mathias, Steven Symms, Bill Cohen, Dennis DeConcini, Jesse Helms, Paula Hawkins, Bob Dole, Thad Cochran, Alan Simpson.

STATEMENT ON ANATOLY SHCHARANSKY

I have come here to accompany Avital to the Soviet Embassy as a demonstration of the solidarity of the American people with the cause of Anatoly Shcharansky.

Avital is delivering a letter signed by ninety-nine Senators to Soviet Secretary General Mikhail Gorbachev urging that Anatoly be released and allowed to leave the Soviet Union.

The Soviet Union has striven for decades to achieve international recognition as an equal among the nations of the world. Yet, the treatment by Soviet authorities of their citizens does not send a message of strength to the world, but one of weakness.

As long as the persecution of Anatoly Shcharansky and thousands of others of their countrymen continue, then the acceptance of the Soviet Union as an equal among the world community of nations will never be truly realized.

The plight of Anatoly Shcharansky and the Sakharovs symbolize the tragic Soviet persecution of Russian Jews, of dissidents, of refuseniks. The cases are of fundamental importance because human rights is at the core of what the United States is, and should be, all about.

Our concern for the fundamental rights of the individual is one of the most important differences between the United States and the Soviet Union—it is one of the most important differences between our nation and that of any repressive system in the world.

Our solidarity with Avital demonstrates that this is not an internal matter of the Soviet Union. It was the Soviet Union which pressed for the Helsinki Agreement. Having done so, and pledged itself with the signatures of its own leadership to abide by all the elements of the Final Act, the Soviet Union forfeited any right to claim that the treatment of its own citizens was an internal matter. It is imperative that we hold them accountable.

TWENTY-FIFTH ANNIVERSARY OF THE PEACE CORPS

Mr. CRANSTON. Mr. President, this year marks the 25th anniversary of the Peace Corps. Since this program's inception a quarter of a century ago, 120,000 Americans have served as Peace Corps volunteers in more than 90 countries around the world, assisting men and women to better the often harsh conditions of their lives. Today, Peace Corps volunteers are sharing their good will, energy, and talents with people in over 60 countries to achieve the three purposes of this program—to help other countries meet their needs for trained manpower, to help the people of those countries gain a better understanding of the American people, and to help Americans gain a better understanding of other peoples.

Earlier this year, legislation I authored to strengthen and expand the Peace Corps was incorporated into a measure adopted by the Senate and signed into law, Public Law 99-83. More recently, I was pleased to join 27 of my colleagues in cosponsoring a resolution, Senate Joint Resolution 152, introduced by Senator DODD, a former Peace Corps volunteer himself, commemorating the 25th anniversary of the Peace Corps. It was with equal pleasure that I recently also joined with 13 of my colleagues in cosponsoring legislation, S. 1756, introduced by Senator SIMON to honor the first Director of the Peace Corps, Sargent Shriver, and its subsequent Directors, including current Director Loret Ruppe, and to authorize the President to present Sargent Shriver with a commemorative medal on behalf of the U.S. Congress.

On October 14, 1960, at the University of Michigan in Ann Arbor, as a young candidate for the Presidency of the United States, John F. Kennedy, first announced his proposal to launch the Peace Corps. Twenty-five years later at this same site, Sargent Shriver and Loret Ruppe—two individuals distinguished by their dedication to and efforts on behalf of the program and who have served as Directors of the Peace Corps longer than any others over its 25 years—celebrated the Peace Corps and the volunteers who have given life and meaning to the program. Joining them on this occasion was Vice President Bush, who recently traveled to Africa and saw the debilitating conditions men and women are struggling against in parts of that continent and that Peace Corps volunteers are working to help alleviate.

The Peace Corps continues to fulfill the three purposes for which it was established 25 years ago. I am proud to honor these achievements and to join in celebrating the 25th anniversary of the Peace Corps.

Mr. President, I ask unanimous consent that the texts of the speeches of Sargent Shriver and Loret Ruppe and excerpts of the speech delivered by Vice President Bush be printed in the RECORD followed by a recent editorial in the Washington Post concerning the critical role of our beloved former colleague, Hubert Humphrey, in creating the Peace Corps.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ADDRESS BY THE HONORABLE SARGENT SHRIVER, 25TH ANNIVERSARY OF THE PEACE CORPS

Dear Friends: Let us all rejoice!

Today we are gathered to commemorate a unique occasion in American history . . . that occasion when for the first time an American President proposed to put the full strength of our Government behind a voluntary movement of free men and women dedicated to the pursuit of peace. Many nations in human history have undertaken many tasks; many have boasted about their economic power and military victories. But none has ever put its prestige and money into so sustained an effort to seek peace through education, work, and service to others, performed by its own citizens volunteering for that service. The success of the Peace Corps is proof that moral vision coupled with perseverance and courage can overcome great obstacles.

The road to success has not always been easy. The initial success of the Peace Corps in tapping the idealism of Americans—and sharing it with others—was overshadowed by the twin disasters of Viet-Nam and Watergate. Lying and vast deceptions, practiced upon our own people by persons occupying the highest positions of trust and political power, did almost crush the Peace Corps early promise. But let us rejoice again! The Peace Corps has emerged from bureaucratic obscurity where it was buried under Richard Nixon.

Now the Peace Corps has a new mandate (passed by Congress and signed into law by President Reagan) to increase its volunteers to a minimum of 10,000. Partisan political considerations have been outlawed as factors to be weighed in the appointment of Peace Corps officials. And the current Peace Corps leadership, notably in the person of Loret Ruppe, is imaginative, dedicated, resourceful, and wise. The present state of the Peace Corps is good. Its chances for future growth and progress are better than they have been for many years.

There are certain other extraordinary realities in Peace Corps history worthy of special note today.

The Peace Corps administrative, financial, and personnel record, over 25 years, may well be the most remarkable of any Government agency in this generation.

No one has ever defected from the Peace Corps! Nor has any member of the Peace Corps ever been accused of, or prosecuted for, treason. Other agencies and departments of Government—even those which pride themselves on their patriotism, hardheaded machismo, and security procedures, cannot match the Peace Corps record.

No one has ever been accused of fraud or mismanagement of funds in Peace Corps history.

No one has ever been reassigned, or "fired" from leadership positons in the Peace Corps, because of deceit, lack of loyalty, personal corruption, malfeasance or nonfeasance.

On the positive side, hundreds of Peace Corps officials and Volunteers have gone onward and upward to some of the highest positions of trust and responsibility in this country. And the Peace Corps has become the largest, single source of personnel for the United States Foreign Service, for AID, for Catholic Relief Services, for "CARE," and for dozens of other voluntary agencies, at home and overseas.

So, let me repeat once again: We are lucky to have been members of the Peace Porps. We are all lucky to be here. . . . the very place where John F. Kennedy first spoke the words that led to the creation of the Peace Corps.

We are all lucky to be alive and healthy, educated and free. We are lucky to have opportunities undreamed of by nearly all the men and women who fought for and created this nation. We are lucky to have health, wealth, education and power. And even though such gifts have often corrupted nations, even empires, we do not have to follow their examples.

Why? Because we know better. We know from history what has happened to greedy and self-indulgent nations. We cannot plead ignorance. If we do no more than follow the siren song of selfishness we would deserve to end up in the dustbin of history—just another fatuous and foolish group like those who lived in Sodom & Gomorrah or in Nineveh and Tyre. So we must not become fat, rich, smug and self-centered.

Fortunately, we have the words and example of John F. Kennedy calling us in a different direction, appealing to us with a different vision. Listen to what he said on this campus in October 1960:

". . . How many of you, who are going to be medical doctors, are willing to spend your days in Ghana [How many of you who are going to be] technicians or engineers are willing to do so?

"How many of you are willing to work in the Foreign Service and spend your lives travelling around the world?

"On your willingness to do that, not merely to spend one or two years in the service, but on your willingness to spend part of your life in the service of this country will depend the answer on whether a free society can survive. . . ."

Kennedy called upon us to give our lives to service, and the Peace Corps became the instrument of his policy. ". . . Unless you comprehend the nature of what is being asked of you", he said, "Unless you understand the nature of what is being asked of you" (I repeat it), Kennedy said, "we cannot succeed!" The Peace Corps was our answer to his words and his challenge spoken here on this campus in 1960.

The Peace Corps' nature was specifically designed to answer Kennedy's challenge. Its nature was peaceful. Its nature was to call upon all Americans to serve . . . overseas for at least two years, and to serve at home for the rest of their lives. Service at home, according to the Peace Corps Act, involved teaching and telling our fellow Americans about the realities of the Third World with its poverty, disease, and lack of education, but also to tell us about its hopes for the future, its ambitions, its plea for help and understanding from us.

All of this is what lies behind. But what of the prospects for the Peace Corps beyond this day of celebration? It's easy and customary on an anniversary like this to reminisce, exchange old stories, and recall past triumphs. But what about the next fifteen years? Where will the Peace Corps be in the year 2000?

The time has come, I believe, for the Peace Corps to expand . . . . overseas, and at home. The Peace Corps abroad should grow as Congress has authorized it to grow. Ten thousand Peace Corps Volunteers abroad could be achieved by 1988; but to reach that goal, the Peace Corps budget will have to be doubled and then increased again. I use this occasion to call upon the leadership of both parties to accept that challenge and act now.

Double the Peace Corps when everything in Government except the military is being cut? Isn't that a ludicrous proposal? I say "No." The cause of peace, seeking peace, is more important than any other challenge facing our country, including the military challenge. We have showered money on the Pentagon to strengthen our capacity to wage war. We have exponentially increased our power to kill. We must now increase our capacities—moral, intellectual, and political—to wage peace. First, therefore, we should increase the size of the Peace Corps overseas. Congress has authorized the expansion! The American people support the Peace Corps. Let us move forward aggressively. Let us fulfill the potential of this unique experiment in peace.

Only the faint-hearted would say "No."

Second. We should mobilize the Returned Peace Corps Volunteers here at home. Consider these facts:

We have more than 100,000 former PCVs here in America. That is ten times the number of volunteers we've ever had in any one country abroad. The PCVs worked miracles away from home. They can transform attitudes and outlooks here, too.

The Peace Corps' original, authorizing legislation, still unchanged, states that the Peace Corps and its volunteers have three objectives mandated by law. First, to supply the need overseas for trained manpower. Second, to learn more about the people, the culture, and history of foreign peoples and to teach them about the American people and our institutions. Third, to return home and educate, teach, enlighten Americans about the political, historical, cultural needs and hopes of foreign peoples and nations.

The Peace Corps, has done as much is it humanly could, with the resources it has had, to realize the first two objectives or purposes set forth by the Congress. But it has done precious little, almost nothing, to help or encourage returned PCVs to fulfill the third purpose of the Peace Corps legislation. The time has come to put the Peace Corps behind the pursuit of peace within the U.S.A. as well as to expand its efforts outside our own borders.

How can this be done?

Well, obviously, no one will have all the right ideas on how to carry out so challenging a mission. But there's no time to start which will be better than the present. Twenty-five years of success abroad gives reason to believe that the next twenty-five years can produce results at home as well.

Overseas, the Peace Corps has learned that it's impossible for force change! Education, example, encouragement all can help to get results. But force produces nothing but counterforce. So, the first concept we have to get rid of is the idea that we can achieve "Peace Through Strength." That's a popular slogan, but it's wrong. The reverse is often true. At times, strength is best achieved through peace. Peaceful example, peaceful guidance, peaceful education, and peaceful encouragement produce results. To achieve progress it is necessary first to open hearts and minds, an objective which is not achieved by hitting, or threatening to hammer, people into submission—which seems to be the guiding principle of the government of South Africa.

So let us choose a new slogan, symbolizing a new direction—"Strength Through Peace."

Second, we should utilize colleges and universities to inspire, motivate, and update our Returned P.C.V.s for peaceful service in our own land. Twenty-five years ago we called on colleges and universities to train Volunteers for service abroad. Rutgers, Michigan, Notre Dame, Arizona State, Georgetown, Howard and Harvard are just a few of the institutions where Peace Corps training began. Now we should use them to begin a new tradition of service at home.

Before 1970 only one school, Manchester College in Indiana, offered a program in Peace Studies in the whole of America! Today 35 colleages and universities offer degrees in Peace Studies, and many more offer courses if not degrees programs.

This is an extraordinary and providential development. Just when training and education for peace is essential for survival, our institutions of higher education are ready.

What do they teach?

They teach Mahtma Ghandi, Martin Luther King, Jr., Francis of Assisi, Albert Einstein, Tolstoi, Thoreau, Mother Teresa of Calcutta, Desmond Tutu, Jane Addams, Albert Schweitzer. . . .

They teach conflict resolution; arbitration; mediation; nonviolent change; research on aggression; arms control; and international conflict resolution.

They conduct conflict management workshops for corporations like Bristol-Myers, for University personnel, for labor unions, for lawyers, and for medical doctors.

I talked with five University Presidents last week and every one of them said that his or her institution is ready to inaugurate special, intensive training programs in Peacemaking next summer for returned P.C.V.'s. Several foundations also expressed interest. We should explore in depth their offers to help.

[At this point Shriver introduced an extemporaneous discussion of the legal program called "Endispute" which was started by a former Peace Corps Volunteer, Jonathan Marks. He emphasized how "Endispute" achieves conflict resolution without recourse to the traditional legal system with its long delays and high costs.]

Next, we should support the proposals of the Coalition of Peace Corps organizations. They recommend a National Peace Corps Conference for next June; they recommend a Peace Corps Foundation to finance special projects overseas and at home; they recommend a new magazine—a "Third World Magazine"—devoted to the Peace Corps and similar activities overseas; they suggest Annual Awards for Distinguished Service by PCVs and staff members to the cause of peace.

[Shriver extemporaneously added at this point a brief description of the work of the Ashoka Foundation, which, using private contributions from United States citizens, attempts to discover and finance small-scale business overseas, especially in Africa and Asia. He cited the Ashoka Foundation as exemplary of the kind of special project overseas which the Peace Corps Foundation might assist.]

Beyond this, we should support the idea of a universal opportunity for national service for all young people in our country. I do not mean, solely or primarily, military service. The military couldn't use all our young people anyhow. I recommend, as I have many times before, that we call upon all young persons, and that we pay them a minimum sum, to serve their fellow citizens here at home. This service should be as normal as graduation from high school. It should be an accepted part of growing up in America . . . a common expectation of what's expected from everyone.

This is no longer a new idea. It has been studied in depth and approved by thousands of experts. Let us now move forward with it. The VISTA Volunteer program works; the National Center for Volunteer Action succeeds under George Romney's leadership; and the private sector needs volunteer help as never before.

A spirit is moving in this land—and it's not just "Cap" Weinberger's spirit. He and "Star Wars" may be dominating the headlines, but there also exists a large and growing number of Americans who, like Returned Peace Corps Volunteers, know more about people and the world than was ever dreamed of in Mr. Weinberger's belicose philosophy.

The daily newspapers and TV are full of stories of violence:

In Our Homes: Husbands and wives in unmanageable conflict; children being battered and sexually abused; adolescent runaways; elderly persons being starved.

Violence On the Streets: Murder, rape, assaults and battery, robbery . . . . Never has the average citizen felt less secure, physically, than today.

Violence Against Our Own Bodies: Jane Fonda and Arnold Schwarzenegger may be leading the movement for health and physical fitness. But, excellent though their efforts are, even they cannot compete successfully against drugs, alcohol, and murder on the highways.

Violence Abroad: At least three trans-national wars are going on now as I talk about peace. And no one can say that within the USA we have succeeded in our struggles against drugs, against alcoholism, against racism, against militarism.

Instead of "Love your enemies" as Jesus of Nazareth taught, we are indoctrinated into "fear of our enemies". Franklin Roosevelt said "We have nothing to fear but fear itself". He was talking about problems here at home. But his words could apply equally to our "enemies" abroad. We shall overcome Communism not with bombs but with the power of the spirit, the spirit which energized Americans at the beginning of this nation. Then we talked, preached and acted upon "The Universal Brotherhood Of Mankind". We had practically no military power, but we appealed to the God-given rights of life, liberty, and the pursuit of happiness. We were popular then. Now we preach megatonnage and Star Wars, economic warfare, and boycotts. And every year we acquire more enemies.

[At this point, Shriver extemporaneously discussed the U.S. action in withdrawing from the jurisdiction of the World Court which was the page one story in the New York Times and the Washington Post.]

Well, well, you say:—"Shriver has wandered far afield from the subject of the Peace Corps." But have I really done so?

When we started the Peace Corps, there was a big debate about the name we should give to this new venture. Many suggestions were made. "Peace Corps" was not the most popular title. Among the most experienced advisers, that title was scoffed at. They wanted a solid bureaucratic title—like The Agency for Overseas Voluntary Service. [Laughter.]

Conservatives opposed the word "Peace". [Laughter.] They maintained it sounded soft, wishy-washy, vague and weak. The Communists, they said, had corrupted the word 'Peace" by applying it to every political initiative and even to every war they got involved in. Ours was also the generation of World War II and the Korean War. In our lifetimes we had never lost a war, never failed to overcome an economic depression, and never experienced Nixon, Kissinger, Viet-Nam and Watergate. "Peace" was a questionable word for many of us.

The left-wing disliked the word "Corps". [Laughter.] They said it sounded too militaristic. The famous "German Afriker Corps", victorious almost everywhere under General Rommel, was fresh in their minds. "Corps" sounded like a scourge.

Finally, I decided we'd use both words [laughter], put them together, and get the best out of both of them—Peace because that was truly our business—and Corps because it showed that we were not individualists but a group.

Today I recommend that we remember our beginning. We are dedicated to the pursuit of peace—which means we oppose the idea that war is inevitable. We believe that with God's help we can get rid of war. We are a corps, a band of brothers and sisters, united in the conviction that if we work hard enough we truly can avoid war—and achieve peace. And we all think that everyone in the Peace Corps, and everyone who has ever worked in the Peace Corps, is a special person, who, given a chance will overcome any problem! In believing this about each other, in believing this about all Peace Corps people, we are giving reality to the words of Martin Luther King. He said:

Everybody can be 'great' because everybody can serve.

You don't have to have a college degree to serve.

You don't have to make your subject and your verb agree to serve.

You don't have to know about Plato and Aristotle to serve.

You don't have to know Einstein's theory of relativity to serve.
You don't have to know the second theory of thermodynamics and physics to serve.
You only need a heart full of grace and soul regenerated by love.

So in 1985 we look back across a quarter of a century of grace and soul—and we know how fortunate we are. In the Peace Corps, we have known the summer heat of the Sahara, the biting cold of the Alte Plano, the endless rain of the Monsoons in Asia, and the even greater obstacles caused by bureaucratic inertia.

And what a precious gift it has all been! For we have also seen the smile on the face of a child who has just learned to read; the energy of people in a dusty village who have just learned that they can lift the dead hand of hopelessness; the wondrous sense of powerless people taking destiny into their own hands for the first time. We have been pioneers of the Peace Corps world—and in that new world, we have seen the worst that happens to fellow human beings in daily acts of indifference and even evil; but we also have seen what is, what can be, the best in ourselves and in others. We have seen into our own souls, even as we have felt our eyes misting and our hearts touched when it was time to say good-bye. But, for Veterans of the Peace Corps enlisted in the cause of peace, whatever we do when the first tour is over, there is never a final "good-bye". We are Peace Corps Volunteers forever, and we will never be the same again.

In that spirit, let us resolve to continue and complete our real tours of duty—which are not for two years—but for all the years of our lives—until the peace we dreamed of when we signed up for the Corps, is finally won.

FAMINE AND DROUGHT: THERE ARE NO EASY SOLUTIONS ON THE ROAD TO PEACE

(By Loret Miller Ruppe, Director, Peace Corps)

Good evening ladies and gentlemen.

That was quite a journey through history we took this afternoon, standing on the steps of the Student Union, reflecting on 25 years of the Peace Corps. To almost hear again the buzz of that crowd in the early morning hours of October, 1960 . . . to almost feel the excitement and open eagerness of the students and townspeople massed to hear a young Presidential candidate . . . and this same spirit reflected again in the crowd of October, 1985 . . . when an idea whose time had come was seized upon by a new generation. A challenge was thrown forth . . . in a time ripe for action, to a generation ripe for action . . . a challenge that was accepted!

"How many of you are willing to spend ten years in Africa or Latin America or Asia working for the U.S. and working for freedom? How many of you who are going to be doctors are willing to spend your days in Ghana; technicians or engineers, how many of you are willing to work in the foreign service and spend your lives traveling around the world?" John Kennedy asked. "On your willingness to contribute part of your life to this country will depend the answer whether we as a free society can compete. I think Americans are willing to contribute, but the effort must be far greater than we have made in the past."

We come to the University of Michigan—surrounded here by a new generation—to rededicate ourselves to meeting that challenge. For the challenge to each person to help and to work with their fellow man is as old as the world, and yet confronts each one of us in turn. Each generation must meet that challenge in its own way. To give of oneself is based on the oldest ties of common humanity. John Kennedy asked Americans in the 1960s to act on their principles—their best instincts. His progressive thinking, and American creativity, coupled with the spirit of giving, gave new life to the concept of vounteering in 1960, by creating the Peace Corps—and what was as old as time took on new and exciting dimensions!

Sargent Shriver, our first Director, has spoken of those dimensions: "Never before in the course of history has a nation sent out thousands of its young people in freedom to work overseas in peacetime . . . ."

But even as those thousands went forth, they faced another age-old challenge of every generation—the challenge of creating peace—to which there is no easy solution. Despite the progress of humankind through history, we see a world community still grappling with terrible obstacles to peace—illiteracy, disease, proverty, drought and famine. In some areas of the world, we have made steady advances; in others, we are still searching for the knowledge, skills and resources to solve the basic problem of hunger. Inadequate food production levels in Africa constrain all other development possibilities throughout the continent. It is here we must all first concentrate our efforts. Let us single out the greatest obstacle to peace—hunger!

The Peace Corps was created to join seekers of the solution to the problem of hunger around the world. Since the very first Volunteers stepped off their plane in Ghana in 1961, Peace Corps Volunteers and it has evolved and adapted and applied, new techniques and appropriate technologies to the problem. In 25 years, over 120,000 Americans have served in the Peace Corps in more than 90 nations in Africa, our own hemisphere, the Near East, Asia and the Pacific. Right now, 6,000 Volunteers are serving in 60 nations worldwide.

We are here in Ann Arbor not only to pay tribute to our past, but more importantly, to use this symposium and the symposiums planned across the U.S. as forums to seriously evaluate what we have learned about the conditions causing hunger in Africa and around the world. Dr. Norman Borlaug, winner of the Nobel Peace Prize for his work on the "green revolution," has stated: "The nuts and bolts are lying around, but nobody puts them together. They've got quite a lot of unassembled data for Africa on varities or hybrids that have been tested in many places, on the use of diseases, and use of moisture. The most difficult battle against famine has more to do with psychology and politics than with horticulture." We must use this opportunity to bring forth from our collective experience and creativity new strategies that will bring us closer to the day when all of the world's people may eat—when Africa retakes its rightful place as the continent of vast promise—having evolved, coordinated and lead a "green revolution" of its own.

Most of you here tonight (so many far more expert than I) know well the interrelated conditions particularly in Africa which cause drought and famine: lack of rainfall, uncontrolled population growth, inadequate infrastructure, price controls, the vagaries of international economics, declining forests, deteriorating soil, increasing livestock herds; all of which contribute to political instability. Poor ecological conditions, colonialism and slave trade have also taken their toll on the potential prosperity of Africa. Peace Corps Volunteers were sent to Africa, and around the world, two-and-a-half decades ago—not to change that world, but to see what they could do to improve their small part of it.

Peace Corps knows there are no easy solutions, but it has always believed that the solutions must lie in long-term, grassroots programs. In choosing the long-term approach, Peace Corps was able to lay a strong and lasting foundation for a successful future. Our first Volunteers on the continent were primarily concentrated in education programs—teaching English, math, and science to children who might never have had the opportunity to go to school. Africans serving today in many government ministries and positions of influence have been motivated by Peace Corps education Volunteers. I have met two African Chiefs of State who both taught and were taught by Peace Corps Volunteers.

Other early Volunteers patiently introduced agriculture, water/sanitation, forestry, rural public health and infrastructure projects to farmers and villagers across the continent.

Although many of our projects were developed through trial and error, many of the people served began to see that Peace Corps Volunteers could offer practical skills and appropriate technologies that would lead to a better way of life for themselves and their children. Not all our programs were successful, but throughout 25 years, working in 32 African nations, sending more than 50,000 Volunteers, affecting countless villages, much has been accomplished!

The first groups of Volunteers returned to the United States, filled with knowledge and experience that, in the early 1960s, was a rarity—first hand, grassroots experience. Peace Corps put returned Volunteers back to work as advisors, trainers, programmers, and staff managers. Peace Corps' projects became more tightly, effectively programmed. As we learned more about the needs of the African food producers, we learned to target the right kind of projects towards those who could make the difference—the small farmers.

In many cases, Volunteers have been successful. Using grassroots techniques adapted to the particular constraints of rainfall, soil conditions, water availability, and seed quality, Volunteers working with villagers are able to evoke reversals on a small scale. The frightening, all-too-rapid sweep of desertification can sometimes be halted.

Here is where we have seen success.

The people of a small village in Burkina Faso came to their Peace Corps Volunteer and asked him to help them stop the desert from engulfing their land. Sensing they expected some kind of massive technological assistance, the Volunteer replied that he couldn't bring in tractors and other earth-moving equipment, but if they truly wanted to stop the desert, he would show them modest techniques appropriate to their knowledge and resources. Together they built a series of low rows of rocks along the floodplain and planted trees and vegetation. I visited that village last year, just a short time after they had begun. I saw that the rains had swept across the once barren field but that this time the topsoil had been trapped by the rocks and trees and vegetation were taking hold.

Another Volunteer in Niger worked with villagers to build windbreaks and plant trees and grasses to stabilize a 200-foot, two-mile

long sand dune, and turned it into a productive range land, all in the course of the Volunteer's two-year assignment there.

More generally, Volunteers are working with farmers across Africa to harness whatever local water resources exist through irrigation, introducing crop rotation, and fertilization techniques to improve agricultural yields. Other Volunteers work with wells built to sink as far down as necessary when the water tables drop during the dry season. Still others encourage the building of fishponds to augment available protein sources and create income.

Many of you are aware of the staggering contribution women in Africa make towards the food production of that continent. They do up to 80 percent of the agricultural work in subsaharan Africa, in addition to preparing the meals, collecting firewood and water, and bearing and caring for many children. Women have been found as innovative as men in adapting new technologies, and yet only receive a fraction of services available to "the food producers." Why is this so?

We have found that many African women are simply too busy or are excluded from community meetings where new ideas are discussed. Few agricultural extension agents are men, who will rarely consult with female farm managers without a male member of the family present. Because women rarely control the money, they are not targeted for innovations requiring captial. Women often are given education in home economics or handicraft projects rather than agriculture; while such instruction may be helpful and effective, it falls far short of the mark.

Therefore, the concept of "Women In Development" assumes life-sustaining importance. Peace Corps institutionalized its intent to focus on WID with a legislative amendment to the Peace Corps Act in 1979. Training and programming have been revised and realigned to fully integrate WID principles following on what was learned at the Nairobi Conference.

More than 75 current Peace Corps projects are WID-specific: from PCVs helping women obtain loans and credit for agriculture in the Philippines, to PCVs training women in the maintenance of fishponds and fish marketing in Guatemala, to PCVs working with women in rice production, weeding, harvesting, processing, and storage in Sierra Leone.

A prominent Ghanain educator has said: "If you educate a man, you educate an individual. But if your educate a woman, you educate a nation." In 25 years Peace Corps has played a notable role in African development through education, still building the solid foundation of basic learning through elementary, secondary and university classrooms as they did in the '60s, but in the '80's the emphasis is on training the trainers—teaching the teachers—a multiplier effect.

And in my education, my training, as Director of the Peace Corps, after almost five years on the job—having visited 44 countries where Volunteers serve, a most critical component of seeking the solution to African hunger is making a dedicated and solid commitment to coordination, cooperation, and long-range planning. If Peace Corps has discovered nothing else in the past 25 years, it is that permanent change is almost always the result of cooperation, rather than any singular effort.

Coordination with the host country nations has always been a prerequisite for our program. Volunteers have always been sent overseas specifically at the request of host governments. Once in country, Volunteers often work with private voluntary organizations—one early example that comes to mind is the Heifer Project, which provided livestock to villages through Volunteers who established animal husbandry projects. There are many other such examples with Care, Catholic Relief Services, Africare, Crossroads Africa, Experiment in International Living, Save the Children, Partners of the Americas. Today, 1985 finds us reaching out to maximize our limited resources, with over 250 ongoing projects with private voluntary organizations worldwide.

Substantial coordination, particularly with other U.S. government entities, has also intensified in just the past five years. Peace Corps and USAID have strived to develop programs overseas which blend and benefit from the unique resources of each organization.

One successful product of this partnership is the Small Projects Assistance Program established in 1983. USAID provides up to $40,000 per country per year for Peace Corps community-level projects dealing in food production, income generation, renewable energy, or small business development. To date, many vital grassroots projects have been funded and proved successful—with grant amounts small enough to discourage village reliance on U.S. monetary assistance.

Small Projects Assistance funds have allowed villagers in Senegal to build garden fences to keep cows from eating their produce, and to buy millet granding machines that cut women's food preparation time from six to two hours per day. A village in Gambia that supplies meat to villages in the surrounding countryside used SPA funds to build a sanitary slaughterhouse, rather than exposing butchered meat to insects and dirt in the open fields, as was previously done. And just $50 provided a village in Togo with materials to build grain storage huts and granary jars to store millet bought cheaply during harvest season to tide village families through the dry season. No one went hungry, and other nearby villages became interested in duplicating the plan.

When Vice President Bush travelled to Africa this Spring, the reporters travelling with him asked to see results of American assistance. For Peace Corps examples in Mali, I could proudly give descriptions of 21 village-based projects completed in one year for a total overall cost of $40,000—now that is development targetted at the real level that needs to be reached.

The United States is a nation of goal setters seeking measured achievement, and I think we all have asked ourselves at one time or another: "can the trend in Africa be reversed"? Widespread hunger has been averted in many Asian nations that once faced the formidable problem now facing Africa. In the past twenty years, India, Korea, and Bangladesh have all become increasingly food self-sufficient. The Peace Corps played a role in the greening of India through a massive, long-term chicken raising program involving hundreds of Volunteers working in several specific regions coordinating their efforts with every available resource. A returned Peace Corps Volunteer now working in African development has said that if anyone told him when he got on the plane to leave India in 1970 after spending two years as a Volunteer in that poultry project that fifteen years later India would be feeding itself, he wouldn't have believed it.

But it happened—the "Green Revolution" has worked in Asia. And while some aspects of that marvelous reversal can be transferred to the environment of America, the basic climactic and ecological differences of the subsaharan region call for special and challenging modifications in the approach.

After 25 years of hands-on long-term experience, Peace Corps is in a position to develop that modified approach to increasing food production and bringing prosperity back to the African continent—something like the "Green Revolution," but tailored to the unique conditions in Africa. And like the problem itself, our solution must be long-term in nature to even hope for success.

Peace Corps is launching a new program that is targeted to the food producers, and is long-term, grassroots, low-risk and geographically concentrated. The Africa Food Systems Initiative, a showcase of innovative programming, will place five to ten technically skilled PCVs as a team in specific regions of Mali and Zaire to begin with this year, with plans to expand to up to ten nations by 1990. Assessments have already been done in Niger, Lesotho, and Botswana. And these teams will be perpetuated—adding and subtracting skills as the needs of the region change—for ten to thirty years. This previously untried intensity of commitment, we believe, will have a dramatic impact in the long run towards reversing the conditions of food shortages in specific areas.

AFSI (African Food Systems Initiative) projects, furthermore, will be developed in close cooperation with other U.S. and foreign donors, including USAID and USDA, and under the direction of host country ministries. In recognition of the multiplicity of causes of drought and hunger, AFSI projects will address the entire Food System—from start to finish. Volunteers will work in soil enrichment and preparation, irrigation and water supply, seed multiplication, planting, fertilizing, weeding, harvesting, processing, storage, and marketing; plus reforestation, agro-forestry, improved woodstoves, wells, health and nutrition, small animal husbandry, and development of cooperatives. Peace Corps' practice of transferring skills to host country counterparts encourages small farmers to pass on what they have learned to other farmers in the area—increasing the impact of each Volunteer.

The second important component of seeking the solution to drought and famine, I believe, is maximizing research and development resources. AID has identified the "traditional small holder" as the "engine of development," and is seeking ways to extend applied research findings and improved technologies to the individual farmer. Ali Hassan, an economist with the Arab Authority for Agricultural Investment and Development, calls these traditional farmers "the chassis of the Sudenese economy," and, in an article in the Washington Post printed yesterday, says that "it took the famine to force the realization that this traditional farming . . . was where more funds and assistance should be concentrated." There are new seeds, tree varieties, technological breakthroughs, and vaccines developed every year in the U.S. and overseas. A great deal of these resources are developed by USAID and other major U.S. entities, and then carried into the field by the Peace Corps Volunteers.

The World Bank has concluded that: "That major problem [in improving agricul-

tural production] is to develop a more effective use of existing research capacity . . . . Research results have not been adequately disseminated . . . . Researchers are isolated from farmers and extension workers, so nobody can see the direct relevance." Peace Corps is working to bridge the gap between researchers and the villages—to bring relevance to that technological link so vital to progress.

In the field of health—an important coordinant to agricultural production—for how can one produce more when disease abounds—methods of combatting communicable childhood diseases are being developed by AID and used by Volunteers in their villages. Volunteers are trained in oral rehydration therapy developed by USAID and UNICEF, and as a result, infant mortality is being reduced. Vaccines for malaria and schistosomiasis are being developed. These diseases, which sap the energies of countless people around the globe, must be conquered. I look forward to the time when Volunteers will be immunizing against these dreaded diseases in the rural health clinics of the developing world.

In agriculture, drought-resistant sorghum and other crop varieties developed in laboratories are being introduced to small farmers around the world by Peace Corps Volunteers, as are fast-growing fuelwood tree varieties.

More important than the specific techniques and technologies themselves are the skills to develop, adapt and apply the continuum of technologies that will be the reality of the next decades, since even our "new" technology of today will soon be outdated. This is where people-to-people links and transferring skills through example can make such a vital difference.

One area of technical expertise perhaps not as universally tapped are the research departments and faculty of U.S. colleges and universities. Every university in Africa should have a partner university for agricultural research and development. While the research departments are geared more toward agricultural discoveries useful to U.S. growers, many of their findings are valuable and can be utilized in some way overseas; and traveling faculty or those on sabbatical to work overseas temporarily are valued advisors as well. The academic world of America, of Europe, of Asia, must be brought into the problem-solving if we are to win the war against hunger. All the volunteer agencies of the world must join together in this common commitment to end hunger. And the research facilities of the private sectors of all the world must join them. The private sector has a deep responsibility to meet this challenge—both U.S. and worldwide—they must join in the search for solutions to hunger through research and development efforts. Peace Corps has appealed to U.S. agro-industry for their contributions. They could loan experts, fund and fill training centers, set up computer centers for African nations to do their long-range planning. But again, more needs to be done.

At Peace Corps, an Office of Information Collection and Exchange was created in 1975 so that strategies and technologies developed by the Volunteers, their co-workers and counterparts could be made available to other Volunteers and other development organizations who might find them useful. This hands-on information base is part of Peace Corps' larger contribution to development.

A third important component in the search for solutions to drought and famine, I feel, is the need to bring all the people of industrialized countries, especially my fellow Americans, closer to understanding the crisis and conditions facing the nations of the developing world. Americans are involved through our governments' development assistance programs, and have shown their very great generosity through private giving to famine relief as well. But so much more education needs to be done to truly develop the partnerships for peace demanded by the interdependent world of the 1980's.

Returned Volunteers are our most personal link to the Third World. They personalize their experiences so we begin to see that the concerns of an African family are not so different from our own concerns. Returned Volunteers urge us, directly or by example, to become involved in the struggle for peace and prosperity, by volunteering our time or money or in some way making a contribution to the future of the developing nations.

Returned Peace Corps Volunteers and staff are an incredible resource—they have the language, cross-cultural skills, and practical knowledge. RPCVs and former Peace Corps staff members are important and valued as members of the international development community, and include: the Administrator of AID, RPCVs in nearly all AID missions around the world, prominent IMF and World Bank personnel, the head of the African Development Foundation, and the director of Africare, and ten percent of each year's incoming foreign service officer candidates. In the U.S. Congress, one Senator, four Congressmen, and over 250 staff are former Peace Corps Volunteers. After 25 years, Peace Corps can show that "virtue is its own reward," benefitting both the development community and the Volunteers themselves. Peace Corps has been one of the wisest investments our country has made—an integral component in America's partnership with the developing world.

The 25th anniversary year has provided an optimum spring-board for another vehicle to educate Americans about the Third World; through Peace Corps' series of symposiums focusing on America's partnership with the developing world. How proud we are to be here at the University of Michigan for the first one! Sponsored by Peace Corps, World Affairs Councils, RPCV organizations, and universities, the symposiums will feature returned Volunteers, host country nationals, local business and community leaders, and the average citizen who wants to learn more about the opportunity to become involved. We can bring the problems of drought and famine to America's doorstep, where our partnership with Africa, our own hemisphere and Asia can be redefined and strengthened in the search for peace.

During this anniversary year, Peace Corps will continue to seek the Americans with scarce skills as forestry, fisheries, agriculture, health and water/sanitation that are so desperately needed overseas. We welcome creative strategies for bringing the message of involvement and responsibility to the colleges and universities offering graduate programs in the skills needed.

Peace Corps could double the number of American volunteers in agricultural extension and related work in Africa over the next five year if adequate resources were available. Americans are willing to serve—20,000 alone responded to an appeal for Volunteers in January—and Peace Corps has the 25 years of experience and training capability to make their service effective, and the governments of these countries want our help.

A 1984 Presidential Task Force draft report on international private enterprise stated the need for action in blunt terms: "The plight of the developing world poses a threat to our own security. A contented United States cannot live unscathed in a world of hunger and famine. Nor can the U.S. live unharmed in a world of seething unrest and unstable governments that hunger and famine creates."

But really the United States faced its responsibility to become involved when it created the Peace Corps 25 years ago. Its founding father, President John Kennedy, told the country in his inaugural address: "To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich." And the late Hubert Humphrey said: ". . . we must choose to do the better thing."

But for lasting change on the African continent and the eradication of drought and famine, we look beyond our own expertise, culture and national pride and see the future of Africa in the hands of Africans. Successful strategies and reforms must be initiated and supported by the American governments—just as the involvement of Asian governments paved the way for the success of the "Green Revolution." Africans can and will direct the solutions to their own problems. Their courage and persistence in the face of such severe circumstances demands our respect as well as our help.

Long-term planning *is* originating with the African governments, in the form of national "five-year plans," and the Lagos Plan of Action adopted in 1980 by African Chiefs of State at a meeting of the Organization of African Unity. Building upon this are the plans made by the O.A.U. at Addis Ababa this year, which endorse strongly, objectives for the African states to achieve a more self-reliant, more economically integrated Africa by the year 2000.

A more self-reliant Africa by the year 2000? It can and must be done. Tonight, I challenge those who seek the end of hunger to help find the solutions to drought and famine. History has traversed another great circle, and the generation of the 1980's worldwide is waiting and eager to meet the challenge to give, to volunteer, to help others help themselves.

In April of this year, President Reagan saluted 44 Peace Corps trainees bound for food production assignments in Africa, saying: ". . . as we here today, America is giving more than money. . . . By bringing your training and skills to bear on the underlying problems of agricultural and economic development, you can help your host nations make the difficult but vital journey from dependence on short-term aid to self-sufficiency."

I challenge Americans to validate President Reagan's observation—to give more than money—to help find the solutions by considering Peace Corps service, and becoming involved ever more in a host of other efforts! I challenge the international development community to actively seek collaborative opportunities, and to carefully fit in to long range planning of Africa itself.

I challenge the U.S. private sector to become an ever more active partner, and I

challenge the government and private sector of every nation to coordinate efforts—to strengthen partnerships with the developing countries of the world.

Perhaps most of all, I challenge each one of us to continue seeking the solutions, to keep on giving until Africa is no longer a hostage of drought and famine. The solutions are not easy, but they must have our best efforts. And the seeds of peace and prosperity we plant together will yield a rich harvest not only for Africa, but for America and the rest of the world—a fitting anniversary present for Peace Corps and its cause—world peace. As John F. Kennedy said, ". . . but the effort must be far greater than we have made in the past." Thank you.

EXCERPTS FROM REMARKS BY VICE PRESIDENT GEORGE BUSH, PEACE CORPS 25TH ANNIVERSARY CELEBRATION

One of the kicks in my job is getting to take part in events like this one . . . the celebration of the Peace Corps' 25th anniversary. Part of it is that it gives you a little bit of historical perspective. Sometimes, as Vice President, you think you've said something important, and then the press doesn't notice.

But I got some perspective on being ignored when I saw, recently, The New York Times, report from 1960 of John Kennedy's speech, delivered from this spot, in which he first proposed the Peace Corps. This is what the Times said of remarks that included one of the most creative ideas of that campaign: "Nothing was new."

And, I suppose, nothing was new, except that within a year the first of what by now has become more than 120,000 American volunteers would be on their way overseas . . . a show of goodwill and caring of people for people unlike any country had ever undertaken before.

The first Peace Corps volunteers all went to one country—Ghana in Africa. They've since worked in 93.

They've helped eliminate malaria in Thailand, smallpox in Ethiopia, tuberculosis in Bolivia and Malawi. They've taught more than 5 million children. And they've won the hearts of the world.

It's hard not to love them. Earlier this year I spent part of an afternoon with the volunteers in Mali. I was traveling through sub-Saharan Africa, seeing what more the United States could do to help famine victims.

Those volunteers have a tough job . . . tougher now, because, as a result of the African drought, the hardships of many of the people they work with have become so much more severe. But all the volunteers had a real spirit, an energy that you don't see too many places. I sure saw it there.

After meeting them, I could understand why former Peace Corps workers are so much in demand. More than 1,000 are serving in the State Department and the Agency for International Development. A number of international banks and businesses specifically look for and prefer to hire Peace Corps veterans. In one major bank, 8 out of 12 senior managers in the African division came from the Peace Corps.

And there are four Peace Corps alumni now in Congress . . . two Republicans, two Democrats. One is with us today. He was a volunteer in the very early years—the early '60's. Paul Henry.

One of the great things about the Peace Corps is the way in which young and old serve together. At the moment, the oldest volunteer is Odin Long, who's 82. He signed up when he retired from Illinois Bell. You can guess how long ago that was. He's been a volunteer ever since. And he's not ready to hang up his hat. He just took another two-year commitment and will be working in Guatemala.

So the Peace Corps is 25, but I believe its most exciting days are yet to come. And everyone who knows the Peace Corps can feel it. It's not like the six-year-old who started a diary with an entry that said, "It's a little late for this. Everything's already happened."

Well, everything hasn't already happened. Not by a long shot. This past year Loret Ruppe announced that the Peace Corps would begin a special focus on hunger in Africa. This, I believe, is very important and exciting.

I learned when I was in Africa that one of the reasons for the current famine—in some respects more important than drought—is that per capita food production in Africa has been steadily dropping for most of two decades. Let me repeat that . . . for more than two decades.

For the next ten years the Peace Corps will be working with African farmers on the nitty-gritty of turning that around. Soil erosion, water control, better seeds, as well as better ways to store crops, to get them to market and to sell them—the Peace Corps will tackle all of these.

And let me just add a personal note. When I was in Africa, I visited famine relief camps. At one, I held in my arms a child who was two years old and weighed seven pounds. Her mother had already died of starvation . . . her grandmother was dying. She's part of why I feel very, very strongly about the Peace Corps' African Food Systems Initiative.

So this is what we celebrate today.

Not just the Peace Corps' 25th anniversary. Not just the energy and dedication of Peace Corps volunteers over the years. Not just what the volunteers have given people around the world . . . and given America, too.

We celebrate all that, of course, but a new beginning, as well. For the Peace Corps it's 25 down and lots more to go.

THE 1985 FARM BILL

Mr. LEAHY. Mr. President, the bill that the Senate Committee on Agriculture has reported—S. 1741—can do much to improve the financial conditions facing farmers and others who live in rural communities. If properly administered, the bill can boost farm income, while staying within the budget for agricultural programs.

The programs and authorities provided under the bill will not provide all of what I believe could be done to insure the improvement and financial soundness of our agricultrual economy. But the bill is the best available approach to solving some of the difficult economic problems confronting farmers and the Nation. Financially hard-pressed farmers would benefit from stronger support prices, but, at this date, it is more important to farmers that the provisions of the farm bill are enacted, thereby providing some stability for farm income and allowing farmers to plan for next year's crops.

AGRICULTURE AND THE ECONOMY

American farmers are the most efficient producers in our economy. Today, each farmer feeds over 80 people and American consumers, on average, spend less than 15 cents of each dollar of disposable income on food. Food is a bargain in this country for the average American. In my view, many of the problems that confront consumers are not directly related to the level of farm price supports—such problems are related to unfair income distribution and a lack of jobs.

I am certain that, during the course of the debate on S. 1714, we will hear arguments for reducing the support prices for commodities such as milk. The central focus of the arguments for reducing support prices seems to be that consumers will benefit. The facts belie that point. The correlation between farm prices and food prices is almost nonexistent. For example, the support price of milk has been reduced by more than $1.50 per hundredweight over the past 2 years, but retail prices for milk and dairy products have increased.

Many family farmers are confronting a devastating financial crisis. The causes and effects of this crisis have been well documented and, as we consider the 1985 farm bill, we must focus on developing equitable and workable solutions.

This important farm legislation will influence the entire rural economy for many years to come and could be the determining factor in efforts to preserve our family farm system of agriculture. With the current poor outlook for farm profitability in the near future, farm lenders are facing insolvency and farmers will be increasingly hard put to find adequate credit on reasonable terms unless sound legislation is soon enacted.

To compel American farmers to market their production without the benefit of a proven effective safety net could have dire consequences for our national economy.

Farming and farm policy are national security matters. The United States is the most powerful nation on Earth—indeed, the most powerful nation in the history of the world. But other nations possess weapons that can inflict terrible damage on the United States. What other nations do not possess is our agricultural abundance. The United States is the only major military power in the world that can feed itself. We are the only major military power in the world that does not have to import food, that can never be starved by a rival country, and that cannot have its foreign policy, or its domestic policy, or its economic policy shaped by outside forces. That is our unique strength.

1985 FARM BILL OBJECTIVES

In my view, the 1985 farm bill should be designed to achieve a series of objectives. The provisions of S. 1714 substantially meet these objectives despite the budget limitations that are imposed on the committee because of the need to reduce the deficit.

First, the trend toward lower farm income must be reversed. The committee bill can stabilize farm income in several ways. For example, the price support for milk is maintained at the current level of $11.60 per hundredweight until at least January 1, 1987. Stability for this period of time can allow dairy farmers to adjust their production plans to account for the recent reductions in the support price.

Second, consumers must be assured of a safe and reliable supply of food. I think most consumers understand that food is a tremendous bargain in this country. The committee bill will not directly increase consumer food costs. The price support levels for commodities under the bill will be either reduced or maintained at current levels. Reductions are authorized to help U.S. farm products become more competitive in export markets.

Third, a farm bill must provide for authorities to deal with overproduction. S. 1714 provides for programs that will reduce and control farm commodity production, thereby limiting Government costs while at the same time helping to improve commodity prices.

Fourth, a farm bill must improve conservation programs. It is in the national interest to conserve our scarce land water resources. We cannot afford to deplete natural resources that future generations will rely on for agricultural production. To protect this heritage, soil and water conservation programs must be appropriately strengthened and adequately funded. S. 1714 accomplishes many of conservation objectives.

Fifth, a farm bill must assist the administration in efforts to develop new markets. S. 1714 bill accomplishes this objective through the establishment of programs to make our farm products more competitive in world markets. The bill also provides for new research and development on alternative uses for farm products—such as corn fructose and alcohol fuels.

Despite the importance of the 1985 farm bill, we must recognize that many of the economic forces adversely affecting agriculture today will not be influenced by farm legislation or the Secretary of Agriculture.

DEVELOPING THE BILL

S. 1714 is the product of many days of hearings and legislative drafting sessions that occupied the attention of nearly every member of the Agriculture Committee.

As a Vermonter, I was especially pleased that Senator COCHRAN, the distinguished chairman of the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, came to Vermont for a special hearing on March 18, 1985. I believe that hearing assisted and focused the committee's efforts to establish sound and workable dairy policy.

I was also privileged to be able to chair a part of the full committee's hearing on dairy issues. One of the facts that emerged from that hearing was the common concerns that dairy producers hold. Dairy producers are united in their desire for fair and equitable treatment from Washington. They are aware of the past criticism of the milk prices support program and do not seek a high level of price support that encourages overproduction or larger deficits.

DAIRY

The dairy provisions are patterned after the bill that I introduced earlier this year. While my bill would have maintained the minimum milk price support at current levels until, at the earliest, October 1, 1987, the provisions of S. 1714 maintain the support price until January 1, 1987. The change was proposed by the chairman of the Agriculture Committee, Senator HELMS, to allow for an adjustment in the support price at an earlier time if Government purchases remain large.

Briefly, the dairy program provisions of the bill would—

(1) Require, effective October 1, 1985, through September 30, 1989, that the price of milk be supported through the purchase of milk and milk products at a level equivalent to $11.60 per hundredweight for milk containing 3.67 milkfat, except that—

(a) On January 1, 1987, if the Secretary of Agriculture estimates that for the succeeding 12-month period beginning on such date net price support purchases of milk or milk products would exceed 5 billion pounds milk equivalent, the Secretary would be required to reduce the price support level by 50 cents per hundredweight; and

(b) On January 1, 1988, and January 1, 1989, if the Secretary estimates that for the succeeding 12-month period net price support purchases of milk or milk products would—

(I) Exceed 10 billion pounds or more milk equivalent, the Secretary would be required to reduce the price support level by $1 per hundredweight, or in the Secretary's discretion, by an amount determined by a cost of production index established by the Secretary;

(II) Exceed 5 billion but be less than 10 billion pounds milk equivalent, the Secretary would be required to reduce the price support level by 50 cents per hundredweight or, in the Secretary's discretion, by an amount using such index; and

(III) Be less than 2 billion pounds milk equivalent, the Secretary would be authorized to increase the price support level by at least 50 cents per hundredweight or, in the Secretary's discretion, by an amount using such index;

(2) Extend various provisions of current law, including:

(a) Provisions of the Federal milk marketing law relating to authority for seasonal base-excess plans, seasonal takeout-payback plans—commonly known as Louisville plans—mandatory hearings on amendments to milk marketing orders, and the use of milk production capacity as part of the pricing standard used by the Secretary in setting milk prices under a marketing order—through December 31, 1989;

(b) The requirement that the CCC make dairy products available, without charge, to veterans' hospitals and the military—through September 30, 1989;

(c) Authority for indemnity payments to dairy farmers who sustain losses as a result of pesticides, nuclear radiation or fallout, or from other chemicals or toxic substances—through September 30, 1989.

In addition, the bill makes clear that the legal status of producer-handlers would not be changed under the provisions of the amendment. The bill also provides for a study, to be conducted by the Secretary of Agriculture, of the differentials used to adjust the minimum price for class I milk under Federal milk marketing orders. The Secretary is directed to pay close attention to the differentials used for the delivery locations of such milk to handlers. The report must be submitted within 1 year of enactment of the bill, with any recommendations for necessary legislation, to the Senate and House Committees on Agriculture.

OTHER COMMODITY PROGRAMS

The commodity titles authorized under the bill will maintain and improve farm income while helping to make U.S. farm products more price competitive in world markets.

WHEAT

The wheat provision of S. 1714 is patterned after a provision from Senator ZORINSKY's bill (S. 1051) that directed the Secretary to conduct a referendum of wheat producers to determine whether marketing quotas should be in effect for the upcoming crop years.

Under the bill, the Secretary must conduct a poll, by mail ballot, of wheat producers to determine whether the producers favor the conduct of a marketing quota referendum for the 1987 through 1989 marketing years for wheat. The Secretary is required to conduct the poll not later than April 1, 1986. Any producer who produced wheat on a farm during at least one of the 1981 through 1985 crop years of wheat will be eligible to vote in the referendum.

If more than 50 percent of the producers responding to the poll favor the conduct of a referendum, the Secretary must conduct a referendum, by mail ballot, not later than August 1, 1986.

For any crop of wheat for which marketing quotas are in effect, the level of price support loans will be not less than $3.55 per bushel. Target prices will be not less than the higher of: the national average cost of pro-

duction per bushel, as determined by the Secretary, or, $4.65 per bushel.

For any crop of wheat for which marketing quotas are not in effect, the price support loan rate for the 1986 crop will be set at not less than $3 per bushel. However, the Secretary can permit repayment at the higher of: First, not less than 70 percent of the announced loan rate; or second, the market price of wheat.

For crop years 1987 through 1989, the wheat loan would be not less than an average of historical prices computed through the use of a formula. Under the bill, the loan rate for wheat in these crop years would be not less than 75 percent, nor more than 85 percent of the average price of wheat during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the price was the lowest during that period. Notwithstanding the formula determination, the loan level could not be reduced by more than 5 percent from the level determined for the preceding crop. In the case, then, of the 1987 crop, the loan level would not be less than $2.85 per bushel.

Target prices for the 1986 through 1990 crops of wheat would be set so as to provide additional protection for family sized wheat farms. Under the bill, the target price of wheat for the next 2 crop years would be: $4.55 per bushel for any portion of the crop that does not exceed 20,000 bushels, and $4 per bushel for any portion of the crop that is more than 20,000 bushels.

CORN

The bill provides that the loan rate for corn will be set at $2.40 per bushel for the 1986 crop. Other feed grains would be set at a level that the Secretary determines to be fair and reasonable in relation to the loan rate for corn.

The loan rate for the 1987 through 1989 crops of corn would be set at not less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest.

The target price for the 1986 through 1990 crops of corn would remain at the 1985 level of $3.03 per bushel.

COTTON

The loan rate for the 1986 crop of upland cotton will be not less than 55 cents per pound and the target price will be not less than 81 cents per pound.

For the 1987 and subsequent crops of upland cotton, the loan rate cannot be less than the higher of: First, 85 percent of the average price of cotton during 3 years of the preceding 5 years, excluding the year in which the price was the highest and the year in which the price was the lowest; or second, 50 cents per pound.

The target price for the 1987 through 1990 crops will be not less than 81 cents per pound, which is the current target price.

RICE

The loan rate for the 1986 crop of rice will be not less than $7.20 per hundredweight and the loan rate for subsequent crops will be determined by a formularizing historical prices, with the statutory minimum loan rate set at $6.50 per hundredweight.

SOYBEANS

The current program for soybeans is extended for 4 years under S. 1714 and the statutory minimum loan rate is maintained at $5.02 per bushel. However, the Secretary can reduce the price support loan rate if he determines that the average price of soybeans received by producers in any marketing year is not more than 105 percent of the loan rate. He may not reduce the loan rate by more than 10 percent in any year nor below $4.50 per bushel.

CONSERVATION

Mr. President, S. 1714 contains very important provisions that strengthen our soil and water conservation efforts. First, the bill would protect highly erodible land. S. 1714 contains the so-called sodbuster bill that makes ineligible for Federal farm program benefits any person who produces an agricultural commodity on highly erodible land.

Second, the bill protects fragile wetlands. Under S. 1714, a "swampbuster" bill would be enacted that applies many of the same sanctions as are levied against persons who farm highly erodible land against persons who farm unsuitable wetlands.

Third, the bill establishes a conservation acreage reserve. The conservation reserve will be used to reduce soil erosion by designating land currently in production that is prone to erosion for a "reserve" wherein the land is less intensively used. Less intensive uses include pasture, tree growth, or permanent grass. The reserve can be as large as 30 million acres, with 10 million acres required to be placed in this reserve—through contracting with owners and operators of eligible erosion prone land—during crop year 1986. An additionally to 10 million acres will be added to this reserve during crop year 1987 and another 5 million acres must be added before the end of the 1989 crop year.

FOOD AND NUTRITION PROGRAMS

The Food Stamp Program helps low-income households to stretch limited dollars to ensure a nutritious and adequate diet, as it did in 1961 when President John F. Kennedy established pilot projects that led to the current program.

Unfortunately, the incidence of these human tragedies is on the rise. The number of families and individuals living at the poverty level is rapidly increasing. One of every six children under the age of six now lives in a household whose income is at or below the poverty level. Also, there is evidence that malnutrition among the elderly is a serious problem in this country.

This country is blessed with an abundance of food. The Food Stamp Program is a fair and reasonable way to provide needy Americans and their families a part of this abundance.

Throughout the debate on the food stamp reauthorization, I worked to encourage support for provisions that help States to administer the program in a humane and efficient manner, while requiring them to be mindful of accountability and good stewardship of Federal resources.

My goal for the Food Stamp Program has always been to ensure that food stamp dollars are spent properly on food aid for the needy and are not wasted. We must always be vigilant in combating any sign of waste, fraud, or abuse in this program—both to protect taxpayer's dollars and to safeguard the basic integrity and reputation of the program. If we are to be credible in our efforts to maintain the Food Stamp Program, which is the most important nutrition program available to low-income Americans, we must be sure that the program is operated in an efficient manner.

In 1981 and 1982, when the Food Stamp Program was being seriously threatened, I worked with Senator DOLE to fashion responsible, bipartisan Food Stamp Program legislation that would proterct low-income families to the maximum degree possible within the constraints of the budget adopted by the Congress. Frequently, I have disagreed with the priorities in those budgets. Yet, while I would favor reducing the Federal deficit in a somewhat different fashion, when Congress adopts a budget, we must live within it. I believe the budget targets must be met in a way that does not permit hunger and malnutrition to continue to exist in this affluent country.

I am concerned that the administration has proposed converting the Food Stamp Program into a block grant at State option—a provision that would end the Food Stamp Program as we know it today. I oppose the block grant proposal, as well as short-sighted work requirements which take away the States' flexibility in developing and administering work and training program. I oppose increased bureaucratic complexity which would hinder efficient management, and

would raise the potential for increased error rates and sanctions.

RESEARCH, EXTENSION, AND TEACHING

A major part of the bill focuses on supporting and improving food and agricultural research, extension, and teaching.

Federal support of the development of agricultural science and technology is a public investment that has paid huge dividends for this Nation and the world; and the development and dissemination of new agricultural technology—through cooperative extension and teaching programs—are fundamental missions of the Department of Agriculture.

Congress has the responsibility of providing the necessary tools by which the Department and the scientific community can meet the agricultural research, extension, and teaching needs of our Nation.

Congress first addressed the needs of the food and agricultural sciences in a unified manner in title 14 of the 1977 farm bill.

The 1985 bill will not make radical changes in the Federal policies and programs established under the 1977 bill. S. 1714 will continue—through fiscal year 1989—funding authorizations for agricultural research, extension, and teaching programs provided under title 14, and will update and fine tune the operation of a number of these programs.

The testimony of witnesses from the agricultural research, extension, and teaching community at the farm bill hearings was clear that coordination of agricultural research and education activities could be improved.

The great strength of our decentralized system of agricultural research and education has been that diverse needs can be addressed. Yet, that decentralization can be a weakness if coordination of efforts is lacking. I look forward to more vigorous efforts to coordinate research and extension programs.

Also, a better system for communication between the Federal and State research systems, and between the research community and the users of that research, is needed. I believe the users advisory board can play a stronger role in this area.

To better focus the expenditure of funds and insure greater communication and coordination within the food and agricultural sciences, the bill extends the terms of the Joint Council on Food and Agricultural Sciences and the Users Advisory Board. In addition, the responsibilities of these key panels are more carefully defined, to insure the concentration of research and extension efforts in those areas of greatest national needs, and to ensure greater coordination between these two bodies.

The bill will strengthen the role of the States in the research, extension, and teaching programs. It also will give the Secretary of Agriculture additional authorities to improve higher education in the food and agricultural sciences.

I am pleased that the bill includes the provisions of my bill to strengthen the rural development and small farm research and extension programs. I am particularly pleased that S. 1714 includes what has come to be known as the Agricultural Productivity Act as a subtitle.

The purpose of the Agricultural Productivity Act is to facilitate and promote research on farming systems that are environmentally sound. Under the bill, the Secretary of Agriculture will conduct research, and disseminate the results of that research, on farming systems that hold potential for reducing farm production costs and minimizing the potential for environmental damage. Today, as farm production costs continue to increase, this type of research is needed more than ever. To accomplish cost reduction while protecting the environment by promoting conservation and sensible use of traditional farming practices is sound policy.

CONCLUSION

The farm bill adopted by the Senate Agriculture Committee is the culmination of several months of deliberation on the agricultural and food needs of our population. During our consideration of the food and commodity programs, we were made acutely aware of the many demands confronting this Congress. Members of the Agriculture Committee recognized the necessity of reducing the Federal budget deficit. The large deficit which has accumulated over the past 6 years has added to the woes of the farm sector. High interest rates and an inflated dollar make our products more expensive overseas, thereby damaging our export sales abroad. With 50 percent of our agricultural production export dependent, our agricultural economy has become sensitive to those factors which negatively impact our export markets.

While the deficit and its secondary effects are problems which must be addressed, members of the Agriculture Committee realized that the budget deficit could not become their central and only focus. The agricultural problems now confronting this Congress require more than a myopic response from Congress—it requires a certain pragmatism and delicateness of response. We must meet the nutritional needs of our growing population if we are to provide for a strong defense. We must maintain a strong farming industry if our economy is to maintain its past health. Now is not the time to eliminate the support structure which has nurtured our population and stabilized the erratic swing in farm prices.

The farm bill adopted by the Senate Agriculture Committee, while not perfect, does recognize the need to reduce farm program costs and yet maintain a strong support network. The bill, while exceeding the amounts of reduction specified in the Senate budget resolution, does cost less than would a continuation of the current programs.

Finally, I should like my colleagues to know that the farmers and citizens from Vermont with whom I talk every day are not insenstive to the many demands facing this Congress. They support a fair reduction in Government programs. However, they are also sensitive to the weakness of the farm economy and the current stress facing our farm credit system. They are not willing to ignore Government's responsibility for a strong agricultural sector.

SALE OF CONRAIL TO NORFOLK SOUTHERN WOULD DIVERT TRAFFIC FROM MIDWESTERN RAILROADS

Mr. DIXON. Mr. President, S. 638, a bill which would require the transfer of Conrail to the Norfolk Southern Corp., is currently awaiting action by the full Senate. This legislation is highly controversial and in my view represents a bad solution to the Conrail problem.

I should like to direct my colleagues attention to one example of why this legislation is so troublesome to Senators from the Midwest. On September 26, Gov. John Ashcroft of Missouri wrote the Interstate Commerce Commission to endorse the sale of Conrail to Norfolk Southern.

Clearly Governor Ashcroft feels this transaction is in the interest of Missouri, and I respect his right to promote his State's interests. His rationale, however, causes me great concern as I am sure it will cause concern for other Midwest Senators.

Governor Ashcroft states that a purchase of Conrail by Norfolk Southern will result in a "potentially significant increase in overhead or pass through traffic of approximately 25,000 cars presently interchanged with Conrail by the Chicago & Northwestern, which would instead be interchanged at Kansas City via the Norfolk & Western."

Governor Ashcroft's figure of 25,000 cars, while large, appears to significantly understate the real extent of the problem. All previous estimates of diversion have shown a greater impact. For example, the Chicago & Northwestern believes the diversion could exceed 125,000 carloads annually. Even the Norfolk Southern acknowledges 70,000 carloads, a figure accepted by the Interstate Commerce Commission.

While the precise amount of diversion may be in dispute, however, there

is no question that the State of Illinois and the Chicago & Northwestern will be seriously hurt by this transaction. Every State served by the C&NW would be similarly hurt. The growing rail service problems caused by the agricultural crisis in such States as South Dakota, Minnesota, Nebraska, Iowa, and Wisconsin, would be made even more serious.

Mr. President, our colleague, Senator JAMES ABDNOR of South Dakota gave a sobering speech on the floor on Thursday, November 14 about the adverse impact of a Conrail transfer to Norfolk Southern on the Midwest transportation system. Senator ABDNOR has also written Attorney General Edwin Meese and asked that the Justice Department examine the diversions that a Conrail sale could cause midwestern railroads. Let me take the liberty of quoting from Senator ABDNOR's speech:

In the first 9 months of 1985, grain loadings on the Chicago & Northwestern [C&NW] were down 38 percent from last year, and the railroad had a net loss of $5 million for the same period.

I bring this to my colleague's attention, because, at the same time that our Midwestern railroads are reeling from the effects of the farm crisis, Washington is conjuring up a potential knockout blow in the sale of Conrail to Norfolk Southern. There is mounting evidence that this sale spells economic disaster for the railroads of the Midwest. Studies by the Interstate Commerce Commission, the U.S. Railway Association [USRA], and the railroads themselves demonstrate that such a sale will result in diminished competition and significant traffic diversions. The numbers are not insignificant. The USRA for instance estimates that traffic diversions resulting from a Norfolk Southern-Conrail merger will be $54 million for the C&NW, $51 million for the ICG, and somewhere between $23 and $47 million for the SOO/Milwaukee. Very little of this lost traffic would be grain, so the losses will be added to what I have already described.

The Government's decision on the fate of a Northeast railroad should not be one of those uncontrollable events that deals another blow to an already staggering farm economy. It need not be if we in Congress take the time necessary to insure that the Conrail sale will not adversely affect our Midwest transportation system. Mr. President, I hope this legislation will not be brought to the floor of the Senate until we have heard from the Department of Justice on this issue.

I agree completely with Senator ABDNOR, Mr. President. Enactment of S. 638 will cause a transfer of business from the Chicago & Northwestern and other struggling regional carriers to the already rich Norfolk Southern Railroad. What is worse, the Justice Department has not even studied the issues of diversion in relation to this sale. Governor Ashcroft, in his letter to the ICC, has underscored my deep concern. At the very least, as Senator ABDNOR has stated, this matter should not be rushed to judgment on the Senate floor until the serious matter of the impact of diversion on regional carriers has been resolved by the Justice Department and a report has been made back to the Senate.

THE DANGERS OF ANOTHER PIK

Mr. BOSCHWITZ. Mr. President, today I received a copy of a letter from the president of the Fertilizer Institute to Secretary of Agriculture John Block. This group represents agricultural businesses, such as fertilizer and chemical manufacturers, an important segment of our farm economy.

The payment in kind program in 1983 did give many farmers a temporary income boost, but it created conditions which encouraged a great deal of increased production in other countries and led to today's low prices. In retrospect, it appears that PIK worked to the long-term detriment of U.S. farmers.

In contrast, it is clear that PIK did a great deal of damage to much of our agricultural infrastructure. The seed fertilizer and chemical dealers really took a hit—not to mention the truckers and others who handle commodities after they leave the farm. No wonder that Main Street America is concerned about the possible implementation of another large acreage reduction program which would rival PIK.

I've told many of my colleagues that our agricultural technology and infrastructure in the form of grain elevators, transportation systems, and processors gives the United States a real advantage in international markets. I hope we avoid eliminating that advantage—and about 200,000 jobs to boot—by slowing down the entire agricultural economy through large set-asides. Farm income can and must be protected by the use of direct payments to farmers. I know of no way, though, to protect the income of many small rural businessmen without allowing U.S. agriculture to operate at a relatively high volume.

I request that the letter from the Fertilizer Institute be printed in the RECORD.

The letter follows:

THE FERTILIZER INSTITUTE,
Washington, DC, November 13, 1985.

Hon. JOHN R. BLOCK,
Secretary of Agriculture, Washington, DC.

DEAR MR. SECRETARY. The commodity markets are rife with rumors, and I have an uneasy sense that we are revisiting the deliberations of Fall 1982. Conventional wisdom has USDA announcing another PIK program for the 1986 crop year—a theory I find difficult to believe based on the experience of 1983.

But, much as rumors tend to become reality, I am compelled to voice strenuous opposition to the mere discussion of such an option. Coming from an administration which has advocated the marketplace over government intervention, suggestions of a return to PIK are particularly distressing.

The disastrous impact of PIK is well-documented, even by your own Department of Agriculture. Beyond the serious economic calamity thrust upon the agricultural infrastructure, PIK resulted in America's retreat from the international market and unprecedented federal expenditures on farm programs.

To what end?

Prices have weakened, exports have steadily declined, and farmers have returned to full production at historic proportions, as illustrated by this week's report on corn harvests. We continue to pursue policies which treat the symptom of agriculture's problems rather than the disease—failed farm programs.

Many economists agree that high commodity loan rates, for example, have led to many of our current problems. The loan price stimulates domestic and world production, while putting farmers at a disadvantage in the export market. Mounting surpluses depress domestic prices, leading to calls for acreage reductions. Such efforts artificially drive up commodity prices, thus stimulating a return to full production, falling exports, rising surpluses and further government intervention. You have a historic opportunity to break this downward cycle.

PIK is a classic lesson about the perils of government disruption of the marketplace. In 1982-83, when PIK removed 78 million acres from production, foreign nations increased planting by 63 million acreas. What happened to U.S. exports? Predictably, they have steadily fallen from a record $43.8 billion in 1981 to an estimated $28.9 billion for '86.

Spending on farm price programs from 1981 to 1985 stands at about $59 billion—nearly three and a half times the amount spent from 1976 to 1980. At the same time such spending skyrocketed, net cash income for farmers steadily declined from the PIK-manipulated record of $40.1 billion to an estimated $34 billion this year—a level lower than those of pre-PIK years.

USDA analysts have projected the dramatic impact of continued acreage controls. Reductions which create higher domestic prices, they say, would "effectively eliminate U.S. commercial sales for wheat"; exports of corn "would drop by 40 percent"; and the European Community would benefit "since higher world prices would enable them to export more wheat and coarse grains with minimum subsidy needed."

These same economists estimate a loss of 200,000 American jobs by the end of this decade under a program of reduced crop acreage.

PIK or PIK-like programs are clearly self-defeating efforts that only compound the problem for the future. We cannot continue to forestall the inevitable. Repeating past mistakes is bad policy—moral, fiscal, economic, trade, domestic and foreign policy. In addition, questions remain regarding the legality of USDA's 1983 decision to exempt PIK commodities from producer payment limitations set by the farm bill.

If our national consensus is to preserve and protect farmers, then we must acknowledge that goal through direct income payments—not support disguised as "loan rates" and "acreage reductions." We've tinkered with the marketplace far too long, and the price for that misguided strategy is coming home to roost.

Are we signaling another retreat, to the glee of our foreign competitiors?

Are we ensuring farm income even for those who have no business farming?

Are we promising a continual government role as patron of those who are unwilling to make decisions based on the marketplace?

If the answer is "yes," American agriculture's fate is sealed. It will continue on its current path toward economic ruin.

Your decision comes down to two essential choices:

(1) Do I save all farmers temporarily at the expense of long-term damage to agriculture, or

(2) Do I allow agriculture to work its way through a difficult period that will one day yield prosperity for those who remain?

Admittedly, the choice is difficult—but only if our decisions reflect shortsightedness. Our legacy for future generations of agriculturalists is that we make the right decision—not the easy one.

I urge you to consider that legacy as you seek possible solutions to agriculture's problems, and to avoid a return to the failed policies embodied in a PIK program.

Sincerely,

GARY D. MYERS.

THE AGRICULTURAL PATENT REFORM ACT

Mr. MATHIAS. Mr. President, as we debate the many controversial issues involved in the farm bill, I would like briefly to call the Senate's attention to a bill now under consideration in the Subcommittee on Patents, Copyrights and Trademarks, that would be an important boost to the Nation's farmers in their present adversities. I'm referring to the Agricultural Patent Reform Act, S. 1093, which would restore up to 5 years of patent life on new pesticides needed to protect crops as well as veterinary medicines essential to the well-being of farmers' livestock.

Under current environmental and heath laws, products in these two categories—agricultural chemicals and veterinary drugs—must clear extensive Federal regulatory tests after they have been patented but prior to being marketed. No one disputes the need for these thorough tests—administered through the Environmental Protection Agency and Food and Drug Administration—but the unintended sideeffect is the loss of a significant period of patent protection—an average of 5 to 7 years.

Our patent laws are supposed to give 17 years of patent protection to all useful new inventions that are registered at the Patent Office and publicly disclosed. The purpose of this grant of exclusive rights for a limited time is to promote science and useful arts, as provided in article I, section 8 of our Constitution. The problem is that these two classes of inventions, agrichemicals and animal drugs, are not getting equal treatment with other kinds of inventions, like mousetraps and floor waxes, that are not subject to mandatory premarket safety and environmental tests. As a result, as testimony before the subcommittee on September 10 indicated, there is less incentive than there should be for innovation in these industries, and less revenue available for investment in research and development of new products.

For example, Mr. Henry Holloway, president of the Maryland Farm Bureau, testified before the subcommittee that since the passage of the 1972 Amendments to the Food, Insecticide, and Rodenticide Act—resulting in more stringent premarket environmental tests for agrichemicals—farmers have lost more than 50 percent by volume of the agrichemicals they use. Farmers understand the importance of full patent protection for encouraging the development of agricultural chemical products to replace those that flunk FIFRA's stiffer tests, and to increase further agricultural productivity. That's why the American Farm Bureau Federation, the National Farmers Organization, the National Farmers Union, and numerous State farm bureaus as well as agricultural commodity associations are united in support of S. 1093. The bill has 23 cosponsors in the Senate, including the majority and minority leaders and the chairman and ranking minority member of the Committee on the Judiciary.

The Agrichemical Patent Reform Act is a way to help America's farmers. It is a measure they have asked for that requires no expenditure of Federal revenues. It merely puts agricultural chemicals and animal drugs on a part with all other types of inventions, which is a simple matter of equity. As a result of passage of this legislation, the agrichemical and animal drug industries will receive the necessary added incentives to undertake the costly and laborious research and development essential for the new products farmers need. I urge all my colleagues to give serious thought to cosponsoring this modest but important agricultural measure, and to support S. 1093 when it is reported from the Judiciary Committee.

Mr. THURMOND. Mr. President, I wholeheartedly concur with my distingusished colleague from Maryland. As chairman of the Committee on the Judiciary and a cosponsor of S. 1093, I want to emphasize the need for prompt passage of this bill.

Agricultural chemicals—the pesticides and herbicides used to combat the insects, weeds, and diseases that threaten our crops—lose an average of 5 to 7 years of their patent life while the product clears the tests required by the EPA. No one questions the need for safety and environmental effects tests. However, the aim of S. 1093 is to restore up to 5 years of the patent life lost by these premarketing tests. The primary justification underlying this bill is simple fairness. As Senator MATHIAS has indicated, as a matter of equity, agrichemicals and veterinary drugs should be put on par with other patented products.

In addition to consideration of equity, this bill will serve the interest of promoting progress in science. Farmers understand the importance of new breakthroughs that will increase their productivity and they support this bill.

I look forward to receiving this bill from the Subcommittee on Patents, Copyrights and Trademarks and will continue to work for prompt passage.

OPPOSITION TO HIGH-LEVEL NUCLEAR WASTE RESPOSITORY IN MAINE

Mr. MITCHELL. Mr. President, I am strongly opposed to the construction of a high-level nuclear waste repository in Maine. I will do all I can to prevent it.

There are two reasons for my decision:

First, the geology of Maine is not suitable for a high-level nuclear waste repository.

Second, only one repository is necessary. Maine is under consideration for a second repository. No second repository should be constructed, in Maine or anywhere else.

Under current law, the U.S. Department of Energy [DOE] is required to select a site for and to construct and operate one high-level nuclear waste repository. It is only required to consider several sites for a possible second repository.

But DOE is not required to construct a second repository. Indeed, even if it wanted to, it does not have authority to construct a second repository. An act of Congress, at some future time, will be necessary to create such authority.

Because I believe that the construction of more than one repository would be unnecessary and unwise, I will vigorously resist the passage of any such act.

Because of the complexity of this issue and its importance to the people of Maine, I am making this detailed statement. The statement is divided into three sections:

First. An analysis of the current law, including a history of its adoption.

Second. A report on the status of DOE's compliance, present and anticipated, with the current law.

Third. An analysis of the geology of Maine which makes clear its unsuitability as a repository.

Over 40 years ago, in the early morning darkness of a remote desert in New Mexico, the first atomic bomb was exploded. That was the culmination of a massive wartime effort, known as the Manhattan project, to unleash the power of the atom. Most people regard that as the dawn of the atomic age. It

changed history, forever and irreversibly.

But the existence of atomic power's byproduct—highly toxic radioactive waste—had begun in 1942, when the first experimental weapons were produced. With the startup of the first commercial nuclear plant in 1957, both the quantity of waste and the speed with which it accumulated accelerated rapidly.

For four decades, the United States has produced nuclear wastes as a byproduct of the generation of electricity and the maintenance of a defense capability. But neither our energy policy nor our military strategy took account of the need to properly and safely dispose of these wastes.

Gradually, the problem became more apparent, and Congress sought to deal with it. Legislation to address the problem of high-level nuclear waste became the subject of several years of debate, hearings, negotiations and intense lobbying by interest groups and various administrations. After several unsuccessful attempts, Congress finally acted in 1982 when it enacted the Nuclear Waste Policy Act. That act established a detailed framework within which the Federal Government is to select, construct and operate a high-level nuclear waste repository that will safely hold radioactive waste for 10,000 years.

The act also provides for the consideration of a site for a second repository; for establishment of a test and evaluation facility; and for investigations into, first, the need for a monitored retrievable storage facility and, second, the advisability of commingling defense and civilian waste.

The major source of funding for this program is a one-tenth of 1 cent per kilowatt-hour fee on electricity generated by commercial nuclear reactors. The act requires an annual review of the fee amount and allows for adjustment to assure that the fee covers all program costs.

The act required the DOE to prepared and publish guidelines for the selection of the repository and other facilities. DOE did so on December 6, 1984, 18 months behind the schedule set forth in the act.

The guidelines set forth the factors to be considered in the selection of an appropriate site for a repository. They include geology, hydrology, the location of valuable natural resources, proximity to transportation, proximity to water supplies, effect upon the rights of use of water, proximity to population—any site adjacent to an area with 1,000 people per mile is automatically excluded—and the proximity to waste generators—most of the nuclear plants generating the waste are in the Eastern United States.

FIRST REPOSITORY PROGRAM

The act establishes a process for selecting the first site.

NOMINATION

After reviewing sites throughout the country that may have suitable geologic formation and hydrogeologic conditions, DOE proposed preliminary environmental assessments for nine sites. Since it is anticipated that the first site will be located in a salt or volcanic ash formation, all of these sites are in the southern and western regions of the country. The nine preliminary environmental assessments were made public by DOE on December 20, 1984. Final environmental assessments are now being completed and will be released in February 1986.

Based on those final assessments, and after consultation with the Governors of the States involved, DOE will nominate five "potentially acceptable sites." This will also occur in February 1986.

Of the nine sites identified so far, the top five, according to DOE's informal ranking, are in reverse order: Fifth, Mississippi; fourth, Utah; the top three—which were not specifically ranked beyond that description—Texas, Nevada, and Washington.

CHARACTERIZATION

The next step will be for the DOE to narrow the list from five to three and to recommend those three sites to the President for what the act describes as characterization. The act required the DOE to take this step by January 1, 1985. It now expects to do so in February 1986, over 1 year behind schedule.

Characterization is an expensive, time-consuming, detailed analysis of each site. It is expected to cost between $500 million and $1 billion for each site. It will take 5 years, from 1986 to 1990. As part of the process, DOE will gather data on hydrology and seismic activity. At each site it will sink one or two 10- to 20-foot diameter shafts in order to better estimate the stability of the site. Additionally, DOE intends to make detailed engineering drawings to assess the value of the site and environmental impact of a repository on each site.

Before actual characterization can begin, DOE is required under the act to prepare a site characterization plan, which is to include a description of the site and of site characterization activities, the extent of the planned excavation, onsite radiological and nonradiological testing, plans to control adverse impacts, the criteria for determining suitability, and plans for decommissioning and decontaminating the site.

During characterization, DOE must report not less than every 6 months to the Nuclear Regulatory Commission [NRC] and to the Governor and legislature of affected States. If DOE terminates characterization, Congress and the Governors and legislatures of all affected States must be notified and all radioactive material must be removed.

SITE SELECTION

After site characterization is complete DOE must make the final choice and notify the President and the Governor and legislature of the affected States of that choice.

DOE's final site selection must be explained in a public, comprehensive statement. It must include a description of the proposed repository and waste packaging, and a discussion of the safety of the site and a final environmental impact statement, taking into account comments from the Department of Interior, the Council on Environmental Quality, the Environmental Protection Agency and the NRC.

The President may accept or reject the site selected by DOE. If he rejects it, DOE must go back and select another site. If he accepts it, he must submit the recommended site to Congress by March 31, 1987, with a possible 1-year extension. DOE now estimates that the President will make this recommendation in 1991, some 3 to 4 years behind schedule. Within 60 days of the President's submittal, the Governor or State legislature of the affected State may veto the selection. The State veto can be overridden only if both Houses of Congress vote to do so within 90 days of the State veto.

4. CONSTRUCTION

Within 90 days of the President's submission to Congress, DOE is required to submit a construction authorization application to NRC, which must make a final decision on the application within 3 years. DOE currently anticipates that NRC licensing will be complete by 1994, that construction will occur between 1994 and 1998, and the first site will begin operation in 1998.

SECOND REPOSITORY PROGRAM

The act requires DOE to search for a site for a second repository. Several reasons have been advanced for having two repositories. First, a system with two repositories is alleged to be more reliable than a system with only one. Second, the sites for which the most study has been done are in the West. Most of the nuclear powerplants are in the East. Transportation costs and risks would theoretically be reduced if a second site could be found closer to most of the waste.

The act requires DOE to consider "the advantage of regional distribution in the siting of repositories." As I described earlier, the first repository will be in the West. Most of the Nation's high-level nuclear waste is in the East. DOE's plan is to put the oldest waste in a repository first. Since the oldest waste is located in the East, it will be moved West to be put in the first repository. By the time a second repository was built, most of the waste will have already been sent West. Ar-

guments for a second, eastern, repository therefore are not sound.

In addition, it is argued that it may be easier to gain public acceptance of the first site if there is sure to be another. Construction of the second repository is not permitted under existing law and would require another specific act of Congress.

DOE is considering crystalline rock—granite—formations for a possible second repository. There are now under review by DOE 236 granite formations, located in 17 States. The States are Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Maryland, Virginia, North Carolina, South Carolina, Georgia, Michigan, Wisconsin, and Minnesota.

Of the 236 formations, 32 are located in Maine. Of the 16 counties in Maine, only Sagadahoc County does not contain a formation. A formation is a body of rock that extends at least 1,000 feet below the surface and is a minimum of 39 square miles in area.

DOE will narrow those 236 formations down to 15 or 20 areas in mid-December. An area is a smaller segment of a formation.

The Governors of those States in which possible areas are located will be notified at that time. The public will be able to submit comments on the site selection for 90 days thereafter. DOE will review the comments for 90 more days, or longer, depending on the number and detail included in the comments.

After the comment and review period is over, DOE will begin to make assessments of each site. That is expected to take until 1991. DOE will then nominate five areas, and recommend three for site characterization. Characterization of those potential sites for a possible repository is expected to take 5 years. At that point, now estimated to be in 1996, the process will stop until Congress acts to authorize construction of a second site, because DOE has no such authority under current law.

As can be seen, the process involving a possible second repository differs from the first in two major respects:

First. Under current law a first respository must be built, but a second repository cannot be built.

Second. The selection process for a second repository is about 6 years behind the first.

There is widespread public concern in Maine about the possibility that a national high-level-waste repository could be located in Maine. After careful review of the available information, I believe Maine is not suitable as a site for such a repository. The general geology, geography, and hydrogeology of the State are such that the people of Maine cannot be assured that any repository constructed in the State would sufficiently protect the public and the environment from radioactive contamination.

The rock type that makes up a great deal of the State's bedrock, intrusive crystalline rock, is what made DOE include Maine on the list for study as a repository site.

The bedrock in Maine ranges in age from greater than 1,500 million years old to approximately 130 million years old. The most active period in Maine's geologic history occurred between approximately 600 million years ago and 320 million years ago. The last major mountain building in Maine occurred about 410 million years ago.

Although 400 million years is a long time, it is short in geologic terms. Thus, crystalline rocks in the Northeast and Southeast regions of the United States are younger and less stable than the crystalline rock formations in the North-central region which have been stable for at least the last 1,000 million years.

Maine's geohydrologic setting is characterized by a fractured crystalline bedrock, lacking any significant confined aquifer, overlain by thin and discontinuous surface deposits. The geohydrologic setting of a region is a concept employed by the U.S. Geological Survey to characterize the complex geologic factors that affect ground water conditions in the region.

Maine has a relatively thin surface coverage over its bedrock because it has been glaciated a number of times in the past 100,000 years. The glaciers scraped the bedrock, and in their wake left a relatively thin layer of surface deposits—till, clay, sand, and gravel. As a result, the depth to bedrock in Maine is not great, generally less than 50 feet, according to the Maine Geological Survey.

The presence of only a thin layer of surficial material is a positive feature in terms of construction of a repository, and possibly in characterization of a potential repository site. But the limited thickness of surface also means that there is a large reliance on bedrock wells for ground water in Maine. This includes both domestic wells and municipal and industrial supplies.

My major concern as to the suitability of Maine to host a high-level-waste repository is the difficulty in confidently predicting the behavior of ground water over long periods of time.

The bedrock in Maine generally produces low ground waterflow rates. In other words, ground water tends to travel at a slow speed. But the bedrock permeability is produced by fracturing and faulting. So while the average or bulk ground waterflow rate may be slow, the flow through an individual fracture or fracture system may be quite rapid.

As a consequence, it is necessary to characterize a potential site down to the level of a fracture system, or even to an individual fracture, in order to predict repository performance. The fact that it is difficult to determine the size, density, and distribution of fractures, or to predict ground water flow paths and flow rates through those fractures severely limits our ability to estimate what will happen in the future.

Ground water is accepted to be the principle means for the movement of radionuclides to the accessible environment. An inability to confidently predict the behavior of ground water over long periods of times is, therefore, a very significant problem.

The problem of adverse environmental impact from a high level radioactive waste repository due to ground water is greatly amplified by the reliance on bedrock ground water resources by all segments of Maine's population.

The Northeastern United States is not as seismically active as the west coast, but there have been earthquakes that produced significant damage. The Eastern United States is not situated on an active plate margin, so the causes of that seismic activity are not well understood.

There is no clear correlation of seismic activity with mapped faults. Since the causes of this seismic activity are unknown, it is very difficult to predict future levels of seismic activity.

As I noted earlier, Maine has been glaciated a number of times in the past 100,000 years, most recently approximately 12,000–13,000 years ago. As a result, there is a distinct possibility of renewed glaciation over the next 10,000–20,000 years. The weight of ice present during a major continental glaciation is sufficient to depress the crust hundreds of yards. This could have a significant effect on the ground water paths and flow rates in ways that cannot be predicted.

Finally, a number of transportation related factors are unfavorable to the location of a high-level-waste repository in Maine. These include the long distances from the generators to any potential repository location in Maine, compared to the Southeastern and Northcentral regions of the country.

And Maine's severe climate will increase the risk of an accident during transit, and possibly produce costly delays in transit that will adversely affect repository operations.

Maine's limited interstate system and a lack of rail capacity in many parts of the State are additional concerns. At the present time all major highway and rail routes funnel through the heavily populated areas of York and Cumberland counties.

Limited access to those areas where crystalline rocks are present will mean

a reliance on the relatively poor secondary road system, or costly construction or upgrade of rail and road systems.

For these reasons, it is clear that Maine is not suitable as a location for a possible second repository.

Whatever the conditions in Maine, a second repository is not needed. Not in Maine, or in any other State.

Current law limits the maximum amount of waste that can be stored in the first repository to 70,000 metric tons. There is no technical or scientific basis for this limit. Its purpose was to assure the State selected for the first repository that it would not be the only State having a high-level-waste repository. And it was based on estimates of the total amount of high-level waste that are proving to be exaggerated.

Without this limit there would be no need for a second repository. DOE's latest estimate is that 126,000 metric tons of high-level radioactive waste—both commercial and defense—will need to be disposed of in a high-level-waste repository. This estimate is lower than the previous estimates of about 140,000 metric tons.

It is likely that the actual amount of high-level waste will be even lower for several reasons. First, it is probable that no new commercial nuclear powerplants will be ordered in this century. In fact, some of the plants under construction have been canceled and others may follow suit.

Second, both nuclear and nonnuclear utilities are extending the useful life of their powerplants in order to avoid having to make capital investment in a new facility.

Third, some utilities are choosing to use the fuel rods which make up a major portion of the high-level waste for a longer time, thus producing less spent fuel.

Finally, some of the sites currently under consideration by DOE for the first repository may safely accommodate all the high-level waste expected to be stored.

So there is no compelling technical reason for having two repositories. In contrast, there are compelling fiscal reasons for constructing only one. While waste estimates have been declining, the program's cost estimates have been increasing at a rate of $400 million per month.

As of January 1985, total program costs, including total costs for two repositories, one monitored retrievable storage facility, and transportation, are estimated at about $26.7 billion. In July 1983, DOE estimated these costs to be $19.6 billion. Thus the estimated cost of the program has increased by one-third in 2 years. Each of these estimates is in constant dollars, not taking into account inflation. If inflation and other contingencies are factored in, the total program will cost up to $150 billion, according to the Director of the DOE high-level-waste program.

If a second repository is not technically necessary, there is no benefit to constructing one.

Will the residents of the State hosting the first repository be made more secure by the knowledge that some other State in another part of the country is exposed to similar risk? Does it make sense to increase the public's risk of exposure to nuclear waste? Should we spend tens of billions of taxpayers' dollars when it is not necessary to do so? The answers are clearly no.

There is no need for a second repository. I will vigorously oppose any effort in Congress to authorize its construction.

And in any case, its geology, hydrogeology, and geography combine to make Maine unsuitable for any such repository.

ORDER OF PROCEDURE

Mr. SIMPSON. Mr. President, unless there is further remarks to be made by our colleagues, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SIMPSON. Mr. President, reserving the right to object, the majority leader has indicated——

The PRESIDING OFFICER. A quorum call is underway.

Mr. SIMPSON. And there was a unanimous-consent request that the quorum call be rescinded.

The PRESIDING OFFICER. That was granted.

Mr. SIMPSON. But I had sought recognition, and I said, "Reserving the right to object."

The PRESIDING OFFICER. There is no debate on a motion to rescind a quorum call.

Objection having been heard, the quorum call will proceed.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for a quorum call be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. SIMPSON. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DAIRY AMENDMENTS TO FARM BILL

Mr. DOLE. Mr. President, there is some confusion. I regret it, and apologize if there was a lack of clarity on the part of the majority leader and the manager of the bill last evening.

But when we moved to set aside the motion to recommit the Stevens amendment we indicated that there would be a dairy amendment offered. It was not our intent—I just checked with the managers—to preclude all the dairy amendments, and that someone would be offering but one amendment. I guess that was the intent.

So I ask the Chair. Have we precluded additional dairy amendments from being offered?

The PRESIDING OFFICER. It would be necessary to enter another agreement to set aside the previous Dole motion and the Stevens amendment in order to add other than one dairy amendment. The agreement pertains solely to "a" dairy amendment.

Mr. DOLE. So if there is no objection, I would ask unanimous consent that the amendment be set aside so that dairy amendments could be offered. There could be one or more. There could be three or four.

The PRESIDING OFFICER. Is there objection? Hearing none——

Mr. BOSCHWITZ. Mr. President, reserving the right to object, it is my understanding that dairy amendments in the plural is not limited to three and four. And I noted that the majority leader said that he wanted to lay the amendments aside, and I presume that he wanted to lay aside the unanimous-consent agreement of last night.

Mr. DOLE. That is correct.

Mr. BOSCHWITZ. Am I correct?

Mr. DOLE. I would lay aside the motion to recommit the Stevens amendment so there would be a series of dairy amendments.

Mr. BOSCHWITZ. And there would be a series of dairy amendments.

The PRESIDING OFFICER. Is there objection?

Mr. LEAHY. Reserving the right to object—and I shall not—I want to make a clarification. This means that the previous unanimous-consent agreement entered by the distinguished Senator from Kansas remains really the same. Everything else falls back into place except that instead of being limited just to the one dairy amendment it is open for dairy amendments in the plural—not soybeans, corn, wheat, or anything else.

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. I have no objection.

Mr. BYRD. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. I would like to know a little bit more about what the request is.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Reserving the right to object, Mr. President.

The PRESIDING OFFICER. The Senator from West Virginia reserves the right to object.

Mr. HELMS. Mr. President, will the distinguished Senator from West Virginia allow me to reserve the right to object while he is reserving the right to object?

Mr. BYRD. Certainly.

Mr. HELMS. I thank the Senator.

Mr. President, really we are talking about nothing here because, in my judgment, and I was the one who propounded the unanimous-consent request yesterday, any dairy amendment is amendable, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. And when the substitute, let us say, is disposed of, the dairy amendment is still pending and still amendable.

The PRESIDING OFFICER. Not if it is a complete substitute for the dairy amendment.

Mr. HELMS. As a matter of fact, it is amendable twice anyhow.

The PRESIDING OFFICER. The Senator is correct.

Mr. BOSCHWITZ. If the Senator will yield for a question, am I not correct to state that the unanimous-consent agreement last night referred to a single amendment, an amendment, and it is not clear from the unanimous-consent agreement of last night that that amendment would be amendable because the amendment to be amended would require the second amendment and the unanimous-consent agreement last night talked about a single amendment.

Mr. HELMS. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, in the unanimous consent, and there were two of them, two UC's propounded by the distinguished majority leader and the Senator from North Carolina, I think it is fair to say that we were referring to the dairy amendment to be offered by Mr. MOYNIHAN, Mrs. HAWKINS, and Mr. CHAFEE. We did not say that.

As I understand it, the distinguished Senator from West Virginia is going to have to check before he proceeds with the matter?

Mr. BYRD. Yes, that is correct.

Mr. HELMS. How long will the Senator require?

Mr. BYRD. I do not believe it will take very long. I was sitting in my office and the unanimous-consent request was propounded right out of the sky. No one talked to me about it. I have a responsibility to protect my colleagues.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

Mr. BYRD. Does the majority leader have the floor?

Mr. HELMS. I asked who had the floor and the Chair said the Senator from North Carolina.

Mr. BYRD. But the Senator from North Carolina was only reserving the right to object.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. DOLE. Mr. President, while we are waiting for the minority leader to check on his side, there is not much else we can do. I do not fault the minority leader for doing that.

After a bipartisan meeting last night, I think we intend to try to get the farm bill moving and not to shut off the rights of anyone. That was not the intent of this Senator, the Senator from Nebraska, or the Senator from North Carolina. I have been advised by the manager of the bill that this legislation must be finished this week. It is now 10:30 a.m. on Tuesday. For a number of reasons we did not have a vote on this bill yesterday. We will have a late night tonight and tomorrow night. Probably on Thursday night. We will return at 9 o'clock for a joint session of the Congress to allow the President to report on the summit. That will take most of that evening.

I think it is fair to say, based on my conversations with the managers, that we can expect a Friday session if the bill is not completed. If it is completed we can expect a Friday session to cover other matters which must be considered before the Congress adjourns either on the 20th, 21st or 22d.

There are 90 amendments. I doubt that 90 amendments will be offered but the managers would like to proceed. We certainly had no intention of foreclosing any Senator on either side from offering dairy amendments. Let us get a dairy amendment up. We know there will be a rollcall vote. Maybe we can have a rollcall vote before noon and we can alert all Senators that we mean business. Then we were advised that we could not vote before noon, that nobody wanted to vote before 2 o'clock. So it gives us a pretty short day.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I think it is fair to say that there are no remaining objections to the amended request that there might be a series of dairy amendments. There would not be anything but dairy amendments.

The PRESIDING OFFICER. Is there objection to the unanimous consent request? The Chair hears none and it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The PRESIDING OFFICER. The clerk will report the unfinished business.

The assistant legislative clerk read as follows:

A bill (S. 1714) to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The Senate resumed consideration of the bill.

AMENDMENT NO. 1059

(Purpose: To modify the milk price support program)

Mrs. HAWKINS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mrs. HAWKINS], for herself, Mr. MOYNIHAN, Mr. CHAFEE, and Mr. MATTINGLY, proposes an amendment numbered 1059.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 67, between lines 10 and 11, insert the following:

"(A) on January 2, 1986, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be in excess of 10 billion pounds milk equivalent, the Secretary is authorized to reduce the price support rate in effect on such date by 50 cents per hundredweight;

Mrs. HAWKINS. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 1060

Mrs. HAWKINS. Mr. President, I send to the desk a second-degree amendent and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mrs. HAWKINS] proposes an amendment numbered 1060 to amendment numbered 1059.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. LEAHY. Mr. President, reserving the right to object, how lengthy an amendment is it?

The PRESIDING OFFICER. One page.

Mr. LEAHY. Why not read the amendment. We do not have a copy of it.

The PRESIDING OFFICER. Objection is heard. The clerk will continue reading.

The assistant legislative clerk read as follows:

On page 1 of the amendment, line 3, strike out all after the word "on" and insert in lieu thereof the following: "January 1, 1986, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be in excess of 10 billion pounds milk equivalent, the Secretary is authorized to reduce the price support rate in effect on such date by 50 cents per hundredweight;

Mrs. HAWKINS. Mr. President, the amendment that I am offering today with my esteemed colleagues, the Senator from New York, the Senator from Rhode Island, and the Senator from Georgia is an amendment that would perfect the approach of the Committee on Agriclture to solving the problem of surplus dairy production.

It provides for simply a 50-cent reduction in the Federal dairy price support on January 1, 1986, if the Secretary of Agriculture projects that the CCC purchases of processed dairy products will exceed 10 billion pounds.

This amendment makes whole a Federal dairy policy that is long overdue. It is an amendment that will make sense out of the Federal Dairy Program that has for too long made no sense. This amendment is protaxpayer. This amendment is proconsumer. This amendment is prodairy farmer.

It is protaxpayer because it begins long overdue reductions in the cost of the Federal Dairy Price Support Program. It is proconsumer because it offers an opportunity for reductions in the price of milk. Housewives would love to see milk prices come down. It offers reduction in the price of butter, a staple that most families need. Also, it offers a reduction in the price of cheese. These are vital, nutritious foods that every family needs. It is profarmer because it is fair and looks to the future.

Under this amendment, dairy farmers will be able to prepare for a future of profitability. That future is close at hand. It is a future where emerging technologies will ensure greater productivity at lower cost of production than ever imagined.

Before we look to the future, however, let us take a moment to look at the past. We are in this Chamber for the sixth time since 1980 to once again try to fix the Dairy Price Support Program. This is a program which for the first 31 years of its existence cost the Federal Government a grand total of $5 billion. This same program has cost the taxpayers over $9 billion in the last 5 years.

There is an old adage I often hear in my State of Florida applied to many circumstances in life. That adage goes, "If it ain't broke, don't fix it."

Mr. President, I like that adage. It makes a great deal of sense. But it does not apply to the Federal Dairy Program because the Federal Dairy Program is so broken that we seem to work overtime trying to fix it some more. But fix it is the one thing we have not been able to do. Oh, we have tried. First, we tried by eliminating the semiannual upward price adjustments that gave birth to the constant, ever-growing mountain of milk products which we have in storage today. That did not work.

Next, we tried by freezing the dairy price support.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Is the semiannual price adjustment still in effect?

Mrs. HAWKINS. If the Senator will wait until the conclusion of my statement, this is an opening statement that will give the chronology of this fabulous program.

Next we tried by freezing the dairy price support. But by then the price was already too high. And the mountain continued to grow. No, freezing the price support did not work, either.

Then we tried to cut the price, but that lost by only one vote in the Senate. Instead, we ended up with a strange, new concept in dairy policy. The dairy assessment. Dairy farmers did not call it an assessment. They called it what it was. Dairy farmers called it a milk tax. And do you know what? The milk mountain continued to grow.

We live in an age of complex technology. Men and women have traveled to the Moon. Our spacecraft are launched into the heavens and then land like an old-fashioned airplane. Scientists can manipulate genetic structures to yield new breeds of plant life, vaccines, and medicines. Our technological prowess has given us the ability to fix many things. We have great confidence in complex answers to problems. So, naturally, we tried again—this time with a complex formula—to fix the Federal Dairy Program.

We made a small cut in the price support. We combined that with one of the most revered of Federal farm policy tools. We tried to pay dairy farmers to not produce. But we did not stop there. We taxed all of the dairy farmers to raise enough revenue to pay a few not to milk their cows. Of course that did not work either. Oh, it sort of worked. Dairy production fell a little. But consumer prices zoomed upward in many parts of the country.

The goal of Federal dairy policy is to provide a stable and affordable supply of milk. I repeat: A stable and affordable supply of milk. Naturally, many people did not believe that taxing all dairy farmers to pay a few not to do what dairy farmers do best and causing prices to increase was a very good repair job. When the program ended, the milk mountain erupted at a rate no one could have anticipated.

So here we are today: still trying to find a way to close the fissure in Federal policy that has created a milk mountain of majestic proportions.

Fortunately, the Agriculture Committee has developed a dairy policy that should begin to erode the milk mountain. We can begin to cut the mountain down to size through a series of moderate price support reductions. Unfortunately, the committee plan does not go into effect for an entire year. The amendment I am offering today provides for corrective action beginning on January 1, 1986.

Today, Federal Government warehouses are bulging—and I ask all my colleagues to write down those numbers—with 148 million pounds of butter, 651 million pounds of cheese, and 994 million pounds of nonfat dry milk. The USDA estimates that the Government will purchase over 13 billion pounds of surplus dairy products this year. This will cost the taxpayers over $2 billion. Under the committee proposal, the Federal Government is expected to purchase over 17 billion pounds of dairy products in 1986.

What has gone wrong with Federal dairy policy? Unlike so many issues that come before the Senate, the answer to that question is simple. The Federal support price for dairy products is too high. It has been too high for years. Recently, we have had consistent reductions in the support price, but it is still too high. Why? Because the dairy farmers' cost of production is falling faster than the support price. The resulting margin makes it profitable to keep overproducing. After all, dairy farmers are among our most efficient farm producers. I want to congratulate them. Technology promises that they will become more productive in the very near future. Technology also promises that their cost of production will continue to fall. For these

reasons, a flexible, long-term Federal dairy policy linking price supports to production levels does make sense for farmers, does make sense for consumers, and does make sense for taxpayers, who are paying for the storage.

This amendment is fair to taxpayers because it reduces the cost of the Dairy Price Support Program. The Congressional Budget Office projects that this amendment will save $600 million more than the Agriculture Committee plan. Many of the Senators in this Chamber recently voted for the Gramm-Rudman-Hollings-Boren amendment to reduce the deficit. The key feature of that legislation is an automatic cut in defense and social programs if Congress does not meet deficit reduction targets through selective spending reductions. This amendment provides us with an opportunity to consider the effects of Gramm-Rudman-Hollings-Boren.

During the early budget battles of this year, this Senator, with the overwhelming support of the Senate, restored approximately $300 million to support the School Lunch Program. After we adopt Gramm-Rudman-Hollings-Boren, that program may become vulnerable again. Or, we can cut the Dairy Price Support Program by less than 25 percent, make more than enough room in the budget for the School Lunch Program, and still save the taxpayers and reduce the deficit.

This amendment is fair to consumers because it provides an opportunity for price reductions on the grocery store shelves. Contrary to the statements of many, as the Federal dairy price support has fallen, so have consumer prices. Clearly, prices received by consumers have not fallen as much as Federal support price reductions. But dairy farmers prices have not fallen as much as support price reductions, either. Allow me to cite an example. Since 1981, the retail price index for all dairy products, when adjusted for inflation, indicates that retail dairy prices declined by 9.8 percent. Over the same time period, the Federal support price has been lowered by 11.5 percent.

Finally, this amendment is fair to the dairy farmer. It is fair because individual farmers can plan for the future. As productivity increases and cost of production falls, the dairy farmer's profit margin remains. But if the price falls low enough to reduce the supply of dairy products below reasonable levels, then an automatic mechanism can increase the Federal support price.

But what lies ahead for the dairy farmer? Let me enter into the RECORD a number of items from the Agricultural Committee's report with regard to the technical advances that are being made in the dairy industry. These include the improvements in herd health, herd management, improvements in nutrition, advances in genetic techniques, the new bovine growth hormone, and embryo transfer. The use of bovine growth hormone is expected to increase cow productivity up to 40 percent—a staggering number. But that is not all. The latest issue of Dairyman's Digest offers an article on a computerized robot milker.

With these sweeping changes ahead, we have a responsibility to adopt a Federal policy that faces the future—not one that looks to the past—and we need to begin now, not a year from now, to address the excesses of the past. Otherwise, the taxpayers, the consumers, and the farmers will continue to pay too high a price for the Federal Dairy Program.

Mr. President, I have taken a great deal of the Senate's time, and many of my colleagues have remarks on this amendment that should be heard, and at this time I yield to the Senator from New York.

Mr. BOSCHWITZ. Mr. President, can the Senator from Florida yield to the Senator from New York?

The PRESIDING OFFICER (Mr. MCCONNELL). The Senator from Florida can yield only for a question.

Mr. BOSCHWITZ. Does the Senator from Florida yield to the Senator from New York for a question?

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mrs. HAWKINS. I yield the floor, Mr. President.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, thank you.

Mr. President, may I say at the opening I would hope we can have an open and straightforward debate.

If the Senator from Minnesota wishes to ask questions, ask questions. We have nothing to hide and no one to outmaneuver here. We have a perfectly straightforward proposition to cut the cost of the Dairy Price Support Program and to lower the cost of milk. We are going to have a straightforward vote on it. No one need be apprehensive about parliamentary maneuvering. The issue could not be more straightforward. I hope that it will be dealt with that way.

I hope the Senator from Minnesota was listening but I believe he was not.

Mr. President, in October 1983, I came to the floor and offered an amendment that would omit from the farm bill then before us the diversion plan, as it was called. It seemed to me a caricature of the kind of Government program which from the other side of the aisle and from this side of the aisle we have heard denounced for a half century, certain to fail in its objectives, and yet somehow part of a mystique of price manipulation in agriculture that has become a kind of subculture of this Congress over the last half century.

The distinguished majority leader said as a member of the Committee on Agriculture, Nutrition, and Forestry, that "a very balanced agreement" had been reached. A year or so later, when the report was in, the effects were in, the majority leader was candid enough, and we respect him not the least for that candor, to say "My God, even the cows are laughing."

My amendment of October 6, 1983, was tabled by a vote of 56 to 37. But who were right, the 56 or the 37?

I would like to recall that event as we go to this vote.

Two years ago I pleaded with this body not to do something foolish and wasteful, but some of the persons who have most distinguished themselves by denouncing waste, fraud, abuse, and deficits insisted on doing something foolish and wasteful. And wasteful and foolish it was. And as the majority leader said later on—with the kind of candor that wins him our affection—even the cows were laughing at the program.

Let me give you a very precise experience, a very personal, precise experience.

I live on a dairy farm. For a quarter of a century our home has been a farm in Prosser Hollow near Pindars Corners in Delaware County, New York. We are surrounded by dairy farmers and we are not all that far from Cornell. Cornell University is a land grant college, as one might know, and the college of agriculture there has been enormously influential in dairy matters the world around. We keep abreast of these things.

I have two neighbors, Mr. President, One is a large producer of milk, and one is a marginal producer of milk, which is to say he produces just enough milk to keep a farm going, he has just enough cows to warrant their milk being picked up.

What happened when the diversion program went into effect? If you recall, there was an assessment of 50 cents for every 100 pounds of milk marketed commercially, and there was a payment to those who lessened production by 5 to 30 percent over a base period.

The situation of my friend, the small farmer—the family farmer of whom we hear so much in these hallowed Halls—was that were he to reduce his production, it would have fallen below the level at which it is economic for a milk tank truck to come by and pick up his product. So he had no choice but to start paying this tax and continued to produce as best he could.

My neighbor who is a large producer saw the Federal Government willing to pay him not to produce and immediately took advantage of this offer to cull his herd and to fix up some part

of the rather extensive property he has. A property on which he milks a large and valuable herd—computer fed, computer milked, computer priced, and in every respect a very advanced business. And he prepared to increase production as soon as this program was over.

The result very simply was that the smaller farmer in Prosser Hollow paid the big farmer in Prosser Hollow, a caricature, if you will, of everything our programs are not supposed to do but increasingly do do.

I will dwell just another moment on this because it is so important. Two years ago we had an opportunity to make a sane decision and save money and respect family-sized farms and we did not do so.

And the same people who said we should not do it then are going to oppose us today. Let me just give you an example, Mr. President, of the wisdom of that decision 2 years ago.

In the State of Arizona, which you do not associate as a dairy State, although technology is making dairying there possible, for those persons who received payments under the diversion program the average payment per dairyman was $226,978.

We voted 2 years ago to give farmers in Arizona who entered the diversion program $250,000 a year not to produce milk.

We voted to give farmers in Nevada $215,262 a year not to produce milk; in California, $125,044; in New Mexico, $110,919.

Note the degree to which the Southwest States received large payments; States where dairying obviously is not a way of life. It is not a progression as it is in my part of the State, for 200 years of dairy farming. These are commercial operations and the operators saw a profitmaking opportunity provided them and they used it.

Mr. President, that is the decision we made 2 years ago. Are we going to make the same kind of decision today and then tomorrow have the same people arguing about it saying let us cut the deficit, let us get rid of the waste, the fraud and the abuse?

The numbers here are very simple and should speak to something that is almost a pathologic behavior. In the last few years the cost of dairy price supports have risen more than tenfold. Amidst talk about deficits, talk about waste, talk about spending, this Congress, this Senate has increased the cost of dairy price supports by ten times.

The level was $247 million in fiscal year 1979, it was $2.6 billion in 1983, and it now proposes at the same level.

I grant that the Committee on Agriculture, Nutrition, and Forestry did not repeat the madness of the diversion program and the social cruelty. Come on now.

Dairy farmers work 90-hour weeks, 100-hour weeks. On the margin they work more. They get little. The idea of taxing the poorest of them, the smallest of them, to give moneys to the largest of them so the larger can expand their herds. I am reminded of that famous remark I think Ezra Taft Benson made that behind every cow there are better heifers coming along."

The technological change in dairy is quite extraordinary. It is probably superior in some ways to the production of feed grains. You look at what a cow produced a half-century ago and what it produces today. There is no sense in raising and maintaining an artificial price. It only increases production. It only increases production on the part of people who produce milk in order to sell it to the Government. You can make a good living if you have enough capital just producing milk to sell as surplus to the Government, which will hold it as butter or cheese or powdered milk.

There cannot be any sense in this. Economists at Cornell have established very clearly that lowering price supports will lower consumer prices. Only 3 percent of our population live on farms; fewer on dairy farms. The market will work for them.

It is only a kind of constituent greed that argues we ought to spend more money on the most fortunate of farmers to the disadvantage of the small dairymen, and to the disadvantage of the consumer of milk and milk products.

I ask unanimous consent that the table produced in the Farm Journal from USDA sources on "Who Got the Big Diversion Payment Bucks in 1984" be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHO GOT THE BIG DIVERSION PAYMENT BUCKS IN 1984

[State rank by average payment per dairyman]

	Average payment per dairyman [1]	Total 1984 payments (millions)	State rank in amount received
1. Arizona	$226,978	$10.9	28
2. Florida	216,590	40.3	5
3. Nevada	215,262	1.7	44
4. California	125,044	87.9	2
5. New Mexico	110,919	4.4	36
6. Washington	64,971	16.3	21
7. Texas	49,723	46.6	4
8. Georgia	49,660	19.3	18
9. South Carolina	45,968	4.2	37
10. Colorado	45,045	10.6	30
31. New York	24,749	38.5	8
35. Pennsylvania	20,936	26.2	12
43. Wisconsin	15,435	112.5	1
47. Minnesota	13,665	81.3	3
United States	22,814	955.3	

[1] Amount each State received divided by the number of participating dairymen.

Source: USDA.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent to print in the RECORD a statement from Cornell, a paper called "Will a Decrease in the Support Price of Milk Result in Lower Retail Prices for Dairy Products?"

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WILL A DECREASE IN THE SUPPORT PRICE OF MILK RESULT IN LOWER RETAIL PRICES FOR DAIRY PRODUCTS?

(By Henry Kinnucan and Olan D. Forker)

As a result of the Dairy Production Stabilization Act of 1983, the support price of milk dropped 50¢ per hundredweight on Debember 1, 1983. Additional reductions of 50¢ per hundredweight may occur on April 1, 1985 and again on July 1, 1985 if dairy surpluses in the ensuring 12 months are expected to exceed 6 and 5 billion pounds, respectively. The extent to which commerical disappearance of dairy products is enhanced by lower farm prices depends in large part on the degree to which reductions in the farm price of milk are passed along to consumers. A common conjecture is that because of a concentrated market structure beyond the farm gate, farm price increases are passed along fully and efficiently to the consumer, but decreases in farm prices are used by middlemen to "work in" increases in other input costs so that the consumer rarely benefits from such price reductions.

Recent research completed at Cornell shows that in the case of major dairy products this conjecture is only partly correct.[1] To study the relationship between retail and farm prices, monthly average U.S. retail prices of fluid milk, cheese, butter and ice cream were collected for the period 1971–81. Data for the same period were gathered on the U.S. average monthly Class I price and the Chicago Regional Federal Order Class II price.[2] Because inflation in food marketing costs also affect the level of retail prices, data relating to labor, packaging, and transportation costs specific to the food industry were obtained from the U.S.D.A. Regression analysis was performed on these data to isolate the net effect of changes in the farm price on the retail prices of the studied dairy products. A methodology was employed which permitted the investigation of whether decreases in the farm price of milk were passed along to the consumer in the same manner as were increases in the farm price. Because the farm price of milk actually declined in nearly one-third of the months included in the study, the statistical results bearing on the so-called "asymmetry" question are expected to be of good quality.

RESULTS

Retail dairy product pr)ces adjust both Wpward and downward to changes in the farm price of milk, but the downward adjustments are both slower a.d ,ess complete than are the upward adjustments. Specifically, if the cost of marketing services remains unchanged, a $1 decline in the Class I price (a 6.9% change assuming a Class I price of $14.50) shows up at the retail level as a 2.5% decline in the price of fluid milk. By contrast, a $1 increase in the Class I price is shown to result in a 3.5% increase in fluid milk prices, ceteris paribus. For fluid milk this means that the retail response to the increase in the farm price of milk, is

[1] Kinnucan, Henry, "Asymmetry in the Retail Pricing of Major Dairy Products with Implications for Farm-Level Demand," mimeo (October 1983).

[2] This price served as a proxy for the U.S. average cost of milk used in the manufacture of ice cream, butter, and cheese.

about 40% greater than is the retail response to a farm price decease.

The unequal retail response to increases vis-a-vis decreases in farm level prices is also observed to varying degrees in the other dairy products studied (Table 1. For example, a $1 increase in the Class II price (a 7.6% change from a $13.10 base) is associated with a 5.4% rise in retail butter prices, ceteris paribus, while a $1 decline in the Class II price is associated with a 3.2% decline in the butter price.

According to the results, retail dairy prices respond within 5 months to changes in the farm price of milk. Moreover, the adjustment period is the same length for both deceases and increases in the farm price. With fluid milk for example, a lag period of three months is evident regardless of whether the Class I price rises or falls. However, it should be noted that although the lag lengths corresponding to rising and falling farm prices are similar, the lag patterns in each case may be quite different. For example, 28% of the total effect of a rise in the lower Class II price is immediately registered in retail cheese prices, but only 11% of the total effect is immediately registered with a decline. This pattern, which is present to varying degrees in the other dairy products studied, suggests that retail dairy prices adjust more slowly to falling farm prices than to rising farm prices.

IMPACT ON COMMERCIAL SALES

The above results can be used to obtain a measure of the increased commercial utilization of milk that might be expected as a result of reductions of the farm price. Combining the retail demand elasticities for dairy products estimated by George and King [3] with the elasticities of farm retail price transmission estimated in the Cornell study, derived farm level demand elasticities for milk are computed (Table 2). These elasticities, which differ according to whether the farm price of milk is rising or falling, indicate the percentage change in quantity demanded at the retail level in response to a one percent change in the farm price of milk.

The 50¢ per hundredweight reduction in the price support level that occurred on December 1, 1983 represents a 3.8% decline in the farm price of milk ($13.10/cwt. to $12.60/cwt.). Based on the elasticities in Table 2, sales increases associated with a farm price decline of this magnitude are fluid milk up .44%; cheese up .88%; butter up 1.0%; and ice cream up .13%. The additional sales caused by the lower retail prices would increase milk-equivalent commercial utilization an estimated .65% or 800 million pounds. An assumption of this estimate is that marketing costs do not change and past marketing cost changes are not recouped in this period. These calculations indicate that lowering the support price of milk will result in increased sales and an increase in the quantity demanded at the farm level, but the impact is modest.

SUMMARY

The results presented here contradict the notion that decreases in the farm price of milk have no effect on retail dairy product prices. As long as marketing costs remain constant, reduction in the support price of milk can be expected to translate into lower retail prices for dairy products. With lower prices, comercial sales will increase; but the actual impact of a 50-cent reduction in the farm price on the large dairy surplus is likely to be modest.

TABLE 1.—RETAIL PRICE RESPONSE FOR INCREASES VS. DECREASES IN THE FARM PRICE OF MILK; UNITED STATES, ESTIMATES BASED ON 1971–81 MONTHLY DATA

Dairy product	Change in retail price associated with a $1/cwt [1]		Time required for the retail price to adjust completely to the change in farm level price (months)
	Increase in the farm price of milk (percent)	Decrease in the farm price of milk (percent)	
Fluid milk	3.5	2.5	3
Butter	5.4	3.2	3
Cheese	4.4	3.8	5
Ice cream	1.7	.5	5

[1] A base price of $13.10/cwt is assumed.

TABLE 2.—ASYMMETRIC DERIVED DEMAND ELASTICITIES FOR DAIRY PRODUCTS; UNITED STATES

Product	Farm level demand elasticities when farm prices are—	
	Rising	Falling
Fluid milk	−0.160	−0.114
Cheese	−.267	−.231
Butter	−.460	−.272
Ice cream	−.116	−.034
Class I milk	−.160	−.114
Class II milk [1]	−.305	−.211
All farm milk [2]	−.246	−.172

[1] Computed as a weighted average of the individual elasticities for the three manufactured dairy products using the following weights (cheese 0.495, butter 0.333, and ice cream 0.172). This weighting system implicitly assigns the aggregate elasticity of these three products as a proxy for the elasticity of all other manufactured products.

[2] Weighted average of Class I and Class II elasticities with weights based on category utilization of farm milk in 1980 (0.403% fluid, 0.597% manufacturing).

Mr. MOYNIHAN. Mr. President, quite simply, our amendment empowers—but does not require—the Secretary of Agriculture to reduce the dairy price support level from $11.60 per hundredweight to $11.10 on January 1, 1986 if he estimates Government purchases of manufactured dairy products for that calendar year will exceed 10 billion pounds—milk equivalent.

Let me commend the Members of the Senate Committee on Agriculture for their many hours of diligent work on the dairy provisions of S. 1714. I know they resisted powerful temptation to resurrect the paid diversion program, tempting not because it was a tremendous success: production declined a mere 3 percent. But it nearly paid for itself. Of course, we had to impose a milk tax on all dairy farmers so that payments could be made to the 20 percent who participated in the program. Programs that seemingly pay for themselves must appear attractive when grappling with a bill some $20 billion over budget.

The committee did not adopt a new diversion program. Rather, the committee adopted a sensible proposal that links price support levels to Government purchases. If purchases go up, the support price is reduced. If purchases decline, the support price is raised. And the committee's provisions grant the Secretary discretionary power to use a dairy-specific cost of production formula to determine appropriate price support levels, if he so desires. This is sensible policy.

The dairy provisions of S. 1714 represent a purposeful step toward solving the problems of persistent overproduction, slack consumer demand, and rapidly increasing Government purchases and costs. But there is one very significant problem with the committee's dairy provisions: S. 1714 freezes the support price through 1986; the first cut is not authorized until January 1, 1987.

We need to reduce the support price gradually, but promptly. We are awash in milk. Last week, November 12, 1985, the Department of Agriculture [USDA] revised its milk forecast for fiscal year 1986, assuming a support price of $11.60 per hundredweight. Milk output, which increased 2 percent in the fiscal year just ended, could increase by as much as 6 percent. USDA predicts that annual production will reach 148 billion pounds. Government purchases by the Commodity Credit Corporation will exceed 16 billion pounds, at a cost to taxpayers of some $2.4 billion.

The amendment Senator HAWKINS, Senator CHAFEE, and I are offering permits the Secretary to take action in 1986, thus lessening the likelihood that he will have to make severe cuts in 1988 and 1989. S. 1714 authorizes support price reductions of $1.00 per hundredweight in each of those years if purchases are estimated to exceed 10 billion pounds.

Mr. President, this is the fifth time in just over 4 years that Congress has been forced to wrestle with dairy price supports. Dairy farmers do not benefit from such frequent intervention. Nor do consumers. Perhaps if this amendment is adopted, Congress will not be forced to deal with this rather arcane subject quite so often. Let us hope so.

We certainly have had to deal with it over the past 4 years, however. Net CCC dairy price support outlays have risen—like the deficit—more than tenfold, from $247 million in fiscal year 1979 to some $2.6 billion in fiscal year 1983. The program has cost $3.7 billion in the last 2 years alone.

The Federal Government has become the reluctant owner of an enormous surplus of dairy goods, for which there simply is no commercial market. As of September 13, 1985, the CCC owned 153 million pounds of butter, 662 million pounds of cheese, and 993 million pounds of nonfat dry milk. The Government pays over $110 million annually just to transport and store these commodities—while 21 percent of our children live below the poverty line. That is shameful.

[3] George, P.S. and G.A. King. Consumer Demand for Food Commodities in the United States with Projections for 1980. Giannini Foundation Monograph No. 26, Univ. of California, March, 1971.

Let me point out to my colleagues that 50 years ago, when the present farm programs were first adopted, one-third of this country lived on farms. Now fewer than 3 percent do. We mustn't risk undermining popular support for our farm programs.

But the quickest way to discredit a farm program is to have the Government purchase 1 of every 10 gallons of milk produced in this country while women and infants suffer calcium deficiencies. The quickest way to discredit a farm program is to pay farmers in Arizona $226,978 each not to produce milk, the source of 10 percent of the food energy, 20 percent of the protein, 20 percent of the vitamin B-12, 34 percent of the phosphorus, and 74 percent of the calcium in our diets.

Let's be clear about what is happening: artificially high price supports and the Government purchase program encourage farmers to produce milk, but discourage incentives to market their product commercially. This was true when the support price was $13.10 per hundredweight, and it is true today.

Some argue that farmers will produce more milk if the support price is cut, to maintain their cash flow. This may be true for some producers, but USDA and the Congressional Budget Office [CBO] both estimate production will drop—if our amendment is adopted—by some 2.2-3.3 billion pounds through fiscal year 1990.

Quite simply, farmers will produce as much milk as they can at any price support level. I guarantee production would not decline if the support price were raised again to $13.10. At a minimum, reducing support price levels lowers the prices the Government must pay to purchase surplus dairy products.

More importantly, reducing support prices increases commercial consumption, and that shrinks the dairy surplus. CBO estimates the price cut contained in our amendment would increase commercial consumption by 920 million pounds over 3 years. USDA estimates commercial consumption would be increased by 1.9 billion pounds.

What does a price cut do? It reduces the profitability of running a manufacturing plant simply to sell product to the Government. What happens in places like New York? In some instances, demand causes processors to bid the price up, market forces come into play a bit, and the Price Support Program works as originally intended.

The Nestle Co., has a plant in Fulton, NY. Let me remind my colleagues that New York ranks third in the Nation in milk production, behind Wisconsin and California. New York dairy farms produce over 8 percent of the Nation's fluid milk, but during the diversion program—which the distinguished majority leader said was so bad, even the cows laughed—Nestle was unable to obtain sufficient quantities of fresh whole milk for its candy bars. It had to supplement fluid milk supplies with powdered milk—a change duly noted on candy bar wrappers.

Some claim this amendment is anti-farmer; that it will put farmers out of business. First, I would say if this is so, then why adopt the committee provisions? We'll just have bigger cuts 2 years from now if the support price is frozen through 1986.

But it is important to understand that feed costs have dropped sharply over the past year, and will continue to decline even if Congress freezes target prices for 4 years. The September 1985 price of the standard 16-percent dairy feed concentrate was $21 per ton cheaper than the price a year earlier—an 11-percent drop. In terms of feed costs per hundredweight of milk produced, this is 56 cents below last year's level. Likewise, corn and soybean meal prices are 25 percent and 20 percent, respectively, below last year's levels.

Perhaps the best indicator of production costs is the milk-feed ratio, which climbed from 1.5-1.0 in September to 1.54-1.0 last month. Historically, a ratio of 1.3-1.0 has been considered favorable for dairy farmers. Our amendment—at current feed prices—would lower the ratio to 1.46-1.0—according to USDA, which is still very favorable.

More importantly, if we want to help the dairy farmer. Let's sell more milk, expand existing markets, and create new ones. We can do that by dropping retail prices. The National Milk Producers Federation delights in asserting out that the support price has been reduced from $13.10 per hundredweight to $11.60 since December 1983, but retail prices have not declined. Not so. The retail price index for all dairy products, when adjusted for inflation, indicates that retail dairy prices have declined by 9.8 percent since 1981. And what has happened? Commercial consumption has increased—last year by a robust—given historical trends—1.7 percent. Demand for fluid milk is relatively inelastic, but can vary widely for manufactured products in response to retail price changes.

Mr. President, I draw my colleagues' attention to an article that appeared in the spring 1984 Dairy Marketing Notes published by Cornell University. The article is entitled, "Will a decrease in the Support Price of Milk Result in Lower Retail Prices for Dairy Products?" Its authors, Henry Kinnucan and Olan D. Forker, assert that support price cuts are reflected at the retail level—not immediately, and not as fully as support price increases—but they are felt. I quote from the article's summary:

> The results presented here contradict the notion that decreases in the farm price of milk have no effect on retail dairy product prices. As long as marketing costs remain constant, reductions in the support price of milk can be expected to translate into lower retail prices for dairy products. With lower prices, commercial sales will increase.

Mr. President, our choices are simple. We can implement gradual reductions in dairy price supports now, or we can whack away at them a few years from now, or we can go along with the House-passed dairy abomination that forces small family farmers to pay a tax so that a handful of producers in remote corners of the country can receive quarter-million dollar payments for not milking their cows.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, yesterday I alluded to the lengthy time that has been required to bring this farm bill to this point. I reflected upon the months of consideration in the markup sessions. I stated that early on, when it became evident that we were going to have difficulty getting a quorum in the committee—let alone permission to meet.

This amendment eliminates some of the frustration I felt because, and let me be candid, when it comes to good farm legislation, it is mighty rare around here. That is why the farmers in this country are in great difficulty not to mention the consumers. But here is an amendment pending which is good for the farmers, is good for the taxpayers, is good for the consumers, and I think it ought to be approved.

I may retrace some steps that already have been covered by the distinguished Senator from Florida and the distinguished Senator from New York, but I think they need to be repeatedly emphasized.

Let us look at where we are in terms of a dairy program. In its first 31 years of operation, through the year 1980, the total cumulative cost of the dairy program was $5 billion—$5 billion in 31 years. In the 5 years since 1980 the program has cost $9 billion.

As has already been stated by both Senator HAWKINS and Senator MOYNIHAN, that if we do not take appropriate action on the part of this farm bill the situation is going to get worse. Estimates now indicate that unless Congress does take action along the lines of the pending amendment, next year we will have record milk production, record governmental purchases, and record taxpayer costs for the Dairy Price Support Program.

Fortunately, the committee bill contains the kind of approach to the dairy program which we should have taken back in 1981. Specifically, it calls for adjusting the price support level in relation to projecting Government purchases.

Under this approach fairness, predictability, and opportunity will be returned to the dairy industry. It is far-reaching, and it will benefit the family dairy farmer both in the short term and in the long run.

However, since the time we reported out the committee bill from the Senate Committee on Agriculture, Nutrition, and Forestry, it has become even more apparent that milk production is rebounding from the diversion program to an extent that nobody anticipated, making further adjustments to the committee bill absolutely essential.

A few points, and I shall yield the floor. This amendment will avoid the need for another milk tax. Let me point out to my colleagues that the House farm bill contains a milk tax of $1.05 per hundredweight effective January 1, 1986, and if the Senate bill fails to make an adjustment on January 1, 1986, the conferees are likely to be forced to accept the milk tax.

Milk taxes hurt the farmers more than do the price cuts. The full milk tax comes out of the dairyman's pocket, while price cuts usually do not. For example, when the support price fell 50 cents in 1984, prices to farmers fell only 13 cents.

In any case, it is obvious to anybody who can do simple arithmetic. A 50-percent price cut is much preferable to a $1.05 tax. Farmers will still be better off than last year. Since last September, production costs for dairymen have dropped $1.38 per hundredweight, 56 cents in feed cost productions and 88 cents in savings due to improvements and productivity.

The most recent USDA projections indicate that unless Congress takes action, milk production will reach 148 million pounds, creating a surplus of more than 16 billion pounds and forcing the Government to buy more than 1 out of 10 gallons of milk produced in the United States—at a cost of more than $2.5 billion.

And unless we take appropriate action here today, the situation is going to get even worse. The reduction in loan rates for feed grains contained in this farm bill will further encourage production, and new technologies will be entering the industry which promise to increase productivity per cow from 10 to 40 percent.

In light of the current budget deficit, it makes little sense to continue to encourage overproduction—especially when it is costing the taxpayer so much. Since last September, the effective price support level has dropped only 50 cents—that is to say, $12.60 price support minus 50 cent assessments in 1984 versus the $11.66 price support in 1985. Even with this amendment's 50 cent cut, dairy farmers would be 38 cents better off than they were last September.

As the Senator from New York, Mr. MOYNIHAN and Senator HAWKINS have emphasized, action on this amendment in this farm bill will save more than $600 million over 3 years. And without this agreement, the Government will purchase an estimated 16,500,000 pounds of milk next year at a cost of more than $2.5 billion.

Mr. SYMMS. Mr. President, will the Senator yield for a question?

Mr. HELMS. Yes.

Mr. SYMMS. I thank the Senator for yielding.

The question is this. Is the policy still going to stay in effect—the general policy the way milk marketing works—but this amendment simply lowers the price by 50 cents, is what the Senator is saying?

My question is this: Was there any testimony before the Agriculture Committee about limiting the—total—amount the Government buys and will it have a cap on it, or will some of the big dairy cooperatives keep expanding production? We lower the price, the farmers have to get more cows and more milk to keep their income up, they keep putting all of this in storage, and so forth.

The point I am making in my question is that I have people in my State saying we should, instead of concentrating on the price totally, be keeping a cap on how much milk or dairy product any of these specific sellers to the Government in the CCC Program are allowed to expand.

In other words, should we put a cap on them so that they cannot expand, selling more next year than last year? This amendment will not address that problem. Is that correct?

Mr. HELMS. The Senator is correct.

Mr. SYMMS. Could that be done? I might ask the second question. Could it be done without having to get into some kind of a quota system where they would be buying and selling quotas back and forth?

Mr. HELMS. May I suggest that the Senator and his staff consult with us and our staff?

Mr. SYMMS. I thank the Senator very much for yielding. I wanted to get that question on the record and say that it still appears to me that part of the problem is that there is no limit on how much the Government can buy. There should be some opportunity to say we are not going to buy any more dairy products no matter what the price is. Maybe there would be two prices then.

I thank the distinguished chairman for yielding.

Mr. HELMS. I thank the Senator.

I will yield the floor in just a moment.

Mr. President, no farmer looks forward to us cutting their price support level. But the fact of the matter is that on the average dairy farmers are considerably better off than they were 1 year ago, and will continue to be so following passage of this amendment.

According to USDA, feed costs have dropped since last fall by an average of 56 cents a hundredweight. In addition, production per cow has increased at least 7.6 percent, translating into what USDA estimates to be a savings of 88 cents per hundredweight.

So since this time last year, average costs for the dairy farmer have dropped by as much as $1.38. However, their effective price support level has only dropped 50 cents. So in effect, the dairy farmer's net costs have fallen on the average of 88 cents per hundredweight since last year. It is no wonder we now have record milk production.

And our dairy farmers costs of production are going to continue falling due to reductions in loan rates for feed grains and the new technologies which will be entering the industry.

To maintain the current price support level for another 12 months while farmers costs continue to decline will only encourage the production of more and more milk for which there is neither a need nor a market.

If we pass the Hawkins/Moynihan/Chafee amendment we can both save $622 million and send to the dairy industry the kind of market signal necessary to turn the tide on this surplus problem. It is a sensible and timely amendment, and I encourage my colleagues to join me in support of it.

Mr. LEAHY. Will the Senator yield?

Mr. HELMS. I yield the floor.

Mr. LEAHY. Mr. President, I thank our distinguished chairman.

I do oppose the amendment offered by the Senator from Florida. I do it because I think we have put together a well-crafted farm bill, especially in this area. It is not one, as has been suggested here, that places intensive greed on the part of dairy farmers. In fact, the dairy farmers I know are extremely hardworking, down-to-earth, salt-of-the-earth people.

They are usually far more involved in maintaining their farms, raising their families, and being productive members of the community than in political matters or matters that would enhance their own status. They are people whose primary goal appears to be good farmers, good producers, people who respect the land and with a deep sense of the agrarian history of our country.

They are not, as is sometimes depicted, people who are out there trying to take from our Government. In fact, most of them are people who are in favor of less, not more, Government. Every single dairy farmer I have talked with, in Vermont or anywhere else in the country, is very much in favor of reducing our deficits.

We all understand that milk production must be adjusted to meet projected demand and to avoid further build-

up of surplus stock of dairy products. But the program we adopt to make such adjustment must not damage the long-term ability of our dairy farmers to meet future consumer needs.

The program authorized in the Agriculture Committee and passed by the Agriculture Committee would accomplish this adjustment without placing extreme hardships on dairy producers already facing the severe financial problems from drought, low cattle prices, and burdensome interest charges.

S. 1714 contains a compromise program. The compromise was achieved only after months of discussion of a bipartisan nature.

I see the distinguished Senator from Minnesota, the distinguished Senators from Wisconsin and others on the floor, many of whom involved themselves in the bipartisan discussions to reach that compromise.

One consideration, and the consideratin came up in every single discussion we had, was the budgetary impact of a new milk price support program. I insisted that we look at the numbers.

The dairy plan proposed in S. 1714 will cost some $598 million less than the current milk price support program. Those are the estimates of the Congressional Budget Office.

In fact, I recall well the statement of the representative of the Department of Agriculture at our hearings complimenting us on this amendment for coming in under budget, one of the few things that we are going to see this year that actually came in under budget.

Let me emphasize that one more time: under budget.

The most important consideration in this program is its effect on dairy farmers. Given the uncertainty inevitable in agriculture and the dairy industry respectively, we cannot say with certainty what will be the effect of the recent reduction of the support price to $11.60 per hundredweight.

Therefore, it could be unwise to cut the support price prior to the January 1987 date authorized by the Senate Agriculture Committee. A price cut before then would very likely prove excessive, forcing farmers into bankruptcy and placing increased financial strain on farm lenders.

I note that the Farmers Home Administration as well as the farm credit system are experiencing extreme financial stress.

As the dairy market involves a precarious balance between farmers' needs and governmental cost management, it could prove irresponsible for the Government to drastically cut the price of milk and pull this economic safety net out from underneath farmers. With surpluses at present levels we must make every effort to realign production with market needs. None of us question that. None of us would have it otherwise. But let us not threaten the future economic vitality of the dairy industry. Let us not throw the baby out with the bath water.

For the past 4 years, whole milk prices in the State of Florida, for example, have averaged 12 percent above the national average price of milk. Let me repeat that. Whole milk prices, 12 percent above the national average in the state of Florida. Beyond this high retail price, the southeast region also shows the largest margin between the retail price and the price obtained by the farmer-owned dairy cooperatives. Therefore, the Florida dairy farmer would not face the economic hardship due to support cuts that farmers in other parts of the country would suffer.

Mr. President, the problems confronting dairy farmers, and the solutions provided by S. 1714, were thoroughly considered by the Agriculture Committee during its hearings and its markup sessions. The committee adopted a provision that maintains the support price at current levels, at least until 1987.

A similar provision was contained in a bill introduced by Senator HELMS, S. 616. As chairman of the Agriculture Committee, Senator HELMS proposed that the price of milk be supported at $11.60 per hundredweight through October 1, 1986.

Senator ZORINSKY's bill, S. 1051, also provided for milk prices to be supported at $11.60 per hundredweight through October 1, 1986. Senator MELCHER in his bill, S. 119, agreed that the $11.60 price should be sustained until January 1, 1987, this marking a 90-day extension beyond the similar Helms and Zorinsky bills.

We have a compromise provision. The committee agreed to authorize a freeze at the $11.60 support price until January 1, 1987, at which time the Secretary would cut the price if surpluses were still excessive.

It appears, Mr. President, that Senator HAWKINS' proposal to alter the milk support price at an earlier date, January 1, 1986, really flies in the face of the compromise the committee has wisely agreed upon.

The dairy program included in S. 1714 is a long-term, enduring program, that considers the need for fiscal and social responsibilities. It is a program that neither invites nor requires year-by-year adjustment by Congress. Dairy farmers nationwide have told me of their need for a program that allows realistic planning for more than 1 year at a time.

You cannot change the rules constantly, month by month or even a couple of times during the year. People have to plan their herds, plan to buy, plan their production. You just do not turn production on or off. It is not like a factory where you say, "OK, let us close down for the weekend." Somehow, that word never gets across to the cows.

The program authorized by S. 1714 is a responsible package that will accord to American farmers the consistency needed to set long-term goals.

We talk about the consumer. Let us not forget that farmers are also consumers. The proposed price cuts would bankrupt 25 percent of the Nation's dairy producers—48,000 dairy farmers.

Let us also look at how these farmers as consumers must see this. These prices have been cut and cut and cut. In 1983, when milk price supports were $13.10, a half-gallon of whole milk cost $1.12. After the farm milk supports were cut by $1.50, the average retail price rose to $1.13.

It seems that every time the prices are substantially cut, the cost of dairy products goes up.

Those are not the farmers or the producers who are getting the increases. In fact, the same farmers and producers, when they go to buy ice cream or cheese or milk products or butter, find that even though they are getting far less for their product, they are paying far more at the store. When they go to a grocery store to purchase products as consumers, even though they are getting less for their product, they are paying more.

Those are really the questions that should be asked. Those are the questions that should be asked on all commodities that will come up in the farm bill.

We are the most powerful Nation in the world. We are the Nation most blessed. We are the only major military power in the world that can feed itself. But we feed ourselves at the price of very hardworking farmers, a small percentage of our population, certainly not enough to have political clout, or the political clout of a lot of other parts of our population, but the one that feeds us.

That is as much a part of our national security as anything else, the fact that the United States can never be starved out by any other country, the fact that we have a variety of food in a variety of places in the country. We do not have a regional food plan, we have a nationwide food plan. We do not have single commodities; we have virtually every commodity that people in this country could ever need.

Those are the issues we face here. We want to look for short-term numbers. We can achieve any short-term numbers we want simply by putting all of our farmers out of business. But what does that do to our national security? And what does that say to them?

What does that say also, Mr. President, to consumers who will suddenly find what it is going to cost them if they must start getting their food from abroad or from the cartels, not

from the thousands of family producers of food around this Nation?

Those are the issues we face here today. Do we turn our back on a 200-year history in this country, a history where agriculture has been a primary part of the growth of our country, on the fact that we have always been able to feed ourselves and in anticipation that we always will? This is just one small part of that debate we are involved in.

Mr. President, I yield the floor.

Mr. CHAFEE and Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, first, I want to say I listened carefully to the distinguished floor manager of this section of the bill and I think he erred a little bit when he portrayed the dairy farmers as a small group that has no political clout. I believe the largest political action committee that exists in the United States is connected with the dairy industry.

Does my distinguished colleague from New York have any statistics or knowledge on that particular subject?

Mr. MOYNIHAN. Mr. President, may I say to the Senator from Rhode Island that it is my understanding that there are three principal dairy PAC's. Those that are fortunate enough to benefit from them benefit very heavily indeed.

As far as I know, please correct me if I am wrong, there is no single commercial interest that provides more political campaign contributions than the dairy industry PAC's right now. And they do it for a very limited number of people, with great success, as we observed when the Senator from North Carolina remarked that from 1949 to 1979, dairy price-support programs cost taxpayers $5.5 billion. Then from 1980 to 1984, they cost them $9 billion. The money that those milk PAC's produce is well invested.

Mr. CHAFEE. I would say so.

Mr. BOSCHWITZ. Mr. President, would the Senator from Rhode Island yield?

Mr. CHAFEE. We are running a little short of time, Mr. President, and I wonder if the Senator could withhold his question.

Mr. BOSCHWITZ. The Senator from Rhode Island has intimated——

Mr. CHAFEE. I believe I have the floor, Mr. President.

I was responding to the remarks of the Senator from Vermont that somehow the dairy industry was a poverty-stricken ophan whose voice just cannot be heard in political ways.

Mr. LEAHY. Mr. President, if the Senator from Rhode Island is going to quote me, I hope he will quote me accurately, which he is not doing now. I simply note that.

Mr. CHAFEE. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I would quote from an article that appeared not too long ago in the Atlantic Monthly describing what some of the dairy PAC's did in the 1982 campaign, and that was some time ago. These PAC's gave Congressmen at least $1.8 million more than was given by the homebuilders and used car dealers.

I do not want to make a big thing of this, but I do not want anybody to think that the voice of the dairymen is not heard in the Halls of Congress. It certainly is.

Now, the Senator also talked about the family farm, and I will ask my distinguished colleague from New York a question about the family farm and whether these payments go to dairy farmers on the family farm.

It is clearly my impression that the payments, the so-called diversion payments which took place in 1984 were hardly to the struggling family farmer. That is not who we are dealing with. Does the distinguished Senator from New York have any statistics?

Mr. MOYNIHAN. I do have a statistic on that. In the diversion program we have just gone through, 8 percent of the payees received 37 percent of all payments. In our collective memory there is nothing more lovely than the sight of that barn and those fields and those hills. There is also the fact that today, and more and more this is the case, milk is produced in factories and this legislation is for factory farmers.

Mr. BOSCHWITZ. Will the Senator from Rhode Island yield for a question?

Mr. CHAFEE. I wonder if the Senator will withhold.

Mr. BOSCHWITZ. Who paid and from where did the money come?

Mr. CHAFEE. Mr. President, I told the Senator, my distinguished colleague and friend from Minnesota, that I will yield for questions but just let me make my statement if I might.

Mr. BOSCHWITZ. Where does the money come from, may I ask the Senator?

Mr. CHAFEE. Mr. President, I am pleased to cosponsor the amendment in conjunction with Senators HAWKINS and MOYNIHAN. Mr. President, in approaching this amendment, we have to bear something in mind. That is that our Federal Government is running a deficit of $200 billion a year.

I urge my colleagues to support this proposal which will yield savings of $600 million over the next 3 years. Now, Mr. President, what is happening with these dairy surpluses? They are accumulating at what we can truly say is an alarming rate. That is because of the Government purchases and that is because of the price supports. Last year the Government bought more than 7 percent of what the U.S. dairy farmers produced at a cost to the taxpayers of $1.6 billion. Now, even for us in Washington, $1.6 billion is a fairly sizable amount. Next year, unless this amendment is approved, what the Government will be buying will not be 7 percent of production in the United States of all milk production but it will be 10 percent. We currently hold enough uncommitted dairy products—that is, those that are stored in some 100 different locations around the country. I guess it is 500 different locations around the country—to give every man, woman, and child in the United States a 2-month supply of butter, a 3-month supply of cheese, and nearly a 2-year supply of dried milk. I mean this thing is out of control.

The Senate Agriculture Committee has acted wisely in adopting a straightforward, commonsense approach to our dairy problem. What they have done is recognize that in recent years we have learned that the only long-term remedy to chronic overproduction and persistently high Government costs is a gradual reduction in price-support levels. Recognizing this, the committee has provided for a realistic beginning in the price support of $11.60 per hundredweight with later adjustments to be made.

Now, this is a welcome step in the right direction, and as a result dairy surpluses and Government costs will decrease over the life of the bill. I congratulate the committee and particularly my colleague from Vermont, Senator LEAHY, for what they have done. There is only one hitch. And for some reason, which I cannot totally understand, the Senator has presented it in terms of a compromise and somehow, if the Agriculture Committee reaches a compromise, the rest of us are meant to be bound by it. The hitch is that they do not make the first price support cut until over a year from now, January 1987, despite compelling evidence that an earlier adjustment is needed.

Now, under the committee proposal there would be no change in the price-support level for more than a year during which time the Government would continue to buy up these dairy surpluses at an incredible cost to the taxpayer. As the Senator from New York previously pointed out, the taxpayer is hit twice. What a program. He is hit twice, once because he is charged more taxes in order to support this system and, second, he has to pay more for the product because the price supports keep the costs of milk unreasonably high.

Now, what does all this mean? How much are we adding? What are these price supports doing? It means that the Government is out there purchasing this milk. Farmers are producing this milk knowing they can always sell it, and the Federal Government is

buying milk now, adding to our dairy stockpile, at the rate of 36 million pounds a day—not a week, not a month, 36 million pounds a day.

Now, what our amendment would do—it is a very simple amendment—is add a provision for another price adjustment in January of this year if Government purchases warrant it. In other words, not if the Government purchases are down to 5 million pounds a year but listen to where it kicks in. A 50-percent reduction would be triggered if the projected purchases by the Federal Government in 1986 would be more than 10 billion pounds. I mean we are not playing with any little rinkydink amounts. This would not even go into effect unless the projections show the Government is going to buy more than 10 billion pounds.

To illustrate just how modest our proposal is, let me emphasize to my colleagues that this level of Government purchase, to understate it, is extremely high—more than three times what we require to cover our commitments under the surplus dairy donation programs and twice what is generally regarded as the upper limit on Government dairy inventories. Sure, we give out some of this milk and cheese to poor people, and that is right, but we are buying three times more than we are giving away. It is like the fellow who pulled up to the gas pump with his Cadillac and said, "Fill 'er up." And finally, he heard a plaintive wail from the boy pumping the gas: "Turn off the engine, will you; you're gaining on me." That is what is happening here. We cannot give it away fast enough.

Now, Mr. President, dairy production has surged upward since the diversion program ended in March. There is every indication that that trend will accelerate, as my distinguished colleague from New York pointed out. In response to an excessive support price, dairy farmers are not only increasing their herd sizes but are also taking advantage of technological advances to increase production per cow, just what the Senator from New York said. Thus the stage is set for a virtual explosion of new dairy production.

Now, if we adopt the committee proposal without adding a 1986 price adjustment, we will simply continue along this path for a little short of 18 months.

Now, this, according to the latest Agriculture Department estimates, would result in CCC purchases of more than 16 billion pounds in 1986, which gets us up to 44 million pounds a day.

I want to point out that if we fail to adopt this amendment, CCC purchases could run so high as to trigger a provision in the bill that the Senator from Vermont helped write, and the provisions that would be triggered would be as follows: It would require a dollar cut in the price supports in January 1988, and January 1989. Now, it seems to make far more sense to adopt this gradual approach than the dollar slice in 2 years, in 1988 and 1989.

The amendment we propose will cut Government purchases by 50 percent and Dairy Program costs by, we estimate, two-thirds, and consumers will save about $500 million in the first year—that is a half a billion. Let us put it into billions—and $1.2 billion over the 3 years. This is what the consumers save. When the price of milk goes down, the consumers buy more.

A recent study at Purdue indicated that a 10-percent decrease in the price of milk will increase consumption by 17 percent. That is what we all want. We want Americans drinking milk; it is good for them. This amendment is straightforward and the case I believe for it is compelling. I hope my colleagues will jump at this chance to show we are serious not only about reducing our appalling budget deficit but about setting our agriculture policy on a more reasonable course. The committee, as I mentioned, has charted a course but is not going to embark on it for more than a year and I think we can do better. I urge my colleagues to support the amendment.

Mr. KASTEN. Mr. President, I rise in opposition to the Hawkins amendment.

Mr. CHAFEE. Mr. President, I wonder, before the Senator starts, if I can make an inquiry. Have the yeas and nays been ordered on the second-degree amendment?

Mr. MOYNIHAN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CHAFEE. I thank the Sentor from Wisconsin.

Mr. KASTEN. Mr. President, I rise in strong opposition to the Hawkins amendment.

The question before us with respect to this amendment is very simple and very basic—it is a question of farm income, and whether we can afford to reduce it now.

Speaking from the perspective of the largest dairy State, I can tell my colleagues that family dairy farmers in Wisconsin are hurting.

Unlike producers of any other program commodity, they have seen the level of price support for milk reduced three times in the last 2 years.

Unlike producers of any other commodity, they have paid heavy assessments to help reduce the cost of the Dairy Program to the Government.

Unlike producers of any other commodity, they have seen the Congress make major changes in dairy policy seven times since the last farm bill was passed in 1981.

And unlike producers of any other commodity, they have to put up with a bizarre system of marketing regulations that guarantees a higher price for milk produced by otherwise uncompetitive dairy farmers in the South and Southeast—farmers who then complain that it is excess capacity in Wisconsin and the upper Midwest that is causing the surplus!

But dairy farmers in Wisconsin do have some things in common with farmers who grow or raise other commodities.

Things like high interest rates. Things like plummeting land values—in Wisconsin these have fallen by 26 percent since 1981, by 19 percent just in the last year. And, yes, things like declining farm income.

Mr. President, adoption of this amendment would mean the end of the line for thousands of dairy farmers in Wisconsin and other major dairy States.

It would put most of the burden for reducing the Nation's milk production, not on the relatively small number of giant dairy operations that have increased their production the most over the last few years, but on the tens of thousands of dairy farm families in the upper Midwest.

And, it represents different and fundamentally unfair treatment for dairy than that which the majority leader and others have proposed for wheat, feed grains, and other major commodities.

I remind my colleagues that the Dole-Lugar amendment package, which has been criticized bitterly for reducing farm income, proposes a 1-year freeze in target prices before beginning to reduce them. The bill reported by the Agriculture Committee treats dairy the same way.

I would like to think that the Senate would prefer to be equitable in applying cuts in farm spending. Yet the Hawkins amendment is a rejection of equity, a declaration that it's acceptable policy to slash dairy farmer's income, but not wheat farmer's or cotton grower's.

Let me say a word about the dairy provision passed by the Agriculture Committee. It is not a deal, it could be improved; and if this amendment is defeated I certainly hope it will be improved in conference. But by freezing the price support level at $11.60 for a year, we give our farmers a break from the uncertainty created by constantly changing government policy. Farmers, like other businessmen, need time to plan, to adjust to new conditions.

Whatever the faults of the committee's dairy title, it at least gives farmers some time.

Mr. President, the dairy industry is in a period of transition. No one is happy with the present situation. Dairy farmers in my part of the coun-

try are pretty self-reliant people who do not like the idea of the Government's spending $2 billion every year on the Dairy Program. And the new productive technology that will soon be available means that, in the not-too-distant future, we will have to think about a wholesale reform of the structure of the program.

But in the meantime, we need something to ease the transition. In Wisconsin, dairy farmers supported the diversion concept, and they still do. It saved the Government money and helped cushion the blow of lower support prices.

Many in Wisconsin support the idea of a whole-herd buyout, to allow some farmers a dignified exit from the industry while giving those who remain a fighting chance.

We need to deregulate the marketing of fluid milk, to give producers in the lowest cost-of-production region the access to markets they deserve, and to bring some healthy competition into this area.

Clearly, if a prime objective of our farm policy is to preserve the family farm, we ought to be thinking about a system of direct payments, targetted to small and midsized producers. I will concede that this idea would put the giant factory dairy operations in Florida and California at a bit of a disadvantage.

But I point out that these opeations have expanded largely through farming the Tax Code over the last few years. The industry in the Southeast has grown behind the shield of Federal milk marketing orders. I think these large operations have been given enough help from Washington—it is time to give the thousands of family farmers in the upper Midwest and Northeast a break for change.

But while we should be able to do better, the committee language is preferable to the Hawkins amendment from the standpoint of giving farmers some time to plan, and treating them the same way we are treating the producers of other commodities. I therefore urge my colleagues to reject the Hawkins amendment.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 2 p.m.

Thereupon, at 12 noon, the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. DURENBERGER].

Mr. PROXMIRE. Mr. President, is the pending amendment the Hawkins amendment?

The PRESIDING OFFICER. The Senator is correct.

THE HAWKINS AMENDMENT: A BAD DEAL FOR DAIRY FARMERS AND THE NATION

Mr. PROXMIRE. Mr. President, I rise in strong opposition to the Hawkins-Moynihan-Chafee amendment.

What is wrong with this amendment? Plenty. Here are just a few of the many reasons why it is a bad deal for dairy farmers and the Nation.

First of all, Mr. President, do consumers benefit from price support cuts? No; they do not, despite the assertions to the contrary by the proponents of this amendment. Here are the facts. Since December 1983, dairy price supports have been cut from $13.10 per hundredweight down to $11.60, the current level. But has there been a corresponding decrease in retail dairy prices? Absolutely not, Mr. President. At the same time that price supports for dairy farmers have been slashed, retail dairy prices for consumers have been increasing!

What did a half-gallon of whole milk cost during 1983, when dairy prices suports were $13.10 per hundredweight? According to the Bureau of Labor Statistics, it was $1.128. And what happened after the price support level fell to $11.60 on July 1, 1985? That is a cut for the dairy farmer of more than 10 percent. Mr. President, the average retail price of a half-gallon of whole milk went up—it was $1.138 in July 1985—while the price the farmer was getting was going down sharply.

And what about butter prices? A pound of butter that cost $2.065 in 1983 increased to $2.125 in July 1985, despite the fact that dairy farmers had suffered a $1.50 per hundredweight drop in the price support level.

What about everybody's favorite food—ice cream? Ice cream prices averaged $2.158 per half-gallon in 1983. But they shot up to $2.293 for a half-gallon in July of this year—again, despite that $1.50 cut in dairy price supports.

What do these figures tell us, Mr. President? The answer is obvious. Consumers are not the beneficiaries of dairy price support cuts. Why? Because those in between dairy farmers and consumers—namely, the processors and retailers—are not in the habit of being that generous. They do not generally pass the savings along to consumers.

So, anyone who votes for the Hawkins amendment in the guise of helping consumers will have missed the mark. Cutting the income of dairy farmers helps processors and retailers, not consumers.

We know what price support cuts will not do for consumers. Now let us look at what they will do to dairy farmers. Including the Hawkins amendment in the 1985 farm bill would be a disaster for dairy farmers. Why? Mr. President, dairy farmers in Wisconsin and throughout the Nation are fighting to hold on to their farms in the face of three price support cuts in only 20 months. By imposing yet another cut on January 1 of next year, we would be pushing literally thousands of dairy farmers over the brink.

What happens when dairy farmers are hit by a price support cut? They do what any rational person would do in similar circumstances—they struggle to survive. How? By producing more milk. Does this increased production keep dairy farmers going? Yes, for a while. But not forever. Eventually, the onslaught of price support cuts will spell the end for many dairy farmers. They will be driven out of business.

If the Senate wants to help bring about the early demise of countless dairy farmers, then it should approve the Hawkins amendment. Make no mistake about it. That is exactly what would happen if this ill-conceived amendment should become a part of the 1985 farm bill.

Mr. President, what about the effect of price support cuts on the budget? Does cutting the price support level for dairy farmers translate into savings for the taxpayers? No; it does not—the taxpayers lose right along with dairy farmers. Why? Because price support cuts mean that dairy farmers have to increase their production in order to stay alive. As dairy farmers see their income shrinking due to price support cuts, they are forced to produce more and more just to keep their heads above water. This is especially true in today's troubled times for agriculture. And escalating milk production is upon us with a vengeance. During the month of September, milk production was 12 billion pounds, 11 percent more than September 1984, and almost 7 percent above the September 1983 level. This represents the third consecutive monthly milk production record, and every indication suggests more of the same. So milk production is going up as price supports go down.

So, Mr. President, dairy farmers have been clobbered by a series of price support cuts since December 1983 totaling $1.50 per hundredweight, but the taxpayers must pick up the tab for increasing Government purchases of dairy products brought about by the need for dairy farmers to produce more in order to survive. Acceptance of the Hawkins amendment would help make this situation worse, and that is another reason why it should be defeated.

Finally, Mr. President, we should reject the Hawkins amendment because its approval would help undermine the price stability of the dairy price support program. Why is that price stability so important? Because it is the key to making available to consumers dairy products whose price has increased at far below the rate of inflation.

Let me give you an example, Mr. President. If prices for dairy products had increased as much as other food items in the Consumer Price Index

[CPI], a half-gallon of milk today would cost 47 cents more than it actually does. And if prices for dairy products had increased as much as all items in the CPI, that same half-gallon of milk would today cost 53 cents more than its current price.

For September 1985 the CPI stood at 324.5 (1967=100), the all-food index was 309.9. In other words, food has gone up less than the cost of living generally, and substantially less, and the dairy products have gone up even less than that. The dairy products index was an even 258. Clearly, dairy product prices are not inflated. They are, instead, a moderating influence, and the reason is not that the processor is getting less. The processor is getting more, and he is in a strong position. The farmer is getting a great deal less—as I said, a 10-percent reduction. He has to eat inflation.

So, clearly, Mr. President, we need to maintain, not disrupt, the price stability of the dairy price support system. We can help do this by rejecting this amendment.

Mr. President, let me also point out something that my good friend from New York and other Senators have stated from time to time but I think too many people neglect. The hardest working people in this country are farmers and the hardest working farmers are dairy farmers.

There is a reason why dairy farmers have to work so hard. They have to milk their cows twice a day.

The University of Wisconsin made a recent study of the hours that dairy farmers in Wisconsin work recently. That study showed that the average dairy farmer works between 10 and 12 hours a day and that is hard work. It is work that requires a great deal of skill and knowledge.

The dairy farmer works 10 to 12 hours a day, not 5 days a week as most of the rest of the people in this country do, 7 days a week. And what vacation does the dairy farmer get?

A few years ago the Wall Street Journal made a report on a dairy farm up in Jim Falls, WI, up in the northwestern part of the State. They found that that typical dairy farmer up there had not taken a vacation in 25 years.

This is very, very, very hard work, very productive work.

We are asking that the dairy farmer be given what he is getting now, which is a reduction, a sharp reduction over what the dairy farmer was getting 3 years ago.

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield for a question to my good friend from New York.

Mr. MOYNIHAN. It is really a statement.

The dairy farmers in my part of New York get a vacation once in their lifetime. It is a 1-week honeymoon.

I mean, literally, I know many who went to Niagara Falls, and that was the last vacation they had.

Mr. PROXMIRE. I thank my good friend.

The Senator from New York is familiar with that. That is why I am unhappy about the fact that the Senator is the author of the amendment. He is a wonderful Senator, a fine man, and a good friend of the farmer. But no one is perfect.

Mr. President, this is an amendment that I think we should put in the perspective of the situation where dairy farmers, as I say, work very long hours and they require a big investment. They require an investment in my State of over $250,00 on an average, with many more than that.

Mr. President, I do not know how many people realize this but for the first time since 1933, in 1981 dairy farmers and other farmers had no return net, no return on their investment. In 1982, no return on their investment. In 1983, 1984, and 1985—this is the fifth year in which the farmers in this country have received a negative return on their investment.

I think if anyone wants to see the No. 1 victim of economic injustice it has to be the farmer, including the dairy farmer.

So I do hope earnestly that the amendment by my good friends from Florida, New York, and Rhode Island is defeated. It is going to be a tough one to defeat. They are fine Senators, all of them, but I think the merit is certainly against them.

Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, before my friend and respected colleague leaves the Chamber, as he probably has to do for a committee matter, may I make a point that we disagree on this amendment but not on this issue.

If the average dairy farmer in Wisconsin has an investment of $250,000, he is right on the edge of being a marginal producer.

We are beginning to see this division in agriculture in dairy farming between the $4 and $5 million farm and the $¼ million farm.

As the Senator may know, in the diversion program it was Wisconsin's 44,000 farmers, the ones who borrowed money to pay for what you have to have for a herd and milking system. They were paying corporate farms that did nothing but produce milk to sell to the Government.

In Arizona, the average payment of persons receiving diversion payments per person was $238,000.

Mr. PROXMIRE. Mr. President, if the Senator will yield, $250,000 may not be very much on Wall Street and it may not be very much in New York City, but it is a whale of a lot of money in rural Wisconsin; $250,000 means that a dairy farmer has an average dairy farm. We have bigger herds in our State than in other States. Our herds average 38; the average nationally is 30.

I worked on a dairy farm about 2 years ago. I worked all day. They get up at 4:15 a.m. in the morning, and we started working, and this was a dairy farm that was a little bigger than most. It had 90 cows being milked, 150 cows all together. It was a terrifically demanding job. You had the dairy farmer, his wife, his children, his father, and two hired help trying to do the job.

But I beg to differ with my good friend, They are not marginal, at least not in my State. They are very efficient, and as I say studies by the University of Wisconsin indicated that the dairy farmer, who has a $250,000 investment, has a 38-cow herd, which is bigger than the average, is extraordinarily efficient, and there is no economy in scale when you get over that, because, of course, the dairy farmer, as I say, works very hard. He works skillfully. This is compared with the situation a few years ago when the size of the heads were smaller and there were many more dairy farmers. Really, most of the marginal inefficient dairy farmers, the hobby farmers, have been driven out. There are a few in there, sure, but most of the inefficient dairy farmers are gone.

You now have a situation where the people who produce are extraordinarily efficient not only in our State but in Louisiana, New York, and in other States.

So I think that the notion that we are going to improve the situation for the consumer by getting rid of more dairy farmers is going to lose the most efficient producers we have in our society.

One more point that I cannot resist, and it has been made again and again, and I wish to make it again, because I think a lot of people do miss it. The consumer in this country is being spoiled. There is no country in the world which gets food at a lower price than consumers do in America. Consumers in America spend 15 percent of their income for food. In Europe, the developed countries, like Germany, England, and so forth, it is close to 25 percent.

Mr. MOYNIHAN. Sure.

Mr. PROXMIRE. In Russia it is 33 percent. In much of the rest of the world it is one-half of their income or more.

Our consumers have gotten an enormous break from our efficient farmers, and it seems to me that this relatively modest price support payment we pay now, that has been cut, as I say, three times in 20 months to try, to

cut it again on January 1, I think would be a very, very unfortunate action.

Mr. MOYNIHAN. Mr. President, the Senator from Wisconsin and I are going to have a friendly difference of understanding.

Frankly, I thought a herd of, say 30 milking cows—in New York—just isn't a commercial operation; that when you get to about 100 cows, then you really start. I think there are economies of scale in this matter, and I would have to say, without asking the Senator from Wisconsin to even comment, that I would expect that 20 years from now or 30 years from now, we will see an almost transformed dairy industry as milk is being produced on concrete platforms and milking machines. But be that another time.

Mr. President, I rose to make two points that I believe were raised earlier in the debate.

The issue arose about PAC contributions from the dairy industry, not the farmers the Senator from Wisconsin represents.

May I just record the data from public voice for food and health policy? It is from the 1983-84 year. The three big dairy PAC's—AMPI, Mid-America, and Dairymen, Inc.—contributed $1,324,737 to Members of the House of Representatives, and $500,000 to Members of the Senate, for a total of $1,863,000.

Collectively, these cooperatives are large industrial milk producers, and they have had a pernicious influence on farm legislation, in my view.

The point I wish to add to the debate is that Members of the body should keep in mind that the House farm bill has a paid diversion program, a whole herd buy-out, and a milk tax to pay for them. Whole herd buy-out may be a good idea; diversion is not.

The milk tax is a food tax. It is a tax on the most elemental of foods. And we saw this morning the great disparity with which the tax moves from the small producer to the large producer.

I hope we will keep in mind that unless we go with the amendment that my friend from Florida and my friend from Rhode Island and I have introduced—with others—we will come out with the milk tax, which is a food tax, which is something we did 2 years ago and everyone thinks we ought not to have done; whereas, there is a case to be made for moving down the support price level so we do not keep buying milk from people who produce only to sell to the Government and storing it at enormous cost and with no change in sight.

Mr. President, in that regard, I ask unanimous consent to have printed in the RECORD at this point a most informative and thoughtful letter from Andrew Novakovic, who is an associate professor of the Department of Agricultural Economics at New York State College of Agriculture and Life Sciences, which is part of Cornell University.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURAL ECONOMICS,
CORNELL UNIVERSITY,
Ithaca, NY, September 1, 1985.

Hon. DANIEL MOYNIHAN,
U.S. Congress, Senate Office Building, Washington, DC.

DEAR SENATOR MOYNIHAN: Gray Maxwell and I had a good discussion of dairy program options last week. Based on that visit, he encouraged me to share some of my thoughts with you. I am pleased to do so.

As you are well aware, policy makers and dairy industry leaders have been struggling to find a solution to the persistent problem of surplus production for the last five years or more. From the beginning, there have been advocates of simply reducing the support price, an economically logical approach. Those who resisted that approach first argued that the problem was overblown. Since about 1982 their argument has shifted to the hardships imposed on farmers by price cuts and the (presumed) inefficacy of the price cut solution. This thinking resulted in what was to become the Milk Diversion Program (MDP).

The debate in 1985 is essentially the same as that of 1983. It is no surprise that the House agriculture committee has endorsed the plan proposed by the National Milk Producers Federation (NMPF) and that the Senate agriculture committee has approved a straightforward price cut, the approach favored by the American Farm Bureau Federation and most dairy processors. Nevertheless there is a new twist this year, and I think it is one worth further consideration.

As you know the Dairy Unity Act (H.R. 2850) was amended by the full House committee to authorize a "whole-herd" or 100 percent buy-out option, in addition to a 5-30 percent MDP like that which expired last March. I believe this amendment was inspired by a plan put forward by Western United Dairymen, a group of California dairy farmers headquartered in Mr. Coelho's district. In any case, the buy-out option seems to be picking up political steam. I am told that the administration has made encouraging noises about this approach, although it is steadfast in its strong denunciation of the 5-30 percent MDP. NMPF has endorsed a buy-out, in conjunction with a 5-30 percent MDP. I understand that some Senators on the agriculture committee are seriously considering introducing a buy-out amendment, although the prospects in the Senate for a favorable vote are uncertain. A policy combining price cuts and a whole herd buy-out is more and more being viewed as a vehicle for compromise between the Senate and House positions.

Is this interest in the buy-out warranted based on economic analysis? Analysis of this approach is difficult. Formal language describing important parameters of this option has not been finalized even within the House. Moreover, most of the data one would need to precisely analyze who would sign-up, what their bids would be, how much milk would be involved, etc. is simply not available. Nevertheless, it is virtually certain that the buy-out approach would be more effective and cheaper than the 5-30 percent MDP. Would it be effective and cheap enough to justify using it? This is also not an easy question, but I think it might be worth trying.

My rough and ready analysis suggests to me that the buy-out would be equally effective as the 5-30 percent MDP in reducing production in the short run; however, it could achieve the same reduction for half the cost. For the longer run, the buy-out may have a much more lasting effect. I don't know how one could precisely estimate the rebound rate after a buy-out commitment expired, but one would have to conclude that it would be much lower than the rebound from a 5-30 percent program. With a partial herd reduction, it is financial suicide if a farmer doesn't rebuild (unless he quits altogether). For a farmer who has sold his herd and not milked cows for three or more years, the re-entry decision is much more difficult and likely to be negative.

Dairy farm buy-outs have been tried elsewhere. The experience in Sweden, for example, was that a buy-out program restricted to farmers over the age of 55 did not get a sufficiently large response and probably paid for people who were planning to retire anyway. The only way to avoid this problem is to make sure that enough farmers at the margin view getting out of dairy farming profitability of dairy farming is the key to the success of any temporary supply control program. If the buy-out plan is not accompanied by the necessary price cuts, the sign-up may be inadequate and it too will be followed by a rebound. Even the 5-30% MDP would have worked better had it been followed by deeper price cuts. (In fairness to the architects of the 1983 Dairy Production Stabilization Act, many analysts initially judged the 1985 price cuts to be adequate. The unanticipated drop in feed prices proved to more than compensate for the reduction in milk prices.)

Gray asked me which approach was better—cutting prices or a buy-out. The answer cannot be based on economics alone. Price cuts are the essence of a long run solution to the current market situation; however it can be reasonably asked whether or not the buy-out would speed the adjustment process (an economic issue) and/or make it less difficult for dairy farmers to adjust (a social issue). Proponents of the 5-30% MDP argued that it provided a quick and certain remedy in the short run and that it would contribute to a long run solution. How well it worked while it was in place is debatable. That it would contribute to a long run solution was wishful thinking from the beginning. The buy-out approach, however, offers more promise of being helpful in the long run adjustment process as well as the short run.

Does this mean that the Dairy Unity Act, as amended would make good policy? In my opinion the Dairy Unity Act is fatally flawed; an addendum to this letter outlines my reasoning. Nevertheless there are some concepts in and elements of the DUA that could be fashioned into a reasonable, workable policy.

The formula used to set prices under the DUA will result in ever increasing prices, the effects of which can only be offset by greater and greater diversions year after year. The standby supply control program becomes a permanent fixture. The price formula approach need not work that way.

A more sensible approach to setting prices accompanied by a buy-out plan could provide the basis for a long run economic solution, short run budget relief, and transition assistance to the farmers who must exit the

dairy business. Moreover it appears to be politically feasible.

You might be interested to know that Congressman Jeffords has offered a bill (H.R. 3160) that moves in this direction. It retains some of the concepts of the DUA, but it makes major improvements in the mechanics of the price setting procedure and the structure and timing of the supply management program. (It also ignores legislated increases in minimum federal order prices for milk used in fluid milk processing; a wise move in my opinion.) In my opinion, H.R. 3160 could be further improved; there are several elements in the price setting procedure that I think could be better structured. In fact, altogether different price setting procedures could work just as well or better. Nevertheless, it is a package worth studying.

A package such as I have discussed here could be used to encourage adjustments that are overdue and to begin a process that will be needed even more so in the not too distant future. Before the end of the decade, technologies that are now in their infancy may rapidly transform dairy farming and marketing. Even after the immediate problem is solved, further and perhaps even larger adjustments will be needed if we come anywhere near our current expectations for increasing productivity through technological change. Economic and political institutions will be hard pressed to cope with and adapt to such changes. It is not too early to prepare for such changes and begin needed adjustments.

In conclusion, my purpose in this letter has been to apprise you of the status of dairy policy as I see it and to suggest that a program combining price cuts and a whole herd buy-out plan may well be worth your attention. This is not to say that this approach is guaranteed to solve the dairy industry's problems now and in the future or that other approaches should not be considered. A buy-out program is not a panacea for the economic problems facing the dairy industry. If one accepts this approach, it should be done because the buy-out has positive social implications for farmers who will be displaced by price cuts and because it could reduce production and government expenditures (the latter coming from the concomittant assessment) more quickly than all but a very drastic price cut. The success of a new program cannot be guaranteed. Is a dairy buy-out worth taking a chance on? If it is accompanied by price cuts deep enough to reach and maintain a balance between market supply and demand, I would be tempted to try it.

I have sent Gray copies of some analyses I did a couple of months ago. Although they should be revised a bit (the situation is worse and some proposals have changed slightly), these analyses quantify some of my concerns and arguments. If you would like, I would be happy to further discuss these matters and more specific ideas with you or your staff.

Sincerely,

ANDREW NOVAKOVIC,
Associate Professor.

SENATOR MOYNIHAN, SEPTEMBER 1, 1985.
ADDENDUM

The Dairy Unity Act (DUA) combines three major elements: 1) revised procedures for setting the support price, 2) a milk diversion and assessment program, and 3) legislated increases in Class I prices in most federal orders.

The price setting procedure, which embraces what is generally known as the dairy parity approach, involves three steps. First, a "cost of production index" is calculated. This index is similar to the prices paid index used in the traditional parity price calculation, but it is intended to better represent input and other characteristics specific to dairy farming, as opposed to all agriculture. Secondly, this index is adjusted for increases in production per cow. The adjusted index is then multiplied by a base price, the product being the preliminary support price. A supply/demand adjuster is used in the third step. USDA net removals during the next marketing year are estimated based on this preliminary price. If projected net removals exceed four to five billion pounds, then the support price must be reduced according to a specific schedule (about 2.6% for every one billion pounds above five billion).

If the Secretary of Agriculture determines that, even with the foregoing price setting process, net removals in the next marketing year will exceed seven billion pounds, then he must institute a Milk Diversion Program (MDP). If projected net removals are five to seven billion pounds, then the Secretary may use a MDP if he desires. Below five billion pounds he may not use a MDP.

Under this program, it is virtually certain that a MDP would be required as soon as the bill was enacted. The committee decided that if a MDP is started when the bill is passed, it should last for 23 months. After that it is renewable annually, given the above criteria.

Most of the new diversion program is identical to the old MDP; however there are two key differences, in addition to the new one being renewable. Under this plan the assessment would be variable and tailored to cover any program costs above that associated with net removals of five billion pounds. Another deviation from the old MDP is that this plan would permit a buy-out or 100% option. That is, a producer could agree to cease production altogether, but he must do so for a period of three to five years. Payments under the buy-out option would be determined by a bidding system, where the maximum bid for a diversion payment would be $10 per cwt. on one's entire base. The normal base would be marketings between July 1, 1984 and June 30, 1985.

The third major feature of the DUA would rather arbitrarily increase Class I prices in 33 of the 44 federal milk marketing orders. In the Chicago Regional order the Class I differential would increase from $1.26 to $1.40. In the New York-New Jersey order the increase would be from $2.25 to $2.55; in Southeastern Florida the increase would be from $3.15 to $4.18. The rationale for these increases is that Class I differentials should reflect transportation costs from the upper Midwest; yet they haven't been adjusted since 1969. The merits of this reasoning, much less the specific increases, are hardly subject to universal agreement.

Another feature would require all federal order farmers to reimburse cooperatives for services that benefit non-members as well as members, i.e. for so-called marketwide services. The principal example of such a service would be balancing of market supplies, i.e. providing manufacturing outlets for milk not needed to serve Class I markets. Economists generally agree that cooperatives provide marketwide services; however it is not at all clear how these services should be valued. This could be a very important feature of the DUA, but its impact at this stage is impossible to determine with any precision.

The pricing formula under the DUA virtually guarantees that a diversion and assessment program will be necessary to cap net removals and government costs. Even with an assessment, the current DUA results in higher cash receipts to farmers, however consumers pay for much of this in the form of higher prices and consumption suffers in turn.

However one might feel about supply management programs, the DUA could achieve more market oriented results and avoid using a diversion program after FY 1987 if the pricing procedure were modified. Several well reasoned changes could be made. For example the DUA as it now stands permits no additional adjustments to the preliminary support price beyond those associated with net removals of 7 billion pounds. The supply/demand adjuster schedule could be extended downward.

The cost of production index could also be revised. For example, the current index includes the consumer price index and the index of prices received by farmers for beef, both weighted at 10%. Neither of these reflect the price of a direct production input. A revised formula having heavier emphasis on feed prices would result in lower preliminary prices for the next several years.

The significance of these two changes pales in comparison to what is needed to make the productivity adjuster a meaningful mechanism. The current productivity adjuster reduces the cost of production index 0.2 percent for every 100 pound increase in production per cow over 11,101 (a yield figure from circa 1976). This means a change in the support price of about 2/cwt. for every 100 pound increase in production per cow. The more production per cow is over the base level, the more meaningless this small adjustment becomes. In order for this productivity ajustment to result in more market oriented prices it would have to be increased five to tenfold. Another very simple but effective way to reflect productivity gains would be to simply adjust the cost of production index by the ratio of base production per cow to current yields. Theoretically this would overcompensate for productivity gains, but in practice it would provide more market oriented prices and would all but eliminate the need to use a supply/demand adjuster. If one used this procedure but retained the current cost of production index, the October 1 support price would be about $11.57 without using any supply/demand adjustment; the current formula yields $11.67 after the maximum supply/demand adjustment (−7.8 percent).

Supporters of supply managment strategies have argued that the only way to achieve mandated budget cuts is to use supply controls or drastically cut support prices. Additional analysis confirms what many dairy industry analysts have speculated. Support prices would have to fall to about $10 per cwt. in order to achieve goals for net removals and budget costs. The price cuts could be smaller if demand grows more rapidly or if supply grows less rapidly. The reverse is also true. Production and consumption data for 1985 will be important indicators of what can happen when support prices are reduced. The evidence so far is not encouraging. Although commercial uses appears to be up, production is also up considerably during the second quarter of 1985. Whether the rate of increase in production continues after the July 1 drop in the support price is fully felt by farmers remains to be seen, but in today's favorable feed prices

a significant change is production does not seem to be imminent.

Mr. LEAHY. Mr. President, I yield to the distinguished Senator from Wisconsin.

Mr. KASTEN. Mr. President, I just wanted to make a brief comment on one of the ideas which the supporters of the Hawkins amendment have been discussing during the debate, and that is the point that cuts in dairy price supports send a signal to farmers to reduce production.

I think my colleagues know the record in this area well enough. The price support has been cut three times in the last 2 years, and has not been raised in over 4 years. Yet, except for 1984 when we had the diversion program, production has gone up every year.

This year, we have reduced the price support by a full dollar and production is going up at a record clip.

Clearly, if cutting the price support is supposed to send a signal to cut production, that signal is getting lost somewhere. It simply is not getting through.

How do we solve the mystery of the lost signal? It is pretty basic, really. We have a combination of very low input prices—especially corn—and just staggering interest rates.

Low feed costs make it possible to increase productivity per cow. The meaning of that is clear from the following: Milk production in the United States is up 10 percent from a year ago. We have 3 percent more cows—but production per cow is up 7.6 percent.

In Wisconsin, cow numbers are up 3.5 percent—and per-cow productivity has risen 8.7 percent. In Minnesota, where milk production has soared 17.3 percent over last year, there are 5.1 percent more cows, but each cow is producing 12.2 percent more milk.

Clearly the driving force behind increased production is the input price—cheap grain—not the output price.

High interest rates add to the problem by making farmers desperate to maximize their cash flow by producing all they can, just to meet expenses.

Until we improve our competitiveness in world markets in feed grains, and until we get interest rates down, changing the price support level is just not going to work without driving thousands of farmers off the land.

I would add also that a lot of production in dairy has been stimulated by the Tax Code. Rapid depreciation, the investment tax credit, and allowing even the largest farms to use cash accounting has spurred the growth of massive dairy operations in California and the Southwest. The advantages our current Tax Code gives to these operations will far outweigh any impact a 50-cent price cut would have. So they will continue to increase their production.

I would sum up by saying that if we want to reduce milk production in this country, the price support level should be about fourth in the list of things we should be talking about.

I am hopeful the Hawkins amendment will be defeated.

Mrs. HAWKINS. Mr. President, I would like to get back on the subject that we are talking about here and read into the RECORD that the September milk production totaled 12 billion pounds. That is a record high for September and 11 percent more than September 1984. That is from the Crop Reporting Board, USDA Statistical Reporting Service. The production per cow averaged 1,072 pounds during September, which was 76 pounds above September 1984. The total number of milk cows in herds average 11.2 million head during September, 3 percent above September a year ago. So all of the arguments or statements that I have heard made really do not face up to the actual numbers when we look at milk production is up and cost of production is down. The cost to consumers in some areas of the country has gone up.

I have seen a map floating around here that has colors where the cows are, where the milk farms are. It is very interesting. We have very large dairy farms in Florida. That surprises a lot of people. But we have probably some of the biggest dairy farms in Florida and they support the reduction. They oppose a milk tax.

At the same time, we could have a map floating around showing where the people are moving. Maybe we could have the people and the cows go together. We certainly would appreciate that happening in some of our cities in Florida where we have a rapid influx of out-of-State people and then we do not have enough milk for them.

I believe one of the arguments that has been lost in this total debate is that this helps the needy. We understand and should understand that low-income families spend two and half times as much of their income on food as compared to the average-income families. It will save the consumers $1.2 billion at the grocery store over the next 3 years.

We have debated from the beginning of this year to November on the budget. The public is weary of the budget and the deficit. They are tired of the inaction of this body on continuing to labor over a budget that is reasonable, cuts in spending that are reasonable, and are saying, "Get on with your work and do not print any more about it."

We have an opportunity now in November to actually do some cost savings here, not just a budget. That is a resolution. It is nonbinding. I can get a waiver any time I want to the budget if I have got a good program. That just takes up a lot of time here in the Senate and we cannot get around to the real work. We are now down to the real savings that can be made. I am saying that those people who were so eager to vote for the Gramm-Rudman-Hollings, et cetera amendment for budget savings have a great opportunity right now to cut expenditures and to lower consumer prices to low-income families.

For the first time since this Senator has been here, this amendment, the Hawkins-Moynihan amendment, has widespread support. I have rarely seen a cut of any kind that was supported by as many organizations. It is supported by the American Farm Bureau Federation. It is supported by the National Cattleman's Association. It is supported by the Chamber of Commerce. It is supported by the National Taxpayers Union. It is supported by the Americans for Democratic Action, which ought to get a lot of attention on the other side of the aisles. They have had a lot to say about this. And also the Public Citizens Congress Watch, a consumers' group that we hear a lot about here on the floor of the Senate, and many, many more people are supporting it.

I would like, Mr. President, at this time to read into the RECORD a letter I received from a Dairy farmer:

DEAR MRS. HAWKINS: As a dairy farmer, I would like to express my support for your efforts on the Dairy Bill.

As a member of the Florida Dairy Co-Op for 27 years, I feel proud of our record in the state. We have done a good job of keeping our supply in line with the demand for fresh fluid milk. Under Florida base plan, we, as an individual producer, need to pay to have milk shipped in from out of state if there is a milk shortage in the state. Currently, it is costing us $400.00 to $500.00 a month in import charges, at the same time that we are taking a price cut because of a national surplus. We support a $.50 a hundred cut in the price support by January, 1986, and a sane approach to Federal policy that will not lead to additional milk shortages in the Southeast, especially in Florida.

Every Southeastern Senator should listen to that, every growing State should listen to that, and those who have families should listen to that, and those with elderly in their States should listen to that.

It is very ironic that one committee is over here talking about milk production, milk supply and milk costs which is the Agriculture Committee. This Senator would like to lower those costs to the consumer so everyone can afford milk and have plenty. The other time you sit on the Health Committee and have hearings on osteoporosis where we find we are going to have an epidemic among our elderly, those 40 years of age and older, those of thin bones and holes in their bones because of lack of calcium.

We have 900-and-some-odd billions of pounds of milk in storage. It is absolutely unacceptable to explain that to

any constituent in the face of the alternative, which is a milk tax.

We know very well that the House version has a milk tax which most everybody opposes that is in this milk business.

I ask unanimous consent, Mr. President, at this time to print in the RECORD quite a few—at least an inch and a half—of letters of endorsement for support, as though read.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL CATTLEMEN'S ASSOCIATION,
Englewood, CO, November 12, 1985.
Hon. PAULA HAWKINS,
U.S. Senate,
Washington, DC

DEAR SENATOR HAWKINS: We will soon be addressing dairy policy in the farm bill debate on the Senate floor.

The Leahy program in the committee-passed farm bill is a step in the right direction, providing for long-term, predictable price adjustments based upon demand. It simply states that when the government is forced to buy too much surplus milk, price support levels will be reduced. Conversely, the Secretary has discretion to increase supports, whenever necessary to stimulate production.

However, the Committee bill postpones the solution to the milk surplus dilemma for one full year. The Hawkins/Moynihan/Chafee amendment addresses the problem in January 1986. Your amendment is also favorable to the federal budget and to the long-range beef supply and price situation.

One might ask why are the cattlemen interested in the price of milk? Well, we are not interested in the milk; the cull cow is our concern. Dairy cow production is an integral part of the red meat industry. Dairy beef accounts for 20% of all beef and 40% of ground beef consumed in the United States. Artificially high milk prices cause an artificially high number of dairy cows.

In 1985, we are witnessing the largest growth in milk production in modern history. This over-stimulation of milk production and cow numbers is the result of high support payments, declining feed costs, access to superior genetics, and an excess inventory of replacement heifers. This overproduction can best be arrested by lowering support prices.

The National Cattlemen's Association supports your efforts to enact a sound dairy policy in 1986. The Hawkins/Moynihan/Chafee amendment to the dairy title of the 1985 Senate farm bill is a reasonable approach to addressing the serious over-production problem faced by the American dairy industry.

Sincerely,

JO ANN SMITH,
President.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, DC, October 29, 1985.
Senator PAULA HAWKINS,
U.S. Senate,
Washington, DC.

DEAR SENATOR HAWKINS: The U.S. Chamber of Commerce, which is composed of more than 184,000 member companies plus several thousand other organizations, such as local/state chambers of commerce and trade/professional associations, is pleased to support you and Senators Moynihan and Chafee in your effort to amend the farm bill to begin gradual reduction in the dairy support level in 1986, rather than in 1987 as provided in the committee bill, S. 1714.

Milk production at the current support level has continued to increase rapidly, and the government purchased 11.9 billion pounds of surplus dairy products in fiscal year 1985. Current estimates indicate surplus purchases of 13 billion to 16 billion pounds in 1986, unless the support level is reduced.

Unlike many other sectors of agriculture, the dairy sector has remained relatively prosperous in recent years. With historically cheap feed costs and sharply rising productivity per cow, dairy farmers have excellent prospects for profitability even with a 50¢ per 100 pounds reduction. A timely cut in the dairy support level will curb surpluses. Moreover, a 50¢ reduction in 1986 may well prevent a more drastic cut in 1987. The process of adjusting price supports should be gradual and should begin as soon as possible for the sake of dairy farmers.

We thank you for your leadership on this issue. It is essential that the Senate enact a workable and equitable dairy program and provide its conferees with a strong position for the farm bill conference deliberations.

Sincerely,

ALBERT D. BOURLAND,
Vice President,
Congressional Relations.

PUBLIC VOICE FOR
FOOD & HEALTH POLICY,
Washington, DC, November 5, 1985.
Senator PAULA HAWKINS,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR HAWKINS: Public Voice for Food and Health Policy fully supports your amendment, co-sponsored by Senators Moynihan and Chafee, to reduce dairy price supports by 50 cents in 1986. Dairy farmers need to receive a signal to cut back on overproduction that added $4 billion in costs to consumers during 1985.

We are working with you for passage of your necessary and timely amendment.

Sincerely,

ELLEN HAAS,
Executive Director.

AMERICAN FARM BUREAU FEDERATION,
Washington, DC, October 25, 1985.
Hon. JOHN H. CHAFEE,
U.S. Senate,
Washington DC.

DEAR SENATOR CHAFEE: Farm Bureau strongly supports the Hawkins/Moynihan/Chafee amendment to the dairy title of S. 1714 that will accelerate the time in which dairy support prices are adjusted. We believe that such an amendment is necessary to bring dairy supply in closer balance with demand.

Farm Bureau policy is developed in a democratic process initiated in the county and state Farm Bureaus and voted on by delegates to the American Farm Bureau Federation at our annual meeting. The American Farm Bureau Federation is the nation's largest general farm organization and represents the largest number of dairy producers in our 48 member states and Puerto Rico. Farm Bureau policy regarding national dairy programs states:

"We support a dairy price support program which will bring supplies down to demand levels.

"We favor a system where the price support level would be automatically adjusted according to the amount of net dairy products purchased by the federal government and oppose any assessment of producers by the federal government as a part of any future dairy legislation."

Farm Bureau commends the Senate Committee on Agriculture for adopting a dairy proposal which will adjust the support price according to the level of government acquisitions. This proposal, based on sound economic principles, is an appropriate response to the current excessive supplies that plague the dairy industry. To bring the milk supply into closer balance with the commercial demand, however, we believe that the current support price of $11.60. per hundredweight must be adjusted before January 1, 1987.

The Hawkins/Moynihan/Chafee amendment provides that, if dairy purchases are projected to be greater than 10 billion pounds milk equivalent in 1986, the Secretary shall adjust the support price downward by 50 cents on January 1, 1986. Such an adjustment is justified by projections that dairy product purchases will range between 13 and 15 billion pounds in 1986 in the absence of a support price adjustment.

Opponents of the Hawkins/Moynihan/Chafee amendment will argue that it will have a detrimental impact on dairy farmers. We take issue with such statements based upon the following points:

1. Due to large supplies of feed for dairy producers, feed costs are projected to decrease over the next year and are expected to continue at lower levels for the foreseeable future. With feed costs declining, extension of the $11.60 per hundredweight support price would actually provide many dairy producers an incentive to increase production for which there is no market.

2. Because production is projected to increase well beyond market-clearing levels acceptable under provisions of S. 1714, failure to adopt the Hawkins/Moynihan/Chafee amendment would likely result in a $1.00 per hundredweight price cut on January 1, 1988, and January 1, 1989. Dairy producers would be better served by the less drastic cuts in the support price proposed under the Hawkins/Moynihan/Chafee amendment.

3. The 50 cent per hundredweight reduction in the support price that would occur in 1986 under this amendment would not reduce the price received by all dairymen by 50 cents for each hundredweight of milk produced. Dairy farmers receive a price which reflects the blend of production that moves into fluid milk markets and that which is used for manufacturing purposes. The 50 cent per hundredweight support price reduction will only be passed on to dairy producers in relation to the proportion of end use products for his milk production.

Some opponents of the Hawkins/Moynihan/Chafee amendment will argue that other program provisions contained in S. 1714 provide for the freezing of target prices for other commodities, and therefore, consideration should be extended to dairy producers. However, the dairy program operates in a significantly different fashion than programs for other commodities. Under the dairy program, the federal government purchases all milk that the market does not use. In contrast, participants in other commodity programs must comply with eligibility requirements that include reduction of acreage and practice of conservation measures. In no other commodity program does the government provide an unlimited market. This market necessitates a sensitive adjustment of the support price to avoid ex-

cessive supplies. Under the Hawkins/Moynihan/Chafee amendment, surpluses would be reduced more quickly, commercial use would increase and government purchases and costs would be significantly reduced.

Finally, Farm Bureau supports the Hawkins/Moynihan/Chafee amendment in S. 1714 as a means of assuring that the dairy program contained in the final version of the 1985 Farm Bill does not rely on assessments to reduce the cost of the dairy program to the federal government. Assessments as a policy mechanism create individual and regional inequities by imposing a tax on dairy producers to raise revenue that is paid to a small number of producers in exchange for reduced production. An assessment, which is borne by all dairymen, reduces the income received for milk but passes none of that reduction on to consumers in the marketplace. Past programs which have relied on an assessment have a history of failure and should not be repeated.

Farm Bureau commends Senators Hawakins, Moynihan and Chafee for offering their amendment to improve the Senate Agriculture Committee's dairy title. With that improvement, the dairy title of S. 1714 offers a sensible, fiscally responsible and economically viable means of assuring adequate protection to our nation's dairy producers while reducing the level of surplus production. Farm Bureau will provide you any assistance in seeking passage of this amendment.

Sincerely,

ROBERT B. DELANO,
President.

NATIONAL INDEPENDENT
DAIRY-FOODS ASSOCIATION,
Washington, DC, October 1, 1985.

Hon. PAULA HAWKINS,
Hart Senate Office Building, Washington, DC.

Re: S. 1714, Dairy Title, Hawkins-Moynihan/Chafee Amendment.

DEAR SENATOR HAWKINS: Soon you will be asked to consider the farm bill, S. 1714, and amendments. We urge you to vote for the Hawkins amendment to the dairy title of the Agriculture Committee bill S. 1714 for two very important reasons:

(1) Due to Federal Milk Marketing Orders, most dairy farmers are paid more than the government support price currently at $11.60 per Cwt.

(2) Dairy processors must pay dairy farmers or their cooperatives the federal or state order prices plus added service charges for their fluid milk. These prices for September 1985 vary between $12.91 in Minnesota to $16.40 in southeastern Florida. The simple average in the 47 federal order areas for September 1985 is $13.99, yet the support price is $11.60.

Remember, prices received by dairy farmers are not those proposed in either the Senate bill S. 1714 or the Hawkins amendment. Dairy farmers or their cooperatives are paid substantially higher prices depending on the region and cost of production. (See attachments A, B and C.)

There is no evidence that efficient dairy farmers are now in trouble, facing finanical ruin, or likely to under the Senate bill. The House adopted dairy title contains a disastrous diversion program that will cause severe shortages of fresh fluid milk for commercial markets in various parts of the country. This will occur while the CCC is buying billions of pounds of surplus milk nationwide, as in 1984.

The 50¢ per Cwt. cap on the diversion tax on dairy producers for this diversion plan will cost the U.S. taxpayers millions of dollars. Most experts agree that a minimum assessment of at least $1.00 per Cwt. would be required to finance this program as passed by the House. The House-approved diversion program is a "budget buster." Despite the 1984 diversion program, CCC purchases are up 50% to 13 billion pounds. Why then do some big-money dairy officials and politicans vigorously push the House bill?

The ill-advised House bill is aimed at keeping the support price as high as possible because the giant dairy cooperatives have enormous processing facilities whose principal customer is the United States government. CCC must buy the surplus dried milk, cheese and butter at the support price. In fact, the House bill would drive up the CCC purchase prices and keep the cooperatives' excess processing at high capacity.

Remember, the support price is primarily related to the price the government pays for surplus dairy products, and government is the principal customer of these milk drying, cheesemaking and butter churning co-ops. The current over-inflated support price encourages additional surplus production and the co-ops are pressing to keep that price as high as possible.

The Hawkins amendment to the Senate Agriculture Committee bill offers a long-range, permanent, sensibly phased-in, and moderate change to achieve balance between dairy production and the commercial markets.

Sincerely,

DONALD A. RANDALL,
EXECUTIVE VICE PRESIDENT/
General Counsel.

CRIMP—COALITION TO REDUCE INFLATED MILK PRICES

JULY 30, 1985.

Dear Senator: When the Senate considers new legislation for commodity programs we urge you to give special attention to proposals for the dairy program.

Since 1981 the dairy law has been changed 7 times. It is time to enact legislation which will be more than a short term solution.

We think the dairy provisions recently agreed to by the Senate Committee on Agriculture, Nutrition and Forestry are headed in the right direction and will result in the long range adjustments needed in our nation's dairy program.

We are concerned, however, that this proposal would allow government purchases of dairy products which are already very high to continue to increase during FY 1986. Therefore, we urge your support of an amendment to the dairy provisions in the Committee's bill which would enable the Secretary of Agriculture to adjust the milk price support level by 50 cents in January of 1986 if purchases are estimated to exceed 10 billion pounds. We think this amendment will result in a reasonable dairy program for dairy farmers as well as for processors, retailers and consumers.

Current USDA estimates indicate that government purchases of dairy products will be about 10 billion pounds during this fiscal year. However, we expect they will actually total closer to 12 billion pounds.

Milk production is increasing very rapidly and we expect government purchases will soar to about 15 billion pounds during FY 1986, unless the milk support price is reduced on January 1, 1986.

We appreciate the action of the Committee, but believe you should not wait until 1987 to make the first reduction. We urge your support of an amendment to reduce support price by 50 cents on January 1, 1986.

On behalf of:
American Butter Institute.
Beatrice Companies.
Borden, Inc.
Chocolate Manufacturers Association of the U.S.A.
Consumers Union of U.S., Inc.
Food Marketing Institute.
International Association of Ice Cream Manufacturers.
Kraft, Inc.
Milk Industry Foundation.
National Confectioners Association.
National Independent Dairy Foods Association.
National Restaurant Association.
National Taxpayers Union.
Northeast Ice Cream Association.
Pepsi Co, Inc.
Pizza Hut.
Public Citizen's Congress Watch.
Public Voice for Food & Health Policy.
Taco Bell.
U.S. Chamber of Commerce.

DAIRY FARMERS FOR RESPONSIBLE DAIRY POLICY,
Washington, DC, October 17, 1985.

Hon. PAULA HAWKINS,
U.S. Senate, Washington, DC.

DEAR SENATOR HAWKINS: I am a dairy farmer in Ontario, California. My brother and I operate two dairy facilities. We support the Hawkins-Moynihan-Chafee amendment to the Senate Agriculture Committee passed dairy title. This is a responsible approach to solving the overproduction of milk and is in the best long-term interest of dairy farmers, consumers and taxpayers.

I am also the Chairman of a new dairy farmer organization called Dairy Farmers for Responsible Dairy Policy. This group was organized for sole purpose of obtaining a responsible dairy policy in the 1985 farm bill. The most recent dairy program which included paid milk diversions and an assessment, a tax, on every pound of milk dairy farmers produced was and is irresponsible.

Dairy Farmers for Responsible Dairy Policy support and endorse the Hawkins-Moynihan-Chafee amendment. Joining together in this effort are many individual dairy farmers from 24 states (including all of the major milk producing states) who believe that a simple and certain approach to solving the current overproduction of milk is a gradual reduction in the support price until overproduction is reduced. These dairy farmers are convinced that the large dairy cooperatives which argue for the milk tax and for paid diversion are trying to move dairying in the wrong direction. No dairy farmer should welcome a tax on his product!

The current support price of $11.60 is equal, in relation to today's feed prices, to the 1983 support price of $13.10 and the then existing feed prices. This would explain the rate of increasing milk production that has occurred over the last six months. At the current rate of production increase we will, in 1986, probably exceed the record level of CCC purchases of 1983.

To preserve the integrity of the entire dairy support program the reduction of 50 cents on January 1, 1986 of the support price if surplus purchases are projected to exceed 10 billion pounds is necessary and responsible.

As a dairy farmer, I am not looking forward to a support price reduction on Janu-

ary 1, but I realize the necessity of this reduction to influence an appropriate correction in the total volume of milk that is produced.

Even after a reduction in the support price of 50 cents the Senate bill will at least equal the net farm price of the House bill. The House bill would tax the dairy farmer about $1.05 according to USDA estimates. A part of that, perhaps 50 cents, would be given back through an increase in support prices. Everyone . . . dairy farmers and consumers would lose.

Reducing the support price is straightforward and simple. It has none of the sleight-of-hand of a tax-and-then-price-raise scheme.

A reduced price coupled with the existing national promotion program should have the effect of influencing an increased commercial demand for dairy products. This is certainly the most logical and responsible approach to solving the cost of the current dairy program.

With kind regards.

Sincerely,

FRED DOUMA.

U.S. CHAMBER OF COMMERCE,
October 28, 1985.

Senator PAULA HAWKINS,
U.S. Senate, Washington, DC.

DEAR SENATOR HAWKINS: The U.S. Chamber of Commerce, which is composed of more 184,000 member companies plus several thousand other organizations such as local/state chambers of commerce and trade/professional associations, is pleased to support you and Senators Moynihan and Chafee in your amendment to begin gradual reduction in the dairy support level in 1986, rather than in 1987 as provided in the committee bill, S. 1714.

Milk production at the current support level has continued to increase rapidly, and the government purchased 11.9 billion pounds of surplus dairy products in fiscal 1985. Current estimates indicate surplus purchases of 13 to 16 billion pounds in 1986, unless the support level is reduced.

Unlike many other sectors of agriculture, the dairy sector has remained relatively prosperous in recent years. With historically cheap feed costs and sharply rising productivity per cow, dairy farmers have excellent prospects for profitability even with a 50¢ per 100 pounds reduction. A timely cut in the dairy support level will curb surpluses. Moreover, a 50¢ reduction in the support level in 1986 may well prevent a more drastic cut in 1987. The process of adjusting price supports should be gradual and should begin as soon as possible for the sake of dairy farmers.

We thank you for your leadership on this issue. It is essential that the Senate enact a workable and equitable dairy program, and provide its conferees with a strong position for the Farm Bill conference deliberations.

Sincerely,

STUART B. HARDY,
Manager,
Food and Agriculture Policy.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, DC, October 11, 1985.

TO MEMBERS OF THE SENATE: The U.S. Chamber of Commerce, which is composed of more than 184,000 member companies plus several thousand other organizations such as local/state chambers of commerce and trade/professional associations, supports a farm bill that will provide farm and ranch businesses with the opportunity for sustained profitability. Our membership includes farmers, ranchers, farm input industries, and all of the other businesses that contribute to the twenty percent or so of the GNP associated with food production and distribution.

We fully recognize the need for continued government assistance to agriculture, especially during this time of financial distress. At the same time, we believe that suport measures should be accompanied by long-term reforms aimed at reducing government costs and making agriculture more competitive in world markets.

The 1981 Farm Act contributed to the current stress in the farm economy by encouraging overproduction and pricing U.S. crops out of world markets. Gradual reform is needed; soon you will have an opportunity to achieve this reform when S. 1714 comes to the floor.

The new farm bill, recently reported by the Agriculture, Nutrition and Forestry Committee, contains many features beneficial to agriculture and rural communities. It also contains provisions that are contrary to the objectives of sustained farmer/rancher profitability without soaring government costs. We ask your help in correcting S. 1714 or sending it back to committee.

Three provisions that are counter to farmer/rancher profitability are: (1) a four year freeze on target prices, in spite of how the market may change; (2) a dairy title that will encourage new record surpluses and government purchases; and (3) a mandatory supply management proposal for wheat that will simply drive U.S. suppliers out of the market and even result in the ridiculous situation of this country importing lower price wheat (or erecting tariff barriers not to). Our reasons for asking your assistance in changing these positions are explained below.

With respect to our first concern, the committee bill freezes target prices for feed grains, cotton and rice at 1985 levels for the term of the bill. In the case of wheat, the target price would increase for most producers. At the same time, the loan level for those crops will decline over the term of the bill. This lowering of loans is a desirable reform aimed at making U.S. crops more competitive in the world. However, if targets remain frozen and loans decline, the gap between the two widens, and deficiency payments from the Treasury escalate enormously.

Our second concern is the dairy program. The committee bill would freeze the dairy support price at the current level until January, 1987, at which time a reduction may occur. Milk production at the current support level has continued to increase rapidly, and the government purchased 11.5 billion pounds of surplus dairy products in fiscal 1985. Current estimates indicate surplus purchases of 13 to 16 billion pounds in 1986, unless the support level is reduced.

Unlike many other sectors of agriculture, the dairy sector has remained prosperous in recent years. With historically cheap feed costs and sharply rising productivity per cow, dairy farmers have excellent prospects for profitability even with a 50¢ per 100 pounds reduction. A timely cut in the dairy support level will curb surpluses.

The Chamber's third concern is the mandatory supply management proposal in the wheat title. This approach of marketing controls and sharply higher price supports, which was soundly rejected by the House of Representatives, would have damaging ripple effects on livestock producers and other grain user industries. Land would be idled and farm supply businesses would suffer. Consumers would pay more. Export markets would be forfeited, and barriers would have to be erected against the likely anomaly of this country importing cheaper wheat. Grain farmers would also suffer because they would be forced to shrink production levels back to domestic or below market needs.

During full Senate consideration of S. 1714 you will have an opportunity to address these concerns and substantially improve the bill. The Chamber requests your support for an amendment by Senator Lugar to provide the Secretary of Agriculture with authority to reduce target prices for wheat, feedgrains, cotton and rice by no more than five percent per year beginning in 1987. Target prices in 1986 would remain frozen at 1985 levels, providing growers with another full year of income protection. This is the most equitable and effective way of reducing costs without imposing undue hardship on producers. Many grain and cotton farmers do not participate in the program and are, therefore, not eligible for deficiency payments. Of those who do participate, the majority receive payments of only a few thousands dollars or less. A gradual ratcheting down of payments will have negligible effect on individual farmers' income, but save $6 to $8 billion, according to the Congressional Budget Office.

The Chamber also urges your support for an amendment by Senators Hawkins, Moynihan and Chafee providing for a 50¢ reduction in the dairy price support level in 1986 if government purchases are estimated to exceed 10 billion pounds during the year.

Finally, the Chamber asks your support for deletion of the wheat referendum and the mandatory supply management program.

If you or your staff would like further information or have questions, please contact Stuart Hardy or Rhonda Kleckner at 463-5533.

Thank you for your consideration of these issues of crucial importance to the business community and consumers.

Sincerely,

ALBERT D. BOURLAND,
Vice President,
Congressional Relations.

CRIMP,
Washington, DC.

DEAR SENATOR: You may be hearing arguments against lowering mile price supports, but don't be misled. While the support price today is $1.00 per hundredweight lower than it was a year ago, increases in dairy productivity and a significant drop in feed prices have more than compensated for the price support drop.

According to the latest USDA milk production report, milk output per cow was up a record 7.6 percent in September compared to a year ago. This means dairy farmers are getting an additional 82 cents per hundredweight in revenue from the productivity gain. The September increase in productivity follows gains of 7 percent in August, 5 percent in July, and 4 percent in June compared to year earlier levels. These gains in milk output per cow compare to an average annual increase of only about 2 percent over the past 10 years.

At the same time the price of the standard 16 percent protein dairy feed ration, which is the single largest cost item in producing milk, is $21 per ton (11 percent) cheaper than a year ago. In terms of feed

costs per hundredweight of milk produced, this is 56 cents below last year. Likewise, corn prices are 25 percent lower and soybean meal prices are down almost 20 percent from a year ago.

Clearly the combination of lower feed costs (down 58 cents per cwt) and increased productivity (adding 82 cents per cwt) have significantly offset the $1.00 decrease in the price support over the past year. We have not yet seen a decrease in real prices because of these offsetting factors.

Holding the price support at its current level of $11.60 will result in milk production reaching a record 145 billion pounds in FY 1986. CCC purchases will exceed 15 billion pounds. The price support must be reduced in 1986. The Hawkins, Moynihan, Chafee amendment will do this by lowering the price support on January 1, 1986 by 50 cents if CCC purchases are projected to exceed 10 billion pounds.

We urge you to support the Hawkins, Moynihan, Chafee amendment when it is introduced on the Senate floor.

Sincerely,

——— ———.

Mr. LEAHY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. (Mr. SIMPSON). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, I hope that the proponents of the amendment will return to the floor. I see that the Senator from Florida is here. I would like to ask them a number of questions. I presume a number of my colleagues have already talked about agriculture in general, and I will not repeat that.

I might say that dairy farming has been the most stable aspect of the farm picture, as least in the Middle West, and to now impose a greater strain on it after having two price reductions in the last 6 months would certainly be a cruel blow to rural America.

There are some other things that can be done in order to bring about greater equity and achieve the goal of lowering the price so that milk can be more available to more people, and the consumer will benefit as the Senator from Florida discussed.

One such way would be to make the marketing orders more uniform; that is, the farmers in the Middle West and also up toward the Northwest get a lower price for their milk than the farmers in Florida who receive the highest price as I have noted to my friend from Florida at another time. The farmers in Rhode Island receive about $1.50 a hundredweight more for their milk than they do in the Middle West, and most of the States of the Middle West.

So I wonder if the 50-cent reductions can be made somehow proportionate so that those States and marketing areas that receive a higher price for their milk would be proportionately reduced, or in the alternative that perhaps a single national price be adopted because the differing prices were adopted at a time when fresh milk was not available in all parts of the country. That is no longer the case.

As a matter of fact, the price of producing milk is considerably cheaper in areas of the country, the Southwest most particularly, than it is in many parts of our country, and probably New England or certainly Minnesota.

So my question is, will the proponents of this amendment to even the prices that exist among the States and areas of the country?

I address that question either to the Senator from Florida or the Senator from Rhode Island.

Mrs. HAWKINS. Mr. President, the Senator from Florida understands that the purpose of a marketing order was—I was not here when they did this and it takes quite a lot of tortuous studying to follow it let alone understand it. But the bottom line is that the purpose of a marketing order was to ensure supply of fluid milk to the local markets. Is that correct?

Mr. BOSCHWITZ. That is correct.

Mrs. HAWKINS. The orders have been structured, therefore, in the past to make allowance for higher cost of production which has become the starter here.

Mr. BOSCHWITZ. No. That is not correct. The cost of products—for instance in the Southwest alone they have such things as better water, they also have a little better weather pattern, they do not have to pump a lot of food into the cow to keep it warm in the winter, and things like that. But basically what happened is because of the concentration of the dairy industry in our part of the country, the Middle West and the upper Middle West—and because of an absence of that industry in other parts of the country—advantages were given, and those advantages are pretty well reflected in the Southeast and in the East by the freight between the Middle West and the other area.

So my question is would the Senator from Florida allow the prices to become uniform across the country if we were to offer such an amendment, or close to uniform?

Mrs. HAWKINS. My understanding from the tables which state milk production and costs and returns by regions in the United States for 1984 show that the total cost of production for the Northeast is 1,367, the upper Midwest is 3,148, the Corn Belt is 1,485, Appalachia is 1,478, the Southern plains is 1,373, and the Pacific is 1,105.

That is an average of $13.49, according to this chart. It shows milk production costs and returns. Then when you go down to net returns, the returns in the Northeast are $4.08; upper Midwest, $4.38; Corn Belt, $3.13; Appalachia, $2.86; Southern Plains, $2.81; Pacific, $3.81. The average about $2.91. So there is a higher net return.

Mr. BOSCHWITZ. The costs of production are fairly equal across the United States at this time. There are advantages and disadvantages. The Senator from Florida has disadvantages because of the heat and humidity in some months, when there is less production.

First, I might say that right now the milk price is level from State to State on all products, except on fluid milk where there is a class I differential.

Would the Senator from Florida or from Rhode Island be agreeable to a reduction in the class I differential? The differential in Minnesota on fluid milk is $1.12. The differential in Florida is $3.15.

Mr. CHAFEE. Since the question was directed partly to me, I will answer, sure, I will be glad to look at that, but that is discussing a different subject. The subject before the Senate is, how do we get rid of these surpluses? The greatest contributor to the surplus is the fact that the Federal Government is in there buying at the level of 1960. That is the problem we are wrestling with. A change in the marketing order is a change that affects the minimum price that the milk be sold at.

Mr. BOSCHWITZ. The Senator is incorrect.

Mr. CHAFEE. If that were to have some consequential effect, I suppose it would, but what we know will have an effect, and because the committee, itself, has dealt with this, is reducing the price support figure by what we say is to go ahead with the 50 cents now in January 1986, rather than waiting until January 1987. These surpluses are just getting out of control.

As the Senator from Minnesota knows so well, coming from a dairy State, the production that they are getting, the increased production per cow, is going up every year and will continue to increase. What the future holds is truly frightening.

Mr. BOSCHWITZ. The question is, Will the Senator's State receive higher prices for the milk and would they be agreeable to reducing their price more to a national average so that we can get about the business of balancing out supply and demand? Perhaps I would look differently at the approach of reducing it 50 cents across the board for everybody. We would ask whether or not you would adjust the class I differential so that it would not favor areas away from the West.

Mr. CHAFEE. I said I would be glad to look at that, but to me that is a separate subject from the subject we are dealing with here.

Mrs. HAWKINS. Mr. President——

Mr. BOSCHWITZ. I believe I have the floor.

Mrs. HAWKINS. Have you asked your question?

Mr. BOSCHWITZ. I ask the Senator from Florida, would she be agreeable to reducing the class I differential in her State by $1.50 to $2 per hundredweight?

Mrs. HAWKINS. This Senator came to the floor to discuss price reduction, first a milk tax. The question asked is not on the subject that we are talking about.

Mr. BOSCHWITZ. I would suggest that it is very much on the subject.

Let me ask the Senator from Florida and the Senator from Rhode Island another question. Milk does not go from one State to another quite as freely as it should. For example, in Wisconsin real surpluses are developing now.

I see the Senator from New York is here and I address my question to him as well.

I might vote for the amendment of the Senator from New York, the Senator from Rhode Island, and the Senator from Florida if they would not object to the following amendment to allow milk to be condensed and shipped to Florida, to New York, to Rhode Island, to wherever, and then have water added back in and sold as condensed milk and not be required to be sold at the same price as fresh milk. We could perhaps lower the price in Florida where there are supply shortages.

In the event marketing orders prevent milk going from one area to another, being condensed in the other area and then water being added back in at the destination, then being sold as condensed milk and so labeled—but it now has to be sold at the same price as grade A milk—would you be agreeable to supporting an amendment that would allow the shipping of condensed milk between States and then selling it at the market price?

Mr. MOYNIHAN. It is a very interesting proposition. I am not able to say what my answer would be right now. I would be happy to hear a lot more about such a proposition. There are a great many rigidities in this market.

Mr. CHAFEE. I share that view. I remember the days when we could not have margarine across the country because I guess the Senators from Wisconsin, among others, were successful in preventing yellow colored margarine to be sold as margarine. Remember, you would have to buy it and you would have a little packet and you would mix it up together. This was to protect the cows in Wisconsin. To me that seemed ridiculous. But the chips fell where they fell.

Indeed, it was subsequently done and I think the cows in Wisconsin have done quite well.

Yes, I think we ought to be getting toward a regime where there are no limitations. If milk can be shipped from Minnesota to Wisconsin, to California, to Rhode Island or some other place, and the water taken out and then shipped as dried milk, with water added—and I can only assume that there are sufficient health safeguards and, as the Senator from Minnesota has said, proper labeling and all that—it seems like an idea we ought to investigate. Without knowing all the details of it, to me it strikes me as having merit.

But that is not the point.

The reason we are here this afternoon——

Mr. BOSCHWITZ. The Senator has answered the question, I believe. I still have the floor. The Senator would not allow me to go beyond my answer when he had the floor.

Mr. President, I only ask these questions to point out that there are some inequities that should be addressed in the whole marketing of milk and that reducing the price by 50 cents to a region that is getting $13 for its class A milk is far different than reducing that price to an area that is getting $11.40 or $11.50 for their milk, or in the case of my friend from Florida where they get nearly $17 for the milk, and where present rules and regulations do not allow the importation into that area of milk that would be competitive and to allow the increase in the consumption of milk.

Mr. SYMMS. Mr. President, will the Senator from Minnesota yield for a question?

Mr. BOSCHWITZ. I yield for a question.

Mr. SYMMS. This question may apply, I say to the Senator from Minnesota, to the sponsors of this amendment. The concern I have is that we seem to be going down this track where the Government is the major purchaser of some of the production of the large cooperatives. Now, some of the cheese manufacturers that are not involved in the Government programs, many of them small businesses out there hustling in the market to sell their cheese through the free enterprise system, have a hard time getting milk while the cooperatives that sell to the Government keep expanding. Is there any feeling in this Chamber that anyone would like to put a cap on how much milk the Government is going to buy?

Mr. BOSCHWITZ. The Senator talked to me about that earlier. I said that in the event the milk marketing orders could be straightened around across the country and the markets could operate in a more fair-minded way, indeed we would be amenable to a cap on how much the CCC would have to buy, and maybe even a declining cap. The Senator may be right that that is the ultimate way to get at the problem.

Mr. SYMMS. If I could pursue my question further just to pose a hypothetical question, let us say we put a cap on how much milk in total the Government will buy and specify that those producers who sell to the Government have a declining amount, or at least a limit of what they sell now; they cannot expand production. How do you then prevent having those quotas becoming negotiable items that would be bought and sold like quotas on anything else?

Mr. BOSCHWITZ. It would probably have to be done on an historic base and not be transferrable, I say to the Senator.

Mr. SYMMS. If the Senator from Minnesota will permit me, I would like to ask the authors of the amendment if they would look favorably on some kind of a cap on the total amount that the Government buys, and, a specific limitation on those companies which primarily sell to the Government that they cannot expand their production. What is happening now, as long as the Government buys this milk, no one has to learn how to market anything; they do not have to worry about new product lines; they do not have to worry about hustling and advertising in the market, putting out milk vending machines, and so forth, and encouraging more consumption of milk. They just sell it to the Government and the Government is now building it up, putting it in caves, warehouses or wherever. It sounds like the right business to be in would be having a warehouse to store this surplus.

Mr. CHAFEE. If the question is to me, yes, I think that has a lot of merit. the trouble is we are getting down diversionary paths. I have great admiration and affection, as he knows, for the Senator from Minnesota, but in the midst of a debate dealing with lowering the price supports in from the side comes this projectile dealing with the elimination of liquids from milk and shipping it as dried milk and then reconstituting it. The Senator has been here 7 years and if he has ever offered such an amendment on the floor, I do not believe I remember.

Mr. BOSCHWITZ. Well, we are going to offer it so the Senator will have a vote on it.

Mr. SYMMS. If the Senator from Minnesota will yield, would the Senator from Rhode Island support the effort I am speaking about? I may vote for the Senator's amendment.

Mr. CHAFEE. I hope the Senator will.

Mr. SYMMS. But I wonder if we are going to actually end up with the people just going out and buying more cows so they can keep their gross income at that level and the Government ends up buying more milk?

Mr. CHAFEE. That is not the way it is predicted to work. The CBO estimates that our amendment would cut production by 12.2 billion pounds over 3 years. According to the CBO, the number of cows under our amendment could drop by 220,000. So in answer to the Senator from Idaho, yes, this would reduce production. They just would not respond by having more.

Mr. SYMMS. Could I ask one more question? The Senator from Minnesota has this very informative sheet in the Chamber, and I compliment him for his work. I understand that he wrote this himself, and I think all of us should read it, whichever way we vote. The Senator from Minnesota obviously has a lot of information available for the rest of us to look at. But in my State, if the small dairy people start going out because we reduce the price, some of the bigger dairies that have several thousand cows and milk them three times a day and use a lot of new techniques, will keep expanding as long as there is a market. They will just sell all that milk too. They just will be milking more cows.

Mr. BOSCHWITZ. We will have an amendment for the Senator, too, that he will want to vote for.

I might say to my friend from Rhode Island that if indeed his amendment would reduce the price 4 or 5 percent—he just said it would reduce production by 2.2 billion pounds over 3 years—that is somewhat less than half of 1 percent over that period, and it certainly is not a very efficient tool on that basis.

The reason I ask the Senator all these questions is that there are some inequities in the pattern of payment for milk, there are some inequities with respect to shipment of milk, and if we want to make it truly competitive we really ought to move. With that, I yield the floor.

Mr. WILSON addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Thank you, Mr. President.

Mr. President, I rise in support of the amendment offered by the Senator from Florida which would authorize the Secretary of Agriculture to reduce the dairy price support payment by 50 cents per hundredweight in January, if the Department of Agriculture estimates that it will purchase more than 10 billion pounds of surplus dairy product during 1986. Each year thereafter, the amendment would authorize the Secretary to reduce price supports by either 50 cents or $1 per hundredweight or to increase the support level by 50 cents, depending upon the estimated size of the annual surplus.

Simply stated, the amendment establishes a much needed mechanism that would allow the level of dairy price supports to reflect consumption patterns in the marketplace and respond to them. This amendment incorporates the same basic framework embodied in the fine proposal which my distinguished colleague from Vermont [Mr. LEAHY] offered during committee markup of the farm bill.

With one difference, the Hawkins amendment adopts his commendable approach which was approved by the Agriculture Committee and is contained in the farm bill before us. The one difference in the Hawkins amendment is prompted by her belief—a belief which I share—that these much needed changes in the Federal dairy program should become effective in 1986, the same way that any statutory changes which the Senate adopts regarding the wheat program or the peanut program or every other farm program will go into effect next year.

Mr. President, dairymen in my State have more than a passing interest in this program. Dairy production in California accounts for 15 percent of the State's total agricultural output, which exceeds $13 billion annually. California is our country's second largest dairy-producing State, producing more than 14 billion pounds each year. It is, also, the home of the recently formed organization, Dairy Farmers for Responsible Dairy Policy. Their name is reflective of their position on this issue and explains concisely why they support the Hawkins amendment.

Since Congress enacted the Dairy Price Support Program in 1949, the U.S. Government has paid dairymen $16.5 billion; however, $11 billion, representing 66 percent of this 36-year total, has been spent in the just the last 5 years. In 1985, alone, USDA spent more than $2 billion to purchase 11 billion pounds of surplus dairy products.

This staggering increase in surplus dairy production and exhorbitant Federal costs is directly related to equally as staggering increases in the price support level. Due to program changes contained in the 1977 farm bill, dairy price supports escalated to $13.10 per hundredweight by 1980, a 16 percent increase during the 4-year period. Understandably, the response to this economic incentive was a 10 percent increase in dairy production, and by 1982, USDA was purchasing nearly 10 percent of the entire U.S. dairy output.

During the past 3 years, in an attempt to reduce Federal costs of the program and restore a balance between supply and demand, the price support level has been reduced by 1.50 per hundredweight however, dairy production continues to out-pace consumer purchases. According to USDA, milk production during the current marketing year will reach a new record high of 139 billion pounds, 11 billion of which will end up in Government warehouses.

Those warehouses are already overflowing with unsellable surplus dairy products. At the end of last year, some 260 million pounds of butter, 620 million pounds of cheese, and nearly 1.2 billion pounds of nonfat dry milk sat in USDA storage facilities, and by the end of this year, Federal dairy stocks will swell with the addition of another $2 billion worth of surplus products that the Federal Government will buy under the provisions of the current dairy program.

And if those provisions are not modified as set forth in the amendment offered by the Senator from Florida, then USDA projects continued increases in milk production to more than 143 billion pounds next year. In turn, USDA expects to purchase 13 billion pounds, approximately 10 percent of the total national output.

The problem will be exacerbated in the outyears because per cow productivity is certain to improve. A variety of technological advances, involving genetic engineering and nutrition research, will assure that each cow can produce more milk.

Mr. President, the cost of the dairy program must be reduced, beginning next year through a 50-cent price support reduction, as required by the Hawkins amendment, and not allowed to persist without abatement throughout all of 1986. With the adoption of this amendment, USDA estimates that over a 3-year period dairymen will produce 2.2 billion pounds less, that consumers will buy 1.9 billion pounds more, and that the Government will save $700 million.

For these reasons, I strongly support the Hawkins amendment and commend Senators CHAFEE and MOYNIHAN, the original cosponsors. I urge my colleagues to adopt the proposal.

We cannot continue a program that is producing surpluses we cannot give away.

I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER (Mr. ARMSTRONG). The Senator from Washington.

Mr. GORTON. Mr. President, today we are being asked to give the Secretary of the Department of Agriculture authority to reduce the price support for milk beginning in January 1986. On face this appears to be a reasonable amendment. Rather than waiting until January 1987 to reduce the price support for milk, we can simply accelerate the reduction 1 year and immediately begin solving the problems of dairy oversupply and high consumer prices.

Unfortunately, that which appears to be reasonable is not always responsible. I do not support the Hawkins/Moynihan amendment for three rea-

sons. First, in Washington State, which has some of the largest and most productive herds in the country, an immediate 50-cent reduction in the support price will mean more milk will be produced, not less. The claim that this quick reduction is going to solve or begin to solve our overproduction problems is erroneous. A dairy which is now receiving an $11.60 support price is not going to take cows out of production because the price is dropped 50 cents. No; that dairy is going to increase its production to make up for the lost income from the cut. That dairy can do this because, as my colleagues well know, the price it pays for grain to feed its cows is quite low and getting lower, and its cows are getting more and more productive every year.

Second, I oppose the January 1986 cut because it comes barely 5 months after the price was last dropped 50 cents. In fact, in the past 2 years the price support has been cut three times, from $13.60 to $11.60. I am not an apologist for the dairy program, but I do believe that the solution to the problem involves long-term changes to the program, not piecemeal cuts in the support price that do not achieve what their proponents would like them to achieve.

Third, and last, I oppose the Hawkins/Moynihan amendment because I believe that the committee reported bill is preferable. The committee proposal saves $600 million off the CBO baseline and begins making cuts in the price support in 1987. This plan is not perfect, but it is more responsible than the Hawkins/Moynihan proposal.

Mr. DURENBERGER. Mr. President, I rise in opposition to the Hawkins amendment and urge its rejection. Quite frankly, I am shocked that an amendment of this nature would be offered to this farm bill, coming as it does on the heels of a 50-cents-a-hundredweight cut in the dairy price support level to $11.60 per hundredweight which took effect just a few months ago. It is almost as if the proponents of this amendment have forgotten that, when the Congress adopted the 1981 farm bill, it promised our dairy producers a support price of $13.10 per hundredweight. Well this Senator hasn't forgotten that fact, and believes the amendment should be rejected on that basis alone.

When the Congress passed the 1981 farm bill, I listed 26,000 dairy families as my constituents. Today, 4 years and a $1.50 per hundredweight cut in the support price later, there are only 23,000 dairy families in Minnesota. My State's family-sized dairy operations have average herds of 40 milk cows. They are not corporate milk factories operated by crews which treat the animal like just another piece of equipment. They are hard-working family units, and there are 3,000 less of them because 4 years of reductions in the support price have cut Minnesota dairy farmers cash flow drastically, by $165 million in 1984 alone.

Mr. President, if this amendment is adopted, Minnesota stands to lose another $55 million in dairy income and a few thousand more dairy farmers. And, as unconscionable as that large a cut in farm income is during these difficult times, it pales in comparison to the human cost of the loss of thousands of hard-working dairy farmers. So I urge my colleagues to reject this ill-advised and shortsighted amendment.

Mr. D'AMATO. Mr. President, I rise today in support of this amendment offered by my colleagues, Senators HAWKINS, MOHNIHAN, and CHAFEE. This amendment will accelerate the time in which dairy price support prices will be adjusted downward by 50 cents per hundredweight, to $11.10 beginning January 1, 1986.

New York State is well known as the home of great sports teams, the financial capital of the world, and for the marvelous shows on Broadway. My State is less known as an agricultural State, but let me share with you two quick facts. First, agriculture is New York's No. 1 industry, and, second, we are the third largest dairy producing State in the Nation.

I commend the Committee on Agriculture, Nutrition, and Forestry for the fine work on the dairy provisions of the farm bill. I am delighted the committee believes we can reduce the supply of dairy products without the implementation of a diversion and assessment program. I agree with this position. Less than 4 percent of my dairy farmers in New York participated in this program; nationally, only 20 percent of dairy producers participated.

This is a clear signal that dairy producers do not want a milk tax. New York dairy farmers do not want a free ride from the Government. Rather, all they want is to get a fair—that is, market—price for their product. I am convinced that dairy men in every other State in the Nation share this sentiment.

However, the committee needed to take one more step. We need to adjust the price support this January, instead of waiting until January 1987. If we have a good plan that the dairy farmers support and which will save the taxpayers money, while reducing milk costs to consumers, why wait an extra year to put it into effect?

Mr. President, for the first 31 years of the dairy price support program, total costs amounted to $5 billion. Since 1980, program costs have escalated to in excess of $9 billion. Despite our best efforts to reduce the surplus, we have failed. All we have to show for our actions are increased program costs.

The time is ripe for setting a credible dairy policy in this Nation. The 1985 farm bill gives us the opportunity to do just that. Let's not lose this chance.

Mr. President, this amendment provides us with a solution that is long overdue. Although simple, I believe that it will be extremely effective. Moreover, the dairy producers in my State believe it will be effective. I only hope that my colleagues here in the Senate recognize its effectiveness and seize this opportunity to establish a viable dairy policy.

Mr. President, I urge the adoption of this amendment.

Thank you, Mr. President.

Mr. McCLURE. Mr. President, I rise in support of the amendment offered by Senators HAWKINS, MOYNIHAN, and CHAFEE. While I applaud the distinguished members of the Agriculture Committee for its work on the dairy program I must say that it did not finish the work it started. The committee bill leaves open the gate for continued surplus milk production and enormous Government purchases by not having authority for a price support reduction in 1986.

I do not favor cutting farmers' incomes, much less a hard-working dairy farmer's source of income. But the fact of the matter is that current price support level of $11.60 is simply too high. It's causing dairy farmers across the country to keep pouring more and more milk into the Government milk pail. Milk production has gone up every month since the end of the diversion program in March of this year. In Idaho there has been a 15-percent increase in production since last October. The average production per cow was more than 9 percent higher than a year before. We are faced with the unfortunate prospect of the Government ending up holding over 16 billion pounds of surplus dairy commodities this fiscal year.

Think about that number—16 billion pounds. A quick, rough calculation shows that 16 billion pounds divided by 240 million persons in this country works out to around 67 pounds of dairy products—nonfat dried milk, cheese and butter—for every man, woman, and child in the United States. The cost will exceed $2 billion if the support price is not reduced earlier than is mandated in the committee bill.

This is a simple straightfoward and simple amendment being offered here by my distinguished colleagues. The amendment would begin the price support adjustment in 1986, not prolong the inevitable for a year. A 50-cent reduction in price support in January sends the right signal to producers that the Federal Government's price support program no longer provides an

easily accessible dumping ground for surplus milk.

Congress sent signals to producers in the late 1970's and early 1980's which increased production. The support price increased, stimulating production. Because of Government programs in wheat and feed grains a surplus of Government-held grains has depressed commodity prices making dairy production more attractive by lowering feed prices. The Federal Government must begin to reverse the signals it sends to producers. It must begin to reduce the support price. It must signal its willingness to stop buying excess milk.

The members of the committee are telling us that the dairy program will no longer be an out-of-control Government program. The committee's proposal is compassionate to farmers, it is fair to consumers, and realistic about the Federal Government's ability to foot the bill for higher and higher milk production.

This amendment, quite simply, means the difference between success and failure in our attempt here to devise a solution to the surplus milk problem. Congress caused the problem by allowing the milk price support level to get so high that it no longer bears any relation to the market and consumer demand. Farmers keep on milking because the Federal Government keeps on buying it up.

It is necessary to keep the cost of the program in line with budget needs. If the House of Representatives is to find a way to fund their whole herd buy-out it must be funded by a producer assessment or by the Government. It seems reasonable that this buy-out program could be financed by a reduction in support price. This would eliminate the need to put in place a producer assessment.

This is a profarmer amendment. I want to see the efficient dairy producers stay in business for themselves, not because of an overly generous Federal price support program. I think that's what nearly all dairy farmers want also. Efficient dairy farmers—be they a 40-cow family farm in Idaho or a 1,000-cow operation in California—can survive and prosper under the Agriculture Committee's plan with this amendment.

This is also a protaxpayer amendment. This amendment will reduce budget outlays by $250 to $300 million per year. That means a savings of over $1 billion over 4 years, and a reduction in half of the surplus over the life of the bill. This will help Congress keep the costs to the Government down; this will, in the long run help all taxpayers, including farmers.

This amendment is proconsumer. Consumers are being turned off when they learn that this Government program is propping up the price of milk and other dairy commodities as millions of pounds of nonfat dry milk, cheese and butter are being shipped to Government caves in Kansas City. We have to pass along to consumers some of the great productivity gains that have been made by dairy farmers. Consumers will buy more and dairy farmers will sell more.

This amendment helps to send the right signals to producers, taxpayers, and consumers alike that the Federal Government is not going to encourage production of milk. It maintains income for producers but begins to remove the Federal Government from the dairy business. It keeps us on a road of opportunity where the Federal price support for milk is geared to milk production and the demand for dairy products; a road of opportunity that is fair to everyone, dairy farmers, consumers, and taxpayers. I urge the adoption of this amendment.

Mr. SPECTER. Mr. President, agriculture is Pennsylvania's No. 1 industry, and the dairy industry is its single largest component. For this reason, the dairy title of the farm bill is of particular concern to me. My decision today to vote to table the Hawkins-Moynihan amendment has been heavily influenced by a hearing on this and other aspects of this vital legislation that I held yesterday in Harrisburg, PA.

I heard testimony and exchanged thoughts with representatives of Pennsylvania's three major farm organizations: the Farmers' Association, the Farmers' Union, and the State Grange. On this issue, as on so many others, there was a difference of opinion as to whether the Hawkins-Moynihan amendment should be adopted. At this hearing and also in my many contacts with farmers in Pennsylvania and elsewhere throughout my Senate service, dairy farmers have convincingly demonstrated that they are faced with very serious economic difficulties. According to some testimony in the hearing, one-quarter of the dairy farmers in Pennsylvania would be pushed into bankruptcy by the passage of this amendment. Further, according to that testimony, many other dairy farmers would be seriously endangered by this amendment.

My additional concern is over the lack of any substantive, helpful provisions in the dairy title of the bill if the Hawkins-Moynihan amendment is passed. The dairy farmers in Pennsylvania are confronted, as are their counterparts in other States, by the serious problem of overproduction, which this amendment does not adequately address. In Pennsylvania, farmers are willing to help in the formulation of a policy to eradicate this dilemma. For instance, this summer, I visited with farmers at the York County Fair in Pennsylvania, where I was given the idea that instead of putting all of our efforts into decreasing production, perhaps we ought to try to increase consumption. Recently, I was able to include a provision in the agriculture appropriations bill to research ways to explore this idea.

I believe it is important to point out that the farmers in Pennsylvania recognize the importance of other issues facing the Nation, namely the danger of a spiraling budget deficit. They are committed to doing their part in tackling this urgent dilemma, and they have encouraged my efforts to help in this process. One argument that has been advanced in favor of the pending measure is that a cut in the dairy price support will reduce the deficit. I am convinced that the Hawkins-Moynihan amendment will not provide significant relief from the pressure of the deficit.

I believe that farmers, whose interests are simple, are ready to pursue a course of action for the improvement of agriculture and, as a result, for the Nation. I believe, that this amendment does not improve this course.

Mr. BOSCHWITZ. Mr. President, very shortly, I will move to table the amendment of the Senator from Florida.

I appreciate the remarks of my friend from California. I point out that the largest increases in production outpacing consumer demand, as he put it, is coming in his State of California. The largest increase in CCC removal is coming in his State of California.

His State is really the only major State that has its own marketing order, and the result is that it encourages production in his State.

I understand that the cost of the Dairy Program must be reduced, but as long as his farmers are getting that free water and other advantages, it is very hard to do it out that way, particularly when the State has its own marketing order.

Mr. WILSON. Mr. President, will the Senator yield for a question?

Mr. BOSCHWITZ. I yield for a question.

Mr. WILSON. If the Senator objects to the fact that these surpluses are being produced in my State, why not support the Hawkins amendment?

I do not dispute the facts. I agree. Not only in my State, but also in every other State, the existence of the current program inevitably is going to provide an economic incentive for the kind of increasing overproduction that is without end in sight.

For the reasons I indicated, there is no way that I think you can expect dairy farmers in any State to cut back on production, when we, the Federal Government, are encouraging them to engage in overproduction.

I do not dispute the facts. I simply say that the only way we are going to turn that around in my State, the

State of Minnesota, or any other dairy-producing State is by changing this program, which almost requires that they engage in overproduction.

Mr. BOSCHWITZ. Mr. President, I am now going to move to table, with the final statement that in the event that California does not have its own marketing order, it may not be affected by this at all.

On behalf of myself, Senator LEAHY, and Senator KASTEN, I move to table the amendment.

Mr. LEAHY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is the Senator's motion to table the Hawkins Amendment No. 1060 or 1059?

Mr. BOSCHWITZ. No 1059.

The PRESIDING OFFICER. The motion of the Senator from Minnesota is to table the Hawkins Amendment No. 1059.

The yeas and nays have been requested. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] and the Senator from Maryland [Mr. MATHIAS] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. STENNIS] is necessarily absent.

The VICE PRESIDENT. Are there any other Senators in the Chambers desiring to vote?

The result was announced—yeas 50, nays 47, as follows:

[Rollcall Vote No. 317 Leg.]

YEAS—50

Abdnor	Evans	Long
Andrews	Exon	Matsunaga
Baucus	Ford	McConnell
Bentsen	Glenn	Melcher
Bingaman	Goldwater	Mitchell
Boren	Gore	Pressler
Boschwitz	Gorton	Proxmire
Bumpers	Grassley	Pryor
Burdick	Harkin	Riegle
Byrd	Hart	Rockefeller
Cohen	Heflin	Sarbanes
Cranston	Heinz	Sasser
DeConcini	Inouye	Simon
Dixon	Johnston	Specter
Dodd	Kasten	Stafford
Durenberger	Leahy	Weicker
Eagleton	Levin	

NAYS—47

Armstrong	Hecht	Nunn
Biden	Helms	Packwood
Bradley	Hollings	Pell
Chafee	Humphrey	Quayle
Chiles	Kassebaum	Roth
Cochran	Kennedy	Rudman
D'Amato	Kerry	Simpson
Danforth	Lautenberg	Stevens
Denton	Laxalt	Symms
Dole	Lugar	Thurmond
Domenici	Mattingly	Trible
Garn	McClure	Wallop
Gramm	Metzenbaum	Warner
Hatch	Moynihan	Wilson
Hatfield	Murkowski	Zorinsky
Hawkins	Nickles	

NOT VOTING—3

East	Mathias	Stennis

So the motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. KASTEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HELMS. I object.

The PRESIDING OFFICER (Mr. ARMSTRONG). Objection is heard.

The legislative clerk resumed the call of the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MELCHER. Mr. President, we have accomplished one vote on the question of whether or not the provision in the Senate committee bill reducing the amount of support prices for milk was adequate. The amendment offered by the distinguished Senators to further reduce those costs was narrowly tabled. There are several other amendments like that which deal with different commodities that are covered in the bill. It would be inconceivable to me to think that we would somehow brush aside the efforts of various Senators to amend the bill. While I supported the dairy provisions that are contained in the bill as reported, and voted to table the amendment just tabled, I fully recognize and support the efforts of Senators to offer their amendments so that they can have the issue debated and then voted upon. I would like to get on to other aspects of the bill with such amendments so that we can continue the process of working through to final passage of the bill. The parliamentary procedure we are following with the Dole amendment pending, and the Christmas tree that is built out on the motion to recommit the bill to committee, blocks any other amendment from being offered except in the case of unanimous consent. We have given our unanimous consent to get this process started, for dairy amendments to be offered. It is my hope that any other dairy amendments will be offered rather quickly so we can get on with the process of working through this bill.

At the point that we can get unanimous consent for the Dole motion to recommit Christmas tree is eliminated so that another amendment can be offered, I would like to have recognition to offer an amendment to cut the expenses in this bill, cut the costs in this bill by about $8 billion so that we come within the budget, because it is only realistic to concede from the outset that there will probably be slight add-ons. We will adopt amendments that will add $20 million here or $35 million there or $100 million elsewhere, and we should have some cushion. That is paramount and fundamental to final passage of the bill. I know we have argued over how much good we can do whether we have a 1-year target price or a 4-year target price freeze. We will probably get to that point sometime but fundamental to the bill is, is it within the budget?

Now, perhaps we could resolve that if we could unravel the Dole amendments attached to the motion on the bill, because one of those amendments, or in my package is a savings of $7.6 billion. I do not know whether the motion is ever going to get unraveled. But if I can get recognition, I will offer an amendment to the bill itself, not necessarily to the motion to recommit but to the bill itself, that does simply that, not 165 pages such as the motion to recommit—plenty of pages but a far less number that identify where the costs can be made. My amendment would do two things: It would bring the costs in the bill under the budget and would provide that necessary cushion of about $600 million which I believe is essential in order to keep the bill within the budget, because I know there will be add ons in small amounts.

Now, having said that, Mr. President, I am ready, as I have been for several days—as I told the Senate when we were last on this bill some 2 weeks ago—to offer a package that would have $7.6 billion savings but I thought perhaps there were more savings that could be achieved by careful scrutiny of the bill and during the interim we would come up with other savings.

In this package is now approximately 8 billion dollars worth of savings. I would hope we could get to it very quickly. It is rather fundamental to the bill. I do not know what advantage there is in having this parliamentary Christmas tree built up. By the way, we may not get rid of this Christmas tree until Christmas if we do not start action. Action on these amendments one after another is essential if there is any hope of getting rid of the bill in time for us to have final passage before Christmas time. We have not reached Thanksgiving yet, but the plans of the Senate and the House are not to be in session next week for Thanksgiving. After that we come back in December 22. There are other bills to take up.

So when the majority leader said yesterday that it is rather apparent

that we should complete action on this bill this week, I think he is correct, if we have any hopes of getting it into conference, getting through with the conference committee and getting the report back from the conference committee so we can complete action on the bill prior to Christmas time.

I regret very much that we are not making faster progress and I regret very much that we have not had an opportunity on this side to offer the fundamental amendment to reduce the costs. It is of extreme importance to get the package in order so we can address some of the other issues.

Mind you, one of the issues raised with the amendment just disposed of was it would save $600 to $700 million over the 3 years of the budget resolution, and is a significant argument in favor of such an amendment. When the bill is over budget, it enhances the argument for any amendment that it would cut the cost even in a basic commodity program such as the previous amendment just disposed of and may distort or may change some votes on the merits itself simply because there is the desire by individual Senators to make sure the bill is within the budget. For the good of all of us, for the good of the country and certainly for the good of final passage of the farm bill this week, it is necessary to get to these amendments immediately. The time we are spending in quorum calls waiting for something to happen is not to the advantage of prompt passage of this bill. Might I point out that if we were not in this parliamentary position where we have the majority leader's motion to recommit filled up with his own amendments so no other amendment can be offered, we would be offering an amendment right now rather than being in a quorum call. Rather than my just standing here making a statement about what is needed to be done, we would be doing it. But due to the circumstance of having to get unanimous consent to offer any amendment at all—that means by willingness of all 100 of us—we are boxed in. It is a peculiar arrangement, whereby we are boxed in for this long time.

After all, the amendment that the majority leader offered, the series of amendments, was offered over 2 weeks ago. I think it is time to dispose of it.

Until there is no further dairy amendment—and I understand there might be one or two more which would not take much time—we cannot call up anything else. We cannot even ask unanimous consent to go to something else. We can ask it, but obviously we cannot get it. We cannot even properly debate the Dole package because it is not even before us, technically.

So I think we have an unwieldy and unworkable system here. I hope the majority leader and the chairman of the committee, managing the bill for the other side, will quickly come to a feeling that we should have some progress. Let us really put ourselves in the right kind of saddle, whereby we are actually going forward in trying to dispose of this bill.

Mr. BYRD. Mr. President, the pending question before the Senate at the moment is the motion to recommit, by Mr. DOLE, with amendments in the first- and second-degrees to the instructions. Am I correct?

The PRESIDING OFFICER (Mr. COHEN). The Senator is correct.

Mr. BYRD. So, if nobody talks, the Chair will put the question?

The PRESIDING OFFICER. That is also correct.

Mr. BYRD. Let the RECORD show that I sat down.

The PRESIDING OFFICER. The question occurs on the second-degree amendment. The yeas and nays have been ordered.

Mr. DOLE addressed the chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BYRD. May I ask the Senate to withhold that for a moment?

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. EXON. Mr. President, will the Chair kindly explain to the Senator from Nebraska the present situation in which we find ourselves? I have an amendment I would like to bring up. Would it be in order for me to bring up that amendment, under the present parliamentary situation in which we find ourselves?

The PRESIDING OFFICER. No amendment is in order at present. The question is on amendment No. 940.

Mr. EXON. I presume that it would be in order to move an amendment if it could be obtained by unanimous consent. Is that correct?

The PRESIDING OFFICER. Another amendment could be offered by unanimous consent.

Mr. EXON. Mr. President, I ask unanimous consent that the Senator from Montana [Mr. MELCHER], with Senator EXON a cosponsor, be allowed to offer an amendment with regard to bringing the present agricultural bill before us within the budget.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. Mr. President, reserving the right to object, we had a series of meetings yesterday, and it is my understanding that we were trying to figure out some way to resolve this entire matter in the next 2 or 3 days. I met with the distinguished managers of the bill and Senator MELCHER, and it was indicated that there were a number of amendments that would be brought up—dairy and other noncontroversial amendments. I will object until I know what the amendment is.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. I will be glad to explain the amendment to the Senator from Kansas. I believe he is familiar with it. It is the same amendment we have been trying to bring up for many days, and we have been blocked from doing so by the amendment of the majority leader that is presently before the Senate.

The amendment to which I have reference is an amendment that is in the hands of the Senator from Montana, who is standing to my left. It is an amendment that would bring into line the total expenditures on the farm bill in concurrence with the budget resolution.

I renew my request: I ask unanimous consent that we be allowed to bring up that amendment before the Senate at this time.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, reserving the right to object, if the Senator would let us take a look at it, we will be glad to work with him.

Mr. EXON. That is fine. May I then suggest the absence of a quorum, with the understanding that I will be back in a few minutes to make the unanimous-consent request once again?

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. May we withhold the request?

Mr. EXON. I will be glad to withhold the request.

Mr. DOLE. Mr. President, maybe while they are examining the amendment, I could indicate again that I understand that there are about 90 amendments. There are a number of amendments that the managers are willing to accept, as I understand it.

Yesterday afternoon it was my understanding—I thought I was in the room, but maybe I was not—that we were going to pursue some of those amendments, dispose of them, and in the meantime we would try to get together to fashion a package that would break the dam on this legislation. That was certainly this Senator's understanding.

So I think it might be best to suggest the absence of a quorum, if it is all right with the managers.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HARKIN. We cannot vote; we cannot talk. Is that the idea?

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk resumed the call of the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BYRD. Mr. President, I would hope there would be no objection to letting the Senator from Iowa simply talk.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ABDNOR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, here we sit, empty Chamber, not voting. Last week, on Wednesday evening, I had raised some potential objection to extending the provisions on the dairy price support bill, and at that time engaged in a colloquy with the distinguished majority leader who gave the assurances—it is in the RECORD of last Wednesday—that they were going to get on the farm bill and move expeditiously on it.

But here we are stalled again. Let the RECORD show that we reported this bill out of the Senate Agriculture Committee, I believe, on September 28. Here we are almost 2 months later bogged down with almost an empty Chamber while people try to figure out what to do.

I am not so disturbed that the majority leader has seen fit to exercise his powers under the Senate rules to go ahead, Christmas tree this bill, and fill up the amendment tree so that none of us can offer amendments on this side. I understand that is his right to do so.

But let us dispose of it. Let us go ahead and vote on his amendments. As I understand it, the pending business before the Senate right now is the amendment offered by the majority leader. Well, why do we not vote on it? I do not hear anybody wanting to talk on it any longer.

We are precluded from offering amendments on this side. The Senator from Montana has had an amendment pending for over a month. Yet he cannot offer this amendment because the majority leader has seen fit to lock this thing up.

I think it is clear now. It is clear to us here, and it is clear to the farmers across this country who is stalling this farm bill. It is not this side.

I would ask the distinguished majority leader, if he were here, why we cannot move this bill. His amendment is pending. Let us vote on it. We all know what it contains. Everybody has read it. We are big kids around here. But no. There is a stalling going on.

Well, if the majority leader does not have the votes, then he does not have the votes. But let us vote on it. That is the legislative process.

As I said last week, I have a bunch of amendments I would like to bring up. I do not intend to debate them at length just to state the case to see if there is any opposition. Let us have a vote on it or at least a vote on the tabling motion.

I think that is the way the legislative process ought to work. I say to the distinguished chairman of the Agriculture Committee who is here that is the way it has worked in the Agriculture Committee all year. We debated it. We had our votes. No one was cut off. We were not blocked. We debated it, and then we voted.

That is the way it ought to be here on the floor of the Senate, too. So I think—again, as I said, Mr. President—it is clear who is blocking this farm bill, who is stalling it, who is putting off the votes, who is working behind closed doors to strike deals, and who is preventing this side from offering amendments.

I think it is clear. I think the farmers in this country know it, too.

So I hope the majority leader will abide by what he said last week—that they are going to bring it up, and that he wants to pass it. He said, and I quote the distinguished majority leader from last Wednesday's RECORD, "Let me indicate my farmers are just as concerned, I believe, as those in Iowa and with the cooperation of all Members we can pass the farm bill in 3 or 4 days."

I believe that is true. But we cannot if we have these kinds of stalling tactics day after day here on the Senate floor.

I appreciate the opportunity the distinguished chairman of the committee has given me to talk. I always appreciate the opportunity to be able to talk and to make my case.

But I still cannot offer an amendment. The only way I can offer an amendment is by asking for unanimous consent. Of course, I am sure that would be objected to. A few moments ago the distinguished Senator from South Dakota rose to offer an amendment. I understand the amendment, have no objection to it and like his amendment. I think it is a good amendment. But I will continue to object to people asking for unanimous consent to bring up amendments until we stick to the regular order of business. The regular order of business is the amendment offered by the distinguished majority leader.

Let us vote on it. Let us quit stalling and beating around the bush.

Farmers out in my State are already wondering what the programs are going to be next year. They have to make decisions on fall plowing, whether to put fertilizer on or not.

I am sure the farmers in North Carolina, the farmers in Montana, farmers all over this country, would like to know. Farmers in Texas would like to know what they can count on next year for a farm program.

Again, last Wednesday the distinguished majority leader said, "Unless there is some unforseen problem that I have not anticipated, it is my intention, again depending upon the manager of the bill, to take up the farm bill."

He said, "My farmers are already planting the wheat. The Senator does not have that problem in Iowa."

I objected to it. I said we do.

"We have had wheat in the ground since September," the majority leader said, "so we have been anxious to pass the farm bill for the last several months."

I asked who was anxious to pass the farm bill. We were ready to pass it out of committee in the summer. But someone objected. We finally had the votes and reported it out on September 19, if my memory serves me correctly.

This Senator has been willing to let a unanimous-consent request go through to get off the regular order of business for reconciliation, for the textile bill, unanimous consent last week on the dairy provisions, extending the present dairy price supports level. We worked out an agreement.

But now I see nothing but a stall happening.

I do not know about other Senators, but I can tell you this Senator from Iowa is not at all happy with the way things are being dragged out here. This is Tuesday, November 19. In 3 more days we will go home for Thanksgiving. Then we come back and have 2 or 3 weeks left. I heard reports and rumors, and I do not know wheth-

er they are true, that those in the leadership position on that side over there are saying that maybe if we bring this bill up in the closing hours of the Senate, when senatorial panic sets in, when Senators want to go home for Christmas, then we can ram something through because no one cares because everbody wants to get out of here.

I saw that happen 4 years ago. The conference report on the farm bill passed on December 16, 1981, at 10 o'clock at night, the last vote of the last day of the session that year. We could barely make our case on the floor on that farm bill because everybody wanted to go home.

So once again, Mr. President, it seems to me that it is very clear now—it may not have been clear last week, it may not have been clear 2 weeks ago because we were on some other things but it is clear now—who is stalling this farm bill, who does not want to have votes on it. It is not on this side of the aisle. We are ready to vote.

As I understand it, Mr. President, the regular order of business is the pending Dole amendment. When this Senator sits down, if no one seeks recognition, if no one suggests the absence of a quorum, we will proceed to a vote on the Dole amendment. So this Senator is going to sit down and not talk and hope that we can move to a vote on the pending Dole amendment.

I yield the floor.

Several Senators addressed the Chair.

Mr. PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, concerning the farm bill, I do not like to hear a discussion about stalling. That is all I will say about that, except to say that I spent about 5 months trying to produce a farm bill. I have become an expert at stalling watching. But that is not the argument. The debate should not be over that. If the Senator from Iowa will favor us with a copy of any specific amendments he wishes to call up, we will be glad to work with him. He has not presented either the distinguished ranking Democrat on the committee or me with a copy of anything. I do not know whether he is shooting an arrow in the air, and where it will fall he knows not where.

I have no argument with the Senator from Iowa. He is my friend and colleague. I suggest a lot of us have been trying to work to bring this farm bill to a vote.

Of course there are problems. There are close divisions on issues. I for one intend to do everything I can to make sure that the taxpayers' pocketbooks are not raided under a pretext. I do not want to debate to get off on that.

We all know what we voted for and what the Senate approved in terms of the budget resolution. We all know how much this farm bill overshoots that budget resolution. We all know what our duty is if we meant what we said when we voted earlier this year in favor of the budget resolution.

You cannot have it both ways. You cannot shovel out the money and then pretend that everything is hunky-dory because we are looking after the farmers.

We are not looking after the farmers. We are driving them deeper into the ground.

The Senator suggested that I might suggest the absence of a quorum and, of course, I do suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ABDNOR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABDNOR. Mr. President, I have no amendment at the desk.

Mr. HARKIN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. It does require unanimous consent.

Mr. HELMS. Mr. President, I might say for the RECORD that we are awaiting clearance on an amendment from the other side of the aisle, which clearance I anticipate will be available shortly. The Abdnor amendment has been agreed to by the distinguished Senator from Nebraska and I agree with it and the Senator from Iowa agrees with it. When we get the clearance, we will attempt to proceed.

Mr. President, I suggest the absence of a quorum.

Mr. BYRD. Mr. President, will the Senator withhold?

Mr. HELMS. Certainly.

Mr. BYRD. Mr. President, I would hope there would be some understanding worked out here whereby Senators on this side of the aisle would be allowed to offer amendments. I think that is my problem here. I do not mind giving consent to Mr. ABDNOR to call up his amendment. But before I do that, I want some understanding that Senators on this side of the aisle are likewise going to be able to call up amendments.

Mr. HELMS. Will the Senator yield?

Mr. BYRD. Yes.

Mr. HELMS. We have had two telephone calls with Senators on that side of the aisle and we have pleaded with them to come over here and present their amendments. Senators DECONCINI and NUNN will be here shortly.

Mr. BYRD. Senator MELCHER has been trying for several days to call up an amendment and has been unable to do so. It requires unanimous consent right now because the distinguished majority leader has before the Senate, a motion to recommit with instructions and amendments in the first and second degrees. No amendment can be called up until at least the amendment in the second degree to the majority leader's motion to recommit with instructions is disposed of. Senator MELCHER has been ready for days to call up his amendment but has not been able to do so. If we can work out an arrangement whereby Senators on this side can call up amendments likewise, perhaps we can get on with our business.

But until we are able to do that, I think we ought to just stay on the motion to recommit with instructions in two degrees. We can debate that or we can vote on it and we can do so now, and Senators on this side are ready to do so.

Mr. HELMS. Mr. President, I yield the floor.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I will take just a minute because I know we want to get on with this legislation. That was why on yesterday it was the understanding—at least I left with that impression—that there would be a number of noncontroversial amendments called up. Dairy amendments would be called up. In the meantime there would be an effort to determine whether or not we could fashion some kind of a package that would have bipartisan support.

Now, if bipartisan support is no longer a desire on the other side of the aisle, then obviously that is a factor which must be considered.

It was my understanding that we would dispose of a number of amendments today. I do not think either the distinguished Senator from Nebraska or the distinguished Senator from Montana had any objection to that. That did not mean that other Senators could not object, but at least that was the premise on which we were operating.

If that is now not the case, then I hope the managers will bear with me just a while longer; we are drafting an amended version. We will dispose of whatever is pending at the desk now, part of it, because we do not want to delay action on the bill. So we did not have unanimous consent, I must confess, to proceed, but we thought the managers of the bill were the ones consulted when we had the bill up. Perhaps we missed something there.

Mr. BYRD. Mr. President, I ask the distinguished majority leader, if he will yield to me, whether or not he would be willing to take down his motion to recommit—and, of course, that would take with it the two amendments in the instructions—and just let any Senator then who wishes to call up an amendment take a shot at it?

Mr. DOLE. That thought has occurred to me but not frequently. I am still hopeful there will be an accommodation amendment with the distinguished Senators from Montana, Nebraska, and others on one side and a number of us on the other side. We have not given up, but I think for the time being that has not yet quite gelled. I do not have the feeling we have quite put it together.

Mr. BYRD. I thank the Senator for yielding. I was just suggesting a way the Senate could get on with its work on the bill.

Mr. DOLE. We appreciate those suggestions.

Mr. BYRD. I thank the Senator. I will try to think of some more.

Mr. MELCHER. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield to the Senator from Montana.

Mr. MELCHER. I thank the majority leader for yielding.

It is true that the best concept we could arrive at for unraveling this dilemma and what we are going to do with the farm bill would be a bipartisan approach, and it is certainly true that all of us on either side of the aisle realize that in order to satisfy the administration—which is not a requirement but which is desirable—we reduce the costs of the various aspects of the bill. While we have arrived at approximately $8 billion in savings going our route without disturbing the target price freezes that are in the bill, we do not know how far we have to go. I know the majority leader has inquired of the administration what figure they are talking about for reduction in the cost of the bill, either in the 3 years that our budget resolution covers or the 4 years for the life of the bill.

I wonder if the majority leader could advise us what figure would be the bottom line that would be satisfactory to the administration.

Mr. DOLE. I think the Senator indicated, if you look at a 4-year cost, the current law extended would cost $92 billion. The committee bill, with a 4-year freeze, would cost $100 billion. The Melcher bill, with a 4-year freeze, would cost $90 to $95 billion; and the amendment that is pending, the Dole-Lugar-Helms, et al., amendment would be $85 billion. All those estimates are 4-year costs.

We were advised yesterday by the OMB Director that the 3-year cost of the Senate committee-reported bill would be $65 billion. The savings that I think both sides generally agree on, amount to about $8 billion. The Senator from Montana gets $8 billion one way; we get $8 billion another way. So there is not much dispute except on one area—$2.2 billion on whether it is a 1-year freeze or something else.

I think we also discussed yesterday that we would ask the USDA to take a look for additional savings. So far as I know, we have not yet received that information. We are far above the budget resolution, but our view was things have changed since that time and the farm crisis is worse so we should not be bound by that. But it was my impression—if I incorrectly state it, maybe the chairman can correct me—that OMB Director Miller was aiming at a target of about $50 billion. We were talking about in the neighborhood. In my view it would not be impossible to get the bill off the floor this week, go to conference, and come to some agreement. This would give some of us an opportunity to talk to the President about it when he comes back either late this week, early next week, or the following week—he is coming back before then, but there will be a recess next week—we need to determine if we could agree on some additional savings on a bill so the President would sign it.

Now, there may be some who do not want a bill—maybe for good reason. Maybe they do not like the bill. Maybe they do not think it is good politics. Maybe it is good politics to not have a bill. But my view is that there is still a good possibility that we can get a bill that will be signed.

Now, if we want to get a bill that will be vetoed, that is not hard to do either. Just pass anything, send it to the White House, and the President will veto it. It would be too late to enact another bill this year. For some Senators that may make sense; they are not in wheat areas. There is no real pressure. But there is considerable pressure in wheat-producing States right now and there has been such pressure since September.

That is sort of the scenario. I do not quarrel with the figures. The Senator has about $8 billion in savings. We have about $8 billion in savings. They contain different approaches. The Senator from Montana might be willing to go a little higher if we could find some fairly good, additional savings. I think then we have at least an opportunity to get a bill passed and signed. I do not think a veto would help the farmers in any way. It might make a few political points.

So we are willing to work on that and pursue it on a bipartisan basis just as we did on the tobacco bill. That was bipartisan. We did not have anybody up here screaming that it was not bipartisan. I think there were about an equal number of Senators on each side who supported that effort.

Mr. MELCHER. I thank the majority leader, but I just want to be clear.

Let us just speak about the 3-year budget cycle. I guess that is what we are usually speaking about.

Is it clear that somewhere between $8 billion and $11 billion or $12 billion is what the administration is suggesting, or is it between $8 billion and $15 billion?

Mr. DOLE. They were suggesting the difference between $50 and $65 billion. We were hoping to pick up $700 million on dairy. But so far, that does not look very likely. That is $700 million less we could add.

I do not know precisely today whether we have received any additional suggestions for savings from USDA. Apparently, they have not yet arrived.

Mr. MELCHER. It is also true that some saving—for instance, in dairy—is greater in the House bill than it is in the Senate bill.

Mr. DOLE. I guess it is a question of policy.

Mr. MELCHER. The final version probably will show it.

Mr. DOLE. I think so.

Also, my own view is that the administration is prepared to go a little beyond the budget for good policy, but not prepared to go far if it is bad policy, as they view it. That is their view. We may disagree, whether we are Democrats or Republicans.

It is my understanding, from visiting with the OMB Director, that if the bill contains good policy—in other words, if it shows more flexibility on loan rates, more flexibility on target prices and increase the Conservation Reserve Program, and some other areas that most of us support—then they might be willing to support it. I say "might" because I do not know for certain whether they will want to pay a bit more for good policy.

So I hope the distinguished Senator from Montana is not unwilling to try to work out something. It seems to me that it would be in the interest of farmers in all States.

Mr. MELCHER. I am very willing to work with the majority leader and even, I might say, with the administration, which has been reluctant to discuss alternatives, I believe, to their own proposal.

I hope that, due to the work of the majority leader and the chairman of the committee, the administration will realize that in order to get a farm bill, it is necessary that they work with us, too. I think perhaps they are. At least, from my point of view, there seems to be some progress with them.

I do not want to hold up anything here. I think that, as quickly as we can, we should be voting on the various amendments that we know we are going to face, because Senators have been waiting for several months to be able to offer their amendments on various programs, and I think they should have that right. I hope we can proceed rapidly.

Mr. ABDNOR. Mr. President, will the majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. ABDNOR. In response to the Senator from Montana, I have one of those amendments that everybody is for. I have not found any opposition. It will take a few minutes, and it will mean one amendment that could be out of the way. I do not know of anyone opposed to it. It is very necessary.

I hope they will reconsider and let me have the amendment adopted and out of the way, so that we can pay attention to the more controversial amendments.

Mr. DOLE. I thank the Senator from South Dakota. That was my understanding of what we would do with part of the day. But that is not happening.

On that basis, it was my hope that while that was being done, we could be working on a modification of the amendment at the desk. We are just wasting time. If we let some of these amendments that are going to be adopted be adopted by voice vote, in an hour or so we will have our modification ready to offer, and we will be ready to vote. I know that other Members have other ideas.

Mr. HARKIN. Mr. President, will the majority leader yield on that point?

Mr. DOLE. I yield.

Mr. HARKIN. I raised an objection and will continue to object, because we have amendments over here to offer.

The distinguished chairman of the committee says that he has not seen any of my amendments. I know of no rule of the Senate that says I have to send amendments to the chairman of the committee or anyone else. They have to be offered at the desk.

I find that because the majority leader has filled up the amendment tree, I cannot do it unless I have unanimous consent. It is obvious that I will not get unanimous consent to offer my amendments.

If the majority leader will say that no one will object to any unanimous-consent request to offer amendments, fine; go ahead with that. But I cannot see playing by two sets of rules—one for that side of the aisle and one for this side of the aisle.

That is why I will insist upon the regular order. If the majority leader says that anybody who wants to bring up amendments can, it is all right with me. I see two sets of rules here.

Mr. DOLE. We certainly do not want to have two sets of rules. That is why the managers went through a list of all amendments and said, "These are not controversial, and this will require a vote."

Let us face it: We are not kidding anybody. The key vote is on commodities. Until we resolve that, maybe we should not worry about anything else. If that is not resolved, all the other amendments are not going anywhere, in any event.

I think the votes are critical I am not going to quarrel with anybody who wants to object. They have that right.

We are now preparing an amendment that we think will at least be brought up. If there are not enough votes for it, we will try something else, or somebody else will try something else.

Those who are determined to have the President veto this can have their way. It will not be difficult.

Some people are counting how many seats they will get if they do this or that. My farmers do not care how many seats are involved in 1985 or 1986. They are worried about their own farms and family security.

Mr. President, let me remind my colleagues that from 5 to 6:30 p.m., in room S-207, we will be honoring our distinguished colleague from Mississippi, Senator STENNIS. I am joined by the distinguished minority leader, and we hope we can see you all there. Maybe we can work out our differences while we are visiting with Senator STENNIS.

Mr. ABDNOR. Mr. President, I do not think we have two sets of rules.

I have a number of amendments I would like to offer, but they are controversial, and I recognize it. The majority leader has assured me that at the proper time I will have a chance to offer them. As I understood it, if there were some on which there were no controversy, we could dispose of them.

Do I correctly understand the Senator to say that there are a couple of amendments on the other side and he is simply waiting for the Senators to come here and offer them?

Mr. DOLE. The chairman advised me that they were willing to take a number of amendments on either side.

I am prepared to yield the floor to the chairman and the ranking minority member, Senator ZORINSKY. There are Members on both sides right now, and we can accept the amendments which are not controversial. We know what the controversial amendments are. We are not kidding anyone. Why not dispose of 9 or 10 amendments? I suppose that by 6:30 we might have the other amendment drafted, and by 8 or 9 o'clock we could have a vote.

Mr. HELMS. Mr. President, the distinguished majority leader is exactly right. It is the same level playing field today that there was when I arrived here 12 years, 10 month, and 18 or 19 days ago.

We are operating exactly as we did the first day I walked on the Senate floor. How many times has Senator BYRD come to me and said, "Jesse, what is your amendment about?" I give him a copy of it. I never declined to do that, and I think he will confirm that.

But the truth is that Senator ZORINSKY and I have a responsibility of trying to keep track of what is going on.

So, I must reject with as much civility as I possess, and I hope it is of sufficient quantity to dispell the notion that anyone is being treated improperly or unfairly.

I indicated earlier that we have asked Senator DECONCINI and Senator NUNN to come with their amendment. We have a list of noncontroversial amendments, and we have always operated that way, tried to clear out the noncontroversial amendments in preparation for those which will require considerable debate.

Mr. MELCHER. Mr. President, will the chairman yield?

Mr. HELMS. I yield for a question.

Mr. MELCHER. I thank the Chair for yielding.

Now, we all know what we want are amendments to be made available to both sides of the aisle so they can look at them. But what really serves no purpose, I respectfully point out to the chairman, is to indicate that my amendment on cutting the cost in the bill is not known and not understood by both sides.

We have been working on it for 2 or 3 weeks, and at each stage the Senator's side as well as others on my side are kept abreast. It has been virtually the same for over 2 weeks and there has been some additions during the past week to bring it up to about the $8 billion mark from $7.6 billion to $8 billion.

The fact is that it is an amendment that the chairman and the majority leader do not want called up at this time. It that not correct?

Mr. HELMS. That is not correct.

Mr. MELCHER. Then I shall ask unanimous consent to bring up my amendment, to lay aside the Dole motion to reconsider with instructions, and to offer the amendment. I do not have the floor now. I am just saying I would seek the floor to do that.

Is that acceptable to the chairman?

Mr. HELMS. So what the Senator wants to do and, incidentally, he did not ask a question but that is fine.

Mr. MELCHER. This is a question.

Mr. HELMS. His speech preceded it was not, but I enjoyed it. I always do.

Mr. MELCHER. Excuse me.

Mr. HELMS. What the Senator wants me to do is to agree to prevent the majority leader from completing a compromise that will give us a bill hopefully that will not be vetoed.

Mr. MELCHER. That is not the thing.

Mr. HELMS. Of course that is it.

Mr. MELCHER. Will the Senator yield further?

Mr. HELMS. I yield.

Mr. MELCHER. That is not quite it because the savings that is in the majority leader's package as it stands

now are very similar to the savings that would be in my amendment.

Mr. HELMS. Some of it. The Senator is correct. That indicates the bipartisan effort that is being made.

I will say to the Senator he is not the only Member of the other side of the aisle with whom we consulted. We are trying to make it bipartisan.

Mr. MELCHER. Might I just state to the chairman——

Mr. HELMS. Yes.

Mr. MELCHER. I do not care which way we go, whether we go this way.

Mr. HELMS. Yes, the Senator does care.

Mr. MELCHER. This way to start voting on the majority leader's amendment or my way to start voting on my amendment which is much shorter. It only addressed one point on cutting costs in the bill. I do not care either way.

Mr. DOLE. Do it together.

Mr. MELCHER. I wish to do it together. When are we going to do it? I think we are spinning our wheels here.

Maybe it is time to put the chains on.

Mr. HELMS. We are not spinning our wheels. We can be allowed to proceed with some of the amendments.

Mr. MELCHER. I am all for that.

Mr. HELMS. I thank the Senator.

Mr. MELCHER. I am all for that. I am all for anything.

Mr. HELMS. I ask unanimous consent that it be in order for the distinguished Senator from South Dakota to call up an amendment?

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. I object.

Mr. HELMS. I asked that unanimous consent to prove a point and I just proved it.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 6 P.M.

Mr. DOLE. Mr. President, I move that the Senate stand in recess until 6 p.m.

The motion was agreed to, and at 5:15 p.m., the Senate recessed until 6 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. WILSON).

Mr. HARKIN and Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I am inclined to yield to the distinguished Senator from Iowa. Would he care to share with me what he has in mind?

Mr. HARKIN. I was going to talk a little and then ask unanimous consent to offer an amendment I have here and ask for its consideration, and see if that would be acceptable to the other side.

Mr. HELMS. Would the Senator be willing to let Senator ZORINSKY and me take a look at his amendment?

Mr. HARKIN. Sure.

Mr. HELMS. Mr. President, I say to my friend from Iowa that I would have some reluctance about not objecting to his calling up this amendment. I will be delighted for him to take such time as he wishes to discuss it; and, depending upon what is being worked in a bipartisan effort, we will then advise the Senator about the amendment, if that is all right with him.

Mr. HARKIN. I would appreciate it if the chairman would yield to me for the purpose of a colloquy.

Mr. HELMS. Certainly. I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I have an amendment I would like to send to the desk. I do not know that I understood what the distinguished chairman said.

Mr. HELMS. If the Senator will yield—he has the floor—Senator ZORINSKY and I had agreed that Senator ABDNOR would call up an amendment, and I feel obliged to honor that commitment to Senator ABDNOR. If the Senator will go ahead and make his remarks, I will appreciate his not offering this amendment, to which I will have to object.

Mr. HARKIN. I understand.

Mr. President, I take the floor again to make the point I made before. I wish this did not have to happen. We are ready to vote on these amendments. We know what the Dole amendment contains. Everyone is ready to vote on it up or down. We can have a vote on it right now. Yet, again we are being told the we have to wait for some kind of new package that is coming out.

Mr. HELMS. Mr. President, if the Senator will yield—I say this in all friendliness—he is the one who objected to the Abdnor amendment.

Mr. HARKIN. The distinguished chairman is absolutely right.

Mr. HELMS. So what the Senator wishes to do is take over the job of Senator ZORINSKY and the Senator from North Carolina. In all fairness, I say to him that I cannot permit that.

Mr. HARKIN. What the Senator from Iowa is trying to do is, No. 1, to make a point, and that is that this farm bill is being stalled; that even though the distinguished majority leader has it within his power to fill up the tree as he done, to prevent amendments, I do not think it is in the best interests of the legislative process to not permit us to offer our amendments and have them debated and voted on.

I point out that the amendment that is the regular order of business now, the Dole amendment No. 940, is 224 pages in length. At least, we have had this for some time to look at.

I ask this rhetorically: I heard the distinguished majority leader say that at 6:30, they might have another package together. I wonder if that is going to be around 200 pages. He said we might vote at 8 to 9 o'clock, and that gives us an hour and a half to look at 150 to 200 pages. I hope it is not that long. I hope it is a simple amendment that we can look at and debate thoroughly and vote on it.

The distinguished majority leader has been saying that he wants to get a bipartisan package. I would like to get a bipartisan package, too, but I thought that is what we had. We reported a bill out of the Agriculture Committee. As I understand, some Democrats voted for it and against it, and some Republicans voted for it and against it. That sounds quite partisan to me. So what we got from the Ag Committee was a bipartisan bill, because there were Senators on both sides of the aisle who voted for it. I happen to be one who voted against it, as I know the distinguished chairman voted against it—I suppose for different reasons. We all had our reasons for voting against it.

So we do have a bipartisan bill before us. I guess "bipartisan" is like beauty: it is in the eye of the beholder.

I do not mean to speak for any Senator other than this one, Mr. President, and my responsibility is not just to vote on something that the President or his advisors, as the case may be—obviously, the President is not involved in this now, because he is at the summit in Geneva—but this Senator's responsibility is not just to rubberstamp whatever the Director of OMB or the Secretary of Agriculture or the President or his advisers want. I would be shirking my responsibility and my duty to my constituents if I were to just rubberstamp what they want.

Mr. HELMS. Mr. President, if the Senator will yield, certainly this Senator is not a rubber stamp for anybody. This Senator accepts his responsibility, and I think the responsibility of all Senators is to get a bill that will pass the Senate, survive conference, and has a chance of not being vetoed. But the No. 1 responsibility is to get a fiscally responsible piece of legislation, and I submit that this bill, as it now stands, would be made worse by the Senator's amendment, in terms of cost. The Senator can justify it any way he wishes, but I am concerned about the Federal deficit. We cannot move toward a balanced budget as long as we have more and more spending in each bill that comes through.

I respect the Senator, and I thank him.

Mr. HARKIN. I appreciate the distinguished chairman for his comments.

Again I am just saying that the distinguished majority leader was on the floor a while ago saying that we had to have a bill that the President would sign and not veto. I do not know what the President will sign or what he will not sign. I do not know that there has been some edict from on high at the White House saying, "This is what I will take and this is what I will not." Even if there were, this Senator over the last 11 years has seen three different Presidents say well, they will sign something or will not sign something. Then you send it down and by gosh they sign it. There is always a give and take. Obviously, the President may say that he will not sign a certain farm bill, but then when presented with it he might have a different view of it when he is presented with it.

So, I do not know that we can really tell exactly what it is that the President will sign or will not sign as a farm bill.

Perhaps sometimes I wish he were more involved with the development of the farm bill and our farm problems than has been the case over the last several months. I understand he cannot be. Right now he is in Geneva and that is where he should be and that is of the utmost importance right now. But in the past, I would have hoped that the White House might have been a little bit more involved than perhaps they were. But, again, I repeat, that just to try to work out a bill that is acceptable to whoever is representing the President down here—today it may be one of his advisers, it may be the Secretary of Agriculture, probably the Director of OMB—to just say that we have to approve a vote on a bill that they will approve, again this Senator does not think it is his responsibility to rubber-stamp whatever it is they approve.

My job, as I see it, is to do the best job I can both in the Agriculture Committee, here on the floor of the Senate, to devise a farm bill that will increase farm income, that will help us out of the mess that we are in in agriculture and do it within reasonable bounds of what the budget will allow.

The chairman of the Agriculture Committee said that we wanted to cut the deficit. Yes, we all want to cut the deficit.

But again I point out that the distinguished Senator from Montana has had before us for I think at least a couple weeks now a pending amendment that would make significant cuts in the farm bill and indeed bring it under the budget. And yet he is not allowed to offer that amendment. Every time he gets up to offer it he is precluded from offering it.

So, again I think those of us on this side have been responsible in the area of fiscal integrity in terms of our farm programs and what we want.

Certainly, even the 4-year target price freeze is within the budget. If you look upon the budget as being a 3-year budget cycle if that is the case we are in budget. If you want to assume we go beyond that 3 or 4 years, then, of course, you can make the case that we are out of the budget.

So it depends. Again it is like beauty. It is in the eye of the beholder whether we are in the budget or outside the budget on agriculture.

I would argue that we are well within the confines of the budget as it is right now for the next 3 years, because that is really what our budget cycle is looking at right now in the budget. But nonetheless, I wish we could have a vote on the amendment offered by the Senator from Montana. But we are not allowed to. In this the most deliberative, the greatest deliberative body in the world, we cannot get a vote on the amendment of the Senator from Montana.

So, again I hope that when we work out this so-called bipartisan agreement, we will at least have sufficient time to look at it.

I can only say I do not know what is bipartisan and what is not.

Again, we reported a bill out of committee that some Republicans voted for. That seems to me to be pretty bipartisan right there for a 4-year target price freeze.

I think we should have a vote on it on the floor of the Senate and see if it is bipartisan or not and let the chips fall where they are. But I hear talk about working out some kind of bipartisan package.

Bipartisan involving who? This Senator has not been invited to any meetings. I represent a State which is second only to California in terms of our agricultural receipts.

I dare say my colleague from Iowa, who is not here, I do not even know if he has been invited either to any of these so-called bipartisan meetings in trying to hammer out a package.

So whatever is being done behind closed doors is certainly being done not with this Senator's attendance and I assume without a lot of Senators' attendance who are distinctly interested in what the shape and the content of the farm bill will be.

But I keep hearing that we have to have a farm bill that the President will sign, but I do not know what that means.

Again I think our responsibility here is to pass a farm bill that will get farmers some income, help them pay off their debts, help us solve the financial crisis that plagues our Farm Credit System and our independent bankers all over this country. What we need is a farm bill that will increase farm income not a farm bill that will decrease farm income.

So I do not think that just being asked to vote for something that someone assumes that the President will sign or not sign is my responsibility.

I do not want to talk any longer. I am talking only because no one will permit a vote around here. We cannot get a vote on the pending amendment which is the amendment offered by the Senator from Kansas, Mr. DOLE.

I see the distinguished majority leader on the floor. I wish we would just go ahead and have the vote on it up or down, see where the chips fall on this thing.

But, evidently that is not going to happen. Evidently, we are going to be kept at bay on this side of the aisle so that we cannot offer our amendments, so that we will have no prospect at all of really shaping a bipartisan approach. And I would think the place to do it is here on the Senate floor. Let us have our votes. Let people offer amendments. But we are being precluded from that.

Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARKIN. What is the pending regular order before the Senate right now?

The PRESIDING OFFICER. The pending business is amendment 940 offered by the majority leader.

Mr. HARKIN. A further parliamentary inquiry, Mr. President. Is there a unanimous-consent request pending at this time?

The PRESIDING OFFICER. No.

Mr. HARKIN. Mr. President, I really think we should get to a vote on the pending amendment.

Mr. President, I move to table the Dole amendment 940.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The assistant legislative clerk proceeded to call the roll.

Mr. PRYOR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. DOLE. Mr. President, reserving the right to object, they will start voting on the other motion.

Mr. PRYOR. Mr. President, should the majority leader be inquisitive about my reason for taking the floor and asking for the quorum call to be rescinded at this time, I simply wish to ask the distinguished chairman of the Agriculture Committee a question and I will not offer an amendment nor offer a motion to table.

Mr. DOLE. Mr. President, I am constrained to object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the motion to table.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Iowa [Mr. HAWKINS] to table the amendmentment of the Senator from Kansas (Mr. DOLE). The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], Senator from Maryland [Mr. MATHIAS]. Senator from Connecticut, [Mr. WEICKER], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Mississippi [Mr. STENNIS] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 88, nays 8, as follows:

[Rollcall Vote No. 318 Leg.]

YEAS—88

Abdnor	Garn	McConnell
Andrews	Glenn	Melcher
Armstrong	Goldwater	Metzenbaum
Baucus	Gore	Mitchell
Bentsen	Gorton	Moynihan
Biden	Gramm	Nickles
Bingaman	Grassley	Nunn
Boren	Harkin	Packwood
Boschwitz	Hart	Pell
Bradley	Hatch	Pressler
Bumpers	Hecht	Pryor
Burdick	Heflin	Riegle
Byrd	Heinz	Rockefeller
Chafee	Helms	Roth
Chiles	Hollings	Rudman
Cochran	Humphrey	Sarbanes
Cranston	Inouye	Sasser
D'Amato	Johnston	Simon
Danforth	Kassebaum	Simpson
DeConcini	Kasten	Specter
Denton	Kennedy	Stafford
Dixon	Kerry	Stevens
Dodd	Lautenberg	Symms
Dole	Leahy	Thurmond
Domenici	Levin	Trible
Durenberger	Long	Warner
Eagleton	Lugar	Wilson
Evans	Matsunaga	Zorinsky
Exon	Mattingly	
Ford	McClure	

NAYS—8

Cohen	Laxalt	Quayle
Hatfield	Murkowski	Wallop
Hawkins	Proxmire	

NOT VOTING—4

East	Stennis
Mathias	Weicker

So the motion to lay on the table amendment No. 940 was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I am happy to yield to the Senator from Arkansas.

Mr. PRYOR. If the majority leader will yield at this point, I would like to pose a question to the distinguished chairman of the Agriculture Committee, whom I see on the floor.

Mr. President, may we have order in the Chamber, please?

The PRESIDING OFFICER. The Senate will be in order. If Senators desire to converse, please take their conversations to the cloakrooms.

Mr. PRYOR. Mr. President, it is 15 minutes to 7. There is a rumor floating around the floor that we are about to have a 200-page agriculture bill submitted to the Senate in due time.

Mr. President, I think we are at a stalemate. Just as a matter of a little history, this particular bill that is now the business of the Senate, was reported from the Senate Agriculture Committee, to the best of my knowledge, on September 19. That is a 2 full months ago. Here we are almost on Thanksgiving eve going into Christmas, with a long conference to be held. Let us just be honest with ourselves: There is no conceivable way that we can take this bill with 90 amendments, or 60, 50, whatever, and move forward and have an agriculture bill.

My question to the chairman is this: The chairman on that date that we reported the bill voted against referring this particular bill to the floor. If my memory serves me correctly, the reason given by the chairman was that it was over budget.

I have a solution that is simple, that will be fair, and I hope the distinguished majority leader and the chairman will listen to a proposal that I have.

Mr. HELMS. I hope the Senator will proceed.

Mr. PRYOR. Then I will ask my question of the chairman.

The distinguished Senator from Montana several weeks ago, through his own work effort, his own work product, working on weekends, devised a way of rectifying the chairman's concern and objection to this bill. He worked it out in good faith. He has attempted on many, many occasions to offer that amendment which would bring this bill under budget. Somehow or another, for some reason or another, that work product of the Senator from Montana ended up on that side of the aisle. That is history.

My proposal is this, Mr. President, to the distinguished chairman: That we vitiate all orders for yeas and nays, that we go back to where we started, and that we allow the Senator from Montana to offer the amendment bringing this bill, that was sent to the floor after 27 markup sessions, that is now under consideration, within budget and which will remove the objections of the chairman and many people in this body who feel it is overbudget. Once that is accomplished, then let us take the bill that we sent to the floor that is within budget and vote on it up or down.

I think I can say to the distinguished majority leader and the distinguished chairman that that might be a way to solve the dilemma and the impasse that we are in, and that impasse, in my opinion, will prevent and preclude us from having a bill this year.

I submit that to the chairman. My question is, would the chairman consider that procedure for bringing this matter to the attention of the Senate?

Mr. HELMS. Mr. president, let me begin my response to the Senator by asking him a question.

Mr. DOLE. Mr. President, I yield for that purpose. I think I still have the floor.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. HELMS. Where did the Senator get the idea that the Melcher amendment or even the Dole-Lugar bill would be within the budget resolution?

Mr. PRYOR. Will the Senator repeat the question?

Mr. HELMS. The Senator from Arkansas is my friend and I greatly admire him. Where did you get the idea that the Melcher amendment would bring us within the budget resolution?

Mr. PRYOR. I think it is beyond dispute that the Melcher proposal would bring this bill within the budget.

Mr. HELMS. That is not correct. The Melcher amendment will cost $90 billion to $95 billion. The current law costs $92 billion. The committee bill, against which I voted, will cost $100 billion. The Dole-Lugar bill is a little bit better than the rest of them. It will cost $85 billion.

I say that in the frame of reference that during the previous administration, the Carter administration, the farm bill as estimated to cost $20 billion in 4 years.

I have not committed to vote for anything that I have heard yet. Up until this vote I was committed to helping the majority leader maintain his position until he could work out something that would perhaps justify my concerns about the budget.

I do not have the floor now and I could not make any move if I wanted to, and I do not want to. That is the best I can do for the Senator.

As for my support, we have to get a great deal nearer the responsiblity of the Senate before I can vote for a piece of legislation.

Mr. PRYOR. Will the Senator yield so I may respond?

Mr. DOLE. I am happy to yield.

Mr. PRYOR. To answer the distinguished chairman, these figures offered in the proposal by Senator MEL-

CHER of Montana, those are the figures, I say to my distinguished chairman, that were supplied to the distinguished Senator from Montana by the Congressional Budget Office. I know we can take USDA figures, OMB figures, or whatever, but day in and day out this Senator believes that the CBO has better figures than those other two particular agencies or functions of government.

I humbly submit, even if it would be over or above the budget, at least let the Senator from Montana who worked up this proposal offer the amendment to the agriculture bill and then let us vote up or down on the agriculture bill which came from the distinguished chairman's committee after 27 days of markup and let us go to conference with it. We will have some opportunities there to deal with figures and to deal with other concerns and problems. But otherwise, I say to my chairman, we are basically tonight and tomorrow—well, this is wishful thinking, that we are going to be able to pass an agriculture bill and send it to conference and come back before Christmas. We think we owe an obligation to the farmers of this country to move and to move forward, and to do it now. That is my humble suggestion. I hope the distinguished chairman and majority leader will consider it.

Mr. DOLE. Mr. President, I think we all appreciate suggestions. There are 90 amendments. We understand there are about 12 that are in dispute. Obviously, this area is the most prominent one. But it seems to me that there is a strong indication at the White House that a 4-year freeze is going to be vetoed and if you have a 4-year freeze in the committee bill and a 5-year freeze on the House side when you go to conference, you are not going to end up with anything less than a 4-year freeze. That is one strategy, just go to conference, have the bill vetoed, and start it over again. We are not going to get any farm bill that way.

The other strategy is to try to save some money and I commend the distinguished Senator from Montana. I think the savings he has suggested and others have suggested are helpful. They have gone a long way to satisfy the budget requirement.

Maybe what I am seeking to do is not possible. We can bring up another amendment—it will be similar to the one that has just been disposed of, with a few exceptions which I shall explain at the time—and have a vote on it. If that amendment is defeated, there will probably be other amendments.

There may be the votes to pass a 4-year freeze. I think if that is the choice the Members have, that amendment would pass. Having voted, I think, for every farm bill that has ever been before the Senate under Democratic and Republican Presidents, I do not take the responsibility lightly. But I have learned over the years that sometimes, people have to compromise. The vote in the committee was by one vote, 9 to 8. That was not a big margin. So it seems to me that if there is some way to break the logjam, I would be happy to discuss it with the managers and we hope to have the amendment prepared here in the next few minutes.

In the meantime, I am going to suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. The Senator did not hear.

The PRESIDING OFFICER. Objection was heard.

Mr. EXON. I thank the Chair.

The legislative clerk resumed calling the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HARKIN. Once again, we cannot vote, we cannot talk.

The legislative clerk resumed the call of the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. There was an objection?

The PRESIDING OFFICER. Yes.

Mr. EXON. I thank the Chair.

The legislative clerk resumed the call of the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRAMM). Is there objection.

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I have been meeting with the distinguished chairman of the committee and the ranking member, Senator HELMS and Senator ZORINSKY, and others on both sides of the aisle. There is going to be an amendment offered which will exceed 220 pages in length. I am advised by Members on both sides they would like to study it, which they certainly have the right to do. It is going to be somewhat different than the amendment which was tabled earlier. It will include some additional provisions. I think—and I will ask the chairman to confirm this, and Senator ZORINSKY, and the distinguished minority leader, who is now on the floor—rather than have the amendment offered and spend a couple hours either reading it or studying it, we might be better off to distribute copies of the amendment tonight and try to get back on the bill by 10 o'clock tomorrow morning. Then that amendment could be offered at that time.

If there is no objection from the managers of the bill, I would suggest that course of action.

Mr. HELMS. Does the Senator intend to lay down the amendment tonight?

Mr. DOLE. We would lay it down in the morning.

Mr. HELMS. Lay it down in the morning. That is agreeable with me.

Mr. ZORINSKY. I am not aware of any objections on this side.

Mr. HARKIN. Mr. President, I only wish to ask the distinguished majority leader, does he have any idea how soon we might be able to get some copies?

Mr. DOLE. I was told earlier that it would be 10 minutes. That was about 7. I think the amendment is just about drafted. I would hope in the next 5 or 10 minutes.

Mr. HARKIN. I hope that it is not 10 or 11 o'clock tonight.

Mr. DOLE. I think we need copies for staff on the other side.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield.

Mr. BYRD. I would certainly not recommend having the clerk read the amendment. I think that the majority leader can supply copies to Senators. They would have an opportunity overnight to look at the amendment, as would the staff, and the Senate could go out. The majority leader certainly does not need unanimous consent to do this. If there is an objection, he can do it, anyhow.

Mr. DOLE. That is correct. But I want to make certain that everyone is going to stay around long enough to get copies, because in the morning someone might say, "I think I want it read," and that would take a couple of hours.

Mr. BYRD. Some Senators—not this Senator—may want an explanation of the amendment or may want to ask the distinguished majority leader some questions.

Mr. MELCHER. Will the amendment be laid down tonight?

Mr. DOLE. Just to make certain that we do not have any technical errors in it, we will make copies available to Members tonight and it will be laid down tomorrow morning.

Mr. HARKIN. Will the distinguished majority leader yield for a question?

Mr. DOLE. I yield.

Mr. HARKIN. I assume that the majority leader will lay down his amendment tomorrow, which will fill up the slot we tabled today, amendment 940, which again leaves us without any provision to amend that amendment at all. It will be a motion to table or an up and down vote, but we will not be able to amend it. Am I correct in that?

Mr. DOLE. On that amendment, yes.

Mr. HARKIN. Again, in all sincerity, I ask the majority leader: Assuming that we dispose of that amendment one way or the other, will we ever be allowed on this side to start offering our amendments and start having votes on our amendments? We have been waiting for weeks.

I have four or five amendments. The Senator from Montana has an amendment. We have other amendments here.

I am wondering, after we dispose of that one way or the other, could we have assurance from the majority leader that we will be recognized and that the amendment tree will not be filled up again so that we will not be precluded from offering our amendments?

Mr. DOLE. I say to the distinguished Senator from Iowa that I understood that most of the people on that side were for the committee bill. The answer is yes, there will be that opportunity. We can ask the Chair.

If the amendment offered tomorrow morning is adopted, will the bill then be open to further amendment?

The PRESIDING OFFICER. The first-degree amendment will be open to further amendment.

Mr. HARKIN. But not the amendment the majority leader is going to lay down tomorrow. That will not be open for amendment.

The PRESIDING OFFICER. The second-degree amendment will not be open for amendment.

Mr. HARKIN. I have amendments——

Mr. DOLE. Do you have a mandatory program amendment?

Mr. HARKIN. I have a voluntary program. You will love it. [Laughter.]

It will help increase the farmers' income in Kansas, and it will be below the budget.

Mr. DOLE. I would like to see how many votes it gets.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. MELCHER. As I understand it, the proposal is to go out tonight and to study the amendment and be prepared tomorrow, around 10 o'clock, to consider it.

Mr. DOLE. There will be no more votes tonight, in case any Members are waiting for that.

Mr. MELCHER. I wonder if we do not run some risk, when the amendment is laid down tomorrow, of 1 out of 100—I do not want to do this, but 1 out of 100 might say, "It's a long amendment, and I want to hear it read." That might take up most of tomorrow, reading it, or at least 3 or 4 hours. That is a risk we would take.

Mr. DOLE. That could only come from someone who does not want the bill to pass.

Mr. MELCHER. That is true. I am not suggesting that I would recommend that at all. I think we ought to use the available time we have for considering the majority leader's amendment.

Is this the one that contains both a 1-year freeze and a 4-year freeze?

Mr. DOLE. I might say that the precedent for this is March 21, 1978. The distinguished Senator from Georgia, Mr. Talmadge, was chairman of the committee, an outstanding chairman, and we went to conference with two different approaches. I have had that in mind ever since 1978. I thought that was a brilliant idea that came from the Democratic side. I hope we can do it again. The Senator from Montana voted for it.

Mr. MELCHER. And it has the soybean provision for $35 an acre?

Mr. DOLE. It has a sugar provision.

Mr. MELCHER. Is the sugar provision changed?

Mr. DOLE. Yes.

Mr. MELCHER. How is it changed?

Mr. DOLE. Well, we have had some areas in the country where they have had some severe disasters, and we have tried to accommodate some of those requests, to ease up on those who can qualify in disasters where you have double-cropping areas.

Second, we tried to make it a no-cost program.

Those are basically the changes in the sugar program. There is not significant additional cost, but it takes a change in the law, because in some parts of the country, particularly in some of the Southern States, as I understand it, there has been almost total devastation. Under the present law, it is very difficult to qualify.

Mr. MELCHER. A hurricane disaster. I understand.

I have no objection, none whatsover. I am just making a comment.

Mr. DOLE. We will also try to have available in the morning a summary sheet—maybe even tonight, if we can get it together—as to precisely what the amendment contains.

There is not much new in it, to be frank about it. There are some new provisions. We found a few errors in the other amendment. The basic program is pretty much the same.

We do not touch the $50,000 payment limit. That was something the Senator from Montana indicated a deep interest in yesterday. We do not include that in our amendment, but it is in the bill. We do not change the peanut program; that is in the bill. There is a slight change in the corn program—an upside-down, no-lose amendment.

Mr. BOSCHWITZ. An opportunity-income amendment.

Mr. DOLE. It is a very clever amendment. I wish I had thought of it. [Laughter.]

I do not understand it.

Mr. EXON. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. EXON. Is the amendment having to do with natural disasters limited to hurricanes only, or are there basic changes with regard to changing county lines, changing crops, changing the mix of crops that could allow for the qualification of a disaster? Is this a comprehensive change in the program or is it limited to hurricanes only?

Mr. DOLE. It is a limited one that relates to certain crops that do not have target price protection: soybeans and sugarcane.

Mr. EXON. I did not quite understand. Has the bill any change at all in the Corn Program from the bill that was tabled earlier?

Mr. DOLE. There is a change. The Senator from Minnesota will change the Corn Program with his amendment.

Mr. BOSCHWITZ. Yes.

Mr. DOLE. I do not understand it. That is not a requirement.

I am happy to yield to the Senator from Minnesota to explain it.

Mr. BOSCHWITZ. I believe the majority leader said something like that the last time about Gramm-Rudman.

Mr. EXON. Is the Corn Program change a secret?

Mr. DOLE. No. I just do not understand.

Mr. BOSCHWITZ. If you like I will explain it.

Mr. EXON. Can my friends from Minnesota explain what the corn is? I think we vaguely have an understanding of what the changes are with regard to the soybeans. It has as I understand it essentially the same floating parity for wheat as was in the earlier bill that was tabled; is that right? Have there been changes?

Mr. DOLE. It is the same sound provision we had earlier.

Mr. EXON. But I am not sure that I understand corn.

How is the corn changed from the majority leader's amendment that we tabled earlier today?

Mr. BOSCHWITZ. We have added to the package a provision that in the event the market price rises above the projections that USDA has made the deficiency payment would not be reduced because of that but the upside would be the opportunity income would be for the farmer.

In other words, now the deficiency payment is the difference between a target price and the loan. In the event the market price exceeds the loan, then the deficiency payment is reduced.

I went to the leader and I went to the USDA, and I said: What are the projections for the market price over the 4-year period of the bill? They told me what they were; $2.04 the first year, $2.19 the second year, $2.24 the third year, and $2.43 the fourth year.

And as the target price comes down I said the farmer is going to lose some income. Suppose that the market is above the estimated market price. In that case under the provisions that I have added to the bill the upside or the opportunity income would be for the farmer. I will show it to the Senator by way of a graph and he will see.

Mr. EXON. Is this, may I ask my friend from Minnesota, the program that he visited with me about a week or so ago?

Mr. BOSCHWITZ. I did. It was in the bill that I introduced and it would now be made part of this bill.

It would provide a real opportunity if there is a market recovery, very frankly if there is a short crop which is about every third year or so in corn.

Mr. EXON. Does this program cost additional money or does it save money in the bill as far as corn is concerned now?

Mr. BOSCHWITZ. It does not change the cost of the bill as the cost is now projected.

The cost of the bill as it is projected makes certain assumptions as to where the market price will be, and they figure the market price is going to be above the loan so that the deficiency payment would shrink.

My question to them was that suppose you have estimated wrong, suppose you have estimated too low and the market price in 1986 is $2.40 rather than $2.04 as you have stated. Who gets that 36 cents? Is the deficiency payment simply reduced by 36 cents as would now be the law, or would the 36 cents, the opportunity income, go to the farmer? Under this provision in the package that 36 cents would go to the farmer.

Mr. EXON. It sounds intriguing and all that without any additional cost?

Mr. DOLE. As far as projections are concerned.

Mr. EXON. As far as projections are concerned.

Mr. DOLE. His view is they are based on certain projections. If those projections are not accurate, it is not the farmer's fault and he should, if the market price increases, still get the same deficiency payment. But that is another change.

If I could just indicate, we are thinking about a rice provision. We have not determined whether to include it or not. There is also a change in the emergency disaster loan cap. I think most everything else has been covered except this upside amendment.

Mr. ZORINSKY. Mr. President, will the majority leader yield for a question?

Mr. DOLE. I yield.

Mr. ZORINSKY. Does it still retain the referendum on wheat in the corn bill?

Mr. DOLE. Right, it has the same 4-year provision that the distinguished Senator from Nebraska offered in committee.

Let me indicate that it is my hope that these copies will be available soon.

Mr. MELCHER. Mr. President, will the majority leader yield further?

Mr. DOLE. I yield.

Mr. MELCHER. I thank the majority leader for yielding.

I want to point out that these lengthy amendments with different concepts do take some time not only to prepare, as apparently it has taken all day to prepare, but to debate it. It would appear to me that the majority leader is setting the stage for little opportunity if any to finish this bill this week. I am willing to cooperate on that and I am willing to try. But when we get a proposal that blends into one package of 1-year target prices and a 4-year target price freeze that alone causes some real difficulties.

To add now a new program for soybeans, which may be very fine, and I might be all for it, will require considerable amount of checking. CBO, I do not think, has priced this out. We are concerned not with adding costs to the bill. I know the Department of Agriculture has said that it is a wash, which seems rather odd. But we are operating under CBO figures and that is the way we have been to keep them uniform. We will still have to have it costed out by the Congressional Budget Office.

I doubt whether they can find that wash. That has to be considered, and I am sure the majority leader is concerned about that in keeping down, not adding to, the cost of the bill, but hopefully finding enough cost reductions so we have a package that merits approval by the Senator and by the electorate. I thank the majority leader for yielding.

Mr. DOLE. I do not quarrel with that statement by the Senator from Montana. Obviously the managers are all concerned about the cost. We are all concerned about the cost. We know the Senator from Montana has indicated a way to make some savings.

There are other suggestions that have been set forth. Some will be included in this package. But for the most part, they are duplicate suggestions that have come from both sides.

I do not believe there are that many major differences between the amendment tomorrow and the amendment that was tabled earlier.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 9 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 9:40 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following joint resolutions, in which it requests the concurrence of the Senate:

H.J. Res. 382. Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project; and

H.J. Res. 450. Joint resolution to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986, as "National Organ and Tissue Donor Awareness Week."

ENROLLED JOINT RESOLUTION SIGNED

At 12:30 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day."

(The enrolled joint resolution has been signed by the Vice President on yesterday, November 18, 1985.)

MEASURES REFERRED

The following joint resolutions were read the first and second times by unanimous consent, and referred as indicated:

H.J. Res. 382. Joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project; to the Committee on Energy and Natural Resources.

H.J. Res. 450. Joint Resolution to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986, as "National Organ and Tissue Donor Awareness Week;" to the Committee on the Judiciary.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, November 19, 1985, she had presented to the President of

the United States the following enrolled joint resolution:

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MATHIAS, from the Committee on Rules and Administration, with amendment:

H.R. 1483: A bill to authorize the Smithsonian Institution to plan and construct facilities for certain science activities of the Institution, and for other purposes (Rept. No. 99-189).

By Mr. MATHIAS, from the Committee on Rules and Administration, with an amendments:

S. Res. 28: A resolution to improve Senate procedures (Rept. No. 99-190).

By Mr. ANDREWS, from the Select Committee on Indian Affairs, with an amendment:

S. 1728. A bill to authorize the Cherokee Nation of Oklahoma to lease certain lands held in trust for up to ninety-nine years (Rept. No. 99-191).

By Mr. ANDREWS, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute:

S. 1396. A bill to settle unresolved claims relating to certain allotted Indian lands on the White Earth Indian Reservation, to remove clouds from the titles to certain lands, and for other purposes (Rept. No. 99-192).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GOLDWATER, from the Committee on Armed Services:

Mr. GOLDWATER. Mr. President, from the Committee on Armed Services, I report favorably the attached listing of nominations.

Those identified with a single asterisk (*) are to be placed on the Executive Calendar. Those identified with a double asterisk (**) are to lie on the Secretary's desk for the information of any Senator since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk appeared in the RECORDS of October 10, October 16, October 21, October 22, October 25, October 28, October 29, October 30, November 1, November 6, and November 12, 1985, at the end of the Senate proceedings.)

ROUTINE MILITARY NOMINATIONS WHICH HAVE BEEN PENDING WITH THE SENATE ARMED SERVICES COMMITTEE THE REQUIRED LENGTH OF TIME AND TO WHICH NO OBJECTIONS HAVE BEEN RAISED

*1. Col. Norris L. Einertson, U.S. Army, to be permanent brigadier general. (Ref. #654)

**2. In the Army there are 172 appointments to the grade of colonel and below (list begins with Thomas Charbonnel). (Ref. #656)

**3. In the Army there are 2,102 permanent promotions to the grade of lieutenant colonel (list begins with Anders B. Aadland). (Ref. #657)

**4. In the Navy there are 517 appointments to the grade of captain and below (list begins with Arthur Thomas Cooper). (Ref. #677)

*5. Col. Harvey G. Gulley, U.S. Army Reserve, to be brigadier general. (Ref. #679)

**6. In the Navy there are 863 appointments to the grade of captain and below (list begins with Barry Wayne Beaufort). (Ref. #680)

*7. Admiral Wesley L. McDonald, U.S. Navy, to be placed on the retired list. (Ref. #691)

*8. Vice Admiral Kendall E. Moranville, U.S. Navy, to be reassigned. (Ref. #692)

**9. In the Air Force Reserve there are 56 promotions to the grade of colonel (list begins with Alfred G. Aldridge, Jr.). (Ref. #701)

**10. In the Air Force there are 10 promotions to the grade of major (list begins with Daniel E. Bethards). (Ref. #702)

**11. In the Army reserve there are 79 promotions to the grade of colonel and below (list begins with Wyont B. Bean, Jr.). (Ref. #703)

**12. In the Army Reserve there are 23 appointments to the grade of colonel and below (list begins with Nicolas V. Costea). (Ref. #704)

*13. Rear Admiral Daniel L. Cooper, U.S Navy, to be vice admiral. (Ref. #708)

**14. In the Air National Guard there are 27 promotions in the Reserve of the Air Force to the grade of lieutenant colonel (list begins with Paul W. Arnett). (Ref. #711)

*15. General Robert C. Kingston, U.S. Army, to be placed on the retired list. (Ref. #719)

*16. Lt. Gen. George B. Crist, U.S. Marine Corps, to be general. (Ref. #720)

**17. In the Army Reserve there are 207 promotions to the grade of colonel (list begins with James H. Aanenson). (Ref. #721)

**18. In the Navy there are 368 reappointments to permanent lieutenant as limited duty officers (list begins with Lewis M. Alexander). (Ref. #725)

**19. In the Navy there are 1,961 appointments to the grade of permanent ensign (list begins with Susan T. Abarbanell). (Ref. #726)

*20. In the Air Force there are 32 appointments to the grade of major general (list begins with Jimmie V. Adams). (Ref. #733)

*21. Vice Admiral Nils R. Thunman, U.S Navy, to be reassigned. (Ref. #734)

*22. Rear Admiral Cecil J. Kempf, U.S. Navy, to be vice admiral. (Ref. #735)

*23. Rear Admiral William E. Ramsey, U.S. Navy, to be vice admiral. (Ref. #736)

**24. In the Air Force there are 2 promotions to the grade of colonel and below (list begins with Ronald J. Grabe). (Ref. #737)

**25. In the Marine Corps there is 1 promotion to the grade of lieutenant colonel (David C. Hilmers). (Ref. #738)

Total 6,430

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ARMSTRONG (for himself and Mr. HART):

S. 1856. A bill to amend the Federal Unemployment Tax Act with respect to Indian tribal employees; to the Committee on Finance.

By Mr. STEVENS:

S. 1857. A bill for the relief of Martin Van Kruyssen; to the Committee on the Judiciary.

By Mr. GRASSLEY (for himself, Mr. HATCH, Mr. KENNEDY, and Mr. MATSUNAGA):

S. 1858. A bill to amend the Older Americans Act of 1965 to increase the amounts authorized to be appropriated for fiscal years 1985, 1986, and 1987 for commodity distribution, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. DURENBERGER (for himself, Mr. BUMPERS, Mr. DOLE, Mr. BENTSEN, Mr. CHAFEE, Mrs. HAWKINS, Mr. MATSUNAGA, Mr. BURDICK, Mr. PRYOR, Mr. ANDREWS, Mr. MOYNIHAN, and Mr. CRANSTON):

S.J. Res. 239. A joint resolution designating the week beginning on June 1, 1986, as "National Maternal and Child Health Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ARMSTRONG (for himself and Mr. HART):

S. 1856. A bill to amend the Federal Unemployment Tax Act with respect to Indian tribal employees; to the Committee on Finance.

APPLICATION OF FEDERAL UNEMPLOYMENT TAX ACT TO INDIAN TRIBAL EMPLOYEES

● Mr. ARMSTRONG. Mr. President, today I am introducing legislation that I hope will end a decade-long inequity that has been perpetrated against two Indian tribes in the State of Colorado—the Southern Ute Indians and the Ute Mountain Indians.

Since 1974, these two tribes have been assessed nearly $600,000 in taxes by the Internal Revenue Service under the Federal Unemployment Tax Act [FUTA] despite the fact that the State of Colorado declared them ineligible to receive any benefits for tribal employees from the State Unemployment Compensation [UC] Program. In short, these tribes have been assessed by the Federal Government to pay for benefits which the State deemed them ineligible to receive.

This is a classic catch-22 which I believe can and should be remedied by legislative action. Along with my colleague from Colorado, Senator HART, and Representative MIKE STRANG of the Third District of Colorado, I am proposing several changes in the law which would remedy this problem.

First, this legislation would make clear that State governments may cover Indian tribes under their unemployment compensation programs. The bill does not require States to cover tribes, but allows them to pursue coverage agreements with tribes. Many States already cover employees

of Indian tribes that live within their borders. But some States, such as Colorado, have been reluctant to cover tribal employees out of concern that the State would lack jurisdiction to enforce a legal claim against a sovereign tribal entity. This legislation provides that any agreement made between a State government and a tribe may establish specific safeguards allowing States to recover payments due from tribes under the State program.

The bill also provides that States may cover tribal employees on a reimbursable basis. That is, in lieu of paying regular unemployment taxes to the State, a tribe may elect to reimburse the State for any benefits paid to tribal employees. This would allow tribes with financially limited resources to be free of the burden of direct taxation but still liable to the State for any UC benefits their employees receive.

Finally, this legislation specifically provides that the IRS may not assess FUTA taxes on any Indian tribe that is not eligible for State UC benefits. This provision would apply to such taxes levied before and after enactment of this legislation and as such would excuse any assessment by the IRS against the Southern Utes and Mountain Utes, or any other tribe that have been assessed under these circumstances. The inequity of requiring these tribes to pay thousands in back taxes for benefits they were not allowed to receive should be clear.

I hope my colleagues will join with me in seeking an equitable remedy to this problem.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1856

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TREATMENT OF INDIAN TRIBAL GOVERNMENTS UNDER THE FEDERAL UNEMPLOYMENT TAX ACT.

(a) IN GENERAL.—The Federal Unemployment Tax Act is amended—

(1) by redesignating section 3311 as section 3312; and

(2) by adding at the end the following new section:

"SEC. 3311. COVERAGE OF SERVICES PERFORMED FOR INDIAN TRIBAL GOVERNMENTS.

"(a) IN GENERAL.—A State may enter into an agreement with an Indian tribal government for the purpose of covering the services performed for such tribal government under the State law approved under section 3304.

"(b) EXTENT OF COVERAGE AND ELECTION OF INDIAN TRIBE.—Any such agreement between a State and an Indian tribal government shall provide—

"(1) that compensation is payable under such State law on the basis of services performed for the Indian tribal government in the same amount, on the same terms, and subject to the same conditions as compensation payable on the basis of other service subject to such law; and

"(2) that the tribal government may elect to pay (in lieu of contributions otherwise required under such State law) into the State unemployment fund amounts equal to the amounts of compensation attributable under the State law to such service.

The agreement may also provide safeguards to ensure that the tribal government so electing will make the payments required under such elections.

"(c) CREDIT.—An Indian tribal government that makes a payment described in subsection (b)(2) may take a credit against the tax imposed by section 3301 in an amount equal to the maximum amount that may be credited under section 3302 against such tax by a taxpayer in such State for wages paid in the calendar year with respect to which the payment is made. The provisions of section 3302(a)(3) shall apply to the credit provided by this subsection, except that for such purpose the term 'contributions' as used in such section shall be considered to mean the payment described in this subsection.".

(b) CONFORMING AMENDMENTS.—Subsection (a) of section 3302 of such Act is amended—

(1) in paragraph (1), by striking out "and subsection (c)" and inserting in lieu thereof ", subsection (c), and section 3312(c)"; and

(2) in paragraphs (2) and (3), by striking out "The" and inserting in lieu thereof "Except as provided by section 3312, the".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to wages paid on or after January 1, 1986.

(d) APPLICABILITY OF UNEMPLOYMENT COMPENSATION TAX TO SERVICE PERFORMED FOR INDIAN TRIBAL GOVERNMENTS DURING CERTAIN PERIODS.—(1) Section 3306(c) of such Act is amended—

(A) by striking out "or" at the end of paragraph (19);

(B) by striking out the period at the end of paragraph (20) and inserting in lieu thereof "; or"; and

(C) by adding the following new paragraph at the end:

"(21) service performed in the employ of an Indian tribal government during any period in which the Indian tribal government is not covered by a State unemployment compensation program.".

(2) The amendments made by paragraph (1) shall apply to any period occurring before, on, or after the date of the enactment of this Act.●

By Mr. STEVENS:

S. 1857. A bill for the relief of Maartin Van Kruyssen; to the Committee on the Judiciary.

RELIEF OF MAARTIN VAN KRUYSSEN

● Mr. STEVENS. Mr. President, I am introducing today a private relief bill for Maartin Van Kruyssen. Maartin is a highly skilled baker, and is personally responsible for the success of his employer's business. He was recruited from Holland in December of 1982, and entered the United States on a temporary work permit. Because of the highly skilled nature of the work done by a master pastry chef, no one in Alaska was qualified to take this position. While Maartin was to train a U.S. citizen as his replacement, extensive efforts have failed to produce suitable candidates. Since he is providing a unique and valuable service to his community and to his employer, which would be lost if he is forced to leave this country, I am introducing legislation to grant Maarten permanent resident status.●

By Mr. GRASSLEY (for himself, Mr. HATCH, Mr. KENNEDY, and Mr. MATSUNAGA):

S. 1858. A bill to amend the Older Americans Act of 1965 to increase the amounts authorized to be appropriated for fiscal years 1985, 1986, and 1987 for commodity distribution, and for other purposes; to the Committee on Labor and Human Resources.

OLDER AMERICANS ACT AMENDMENTS

● Mr. GRASSLEY. Mr. President; I am introducing a bill which will increase authorization levels for the Surplus Commodities Program authorized by section 311 of the Older Americans Act and administered by the U.S. Department of Agriculture. My colleagues, Senators HATCH, KENNEDY, and MATSUNAGA, the chairman and ranking minority member of the Committee on Labor and Human Resources and the ranking minority member of the Subcommittee on Aging of that committee, respectively, are cosponsors.

BACKGROUND

The Secretary of Agriculture is required, by section 311 of the Older Americans Act, to reimburse each State for every meal that they serve under authority of title III of the Older Americans Act. Under current law, the cents per meal is increased each year by a cost-of-living factor. The Department set the reimbursement level at the beginning of fiscal year 1985 at 58.75 cents per meal. The Congress has always included a limit on the dollars authorized for this program. For fiscal year 1985, the authorized level is $120.8 million, for fiscal year 1986 $125.9 million and for fiscal year 1987 $132 million.

The total number of meals served through the title III food programs, based on all the funding sources contributing to these programs, was 167.4 million meals in fiscal year 1980, 187.9 in 1981, 190.8 in 1982, 202.6 in 1983, 214.1 in 1984.

It has proven difficult to estimate accurately the total number of meals which will be served in any given year. Voluntary contributions which totaled $131.7 million in fiscal year 1984, and which must be plowed back into the meals program, are difficult to estimate in advance. The dedication of State or other Federal funds under control of the State to the title III meal programs is difficult to estimate in advance also. Program efficiencies lead to more meals and the influence on such efficiencies on the number of meals served is also difficult to estimate in advance.

Thus, original estimates for fiscal years 1985 and 1986 meal counts assumed that 214.1 and 214.8 million meals would be served in those years. The latest CBO estimates are that 230 million meals will be served in fiscal year 1985 and that 240 million will be served in 1986.

A further complication is that the law requires the States to submit vouchers to the Department not later than 90 days after the last day of the month in which a meal is served. Hence, the Department does not really know with any precision how many meals will have been served in a given fiscal year until at least 3 months after the fiscal year's end.

THE PROBLEM

Section 311 also requires the Secretary to reduce the cents per meal when the total amount needed to meet the vouchers submitted by the States exceeds the authorized/appropriated amounts. The Secretary has already in this fiscal year reduced the reimbursement level from 58.75 to 56.76 cents per meal. The Department has indicated that it may reduce the level to as low as 52.5 cents per meal for fiscal year 1985. The potential reduction from 56.76 cents per meal to the 52-cent level will occur some considerable time after the close of the fiscal year and after the meals have already been served.

A reduction in the cents per meal provided by the Department of Agriculture, if announced during the fiscal year, will cause States to begin to reduce the number of meals that they are serving. If the reduction in cents per meal is announced after the fiscal year ends, States experience a shortfall in the dollars they had anticipated from the Department.

The Congressional Budget Office and the Department of Agriculture both estimate that the State will probably serve a total of 230 million meals for fiscal year 1985. At 56.76 cents per meal for the program, the present level, approximately $130 million dollars would be needed for the program.

Thus, there are two problems here. One is a shortfall for fiscal year 1985 in the amount of money needed to cover the Department's obligations were the reimbursement rate to remain at 56.76 cents per meal. The second is that the amount of money authorized for fiscal years 1986 and 1987 is certainly insufficient to cover the amount which will be needed for the program unless the cents per meal rate is reduced drastically.

APPROPRIATIONS COMMITTEE ACTION

The Agriculture Subcommittee of the Senate Appropriations Committee has provided in H.R. 3037, $137.8 million for the section 311 program. This is $11.9 million more than the authorized amount. The House version of the bill provided $125.9 million for the program, exactly the amount authorized for fiscal year 1986.

The subcommittee also included language in the bill which permits the Secretary to spend up to $7 million of fiscal year 1986 money to meet fiscal year 1985 obligations. The committee chairman, Senator COCHRAN, as I understand it, has been assured by the Department that they will spend this money for 1985 obligations. This provision will go a long way toward taking care of the 1985 shortfall. Thanks are owed to Senator COCHRAN for his help in insuring that this provision was included in the bill.

The agriculture appropriations bill passed the House on July 24 and the Senate on October 16. House conferees have been appointed, but Senate conferees have not. No conference date has been set.

HOUSE ACTION H.R. 2453

The House passed H.R. 2453, a bill which, if passed, would freeze the per meal reimbursement at 56.76 cents per meal for fiscal year 1985 and 1986, and allow a cost-of-living adjustment in the cents-per-meal level for fiscal year 1987; second, allow "such sums as are needed" for the program rather than a fixed authorization amounts; third, include a provision which would cause the Secretaries of the Department of Agriculture and the Department of Health and Human Services to disseminate information on the bonus commodity program of the Department.

The Department has written to me stating that the administration strongly disapproves of H.R. 2453. Although both House and Senate legislative counsel have stated that this bill would not create a new entitlement because the appropriations committee would still have to appropriate money for the program, responsible parties in the Department argue that the program, with the "such sums" change, would tend to operate like an entitlement in that, regardless of the number of meals served by the States, a claim would be established on the Congress and the Department to reimburse each of them at 56.76 cents per meal for 1985 and some larger cent per meal amount for 1987.

GRASSLEY BILL

The bill I am introducing today would: First, freeze the cents per meal for the 3 years of the authorization period at 56.76 cents per meal; second, provide an authorization level of $127.8 million for fiscal year 1985, $144 million for 1986, and $144 million for 1987; third, also cause the Department to disseminate information on its bonus commodity program. I think that this approach would not elicit a veto from the administration. Furthermore, it would not restructure the program, which H.R. 2453 would do, a step which probably should not be taken without hearing to provide interested parties an opportunity to comment.

This bill freezes the cents per meal at 56.76 cents. Rough estimates are that a meal may cost something in the neighborhood of $2.50 to $3 to produce. Clearly, a 56.76 cents contribution from the Department of Agriculture for every meal served constitutes a good return on investment, and freezing that amount for 3 years will not work a great hardship on the program or program participants.

The authorization levels I provide in this bill should also not entail any hardship on the program; indeed, they allow substantial growth over present authorization levels.

Mr. President, I ask that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1858

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Older Americans Act Amendments of 1985".

COMMODITY DISTRIBUTION LEVEL OF ASSISTANCE PER MEAL

SEC. 2. (a) Section 311(a)(4) of the Older Americans Act of 1965 (42 U.S.C. 3030a(a)(4)) is amended—

(1) by striking out "15 cents" and all that follows through "30 cents per meal for", and inserting in lieu thereof "56.76 cents per meal during fiscal year 1986 and during", and

(2) by striking out "June 30, 1975" and inserting in lieu thereof "September 30, 1986".

(b) Second 311(c)(2) of such act is amended by inserting "(A)" after paragraph (2) and by adding at the end thereof the following new paragraph:

"(B) In each fiscal year in which the Secretary of Agriculture determines that the amount appropriated under paragraph (1) in such fiscal year is not likely to be sufficient to pay the cents per meal established in accordance with subsection (a)(4) of this section (as modified by division (ii) of subparagraph (A) of subsection (c)(1)), the Secretary of Agriculture shall prepare, based upon the best estimates available, the amount of the reductions required in the cents per meal level, and shall so notify the States of such reductions at the beginning of the second and third quarter of each fiscal year.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. (a) There is authorized to be appropriated $127,800,000 for fiscal year 1985, in order to provide reimbursement at the level of 56.76 cents per meal during fiscal year 1985, determined under section 311(a)(4) of the Older Americans Act of 1965 (42 U.S.C. 3030a(a)(4)), for meals served under section 311 of such Act in such fiscal years. For purposes of subsections (a) and (b) of section 311 of such Act, the sum authorized to be appropriated by this subsection shall be deemed to have been authorized to be appropriated for fiscal year 1985 by section 311(c)(1) of such Act. For purposes of subsection (c)(1)(B) of such Act, the date of the enactment of this Act shall be deemed to be the last day of each quarter of fiscal year 1985 for which reimbursement is claimed.

(b) Subparagraph (A) of section 311(c)(1) of the Older American Act of 1965 (42 U.S.C. 3030a(c)(1)(A)) is amended to read as follows:

"(A)(i) There are authorized to be appropriated $144,000,000 for fiscal year 1968 and $144,000,000 for fiscal year 1987 to carry out this section (other than subsection (a)(1)).

"(ii) The provisions of the second and third sentences of subsection (a)(4) shall not apply for fiscal years 1986 and 1987.".

INFORMATION REGARDING FEDERAL FOOD PROCESSING PROGRAMS

SEC. 4. Section 311 of the Older Americans Act of 1965 (42 U.S.C. 3030a) is amended by adding at the end thereof the following new subsection:

"(d) In each fiscal year, the Secretary of Agriculture and the Secretary of Health and Human Services shall jointly disseminate to State agencies, area agencies on aging, and providers of nutrition services assisted under this title, information concerning—

(1) the existence of any Federal commodity processing program in which such State agencies, area agencies, and providers may be eligible to participate; and

(2) the procedures to be followed to participate in the program.".

EFFECTIVE DATE

SEC. 5. This Act and the amendments made by this Act shall take effect on October 1, 1985.●

By Mr. DURENBERGER (for himself, Mr. BUMPERS, Mr. DOLE, Mr. BENTSEN, Mr. CHAFEE, Mrs. HAWKINS, Mr. MATSUNAGA, Mr. BURDICK, Mr. PRYOR, Mr. ANDREWS, Mr. MOYNIHAN, and Mr. CRANSTON):

S.J. Res. 239. Joint resolution designating the week beginning on June 1, 1986, as "National Maternal and Child Health Week"; to the Committee on the Judiciary.

NATIONAL MATERNAL AND CHILD HEALTH WEEK

Mr. DURENBERGER. Mr. President, this year marks the 50th anniversary of one of America's most important initiatives for the health of mothers and kids, title V of the Social Security Act. Since its enactment, title V, now known as the Maternal and Child Health Block Grant, has contributed immeasurably to the health and well-being of millions of mothers and kids.

Today, I am introducing a joint resolution commemorating title V for its success in working with the States which have provided leadership in organizing comprehensive preventive and primary health services for women and children. Title V has also provided Federal assistance to States for organizing comprehensive programs for children with special health needs due to handicaps and chronic illnesses. These programs have filled gaps in the health care system for mothers and children, and have been unique among Federal health programs in emphasizing preventive health care. This joint resolution recognizes and salutes the longstanding contributions of title V to maternal and child health, and demonstrates our firm commitment to maintaining the integrity of the program.

Title V has changed over the years. In 1981, under the Omnibus Reconciliation Act, seven Federal maternal and child health programs were consolidated under title V into a single Federal block grant to the States, the Maternal and Child Health Block Grant. This consolidation was designed to allow States the flexibility to better tailor maternal and child health [MCH] services to the needs of their people. Great strides have been made in maternal and child health over the last 50 years. However, a great deal still needs to be done for the most vulnerable groups in our society. Many mothers and children have no access to health care. One in five children have no health insurance whatsoever—public or private. Our Nation's infant mortality rate is higher than the rates of 12 other industrialized countries. While we spend over $3 billion a year to hospitalize sick infants, the MCH Block Grant Program receives less than $500 million in annual finding. And this is happening at a time when more money is being spent on health care per capita in the United States than in any other developed nation.

As we embark on the next half century of title V, we must do more to improve the health and well-being of mothers and kids in this country. The future of this Nation depends on investment today in the health and well-being of our children. Investing in prevention, such as prenatal services, is one way to best use today's resources for tomorrow. Only now are we realizing that we spend up to $5,000 a day to treat a critically ill newborn in a neonatal unit, while we spend a mere pittance to keep a child in the best incubator of all, the mother's womb. Providing effective preventive services up front helps avoid more costly treatment down the road.

Mr. President, I urge my colleagues to join me in cosponsoring this important joint resolution to commemorate the 50th anniversary of title V for the important advances already made in maternal and child health as a result of the programs under this legislation, and to continue our commitment to improving the health of mothers and children of this country.

I ask unanimous consent that the text of this joint resolution be printed into the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 239

Whereas, the future of this Nation depends on the children of today, and therefore, each child is a valuable national resource;

Whereas, serving the health care needs of mothers and children not only improves their immediate health, but expands their potential for significant contributions to the Nation as a whole;

Whereas, for the past 50 years, title V of the Social Security Act, now known as the Maternal and Child Health Services Block Grant, has been an important vehicle for meeting this worthy national purpose;

Whereas, title V, from its inception, has brought the needs of mothers and children to national attention, and has promoted further development of legislation and support for the many health and welfare needs of mothers and children;

Whereas, title V has shared with the States the financing and organizing of comprehensive systems of preventive and primary health services to low-income women and children, comprehensive health services for disabled, handicapped, and chronically ill children, and services for a variety of special needs;

Whereas, the title V programs represent a longstanding commitment to preventive health services, which have been highly successful in improving the health of mothers and children, and in reducing infant mortality and morbidity; and

Whereas, in this time of increasing demands and limited resources, a national commitment must be reaffirmed to the vulnerable members of society who are served by the title V maternal and child health programs: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of June 1, 1986, is designated as "National Maternal and Child Health Week" and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe that week with appropriate programs, ceremonies, and activities.●

● Mr. BUMPERS. Mr. President, I am pleased to join my colleague from Minnesota in introducing a joint resolution which commemorates the enactment 50 years ago of title V of the Social Security Act and designates the week of June 1 through June 7 as National Maternal and Child Health Week.

I urge my colleagues to join us in cosponsoring this joint resolution, which commemorates the role of the maternal and child health programs in guaranteeing American children a healthy start in this world. I believe we can all enthusiastically lend our support to a program which has had such a successful first 50 years.

The title V programs—now the maternal and child health block grant programs—provide preventive and primary health services to low-income women and children; comprehensive health services for disabled, handicapped, and chronically ill children; and services for children with a variety of special health needs. Maternal and child health programs have been highly successful in reducing maternal and infant mortality, in reducing disability and handicaps among infants and children, and in generally improving the health status of mothers, infants, and children. There are, however, still barriers preventing the access of women and children to quality pre-

ventive and primary care. It is fitting that we celebrate 50 years of improvement in maternal and child health care and dedicate ourselves to 50 more years of progress.

Title V of the Social Security Act, enacted in 1935, established a program of Federal assistance to the States for a maternal and child health program of prenatal and preventive care for low-income mothers and children and a crippled children's program for children with handicapping conditions or potentially handicapping conditions. In 1981 the maternal and child health and crippled children's programs were consolidated with several other maternal and child health programs, including the Sudden Infant Death Syndrome Program, the Hemophilia Diagnostic and Treatment Center Programs, and the Lead-poisoning Prevention Program, into a maternal and child health block grant. Under the maternal and child health block grant, States receive 85 percent of the block grant appropriation for their programs and are given significant flexibility in determining what services they offer.

The State maternal and child health agencies have a multitude of responsibilities, including fact-gathering and reporting, formulation of standards of care, continuing professional education, and direct services through public health clinics. The clinics, to the extent funding allows, provide comprehensive services, from prenatal care and immunizations to counseling, outreach, and follow-up.

For 50 years, State maternal and child health programs have been a vital source of prenatal care for low-income women and children, and even after the implementation of the Medicaid Program, and maternal and child health clinics have continued to serve many mothers and children who are not eligible for Medicaid but who cannot afford care and who have no private health insurance.

The State crippled children's programs have expanded over the years from a time when they largely served children with polio and other orthopedic problems to the present, when they serve children with a number of chronic health problems. Some States have also become involved with children who have health-related developmental or education problems, and some have begun to help secure home and community-based services for children with technological medical care needs.

The benefits of the maternal and child health program are many. It is wise health policy to invest in the future of our children by providing them a healthy start in the world. It is also wise fiscal policy. We know, for example, that a small investment in prenatal care for mothers and preventive health care for children can save many dollars in future acute care expenditures. In 1984, the American Academy of Pediatrics reported that cost effectiveness estimates range from $2 to $10 saved for every dollar spent on prenatal care, and Oregon officials have found the cost of treating five high risk babies would pay for providing prenatal care to 149 women.

We can also point to one measure of the contribution of the maternal and child health programs, the decline of the infant mortality rate in the United States. We have seen the infant mortality rate fall from 124 births per 1,000 live births in 1910 to 11.5 deaths per 1,000 live births in 1982. Unfortunately, we still have a persistently high infant mortality rate among blacks, wide variations in the infant mortality rate from State to State, and a national infant mortality rate that is higher than the rate in at least seven other developed nations.

In my own State of Arkansas, we have made progress in lowering the infant mortality rate, and we're very proud of that progress. The neonatal intensive care unit at the Arkansas Children's Hospital, the perinatal group at the University of Arkansas for Medical Sciences, and the efforts of the division of maternal and child health in the Arkansas Department of Health have been crucial in our efforts to reduce the infant mortality rate. However, there is still much more we can do to give our infants a healthier beginning. The infant mortality rate in Arkansas remains too high, as does the incidence of low birth weight among infants, and we still have too many births to teen mothers. As a matter of fact, in 1982 1 of every 5 babies born in Arkansas was born to a teen mother. In addition, funding for all maternal and child health programs is tight. Teaching hospitals that serve indigent patients are facing severe financial pressures, and funding for services to pregnant women and infants through Medicaid and other health and nutrition programs is not sufficient. The progress—and the problems—in my own State and around the country just underscore the need for a renewed commitment to the Maternal and Child Health Program.

During the last year, the Southern Regional Task Force on Infant Mortality has been considering the problem of infant mortality in the South. During its examination of this issue, the task force has noted the critical role of the Maternal and Child Health Programs in improving infant and maternal health in this country. The task force just yesterday issued its final report, "For the Children of Tomorrow," which makes recommendations for action in the areas of service delivery, financing, education of State and community leaders, and research. Federal, State and local leaders should take a close look at the recommendations of the task force.

In an age of high budget deficits, we will be forced to fight for funding for the Maternal and Child Health Programs. If the second half-century is to match the first, it is essential that our commitment to the Maternal and Child Health Programs not waiver.●

Mr. DOLE. Mr. President, today I am happy to join my colleagues in cosponsoring a joint resolution commemorating the 50 anniversary of title V of the Social Security Act and designating the first week of June 1986 as "National Maternal and Child Health Week."

Over the last half century, many of this Nation's citizens have literally grown up under the benefits of this multicomponent program. Title V has proven to be both adaptive and creative over the past 50 years. It has taken on many challenges within its overall mandate to protect and preserve the health and welfare of mothers and children.

Under title V we have confirmed the value of a Federal and State partnership to promote health and improve access to care. Through the advancement of prenatal care, timely clinical intervention, recognition of the benefits of health promotion and disease prevention strategies, and improved access to comprehensive services for disabled, handicapped, and chronically ill children, many Americans enjoy more productive and fulfilling lives.

We truly have made a sound investment in the future of this Nation with the enactment of title V. We are reaping those benefits now, and we will continue to do so long into the future.

Progress has been made but that doesn't mean the job is done. We must continue our commitment with the same sense of purpose that started this program. I hope that National Maternal and Child Health Week will serve as a continuing reaffirmation of our humanity and our faith in tomorrow.

ADDITIONAL COSPONSORS

S. 1073

At the request of Mr. BAUCUS, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 1073, a bill to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the availability of Japanese science and engineering literature in the United States, and for other purposes.

S. 1525

At the request of Mr. PELL, the names of the Senator from Illinois [Mr. SIMON], the Senator from Arkansas [Mr. BUMPERS], the Senator from Hawaii [Mr. INOUYE], and the Senator from Massachusetts [Mr. KERRY] were

added as cosponsors of S. 1525, a bill to amend the Elementary and Secondary Education Act of 1965 to provide grants to local educational agencies for dropout prevention demonstration projects.

S. 1579

At the request of Mr. CRANSTON, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of S. 1579, a bill to clarify that the remedies available for the enforcement of certain civil rights statutes are applicable to the States.

S. 1640

At the request of Mr. GRASSLEY, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of S. 1640, a bill to amend title XVIII of the Social Security Act to provide for coverage under the Medicare program of services performed by a physician assistant.

S. 1652

At the request of Mr. HEINZ, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1652, a bill to amend the Internal Revenue Code of 1954 to make permanent the exclusion for amounts received under qualified group legal services plans.

S. 1747

At the request of Mr. ROTH, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of S. 1747, a bill to amend the Foreign Assistance Act of 1961 to protect tropical forests in developing countries.

S. 1748

At the request of Mr. ROTH, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of S. 1748, a bill to amend the Foreign Assistance Act of 1961 to protect biological diversity in developing countries.

S. 1818

At the request of Mr. DENTON, the names of the Senator from Alaska [Mr. STEVENS], the Senator from Hawaii [Mr. INOUYE], the Senator from North Dakota [Mr. BURDICK], the Senator from New York [Mr. D'AMATO], the Senator from Hawaii [Mr. MATSUNAGA], and the Senator from South Dakota [Mr. PRESSLER] were added as cosponsors of S. 1818, a bill to prevent sexual molestation of children in Indian country.

SENATE JOINT RESOLUTION 112

At the request of Mr. PELL, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of Senate Joint resolution 112, a joint resolution to authorize and request the President to call a While House Conference on Library and Information Services to be held not later than 1989, and for other purposes.

SENATE JOINT RESOLUTION 198

At the request of Mr. MATHIAS, the names of the Senator from Nevada [Mr. LAXALT], the Senator from Alabama [Mr. DENTON], the Senator from Virginia [Mr. WARNER], the Senator from Pennsylvania [Mr. SPECTER], the Senator from North Dakota [Mr. ANDREWS], the Senator from Vermont [Mr. LEAHY], the Senator from Illinois [Mr. SIMON], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Michigan [Mr. RIEGLE], the Senator from Alabama [Mr. HEFLIN], the Senator from South Carolina [Mr. THURMOND], the Senator from Minnesota [Mr. DURENBERGER], the Senator from Arizona [Mr. DECONCINI], and the Senator from Mississippi [Mr. STENNIS] were added as cosponsors of Senate Joint Resolution 198, a joint resolution to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine."

SENATE JOINT RESOLUTION 217

At the request of Mr. HEINZ, the names of the Senator from South Dakota [Mr. ABDNOR], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 217, a joint resolution to designate the week of December 2, 1985, to December 8, 1985, as "National Emergency Medical Air Transport Week."

SENATE JOINT RESOLUTION 229

At the request of Mr. NUNN, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of Senate Joint Resolution 229, a joint resolution designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week."

SENATE JOINT RESOLUTION 236

At the request of Mr. GORTON, the names of the Senator from Oklahoma [Mr. NICKLES] and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 236, a joint resolution to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986, as "National Organ and Tissue Donor Awareness Week."

SENATE CONCURRENT RESOLUTION 51

At the request of Mr. DIXON, the name of the Senator from New Hampshire [Mr. HUMPHREY] was added as a cosponsor of Senate Concurrent Resolution 51, a concurrent resolution to congratulate the Society of Real Estate Appraisers on the 50th anniversary of its founding.

SENATE CONCURRENT RESOLUTION 69

At the request of Mr. DANFORTH, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of Senate Concurrent Resolution 69, a concurrent resolution to recognize the National Camp Fire Organization for 75 years of service.

SENATE CONCURRENT RESOLUTION 78

At the request of Mr. BRADLEY, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of Senate Concurrent Resolution 78, a concurrent resolution in support of universal access to immunization by 1990 and accelerated efforts to eradicate childhood diseases.

AMENDMENT NO. 584

At the request of Mr. CRANSTON, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of amendment No. 584 intended to be proposed to S. 1579, a bill to clarify that the remedies available for the enforcement of certain civil rights statutes are applicable to the States.

AMENDMENTS SUBMITTED

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT

HAWKINS (AND OTHERS) AMENDMENT NO. 1059

Mrs. HAWKINS (for herself, Mr. MOYNIHAN, Mr. CHAFEE, and Mr. MATTINGLY) proposed an amendment to the bill (S. 1714) to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes; as follows:

On page 67, between lines 10 and 11, insert the following:

"(A) on January 2, 1986, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be in excess of 10 billion pounds milk equivalent, the Secretary is authorized to reduce the price support rate in effect on such date by 50 cents per hundredweight;

HAWKINS (AND OTHERS) AMENDMENT NO. 1060

Mrs. HAWKINS (for herself, Mr. MOYNIHAN, Mr. CHAFEE, and Mr. MATTINGLY) proposed an amendment to amendment No. 1059 proposed by them to the bill S. 1714, supra; as follows:

On page 1 of the amendment, line, 3 strike out all after the word "on" and insert in lieu thereof the following: "January 1, 1986, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be in excess of 10 billion pounds milk equivalent, the Secretary is authorized to reduce the price support rate in effect on such date by 50 cents per hundredweight;"

MATHIAS AMENDMENT NO. 1061

(Ordered to lie on the table.)

Mr. MATHIAS submitted an amendment intended to be proposed by him to the bill S. 1714, supra; as follows:

On page 21, line 8, insert the following: World Agricultural Summit, (after Trade Negotiations and before Export Promotion)

On page 23, line 18, insert a new section. 107(c), changing the current section 107(c) to section 107(d) and so on.

(c) It is the sense of Congress that the President should, at the earliest practicable time after the date of enactment of this Act, convene an international conference of major agricultural nations to discuss trade and agricultural problems for the purpose of—

(1) elevating global food and agricultural issues to the attention of the highest policy-making officials of the nations of the world;

(2) developing a long-term plan for strengthening the world food and agricultural trading system in ways that foster the best interests of both exporting and importing countries alike;

(3) insuring an adequate system of transportation and distribution and stable agricultural economy;

(4) insuring that there will be at all times an adequate supply of food for the peoples of the world and an equitable principle adopted for sharing it; and

(5) building a foundation for negotiating a more open and fair world agricultural trading system under the General Agreement on Tariffs and Trade (GATT).

● Mr. MATHIAS. Mr. President, a few weeks ago, the Maryland congressional delegation met with the Maryland Farm Bureau to discuss the 1985 farm bill that is before the Senate today. After discussing the pending legislation, we turned our sights to the broader question of where to go in the future in farm policy.

While we can learn from the past, it is important to note that American agriculture has been transformed. The subsidy approach to farm and food policy is not effective in changing key factors that spell the difference between financial well-being and distress for our Nation's farmers. Monetary and tax policies, private sector interest rates, energy prices and transportation costs are all beyond the scope of subsidy programs. The dairy bill approved in November 1983 is the fifth time since 1981 that Congress has tried to cut our dairy surplus. But dairy surpluses continue.

The typical, mechanized American farm is the envy of the world for its efficiency and the income it generates. And yet, we find ourselves, once again, promoting legislation that fails to remove temptations to intervene in commodity programs to satisfy short-term political objectives and threaten the long-term future of American farming.

The farmers of America deserve better than this piecemeal approach. We owe it to the farmers to continue our Government's traditional role of stimulating production and marketing. A food and farm policy must reexamine and consider alternatives that could balance interests of producers, consumers, and taxpayers. This will require discipline. Raising U.S. price supports to protect farmers not only allows other nations to increase their market share, but makes our own exports less competitive, expecially at a time when the dollar is hard overseas.

We must also consider our role in the global production of food. Last year marked the 10th anniversary of the Food Aid Organization of the United Nations Convention World Food Conference. Leading the 1974 U.S. delegation, appointed by President Ford, was Dr. Henry Kissinger. The attendees pledged that by 1984 "no man, woman or child should go to bed hungry." But, according to the organization's report on "The State of Food and Agriculture 1984," over 30 million people in 21 African countries are threatened by starvation, despite the fact that there was a 9- to 10-percent rise in world cereals output last year.

For these reasons, I propose an amendment to S. 1714 which would ask the President of the United States to take the lead in convening an international summit meeting of all major producing and trading nations on food and agricultural problems.

An international summit meeting world focus the attention of the world's highest level officials—Presidents and Prime Ministers—on the global problems of agricultural surpluses and unfair trading practices. It would demonstrate that global agricultural problems are critically important and not confined to the United States or the European Community. The summit meeting would not duplicate the General Agreement on Tariffs and Trade [GATT], but help lay a foundation for GATT negotiations.

I hope my colleagues will join me in this effort to improve food production in our Nation and the world.●

ABDNOR AMENDMENT NO. 1062

(Ordered to lie on the table.)

Mr. ABDNOR submitted an amendment intended to be proposed by him to the bill S. 1714, supra; as follows:

On page 459, between lines 18 and 19, insert the following new section:

STUDY OF UNLEADED FUEL IN AGRICULTURAL MACHINERY

SEC. . (a)(1) The Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall jointly conduct a study of the use of fuel containing lead additives, and alternative lubricating additives, in gasoline engines that are—

(A) used in agricultural machinery; and

(B) designed to combust fuel containing such additives.

(2) The study shall analyze the potential for mechanical problems (including but not limited to valve recession) that may be associated with the use of other fuels in such engines.

(b)(1) For purposes of the study required under this section, the Administrator of the Environmental Protection Agency and the Secretary of Agriculture are authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information.

(2) The Secretary of Agriculture shall specify the types and items of agricultural machinery to be included in the study required under this section. Such types and items shall be representative of the types and items of agricultural machinery used on farms in the United States.

(3) All testing of engines carried out for purposes of such study shall reflect actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) Not later than January 1, 1987—

(1) the Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall publish the results of the study required under this section; and

(2) the Administrator shall publish in the Federal Register notice of the publication of such study and a summary thereof.

(d)(1) After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator shall—

(A) make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes, including a determination of whether a modification of the regulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes; and

(B) submit to the President and Congress a report containing—

(i) the study;

(ii) a summary of the comments received during the public hearing (including the comments of the Secretary); and

(iii) the findings and recommendations of the Administrator made in accordance with clause (1).

(2) The report shall be transmitted to—

(A) the Committee on Energy and Commerce of the House of Representatives;

(b) the Committee on Environment and Public Works of the Senate;

(C) the Committee on Agriculture of the House of Representatives; and

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(e)(1) between January 1, 1986, and December 31, 1987, the Administrator shall monitor the actual lead content of leaded gasoline sold in the United States.

(2) The Administrator shall determine the average lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987.

(3) If the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the administrator shall—

(A) report to Congress; and

(B) publish a notice thereof in the Federal Register.

(f) Until January 1, 1988, no regulation of the Administrator issued under section 211 of the Clean Air Act (42 U.S.C. 7545) regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon.

(f) To carry out this section, there is authorized to be appropriated $1,000,000, to be available without fiscal year limitation.

ABDNOR (AND EXON) AMENDMENT NO. 1063

(Ordered to lie on the table.)

Mr. ABDNOR (for himself and Mr. EXON) submitted an amendment intended to be proposed by them to the bill S. 1714, supra; as follows:

On page 459, between lines 18 and 19, insert the following new section:

EMERGENCY FEED ASSISTANCE

SEC. 1927. Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by inserting after the fifth sentence the following new sentence: "Notwithstanding the foregoing provisions of this section relating to the authority of the Commodity Credit Corporation to make available to certain persons in certain areas during emergencies feed for livestock, the Commodity Credit Corporation (1) may make such feed available to such persons in areas in which feed grains are normally produced and normally available for feed purposes, but in which they are unavailable because of a catastrophe described in the fourth sentence of this section, (2) may make such feed available to such persons through feed dealers in the area, (3) shall make such feed available at a price not less than the price prescribed in the fourth sentence of this section, and (4) shall bear any expenses incurred in connection with making such feed available to such persons under this sentence, including transportation and handling costs.".

ABDNOR AMENDMENT NO. 1064

(Ordered to lie on the table.)

Mr. ABDNOR submitted an amendment intended to be proposed by him to the bill S. 1714, supra; as follows:

On page 231, strike out line 5 and insert in lieu thereof the following new section:

CROP INSURANCE COVERAGE OF WINTER AND SPRING WHEAT

SEC. . (a) The second sentence of the first paragraph of section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by inserting "(including winterkill of winter wheat)" after "winterkill".

(b)(1) The Secretary of Agriculture shall conduct a study of the practice of offsetting the quantity of winter and spring wheat of a producer for the purpose of determining the amount of benefits due such producer under a policy insured under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(2) Not later than 180 days after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study conducted under paragraph (1), together with any recommendations for any legislation or regulations necessary to rectify any inequities identified in such study.

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration will meet at 3:30 p.m., on Wednesday, November 20, 1985, in S-207, the Capitol, to consider legislative and administrative business items currently pending in the committee.

On its legislative agenda, the committee will be marking up Senate Resolution 204, authorizing supplemental expenditures by the Select Committee on Indian Affairs; Senate Joint Resolutions 214 and 215, providing for the reappointments of Carlisle H. Humelsine and William G. Bowen as citizen regents to the Board of Regents of the Smithsonian Institution; and an original resolution reporting a budget waiver for the National Museum Act.

Administrative business to be considered will be proposed amendments to the regulations governing mass mail; Government credit cards for official travel; the display of flags outside a Senator's personal office; status report on the procurement of a new telephone system of the Senate; and a pilot program to enhance the appearance of Senators' suites with home State art and artifacts.

For further information regarding this business meeting, please contact Carole Blessington of the Rules Committee staff at 224-0278.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. HELMS. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Tuesday, November 19, 1985, in order to mark up the following items: S. 209, S. 1134, H.R. 3384, S. 1440, S. 1047, and S. 1734.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. HELMS. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Tuesday, November 19, 1985, to consider the following legislation:

Drug export reform legislation.

S. 1762, H.R. 2417, Health Maintenance Organization reauthorization legislation.

Pending nominations: Edward Curran, to be Chairman, National Endowment for the Humanities; Ford B. Ford, Chairman, Federal Mine Safety and Health Review Commission; et al.

S. 827, vaccine compensation legislation.

S. 1181, home health care block grant.

S. 1793, pediatric home care bill.

S. 1574, smokeless tobacco rotating label bill.

S. 1560, Health Planning Block Grant Act.

S. 1104, Health Planning and Resource Allocation Act of 1985.

S. 1566, Adolescent Family Life Program.

Title X, family planning reauthorization.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EDUCATION, ARTS, AND HUMANITIES

Mr. HELMS. Mr. President, I ask unanimous consent that the Subcommittee on Education, Arts, and Humanities of the Committee on Labor and Human Resources, be authorized to meet during the session of the Senate on Tuesday, November 19, in executive session, to discuss the reauthorization of the Higher Education Act of 1965.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. HELMS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, November 19, in order to receive testimony concerning S. 1676, Grand Jury Disclosure Amendments Act of 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION AND THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. HELMS. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation, and the Committee on Banking, Housing, and Urban Affairs, be authorized to meet during the session on the Senate on Tuesday, November 19, to conduct a joint meeting to consider the nomination of Alexander Good, to be Director General of U.S. and Foreign Commercial Service of the Department of Commerce.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON BUSINESS, TRADE AND TOURISM

Mr. HELMS. Mr. President, I ask unanimous consent that the Subcommittee on Business, Trade, and Tourism of the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on Tuesday, November 19, to conduct a meeting on the promotion of domestic tourism.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. HELMS. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, November 19, 1985, in order to receive testimony on the organization and decisionmaking procedures of the Department of Defense and the Congress, and to consider routine military nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE PROFESSIONAL SOLDIER AND THE WARRIOR SPIRIT

● Mr. GOLDWATER. Mr. President, with the Senate and the House deeply involved in legislation and studies which will tend to help reorganize our military establishment so as to present

a more effective force, from time to time I have been inserting material in the RECORD which I think is interesting and deserving of reading by my colleagues in this regard.

Appearing in the fall issue of the Strategic Review, published by the U.S. Strategic Institute, is a very penetrating and interesting article written by Lt. Col. Donald Baucom, entitled "The Professional Soldier and the Warrior Spirit."

This article covers all aspects of the title but gets, more importantly to me, into the problems created by the growing number of civilians who are now working in the military establishment. In fact, there is one civilian for every two men in uniform. Because of the connection of this article with the subject of interest to the Congress, I ask that it be printed in the RECORD.

The article follows:

(From Strategic Review, Fall 1985)

THE PROFESSIONAL SOLDIER AND THE WARRIOR SPIRIT

(By Col. Donald R. Baucom, USAF)

(The author: Colonel Baucom is currently serving as a historian in the U.S. Air Force Office of History. He is a 1962 graduate of the U.S. Air Force Academy and holds a PhD in the History of Science from the University of Oklahoma. He has operational experience in the communications-electronics career field and has taught military history at the U.S. Air Force Academy, having also served on the Air War College faculty and as Director of Research for the Airpower Research Institute at Maxwell Air Force Base. His last assignment was as Editor of the Air University Review.)

IN BRIEF

The balance among the three archtypes of the professional soldier in the United States—the heroic leader, the manager and the technologist—has shifted relentlessly to the latter two. The shift has been prodded with the advent of the All-Volunteer Force. It is the consequence as well of a progressive civilianization of the U.S. defense establishment—manifest both in the replacement of military men with civilians and the displacement of military men from their traditional roles. Finally, it reflects an enthrallment with technology that seems to be aiming at the complete mechanization of warfare. If we are to have the military establishment needed to fend against an ever more dangerous global environment, we must urgently rediscover the focus of the military profession and find ways to restore the warrior-leader to the position of honor traditionally accorded him.

According to Morris Janowitz, the officer corps is composed of heroic leaders, military managers and military technologists. The heroic leader represents the warrior tradition of military service; he is the embodiment of the "martial spirit and the theme of personal valor." While the heroic leader generally sees military service as a way of life, this is not the case with the military manager, who tends to be concerned mainly with the practical, concrete aspects of warfare, such as how to mobilize a nation's resources for war. The military technologist's outlook is very similar to that of the military manager. Indeed, he is neither a practicing scientist nor a practicing engineer, but rather "a military manager, with a fund of technical knowledge and a quality for dramatizing the need for technological progress." Examples of each type of officer in the U.S. tradition are: Curtis LeMay, the heroic leader; George Marshall, the military manager; and Hyman Rickover, the military technologist.

A SHIFTING BALANCE IN THE MILITARY

The story of the American military profession during the first half of this century has been one of struggle between the military managers and the heroic leaders for control of the military establishment. But in the nuclear age, the rising importance of technology and the changing role of the military transmute the military establishment into a "constabulary force," in which the struggle between manager and leader tends to be resolved by a fusion of the two types into a single, hybrid role model.

To be successful, Janowitz maintained, this modern military establishment must be controlled by military managers, but its top leadership must include a "leaven of heroic leaders" whose primary responsibility is to keep alive the figher spirit that must permeate military organizations. This warrior spirit, in the words of Janowitz, "is not easily defined; it is based on a psychological motive, which drives a man to seek success in combat, regardless of his personal safety."

The dominant military managers share responsibility with the heroic leaders for sustaining the fighting spirit. The military managers, Janowitz wrote, must ensure that the military profession projects a martial image and must help the heroic leaders instill the warrior spirit in the next generation of young officers. As the most influential members of the military profession, the military manager also must see to it that the proper balance is maintained among military managers, military technologists and heroic leaders, for an effective military establishment requires the dedicated services of all three types of officers.

Janowitz, obviously, is dealing here with clear, black-and-white distinctions that are rarely found in the real world. Yet, his analysis has value, for before we can reasonably discuss the shades of gray that comprise the middle ground, we must define the ends of the spectrum with which we are dealing. Once defined, the extremes become vantage points from which to evaluate current trends affecting the American military profession.

Viewing the U.S. military profession today from the perspectives offered by the Janowitzan model of the officer corps, we can conclude that it seems to be losing the essential balance among the three types of officers that must be maintained under the overall guidance of the dominant military manager. The balance is being disrupted by several factors that are eroding the respect traditionally accorded the heroic leader within the military profession; with his decline comes a deterioration of the warrior spirit he embodies. These factors are the All-Volunteer Force, a civilianization of American military institutions and activities, an overemphasis on management, and an enthrallment by technology.

THE IMPACT OF THE ALL-VOLUNTEER FORCE

In keeping with the tradition of American civil-military relations, the All-Volunteer Force (AVF) isolates Americans from the standing military establishment they have distrusted since Seventeenth-Century English immigrants to the colonies brought with them a fear of Oliver Cromwell's New Model Army. Under the AVF concept, no one is forced to serve in the military: marketplace incentives are used to attract enough volunteers to sustain the military at the prescribed strength. While the AVF has isolated American society from the military, it has exposed many of the military's essential institutions to the eroding influences of our commerce-oriented, individualistic society.

To draw sufficient numbers of recruits to the AVF, the military adopted an advertising campaign that portrays the military as an attractive way of life. Advertisements that scarcely hint of the hardships of military life stress good times, adventure, travel, job training, job experience, pay and fringe benefits. As one TV commentator noted during an evening network news program: "The Army does what everyone who has something to sell does. It advertises, and it's difficult to tell whether it's maneuver time or Miller time."

The AVF recruiting campaign leads young people entering the military to expect conditions that correspond to civilian life. Recruits consider themselves party to a contract binding the military to give them the jobs, the training and the civilian-like life style they believe they were promised by recruiters and advertisements. All too often, military life does not live up to their expectations. Two things result: a high percentage of enlistees do not complete their first enlistment, and military establishments are forced to change in an effort to meet recruit expectations.

In its effort to keep recruits content, the Armed Forces have civilianized much of military life. The Army abandoned the early morning rite of reveille and began selling beer in mess balls and living quarters. Soldiers and airmen who still live on military bases seldom reside in open-bay barracks, and frequently in motel-like quarters with two or three people per room. A substantial portion of the new enlisted force is married and resides off-base. These latter changes tend to undermine the camaraderie that is an important bonding element among combat-ready soldiers.

In addition to undermining the concept of military service as a way of life focused on preparation for war, the AVF brings with it social problems that drain the energies of officers. Associated with the increased reliance on women under the AVF concept is the necessity for officers to deal with such matters as sexual harassment, pregnancy, joint spouse assignments and women assigned to jobs for which they may have insufficient physical attributes. Furthermore, there are the inescapable social problems associated with male recruits who come all too often from the lower socioeconomic strata of American society and tend to be poorly educated, have low mental qualifications and are at times alienated from the society they are expected to defend.

Having been forced to recruit like a business and therefore attracting people motivated by marketplace incentives, the military naturally drifts toward the management practices used by private industry. For example, flex time, job enrichment, participatory decisionmaking processes and coworker standards are some of the management concepts that enjoy at least some degree of support or use within the U.S. Air Force.

Hints that these problems and practices are detracting from the effective functioning of military organizations can be found here and there in our professional litera-

ture. In a "can do" organization, such as the military that stresses getting the job done regardless of obstacles, hints are likely to be the proverbial tip of the iceberg. How serious must a situation be for a commander of a ship to declare his vessel unfit for sea duty?

In the All-Volunteer Force environment, then, officers must devote more time and effort to coping with the AVF, and less time to the study of their profession and to the preparation of their units for war.

An officer who views his tasks primarily in terms of management and the motivation of industrial workers is not likely to be as frustrated by an atmosphere in which self-satisfaction as opposed to service is stressed, for modern management theory focuses on people who are motivated primarily by personal gain. But what of the heroic leader? Will he not feel alienated, perhaps betrayed, in an environment where service, sacrifice and a sense of duty are no longer emphasized? Will he not see efforts to cope with the AVF, and the AVF itself, as obstacles that hinder his efforts to make his unit combat-ready?

CIVILIANIZATION OF THE DEFENSE ESTABLISHMENT

Having discussed the trend toward civilianization of the military way of life under the influence of the AVF, we now turn to a second form of civilianization in which civilians replace or displace military personnel.

Today, the U.S. Defense Department employs about one civilian for every two military personnel in the regular Armed Forces. This widespread use of civilians turns the Department of Defense (DO) into an organization that attempts to achieve its purposes using two distinct groups of people with widely divergent value systems.

Generally, DOD civilians are governed by marketplace considerations. They are paid by the hour and must be paid overtime for work beyond the eight-hour day or forty-hour week. Many civilians are unionized, which means that at least some of their work conditions are defined in union contracts monitored by union stewards. On the other hand, military personnel are supposed to be governed by the military ethic which places service to their organization above personal gain. There are no limits on the duty hours of service members, and they are paid a flat salary, regardless of the hours they work. There are no military unions.

Unusual situations develop when these two groups are cast together in the same organization. At times a civilian and a uniformed service member will be working side-by-side, doing the same task but receiving different pay. Overtime tasks, frequently must fall to the military member, since funding ceilings often preclude paying the extra money for civilian overtime. There is also the interesting situation in which civilians, who have more relaxed standards for dress and appearance, are responsible for enforcing military standards on uniformed personnel who work for them.

Under conditions such as these, it is difficult to preserve a concept of military service as a way of life based on a sense of duty and a spirit of personal sacrifice for the good of the mission. Military personnel are in constant contact with civilians who work "eight-to-five" days with no disruption to their weekends. What do military men feel when they have to work on weekends? What thoughts pass through the minds of young soldiers and airmen who are subject to relatively strict military discipline when they note that civilians can have a union steward present when they are "counseled" for substandard performance? Do enlisted men accept the idea that compensatory time is a fair exchange for overtime work that civilian coworkers do not have to perform? How does one who considers himself a combat leader feel in an organization that is one-third civilian? How does he keep such a situation from eroding the military ethic which is central to his concept of military service?

While some civilians are physically taking the place of military men, others have been displacing military men in strategymaking and in the defense decisionmaking process.

INVASION OF ACADEMICS AND SYSTEMS ANALYSIS

This civilianization trend is largely the consequence of changes set in motion by World War II. Prior to 1945, military affairs were of little interest to civilian scholars and intellectuals. However, the advent of nuclear weapons to warfare and America's status as the only nation capable of opposing the expansionist drive of the Soviet Union, both hallmarks of the post-World War II era, inspired unprecedented interest in national security affairs in the civilian academic community. "Social scientists, economists, natural scientists, and mathematicians all began to apply their special expertise to the relevant dimensions of national security."

Civilians moving into the area of strategymaking met little resistance from professional military men. Most senior officers in the post-war period were heirs of a tradition that discourages men in uniform from taking an active part in the politics of formulating national policy; they thus tended to shy away from strategy-making and to concentrate on the execution of policies handed down from civilian superiors.

While academicians were beginning to monopolize the development of strategy—all the more so via the postwar proliferation of "think tanks" vying for government funds—systems analysts were winning important, if not dominant, roles in the DOD decisionmaking process. Systems analysis got its start in military affairs during World War II and steadily increased in importance, becoming a basic decisionmaking tool during the McNamara years, when the number of systems analysts employed at the OSD level increased fifteen-fold.

In the decisionmaking process, systems analysis can be used as an alternative to experience, which makes it especially valuable in such realms as nuclear war and the development of radically new technologies where experience may be lacking. To be sure, systems analysis is useful also as a complementary tool of analysis in matters such as conventional warfare, where experience is available and is largely the possession of the heroic leader.

Certainly combat experience and systems analysis are not mutually exclusive factors in the decisionmaking process. Yet, as has been posited by Lieutenant General Daniel Graham, USA (Ret.), himself a veteran of the high-level decisionmaking process, systems analysis, combined with management training, has become a primary path to the top for officers. General Graham has remarked that the key to promotion for senior officers is the ability to "shepherd a weapons program through the Defense bureaucracy, get it into the budget, and defend it before the Bureau of Budget and the Congress." Such ability, he wrote, involves considerable "skill in applying cost-effectiveness and systems analysis techniques."

The overall impact of these two forms of civilization—the replacement of military men with civilians and the displacement of military men from their traditional roles in strategy-formulation and defense decisionmaking, has been to undermine the authority and standing of the heroic leader. His judgment based upon combat experience is subject to challenge by systems analysts. His warrior ethos is eroded by constant interaction with civilians who permeate the defense establishment. The warrior ethos is being supplanted by the ethos of management.

LEADERSHIP AND MANAGEMENT: DIFFERENCES IN VALUES

Is leadership distinct from management? Members of the military profession have been arguing this issue, in one form or another, for years. The title of a 1975 article by General Lucius D. Clay tells us that "Management is Not Command." On the other hand, a 1979 Air Force publication informs us that efforts to distinguish among management, leadership and command are "usually a waste of time": management is a generic term that also subsumes command and leadership. Yet, the journal *Military Review* considered the matter of leadership sufficiently important to devote its entire July 1980 edition to the subject, and in the lead article General Edward C. Meyer, then Army Chief of Staff, stated: "Leadership and management are neither synonymous nor interchangeable."

What is the basic issue here that could provoke such divergent views? Could it be that the military managers who run our Armed Forces have failed to maintain the vital martial image of the military and the crucial balance among military technologists, heroic leaders and military managers? Could it be that those who see themselves as heroic leaders are responding to a perceived overextension of the influence of management?

It seems clear that there has been a substantial increase in the emphasis on management in the Armed Forces since World War II. The McNamara years stand like a watershed in this respect. During the period from 1961 to 1969, military and business structures became almost identical, especially at the upper organizational levels. In the case of the Army, one book states that it "moved ever closer to the modern business corporation in concept, tone, language and style."

The siren voices of management have resounded in the Air Force as well. The traditional inspection by the Inspector General has now become a "Management Evaluation Inspection." Terms such as battle management, battle manager, levels of management, resource management, weapons inventory, weapons systems and management by objective proliferate throughout the Air Force. Such management functions as budgeting and productivity improvement are pushed down to the lowest operational level—the traditional domain of the heroic leader—where they compete for the commander's time and energy, often at the cost of essential and time-honored command functions.

Quite frequently, when these matters are discussed, those who would distinguish between management and leadership are told that the issue is merely one of semantics—that there is no substantive difference between the terms. What this conveys is that the various schools of management have coopted into their language paradigm the

terms traditionally used to describe command and leadership, making it linguistically impossible to distinguish between leadership and management. Thus, a good manager is defined as being also a good leader, and a good leader is required to be a good manager.

In fact, the linguistic difficulties may be the key to the underlying issue that fuels the debate. Words not only denote things and processes: they also carry connotations to which we all respond in one way or another. Furthermore, our words are indications of thought patterns that affect the way we perceive situations and the way we act in response to these situations. As psychologist Julian Janes has written: "Let no one think these are *just* word changes. Word changes are concept changes, and concept changes are behavioral changes."

Let us explore for one moment the different connotations of the two major words in the debate: lead and manage. To lead has clear connotations of influencing behavior by example, by being out front, by going before: to "lead the way, to go in advance of others . . . to be at the head of, command, direct." It is the old idea of the officer who is out in front of his men, literally in the case of the bomb group commander leading his group in its first attack on the enemy's home industrial base. In exercising leadership, the commander must at times compel his followers to undertake actions that may not be in their own best interest.

On the other hand, there are aspects of management that have clear connotations of manipulation, administration and supervision. The manager convinces people that they should do what the manager desires because it is in their best interest: the desired behavior may lead to rewards such as advancement, increased pay, higher status, etc. The difference is validated by the mental images derived from these connotations: while one can easily visualize a person managing a large organization from some remote central point, it is more difficult to picture that person leading this group from a remote location, for leadership implies proximity and visibility to those being led.

Surely, then, some distinction is at work between the general concepts of management and leadership. The two are both value-laden and have the power to evoke different emotions, different spirits. As the words of the various management schools and concepts come to permeate the military milieu and replace the more traditional terms associated with leadership and command, the temper of the military profession changes. The heroic leader like Patton looks at a difficult situation fraught with unknowns, such as the invasion of North Africa, and says: "Wars are only won by risking the impossible." The military manager examines his Lanchestrian equations, determines that the odds are strongly against him, and does not take the risk.

Unfortunately, the transition in the outlook of the U.S. military profession seems well advanced—a fact which substantially explains the increasing criticism heaped upon the profession. Steven Canby's words are typical: "The study of war has all but atrophied in the U.S. The best minds in the U.S. military have become managerial and technical experts; but they have not studied their own professional discipline."

Another indication of this shift in the balance between military managers and heroic leaders is a significant trend in the military awards and decorations policy. When this writer was commissioned in 1962, medals for heroism dominated the medals worn by our nation's military men. Six awards recognized battlefield heroism and combat services. There were only four decorations for meritorious service or achievement. While no new award has been added in recognition of combat feats, six new medals for outstanding achievements or service are now available to military personnel. There are now ten medals that one can earn for peacetime managerial-type accomplishments.

Unquestionably, our leaders were pursuing a worthy goal when they sought to provide more recognition for important peacetime achievements. Unfortunately, these new decorations have the unforeseen and undesirable effect of lowering the visibility and distinction of the heroic leader. If present trends continue, at some time in the future we may find that our most decorated military men never have seen combat.

TECHNOLOGY AND THE HEROIC LEADER

A major factor in the ascent of the military manager has been the steady increase in the importance of technology in warfare. Generally, it is the military manager who keeps the military abreast of technological changes. He tends to be less tradition-bound than the heroic leader and therefore more receptive to innovation.

America is a technologically oriented society. We have a long tradition of substituting machines for people in our production efforts. Moreover, our nation is deeply imbued with Western humanism which emphasizes the worth of the individual and the sanctity of human life. The increasing importance of technology in wars of the Twentieth Century, and the relatively low American casualty rates of World War I and World War II, could scarcely escape our notice.

In keeping with our national character, the general belief has taken root that machines should be substituted wherever possible for people on the battlefield, ensuring us of victory with minimum loss of human life. We tend to lose sight of the well-trained men of courage who must operate the machines in the hectic environment of battle.

Although we still vaguely remember that generalship is the key to getting men and machines to the right place at the right time, we seem bent on replacing generals with computer programs and data banks. Thus, the real thrust of computerized command and control developments seems to be the complete mechanization of warfare. Men are to be reduced largely to drones that convey the instructions of one machine, the computer, to another set of drones, operating other machines that fight the battles. Fighting men and their heroic leaders become largely superfluous in this approach to war.

The impact of this view of war obviously is to raise the stature of military technologists and military managers who are responsible for developing, procuring and sustaining the wonder weapons of war. The importance of warriors and heroic leaders, as we have noted, is diminished. Operating a console in an air-conditioned electronic listening post becomes equivalent to facing a T-72 tank with a hand-held missile.

There is a second and even more beguiling way in which modern technology has tended to undermine the heroic leader's status in today's military establishment. The advent of nuclear weapons has made it appear to many that war is outmoded and that military establishments exist only to deter war. As Bernard Brodie wrote some three decades ago: "Thus far the chief purpose of our military establishment has been to win wars. From now on its chief purpose must be to avert them. It can have almost no other useful purpose."

This "deterrence mentality" has led to a schism in the officer corps. A substantial number of officers, perhaps even a majority, believe that "peace is our profession"—that the military does exist only to deter war. This attitude contrasts sharply with the view of the heroic leader who continues to maintain that the military profession focuses on combat: in peace the soldier prepares for war, and in war he marches toward the sound of the guns.

While deterrence mentality calls into question the heroic leader's central place in our profession's social structure, the importance of the technology upon which deterrence is based raises the status and authority of the military technologist and the military manager. Nuclear deterrence is directly related to a given weapons complex, the so-called Triad of land-based, air-borne and sea-based nuclear systems. Obviously, for those who see deterrence as the primary mission of the military, the scientists, technicians and managers who ensure the continuing readiness of the deterrence force overshadow in importance the heroic leader who spends his time preparing his unit for what will be required should deterrence fail. When peace is your profession, those who would prepare for war appear outmoded and perhaps even dangerous.

PROTECTING AN ENDANGERED SPECIES

As a consequence of the post-World War II developments that we have discussed, the balance among military managers, military technologists and heroic leaders has been badly shaken. As these developments erode the status of the heroic leader and his warrior spirit, the function of the officer comes increasingly to be viewed in terms of management and technical activities.

Sensing that it is losing its vocation which has traditionally centered on the heroic leader who is the master of the art and science of war, the military profession has sought to preserve its martial image by proclaiming the existence of the "fusion role model" predicted by Janowitz. As the Air Force personnel plan for 1975 put in: "The military professional is typically viewed in three roles—as a leader, manager and technologist—in optimal balance, providing for the well-being of our nation's defense posture."

But the fusion role model is not working. Its elements evoke behavioral patterns that are too disparate to be mastered effectively by the vast majority of officers. It is not the fusion role model but the realities of military service in the 1980s that are shaping the attitudes and actions of today's generation of young officers.

Only about 15 per cent of all members of the Department of Defense are engaged in uniquely military functions today. What advantage is there in belonging to such a minority when there are clear indications that success comes to the technical specialist and the manager who can effectively handle top-level staff responsibilities? Already within the Air Force there are indications that support functions have more prestige among junior officers than line functions. And a senior Pentagon aide has proclaimed publicly: "The era is over of flamboyant combat heroes rising to the top of the military. The military is no longer going to win the budget game through image and authority. The brass are going to win it by knowing their stuff and knowing how to present it."

It appears that the heroic leader is becoming an endangered species.

Given that the balance among military managers, military technologists and heroic leaders is vital to an effective military establishment, and recognizing that the balance has been undermined by post-World War II developments in the U.S. military profession, what actions might be consider to correct current trends?

Recruiting pressures of the All-Volunteer Force. The nation seems unlikely to return to a draft in the near future. Therefore, we must find ways to reduce recruiting pressures that undermine our ability to focus on warfighting attitudes and skills. Could these pressures be eliminated by establishing a civilian organization similar to the Selective Service System and charging it with the responsibility for recruiting? Such an organization would return local involvement to the process of procuring defense personnel and would take the Armed Services out of an activity marked by scandals and litigation that have tarnished the military's image in the post-Vietnam era, a delicate time in American civil-military relations.

Socialization of the Officer Corps. Can we do more to socialize the young men and women whom we bring into the officer corps? Are the curricula of our service academies appropriate, or have they become so inclusive of various academic disciplines that they have lost their focus on the profession of arms? Are cadets and midshipmen now more concerned with majoring in a marketable academic discipline than with preparing themselves for a lifetime of service in the profession of arms? Is Officer Training School long enough and does it include enough indoctrination into the customs, courtesies and traditions of the military profession? Do we demand enough of our ROTC training programs? Are senior officers devoting enough of their energies to "bringing along" the next generation of officers?

Language of the Profession. Should we not be more careful about the way in which we talk and think about the military profession? Why should we abandon perfectly good traditional terms like Inspector General Inspection just because replacement terms sound more modern and up-to-date? The use of military phrases and words like General Bennie L. Davis' "officership" could end the military's dependence on management terminology to describe the officer's duties and activities.

At least one effect of the wide use of management language has been a breakdown of the distinction between the military profession and civilian occupations. Using traditional military terms in describing military functions should help restore a sense of the military as a unique and special profession. Tradition can be overdone, but properly used it provides continuity with a rich past and a guide in an uncertain future.

The Prestige of Combat Decorations. Can we find some way to restore the prestige of combat decorations? Would it be possible to withdraw the more recently established defense awards for meritorious service and achievement and replace them with decorations like the Distinguished Service Medal and the Legion of Merit? Could we separate the combat-related decorations and their peacetime counterparts on uniforms—e.g., over the left and right breast pocket, respectively? Failing this, could we perhaps increase the precedence of awards for combat service so that the top four awards for valor (Medal of Honor, Distinguished Service Cross, Silver Star and Distinguished Flying Cross) would outrank all noncombat awards except perhaps the Distinguished Service Medal?

A New Approach to Civilianization. In an effort to restore and nurture a sense of uniqueness and service in uniformed members of the defense establishment, can we find some organizational pattern that separates DOD civilians and the military? One scheme that might be considered is a gradual civilianization of organizations that contain fewer military personnel than civilians. Conversely, in those organizations where the uniformed service members are in the majority, civilians would be replaced gradually by military personnel as the former retire and transfer. This process would have the effect of making civilian supervisors responsibile for function accomplishment through a civilian workforce and leave officers and NCOs with responsibility for purely military units. It would reduce friction between the military way and the civilian way, each of which is valid and appropriate within its own context.

Revival of the Line and Staff Categories. Can we find a way to revitalize the traditional distinction between line and staff officers? Perhaps we could include in the line officer category all aircrew members and those who serve in the combat branches and are likely to be involved in combat or close combat support. Staff officers would be the remaining officers, with the exception of chaplains, veterinarians, physicians, dentists and legal personnel, who would comprise a special third category.

Once the line and staff distinction is redrawn, various measures would be used to make service in the line more attractive and prestigious. Among the measures that might be considered are providing distinctive accoutrements for uniforms, granting special survivor benefits for line officers who die in the line of duty, and awarding one and one-half years promotion list service time for each year in a line position after the first five years of line service. Furthermore, only those who had served the first twenty years of commissioned service in the line would be eligible for twenty-year retirement. Finally, a selection process might be devised that would limit the number of staff officers permitted to transfer into line service. The idea of all of this is to make the line something of an elite corps: it would be difficult to enter and easy to leave.

There are hopeful signs on the horizon. Here are two such signs: For some time now, efforts have been underway to reform the curricula of the Professional Military Education schools at Maxwell Air Force Base. More emphasis is being placed on the art and science of war, especially at the Air War College. This effort is making headway and is receiving considerable support from the top Air Force leadership. In the U.S. Army, there continues to be a spirited dialogue over the importance of heroic leaders and the things the Army should do to nurture them.

But the hour is late, and Mars is a cruel and impatient master. If we are to have the military establishment that we need to cope with an ever more treacherous global environment, we must rediscover the focus of the military profession and restore the heroic leader to the position of honor we have traditionally accorded him.●

SOLZHENITSYN'S WARNING

● Mr. ARMSTRONG. Mr. President, it has been 10 years since the Reader's Digest first published an article by the distinguished Russian author, Alexandr Solzhenitsyn, "his analysis of moral distinctions between communism and capitalism."

As public attention is focused on the upcoming Reagan-Gorbachev summit conference, I think it is proper to call attention to this masterful piece again. If anything, the insights of this towering moral leader are more relevant today than when they were first published in December 1975. I hope that all Senators will take the time to read and reflect upon Solzhenitsyn's warning.

The article follows:

WAKE UP! WAKE UP!

(By Alexandr Solzhenitsyn)

Is it possible to transmit the experience of those who have suffered to those who have yet to suffer? Can one part of humanity learn from the bitter experience of another? Is it possible to warn someone of danger?

How many witnesses have been sent to the West in the last 60 years? How many millions of persons? You know who they are: if not by their spiritual disorientation, their grief, then by their accents, by their external appearance. Waves of immigrants, coming from different countries, have warned you of what is happening. But your proud skyscrapers point to the sky and say: It will never happen here. It's not possible here.

It can happen. It is possible. As a Russian proverb says: "When it happens to you, you'll know it's true."

Do we have to wait until the knife is at our throats? Isn't it possible to assess the menace that threatens to swallow the whole world? I was swallowed myself. I have been in the red burning belly of the dragon. He wasn't able to digest me. He threw me up. I come to you as a witness to what it's like there.

Communism has been writing about itself in the most open way for 125 years. It is perfectly amazing. The whole world can read but somehow no one wants to understand what communism is. Communism is as crude an attempt to explain society and the individual as if a surgeon were to perform his delicate operations with a meat-ax. All that is subtle in human psychology and the structure of society (which is even more delicate) is reduced to crude economic processes. This whole created being—man—is reduced to matter.

Communism has never concealed the fact that it rejects all absolute concepts of morality. It scoffs at "good" and "evil" as indisputable categories. Communism considers morality to be relative. Depending upon circumstances, any act, including the killing of thousands, could be good or bad. It all depends upon class ideology, defined by a handful of people. In this respect, communism has been most successful. Many people are carried away by this idea today. It is considered rather awkward to use seriously such words as "good" and "evil." But if we are to be deprived of these concepts, what will be left? We will decline to the status of animals.

FREEDOM'S TAX

But what is amazing is that, apart from all the books, communism has offered a multitude of examples for modern man to see. The tanks have rumbled through Budapest and into Czechoslovakia. Communists have erected the Berlin Wall. For 14 years people have been machine-gunned there. Has the wall convinced anyone? No. We'll never have a wall like that. And the tanks in Budapest and Prague, they won't come here either. In the communist countries they have a system of forced treatment in insane asylums. Three times a day the doctors make rounds and inject substances into people's arms that destroy their brains. Pay no attention to it. We'll continue to live in peace and quiet here.

What's worst in the communist system is its unity, its cohesion. All the seeming differences among the communist parties of the world are imaginary. All are united on one point: your social order must be destroyed.

All of the communist parties, upon achieving power, have become completely merciless. But at the stage before they achieve power, they adopt disguises. Sometimes we hear words such as "popular front" or "dialogue with Christianity." *Communists* have a dialogue with Christianity? In the Soviet Union this dialogue was a simple matter: they used machine guns. And last August, in Portugal unarmed Catholics were fired upon by the communists. This is dialogue? And when the French and the Italian communists say that they are going to have a dialogue, let them only achieve power and we shall see what this dialogue will look like.

As long as in the Soviet Union, in China and in other communist countries there is no limit to the use of violence, how can you consider yourselves secure or at peace? I understand that you love freedom, but in our crowded world you have to pay a tax for freedom. You cannot love freedom just for yourselves and quietly agree to a situation where the majority of humanity is being subjected to violence and oppression.

The communist ideology is to destroy your society. This has been their aim for 125 years and has never changed; only the methods have changed. When there is détente, peaceful coexistence and trade, they will still insist: The ideological war must continue! And what is ideological war? It is a focus of hatred, a continued repetition of the oath to destroy the Western world.

I understand, it's only human that persons living in prosperity have difficulty understanding the necessity of taking steps—here and now—to defend themselves. When your statesmen sign a treaty with the Soviet Union or China, you want to believe that it will be carried out. But the Poles who signed a treaty in Riga in 1921 with the communists also wanted to believe that the treaty would be carried out; they were stabbed in the back. Estonia, Latvia and Lithuania signed treaties of friendship with the Soviet Union and wanted to believe that they would be carried out; these countries were swallowed.

And those who sign treaties with you now, at the same time give orders for sane and innocent people to be confined in mental hospitals and prisons. Why should they be different? Do they have any love for you? Why should they act honorably toward you while they crush their own people? The advocates of détente have never explained this.

You want to believe, and you cut down on your armies. You cut down on your research. You eliminated the Institute for the Study of the Soviet Union—the last genuine institute which actually could study Soviet society—because there wasn't enough money to support it. But the Soviet Union is studying you. They follow what's going on in your institutions. They visit Congressional committees; they study everything.

NUCLEAR CHECKMATE

The principal argument of the advocates of détente is that détente is necessary to avoid nuclear war. But I think I can set your minds at ease: there will not be any nuclear war. Why should there be a nuclear war if for the last 30 years the communists have been breaking off as much of the West as they wanted, piece after piece? In 1975 alone, three countries in Indochina were broken off.

You have theoreticians who say: "The United States has enough nuclear weapons to destroy the other half of the world. Why should we need more?" Let the American nuclear specialists reason this way if they want, but the leaders of the Soviet Union think differently. In the SALT talks, your opponent is continually deceiving you. Either he is testing radar in a way which is forbidden by the agreement; or he is violating the limitations on the dimensions of missiles; or he is violating the conditions on multiple warheads.

Once there was no comparison between the strength of the U.S.S.R. and yours. Now theirs is becoming superior to yours. Soon the ratio will be 2 to 1. Then 5 to 1. With such a nuclear superiority it will be possible to block the use of your weapons, and on some unlucky morning they will declare: "Attention. We're marching our troops to Europe and, if you make a move, we will annihilate you." And this ratio of 2 to 1 or 5 to 1 will have its effect. You will not make a move.

A WORLD OF CRISIS

in addition to the grave political situation in the world today, we are approaching a major turning point in history. I can compare it only with the turning point from the Middle Ages to the modern era, a shift of civilizations. It is the sort of turning point at which the hierarchy of values to which we have been dedicated all our lives is starting to waver, and may collapse.

These two crises—the political and spritual—are occurring simultaneously. It is our generation that will have to confront them. The leadership of your country will have to bear a burden greater than ever before. Your leaders will need profound intuition, spiritual foresight, high qualities of mind and soul. May God grant that you will have at the helm personalities as great as those who created your country.

Those men never lost sight of their moral bearings. They did not laugh at the absolute nature of the concepts of "good" and "evil." Their policies were checked against a moral compass. They never said "Let slavery reign next door, and we will enter into détente with this slavery so long as it doesn't come over to us."

I have traveled enough through your country to have become convinced that the American heartland is healthy, strong, and broad in its outlook. And when one sees your free and independent life, all the dangers which I talk about indeed seem imaginary; in your wide open spaces, even I get infected. But this carefree life cannot continue in your country or in ours. A concentration of world evil, of hatred for humanity is taking place, and it is fully determined to destroy your society. Must you wait until it comes with a crowbar to break through your borders?

NO MORE SHOVELS!

We in the Soviet Union are born slaves. You were born free. Why then do you help our slaveowners? When they bury us in the ground alive, please do not send them shovels. Please do not send them the most modern earth-moving equipment.

The existence of our slaveowners from beginning to end depends upon Western economic assistance. What they need from you is absolutely indispensable. The Soviet economy has an extremely low level of efficiency. What is done here by a few people, by a few machines, in our country takes tremendous crowds of workers and enormous masses of materials. Therefore, the Soviet economy cannot deal with every problem at once: war, space, heavy industry, light industry, and at the same time feed and clothe its people. The forces of the entire Soviet economy are concentrated on war, where you won't be helping them. But everything that is necessary to feed the people, or for other types of industry, they get from you. You are helping the Soviet police state.

Our country is taking your assistance, but in the schools they teach and in the newspapers they write, "Look at the Western world, it's beginning to rot. Capitalism is breathing its last. It's already dead. And our socialist economy has demonstrated once and for all the triumph of communism."

I think that we should at last permit this socialist economy to prove its superiority. Let's allow it to show that it is advanced, that it is omnipotent, that it has overtaken you. Let us not interfere with it. Let us stop selling to it and giving it loans. Let it stand on its own feet for 10 or 15 years. Then we will see what it looks like.

I can tell you what it will look like. It will have to reduce its military preparations. It will have to abandon the useless space effort, and it will have to feed and clothe its own people. And the system will be forced to relax.

The Cold War—the war of hatred—is still going on, but only on the communist side. What is the Cold War? It's a war of abuse. They trade with you, they sign agreements and treaties, but they still abuse you, they still curse you. In the depths of the Soviet Union, the Cold War has never stopped for one second. They never call you anything but "American imperialists." Do I call upon you to return to the Cold War? By no means. Lord forbid. What for? The only thing I'm asking you to do is to stop helping the Soviet economy.

In ancient times, trade began with the meeting of two persons who would show each other that they were unarmed. As a sign of this each extended an open hand. This was the beginning of the handclasp. Today's word "détente" means a relaxation of tension. But it would say that what we need is rather this image of the open hand.

Relations between the Soviet Union and the United States should be such that there would be no deceit in the question of armaments, that there would be no concentration camps, no psychiatric wards for healthy people. Relations should be such that there would be an end to the incessant ideological warfare waged against you and that an address such as mine today would in no way be an exception. People would be able to come to you from the Soviet Union and from other communist countries and

tell you the truth about what is going on. This would be, I say, a period in which we would truly be able to present "open hands" to each other.●

AMERICAN HOSTAGES IN LEBANON

● Mr. SIMON. Mr. President, today, as we patiently hope and wait for good news to arrive from Beirut concerning the welfare of our American hostages there, we extend our thoughts, prayers, and support to Terry Waite in his mission of negotiation and peace.

I would like to bring notice to those individuals throughout the world who have offered their private and public assistance throughout this hostage crisis. Their compassion and concern has been of great support to the families of these men. Most recently, I received copies of letters written by third grade students from Tripp Elementary School in Prairie View, IL. They are letters written to the families of our hostages. The students have discussed the hostage crisis among themselves and with their own families. They are reminded daily by a yellow ribbon around a tree in their classroom. The yellow ribbon was used 5 years ago for the Americans held in Iran. They attempt to understand this complex international event, attempt to keep it in their minds and share their thoughts with others, lest the American hostages in Lebanon be forgotten. They have now communicated from their hearts to the families of these hostages. Their remembrance has a message for all of us.

Let each of us be assured that we are doing everything possible to facilitate the safe release of all of our hostages in Lebanon.

I ask that excerpts from these letters be printed in the RECORD.

The excerpts follows:

TO THE FAMILY OF TERRY ANDERSON

I am eight years old. I am learning a lot. I am sorry Terry is being held hostage, I hope Terry is being treated nicely. Do you miss him?—Melanie Johnson

I hope Terry is not sick or ill. Do you know if they will come back? Do you love him? I wish that he comes back safely and not hurt.—Pat DiMarco

I hope Terry comes back. Soon I will be big and probably I will be in fifth grade. I am sad that Terry Anderson is being held hostage.—Jennifer Johnson

TO THE FAMILY OF WILLIAM BUCKLEY

The reason I wrote to you is to tell you how I felt about the people in Lebanon being held hostage. I don't think it's fair that nice people should be treated like that. The most important thing I wanted to tell you is that I hope William Buckley comes home safely. I am thinking about you.—Nicole Martorano

He is a good man. Did you put a yellow ribbon on a tree?—Kevin Perkins

We have a yellow ribbon around our tree. I feel that it is unfair just because one person got out doesn't mean you should take down all of the ribbons. There are still six more! I feel real sorry. I think it's sad.—Bess Krichel

We study about the hostages so Americans won't forget about them. I hope William is freed soon.—Glen Walden

TO THE FAMILY OF DAVID JACOBSEN

I am eight and three quarters. I hope David will be freed soon. How are you? I hope he is being treated well. I will never forgot about David.—Bonnie Solomon

I hope David is freed soon. I feel sad about David being held hostage. I have one brother.—Dawn Piejda

I am studying about hostages in school. I am very sorry David is being held hostage. Is David nice? What does his family call him?—Ellie Spiezer

TO THE FAMILY OF THOMAS SUTHERLAND

I hope Thomas Sutherland is freed soon. Everything is going to be all right. I'm upset about the hostages being held hostage. If I had one wish it would be that everybody would be nice. And I want to know what would you wish for. Just tell your family I'm sad and I care alot. So tell your family don't be sad.—Maureen Elizabeth Spiwak

I'm learning about the hostages so that Americans won't forget about them. We hope Thomas is freed soon. I hope that he is not sick or ill. I wish he was home now.—Jason Polakow

I'm sorry your husband is being held hostage. I hope he is released soon. I like to play sports, I like soccer and baseball and bowling.—Scott Campbell.

TO THE FAMILY OF PETER KILBURN

I am a girl who wants to ask a lot of questions about Peter. I want to know why they had to hold Peter as hostage. Has Peter written you any letters?—Rachel Levin

I hope Peter comes back soon. My teacher, Mrs. Diamond has Peter's picture up. I hope they are treating him nicely.—Penina Frager

In the classroom we put a yellow ribbon on our tree. I am a straight A student, I like school, too. I hope Peter is freed soon. I hope he is not sick. Please write back to me.—Stacey Friedman

I am real sorry that he was kidnapped. I study about him. I think about the hostages at night. I thought that all the hostages would be freed.—Sunny Miley

TO THE FAMILY OF REV. LAWRENCE JENCO

Did you get to talk to Rev. Jenco? I hope he is not sick. I hope he is freed soon.—Adam Wolf

We hope he comes home soon. I'm sorry he is being held hostage. I hope he is well.—Jeff Imlah

We are studying about the hostages so that Americans won't forget about them. We hope Rev. Jenco is freed soon. I hope Rev. Jenco is being treated nicely. How do you feel about Rev. Jenco being held hostage?—Jori Leigh Brill●

ADDRESS BY SENATOR HUMPHREY BEFORE MASSACHUSETTS CITIZENS FOR LIFE

● Mr. McCLURE. Mr. President, my friend and colleague, Senator HUMPHREY, recently spoke before the Massachusetts Citizens for Life in Braintree, MA. Senator HUMPHREY's remarks get right to the heart of the abortion issue and I urge all my colleagues to read them. Mr. President, I ask that the text of Senator HUMPHREY's speech be printed in the RECORD.

The speech follows:

REMARKS AS DELIVERED TO MASSACHUSETTS CITIZENS FOR LIFE, BRAINTREE, MA

Thank you. We politicians from New Hampshire are not all that used to such a warm welcome in Massachusetts. The last time I spoke in your Commonwealth was at Harvard University and somehow there just wasn't that warmth in the welcome.

Thank you. We are neighbors. Indeed, New Hampshire once upon a time long ago was a part of Massachusetts as you will recall from your history, but we saw what was coming and . . . (Laughter). Do you blame us?

All kidding aside, we are more than neighbors in this room separated by an artificial boundary called the State border, but we are more than neighbors, we are allies. We are the soliders in freedom's army as a civil rights man from the 1960's proclaimed. We are the fighters for a lost cause that turned out to be not so lost after all. We were once the defeated few, too determined to know we were beaten, too desperate to know there was no hope. And so, we made a chance for ourselves and for the unborn and for our country, and we are changing the future. We are the people who put the lives of children first—ahead of party loyalties and ahead of political expedience.

And, therefore, it's no wonder some people don't like us. They say we don't know our place. But you know, that has always been said about those who prod America to live up to her ideals. They said it about the abolitionists who argued against slavery and who sheltered runaway slaves right here in Massachusetts. They said it about them. They called them troublemakers. They said they wouldn't leave a controversial issue alone. They made people feel uncomfortable. And, they said the same about those who insisted that the immigrants to these shores be allowed to live and fully take part in the American dream. They said it about those who protected the immigrants some decades ago, and now they are saying it about the men and women and the teenagers and the children who picket the killing houses of America as a means of drawing attention to what is truly going on inside those buildings.

They say it about us. But let them say it. Because they are wrong. We do know our places, we do know our places. And it is with the least of our brethren, as has been pointed out earlier. It is with those little children against whom the abortionists rage. That is our place with those little children. And if some think that we are unreasonable, let them know this—we are only as insistent as principle; we are only as demanding as justice; we are only as determined as love.

You and your counterparts across America stand in the best tradition of our country. You stand with those who shelter the fugitive slave and argued against the selling of human lives as property. You stand with those who defended the immigrants against discrimination. You stand with those who upheld our country's ideals by defying the powerful to save the weak.

There are some, I am sorry to say, in places of high privilege and positions of responsibility here in the Commonwealth and across the country who betray that tradition. They've turned their backs on con-

science and principle and come down four square for expedience. They say they are personally opposed to abortion.

Let me stop right there. Why in the world would anybody be opposed to abortion if it did not take the life of the human being. If the offspring of human beings were not human beings, why in the world would anyone be personally opposed to abortion. There is no reason whatever of any substance. And therefore, those who say they are personally opposed are saying in code "I regard it as killing a human being." And then, in the next breath they say, "But I'm not going to lift a finger to stop this hideous practice."

In some quarters that is labled a liberal attitude, a pluralistic attitude, and with all due respect and love for my brothers and sisters in politics, I label it as political cowardice.

I thought I might update you on the progress in the national legislature in seeking to restore the protection of the law to human beings before births, but I don't think this group needs too much updating. There is no better informed group of citizens in our country than those of the pro-life movement.

You have, in fact, one of the best legislative staffs and networks among all of the public interest groups in our land. And your stock in trade is the simple truth. Who did what? Who stood for principle and who stood for the easy way out? Who stood for life and who ran from the battle?

Those are the questions you have asked time and time again beginning from the dire early days right after *Roe* v. *Wade* when losing seemed to be a way of life. But things have changed and are changing all because of you.

Because of you the Hyde amendment today stands as a barrier to financing abortions through Medicaid.

Because of you abortion has been halted in the Indian Health Service.

Because of you the Department of Defense is no no longer in the business of abortion.

Because of you the Peace Corps no longer provides abortion to its staff.

Because of you the Legal Services Corporation is somewhat restricted in litigating in cases of abortion, but not yet enough; and I have an amendment that will come up next week that will finish the job if we can get it through.

Because of you the Federal Employees Health Insurance Programs no longer pay for abortions.

Because of you, President Reagan last year junked 15 years of misguided international policy with respect to family planning in his statement in Mexico City.

Because of you Communist China, which practices forced abortion, has been condemned by the House of Representatives for crimes against humanity.

Because of you funds for the U.N. Program for Population Activities is in serious jeopardy.

(You are going to get worn out applauding yourselves!)

Because of you the House of Representatives has a solid pro-life majority.

Because of you the United States Senate is moving out of the shadow of death.

Because of you even that last bastion of the abortion advocate, the Federal judiciary, is changing. Not in the attitudes of those who sit, but rather in the persons of those who are sitting. Or, if the Lord is willing, by the end of his second term, President Reagan will have appointed more than half of all Federal judges, and, we fervently hope, several members of the Supreme Court.

Because of you . . .

And it makes me think of Winston Churchill's mocking retort to the prediction back in the dark days of the beginnings of World War II that Hitler would very quickly ring England's neck like that of a chicken. And it reminds me that Churchill, after chalking up a few Western victories, victories for the Western Allies, gloated by retorting in turn, "Some chicken! Some Neck!"

Churchill could have had you in mind, and we, over these long and painful years could well have had in mind his marching orders: "Victory at all costs, victory in spite of all terror, victory however long and hard the road may be; for without victory there is no survival." And surely for without victory on this issue, there will be no survival for Western civilization as we value it.

And, as the scourge of Nazism ground into the dust millions of innocent lives, today in our country the abortion reicht grinds into the dust millions upon millions of innocent unborn babies.

Just two or three weeks ago, as you know, out in Los Angeles, there was at long, long last a religious service followed by a decent burial of the 16,000 unborn human beings, some as old as five months who were found pickled individually in containers within a moving van.

At long last those unfortunate human beings have been laid to rest with a decent burial. But they represent millions; in fact you can multiply by a factor of one million those 16,000 and come very close to the true number of this terrible holocaust. Millions unknown by name, unknown to most Americans save to those exploited women who hear faint cries in the night.

And today we covenant with those little lives, those 16,000, those 16 million whom we could not save. We covenant with them to do all that we can by law and by love to save their brothers and sisters, to save them from the suction, from the saline and the scalpel. We pledge to one another never to leave the battle until we have won. We know that however great our efforts may be, ultimate triumph must depend upon more than human strength.

But rest assured we shall have that. Rest assured we shall have that, for as Isaiah tells us he will not forget his children; each was carved in the palm of his hand. That gives us hope; it gives us faith and a certainty of ultimate victory. As we picket and pray, lobby and legislate, as we continue our work of the last dozen years which has begun to turn this death industry on its side, we are making progress. We are making progress in mobilizing America's conscience. We are making progress in the Congress, and it is only a matter of time before we win in the courts as well.

We are making progress. Our goal is to restore the sanctity of Jefferson's sterling words, "That all men are created equal and that they are endowed by their creator, and certain unalienable rights that among these are life." We shall not turn from that goal no matter what impediments may be thrown in our way, no matter what attempts are made to silence us.

Now let me tell you there are attempts being made to silence us in the courts to stop you from picketing and demonstrating. And now, just recently, as of this week in the Senate, there are now efforts being made to silence those of us in that Chamber who wish to speak out on this issue.

And you know, just as slavery is a parallel to abortion, there is a historical parallel from the terror of abolition that is linked up with what has begun to surface this week in Washington.

Let me tell you about that earlier parallel. One hundred and forty years ago, the Congress was besieged by petitions from all over the country. It wasn't all that far to go in those days, but from the entire country as it existed, the country was besieged by petitions.

You can do that, you know. You can lay a petition before the Congress.

And the Congress got so tired, the House of Representatives got so tired of being pestered by these pesty citizens who opposed slavery that the leadership instituted what became known as the "gag rule" in the House. No longer could these petitions be brought up for airing. Any such petition received would be laid upon the table, squashed.

Now that practice happened to anger a distinguished person from Massachusetts, John Quincy Adams, who has already been president, but who was now in the House of Representatives serving his State. And what angered Adams so much was that a majority in the House of Representatives simply refused to hear the pleas of the citizens of our country, refused to listen, absolutely refused to listen to the people of the issue of slavery. And that inept attempt by Members of Congress to evade the most important issue of the day backfired because many who had not expressed an opinion on the issue of slavery were drawn into the fray, so outraged were they at the underhanded tactics of the House of Representatives. And further, that practice, that "gag rule" demonstrated that slavery was more than an issue of selling human beings as property, more than a regional issue. It was an issue which threatened the democratic foundations of our country.

Abortion is the slavery issue of our day. And even as we sit here tonight, in the Senate, there is a move afoot to begin a filibuster each and every time a Senator out of conscience arises to offer an amendment or piece of legislation dealing with abortion.

This is something new and something dangerous and something which, like its precedent, threatens the democratic foundations of our Nation. The right to extended debate, that is to filibuster, is an old and cherished and valuable tradition in the Congress. It is part of the checks and balances which prevent abuse of one group by another. But when used in the fashion which has been proposed this week, it is something entirely different. It is not a case of extended debate against one measure. The plan now is to engage in filibuster every time a pro-life issue comes before the Senate. That is something entirely new. It is a cynical and dangerous use of the rules of the Senate.

It would seem that some in the Senate, those on the pro-abortion side, believe that there are two classes of Senators. Those who have a right to stand up and offer their amendments and those who should know their place and sit down and be quiet. There are those who are entitled to 15-20 minutes of debate and vote on their amendment and there are those who do not.

I am personally shocked and outraged by this new tactic, and I will not stand for it, nor will the other Members of the Senate who are on our side in this issue. And before the abortion advocates and their allies in

some parts of the media attempt to portray us as the ones who caused the problem and who hold up the important legislation, let me assure them that we are not playing politics. It is not we who propose to hold up the Nation's business, we simply seek and insist upon our right as equals in that body to offer whatever legislation our conscience may dictate and to secure a vote on that issue.

We reject the claims that we are the ones who are or might hold up the country's business.

We have work to do in the Congress. We will not be impeded by these scoundrels. We have work to do yet, much work to do in the Congress. It is high time that taxpayer funding of abortions in the District of Columbia, the Federal enclave which is fully under the authority and responsibility of the Congress under the Constitution, high time that public funding of abortion in Washington, DC., be brought to a halt.

It's tragic and it is disgraceful that the Capital of our Nation is also the capital of abortion in the Western Hemisphere. More human lives are snuffed out by abortion in that city than there are live births in the same place. This year the House of Representatives has tightened up language to prohibit to stop it completely and they've sent that bill over to the Senate and I have the privilege of shepherding that through as soon as we can get it up and past these people who are obstructing action on that bill.

But that's not all: A few weeks ago, Congress Jack Kemp stood the abortion lobby on its ear when he unveiled in the House a proposal to prohibit receipt of Federal funds by any family planning organization which is engaged in abortion referral. Just this week, Senator Hatch introduced a companion bill in the Senate.

And beyond that who knows what we might choose to do. Who knows what we might choose to do. Perhaps we will propose to outlaw through the imposition of Federal criminal penalties applied against abortionists themselves and their staffs for any abortion that is done for the purpose of sex selection, the ultimate in sex discrimination. And perhaps little girls should not be killed because they are girls, nor boys because they are boys, and perhaps we will use the commerce clause of the Constitution to prohibit the transport across the State lines of equipment and supplies used in abortion.

There are lots of opportunities. Let's let our opponents guess what they will be.

We are drawing in converts. One of the most famous came before you today, Dr. Bernard Nathanson. We welcome converts. We welcome them with love. We welcome them with commendation of having the courage like Dr. Nathanson to change his mind in the face of unfolding new evidence about the humanity of the unborn.

And love is an important tool in our hands because beyond the legislative agenda, beyond the judicial agenda, beyond overturning *Roe* v. *Wade*, we have yet an even greater challenge before us, and that is the challenge of healing our Nation.

But I need not tell you that. For it is you who have been at the forefront of sheltering women who need help and pouring out your love in so very many ways. You were there first. You were at the front lines.

Our pledge to one another is not ever to forget those tiny children who have perished. That is out pledge to one another; it is our ultimatum to the abortionists; and it is at last our solemn promise to those boys and girls who have gone home to God.

Thank you very much.●

TRIBUTE TO SIDNEY R. RABB

● Mr. KENNEDY. Mr. President, the death of Sidney R. Rabb in Boston last month has deprived the Nation of one of its greatest entrepreneurs and philanthropists. His passing leaves a void in the lives of all of us who knew him, and in the lives of countless others who may not have known him personally, but whose lives were touched by his good works and extraordinary compassion.

Sidney Rabb was a man of many uncommon talents. Born in 1900, he was literally a child of this century. In so many ways, he represented the best in our community and our country.

From modest beginnings in the North End, he and his family created one of the great commercial enterprises of the Nation. As chairman of the board of Stop & Shop, he was renowned as the "Father of the Modern Supermarket" for his extraordinary success in turning a small family grocery chain into a major diversified retail firm.

His skill as an entrepreneur was matched—and even exceeded—by his commitment and dedication to helping others. The child who received a gift of life through Sidney's Rabb's generosity at Beth Israel Hospital, and the young scholar who was able to complete his education at Brandeis University, are symbols of the thousands of young men and women who have hope for a better life today because of Sidney Rabb.

Beyond the public esteem in which he was held, I also have many happy memories of Sidney Rabb as a true and loyal friend of all the members of the Kennedy family. President Kennedy came to know him during his first Senate race in 1952, and he was a constant and valued friend through all of my brother's Senate and White House years.

Throughout his long career, Sidney Rabb maintained the unusual energy and vitality that were his trademarks. Always young, he proved the truth of Robert Kennedy's words that "Youth is not a time of life but a state of mind." Everything he touched he left better than he found it.

At this difficult time, our hearts go out to Sidney Rabb's wife Esther and his family. We mourn his passing, but we know that his legacy of excellence and compassion will live on in the hearts and minds of all who knew and admired him. A mighty oak has fallen in the forest—a bright star has disappeared from the heavens.●

BALTIMORE SUN ON FAMINE IN AFRICA

● Mr. KENNEDY. Mr. President, the Baltimore Sun recently concluded an outstanding series of articles on the famine relief effort underway in Ethiopia and Sudan. The result of three reporter-photographer teams that the Sun sent to the field for nearly a month, their articles report "the extraordinary effort to save lives against almost unimaginable obstacles"—to quote from the cover letter of the Sun's editor and publisher, Reg Murphy.

I believe Reg Murphy can take justifiable pride in the excellent reporting work of the Sun's teams. And the timing, Mr. President, could not be more appropriate—1 year after the major relief effort began in Ethiopia and Sudan.

It is important that we not allow time's passage to let the continuing food and relief needs in Africa slip from our view, because the needs are still great, and the longer-term programs for rehabilitation and development are greater still.

I commend the Baltimore Sun for bringing to us such a comprehensive report on both the successes and failures of the past year, and the challenges that remain to be met.

Mr. President, I would like to share these reports with my colleagues, and I ask unanimous consent that they be printed in the RECORD.

The material follows:

THE BALTIMORE SUN,
November 4, 1985.

DEAR SENATOR: Famine in Africa has been in the news for a year. In Ethiopia and Sudan, almost a million people have died of starvation and millions more have been threatened with death.

But if the problem has been monumental, so has the world's response. In the last year, more than $1 billion worth of food, transport and other relief has been sent to Ethiopia and Sudan, about half from the United States.

What happened to this outpouring of help? In perhaps the greatest example of giving ever attempted, the project's results are unknown.

To find out, the Baltimore Sun sent three reporter-photographer teams to Ethiopia and Sudan for nearly a month.

They found stunning successes. They also found distressing failure.

In a series of stories in The Baltimore Sun October 27-November 1, they told how civil war, politics, logistical problems and squabbling among relief agencies have cost thousands of lives.

They show, in stories and color photography, the extraordinary effort to save lives made against almost unimaginable obstacles.

It is such a compelling story that I thought it important to reprint in order to share it with you.

Sincerely,

REG MURPHY.

[Famine: Help Comes Slowly—Reprinted From a Series in the Baltimore Sun, Oct. 27-Nov. 1, 1985].

FAMINE AID'S SUCCESSES AND FAILURES

In the last year, Americans and others have sent more than $1 billion worth of food to the victims of famine in Ethiopia

and the Sudan, two African nations where hundreds of thousands of people have died of starvation. The calamity was unprecedented—and so has been the response. What has happened to the food Americans and the world provided in what has been called the largest famine-relief effort ever attempted? To find answers to that question, three teams of reporters and photographers from *The Sun* recently spent nearly a month in Ethiopia and the Sudan.

In Ethiopia, they covered more than 3,000 miles within the rugged nation, including both rebel-held and government-controlled sections of the war-torn Eritrea region. In the Sudan, they traveled from one end of the nation to the other, tracking relief operations through bitter desert territory.

In interviews with scores of Ethiopians, Sudanese and foreign relief officials, they found that the unprecedented relief effort has been marked by both stunning successes and dispiriting failures.

"The worst has been overcome," said Kurt Jansson, the top U.N. official in Ethiopia, where, as in the Sudan, recent rains have finally started to turn some parts of the once-parched country green.

But much more needs to be done. Civil war, politics, logistical problems and squabbling among relief agencies have seriously hindered the relief effort. Thousands of lives have been lost as a result of those obstacles, many of which might have been overcome with better planning and coordination.

As the huge African relief effort moves into its second year, the need for a well-run aid system is great: An estimated 8 million people in Sudan and Ethiopia continue to face the threat of starvation unless emergency food reaches them.

"A way of life is in utter jeopardy," said the Rev. Kiflemarian Fadega, an Ethiopian priest who is working to get food to areas where thousands have died.

IN ERITREA: WAR KILLS IF FAMINE DOESN'T

(By Timothy M. Phelps)

ORATA, ETHIOPIA.—Orange, gooey and smelling like kerosene, thick globs of napalm still smolder nine days after the attack.

Burned fragments of grain sacks are all that remain of one family's makeshift tent, the only survivor a 2-month-old baby. Fifteen-pound chunks of razor-sharp shrapnel litter the ground. A tin of American-donated cooking oil balances on the edge of a bomb crater.

This camp for Eritrean refugees from drought and war is an eerie ghost town. Its 7,000 inhabitants, mostly women and children, are all up in the mountains, cowering under rocks for fear that the planes will return. They come back to their huts only at dark.

The United Nations says the Ethiopian government is feeding 80 percent of the population of its rebellious northern province, yet the only ration these refugees get from Ethiopia is napalm and steel.

Their food is American and European grain shipped to Sudan and trucked across the border by the Eritrean Relief Association, the relief organization of Eritrean rebels.

"You know, Mengistu [Ethiopian leader Lt. Col. Mengistu Haile Mariam] says, "To finish the fish you have to dry the sea,' "says Yousief Tedla of the Eritrean Peoples Liberation Front, which charges that Colonel Mengistu is trying to depopulate Eritrea through starvation and military attacks on civilians.

People are no longer starving at this camp several hours' drive from Orata, one of the front's chief mountain strongholds, but refugees are still dying.

Nine people, including six children, were killed on an attack by Ethiopia's Soviet-made MiGs several weeks ago. Twenty-two more were injured.

"We were sitting inside the hut when the planes came," said 5-year-old Menet Habte, who stared expressionless, wide-eyed and uncomprehending, from her hospital bed in Orata. A plastic bag is doing the work of her intestine, which was severed by shrapnel. Her big eyes are haunting white rings of horror around the black center of war.

"I was sitting with my older sister, and my little brother was sleeping. There was a sound of jingling iron and it hit me," she said.

The child's mother was killed in the attack, and her sister also injured. Her brother is at the camp orphanage.

"The front line is 300 kilometers [180 miles] long. They can bomb it as they like," said Fesseha Gebrehiwet, an official of the liberation front whose gray hair and pain at the sight of the child make him seem twice his 31 years. "But not this camp.

"They know these are the future generations of the Eritrean people. They want to exterminate us."

Yemane Dawit, the 33-year-old director of the refugee camp, said four planes—two MiG-21s and two more advanced MiG-23s—attacked the camp at 9:30 in the morning. The terror lasted for 45 minutes, he said, as the planes fired rockets, dropped 28 demolition bombs and twice spread deadly napalm. There undoubtedly would have been many more casualties except that the camp's huts are scattered, with air raids in mind, over a large area.

The Eritreans have learned they can listen to the pilots by tuning their radios on the FM band. Mr. Yemane said the pilot of the first plane to appear that morning was heard to report that he had seen women and children and that some of the women had started running. Then the MiGs attacked in classic style, coming from different directions.

The radio conversations indicate that the Ethiopians clearly knew what they were attacking, Mr. Yemane said. Certainly, it would be hard to mistake this cluster of makeshift huts, many made of grain sacks in the unmistakable style of refugee camps, for a military installation.

When the camp was visited by a *Sun* reporter and photographer after the attack, there were only a handful of armed men and women among the 7,000 refugees, usually older men clutching Soviet-made Kalashnikov rifles as if they were of any value against the speeding jets.

The jets came back at noon, Mr. Yemane said, but did not renew the attack. At 3, they came back again and dropped 10 bombs. The refugees by then were all in hiding away from their huts, and the only casualties of the second attack were precious goats. Their charred remains still littered the ground.

Nine days later, the refugees were still in hiding, 7,000 people crouching like cave-dwellers under rocks covered with branches from thorn trees. In the valley below, their huts, the clinic, the nursery were all empty.

The 550 orphans in the camp were hiding behind boulders bigger than trucks. The absence of sanitary facilities in their makeshift hiding place was evident from the strong smell of human waste. About 50 children surrounded each of the foreign strangers, climbing up to their faces like the flies that stick to the children's eyes. The children, their heads shaved to prevent lice, push up the strangers' sleeves to see whether the skin underneath is also white.

Soon it is lunchtime. A boy of perhaps 5, wearing a shirt but no pants, offers one of the strangers his bowl of plain rice. This rice is the main meal of the day. For breakfast there is only tea and bread, for supper milk and bread. The eye of one little boy oozes with infection, attracting more than the usual ration of flies.

As is true of other Eritrean refugee camps, there is sufficient grain stockpiled to ensure that no one goes hungry, though there is not an adequate supply of medicine and supplementary foods, such as milk powder, that are necessary to ward off malnutrition. The bombing does not appear to threaten the food supply, which is trucked in at night.

The women, most of them with children, are scattered through the desolate narrow ravines above the camp, where nothing grows but cactus and thorn trees, and where the rocks seem to threaten a landslide at any moment.

Attacks on refugee camps are not unusual, according to the liberation front. Two weeks after the camp near Orata was attacked, another camp was attacked by MiGs and helicopter gunships in Senhit province, according to the Voice of Eritrea radio station, killing four and injuring 12. An American relief worker confirmed seeing some of the wounded.

The Eritreans and rebels in neighboring Tigray province charge that the Ethiopians also burn crops in rebel areas or confiscate them for military use. Much of relatively bountiful harvest expected to begin next month may be lost in this matter, they predict.

Bolstering the charges that the Ethiopians are willing to attack civilians as well as soldiers, a private American relief official in Khartoum, Sudan, said their staff members had confirmed instances of wells in rebel areas being poisoned with arsenic, allegedly by the Ethiopian military.

An Ethiopian pilot captured by the liberation front when his MiG was shot down told *The Sun* in an interview that it is the policy of the Ethiopians to shoot anything that moves. The pilot, who was interviewed in the presence of his Eritrean captors, said he never had explicit orders to attack civilian targets but that the distinction was difficult to make.

HALTING REBELS COMES BEFORE HALTING HUNGER

(By John Schidlovsky)

ASMERA, ETHIOPIA.—The Soviet MiG fighter jets—two, three, four of them—swooped down on the heavily guarded runway here quickly, lightly, like hawks setting on a ridge.

"They're staging a little show for our benefit," an official of Catholic Relief Services said with irritation as he and three American bishops sat waiting, in the heat of a small plane, to fly to a food-distribution camp.

The message sent to the bishops was symbolic. Here in Eritrea, the country's northernmost region, the Ethiopian government has far more important, and deadly, busi-

ness than smoothing the way for American visitors or feeding its hungriest people.

Using its 320,000-man army—the largest in sub-Saharan Africa—the Ethiopian government has been waging an intense military campaign against well-armed rebels in the northern regions of Eritrea and Tigray.

The intensity of the war illustrates the fact that despite a yearlong famine the Ethiopian government says has left 500,000 dead of starvation, the regime in Addis Ababa has put its military and political concerns far above famine relief.

"The number one priority of this government is ensuring its own survival. Second is winning the war in Eritrea. Relief is way down the list," said a veteran Western diplomat in the country's capital.

Even the Ethiopians agree.

"We are fighting terrorists," said Berhane Deressa, a deputy commissioner of the Ethiopian Relief and Rehabilitation Commission. "Like any government in the world, we have a duty to combat terrorism."

Government officials say the rebels, or "bandits," have prevented deliveries of relief food into remote areas. In some cases, the rebels have deliberately destroyed food aid, the government charges, and some Western relief officials confirm that charge.

"The rebels in Tigray have blown up some of our food trucks," said John Alderliesten, a Canadian working for World Vision, an American relief agency.

The rebels, for their part, maintain that Ethiopian authorities have sabotaged food deliveries in the northern, rebel-held areas. Each side in this Marxist-vs.-Marxist conflict has proof of wartime atrocities.

Whichever side is right, one thing is clear: The Ethiopian government's determination to put down the rebels has slowed efforts to bring food aid to famine victims.

As the relief effort goes into its second year, a host of serious logistical, political and organizational problems remains unsolved. There are too few working trucks. There is squabbling among relief agencies and a lack of trained Ethiopian aid workers. The country's precipitous terrain keeps food from reaching remote hilltop hamlets.

But above all, political factors have hampered food distribution. Some examples:

Food relief in the north has been subordinated to the war effort, now in its 24th year, against Eritrean rebels.

A small amount of food aid has been diverted to the army and, according to some foreign observers, to reward some urban residents for their political allegiance.

The Ethiopian government's relief agency has suffered from the regime's suspicion of, and antipathy to, Western relief workers.

Thousands of people have been resettled, some by force, in a government program to reduce famine pressure. Some vehicles intended for food distribution have been used instead to resettle people hundreds of miles from their homes.

At the same time that politics—in the form of the Ethiopian government's priorties—has affected food relief, the massive infusion of food aid has also shaped Ethiopian politics in a fundamental way.

"There's no question the relief operation has helped the government stay in power," said a Western diplomat.

Food relief, like everything else in Ethiopia, is distributed according to the priorities set by the government of Lt. Col. Mengistu Haile Mariam, a member of the group of officers that seized power in 1974 and undisputed strong man since 1977.

The most obvious example has been here in the north. For months, while the Ethiopian army readied and then carried out its offensive against Eritrean rebels, little or no food reached populations outside the region's main cities.

Last spring, the government was so busy unloading vessels with Soviet arms at the port of Assab that grain ships there were all but neglected. The United Nations lodged a formal protest with the government, which resulted in an apparent change in the priority.

Meanwhile, thousands of drought-affected residents in remote northern areas had little to eat.

"Multitudes have reached the point of perishing from hunger," said the Rev. Kiflemarian Fadega, a Catholic priest and relief official in Keren, an Eritrean town near the scene of recent fighting.

Only in the last two months has the government allowed two relief agencies—World Vision and Catholic Relief Services—to open food-distribution centers along with the Red Cross in the contested areas. Relief workers must travel with armed convoys to the centers.

Eritrean rebel leaders claim that Ethiopian authorities prevent some hungry peasants from reaching those feeding centers by operating checkpoints on the way to the centers to screen people for their political allegiances.

Those charges are denied by private relief workers, who have interviewed thousands of individuals.

"The government does not impede anyone from coming to the Center," said Brother Cesare Bullo, a Catholic relief worker from Italy.

Relief officials do say, however, that many peasants are reluctant to approach the government-run feeding centers because of fears they may be drafted into the Ethopian army or forcibly relocated. Some say simply that they won't go because "that is the enemy."

Critics of the Addis Ababa regime say it is nothing new for the Soviet-backed government to control food distribution. In urban areas, residents are organized into local citizen groups called kebelles. If a group's political zeal declines, so may the amount of food and other commodities the government allocates to its district.

"This government has always used food as a political weapon," said an African diplomat based in Addis Ababa. "It is doing the same with relief."

Despite such practices by the regime, Ethiopia's relief agency, the Relief and Rehabilitation Commission, wins high praise from nearly all foreigners involved in the huge relief effort—A $1 billion drive financed by dozens of nations and operated by 47 private relief organizations.

The commission, created 11 years ago, is described as filled with honest and hard-working officials who do a good job despite the government's military-oriented budget.

"Its track record is damn good," said Frank Carlin, director of Catholic Relief Services in Ethiopia.

But the commission, a relatively low-ranking body in the government, must fight a delicate, internal battle with Ethiopian military rulers who are wary of the commission's close involvement with Western relief workers.

"There are too many expatriates [non-Ethiopians] working in Ethiopia," said Tefari Wossen, a commission spokesman, echoing a growing concern of the regime. "Some are really not needed here."

Some Eritrean rebels have charged that the Ethiopian government has diverted relief food to members of the army. Foreign relief agencies—which distribute 60 percent of the food aid in Ethiopia—say there has been a minimum of diversion, far less than has occurred in other nations with military regimes.

"You can't stop those who have weapons from feeding themselves first," said one Western diplomat who has extensively toured the country. But he said only a "small portion" of aid has been commandered by the army.

The current Ethiopian government gets good marks from CARE, the relief agency that has monitored all of the food supplied by the U.S. government directly to the Ethiopian government. They say all 50,000 tons of the bilateral aid have been fairly and honestly distributed to famine victims.

"The donations to the Relief and Rehabilitation Commission were properly utilized," said E. Krishna, CARE's deputy director in this country.

Ethiopian authorities dismiss the allegations of diversion as fictions spread by the government's opponents.

"Those are politically motivated charges," said Mr. Berhane of the relief commission. Even with the drought last year, he said, Ethiopia harvested or purchased more than 5 million tons of grain, enough to feed 75 percent of its people.

"There is enough food to feed everyone in the urban areas and all the soldiers," he said. "The shortfall is only in the drought-stricken areas."

In Addis Ababa, certainly, there is no shortage of food. At the city's huge Mercato Market, the stalls are heaped high with vegetables, fruits, spices, eggs and chicken, as well as fragrances such as frankincense and myrrh.

At restaurants such as Castelli's, urban diners can choose from a wide variety of Italian pasta, cutlets, antipasto and cassata ice cream. For $30, one can buy a bottle of French or Italian wine.

Even for the vast majority of Addis Ababa residents who cannot afford such luxuries, there is plenty of injera, the flat, pancake-like bread on which heaping portions of wat, or stew, are served in a typical Ethiopian meal.

Not is there a critical food shortage in Ethiopia's lush southern and western regions, where coffee trees grow the beans that produce the nation's major cash crop.

It is there, in the regions of Iiubabor, Kefa and Walega, that the country has focused its efforts to resettle thousands of Ethiopians from the north—a drive that is perhaps the most significant way the government is using the famine for political purposes.

More than 180,000 families—more than half a million people—have been moved from the drought stricken areas of Tigray and Wello in what authorities say has been a voluntary migration to more fertile land. Government officials say the resettlement program is a humane way of getting peasants off worn-out land to more farmable areas.

Critics, including the American government, say the program has been conducted by force and has been used to depopulate areas in Tigray and Wello regions where rebels have sought civilian support.

"In general terms, resettlement is an excellent idea," said one Western diplomat, "but in implementation in Ethiopia it has been disastrous."

Relief workers say many peasants have left the resettlement areas when they found

there was no water and no health facilities at their new homes.

WESTERN AID DOESN'T SOFTEN MENGISTU

(By John Schidlovsky)

ADDIS ABABA, ETHIOPIA.—He is the most photographed of all Ethiopians. Only Marx, Engels and Lenin are more visible in posters around this city.

He is Lt. Col. Mengistu Haile Mariam, Ethiopia's ruler, commonly known in this mile-high capital as Colonel Mengistu, or, simply, The Chairman.

He is everything that counts in this African nation. The *Ethiopian Herald*, the government-run newspaper, makes that clear when it unfailingly refers to him as:

"Comrade Mengistu Haile Mariam, the General Secretary of the Central Committee of the Workers Party of Ethiopia, Chairman of the Provisional Military Administrative Committee and Commander-in-Chief of the Revolutionary Armed Forces."

Colonel Mengistu, whose anti-imperialist rhetoric has not paled despite $1 billion in famine assistance from the West, is the head of the PMAC, called the Dergue, the Amharic word for committee.

It is the Dergue that has held absolute power in Ethiopia since 1974, when Colonel Mengistu and other junior officers overthrew Emperor Haile Selassie. The emperor's tottering regime fell in the wake of a famine the emperor's government tried to cover up.

How has the Dergue stayed in power? Western food aid and Soviet weapons have probably helped the most. But there has been another factor.

"They're young, they want to get older, and they're brutal," said a Western diplomatic observer here.

That ruthlessness evidenced itself most in 1977, when the Dergue exterminated thousands of students, intellectuals and other political opponents in what became known as the Red Terror. Colonel Mengistu personally shot to death a member of the Dergue who opposed his hard-line policy. Since 1977, all urban opposition has been stifled.

It was that year that Ethiopia turned to the Soviet Union for military assistance against Somalia, which had invaded the Ogaden region in southeast Ethiopia.

With Soviet weapons, Ethiopia soon defeated the Somalis. But Soviet arms never stopped flowing into this strategically situated country. In the last nine years, Moscow has provided Colonel Mengistu's government with more than $3 billion in arms.

The Soviets, in turn, have settled into formerly American-manned military bases in Ethiopia and opened new ones. On the Dahlak archipelago, a group of islands in the Red Sea, the Soviets have set up a major electronic eavesdropping facility that lets them listen to traffic in the world's key oil-shipping lanes.

Meanwhile, Colonel Mengistu has used Soviet aid to build up Africa's second most powerful army (only Egypt's forces are larger). The army has concentrated its impressive firepower in the north, against rebels in Eritrea and Tigray.

In Eritrea, the government is fighting the 24th year of a civil war against Marxist secessionist rebels led by the Eritrean Popular Liberation Front. In Tigray, the army is fighting the smaller Tigray Popular Liberation Front, another Marxist group seeking autonomy for the region.

Critics say the Dergue is far too obsessed with fighting the rebels. At least 50 percent of the nation's budget goes for defense. Relief officials say more should be spent on development rather than on a war that has dragged on for two decades and may be unwinnable.

But even many observers who have no love for the Dergue say it is unfair to ask Addis Ababa government to ignore what it sees as its legitimate defense needs.

"How can you ask this government, or any government, to put its security needs below relief? If you do, you're asking this government to do things that no-government has done anywhere else," said one diplomat who has often been critical for the Dergue.

RUTS IN DESERT ARE ERITREA'S GRAIN LIFELINE

(By Timothy M. Phelps)

Brand new Mercedes trucks loaded with grain leave the ancient yellow ruins of Suakin, 40 miles south of Port Sudan, and head south into the desert. A red sun is setting over the Red Sea Mountains, for this convoy of mercy must travel at night to avoid attack by Ethiopia's Soviet-built MiGs.

It is an open secret that the trucks and the grain, both provided but not acknowledged by the United States, will cross illegally from Sudan into rebel-held territory in Eritrea, the contested northernmost region of Ethiopia.

They will arrive far too late for the thousands of Eritreans who starved to death while the United States tried to decide whether or how to provide transportation for its urgently needed grain. In fact, after 12 months of delay, the trucks are arriving when conditions in Eritrea are better than they have been for four or five years.

Yet there are still hungry people in remote regions, and without continued help perhaps a million more Eritreans would soon be starving again. So the huge green cargo trucks head down the main road, distinguishable by vestiges of broken pavement that form a kind of median strip for two tracks through the sand and by the utility poles, each of which has a big white and black vulture perched on top.

They follow, at least for now, the same route that a Sun reporter and photographer have just taken into and through Eritrea, the first journalists to tour the area since the end of two months of heavy rains—rains that disrupt food distribution at the same time that they bring the hope of food production.

ORATA, ETHIOPIA.—We turn off the so-called main road to Tokar and head west, then south again, on a track that is alternately hard and rutted or soft and deep with sand. Nothing grows in the stubbly desert but cactus and stunted thorn trees. Nothing moves through its nighttime but food trucks, our Toyota Land Cruiser and an occasional skeletal mouse the size of a peanut.

All traffic comes to a halt at the Eritrean equivalent of a truck stop. We sit on a stone bench under a round canopy, and a one-legged war veteran serves us sweet tea flavored with cinnamon, a plate of spaghetti, seven forks and a pitcher of sour beer made of fermented wheat. Then our Eritrean companions want to push on.

We have already traveled six hours through a desert still hot at night, but we have five hours to go before we are across the border into Eritrea.

First we must cross the Baraka River, one of the main obstacles for the cross-border operation that will deliver 36,000 tons of American grain and a like amount of European grain to Eritrea this year. During the rainy season just ending, grain trucks may be stuck here for days waiting for the water to go down.

In fact, a Toyota is stuck in the low but still muddy river ahead of us. But from the truck stop the Eritrean equivalent of a tow truck is summoned, a huge, very powerful Soviet truck captured from the Ethiopians that is used exclusively to pull other trucks through the mud. Our tow takes but a few minutes.

The road south is barely discernible, and several times our experienced Eritrean driver must stop to ponder the route. A bulldozer tries to push away the sand to uncover the hard Eritrean dirt that the empty grain trucks bring back with them to the Sudan. The Sudanese government not only does not maintain this road, it has asked the Eritrean to donate some of their dirt to other roads in the region.

At 2 a.m., a two-hour rest stop is decreed, and we stretch out our sleeping bags on the hard rock beside the road—desert sand is being replaced by desert rock as we approach the mountains of Eritrea, already etched into the horizon by brillant amber moonlight. Swarms of mosquitoes cannot keep sleep away.

First light finds us in a narrow mountain gorge, with hundreds of fighters encamped beside the road. (The Eritreans, who eschew ranks, titles and uniforms, insist that they are fighters, not soldiers.) We pass a caravan of a dozen camels, and they, too, are carrying grain for Eritrea.

By 5:30 it is clear daylight, and all traffic—food trucks and military vehicles—is pulling off to the side of the road under thorn trees. The drivers are busy covering their vehicles with tarpaulins and cut branches.

It is not clear—intentionally—when or even whether we have left the Sudan.

Our driver wants to continue to the Eritrean center at Orata but is told he must not, because the MiGs have become increasingly active even in the early morning and late afternoon hours.

A few weeks earlier, not far from here, two grain trucks were napalmed after they were caught at daybreak by Ethiopian MiGs, according to Eritrean and Western relief officials.

We spend the day in stone hut, perfectly shaped from flat stones like the most symmetrical of New England stone walls. Exhausted as we are, the flies, three per square inch, make it impossible to sleep.

At 10:30, as the African sun adds to the misery caused by the flies, there is a new and much more intense discomfort—the sound of MiGs. Apparently, they see nothing.

The evening takes us on a two-hour ride up and down a mountainside, with treacherous switchbacks overlooking drops of thousands of feet. The diver doesn't even slow down. The trucks too big for this road must drive up a riverbed, over rocks the size of basketballs.

It is a wonder, how this small would-be nation can be fed this way.

We arrive in Orata to the terrifying sound of airplanes and gunfire. It is well into the supposed safety of darkness, but the Ethiopians are not playing by the rules. They have recently started bombing at night from the slower Soviet Antonov, which is what attacked the Orata area just before we arrived. The gunfire is Eritrean antiaircraft.

Over the next two weeks, we are frequently frightened by the sound of MiGs and Antonovs, though the many dozens of buildings at Orata—including a 1,200-bed hospital—are so well camouflaged they are close to invisible from the air.

One night, as we stand on an open plain about to leave a nearby refugee camp, we hear the drone of an Antonov and trace its lights against the bright midnight stars. After a minute or two there is a series of bright red flashes in the distance followed by the sound of explosions.

The night bombing serves to slow down the steady tickle of food (and military supplies) into Eritrea because the grain trucks must drive as much as possible without headlights. But the bombing is haphazard and seldom effective, so the food keeps coming.

We are outside of Sheeb, a regional garage where Eritrean mechanics make spare parts for food and military trucks with tools made from Soviet bombs and rockets, watching food being parceled out on the edge of a refugee camp administered by the Eritrean Relief Administration, an arm of the rebel government.

According to American and European relief workers, the Eritrean agency and its counterpart in the neighboring and also rebellious region of Tigray are among the most efficient and effective relief orgainzations in the world.

Because of the fighting, these organizations are solely responsible for the distribution of food in their areas (unlike the Sudan, where 61 volunter organizations are at work).

The scene at the camp is more like a painting by Rembrandt than the image of near-riots of starving people now familiar in the West. A bearded Eritrean Relief Administration worker sits at a table overlooking a pile of grain and several hundred refugees, mostly nomads. The turbaned men in simple white cloth skirts or ropes wait patiently for their names to be called by the official, who reads by the light of a lantern from a list that includes the number of people in each man's family. Each portion is carefully measured out.

In Sheeb earlier that day, we interviewed four key officials of the relief agency, who sat around a slate table with legs made of shell casings for Soviet tanks.

"We say that the crisis is not over," said Gebremichael Menghistu, secretary-general of the agency. "It's true that this year the rains have been good. Having said this, it is important to bring to the attention of the international community that the situation in Eritrea is not the result of one or two years of drought and not simply a natural disaster."

It is five years of drought and 24 years of war that have created a problem that will extend into the foreseeable future, he said.

Though the rains have been more than good, the harvest that will begin in late November will not be so bountiful, Mr. Gebremichael predicted, because a quarter of the population, displaced by war and drought, was not around to plant; because many who did plant were too weak to plant very much; and because some of the seed, tools and oxen needed to plant were not available.

"A substantial section of the agricultural community was not in a position to farm their land," he said.

Mr. Gebremichael offered a "guesstimate" that at least a million of the 3.5 million Eritreans will continue to need assistance through 1986, meaning as much grain will be needed next year as got through to Eritrea this year.

Even now there are people starving in areas trucks can't reach, he said, but the 120,000 people in 31 camps and the many others receiving help in their villages have enough grain, though not enough medicine, cooking oil, milk powder and other foods needed to ward off malnutrition.

It is impossible, Mr. Gebremichael said, to estimate how many thousands of people have already died, because by tradition families do not make their losses public. Many of those who died would not have if the United States had moved more quickly to provide the trucks it first started talking about a year ago, he said.

Sources sympathetic to the U.S. position say the delay resulted from a combination of typical bureaucratic processing and indecision over whether to buy or lease the trucks.

"In an emergency, time is the most important factor," Mr. Gebremichael said. "We are talking about people facing starvation. For the Americans to say they have just delayed, I don't think it is true.

"We are talking about drought that was recognized by the international community in October 1984. So I leave it to your judgment.

Mr. Gebremichael and some Western relief workers think the United States was simply trying to use the threat of beefing up the cross-border operation as a means of pressuring the Ethiopian government to provide aid to the area.

"It is impossible to believe that if the State Department was really interested in getting trucks to any part of the world they wouldn't turn up the next day," said one Western relief worker. He said that private agencies had not provided trucks themselves because the United States had already promised to.

"This is not a football that can be kicked around."

The 65 new trucks from the United States and others arriving from Europe will boost the Eritrean Relief Administration's delivery capacity by 50 percent, enough to make dramatic improvements that can be sustained if the Western donors agree to renew their commitment of food for next year and if the war does not further damage the harvest, Mr. Gebremichael said.

But 12 hours after we left Eritrea, the Ethiopians invaded on three fronts, raising the possibility that much of this year's crop could be destroyed.

FIRST STRIFE, THEN FAMINE—AND NOW FOOD

(By John Schidlovsky)

HAGAZ, ETHIOPIA.—They've walked a day or more to get here, some leading their camels or donkeys, through the steep and parched hills of Eritrea.

They've trekked here for food—for survival in a drought-stricken war zone where government soldiers stand with rifles ready against attacks from rebel guerrillas.

"People have been eating wild fruits that only camels and goats eat," said the Rev. Kubrom Tzegai, a Catholic relief worker in this arid town of 6,000 people.

Here in Eritrea, the northernmost region of Ethiopia, the threat of starvation has humiliated the proud nomads who have walked hard, hot miles to get a small part of the million tons of food relief sent by the world.

Until two months ago, little or none of the food was getting through to this district. The reason: People here were victims of a double disaster—war and famine.

In one of the fiercest campaigns of a 24-year-old civil war, Ethiopian troops have been battling rebels of the Eritrean Popular Liberation Front for much of this year.

Now, following major government victories, Ethiopian authorities have allowed the Red Cross and foreign relief workers to open a half-dozen new feeding centers for victims caught in war zones in Eritrea and in Tigray, another region beset by civil war.

As a result of what is dubbed the "northern initiative," thousands of people previously cut off from aid are now being registered for famine relief, and food is beginning to arrive in trucks.

"The word is getting out to the people," said Frank Carlin, director of the Ethiopian office of Catholic Relief Services, which operates a new food-distribution center here.

Not everyone agrees.

Rebel leaders in Eritrea and Tigray accuse the Ethiopian government of doing nothing to feed the people who live outside government-held towns.

But a government-led tour of four new feeding centers on the fringes of rebel-held land found that a substantial effort apparently is under way to feed people who walk in from rebel territory.

"We now have 50,000 people at our center," said Henry Rudlinger, a Swiss representative of the International Red Cross in Idaga Hamus, a town in drought-stricken northern Tigray.

In Keren, a heavily fortified district capital a few miles from rebel-held area in Eritrea, thousands of people have begun receiving food at a new center set up by Catholic Relief and the Ethiopian government.

In all, relief workers say, they will now be able to feed 300,000 people through the northern initiative operated by U.S. relief agencies in Tigray and Eritrea.

Relief workers say the reason rebel leaders denigrate the northern initiative is simple.

"Our efforts are bolstering the government," said John Alderliesten, transport manager for World Vision, which runs a new feeding center in Tigray. "The rebels figure they would have won the war by now if we had done nothing."

Mr. Alderliesten and other relief workers say they have told Ethiopian authorities that much more needs to be done in the northern regions.

The United Nations and the Red Cross say food aid is now reaching 80 percent of the 2.5 million famine-affected residents of Eritrea and Tigray, but it is difficult for anyone to be sure.

"There are still huge areas we can't get into," said Pat Banks, communications manager for World Vision.

War is only one hindrance.

In Tigray especially, the Ethiopian topography is some of the most rugged in the world. Thousands of people live atop steep, ravine-creased mountains where there are no roads between villages.

Even when there are roads, there are too few trucks available to provide adequate deliveries.

"We have the road open, but the lack of trucks prevents us from reaching the people," said the Rev. Kiflemarian Fadega, a Catholic relief official in Keren.

The road the priest referred to is the main paved highway running from Asmera, the capital of Eritrea, west to the border with the Sudan.

In a major military offensive completed this summer, the Ethiopian army recaptured all the towns along this key road, including Barentu, which had been taken by rebels in the spring.

Among the prizes captured by the government: a 10,000-acre farm planted by rebel-led workers at Ali Ghidir, at the Sudan border.

Now, with government control firmly established, U.N. and private relief officials are pressing authorities to open additional feeding centers all along the road.

"There's a need for more distribution points along the road," said Kurt Jansson, U.N. assistant secretary-general for emergency operations in Ethiopia.

Mr. Jansson said Ethiopian relief officials have done as well as could be expected in getting food into Tigray and Eritrea. He says logistics, not politics, has kept food shipments out of some areas.

"There has been no deliberate attempt to deny food to people from rebel-held areas," said Mr. Jansson, who has just completed a year's assignment as the United Nations' top monitoring official in the country.

The United Nations has occasionally been criticized for reflecting the views of member governments in an effort to preserve neutrality.

Ethiopian officials concede that the war in the north has prevented food-relief deliveries. But they deny rebel allegations that the government has been unwilling to provide food to people in rebel areas.

"That is hogwash," said Berhane Deressa, deputy commissioner of the government's Relief and Rehabilitation Commission, which coordinates Ethiopia's food-aid effort.

Despite the government's protestations, foreign relief officials say Addis Ababa authorities have had to be repeatedly prodded to open even the few feeding centers now operating in the north.

"The government has done everything to make the process slow and to keep it under its control," said a Western relief official.

One example, he said, is that Ethiopian authorities often delay issuing foreign relief workers travel permits, without which they cannot move around the country.

Western relief officials have also attacked the Ethiopian government for being unwilling to try taking food under "safe passage" assurances through areas contested by Eritrean or Tigray rebels.

Guerrilla leaders say they have offered such passage for government food trucks. But authorities in Addis Ababa say they will not cooperate with "bandits," as they refer to the rebel groups.

Western diplomats say the Ethiopian government views a safe-passage agreement as an implicit recognition of the rebel groups, something Addis Ababa won't do.

"They won't even talk about it," said one foreign envoy based in the Ethiopian capital.

Some Western relief officials say they are sympathetic to Addis Ababa's protestations about the difficulties of trucking food to contested areas.

"The security concerns are very real," said Cameron Peters, transport director for Catholic Relief. "You can't send a truckload of food if you're going to lose not only the food but the truck to people who are trying to overthrow the government."

Because of security problems along roads in Tigray, much of the food that comes in to the region's main city, Mekele, arrives on transport planes.

A recent visit to Mekele—the scene of a huge refugee camp a year ago where thousands lay dying of starvation—showed how successful some famine-relief efforts have been.

"Last time I was here, there were 20 to 30 people dying a month," said Keith Sherer, a sanitary engineer with Catholic Relief who came to Mekele in April.

Since then, about 70,000 people have been judged well enough to return to their villages, where recent rains have turned fields green for the first time in years. Today, only about 2,000 ill refugees remain in Mekele.

Mekele is a success story—to a point. Although there is now plenty of food in Mekele's warehouses, the food is not getting out of Mekele into outlying towns as fast as it should.

In Adigrat, for example, a town about 75 miles north of Mekele, relief officials say they are desperately in need of food to distribute to 52,000 people who come for monthly rations.

"We are stuck for transport," said the Rev. Mesghenna Wolder, who has worked with famine victims for more than a decade in this part of Tigray, where famine is endemic.

Recently, a truckload of medicine reached Adigrat, where hundreds of malnourished children receive medical help. But Mr. Mesghenna was not cheered by the delivery.

"We need food. Without food, the use of medicine is useless," he said.

The priest led a group of visitors to a small stone building. Once an Adigrat school house, the structure had been converted to a food warehouse. On this day, only a few bags of dried milk powder remained.

"Three months ago, this warehouse was full," said Mr. Mesghenna. "Today, we are giving out the last of our food."

The situation was similar in Idaga Hamus, where hundreds of peasants had gathered for food rations.

"We are doling out the last grain today," said Cesare Bullo, a Catholic relief official from Italy, who works closely with Red Cross officials in the town. In a former farmers' hall, a few score bags of bulgur wheat remained, far less than what was needed.

World Vision and Catholic Relief officials say they expect to put into service dozens of additional trucks in the next few weeks. Trucks of the government's relief commission—half of whose 450-vehicle fleet is often out of order—now make most of the rugged trip along the road from Mekele.

Some of the trucks have fallen victim to war. Relief officials say guerrillas of the Tigray Popular Liberation Front have blown up some food-carrying vehicles.

The transport problem has frustrated relief officials who see the "northern initiative" as the best opportunity in months to distribute food to areas previously unreached.

"We're in a position to respond to new areas, because of the fluid situation on the road to Barentu," said Mr. Carlin of the Catholic Relief effort in Eritrea. It takes only 2½ days to haul grain from Asmera to Barentu, but not enough trucks are available, he said.

FOOD NEARBY; ERRORS HURT DISTRIBUTION

(By Tom Horton)

NYALA, SUDAN.—Food, tens of thousands of tons of it, was never that far away during much of the famine that has affected millions of people in this remote region known as Darfur, near the geographical center of the African continent.

Although one of the largest and most expensive food-aid operation ever mounted clearly helped to prevent the massive starvation once feared here in western Sudan, it also is clear that many people died even as abundant food piled up in Sudan's seaport and in storehouses and railyards.

Much of the tragedy could have been averted had things gone right at any of several critical junctures, beginning more than a year ago.

What happened illustrates a number of failures, miscalculations and inherent weaknesses in the international food-aid system—and also the large measure of plain bad luck that is all too easy to come by in a country that is the size of all the states on the U.S. Eastern Seaboard but lacks roads, fuel, communications and an effective government.

At the center of the issues raised by the relief efforts in Dafur has been the U.S. Agency for International Development, which in the fall of 1984 said it would ship enough grain to the drought-stricken western Sudan region to meet its total food requirements.

Crucial to AID's plan was the early shipment of enough food to create a stockpile in the west of 60,000 metric tons by June 1985, before the summer rainy season made transportation difficult to impossible.

The AID plan was ambitious, and it was a bit unusual because the agency usually provides food and other resources for international relief efforts but is not particularly geared to organize and run them, as it undertook to do in Sudan.

AID's entry resulted largely from frustration after several months of foot-dragging on the Darfur famine by the United Nations, whose World Food Program organization would have been the logical agency to coordinate famine relief there.

Top U.N. officials in Rome had consistently refused to acknowledge the building crisis in Darfur—a crisis that had been developing since crops there failed in 1983—despite four separate U.N. field missions to the area in 1984 and repeated, urgent pleas for intervention from U.N. officials in Sudan.

"Basically AID had to step in because the U.N. hadn't the guts," said Andrew Timpson, director in Sudan of Save the Children Fund, a British relief organization active throughout Darfur.

"The U.N. didn't even give the private groups moral support," agreed an official of the League of Red Cross and Red Crescent Societies with experience in western Sudan.

The allegations of inaction "are absolutely right. . . . Something more was called for," said Winston Pratley, the U.N. assistant secretary general assigned to Sudan in recent months to get his organization's relief efforts on a better footing.

"The problem is that we work with sovereign governments, and when Numairy [Gaafar el Numairy, the Sudanese president deposed in April] said no crisis in Darfur, then we didn't make a public appeal for aid. . . . We are more or less obliged to keep our mouths shut."

Nonetheless, by January 1985 the U.S. strategy of delivering grain to the western Sudan by a combination of rail and private trucking firm, contracted out through the Sudanese government, was "operating like clockwork" in the words of an AID official in Khartoum.

Then came a lapse of more than six weeks between grain ships entering Port Sudan. AID said it had elected to hold off scheduling more ships until it saw how its transport system would work.

During this time, boxcars that had been assembled in "captive trains" devoted entirely to hauling famine-relief grain became scattered around the country because they were not allowed to remain idle and wait for the grain.

That marked the early stages of what would become full-fledged deterioration of performance by the government-owned Sudan Railway Corporation.

By March, tens of thousands of tons of grain were once again flowing into Port Sudan, ready to be shipped under a second truck and rail contract similar to the first.

This time, however, more than a month would pass before the shipping contract could actually be signed. An early April coup in Sudan replaced President Numairy with a transitional military government headed by Gen. Abdel Rahman Siwar el Dahab.

"For weeks, there just weren't any buttons to push, and the rains were getting closer," an AID official in Khartoum recalled. AID would later be criticized for its heavy reliance in a country such as Sudan on local private enterprise to deliver food aid.

One example of how such reliance hindered the relief effort in the second grain delivery contract was a sticking point reliable sources said was much more specific than "just the coup."

A Sudanese businessman, Adam Yagoub Haroun, had unsuccessfully attempted both outright bribes, including one to an AID official, and use of his connections with the chairman of the board of Sudan Railways Corporations to secure both the first and second trucking contracts for famine-relief grain, the sources say.

Mr. Haroun, now in a Sudanese jail on unrelated charges, was excluded from consideration for the second contract, even though he was the low bidder. [The sources say his bid proposal called for AID to supply him with extraordinary quantities of fuel, which, it was feared, he would sell on the black market for a substantial profit.]

The new Sudanese government insisted that Mr. Haroun not be excluded, and his family's trucking company currently is a subcontractor on the grain contract, apparently performing without any problems.

By May, AID was nearing its last chance to make good on its famine-prevention stockpile in Darfur before the summer rains. By then, however, Sudan Railways inexplicably had almost ceased to give priority to hauling grain, despite several direct and well-publicized orders to do so from the new government.

Shipments of sugar and even substantial numbers of empty rail cars were arriving in Nyalla instead, the latter sent to bring livestock to market, some of which were being sold because the people of Darfur could no longer afford to feed them.

Large stockpiles of grain accumulated at Koste, the White Nile town where trucks brought the grain from Port Sudan on one of Sudan's few paved highways for rail shipment 600 miles west to Nyalla, the end of the track.

The rail failure in turn shifted an uncomfortably large burden onto the trucking contractor, a Sudanese-American company called Arkel-Talab. Like all trucking companies in Sudan, Arkel-Talab relied heavily on subcontracts with privately owned vehicles for large contracts.

Beginning in May, the heavy demand for trucks to haul more grain to the west and other famine areas of the country had begun to touch off an explosion in the prices demanded by drivers.

By June, prices had tripled, and the Sudanese trucking industry was in chaos.

"It was just totally out of control for a while. . . . We ended up bidding against ourselves for some trucks," an Arkel-Talab manager in Nyalla said.

By July, the rains had begun, and a big rail washout essentially ended any possibility of meaningful contributions from Sudan Railways for several more weeks.

Despite the presence of more than a quarter billion tons of grain in the port and tens of thousands of tons at various points along the railway to the west, Darfur would spend the next few months at the end of a tenuous lifeline consisting of as much grain as could be carried by planes and brought through the mud by trucks.

In a procedure that only now is winding down, planes from five European countries and the United States lift off with fuel, grain and other food and medical supplies from Khartoum airport for remote dirt landing stips in Darfur, operating dawn to dark, seven days a week.

From Darfur, the supplies are airlifted to even less accessible villages, seven days a week, by three powerful Boeing helicopters under contract to the U.S. government.

Air connections temporarily are so good that a few relief workers who are installing airport lighting systems commute daily between their rooms at the Khartoum Hilton and these remote spots.

Meanwhile, during the rainy season that is just now ending, truck convoys have continued to struggle across the trackless hundreds of miles from Port Sudan, sometimes making daily progress measured in yards, sometimes becoming hopelessly stalled for days by flooded wadis, or gullies.

This "cavalry riding to the rescue" aspect of the whole effort, famine relief workers in Sudan note, has attracted plenty of press, politicians and dignitaries from several nations, and spawned legends about the difficulty of relief work in Sudan.

"Think of it as trying to get enough daily food from New York to a few million people around St. Louis, and the roads end in New Jersey," said an official of AID.

These highly visible efforts of the last five or six months are widely acknowledged to have been a key factor in staving off the worst of the starvation feared in Darfur.

The irony, as many relief workers acknowledge, is that none of it—the planes, the helicopters and the convoys fighting raging rivers and glue-like mud—would have been necessary if not for all the delays before the rains began.

Even the much heralded step of sending U.S. helicopters to the rescue encountered a delay of almost three weeks in midsummer, when many villages had already exhausted their previous grain shipments.

AID initially had decided to send in the Army to run the helicopter operation, which was to require a contingent of more than 450 troops, from mechanics to cooks, to do the job.

It was then decided that would be contrary to U.S. policy of using private enterprise wherever possible, and a $12 million contract was signed with Columbia Helicopters, an Aurora, Ore., company that by all accounts has been doing an admirable job using fewer than 30 people.

In mid-August, a U.N. review of the status of the famine in Darfur blasted the AID effort as an example "that anything that could go wrong has done so."

The review said that as of mid-July there had been enough grain entering Port Sudan to feed all of Darfur for 10 months. The review made no reference to the earlier U.N. failure to react to the famine.

The consensus among relief workers in Sudan, including many U.N. officials, is that AID, whatever its mistakes, deserves a huge amount of credit for taking the initiative.

"If it hadn't been for them gearing up last December, January and February to start providing grain to the west, you could have seen millions dying out there," said Samir Basta, director of UNICEF in Khartoum.

"No one performed brilliantly in this operation, including us," said Mr. Timpson of Save The Children, "but AID was the only organization that even tried to prevent this famine."

Most of the critics and many AID officials also agree that in the early going, no one fully appreciated the sheer scope and complexity of trying to mount a relief operation of almost unprecedented size in one of a difficult continent's most difficult countries.

"To an extent, Sudan defeats us all," and AID official in the country said.

AID MONEY EASIER TO GET THAN TO SPEND

(By Tom Horton)

KHARTOUM, SUDAN.—"In a sense, we've missed the current relief effort here," said Charles Moed of USA for Africa, whose "We Are The World" record had raised nearly $50 million by May to help end hunger in places like Sudan.

John James, Sudan field director for Band Aid, whose Live Aid concert in July raised tens of millions of dollars to "feed the world," said, "It's proven a damn sight harder to spend it than to get it, assuming you want to be effective."

Both organizations, probably the two richest and most charismatic private relief organizations in the world as famine peaked in Sudan and Ethiopia, increasingly find themselves facing relatively unexciting longer-term investments as the best use of the wealth collected from hundreds of thousands of individuals.

The world will be best fed, it seems, not just through food, which has been abundant in the ports of Ethiopia and Sudan for months, but also through "infrastructure," "logistical support capability" and spare parts.

For example, Mr. Moed, director of field operations for USA for Africa, has just come from Ethiopia, where he has decided to recommend that several hundred thousand dollars be spent to improve facilities in the port of Assab, including clutch-housing assemblies so more forklifts can be operated.

He said that the first $7 million of the "World" recording's bounty is only now about to be used for projects in several African countries. An additional $17 million "will be in the pipeline by November," he said (about $600,000 has been spent in Sudan for emergency medical supplies). "Yes, it's taken too long," he said, anticipating the next question, "and you bet, we thought it would be quick and easy to spend.

"But you get out here [in May] and you're slowed down by the realization that plenty of food is here—the problem is moving it—and by the fact that there are about 500

people in town, all of whom have extensive experience with world relief, and all have different ideas on how to solve the problem."

Mr. James, a British farmer, said Band Aid, the group that administers the bulk of the proceeds from the Live Aid concert funds, "has not dragged its feet but the impression could well be that we did, because I think people felt they would send some money and save some lives next month. . . . It's understandable."

In fact, Band Aid did burst upon the Sudan famine scene last summer with an enthusiasm and brash confidence that it could solve grain transportation problems when the experts were struggling to get enough trucks to move food clogged warehouses to starving people.

The group quickly spent more than a million dollars for a fleet of used trucks that had been rejected as not worth rehabilitating by several established aid agencies and local trucking companies.

Not until three months later has Band Aid gotten many of the vehicles rolling, and critics note that none of the trucks is suitable for off-road transportation, the most needed kind.

"They came in with all this talk about cutting all the bull and red tape and getting right through to the people," said Winston Prattley, the top U.N. official in the Sudan relief effort.

"What they underestimate is the time and energy involved to carry through on anything in Africa," Mr. Prattley said, adding, "I don't blame them for their attitude that we are bloated bureaucracies, but you can't run a bloody thing without some bureaucracy."

Mr. Moed and Mr. James, in separate interviews, both acknowledged a dilemma often noted by established relief organizations: that groups such as USA for Africa and Band Aid could accomplish more if they were less distrustful of spending through relief programs already in operation.

"We all could have done more, sooner, if we had the trust to send cash," said Mr. Moed, whose group has worked through UNICEF in Sudan in trying to decide which specific projects to implement. "But on general principle, I take the view that the U.N. is top-heavy and overburdened with expensive bureaucracy."

"There are some things groups like Band Aid can do sooner on their own, but on many things it would be better if they trusted us more," said UNICEF Director Samir Basta, "because emergency relief is a constantly shifting target, where one week you need vaccine, the next food, one day in this place, the next day in another location. . . . ."

Mr. Basta noted that Band Aid decided several months ago to buy an expensive drilling rig to bring water to a drought-stricken part of Sudan, "and because they insisted on negotiating every last detail themselves, the damn thing still is not here. . . . We could have gotten it much quicker for them."

Mr. Basta does, however, concede that he is in awe of the rock group. "I have spent the last 30 years working to make the developed world confront the realities of the problems in Africa," he said, "and they have done that virtually overnight."

Mr. James said he thought Band Aid would use existing agencies to a large extent in its relief efforts. "It's a good thing to say to potential donors that all their money will go direct for aid, none on adminstration, but whether donors like it or not, you'd darn well better use someone's infrastructure if you want to accomplish much."

Band Aid, he said, is looking to invest much of its money in "three-to-five-year projects, with what I hope will be monitoring to make sure they are working. . . . Africa is so littered with the skeletons of schemes to feed the world."

Both Mr. James and Mr. Moed said that if their groups had attempted to move more quickly last summer, when fears of a massive famine in western Sudan were rampant, they might have wasted money, because it appears now that the situation was not as bad as was feared then.

"In a sense we have missed the relief effort and are now looking into helping with the recovery and longer-range projects," Mr. Moed said.

"My feeling is that there's going to be a negative reaction soon to the lack of immediate impact . . . people feeling the results weren't up to their expectations. It'll be up to wiser and cooler heads to put it in perspective.

THE MASS STARVATION THAT WASN'T

(By Tom Horton)

NYALA, SUDAN.—How many people have died because the United States and other nations failed to deliver grain soon enough to the 2.9 million drought-stricken people of Darfur, in western Sudan?

The minimum of grain needed to prevent widespread starvation here in this sprawling region was estimated by relief agencies at 1,000 to 1,500 tons a day as summer rains began making deliveries increasingly difficult in July.

Scarcely more than 500 tons a day were getting in, and distribution of that to villages was poor during more than two months of heavy rains that followed.

By that standard, there should have been massive starvation—but that did not happen, according to relief workers, including those with extensive field experience.

Partly, they say, that reflects an overestimate of the actual grain needs. Chris Eldridge, Sudan director for Save the Children Fund, U.K., acknowledged that "frankly, agencies like ourselves always feel more comfy overstating than risking an underestimate."

Also, even relief officials with long experience in Africa say they have gained new respect for the resilience of the people of Darfur, a harsh land even in good years. In many cases, the people subsisted on wild foods and by methods such as breaking into anthills for the grain stored by ants.

Without actual death statistics from the thousands of isolated villages scattered over a region as large as France, the best attempts to estimate famine-related casualties usually are extrapolated from nutritional surveys of children under 5, the most vulnerable age group.

A draft copy of a nutritional survey of one region of Darfur taken by a Centers for Disease Control physician from Atlanta states that as of August:

"The best estimate of drought-related mortality for the last year is 100,000 to 150,000 deaths . . . [Malnutrition] has arisen primarily due to the inability to bring in sufficient food stores prior to the rainy season."

That estimate is similar to others developed by UNICEF in Khartoum for internal use—no one really has the confidence to make an official pronouncement of deaths, UNICEF officials say.

Other relief officials familiar with Darfur note that the Centers for Disease Control's figures were based on a survey of about 4 percent of the region and in an area that included large numbers of refugees from across the border with Chad, who are in much worse shape then most of the locals.

SUDAN RAILROAD IS UNEQUAL TO RELIEF TASK

(By Tom Horton)

KHARTOUM, SUDAN.—The telegram was sent by Sudan Railways to establish shipping priorities to the far western region of Darfur, where widespread starvation was feared if thousands of tons of U.S. grain already in the country did not arrive quickly, before the summer rains began to hinder transport.

"First priority to Nyala [the railhead in Darfur]—sugar," the telegram said. Any excess capacity after that, it continued, should be allocated to grain.

Not only were enormous quantities of sugar shipped west, for sweets for the upcoming Moslem holy days of Ramadan, but westbound cattle cars were sent empty over the 600-mile rail line linking Nyala to the rail center of Kosti, even as grain destined for Darfur's famine-stricken population piled up in storage there, dozens of witnesses say.

The cattle cars, which could have carried grain, were being sent west to bring back livestock that was being sold in large quantities because people in Darfur were no longer able to feed them.

When grain did move west, relief workers charged with distributing it from the railhead in Nyala say, the trains often carried considerably less than was manifested.

"Some days they were saying 1,000 tons and we were getting 300 to 600 tons," said Andrew Timpson, director of Save the Children Fund, U.K., for Sudan.

"I'm convinced it was not theft so much as bald-faced lies by the railroad," Mr. Timpson said.

Similar charges abound concerning shipments of vital fuel sent by the railroad for trucking and flying grain from Nyala to hundreds of village centers around Darfur.

Some of the strongest criticism of the U.S. Agency for International Development's failed plan to stockpile 60,000 tons of grain in Darfur before the rains is that AID made the railway such a key element of its transportation plans.

The critics mostly concede they have the benefit of hindsight. Even so, numerous people with long relief experience in Sudan say they did not find the railroad's poor performance during the famine surprising.

Sudan Railways Corp. has a history of corruption, inefficiency and mismanagement. The World Bank, the main source of outside capital for the chronically unprofitable railroad, has cut off all investment for more than two years because the Sudanese refused to replace most of the railroad's current management with European experts.

That exacerbated a physical decline in rails and rolling stock that has been going on for years, causing the railroad's transport of all commodities country-wide to slip from 3 million tons to 1 million tons annually.

The emergency grain the corporation was being asked to transport to Darfur and to other famine-stricken areas of the country amounted to an unexpected burden involving perhaps 15 percent of the railway's total capability.

Though it is a part of the Sudanese government, under the Transportation Ministry, the railway also is the country's largest and by far most powerful union, with more than 35,000 employees. (The World Bank says that number needs to be trimmed by a third for efficient operation.)

As a result, Sudan Railways proved nearly impervious last spring to the new military rulers' direct orders to carry more grain west.

AID, after an initial satisfactory experience with the railway in shipping grain to Darfur in November 1984, projected that the railway could average 900 tons a day to Nyala—a total of 81,000 tons, half of all Darfur's estimated needs—in the 90 days before heavy rains made overland access difficult.

But during April, the month the generals took over the government, the railway "hardly operated at all," an AID offical said. In May and June, fewer than one train in three entering Nyala was carrying the desperately needed grain.

By early July, some of the heaviest rains in history had begun a series of washouts of the rail line that would continue to render it largely ineffective until the end of the rains last month.

AID officials in Washington and Khartoum are as critical of the railroad's operation as anyone. They say that even before the current famine operation, AID had found "all sorts of hokey-pokey going on" in a multimillion-dollar project it had with the railway.

They continue to defend their decision to rely on it, however, saying it was the only effective way to transport huge quantities of food across hundreds of miles of practically roadless terrain.

A news conference, attended by a large contingent of dignitaries, was held recently at the Khartoum airport to celebrate the 10,000th ton of grain airlifted to Darfur since a six-plane "air bridge" supported by five European nations and the United States began flying in June.

What the air bridge, flying dawn to dusk, seven days a week, had carried in four months, an AID official noted, could be matched by the railroad in a week to 10 days.

Additionally, rail transport to Darfur costs about $70 a ton, compared with more than $800 a ton by plane. Transportation costs by helicopter, which AID used as a last resort in Darfur in August after the rains came, work out to nearly $4,000 a ton.

Trucking, which must be done most of the way to Nyala and beyond by off-road vehicles that carry only about eight tons apiece, costs three to five times more than the railroad.

Perhaps more critical, it would have required about 2,000 extra trucks to replace the railroad's part in AID's transportation scheme for Darfur.

Sudan's private trucking capacity already was stretched to the limit by the combination of normal commerce and the hiring of well over 1,000 trucks by Arkel-Talab, the Sudanese-American transport company with the main contract for hauling grain to the west in conjunction with the railways.

In June and July, Arkel-Talab found itself the center of a controversy as rail transport crumbled and relief agencies desperately struggled to get grain west before the rains.

The company was criticized for preventing other groups, such as the United Nations and Save the Children Fund, U.K., from obtaining U.S. grain to haul to the troubled west.

Company officials note that their contract through the Sudanese government to haul AID grain did not allow them to turn over grain unilaterally to anyone else.

AID officials agree and say they "actively resisted" attempts of other groups to form their own trucking convoys. AID says that only fostered more competition for trucks, further complicating the ability of the main contractor, Arkel, to obtain enough transportation. (Eventually, grain was turned over to other groups for small convoys to the west.)

Arkel officials say they were concerned as early as January about the strains such a massive aid operation would create on trucking capacity. They say they told AID officials in Washington then "to spend $20 million and import about 200 off-road trucks," a suggestion AID at the time rejected.

More recently, 140 trucks have been imported by Arkel to speed up grain deliveries, but they have been sitting in customs at Port Sudan for weeks because of Sudanese government demands that Arkel put up a bond for what the company terms an "outrageous and unaffordable" percentage of the trucks' total cost. The government says the bond is designed to guarantee that the trucks are exported after the relief operation ends.

Some critics say such hassles could have been expected. Winston Prattley, the top U.N. official in Sudan, faults "AID's insistence that everything be done with private enterprise . . . [which] works well some places, but not in the Sudan."

AID officials say that in theory and with hindsight, it might have been well for an agency such as the United Nations simply to bring in large quantities of trucks (the United Nations says it could have bypassed the kind of customs difficulties that beset a private contractor such as Arkel), but the United Nations never has been able to muster more than a small fraction of the imported transportation that was needed.

As for Sudan Railways, it is ironic that AID's desperation for the railroad eventually to pull its weight has become a bonus for the railway, despite its consistently dismal performance.

In August, long after everyone in the relief business in Sudan had written off the railway for the remainder of the rainy season, AID shipped in 10 new locomotives for Sudan Railways at a cost of about $9 million.

Sudan Railways did not begin to use any of the locomotives on the haul to Nyala, however, until a few weeks ago, when it was ordered to do so by AID, U.S. officials in Sudan say. At least one locomotive reportedly was being used to deliver military supplies.

"There was simply no correlation between those new locomotives and the railway's delivery of grain to Darfur," a source close to the U.S. operation in Sudan observed.

Earlier in the year, AID had pumped into the railway $3 million in spare parts that railway officials had "suggested" would ensure better delivery of grain.

As with the locomotives, however, the spare parts appear to have had little impact in speeding up response to the immediate crisis.

An official of Sudan Railways, in an interview, said sugar and empty cattle cars were hauled to western Sudan "only when there was no grain available."

According to all other accounts, however, grain was available during May and June at the major rail center of Kosti, from which trains run to Nyala.

HELP MEANS GOING FROM CRISIS TO CRISIS

(By Tom Horton)

NYALA, SUDAN.—He has heard of an airship, the answer to the famine here perhaps—a marvelous high-tech adaptation of a blimp under development by a British firm and the U.S. Navy, says Mike MacRay.

"Do a hundred-fifty knots, use a quarter the fuel of an aircraft, lift the tonnage of dozens of trucks, set the food aid down anywhere. You bypass the need for roads, bridges, airports, trains that don't work. . . ." he says.

Forgive Mr. MacRay his flight of fancy. Like most people who work for long in Sudan, he longs to bypass everything about doing business in this country, described by a U.S. Embassy official as "reeling like a drunken sailor from crisis to crisis—political, economic, military, famine. . . ."

Mr. MacRay is a field general on the front lines of the famine—a manager here for Arkel-Talab, the trucking firm responsible for distributing the bulk of U.S. relief aid sent in the last year as successive droughts withered crops in Sudan in one of Africa's remotest inhabited areas.

The headaches of the last few days have been typical of the relief effort. The chronically unreliable train rolled into Nyala with a welcome thousand tons or so of grain for Arkel to truck to hungry villages.

The train wasn't unloaded, however (and wouldn't be for days to come), as a battle over the manifesting of the load ensued among U.S. aid officials back in Khartoum, the railroad and the Sudanese government.

Mr. MacRay hardly paid attention. He was busy trying to make sure the three U.S. helicopters flying grain out of Nyala to remote villages from dawn to dusk did not run out of fuel.

The copters were running low, and as often happens in Sudan, the nation's only major airport, in Khartoum, was flat out of gas. "We're going out flying, looking for some in Port Sudan or somewhere," came the message from the U.S. transport plane in Khartoum that has been airlifting fuel daily to Nyala.

A sizable tanker truck coming from El Fasher over a rough but passable dirt road should have solved the problem. El Fasher was only 10 hours away; the problem was that the truck had been coming for two days now.

A helicopter pilot reported seeing the truck parked along the highway, driver lying underneath it, rubbing his stomach. He seemed hungry, the pilot said, "so we gave him a can of tomato juice and he drank it."

A day later, with the copters down to a few hundred gallons of fuel, another scouting report had the truck parked not too much closer to its destination. The driver said he had been poisoned by the tomato juice.

In Nyala, there was a spirited discussion of the driver's condition. Did he need medical attention? More hearty fare than tomato juice? A pay increase to get him moving?

"Two-by-four is what he needs," muttered Mr. MacRay as he headed out the door. He found the driver, fired him on the spot and installed a replacement. The helicopters kept flying.

The incident didn't stop there, however. Overnight, a small U.N. helicopter had

landed, seeking fuel to evacuate sick people from some remote villages in the famine area.

Its pilot said he had flown it all the way from Switzerland in four days and that the United Nations had promised him the U.S. Agency for International Development would let him have fuel. Please, he needed it right now.

An AID official in Nyala had heard nothing from the United Nations, whose relations with AID over the handling of famine relief here have been strained, at best.

Mr. MacRay was incredulous: "How can the U.N. send a guy out here to the end of the earth without providing fuel?"

The United States would be callously costing lives if it refused to fill his tank, the helicopter's Swiss pilot charged.

If he wanted to play the game, the AID official retorted, how many lives did he think he would cost if he caused the grain deliveries to stop for lack of helicopter fuel?

And so it goes (AID finally gave him the fuel) with trying to mount one of the largest relief efforts in history—moving more than a million tons of U.S. grain, and the fuel to distribute it, throughout Sudan in the last year.

"The bottom line about this whole operation," said a U.N. employee in Khartoum, "is that everyone involved is automatically in over their heads when they come to Sudan."

Few would argue with him. This is a country with crushing foreign debt, no petroleum reserves and no money to buy fuel—cabs in Khartoum get five gallons every third day and sometimes run out in midfare.

It is a place with telephone systems which, even when they work, are rendered less than effective by a total lack of published telephone directories. And Khartoum, a capital city with a population of more than a million, has few street names or house numbers.

The "brain drain" of trained Sudanese is so severe that two-thirds of all the Sudanese doctors trained in recent years work outside Sudan, and money sent back from Sudanese working abroad has surpassed cotton as the leading source of foreign exchange.

The government was overthrown in April by a transitional military council whose day-to-day survival is openly questioned, and increasing guerrilla activity constantly threatens a full-blown civil war between the Moslems of the north and the southerners, who follow a variety of Christian and tribal religions.

The government also must cope with more than a million refugees from Ethiopia, Uganda and Chad.

On top of all that, there are only a few hundred miles of all-weather roads in a country the size of all the states along the U.S. Eastern Seaboard.

Bland terms such as "physical infrastructure" and "logistics" assume vivid meaning to those who would try to move more than a million tons of aid rapidly across large distances.

Relieving the famine is so much more than a matter of just sending food to Sudan. Also needed is reliable transportation; importation of the fuel to keep it running; spare parts to maintain it, including tires, which can be shredded by just one trip to the remote western provinces; and a private radio system, because there are no phone or telex connections between Khartoum and most other Sudanese cities.

But what is hardest to come by in Sudan is the management expertise needed to run a large-scale logistics exercise such as the current relief effort.

"The donors of food aid tend to be expert at raising money and other resources, but tend to be weakest on infrastructure and logistics, which is exactly where Sudan is weakest, too," says a European railway consultant working on the Sudanese relief effort.

A big factor in Arkel-Talab's winning the grain-delivery contract in Sudan was its countrywide communications and management network and expertise. Like most of the major actors in the food effort, however, it had little experience in famine relief.

AID's experience has been mostly as a donor of food and other resources, rather than in actually managing an operation to the extent it has done so here.

Save the Children Fund, a British relief organization that has the contract to get the grain moved out to its final destinations in small villages, has been largely involved with the heath side of famine before now.

"We have often asked ourselves what we are doing in this type of operation. . . . We mainly got into this distribution because AID asked us, and no one else was available. . . . Call it moral blackmail," said a Save the Children official.

The distribution procedure is so complicated that even when everything is ideal—which is just about never—the journey of a sack of grain from dockside to village can take a few weeks.

A typical journey might see grain unloaded from a ship at Port Sudan, trucked by an 18-wheeler several hundred miles to the White Nile town of Kosti, then loaded onto a train.

After a 600-mile rail journey to Nyala, it is loaded again onto "suq lorries," or market trucks, that can take it over rutted dirt tracks to larger villages.

Mr. Macray notes that it is not unusual after dispatching such trucks from Arkel's yard in Nyala "to see them down in the market two days later, lining up passengers, because that is really where drivers make their money. . . . You just don't have control over it."

Finally, the grain is carried to even smaller villages by hand, by camel and by donkey.

It also seems to be the nature of things in Sudan that they always take longer to complete than anyone bargains on, which can create some embarrassing situations.

In Nyala, in the yard of one of the several houses taken over by Save the Children's expanding operations here, sits a large, new military life raft, apparently just constructed as a last-ditch effort to ford the rivers that have prevented overland hauling of grain during the rainy season.

The problem is that the rainy season is ending. "I'm afraid it's a bit of a white elephant," one of the relief workers said of the raft, and a few days later, a full-fledged military assault craft intended for the same purpose finally arrived—a month or more after it would have been any real use.

THE LAND ITSELF SEEMS TO FIGHT RELIEF EFFORT

(By John Schidlovsky)

ELI DAR, ETHIOPIA.—The full silver moon cuts through the Danakil Desert night, illuminating even the black, volcanic cinder cone behind us.

Suddenly, up ahead, there is a commotion. Ethiopian militiamen, carrying Soviet-made AK-47 assault rifles, run past us on the road. Our truck grinds to a halt, aglow in the desert moonlight.

As we peer forward, we see an accident. Two trucks, both headed west, have collided on the steep, cliff-hugging road, blocking all traffic.

It is one of a half-dozen truck accidents we have seen in the five hours since we drove out of Assab, the port city on the Red Sea, and entered the scorching Danakil.

In temperatures above 100 degrees, Robert Hamilton, a Sun photographer, and I have been riding through the Danakil wasteland atop a truck hauling 20 tons of American wheat to famine areas in Ethiopia.

We have climbed aboard the 800 bags of grain on this Flat tractor-trailer to see firsthand the difficulties of transporting food across Ethiopia, an East African nation with one of the most rugged terrains in the world.

In the last year, about one million tons of food have arrived in Ethiopia. Yet only about 600,000 tons have actually been distributed to the people in need.

Why? Political and bureaucratic snags have slowed Ethiopian food distribution. The Marxist regime in Addis Ababa has often placed military priorities above famine relief. A civil war in the north has prevented food from reaching thousands.

But that is only part of the picture. During three weeks of traveling more than 2,500 miles inside Ethiopia, we encountered a wide array of physical and logistical obstacles to food distribution.

Some of the worst impediments:

The Danakil. Lying between Assab port and Ethiopia's famine-ridden highlands, this blazing desert is part of the Great Rift Valley that stretches 4,000 miles from Syria to Mozambique. The desert, four times the size of Maryland, is a truck graveyard for many grain-filled vehicles.

High terrain. In Ethiopia's worst-hit famine areas, you are never out of sight of a mountain. Most of Ethiopia's 42 million people live in the highlands, and many live up to two day's walk from a paved road or large town.

The lack of infrastructure. Rural airstrips, if they exist, are often no more than bumpy fields of rough gravel that can chew up plane tires. In the countryside, roads are steep, narrow and unpaved. Electricity and telephones are a luxury.

A lack of trained truck drivers and vehicle spare parts. Many drivers are not familiar with the shiny new trucks arriving in Ethiopia. Half of the country's truck fleet of 6,000 vehicles is out of order.

"At no time have we ever had more than 50 percent of our trucks operational," said Berhane Deressa, a deputy commissioner of the Ethiopian Relief and Rehabilitation Commission.

Trucks are crucial. Airplances can, and do, take some food from Assab into Ethiopia's interior. But the heavy, C-130 transport planes are expensive to operate, and they can't land in steep, hillside villages that cling to the side of precipitous gorges.

Of all the transport means used in the Ethiopian food distribution system—planes, ships, camels, donkeys and human backs—trucks are the lifeblood of this anemically-developed, famine-ridden nation.

How many trucks are allocated to food distribution? According to United Nations officials, the Ethiopian government has reserved 70 percent of its 6,000-vehicle fleet for relief. In addition, private voluntary agencies have about 500 trucks, and the

Ethiopian Relief and Rehabilitation Commission (RRC) has some 450.

But many of these are not working. And, now, as we sit in the Danakil atop an RRC truck hauling wheat from Washington state, we see two more trucks put out of commission.

The accident has happened just east of Eli Dar, a nondescript desert village 100 miles west of Assab. For five hours, we have bounced atop the truck as it passed through sandstorms and lava fields. Now, just before stopping for the night, we are witnessing a loud debate among drivers on how to unsnag the two trucks.

"Back it up!"

"Move it forward!"

The suggestions spill out in various languages: Amharic, Tigrinya, and in the local Afar language of the desert people.

The Ethiopian soliders, who have appeared from one of the many checkpoints along the road, do little to solve the problem. One of them fills out an accident report by moonlight.

At last, after nearly an hour's discussion, the trucks are separated. We resume our journey. Twenty minutes later, we reach Eli Dar and are devouring a meal of spaghetti and beer.

By 9 p.m., under a star-dotted African sky, we are asleep. We are dusty, exhausted and sunburned. But at least we have a fairly comfortable bed—800 bags of American wheat.

At 5 a.m., we are on the road again. Our driver, a 37-year-old man named Taddesse Dibaba, is anxious to take advantage of the early-morning coolness.

"He's got at least 40 more hours of traveling," our government-assigned escort, Gaetane Archaw, tells us when we ask how long a trip this truck will make.

Mr. Taddesse (Ethiopians are usually addressed by their first names) is driving from Assab to Addis Ababa, where this load of grain will be stored for future distribution.

It is a 480-mile trip, but we—apparently the first journalists to follow a food truck on its journey from Assab—are riding along for only 220 miles. We plan to get off the truck in Mille, a village where we will take a bus to Kombolcha, a central warehousing point where we have an appointment with an American relief worker.

Mr. Taddesse is anxious to complete his trip. If he reaches Addis Ababa within three days, he will have one day to spend with his family in the capital city before having to turn around and drive back to the port.

On our first day we had made good time, reaching speeds of 50 mph along flat stretches of road just west of Assab. Mr. Taddesse, dressed in green cut-offs, a yellow-and-orange T-shirt and rubber sandals, raced his new truck with the aplomb of a 15-year professional driver.

"He is a very good driver," exulted Mr. Gaetane, happy to be making the hot journey as quickly as possible. Overhead, flocks of yellow pigeons and solitary hawks streaked past us, racing in the desert wind.

The Danakil had provided evidence that not all drivers are as skillful as Mr. Taddesse. Among the wrecks we passed: a truck carrying bales of cotton; a truck hauling food; a truck carrying boxes labeled "schoolbooks" in Russian letters.

What hazards might have caused these mishaps? We would never know exactly, but we had some good hints.

"Sandstorm," said Bob early that first day, pointing to the ugly, yellow cloud to our south that seemed on an ominous collision course with us.

Sure enough, within minutes, the whipping, blinding storm had enveloped the truck. As our driver sped through it, Bob and I, exposed on top, burrowed our heads in the bags of grain, I promised never to laugh at an ostrich again.

Now, on our second day aboard the truck, it is 6 a.m. and getting hot fast. We have come to the Danakil salt flats, the forbidding white fields that lie below sea level, deposits of lakes that washed this land millions of years ago.

Along the way, we pass an overturned grain truck just off the road. Hundreds of bags of wheat are spilled into the desert. There is no sign of the driver. We speed on.

As we roll through the Danakil, the harsh lava fields give way to sandy, brown desert. An occasional acacia tree sticks ups to provide a little shade, its green top stretched upwards like a storm-whipped umbrella.

Now we begin to see some life in the desert. Over here, three ostriches stare at us, as dumbly as we stare at them; over there, a half-dozen camels amble gracefully towards a small water hole.

The camels belong to Afar tribesmen, the tough nomads whose goat and camel herds have been decimated during the 1983-1984 drought. Some Afars, proud desert dwellers, have suffered the indignity of fleeing to the highlands to escape starvation.

At 9 a.m., under a piercing blue sky and scorching sun, we are stopped at a military checkpoint. A dozen trucks are lined up, being searched by soldiers.

We see another reason why grain trucks are delayed crossing the Danakil.

"They are looking for smuggled goods," Mr. Gaetane, our government guide, tells us.

Many Danakil travelers, we are told, making a living smuggling goods from nearby Djibouti, the independent port-city nation on the Red Sea. Electronic items, French perfumes, silk scarves and other clothing fetch handsome prices on the black market in Ethiopia.

Some relief food is also smuggled.

"During the night, when the drivers are sleeping, thieves may steal some bags of grain from the trucks," Mr. Gaetana says. "They'll take these to Addis and sell them."

The search of our truck is perfunctory, and by 11 a.m., we have reached Mille, where we climb down from Mr. Taddesse's truck. It has taken us 14 hours of driving (22 hours in all, with our overnight stop) to cover the 220 miles from Assab. We've been lucky—no flat tires, no mechanical problems.

At Mille, we board a bus for the 80-mile journey to Kombolcha. We are told it will take five hours, since now we must make the steep climb into the Ethiopian highlands.

The climb up the escarpment is slow and tortuous, the bus gears grinding in steady complaint. We pass several grain-bearing trucks, reduced to traveling 10 mph on the steep uphill grade.

By 2 p.m., we have reached our first highland town, Bati. For the first time in two days, we see green fields, the result of recent rains that have ended Ethiopia's worst drought. Corn, wheat and sorghum now cover fields that were bare in 1984.

"A year ago, this was the site of the worst famine," says Mr. Gaetane.

At last, at 4 p.m., we reach Kombolcha. This town, centrally located in famine-ridden Wello Province, is the site of an important new truck depot and truck-maintenance facility being organized by the United Nations, the Ethiopian government and World Vision, a private relief agency.

More than 200 new trucks—paid for by the U.S. government and the music promoters who put together the Live Aid and Band Aid concerts—will be based here. The vehicles will bring food from Assab and take it to famine-ridden villages north of Kombolcha.

John Alderliesten, transport manager for World Vision, says the truck repair facility is urgently needed. The terrain in this region is hard on trucks.

"Up in Tigray," he says, referring to the war-torn region just north of Wello, "about a quarter of all relief trucks have been lost either going off roads or hitting land mines."

Ethiopia's need for secondary roads is as urgent as the need for trucks. We see this in Chaffa, 20 minutes from Kombolcha, at a food distribution camp run by World Vision. Here villagers have walked up to a day from their mountain homes to load dry rations onto their camels and donkeys.

"There is no road to their villages yet," says Mr. Alderliesten, a Canadian who once ran a truck company in southern Sudan.

But there has been a start in building such a road. And it's a start that symbolizes both the large hopes and immense needs of Ethiopia:

For a few hundred yards, the road, made of jagged, yellow rocks, heads bravely in the direction of the mountains. Then, abruptly, it ends. A muddy swamp begins. After that, the Ethiopian highlands, unmarked by any works of man, take over again.

TONS OF FOOD PILING UP AT ETHIOPIAN PORT

(By John Schidlovsky)

ASSAB, ETHIOPIA.—It's as seedy a town as you'll ever find. Its main streets, lined with brothels, are known informally by the names of venereal diseases.

The turquoise waters of the Red Sea, lovely to look at from under the shade of a palm, swarm with sharks.

The heat is crushing. Even the flies seem dispirited as they crawl over a table where two Soviets sit gloomily swilling watery beer in the 100-degree heat.

This is Assab—boom town of 40,000 along the humid coast of Ethiopia. Here 2,000 port workers unload ships filled with emergency food aid sent in the last year to relieve Ethiopia's famine. But despite Assab's sizable work force, despite the impressive energy of laborers in this otherwise lethargic town, there is a huge backlog of food piling up along the docks here.

More than 100,000 tons of emergency food—enough to feed 5 million Ethiopians for a month—remains in Assab, awaiting transportation into the famine-ridden interior highlands of this rugged country.

Assab's problem, as it has been for more than a year, is a lack of trucks. Port authorities swear there are 200 trucks in Assab; but a recent tour around this compact city revealed no more than half that number.

"The congestion in Assab will not be relieved before the end of the year," said Kurt Jansson, the U.N.'s assistant secretary-general for emergency operations in Ethiopia.

In the next six weeks, Mr. Jansson said, a new fleet of trucks based in Kombolcha will help clear Assab's docks of grain that now towers 30 feet high in places.

Assab is one of three ports used for Ethiopian food aid shipments. Massawa, to the north, and Djibouti, to the south, handle smaller amounts of grain.

Each day, about 3,000 tons of food leaves Assab by planes or trucks. Relief and government officials say the figure should be higher—about 4,000 tons a day.

"We need tractors, cranes and more trucks," said Bayou Mengistu, the deputy manager of port operations at Assab for the Ethiopian government.

Earlier this year, U.N. officials complained that the Ethiopian government was ignoring vessels with relief aid, in favor of unloading Soviet weapons from military vessels docked at Assab.

"They were preparing for the offensive in Eritrea," said one private relief agency official who asked not to be named. Government troops have, in fact, waged an intensive assault on Eritrean secessionists over the summer.

In response to the U.N. complaint, the Ethiopian government promised to reserve at least three of Assab's six berths for ships with relief aid. By all independent accounts, the government has lived up to its pledge.

"They do give relief priority," said Hans Pederson, 38, a Danish port captain who has been monitoring operations in Assab for the U.N. for the last three months.

At times, the government has taken extra pains to give relief aid top priority.

Mr. Pederson, an 18-year maritime veteran, said he has seen Ethiopian officials move military ships out of the port to make room for arriving grain ships.

And Mr. Jansson said the Ethiopian government has given priority to using its Assab-based trucks for food distribution, often at the expense of the country's other needs.

"There's a load of pig iron at Assab waiting to be trucked into Addis," he said. A number of new buildings in the capital are facing construction delays as a result.

Certainly, the scene at Assab on one recent day confirmed that relief food gets priority. Of the six berths, four had ships bearing grain.

Under a bright sun and intense heat, more than a half dozen gangs—each with 245 men—were unloading the Aramis, Girogis and the Wanderer, three ships that had brought more than 40,000 tons of wheat into port. Another crew was unloading a barge that had wheat from another vessel, the Sam Houston.

In May, an international outcry arose about food "rotting" on the docks after a freak rain shower in Assab spoiled about 9,000 tons of grain.

But there has been no rain and no spoilage since then. Most of the grain stockpiled in Assab is now covered, although port officials say they need to build more warehouses.

There has been some pilferage of grain at the port. But all observers say the amount of theft here is minimal.

"Most other African ports wouldn't have the backlog problem because the food would be stolen," said Cameron Peters, a logistics specialist with Catholic Relief Services.

Assab's port fees also compare favorably to those charged at other African ports, say relief workers. While some agency officials have complained about erratic fees charged by port authorities, most say the $12-per-ton average fee charged here is not unreasonable by African standards.

While most of the grain leaves Assab by truck, thousands of tons also go by planes, such as the C-130 transport plane piloted by George Dunn, leader of Squadron 30 of the British Royal Air Force.

On a recent day, on a dirt runway just north of Assab, Captain Dunn supervised the loading of 20 tons of wheat that he and his crew would fly to Mekelle, a major distribution center in Tigray Province. The plane would make three such flights that day.

"It's a bit hard on the tires," said Captain Dunn, stripped down to his shorts on the steaming runway. Flat tires are common, and plane crews carry several spares with them.

Once airborne, the RAF plane flew low over a dormant volcano in the Danakil Desert. Nearby, a lake glimmered, more than 300 feet below sea level.

Loadmaster Dave Porter, who has toured feeding camps in Mekelle, said he was glad the crew had received its three-week assignment to Ethiopia.

"I've seen the end result, so now I know why I'm doing this," he said. "It's a very worthwhile job."

WILL TODAY'S LESSONS HELP IN NEXT CRISIS?

(By Tom Horton)

KHARTOUM, SUDAN.—"Better luck next time" may seem a macabre sentiment in the context of famine relief, but here in Sudan and across much of a continent whose ability to feed itself actually is declining, continued infusions of food aid are a virtual certainty.

An if any consensus can be found among the international aid agencies here, it is that there must be better ways to deal with the next crisis than the massive but flawed relief effort of 1985 that saw people starving months after their need was recognized, even as abundant grain flowed into the country's port in one of the largest food-aid operations in history.

The immediate crisis that affected 2.9 million people in western Sudan is ending, as roads dry out at the end of the rainy season, railroad washouts are repaired and delivery of grain becomes easier.

But relief experts caution that the greening of the Sudan's crop lands following the excellent rainy season is by no means the end of food problems here.

Scarcely any of them believe the Sudanese government's forecast of a record 4 million-ton grain harvest in the next few months to be anything but "the most total optimism."

There is evidence that areas of the western Sudan had spotly or nonexistent rain during the growing season, and recent surveys have shown continued poor, or even declining, nutritional status among children in some of those areas, despite the relief effort of the past 11 months.

One good harvest will not make up for the last several years of drought that has ravaged livestock herds and people's cash reserves, displaced many people from traditional lands and perhaps ruined some lands to the point that they ought not even be resettled again.

In addition, tens of thousands of Chadian refugees, driven both by political unrest and hunger, have formed semi-permanent camps in western Sudan, and they are largely people still in pathetic condition—though relief grain is now getting through to them—with no immediate prospect of growing their own food.

Based on estimates of a 2.6 million-ton harvest—a good one, but not great—the U.S. Agency for International Development thinks Sudan will still require close to half a million tons of food aid, mostly grain, in the next 12 months, making it again one of the world's largest recipients of relief.

One relief official here recently suggested in some seriousness that "maybe what we need for places like Sudan is a Red Adair of famine," referring to the Texan whose crews stand ready to swoop in and take control of runaway oil spills, fires and related disasters anywhere in the world.

A skeptic said the money in famine relief could never attract the kind of enterprise the oil business does. The relief official replied that relief expenditures here in the last year, including the value of the grain donated, exceeded half a billion dollars. "I think for a few percent of that, Red might just do it," he said.

The suggestion may have been fanciful, but it nonetheless touched on a major lesson underscored by everyone's experience here. No one in the international community was equipped to respond rapidly with experienced, comprehensive management of a major relief effort in the difficult circumstances almost endemic to places such as Sudan.

A lack of consensus on relief among the major aid groups in the Sudan caused representatives of rock music groups, when they first came here several months ago looking to spend millions of dollars they had raised, "to back off . . . bewildered at all the conflict," according to a relief official who has worked closely with them.

The United Nations might have been expected to assume the coordinating role through its World Food Program, but its reputation has suffered badly here.

Despite urgent warnings from its people in the field since mid-1984 that a crisis was imminent in the western Sudan, U.N. higher-ups either would not or could not muster any meaningful relief action until the last few months.

After it became clear that the United Nations was not responding, the U.S. Agency for International Development injected mammoth resources in the form of food and eventually, after the usual transportation systems failed in the July-September rains, threw into the breach helicopters, planes and even new train locomotives to keep some grain flowing westward across this vast, trackless country.

Critics of AID all give it credit for jumping in and preventing substantial starvation when no one else, including the governments of the European Community, was responding to the clear crisis after crops failed for the second year in a row.

But the critics also note that AID, which usually contributes food and other resources in such crises but is not really geared for running major relief operations, made some serious mistakes in Sudan:

Its decision to use private enterprise for the relief effort led it to rely heavily on a local trucking industry, which ultimately led to chaos in the Sudanese trucking industry as demand built for literally thousands of extra trucks and drivers jacked up prices. In August, the government had to begin commandeering trucks to haul AID grain.

It counted for too long and too heavily on a notoriously corrupt and inefficient government railroad, which had been in physical decline for several years, to deliver large quantities of grain.

It contracted most of its food deliveries through the Sudanese government, which was overthrown in a coup in April and was succeeded by an almost equally shaky and probably less effective transitional military government.

AID says that such arrangements are standard procedure in friendly countries

such as the Sudan. Continuing, non-emergency AID projects generated income for Sudan that it used to pay for the grain deliveries.

"We wanted them involved as closely as possible. . . . It's their country," an AID spokesman in Washington said.

However, in addition to the hiatus in grain movements caused by the April coup, the presence of the Sudanese government in the relief contracts considerably lengthened the time taken to negotiate transport to the west, and it limited AID's flexibility in adjusting to changing relief needs, critics maintain.

Also, AID is faulted by relief workers in the western Sudan for failing until the last month to put any full-time personnel in the field there to keep apprised of the problems that frequently cropped up.

An example of such problems, they say, is contained in an Oxfam survey showing that from March to May too much of the U.S grain going to the western Sudan went to urban dwellers there, while the rural residents, who were even more needy, received relatively little food.

One independent logistics expert hired to supervise part of the international relief effort suggested that a number of AID's problems could be traced to "trying to manage a feeding operation costing in the hundreds of millions of dollars with basically only three people in its Khartoums office full-time."

AID officials closest to the relief effort in Sudan, while saying of their critics that "hindsight is a wonderful thing," nonetheless say there are some important things they would recommend doing differently next time.

"Transportation has to be guaranteed before you put any emergency commodities into a country. . . . Don't [count on] the availability of local transportation," an AID official said.

The official also said, in essence, that he would not recommend relying again on the Sudanese government in any large-scale relief operation.

That sentiment, echoed frequently by relief workers for many agencies here, is indicative of a troubling paradox as more and more developed nations send aid to Sudan: The fastest way to help solve Sudanese problems often seems to start with telling the Sudanese, in effect, to stay out of the way.

The World Bank, for example, has cut off all funds to the Sudanese national railway corporation until it agrees to replace most of its inefficient management with Europeans.

A top Red Cross official in Khartoum calls the phenomenon "the recolonization of the Sudan," noting that private relief and development agencies in Sudan have proliferated, from about a dozen to more than 60 in one year.

The list of organizations working to help the Sudanese include the full complement of established groups such as CARE, Oxfam and Save the Children (both U.S. and British), as well as the Moral Majority Foundation, Vegetable Outreach, Green Deserts, Help the Aged, GOAL (a league of Irish sportsmen) and dozens of others.

"What is happening in my own country?" a top Sudanese relief official bewildered asked a U.N. official recently, referring to the expansion of the relief effort.

"It's out of control, and we're having lots of problems figuring out what to do about it," an AID official said. "A lot of them came in when the Ethiopian refugee crisis was at its peak [there are more than 400,000 refugees in Sudan], and when it leveled off, they sort of spread out all over the place."

Meanwhile, some more immediate issues await decisions.

Helping Sudan recover from the devastating famine, even assuming predictions for a good harvest come true in the next two months, "will take a greater amount of aid than all of the past year's," said Winston Prattley, assistant secretary general in charge of Sudanese relief for the United Nations.

An important decision that has to be made soon is whether to keep shipping relief grain from abroad to meet the estimated 400,000-ton need of the hardest-hit Sudanese.

Though it is actually considerably cheaper to ship U.S.-produced grain from Kansas to Sudan that it is to buy locally grown grain, there is a fear that doing so could depress Sudanese agricultural markets because many areas of the country, including many farmers who are struggling to recover in the western Sudan, should produce a significant surplus for sale this year.

It may well be better for Sudan if aid donors buy grain from areas producing surpluses and move it within the country to needy areas, "but that sort of program could cost as much as $200 million, and the question is whether Western governments will pay it," Mr. Prattley said.

A second touchy issue will be dealt with soon at a meeting of relief organizations in Sudan: the question of permanent relocation of part of the western Sudan's population, forced from its traditional lands by the long drought and encroaching desert.

"There is just a real question whether some of that land can ever support life again, and it doesn't make sense to set people back up there if they can't last," said Andrew Timpson, Sudan director for Save the Children Fund, U.K.

Some of the relief effort already has turned to spending for road improvements, railway repairs and airport upgrading—the kind of improvements in transportation that could prevent a recurrence of this summer's frustration.

Still unresolved as another year—and probably more major relief and recovery operations—begin in Sudan is who, if anyone, will take a leadership role. There are rumors that AID is ready to turn over its major role in running the western Sudan feeding effort to the United Nations, which clearly would like to assume control, but AID officials say no decision has been made.

Squabbles Kept Food From Quick Delivery

(By John Schidlovsky)

Addis Ababa, Ethiopia.—It was a simple problem. But not too simple to botch and leave thousands of persons hungry.

The problem was this:

Catholic Relief Services, an American group that distributes the largest amount of food aid in Ethiopia, had several tons of food stored in the Ethiopian city of Asmera and no trucks to move it to its feeding centers.

World Vision, the second-largest American relief group, had 20 trucks on hand but no food to take to its centers.

Sounds simple to solve, right?

Wrong.

"We offered to move the food for CRS, but they said 'no,'" said Pat Banks, a spokeswoman for World Vision.

"That food was geared for our programs," said Frank Carlin, the director of Catholic Relief in Addis Ababa. "If we disrupt its flow, we're going to disrupt our pipeline."

Eventually, the food was delivered when Catholic Relief's trucks finally arrived.

But the recent incident, and the delay it caused, served to demonstrate how thousands of Ethiopian famine victims can also be the victims of squabbling among 47 relief organizations that operate in this East African nation.

The incident also underscored basic questions about the Ethiopian relief effort: Who's in charge? Who coordinates famine relief?

Those questions are critical now. Officials are embarking on the second year of distributing relief in Ethiopia, the scene of Africa's worst famine, where an estimated 6 million people still face a continuing danger of starvation.

Ostensibly, all Ethiopian famine relief is in the hands of the government's Relief and Rehabilitation Commission, an agency set up soon after Ethiopia's Marxist rulers overthrew Emperor Haile Selassie in 1974.

The commission is experienced in famine relief. It was created to deal with the 1973-1974 famine that left at least 200,000 Ethiopians dead of starvation, according to most estimates.

"We are much better than any other Third World nation as far as relief distribution," said Berhane Deressa, a deputy director of the commission.

But the commission is only one part of the story of this famine, in which an estimated 500,000 Ethiopians have perished, according to government estimates. In a disaster of this size, the Ethiopian agency simply does not have the ability to coordinate logistics.

Much of the coordination is done by a relief agency "army" of more than 1,000 foreigners—Americans, Europeans, Australians, Canadians and others—who work full-time on famine relief in 47 relief agencies known as NGOs (non-governmental organizations).

Such agencies employ thousands of Ethiopians who work as administrators, secretaries, drivers, doctors, agriculture-development experts, translators, public relations specialists, logistics experts and in other capacities.

In addition to the NGOs, there are 11 U.N. agencies involved in famine relief in Ethiopia. They are under the supervision of an assistant U.N. secretary general, a job vacated just last week by Kurt Jansson.

Mr. Jansson, a 69-year-old Finn who is retiring, has been criticized by some observers for being too soft on the Ethiopian government, despite his occasional chastisement of it for not being sufficiently humanitarian in its relief efforts.

The United Nations, said Mr. Jansson, cannot coordinate the Ethiopians' own efforts at famine relief.

"Our task is to monitor food distribution, to help the RRC get food to those in need and to coordinate and direct the U.N. agencies involved," he said.

The NGOs have millions of dollars of food and equipment at their disposal. Some comes through private donations; Catholic Relief, for example, has raised more than 850 million in donations for African famine relief in the last year.

But most of the aid the NGOs handle—including all of the million tons of emergency food—is paid for by governments, led by the United States, that have contributed $1 billion in food aid to Ethiopia.

The private agencies' role in distributing food is a useful one for foreign government donors, such as the United States, which has accused the Ethiopian Marxist regime of using food for its political ends. The agencies act as a buffer between governments.

But relations between the American government (the Agency for International Development, known as AID) and the relief agencies are not always cozy. In recent weeks, Catholic Relief officials have sharply critized AID for projecting reduced levels of famine assistance for 1986.

"The moment you cut the food, the nutritional levels go down and people start dying like flies," said Mr. Carlin of the Catholic group. "We'll be back to those death figures we had earlier this year."

Officials of AID—whose auditors have started an inquiry into whether Catholic Relief has properly spent its Africa funds—say the American government will continue to pay for one-third of all Ethiopia's emergency food aid needs, far more than any other single nation. If that need declines in 1986, so will the American share.

At their best, the largest relief agencies—such as CARE, Save the Children, Catholic Relief, Oxfam, World Vision—provide badly needed relief expertise that the Ethiopian government doesn't have.

But at their worst, the agencies are mini-empires that jealously guard their territorial rights in Third World nations and worry too much about pleasing their donor constituents.

Ethiopian authorities complain of too many NGOs in their country.

"We have reached a point of diminishing returns," said the relief commission's Mr. Berhane. "The more NGOs there are, the less effective they are becoming."

Agency officials say the Ethiopians want to limit the number of foreign organizations for political reasons.

"They would like to control what we do. They would like to have things a lot more restrictive," said one Western relief official, who asked not to be quoted by name.

Foreign relief workers are careful not to offend their Ethiopian hosts publicly. The Ethiopian government controls how many work permits and travel permits and NGO may obtain. The government also controls access to roads and airstrips in remote, famine-stricken areas where the NGOs operate.

Ethiopia was never totally colonized in its long history, though Italy occupied it briefly in the period leading up to World War II. This historical independence is often mentioned by officials who say the influx of foreigners into the country is demeaning.

"There has always been a suspicion of the foreigner in Ethiopia," said Mr. Berhane. "It has been a reason why this country has maintained it independence for hundreds of years."

Mr. Berhane said some Ethiopians are offended by the foreign relief workers' condescension.

"Some come with a colonial mentality, others with a touch of racism, in their outlook. Others come with a sort of Tarzanic mentality, only to discover there are no pygmies here. Some of the Christian volunteer types can be self-righteous."

Mr. Berhane said foreign relief workers should be permitted to do technical jobs for which there are not enough qualified Ethiopians.

"But why bring in American secretaries, or drivers, when there are thousands of unemployed Ethiopians who can do this work?

Despite the Ethiopian government's growing uneasiness about the large number of foreigners, officials concede there is no way its relief commission could distribute the massive relief aid without foreign help.

"We need more trained manpower, more medical people, more computers. Communications has been our big problem; we have no radio-links with our field officer," one said.

With 17,000 part-time employees, the relief commission's annual budget is about $40 million. World Vision has 450 workers in the country, Catholic Relief 273; together they have more than twice the government commission's budget to spend in Ethiopia.

"Private organizations are necessary because we bring so much more than just food," said Mr. Carlin of Catholic Relief. "We bring funds for transportation, administration and some outreach into development."

The Western agencies have also brought a small amount of political fresh air into the closed-door. Marxist atmosphere of Addis Ababa.

"People on the street know that the Russians are not sending food, but the Americans are," said a Western relief offical. "The government isn't as polemical against the United States as it was even a year ago."

In the office of Tefari Wossen, the relief commission's public relations director, *Doonesbury* cartoons about press coverage of the Ehiopian famine festoon the walls, Mr. Wossen has become an expert in the needs of Western media and relief officials.

"For the last year, we've had practically an opendoor policy to the world," he said. "This international aid will not be forgotten by the people of Ethiopia."

CHURCH AGENCY FACES CHARGES OF BUNGLING

(By Vernon A. Guidry, Jr.)

WASHINGTON.—In the last year, Catholic Relief Services, the largest American charity working to feed the hungry in Ethiopia, has reaped unprecedented millions in contributions—and unwanted controversy over how the money has been spent.

CRS, a long-established, global arm of the Roman Catholic Church in the United States, has been praised for its efforts on the ground in Ethiopia, even by its critics.

But a former employee has accused CRS policy-makers at its New York headquarters of bungling the job of providing emergency food aid with the unexpected bonanza of contributions, with the result that Ethiopians starved.

CRS Deputy Director John A. Swenson, the charity's man in Washington, calls the accusation, "absolutely false and, in the context of human life, monstrous."

Nevertheless, that accusation and others concerning the management of the charity are not being dismissed by the National Conference of Catholic Bishops, to which CRS is ultimately responsible.

The conference has set up a committee of inquiry under Cardinal John Krol, the archbishop of Philadelphia, hired the accounting firm of Arthur Young & Co. to audit CRS, brought in outside legal counsel for advice and set about interviewing 40 to 50 past and present employees.

The committee is to report its findings publicly Nov. 14 in Washington.

The committee is also looking into complaints that CRS inproperly used so-called recipient contributions from those receiving food aid in other African countries for administrative expenses CRS incurred in Africa.

The charity has had a program in Ethiopia for years. When the full impact of starvation was brought home to the American public by television accounts in October 1984, CRS stepped up its solicitations in this country. The result has been an outpouring of more than $50 million.

CRS's chief accuser is James P. MacGuire, who worked for the charity in Burundi in the late 1970s. He is now an executive for a publishing firm in New York and the unofficial spokesman for past and present employees of the charity who are unhappy with its conduct.

Mr. MacGuire's main charge is that CRS had those millions in bank and investment accounts earlier this year, it balked at paying what the critics concede were large amounts to move food from Ethiopian ports inland to starving tens of thousands.

The food involved in the current controversy was supplied, by the tens of thousands of tons, by the U.S. government, which routinely pays the cost of shipping such food aid to ports in the recipient country.

The host government is expected to move the food inland to the hungry. In Ethiopia, the government lacked the means and, some charged, the will to feed its starving rural people. The job was taken on largely by private, voluntary organizations. CRS heads a coalition of such organizations in Ethiopia.

When CRS made its application for increased U.S.-supplied food, it also asked the U.S. Agency for International Development, which administers such aid programs, to pick up the cost of inland transportation.

CRS officials say that AID officials originally indicated the costs would be covered by the government but later adopted a guideline of splitting the costs 50-50 with the private organizations. CRS pressed for the whole amount.

It is here that Mr. MacGuire says CRS failed. The charity, he charges, was willing "to let people stay without food rather than expend the funds contributed specifically to offset starvation."

As evidence, he offers a copy of a cable that was sent to CRS headquarters in February from the chief of CRS's program in Ethiopia, Frank Carlin.

The cable told New York CRS officials that because the dispute with AID had not been settled, there was no alternative to curtailing the program. "The resulting death rate would be catastrophic," the cable warned.

It went on to say that the coalition of private organizations working to feed the hungry was in jeopardy, "as are the lives of several hundred thousand people."

The cable urged that funds earmarked for longer-term development projects be used to finance inland transportation. "Will not CRS lend us the private funds immediately while [New York] negotiates with [AID]?" the cable asked. "I realize a decision must be made to suspend our development program, but the situation is so critical and the plight of the people so pathetic, that this decision is recommended."

Mr. MacGuire says that "the death rate was indeed catastrophic, and CRS responded far too slowly."

In New York, Lawrence Pezzullo, executive director of CRS, says he does not recall that particular cable but says, "I could give you 10 others that are similar."

The magnitude of the hunger problem and the question marks about financing were "getting nerves strained all over the place. That explains why you get cables

from the field saying. 'My goodness, what will happen next?' " he says.

More important, Mr. Pezzullo says, "We never allowed in any instance foodstuffs to be held up for failure to pay in-land transportation costs. We always advanced those funds. That is documented. . . . There was never an attempt to hold back. In fact, we were going as fast as we could."

AID officials, assert, as well, that the transport cost issue did not delay food. Mr. MacGuire centers his criticism of CRS, not AID.

Of the $50 million plus in contributions received, CRS has earmarked approximately $30 million for Ethiopia, and $20 million for the rest of Africa. Of the $30 million for Ethiopia about $20 million is scheduled to go to longer-term aid in health, agriculture and similar projects. Critics have faulted this split, chiefly on the grounds that the emergency need was so great that it should have claimed a higher priority.

Mr. Swenson, of CRS's Washington office, says longer-term aid, projects of up to about two years' duration, was appropriate for CRS money, particularly since legislation and other factors made if difficult, if not impossible, for the U.S. government to engage in long-term development in Marxist-led Ethiopia.

"We felt the best kind of contribution we could make was to assume these [development] costs with our own funds and ask the U.S. government to take on the emergency program which they had agreed to support." Mr. Swenson said.

Mr. Swenson says CRS has spent $8.6 million in Ethiopia and has earmarked about $19 million for longer-term projects. Of the longer-term money, about $7.6 million has been advanced for inland transportation, and CRS has been told by AID that it will be reimbursed for that amount.

Corrine Whitaker, a policy analyst with Bread for The World, a Washington lobby concerned with food-aid issues, says. "We had concerns about it because our feeling is that monies procured ought to be spent. But their intent is to spend on development and recovery projects, which take longer to program than food and transport."

The recipient contributions, often just pennies but not insignificant to those in African poverty, are solicited to give recipients a feeling of participation in the program. Some people within CRS oppose them generally, even beyond the question of whether they should be used to defray administrative costs.

"How could we justify collecting funds from the poorest of the poor to pay operating expenses of a agency of the wealthiest Catholic conference in the world?" asks Peter Strzok, a former CRS official in Africa.

U.S. Law Eats Aid for Africa

(By Stephen E. Nordlinger)

WASHINGTON.—One day last spring an American-flag ship, the Spirit of Liberty, sailed out of Corpus Christi, Texas, for the Sudan. The ship was laden with 36,000 tons of sorghum for that famine-ravaged nation in Africa.

At almost the same time, a Liberian-flag vessel, the Five Islands, left the same port for the Sudan. It was carrying 14,000 tons of wheat.

The American-flag ship charged $78.45 a ton for the trip and the Liberian ship charged $29.03 a ton, according to figures published by the *Journal of Commerce.*

The U.S. government was prohibited by law from acting like a typical shipper. It was required to use the Spirit of Liberty as well as the Liberian ship—at an additional cost of $1.8 million for the shipment.

The cost difference would have provided about 115,000 people with a pound of food a day for three months, according to a rule-of-thumb analysis by the Agency for International Development, which manages the emergency food donation program.

"To the extent that transportation costs are increasing, less money is available to provide food," said Robert H. Sindt, an Agriculture Department official involved with supplying food to Africa.

The so-called "cargo preference" law dating back to 1954 that subsidizes this country's merchant fleet forces the government to ship half of government-sponsored cargo in the much more expensive American-flag ships.

According to the Agriculture Department and AID, that will cost $60 million this year, triple the cost in 1984.

A large part of the government's spiraling expense can be traced to the fact that government-sponsored food donations to relief organizations in Africa more than doubled—from 800,000 tons last year to 1.8 million tons this year.

According to AID officials, the $60 million that is going to cover cargo preference this year could have provided a pound of food a day for three months to 3.8 million persons.

The requirement to ship in American bottoms keeps the rates higher than they would be otherwise for the limited number of U.S. ships that qualify for cargo preference, according to government officials.

The rates are being buoyed up at a time of a worldwide slump in shipping charges which has severely depressed the rates of foreign-flag ships.

"It is a captive market, so they [U.S. ship operators] are rolling out anything that can float and jacking up the rates," said John Baize, vice president for government relations at the American Soybean Association. His organization opposes the cargo preference law.

So attractive has the expanding Food for Peace program become to U.S. ship operators that some old vessels have been mustered into service to carry the subsidized cargo to Africa. Once the cargoes have been unloaded, the ships have been scrapped overseas.

Subsidies were provided to cover the cost of round-trip voyages even though these ships never returned, according to a new report on the cost of transporting Food for Peace commodities by the General Accounting Office.

Edmund T. Sommer Jr., counsel of the Council of American Flag Ships, a trade group, said that Congress in providing funds for the Food for Peace program recognized that cargo preference "costs a little bit of money" and included funds in the famine-relief budget to cover this expense.

An official of the U.S. Maritime Administration, which oversees rates charged by American ships, said one reason the American-Flag freight costs have been escalating stems from the long delays faced by vessels unloading in the poorly equipped African ports.

These waits have added especially to the transportation expense of American bottoms because of their relatively high operating costs. The large loads carried by U.S. ships add to the costs because port facilities in Africa cannot easily cope with the big shipments.

The charges caused by the delays have taken funds out of the pool available for relief food.

Government figures show that the costs of American-flag ships, on average, have jumped this year compared to 1984 from $108 a ton to about $120 a ton on bulk grains and from about $120 a ton to $135 a ton on packaged process grains.

An AID official said a check of shipping charges did not indicate that American-flag companies were engaging in price-gouging because of the increased demand for famine-relief food shipments.

Rather, this official said, the delays in unloading cargoes have added significantly to the higher cargo preference costs.

The government began the cargo preference subsidy on national security grounds to insure that an American merchant marine fleet would be available in an emergency.

Most of the cargo preference bulk fleet is composed of tanker and dry-bulk carriers. But a 1984 report by the Congressional Budget Office on military useful vessels said:

"Large tankers and dry-bulk carriers . . . are among the least-useful ship types for military support."

A Long Walk, A Little Shade—And Food

(By K. Kenneth Paik)

UM DUKHN, SUDAN.—Some walked for days and some for weeks. They all came from beyond the distant hills of Chad seaching for food. Thus began a new life—to eat, sleep and wait, then wait again for more food to come.

No one had much to carry but himself. They finally came to a place where there was food and a place somewhere at the end of the world to build new homes.

A home site can be a circle or a square, depending on one's fancy. They dig a few holes where some sticks can be placed upright and bent at the top. Then tie them all together and put some burlap sacks or some grass over them.

The place provides a patch of shade that offers protection from the harsh sun and 120-degree desert heat. It is a new home. New life begins every day for thousands crossing the border into Sudan. The relief groups and Western visitors call rows of these huts a refugee camp.

In such camps, people—thousands of them—are learning to stay alive. They don't know why and how, but they know that as long as grain continues to come from a place called America, they can stay alive. No one knows what he will do if it stops coming. No one actually thinks about it.

At last food came. The help came slowly, and for many it was too late. With benefit of hindsight, there was blame enough for everyone, and the cost was thousands, hundreds of thousands of human lives. But for the survivors, life must go on. It isn't nurtured and celebrated. It just goes on.

In a country where 200,000 infant deaths a year is considered normal by officials of UNICEF, life must mean more than just existing. As many as 500,000 children may have died last year in Sudan.

Some relief officials say these people survived a lot longer than anyone expected. They lived on ants and wild vegetation they could find in the desert. When they no longer could find ant hills and vegetation, they simply died. The ones who didn't, walked and walked and started new homes.

For miles there is nothing, no sign of vegetation. This waste of desert along the border

with Chad became home for the desperate who came to live—rather, to stay alive. They'll rub a handful of sorghum at a time between two rocks, a milling process that has been going on for as long as anyone can remember. Milled grain is made into paste, and a bowl of it is a meal.

Beyond the rows of huts lies the infinity of nothing and the dream of food. A mother with an infant strapped on her back lingers around a makeshift graveyard, just mounds of sand. There is no tombstone, no grave marker. Those who didn't make it, returned to the sand. She, perhaps, also buried a loved one.

Some of the saved children are curious about journalists dropped from a helicopter. They are as curious and playful as children anywhere. Bless them all. I took pictures of them with my camera and they of me with their memories. After all, life must go on.●

SPEECH OF THE HONORABLE ANNE ARMSTRONG

● Mr. LUGAR. Mr. President, I would like to have the following speech by the Honorable Anne Armstrong, former Ambassador to Great Britain, printed in the RECORD. This speech is important and timely in addressing perhaps the most important topic at the Reagan-Gorbachev summit taking place today, strategic deterrence.

The speech follows:

STRATEGIC DETERRENCE: REVIEWING THE FUNDAMENTALS

(The Honorable Anne L. Armstrong, Presented to the Pittsburgh World Affairs Council)

In a few weeks, President Reagan will be meeting the Soviet ruler, Mikhail Gorbachev. Preparing for their discussions has become a major growth industry in Washington, D.C., just as reporting and commenting on these preparations have for the national news media. The extent and vigor of all this activity seems encouraged, rather than diminished, by the fact that the exact agenda for the discussions appears still to be in the process of being shaped.

But at this forthcoming meeting, whatever else remains to be decided, the subject of strategic arms is sure to loom large.

According to Soviet propaganda, U.S. defense programs are carefully crafted by fiendishly clever warmongers. If Mr. Gorbachev believed any of that, he is probably confused by the public debate in recent months. The headlines have been dominated by the high prices paid for tiny wrenches, flying toilet seats, and nuclear-hardened coffee pots. There has also been intense argument over what to do with a submarine under the terms of SALT II—a treaty that we never ratified, that the Soviets have already violated, and that is due to lapse in a few months. And finally, what must have really rocked him, my old friend Cap Weinberger actually cancelled a major weapons program!

All this is meant in strict fun, of course. There is certainly no place for fraud or waste. The American people do take strategic arms agreements seriously. And Cap—"the Knife"—has always had a keen eye on getting full value for the dollar.

But it can be a problem, under the pressures of day-to-day events, to keep the big picture in mind. It is also because of these events, particularly the ongoing arms negotiations, new defense programs, and the impending Presidential meeting with Gorbachev, that this is no time to lose sight of the fundamentals.

And so I think it would be well, today, to review the key elements that have shaped our defense policy over the past half-decade, the basic objectives that our current programs are designed to achieve, and their prospects for building a more secure future.

This year marks the fortieth anniversary of the first atomic explosion. With the development of nuclear weapons, and the means to shoot them quickly around the globe, the world became a much more dangerous place. For the first time, entire societies could be destroyed with very little warning and without ever losing a battle.

In short order, the whole basis of the national security problem had changed drastically.

The overriding concern must be that these weapons never be used again. But that is not something that we in the United States can determine by ourselves.

Other governments, other philosophies, other psyches and personalities also control nuclear arms. We must try to ensure that they never see an advantage in launching a nuclear attack—not in the calm of day-to-day affairs, not in the stress of crisis, not in the heat of conventional war.

And there is more. We know from history that wars have begun not only as the result of cold calculation. Mistakes of all sorts—miscalculations, misrepresentation, mischance—have played major roles.

One is reminded in this regard of the American analyst who confidently predicted in early 1973 that Egypt would not attack Israel. The reason seemed compelling to him—Egypt knew that it could not win. A few months later, of course, Egypt did attack. The analyst insisted that his earlier prediction had been perfectly correct—after all, Egypt did not win!

And so to preserve peace we must do more than aim at deterring deliberative, like-minded people.

The message is that nuclear weapons might be used despite our best efforts and intentions. If they are, it is vital that the first use does not escalate uncontrollably. In a brilliant study he did several years before becoming our Undersecretary of Defense for Policy, Fred Ikle looked into how nations had gotten embroiled in major wars. He found that, throughout history, governments have found it remarkably easy to get into wars, yet, having done so, almost impossible to stop them.

In short, if deterrence fails initially, we must have the means to restore it, to ensure that a holocaust is not automatic. We cannot afford to think of nuclear deterrence as though it were an "all or nothing" proposition. The use of one, or a few, nuclear weapons would, like the first ring in Dante's Hell, be horrible. The use of several more, like the eight deeper rings, would be Hell's own Hell.

These, then, are the stark fundamentals of our national security problem. The fate of Americans can be determined by decisions made in Moscow, not Washington. We can influence Moscow's decisions, but we cannot control them completely. And both Washington and Moscow could possibly become victims of a terrible application of Murphy's Law—that anything that *can* go wrong someday *will* go wrong—with horrific consequences.

The United States has approached these problems in different ways over the past three decades, as it has been persuaded by different ideas about diplomacy and technology. But our success in deterrence, of course, depends not on what persuades us, but on what persuades the Soviets. And understanding them is a daunting task. Churchill, you know, found Russian policy to be "a riddle, wrapped in a mystery, inside an enigma."

Churchill thought, however, that he might have pierced the veil. "Perhaps," he went on to say, "there is a key. That key is Russian national interest." Unfortunately, as he found out quite quickly after Yalta, Soviet views of Soviet interests are often not what we in the West think they ought to be.

Churchill was hardly the last to make this error. In many ways, SALT I and related negotiations during the 1970s tell much the same story. Americans became persuaded by a particular view of how deterrence might be achieved. They were further persuaded that this theory, called "mutual assured destruction," was the right formulation to look after Soviet interests as well.

No matter if the Soviets seemed to think differently. With persistence, it was argued, we could teach them how they should perceive their interests. Sure enough, after a few years we had an agreement, and surely that meant, at long last, that the Soviets saw the world of nuclear weapons in the same terms as we.

Or did they?

A few people in the West said they did not, and those people were right. Through succeeding years, it became ever more clear that Soviet military programs were sharply opposed to the official U.S. theory of nuclear weapons.

The American theory said there was no such thing as strategic superiority. Once we felt sure we could destroy Soviet cities with a retaliatory strike, there was no point to building more weapons. Building "too many," in fact, would make us more insecure, because the Soviets might think we were threatening their capacity to retaliate. They would then build more weapons, we would have to respond, and a dangerous arms race would have been started.

That was the U.S. theory. In practice, Soviet nuclear forces relentlessly got larger, and larger, and larger. The Soviets built bigger nuclear weapons, more different kinds of nuclear weapons, more reliable and more effective nuclear weapons. They not only rejected American theory, they also ignored American practice. As Harold Brown testified to the Senate when he was Secretary of Defense, "When we build weapons, they build; when we stop, they . . . continue to build."

We might consider the years from 1967 to 1979 to be the "SALT era"—the time from when the negotiations on SALT I began until the draft SALT II Treaty was shelved by the Senate. During this period, according to informed estimates, the Soviets increased their arsenal of nuclear weapons more than five-fold.

In contrast, I might mention, the U.S. arsenal peaked in 1967 and has decreased—in numbers and megatonnage—since. Today we have only two-thirds as many nuclear weapons as we did in 1967, and only one-quarter of the megatonnage we had 25 years ago.

Other Soviet programs were also quite worrisome. They worked very hard on civil defense—much more than we ever did. A separate, special effort to protect over 175,000 key party and government personnel cost them tens of billions over several years—a continuity of government program that long predated ours and is far more am-

bitious. They never relaxed their extensive air defense programs, investing their National Air Defense service with a precedence higher than all others except the Strategic Rocket Forces and the Ground Forces. They extended war into space long ago, testing a system to attack low-flying satellites more than a dozen years before we did. They deployed, then improved and extended, an ABM system around Moscow and spent billions in continuing efforts to develop laser and other "exotic" technologies to use in defense against ballistic missiles.

It is particularly instructive that their programs for defense against ballistic missiles stayed far more vigorous than ours. We signed a treaty with them in 1972 which limited the deployment of anti-ballistic missile systems. It was said at the time that this Treaty truly proved that the Soviets agreed with us on our theory of mutual assured destruction. As it turned out, the Soviets actually saw the treaty as a tool to help them win the strategic competition. By signing it, they protected their ability to attack our ICMB's. At the same time, they could press relentlessly on their own extensive and varied programs for strategic defense, while those of the U.S. withered.

The result is that the Soviet today enjoy formidable options for deploying widespread ABM defenses that are not matched by the U.S. The whole thing was rather like the Hollywood producer and the starlet who both went to the altar, he for matrimony, she for alimony—the two sides entered the agreement on divergent strategic assumptions.

How divergent were they? Enough that the Soviets were quite willing to violate the treaty by building a huge radar at Krasnoyarsk, in Siberia. Of course, we made provision for verification. But verification can only help us find violations; it cannot prevent them. I find it particularly chilling, but starkly revealing, that the Soviets went ahead with building that radar knowing full well, beyond a shadow of a doubt, that it could not long remain hidden from the U.S.

So, did the Soviets agree with the earlier American theory? Hardly. They, much more than we, took seriously the possibility of a "day after." They trained and equipped their forces, and protected their leaders and key industries, accordingly. Their outlook, to say the least, consistently reflected a thoroughgoing determination to build forces to fight and *win* wars under many different possible circumstances—even nuclear.

In short, the Soviets rejected the American theory that security could come from mutual vulnerability. From their point of view, they had a better theory—the Americans would stay vulnerable, while the Soviets would not.

This story, and the many additional chapters that I have not recounted here, is of course now quite familiar. It was one of the many ways during the "SALT era" that we thought we knew about Soviet interests—and we were wrong. The U.S. was also wrong in its rosy expectations about the effectiveness of trade, visits, and conversations in building peace, and wrong again about the power of international declarations to make the Soviets more inclined to observe basic human rights.

On these and related subjects, the United States seemed to have reverted to the diplomacy of an earlier, and to our eyes simpler, day. Sir Harold Nicholson could then recommend this advice to British diplomatists when dealing with certain governments: "Do not waste your time in trying to discover what is at the back of [their] minds . . . concentrate all your attention upon making quite certain that [they are] left in no doubt whatsoever in regard to what is at the back of *your* mind."

Nicholson's counsel may have had its place in an earlier world. Today, there could hardly be more dangerous advice for Americans trying to order their nuclear relations with the Soviet Union. What is at the back of the Soviet mind counts a great deal indeed. When we have ignored it, or assumed that we could simply convert it to our way of thinking, our security has suffered.

As Chairman of the President's Foreign Intelligence Advisory Board, I have to tell you that we still know far too little about Soviet thinking on issues of nuclear war and peace. How do they assess our strengths, their own, and the overall condition of the strategic balance? What security objectives have they set, and how do they hope to achieve them? What conditions would they see as offering realistic prospects for building a stronger basis for peace? Can they, in fact, think in such terms? And if not, what pieces of their thinking can we use to influence them in the right direction?

The nature of the differences between the Soviet and American views, and the reasons for them, are critical subjects for American intelligence and defense planners. But I raise them here to emphasize their implications for American efforts in deterrence and negotiations.

After all, the issue is not, as budget-cutting Senators are fond of asking our military leaders, whether we should want to trade our military posture for the Soviet one. Instead, the issue is whether, in light of the Kremlin's way of thinking, we can reasonably expect our defense posture to influence the Soviets in the ways we hope. The events of 1940, after all, proved that French confidence in the strength of their Maginot Line was fully justified. There was a great error, however, in their theory of what the German reaction would be to it. The Germans simply went around it.

I would say, then, that there was at least one signal accomplishment of the "SALT era." Namely, we began to see the importance of understanding the minds of our adversaries. Doing so led, inevitably, to changes in American policies.

The first order of business had to be extending and strengthening the American deterrent. We had to ensure that our capabilities had the desired effect on the Soviets in their own terms. That meant that we needed forces that the Soviets would understand clearly as being capable of denying Soviet plans and objectives.

Vulnerabilities had to be corrected, lest they tempt Soviet escalation in some future crisis. Our staying power had to be improved, so that the Soviets could not plan to disarm us effectively by merely outlasting us. And we had much to do to ensure that our forces are at all times controlled by properly constituted authorities, even during a nuclear war. That, in turn, compelled major investments to ensure that our leaders can communicate with our forces under all circumstances. We also had to sharpen and re-shape our striking power.

All of this is included in the President's Strategic Modernization Program, now in its fourth year. As it progresses, our security grows stronger, and not only because deterrence is stronger. Modernization has also made it less likely that an American President might find himself compelled to escalate a nuclear confrontation for fear of losing important operational capabilities—the "use it or lose it" problem. It has brought us forces that can stay on alert for protracted periods, without in any way being on a "hair trigger." It has brought us safer weapons, with lowered risk of accident and increased assurance that they will destroy only their precise targets. And it has brought us better warning and response systems, so that the President has more time to seek confirmation, review his options, and make prudent decisions.

Strengthening our deterrent involved other forces as well. The Soviet deployments of SS-20 missiles compelled us to modernize NATO's nuclear forces. And our conventional forces had to be strengthened, to make it less likely that the President would have to consider the possible use of nuclear weapons during a crisis.

These programs, and the many others involved, have all come a long way in the past four years, and they must continue. There are sure to be recurring arguments over particular spending priorities, and funding for some major systems will probably lurch along from year to year. But the fundamental case is so compelling, the imperative so clear, that the basic effort must be continued. There is simply no substitute for a strong deterrent force, and there can be no relaxation from striving to improve it however we can.

Still and all, even our best efforts along these lines cannot lead us out of what remains, at root, a terrifying situation. The kind of deterrence that we've known for a generation leaves us, like Susyphus, condemned to an unceasing struggle of the damned against relentless opposing forces.

In March of 1983, the President pointed the way out of that struggle, toward getting the national security rock planted securely on top of the hill. In establishing his Strategic Defense Initiative, the President took concrete steps that, for the first time, could bring real and fundamental changes in the basic issues of national security in the nuclear age.

In his speech, the President challenged and focused the creative energies of the American scientific and defense commuities. Not all supported the President's initiative quickly or without reservation—and that is as it should be. It takes time to examine and digest proposed changes in basic habits of thought and parlance that have developed over twenty-plus years. Some, even when they have taken this time, will conclude that the global terrorism of mutual assured destruction still offers a safer path to peace. Others, using an almost primal intuition, will be convinced that "it" will not work, whatever "it" may eventually prove to be. And there will be no lack of serious debate over directions, dollars, programs, and priorities. But all this, as most often happens in our systems, is most likely to ensure that our future defenses will be both technologically robust and endorsed by the public over the long term.

The President's speech also provided an occasion for creative energies of a different sort. Senators in public hearings grilled Defense experts as to what would happen if the Soviet attacked while the President was in the shower. And, of course, there was the "Star Wars" nickname, which conjured up images of R2D2 in orbit, armed with a giant laser flyswatter.

Others were more earnest, but to me nearly as silly. Some continued to turn

common sense inside out, by explaining endlessly how strategic defense will make us less secure. For their part, the Soviets, with their patented straight faces, insisted that U.S. strategic defenses were actually an aggressive program to attack the Soviet Union preemptively.

And then there were the specialists who asserted credentials in both economics and strategy by carefully suggesting that SDI might turn out to be acceptable, if, after a long period of research, it seemed possible to build a system that all by itself is both cost-effective and fully survivable. If we depended on those criteria for all our decisions, I don't think we'd even have Swiss Army knives.

The Soviets, on the other hand, don't think that SDI is silly at all. To be sure, they'll take whatever propaganda line they think will best stop SDI dead in its tracks. But they do so because they, above all, know what this program means.

First, with the U.S. getting serious about defenses, the Soviet approach to deterrence—we stay vulnerable, they do not—comes up empty.

Moreover, the Soviets know that strategic defenses will be part and parcel of the U.S. military posture overall. They will have to judge the effectiveness, and survivability, of the U.S. defenses within the total context of strengths and vulnerabilities on both sides. No single point of comparison, this measure with that countermeasure, can determine an absolute outcome here, any more than it an for tank battles or, for that matter, football games. Indeed, the Soviets probably know this better than we do. They have always evaluated the merits of their programs and weapons in a broader strategic setting, and they know that even imperfect, "leaky" defenses, can make it very difficult to design an attack plan in which they can have high confidence.

Finally, the Soviets take "Star Wars" very seriously because they have terrible problems with the American approach to technology. The American scientific and defense research and development communities do not work like Soviet ones do. Namely, the Soviet approach works very poorly; the American one quite well. Confronted with remarkable challenges, the Americans cannot be counted on to fail. And while they are about it, they will most likely develop systems that reduce our dependence on nuclear weapons—for defenses, and for offenses, in space and on earth. And as the U.S. solves more than more pieces of the strategic defense puzzle, the Soviet approach to strategic power becomes less and less competitive. As that happens, their own strategic calculations are likely to drive the Soviets, whether they want to or not, toward joining the U.S. in forging a new security relationship on the basis of mutual assured survival.

So: Where do we stand? Fundamentally, I think, on a solid basis for a more secure future.

True, there is tough going ahead in Geneva. But we have the right objectives, and we have a better understanding of the Soviet approach. Sooner of later—the sooner, the better—the Soviets will see that they can only gain by getting serious. We are prepared to negotiate with them, to work jointly to ward a more stable and safer strategic future. We are not prepared to yield them continuing strategic advantage, nor will we accept rhetoric and posturing in place of serious arms reduction.

At the same time, we are embarked on programs that could transform the current horrifying basis of strategic deterrence. The dictates of our political heritage, our military history, and our moral values all compel us to seek security by protecting people, not by holding them hostage.

And we will continue to lower the risk of catastrophe by building the strength of our deterrent posture. Most importantly, we are taking care to ensure that it deters the Soviets, rather than Americans transfixed, looking in mirrors.●

NOVEMBER 19—A DAY OF SOLIDARITY IN SUPPORT OF SOVIET JEWS

● Mr. CHILES. Mr. President, today I would like to call to the attention of my colleagues this day, November 19, 1985, as a Day of Solidarity in Support of Soviet Jewry. Announced by Leon Dulzin, chairman of the World Conference on Soviet Jewry, this day of solidarity comes at a most opportune and significant moment: The summit meeting in Geneva between President Reagan and Soviet leader Mikhail Gorbachev. Jews and non-Jews around the world are participating in this important event, which expresses not only the hope that the Geneva summit might open new doors to the over 400,000 Jews wishing to emigrate from the Soviet Union, but also the confirmation of our continued concern for Soviet Jewry.

We are all familiar with the plight of Soviet Jews, and it is clear that since Mikhail Gorbachev took office, the condition of Soviet Jews has utterly deteriorated. From 1968 to 1979, the number of Jews emigrating from the Soviet Union steadily increased, peaking at 51,320 in 1979. In 1980, that number was 21,000. In 1981, 9,500. In 1982, less than 2,700 Jews were permitted to emigrate, and in 1983, it was half of that, at 1,300. Finally, in 1984, 896 Jews were allowed to leave, marking the lowest level of emigration in the history of the movement. This year, the statistics are the same. At a virtual standstill, the number of emigres so far this year has leveled at approximately 800. With over 400,000 Jews wanting to leave the Soviet Union, there is no evidence that the situation is changing.

The situation is worsening due to the increasingly harsh and indifferent treatment of Soviet Jews seeking to emigrate or study their language or culture. Jews are harassed, victimized, and labeled as outcasts or "parasites." A recent report by the National Conference on Soviet Jewry cites over 150 known cases of search, arrest, and imprisonment of Hebrew teachers and Jewish activists from September 1984 to August 1985. Anti-Semitism and the general suppression of Jewish culture increase dramatically while some 10,000 "refuseniks"—Jews having been denied exit visas—await permission to leave. Just one example among the thousands of refuseniks is Ilya Vaisblit, whom I adopted along with his wife and son this past spring. Now suffering from multiple sclerosis, Ilya has expressed his fear that, as he puts it, "there is not much time left." He first applied for permission to emigrate in 1973, 12 years ago.

The Helsinki Final Act, the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights all guarantee the freedom of people like the Vaisblits, famed Jewish activists Anatoly Shcharansky and Ida Nudel, and thousands of other Jews to emigrate on humanitarian grounds. Nevertheless, Soviet officials continue to elude discussion of and deny responsibility for the blatent human rights violations in the Soviet Union. It would be naive to think that this Day of Solidarity in Support of Soviet Jewry would effect a change in Soviet policy, and perhaps overly optimistic to hope from the summit the same result. Yet what is crucial is that we let the Soviet Government and the Jewish refuseniks know that we continue to care. This is the message which this day of solidarity is sending, and, with hope, this message will be clearly and firmly imparted to the Soviets in Geneva. Now is the time.●

ARMS CONTROL

● Mr. HARKIN. Mr. President, the significance of the President's strategic defense initiative is difficult to overestimate. Regardless of one's position on the subject, it is clear that SDI will be key to the upcoming discussions on arms control between President Reagan and Mikhail Gorbachev.

On the first day of the United States-Soviet Summit in Geneva, I recommend to my colleagues an insightful study commissioned and published by the Stanley Foundation, "Arms Control and the Strategic Defense Initiative: Three Perspectives."

This study examines the impact of the strategic defense initiative on arms control negotiations, the reasons for Soviet preoccupation with SDI, and our NATO alliance's concern about the President's proposal for a space-based defense system.

The three perspectives are presented by distinguished experts on Soviet politics and arms control. Contributors to this study include: Former U.S. chief arms negotiator Paul S. Warnke and his former associate at the Arms Control and Disarmament Agency, David Linebaugh; Jerry F. Hough, professor of political science at Duke University and staff member of the Brookings Institution; and Stanley R. Sloan, specialist in U.S. alliance relations at the Congressional Research Service.

I commend the Stanley Foundation for its preparing this important study. The Stanley Foundation is an Iowa-

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based nonprofit organization that encourages study, research, and discussion of international issues contributing to a secure peace with freedom and justice.

Mr. President, I ask that this study be printed in the RECORD.

The material follows:

ARMS CONTROL AND THE STRATEGIC DEFENSE INITIATIVE: THREE PERSPECTIVES

SOVIET INTERPRETATION AND RESPONSE

(By Jerry F. Hough)

"If we are to understand the emphasis that the Soviet Union has placed on SDI, a key factor to keep in mind—perhaps the key factor—is the domestic political one and especially the requirements of economic reform."

A NEW DILEMMA FOR NATO

(By Stanley R. Sloan)

"For the next few years the European-US dialogue on defense strategy and arms control seems likely to be defined in terms of the strategic defense concept and particularly what SDI implies for the current strategy of extended nuclear deterrence for Western Europe."

BREAKING THE DEADLOCK

(By Paul C. Warnke and David Linebaugh)

"Vigorously pursuing defensive technologies without strong limits on offensive weaponry simply threatens to provoke simultaneous offensive and defensive arms races that would leave the world with more nuclear weapons and less security than before."

SOVIET INTERPRETATION AND RESPONSE

(By Jerry F. Hough)

The Soviet Union has made the Strategic Defense Initiative (SDI) the center of its arms control diplomacy. While negotiations are being conducted in Geneva on SDI, intermediate nuclear forces, and strategic weapons, the Soviet Union has insisted that they be linked; it has stated flatly that progress on limitation of SDI is the prerequisite for success anywhere else.

To the United States, the Soviet focus upon SDI seems somewhat bizarre. A wide range of Americans have criticized SDI as being unworkable and vulnerable to countermeasures, and even its supporters have found it difficult to advance a coherent and convincing case for it. In a speech to the Republican Party of California in August of 1985, President Ronald Reagan, noting that critics had called the project unfeasible and a waste of money, asked, "Well, if that's true, why are the Soviets so upset about it?"

PERCEPTIONS OF THE THREAT

There are several possible answers to the mystery of the Soviet focus upon SDI. One is in the military realm itself. From the Soviet point of view, a purely military case can be made that SDI is more of a threat to the Soviet Union than its US critics suggest.

First, of course, even if SDI does not work out as a comprehensive system, the research-and-development work on it will surely have other military applications. Conventional war is moving in a computerized direction with guided shells and the like and the various types of work on miniaturized computers and beams is quite likely to feed into the conventional weapons systems of the future. Both before he was removed as head of the general staff in 1984 and afterwards (still under Konstantin Chernenko), Marshal Nikolai Ogarkov said in the Soviet press that nuclear weapons are essentially unusable. Before he was removed, in an article he wrote for a Soviet journal, he drew the logical conclusion that future wars are likely to be decided by conventional weapons and weapons based on "new physical principles." He warned that the West is making major advances in these realms and that SDI research is part of that Western effort.

Second, military officers are paid to think in worst-case terms, and if SDI really does work, it would leave the Soviet Union totally vulnerable. Since it might be too late to do anything if a breakthrough occurred, the weapon system has all the characteristics needed to arouse vague but strong anxieties about the future. This is particularly so in the Soviet Union where there has long been a strong tendency to exaggerate US technological capabilities and where the fear that the United States might pull it off is correspondingly greater.

Third, the apparent unworkability of SDI as a comprehensive defensive system paradoxically raises the very worrisome question: Why is the United States going ahead with the program? If the proclaimed mission of the program seems so implausible, then what is the hidden agenda? The Americans are a pragmatic people, and surely they would not be spending all that money unless they had something in mind.

The real answer to this question is probably that the pragmatism of the United States should not be exaggerated and that the ability of the United States to waste money in the defense field should not be minimized. Americans, however, seldom explain crazy Soviet defense programs as Soviet craziness but instead search for a rational—and ominous—explanation. There is no reason to suspect that the Soviet psychology is any different on such matters.

If the Soviet Union seeks an ominous explanation for SDI, one is readily available, at least if is feared that the United States is pursuing a war-winning strategy and is contemplating a possible first strike at the beginning of one. The scenarios that make SDI seem particularly utopian are those that begin with a Soviet attack. If the Soviet Union expands the number of warheads and missiles, if it camouflages its warheads with dummies, even the destruction of a high percentage of Soviet rockets permits those that penetrate the defense to do unacceptable damage. If, however, the war begins with a US first strike and space defense is used to mop up the Soviet retaliation, the scenarios become more plausible. Then the number of Soviet rockets to shoot down would be far fewer, and the United States would have control of timing and be on the alert.

From this perspective, SDI looks particularly ominous to a Soviet worst-case analyst. It is not only that space defense might be militarily significant in a US first-strike scenario but also that SDI might serve as proof of a US first-strike strategy and intention, for no other rational military explanation really suffices. Americans may think such reasoning extreme, but they should not forget that they have assumed a Soviet first-strike strategy aimed at US Minuteman missiles because there seems little other rational military explanation for the size of the large Soviet missile.

In any case, to the extent that SDI is taken seriously at all from a military point of view—and military men are paid to take military actions of the other side seriously—it absolutely destroys any Soviet incentive to accept any reduction in the number of offensive missiles or warheads. If space defense cannot conceivably be 100 percent foolproof in the foreseeable future, if a certain percentage of Soviet missiles will get through, why should the Soviet Union increase the effectiveness of US space defense and simplify the task of US planners by reducing the number of Soviet rockets to be shot down in case of war?

DIPLOMATIC CONSIDERATIONS

The problem with the military explanation for Soviet emphasis on SDI is that arms control agreements have never succeeded in controlling technology that seems to have a chance for success. Conceivably, the Anti-Ballistic Missile Treaty resulted in some reduction in the level of spending on anti-missile defense, but antiballistic missiles were not a live possibility in the seventies. Research continued, and the money that ws poured into multiple warhead (MIRVed) missiles, into cruise missiles, into the space shuttle, and so forth went in large part into guidance systems and computer-related capabilities that ultimately are relevant to antiballistic missile development.

If the Soviet Union thinks that the United States is serious about SDI for military reasons, why should the Soviet Union think that the Reagan administration—or any post-Reagan administration—will limit itself in a defense realm affording real payoff when it has a major technological advantage? That has never been the case in arms control. Why should it be so when the United States is in the early research-and-development stage and when the research-and-development work is so closely related to advanced civilian work? Even if SDI is officially reduced somewhat, the research money is likely to go into areas that ultimately will contribute to space defense. (For example, fusion nuclear research is closely related to SDI beam research—a fact that explains why those same people who lobbied in airports for civilian nuclear power are now so strongly in favor of SDI.)

A second explanation for the great Soviet emphasis on SDI is diplomatic calculation. The campaign to prevent installation of the US Perishing II and cruise missiles was an abysmal failure. If the Soviet Union is going to play in the arms control game simply for propaganda reasons, it needs something.

From the diplomatic point of view, the SDI issue has certain advantages, at least in Europe. The question of US commitment to the defense of Europe in the case of nuclear attack has always been a source of anxiety, and SDI suggests the possibility that the United States in thinking of building a shell around itself that would allow it to be entirely isolationist. Moreover, Europeans worry about US technological superiority; SDI threatens to increase it and perhaps even to stimulate a brain drain from Europe to the United States.

Yet, the issue can be looked upon in another way in Europe. If the United States did have an effective shield, it would be easy to use its nuclear weapons in defense of Europe. In fact, it would have no reason not to do so. In addition, those who want an improvement in European technology may think that SDI will prove a stimulus. Finally, SDI still looks quite unworkable in the foreseeable future, and Europeans have no trouble understanding that the United States does crazy things for nonominous reasons. As a practical matter, it is hard to believe that a space defense that will not be effective for decades at best will arouse the

same strength of emotions as US missiles actually installed on European soil that increase the danger for Europeans in time of war. To repeat, even in that latter ideal case, the peace movement was not successful.

In the United States, the Soviet campaign against SDI arouses even less support. The freeze movement legitimated the notion of a utopian ideal that freedom from the tyranny of nuclear weapons and deterrence is possible. In a sense, President Reagan simply took this main issue of peace movement and made it more realistic by substituting SDI technology for freeze negotiations. (In fact, one suspects that this was the real reason for SDI as the president looked forward to the 1984 campaign.) The critics' derisive labeling of SDI as Star Wars may well have backfired, for the theme of the movie *Star Wars* was a struggle in which technology in the form of friendly robots and speed-of-light acceleration for space vehicles was vital for survival against a dark and evil empire.

Indeed, the Soviet campaign against SDI is probably counterproductive in the United States. If the Soviet Union acted unconcerned and simply ridiculed the notion as a waste of money, natural budgetary pressures would bring the program under control. The more the Soviet Union criticizes the program, the more difficult it is for an American to say that it is ineffective, and the easier it is for supporters of SDI to say that a vote against it is a vote for the Soviet position. The president's question posed before the California Republicans was extremely effective.

Although the Soviet Union had few good options after the failure of the intermediate nuclear forces negotiations, a strategy of focusing on a combination of first-strike weapons (for example, SS-18s, MXs, Trident warheads, and Pershing II missiles) might have been more effective in mobilizing the Western arms control community. It certainly would have been more effective in forcing the community to face up to real issues and to help the United States think about how its actions look to others.

DOMESTIC POLITICAL CONSIDERATIONS

Americans are aware that domestic political considerations are a crucial element in US foreign policy, but they assume that foreign policy and defense considerations determine 100 percent of Soviet foreign policy. In reality, domestic factors have always been intimately connected with foreign policy in the Soviet Union, for the fundamental domestic question in the country is the relationship to Western institutions and values. A person's position on this question has often had a decisive impact on his foreign policy position. The interconnection is even closer today when the crucial question on the domestic agenda is the degree to which economic reform will introduce market mechanisms and will integrate the Soviet Union into the world economy. If we are to understand the emphasis that the Soviet Union has placed on SDI, a key factor to keep in mind—perhaps the key factor—is the domestic political one and especially the requirements of economic reform.

Serious economic reform that gives the Soviet Union the ability to export technology—and that is what is required—is politically extremely difficult to achieve. Many Westerners would say that it is impossible for any Soviet leader. Whatever the ultimate success of reform, however, the Soviet technological lag has such drastic consequences for the Soviet military, for the Soviet foreign policy position, and, consequently, for politicial stability that any intelligent younger general secretary will attempt it. In fact, General Secretary Mikhail Gorbachev has been talking incessantly about the need to bring Soviet technology up to world levels. He recently asked rhetorically, "Are we not turning too sharply?" His answer was direct. "No . . . a different, calmer approach would not suit us. The time dictates that this is exactly how we must act."

Hence the difficulty of economic reform should not lead us to some a prior assumption that Mr. Gorbachev will not attempt it. Rather, it should lead us to understand that he has a a difficult political task and must subordinate other goals and policies to the imperatives of his first priority. This is perhaps even truer of foreign policy than other domestic policies.

Serious economic reform has a number of foreign policy imperatives, or at a minimum, a number of foreign policy steps would be highly beneficial for reform. Unfortunately, from the point of view of the Soviet leaders, they tend to be mutually contradictory. First, a foreign threat is always extremely useful to justify heavy sacrifices, and economic reform will require many sacrifies, especially in social policy (more wage inegalitarianism, more job insecurity, and a reduction in food price subsidies). Second, since reform requires a harsher social policy and growth requires investment, an increase in military spending or even the maintenance of the present level of military spending at the expense of consumption and investment is very counterproductive. Third, reform requires an attack on the massive protectionism enjoyed by Soviet industrialists—subjecting them to foreign competition both in the domestic and the foreign markets—and this in turn requires an opening of the Soviet Union to world markets and ultimately to the outside world in general.

The basic problem with the foreign policy imperatives of economic reform is that the threat that helps to justify the sacrifices undercuts the other two requirements. If a sense of the danger of war is created, this will create pressure for higher military expenditures, especially for weapons procurements and readiness. Moreover, historically in the Soviet Union, the foreign threat has been associated with a garrison state mentality and a closing of borders to the West, not an opening of them.

Two answers suggest themselves to this dilemma. First, the old Gromyko bipolar policy of focusing on relations with the United States could be reversed, and a far greater differentiation could be made between the United States and Western Europe and Japan. The United States could be used as the threat and the opening to Europe and Japan as the way to guarantee access to the world's economy. Second, attention could be focused on a long-term threat rather than a short-range danger of war. In that way, pressure for readiness and procurements expenditures could be minimized, and pressure for research-and-development expenditures in high technology realms could be maximized.

In terms of this dilemma, SDI is a godsend for the Soviet leadership. It is absolutely no threat to the Soviet Union in the next decade or two, but it poses a potentially enormous danger in the distant future. The steps needed to meet it are precisely those that Gorbachev wants to achieve with economic reform: the raising of Soviet technological capacity. In a country that is backward in its computerization, the first step required for national defense is enormous research and development in this realm. The Soviet leaders can say that negotiations will never control the US program—and they are right on this—and that national defense absolutely depends on the sacrifices and efforts required for economic reform.

From this perspective, the great advantage of focusing on SDI in arms control is that it has resulted in a stream of articles in the Soviet press, not the foreign press. These articles never say that SDI will not work but tie the program in with a US first-strike intention. The message is quite clear-cut, and it is drummed in incessantly: US technological advantage threatens national defense. The implicit message is also clear-cut: The Soviet Union must catch up in technology. Gorbachev has been making this implicit message explicit and has been linking reform with the theme of patriotism.

If this analysis is correct, there is every reason to be pessimistic about arms control negotiations so long as they stay on the present path. Former Foreign Minister Andrei Gromyko, like many US Presidents, liked arms control agreements for their own sake. His interest was in the reduction of tension and the prevention of a superpower confrontation, and he liked the atmospheric effects of agreements that suggest a reduced immediate danger of war, and he cannot play successfully to the Europeans if his rhetoric towards the United States is too harsh. Basically, however, the last thing that he needs are atmospheric agreements that give the Russian people the sense that the conflict with the United States is dying down and that agreements are solving the SDI problem.

If Mr. Gorbachev is driven solely by domestic considerations, he will keep an SDI bargaining position that, as in the summer of 1985, is hopelessly unrealistic in order to guarantee that no agreement can emerge. However, especially since it does not appear that President Reagan will accept tight controls on testing, the general secretary may think it safe to move to a more accommodating position. If he could be very forthcoming in his proposals and could count on the United States to reject them, he could achieve all of his domestic objectives (indeed, even better than before) while making a major propaganda gain in the West. And, of course, if President Reagan does accept such proposals, Mr. Gorbachev can claim a victory that his predecessors were never able to achieve.

If Mr. Gorbachev really does change policy towards Europe and really begins opening the country to the West, the more fundamental task will be to try to explain to the American people that the Manichean image of a struggle between good and evil was always a heresy and that it is particularly dangerous when we are faced with an adversary who is beginning to play a sophisticated geopolitical game. A country that always thought that international relations were illegitimate except for interventions based on moral reasons, as in World War I and World War II, will have to learn how to handle the combination of cooperation and conflict that is inherent in normal international relations. Unless this is learned, the dominant position that the United States achieved when the Soviet Union was giving it a relatively mild challenge may be quickly eroded.

A NEW DILEMMA FOR NATO

(By Stanley R. Sloan)

In the past few years the NATO alliance has faced and survived a major political crisis provoked by a decision intended to enhance the credibility of its policy of nuclear deterrence. Ironically, the allies emerged from this controversy only to confront a new political challenge posed by a concept which, according to President Ronald Reagan's original claim, would seek eventually to do away with the policy of nuclear deterrence.

In December 1979, the allies decided to proceed with a dual-track approach: to modernize NATO's intermediate-range nuclear forces (INF) while simultaneously seeking to negotiate limits on such forces with the Soviet Union. The United States began deploying Pershing II ballistic missiles and ground-launched cruise missiles in December 1983, and the Soviet Union walked out of arms control negotiations in Geneva in protest. The East-West debate which preceded the initial deployments became a contest for the hearts and minds of Western Europeans. Within the West, the issue became part of a larger struggle between competing concepts of how best to deal with the Soviet Union.

The initial INF deployments brought both debates to an apparent end without settling the central issues. Now, many of the same issues which troubled the NATO alliance in the INF controversy have resurfaced in the discussion of President Reagan's Strategic Defense Initiative (SDI) which seeks ideally to replace nuclear deterrence with a future defense against nuclear missiles. Before the alliance finds itself further divided over SDI and its implications for NATO strategy and arms control, it might be useful to reflect on the lessons of the INF experience and their implications for the SDI debate.

THE 1979 DECISION AND THE ALLIANCE

The 1979 dual-track decision was designed to be perfectly consistent with the stated objectives and strategies of the alliance. The decision was intended to enhance deterrence against Soviet aggression and to reassure Europe about the US nuclear guarantee.

The missile deployment attempted to deal with conflicting US and European perspectives on deterrence. In response to the US requirement for credible nuclear options, it sought to provide more flexible nuclear systems. These systems, however, given their ability to strike Soviet territory, could be seen as strengthening the link between the European theater and the strategic nuclear standoff—in response to the European requirement for extended deterrence with the hope of transposing the stability at the strategic level to the theater level.

According to the decision's rationale, deterrence for Europe would be strengthened because the Soviet Union, in contemplating any attack on Western Europe, would be forced to calculate that the West might respond by striking Soviet territory with the new systems. In using the systems, the West would know that the Soviet Union might respond by striking US, not just European, targets. Therefore, both sides would be aware that hostilities in Europe might escalate rapidly to a strategic exchange.

This logic was no foolproof guarantee of extended deterrence. The US president could, in theory, decide not to use the new systems in case of a Soviet attack and could even choose to lose them rather than invite strategic retaliation. That decision, however, would have to be made much earlier in the conflict than might previously have been the case. The new deployments therefore would compress the time in which the Soviet Union could advance through Western Europe without risking a nuclear strike on Soviet territory.

Given the linkage rationale for deploying the new weapons, there was no magic number of missiles which had to be deployed or, for that matter, left deployed after an arms control agreement. The deployment in either case would have to be sufficiently large to guarantee (in combination with other factors such as mobility) survival of enough weapons to remain a serious option in a crisis. However, it need not precisely balance similar Soviet systems in Europe, such as the SS-20 missile system which Moscow was deploying in substantial numbers around its European periphery.

The arms control track of the decision also had a very specific purpose. It brought the decision in line with the Harmel Formula (originated by Belgian Foreign Minister Pierre Harmel) of defense and détente policies accepted as NATO policy since 1967, providing an arms control component to balance the deployment plan. It undoubtedly was clear to the allies that they might need to demonstrate their interest in arms control in order to defend the deployment before their publics. The arms control initiative, however, could do something which the deployment would not accomplish on its own. Only if there were an arms control agreement with the Soviet Union to limit intermediate-range nuclear systems could the West restrain the extent of the SS-20 threat to Western Europe.

Why, when the INF decision seemed so well designed to serve the strategy of extended deterrence, did it ultimately provoke in Europe fear of nuclear war rather than produce increased reassurance that war would be deterred? The answer lies in the fact that the viability of extended deterrence rests on three pillars: the weapons themselves, a credible strategy relating the weapons to the purpose of the alliance, and political confidence that the weapons and the strategy will make it less rather than more likely that war will occur. The same general criteria will also determine whether SDI ultimately divides or unites the alliance.

Historically, the United States has tended to place greater emphasis on the weapons and the strategy for their use than on the political context for their deployment. Europeans, on the other hand, have attributed relatively greater importance to the political context, believing that wars usually are "about something," the product of conflicting political interests rather than spontaneous, unexplainable events.

As a consequence, extended deterrence does not work unless its political pillar is as reassuring to Western Europe as its weapons and strategy are threatening to the Soviet Union. For the INF decision to augment extended deterrence, its arms control track had to be just as credible and effective as its deployment track; the same rule likely holds true with SDI.

THE FAILURE OF INF ARMS CONTROL

Even under the best of circumstances, it would not have been easy to negotiate an arms control agreement limiting intermediate-range nuclear systems. As it happened, the negotiations were doomed from the start by the general deterioration in US-Soviet relations which had begun in the years immediately prior to the NATO decision and which quickened in its wake.

The Soviet invasion of Afghanistan, only two weeks after the NATO 1979 decision, provided a rallying point for the critique of Soviet global intervention which had been building in the United States for a number of years. The critique had already been a major factor in the failure of the US Senate to ratify SALT II. The invasion effectively killed the treaty just as the United States entered an election year.

Ronald Reagan, after defeating Jimmy Carter in the 1980 elections, set U.S foreign policy on a new course. President Carter had already begun a defense buildup, which the Reagan administration promptly accelerated. Just as importantly, the Reagan administration came to office infused with great skepticism about arms control based on a perception of unrelenting Soviet antagonism toward US interests. The administration put arms control on a back burner and concentrated on developing its defense program.

Almost six months passed before the administration announced its willingness to negotiate on the INF systems and an additional five months before it adopted a negotiating position. The famous zero-option proposal, announced by President Reagan on 18 November 1981, called for the total elimination of all Soviet intermediate-range nuclear weapons in return for cancellation of NATO deployment plans.

In retrospect, the zero-option proposal made sense only as a ploy to gain a short-term advantage with European public opinion. It made little sense in terms of NATO strategy. If no new US intermediate-range missiles were deployed, the principal purpose of the 1979 decision to reinforce linkage to US strategic weapons would not be served. It made no sense in terms of an arms control proposal. Given the fact that Soviet intermediate-range weapons were designed at a minimum to balance British and French nuclear forces, and those of the Chinese as well, Moscow would not be willing to destroy them all and receive only cancellation of the scheduled US deployment in return. In other words, the proposal seemed bound to be nonnegotiable, and even if it had been acceptable to Moscow, it would have failed to serve the intent of the original decision.

The Soviets were no more conciliatory, never accepting the legitimacy of the West's desire to strengthen extended deterrence through deployment of the new systems. Moscow argued that there was already rough parity between East and West in such systems, counting British and French forces in the West's totals. Moscow was never willing to sanction new US deployments in an arms control accord.

The unveiling of the zero-option negotiating approach helped, at least temporarily, to abate concern about the administration's attitude toward the possible use of nuclear weapons. The administration's rationale for the position, however, provided little real consolation for Europeans whose concerns had been raised by the low priority assigned to arms control and whose fears had been confirmed by the administration's hard-line rhetoric toward the Soviet Union. The administration defended its approach by arguing that the West needed to "counter the SS-20" and "establish a balance" in intermediate-range nuclear missiles. When the administration eventually modified the zero-option proposal in 1982, it continued to seek a missile balance even though it invited the Soviet Union to pick a number at which level that balance would be established.

However, the administration's defense of its negotiating position only tended to reinforce the impression of those Europeans who feared that the missiles were being deployed in order to make it easier to limit a nuclear war to Europe; the administration's hard-line policy toward the Soviet Union suggested that such a war had become more likely. The Reagan administration's approach to defending and implementing the 1979 decision therefore created exactly the opposite effect on public perceptions than was intended by the original decision, or even necessitated by the weapons in question.

The vote in the West German Bundestag on 22 November 1983 supporting deployment of the new missiles was a watershed event for both Washington and Moscow. The United States declared victory, and the Soviet Union discontinued the Geneva negotiations. The two principal Reagan administration managers of NATO nuclear policy, Assistant Secretary of State for European Affairs Richard Burt and Deputy Secretary of Defense Richard Perle, pointed accusing fingers at Moscow and charged it was up to the Russians to return to the negotiating table. For most Europeans it was of little concern who was at fault for the failure of the negotiations. The principal European concern was how negotiations might be resumed and how, in the meanwhile, to avoid further deterioration in East-West relations.

If the United States had wanted to reassure allied governments and their publics, the administration could have expressed its willingness to return to negotiations on INF systems in any forum, as it subsequently did when the Geneva negotiations resumed early in 1985. The narrow INF frameworks had proven inadequate for the purposes of reaching an arms control accord, and most analysts outside the administration were coming to the conclusion that limits on intermediate-range systems would likely be possible only as a subcategory of a broader US-Soviet strategic arms control agreement, as had been the original intent prior to the collapse of the SALT process. However, instead of demonstrating their continuing interest in controlling intermediate-range systems, administration sources leaked to the press their fears that a consolidated discussion of intermediate and strategic systems would allow the Soviet Union to use European opinion as an added lever against the United States in the negotiation of strategic arms limitations as well as in the area of intermediate-range weapons.

Although the administration pushed successfully to the beginning of deployments, a substantial price had been paid in terms of public consensus and alliance solidarity. What lessons can be drawn from the experience that might have relevance as the alliance begins to struggle with the implications of the SDI?

INF REFLECTIONS AND SDI IMPLICATIONS

The security of the NATO allies remains ultimately dependent on the viability of the U.S. strategic guarantee. As the INF experience demonstrated, that guarantee is required to serve many masters. It must be a credible threat to the Soviet Union, sufficiently serious to discourage Soviet aggression against Western Europe and to deny coercive political advantages to the Soviets. It must simultaneously be a reassuring commitment to Western Europe, providing the most convincing guarantee of both peace and freedom. Finally, it must be on conditions which are tolerable to the United States both in terms of financial burdens and security risks.

The INF saga highlights a number of very important characteristics of NATO's nuclear dilemma. First, the dilemma is firmly rooted in the geographic separation of the United States from Western Europe. As long as the Soviet Union retains massive military superiority over Western Europe, and the United States and West European nations remain joined in a transatlantic alliance, some form of extended strategic deterrence will likely be essential to Western security. The geographic factor, however, will keep the policy from ever being perfectible. It will for the indefinite future fall short of a total, unconditional guarantee for Western Europe and will include certain risks for the United States beyond those which would likely be incurred in the absence of extended deterrence.

In 1983, the SDI was presented by President Reagan in a way that reflected little concern about the likely impact on the alliance, given the geographic separation between the United States and Western Europe. Subsequently, the administration has argued that a strategic defense system against ballistic missiles could protect Western Europe as well as the United States. The technological feasibility of this, as well as other aspects of the initiative, remains to be demonstrated, and it is all too easy for Europeans to conceive ways in which the Soviet Union could get around (or under) such a strategic bubble to call Europe's security into question. Until much more convincing evidence has been produced, Europeans will remain skeptical concerning the ultimate effect on their security, and the strategic implications of the proposal will tend to divide rather than unite the allies.

Second, the nuclear relationship between the United States and Europe remains troubled by the fundamentally different attitudes one finds toward vulnerability on either side of the Atlantic. The United States still has not come to terms with its vulnerability in the nuclear age and longs for a return to its historic invulnerability to direct external threats. The policy of extended deterrence for Western Europe, which by its very nature increases US vulnerability, therefore has fundamentally weak foundations in the United States. This peculiarly US psychological orientation lies behind the SDI proposal and helps explain the degreee of support that the concept of strategic defense enjoys among US citizens. The US reluctance to tolerate vulnerability may be just as potent a motivation for US national security policy as is the Soviet Union's deep paranoia for its military programs and policies.

On the other hand, Western Europeans have tended to accept vulnerability as a fact of life and find that the US search for invulnerability incomprehensible. The Strategic Defense Initiative, therefore, appears conceptually absurd to many Europeans.

Third, NATO's nuclear dilemma is a product of the confrontation between East and West, between the United States and the Soviet Union. The forces and questionable intentions of the Soviet Union originally gave rise to the requirement for extended deterrence. History has shown that the Soviet Union, through its weapons deployments and its diplomatic strategy, can directly affect the military credibility and political viability of the nuclear guarantee.

The West cannot afford to ignore Soviet moves which threaten the credibility of Western deterrence—unilateral Western deployments and strategy adjustments have been, and will in the future be, required to preserve the guarantee. At the same time, unilateral actions which invite Soviet retaliatory measures promise only a continued cycle of expensive and potentially destabilizing moves and countermoves. The West's security, therefore, can never be fully ensured by unilateral measures but will depend as well on encouraging a greater degree of Soviet cooperation to stabilize the East-West arms race. The Reagan administration's handing of the INF issue failed to reassure the European allies because it appeared to close off prospects for arms control, relying almost exclusively on deployment to ensure Western interests. By the same token, the Reagan administration's approach to SDI alarms many Europeans because it also has appeared to diminish prospects for negotiated limits on offensive nuclear systems.

SDI AND NATO UNITY

For the next few years, the European-US dialogue on defense strategy and arms control seems likely to be defined in terms of the strategic defense concept and particularly what SDI implies for the current strategy of extended nuclear deterrence for Western Europe. Current US approaches to SDI seem very likely at some point to provoke serious splits in the alliance. From a European perspective, SDI, as originally defined by President Reagan, called into question the very foundation of extended deterrence and, in the near term, blocks prospects for nuclear arms control and threatens a virtually unbounded race in offensive and defensive strategic arms.

The United States faces a serious choice. Is SDI, as it is currently defined, so important to US national security interests that it is worth the risk of dividing the alliance? Perhaps so. If not, what approach to SDI might be more likely to attract European support and avoid a debilitating crisis in transatlantic relations?

If the United States decides that the current approach to SDI does require adjustment for the sake of alliance solidarity, current European attitudes suggest that something like the following arms control and defense policy goals might be required:

Seeking to negotiate with the Soviets a ban on testing and deployment of antisatellite and space-based weapons systems; in other words, agreeing not to build a full-blown strategic defense system.

Attempting also to negotiate a modification of existing US-Soviet understanding to permit each side to improve protection for land-based missile systems, including the use of antiballistic missile technologies not based in space.

Refocusing SDI away from the idealistic objective of population defense toward ways to enhance survivability of land-based missile systems in the United States and in Western Europe; such an approach would be consistent with the arms control objectives described above and compatible with the goals of preserving extended nuclear deterrence for Western Europe and strengthening strategic stability.

Inviting the European allies to play a full role in the research, development, and production of such point-defense systems; the allies could also be invited to join in nonweapons space research, for example, research aimed at improving monitoring capabilities which could enhance verification possibilities.

This approach, combined with continuing US initiatives to achieve offensive nuclear arms limitations, might provide a solid basis for Western consensus. Such an approach, however, would represent a substantial shift from the current Reagan SDI policy. The administration has already modified some of the most idealistic aspects of the proposal, now arguing that current deterrent strategy remains valid and that there currently is no more effective alternative for preventing war. But further adjustments, such as those listed above, might be too substantial for the administration to accept. In any case, the choices which the United States makes among competing concepts and interests, between maximum SDI approaches and European interests, may hold the key to future alliance solidarity as well as to prospects for a less dangerous relationship with the Soviet Union in the years to come.

BREAKING THE DEADLOCK

(By Paul C. Warnke and David Linebaugh)

The nuclear arms race between the United States and the Soviet Union is at the starting line of a dangerous new phase. Genuine and selective reductions in offensive weaponry must be achieved if strategic stability is to be preserved and the integrity of the arms control process maintained. However, the current US fascination with the overblown and oversold Strategic Defense Initiative (SDI) is diverting attention from this immediate, urgent task. Moreover, SDI in any form feasible with existing technology will make achieving such reductions vastly more difficult by putting a premium on more offensive weapons as the surest known countermeasures. A preoccupation with a distant, theoretical panacea is thus undermining the chances for early solutions to today's problems.

The United States cannot solve the problems created by the arms race unilaterally. Lasting solutions will only come from negotiated, mutual restraint. Without such restraint, the arms race will accelerate as each side depolys new destabilizing weapons: more multiple warhead (MIRVed) missiles that encourage "first-strike," "war-fighting" postures; sea-launched cruise missiles (SLCMs) that pose severe verification problems; and antisatellite weapons (ASATs) that threaten vital US and Soviet command and control systems. Further deterioration in US-Soviet relations will surely follow.

Yet, by the Reagan administration's own admission, there is currently little prospect of early results in the US-Soviet arms control talks in Geneva. The Soviets have made it abundantly clear-and there is little reason to doubt their sincerity—that they will not entertain proposals for deep cuts in their nuclear arsenals while the United States refuses to set limits on SDI. To achieve progress in Geneva, the stalemate on SDI must be broken soon.

Progress in Geneva can happen promptly if the United States undertakes three steps. First, SDI should be returned to its rightful status as a research program intended to keep the United States aware of potential defensive technologies. At the same time, the United States and the Soviet Union should reaffirm their commitment to the 1972 Anti-Ballistic Missile (ABM) Treaty as a renewed recognition that defenses have little role to play in maintaining deterrence. Second, the United States should propose a simple, warheads-only nuclear reduction agreement. Finally, as a parallel agreement, the United States should propose a ban on those new weapons that form the cutting edge of the arms race—SLCMs, ASATs, and MIRVed missiles. These steps would both strengthen and restore order to the US strategic program and revive the desiccated negotiations with genuine measures to slow the arms race.

STEP 1—CURBING DEFENSIVE SYSTEMS

To meet the Soviets desire to avoid an extenson of the arms competition into outer space and to preserve the single most effective arms control treaty to date, the United States should propose reaffirmation of the Soviet-US commitment to the ABM Treaty. At the same time, we should seek to negotiate improvements in the treaty to eliminate existing ambiguities. These changes would make clear that, although laboratory research on defensive technologies would be permissible, field testing and deployments would not. Currently, both sides are straining to thrust programs through these loopholes that risk tearing the treaty apart.

The current bundle of Star Wars programs lumped together under the SDI may or may not produce systems that are cost effective, survivable, or stablizing. All but SDI's most ardent advocates concede that its military effectiveness will not be known until sometime in the next century and that genuine population defenses remain a chimera. In the short run, SDI's potential certainly could be diminished or eliminated if the other side chose to offset it by adding new offensive weaponry. Vigorously pursuing defensive technologies without strong limits on offensive weaponry simply threatens to provoke simultaneous offensive and defensive arms races that would leave the world with more nuclear weapons and less security than before. It will require years of research and discussions to determine whether or not SDI will enhance national security.

STEP 2—REDUCING NUCLEAR WARHEADS

The heart of this recommended three-step approach is a proposal to put effective limits on offensive weaponry. The United States should propose a simple, warheads-only reduction agreement. Such an agreement, which could consist of no more than a single clause, could be completed quickly. An agreement between the United States and the Soviet Union to make deep cuts in their arsenals of strategic warheads—a quantitative limit—could improve US-Soviet political relations by providing the first genuine arms control achievement in this decade and could set the stage for much more difficult to achieve qualitative restraints and reductions.

Warheads matter most because these are the most telling single measure of nuclear capacity. The United States should propose dramatic reductions in strategic and intermediate-range nuclear warheads—50 percent from the current 8900 US warheads and 10,400 Soviet warheads to about 5000 on each side. The figure of 5000 warheads corresponds to the ceiling on strategic warheads proposed by the Reagan administration in the START talks. The reductions would be carried out over a five-year period at a rate of about 800 a year for the United States and about 1100 for the Soviet Union.

Limiting warheads, which could be readily embodied in a simple agreement, would provide a short cut to the tortuous pace of the SALT and START negotiations. SALT I required 2½ years to negotiate; SALT II consumed seven years. The complexity of the limits-within-limits approach, combined with a focus on delivery vehicles, permitted the US and Soviet strategic arsenals to increase nearly fivefold during the life of the negotiations. A warheads reduction agreement should require only a few months to complete and would stop and reverse this expansion. Deep cuts would yield important political benefits both domestically and in US-Soviet relations, while still leaving both superpowers with vast quantities of nuclear weapons.

No radical adjustments in US or Soviet force structures would be required by a warheads-only agreement. The fundamental asymmetries in the forces of the two nations—reflecting their different geography, history, and security concerns—has consistently hampered attempts to negotiate limits on delivery vehicles. The United States will not give up its triad of bombers and land-based and sea-based missiles. The Soviet Union will not give up its primary reliance on land-based forces. A nuclear reduction agreement that focuses on warheads would not challenge these basic interests.

The warheads-only agreement would leave the United States and the Soviet Union free to decide which weapons each would eliminate to achieve the required reductions. The United States would not demand that the Soviet Union give up any specific number of its heavy land-based SS-18 and SS-19 missiles, the sources of the "window of vulnerablity" anxiety in this country. However, because of the configuration of Soviet forces—land-based missiles make up 75 percent of its strategic weapons—deep reductions in these systems would be inevitable.

Any weapons eliminated to meet the warheads reductions would have to be dismantled or destroyed with the remaining delivery vehicles providing the basis for verification. The maximum number of warheads each type of missile delivers in its tests is known to the other side through "national technical means." For purposes of verification, each side would assume, as they did in the SALT II agreements, that the other's missiles carried this maximum number.

Intermediate-range, as well as strategic, warheads should be included in the reductions agreement, reflecting the U.S. conviction that the defense of the United States and the defense of Western Europe are one problem, not two. Including these warheads would also resolve the Euro-strategic problem—the artificial focus on the nuclear forces in Europe without regard to the overall balance between East and West. This tunnel vision has strained NATO relations and introduced a new generation of nuclear weapons to the European continent.

In summary, an agreement for deep reductions in nuclear warheads would apply an effective, feasible, and meaningful brake to the current accumulation of ever higher levels of nuclear weaponry on both sides. It could pave the way for other, qualitative agreements to eliminate or control the most dangerous technologies on each side.

STEP 3—BANNING THREE DESTABILIZING WEAPONS

A warheads-only reduction agreement would go a long way toward slowing the pace of the current U.S.-Soviet nuclear competition. To achieve a greater measure of stability, however, it will be necessary to put real limits on the deployment of the most seriously destabilizing types of new weapons. Therefore, as an adjunct to the warheads ban—but not conditioned on it—the United States and the Soviet Union should negotiate a parallel ban on three critical systems: MIRVed missiles, SLCMs, and ASATs.

MIRVed missiles

MIRVed missiles are a sad reminder of the single greatest lost opportunity in arms control history. Multiple warhead missiles were originally developed in the 1960s as a potential counter to the antiballistic missile defense systems being developed by both sides. When the ABM Treaty negotiations made that role moot, MIRVed missiles became one of the first examples of a bargaining chip, whose mere existence was to induce greater Soviet responsiveness in the SALT talks. The US lead in MIRVed missiles technology proved too tempting, however, and, like many other subsequent chips, was never bargained away. When the Soviets destroyed the US lead by deploying their own MIRVed missiles in the mid-1970s, the arms competition took a dangerous new turn.

Put simply, MIRVed missiles created a particular danger by making the possibility of a first strike against an opponent's forces appear theoretically more feasible. Along with improvements in missile guidance that permit greater accuracy, multiple warheads have made both US and Soviet land-based missiles far more vulnerable. In addition, each MIRVed missile becomes far more valuable to its possessor, and far more tempting a target to the other side. In a crisis, a dangerous use-it-or-lose-it mentality may grow, tempting preemptive strikes to escape one's vulnerability.

The new generation of highly accurate MIRVed missiles—the US MX and the Soviet SS-X-24—are the most dangerous and deadly weapons in the arsenal of either country. The essential vulnerability of land-based missiles is inescapable. The Soviets may be able to resolve some of their problems by developing mobile missiles. It is politically unlikely, however, that the United States will ever have access to the vast expanses of land necessary to make mobile missiles a survivable land-based alternative.

The best first step toward solving the MIRVed missile problem, and the vulnerability of land-based missiles as well, would be to negotiate a ban on further deployment of new land-based MIRVed missiles. The time such an agreement would buy could be spent in negotiating a long-term solution to the issue, perhaps an eventual phasing out of all MIRVed missiles and their replacement with single warhead missiles. Knowing the complexity of negotiating changes in each side's force structure, the urgent need is to avoid making the situation any worse. A ban on new MIRVed intercontinental ballistic missiles would accomplish that vital step.

Sea-launched cruise missiles

Land-attack SLCMs are a dangerous oddity in the arms race: a missile without a realistic mission that poses severe verfication problems. Nuclear SLCMs are usually described as part of the strategic reserve, the nuclear forces that will be left to fight a protracted nuclear war once the initial exchanges have taken place. In addition, nuclear SLCMs figure in the grandiose schemes for the "600 ship" US Navy, which include plans to carry out nuclear bombardments of Soviet ports and installations from surface ships standing off the Soviet coast. Neither task is sufficiently plausible to justify the risk that SLCMs pose for arms control.

SLCMs threaten vastly to complicate the process of verifying arms control agreements. They are indistinguishable from their conventional counterparts, and the navy is currently ensuring their unverifiability by changing from their original launchers, which were distinctive, to a new launcher that is also used for a variety of other naval missiles. The navy's rationale is an arms control nightmare; the change in launchers will permit almost all US surface ships to be outfitted with nuclear weapons. In an interview with the *Washington Times* early in 1985, Vice Admiral Joseph Metcalf III, the deputy chief of naval operations, predicted that SLCMs in their new launchers would revolutionize naval warfare, allowing almost any US warship to launch a nuclear attack on the Soviet Union from a range of more than 1000 miles. The virtue of this from a nuclear planner's point of view is that it would complicate Soviet nuclear targeting, but it would also render arms control virtually impossible. It is simply not realistic to think that the United States—and the Soviet Union when it inevitably follows suit with nuclear SLCM deployments of its own—would accept limits or reductions on its navy simply because any of its warships, cruisers, or destroyers could theoretically be a nuclear delivery vehicle.

Since nuclear SLCMs serve no genuine role in the US or Soviet strategic arsenal, the obvious solution is a simple ban on their deployment. There is disagreement about how readily verifiable the ban would be if the two sides want to continue to deploy long-range conventional SLCMs; the simplest answer would be a ban on both conventional and nuclear land-attack SLCMs. If that is not feasible, then it may be possible to develop counting rules for ships carrying conventional SLCMs analogous to those created in SALT II for aircraft carrying cruise missiles. Since the navy's strongest interest in SLCMs is in the shorter-range systems for ship-to-ship or ship-to-air combat, this might prove a workable agreement. It would be worth the price of some battles within the US bureaucracy to secure the necessary limits to this destabilizing new system.

Antisatellite weapons

Both the United States and the Soviet Union have been pursuing ASATs programs off and on since the 1960s. The Soviet Union currently has a crude orbiting interceptor that is launched from rockets, but it can only threaten low-flying satellites. (Most of the important command-and-control satellites are in orbits out of reach of the Soviet system.) The United States has tested an antisatellite device launched from an F-15 fighter plane against an old satellite with reported success. However, although both sides possess a rudimentary antisatellite capability, neither has passed the point where control is impractical.

The problem from an arms control prespective is twofold. ASATs threaten to expand the arms race into a competition in space, which could in and of itself be seriously destabilizing. More particularly, ASATs could add another dangerous element to a crisis situation if they develop to the stage of seriously threatening the US and Soviet command-and-control systems. Both powers, but especially the United States, are highly dependent on satellites for intelligence information and communication. In a crisis, the vulnerability of communications lifelines would be a powerfully destabilizing element.

Since both the United States and the Soviet Union have demonstrated some antisatellite capabilities, but neither has yet developed major systems, the time is ripe to cap this technology. A ban on testing and deployment of ASATs would maintain the integrity of vital communications links and intelligence capabilities and remove a potentially contentious issue from the US-Soviet agenda. Ironically, an effective ASATs ban would also reduce the vulnerability of defensive systems, such as SDI, if any are ever deployed.

CONCLUSION

The arms control agenda is crowded, and it has been a long time since there has been a significant achievement. The integrity of the process—which will inevitably affect the tenor of US-Soviet relations—requires that progress be made in the near future to slow the arms race. The three steps outlined in this essay would represent a genuine breakthrough in the current stalemate. They have the added advantage of being readily negotiable and achievable. Without the sort of progress these measures offer, there is real reason to fear a new, more destabilizing round in the arms race and an exacerbation of the already tense situation between the United States and the Soviet Union. The means to avoid this are available if the will exists.●

EXPANDED CAPITAL OWNERSHIP AND THE IDEOLOGICAL HIGH GROUND

● Mr. LUGAR. Mr. President, today I am introducing the fourth of a series of statements on expanded capital ownership. This series has been presented as background studies for the new Presidential Task Force on Project Economic Justice. The task force was established to recommend to Congress and the President a comprehensive strategy and policy framework for encouraging the use of the employee stock ownership plan [ESOP] and other expanded ownership vehicles within Central America and the Caribbean Basin.

Who can and should own the means of production in any economy is largely determined by a society's laws and institutions, what some call the institutional infrastructure. If, for example, either the society's tax system or capital credit system is defective, workers can never gain access to any significant private property stake in the corporations they work for.

Following the objectives of the original homestead acts and responding to President Reagan's call in 1974 for an "Industrial Homestead Act," Norman G. Kurland, the author of Project Economic Justice, at the request of senior White House officials, prepared a detailed position paper on how to reform basic U.S. institutions to foster the goal of expanded capital ownership for all Americans. In the hope that Kurland's model will be seriously studied, refined, and improved upon by the Presidential Task Force on Project Economic Justice and by others concerned with the future of free enterprise, I invite the attention of my colleagues to the excerpts from Kurland's industrial homestead paper and ask that they be printed in the RECORD.

The excerpts follow:

SOME GUIDING PRINCIPLES FOR DESIGNING AN INDUSTRIAL HOMESTEAD ACT

To shift the Federal Government's role from today's income redistribution policies to the more limited and healthier role of encouraging "economic justice" through free enterprise growth, an Industrial Homestead Act should:

Set a realistic long-term target, based on the nation's industrial growth potential, to achieve a minimum Industrial Homestead Stake for every American family, perhaps $100,000 by the year 2000.

Establish a personal "Industrial Homestead Exemption" (perhaps $500,000 per individual), thus providing every American an opportunity to accumulate over his or her working lifetime an income-producing, space-age equivalent of the 160 acres of land offered to landless Americans under the original Homestead programs, free from capital gains, inheritance, and gift taxes.

Re-create the conditions that resulted from the first Homestead Act of 1862: full employment and declining prices and a broad distribution of property ownership.

Implement a peace-time counterpart of World War II's War Industrialization Board to bring together American's finest minds and prime movers to recommend ways to achieve a balanced Federal budget and a zero inflation rate under the Industrial Homestead Act, including reasonable national ownership targets and priorities.

Link all economic reforms to methods that discourage privileged access to or future monopolistic accumulations of private property ownership of the means of production.

Reform Federal Reserve monetary policy (especially its power to discount "eligible" commercial, industrial and agricultural paper) to bring about a two-tiered, non-subsidized interest rate structure within member banks of the Fed. This reform would encourge more widespread individual access to lower-cost bank credit for ownership-expanding private-sector productivity growth, while allowing savers to receive market interest rates for non-productive or ownership-concentrating uses of credit, including government deficits.

Supply sufficient money and credit through local banks to meet the liquidity and broadened ownership needs of an expanding economy, subject to appropriate feasibility standards administered by the banks.

Radically simplify the existing Federal tax system in ways that make Congress more directly accountable and responsive to all taxpayers.

Eliminate tax provisions that unjustly discriminate against or discourage property accumulations and investment incomes.

Supplement and reduce growth of the Social Security System, by enabling every American to accumulate (through inheritances, gifts, ESOPs, IRAs, and other expanded ownership vehicles sheltered from taxes under the "Industrial Homestead Exemption") sufficient wealth-producing assets to provide each person with a taxable property income, independent of Social Security benefits and incomes from other sources.

Remove economic bottlenecks to effective market competition so that just prices, just wages and just profits can be controlled by the laws of supply and demand, rather than by central planners, by fiat or regulation, by government-sanctioned monopolies, or by other coercive pressures.

Gradually eliminate rigid, artificially-protected wage and price levels and other restrictions on free trade, which afford special privileges to some industries, businesses and workers at the expense of American and foreign customers of U.S. products.

Focus top priority during the next decade on developing a more just "social contract" for persons employed in the private sector, geared to maximum ownership incentives, so that instead of inflationary "wage system" increases, all employees can begin to earn their future gains increasingly through production bonuses, equity accumulations, and profit earnings linked to their personal efforts and to the productivity and success of their work team and the enterprise for which they work.

Restore the original rights of "private property" to all owners of corporate equity, particularly with respect to the right to profits and in the sharing of control over corporate policies, while still safeguarding the traditional functions of professional managers.

Promote the right of non-management employees to form democratic trade unions and other voluntary associations for negotiating and advancing their economic interests, including their ownership rights, vis-a-vis management.

Preserve the family-owned farm as a basic unit for maintaining self-sufficiency in meeting America's food supply, while discouraging the spread of congolmerate and foreign takeovers of prime agricultural lands. Equity sharing among dozens of farm families of large corporate agribusinesses can also meet the "family farm" concept.

Assist farmers who wish to associate together voluntarily in cooperatives and in enterprises jointly owned by farmers and workers, including integrated agribusinesses, for supplementing their farm incomes and reducing the need for subsidies.

Encourage special ownership incentives for those engaged in research and development, especially in the search for new sources of energy and labor-saving technology.

Develop new methods of conserving and re-cycling non-replenishible and limited natural resources that are vital to society's long-term survival, until suitable substitutes can be discovered and developed.

Provide America's military, policemen and firemen, teachers, and other public employees with a growing and more direct equity stake in the free enterprise system, both as a supplement to their costly pension plans and so that they will better understand and defend the institution of private property.

Privatize government-owned enterprises and services, to the maximum feasible extent, by offering their employees (and customers in capital-intensive operations like TVA) opportunities to take over their ownership and control.

Set a model for State and local governments and other countries to promote widespread capital ownership as a major goal for their citizens.

Launch several broadened ownership demonstrations, possibly in areas of high unemployment (like the proposed "free enterprise zones") to evaluate the proposed Federal Reserve reforms, innovative broadened ownership mechanisms and advanced concepts of worker participation in decision-making and self-management.

Provide special encouragement to U.S.-based multinational corporations to become instruments of peace and a more just world economic order, by broadening access to their ownership base to all citizens of the world community, especially for exploiting the resources of the sea and other planets.

STRUCTURAL TAX REFORMS TO PROMOTE SUPPLYSIDE INCENTIVES LINKED WITH BROADENED OWNERSHIP OPPORTUNITIES

Objectives of tax reform

1. To make Congress more directly accountable and responsive to all taxpayers.

2. To improve structural restraints within the tax system on government growth and spending by creating a direct linkage between tax rates and budgetary changes.

3. To encourage savings and investment and otherwise favor growth of the competitive free enterprise system as the direct distributor of consumption incomes for American workers and retired citizens.

4. To reduce and gradually eliminate all redistribution features within the current tax system, including Social Security, except for income exemptions and an income "safety net" for the genuinely poor.

5. To simplify the overall tax system to improve taxpayer feedback and understanding and to make it less costly to administer.

6. To produce neutrality in the taxation of consumption incomes from all sources, and otherwise remove all distinctions between "earned" and "unearned" incomes.

7. To stimulate expanded opportunities for all Americans to acquire, accumulate, and receive incomes from direct equity participation in new and growing enterprises.

8. To abandon today's complicated mixture of tax penalties and discriminatory tax brackets, offset by special tax subsidies, credits and privileges affecting property, wealth accumulations, new productive investments, and so-called "unearned" income, and replacing these tax gimmicks with simple "escape hatches" designed to encourage expanded private sector investment and productivity incentives linked to broadened ownership participation.

9. To eliminate the inflationary impact of the tax system itself on the costs of American-produced goods and services, and to remove artificial tax increases (e.g. "bracket-creep," inventory adjustment profits) wholly due to inflation.

10. To integrate the corporation and personal income tax systems by (a) eliminating the double- and triple-penalty tax on corporate profits, (b) encouraging fuller dividend payouts and (c) attributing non-reinvested corporate earnings as incomes taxable to shareholders.

11. To eliminate (a) the tax penalty on married couples; (b) personal deductions (except for tax deferrals and exemptions for savings and investments); (c) tax credits; (d) tax-free interest on public-sector financing; (e) tariffs on imported goods; (f) tax shelters for speculative and non-productive investment; (g) all forms of indirect taxes not based on consumption incomes.

12. To eliminate the effect of inflation on gains from the sale or exchange of homes, farms and other productive assets.

13. To encourage home ownership as an investment by allowing deductions of mortgage payments on homes but treat "imputed rent" as a form of taxable consumption income.

14. To expand the use of Individual Retirement Accounts (IRA's) as a mechanism for enabling all individuals to accumulate income-producing assets on a tax-deferred and/or exempt basis and permit IRA's, like employee stock ownership plans, to be used for acquiring corporate shares on credit se-

cured and repaid with tax-deductions from future earnings.

15. To relieve pressure on the Social Security System by establishing a lifetime personal "Industrial Homestead Exemption" to enable every American to accumulate (though ESOP's, IRA's, etc) an adequate estate of wealth-producing assets to provide them with taxable property incomes to supplement incomes from other sources.

16. To move toward the deconcentration of capital ownership in private hands for future generations of Americans by replacing estate and gift taxes with a tax on the amount that the recipient does not keep in the form of an income-producing investment or on an amount in excess of the "Industrial Homestead Exemption" mentioned in (15) above.

Specific tax reforms recommended

1. Replace the graduated tax on personal income with a single flat rate on income from all sources, whether "earned" or "unearned", including employment, property incomes, interest, dividends, inflation-indexed gains from sales and exchanges of property, unemployment compensation and welfare, social security and pension incomes, gifts and bequests (that are not reinvested or exempted by the "Industrial Homestead Exemption" described in paragraph (12) below), gambling, etc.

2. Eliminate all existing deductions and tax credits to businesses and individuals, except:

a. Ordinary and necessary business expenses, including full and immediate deductions for current expenditures or full debt service payments to replace existing productive assets and otherwise to maintain current levels of profitability and productivity.

b. All incomes channeled by businesses or individuals into the financing of business growth or transfers of equity ownership through employee stock ownership plans (ESOP's), individual retirement plans (IRA's), pension plans, Keogh plans, or other IRS-"qualified" expanded ownership investment vehicles, but in no case where such amounts cause the accumulations of individual beneficiaries to exceed the "Industrial Homestead Exemption" described in paragraph (12) below. These "savings" could be treated as tax deductible by either the businesses or individuals that make them.

3. Allow the full deduction of the purchase price or the current mortgage payment (principal as well as interest) for the purchase of a home. However, add the "imputed rent" of each dwelling of a taxpayer to his annual taxable earnings in order to provide neutrality between renters and owners.

4. Exempt all household incomes of the genuinely poor by excluding from the flat rate tax all incomes below $2,000 to $3,000 per household member.

5. Allow corporate dividends to be deductible at the corporate level to the extent they are paid out currently to stockholders or are used to repay loans for purchasing newly issued stock or stock ownership transfers through ESOP's, IRA's or similar "qualified" expanded ownership mechanisms.

6. Tax all dividends and interest income at the personal level without exclusions to the extent the taxpayer's total income from all sources exceeds the exemption levels for the poor.

7. Exempt all capital gains from taxable personal income to the extent that:

a. The taxpayer's gains are reinvested within 60 days (or 18 months for a home) into income-generating investments held within an IRS-qualified capital accumulation mechanism (e.g. ESOP, IRA, etc.) but not exceeding the "Industrial Homestead Exemption" listed in paragraph (12) below.

b. The taxpayer's spendable gains are equal to or less than the inflation-adjusted value of the assets during the period over which the assets were held before being sold.

8. Maintain a tax on corporate net earnings but only to the extent they are not paid out as dividends, cash productivity bonuses, ESOP and profit sharing contributions, purchases or debt service payments on replacement assets, etc.

9. Business expenses would remain deductible as under present laws.

10. Depreciation rules would be liberalized by allowing:

a. Full first year deductions on all purchases of replacement assets (to maintain existing levels of productivity and profits).

b. Full debt service deductions on credit to acquire replacement assets.

c. Full dividend deductibility, thus permitting stockholders to purchase newly issued corporate shares with profits deductible both from corporate as well as personal earnings. In the alternative, stockholders as well as employees through ESOP's could use these tax-deductible dividends to repay loans for the acquisition of larger blocks of stock on a leveraged basis.

d. Expanded use of tax-deductible contributions to a leveraged ESOP for financing new equity issuances representing growth capital of the company. This would effectively allow the current expensing of annual debt service payments for growth financing through the company's ESOP.

11. Allow the tax advantages of a leveraged ESOP to be extended to all taxpayers through IRS-qualified IRA's, to utility customers under consumer stock ownership plans (CSOP's), and to citizen-members of State and local General Stock Ownership Corporations (GSOC's).

12. Integrate with the Social Security System a tax-exempt "Industrial Homestead Exemption" to encourage every man, woman, and child to accumulate through ESOP rollovers, Keogh Plans, IRA's, gifts, bequests, savings, etc., a personal lifetime estate of wealth-producing assets, aimed at providing all Americans with growing property incomes and direct ownership participation in the competitive free enterprise system. To establish a long-range target and to motivate working Americans to maximum rates of investment and productivity, this "minimum floor of capital self-sufficiency" should be set high, perhaps $500,000 worth of accumulated investments per American during his lifetime, as the rough equivalent of the value of 160 acres of productive farmland today, the size of land granted under the original Homestead Acts.

13. Eliminate all contribution limits on "savings" through ESOP's, IRA's, Keogh Plans, etc. until individual accumulations exceed the proposed Industrial Homestead Exemption.

14. Provide for the tax-free rollover of the proceeds from the sale of a small business to an ESOP where the proceeds are reinvested in another small business within 18 months, thus encouraging employee participation in ownership as well as providing a new source of equity financing for new and growing businesses.

15. Allow an ESOP to assume the estate tax liability for the value of employer stock transferred to an ESOP by the executor of an estate, provided the company guarantees payment of the tax over a seven year period. (Contained in several bills before Congress.)

16. Permit an ESOP to be treated as a charitable organization for income, gift, and estate tax purposes provided the donated stock is not allocated to the donor, family members of the donor or 25 percent shareholders. (Contained in several bills before Congress.)

17. Amend Subchapter U of the Internal Revenue Code to allow the use of General Stock Ownership Corporations (GSOC's) for land planning, acquisition and development of "free enterprise zones" so as to encourage comprehensive, large-scale development of an area combined with widespread participation among residents in the ownership, profits, and appreciated real estate values that would otherwise flow exclusively to outside land speculators. (Several members of Congress are now seriously considering this and other "expanded ownership" linkages to the enterprise zone concept.)

18. Absorb the annual cost of the Social Security System entirely within the single flat rate income tax imposed on all taxpayers. As expanded growth and expanded ownership provide non-inflationary property incomes for retiring Americans, social security benefits can become stabilized and perhaps reduced eventually.

19. Move toward a balanced budget by adjusting the flat rate income tax proposed in paragraph (1) to a single percentage rate that all taxpayers will pay on their non-exempt incomes anticipated for that year to cover all budgeted Federal expenditures for the same year. The single rate tax can be adjusted from year-to-year, but its very existence will create a highly focused pressure on Congress to keep the flat rate as low as possible.●

ENCOURAGING TECHNOLOGICAL ADVANCES FOR THE DEAF

● Mr. BRADLEY. Mr. President, I recently received an article by Mr. Frank Borsky for the Deafness Research Foundation which I would like to share with my colleagues. This article concerns a technological breakthrough, which enables profoundly deaf individuals to feel sound vibrations. The invention of a device called a vibrotactile aid can help deaf children understand others more easily and aid them in learning to speak.

I would like to take this time to commend the Deafness Research Foundation for its outstanding efforts on behalf of the deaf. The foundation's commitment to directing public attention and support for clinical research on deafness and hearing disabilities is admirable.

The affliction of deafness is devastating—it cuts one off from the world and creates a serious barrier to communication. We must support research efforts such as this which help the deaf participate fully in society. The talents of the hearing impaired should be fully developed for their benefit and for the benefit of our society.

Mr. President, the Deafness Research Foundation's article shows what modern technology can do for

our hearing-impaired citizens. I urge my colleagues to review it, and ask that the text of the article be printed in the RECORD.

The article follows:

MODERN SCIENCE GIVES PROFOUNDLY DEAF CHILDREN SENSE OF SOUND; ENABLES PROGRESS IN LEARNING

NEW YORK.—Modern science is giving profoundly deaf children a sense of sound—and helping them in the learning process.

It is being done through new vibrotactile devices—or "baby buzzers"—that use electronic circuitry to translate sound vibrations into ones that a profoundly deaf child can feel on the sensitive part of the chest.

"The vibrotactile aid helps deaf children acquiring speech to understand others by improving auditory perception and auditory discrimination, thus improving lipreading," says Dr. Adele Proctor of the Deafness Research Foundation.

"And comprehending the speech of others improves the child's vocabulary. When the child communicates, the aid helps their own speech production and vocal quality. It also provides the cues from which to respond appropriately in social interactions."

The prototype model of a wearable single-channel vibrotactile aid was developed by Moise Goldstein, a Johns Hopkins University electrical engineering professor.

The device is composed of a tiny microphone, circuitry and a button-like vibrator that presses against the breastbone. It began as a cloth covered vest and evolved into a set of elastic straps with a leather or metal package containing the electronic equipment.

Children who wear the single channel vibrotactile aid range from 7 weeks to 5 years.

Here's how a vibrotactile aid works, according to Dr. Proctor:

Vibrotactile aids convert sound energy (acoustic wave form) into a movement or vibratory sensation felt on the skin through the use of an oscillator or vibrator.

Electrotile aids convert sound energy into electrical energy and stimulation is felt through electrodes placed on the skin.

The device was first tested on a 2-year old Baltimore girl in 1977 who was deaf from birth.

"Before this device she had no sense of sound," Goldstein said. "She didn't know there was such a thing as sound. My main impression was the device gave her that sense. It let her know that when people move their mouths there is sound."

The child's progress with the tactile aid was measured by tracking progress in lip reading.

"This child demonstrated impressive gains in lip reading and a pattern of language acquisition similar to that reported for younger hearing children," says Dr. Proctor.

The results of a second prelingual profoundly deaf child were reported from the Central Institute for the Deaf, yielding similar findings.

"When the profound nature of these two children's hearing loss is considered—no response to auditory stimuli as measured audiologically—these children showed unusually rapid rates of acquisition for lip reading," Dr. Proctor, an associate professor at Northeastern University, said.

"Other behaviors, when compared to the performance of prelingual profoundly deaf peers, suggest that these two children performed far above average.

"The Baltimore girl, now 10 years old, caught up to her hearing counterparts and is now enrolled in her grade level in regular public school.

"She performs at or above the grade level in all academic subjects and is generally considered an academic and social leader in her school."

Dr. Proctor says the vibrotactile aid does not enable the deaf to hear the way a normal person does.

"It is intended to be a learning tool to help deaf children learn to lip read and speak properly—and a warning device to alert them to approaching vehicles, or someone entering the room and other possible dangers," she said.●

ARKANSAS TEACHERS WIN JOINT COUNCIL OF ECONOMIC EDUCATION AWARDS

● Mr. BUMPERS. Mr. President, it is my distinct pleasure to note that 25 Arkansas teachers have won awards presented by the Joint Council on Economic education for their excellence in the teaching of economics. Financed by the International Paper Co. Foundation and administered by the joint council, this awards program recognizes superior teachers of economics at all grade levels across the Nation. In addition, it motivates other teachers to develop and implement economic education programs in their classrooms.

Although Arkansas teachers comprise only one three-hundredths of all the teachers in the Nation, they have won one-third of all the awards in this competition. Although it rarely makes the front page, economics education flourishes in Arkansas classrooms.

The Arkansas winners will be honored at a dinner sponsored by the Arkansas State Council on Economic Education, the Arkansas Department of Education, the Arkansas State AFL-CIO, Arkansas Bankers Association, Arkansas League of Savings Institutions, Arkansas State Chamber of Commerce, and the Associated Industries of Arkansas. I am proud to note that these organizations have joined together to pay tribute to a group that plays a major role in preparing our young people to enter the worlds of banking, business, industry, and education.

I believe there is a renewed commitment in Arkansas to education and I am positive that it will bear fruit. I see these 25 recipients of the council's award as representatives of one of the most dedicated professions in our Nation. Too often teachers do not know the results of their hard work in guiding and encouraging their students. But I would like to take this opportunity to say a heartfelt "thank you" to these winners as well as all the other teachers who play a major role in shaping our future. I ask that the names of the recipients of these awards to be printed in the RECORD.

The names follow:

Third Place, Primary Division: Paula Findley, Springdale, AR.

Fourth Place, Primary Division: Donna Stringer, Jonesboro, AR.

Honorable Mention, Primary Division: Marilyn Ransom, Fort Smith, AR.

Honorable Mention, Primary Division: Becky Kremers and Marietha Neal, Fort Smith, AR.

Honorable Mention, Primary Division: Jean Humphrey, Fort Smith, AR.

Honorable Mention, Primary Division: Blanche Hill, Fort Smith, AR.

Honorable Mention, Primary Division: Colleen Jones and Carol Shurr, Barling, AR.

First Place, Intermediate Division: Brenda Smith and Joyce Taylor, Fort Smith, AR.

Third Place, Intermediate Division: Barbara Kell and Suzanne Karr, Fort Smith, AR.

Honorable Mention, Intermediate Division: Pamela Robertson, Fort Smith, AR.

Honorable Mention, Intermediate Division: Nancy Braden, Barling, AR.

Honorable Mention, Intermediate Division: June Haley, Fort Smith, AR.

Honorable Mention, Intermediate Division: Patricia Jackson and Sandra West, Batesville, AR.

Honorable Mention, Intermediate Division: Helen Branum, AR.

First Place, Junior High Division: Opal Robinson, Fort Smith, AR.

Honorable Mention, Junior High Division: Susanne Braithwaite, Stuttgart, AR.

Second Place, Senior High Division: Ellen Southall, Stuttgart, AR.

First Place, Open Division: Helen Holland, Kathy Workman, Fort Smith, AR.

Honorable Mention, Open Division: Charlotte Pillow, Batesville, AR.●

AIR BAGS

● Mr. DANFORTH. Mr. President, each year approximately 45,000 people are killed in motor vehicle accidents and another 300,000 are injured. Congress, the Federal Government, and States have taken important actions in recent years to improve highway safety, especially in such critical areas as drunk driving, child passenger safety, and motor carrier safety. Nevertheless, more needs to be done.

Mr. President, Ford Motor Co. and Mercedes-Benz have announced that they are going to do something more to combat this slaughter. The something more that they are going to do is a very important something, indeed. Ford and Mercedes-Benz are going to make air bags more widely available to the American public.

On November 4, Ford Motor Co. announced that it will offer its supplemental driver-side air bag system as an option on 1986 Ford Tempo and Mercury Topaz four-door sedans, starting with March production. Ford has been offering this system on a limited basis on the Tempo since early this year to fleet customers. The experience with these air bags has been excellent.

Mr. President, I commend Ford for moving forward on this "better idea." As it did when it decided to offer consumers automobile bumpers capable of withstanding a 5 m.p.h. impact, rather than the more common 2.5 m.p.h. bumpers, Ford is once again taking a

lead among American manufacturers on an important technology. The Department of Transportation estimates that 8,500 lives would be saved and more than 130,000 injuries would be prevented each year if air bags were in general use.

Mercedes-Benz is also moving forward on air bags. It has announced plans to install its supplemental restraint system, which consists of a driver-side air bag and an enhanced seat belt system that tightens around the front-seat passenger in a crash, on all its 1986 model cars expected to be sold in the United States. Mercedes has been offering this supplemental restraint system in the United States on some of its 1984 and 1985 model cars.

Mr. President, I am very pleased by these positive, prosafety actions of Ford and Mercedes-Benz. I am hopeful that more automobile manufacturers will follow the lead of Ford and Mercedes and make this life-saving technology available on an even broader scale.

Mr. President, I ask that six newspaper articles describing these recent airbag developments be printed in the RECORD in their entirety.

The articles follow:

[From the Wall Street Journal, Nov. 4, 1985]

FORD PLANS TO OFFER AIRBAGS AS OPTION ON TWO COMPACTS CARS

(By Christopher Conte)

WASHINGTON.—Ford Motor Co. plans early next year to offer airbags as an option on two compact models, marking the first time in nearly a decade that a U.S. auto maker will offer the safety device to the general public.

Ford Chairman Donald E. Petersen is expected to announce today that the No. 2 U.S. auto maker will offer driver-side airbags in Tempo and Topaz models. Both are front-wheel-drive models.

General Motors Corp. last included airbags as an option in some 1974-1976 Buicks, Pontiacs and Oldsmobiles.

Last year, Ford sold 5,000 airbag-equipped Tempos to the government. In addition, several insurance companies have bought about 2,500 Tempos with airbags. Those airbags, which weren't available to individuals, were priced at about $85 each.

Mercedes-Benz currently includes airbags in some models, but Ford would be the first to offer the gear on non-luxury vehicles since the mid-1970s. Mercedes-Benz is expected to announce this week that it will install airbags as standard equipment in all 1986 cars sold in the U.S.

Airbags are large bags designed to inflate almost instantly and cushion car occupants in an accident. Safety advocates long have recommended them as a way to prevent serious injury in head-on collisions. But Detroit has resisted them for years as too costly.

In 1981, the Reagan administration rescinded a Carter administration regulation that would have required passive restraints—either airbags or seat belts that fasten automatically—in all new cars. But an appeals court rejected that action, calling it arbitrary and capricious.

That led to a complicated decision by Transportation Secretary Elizabeth Dole in July 1984. The decision would have required auto makers to phase in either airbags or automatic seat belts over three years, beginning with 10% of their new car fleets in September 1986. Mrs. Dole said she would cancel the requirement if states representing two-thirds of the U.S. population pass laws requiring people to buckle up with current manually operated belts.

Since Mrs. Dole adopted that regulation, auto makers have been lobbying state legislatures for mandatory seat belt laws. As of this summer, 14 states representing 39% of the population had passed such laws, according to the Highway Users Federation, a trade group.

Safety advocates and some insurance companies say most or all of those laws were deliberately designed to be too weak to meet Mrs. Dole's minimum criteria for being counted in determining whether to cancel the passive-restraint rule. But Mrs. Dole has refused to rule on their adequacy.

She has argued that auto makers will have to offer some passive restraints beginning in September because too few states will have adopted mandatory belt laws by then. Most observers had expected auto makers to try to meet the passive-restraint requirement by offering automatic seat belts, which cost less than airbags.

[From the New York Times, Nov. 4, 1985]

FORD TO OFFER AIR BAGS AS OPTION ON '86 COMPACTS

(By John Holusha)

DETROIT.—The Ford Motor Company will soon offer air bags as optional equipment on one line of compact cars, sources within the company said Friday. It will be the first time that air bags have been available to the general public in an American car since the mid-1970's.

The official announcement of the airbag program is to come on Monday in a speech by Donald E. Petersen, chairman of Ford. The decision by the No. 2 auto maker breaks Detroit's united front against the safety devices.

In Washington, meanwhile, Mercedes-Benz said it would put the automatic crash bags on all of its 1986 cars to be sold in the United States. The company had offered the air bag as optional equipment some models, but the decision by Mercedes makes it the first auto maker to provide the air bags as standard equipment.

A. B. Shuman, spokesman for Mercedes-Benz of North America, told The Associated Press that his company expected to sell 90,000 new cars in the United States next year. All of them will be equipped with air bags on the driver's side, he said.

Sources at Ford said the bags would be installed on the driver's side of the car in four-door Ford Tempo and Mercury Topaz models. They said the company would be able to make about 1,000 cars a month equipped with the bags, which, one official said, "we think will meet the demand." Ford sells about 300,000 Tempo and Topaz models a year.

COST CITED AS FACTOR

In a head-on collision, an air bag inflates in a fraction of a second preventing an occupant from crashing into the interior of the car itself. The bags have long been favored by safety advocates but generally resisted by Detroit on the ground of cost.

The General Motors Corporation has argued that a test program it conducted in the 1974, 1975 and 1976 model years showed that buyers were not willing to pay for air bags. It made the devices available as options on two lines of the large cars of that era, but only about one-half of 1 percent of the cars sold were so equipped.

However, as American cars became smaller after the two fuel supply scares, some in the industry have begun to wonder if air bags might have gained in popularity. Safety experts agree that a person in a larger car is safer in a crash than in a small vehicle, in otherwise equal circumstances.

Ford has been edging toward installation of air bags for more than a year, selling 5,000 bag-equipped cars to the Federal Government and another 2,400 to private fleets. The sources would not say what the additional cost of the air bag would be when it was offered to the general public, but noted that it cost the fleet buyers $815 a vehicle.

BAG DEFLATES AFTER CAR HALTS

The Ford bag is to be mounted at the end of the steering column inside the steering wheel. When a sensing unit reacts to a crash, a plastic-coated nylon bag 26 inches in diameter will inflate in a twenty-fifth of a second to hold the driver in place until everything comes to a halt. The bag will then deflate.

Safety specialists in the auto industry have warned about the possibility of injury to children riding in the front seat if a bag designed to restrain adults inflates. This is apparently the reason the Ford cars will have the devices only on the driver's side.

Although the bags do not provide protection in side collisions, or if the car rolls over, outside safety experts note that a high percentage of fatal injuries occur in head-on crashes.

A Ford official said the company offered air bags on a limited basis as an option about 15 years ago, but said the response did not indicate enough interest to continue. He said any decision on whether to make them standard equipment on cars, as some safety advocates have urged, will depend on how many buyers order them as options.

[From the Journal of Commerce, Nov. 6, 1985]

INSURERS PRAISE FORD FOR AIR BAG DECISION

The decision by Ford Motor Co. to install air bags in two of its compact cars as an $815 option has been praised by insurance companies and trade groups.

"It's good news for the customer," said Paul A. Donald, president of Nationwide Mutual Insurance Co. The insurer said it plans to offer a new price discount for auto medical coverages for policyholders whose cars are equipped with air bags.

Ford said its driver-only air bags worked so well in 20 accidents that it will build 1,000 cars a month equipped with the devices beginning in March. The federal government and insurance companies have already purchased 7,400 air bag-equipped Tempos and Topazes, and in 20 out of 200 accidents, the impact was violent enough to cause the air bags to shoot out and surround the driver, Ford said.

An employee of Travelers Insurance Co., who drives a Ford Tempo company car walked away from a head-on collision with a propane tanker truck last summer. The combination of the air bag and a fastened seat belt saved her life, said Melanie Stephenson, a 23-year-old field representative for the Hartford, Conn.-based insurer.

Mercedes-Benz, which has been offering a driver-only bag as an option announced last week that it will make the item standard equipment in its 1986 models.

General Motors Corp. had offered the bags as an option on larger cars in 1974, 1975 and 1976 but only 10,000 were sold and the idea was dropped.

Ford said it will lose money on the air bags even if they are a sellout, although the price would drop if the program is expanded. Company Chairman Donald Petersen said Ford had no immediate plans to do that.

Auto manufacturers have opposed mandatory installation of air bags and Mr. Petersen reiterated the carmakers' position when making his announcement. American car manufacturers favor mandatory seat belt laws by the states. Currently 17 states have such laws, and the District of Columbia is awaiting Congressional approval.

"This is good news for both the public and the insurance companies," said Clifford H. Whitcomb, president of Prudential Property and Casualty Insurance Co., Holmdel, N.J. "We are certain that it will significantly reduce deaths and serious injuries which result from automobile crashes."

Prudential has had available an air bag discount, "and we welcome the opportunity to actually use this discount," said Mr. Whitcomb. He urged other auto manufacturers to make full front seat air bags available on a variety of models.

[From the Washington Post, November 2, 1985]

MERCEDES MAKES AIR BAGS STANDARD EQUIPMENT

Mercedes-Benz, which has offered driver-side air bags on some models, will put the automatic crash cushions on all its 1986 cars, the company said yesterday. That makes Mercedes the first company to make air bags standard equipment.

The manufacturer is planning to announce the air bag program next week and follow with an advertising campaign highlighting the equipment. The system includes an air bag on the driver side and an enhanced belt system that tightens around the front-seat passenger in a crash.

Meanwhile, industry, sources said Ford Motor Co. is expected to announce Monday that, for the first time, it will make driver-side air bags available to customers on its Mercury Topaz and Ford Tempo models.

The two developments give a boost to air-bag proponents, who for a decade have fought the government and auto industry in trying to get the cushions required in all cars for all front-seat passengers.

The government will begin requiring auto makers to introduce passive passenger restraints next September. Most manufacturers have decided to use automatic passive belts, which automatically wrap a car occupant on getting in the car, instead of the air bag.

The more expensive air bag is contained in the steering column or dashboard. In a crash, it opens up in a fraction of a second to protect the occupant.

A.B. Shuman, spokesman for Mercedes-Benz of North America, said driver-side air bags and the enhanced belt will be installed in all 90,000 Mercedes 1986 model cars that are expected to be sold in the United States over the next year. The cars range in price from $23,000 to $58,000.

As an option on some of its 1984 and 1985 models, Mercedes sold more than 15,600 air-bag-equipped cars, according to Shuman. "Now we feel it's such a good system that it's advisable to have it" as standard equipment, he continued.

Ford has been offering the bags to Tempo fleet customers during the past year and has about 7,500 on the road, according to Ford spokesman Richard Judy. About 5,000 of those cars have been bought by the federal government and most of the others by two insurance companies.

Judy said he could not confirm plans to make the devices available to regular customers, but other sources said the announcement will be made by Ford Chairman Donald Petersen in a speech Monday to the Economics Club of Detroit.

[From the Washington Post, November 8, 1985]

INDUSTRY COMPETITION MAY MAKE AIR BAGS STANDARD EQUIPMENT

(By Warren Brown)

Marketplace competition may accomplish what federal regulation has failed to do for two decades—force auto makers to install air bags in all new cars sold in the United States.

Daimler-Benz AG, maker of Mercedes-Benz cars and trucks, and Ford Motor Co. took actions last week that could spark the contest.

Daimler-Benz announced that it was installing driver-side air bags in all 1986 models. Ford announced two days later that it will offer air bags as options in its compact four-door Tempos and its Mercury Topaz family sedans.

Both companies had done extensive market and performance testing of their so-called "supplemental restraint systems" before introducing them to a larger audience.

Daimler-Benz offered air bags as standard equipment in its 1985 model 500 SEC cars, which carried a base price of $58,000. The West German auto maker also offered air bags as an $800-plus option in other 1985 cars.

Ford took a more cautious route. The U.S. auto maker teamed up with the National Highway Traffic Safety Administration to provide federal fleets with 5,000 driver-side air bag-equipped, 1985 model Tempo and Topaz cars. Ford also sold 2,400 similar models to commercial fleet operators, mainly insurance companies.

The air bags were a hit. Mercedes-Benz of North America, Daimler-Benz's passenger car sales operation in the United States, sold 15,600 air bag-fitted cars. The least expensive of the 1985 Mercedes-Benz models, the 190 series, started at about $23,000, without the air bag.

The willingness of a large number of customers to spend $800 more for a non-glamorous safety option in a glamorously expensive machine persuaded Daimler-Benz to install air bags as standard equipment in all of its cars, said A.B. Shuman, Mercedes-Benz North America spokesman.

The 1985 Ford air bag fleet yielded another kind of success. Some 200 of those cars were involved in accidents, including 20 serious enough to cause the air bags to deploy. In those 20 accidents, 17 drivers were wearing seat belts, which are regarded as primary restraints in the auto industry.

According to a Ford summary of the accidents: "There were no fatalities, no serious injuries, and only 13 minor injuries in the accidents, which included a head-on crash with a propane tanker. In all cases, the air bags deployed as expected, and there have been no reports by operators of inadvertent deployment."

Mercedes-Benz and Ford, as a result, can be expected to tout their supplemental restraint systems in 1986 model advertising. And that, according to auto safety advocates such as Ralph Nader, is bound to put pressure on General Motors Corp. and other auto makers to produce air bag fleets.

"It's an image thing," Nader said. "GM does not want to be perceived as being behind in technology of any sort. GM people know that Ford is trying to develop an image as a technology leader" in the area of safety.

GM people point out that their company offered air bags as an option on 10,000 luxury cars in the 1970s and that most of those cars were shunned by consumers. But Nader and other critics argue that GM, long on record as opposing mandatory installation of air bags in cars, did not use much advertising muscle to push its air bag program.

Mercedes-Benz is not about to make the marketing mistake allegedly made by GM. Not only is Mercedes-Benz spending money to advertise air bags; the company is also investing a bundle in telling the public about its "antilock braking system"—computer-operated brakes designed to stop the car from skidding and spinning out on slippery roads during panic stops. Mercedes-Benz has also come up with another safety device for two 1986 models—remote-controlled "headlight wipers" that remove grit and grime from car lights during snowstorms and other inclement weather.

Ford also is offering antilock brakes. The betting in the industry is that antilock brake systems will become standard equipment, without federal prompting, within a few model years.

[From the New York Times, November 8, 1985]

AIR BAGS MAKE IT TO THE SHOWROOM

(By Peter Passell)

Cheers for the Ford Motor Company for making it possible to buy an American car with an air-bag safety restraint. The company will soon offer the devices as options on its 1986 Tempo and Topaz compacts. The decision could mark the beginning of the end of Detroit's long, bitter campaign against this life-saving technology.

Air bags work. They were installed in several thousand General Motors cars in the early 1970's and have saved dozens of lives. What's more, the automatically inflating devices have been shown to be reliable over a decade of use, deploying only in injury-threatening collisions. Fears that malfunctioning air bags might actually cause accidents have proved groundless.

According to a study by President Ford's Transportation Department, air bags could reduce auto deaths by about 40 percent. The same study estimated that the medical and disability cost savings alone would exceed the expense of installing the equipment.

But in spite of their technical triumph, air bags bombed in Buick and Oldsmobile showrooms: only one car in 200 was ordered with the option. Stung by this commercial failure, G.M. led Detroit in a successful crusade against mandatory installation.

A few auto makers kept an open mind. Mercedes-Benz has discovered that people willing to pay $30,000 for a luxury sedan are willing to shell out an extra $900 for an air bag. Next year, all 90,000 of the Mercedes cars exported to America will come with the devices.

Ford, too, has apparently decided that safety sells, at least to the affluent. It was the first domestic car maker to equip top-of-

the-line models with anti-skid brakes. And after delivering 7,400 air-bag-equipped compacts to Government and private fleets in the last two years, Ford is making driver-side air bags available to individual buyers. Other makers will probably follow Ford's and Mercedes's lead.

This evidence that the market will respond, finally, to intelligent consumer demand isn't especially comforting. If Washington had ordered air bags in all cars in the mid-1970's, thousands of Americans would have been spared death or disability.

But profit incentives are helping. Mercedes-Benz makes money on air bags; Ford thinks it might. And a small industry is now competing feverishly to produce a new generation of air bags based on simpler technology that could become as cheap, and common, as power steering. Safer cars are coming, albeit slowly.●

ANNIVERSARY OF GETTYSBURG ADDRESS

● Mr. D'AMATO. Mr. President, I rise today to pay tribute to a short, but long-remembered, speech delivered by President Abraham Lincoln on November 19, 1863: the Gettysburg Address. Today marks the 122d anniversary of this address, which Lincoln gave at ceremonies to dedicate part of the battlefield at Gettysburg as a cemetery for those who lost their lives during this bloody Civil War battle.

Many Civil War battles proved extremely costly for both Northern and Southern forces. An army expected to lose 25 of every 100 men in every major battle. But some regiments at Gettysburg lost 80 of every 100. Despite some 38,000 dead or wounded on both sides, the North achieved a decisive victory against the South, what some believe to be the turning point for the North in a war to preserve the Union.

After victory at Chancellorsville, and confident of victory, Gen. Robert E. Lee decided to invade the North again. In June, he swung his Confederate Army up the Shenandoah Valley route into Pennsylvania. Following behind him, George G. Meade led his Union Army of the Potomac northward. Neither general had planned to fight in Gettysburg, but shooting began when a Confederate brigade, searching the town for badly needed shoes, ran into Union cavalry on July 1, 1863.

The two armies spent the first day maneuvering for position. By the end of the day, Meade settled his 90,000 men south of the town in a strong defensive position. From Culp's Hill on the right, running left across the length of Cemetery Ridge, Meade established a 3-mile front. On the second day, with 75,000 men, Lee tried to crack the Union left and roll up Cemetery Ridge. A Northern corps was crushed during the ensuing battle, but Meade retained control of the ridge.

On July 3, Lee decided to drive directly at the Union center. He ordered 15,000 men under Gen. George E. Pickett to charge the Union line. Ignoring murderous Northern fire, Pickett marched his men in perfect parade formation across an open field up Cemetery Ridge. Only a fraction of his soldiers reached the top of the ridge where Meade's men held their ground, crushing the Confederate drive. Lee lost 20,000 men, dead or wounded, and retreated to Virginia. Meade lost 18,000, but it was Lee who would never again have the strength to undertake a major offensive.

Six months following this great battle, on November 19, 1863, Lincoln addressed a modest gathering of war-wearied civilians outside the small Pennsylvanian town of Gettysburg. His simple, noble words were chosen with such care that, since that day, they have stirred the deepest emotions of Americans. His words set forth the spirit and unfinished work of a war which had been raging for 3 years, a war which sought the destruction of the Union.

Although few were present to hear him, Lincoln's words were intended for all Americans. "Four score and seven years ago our forefathers brought forth, upon this continent, a new nation, conceived in Liberty, and dedicated to the proposition that all men are created equal." Lincoln stressed that those who died at Gettysburg and all those who died in the Civil War to preserve the Union should not have died in vain, "• • • that this nation shall have a new birth of freedom; and that this government of the people, by the people, for the people, shall not perish from this earth."

As we celebrate the 122d anniversary of the Gettysburg Address, let us, as Americans, recommit ourselves to the preservation of this great Nation, that we shall never again raise up a sword against each other. Let us stand ever united in our pursuit of liberty, not only for ourselves, but for all peoples worldwide.●

DONALD REGAN ASKED TO RETRACT AND APOLOGIZE

● Mr. KERRY. Mr. President, women have made great advances in American political life in recent years. Last year witnessed a historic turning point—the nomination of Geraldine Ferraro by the Democratic Party for the Office of Vice President of the United States. Today, 2 women serve as Members of the U.S. Senate, and 23 women are Members of the U.S. House of Representatives. These numbers indicate progress, but they also indicate how far we have to go before we achieve true equality of opportunity for women in this country.

An indication of just how far we still have to go in eliminating sexist attitudes in this country appears in this morning's edition of the Washington Post. White House Chief of Staff Donald Regan, who is widely reputed to be the most powerful person in this administration after the President, is quoted with reference to the views of women on the Geneva summit meeting. Mr. Regan said:

> They're not . . . going to understand throw-weights or what is happening in Afghanistan or what is happening in human rights. Some women will, but most women . . . would rather read the human-interest stuff of what happened."

I wonder whether Mr. Reagan's former Ambassador to the United Nations, Jeane Kirkpatrick, would agree with that statement. I wonder whether my distinguished colleague on the Foreign Relations Committee, Senator NANCY KASSEBAUM, would concur in Mr. Regan's statement. I wonder whether the outgoing Secretary of Health and Human Services, Margaret Heckler, would agree with Mr. Regan's statement. I wonder whether Secretary of Transportation Elizabeth Dole or Justice Sandra Day O'Connor agree with Secretary Regan's statement. American women are leaders in every public policy issue debated in this Nation today from education to social justice and nuclear strategy.

This administration has shown an unprecedented insensitivity to the rights and the concerns of women. It has consistently opposed the views of the vast majority of American women on issues such as the equal rights amendment, affirmative action, and a woman's right of choice. Under the guise of family values, this administration has sought to promote the view that a woman's place is only in the home.

White House Chief of Staff Donald Regan's comment is a revealing example of the attitude toward women which prevails at the top level of this administration. His comments are an insult to American women everywhere. I call upon Mr. Regan to retract his comments, and to apologize to the American people for his lack of sensitivity.

Unfortunately, Mr. Regan's comments are all too typical of the attitude toward women that we have seen displayed during the past 5 years of the Reagan administration. Let them serve as a reminder to all of us of how far we still have to go in eliminating sexism in our Government, and in our country.●

DISPLACED HOMEMAKERS CELEBRATE 10TH ANNIVERSARY

● Mrs. HAWKINS. Mr. President, 10 years ago, activist Tish Sommers coined the term displaced homemaker to name a phenomenon that had reached crisis proportions. Displaced homemakers are women who, because of a spouse's death or disability, divorce, or separation, enter the workforce in order to pay the mortgage or

feed her family. They are our mothers, grandmothers, and aunts.

There are an estimated 4 to 5 million such women in the United States today according to the Displaced Homemakers Network, the national umbrella organization that coordinates almost 700 programs addressing women's concerns. The Network works to strengthen these programs, providing the technical assistance and program models to the organizations that, in turn, provide counseling, workshops, skills training and job placement assistance to displaced homemakers. They also advocate and provide information on public policy issues that affect displaced homemakers.

On November 18-20, 1985 the Network will celebrate the progress of the displaced homemakers movement over its first decade—both in raising awareness about the problems of displaced homemakers and in taking action to solve them. Approximately 300 displaced homemakers, service providers, job training and vocational education personnel, and advocates for older women, will come to Washington not only to celebrate, but also to chart the course of the movement for the next decade.

While the Network feels it has much to celebrate, it is also worried that the new and often misleading reports of the improving economic status of the elderly and the focus on working women may erode the fragile gains of the past decade. Network leaders are working to ensure that displaced homemakers continue to be a part of Federal and State policy agendas.

Behind many successful women and men in America, is a displaced homemaker. They need our continued support to be certain that they have the opportunity to achieve economic self-sufficiency. I commend the Network for their on-going efforts on behalf of displaced homemakers.●

HEALING FROM THE WAR

● Mr. KERRY. Mr. President, I want the record to note the publication of a new work by the Vietnam veteran psychologist whose research project was chosen to fulfill the congressional mandate of 1978 for a definitive study of the war's impact. The new work is "Healing From the War," by Dr. Arthur Engendorf. He has made the results of his research and clinical work accessible to a general readership through telling a deep, moving and personal story that declares an age of healing, not only for individual veterans, but for the American spirit. "Healing From the War" is the first book by a psychological expert to tell from the inside what it's like to face the pain of Vietnam and come out whole. Arthur Engendorf brings a sense of history to his psychological work and puts the challenge of healing in a light that exults us all. His policy suggestions will help renew the dialog over the real meaning of the American dream.●

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it so so ordered.

ORDERS FOR WEDNESDAY

RECESS UNTIL 9 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that, once the Senate completes its business today, it stand in recess until the hour of 9 a.m. on Wednesday, November 20, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF CERTAIN SENATORS

Mr. DOLE. Mr. President, I further ask unanimous consent that, following the two leaders under the standing order, there be special orders in favor of the following Senators for not to exceed 15 minutes each: Senators PROXMIRE, MOYNIHAN, and HEFLIN.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, following the special orders just identified, I ask unanimous consent that there be a period for the transaction of routine morning business for not to extend beyond the hour of 10 a.m. with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, as I have previously indicated, following routine morning business the Senate will resume consideration of S. 1714, the farm bill.

Mr. President, with the consent of the managers at that time, it would be my hope that we could offer the second-degree amendment which, hopefully, we are now about to have copies distributed to Members on each side or staff on each side.

Mr. President, I ask unanimous consent that the amendment be printed. I would indicate there may be minor modifications of the amendment in the morning, but it would be helpful if it were printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. Yes.

Mr. BYRD. That would be no more problem for the public printers than it would be if the amendment had to be read. And no one wants to ask that the clerk read it. But if they did, we would stay here tonight until it was read.

So the Senator's request, it seems to me, saves the time of the Senate and accomplishes the purpose of having it appear in the RECORD. And then, as he has indicated, he may want to modify it slightly tomorrow when he offers it. If someone gets the yeas and nays on it tonight, he could not modify it.

Mr. DOLE. That is correct. That is why I decided not to offer it.

I know it seems like it is taking a long time, but it is very technical and sometimes 10 minutes becomes an hour because they are dealing with very important matters.

So I believe it would be helpful to have it available in the morning. That way, if there were modifications—and I can assure my colleagues if there are they are going to be minor in nature. There may not be any, but I would want to reserve that right.

I thank the distinguished minority leader for not objecting to that.

Mr. President, I have been advised that it may not be possible for the entire amendment to be printed in the RECORD in time to reach Senators by the time we are on the bill.

But I am advised that the Service Department can do that without any real difficulty.

So I ask unanimous consent that I might withdraw my request that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9 A.M. TOMORROW

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move, in accordance with the order just entered, that the Senate stand in recess until the hour of 9 a.m. tomorrow, Wednesday, November 20, 1985.

The motion was agreed to; and, at 8:51 p.m., the Senate recessed until tomorrow, Wednesday, November 20, 1985, at 9 a.m.

HOUSE OF REPRESENTATIVES—*Tuesday, November 19, 1985*

The House met at 12 o'clock noon.

The Reverend Dr. Philip A. Johnson, Lutheran Church in America, New York, NY, offered the following prayer:

Lord of all nations, as today in Geneva the representatives of two mighty nations meet, holding awesome power in their hands, remind them anew of the Earth's billions eagerly awaiting a word of hope.

As they consider weapons systems, defense strategies, competing ideologies, and national rivalries, let them pause to lift up their eyes.

From mutually assured destruction, beyond mutually assured survival to mutually assured collaboration for the benefit of all Your children everywhere.

Help them to move toward a world where hunger will die instead of children.

Where disease wastes away instead of its victims.

Where men and women may learn not to kill but to create, not to bomb but to build, not to threaten but to seek to understand, not to hurt but to heal.

And for us in this House, give us the vision and the courage to do our part.

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 259. Joint resolution to designate November 30, 1985, as "National Mark Twain Day."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H.J. Res. 187. Joint resolution to approve the "Compact of Free Association," and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 727. An act to clarify the application of the Public Utility Holding Company Act of 1935 to encourage cogeneration activities by gas utility holding company systems;

S. 865. An act to award special congressional gold medals to Jan Scruggs, Robert Doubek, and John Wheeler; and

S. 1639. An act to authorize the minting of gold bullion coins.

CONSENT CALENDAR

The SPEAKER. This is the day for the call of the Consent Calendar. The Clerk will call the eligible bill on the Consent Calendar.

ADAM BENJAMIN, JR., VETERANS' ADMINISTRATION OUTPATIENT CLINIC

The Clerk called the bill (H.R. 1361) to designate the Veterans' Administration Outpatient Clinic to be located in Crown Point, IN, as the "Adam Benjamin, Jr., Veterans' Administration Outpatient Clinic."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HILLIS. Reserving the right to object, Mr. Speaker, I shall not object, but I would like to take just a moment to explain the purpose of this bill.

This bill has the effect of establishing in Crown Point, IN, the Adam Benjamin, Jr., Veterans' Administration Outpatient Clinic. Any reference to the clinic after the enactment of the bill will be deemed to be in reference to the Adam Benjamin, Jr., Veterans' Administration Outpatient Clinic.

Mr. Speaker, those of us who knew Adam Benjamin, Jr., during the time he served here remember him as a truly outstanding Member of the House of Representatives. He was a man totally dedicated to his job, ever mindful of the great trust placed in him by his constituents. He served the people of Indiana's First Congressional District with a fervent dedication to improving the quality of their lives. And, in his all too brief tenure in this body, he did just that.

One of Adam's chief concerns was the lack of accessible outpatient care for northwest Indiana's service veterans. He was alarmed at the most difficult trip that veterans were required to make to the North Side of Chicago for medical care in a Veterans' Administration facility. He determined that, with the natural aging of the great number of World War II and Korean war veterans, they would require much more frequent care. Therefore, the future demanded an outpatient clinic be built in northwest Indiana.

Adam put his heart and soul into persuading the Veterans' Administration that such an outpatient clinic was needed. Sadly, Adam died just about 8 months before the VA announced that an outpatient clinic would be constructed in Lake County to serve northwest Indiana's 120,000 veterans.

Mr. Speaker, Congress has named 18 VA hospitals and 3 medical centers in honor of Americans who have served their Nation with distinction. This will be the first outpatient clinic so designated and I know I can't think of anyone more deserving of this recognition than Adam Benjamin, Jr.

The Adam Benjamin, Jr., Veterans' Outpatient Clinic, to be located in Crown Point, IN, will serve some 42,500 patients each year and will employ approximately 100 medical and service personnel. Its activation at the end of 1987 will mean the end of long and difficult trips for area veterans seeking medical care. It also will offer some much needed financial stimulation in an area of Indiana which has experienced more than its share of economic troubles.

H.R. 1361 enjoys the enthusiastic support of all my State's veteran organizations as well as the entire Indiana congressional delegation. I am particularly pleased that my colleague and good friend, Congressman PETER VISCLOSKY, has joined me in cosponsoring this legislation.

PETER served Adam as administrative assistant and now has succeeded him as the Representative from the First Congressional District of Indiana. Adam, I'm certain, would be just as proud of PETER's accomplishments as he would that the clinic should bear his name.

I would like to thank the chairman for bringing H.R. 1361 before the House today and I urge its swift passage.

Mr. Speaker, further reserving the right to object, I yield very briefly to the gentleman from the First District of Indiana, Mr. PETER VISCLOSKY, who is Adam Benjamin's successor.

Mr. VISCLOSKY. Mr. Speaker, I appreciate the gentleman from Indiana [Mr. HILLIS] yielding. I would advise all the Members of the House that we would not be here today on this matter if it were not for the hard work and diligent effort by my good friend and colleague from Indiana [Mr. HILLIS].

Mr. Speaker, I rise today to strongly urge my colleagues to pass H.R. 1361, a bill to designate the Veterans' Ad-

ministration Outpatient Clinic to be built in Crown Point, IN, after the late U.S. Representative Adam Benjamin, Jr.

Several months ago I joined the gentleman from Indiana [Mr. HILLIS] in introducing this measure. Because of Mr. HILLIS' hard work, the strong support of Chairman MONTGOMERY and all the members of the Veterans' Affairs Committee, and the numerous cosponsors of this legislation, the bill has been expeditiously brought to the floor of this House.

The measure's prompt consideration is warranted for there is no one more deserving of honor for his selfless devotion to our Nation's veterans than Adam Benjamin, Jr., a veteran himself.

In 1952, Adam Benjamin, Jr., joined the U.S. Marine Corps and was honorably discharged in 1954 as a corporal. He received the United Nations, the National Defense, and Korean Service Ribbons.

Entering the U.S. Military Academy at West Point in 1954, Adam served as editor of its biweekly magazine. He was graduated in 1958 with a B.S. degree in engineering and the Army Times and Pointer Awards.

Following West Point, Adam completed the Army's Airborne Ranger and Infantry Officers Leadership Schools. He then joined the 101st Airborne Division where he received his senior parachutist wings, jumpmaster qualification, and first lieutenant bars. He served with distinction until 1961.

Fifteen years later Mr. Benjamin was elected to the House of Representatives where he worked without respite for the people he represented, among them more than 120,000 veterans in northwest Indiana.

In 1981, instinctively sensing a need and acting quickly to meet it, Congressman Benjamin appeared before the Committee on Veterans' Affairs and requested that Congress provide an outpatient medical facility in northwest Indiana to serve the growing needs of this segment of our population.

Thereafter, fate intervened and Adam was taken from us. However, Congress approved his request in 1983.

While Adam was unable to see the fruits of his labor, we who remain can act to ensure that his contribution will always be remembered.

I respectfully request my colleagues in the House to approve H.R. 1361. It would honor Adam, his family, and his work.

Mr. MONTGOMERY. Mr. Speaker, I rise in strong support of H.R. 1361, which would name the Veterans' Administration Outpatient Clinic to be located in Crown Point, IN, as the Adam Benjamin, Jr., VA Outpatient Clinic.

Our former colleague, Adam Benjamin, was a true friend of veterans and worked long and diligently to establish a VA Outpatient Clinic in northwest Indiana. At his request, our Subcommittee on Hospitals and Health Care held a hearing to determine the need for such a facility in November 1981. Since he worked so hard to establish such a clinic and since he did not live to see it become a reality, it is only fitting that the Crown Point facility be named for the Honorable Adam Benjamin.

I commend my distinguished colleague, the Honorable ELWOOD HILLIS, a member of the Committee on Veterans' Affairs, for his hard work and effectiveness in bringing H.R. 1361 to the attention of the House.

I urge my colleagues to support H.R. 1361, as it will be a fitting memorial for our late colleague.

Mr. FAZIO. Mr. Speaker, I rise in support of H.R. 1361—a bill which names the new Veterans' Administration Outpatient Clinic in Crown Point, IN, after the late Adam Benjamin, Jr.

This is a fitting tribute to a fine man and a respected former Member of Congress. Adam served both in the Marine Corps and the Army and never forgot his comrades. He had a keen interest in the welfare of service men and women as well as veterans and this honor is something he would appreciate dearly.

Up to the time of his death Adam served the people of Indiana's First District with dedication and tireless effort. He was my predecessor as chairman of the legislative branch Subcommittee on Appropriations. He was known for working long hours—and always with good humor—but with an eye for making things work better, and for less money. He truly knew the meaning of "cost effectiveness" and carried out that philosophy in managing the annual appropriation bill.

I am pleased to join my colleagues in this tribute to the memory of Adam Benjamin, Jr.

Mr. EDGAR. Mr. Speaker, I am pleased to rise in support of H.R. 1361, a bill to name the new Veterans' Administration Outpatient Clinic in Crown Point, IN, after the late Adam Benjamin, Jr.

Mr. Benjamin was the Congressman from Indiana's First Congressional District for 5 years and worked very hard to bring a VA clinic to northwest Indiana. By November 1987, a new clinic serving 42,500 patients each year will be fully operational. He would be very pleased, I know, to see the results of his efforts.

Mr. Benjamin was a true American patriot and citizen. He was a U.S. marine. He graduated from the U.S. Military Academy at West Point and was an Army officer. He had served in local government and the Indiana General Assembly for a decade before serving in the U.S. Congress.

While he will not see this clinic nor will he see the good it will bring, it is altogether fitting that this new medical facility be dedicated to his memory and to the values he exemplified in his life. I congratulate my colleagues from Indiana for pursuing the work begun by Mr. Benjamin and for their proposal that the new Crown Point clinic be designated the "Adam Benjamin, Jr., Veterans Administration Outpatient Clinic."

Mr. SHARP. Mr. Speaker, I certainly join my colleague from Indiana in endorsing H.R. 1361, to name a future Veterans' Administration Outpatient Clinic in Crown Point, IN, after former Congressman Adam Benjamin.

Those of us who served in the House with Adam had the deepest respect for his integrity and hard work, which will have a lasting impact on Indiana and the Nation. As chairman of the House Transportation Appropriations Subcommittee, Adam mastered the details of national transportation issues and planning, and helped direct needed resources to solving problems in the area. At the same time, he was able to keep a focus on broad policy questions and contributed immensely to program development and policies to resolve them.

Adam came to Congress after having provide distinguished service in the Indiana State Senate. He brought with him a reputation for hard work and intelligence on which many of us in the Indiana delegation came to rely. It is appropriate to honor his memory, dedication, and work by naming a clinic after him. He would be pleased to know that a facility which will provide needed medical and health care to citizens he represented will be carrying his name.

Mr. HILLIS. Mr. Speaker, I withdraw my reservation of objection.

GENERAL LEAVE

Mr. HILLIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

H.R. 1361

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Veterans' Administration Outpatient Clinic to be located in Crown Point, Indiana, shall be designated and hereafter be known as the "Adam Benjamin, Junior, Veterans' Administration Outpatient Clinic", in honor of the late Adam Benjamin, Junior, Representative from the State of Indiana. Any reference to such clinic in any law, regulation, map, document, record, or other paper of the United States shall be held and considered to be a reference to the "Adam Benjamin, Junior, Veterans' Outpatient Clinic".

COMMITTEE AMENDMENT IN THE NATURE OF A SUBSTITUTE

The SPEAKER. The Clerk will report the committee amendment in the nature of a substitute.

The Clerk read as follows:

Committee amendment in the nature of a substitute: Strike all after the enacting clause and insert:

That the Veterans' Administration Outpatient Clinic to be located in Crown Point, Indiana, shall be known and designated as the "Adam Benjamin, Junior, Veterans' Administration Outpatient Clinic". Any reference to such clinic in any law, regulation, map, document, record, or other paper of the United States shall after the date of the enactment of this Act be deemed to be a reference to the Adam Benjamin, Junior, Veterans' Administration Outpatient Clinic.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

STEVEN McKENNA

The Clerk called the bill (H.R. 1598) for the relief of Steven McKenna.

Mr. BOUCHER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

PAULETTE MENDES-SILVA

The Clerk called the bill (H.R. 2316) for the relief of Paulette Mendes-Silva.

Mr. BOUCHER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The SPEAKER. This concludes the call of the Private Calendar.

THE REVEREND DR. PHILIP A. JOHNSON

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, on behalf of myself and our colleagues, I am pleased at this time to express appreciation and welcome to the Reverend Dr. Philip A. Johnson, who delivered the prayer opening today's session.

Rev. Dr. Philip A. Johnson is a distinguished resident of the city and State of New York and a constitutent whom I am proud to claim as a resident of the 17th Congressional District of New York. He is a member of the Lutheran Church in America and is a consultant and adviser to the Lutheran Church on social and ethical issues. He serves, too, as a consultant on social and ethical matters to transcontinental corporations. His outstanding record includes service as a former president of the Council on Religion and International Affairs.

He is present in Washington today with his wife Cecile, daughter Pamela, and her family.

We are honored and privileged to have today's session commence with the prayer delivered by Dr. Johnson.

NATIONAL BIBLE WEEK

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, the 45th annual interfaith National Bible Week will be observed from November 24 to December 1, 1985.

The purpose of this celebration is to remind all Americans of the Bible's importance, to motivate Bible reading and study, and to reaffirm the founding principles of the United States of America. Gallup surveys have shown that people are influenced to increased Bible reading as a result of National Bible Week—some 8 million adult Americans in 1982, it was determined.

President Reagan has issued a National Bible Week message again this year, as has every President since its first observance in 1941. In it, the President said, "The Bible has not lost its appeal, because the principles it contains are of timeless relevance and its beauty is forever discovered anew by millions of Americans." He continued, "I urge my fellow citizens to observe this week with appropriate ceremonies or simply by reading the Bible in private as so many Americans have done before them."

Senator BILL BRADLEY of New Jersey and I are currently serving as congressional cochairmen for National Bible Week. We invite you to call this important nonsectarian observance to the attention of your districts and your States.

AGREEMENT SIGNED BETWEEN NORTHERN IRELAND AND GREAT BRITAIN—A FRAGILE FIRST STEP

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, on Friday, an agreement was signed on Northern Ireland by the Governments of Great Britain and the Republic of Ireland. This agreement represents a fragile first step, but only a precarious foundation which needs additions and changes before it can support a lasting political solution.

Its greatest asset is that it exists. It culminates many years of work and effort. Its greatest flaw is that it does not change the political status quo in Northern Ireland one iota. To give the Irish Government even a consultative role is more symbolic than substantive. A united Ireland cannot be achieved while British troops patrol Ulster.

One hopeful sign is the growing support for future U.S. economic aid in Northern Ireland. Both the President and our Speaker addressed themselves to this in their joint statement on Friday. I have authored bills in the last two Congresses to provide such aid once a political solution is reached. I reiterate that call today.

I am also circulating a letter to the President which urges that if U.S. aid is provided, it be done under the terms of the Foreign Assistance Act especially with respect to the recipient nation protecting human rights. The aid should reach both communities, otherwise we simply underwrite continued discrimination. Finally U.S. aid should help to eliminate the cycle of violence—civilian and state—that is so much a part of Northern Irleand today.

GODSPEED THE PRESIDENT

(Mrs. JOHNSON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JOHNSON. Mr. Speaker, I am proud today that our President is seeking to achieve a major breakthrough in arms control in Geneva. The problem of how we control the buildup and spread of devastating nuclear weapons is the overriding concern of every man, woman and child in America. And our ability to meet this challenge, to reduce the threat of nuclear war, to advance the security of our country and of the people of the world, our ability to meet the challenge is truly the measure of our generation's greatness.

Mr. Speaker, we are hearing of new proposals and counterproposals. Gone is the harsh rhetoric of the past.

I welcome this change. My constitutents welcome this change, and we support the President's efforts with out prayers, our faith in the goodness of mankind and with hope, but with a healthy respect for the difficult reality that the differences between our two systems poses.

The great importance of the summit is the opportunity it offers to ease suspicions, to build trust, to lay the foundation for regular communication between Government officials of both countries, and between as well the people of the Soviet Union and the people of the United States. That communication and trust is fundamental to arms control agreement, to verifications and to peace.

Godspeed the President.

□ 1215

THE SILENCE IS DEAFENING

(Mr. EDGAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDGAR. Mr. Speaker, according to many recent press reports, the Secretary of Defense claims that the Gramm-Rudman deficit reduction plan, with its sequestration authority, is a dangerous proposition that threatens American security. In fact, Mr. Weinberger has been quite vocal in his objections to Gramm-Rudman's possible effects on defense. But it is not so much his shouting that concerns me as does the silence of others who should be speaking out. What about our other responsibilities? Are there not other concerns affecting national security?

For instance, what about its impact on veterans' programs? The Defense Department's objections go unchecked while the Administrator of Veterans' Affairs remains mute, bound by a gag order from the White House that prevents any public statement on the matter and which recently resulted in the cancellation of a hearing that sought the truth. This is one box that the administration seemingly does not intend to let Pandora open.

This administration has purposely put a clamp on the flow of information regarding Gramm-Rudman, seeking to ram its awful taste down our throats without so much as a spoonful of sugar and with limited information.

If Gramm-Rudman were truly responsible and fair, I suspect that the administration would be more open and above board about its contents and its effect on all programs. I also suspect that the Veterans' Administration would be extolling its virtues rather than remaining strangely silent.

Why does the administration allow Defense to broadcast its fears, while muffling other legitimate concerns?

I suggest that this imposed silence tells us all we need to know about Gramm-Rudman's effect on our veterans and their families. The expansive powers this plan gives to the President would be devastating to our essential veterans's programs.

DEFENSE PROCUREMENT REFORM ACT OF 1985

(Mr. KOLBE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOLBE. Mr. Speaker, I am today introducing a bill that I believe takes a giant step to end waste in the Department of Defense.

My bill addresses three areas of concern in the Defense Department's procurement process.

First, it mandates minimum qualifications for those procuring major weapons, giving them the experience and management training to assure the best possible deal for taxpayers when weapons are being purchased.

Second, the bill removes the Defense Contract Audit Agency from the Defense Department, and puts its functions back into the General Accounting Office. This measure is necessary to restore the independence needed if the DCAA is to fulfill its auditing responsibilities.

Finally, my bill sets standards regarding the testing of weapons systems—provisions that could help us avoid a repetition of the recent Divad disaster.

As a combat veteran, I support the need for a strong and capable defense. But wasted tax dollars do not contribute to our national security. Every dollar wasted is a dollar that can't be spent to train and arm a soldier in the field. I hope my colleagues will give careful consideration to this bill as a means of ensuring that our Nation has the best possible defense at the least possible cost to the taxpayer.

F-16 OUTGUNS COMPETITORS IN "GUNSMOKE '85" MEET

(Mr. WRIGHT asked and was given permission to address the House for 1 minute and to extend his remarks.)

Mr. WRIGHT. Mr. Speaker, I am pleased to report that the F-16 Fighting Falcon recently scored impressive victories at "Gunsmoke '85," the Air Force's biannual bombing contest which pitted A-7's, A-10's, F-4's and F-16's against one another, testing the performance of these fighter planes and the combat skills of the world's finest pilots and their ground crews.

The Gunsmoke '85 team title went to the F-16-flying 419th Tactical Fighter Wing, Hill Air Force Base, UT. Overall, F-16 teams won six out of the seven top events, including first and second places. F-16 pilots captured 17 of 20 top individual honors, including Top Gun.

For those of us who have been enthusiastic supporters of the F-16 program, the results of Gunsmoke '85 come as no surprise. Held last month at Nellis AFB, NV, the Gunsmoke '85 competition confirms once again what many of us already knew: The F-16 is the very best fighter plane available today.

Its outstanding record speaks for itself—highest reliability rating of any USAF fighter; best record for maintainability; lowest accident rate; highest mission capable readiness rating—85 percent—of any fighter plane ever.

Mr. Speaker, I am proud of the men and women who produce the F-16, not only because they live in and around Fort Worth, TX, but also because they are a tribute to an America that dares to perform with excellence and that acts with determination in providing the weapons necessary to defend freedom both at home and abroad.

NEVER A MORE IMPORTANT MEETING THAN GENEVA

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, we know why President Reagan is meeting Mr. Gorbachev.

It's called war and peace. How long can we keep piling nuclear weapons one on top of the other without there being a mistake, an accident, a miscalculation, a stupid decision of conquest?

In the atomic age partnerships like NATO, innovative approaches like star wars, and straight talk summits like Geneva are absolutely essential.

Peter Wyden knew why Geneva when he wrote "Day One," his book about the first atomic bomb.

He wrote of Hiroshima. "Dashing out of the school into clouds of thick, swirling dark dust, Miss Horibe spotted seven moaning children lying and sitting on the playground where they had been playing hide and seek. They were bleeding and blackened by burns. Their school uniforms were in shreds. Patches of skin dangled from their bodies.

The children dragged themselves slowly across the rubble-filled ground. They were crying and shouting how much they hurt, how they hated war and the Americans.

From day 1, Geneva is tied to that bomb, and to the threat to and to the responsibility of America. God be with you, Mr. President, for you'll never have a more important meeting. Never.

□ 1225

TIPPING OUR HAT TO TIP O'NEILL

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, as I was about to leave my office about 8 o'clock, I looked on my television screen and there, lo and behold, was the Speaker of the House of Representatives.

I have seen the Speaker at times unjustly criticize the President of the United States. At times I have seen him be the master of sarcasm when attacking the Republican Party, usually with tongue in cheek because he is a very likable fellow.

But yesterday when the press tried to get him to undermine President Reagan at Geneva, I have never been so proud to see the Speaker of this House in an admirable bipartisan

stand, defend the President of the United States in the best interests of the United States of America. Listening to Speaker O'NEILL made me proud to be a Member of this House.

I think we owe a tip of the hat to our colleague TIP O'NEILL. He is a great guy.

THE RATE OF SAVINGS BY AMERICANS

(Mr. SLATTERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SLATTERY. Mr. Speaker, the Commerce Department recently released some alarming statistics that I think we should all be aware of. Their latest figures show that Americans saved only 2.9 percent of aftertax income from July through September. The savings rate is far below the typical 5 percent to 7 percent rate that we have seen in the United States.

While the United States savings rate dropped to the lowest point in 35 years, the savings rate in Japan was 21 percent, in West Germany, it was 13.8 percent, and in Canada it was 14.4 percent.

We were promised that supplyside economics was going to increase savings in this country while balancing the budget. Obviously, neither promise has materialized.

Mr. Speaker, when we take up tax reform later on this session, I sincerely hope that the revisions that bill contains will encourage savings in this country. They are desperately needed.

THE GREAT AMERICAN GIVE-AWAY

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Speaker, Newport News Shipyard has a contract to build an aircraft carrier for the U.S. Navy. The Bethlehem Sparrows Point Shipyard bid on building the deck house structure for the carrier. Sparrows Point was the only American yard to bid. But, bids also were solicited from the Canadians.

The Canadians won the bid. There was no allowance made for the currency exchange differential and the effect of the high dollar. I want to point out—that there was also no allowance made for the cost of American jobs lost and the plight of one of our few remaining shipbuilding yards. This policy comes out of the 1984 Defense Appropriations Act enacted by the 98th Congress.

With our industrial base reeling under the onslaught of imports, with our national unemployment stuck chronically at 7-plus percent and in some areas at 12 percent, what in heaven's name are we doing to ourselves?

This is American taxpayers money going to build up a Canadian industry. This is American defense money being used to chip away at our own defense—industrial base.

This law is unpatriotic, it is anti-American to American industry, it is totally insane given our current balance-of-payments deficit and our bankrupt Treasury. It must be changed.

I will submit more details on this matter for the RECORD.

COVERAGE OF STATE AND LOCAL EMPLOYEES UNDER MEDICARE

(Mr. LUKEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUKEN. Mr. Speaker, the other body has adopted a reconciliation bill which has an alarming provision for many of us. This would include all State and local and school employees under Medicare and applies to all employees, including current employees.

I urge all the House conferees to make no compromise on the issue of coverage of State and local employees under Medicare. The House has rejected the proposal of the other body for coverage of all current State, school, and local government employees.

I join with other Members from around the country, but especially those from Ohio, Alaska, Colorado, Louisiana, Maine, Massachusetts, and Nevada, which will be the hardest hit. My State, Ohio, along with the others, does not now cover their government employees because these employees have been contributing to their own pension plans in substantial amounts for many years. Serious financial consequences for State and local employers and employees will be experienced if the proposal to cover all State and local employees is adopted.

Not only will employees be paying unanticipated large contributions, but school districts and local governments, already struggling because of Federal cutbacks, will have new large financial burdens imposed on them.

Some of the school districts in my district would have a sudden imposition of hundreds of thousands of dollars per year, with no funds to pay the obligation.

While I am opposed to any changes whatsoever in Medicare coverage for State and local government employees, given the choices, I urge the House alternative to cover only new employees.

SUPPLY-SIDE ECONOMICS

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, the promise of supply-side economics was that by cutting tax rates, we would increase revenues to the Government through growth. That is precisely what has happened.

Last year, revenues to the Federal Government went up by $67 billion, despite the fact that tax rates had come down. Since 1981, taxes coming into the Federal Government, revenues to the Federal Government have gone up by $134.8 billion for a 22.5-percent increase.

The problem that we face in Government is not the fact that supply-side economics has not produced the revenues. The fact is we spent them all away. We spent them away last year. We spent away $95 billion more last year. Since 1981, we have spent $258.6 billion or 38 percent more than we were spending in 1981.

That is the problem; that is, the spending.

We hear, well, it is all in defense. No, my friends. In that $258 billion, $103.9 billion of it is in payments to individuals, another $61.7 billion is in interest payments. That is $165 billion of nondefense spending that has gone up since 1981.

How about defense spending? It has gone up by $96.3 billion.

So what you have is a situation where we are overspending, and that is the economic problem.

THE GENEVA SUMMIT

(Mr. BUSTAMANTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BUSTAMANTE. Mr. Speaker, as President Reagan and General Secretary Gorbachev meet in Geneva today and tomorrow, Americans wish them success in their efforts to reverse the nuclear arms race and reducing the danger of nuclear war. We stand united behind these leaders' efforts to improve relations and to bring greater world stability.

The President comes to Geneva with the support of Congress and the American people who have backed the rebuilding of our defense. Mr. Reagan can therefore negotiate with Mr. Gorbachev from a position of strength and enter into significant nuclear arms reduction agreements. We hope that when President Reagan returns from Geneva and addresses this body, he will unveil an agreement in principle on arms control which will advance considerably the ongoing arms control talks in Geneva and yield a nuclear arms reduction agreement in the near future.

Mr. Speaker, while nuclear arms reduction is imperative, we cannot ignore the importance of human rights to improved relations with Moscow. The foundation of peace rests on human rights. The violations of internationally agreed human rights leads to distrust. And with distrust one cannot build a lasting and stable peace. Therefore, we want to make clear to Mr. Gorbachev, that Congress fully supports President Reagan's concerns over human rights. Congress expects the Soviet Union to live up to its commitments and allow the emigration of Soviet Jews to Israel and respect their cultural and religious rights. If Moscow is serious about improving relations with the United States, it must stop its persecution of Jewish and human rights activists and free Anatoly Shcharansky, Andrei Sakharov, Aryeh Volvovsky, and hundreds like them.

Mr. Speaker, I join all Americans in the fervent hope that the summit will lead to a substantial arms control agreement, to significant human rights improvements in the Soviet Union, and to better relations between the superpowers.

SUPPLY-SIDE ECONOMICS

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, my friend, the gentleman from Pennsylvania [Mr. WALKER] discussed once again the notion that if you lower tax rates somehow you get all of this new money, and it helps reduce the Federal deficit. Well, that is sort of wishbone economics, in my judgment. It does not work.

We have lowered tax rates in the past but it hasn't balanced the budget. You cannot grow your way out of this deficit.

We spend about as much as the President has asked the Congress to spend, not necessarily on the same things. We would like a lot more for defense; we would probably want a little more for human needs. But you do not grow your way out of this budget deficit by suggesting if you lower rates, you collect more revenue.

Our problem is that we are spending about 24 percent of the GNP and are raising revenues about 19 percent of the GNP. That difference represents the Federal deficit.

There are only two ways to solve it. One is restraint in spending, and the second is to raise additional revenue. Lowering tax rates, which was the recipe proposed in 1981, is not going to provide us massive new growth of revenue to solve that deficit problem. I do not know of one responsible economist in America that believes that sort of nonsense.

We have to have spending restraints and we have to have taxes from those who are not now paying taxes in order to move toward a balanced budget.

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 1986—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore (Mr. GRAY of Illinois). The unfinished business is the further consideration of the veto message of the President of the United States on the bill (H.R. 3036) making appropriations for the Treasury Department, the U.S. Postal Service, and certain independent agencies for the fiscal year 1986.

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the veto message of the President, together with the accompanying bill, H.R. 3036, be referred to the Committee on Appropriations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

Mr. WALKER. Mr. Speaker, reserving the right to object, I just would like to question why we are going to use this particular procedure. We just heard a speech here a minute ago about the President is the one who is sending spending messages up to the Hill, and that we are keeping in line with what the President is doing.

Now, it seems to me that one of the things that the President has been criticized very often for on this floor is not vetoing spending bills, and we have heard over and over again that the President refuses to veto spending bills. Now the President vetoes this spending bill, as he should have, and instead of sustaining that veto, or at least allowing us to have a vote on whether or not we are going to sustain that veto, we are referring this to a committee.

Can the gentleman from Mississippi [Mr. WHITTEN] explain to me why we should not just go through the process and show the President whether or not this House is willing to sustain the veto?

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Speaker, in our judgment, this is the best procedure. Having read and listened to the message of the President, I can understand his feelings and I can understand his actions.

However, there is a great difference of opinion about budgets, and there is a great difference of opinion about viewpoint and the various interests that are represented by this subcommittee and in this bill. The message identified areas of concern to the President, and certainly those concerns will be considered.

Our committee is meeting Thursday, and at that time we will have a chance to consider the veto message and take action. But as the gentleman knows, we have the Gramm-Rudman bill which we are meeting on morning and afternoon, and sometimes at night, and with the activities going on at present, we thought it best to refer the vetoed bill back to the committee where we could give thorough study to the President's viewpoint and take such action as we will only recommend to the Congress.

Mr. WALKER. Further reserving the right to object, certainly, I would say to the gentleman, it is a rather unusual procedure compared to what we have done in recent days when other veto messages have come up. When the veto message came up the other day, we certainly did not worry about getting it back to the committee and considering the President's objection. There we simply brought it to the floor and had a vote on it.

I am just wondering why we cannot have a vote on this, and I will be glad to yield to the gentleman from Mississippi.

□ 1240

Mr. WHITTEN. I am sure the gentleman hears some criticism on his side for the President not vetoing, and after out of 60 appropriations bills I believe he has vetoed 5. We overrode one; we worked the other three out, give us a chance to try to work this one out.

We need to work together, with the White House or the Presidency, and the Congress, and in the interest of doing that, we need to study to be sure what he said, why he said it, and what we need to do in recommending to the House.

Mr. WALKER. Do I understand it is the intention of the committee to try to at least accommodate the President's version of where the figure should be, if not the details, at least the bottom line figure?

Mr. WHITTEN. Well, there are other reasons, too. We are all behind the President in his present mission, and I think it would be well for him to come back and be here when we take action, personally, but it will be Thursday when we will have a chance to consider this veto message.

Mr. WALKER. Further reserving the right to object, Mr. Speaker, somehow I do not think that what we do in the Treasury post office bill on the floor today or do not do on the floor today is likely to interfere very much with Geneva, but nevertheless it does seem to me that at least from my viewpoint, I would kind of like to vote to sustain the President's veto. I think the President was absolutely right;

and I am just disappointed by this procedure that we may not get a vote on this.

Mr. WHITTEN. The gentleman frequently takes individual positions.

Mr. SKEEN. Will the gentleman yield?

Mr. WALKER. Under my reservation, I will be glad to yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Speaker, I can understand the frustration of the gentleman, and I understand the aim and the mode in which he is trying to operate and I share some of that concern.

However, I would like to tell the gentleman that maybe this is the better process, of sending it back to committee; because prior to the veto, those of us who worked on the committee had not heard a great many reasons why this veto should be forthcoming, and I think it is a good chance for us to have some kind of a conference on this thing and get it worked out, because we very much want to know what the administration would like to see in this bill and I would welcome that kind of input.

Mr. WALKER. Further reserving the right to object, Mr. Speaker, does the gentleman find in the President's veto message some things that should be worked on and possible cuts that can be made?

Mr. SKEEN. I believe that there are, and this is the first communication that we have had in regard to some of those suggestions.

Mr. WALKER. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

Mr. CONTE. Mr. Speaker, reserving the right to object, I rise in support of the motion by Chairman WHITTEN, and I hope this conference report is referred back to committee.

I said it before, and I'll say it again. I think the President was wrong to veto this bill.

The conference report was $215 million less than last year for discretionary spending;

The conference report was $84 million less than the House-passed bill; and

The biggest funding objection of the President—the Postal subsidy—was cut by $390 million from last year in this conference report.

And let me mention the Postal subsidy for just a minute. The $820 million subsidy provided in this agreement accounts for 86 percent of the increase over the President's budget. Although this is scored against the bill, the President's budget did not ask for the elimination of the reduced mail program, but instead proposed to use revenues from other classes of mail to finance the subsidy. The budget said legislation would be sent to the Hill to reform the program, but nothing was sent. It looks like both sides did not comply with the budget submitted last February.

Furthermore, the bill provides a much needed add-on for the IRS and Customs. This money is designed to prevent another processing disaster like the one experienced last year. In fact, I understand IRS has submitted a $260 million supplemental request to OMB to augment the funds provided in this conference report. And if you're really interested in reducing the deficits, we just can't afford the loss in revenue that a cut in IRS funding will produce.

Mr. Speaker, there may be ways to reduce spending in this bill, and I can assure members that the committee will look for those places to cut. So I urge my colleagues to support the motion to refer this conference report back to the Appropriations Committee for consideration.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER pro tempore. The Chair recognizes the gentleman from California [Mr. DELLUMS], chairman of the Committee on the District of Columbia.

DISTRICT OF COLUMBIA REVENUE BOND ACT OF 1985

Mr. DELLUMS. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 3718) to waive the period of congressional review for certain District of Columbia acts authorizing the issuance of revenue bonds, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3718

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "District of Columbia Revenue Bond Act of 1985".

SEC. 2. WAIVER OF CONGRESSIONAL REVIEW PERIOD FOR CERTAIN DISTRICT OF COLUMBIA ACTS AUTHORIZING THE ISSUANCE OF REVENUE BONDS.

(a) WAIVER.—Section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act shall not apply to certain acts of the District of Columbia described in subsection (c) authorizing the issuance, sale, and delivery of revenue bonds.

(b) EFFECTIVE DATE OF ACTS.—Notwithstanding section 404(e) of the District of Columbia Self-Government and Governmental Reorganization Act and any provision in any District of Columbia act described in subsection (c), the District of Columbia acts described in subsection (c) shall take effect on the date of the enactment of this Act.

(c) CERTAIN ACTS OF THE DISTRICT OF COLUMBIA AUTHORIZING THE ISSUANCE OF REVENUE BONDS.—The District of Columbia acts authorizing the issuance, sale, and delivery of revenue bonds referred to in subsections (a) and (b) are as follows:

(1) The Georgetown University Higher Education Facilities Revenue Bond Act of 1985, District of Columbia act 6-101, transmitted to the Speaker of the House and the President of the Senate November 7, 1985.

(2) The George Washington University Revenue Bond Act of 1985, District of Columbia act 6-76, transmitted to the Speaker of the House and the President of the Senate October 3, 1985.

(3) The Sibley Memorial Hospital Revenue Bond Act of 1985, District of Columbia act 6-94, transmitted to the Speaker of the House and the President of the Senate October 23, 1985.

(4) The Washington Hospital Center Corporation Revenue Bond Act of 1985, District of Columbia act 6-92, transmitted to the Speaker of the House and the President of the Senate October 10, 1985.

Mr. DELLUMS (during the reading). Mr. Speaker, I ask unanimous consent that the bill be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DELLUMS. Mr. Speaker, I move to strike the last word.

Mr. Speaker, the Home Rule Act for the District of Columbia, adopted by Congress in 1973, gives the elected council of the District of Columbia broad legislative power for local matters within the District of Columbia, including the power to issue tax-exempt industrial revenue bonds. Such bonds are issued by all 50 States under restrictions set in the Internal Revenue Code. It is expected that the House Ways and Means Committee will recommend stricter regulations for bonds issued after December 31, 1985.

The purpose of H.R. 3718 is to permit four revenue bonds already adopted by the District Council to go into effect immediately without the 30-legislative day congressional layover period which the Home Rule Act requires for most legislation by the council.

The four acts for revenue bonds were signed by the Mayor and transmitted to the Speaker of the House of Representatives within the past few weeks. If Congress were meeting daily without interruption during November and December there would be no need for H.R. 3718. The 30 legislative days

would take about 6 calendar weeks allowing the acts to become effective. It is not likely that Congress will be in session enough days in November and December to total 30 legislative days and permit the bond legislation to become law before December 31, 1985, deadline planned by the Ways and Means Committee.

H.R. 3718 identifies the council acts and names the four nonprofit institutions involved—two hospitals and two universities. Reports transmitted to the Speaker give additional information on the importance of these bond issues. Here are a few of the facts:

The $70 million bond issue for the Washington Hospital Center will permit renovations designed to correct building violations and modernize facilities that are 27 years old. The 30-year tax-exempt bonds will save the hospital 3 percent or $800,000 a year.

The $31 million bond issue for George Washington University will permit remodeling laboratory space, remodeling for the installation of computer equipment, communications equipment and a university wide telecommunications system.

The $127 million bond issue for Georgetown University provides for a new construction of a $45 million new addition to the law center, $32 million for a university center, $2.5 million for a new science library, $7.5 million for a Medical Institute for Neuroscience, and $12 million for a telecommunications network.

Finally, the $22 million bond issue for 25-year-old Sibley Memorial Hospital will upgrade the facility to comply with current health and safety codes and modernize certain areas and services.

Congressional precedent for waiving the 30-legislative-day layover is found in the passage, in 1981, or Public Law 97-107 involving bonds for George Washington University.

The bonds involved are conventional revenue bonds, not general obligations of the District of Columbia or of the Federal Government. In 1981 Congress added a new section 484 to the District of Columbia Home Rule Act making it clear that "The full faith and credit of the United States is not pledged * * *" and "The United States is not responsible or liable for the payment of any principal of or interest on any bond, note or other obligation issued by the District under this part."

Mr. Speaker, H.R. 3718 is an appropriate remedy for helping local institutions out of a serious situation.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, I want to take this opportunity to commend the gentleman from California for that very fine presentation and for bringing this very important piece of legislation to the Congress, the floor of the House, and urge my colleagues to support him and pass this bill.

Mr. DELLUMS. I thank the gentleman for his generosity and thank him for his support.

With that, Mr. Speaker, I yield back the balance of my time.

□ 1250

Mr. BLILEY. Mr. Speaker, I move to strike the last word, and I rise in support of the bill.

Mr. Speaker, H.R. 3718 is a bipartisan response to a unique problem of the District of Columbia in issuing tax-exempt bonds. As with all District legislation, bonds approved by the District government must complete a 30-legislative-day layover period before becoming effective.

This delay between approval of a bond issue and its issuance can cost the seller millions of dollars in additional interest payments if the rates rise while the bond sits before the Congress. In the past the Congress has seen fit to waive the 30-day layover requirement once the appropriate committes have received the bond acts and determined that they are acceptable.

H.R. 3718 is a simple bill that waives the layover period for four tax exempt bond acts. These bonds are for nonprofit institutions, but that fact is a factor of the District Council calendar rather than an indication that the District Committee only approves of nonprofit bonds. If the District Council passes other bond acts between now and adjournment I would expect to take the same action for those bonds as we are taking for these today.

Mr. Speaker, H.R. 3718 is an important bill for the District of Columbia and nonprofit institutions. It is a bipartisan bill and it deserves our unanimous support.

Mr. FAUNTROY. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I am pleased to be a sponsor along with the chairman of our committee, Mr. DELLUMS, the committee's ranking minority member, Mr. MCKINNEY, and our colleagues, Mr. BLILEY, Mr. BARNES, Mr. PARRIS, and Mr. DYMALLY, in this truly bipartisan effort.

H.R. 3718 seeks to waive the period of congressional review for certain District of Columbia acts authorizing the issuance of revenue bonds. The bill is necessary and urgent, Mr. Speaker, because it is expected that major changes in the U.S. Internal Revenue Code affecting the issuance of revenue bonds will be enacted during the 99th Congress. A key feature of those changes is almost certain to be a provision which mandates different tax treatment for municipal bond issues beginning January 1, 1986. In fact, on October 25, 1985, the House Ways and Means Committee marked up a bill with such a feature.

The District of Columbia is exposed in a special and unique way by the prospect of these changes. Under section 602(c)(1) of the Home Rule Act, after the District government has done all that it can and must do to enact bond legislation, those acts must then be transmitted to the Congress for a 30-legislative-day review period. Because Congress will adjourn sometime in mid-December, several D.C. government bond acts now pending will not clear the 30-day review period prior to the December 31, 1985, date fixed by the House Ways and Means Committee for implementation of the Internal Revenue Code changes. Passage of H.R. 3718 will ensure that Congress does not create an undue impediment to the issuance of District of Columbia government bonds which would otherwise not be affected except for the unique interface between the District and Federal Governments. The District would be placed on equal footing with all other municipal bond issuers from State and local governments.

This bill has been crafted in consultation with the House Ways and Means Committee. On October 30, 1985, that committee issued a press release numbered 23-A. In that press release, the committee proposed that the type of bonds which are the subject of this legislation be issued prior to December 31, 1985, or be governed by the more restrictive regulations. Moreover, on November 5, 1985, Congressman DAN ROSTENKOWSKI, chairman of the House Ways and Means Committee, wrote a letter to the D.C. Committee stating, in pertinent part, "A waiver of the 30-day congressional review period for D.C. city council enactments * * * would [put] these organizations in the same position as similar organizations domiciled in any one of the 50 States." The full text of Chairman ROSTENKOWSKI's letter appears in the report accompanying this bill.

H.R. 3718 is directed at four proposed bond issues. Each of the proposed issues has been passed by the D.C. city council and must clear the review period. Each of the issues is for nonprofit organizations.

Mr. Speaker, there may be other nonprofit, as well as for-profit, bond issues enacted by the D.C. government prior to the December 31 trigger date. It is my understanding that members of this committee on both sides of the aisle have resolved to ensure by separate legislation or by accepting certain Senate amendments that none of the city's bond proposals passed by the council and signed by the Mayor are impeded by virtue of the 30-day review period.

The solution embodied in H.R. 3718 is, at best, cosmetic. No government should have to run its business in the way the D.C. government is forced to function. Bond issues, especially, are delicate and market-sensitive, and should not be periled by the wonderland of the District's wobbly legislative process. The ideal solution would be to eliminate the review period altogether.

I recognize however, that the urgency of the matter before us does not permit consideration of a more permanent solution. However, I look forward to working with our colleagues toward that end in the near future.

Mr. Speaker, the Subcommittee on Fiscal Affairs and Health, which I chair, took testimony on this proposal on November 7, 1985. We heard from the Mayor's office, Chairman, Clarke's office, and Father Whelan in behalf of the consortium of universities. We also received for the record a letter from Mr. Stephen H. Lipson, president of the District of Columbia Hospital Association. All of the witnesses supported passage of this legislation. Subsequently, on November 13, the full committee, by a unanimous vote of 12 to 0, favorably reported the bill.

In sum, the goal of H.R. 3718 is to remove special congressional hurdles from the District's bond enactment path. The bill is for a limited purpose and is aimed at ensuring that the December 31, 1985, trigger date from tax reform proposals moving through the Congress does not place undue burdens and impediments on the District of Columbia due to the 30-day review period.

For the foregoing reasons, Mr. Speaker, I urge passage of this bill.

Mr. MCKINNEY. Mr. Speaker, I rise in support of H.R. 3718, and wish to thank the chairman of the Committee on the District of Columbia, Mr. DELLUMS, and the chairman of the subcommittee to which this bill was referred, Mr. FAUNTROY for their efforts in bringing this measure to the floor in a timely manner. I would also like to acknowledge the leadership and untiring efforts of the gentleman from Virginia [Mr. BLILEY] in crafting a bill which merits the support of the House.

The provisions of this bill, and its purpose, has already been more than adequately explained. To enhance those explanations, I believe it would be of some benefit to discuss the alternatives considered by the Committee but rejected.

When the committee met to mark up and report this bill, two other measures were on the agenda. H.R. 3716 would have granted a blanket waiver of the 30-day congressional review period to any local act authorizing the issuance of revenue bonds for nonprofit institutions or organizations, so long as the council and mayoral action had been completed prior to January 1, 1986. H.R. 3717 would have granted the same blanket waiver under the same conditions, but it would have applied to any revenue bonds, not just those associated with nonprofit institutions.

I think the major problem with either of these bills is that the Congress would be waiving its review of bond authorizations which would not even have to be introduced in the Council until early December. Even if limited to bonds for nonprofit institutions, it might be a little too much for Congress to forgo its opportunity to review matters which are not yet on the drawing board. There was also some concern that a blanket waiver would result in a rush to approve any bond proposal simply to beat the clock and avoid the necessity of compliance with the restrictions on revenue bonds which are likely to go into effect on January 1, 1986. Finally, although I believe this is stretching things a bit, it was noted that some might consider any form of blanket waiver an infringement on the local government's home rule prerogatives.

In any event, Mr. Speaker, neither of these bills received the support of the committee. The measure which won the unanimous vote of the committee as the best mechanism for addressing this unique problem is the bill currently under consideration. It has several features which are the counterpoints to the problems raised with the other bills that were considered by the committee, and I would like to briefly explain them.

First, the bill waives the congressional review period, or more accurately some portion of that review period, only for those bond authorizations which have been considered and approved by the council and signed by the mayor. We therefore make no attempt to short circuit the authority and responsibility of locally elected officials to determine which proposals merit the tax advantages the city government is able to confer.

Next, by specifically listing the bond authorization acts which will receive a waiver of congressional review, the bill is a specific response to a specific, one-time problem. Notwithstanding what some might infer from either the committee report or this debate, we come to the House with no intention of setting a precedent. H.R. 3718 is a one-time effort to put the District of Columbia on equal footing with other jurisdictions with respect to a very limited set of circumstances.

Finally, Mr. Speaker, I think it is important to clear up a potential misunderstanding about the scope of this legislation. It has already been noted that the four specific bond authorization acts which will be exempted from the congressional review process are each associated with a nonprofit institution. One might therefore assume that the intent of this bill is to waive the review period only for those bond authorizations which are associated with nonprofit institutions.

That is clearly not the case. Nowhere in the language of this bill is there such a limitation even inferred. Rather, the intent is to waive the review requirement for any revenue bond authorization which has been approved by the Council and signed by the mayor. As of this date, there are only four such local authorizations, and they are specified in the text of H.R. 3718. Had there been any additional revenue bond authorizations approved at the local level, whether for nonprofit institutions or otherwise, the committee would have included them in this bill.

I want to be very clear on this last point, because in all likelihood additional revenue bond authorizations will be cleared by the city before this legislation is considered in the other body. Should any such local bond authorizations, having been duly considered and approved by the city, be added to this bill in the other body, it is this Member's understanding that our committee's recommendation would be to agreee to the amendment made in the other body.

Mr. Speaker, it seems that all too often our committee calls upon the House to enact some last minute measure which will in some way or another assist the District of Columbia. While some might characterize such efforts as sweetheart deals for the city, H.R. 3718 clearly does not fall into that category. It is nothing more than an effort to put the city on an equal footing with other jurisdictions with respect to the issuance of revenue bonds. The bill is not opposed by the Ways and Means Committee, it is not opposed by the administration, it will not cost the Federal Government anything according to the Congressional Budget Office, and it has the unanimous support of the Committee on the District of Columbia. It is worthy of support from the entire House of Representatives, and I urge its passage.

Mr. DELLUMS. Mr. Speaker, I note there are no additional requests for time, and I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken after debate has been con-

cluded on all motions to suspend the rules.

AMENDING THE SMALL BUSINESS INVESTMENT ACT OF 1958

Mr. GONZALEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3608) to amend the Small Business Investment Act of 1958.

The Clerk read as follows:

H.R. 3608

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 308 of the Small Business Investment Act of 1958 is amended as follows:

(a) by striking all of paragrapn (2) of subsection (i) after the word "exceed" and by inserting in lieu thereof "the maximum rate prescribed by regulation by the Administration for loans made by any licensee (determined without regard to any State rate incorporated by such regulation)."; and

(b) by striking from paragraph (3) of subsection (i) "paragraph (2)(B)" and by inserting in lieu thereof "paragraph (2)".

SEC. 2. This Act shall apply to maximum interest rates prescribed by the Administration on or after April 1, 1980.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Texas [Mr. GONZALEZ] will be recognized for 20 minutes and the gentleman from Florida [Mr. IRELAND] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. GONZALEZ].

Mr. GONZALEZ. Mr. Speaker, I yield myself such time as I may consume.

The bill before us represents a simple housekeeping operation. Due to the fact that when we approved the Banking Act of 1980, there was some language there that was not too clear, the main purpose and thrust of this bill is to clarify that the Small Business Administration does have the authority, by regulation, to determine the maximum interest rates which may be charged on loans to small businesses by the small business investment companies—SBIC's—and the minority enterprise small business investment companies—the MESBIC's.

I think the fundamental thing is that this merely clarifies what nominally has been recognized through these years, and that is the right of the Small Business Administration having the authority by regulation to determine those interest rates.

The language here conforms to the authority which SBA has purportedly exercised over the past 5 years. Also, it is in conformance with what the SBA does in prescribing maximum interest rates on those loans made to small business by lenders on a direct basis or a directly guaranteed SBA loan.

Mr. Speaker, I know of no objections to this bill. The committee, of course, passed it out under the very distinguished leadership of the chairman of the committee, the gentleman from Maryland [Mr. MITCHELL] with no opposition voiced, and none has been heard subsequently.

So I seek unanimous agreement on this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. IRELAND. Mr. Speaker, I yield myself such time as I may consume, and I rise in support of the bill.

Mr. Speaker, I rise in support of the statement made by the gentleman from Texas.

This bill was passed unanimously from the committee. It is a housekeeping measure that needs to be taken care of.

I have no objection.

Mr. IRELAND. Mr. Speaker, I yield back the balance of my time.

Mr. GONZALEZ. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas [Mr. GONZALEZ] that the House suspend the rules and pass the bill, H.R. 3608.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

COOPER-HEWITT SMITHSONIAN AUTHORIZATION

Ms. OAKAR. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 583) to authorize the Smithsonian Institution to plan and construct facilities for the Cooper-Hewitt Museum, and for other purposes as amended.

The Clerk read as follows:

S. 583

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Board of Regents of the Smithsonian Institution is authorized to plan and construct facilities for the Cooper-Hewitt Museum also known as the National Museum of Design of the Smithsonian Institution.

SEC. 2. Effective October 1, 1988, there is authorized to be appropriated to the Board of Regents of the Smithsonian Institution a sum not to exceed $11,500,000 to carry out the purposes of this Act. No funds appropriated pursuant to this section shall be obligated or expended until such time as there is available to such Board, from private donations or from other non-Federal sources, a sum which—

(1) matches federally appropriated funds; and

(2) combined with federally appropriated funds is sufficient to carry out the purposes of this Act.

SEC. 3. Any portion of the sums appropriated to carry out the purposes of this Act may be transferred to the General Services Administration which, in consultation with the Smithsonian Institution, is authorized to enter into contracts and take such other action, to the extent of the sums so transferred to it, as may be necessary to carry out such purposes.

SEC. 4. (a) In the event of the sale of the facilities comprising the Cooper-Hewitt Museum, the Board of Regents of the Smithsonian Institution shall reimburse the United States out of the proceeds of such sale an amount equal to the Federal interest in the facilities.

(b) For purposes of subsection (a), the Administrator of the General Services Administration shall determine the value of the Federal interest based on Federal appropriations used in the construction of Cooper-Hewitt Museum facilities.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentlewoman from Ohio [Ms. OAKAR] will be recognized for 20 minutes and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all I want to express my appreciation to members of our task force, in particular the distinguished minority leader and certainly the chairman of the full committee as well.

Mr. Speaker, the Senate bill would have been jointly referred to both the Committee on House Administration and the Committee on Public Works and Transportation. Both committees have held extensive hearings on this issue.

I do want to pay tribute as well to my colleague who is the chairman of the full Committee on Public Works and Transportation, the gentleman from New Jersey [Mr. HOWARD] as well for his work on this bill.

Mr. Speaker, we have all agreed to proceed with the Senate version. This is in no way intended to infringe upon the jurisdiciton of the Committee on Public Works and Transportation.

Mr. Speaker, although there is some difference in language, Senate bill S. 583 is intended to achieve the same ends as the bill that we have introduced, basically to provide some funding to the board of regents of the Smithsonian Institution to plan and

construct facilities for the Cooper-Hewitt Museum.

The Senate bill also contains a provision to protect the Federal interest in its privately held land, building, and facilities in the event that they are sold.

Therefore, Mr. Speaker, the members of the Committee on House Administration and the Committee on Public Works and Transportation feel that S. 583 is appropriate for consideration at this time.

Mr. Speaker, The Cooper-Hewitt Museum was founded in 1897. The granddaughters of Peter Cooper carried out his never-realized plan to establish the Cooper Union Museum for the Arts of Decoration. This museum was a working collection. When one item wore out, another was collected.

□ 1305

It was free to both the general public and students of Cooper's coeducation tuition-free design and engineering school.

This museum is open late into the night so that those who work during the day can use the library and collection during the evenings.

In 1967, the collections and the library of the Cooper Union Museum were transferred to the Smithsonian Institution, and the collections were then housed in the historic Andrew Carnegie mansion and the adjoining Miller-McAlpin House. In 1972, the trustees of the Carnegie Corp. transferred the mansion and the townhouse to the Smithsonian.

This widely recognized resource is the only museum in the country devoted exclusively to the study and exhibition of historical and contemporary design. Its impact, however, has been seriously constrained by the physical limitations of the mansion. Collections cannot be permanently exhibited; access to objects in the collections is difficult; other public programs lack sufficient space; and existing facilities at the Cooper-Hewitt do not permit the museum to take maximum care of its collections on the premises.

So this bill would provide for the additional facilities needed to correct the situation.

Mr. Speaker, I reserve the balance of my time.

Mr. FRENZEL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, this bill provides an authorization which was described by the distinguished chairwoman, the gentlewoman from Ohio.

The facility in question would house the Cooper-Hewitt Museum of Design in New York. The collection was given to the Smithsonian back in 1968. It is housed in an historical building, also a gift to the Institution. The building will no longer suit the purposes, and the Smithsonian is faced with taking some kind of action.

The most appropriate action, in the view of this committee and other committees of this Congress who have taken a look at it, is to proceed per this bill; that is, to have the Federal Government authorize $11.5 million under the condition that the Smithsonian will raise a like amount and that the museum will be rehabilitated.

The Senate version is slightly different than what our committee passed, but nothing in the Senate version changes the intentions of the House bill at all. In fact, it is a better, stronger version, more protective of the taxpayers' interests.

The question, I think, that the House now needs to consider is how far the Smithsonian will go in accepting contributions of collections or facilities in the future. The Smithsonian indicates that it will consult with the Congress before it gets too far off campus or incurs liabilities which the Federal taxpayer will be called upon on in the future to satisfy.

In my judgment, this is a working bill. There was no controversy in the committee. I hope the bill will be swiftly passed.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Speaker, I just wanted to clarify for the record, the administration does indicate that it is opposed to this legislation, does it not?

Mr. FRENZEL. It is my understanding that the administration has declared itself in opposition because the bill had not been authorized. That is a standard OMB practice.

It is also my understanding that the administration, however, would have put it in its next year's budget and that the objection, if in fact it is real, is soft.

Mr. WALKER. If the gentleman will yield further, then the question is whether or not it was included in the administration's budget. It was not.

Mr. FRENZEL. It was not included in the administration's budget.

Mr. WALKER. Is it included in the congressional budget?

Mr. FRENZEL. I have not the foggiest notion. I doubt the House Budget Committee does either.

Mr. WALKER. I thank the gentleman.

Mr. FRENZEL. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Massachusetts [Mr. CONTE], who is the original sponsor of this meritorious effort.

Mr. CONTE. Mr. Speaker, I rise in support of this legislation to expand and renovate the Smithsonian's National Museum of Design, the Cooper-Hewitt in New York City.

As a Regent of the Smithsonian Institution, I want to take this opportunity to thank Congresswoman MARY ROSE OAKAR for her interest and hard work in moving this bill forward. In her oversight role as chair of the Task Force on Libraries and Memorials, she has devoted time and energy to assisting the Smithsonian improve and expand its services. I'm also grateful to my friend, BILL FRENZEL, the ranking Republican member of the House Administration Committee, for his support and assistance in bringing this legislation to the floor.

Earlier this year, I introduced—together with my Smithsonian colleagues, EDDIE BOLAND and NORM MINETA and with BILL GREEN of New York—H.R. 1609, the companion bill to S. 583. I won't review the details of this legislation, but I do want to mention one important provision that was included by the Regents to provide significant cost sharing by the private sector.

As refined by the Senate bill, this legislation requires the Smithsonian to match the Federal appropriations dollar for dollar in cash contributions before Federal funds can be used and construction can begin.

The bill also contains language designed to protect the Federal interest in the renovated property. Very few Federal capital improvement projects require such a stringent cost-sharing program.

And I'm convinced the private sector cost sharing will work. Using seed money provided by the Regents, the Cooper-Hewitt has already raised over $3 million toward the goal of $11.5 million in private contributions. This legislation will enable us to finance a $23 million Federal renovation and expansion project for half the cost, and it's well worth the investment.

Just over 1 year ago, I went to New York to visit the museum, and I was impressed by the Cooper-Hewitt's diverse collection of textiles, drawings, prints, and other items. As a Regent, I knew the importance of this collection, but I did not realize one unique feature of the Cooper-Hewitt that makes this museum stand out among others.

Built on the tradition of the old Cooper Union, this teaching museum conducts an accredited 2-year master's degree program in decorative arts, offers art and design courses for undergraduates and sponsors special programming for children and internships for students of design. It's a museum that applies the knowledge and skill demonstrated by this impressive collection.

The Cooper-Hewitt clearly meets the criteria set for the Smithsonian by the original 1846 gift that started the Institution as "an establishment for the

increase and diffusion of knowledge among men."

Mr. Speaker, this legislation balances our national goal of fiscal restraint with the obligation we have to maintain Federal resources. I urge my colleagues to support S. 583.

Ms. OAKAR. Mr. Speaker, I yield 5 minutes to the distinguished sponsor of this legislation and a member of the Board of Regents of the Smithsonian Institution, my colleague, the gentleman from California [Mr. MINETA].

Mr. MINETA. Mr. Speaker, I first want to commend the gentlewoman from Ohio [Ms. OAKAR], chairperson of the Task Force on Libraries and Memorials of the Committee on House Administration, as well as the ranking minority member of the task force, the gentleman from Minnesota [Mr. FRENZEL], for their fine work in bringing this legislation before the House today. As a Regent of the Smithsonian and a member of the House Committee on Public Works and Transportation, I would like to rise in strong support of S. 583, a bill to authorize the Smithsonian Institution to plan and construct facilities in accordance with the master plan for the Cooper-Hewitt Museum in New York, for the project at a cost not to exceed $23 million. This legislation authorizes to be appropriated to the Board of Regents of the Smithsonian Institution for fiscal years beginning after September 30, 1988, a sum not to exceed $11.5 million, yet the remaining $11.5 million must be raised from non-Federal sources. Safeguards are built into the legislation whereby no Federal funds appropriated may be utilized until the Comptroller General of the United States determines that there is available to the board one-half of the total project cost or $11.5 million from non-Federal sources. Further, the legislation provides that in the event of the sale of the facilities comprising the Cooper-Hewitt Museum, the Board of Regents of the Smithsonian shall reimburse the United States out of the proceeds of the sale an amount equal to the Federal interest in the facilities.

Mr. Speaker, this legislation is very similar in nature to H.R. 1609, a bill introduced in the House on March 20, 1985, which was sponsored by the distinguished ranking minority member of the Appropriations Committee, Mr. CONTE, and cosponsored by myself, Mr. BOLAND, and Mr. GREEN. In-depth hearings have been held by both the House Committee on Administration as well as the House Committee on Public Works and Transportation and it is the unanimous opinion of both committees that we move forward with the Senate bill.

Mr. Speaker, the Committee on Public Works and Transportation through its Subcommittee on Public Buildings and Grounds has jurisdiction over measures relating to the construction or reconstruction, maintenance, and care of buildings and grounds of the Smithsonian Institution, and thus, shares joint referral of H.R. 1609, with the House Committee on Administration.

However, the Committee on Public Works and Transportation will not have the opportunity to take further action on this legislation before adjournment and thus defers to the Committee on House Administration for consideration today.

This action, however, should not be construed as precedent for changing jurisdiction of the Committee on Public Works and Transportation over related matters.

Mr. Speaker, to conclude, in order to achieve the goals set out in S. 583, the Smithsonian's Board of Regents has authorized the application of $750,000 in non-Federal funds over 3 fiscal years to support a capital gifts campaign to assist the construction program. To date, the campaign has raised slightly more than $3 million; and as it gets more fully underway, the Smithsonian Institution believes that the goal of $11.5 million can be attained.

Mr. Speaker, I urge enactment of S. 583.

Mr. FRENZEL. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from New York [Mr. GREEN], another Smithsonian booster.

Mr. GREEN. Mr. Speaker, I rise in support of the bill, S. 583, to authorize funds for renovation and expansion of the Cooper-Hewitt Museum in New York City.

I wish to express my thanks at this point to the House Administration Committee, particularly to the gentlewoman from Ohio [Ms. OAKAR] and the gentleman from Minnesota [Mr. FRENZEL], for their leadership in bringing the bill to the floor at this time.

I am pleased to be an original cosponsor of the House version of this bill, which is important to maintain and improve a cultural institution in New York that has served the general public well. Since the Cooper-Hewitt became part of the Smithsonian, it has presented nearly 150 exhibitions, which have been widely acclaimed by the public and critics alike. It offers a wide variety of artistic displays and services to the community, which are invaluable contributions to the arts and humanities throughout the country.

In August I received assurances from the museum's director that interested parties in the community will be consulted in the expansion program, particularly Community Board No. 8, which represents the area surrounding the museum. Community board members' views and support for this project would be most beneficial, and I feel certain that they will have some worthy suggestions to offer.

It is an honor to have this extraordinary institution in New York City. I find it particularly appropriate, since so much of the country's finest work in art and the textiles originate from our city, the Nation's cultural center. Our continued support for the Cooper-Hewitt Museum is essential if its collections are to remain available for the appreciation of the public throughout the country.

For that reason, I look forward to the passage of this legislation and I urge my colleagues to join me in supporting this bill.

Mr. FRENZEL. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Florida [Mr. SHAW], whose committee also has jurisdiction over this matter.

Mr. SHAW. Mr. Speaker, I rise in support of the bill S. 583 and I would like to associate myself with the remarks of the distinguished gentleman from California and my colleagues from the Committee on House Administration.

This bill authorizes up to $11.5 million to the Smithsonian Institution for the construction of additional, and the alteration of existing, facilities at the Cooper-Hewitt Museum located in New York City.

Similar legislation, H.R. 1609, has been introduced in the House and hearings have been held by both the Public Works and Transportation Committee and the House Administration Committee; both of which have jurisdiction over this matter.

The Cooper-Hewitt Museum is the institution design museum of so-called decorative arts.

It contains what many consider the world's most extraordinary collections of applied arts and related objects, an assemblage that had been created with remarkable intelligence, industry, luck, and dedication over a period of seven decades.

The funds authorized by the bill together with those raised from private sources, will be used to improve museum operations in four major areas: exhibition and the collection, education, support systems and public service.

A major feature of the renovation and construction program is the provision of nearly 11,000 square feet of gallery space for temporary exhibitions in which the aesthetic environment and traffic circulating patterns can be controlled simply and effectively. Two major, interconnecting galleries—one 5,034 square feet and the other 3,810 square feet—on the second floor of the new wing will lend themselves readily to the display of an immense variety of items ranging from the very small and fragile to the large and durable in well-lighted and flexibly partitioned spaces. A third gallery on the floor immediately above will

provide an additional 2,031 square feet of similarly detailed exhibition space.

With temporary exhibitions located in new facilities, the first and second floors of the Carnegie mansion will become available for long-term, rotating displays of the permanent decorative arts collections. In this manner, large, representative selections from the museum's diverse holdings in silver, gold, base metals, ceramics, glass, architectural ornament, and furniture will be better housed and much more accessible to the public than at present. Gallery space in the mansion will also be reserved for rotating exhibitions from the extensive permanent collections of prints and drawings—including unparalleled 19th-century American materials—and of textiles.

Taken as a unit, the new and old exhibition and collections facilities will dramatically strengthen the museum by enabling it, like most museums, to present its most important collections for long-term educational purposes while continuing to offer an exciting and stimulating series of changing exhibitions of shorter duration. Collection care will be greatly improved as a result of eliminating substandard storage areas in favor of easily accessible study/display gallery spaces throughout the mansion.

The museum's proposed expansion will also include an auditorium to seat 298 persons—3,462 square feet, including a lobby—designed for professional quality projections, important lectures, and appropriate performance events. Access to the auditorium will be arranged to permit maximum use even if the museum's galleries are secured. In addition, three separate classrooms are planned, each of which will be suitable for smaller groups in lecture or seminar course meetings and one of which will also be fitted out for craft workshop and demonstration uses. Nearly 325 square feet of office space for academic and program staff will also be created. With such facilities, subscription programs can remain competitively priced while accommodating large enough audiences to break even or, perhaps, to make money with which to subsidize less marketable offerings of scholarly significance.

The linking wing proposed for the museum includes a carefully designed, state-of-the-art shipping dock, discreetly woven into the existing fabric of townhouses, along 90th Street. In such a facility, moving vans could be loaded and off-loaded in a completely protected environment, away from the street, both visually and physically, and without disruption to the neighborhood. Adjacent to the shipping dock and the registration laboratories, incoming and outgoing objects will be treated as necessary in the museum's existing and projected conservation/registration facilities. A special photographic studio is needed as an additional element within this complex to document the condition of objects, to record their treatment, and to continue the important work of building a useful library of photographs to augment the written catalog records for the museum's massive collections.

While the proposed wing represents very little increased space for administrative offices and related technical service areas over present arrangements, it does allow for the consolidation of such activities—which are now dispersed between two buildings and several floors—in a more efficient manner.

The linking wing also will include a new public entrance with convenient street-level access for handicapped visitors; a large main lobby which will serve as a meeting place and an information center; new restrooms and book and gift shop. Overlooking the renovated garden, as well as Central Park, a small restaurant will offer food and refreshments throughout the day and in the evening to gallery-goers, staff, students, members, and those attending programs at the museum.

The Cooper-Hewitt construction programs has been conceived as one in which resources from both the Federal and the private sector will be applied. The legislation requires that funds from both sources be in hand before any obligation is made.

I urge the Members to support the adoption of this legislation.

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just say to those Members who would say, "Well, we need a practical reason for having this museum," I know we are really looking at the area of the deficit, and we are all very, very concerned about that. But in our country there has been a form of intellectual bias toward the design arts, commercially and industrially, and there is a perception that somehow it is beneath the status of traditional fine arts of painting and sculpture.

What we are really talking about when we talk about a museum of this kind is every-day decisions that we make, the clothes that we wear, whether they are clothes that can provide us with enough warmth from the cold, the cars that we buy. We buy cars for a number of reasons, including the design. And I think one of the persons who testified before our committee, who really gave us a very, very practical reason, is a very well known critic in the arts and design, and that is Wolf Von Eckhart. Quoting from a part of his statement, he said, in talking about the enormous trade deficit that we have today:

What would help a great deal is to improve the design of American products.

One of the points he made is that "virtually every industrial country in the world has recognized that better design means better sales, particularly sales abroad." He said, "When you sell abroad, your product has to compete with products that your own market may not even have seen. You have got to be just more ingenious and attractive than your market is used to."

So that is one of the reasons why we need this museum devoted to design. We need to show that Americans, who have such wonderful architects and contributors to design, such as Frank Lloyd Wright, Corbusier, Michael Graves, and others, that they are important too, and it is important in an esthetic sense and it is also very, very important in a very practical sense.

So I hope that Members will support this one and only museum of its kind that we have, the Cooper-Hewitt Museum.

Again I want to express my gratitude to all the people, the minority and the majority members of all of the committees, and our regent members for their strong support.

□ 1320

The Members should also know that indeed the Smithsonian Institution is going to raise private funds for this as well. So it is a very healthy combination of public funding and private funding that will make our design the best in the world. That is what it is all about. I hope that Members will support the bill.

Mr. HOWARD. Mr. Speaker, I rise in support of S. 583, a bill to authorize the Smithsonian Institution to plan and construct additional facilities for the Cooper-Hewitt Museum in New York, NY, which are to provide additional space to support collections, storage, research and education, exhibitions, and other activities.

In addition to authorizing planning and construction, S. 583 also would authorize appropriations of $11,500,000 effective October 1, 1988. However, obligation of those funds could not be made until an equal amount is available from non-Federal sources.

S. 583 permits the transfer of any portion of the sums appropriated to the General Services Administration which, in consultation with the Smithsonian Institution, is authorized to enter into contracts and take other necessary steps to carry out the purposes of the act. Lastly, the legislation officially recognizes the Cooper-Hewitt Museum as the National Museum of Design of the Smithsonian Institution.

Mr. Speaker, this legislation is very similar in nature to H.R. 1609 which was referred jointly to the House Committee on Public Works and Transportation and the House Committee on Administration. Thorough hearings have been held by both committees and in an effort to allow the funding contained in S. 583 to be addressed in the context of the Smithsonian Institution's

overall priorities and the administration's budget review process, we recommend adoption of the legislation.

Mr. Speaker, the Smithsonian's Cooper-Hewitt Museum, located in the Carnegie mansion on Fifth Avenue in New York, is a widely recognized and unique cultural resource. The only museum in the United States devoted exclusively to the study and exhibition of historical and contemporary design, its collections span more than 3,000 years and are supported by one of the finest specialized libraries in the country. The collections include textiles, wallpaper, furniture, ceramics, prints, and drawings. Assembled over time with the single purpose of providing visual information for the study of design, they are also remarkably cohesive.

The museum was founded in 1897 by the Misses Sarah, Eleanor, and Amy Hewitt as part of the Cooper Union for the advancement of their grandfather, Peter Cooper. In 1963, the trustees of the Cooper Union decided to close the museum. The museum was transferred to the Institution in 1968; the collections were moved to the historic Andrew Carnegie mansion in 1970. The Carnegie Corp. subsequently gave the property to the Smithsonian. The 64-room mansion, built in 1901, then underwent a period of renovation and restoration, and the museum reopened to the public in 1976.

The museum and its impact have, however, been seriously constrained by the physical limitations of the existing structure: collections cannot be permanently exhibited; access to objects in the collections is difficult; and other public programs lack sufficient space. The renovation and construction program which has been developed will meet the museum's physical plant needs for many years to come. Estimated to cost $23 million, it is designed to improve the museum's operations in at least five important areas: First, collections; second, exhibitions; third, education; fourth, support systems; and fifth, public service.

In order to achieve the goals set out in S. 583, the Smithsonian's Board of Regents has authorized the application of $750,000 in non-Federal funds over 3 fiscal years to support a capital gifts campaign to assist the construction program. To date the campaign has raised slightly more than $3 million; and as it gets more fully underway, the Smithsonian Institution believes that the goal of $11.5 can be attained.

Mr. Speaker, to conclude, the Cooper-Hewitt Museum is a valuable asset of the U.S. Government and the program set forth in S. 583 represents a very austere construction and renovation program designed to preserve the valuable assets of the museum. Mr. Speaker, I urge adoption of S. 583.

Mr. BOLAND. Mr. Speaker, I strongly support S. 583, the Cooper-Hewitt Museum authorization of 1985. I particularly want to compliment the chairwoman of the House Administration Committee's Task Force on Libraries and Memorials, Congresswoman OAKAR, for the leadership she has demonstrated in bringing this legislation to the floor of the House.

I am privileged to serve on the Board of Regents of the Smithsonian Institution. While I have not as yet had an opportunity to visit the Cooper-Hewitt Museum, my fellow regents who have are in agreement in two things: the Cooper-Hewitt houses a splendid collection, but that collection is housed in facilities that are in desperate need of repair and renovation. The Cooper-Hewitt is the only museum in our country devoted solely to the study and exhibition of historical and contemporary design. Its collections rival those of the finest museums of design in Europe, and span three millennia of the world's history. The museum's holdings in design in drawings is unparalleled, and its wallpaper collection dates from the beginning of our history as a nation. The value of the Cooper-Hewitt collection as a cultural resource cannot be overstated. It is therefore imperative that it be exhibited in a way that will facilitate its study by scholars and its enjoyment by the general public.

That kind of exhibition is not now possible. The Cooper-Hewitt is located in two structures that were originally private residences. Those structures have serious physical limitations which make permanent exhibition of the collections impossible, impede public access to the collections, and restrict the ability of the museum to provide the kinds of private programs that should be a part of the offerings of an institution of its stature. To remedy this situation, the Cooper-Hewitt has developed an ambitious, $23 million renovation and construction plan.

With assistance from the Smithsonian, the Cooper-Hewitt has become a national museum of design. Regardless of that fact, my colleagues on the Board of Regents and in this House know that the Federal Government cannot assume all of the costs of the renovation project. The Smithsonian has already authorized the use of $750,000 of its non-Federal funds to help the Cooper-Hewitt raise 50 percent of the necessary renovation funds. As a result of those efforts, several million dollars has already been raised. The legislation now before the House would authorize the Federal Government to be an equal partner in the renovation effort. But, Mr. Speaker, the bill makes clear that no Federal funds would be available until October 1, 1988, and that they would only be available on that date if the Cooper-Hewitt had raised its 50 percent of the costs. This arrangement reflects each party's interests in the future of the Cooper-Hewitt, and each party's ability to influence that future. Passage of S. 583 will provide a substantial boost to the museum's efforts to trigger the expressions of support that may one day merit Federal assistance. This seems to me to be a sound approach that deserves the overwhelming support of this House.

Ms. OAKAR. Mr. Speaker, I yield back the balance of my time.

Mr. FRENZEL. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Ohio [Ms. OAKAR] that the House suspend the rules and pass the Senate bill, S. 583.

The question was taken.

Mr. DELAY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Ms. OAKAR. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on S. 583, the Senate bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

CONDEMNING ALL ACTS OF INTERNATIONAL TERRORISM

Mr. MICA. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 228) condemning all acts of terrorism—including the hijacking of the *Achille Lauro* and the murder of Leon Klinghoffer—and calling for the creation of an international coordinating committee on terrorism and for proposals to protect Americans abroad, and for other purposes, as amended.

The Clerk read as follows:

H. CON. RES. 228

Whereas on October 7, 1985, terrorists hijacked the civilian passenger ship Achille Lauro, jeopardized the safety of 400 people of 22 countries, and murdered Leon Klinghoffer, a 69-year-old citizen of the United States who was confined to a wheelchair;

Whereas the hijacking of TWA flight 847 resulted in the death of United States Navy Petty Officer Robert Stethem and the hostage taking of 40 other American citizens and affected the safety of citizens of four other countries;

Whereas six Americans taken hostage in Lebanon continue to be held captive;

Whereas in September 1985 three Israeli citizens were murdered in Larnaca, Cyprus, by terrorists;

Whereas terrorists kidnaped four Soviet diplomats, one of whom was brutally murdered;

Whereas from 1975 to early 1985, more than 5,000 terrorist incidents were recorded worldwide, leaving more than 4,000 people dead and over 8,000 wounded;

Whereas during 1984 there were nearly 600 acts of terrorism, representing a 20 percent increase over the annual average of the previous five years;

Whereas in 1985 citizens of 87 countries have been victims of acts of terrorism occurring in 73 countries;

Whereas section 506 of the International Security and Development Cooperation Act of 1985 (Public Law 99-83) calls for the establishment of an international commission

analogous to the Coordinating Committee on Multilateral Export Controls to formulate and implement practical measures of cooperation for the elimination of terrorism: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. HIJACKING OF THE ACHILLE LAURO.

The Congress—

(1) condemns all acts of terrorism and specifically deplores the hijacking of the Achillo Lauro and the cowardly and brutal murder of Leon Klinghoffer;

(2) commends President Reagan and all others, including officials of the United States Government and members of the United States Armed Forces, who assisted in the apprehension of the perpetrators of that hijacking and murder; and

(3) calls on all governments having jurisdiction in the incident to ensure that the individuals who hijacked the Achille Lauro and murdered Leon Klinghoffer are prosecuted and punished.

SEC. 2. COMBATING TERRORISM.

The Congress recommends that the President review, and exercise where appropriate, the options and authorities under existing law for combating terrorism.

SEC. 3. UNIFIED POLICY AND APPROACH TO COMBATING TERRORISM.

In order to increase the effectiveness of United States counterterrorism efforts, the President should establish a unified policy and approach to combating terrorism, including security concerns. In addition, the President should take all actions necessary to ensure the close coordination among those administering United States counterterrorism policy.

SEC. 4. INTERNATIONAL COOPERATION AGAINST TERRORISM.

(a) INTERNATIONAL PUBLIC AWARENESS.—The Congress urges the President to raise international public awareness of the implications of terrorism by proposing to place this matter on the agenda of—

(1) the Geneva Summit on November 19, 1985, between Ronald Reagan and Mikhail Gorbachev;

(2) the 40th United Nations General Assembly;

(3) the International Maritime Organization; and

(4) every subsequent appropriate international meeting.

(b) INTERNATIONAL CRIME.—The Congress urges the President to seek the acceptance by all governments of terrorism as an international crime.

(c) INTERNATIONAL COORDINATING COMMITTEE ON TERRORISM.—At the earliest possible opportunity, the President should seek to establish an international coordinating committee on terrorism charged with—

(1) developing a cooperative strategy for responding quickly to terrorist incidents;

(2) formulating practical measures for improving intelligence sharing and law enforcement activities with respect to terrorism; and

(3) convening regular international conferences on terrorism as a way to raise world awareness and cooperation.

SEC. 5. SECURITY OF UNITED STATES PERSONNEL AND CITIZENS ABROAD.

The President should immediately propose to the Congress ways (including those proposed by the Inman Advisory Panel on Overseas Security) to improve the security of American Government personnel and citizens abroad.

The SPEAKER pro tempore. Is a second demanded?

Ms. SNOWE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Florida [Mr. MICA] will be recognized for 20 minutes and the gentlewoman from Maine [Ms. SNOWE] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Florida [Mr. MICA].

Mr. MICA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of House Concurrent Resolution 228. This resolution expresses the sense of Congress condemning terrorism and specifically the *Achille Lauro* incident. It also calls on the President to take certain actions to combat terrorism and to raise international public awareness of the implications of terrorism.

The Committee on Foreign Affairs and my Subcommittee on International Operations have held numerous hearings and briefings over the past several years to study this phenomena and its ramifications. We have learned that terrorism will continue to spread unless we have an intelligent and coordinated strategy to confront it simultaneously on all fronts. We must commit ourselves to take unilateral, bilateral, and multilateral actions.

This resolution, consequently, not only condemns terrorism but also calls once again on the President to:

First, strengthen U.S. counterterrorism policy and improve the coordination among the various concerned agencies of Government;

Second, review and exercise, where appropriate, existing U.S. laws in order to combat terrorism more effectively; and

Third, propose ways of improving the security of U.S. Government personnel and citizens abroad.

In addition to the unilateral steps I just mentioned, the United States must also raise world awareness. To this end, the resolution calls on the President to take the following steps to build an international consensus and to promote multilateral cooperation:

First, propose placing this issue on the agenda of the 40th General Assembly of the United Nations, of the upcoming International Maritime Organization, and of every subsequent appropriate international meeting;

Second, call on all governments to recognize terrorism as an international crime; and

Third, seek to establish an International Coordinating Committee on Terrorism.

Mr. Speaker, House Concurrent Resolution 228 is the result of a cooperative effort on the part of the members of the committee and the authors of the various resolutions considered by the committee. We have succeeded in melding together the thoughts and suggestions of all those concerned. In particular, I am grateful for the contributions and support of Congresswoman SNOWE and Congressmen WEISS, MAVROULES, GEJDENSON, and Congressman DANNEMEYER.

I believe we are faced with a national emergency. We can no longer rely on the ad hoc approach we have used to date. We must formulate new policies. We must venture down paths we have avoided. We must instigate new bilateral and multilateral cooperative arrangements while reinforcing existing ones. Finally, we must be prepared to use our political and economic muscle to persuade the world community to stand together against terrorism.

This is the message this resolution is intended to convey.

Mr. Speaker, I might also say that the committee did take each of the pending resolutions that were introduced to the Congress and meld them into one resolution so that all thoughts that were introduced before this body are incorporated in this resolution.

Finally, let me just say that this is a resolution. It just says that the Congress opposes terrorism and that we would like to see a coordinated effort in this regard. I would also add that the committee that I chair, and my minority ranking member, Ms. SNOWE, are awaiting the formal submission from the administration of the Inman report which means the real action, the money and the activities that follow up on our legitimate efforts to fight terrorism.

I believe without that report we will continue to have a major problem in our efforts to fight terrorism, and I want my colleagues to know that we have been waiting for some 5 months for the submission of this report that has been held up at OMB.

Mr. Speaker, I yield back the balance of my time.

Ms. SNOWE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from Florida indicated, this resolution that is pending before the House does represent the result of several resolutions that have been introduced in the House of Representatives by several of our colleagues.

I am pleased that the full House is taking quick action on this resolution on combatting terrorism. House Concurrent Resolution 228 moved rapidly through the Foreign Affairs Subcommittee on International Operations, and through the full Foreign Affairs

Committee as well. With the summit underway, it is important for Congress to make a strong statement on the urgent need to combat international terrorism.

With the continued growth of terrorist incidents around the world, I believe that we have a real opportunity to begin building a true international consensus against terrorism. In the past year, terrorist attacks have injured or killed citizens of more than half the nations of the world. Even the Soviets have found themselves victims of terrorist groups, as was demonstrated by the recent kidnaping of several Soviet diplomats in Lebanon. This tragic event resulted in the brutal murder ot one of the Soviet hostages.

However, as I stated in the committee, an aggressive U.S. policy against terrorism requires within our own Government a unified approach to combatting terrorism. Unity and consensus within the administration is a prerequisite to any attempt of fostering unity and consensus among nations. The President and Secretary of State are committed to waging an aggressive effort against terrorism. That commitment must be fully embraced and matched by those implementing U.S. counter terrorism policy.

Recent events such as the hijacking of the *Achille Lauro* continue to underline the absence of international cooperation against terrorism. In some ways, the intercept and capture of the murderers of Leon Klinghoffer was a startling success. But in a more fundamental sense, the lack of international cooperation revealed by the *Achille Lauro* incident could serve to encourage further terrorist acts. This lack of cooperation was particularly shocking because it came at the hands of what were supposedly some of our best friends in the region.

This resolution congratulates the President and members of the U.S. Armed Forces who carried out the daring intercept. But it also calls on other countries to assist the United States in seeking out and prosecuting all those involved in the hijacking of the *Achille Lauro* and the murder of Leon Klinghoffer.

I would like to draw special attention to another provision in this resolution authored by the chairman of the Subcommittee on International Operations, the gentleman from Florida. This provision calls for the establishment of an international coordinating committee as a focus and a forum for enhancing international cooperation against terrorism. Such a committee would function in a fashion similar to Cocom, the Coordinating Committee on export controls.

We must energetically pursue both bilateral and multilateral initiatives to increase international cooperation against terrorism. We must build a united front with our allies, but we must also go beyond that group, and commit U.S. prestige to a broad campaign to foster a consensus among nations. This resolution calls for the United States to bring to bear the fullness of its influence and authority in this effort.

Many countries are finally recognizing that terrorism is a menace that respects no borders and spares no nationalities. It can only continue to exist, however, through the sanctuary that countries provide it. An aggressive and sustained international initiative to combat terrorism can deny such sanctuary, and finally bring terrorism to an end.

Mr. Speaker, I urge passage of this legislation.

□ 1330

So, Mr. Speaker, I want to commend the chairman of the subcommittee, the gentleman from Florida [Mr. MICA], who has made this issue a priority for the subcommittee as well as the full committee. This is an issue that will be ongoing, and we are going to have to continue to address it in many respects by implementing the Inman panel recommendations, and I would hope that the Congress as well as the administration would lend their full support so that we can effectively put to work and in place those recommendations that are necessary to provide the kind of security we need for our Embassies, our personnel, and our facilities abroad.

Mr. BROOMFIELD. Mr. Speaker, will the gentlewoman yield?

Ms. SNOWE. I am glad to yield to the distinguished ranking minority member of the Committee on Foreign Affairs.

Mr. BROOMFIELD. Mr. Speaker, I rise in support of the resolution, and I would like to commend the chairman of our committee, the gentleman from Florida [Mr. FASCELL], as well as the chairman of the subcommittee, the gentleman from Florida [Mr. MICA], and the gentlewoman from Maine [Ms. SNOWE] for their work on this legislation. This is a bipartisan resolution, and I think it is indicative of the strong support that Republicans as well as Democrats are providing in this particular area.

Mr. Speaker, this resolution condemns all acts of terrorism, and calls for the creation of an international coordinating committee on terrorism. It makes a number of strong recommendations concerning how America can better confront this international scourge. This timely resolution deserves our support.

I commend the Members whose resolutions are included in this final version.

Who can forget the tragic hijacking of the *Achille Lauro* and the murder of Mr. Klinghoffer? This resolution denounces such acts. It urges the President to establish a unified counterterrorism policy. It calls on him to raise the issue of combatting terrorism in all available international forums.

The resolution also calls on the President to establish an international coordinating committee on terrorism as a starting point for cooperation against this threat.

This resolution clearly states Congress concern about terrorism and our deep commitment to do something about it.

I encourage my colleagues to support this important effort.

Mr. MICA. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I take this opportunity to commend this committee and this subcommittee for the work they have done in putting forth this resolution. As was pointed our earlier in the debate today, this is a combination of several resolutions that have been put forth. One resolution from which a good part of the language was encompassed herein was a resolution offered by the gentleman from Massachusetts [Mr. MAVROULES] and this gentleman from Missouri. That deals with the area of international coordination and cooperation regarding terrorism.

As the gentlewoman from Maine [Ms. SNOWE] mentioned a few minutes ago, terrorism touches everyone. I am convinced that terrorism against one country touches all, and that is why we must do something positive about it on an international basis.

Our friends in Italy, I think, have learned, possibly with some difficulty and in the hard way, that you cannot buy peace with an international terrorist group. They thought they were immune from such attacks, and as they saw, they were not. The *Achille Lauro* was attacked and was hijacked by a PLO group, and it was as a result of the apparent attitude of our friends in Italy at the time that the gentleman from Massachusetts [Mr. MAVROULES] and I discussed the possibility of putting in the piece of legislation that we did.

We need international cooperation. We do, as the Members can see, in this resolution urge the President to seek and establish an International Coordinating Committee on Terrorism so that everyone may understand that terrorism applies to all even though at that particular moment they may not be the subject of an attack. This committee would be charged with developing a cooperative strategy for responding quickly to terrorist incidents, formulating practical measures for improving intelligence sharing and law enforcement activities with respect to terrorism; and convening regular international conferences on terrorism as a way to raise world awareness and cooperation.

This is a step in the right direction. I commend those who have worked on it. But it will not be a great step or a giant step unless, of course, the administration recognizes that this is a well-thought-out proposal, a well-thought-out plan, and does recognize that fact that an international cooperative committee dealing with terrorism will be of great assistance in putting an end to this blight.

Ms. SNOWE. Mr. Speaker, I now yield 2 minutes to the gentleman from California [Mr. DANNEMEYER], who also introduced a resolution on terrorism and whose provisions are included in this resolution as well.

Mr. DANNEMEYER. Mr. Speaker, I thank my colleague, the gentlewoman from Maine, for yielding me this time.

Mr. Speaker, I wish to commend those members of the Committee on Foreign Affairs who have brought this matter before the House, and especially the gentleman from Florida [Mr. MICA] for introducing this resolution.

This is not only timely legislation, but necessary. It is critical that Congress act while the memory of only the most recent acts of terrorism—the murders of Leon Klinghoffer and Alex Odeh—are still fresh in our minds. Too often in the past, we have been unable to do much except wring our hands in despair and condemn such violent attacks. We have but waged verbal war.

It is time we do something besides complaining and moaning and voicing our frustration. The apprehension of the airliner carrying the hijackers was a most satisfying response. It marks about the first time our Government has been able to do something. Usually we are hampered by a lack of knowledge as to the identities of the responsible terrorists, and by an inability to exact any measure of justice.

It is not always easy to identify the perpetrators of terrorist attacks. It is even less easy to pursue a course of action which seeks to attain some measure of justice. We must not be deterred, however. One of the terrorists' greatest weapons is the sense that they will get away with it because we can muster no adequate response. Let the capture of the hijackers serve as the beginning of a new policy: the first step in a program to fight and eradicate the scourge of terrorism preying upon innocent citizens of all nations.

House Concurrent Resolution 228 calls upon the President to exercise wherever appropriate the options and authorities under existing law for combating terrorism. One such law is the International Emergency Economic Powers Act, which grants the President authority to declare a national emergency, thereby allowing him to freeze the assets of terrorist organizations in the United States. President Carter invoked this law when he froze the assets of Iran after that nation's Government held our Embassy personnel hostage in 1979-80.

It may not be possible to positively identify the individual perpetrators committing terrorist acts. But it is usually known which organizations are responsible. It certainly won't be simple to locate all of the assets that organization may possess in the United States. But we ought to at least make the effort, and put these terrorists on notice that they risk losing their investments. The very least we ought to do is ensure that these organizations not make money off their endeavors, that they not profit by terrorism.

Mr. Speaker, I have introduced House Concurrent Resolution 219, which calls upon the President to declare such a national emergency and take steps to locate and freeze the assets of terrorist organizations held in the United States. I believe it is the next step to take after enactment of the resolution before us.

Mr. MICA. Mr. Speaker, I have no further requests for time, and I yield myself the balance of my time.

In closing, Mr. Speaker, let me say this: First, the comments of the gentleman from Missouri [Mr. SKELTON] were much appreciated by the subcommittee. He and other Members, as I indicated earlier, have taken a leadership role in this important issue in assisting the committee with giving their views and their ideas, most of which are incorporated in this resolution.

I would also like to commend our chairman, the gentleman from Florida [Mr. FASCELL], and our ranking minority member, the gentleman from Michigan [Mr. BROOMFIELD] for the cooperation and assistance they have provided the subcommittee and the members of the full committee.

On this important issue, one that has been set aside for both minority and majority members to join in to make it truly bipartisan, we have had nothing but total cooperation. In that regard, my ranking minority member, the gentlewoman from Maine [Ms. SNOWE], has done a fantastic job in getting each member of the minority side informed and involved in this resolution. I cannot say enough for the cooperation we have had from all concerned in this particular area on the subject of terrorism in this resolution.

I would close by saying also that we should all know that terrorism is not just an American problem. It is a problem that is global in nature. Citizens from 67 nations have been victims of terrorism. Terrorist acts have occurred in 77 different countries in the last decade. These figures are astounding. There have been 5,000 incidents, leaving over 4,000 dead and 8,000 wounded. So we are talking about a serious problem that does deserve the highest priority.

Mr. Speaker, I close by asking again that the Inman Commission report be submitted to this Congress so we can move on it as quickly as possible.

Mr. VALENTINE. Mr. Speaker, House Concurrent Resolution 228 condemns the repugnant practice of terrorism. In the past few years, increasing terrorist activity has targeted innocent private citizens for attack by alleged victims of oppression fighting, they claim, for freedom and justice.

The people who carry out these missions have donned the disguise of freedom fighters as a convenient excuse for the venting of irrational rage. Our world is familiar with these hypocrites. Altogether too many times, we have witnessed the cowardly transformation of terrorist rebels into dictators no less bloodthirsty than the governments they succeed in displacing.

These people deserve none of our sympathy or respect. I am proud to join my colleagues in urging the President—by constitutional authority the leading figure in the foreign affairs of our Nation—to take steps immediately to guard our citizens' safety abroad.

We must, of course, help to alleviate wherever possible the suffering that encourages rebellion and terrorism. We must take a stand as the leading exponent of human rights everywhere.

That role, however, must not diminish our capacity to strike back at those who use suffering as an excuse for terror. I am proud to join in the call for the strictest execution of justice against the murderers of Leon Klinghoffer and for the swiftest possible actions against the deceit and hypocrisy of international terrorists.

Mr. SOLOMON. Mr. Speaker, I rise in very strong support of House Concurrent Resolution 228, of which I am pleased to be a cosponsor. This resolution places the House of Represenatives in the forefront of the war against terrorism. And make no mistake: Terrorism is warfare, the most pernicious form of warfare in the 1980's. Over the last decade, 5,000 terrorist attacks recorded worldwide have claimed over 12,000 victims—over 4,000 people killed and more than 8,000 others injured.

Beyond the tragic toll in lives lost or otherwise permanently scarred by the actions of terrorists, is the long-range goal of the terrorists: To undermine public confidence and institutional stability within countries of the free world. Whether the terrorists are motivated by radical political concerns, drug trafficking, or just wanton nihilism makes no difference. The civilized world must arm itself and defend itself against the devastation wrought by these international gangsters. If we are not prepared to defend ourselves, we must suffer all the consequences of losing our free way of life.

House Concurrent Resolution 228, among other purposes, calls upon President Reagan to establish an international coordinating committee that will be charged with responsibility for developing a cooperative strategy for responding quickly to acts of terrorism. This committee will also

seek to develop practical ways for improving international law-enforcement activities and intelligence sharing concerning the war against terrorism.

As delegates to the U.N. General Assembly session this year, Congressman DAN MICA and I will be hosting a luncheon at U.S. headquarters on December 2. Diplomats from friendly countries around the world will be invited. We hope that this luncheon, which will discuss the problem of terrorism, will be an important first step in realizing the kind of international cooperation that is envisioned in this resolution. Without such cooperation, the war against terrorism cannot be won.

Mr. Speaker, I would like to conclude these brief remarks with a personal note. House Concurrent Resolution 228 mentions by name Robert Stethem and Leon Klinghoffer. All Americans were shocked and appalled by the brutal and senseless murders of these two men. One was a young Navy diver, the other was a disabled and elderly gentleman. Yes, they are heroes—they resisted their tormentors even when all hope of survival was lost. But they are also victims—innocent people who have suffered at the hands of international outlaws. Let us resolve today that Robert Stethem and Leon Klinghoffer did not die in vain. Let's win the war against terrorism.

Mr. FASCELL. Mr. Speaker, I rise in support of House Concurrent Resolution 228, a resolution which condemns all acts of terrorism, including the hijacking of the *Achille Lauro* and the murder of Leon Klinghoffer. In addition, the resolution calls for the implementation of an international coordinating committee on terrorism and for a united policy and approach on behalf of the U.S. Government to combat terrorism.

The resolution is important in that it continues to call attention to the scourge of terrorism which has affected so many innocent American citizens traveling abroad.

It condemns the hijacking of the *Achille Lauro* and the brutal murder of Leon Klinghoffer. In the wake of this tragedy, let us call for a renewed commitment on behalf of all governments involved with the incident to insure that the individuals who hijacked the *Achille Lauro* and murdered Leon Klinghoffer are swiftly prosecuted and punished.

House Concurrent Resolution 228 calls for international cooperation to combat terrorism. In this respect, it calls on the U.S. Government to seek to establish and implement an international coordinating committee on terrorism. Such a committee was recommended by the Inman Advisory Panel on Overseas Security and was adopted as part of the foreign aid bill which the President signed into law.

Such a committee would serve as a vehicle to provide for an improved dialog through regular meetings of friendly governments to develop a cooperative strategy for responding to terrorist incidents. I believe that if such a committee had been in existence during the *Achille Lauro* hijacking that we could have avoided some of the miscommunications with our friends on the handling of this incident. It is imperative that we begin the discussions and negotiations necessary to immediately establish this vital committee.

In addition, House Concurrent Resolution 228 urges the President to raise international public awareness of the implications of terrorism and of the U.S. Government's commitment on all fronts to combat terrorism.

House Concurrent Resolution 228 represents an amalgam of many resolutions which were pending before the Foreign Affairs Committee, specifically those introduced by Mr. MAVROULES, Mr. GEJDENSON, Mr. WEISS, and Mr. DANNEMEYER.

Finally, I would like to commend my colleague and friend from Florida, DAN MICA, the chairman of the Subcommittee on International Operations and the ranking minority member of that subcommittee, OLYMPIA SNOWE, for bringing this resolution before the House in such a timely fashion. I wish to express my thanks and appreciation to all of my colleagues for their dedicated efforts in shaping this legislation before us today.

I urge the adoption of the resolution.

Mr. GILMAN. Mr. Speaker, I rise in support of House Concurrent Resolution 228, which condemns all acts of international terrorism and calls upon the President to take action, both internationally and domestically, to combat this menace to civilization.

Mr. Speaker, House Concurrent Resolution 228 is the product of many hands. Chief among its contributors are the chairman of the Subcommittee on International Operations, the gentleman from Florida [Mr. MICA] and the ranking minority member of the subcommittee, the gentlewoman from Maine [Ms. SNOWE].

This resolution originated in our desire to express the Nation's revulsion at the killing of Leon Klinghoffer by the *Achille Lauro* hijackers. If it can be said that any good came out of that indicent, it has once again focused our attention on the phenomenon of terrorism and strengthened our determination to do something about it, and the President's reaction to it has demonstrated that we can, in fact, take action against hijackers.

Terrorism is, regrettably, not confined to the Middle East. We have, for example, seen terrorists strike targets in Europe as part of a campaign against NATO, and we have seen "narcoterrorists" strike against those in Latin America who have committed themselves to the struggle against the production, importation, and sale of dangerous drugs. The territory of the United States has not been immune, with terrorist tactics being used on behalf of such causes as Puerto Rican independence. Turkish diplomats have been the victims of terrorists, and recently Alex Odeh, California director of the Arab-American Anti-Discrimination Committee, was murdered because of the political views he expressed.

It is important that we adopt comprehensive strategy against terrorism. First, we must do our best to protect Americans abroad, where the threat is greatest. This summer, we adopted legislation to encourage airports overseas to upgrade their security standards. The United States will provide technical assistance if required. However, if airports are not upgraded properly, we may take other measures such as the issuance of travel advisories or the imposition of boycotts of airports or air carriers.

We need to do more about combatting the sources of terrorism. The recently enacted foreign assistance legislation contains an amendment I offered providing new authority for the President to act against Libya, which supports terrorism in innumerable ways, by cutting off imports from and exports to that country. I am pleased that last Friday the President used the authority provided in the bill to cut off imports of oil refined in Libya. The legislation also provides authority for the President to cut off imports from other countries on the ground that they aid or harbor terrorists.

While State support of some terrorists is clear, others act without the obvious support of any country against which countermeasures could be taken. This was the case with respect to the TWA flight 847 incident. We were eventually able to secure the release of the victims—except for Robert Stedham, the sailor murdered by the hijackers—and are now working to try to bring the criminals to justice. The United States has obtained indictments against the hijackers, and is seeking to extradite them from Lebanon or any country in which they surface.

The United States must do more to understand the psyche of the terrorist. The Subcommittee on Europe and the Middle East, on which I serve, held 2 days of hearings on Islamic fundamentalism and radicalism. We focused on the kinds of fundamentalism and radicalism which can manifest themselves in violence, discussing with experts what makes the terrorist "tick": Why certain people can be moved by religious impulses to act violently against Western targets.

Finally, we must have the cooperation of our allies in the struggle against terrorism. We were, regrettably, unsuccessful in organizing a boycott of the Beirut Airport. We need more cooperation in the exchange of information on known or suspected terrorists. The United States has had some success in arranging for bilateral information exchanges, but we need to press for additional cooperative efforts.

A delegation of the European parliament, which is the most important vehicle for the true political integration of Europe, has been involved in close consultations with an American delegation and last June issued a strong statement condemning terrorism. Regrettably, however, the full parliament recently labeled the United States' capture of the *Achille Lauro* hijackers as "air piracy".

The resolution before us begins by expressing our revulsion at the hijacking of the *Achille Lauro* and the murder of Leon Klinghoffer, a disabled American citizen.

The resolution further calls upon all governments involved in the incident to see that the hijackers and murders are prosecuted and punished.

The resolution goes on to call upon the President to review, and exercise where appropriate, all the options and authorities now available under the laws of the United States in our common fight againt terrorism. We have added many new provisions in recent years, such as the authority given the President to restrict trade with terrorist countries, especially Libya. As I noted earlier, last Friday the President used one of the new authorities against Libya, and I commend him for his action. Our colleagues, the gentleman from California [Mr. DANNEMEYER] suggested the addition of this section, and I thank him for his valuable contribution.

The resolution calls upon the President to establish a unified policy and approach, within the Federal establishment, with respect to combatting terrorism. It asks that he raises international public awareness of this issue by, among other things, raising it in this Geneva summit with Soviet General Secretary Gorbachev, at the United Nations, and in all subsequent appropriate international meetings. We ask that the President seeks the acceptance of terrorism as an international crime, and that the United States seeks to establish an international coordinating committee on terrorism.

Mr. Speaker, the administration has put forward several important suggestions aimed at reducing the impact of terrorism on Americans abroad. Those suggestions were generated by the so-called Inman Panel, chaired by retired Adm. Bobby Inman. Regretable the administration has not yet sent up any legislation to implement the Inman Panel recommendations. Let me assure the House, Mr. Speaker, that the Committee on Foreign Affairs and its Subcommittee on International Operations, on which I sit, are eager to get to work on this matter. Our subcommittee has stated that as soon as the administration's legislative proposals have been received we will begin to act on them.

Mr. Speaker, this legislation deserves the approval of the entire House, accordingly, I urge its adoption.

Mr. TRAFICANT. Mr. Speaker, the ugly spectre of terrorism has grown dramatically in recent years and has become an ever-present threat throughout the world. Currently, six Americans are still being held by extremist Islamic groups in Beirut, Lebanon. Over the past several years, this country has been shocked and outraged by a host of terrorist acts against Americans. The tragic car bombing of the Marine base in Beirut; the bombing of the U.S. Embassy in Beirut; the hijacking of the TWA flight that resulted in the brutal murder of a U.S. seaman; the coldblooded slaughter of four U.S. marines in El Salvador; and most recently, the brutal murder of Leon Klinghoffer aboard the *Achille Lauro* at the hands of Palestinian terrorists.

Throughout the world terrorist activities continue—causing people to live in fear and uncertainty. All too often the targets of terrorist activity are innocent civilians who find themselves in the middle of a conflict they have nothing to do with. While recognizing that many terrorist groups are borne out of genuine regional conflicts and political disputes, it is imperative that we, as a free nation, continue to condemn all terrorist activity and violence. Be it in Northern Ireland, the Middle East, Central America, or Africa, all acts of terrorism must be abhorred by all who cherish freedom, democracy, and justice. It is my sincere hope that the United States will make a more concerted effort to use its influence to address the many regional conflicts that are the root cause for so many senseless and tragic terrorist acts.

Mr. Speaker, following is a poem written by Richard Spencer, a Washington writer, on the topic of terrorism. I think this poem is a stirring statement, and I urge all of my colleagues to read it and think about it.

THE TERROR WAY

What a day—
What a day—
For the faceless armies of the terror way.
They struck again and fled—
Left their latest victims dead,
This very day.
They waste all who don't agree,
How blinded they must be,
By their way—
Their way—
The bloodlust warriors
Of the terror way.

To compassion they are strangers
In their rage to tear things down.
Fear is what they trade on—
In city, farm and town.
Assassins ever scheming
To destroy those they oppose.
Using bombs instead of ballots,
Spewing death among their foes.

Breeding terror for its own sake
Is all they understand
Provoking wrath and swift reprisals—
Dust for dust upon the land.
And there is yet a further price
That all of us must pay,
When innocents are the victims
Of the games of death they play.

That's why I say—
I say—
To all terror warriors
In the world today—
If there be one left among you,
With the conscience of a man,
Make your peace soon with your Maker—
While with him yet you can.

As for your merciless comrades,
There's nothing more to say—
Except to pray—
To pray—
For God's swift judgment
On the terror way.

May its cursed, bloody bands,
That stain so many lands,
Be all doomed and damned to rot,
Unholy and disgraced,
In a hell the Lord created—
For the base among the base.

And the acolytes of violence—
Forever may they pay,
For serving in the legions
Of the terror way.

Mr. MICA. Mr. Speaker, I have no further requests for time.

Ms. SNOWE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore The question is on the motion offered by the gentleman from Florida [Mr. MICA] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 228, as amended.

The question was taken.

Mr. MICA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered as withdrawn.

□ 1340

GENERAL LEAVE

Mr. MICA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Concurrent Resolution 228, the concurrent resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

CONSUMER PRODUCT SAFETY AMENDMENTS OF 1985

Mr. WAXMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3456) to amend the Consumer Product Safety Act to extend it for three fiscal years, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3456

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCE TO ACT.

(a) SHORT TITLE.—This Act may be cited as the "Consumer Product Safety Amendments of 1985".

(b) REFERENCE.—Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Consumer Product Safety Act.

TITLE I—AUTHORIZATIONS OF APPROPRIATIONS

SEC. 101. AUTHORIZATIONS.

Section 32(a) (15 U.S.C. 2081(a)) is amended by striking out "and" at the end of paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon, and by adding after paragraph (9) the following:

"(10) $37,000,000 for the fiscal year ending September 30, 1986;

"(11) $38,000,000 for the fiscal year ending September 30, 1987; and

"(12) $39,000,000 for the fiscal year ending September 30, 1988.".

TITLE II—CONSUMER PRODUCT SAFETY COMMISSION

SEC. 201. COMMISSION EMPLOYEES.

Section 4(g)(2) (15 U.S.C. 2053(g)(2)) is amended to read as follows:

"(2) Subject to the availability of appropriations, the Commission shall employ on a permanent basis not fewer than the full-time equivalent of 568 officers and employees.".

TITLE III—GENERAL PROVISIONS RESPECTING COMMISSION ACTIVITIES

SEC. 301. CELLULOSE STANDARD.

(a) REPEAL.—Section 35 is repealed and no rule promulgated under such section shall have any force or effect on and after October 1, 1985.

(b) CONFORMING AMENDMENT.—Section 19(a) is amended by striking out paragraph (9) and by redesignating paragraph (10) as paragraph (9).

SEC. 302. SWIMMING POOL SLIDE RULE.

Effective October 1, 1985, the safety standard for swimming pool slides issued by the Consumer Product Safety Commission and published as part 1207 of title 16 of the Code of Federal Regulations shall be of no force and effect.

SEC. 303. CONGRESSIONAL REVIEW.

Section 36 (15 U.S.C. 2083) is amended to read as follows:

"CONGRESSIONAL REVIEW

"SEC. 36. (a) The Commission, after promulgating a final rule, shall submit such rule to the Congress for review in accordance with this section. Such final rule shall be delivered to each House of the Congress on the same day and to each House of Congress while it is in session.

"(b) Any final rule of the Commission shall become effective in accordance with its terms unless before the end of the period of 90 days of continuous session of Congress after the date such final rule is submitted to the Congress a joint resolution disapproving such final rule is enacted into law.

"(c)(1) If a final rule of the Commission is disapproved in accordance with this section, the Commission may promulgate another final rule which relates to the same acts or practices as the rule which was disapproved. Such other final rule—

"(A) shall be based upon—

"(i) the rulemaking record of the disapproved final rule; or

"(ii) such rulemaking record and the record established in supplemental rulemaking proceedings; and

"(B) may contain such changes as the Commission considers necessary or appropriate.

The Commission may conduct supplemental rulemaking proceedings in accordance with section 553 of title 5, United States Code, if the Commission determines that it is necessary to supplement the existing rulemaking record.

"(2) The Commission, after promulgating a final rule under this subsection, shall submit the final rule to Congress in accordance with subsection (a).

"(d) Congressional inaction on or disapproval of a joint resolution disapproving a final rule of the Commission shall not be construed—

"(1) as an expression of approval of such rule, or

"(2) as creating any presumption of validity with respect to such rule.

"(e)(1)(A) For purposes of subsection (b), continuity of session is broken only by an adjournment sine die at the end of the second regular session of a Congress.

"(B) The days on which either House of Congress is not in session because of an adjournment of more than five days to a date certain are excluded in the computation of the period specified in subsection (b).

"(2)(A) In any case in which a final rule of the Commission is prevented from becoming effective by an adjournment sine die at the end of the second regular session of the Congress before the expiration of the period specified in subsection (b), the Commission shall resubmit such rule at the beginning of the first regular session of the next Congress.

"(B) The period specified in subsection (b) shall begin on the date of a resubmission under paragraph (1).

"(f) For purposes of this section:

"(1) The term 'joint resolution' means a joint resolution the matter after the resolving clause of which is as follows: 'That the final rule promulgated by the Consumer Product Safety Commission dealing with the matter of , which final rule was submitted to Congress on is disapproved., the first blank being filled with the subject of the rule and such further description as may be necessary to identify it, and the second blank being filled with the date of submittal of the rule to the Congress.

"(2) The term 'rule' means any rule promulgated by the Commission under section 7 or 8.".

SEC. 304. PRIORITIES.

(a) AMENDMENT.—Section 4 is amended by adding at the end the following:

"(j) At least 30 days before the beginning of each fiscal year the Commission shall establish an agenda for Commission actions under the Acts under its jurisdiction and, to the extent feasible, shall establish priorities for such actions. Before establishing such agenda and priorities the Commission shall conduct a public hearing on the agenda and priorities and shall provide reasonable opportunity for the submission of comments.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to fiscal years which begin more than 180 days after the date of the enactment of this Act.

TITLE IV—AMUSEMENT PARK RIDES

SEC. 401. DEFINITION.

(a) DEFINITION OF AMUSEMENT RIDE.—(1) Section 3(a)(1) (15 U.S.C. 2052(a)(1)) is amended by striking out the first two sentences following subparagraph (I).

(2) Section 3(a) is amended by adding at the end the following:

"(15) The term 'amusement ride' means any device which carries or conveys passengers along, around, or over a fixed or restricted route or course or within a defined area for the purpose of giving its passengers amusement and which is customarily controlled or directed by an individual who is employed for that purpose and who is not a consumer with respect to such device. An amusement ride which is not permanently fixed to a site is a consumer product for purposes of this Act and an amusement ride which is permanently fixed to a site—

"(A) is not a consumer product for purposes of sections 7 and 8, and

"(B) is a consumer product for the remainder of the Act.

"(16) The term 'amusement ride operator' means the owner of an amusement ride.".

(b) CONFORMING AMENDMENT.—Section 3(a)(1)(I) is amended by striking out ". The term 'food', as used in this subparagraph means all 'food' ".

SEC. 402. PUBLIC DISCLOSURE OF INFORMATION.

Section 6(b) is amended—

(1) in the first sentence of paragraph (1) by striking out "a summary of the information" through the end of the sentence and inserting in lieu thereof the following: "a summary of the information to—

"(A) each manufacturer or private labeler of the consumer product, and

"(B) to each amusement ride operator who owns the amusement ride

to which the information pertains, if the manner in which such consumer product or amusement ride is to be designated or described in such information will permit the public to ascertain readily the identify of such manufacturer, private labeler, or amusement ride operator and shall provide such manufacturer, private labeler, or amusement ride operator with a reasonable opportunity to submit comments to the Commission regarding such information."; and

(2) in the second and third sentences of paragraph (1) and in paragraphs (2) and (3), by striking out "or private labeler" each place it occurs and inserting in lieu thereof ", private labeler, or amusement ride operator".

SEC. 403. NOTIFICATION AND REMEDIES.

"(a) NOTIFICATION OF COMMISSION.—Section 15(b) (15 U.S.C. 2064(b)) is amended by inserting "(1)" after "(b)", by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and by adding at the end the following:

"(2) Each amusement ride operator who obtains information which indicates a death or serious injury occurred on an amusement ride the operator owns and which reasonably supports the conclusion that the amusement ride contains a defect which could create a substantial product hazard described in subsection (a)(2) shall immediately inform the Commission of such defect unless the operator has actual knowledge that the Commisson has been adequately informed of such defect.".

"(b) REPAIR, REPLACEMENT, REFUND.—Section 15(d) of such Act is amended—

(1) by inserting after "of such product" in the first sentence the following: "or the amusement ride operator if the product is an amusement ride"; and

"(2) by inserting before ", or from doing" in the last sentence the following: ", from operating an amusement ride if the product involved is an amusement ride".

SEC. 404. INSPECTION.

Section 16(a) (15 U.S.C. 2065(a)) is amended by striking out "and" at the end of paragraph (1), by striking out the period before the last sentence in paragraph (2) and inserting in lieu thereof "; and", by striking out the last sentence, and by adding after paragraph (2) the following:

"(3) to inspect, at reasonable times and in a reasonable manner—

"(A) amusement rides which are not permanently fixed to a site, and

"(B) amusement rides which are permanently fixed to a site if the State in which the ride is located does not have a law or regulation in effect which requires periodic inspections for safety and authorizes regulatory action for safety reasons or if the ride was of the type involved in a fatality or a personal injury requiring hospitalization.

Each such inspection shall be commenced and completed with reasonable promptness.".

The SPEAKER pro tempore. Is a second demanded?

Mr. BROYHILL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California [Mr. WAXMAN] will be recognized for 20 minutes and the gentleman from North Carolina [Mr. BROYHILL] will be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on this bill, H.R. 3456.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WAXMAN. Mr. Speaker, H.R. 3456, the Consumer Product Safety Amendments of 1985 is an important public safety bill. It was the product of extensive consideration by the Committee on Energy and Commerce. It is a product of compromise between Members on both sides of the aisle, as well as the business and consumer community.

The legislation was reported with overwhelming support from the committee.

The legislation extends the authorization of appropriations for the Consumer Product Safety Commission for three fiscal years. In addition, the legislation makes a number of modest, but I believe essential revisions, in the agency's authority to enhance consumer safety and channel limited resources into more productive activities.

The legislation promotes development of voluntary safety standards by repealing, at the agency's request, two outdated mandatory Federal standards for swimming pool slides and cellulose insulation.

The legislation places a minimum floor on agency personnel at the level approved by OMB for fiscal year 1986.

Of particular importance, the legislation includes provisions from the Amusement Park Safety Act which the House overwhelmingly approved last year.

This year the legislation contains a number of revisions which address the major concerns raised by the amusement park industry.

The legislation will extend in a carefully limited way the agency's jurisdiction over defective amusement rides located in fixed sites.

The legislation closes a dangerous loophole in Federal consumer safety law.

Currently the agency has authority to order defective amusement rides repaired only if they are located in a traveling carnival or circus. If the identical ride is located in an amusement park, the agency is prohibited from assuring that the public is protected and the defect is repaired. This distinction is illogical. It does not enhance consumer confidence or trust in the safety of amusement park rides.

The legislation before us would assure the public that in the event of a serious amusement ride accident involving a death or serious injury that the Consumer Product Safety Commission would be empowered to inspect the ride, determine the cause of the accident and order its repair.

Most importantly, the agency would be permitted to investigate similar rides in other States and if necessary order the defects repaired.

Mr. Speaker, no agency of the Federal Government presently has this responsibility. Furthermore, less than half of all the States have passed laws requiring periodic inspections of amusement park rides. In those States that have enacted laws, the level of enforcement is uneven and inconsistent.

The committee has gone to great lengths to deal with the amusement park industry's concerns. The agency's authority has been limited to carefully specified, but essential areas. The agency may not issue industrywide rules. The industry may not conduct routine inspections of rides located in States with comprehensive inspection laws. Amusement ride owners are only required to notify the agency of a defect ride in the event the ride results in a death or serious injury. These provisions, like the bill itself, represent a sound and equitable compromise.

The Consumer Product Safety Commission performs a vital public service. I urge support for the reauthorization bill.

Mr. Speaker, I reserve the balance of my time.

Mr. BROYHILL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I want to express my support for this bill. This bill does represent a considerable compromise between the bill that was introduced by the chairman of the committee, the gentleman from California [Mr. WAXMAN] and that which was advocated by me and the gentleman from Alabama [Mr. SHELBY]. The bill that the gentleman from Alabama [Mr. SHELBY] and I advocated was a straight reauthorization bill. The bill that was introduced by the gentleman from California [Mr. WAXMAN] contained a number of other provisions that are not found in this bill and have been dropped as the result of the legislative action that we have taken.

The purpose of the bill, of course, is to give a 3-year reauthorization to the Consumer Product Safety Commission. That commission, of course, protects the American public from unsafe defective consumer products.

The compromise bill is quite simple. The chairman has reviewed that. It does reauthorize the commission for 3 years. These authorization levels are very close to those that are requested by the administration.

I would like to comment on one area that has been mentioned as controversial, and that is the personnel floor of 568 full-time Commission employees. I do not normally like this kind of legislation, but I would point out that that number has been set for fiscal year 1986 by the Office of Management and Budget.

I would also compare that number of 568 to the 900 full-time employees that the Commission had just 5 years ago; so that is a considerable change from where it has been in the past.

Now, Mr. Speaker, the controversial issue of the jurisdiction of the CPSC over amusement park rides has been raised in this bill. This bill would provide for some limited jurisdiction for the Commission to inspect fixed site amusement park rides.

I might point out that in more than 20 States there has been created the legislative authority to inspect fixed site amusement park rides. The jurisdiction that is included here in this bill would only exist in cases where the States have not enacted State legislation for that purpose or where there has been an accident resulting in death or serious bodily injury.

One of the objections to the bill in the last Congress and to the bill that was introduced by the chairman was the onerous reporting requirements found in section 15(b) of the act. Under the bill a report would only be needed in case of incidents involving death or serious injury.

Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. DANNEMEYER].

Mr. DANNEMEYER. Mr. Speaker, there are three rules that drive the philosophy of the liberal welfare state. The first rule is being demonstrated in this legislation today.

The first rule is, if it moves, regulate it. Now, we all know amusement park rides move, so those of us who want to expand the horizons of the liberal welfare state cannot resist the temptation to regulate it.

Now, the people who run this regulatory authority, the Consumer Product Safety Commission, have come before the committee and they have told the committee and they tell the House, "We don't want this authority over fixed-site amusement parks. We don't

even have enough personnel to supervise the jurisdiction that Congress has given us over mobile-site amusement park rides."

So we have the specter of the agency that is supposed to exercise this authority saying that it does not want it.

This Member from California has heard the evidence time and time again that has come before our committee and there really is a paucity of information to justify the expansion of the jurisdiction of this commission to fixed sites.

There is a dispute, of course, whether or not accidents have taken place. There is no question that some have taken place. In most cases, they have been the result of people violating the fundamental rules of common sense and safety. You cannot very well stand up on a ride in contravention of the restraint you are supposed to be utilizing on an amusement park ride, and then when you are injured, expect to find some rational reason or defect in the process. It just defies common sense.

The suggestion here is that somehow we delegate to this Federal agency the duty of investigating and we will no longer have some of these tragic injuries on amusement park rides.

This proposal would cost an estimated $2.5 million each year. For us to seriously talk about expanding the jurisdiction of the CPSC—in the face of a deficit—with a modest amount of $2.5 million additionally, I do not think makes any sense at all.

This bill really does not even belong on the suspension calendar. I offered an amendment in the committee that would have permitted a study to take place pursuant to the kind suggestion of our colleague, the gentleman from Illinois [Mr. HYDE], supported on a bipartisan basis, for more thorough investigation as to the legislative need for this. Under the rules under which this measure is brought to the floor of the House today, we are precluded from offering that kind of an amendment. I regret that it has been done that way. I am sorry to see the sponsors of this legislation bringing it up under a procedure where we cannot offer that kind of an amendment.

I would hope that the Members would deny to the sponsors of this proposal the two-thirds vote that they hope to get in order that it may come under a regular procedure and we can offer an amendment to it for the purpose of letting the Members of the House express their will as to whether or not we want to expand the jurisdiction of the CPSC in the manner that has been indicated.

Mr. WAXMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. LUKEN].

Mr. LUKEN. Mr. Speaker, I rise in strong support of every provision of this legislation. The bill reauthorizes the Consumer Product Safety Commission for 3 fiscal years. It represents a carefully drafted, carefully worked out and debated bipartisan compromise that we believe will enable the Commission to continue its efforts to protect the American public in a reasonable fashion. It commands broad support from the industry, including the U.S. Chamber of Commerce and the National Association of Manufacturers.

It commands equal support from the consumer community, including the Consumer Federation of America, Consumers Union, and Public Citizens.

I think the Consumer Product Safety Commission plays a critical role in protecting the public from defective or hazardous risks associated with consumer products. The agency estimates that there are 36 million injuries and 28,000 deaths annually involving consumer products. Not all of these deaths and injuries can be prevented by Government action, but those that result from unreasonable risks require prompt attention and resolution. If we were not telling you that, the public will tell you that. The public demands reasonable regulation and inspections of consumer products, demands it of this Congress and demands it of the Federal Government.

The CPSC, I think, has demonstrated that it is a responsible regulator and can act with dispatch to meet these risks.

Now, the gentleman from California has mentioned the amusement park situation. I do not see how the gentleman from California can argue with the very modest provisions regarding amusement parks. Again, I think the public is demanding that we put these provisions in; at least I have heard them demand it.

It merely says that the Consumer Product Safety Commission can, in the event of an accident and injury, determine the nature and degree of the risk and initiate action to assure that defects in that ride or in similar rides located in other amusement parks are corrected.

How do we argue with this very modest kind of intervention, this very modest kind of Federal intervention?

□ 1355

The bill has been narrowed substantially to avoid unnecessary burdens on the amusement industry. I want the Members to remember that this is not the bill of several years ago. This is not a bill which requires excessive reporting. It does not require universal inspection, or anything of that sort. It merely limits CPSC involvement to serious incidents, and to those situations where there is no available State authority.

Someone has conveniently put up the chart there which shows that relatively few States lave comprehensive ride inspection laws at the present time. Again, I think the people of this aountry insist that we, the national legislative body, would provide some modicum of proteation for all the people of our country—even those in the salmon or pink areas there—which are totally uncovered by any regulation.

Finally, the suggestion is made that, instead, we should have a study commission. I am rather shocked at the gentleman from California that his answer is a study commission. I think I have heard the gentleman lampoon study commissions before, and many times I have agreed with that. In this particular case, we have no estimate of the cost of a study commission, but I suspect, and I think without fear of contradiction I can say, that the study commission, once it got going, would be at least as costly as these enforcement efforts.

So I would opt for the enforcement efforts, these reasonable enforcement efforts, to investigate accidents, to investigate similar rides that caused the accidents, and to report on them. I do not think those are too burdensome. I think they are reasonable and I support the legislation as presented.

Mr. BROYHILL. Mr. Speaker, I yielded 2 minutes to the gentleman from Utah [Mr. NIELSON], a valued member of the committee.

Mr. NIELSON of Utah. I thank the gentleman for yielding this time to me.

Mr. Speaker, I want to commend the chairman of the subcommittee, the gentleman from California [Mr. WAXMAN], and the ranking member, the gentleman from Illinois [Mr. MADIGAN], for doing many things in this bill which improve it from the one 2 years ago.

It is to be authorized for 3 years. It preserves the provisions of section 6(b), which require notification of the manufacturer before publication of the complaints. It takes out the requirement of district offices and the asbestos standards of the previous bill. It reduces the increases which were opposed in that bill.

For all of these things, I commend the gentlemen. However, there are two things which were not done in the bill, and for that reason, I may have to oppose the bill on passage because I think they should be corrected.

One is the matter that has already been mentioned, the fixed amusement sites. I agree with the gentleman from California [Mr. DANNEMEYER] that the industry was not happy with what has happened in that particular bill. They still feel that they can handle this through the States directly. They have their own inspection teams and their own insurance situations, and

they feel that can be done without having Federal action.

I also would like to take a look at the Senate proposal of studying the situation before further work is done there. I will admit it did improve the reporting and other requirements and the duplicate jurisdictions, so it did improve in that respect, and for that, the subcommittee should also be commended.

The other problem that I have with the bill is the personnel floor. I do not think it is wise to legislate how many people should be in the operation and define it to a certain limit. If the funds are there, they can have more; if the funds are not there, they may have to cut back. I do not believe that we should have a floor in this or any other bill.

I would like to have seen this bill on the regular calendar because I believe the Dannemeyer amendment was worthy. I was one of the few who voted against this in committee, primarily on the amusement park rides. I admit that it is supported by the Chamber of Commerce and the National Association of Manufacturers. It is a much better bill than we had 2 years ago, but I believe if we were able to put this on a regular calendar, we would have an even better bill and I support opposing the suspension and in supporting it with some changes.

Mr. WAXMAN. Mr. Speaker, I reserve the balance of my time.

Mr. BROYHILL. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. HYDE].

Mr. HYDE. I thank the gentleman for yielding this time to me.

Mr. Speaker, this bill promises too little and it promises too much. It promises to regulate a dangerous situation, but then it really does not go about the business of providing the resources to complete that regulation.

I am not against regulating amusement rides; in fact, they require regulation. Last year, I supported the legislation which gave the authority to the Consumer Product Safety Commission, but the more I have studied the problem, the more I understand that may not be the appropriate agency to regulate fixed-site amusement rides which are located at one place in a State.

I will concede that if that State does not have regulations, somebody has to regulate these dangerous instrumentalities, but worse than nothing is to promise something that has the substance of nothing, and this bill provides no protection to any rider on any fixed-site amusement ride. It does not mandate inspections. It says the Consumer Product Safety Commission may inspect but, indeed, they do not have the personnel, they do not have the funds or the resources, and they will not inspect.

Why hold out the promise of some fulfillment that can never be consummated? It is not going to happen. Oh, yes, they will inspect after someone is killed or after someone is seriously injured, but that is no protection to the public. What is really needed is a study of all of the different State regulations and laws, local regulations and laws, to determine what is the agency that is best able, if any Federal agency, to regulate these dangerous instrumentalities.

Such an amendment was offered by the gentleman from California [Mr. DANNEMEYER], but this process here precludes any amendment. We take it or leave it. It does not do what it promises. It is all flash and no cash. It does not protect the riders. It promises to do something that it cannot do.

The manpower and the money are not available to the Consumer Product Safety Commission. Why kid people and tell them something is going to be done when it is not being done? Let us address this problem. Let us study it thoroughly, objectively, and let us come up with a solution that will work, that will protect the consumers.

So I hope this bill will be defeated on suspension, not because I am against reauthorizing the Consumer Product Safety Commission, but because I am against promising to do something and then not doing it, and leaving a serious problem unattended to. If we defeat this bill on suspension, it can come back with an opportunity for the amendment of the gentleman from California [Mr. DANNEMEYER] so we can do something genuinely helpful on this problem.

Mr. LUKEN. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to my friend from the great metropolis of Cincinnati.

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. HYDE] has expired.

Mr. WAXMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. LUKEN].

Mr. LUKEN. I thank the gentleman for yielding this time to me.

Mr. Speaker, is the gentleman from Illinois urging a more comprehensive, pervasive inspection of amusement rides, theme parks, by the Consumer Product Safety Commission? He seems to be arguing for that.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. LUKEN. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Speaker, I am for whatever it takes to protect the public, and if it takes more intrusive, complicated regulations, so be it. But right now I do not know, and right now the gentleman does not know, but I do know this bill does not provide any effective regulation at all.

Mr. LUKEN. Mr. Speaker, if I may reclaim my time, what the gentleman is urging is that we have a more comprehensive, oppressive kind of inspection system by the CPSC. But he also says in the same breath that the gentleman from California offered such and the gentleman from California offered a study commission.

Mr. HYDE. The gentleman misstates my position.

Mr. LUKEN. A study commission is what we would urge. The gentleman from Illinois and the gentleman from California are offering contradictory solutions from both ends of the spectrum. What I submit is that this bill is something of a compromise. It does suggest a reasonable approach to enforcement in serious cases. It does not go the soft, nothing solution of a study commission, and it does not say to the industry, and the industry is relieved, that we will have universal, pervasive inspection by a Federal safety commission.

Mr. HYDE. If the gentleman will yield further, the gentleman propounds the fallacious alternative. It is not pervasive, intrusive regulation or no regulation. We want to find out what is the most appropriate regulation, and by which agency, perhaps not a Federal agency at all. Perhaps a study commission can stimulate and energize the States that do not have laws to pass such laws.

I suggests we have to study the law and not assume we have a solution that is no solution at all.

□ 1405

Mr. LUKEN. The overwhelming majority have already found that solution, and it is found herewith.

Mr. WAXMAN. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. SHELBY].

Mr. SHELBY. Mr. Speaker, I rise in support of H.R. 3456, and I want to commend the chairman of the subcommittee for his willingness to forge this compromise—for his willingness to help shape a CPSE reauthorization bill closer to that adopted by the House 2 years ago.

We've been brought to this point in a spirit of bipartisanship instead of divisiveness.

In crafting H.R. 3456, the subcommittee chairman moved away from provisions of the bill we saw in the subcommittee earlier this summer. He agreed to strike several provisions in his original bill that were of concern to me and to other members of the subcommittee.

Among them, provisions which would have undermined the delicate balance existing between the public's right to information and business' right to be protected from the dissemination of inaccurate information.

Initally, I offered an alternative CPSC reauthorization, with the support of the gentleman from North

Carolina and other Members, which was a steamlined, simple design. The approach was one that permitted the CPSC adequate funding and flexibility in protecting consumer safety, but—did not threaten the viability of the businesses regulated.

This sort of philosophy—this balance—is in tune with the thinking of the vast majority of our House colleagues. This was demonstrated by the tremendous support of a simple reauthorization 2 years ago in the House.

We have not stepped back from this philosophy in the consensus bill before us today—but have reconfirmed it. We have enhanced the committee process by seeking out and reaching common ground—a common ground that can eliminate further division and dissension and move us toward smooth consideration in the House.

Mr. Speaker, although H.R. 3456 goes somewhat further in reauthorization than I would prefer—I think it is a fair and responsible compromise.

I urge my colleagues' solid support of H.R. 3456.

Mr. BROYHILL. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. GREEN].

Mr. GREEN. Mr. Speaker, I thank the gentleman for yielding me this time. I rise in support of H.R. 3456.

As the ranking minority member on the Appropriations Subcommittee for the Consumer Products Safety Commission, I believe that the Commission, although at times its work has been marred by a certain quarrelsomeness among its Commission members, that the Commission has, nonetheless, done an effective job for the money in terms of protecting the public from products which offer serious risk of injury or death.

At a time when the country is facing a wave of product liability litigation, and I understand that the Judiciary Committee will be looking at that subject during this coming year, certainly one way of dealing with that problem is to try to identify in advance those products that are causing risks of injury to consumers and to try to deal with them either through the regulatory route, if that is necessary, or where possible, by the development of agreed-upon industry standards. I think that the reauthorization, therefore, is quite appropriate.

With respect to two items that have been mentioned, first, while I normally have some concern over floors on permanent staff, I should point out that the bill specifically makes that subject to the availability of appropriations, so that depending on what the appropriations situation is next year, we will be able to deal with it.

Mr. BROYHILL. Mr. Speaker, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from North Carolina.

Mr. BROYHILL. Mr. Speaker, very quickly, I would point out that 4 years ago, the level of employment was 900, so it is a substantial reduction from where it was.

Mr. GREEN. The gentleman is absolutely correct. The agency has plainly been on short rations these last few years.

Let me also comment on the amusement ride issue. I would simply point out that while others may want more pervasive or different forms of regulations, this is essentially the kind of approach that the Commission has taken with respect to other products. That is, using reports of injuries or deaths to consumers as a basis for deciding on which products to focus for purposes of regulation or achieving industry standards. So I think that in a sense, the amusement park ride title is using a tried and true method of operation. I do not think we need a study commission to know that that is how the Commission has operated in the past with respect to other products, and I see no reason to believe that it will not be a contribution to the public safety with respect to amusement park rides.

For all of these reasons, I would, therefore, urge my colleagues to support the proposal, suspend the rules, and pass H.R. 3456.

Mr. BROYHILL. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. DORNAN].

Mr. DORNAN of California. Mr. Speaker, I rise as the representative of two of the world's, not the Nation's, but the world's premiere amusement parks, Disneyland and Knott's Berry Farm. Although there is much good work product in this bill, H.R. 3456, I think it is not fair to all of the Members to have it come up during this suspension process.

There are a very few E rides left in this world, and those of us who would want to see them survive do want them to survive safely.

The gentleman from California [Mr. DANNEMEYER] in the adjoining district to mine, has an excellent amendment. I have an amendment that I will leave to others to decide its merits. But I think it is just not fair to us who have a serious interest in this legislation to have it come up under the supension process. I think we would turn out a much better bill if it were to be amended, and I am going to urge all of my colleagues to defeat this under the suspension and look forward to a vigorous debate with the gentleman from California [Mr. WAXMAN] under the regular rules of the House.

Mr. WAXMAN. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I just want to point out a couple of matters to the Members. This bill is controversial because of the amusement park rides section, but this bill is an overall reauthorization of the Consumer Products Safety Commission. It is important to pass a reauthorization of the Commission as we have failed to do so in a period of time in order to keep that Commission duly authorized by act of Congress.

The reason we have failed to authorize the Commission is we have had other items of controversy. We have agreed to a compromise on those in a bipartisan way.

In working out a compromise, we have not satisfied everyone. There are many things that we would like to see pursued in a reauthorization, but decided it better to have a compromise and work together.

If we do not pass a bill on suspension, then we will have everybody coming in and fighting over every little issue they might want to fight about.

Let me address the amusement park ride issue because that seems to be the only one still an outstanding controversy. What we provide is the Consumer Products Safety Commission, which has jurisdiction over amusement parks that travel from one place to another, to be able to evaluate amusement parks that are located in a fixed site. We do that in very narrow way.

My friend from Illinois, Mr. HYDE, who once supported this idea of regulation along these lines, objects because we are promising too much. What he promises is nothing at all by way of protection for the American people who will be using these fixed-site amusement parks.

To have a study commission look at these issues for years more to come will guarantee no one that there is a Federal agency looking out to see whether we can correct the defects that may exist in various amusement park rides. What we do allow is the Consumer Products Safety Commission, when it receives information about a defect in a ride in one location of the country, to share that information with another site where they have the exact same ride so that they can take remedial action to avoid an injury. I think that is reasonable.

If a State adopts a comprehensive program of its own, then we exempt that State from any kind of Federal routine inspections of their amusement park rides.

We have a compromise. It is a bipartisan compromise. When the vote was taken in the Energy and Commerce Committee to report this bill out, the vote was 22 to 2.

This legislation has the backing of the Chamber of Commerce, the National Association of Manufacturers, the Consumer Federation of America, the Consumers Union, and public citizens. You have a chance to vote for a bill that both the business community and consumer groups feel is a reasonable compromise. Let us go forward

with this and adopt this bill under the suspension of the rules.

Mr. BROYHILL. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. BROYHILL] has 3 minutes remaining.

Mr. BROYHILL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I realize that some of my colleagues here are opposing this bill merely because of the amusement park provision. But I would point out that every industry group is fully supportive of this bill, and I hold in my hand a sheet with two pages of industry groups that are supportive of this bill.

This bill is far different than that which was passed in the last Congress. It does not contain the controversial amusement park regulatory provision that was sponsored at that time by the gentleman from Illinois [Mr. HYDE]. We have watered that down considerably. We have changed it.

It does provide for some reasonable reporting requirements in the case of death or serious injury. But there are other things that have been taken out of this bill from that which passed in the last Congress. The other controversial reporting requirements are not here.

I would also point out something that is in this bill that Members should note, and that is that contains a legislative review and veto of Commission rules that are promulgated. That is a provision and a procedure that has been advocated by many Members in this body and voted on affirmatively. That provision is in here, and would provide the authority for us to review any agency rules, and the authority to vote them down if we do not agree with them, or think that they do not comply with the law.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL. I am glad to yield to the gentleman from Illinois.

Mr. HYDE. I thank my friend for yielding. I just briefly want to respond to my dear friend from California [Mr. WAXMAN] who said this study commission would go on for years. It goes on for 18 months.

This is the legislation that has passed the other body overwhelmingly. And when the gentleman said that no one would be in charge, the amendment we seek to offer but are barred from offering would provide that the Bureau of Standards would have jurisdication during the 18-month interim.

So I would just like to correct the record.

Mr. BROYHILL. I thank the gentleman for those comments.

I would point out we have taken into consideration the gentleman's views, that many of us feel that the language that we have in this bill is the best that we can come out with, not only now, but perhaps 18 months from now, and would urge that we go ahead with this limited authority at this time. At the same time, we avoid putting into the law these other requirements that many people have objected to, and we do put in the law legislation veto which has been supported by a vast majority of this House.

I urge an "aye" vote on this important measure.

Mr. WAXMAN. Mr. Speaker, will the gentleman yield to me to make one quick point?

Mr. BROYHILL. I yield to the gentleman from California.

Mr. WAXMAN. Mr. Speaker, the vote in the other body was not a wide margin, it was a close vote.

Second, there would be no regulatory authority during the time of an 18-month study. And further, after 18 months, the Congress would have to act.

The SPEAKER pro tempore. The time of the gentleman from North Carolina [Mr. BROYHILL] has expired. The gentleman from California [Mr. WAXMAN] has 3 minutes remaining.

Mr. WAXMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is reasonable to go forward with the provisions we have on amusement park safety. I think we are not being burdensome in our regulation, and for all of the reasons that my good friend from North Carolina, Mr. BROYHILL, outlined, as the bipartisan compromise, and the other overall legislation for the Consumer Products Safety Commission, I urge an "aye" vote.

Mr. PORTER. Mr. Speaker, I rise in support of H.R. 3456, which would return partial power to the Consumer Products Safety Commission for investigation of serious amusement park accidents.

A near tragedy occurred at an amusement park in Lake County, IL, last year which underscored the need for prompt Federal action in this area. Unfortunately, the number of amusement park accidents have increased or remained the same in recent years. For this reason, and since many States have not assumed an active role in this area, Congress must respond.

Under H.R. 3456, CPSC would have limited powers to suggest corrective action in those cases where serious accidents have occurred. An alternative measure sponsored by my distinguished colleague from Illinois, Mr. HYDE, calls for an 18-month study commission which would report to Congress on its findings regarding amusement park safety regulations. While the gentleman is to be commended for his concern and efforts on this issue, I feel that his approach would lead to unnecessary delay when quick action is clearly needed.

For this reason I support H.R. 3456 and urge my colleagues to do so as well.

□ 1420

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. WAXMAN] that the House suspend the rules and pass the bill, H.R. 3456, as amended.

The question was taken.

Mr. DANNEMEYER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 5 of rule I, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Votes will be taken in the following order: S. 583, by the yeas and nays; House Concurrent Resolution 228, de novo; and H.R. 3456, de novo.

COOPER-HEWITT SMITHSONIAN AUTHORIZATION

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the Senate bill, S. 583 as amended.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Ohio [Ms. OAKAR] that the House suspend the rules and pass the Senate bill, S. 583 as amended on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 177, nays 234, not voting 23, as follows:

[Roll No. 410]

YEAS—177

Ackerman	Byron	Fish
Akaka	Chappell	Florio
Alexander	Clay	Foglietta
Anderson	Coleman (TX)	Ford (MI)
Annunzio	Collins	Ford (TN)
Anthony	Conte	Frenzel
Aspin	Coughlin	Frost
Atkins	Coyne	Fuqua
Barnes	Crockett	Garcia
Bates	Davis	Gaydos
Beilenson	Derrick	Gejdenson
Bennett	DeWine	Gephardt
Berman	Dicks	Gilman
Biaggi	Dingell	Gingrich
Boehlert	Donnelly	Gonzalez
Boggs	Downey	Gray (IL)
Boland	Dwyer	Green
Bonior (MI)	Dymally	Guarini
Bonker	Early	Hefner
Borski	Edgar	Henry
Boucher	Edwards (CA)	Hertel
Boxer	Evans (IL)	Hillis
Brooks	Fascell	Horton
Bustamante	Feighan	Howard

Hoyer
Hutto
Jeffords
Jones (NC)
Kastenmeier
Kemp
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lipinski
Long
Lowery (CA)
Lowry (WA)
Luken
Lundine
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McDade
McGrath
McHugh
Mikulski
Miller (CA)
Moakley
Molinari
Moody
Morrison (CT)
Morrison (WA)
Mrazek
Murtha
Myers
Natcher
Nowak
Oakar
Oberstar
Ortiz
Owens
Panetta
Parris
Pease
Pepper
Perkins
Rahall
Rangel
Richardson
Rodino
Roe
Rose
Rostenkowski
Roukema
Roybal
Russo
Sabo
Scheuer
Schneider
Schumer
Seiberling
Shaw
Sikorski
Sisisky
Smith (FL)
Snyder
Solarz
Spratt
St Germain
Staggers
Stangeland
Stark
Stokes
Stratton
Studds
Swift
Thomas (CA)
Torres
Torricelli
Towns
Traficant
Traxler
Udall
Vento
Vucanovich
Waxman
Weaver
Weiss
Wheat
Whitley
Whitten
Williams
Wilson
Wolf
Wright
Yates
Young (MO)
Zschau

NAYS—234

Andrews
Applegate
Archer
Armey
Badham
Barnard
Bartlett
Barton
Bateman
Bedell
Bentley
Bereuter
Bevill
Bilirakis
Bliley
Boner (TN)
Boulter
Broomfield
Brown (CO)
Broyhill
Bruce
Bryant
Burton (IN)
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Cheney
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Combest
Conyers
Cooper
Courter
Craig
Crane
Daniel
Dannemeyer
Darden
Daschle
Daub
de la Garza
DeLay
Dellums
Dickinson
DioGuardi
Dixon
Dorgan (ND)
Dornan (CA)
Dowdy
Dreier
Duncan
Durbin
Dyson
Eckart (OH)
Eckert (NY)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Fawell
Fazio
Fiedler
Fields
Flippo
Fowler
Frank
Franklin
Gallo
Gekas
Gibbons
Glickman
Goodling
Gordon
Gradison
Gray (PA)
Gregg
Grotberg
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hayes
Hendon
Hiler
Hopkins
Huckaby
Hughes
Hunter
Hyde
Ireland
Jacobs
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Leland
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Lott
Lujan
Lungren
Mack
MacKay
Madigan
Marlenee
Martin (IL)
Martin (NY)
McCain
McCandless
McCloskey
McCollum
McCurdy
McEwen
McKernan
McMillan
Meyers
Mica
Michel
Miller (OH)
Miller (WA)
Mollohan
Monson
Montgomery
Moore
Moorhead
Murphy
Neal
Nichols
Nielson
O'Brien
Obey
Olin
Oxley
Packard
Pashayan
Penny
Petri
Pickle
Porter
Pursell
Ray
Regula
Reid
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roemer
Rogers
Roth
Rowland (CT)
Rowland (GA)
Rudd
Saxton
Schaefer
Schroeder
Schuette
Schulze
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Siljander
Skeen
Skelton
Slattery
Slaughter
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solomon
Spence
Stallings
Stenholm
Strang
Stump
Sundquist
Sweeney
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (GA)
Valentine
Vander Jagt
Visclosky
Volkmer
Walgren
Walker
Watkins
Weber
Whitehurst
Whittaker
Wise
Wolpe
Wortley
Wyden
Wylie
Yatron
Young (AK)
Young (FL)

NOT VOTING—23

Addabbo
AuCoin
Bosco
Breaux
Brown (CA)
Burton (CA)
Chappie
Foley
Hawkins
Heftel
Holt
Hubbard
Lehman (CA)
Loeffler
McKinney
Mineta
Mitchell
Nelson
Price
Quillen
Savage
Swindall
Wirth

□ 1430

The Clerk announced the following pair:

On this vote:

Mr. McKinney and Mr. Nelson of Florida for, with Mr. Swindall against.

Mrs. JOHNSON, and Messrs. HALL of Ohio, MICA, ERDREICH, WISE, CHAPMAN, CAMPBELL, GIBBONS, HAYES, DASCHLE, BEDELL, DE LA GARZA, ANDREWS, LELAND, DELLUMS, DIXON, CONYERS, and FAZIO changed their votes from "yea" to "nay."

Mrs. VUCANOVICH and Mr. MATSUI changed their votes from "nay" to "yea."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on all the additional motions to suspend the rules on which the Chair has postponed further proceedings.

CONDEMNING ALL ACTS OF INTERNATIONAL TERRORISM

The SPEAKER pro tempore. The pending business is the question of suspending the rules and agreeing to the concurrent resolution, House Concurrent Resolution 228, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida [Mr. MICA] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 228, as amended.

The question was taken.

Mr. MICA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 408, nays 1, not voting 25, as follows:

[Roll No. 411]

YEAS—408

Ackerman
Akaka
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
Atkins
Badham
Barnard
Barnes
Bartlett
Barton
Bateman
Bates
Bedell
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Boucher
Boulter
Boxer
Brooks
Broomfield
Brown (CO)
Broyhill
Bruce
Bryant
Burton (IN)
Bustamante
Byron
Callahan
Campbell
Carney
Carper
Carr
Chandler
Chapman
Chappell
Cheney
Clay
Clinger
Coats
Cobey
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Crockett
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
DioGuardi
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Dowdy
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Eckert (NY)
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fawell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Gray (IL)
Gray (PA)
Green
Gregg
Grotberg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hatcher
Hayes
Hefner
Hendon
Henry
Hertel
Hiler
Hillis
Hopkins
Horton
Howard
Hoyer
Huckaby
Hughes
Hunter
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kolbe
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach (IA)
Leath (TX)
Lehman (FL)
Leland
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lightfoot
Lipinski
Livingston
Lloyd
Long
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McMillan

Meyers	Roberts	Stark
Mica	Robinson	Stenholm
Michel	Rodino	Stokes
Mikulski	Roe	Strang
Miller (CA)	Roemer	Stratton
Miller (OH)	Rogers	Studds
Miller (WA)	Rose	Stump
Mineta	Rostenkowski	Sundquist
Moakley	Roth	Sweeney
Molinari	Roukema	Swift
Mollohan	Rowland (GA)	Synar
Monson	Roybal	Tallon
Montgomery	Rudd	Tauke
Moody	Russo	Tauzin
Moore	Sabo	Taylor
Moorhead	Saxton	Thomas (CA)
Morrison (CT)	Schaefer	Thomas (GA)
Morrison (WA)	Scheuer	Torres
Mrazek	Schneider	Torricelli
Murphy	Schroeder	Towns
Murtha	Schuette	Traficant
Myers	Schulze	Traxler
Natcher	Schumer	Udall
Neal	Seiberling	Valentine
Nichols	Sensenbrenner	Vander Jagt
Nielson	Sharp	Vento
Nowak	Shaw	Visclosky
O'Brien	Shumway	Volkmer
Oakar	Shuster	Vucanovich
Oberstar	Sikorski	Walgren
Obey	Siljander	Walker
Olin	Sisisky	Watkins
Ortiz	Skeen	Waxman
Owens	Skelton	Weaver
Oxley	Slattery	Weber
Packard	Slaughter	Weiss
Panetta	Smith (FL)	Wheat
Parris	Smith (IA)	Whitehurst
Pashayan	Smith (NE)	Whitley
Pease	Smith (NJ)	Whittaker
Penny	Smith, Denny (OR)	Whitten
Pepper	Smith, Robert (NH)	Williams
Perkins	Smith, Robert (OR)	Wilson
Petri	Snowe	Wise
Pickle	Snyder	Wolf
Porter	Solarz	Wolpe
Pursell	Solomon	Wortley
Rahall	Spence	Wright
Rangel	Spratt	Wyden
Ray	St Germain	Wylie
Regula	Staggers	Yates
Reid	Stallings	Yatron
Richardson	Stangeland	Young (AK)
Ridge		Young (FL)
Rinaldo		Young (MO)
Ritter		Zschau

NAYS—1

Conyers

NOT VOTING—25

Addabbo	Hawkins	Price
Alexander	Heftel	Quillen
AuCoin	Holt	Rowland (CT)
Bosco	Hubbard	Savage
Breaux	Lehman (CA)	Shelby
Brown (CA)	Loeffler	Swindall
Burton (CA)	McKinney	Wirth
Chappie	Mitchell	
Foley	Nelson	

□ 1445

Mr. RALPH M. HALL changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONSUMER PRODUCT SAFETY AMENDMENTS OF 1985

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 3456, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. WAXMAN] that the House suspend the rules and pass the bill, H.R. 3456, as amended.

The question was taken.

RECORDED VOTE

Mr. DANNEMEYER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 264, noes 146, answered, not voting 24, as follows:

[Roll No. 412]

AYES—264

Ackerman	Fascell	Madigan
Akaka	Fazio	Manton
Anderson	Feighan	Markey
Andrews	Fields	Martin (IL)
Annunzio	Flippo	Martin (NY)
Applegate	Florio	Martinez
Aspin	Foglietta	Matsui
Atkins	Ford (MI)	Mavroules
Barnard	Ford (TN)	Mazzoli
Barnes	Fowler	McCurdy
Bates	Frank	McDade
Bedell	Frost	McGrath
Beilenson	Fuqua	McHugh
Bennett	Gallo	McKernan
Bereuter	Garcia	Meyers
Berman	Gejdenson	Mica
Bevill	Gephardt	Michel
Biaggi	Gibbons	Mikulski
Bilirakis	Gilman	Miller (CA)
Boehlert	Glickman	Mineta
Boggs	Goodling	Moakley
Boland	Gordon	Mollohan
Bonior (MI)	Gradison	Moody
Bonker	Gray (IL)	Moore
Borski	Gray (PA)	Morrison (CT)
Boucher	Green	Mrazek
Boxer	Guarini	Natcher
Brooks	Gunderson	Neal
Broomfield	Hall (OH)	Nowak
Broyhill	Hall, Ralph	O'Brien
Bruce	Hamilton	Oakar
Bryant	Hatcher	Oberstar
Bustamante	Hayes	Obey
Carper	Hefner	Ortiz
Carr	Hendon	Owens
Chapman	Henry	Panetta
Chappell	Hertel	Pease
Clay	Hillis	Pepper
Clinger	Howard	Perkins
Coelho	Hoyer	Petri
Coleman (MO)	Huckaby	Pickle
Coleman (TX)	Hughes	Porter
Collins	Hutto	Pursell
Conte	Jacobs	Rahall
Conyers	Jenkins	Rangel
Cooper	Jones (NC)	Ray
Coughlin	Jones (OK)	Regula
Courter	Jones (TN)	Reid
Coyne	Kanjorski	Richardson
Crockett	Kaptur	Ridge
Daschle	Kastenmeier	Rinaldo
Davis	Kennelly	Ritter
de la Garza	Kildee	Robinson
Dellums	Kleczka	Rodino
Dicks	Kolter	Roe
Dingell	Kostmayer	Roemer
Dixon	LaFalce	Rose
Donnelly	Lantos	Rostenkowski
Dorgan (ND)	Leach (IA)	Roth
Dowdy	Lehman (FL)	Roukema
Downey	Leland	Rowland (CT)
Durbin	Lent	Rowland (GA)
Dwyer	Levin (MI)	Roybal
Dymally	Levine (CA)	Russo
Dyson	Lipinski	Sabo
Early	Livingston	Saxton
Eckart (OH)	Long	Scheuer
Edgar	Lowry (WA)	Schneider
Edwards (CA)	Luken	Schroeder
Erdreich	Lundine	Schulze
Evans (IL)	MacKay	Schumer
Seiberling	Studds	Walgren
Sharp	Swift	Watkins
Shelby	Synar	Waxman
Sikorski	Tauke	Weaver
Slattery	Tauzin	Weiss
Smith (FL)	Thomas (GA)	Wheat
Smith (IA)	Torres	Williams
Smith (NJ)	Torricelli	Wilson
Snowe	Towns	Wise
Solarz	Traficant	Wolf
Solomon	Traxler	Wolpe
Spratt	Udall	Wortley
St Germain	Valentine	Wright
Staggers	Vander Jagt	Wyden
Stark	Vento	Yates
Stokes	Visclosky	Yatron
Stratton	Volkmer	Young (MO)

NOES—146

Anthony	Gonzalez	Olin
Archer	Gregg	Oxley
Armey	Grotberg	Packard
Badham	Hammerschmidt	Parris
Bartlett	Hansen	Pashayan
Barton	Hartnett	Penny
Bateman	Hiler	Roberts
Bentley	Hopkins	Rogers
Bliley	Horton	Rudd
Boner (TN)	Hunter	Schaefer
Boulter	Hyde	Schuette
Brown (CO)	Ireland	Sensenbrenner
Burton (IN)	Jeffords	Shaw
Byron	Johnson	Shumway
Callahan	Kasich	Shuster
Campbell	Kemp	Siljander
Carney	Kindness	Sisisky
Chandler	Kolbe	Skeen
Cheney	Kramer	Skelton
Coats	Lagomarsino	Slaughter
Cobey	Latta	Smith (NE)
Coble	Leath (TX)	Smith, Denny (OR)
Combest	Lewis (CA)	Smith, Robert (NH)
Craig	Lewis (FL)	Smith, Robert (OR)
Crane	Lightfoot	Snyder
Daniel	Lloyd	Spence
Dannemeyer	Lott	Stallings
Darden	Lowery (CA)	Stangeland
Daub	Lujan	Stenholm
DeLay	Lungren	Strang
Derrick	Mack	Stump
DeWine	Marlenee	Sundquist
Dickinson	McCain	Sweeney
DioGuardi	McCandless	Tallon
Dornan (CA)	McCloskey	Taylor
Dreier	McCollum	Thomas (CA)
Duncan	McEwen	Vucanovich
Eckert (NY)	McMillan	Walker
Edwards (OK)	Miller (OH)	Weber
Emerson	Miller (WA)	Whitehurst
English	Molinari	Whittaker
Evans (IA)	Monson	Whitten
Fawell	Montgomery	Wylie
Fiedler	Moorhead	Young (AK)
Fish	Morrison (WA)	Young (FL)
Franklin	Murphy	Zschau
Frenzel	Murtha	
Gaydos	Myers	
Gekas	Nichols	
Gingrich	Nielson	

NOT VOTING—24

Addabbo	Foley	Mitchell
Alexander	Hawkins	Nelson
AuCoin	Heftel	Price
Bosco	Holt	Quillen
Breaux	Hubbard	Savage
Brown (CA)	Lehman (CA)	Swindall
Burton (CA)	Loeffler	Whitley
Chappie	McKinney	Wirth

The Clerk announced the following pairs:

On this vote:

Mr. Hawkins and Mr. Brown of California for, with Mr. Swindall against.

Mr. McKinney and Mr. Mitchell for, with Mr. Nelson of Florida against.

Messrs. MICHEL, GUNDERSON, TAUKE, and CHAPPELL changed their votes from "no" to "aye."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

□ 1500

REAFFIRMING THE FRIENDSHIP OF THE PEOPLE OF THE UNITED STATES WITH THE PEOPLE OF COLOMBIA FOLLOWING THE DEVASTATING VOLCANIC ERUPTION OF NOVEMBER 13, 1985

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H.J. Res. 459) reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. BROOMFIELD. Mr. Speaker, reserving the right to object, I do so to afford the chairman of the Foreign Affairs Committee, the gentleman from Florida [Mr. FASCELL] an opportunity to explain the importance of this resolution.

I yield to the gentleman for his explanation.

Mr. FASCELL. Mr. Speaker, first of all let me thank the gentleman from Michigan, who is the ranking minority member on the Committee on Foreign Affairs, for his cooperation in bringing this resolution to the floor.

Mr. Speaker, I rise in support of the House joint resolution now before the House, reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985.

The resolution expresses the sincere and heartfelt sympathy for Colombia in its time of great disaster. Tragic devastation was wrought by the Colombian volcano, Nevado del Ruiz, last week which has saddened the world. The volcanic explosion, and the ensuing avalanche of mud and flooding, obliterated the entire town of Armero—a dozen other nearby towns were stricken as well. Official estimates now cite the death toll at 25,000.

Colombia, in recent weeks, has experienced two violent eruptions—one natural, and one man made. The first tragic eruption, the man-made disaster, was the result of a terrorist act in the capital of Bogota. Leftist guerrillas, who seized the Supreme Court Building there, murdered half of Colombia's Supreme Court Justices and 50 other hostages in a bloody seige of terrorism.

Although the resolution now before the House addresses the tragic volcanic eruption, our deepest sympathies go out to the Colombians in this grievous chapter of its history. We express our friendship and solidarity with the people of Colombia, and with President Betancur who has been faced with these double tragedies.

The resolution urges that all necessary emergency assistance be provided in the near term, as well as indicating U.S. willingness to assist in the long-term recovery efforts. The potential for additional destruction remains—and will for some time to come. Because of the unpredictability of the volcano, the situation will require close monitoring in the weeks and months ahead. Further evacuations and assistance may well be required. The United States remains prepared to provide any appropriate assistance.

Mr. Speaker, I urge the adoption of the resolution.

Mr. BROOMFIELD. Mr. Speaker, I want to associate myself with the chairman's remarks and indicate that this was supported unanimously by the entire Committee on Foreign Affairs.

The violent eruption of the Nevado del Riz Volcano in Colombia on November 13, 1985, resulted in a human tragedy of catastrophic proportions. It is estimated that widespread flooding and mudslides caused by the eruption took the lives of 20,000 people and left many more injured and disfigured.

In the aftermath of this tragedy, the United States immediately sent 12 helicopters, tents, and medical supplies for use during the emergency rescue operations that continue to pull survivors to safety. The historic ties and longstanding friendship that bind the people of the United States with the people of Colombia require that we do everything we can to help relieve the suffering that is currently being experienced by our neighbor to the south.

I am pleased to support the resolution we consider today as an expression of our sympathy and solidarity with the people and Government of Colombia. The resolution encourages the President to provide all appropriate relief and rehabilitation assistance to help prevent further loss of life and suffering among the people of Colombia. It also pledges the cooperation of the United States in Colombia's long-term efforts to recover from the effects of this disaster.

I urge my colleagues to support this important and timely resolution.

Mr. LAGOMARSINO. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD. Mr. Speaker, under my reservation of objection I yield to the gentleman from California.

Mr. LAGOMARSINO. I thank the gentleman for yielding to me.

Mr. Speaker, I urge my colleagues to vote for this resolution. As the chairman pointed out, this is one of the largest natural disasters in the history of the world; certainly in this hemisphere. Our sympathy does and should go out to the people in Colombia. They have had plenty of troubles lately and I hope that we can be of assistance to them.

Mr. GARCIA. Mr. Speaker, I rise in support of the gentleman from Florida's bill, House Joint Resolution 459, reaffirming our friendship with Colombia and expressing our concern over the recent tragedy that devastated that nation. The friendship between the United States and Colombia has always been strong and dependable. Now, as the people of Colombia try to recover from their most recent tragedy, it is important that we reaffirm our friendship and offer our support.

The estimates of the number of dead as a result of the volcanic eruption run as high as 25,000. Unfortunately, the flash floods and mud slides caught everyone unaware and unprepared, causing this, the worst natural disaster in Colombian history.

As an American of Hispanic heritage, I feel a certain kinship with the people of Colombia. In addition, Colombian President Belisario Bentancur has proven himself to be a friend of the United States, and of all Hispanics throughout the hemisphere. His work with the Contadora group has been very helpful in trying to bring about a solution to the present crisis in Central America.

I am encouraged by reports that the international relief being sent to Colombia is of some help. I am certain that the United States will continue to do all that it can to aid the Colombian people. I would only like to add that our prayers are with Colombia in this its hour of need.

Mr. BROOMFIELD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J RES. 459

Whereas on November 13, 1985, Colombia suffered a major volcanic eruption which caused widespread flooding and mudslides;

Whereas this disaster resulted in a tragic loss of life and numerous injuries to the Colombian people; and

Whereas the United States has historic ties of friendship with Colombia: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF UNITED STATES SYMPATHY AND SOLIDARITY.

The Government of the United States, on behalf of its citizens, extends to the people and Government of Colombia the deep sympathy and solidarity of the United States in this time of tragedy.

SEC. 2. RELIEF AND REHABILITATION ASSISTANCE.

The Congress encourages the President to provide all appropriate relief and rehabilita-

tion assistance to help prevent further loss of life, and to prevent further suffering among the people of Colombia.

SEC. 3. COOPERATION IN LONG TERM RECOVER EFFORTS.

The Government of the United States, in consultation with the Government of Colombia, is prepared to cooperate with Colombia in long term efforts to recover from the effects of this disaster.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the joint resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2672, NEW JERSEY INTERNATIONAL AND BULK MAIL CENTER AND MICHAEL McDERMOTT PLACE

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2672) to redesignate the New York International and Bulk Mail Center in Jersey City, NJ, as the "New Jersey International and Bulk Mail Center," and to honor the memory of a former postal employee by dedicating a portion of a street at the New York International and Bulk Mail Center in Jersey City, NJ, as "Michael McDermott Place," with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan? The Chair hears none, and, without objection, appoints the following conferees:

From the Committee on Post Office and Civil Service, for consideration of the Senate amendments numbered 1, 2, and 3 and modifications committed to conference: Mr. FORD of Michigan, Mr. CLAY, Ms. OAKAR, Mr. TAYLOR, and Mr. MYERS of Indiana.

As additional conferees on Senate amendment numbered 3:

From the Permanent Select Committee on Intelligence, for consideration of title IV of the Senate amendment and modifications committed to conference: Messrs HAMILTON, STOKES, BEILENSON, STUMP, and IRELAND.

From the Committee on Foreign Affairs, for consideration of title V of the Senate amendment and modifications committed to conference: Mr. MICA, Mr. KOSTMAYER, and Ms. SNOWE.

From the Committee on Ways and Means, for consideration of provisions in section 101 of the Senate amendment establishing a new subchapter III of chapter 84—Thrift Savings Plan; establishing a new section 8475 in subchapter VII—transition provisions; of title II of the Senate amendment; and of section 305 of the Senate amendment and modifications committed to conference: Messrs ROSTENKOWSKI, RUSSO, STARK, ARCHER, and THOMAS of California.

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 3327, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1986

Mr. HEFNER. Mr. Speaker, I ask unanimous consent that the managers may have until midnight, tonight, Tuesday, November 19, 1985, to file a conference report on the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. CHENEY. Mr. Speaker, reserving the right to object, I would like to ask the distinguished gentleman from North Carolina if this has been cleared with the minority. I yield to the gentleman for his response.

Mr. HEFNER. Mr. Speaker, if the gentleman will yield, I would say to the gentleman that it has.

Mr. CHENEY. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

MAKING IN ORDER ON WEDNESDAY, NOVEMBER 20, 1985, OR ANY DAY THEREAFTER, CONSIDERATION OF CONFERENCE REPORT ON H.R. 3327, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1985

Mr. HEFNER. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Wednesday, November 20, or any day thereafter, to consider the conference report and any amendments in disagreement thereto on the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3622, JOINT CHIEFS OF STAFF REORGANIZATION ACT OF 1985

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 99-378) on the resolution (H. Res. 322) providing for consideration of the bill (H.R. 3622) to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes, which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON S. 1042, MILITARY CONSTRUCTION AUTHORIZATION ACT, 1986

Mr. DELLUMS. Mr. Speaker, I call up the conference report on the Senate bill (S. 1042) to authorize certain construction at military installations for fiscal year 1986 and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of November 12, 1985.)

The SPEAKER pro tempore. The gentleman from California [Mr. DELLUMS] will be recognized for 30 minutes and the gentleman from Colorado [Mr. KRAMER] will be recognized for 30 minutes.

The Chair recognizes the gentleman from California [Mr. DELLUMS].

□ 1510

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report on the Senate bill, S. 1042, as amended, the fiscal year 1986 Military Construction Authorization Act, represents the diligent efforts of the House-Senate conference committee that met and resolved over 300 differences.

As a result of the conference between the Senate and the House on the differences in S. 1042, the conferees agreed to a new adjusted authorization for military construction and family housing for fiscal year 1986 of $9.2 billion, which is in accordance with the unallocated reduction directed by the House. The conference compromise is $176,000 below the House figure, $369 million above the Senate figure, and $1.1 billion below the President's budget request of $10.3 billion.

Mr. Speaker, for the benefit of my colleagues I want to briefly explain

how we arrived at the final authorization level.

First, the spending target of $9.2 billion in budget authority was determined to be the amount the conferees would authorize for appropriation to stay within the guidance provided by the House and Senate in conference on the Senate bill, S. 1160, the defense authorization act for fiscal year 1986, and by a House amendment to the military construction authorization bill that imposed an unallocated general reduction to $9.2 billion.

To state it a different way, Mr. Speaker, as we recall, when the military construction authorization bill came to the floor, it came to the floor with a figure of $9.55 billion. As a result of the action taken by the House on the conference committee action dealing with the bill, S. 1160, authorizing $302.5 billion for the military budget for fiscal year 1986, in that $302.5 billion there was an assumption that the military construction budget would not achieve a figure higher than $9.2 billion. This gentleman, who happens to chair the appropriate subcommittee, the day the military construction bill came to the floor offered an amendment on behalf of myself and members of the committee to bring our bill into compliance, calling for a reduction of $377.6 million in unspecified cuts, allowing those of us who go to the conference with the other body the flexibility to bring the budget within the $9.2 billion figure. That is how we arrived at $9.2 billion, with a $377.6 million reduction from the original figure of $9.55 billion.

Second, within this target, Mr. Speaker, priority was given to restoring those adequately justified projects that had been included in the budget request but deferred by either the House or the Senate for budgetary reasons.

And third, Mr. Speaker, prior-year savings were used to the maximum extent possible for general reductions to reduce the authorization for appropriations.

Mr. Speaker, because of time constraints, I will not go into detail on the individual items contained in the conference report. I know my colleagues have diligently read virtually every word. However, there are several items I would call to the attention of my colleagues.

In an effort to reduce the huge family-housing deficits and improve the living conditions of our men and women who serve in the U.S. military, the conferees approved $725 million for the design and construction of 5,253 new units of family housing and $2.6 billion for family housing support for fiscal year 1986.

Other quality-of-life projects approved by the conferees include $23.6 million for child-care centers; $76.9 million for oversea dependent schools; $31.6 million for section 6 dependent schools in the United States and Puerto Rico; and $238 million for medical facilities.

Also included in the conference agreement is $117.5 million for the Ground Launch Cruise Missile Program, which includes $15.9 million for deployment in the Netherlands, $50.2 million for family housing, and $10.3 million for dependent schools at various ground launch cruise missile locations.

The conferees also approved $206 million for facilities in support of the B-1 bomber; $302.8 million in support of the Trident submarine and Trident II missile; and $44.8 million for roads, silo modifications, and support facilities for the MX missile.

The President's budget request included $39 million for a binary component production facility for manufacture of the QL component of the Bigeye binary chemical weapon. The House bill deleted all funds for this purpose. The conferees agreed to authorize appropriations of $8 million for this facility, which is in conformance with previous House action on chemical weapons in the Defense Authorization Act and conference report.

I personally, Mr. Speaker, do not support this action, but because the House had already approved the authorization of $40 million for the equipment associated with this facility in the defense authorization conference report, that point of view prevailed in the conference and is reflected in this conference report.

Mr. Speaker, the House funded the NATO infrastructure program at $55 million. The Senate figure of $38 million was approved by the conference, based on current information indicating that the dollar is expected to remain strong against foreign currencies through fiscal year 1986.

Finally, Mr. Speaker, the conference approved $481 million for the Guard and Reserve components, which is $52 million above the budget request. The conferees expect a number of high-priority projects to be constructed with the additional funds.

This briefly summarizes the major actions of the conference. Time does not permit us to go into greater detail here, Mr. Speaker, but the conferees believe the bill agreed to in conference meets the construction needs of the military departments for fiscal year 1986 and satisfies the House-mandated requirement to limit the total authorization to $9.2 billion.

Let me make a few final points in summary, Mr. Speaker. With the exception of a few adjustments here and there, this conference is virtually the same conference report that left this body, with the exception of two items, and I feel that as chairman of the subcommittee it is my responsibility to point out very clearly and very specifically what those differences are.

No. 1, as Members may recall, Mr. Speaker, House action did not authorize funds for support facilities at the ground launch cruise missile sites in the Netherlands pending a decision on the part of that Government with respect to the issue of deployment. That Government has now chosen to go forward with deployment. That Government has now chosen to go forward with deployment, and the House-Senate conference with respect to this item reflects that decision. So the first major difference in this bill as it comes back to this body different in form than when it left the body is that there are funds in this bill to authorize the beginning of the construction of support facilities at the ground launch cruise missile sites in the Netherlands.

The second item that is important to bring to the attention of the body is the $8 million that is now in this bill with respect to the binary chemical weapons facility. We had hopefully in our judgment on the subcommittee deleted these funds, but as Members recall, Mr. Speaker, the House had rather restrictive language with respect to this particular item. But when the House and the Senate conferred on S. 1160 and came back to the House in agreement on the conference report, they had agreed to some modified language with respect to the issue of binary weapons and in fact approved going forward with the expenditure of some $40 million to develop equipment. This $8 million simply authorizes the facility to put the equipment in.

As I indicated in my opening remarks, this is an item with which I intellectually and politically disagree, but it was the wisdom of the majority of my colleagues in the conference from this body and the other body that this particular item go forward.

□ 1520

So there are two items, the binary chemical facility which is in the bill to the tune of $8 million and the authorization to go forward with certain support facilities at the ground launch cruise missile sites in the Netherlands.

For those of my colleagues who seek guidance as to how Members would respond to this conference report, I would simply say to those persons who supported the bill as it left the body, there is not a great deal of reason why they would seek to change their votes, as the bill is virtually the same with the exception of the two items that the gentleman from California just outlined.

To those of my colleagues who agree with me on other policy matters, I would point out that there are funds in here associated with the MX mis-

sile, funds in this conference report associated with the B-1 bomber, with the deployment of the cruise missile, binary chemical facilities. It is still based upon a number of assumptions that this gentleman has attempted to challenge for the 15 years that he has been in the Congress. Those persons who view those concerns with the same jaundiced eye that this gentleman views them, then they would join in opposition to the conference report.

So I would simply say for those who supported it, they can support the conference report. For those who opposed the authorization bill, who opposed the construction bill because of the consistent policy embodied in that legislation, you can in good faith and in good conscience and consistent with your intellectual and political views oppose this conference report.

With that modest explanation, Mr. Speaker, I reserve the balance of my time.

Mr. KRAMER. Mr. Speaker, I yield myself so much time as I might consume.

Mr. Speaker, I rise in support of the fiscal year 1986 military construction authorization conference report that is before this House today.

Before going on with my remarks, I believe the gentlewoman from New Jersey has a request and I yield to the gentlewoman.

Mrs. ROUKEMA. Mr. Speaker, I thank the gentleman from Colorado for yielding.

I also want to commend the distinguished chairman of the committee for his commentary on the subject of chemical weapons requests in this conference report.

I doubt that it will be enough of an objection to defeat the conference report and I would not stand here for that purpose; but I do want to state that I think it unfortunate that the House position on the ban on chemical weapons and the resumption on production on chemical weapons, absent strict constraints that were dropped in conference, I do find that regrettable.

Mr. Speaker, while the House slept, nerve gas crept into the military construction bill.

Today, the House will most likely vote overwhelmingly to pass this conference report. But in passing the report, I wonder how many of my colleagues are aware that the House will be one step closer to permitting the irreversible expenditure of billions of dollars on an unnecessary weapons system; I am talking about binary nerve gas weapons.

When the House passed this military construction bill on October 16, it contained no provisions authorizing expenditures for construction of a binary nerve gas munitions plant. Today, this conference report contains $8 million for construction of such a facility at the Newport Army Ammunition Plant in Indiana. My friends, this provision represents a further, drastic erosion of the House position on nerve gas, and let me tell you, I am deeply distressed at the way this body had allowed this erosion, without so much as a whimper of protest.

Let me refresh my colleagues memories of recent action regarding binary chemical weapons. In June, during House consideration of the 1986 Department of Defense authorization bill, this House voted to sanction production of chemical weapons, only under binding conditions. Subsequently, those conditions were eliminated in conference. Members may recall that the controversy over dropping these conditions, together with several other important issues, led the leadership to withhold consideration of the DOD authorization conference report for 3 months. However, eventually a deal was struck and the conference report breezed by on a voice vote. The "deal" was that the issues of controversy would be taken up through the Defense appropriations bill. Accordingly, the next day, the House passed an appropriations bill containing no funding for chemical weapons production.

Now I understand that the conferees for the military construction authorization bill used House passage of the DOD authorization conference report as an excuse to provide the $8 million for binary production facilities at Newport. They argued that the House had authorized chemical weapons, with none of the binding conditions. Did they so conveniently forget that the DOD appropriations bill provided no funds for chemical weapons? Or is it merely that they are confident that the House conferees for the DOD appropriations bill will readily give in to the Senate provisions for chemical weapons? After all, after we pass this measure today, will not the appropriations conferees be able to point to this provision for a binary munitions plant as further evidence of House concurrence in the renewed production of these unnecessary weapons?

Quite simply my friends, we are witness to a total abrogation of the House position on chemical weapons, and yet we are washing our hands of this issue and letting the Senate have its way.

But let me remind my colleagues—by passing this bill and giving our future conferees yet another excuse to approve appropriations for binary weapons, we are opening the door to a new entitlement weapons system which, by reliable estimates, will cost anywhere from $6 to $12 billion or more. I can guarantee you that this issue will not be so easy to hide under the carpet when the expenditures reach those levels. These weapons are going to come back on us and create even greater problems as deficits grow bigger and Congress struggles to reach the deficit reduction targets of Gramm-Rudman.

As I speak, conferees from this and the other body are continuing to discuss the Gramm-Rudman proposal. I support this proposal—it could be the first real step Congress has taken toward reducing the deficit. But for Congress to vote overwhelmingly for Gramm-Rudman, and then turn around and commence a program that could increase future defense outlays by $6 to $12 billion, is beyond comprehension to me, and to the majority of American taxpayers.

The production of chemical weapons is a perfect example of the procurement explosion, which, if left unchecked, could hurt our defense readiness. I have time and again tried to press this point on my colleagues, if the Pentagon must spend billions of dollars to secure our national safety, it would be wiser to focus more sharply on the real heart of our military deterrence—conventional operations and their support systems, and importantly, protective equipment to defend against chemical attack.

Mr. Speaker, we must defend this Nation, but we simply cannot afford every new weapons system requested by the Pentagon. We do not need the Bigeye bomb. We cannot afford it, we cannot use it; we cannot justify it; and there are far better places in the defense budget where the money could be put to use. On our scales of defense priorities, production of new binary gas should be at the bottom.

Mr. KRAMER. Mr. Speaker, I will be very brief.

I think the gentleman from California, the very fair-minded chairman of our subcommittee, has quite succinctly and eloquently stated the various issues in the bill, but I might in passing just mention that the conferees of both Chambers I think worked extraordinarily hard to resolve literally hundreds of differences which were in dispute.

The staff did an extraordinarily admirable job in resolving and narrowing those issues.

All said and done, we came back and today are in front of the House with precisely the same level of funding as was approved by the House when this bill was originally considered by it.

There was $9.2 billion, that is $1.1 billion below the budget request, and I believe in my judgment it represents the best of all possible compromises. It responds to the services' most pressing construction needs, but at the same time maintains the committee's high priority for quality of life projects, those projects that improve the facilities where military personnel live, work and raise their families, and which I might add our subcommittee chairman I think has taken a very strong positive leadership role in bringing those issues in front of the

Congress and also getting action with respect thereto.

I believe that this conference report does preserve our defense readiness and our fighting capabilities. I am very proud to urge its approval.

Mr. Speaker, I reserve the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Mississippi [Mr. MONTGOMERY], the ranking Democrat on the subcommittee.

Mr. MONTGOMERY. Mr. Speaker, I want to rise in support of this conference report on the military construction authorization. I take this opportunity to commend my chairman, the gentleman from California [Mr. DELLUMS], and also the gentleman from Colorado [Mr. KRAMER] for a job well done in this conference.

We had many items, as has been mentioned, that were not in agreement, but under the leadership of the gentleman from California [Mr. DELLUMS] we were able to work out this disagreement.

I might point out, Mr. Speaker, that this bill is $1.1 billion below the President's request on military construction. It is very fair to family housing to improve the living conditions of our military service personnel and their families.

I am very pleased to say, Mr. Speaker, as we turn more combat missions over to the National Guard and the Reserve, in this legislation we have increased by $52 million the funding to the Guard and the Reserve to have proper military construction for the Reserve Forces.

I would like to take this opportunity to thank the staff who worked very hard and diligently with the Members of the House.

Again, I think this is a good conference report and I hope that House will support it.

Mr. KRAMER. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Mr. Speaker, I, too, want to express my appreciation to the gentleman from Colorado and to the gentleman from California for bringing us to this stage in the deliberations on military construction.

There is one thing that I wish to take note of especially because it has significant interest to people in my area. It is not generally recognized that the conferees on our side—and that is why I have those extra congratulations for the gentlemen of this committee—went to the conference insisting on the House version of military construction, especially as to the House insistence that this is not the time to consider third-party contracting for a lot of the missions that already are in existence in the various bases across the country. This is particularly true in the one to which I am paying particular attention, the New Cumberland Army Depot in Pennsylvania, where an entire construction project already on the books, groundbreaking for which was already conducted, and then something occurs in the other body which seems to put a pall over all those proceedings by insisting on a review of the possibility of third-party contracting.

Quite correctly, then, our conferees, led by the gentleman from California and the gentleman from Colorado, insisted that now is not the time. The projects are in hand. If we are going to do anything about third-party contracting, let it be in the context of some future negotiations, future processes to be adopted by the various committees who have jurisdiction over this subject matter.

For that I repeat my gratitude to the House conferees.

I will be one of the first to support as the future unfolds where we can go with third-party contracting. There are a great number of doubts that are raised simply by saying third-party contracting, because I would hate to see the day when we hand to a private contractor some service capability that could be hit by a strike at the very same time when we would require an Army depot, like New Cumberland, to be prepared for an emergency; so third-party contracting, although it sounds like motherhood to a lot of people, deserves a lot of close scrutiny. That is why the House conferees acted properly in deferring an analysis and review of that particular phase of future processes in military construction and other phases of our military appropriations.

Mr. DELLUMS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Florida [Mr. HUTTO], a member of the committee.

Mr. HUTTO. Mr. Speaker, I appreciate the chairman yielding.

Mr. Speaker, I rise in support of the conference report to authorize military construction for fiscal year 1986 and to commend the chairman of the committee, the gentleman from California [Mr. DELLUMS], and the ranking minority member, the gentleman from Colorado [Mr. KRAMER] for the fine job they have done, because we had a very difficult task with the fiscal constraints that we had.

I think that the chairman has been eminently fair. The staff has done excellent work. We have provided for the needs of our servicemen worldwide. We have not completed the task yet, but I know many Members who have visited our troops on foreign soil have commented about the deplorable living conditions that many of them have. I think this bill does a lot to correct that situation.

I urge all of our colleagues to support this conference report, which I feel is a good one.

Mr. KRAMER. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. DICKINSON].

Mr. DICKINSON. Mr. Speaker, I want to thank my distinguished colleague, the gentleman from Colorado, for yielding.

Mr. Speaker, I would like to join with my colleague, the gentleman from Florida, in commending the conferees, especially the chairman of the subcommittee and the ranking member.

I was one of the conferees. I sat through the deliberations with the Senate. We have done as good a job and as best as I can recall looking after the serviceman and trying to improve his quality of life.

This is one of the keystones, I suppose, of the consideration of the chairman and the ranking member, the gentleman from Colorado.

Throughout all our deliberations this past year, this has been first and foremost. We have discussed it many times. Whenever we have got down to having to make a decision on whether to do something or not do it, can we afford it or can we not afford it, we cut out many millions of dollars in this bill, but when it got down to the quality of life and looking after the troops, looking after the enlisted man, looking after the people who make personal sacrifices for this great Nation, we put their interest foremost. I think the American people ought to be aware of this and certainly Members of Congress.

I want to commend the committee for its good work, its diligent efforts on behalf of our servicemen, and I am very proud to be a member of the committee.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Missouri [Mr. SKELTON], who is a member of the full committee.

Mr. SKELTON. Mr. Speaker, I wish to take this opportunity to commend the chairman and the ranking minority member for coming back with this bill as it is. I do not think people realize the intricacies of a measure such as this and working out all the many details and doing it fairly to all concerned.

I particularly wish to commend them on taking a good hard look and treating in very fine fashion the family issues, the morale issues, those that make the quality of life for these soldiers, sailors, airmen, and marines, all the better.

Another thing I would like to mention in this area is the fact that they do a significant amount in the area of the National Guard and the Reserve. I am particularly pleased that in my State, as you know, recently the 35th Division National Guard was reactivated with its headquarters at Fort Leav-

enworth, KS, not too far from the district that I represent, and each of the States that are in the 35th Division has what we call a DisCom headquarters and as such one in the State of Missouri was placed, as we know, it is in the bill, in Lexington as a component part of Jefferson City. I think this is certainly a commendable action on the part of the committee.

A great deal of staff work, I know, went into this effort, because getting all the military plans up to date enabled us to authorize it at the time.

One last thing I feel I should mention, Mr. Speaker, I commended the chairman on his work when this bill came through earlier. I wish to reiterate my comments, and I do so because the CONGRESSIONAL RECORD at that time reflected those comments of mine as coming from a gentleman from Louisiana by the name of LIVINGSTON. I want these to be reiterated coming from the gentleman from Missouri and I stand by them.

I compliment the gentleman again for a job well done.

Mr. DELLUMS. Mr. Speaker, I thank my distinguished colleague and I yield 3 minutes to my distinguished colleague, the gentleman from New York [Mr. WEISS].

□ 1535

Mr. WEISS. I want to start by expressing my appreciation to my distinguished colleague, the gentleman from California, for yielding time to me.

Mr. Speaker, I want to compliment the gentleman for the distinguished manner in which he has been able to discharge his institutional responsibilities while expressing fully and conscientiously his own personal views in coming out with this report and with the conference report. I know that is an extremely difficult task, and I do not know of any other Members, or many other Members, who could as well discharge that responsibility.

Mr. Speaker, I would like to call attention to the section of the conference report addressing the Navy's multibillion-dollar plan to construct new home ports along the East, West, Northwest, and gulf coast to accommodate the Navy's proposed 600-ship fleet. I am pleased to note that the conference committee has injected some sense into this debate. Instead of simply authorizing money for the construction of home ports in Everett, WA, and Staten Island, NY, the conferees direct the Navy first to submit a report justifying the home porting program on the basis of military necessity and cost effectiveness.

In regard to the Staten Island facility, the authorization was reduced from $71.26 million to $21.40 million and the conferees then mandated that no home porting funds in this act may be obligated or expended until 90 days after Congress has received the Navy's report.

The conferees have serious concerns that at a time when the defense budget is under severe constraints, the Navy is starting a billion dollar construction program. Such a program could make modernization of our existing bases unaffordable. Therefore, the conferees direct the Secretary of the Navy to prepare a detailed report that justifies the homeporting program on the basis of military necessity and cost effectiveness. The report should describe by year the number and type of ships planned for each port and the overall plan for facility development, including costs. The plan should describe the entire deployment as well as that portion necessary for initial operating capability (IOC). No funds authorized by this act may be obligated or expended until 90 days after the Congress receives this report.

In taking this approach, the conferees have acknowledged that the Navy's rationale is simply too feeble to justify yet another multibillion-dollar military program, particularly one with little or no demonstrable strategic value.

I would like to commend the conference committee for taking this responsible approach. During the coming months, Members and committees in both this and the other body will be critically examining the home port plan. The General Accounting Office is preparing a report on the cost effectiveness of the home port strategy, and their preliminary conclusion casts doubt on the wisdom of the plan, suggesting that ship dispersal may not improve fleet survivability, would not improve readiness, and that existing home ports have the capacity to accommodate the expanded naval fleet.

In addition, the distinguished subcommittee chairman, the gentleman from California [Mr. DELLUMS] has indicated that he will hold hearings early next year to examine the issue further.

The Navy's justification for the home porting plan will surely be an important component of this debate, and I hope this body will use the 90-day period following the Navy's report to carefully consider whether or not the home porting plan makes good sense for our country from a national security point of view.

Finally, Mr. Speaker, I would like to point out that those proponents of the home port who, after the courts ruled the referendum in New York off the ballot, suggested that was the end of the debate would know that this is only the beginning of the discussion.

Mr. KRAMER. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. MOLINARI].

Mr. MOLINARI. I thank the gentleman for yielding this time to me.

Mr. Speaker, once again I find myself forced to take the floor to answer the remarks made by my good friend, the gentleman from New York [Mr. WEISS].

I guess the only thing we agree on, TED, is the wonderful job that the gentleman from California [Mr. DELLUMS] has done in handling this very difficult issue.

Beyond that, I think that there have been some misstatements made by the gentleman from New York. He referred to this project as a multibillion-dollar program. There is no place in the record indicating that this is a multibillion-dollar program. It is listed as a billion-dollar program, and I think we ought to make sure that we talk in terms that make sense and in reality.

Mr. WEISS. Mr. Speaker, will the gentleman yield?

Mr. MOLINARI. I would be glad to yield to the gentleman from New York.

Mr. WEISS. I thank the gentleman for yielding.

Mr. Speaker, would the gentleman acknowledge that programs which start in this body as billion-dollar programs often end up as multibillion-dollar programs?

Mr. MOLINARI. A great number of social programs that the gentleman has advocated indeed fall into that class.

Mr. WEISS. And military programs?

Mr. MOLINARI. Yes; in military programs as well. I would admit to that.

Mr. WEISS. I thank the gentleman.

Mr. MOLINARI. Mr. Speaker, let me call attention to the conference report, and again, the gentleman from California, who has not been an advocate or supporter of the home porting concept was able to divorce and separate his own personal feelings from that of his position as chairman of the subcommittee.

The issue of military necessity and cost effectiveness. Why do I get up on floor and speak about this project? Because one is being built in my district? Yes, because one is being built in my district, but I join the gentleman from New York in opposing Westway, which cost a heck of a lot more money than this project. So I think I can stand up here and face the body and say that I am here because I have learned something about home porting.

I would like to read, if I may, an excerpt from a letter from the Secretary of Defense on this very issue, military necessity and cost effectiveness, and this goes back to May of 1985. He thanks me first for my letter supporting the concept, and then he says:

The concern of Congress for cost effectiveness in establishing new bases is understandable, but dispersed home porting is based on strategic military requirements. Moreover, all of the Navy's operational bases are at or near capacity now and will require expansion if strategic home porting is abandoned.

Although the dispersal of ships may appear to be initially more costly than expanding our present bases, the clearcut stra-

tegic advantages of geographic dispersal make the effort worthwhile.

Our objective is to achieve the best defense capability at the lowest possible cost.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. MOLINARI. I would be glad to yield to the gentleman from Washington.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. MOLINARI] has expired.

Mr. KRAMER. Mr. Speaker, I yield 2 additional minutes to the gentleman from New York [Mr. MOLINARI].

Mr. DICKS. Mr. Speaker, will the gentleman yield just for a comment?

Mr. MOLINARI. I would be glad to yield to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding.

Mr. Speaker, I want to compliment the gentleman from New York for his view of this. I happen to agree strongly with him.

I think dispersing the fleet makes a great deal of sense. We are building up to a 600-ship Navy, and the issue is whether we continue to put all these ships at the same 2 or 3 ports or do we disperse them. My district is not affected. The State of Washington is, but not my district. I happen to think that from a military perspective, having the fleet dispersed makes considerable sense.

For example, by having a carrier battle group in the Puget Sound area, we are a day and a half closer to the North Pacific—and as we look up in the North Pacific we see that one of our principal adversaries has a location there—than we are from San Diego. So I think the Secretary of the Navy has a very good program that is well thought out and deserves the support of the Congress.

I am surprised by those who do not seem to have learned the lessons of history, that if we keep all our ships in one place, like Pearl Harbor, we are running a risk of losing a considerable part of the fleet. So I think dispersing the fleet makes great sense, and I commend the gentleman from New York for his statement here on the floor.

Mr. MOLINARI. I thank the gentleman from Washington for his remarks.

Mr. Speaker, I must say that any of us who have watched the old movies of Pearl Harbor must wonder to ourselves about the geniuses who would have permitted us to be so vulnerable to an attack, but have we not learned a lesson? We have over 70 ships in Charleston, 120 in Norfolk, 120 in San Diego.

The point, however, on cost effectiveness that we must observe and understand is, as Secretary Weinberger has stated, if we want to continue to add ships to ports where they now are, we are going to have to spend virtually the same amount of money or close to it to expand the capabilities to accommodate the additional ships that the Navy is building or retrofitting.

Keeping that in mind, I think it only makes sense from a military strategic standpoint and from a cost effectiveness standpoint.

Mr. DELLUMS. Mr. Speaker, how much time does this side have remaining?

The SPEAKER pro tempore. The gentleman from California [Mr. DELLUMS] has 11 minutes remaining and the gentleman from Colorado [Mr. KRAMER] has 17 minutes remaining.

Mr. KRAMER. Mr. Speaker, I reserve the balance of my time.

□ 1545

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. WEISS. Mr. Speaker, will the gentleman yield?

Mr. DELLUMS. I yield briefly to the gentleman from New York.

Mr. WEISS. Mr. Speaker, I thank my distinguished colleague again for yielding to me. I listened to his words when he suggested that he was confident that every Member read the report with great diligence, and I am sure that is the case, but perhaps we do not all remember every word that was in there.

So for the purposes of reminder only, with the permission of the body, I am going to read from page 47 of the report one paragraph on the subject the gentleman from New York [Mr. MOLINARI] and I were discussing. I quote under the section entitled "Homeporting."

The conferees have serious concerns that at all time when the defense budget is under severe constraints, the Navy is starting a billion dollar construction program. Such a program could make modernization of our existing bases unaffordable. Therefore, the conferees direct the Secretary of the Navy to prepare a detailed report that justifies the homeporting program on the basis of military necessity and cost effectiveness. The report should describe by year the number and type of ships planned for each port and the overall plan for facility development, including costs. The plan should describe the entire deployment as well as that portion necessary for initial operating capability (IOC). No funds authorized by this act may be obligated or expended until 90 days after the Congress receives this report.

I thank my distinguished colleague for yielding this time to me.

Mr. DELLUMS. Mr. Speaker, I wish to make three points.

No. 1, with respect to the recent debate on the issue of homeporting, I would simply say that it points up that it is terribly important that this body address these issues on a policy basis. It is clear that the Subcommittee on Seapower of the Armed Services Committee has a clear and present interest in this issue.

The Chair would also suggest that the Subcommittee on Military Installations and Facilities also has a significant interest in the policy considerations of whether we shall or shall not engage in the activity of homeporting, because we will be, on an increasing basis, bombarded with requests for construction associated with homeporting.

It was in the interest of those of us on the subcommittee that we enter into that debate intelligently and on an informed basis. That is why we asked for the information, so that we can more intelligently deliberate whether or not proceeding along the lines to homeporting is indeed in the best interests of the United States at a variety of different levels, including the question of economics.

Second, I would like to point out, reiterate, Mr. Speaker, that we went to conference with the other body with over 300 items in disagreement. I would be derelict in my responsibilities if I did not point out the incredible diligent work on the part of those members of the staff on both sides of the aisle who helped cull that list of 300 differences down to a manageable list that the Members of the House and the other body could deal with in the conference. Had it not been for their hard work, long hours, tremendous commitment, we never could have brought this conference report in this short time frame. So the Chair wishes to go on record thanking the members of the staff and simply pointing out that in this institution, given the incredible amount of information that we must attempt to absorb, the extraordinary amount of work that we must engage in at different times, the bottom line is we are often only as good as our staff, and we think that we have an extraordinarily competent and capable staff.

Finally, Mr. Speaker, I would like to make this statement; as I indicated before, the only two differences that exist in this bill, with the exception of a few adjustments here and there, are two items. The sum of $15.9 million is authorized in the conference report for support facilites associated with the deployment of the cruise missile in the Netherlands. That was not in the bill that left the House because the position at that time was to take a wait-and-see attitude with respect to the response of the Government of the Netherlands, that has now taken the position that they shall go forward with deployment.

The second item is a $8 million item, and the $8 million item deals with the construction of the binary chemical weapons facility which would take into it the $40 million of equipment that the House conferees agreed to when they agreed to the conference on the Senate bill, S. 1160. As one of my dis-

tinguished colleagues from the other side of the aisle pointed out that she was very much concerned that the House conferees watered down the more stringent language that had been embodied in the first bill passing the House, nevertheless, that became a reality, and in the humble opinion of the Chair, politics outran logic, and we are in with these two facilities.

We would simply like to point out in summary that those Members who supported the bill when it left the House can support this conference report. I did not support the bill when it left the House, although I chaired the committee that brought the bill.

My simple logic in that respect is this is not the gentleman from California's bill. I simply have the responsibility, and I cherish that responsibility that has been bestowed upon me by my colleagues, and that is simply to guide a process. But this bill is the consensus of a number of Members, and this is a group process. No one individual can in any way dominate this process.

At the end of it, I simply stepped out of the chair and said, can I support the policies upon which this bill is framed if I were not in the chair. My answer was no. Putting myself back in the chair does not change that.

I would like to say there are some good things in this bill that we will continue to hammer home, and that is the quality of life. There has been too much preoccupation with the technology of death on the floor of this Congress and not enough attention to the human side of the military. What we try to do in rationalizing, in allocating the cuts in fiscal year 1986 is to make a stronger statement on the issue of the quality of life. Therefore, we have more money in here for family housing, for single bachelor quarters, for community facilities, for childcare facilities, for health facilities, and that is consistent with enhancing the quality of life of our colleagues.

So for those Members who ask me should I vote for the bill because you brought it, my answer is no. You vote for the bill because you are either agreeing with it or you vote against it because you do not agree with it.

It is the intention of the Chair to oppose the bill, not because there are some good things in the bill, but this bill is still based upon assumptions that we must prepare for war as a way of achieving peace, and we must continue to escalate our armaments. I do not think that is appropriate.

I hope things happen marvelously at the summit. I am not going to hold my breath on that, but I hope it does take place.

In the meantime, it is our responsibility to reflect the will of our constituency, and reflect the integrity of our political perspective.

Mr. Speaker, I yield back the balance of my time.

Mr. KRAMER. Mr. Speaker, we have no more requests for time. I urge support of this bill, and I yield back the balance of my time.

Mr. DELLUMS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON H.R. 2419, INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1986

Mr. HAMILTON. Mr. Speaker, I call up the conference report on the bill (H.R. 2419) to authorize appropriations for fiscal year 1986 for the intelligence and intelligence-related activities of the U.S. Government, for the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of November 14, 1985.)

The SPEAKER pro tempore. The gentleman from Indiana [Mr. HAMILTON] will be recognized for 30 minutes, and the gentleman from Arizona [Mr. STUMP] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Indiana [Mr. HAMILTON].

Mr. HAMILTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this conference report represents the principal means by which the Permanent Select Committee on Intelligence exercises oversight every year. We make decisions about intelligence programs, priorities, and practices. I believe we will have strengthened the intelligence community, and the process by which we conduct that oversight, through the passage of this act and by some of the positive and helpful provisions which it includes. I want to thank all members of the committee for their hard work and dedication, and particularly BOB STUMP, the ranking minority member, and LOU STOKES, the chairman of the Budget Subcommittee. I also thank all our staff for their skillful and cooperative assistance. They are, in every respect, professionals.

The amounts which the conference report authorizes for intelligence and intelligence-related activities are contained in a classified schedule of authorizations that is incorporated by reference. An explanation of those actions is to be found in a Classified Annex to the Joint Statement of Managers. Both are available in the offices of the Intelligence Committee to any Member of the House who desires to examine them.

The amounts authorized for intelligence and intelligence-related activities represent a compromise favorable to the House position. Although this conference agreement does provide for real growth in important sectors of the intelligence budget, overall and also with respect to specific programs, it institutes a regime of fiscal restraint in intelligence spending. Such restraint is consistent with the budget pressures that apply to all federal activities. Nonetheless, intelligence funding is given priority within the national security budget function that reflects its essential contributions to the national defense.

With respect to legislative provisions, Members will note that your conferees have essentially preserved the approach of the House with respect to Nicaragua. The House conferees, in their discussions with the Senate, made clear that we should be guided by two principles in our resolution of the Nicaragua issues. One, that authorizations in this act should be limited as far as possible to intelligence activities and, second, that any major changes in Nicaragua policy must come as a result of a Presidential request, and votes in both the House and Senate concerning that request. Major changes should not come in this bill. The provisions of the Supplemental Appropriations Act of Fiscal Year 1985 and the International Security and Development Cooperation Act both provide for an expedited mandatory vote on such a Presidential request. It is my expectation that such a request will be forthcoming in the near future.

An agreement on Nicaragua did not come easily. There were those on the other side who had wished to return to the status quo ante 1983. The House conferees made clear that this was not possible. We were able to reach a compromise whose principle elements include:

Authorization for the provision of information and advice to the Contras. However, training, or any other activities—including advice—that amount to participation in the planning or execution of military activities by the Con-

tras, or acting as military advisors to the Contras, is prohibited.

A limited amount of communications equipment and related training will be provided to the Contras to facilitate the exchange of information and intelligence that has been authorized. The amount for the communications equipment is small. It is contained in the classified schedule of authorizations at the insistence of the Senate but that amount is available to any Member who chooses to go up to the Intelligence Committee or who wishes to ask me privately here on the floor.

An important element of our agreement is that no other expenditures for any other assistance for military or paramilitary operations by the Contras is permitted without congressional approval of either a reprogramming or a transfer.

The CIA's reserve for contingencies and, in fact, any other contingency funds of the intelligence community, are not available for additional expenditures to support the military or paramilitary operations of the Contras except through a reprogramming or transfer of funds approved by the Congress.

The conferees also believe that transportation assistance may be provided to the Contras under the provisions of the Supplemental Appropriations Act of 1985. This means that, of the $27 million already appropriated for humanitarian assistance to the Contras, some of these funds may be expended for the provision of transportation assistance to the Contras.

Also, the conferees agreed the State Department may solicit, through its normal diplomatic contacts, humanitarian assistance from other foreign countries of the same type as is authorized by the Supplemental Appropriations Act for fiscal year 1985. No other department or agency involved in intelligence activities may engage in any type of solicitation, for the Contras.

Mr. Speaker, the wording of the Nicaraguan provision in section 105 of the conference report is drafted in a different form than previous statutory limitations on aid to the Contras. Members should understand that the use of the word "only" in new section 105 has the meaning and effect that the phrase "directly or indirectly" had in previous statutory expressions. Further, section 105 is intended by the conferees to establish and clarify, as appropriate, policy for intelligence agencies with respect to assistance to the Contras.

There are several other key legislative provisions in the conference report which are worthy of note. The Senate has agreed to two provisions in the House bill—one which requires that all funds spent for intelligence activities have been specifically authorized by law; and, two, a provision which requires large covert transfers of military equipment to be reported to the Intelligence Committees. Such transfers are significant events in the foreign policy of the United States, and they should be subjected to careful scrutiny by the Congress.

The conferees also accepted four Senate amendments. The first provides expedited citizenship for a limited number of important intelligence agents who meet all the conditions for citizenship except those applying to residency and physical presence in the United States. The conferees have insisted on a requirement of 1 year's residency and have further provided that those involved in persecution be precluded from qualifying under this section.

Another Senate amendment permits the CIA, DOD, and OPM to gain access to State and local criminal history records for security checks. This provision was amended as a result of full consultation with the Judiciary. Armed Services, and Post Office and Civil Service Committees, some of whose Members served as conferees. The result of conference action is one with which both the States and the Department of Defense, in particular, are pleased. The conferees agreed to deny the use of this provision for recruitment and they have reaffirmed the requirement that such access be premised upon the consent of the individual whose records are being sought, and the right of that individual to have access to records that are provided to the Government pursuant to this section.

Two other Senate-originated provisions deserve notice. The conferees agreed to authorize for 1 year the use by DOD of the proceeds of its counterintelligence investigation in other counterintelligence investigations, suspending for this period the requirement that such funds be returned to the Treasury. This is 1-year authority similar to authority now used by the FBI. It does not involve large sums. There are some concerns within the committee about this procedure. There will be attentive oversight to it in the upcoming year.

Finally, the conferees agreed to provide to CIA personnel stationed overseas extra retirement credits for service at unhealthful posts identical to credits now enjoyed by Foreign Service Officers in identical positions.

Mr. Speaker, that is a summary of the action of the conference committee. The committee met several times and reached an amicable and constructive agreement on the provisions I have described. Those meetings and the committee's budget review beginning early this year convinced me of several things.

First, the need within the U.S. Government for high-quality intelligence is greater than ever before. The members of the Intelligence Committee believe that the United States cannot survive without good intelligence. Further, the need for continuous oversight over the proliferating number of intelligence activities of the Government is stronger than ever. The House and Senate Intelligence Committees provide the only check on intelligence agencies outside the executive branch. Third, the committee's job in the future of authorizing funds for intelligence activities is going to be more difficult during a period of budgetary restraint and high intelligence demand. Our job in the future will be tougher.

Let me close with an observation which, although not directly raised by this conference report, is important to your acceptance of the committee's judgments concerning that report. I want to assure the House that the security of your Intelligence Committee is good. I am not aware of a single, proven leak from the committee. We are very sensitive about the need for security, and we remain alert to ways to maintain and strengthen that security. There has been considerable public discussion lately about intelligence and its oversight. Your committee is proceeding carefully, responsibly, and quietly. In my view, and in the view of the majority of the committee, this is the responsible way to proceed in order to best fulfill our oversight functions.

Mr. Speaker, on page 8 of the conference report as printed, section 801, which deals with access to criminal history records, creates a new subpart H of part III of title 5, United States Code. On page 10, however, this provision is referred to in amending the table of contents of part III of title 5 as subpart "G." This latter reference is an error. It should read "subpart H." Similarly, the table of contents provision incorrectly lists the chapter heading. All of these errors in the printed version appear correctly in the enrolled bill.

□ 1600

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Speaker, I thank the distinguished chairman of the Permanent House Select Committee for yielding, and I want to compliment the gentleman from Indiana [Mr. HAMILTON] and also the Members who serve on this committee for the hard work in which they were engaged in in the conference and for its obviously successful outcome.

I want to draw attention particularly to the closing remarks of the distinguished chairman, particularly in reference to his statement about leaks.

During my tenure as chairman of the Permanent Select Committee on

Intelligence, I rarely made statements to the press. That was not because I always believed that the intelligence community was right in its judgments or that it was acting appropriately at all times.

However, I did not find it necessary to proclaim publicly every disagreement with the intelligence agencies. It is my judgment that oversight during that same period by the Committee on Intelligence was vigorous and it was effective.

I believe the committee maintained good relations with the intelligence community, even though on occasion it had significant disagreements. I do not believe that it is helpful or appropriate for Members of Congress who sit on oversight committees to regularly or recklessly comment on intelligence matters, either critically or favorably.

The subject matter simply does not lend itself to regular public comment, nor does such comment greatly improve, in my judgment, the oversight of intelligence activities.

I also do not suggest a gag rule. Far from it. Public expressions of dismay following a failure to communicate significant intelligence information to the Congress are sometimes necessary but must always be carefully considered.

I do not believe that much of the discussion in the press of late falls within that category.

Mr. Speaker, the gentleman from Indiana and the other Members who serve on that committee in my view have continued the careful, fair tradition for which the Intelligence Committee on this side of the Congress has been known. He brings to his stewardship of the committee the reputation for thoughtful and honest commentary.

I applaud him for his responsible handling of many recent intelligence issues about which there seems to have been such considerable utterances in other parts of this city.

I believe also his record and the record of that committee in this area is reflective of the excellent security practices for which the House Permanent Select Committee on Intelligence has always been known.

Mr. HAMILTON. Mr. Speaker, I want the gentleman from Massachusetts to know how deeply I appreciate his comments. All of us in this House know that he really is Mr. Intelligence of the House of Representatives; because of his distinguished and meritorious service as chairman of the Intelligence Committee.

I thank the gentleman for his comments.

Mr. BOLAND. I thank the gentleman for those remarks.

Mr. STUMP. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the minority supports the conference report, which provides the appropriate level of resources for the Nation's intelligence and intelligence-related activities. The minority is concerned, however, that section 105 of conference report does not allow the full support to the Nicaraguan democratic resistance necessary to bring about a national reconciliation in Nicaragua and an end to Communist adventurism. Fortunately, the Congress will have the opportunity in the coming months to restore full support for the resistance. Aside from the Nicaragua provision, the conference report is an excellent piece of legislation, and it deserves the agreement of the House.

In addition to authorizing appropriations for U.S. intelligence activities. The conference report includes several important legislative items. I am particularly pleased with the Immigration and Naturalization Act amendments which will permit expedited naturalization of deserving intelligence sources when they come to the United States at the end of their secret intelligence service.

Mr. Speaker, I want to express my full appreciation to the chairman of the Intelligence Committee, LEE HAMILTON, and the Program and Budget Subcommittee Chairman, LOU STOKES, for their fine leadership and great courtesy. It has been a privilege and a pleasure to work with them to ensure the availability of resources for intelligence programs critical to the national security. I also wish to thank the committee staff and especially the budget staff for their fine and professional work in support of the committee.

□ 1610

Mr. Speaker, I reserve the balance of my time.

Mr. HAMILTON. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Ohio [Mr. STOKES] who is chairman of the Subcommittee on Program and Budget Authorization.

Mr. STOKES. I thank the distinguished chairman of the full committee for yielding to me this time.

Mr. Speaker, I rise in support of the conference report on H.R. 2419. I want to recognize the work of Mr. HAMILTON and to thank him and our ranking minority member, Mr. STUMP, for all the effort they have put forth in producing this bill and conference report.

I am well satisfied with the outcome of this conference. The House made significant reductions in funding for intelligence programs and about 65 percent of those reductions were retained in conference. Intelligence has enjoyed a number of years of significant budget growth. This year that growth was substantially slowed. Importantly, I believe that the Director of Central Intelligence and other officials of the administration understand that these limitations must be imposed.

With regard to our agreement on Nicaragua, I want to point out that the House conferees do not pretend that the action taken solves the Nicaragua problem or sets out a foreign policy regarding Nicaragua or Central America. That was not our intention. We restricted our actions to those involving intelligence issues.

The program to which we agreed is very limited; indeed, far more limited than that which the administration and some conferees desired.

The approval of communications equipment was seen by the House conferees as a logical extension of the position already approved by the House to provide intelligence advice to the Contras. The communications equipment merely provides a means by which this may practically be done.

Members will recognize that the important change in the structure of our Nicaragua position in this bill compared to last year is that we have provided very limited and specific authorization as opposed to a specific prohibition as in previous bills.

The statement of managers provides that the CIA cannot augment the program through the use of its reserve for contingencies. Modification of the program can occur only through a reprogramming action. I want to assure my colleagues that a reprogramming is not a vehicle by which we expect or intend for this program to again become a U.S.-run or a U.S.-supported covert war. I do not foresee a program beyond the type we are authorizing here, unless the matter is again brought before the House in some fashion. That is a procedure to which I am committed and to which Chairman HAMILTON is committed.

Mr. Speaker, H.R. 2419 is a good bill, and I urge approval of the conference report.

Mr. Speaker, I yield back the balance of my time.

Mr. STUMP. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Wyoming [Mr. CHENEY].

Mr. CHENEY. Mr. Speaker, I thank the gentleman for yielding, and I rise in support of the conference report on H.R. 2419.

Mr. Speaker, I think it is a good bill. A great deal of the effort that went into it deserves the support of this House.

Mr. Speaker, I would also like to begin my remarks today by endorsing wholeheartedly the statement of Mr. BOLAND the gentleman from Massachusetts in the well a moment ago. I think he is absolutely correct that certain restraints should be recognized and honored by members of the Select Committee on Intelligence in both Houses, that if a Member seeks public-

ity and public awareness of all that he does, perhaps he should find service on some other committee.

Mr. Speaker, I think the members of the House Intelligence Committee have done an outstanding job of honoring those commitments. I would like to join in the general praise for the chairman of our committee, Mr. HAMILTON, and the ranking member, Mr. STUMP, for the way in which they conducted themselves and led the committee.

Mr. Speaker, it is with reluctance that I signed the conference report.

Mr. Speaker, with reluctance, the minority members of the Permanent Select Committee on Intelligence signed the conference report on H.R. 2419, the Intelligence Authorization Act for fiscal year 1986. While we support wholeheartedly the vast majority of U.S. intelligence programs and the associated funding levels contained in H.R. 2419, one provision of the conference report is of special concern. The conference report does not provide the necessary support for the President's program to achieve national reconciliation in Nicaragua and an end to Soviet-Cuban sponsored Communist adventurism in Central Amercia. Instead, it continues to contain counterproductive restrictions on aid to the Nicaraguan democratic resistance.

The Republican Members fully suppported the President's request for funding to support United States foreign policy in Nicaragua. We set forth at great length in the minority views to the House Intelligence Committee report on H.R. 2419—House Report 99-106, part 1—the critical need to support the President's policy with respect to Nicaragua.

The situation in Nicaragua has grown even worse since we penned those views. The Sandinistas have eliminated any pretense of civil liberties in Nicaragua, and instead have officially and formally suspended such liberties.

The primary virtue of section 105 of the conference report is that it is not as bad as the blanket prohibition on aid to the Nicaraguan Resistance which it replaces: the Boland prohibition in section 8066(a) of the DOD Appropriations Act, 1985 and section 801 of the fiscal year 1985 Intelligence Authorization Act. Section 105 represents a small step forward toward full support for the resistance by permitting cooperation in the areas of information sharing, advice, transportation, and humanitarian aid. On that basis, we reluctantly accept the provision.

We continue to believe that it is essential to our national interest to give full support to the Nicaraguan resistance. We urge the President to renew his request to the Congress for such full support in the near future through the appropriate mechanisms.

The United States faces the supreme test of its ability to advance the interests of freedom in the face of the expansion of Communism close to home. Our national interest requires both that we avoid a war involving the U.S. Armed Forces and that we effectively resist the establishment and expansion of Communism on the mainland of the Americas. Accordingly, giving full support to the Nicaraguan democratic resistance is the wisest course.

Members of this House should not mistake the strategic importance of this test in Central America. The United States faces challenges around the globe from Soviet-sponsored insurgencies. The Soviets and their cohorts believe that the United States cannot muster the national will to resist attacks on free nations which come not through conventional attack in the manner of traditional warfare, but instead come in the form of insurgencies involving low and medium-intensity conflict engaged in by Soviet proxies. Such insurgencies employ slow and steady military and political efforts to achieve an objective in circumstances in which direct and open warfare would stimulate an overwhelming counterresponse. No one can doubt that, if the Soviet Union invaded Central America to impose its iron will on the people of Central America, the United States would use its military might to repel that invasion. Yet, if we do not soon renew full support for the Nicaraguan democratic resistance, the Soviets will achieve the same end through their puppets, the so-called Sandinista National Liberation Front which seized power in 1979 and currently rules Nicaragua.

If the Soviets become firmly convinced that the United States lacks the will to resist their efforts to expand communism through the military and political efforts of their Marxist-Leninist clients, the result will be grave indeed for United States interests, not only in Nicaragua, but around the globe.

We look forward to the opportunity in the next few months to renew the public and congressional debate on aid to the Nicaraguan resistance. We are confident that, when the Congress addresses this issue in the near future, it will remove the restrictions which hobble the President in protecting United States interests in Central America, and restore full support to the Nicaraguan democratic resistance.

Mr. HAMILTON. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR of Michigan. I thank the chairman for yielding.

Mr. Speaker, this is an issue to which I have devoted a lot of thought and emotional energy and one which I feel very strongly about.

We made a decision in this House last June to take a different course than what we had been charting the 2 previous years. What transpired in the conference on this issue is a blending of thought from this body and from the other body.

I have mixed feelings about that. I regret the expansion of the intelligence activities that are contained in this report. I am concerned about the use of trucks, radio equipment, and other things to facilitate the Contras' war against the people and the Government of Nicaragua. I am troubled each and every day when I pick up the morning newspaper to read of the literal slaughter of innocents in that troubled region of the world. But I recognize the will of the House. I recognize that we decided to change course 5 months ago and that what has been brought to us by our select committee and by its able chairman is probably as good as we can do given the circumstances and the situations that prevail.

Mr. Speaker, last spring, when we passed the fiscal year 1985 supplemental appropriations bill (Public Law 99-88), the majority of the Members of this body voted to provide 27 million dollars' worth of nonlethal assistance to the Contras, but to retain strict controls on the U.S. military role, and particularly on the role of U.S. agencies involved in intelligence activities, in the war against Nicaragua.

This conference report retains and clarifies these restrictions. It prohibits the CIA or any other agency engaged in intelligence activities from providing funds, material or other assistance to the Contras except as specifically authorized by Congress.

The fiscal year 1985 supplemental made an exception to this prohibition by allowing the exchange of intelligence information. Reflecting continuing congressional concern about the role of our intelligence agencies, the language in this conference report clarifies this provision.

It authorizes intelligence agency infrastructure expenditures and a limited amount of communications equipment related to such activities as the exchange of information and advice. But it specifically prohibits any U.S. agency engaged in intelligence activities from being involved in activities such as training, or anything including logistical support, that would amount to participation in the planning or execution of paramilitary or military operations in Nicaragua.

Thus, Mr. Speaker, this intelligence authorization conference report has drawn a clear line between, on the one hand, the sharing of intelligence information with the Contras, which U.S. agencies involved in intelligence activities are permitted to do; and, on the other hand, planning for, participation in, or providing advice on any paramilitary or military operations, which

U.S. agencies involved in intelligence activities are expressly prohibited from doing.

Is that correct?

Mr. HAMILTON. The gentleman is correct.

Mr. BONIOR of Michigan. Once again I would like to commend the chairman for his consistent leadership on this issue, and for the careful work he and other members of the committee have put into this conference report.

Mr. STUMP. Mr. Speaker, I have no additional requests for time.

Mr. Speaker, I urge adoption of the report, and I yield back the balance of my time.

Mr. HAMILTON. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. WEISS].

Mr. WEISS. I appreciate the distinguished chairman of the committee yielding time to me.

Mr. Speaker, I am reluctant to express my opposition at this point to what seems to be a general, although reluctant, support by a great many Members of the House. I do think, however, especially on the basis of the statement made by the distinguished minority member from Wyoming where he said that he is supporting it because it is a small step forward to a full support of the Contras, I think we ought not to be supporting this legislation.

□ 1625

I appreciate the limitations which the committee has built into it. Nonetheless, I think it has taken us closer and closer to direct military involvement, and I hope the Members will oppose it.

Mr. Speaker, It is a very dangerous path that we are treading. In essence we are giving up the fight. The Reagan administration had little enough respect for the restraints of law when the Boland amendment which absolutely prohibited aid to the Contras was in effect.

They will obviously consider this action by the Congress as encouragement to do whatever they deem necessary to overthrow the Government of Nicaragua. Our shock and surprise in that eventually will avail us very little. The time to lay down the law is before the fact not afterwards.

I am convinced that we will live to regret today's action.

Mr. HAMILTON. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WEISS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 387, nays 21, not voting 26, as follows:

[Roll No. 413]

YEAS—387

Akaka	Dickinson	Hughes
Alexander	Dicks	Hunter
Anderson	DioGuardi	Hutto
Andrews	Dixon	Ireland
Annunzio	Donnelly	Jacobs
Anthony	Dorgan (ND)	Jeffords
Applegate	Dornan (CA)	Jenkins
Archer	Dowdy	Johnson
Armey	Downey	Jones (NC)
Aspin	Dreier	Jones (OK)
Atkins	Duncan	Jones (TN)
Badham	Durbin	Kanjorski
Barnard	Dwyer	Kaptur
Barnes	Dyson	Kasich
Bartlett	Early	Kastenmeier
Barton	Eckart (OH)	Kemp
Bateman	Eckert (NY)	Kennelly
Bates	Edgar	Kildee
Beilenson	Edwards (CA)	Kindness
Bennett	Edwards (OK)	Kleczka
Bentley	Emerson	Kolbe
Bereuter	English	Kolter
Berman	Erdreich	Kostmayer
Bevill	Evans (IA)	Kramer
Biaggi	Evans (IL)	LaFalce
Bilirakis	Fascell	Lagomarsino
Billey	Fawell	Lantos
Boehlert	Fazio	Latta
Boggs	Feighan	Leach (IA)
Boland	Fiedler	Leath (TX)
Boner (TN)	Fields	Lehman (FL)
Bonior (MI)	Fish	Leland
Bonker	Flippo	Lent
Borski	Florio	Levin (MI)
Boucher	Foglietta	Levine (CA)
Boulter	Foley	Lewis (FL)
Boxer	Ford (MI)	Lightfoot
Brooks	Ford (TN)	Lipinski
Broomfield	Fowler	Livingston
Brown (CA)	Frank	Lloyd
Brown (CO)	Franklin	Long
Broyhill	Frenzel	Lott
Bruce	Frost	Lowery (CA)
Bryant	Fuqua	Lujan
Burton (IN)	Gallo	Luken
Bustamante	Gaydos	Lundine
Byron	Gejdenson	Lungren
Callahan	Gekas	Mack
Campbell	Gephardt	MacKay
Carney	Gibbons	Madigan
Carper	Gilman	Manton
Carr	Gingrich	Markey
Chandler	Glickman	Marlenee
Chapman	Goodling	Martin (IL)
Chappell	Gordon	Martin (NY)
Cheney	Gradison	Martinez
Clinger	Gray (IL)	Matsui
Coats	Gray (PA)	Mavroules
Cobey	Green	Mazzoli
Coble	Gregg	McCain
Coelho	Grotberg	McCandless
Coleman (MO)	Guarini	McCloskey
Coleman (TX)	Gunderson	McCollum
Collins	Hall (OH)	McCurdy
Combest	Hall, Ralph	McDade
Conte	Hamilton	McEwen
Cooper	Hammerschmidt	McGrath
Coughlin	Hansen	McHugh
Courter	Hatcher	McKernan
Coyne	Hawkins	McMillan
Craig	Hefner	Meyers
Crane	Hendon	Mica
Daniel	Henry	Michel
Dannemeyer	Hertel	Mikulski
Darden	Hiler	Miller (OH)
Daschle	Hillis	Miller (WA)
Daub	Hopkins	Mineta
Davis	Horton	Moakley
DeLay	Howard	Molinari
Derrick	Hoyer	Mollohan
DeWine	Huckaby	Monson
Montgomery	Rowland (GA)	Strang
Moore	Roybal	Stump
Moorhead	Rudd	Sundquist
Morrison (WA)	Russo	Sweeney
Mrazek	Sabo	Swift
Murtha	Saxton	Synar
Myers	Schaefer	Tallon
Natcher	Scheuer	Tauke
Neal	Schneider	Tauzin
Nichols	Schroeder	Taylor
Nielson	Schuette	Thomas (CA)
Nowak	Schulze	Thomas (GA)
O'Brien	Schumer	Torres
Oakar	Sensenbrenner	Torricelli
Oberstar	Sharp	Towns
Obey	Shaw	Traficant
Olin	Shelby	Traxler
Ortiz	Shumway	Udall
Oxley	Shuster	Valentine
Packard	Sikorski	Vander Jagt
Panetta	Siljander	Visclosky
Parris	Sisisky	Volkmer
Pashayan	Skeen	Vucanovich
Pease	Skelton	Walgren
Penny	Slattery	Walker
Pepper	Slaughter	Watkins
Perkins	Smith (FL)	Waxman
Petri	Smith (IA)	Weber
Pickle	Smith (NE)	Wheat
Porter	Smith (NJ)	Whitehurst
Pursell	Smith, Denny (OR)	Whitley
Rahall	Smith, Robert (NH)	Whittaker
Ray	Smith, Robert (OR)	Whitten
Regula	Snowe	Williams
Reid	Snyder	Wilson
Richardson	Solarz	Wirth
Ridge	Solomon	Wise
Rinaldo	Spence	Wolf
Ritter	Spratt	Wolpe
Roberts	St Germain	Wortley
Robinson	Staggers	Wright
Rodino	Stallings	Wyden
Roemer	Stangeland	Wylie
Rogers	Stark	Yates
Rose	Stenholm	Yatron
Rostenkowski	Stokes	Young (AK)
Roth		Young (FL)
Roukema		Young (MO)
Rowland (CT)		Zschau

NAYS—21

Bedell	Gonzalez	Owens
Clay	Hayes	Rangel
Conyers	Lowry (WA)	Seiberling
Crockett	Miller (CA)	Studds
Dellums	Moody	Vento
Dymally	Morrison (CT)	Weaver
Garcia	Murphy	Weiss

NOT VOTING—26

Ackerman	Hartnett	Mitchell
Addabbo	Heftel	Nelson
AuCoin	Holt	Price
Bosco	Hubbard	Quillen
Breaux	Hyde	Roe
Burton (CA)	Lehman (CA)	Savage
Chappie	Lewis (CA)	Stratton
de la Garza	Loeffler	Swindall
Dingell	McKinney	

□ 1640

The Clerk announced the following pair:

On this vote:

Nelson of Florida for, with Mr. Savage against.

Mr. HAYES and Mr. MOODY changed their votes from "yea" to "nay".

Mr. LATTA changed his vote from "nay" to "yea".

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HAMILTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

MAKING IN ORDER ON WEDNESDAY, NOVEMBER 20, 1985, OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 1714, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION ACT, 1986

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that it be in order to consider the conference report on H.R. 1714 at any time tomorrow, Wednesday, November 20, 1985, or any time thereafter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

REPUBLICAN SOCIAL POLICY AGENDA

(Mr. CLINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. CLINGER. Mr. Speaker, last week, I joined with 17 of my Republican colleagues in releasing an important report on social policy. This is the first in a series of four reports by the House Wednesday Group as part of its project called a Republican agenda for 1985 and beyond.

Our report provides an important statement concerning the overall direction of Federal social policy. The report covers such areas as civil rights, families and child care, educational opportunities, welfare, employment flexibility, and health.

Beyond its important findings and recommendations, our report speaks to many of the principles that should govern our Nation's social policy. We talk about enabling people, rather than fostering dependence. We talk about protecting individual rights and choices. We affirm the important role of Government programs, but we also affirm the important role of Government leadership.

Mr. Speaker, this is a critical statement about the direction of America's social policy; it is critical because our society demands creative initiatives to address our Nation's social problems; and it is critical because Congress will shortly be making many difficult fiscal choices and cannot ignore their social policy implications.

I encourage Members on both sides of the aisle to take a serious look at this report, and to join together in building a consensus on the policies and programs that will comprise our Nation's future social policy agenda.

THE HOUSE WEDNESDAY GROUP,
Washington, DC, November 13, 1985.

CONGRESSIONAL REPORT PROPOSES REPUBLICAN SOCIAL POLICY AGENDA

"While federal social programs provide some measure of relief to those in need, relief is only the first part, of what should be a two-part federal strategy * * * federal policy should promote not only relief but rehabilitation approaches to the problems of the poor, the unemployed, the welfare-dependent, or the otherwise socially disabled * * *" asserts a report on social policy released by a group of House Republicans known as the House Wednesday Group.

Prepared by Dr. Joyce Van Dyke, under the direction of the Wednesday Group's Task Force on Social Policy—which included Dr. Henry Aaron and Dr. Paul Peterson of the Brookins Institution; Dr. Douglas Bailey, former Wednesday Group executive director and currently with Bailey, Deardourff and Associates, Inc.; and Mr. Martin Gerry, former Assistant Secretary in the Department of Health and Human Services under Presidents Ford and Nixon—this report is the first in a series of four reports which the Wednesday Group will issue as part of a project called a Republican Agenda for 1985 and Beyond.

Members of Congress releasing the report include: Bill Clinger (PA), Rod Chandler (WA), Silvio Conte (MA), Lawrence Coughlin (PA), Hamilton Fish (NY), Bill Green (NY), Paul Henry (MI), Frank Horton (NY), Jim Jeffords (VT), Nancy Johnson (CT), Jim Leach (IA), John McKernan (ME), Stewart McKinney (CT), Thomas Petri (WI), Ralph Regula (OH), Tom Ridge (PA), Claudine Schneider (RI), and Tom Tauke (IA).

The report covers such important topics as civil rights, families and child care, educational opportunities, welfare, employment flexibility, and health.

According to Congressman Bill Clinger, Chairman of the Wednesday Group, "Today's report provides an important statement concerning the overall direction of federal social policy. In this regard, our report is also a Republican statement. Although we speak neither for the National Republican Party nor the Wednesday Group as a whole, we as individual Republican Members of Congress have come together in support of an agenda for certain reforms, as well as an approach we believe to be important to the vitality of American social policy.

In the area of civil rights, the report asserts that "currently, lack of coordination and consistency in Federal civil rights laws present a significant barrier to ensuring equal opportunity and social justice." The report recommends that the coverage, investigative procedures, and remedies of all Federal civil rights laws be standardized. It also recommends that enforcement of these laws be centralized and made mandatory once a finding of "reasonable cause" has been reached.

The report also recommends that Congress "cap or reduce eligibility for the Dependent Care Tax Credit for upper-income taxpayers and use the money saved to fund more child care for low-income workers who can not take advantage of the tax credit. . . This action would provide child care services to those most in need, working parents who earn too little to be able to take advantage of the dependent care tax credit."

On the topic of welfare, the report asks Congress to "increase the proportion of model and demonstration programs designed to help welfare-dependent adults (most of them women) to become economically self-sufficient and able to support their families." As the report notes: "welfare need not and should not retain its antiquated status as a pure relief program, but should provide both relief and a transition to the world of work and economic independence."

Beyond its important findings and recommendations, the report speaks to many of the principles that should govern our nation's social policy. As Representative Clinger observed: "We talk about enabling people, rather than fostering dependence. We talk about promotimg family stability and integrity. We talk about protecting individual rights and choices. We affirm the important role of government programs, but also affirm the important role of government leadership."

FORMER MEMBER'S HISTORY IS RUSTY

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

VOTE DOWN CONSUMER PRODUCT SAFETY COMMISSION AUTHORIZATION ON SUSPENSION CALENDAR TODAY

Mr. DORNAN of California. Mr. Speaker, I, too, rise to discuss Geneva, but I received an emergency communique from my office that there has been a shuffle in the schedule this morning, and that the Consumer Product Safety Commission authorization is coming up under suspension.

I recommend that my colleagues vote against this ill-advised measure. It should be debated more than under the suspension of the rules and I want to put in the RECORD at this point my "Dear Colleague" letter on this issue.

The letter is as follows:

LEAVE FIXED-SITE AMUSEMENT PARK REGULATION WITH THE STATES

DEAR COLLEAGUE: The attempt to pass the Consumer Product Safety Commission reauthorization bill (H.R. 3456) under suspension of the rules is grossly unfair to those of us who are very concerned about this issue. The only way we are going to get a good bill out of the House is by debating all the issues and by considering amendments. I therefore urge my colleagues to defeat this measure under suspension so we can bring the issue to the floor for a full and fair debate.

In the meantime, I want to alert my colleagues now to this ill-advised and unwarranted attempt to regulate fixed-site amusement parks. Enactment of the Waxman proposal would ignore the concept of federalism and would amount to gross interference in an area that clearly belongs to the individual states.

At issue here is who should regulate amusement parks. Congress had decided

this issue in 1981 when it stripped the CPSC of all its amusement park regulatory power except for traveling parks that cross state lines, such as carnivals. State and local governments can monitor fixed parks far more efficiently and with less cost than the Federal Government can—and they have done a good job. In fact, in the year after the CPSC lost jurisdiction over amusement parks, a 30 percent decrease in amusement park injuries was recorded.

The Chairman of the CPSC has plainly stated that he does not have the personnel, financial or technical resources to inspect the 660 fixed-site amusement parks adequately. Moreover, preaccident inspections will most likely not take place. There will only be re-active inspections for the purpose of information sharing, something the industry already does.

You also have to wonder if the problem is large enough to warrant Federal intervention. According to Government statistics, amusement park rides rank 134th on the roster of national safety hazards. Believe it or not, statistics show that you have a better chance of getting hurt playing a game of pocket billiards or dancing than spending an afternoon at a theme park.

My district is home to Disneyland (celebrating its 30th anniversary this year) and Knott's Berry Farm. Both have an excellent record of safety and concern for the millions of people who pass through their gates each year. Nothing is more damaging to an amusement park's reputation and gate receipts than an accident or the fear of unsafe rides. Parks do not need some Government bureaucrat to tell them that. The States and the theme parks have done an excellent job at keeping the parks safe. In fact, the State of California, where several of the world's largest and most popular parks are located, conducted an extensive safety study and found that there is such a high level of voluntary compliance with accepted safety standards, and injury statistics are so low that the State feels further action is not justified.

The issue here is not safety—everyone wants safe parks and rides. The issue is whether we want another Federal regulatory program, financed by the taxpayers and at added expense to amusement parks, when the current system is obviously working so well. We should not let a few unfortunate accidents, and the sensationalism they create, prompt us to enact Federal regulatory legislation that can better be handled by State governments.

The American people support congressional efforts aimed at deregulating American society and business. Let's not trade one set of regulations for another and put the Government back on the people's back bit by bit. I therefore urge my colleagues to resist this attempt to reintroduce a Federal regulatory presence where it is not needed.

Best regards,

ROBERT K. DORNAN,
Member of Congress.

Mr. Speaker, your good and dear friend and mine, the distinguished former Member from New York, Geraldine Ferraro, was on the world's most important news network this morning, CNN. She was taking credit for the President's meeting with Mr. Gorbachev in Geneva. Let her take credit if she wants to, but her history was a little bit rusty on the death rate of the General Secretaries of the Communist Party of the Soviet Union.

Mr. Reagan had not been in office for more than 2 years when Mr. Brezhnev, died; Mr. Brezhnev had been the Soviet leader more than 18 years. Mr. Andropov, former head of their KGB, died February 9, 1984. Mr. Chernenko, Mr. Brezhnev's former right-hand man, died March 10 of this year. Now, Mr. Gorbachev has been in office for less than a year, Mr. Speaker.

So I think our President cannot be faulted for not meeting with leaders who kept dying on him, as the President puts it. Now, within the year of his reelection, President Reagan has met with the healthy Mr. Gorbachev, I think that is about as fast as anybody could have humanly, possibly, pulled together a summit between these two world leaders. I agree with the former Member that it is probably the most important meeting of President Reagan's life. So far it looks as though he is doing very well. Thank you, Mr. Speaker.

THE CARIBBEAN AMERICAN LEAGUE'S ANNUAL HUMANITARIAN AWARD

(Mr. DE LUGO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DE LUGO. Mr. Speaker, in the spring of 1983, the Congress endorsed President Reagan's Caribbean Basin Initiative, and did so with a renewed sense of the importance of securing the economic independence of our otherwise neglected backyard. While I challenged this initiative as originally proposed by the President as unnecessarily inimical to the viability of the U.S. Virgin Islands' historic industry, rum, I have been, and remain, enthusiastic about encouraging the country's attention to its neighbors to the south.

When home during the Veterans Day weekend, I had the privilege of attending the Caribbean American League's Annual Humanitarian Award Dinner, at which Lester Bird, Deputy Prime Minister of Antigua and Barbuda, was the key note speaker. I use "privileged" advisedly. Mr. Bird pinpointing the political, economic, and social state of the Caribbean Islands, and urged this country to continue to focus the attention on the region that the CBI promised.

Mr. Bird, who has served the people of the Caribbean region in a long list of national and international leadership positions, is a graduate of the University of Michigan. He was all American, and was admitted to the honorary fraternity of the University of Michigan for outstanding all-round performance as an academic and an athelete. A large number of Caribbean leaders share similar educational backgrounds, another factor which underscores our existing impact on the region.

Americans often lose sight of their impact on the Caribbean region. Mr. Bird's comments serve as a reminder to us of our impact as a nation, not only through our military and economic strength, but in the enduring impression we have made in the souls of the people. I quote from his speech:

We must not forget that it is America that set one-third of the world on a course of independence from the hold of the British Empire, we must remember that it is America that held forth the principle that all men are created equal, we must be mindful that it is America that proferred the dream that individual effort and hard work could raise a man to the heights of his full potential without regard for inherited class or title.

To the slave, and to the children of slavery, those principles and dreams, enshrined in the American ethos, became a powerful clarion call, one which was served as an inspiration to generations of Caribbean people thus far.

• • • In examining the condition of the Eastern Caribbean today and attempting to speculate on its future, it was important for me to establish the background of our relationship with the United States and with ideologies such as Marxism. For today the Caribbean Sea is very much the scene of east-west rivalry and the future could well be determined by the Caribbean response to that rivalry. St. Thomas and the other U.S. Virgin Islands share with the Eastern Caribbean, a common sea. In geopolitical terms, a pebble thrown into the Caribbean Sea from Antigua will cause a ripple on the shores of St. Thomas. In this context, there should be a mutuality of interest between the Eastern Caribbean and the Virgin Islands as a whole. But apart from sharing the Caribbean Sea, St. Thomas also has a similar cultural and historical development to the Eastern Caribbean islands. Therefore, set both in the Caribbean and in the United States, St. Thomas could play a particularly important role in promoting effective action to maintain stability in the Caribbean and in staving-off the effects of east-west rivalry.

The Caribbean today is part of what has come to be called "The Phenomenon of small States"—a group of the smallest countries of the world which, through a process of decolonization, has achieved formal independence. This group of small States has peculiar characteristics: They have small populations and limited natural resources, their governments have inherited largely underdeveloped economies from the former metropolitan power but they have a great respect for democracy and are fiercely independent-minded, but they lack the means to preserve their democracy and protect their freedom from threat.

The vulnerability of small states in the Caribbean became a matter of urgent global concern in October 1983, when the United States and six-member countries of the Organization of Eastern Caribbean States (OECS) entered the territory of the seventh member-country of the OECS, Grenada, after the Prime Minister and other members of his Cabinet had been murdered and the Government had been seized by the army. But the vulnerability of small states in the Caribbean did not begin with events in Grenada, nor did it end with those events. What happened in Grenada was

only one effect emanating from a deeper cause of economic deprivation. And economic deprivation still exists, throughout the Caribbean, including Grenada. That deprivation is contributing to the cultivation of a number of undesirable conditions including, the lure of Marxist rhetoric, the attractiveness of revolutionary tactics and the enticement of drug trafficking.

• • • The United States does not need to coerce the Caribbean into friendship. Caribbean regard for the United States is customary and could be deepened if the U.S. demonstrates a genuine willingness to help the region to improve its quality of life. An examination of the facts would prove my point. Only four of twelve independent Caribbean Countries have diplomatic relations with Moscow and despite such relations only one Caribbean country actively fosters a close relationship with the Soviet Union. Moreover, only five independent Caribbean countries have diplomatic relations with Cuba, and only one of those countries places a higher premium on its relationship with Cuba than with the United States.

The point is that what attracts some elements in the Caribbean to Marxist ideologies is not a love for the Soviet Union or the Eastern Bloc, what attracts them is what appears to be an alternative to Western models which, in their view, have failed to satisfy the development needs of the Caribbean. Most Caribbean people have never met a Russian and, if they did, they would have nothing in common. We speak the same language as America, not Russia; we were brought up on the same films and books as Americans not Soviets; our political development was the same as America's not the Soviet Union. Therefore, the United States simply needs to demonstrate to the Caribbean people that Western models of development can work for the advancement of developing states.

There has been no better time than now for the United States and the Caribbean to attempt to forge a relationship which could be mutually beneficial. None of the twelve independent countries of the Caribbean are Communist and each of their Governments would be well disposed to opening a meaningful dialogue with the United States on development and stability in the region.

The Caribbean Community and Common Market (CARICOM) could be the vehicle through which the United States talks with the Caribbean countries. Caricom could be the mechanism for instituting economic programs which would benefit the region and the United States. Caricom could be the institution through which the stability of the region and the security interests of the United States are guaranteed.

I would avail myself of this opportunity of being on American soil in the Caribbean to call for a new attempt at genuine co-operation between the United States and the countries of the English-speaking Caribbean. I would urge the United States to consider joining in the reestablishment of a joint U.S.-Caribbean Commission comprising plenipotentiaries of each state to address a range of issues of mutual interest and to devise arrangements for trade, economic assistance, security, scientific and cultural co-operation and collaboration in dealing with the menace of drug trafficking.

Such a joint Commission should include on the U.S. side not only representatives of the U.S. Government, but also representatives of the U.S. Virgin Islands and Puerto Rico who are Caribbean as well as American and who would be able to bring to the discussions a practical perception of Caribbean problems, born of a shared experience.

• • • The Caribbean Basin Initiative (CBI) of President Ronald Reagan, pointed a direction for the U.S. Caribbean relations. It is a foundation on which a strong, healthy and mutually beneficial relationship could be built for the Caribbean and the United States. The administration in Puerto Rico has already begun to explore ways and means of developing the CBI concept to benefit itself and the Caribbean through a programme of establishing industrial units in the Caribbean countries which integrate with industrial plants in Puerto Rico. The efforts of Puerto Rico could be replicated in the U.S. Virgin Islands.

Moreover, a joint U.S.-Caribbean Commission, which gives a voice to the U.S. Virgin Islands and Puerto Rico, could devise schemes which are agreed from the outset. We can put behind us attempts to hijack programs which are implements for the benefit of some but which cause fear among others.

I would commend you to the proposal for a joint U.S.-Caribbean Commission because I think it could work. It could work because it would give representation to all and take account of the concerns of all. The alternative, Mr. Chairman, is unmitigated disaster. For while the CBI was a good beginning, it must not be envisaged as an end. If the CBI is all that the United States will do in the Caribbean, then this Hemisphere will be cosigned to catastrophe.

For the office of the United States Trade Representative in the Executive Office of the President acknowledged in a document dated January 1985 that "there is no visible difference yet in living standards in the Caribbean Basin" despite the CBI. The document records that "the CBI cannot guarantee increased trade, investment and employment, it only provides opportunities for these to occur".

Therefore, we must now look beyond the CBI to effective measures jointly devised, jointly supported and jointly implemented by the U.S. and the Caribbean. And those measures must extend beyond trade to embrace the urgent needs for infrastructural development, for fighting drug-trafficking and for guaranteeing peace in the area.

• • • You in St. Thomas, in these U.S. Virgin Islands, represent the meeting point of the United States and the Caribbean. You can make that lasting benefit to the U.S. and the Caribbean. I challenge you to do so with the firm assurance that your efforts will be greatly appreciated and gratefully acknowledged by the people of the Caribbean.

Mr. Bird made clear the desire of the struggling Caribbean island nations to continue the political relationship they currently enjoy with the United States. He noted that while the economic pressures on the region are acute, the idealogical nexus is sufficiently high as to require relatively little on the part of this country to help the region stay the course it prefers to follow. In this context, Mr. Bird identified the Virgin Islands as uniquely situated to serve as a link in promoting the stability of region since it is, quote, set both in the Caribbean and in the United States. This is a sentiment that my colleagues in this body have heard me express before.

I intend to offer legislation which would create the Commission described by Mr. Bird. I am certain that those of you versed in the region will want to join me in supporting the proposal.

Because of its importance, I would like to make Mr. Bird's entire speech available to my colleagues. I have taken the liberty of sending copies of the speech to Members on the Committees on Foreign Affairs and on Interior and Insular Affairs. I urge any other Members who may be interested to contact my office as I will be happy to forward copies of the speech on request.

SIXTY-SEVENTH ANNIVERSARY OF THE DECLARATION OF INDEPENDENT LATVIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Mr. McKINNEY] is recognized for 5 minutes.

Mr. McKINNEY. Mr. Speaker, yesterday, November 18, was the 67th anniversary of the Declaration of Independent Latvia. On this occasion I would like to remind the American public of the plight of these oppressed people.

Latvians are not a weak or unmotivated people, but instead are of strong character. A more industrious people are not to be found in the Soviet sphere. These Baltic people are of good will and character and they regard indolence and untidiness as the greatest of vices. Latvians do not attempt to attain idealistic goals, but rather follow realistic aims even in adverse conditions. They are a naturally skeptic and independent people, and therefore do not easily fall for exaggerated promises. They listen to a demagogic speech with a cautious ear and read propoganda with a critical eye. Latvians always reserve the right to compare words with actions. At the height of their goals is democracy; it is in their flesh and blood.

On the road to achieving this democracy, in 1922 the Latvian Constituent Assembly drafted a Constitution. It was the product of 2 years of research by the assembly and centuries of national aspirations. The Constitution led to a brief period of independence not previously enjoyed by the Latvian people. The prosperity during their years of independence was tremendous. The spirit of the nation dormant for so long, rose and great progress was made in education, culture, and social life. During this time, Latvia was one of only four countries in the area of the Soviet Union where there was an economic surplus. With Latvian participation in the Duma, a Soviet advisory body comprised of members of the Soviet Union and of surrounding countries, Latvian political stature was increased. Free and open elections were held and Latvians were represented in this Soviet commission. Furthermore, the Latvian educational system boasted 10,000 citizens with an academic education; engineers, doctors,

and lawyers amounting to over half of these citizens. Latvia also had four higher educational facilities in the fields of art, music, agriculture, and liberal arts. Politically, economically and socially the Latvian nation had used her freedom well.

During the height of independent Latvia, the German Reich and the Soviet Union signed a nonagression treaty which contained a secret clause affecting the freedom of independent Latvia. The Ribbentrop-Molotov agreement signed on August 23, 1939, assured the Soviet Union that Germany would not interfere in relations between the Baltic Entente and the Soviet Union, despite a previous agreement with the Baltic States to protect their sovereignty. The nonagression pact was in reality a noninterference pact. On June 17, 1940, Latvia was occupied by Soviet forces and a pro-Soviet regime was installed. Elections for the government were held, but only on a one party system, the Communist Party. During this transition, the Soviet authorities faciliated massive deportation of Latvian citizens and a large influx of Russian soldiers which threatened Latvian culture and individuality.

Directly after World War II, the Soviet Government attempted to change the social, educational, and industrial systems within the country. The Soviet leadership wanted to erase all signs of a free and independent Latvia. These reforms were designed to Sovietize the state. However, the people did not accept these reforms but the persistence of the Soviet authorities threatens the Latvian cultural heritage even now. The oppressors indeed want to erase a heritage and wipe out an entire nation.

Since 1940, the Latvian people have suffered under Soviet oppression and attempts by the government to Sovietize Latvia. Like the other Baltic nations, Latvia is subject to the same centralized government, constitution, judicial system and restrictions on social liberties as are Soviet citizens. Nationalists, religious leaders, and human rights activists often are the subject of unending harrassment by Latvian authorities. Cruel and inhumane punishment, both psychological and physical, is common. Latvian can be arrested at any time for exercising internationally recognized human rights.

Typical of Communist oppression, freedom of speech is limited and antistate activities are not tolerated. The laws are made for the ultimate good of the state and in the judicial system the rights of a defendant never override the self determined needs of the state. Fortunately, political disappearances and killings are not common, but arbitrary interference with family privacy is rampant.

On this anniversary, we recognize the courageous Latvians, who despite oppression, harrassment and hostile actions, still struggle for freedom. The ruthless tactics of the Soviet authorities need to be stopped, the physical and mental torture of political prisoners should be stopped, and attempts to crush a nation and mold it into a Soviet state must be stopped. On the whole, Soviet expansionism must be brought before the world for judgment.

Latvia like many other Soviet Socialist Republics suffers greatly. We watch the seeds for a democracy flourishing only to see it crushed by Soviet expansionism. We must heed the calls of independence from the Latvian people and assist them in their struggle to become a democracy.

□ 1650

MY ADVICE TO THE PRIVILEGED ORDERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. GONZALEZ] is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, for several years, I would say 11 to be exact, I have been very much concerned about the daily tonnage of hazardous, highly toxic, dangerous substances that are being transported daily throughout our country with no ability of the average community in a given locality, or even in a State, to first have any knowledge as to the extent the mode of transportation, the routing of such substances, in order that in case of an accident it would be prepared to deal with that eventuality.

About 11 years ago in the city of Houston, TX, a very dear childhood friend was asphyxiated, poisoned to death with her child when a truck tank carrying some highly toxic gas overturned on the Central Expressway of Houston and spilled, and caused the deaths of several individuals including this friend and daughter in an automobile where they were trapped.

Since then we have reached the fantastic proportion in this country of registering 1,000 such similar accidents per month in our Nation.

The first year, 11 years ago, I contacted the Railroad Transportation Safety Division and the National Aviation Transportation Safety Board. I contacted the pertinent officials in the Department of Transportation. I contacted our colleagues who have jurisdiction as either subcommittee or full committee chairmen on this matter. I discovered that we have absolutely no laws governing the transportation of these highly hazardous toxic and deathly materials.

Since then, in my own area we have had several very spectacular and, fortunately, relatively safe accidents from the standpoint of the loss of human life, but great damage to some rivers, creeks, and the natural environment in a sparsely settled part of the county. But every day through my own city of San Antonio we have thousands of tons and gallons of this highly hazardous material ranging from radioactive waste, plutonium, even to some of the most poisonous gasses that we know of in our human existence. They hurtle through the middle of the expressways in the city. They go over the railroad beds. And recently we had a very spectacular railroad accident in which 300,000 gallons of sulfuric acid were spilled, creating great alarm and great damage. Fortunately the accident happened in a sparsely settled part of the county, and therefore, we had a minimum of human suffering.

But the fact remains, as it was 11 years ago, that the Congress has not established a policy, even minimal tank construction requirements, in order to maximize the safety of transportation in these tank containers.

The railroads are transporting these hazardous materials in tanks that are as old as three decades in many instances. They have no acknowledgement of the newest brand of these materials and wastes that have been generated just within the last decade and a half.

So I have introduced legislation after 11 years of struggling, appearing before subcommittees, full committees. I have made seven different appearances before subcommittees and full committees on related legislation, but not once to legislation that targets in on the transportation of dangerous toxic, hazardous materials. So I have introduced legislation today that addresses the problem, and I invite the interest of my colleagues.

IMPACT ON CHICAGO FROM VARIOUS BUDGET PROPOSALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. HAYES] is recognized for 5 minutes.

Mr. HAYES. Mr. Speaker, in the battle of the budget, most of the losses have been suffered by those in our Nation who can least afford to lose. More than $10 billion a year has been cut from programs serving the elderly and the poor, and while the Federal Government has reduced its responsibility for these citizens, local government cannot. The office of the mayor of the city of Chicago has done an analysis of various budget proposals for fiscal year 1986. As we continue to debate the merits of the budget cuts for fiscal year 1987, I think that it is important to analyze what the last round of cuts will mean. For the benefit of my colleagues, I now submit an updated comparison chart of the impact on Chicago of the various budget proposals.

CITY OF CHICAGO,
November 14, 1985.

Hon. CHARLES HAYES,
Longworth House Office Building,
Washington, DC.

DEAR CONGRESSMAN HAYES: The FY 1986 federal budget proposals that are being debated by the U.S. Congress will cut deeply into programs that are vital to cities of this nation. Essential programs such as general revenue sharing, housing, transportation, community and economic development are major targets. The health and vitality of our cities in America is critical to our nations social and economic structure.

Although we must confront the deficit, we urge that federal programs for cities be maintained at 1985 levels. The attached chart illustrates the effects that the latest Congressional budget proposals would have on programs that are important to Chicago. As you can see, the losses are significant. Cities have already borne the brunt of Federal cutbacks since 1980. I ask for your help on behalf of the citizens of City of Chicago.

Please contact Ronald F. Gibbs, Director, of our City of Chicago Washington, D.C. office to further discuss the impact of the deficit reduction proposals on our great City.

Sincerely,

HAROLD WASHINGTON, *Mayor.*

COMPARISON OF 1986 FEDERAL BUDGET PROPOSAL

[Revised Oct. 22, 1985]

Federal program	A. President Reagan	B. House-Senate conference agreement Aug. 1, 1985	C. House appropriations	D. Senate appropriations
General revenue sharing	Elimination	Freeze	25 percent reduction	7.5 percent reduction
Community development block grant	10 percent reduction and entitlement modification.	15 percent reduction	10 percent reduction	14.1 percent reduction
Urban development action grant	Elimination	20 percent reduction	25 percent reduction	21.1 percent reduction
Economic development administration	do	do	10 percent reduction	20 percent reduction
Rental rehabilitation	do	Freeze	50 percent reduction	34.1 percent reduction
Housing development grants	do	do	35 percent reduction	57 percent reduction
Section 312 rehabilitation loans	do	50 percent reduction	[1]	38.4 percent reduction
Community services block grant	do	Freeze	2.9 percent reduction	2.9 percent reduction
Public transit:				
Operating assistance—CTA	do	15 percent reduction	Freeze	1.6 percent reduction
Capital assistance—CTA	56 percent reduction	do	13.1 percent reduction	15.4 percent reduction
Interstate transfer/transit city	24 percent reduction	do	5 percent reduction	21.6 percent reduction [2]
Summer youth employment	Freeze	Freeze	Freeze	Freeze

[1] Funds to be carried over from fiscal year 1985, no new appropriations for fiscal year 1986.
[2] Reflects reduction in overall appropriation, not Chicago's earmark.

PROPOSED FEDERAL REDUCTIONS: FISCAL IMPACT ON CHICAGO FISCAL YEAR 1986

[Revised as of Oct. 22, 1985; in millions of dollars]

		A		B		C		D	
	1985 grant level	1986 Reagan proposal	City loss	House-Senate conference agreement Aug. 1, 1985	City loss	House appropriations	City loss	Senate appropriations	City loss
General revenue sharing	$67.2	$16.8	$−50.4	$67.2	$0	$50.4	$−16.8	$62.4	$−4.8
Community development block grant	102.0	76.5	−25.5	86.7	−15.3	91.8	−10.2	87.6	−14.4
Urban development action grants	10.0	0	−10.0	8.0	−2.0	7.5	−2.5	7.9	−2.1
Economic development administration	2.5	0	−2.5	2	−.5	2.25	−.25	2	−.5
Rental rehabilitation	10.6	0	−10.6	10.6	0	5.3	−5.3	7	−3.6
Housing development grants	13.4	0	−13.4	13.4	0	8.7	−4.7	5.8	−7.6
Section 312 rehabilitation loans	2.2	0	−2.2	1.1	−1.1	[1]	[1]	1.4	−.8
Community service block grant	6.7	0	−6.7	6.7	0	6.5	−.2	6.5	−.2
Public transit:									
Operating assistance—CTA	51.0	0	−51.0	43.35	−7.65	51.0	0	50.2	−.8
Capital assistance—CTA	106.0	46.6	−59.4	90.1	−15.9	92.1	−13.9	90.0	−16.0
Interstate transfer transit (city)	117.0	89.0	−28.0	99.45	−17.55	[2]111.8	−5.2	[2]103.0	−14
Subtotal	274.0	135.6	−138.4	232.9	−41.1	254.9	−19.1	243.2	−30.8
Summer youth employment	22.9	22.9	0	22.9	0	22.9	0	22.9	0
Total	511.5		−259.7		−60.0		−59.05		−64.8

[1] Funds to be carried over from fiscal year 1985, no new appropriations for fiscal year 1986.
[2] Interstate Transfer Transit funds are earmarked for Chicago by the Appropriations Committee.

OPERATION YOUNG AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. HUTTO] is recognized for 5 minutes.

Mr. HUTTO. Mr. Speaker, to many youngsters, the images of war are remote. But we who have seen it and lived it have an obligation to the generations that follow. We are charged with keeping alive and vivid the memory of war, of its participants, and of their deeds. We should not live in the past or in the ugliness of war, but we must not forget the sacrifices made by many millions of our fellow citizens, both when the security of our Nation has been threatened and in times of peace.

Recollection. Appreciation. Pride. These are the reasons for Veterans Day, which was observed Monday, November 11. No nation can take greater pride than the United States in the manner in which it honors and takes care of its veterans.

Generations fortunate enough not to witness or experience the brutality of war can easily forget the importance of Veterans Day. However, there are signs that the coming generations are aware of their heritage. Air Force Junior ROTC Unit FL-51 at Fort Walton Beach High School in my district typifies this awareness.

Last spring, Miss Sandra Scudder, cadet captain and operations officer of AFJROTC Unit FL-51, proposed "Operation Young America," a simultaneous worldwide flag-raising ceremony on Veterans Day 1985 to be observed by AFJROTC and AFROTC cadets in high schools and colleges all over the world. The idea was to have the ROTC units schedule their flag-raising ceremonies to coincide with the laying of the Presidential wreath at the Tomb of the Unknown Soldiers in Arlington National Cemetery. In order to accomplish this, a unit in Guam would have to schedule its ceremony for 3 a.m., while units in Germany would schedule ceremonies at 6 p.m., and units in all time zones in between would have ceremonies at appropriate times for their areas.

Working with the other members of her unit and with their instructor, Lt. Col. Lawrence A Keefe (retired), Sandra obtained approval of this proposal from Air Force ROTC Headquarters and began notifying other units around the world about the plan and inviting them to participate. They hoped to have nearly 400 high school JRTOC units and college ROTC detachments participate in "Operation Young America."

Sandra and the other members of Unit FL-51 should be commended on their efforts for this program—and we should follow their lead in doing our best to assure that all Americans pay tribute to those who have served in our Nation's Armed Forces and have been injured or even died to preserve the freedoms we enjoy as Americans. We live in the greatest Nation on Earth and the price to maintain those freedoms has sometimes been high. But we have been blessed with citizens willing to serve in the Armed Forces and to make the ultimate sacrifice, if necessary, in order that future generations would be free. It is inspiring to see young people achnowledging not only the benefits of living in a free society, but also remembering those who have made it possible for us all.

□ 1700

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. EDGAR] is recognized for 5 minutes.

Mr. EDGAR. Mr. Speaker, last week, I was not present for a number of votes. Had I been present, I would have voted as follows:

House Resolution 314, expressing the sense of the House regarding the defection of Miroslav Medvid: "Aye."

Override of Presidential veto of H.R. 2409, Health Research Extension Act of 1985: "Aye."

House Resolution 441, further continuing resolution, fiscal year 1986: "Aye."

House Resolution 313, rule on H.R. 1616, Labor-Management Notification and Consultation Act of 1985: "Aye."

H.R. 3038, conference report on Department of Housing and Urban Development-independent agencies appropriations, fiscal year 1986: "Aye."

H.R. 6, final passage of Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985: "Aye."

H.R. 1616, passage of the Bartlett amendment to the Labor-Management Notification and Consultation Act of 1985: "No."

THE SMALL CONTRIBUTION TAX CREDIT REFORM ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. MCHUGH] is recognized for 5 minutes.

Mr. MCHUGH. Mr. Speaker, on behalf of myself and Mr. TAUKE, Mr. JENKINS, Mr. REGULA, Mr. MATSUI, Mr. GINGRICH, Mr. UDALL, Mr. LEWIS, Mr. OBERSTAR, and Mr. LAGOMARSINO, I am today introducing the Small Contribution Tax Credit Reform Act of 1985.

This proposal is designed to increase contributions from people at the grassroots in order to lessen the dependence of congressional candidates on special interest PAC money.

Specifically, the bill would provide a 100 percent tax credit for home state contributions to House and Senate candidates. An individual could receive a maximum credit of $100 while a couple filing a joint return could receive a maximum of $200.

The law currently provides for a 50 percent credit for any type of political contribution up to a maximum of $50 per individual and $100 per joint return.

The House Ways and Means Committee has voted to repeal the current credit. This would have an extremely detrimental impact with respect to the financing of congressional elections.

The Democratic Study Group recently published an analysis of campaign funding trends over the past decade which shows congressional candidates—especially incumbent Members of the House—becoming dangerously dependent on Washington PAC money while relying less and less on individual contributions from people in their home States and districts. (See DSG Special Report 99-22, October 22, 1985, "Troubling Trends in Election Financing • • • Grassroots Money Shrinks as PAC Money Grows.")

The study showed PAC contributions to House candidates increasing over the past decade from 17 percent to 38 percent of total receipts, while small contributions dropped from about 50 percent to less than 20 percent.

In effect, the DSG study has documented the fact that contributions from PAC's are displacing contributions from individuals as the primary source of campaign funds for House candidates.

The report noted that the problem is particularly acute with respect to incumbent Members of the House, especially Democratic incumbents who, in the last election, received more money from PAC's than from individuals. Republican incumbents will receive more money from PAC's than from individuals by 1988, assuming the current trends continue.

Thus, we have a bipartisan problem with the main difference between the parties being that Republican incumbents are about two elections behind Democratic incumbents in terms of dependence on PAC money. These trends can also be seen in two other findings from the DSG study:

The number of incumbents receiving over half of their campaign funds from PAC's increased from 40 (10 percent) in 1976 to 166 (41 percent) in 1984.

In contrast, the number of incumbents who received over half of their campaign funds from individuals dropped from 316 (82 percent) in 1976 to 149 (36 percent) in 1984.

There is no indication, nor any reason to believe, that these trends are going to abate. PAC money will continue to grow because there is a demand for it, because PAC's have an incentive to meet that demand with respect to incumbents and non-incumbents who are likely to become incumbents, and because PAC money is relatively easy to raise compared to with other types of campaign funds.

Conversely, it is much more difficult to raise the large amounts needed to finance today's elections through small contributions. Thus, the role of small contributions from average citizens will continue to decline—especially if the current 50-percent tax credit is repealed—and Members will become even more dependent on PAC money then they are today.

Mr. Speaker, we must not let this happen. Special interests have a legitimate role to play in financing our political process, but we must not allow them to become dominant in financing congressional elections.

One solution to this problem would be to finance our congressional elections the same way in which Presidential elections are financed. That would be to provide public matching funds to candidates in primary elections and to provide total public financing in the general election. However, that is a highly unlikely prospect for the foreseeable future.

Fortunately, there is another way in which these trends can be significantly retarded, if not reversed. That is with the 100-percent tax credit for grassroots contributions to congressional candidates.

A 100-percent credit would not meet all of the advantages enjoyed by PAC money, but it would diminish the main advantage by making it easier to raise a large amount of money in small contributions. Such a credit would create an alternative source of readily available campaign money by, in effect, giving every citizen $100 which he or she could use for only one purpose—to support home State candidates for the House or Senate.

A full credit would make it much easier for the average person to contribute to the candidate of his or her choice, and this in turn would encourage candidates to place more emphasis on funding their campaigns through small contributions from the grassroots rather than through PAC contributions from the national level.

An added dividend would be an increase in citizen participation in the political process. The more emphasis candidates place on grassroots fundraising, the greater the number of citizens who will be drawn to participate in our democratic process in this manner.

Finally, Mr. Speaker, I want to note that a 100-percent credit which only applies to grassroots contributions to House and Senate candidates will cost far less than the current 50-percent credit that applies to all political contributions at all levels of government. The revenue loss from the current credit is estimated to be about $280 million per year. Small (under $100) contributions to House and Senate candidates are currently averaging about $40 million annually.

Thus, even if the 100-percent credit were to triple the total amount of small contributions to congressional candidates, the revenue loss would still be less than half of what it is today.

Mr. Speaker, the case for the 100-percent tax credit is overwhelming:

It is workable.

It is uncomplicated.

It requires no new bureaucracy.

It is a familiar concept which already exists in law.

It will cost less than the current tax credit.

It will increase citizen participation in the political process.

It will not benefit either party over the other.

It will reduce incumbent dependency on PAC money.

H.R. 3780

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as "The Small Contribution Tax Credit Reform Act of 1985".

SEC. 2. AMENDMENTS RELATING TO CREDIT FOR CONTRIBUTIONS TO CANDIDATES FOR PUBLIC OFFICE.

(a) FULL CREDIT FOR CONTRIBUTIONS TO CANDIDATES FOR CONGRESS IN CERTAIN CIRCUMSTANCES; REPEAL OF CREDIT FOR CONTRIBUTIONS TO PRESIDENTIAL, STATE, AND LOCAL CANDIDATES, POLITICAL ACTION COMMITTEES, AND NEWSLETTER FUND CONTRIBUTIONS.—Section 24 of the Internal Revenue Code of 1954 (relating to contributions to candidates for public office) is amended to read as follows:

"SEC. 24. CONTRIBUTIONS TO CANDIDATES FOR CONGRESS.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed, subject to the limitations of subsection (b), as a credit against the tax imposed by this chapter for the taxable year, an amount equal to the full amount of all congressional candidate contributions, as defined in subsection (c)(1).

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The credit allowed by subsection (a) for a taxable year shall not exceed $100 ($200 in the case of a joint return under section 6013).

"(2) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any congressional candidate contribution, only if the person claiming the credit submits a signed statement attesting to the amount and date of said contribution, the office (House or Senate) sought by the recipient, and such other information as the Secretary may require by regulation, except that such other information shall not include the recipient's political affiliation, name, or other identifying information.

"(c) DEFINITIONS.—For purposes of this section—

"(1) CONGRESSIONAL CANDIDATE CONTRIBUTION.—The term 'congressional candidate contribution' means a contribution or gift of money, payment of which is made during the taxable year, to an individual who is a candidate for nomination or election to the office of Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States in any primary, general, or special election, and which—

"(A) is from a taxpayer (or either spouse in case of a joint return) who is a resident of the State in which the election is held; and

"(B) is solely for use by the recipient to further his candidacy for nomination or election to such office.

"(2) CANDIDATE.—The term 'candidate' means an individual who—

"(A) publicly announces before the close of the calendar year following the calendar year in which the contribution or gift is made that he is a candidate for nomination or election to one of the offices specified in paragraph (1); and

"(B) meets the qualifications prescribed by law to hold such office.

"(3) STATE.—The term 'State' means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories of Guam, American Samoa, and the Virgin Islands.

"(d) CROSS REFERENCE.—

"For disallowance of credits to estates and trusts, see section 642(a)(2).".

(b) TECHNICAL AMENDMENT.—The item relating to section 24 in the table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended to read as follows:

"Sec. 24. Contributions to candidates for Congress.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid after December 31, 1985, in taxable years ending after that date.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON THE BUDGET REGARDING CURRENT LEVEL OF SPENDING AND REVENUES FOR FISCAL YEAR 1986

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina [Mr. DERRICK] is recognized for 5 minutes.

Mr. DERRICK. Mr. Speaker, on behalf of Chairman WILLIAM H. GRAY III, pursuant to the procedures of the Committee on the Budget and section 311(b) of the Congressional Budget Act of 1974, I am submitting the official letter to the Speaker advising him of the current level of spending and revenues for fiscal year 1986. Since my last report, Congress has cleared for the President's signature H.R. 3721, Increase in public debt limit and restoration of investments of the social security and other trust funds. Additionally, the President has vetoed H.R. 3036, Treasury, Postal Service, and general government appropriation bill.

The current level is used to compare enacted spending after the start of a fiscal year with the aggregate ceiling on budget authority, outlays, and revenues established in a second budget resolution and enforced by point of order pursuant to section 311(a) of the act. The term current leve refers to the estimated amount of budget authority, outlays, entitlement authority, and revenues that are available—or will be used—for the full fiscal year in question based only on enacted law.

As with last year, the procedural situation with regard to the spending ceiling is affected this year by section 3(b) of Senate Concurrent Resolution 32. Enforcement against possible breaches of the spending ceiling under section 311(a) of the Budget Act will not apply where a measure would not cause a committee to exceed its "appropriate allocation" made pursuant to section 302(a) of the Budget Act. In the House, the appropriate 302(a) allocation includes "new discretionary budget authority" and "new entitlement authority" only. It should be noted that under this procedure neither the total level of outlays nor a committee's outlay allocation is considered. This exception is only provided because an automatic budget resolution is in effect and will cease to apply if Congress revises the budget resolution for fiscal year 1986.

The intent of the section 302(a) "discretionary budget authority" and "new entitlement authority" subceiling provided by section 3(b) of the resolution is to protect a committee that has stayed within its own spending allocation—discretionary budget authority and new entitlement authority—from points of order if the total spending ceiling has been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on Senate Concurrent Resolution 32 were printed in the CONGRESSIONAL RECORD, September 5, 1985, H7290.

As chairman of the Budget Process Task Force, and on behalf of Chairman GRAY, I intend to keep the House informed regularly on the status of current level.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, November 19, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it has adopted in connection with its responsibilities under Section 311 of the Congressional Budget Act of 1974 to provide estimates of the current level of revenues and spending.

Pursuant to Committee Rule 10, I am herewith transmitting the status report under S. Con. Res. 32, the First Concurrent Resolution on the Budget for Fiscal Year 1986. This report reflects the adopted budget resolution of August 1, 1985, and the current CBO estimates of budget authority, outlays, and revenues.

As with last year, the procedural situation with regard to the spending ceiling is affected this year by Section 3(b) of S. Con. Res. 32. Enforcement against possible breaches of the spending ceiling under Section 311(a) of the Budget Act will not apply where a measure would not cause a committee to exceed its "appropriate allocation" made pursuant to Section 302(a) of the Budget Act. In the House, the appropriate 302(a) allocation includes "new discretionary budget authority" and "new entitlement authority" only. It should be noted that under this procedure neither the total level of outlays nor a committee's outlay allocation is considered. This exception is only provided because an automatic budget resolution is in effect and will cease to apply if Congress revises the budget resolution for fiscal year 1986.

The intent of the Section 302(a) "discretionary budget authority" and "new entitlement authority" subceiling provided by Section 3(b) of the resolution is to protect a committee that has stayed within its spending allocation—discretionary budget authority and new entitlement authority—from points of order if the total spending ceiling has been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on S. Con. Res. 32 were printed in the CONGRESSIONAL RECORD, September 5, 1985, H. 7290.

The enclosed tables compare enacted legislation to each committee's 302(a) allocation of discretionary budget authority and of new entitlement authority.

Sincerely,

WILLIAM H. GRAY III,
Chairman.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1986 CONGRESSIONAL BUDGET ADOPTED IN S. CON. RES. 32

REFLECTING COMPLETED ACTION AS OF NOVEMBER 18, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate level	1,069,700	967,600	795,700
Current level	1,069,605	983,239	793,035
Amount under ceilings	95		
Amount over ceilings		15,639	
Amount under floor			2,665

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and that exceeds $95 million for fiscal year 1986, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in S. Con. Res. 32 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate in outlays for fiscal year 1986, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in S. Con. Res. 32 to be exceeded.

REVENUES

Any measure that would result in a revenue loss for fiscal year 1986, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in S. Con. Res. 32.

Fiscal year 1986 budget authority comparison of current level and budget resolution allocation by committee

[In millions of dollars] *Current level Budget authority*

House committee:	
Total current level	−95
Appropriations committee: Discretionary	(−14,633)
Authorizing committee—Discretionary action:	
Agriculture	(+1,250)
Armed Services	(+280)
Banking, Finance, and Urban Affairs	(+2,067)
District of Columbia	(...)
Education and Labor	(...)
Energy and Commerce	(+14)
Foreign Affairs	(+75)
Government Operations	(...)
House Administration	(...)
Interior and Insular Affairs	(+3,827)
Judiciary	(...)
Merchant Marine and Fisheries	(+100)
Post Office and Civil Service	(...)
Public Works and Transportation	(...)
Science and Technology	(...)
Small Business	(+216)
Veterans' Affairs	(...)
Budget authority	
Ways and Means	(+1,232)

[1] Committees are over (+) or under (−) their 302(a) allocation.

CURRENT LEVEL NEW ENTITLEMENT AUTHORITY [NEA]

Committee	NEA target	Enacted NEA
Agriculture	−1,250	...
Armed Services	−100	+1,781
Education and Labor	−339	...
Energy and Commerce	−80	...
Interior and Insular Affairs	+307	...
Post Office and Civil Service	−145	...
Veterans' Affairs	+45	...
Ways and Means	−2,454	−391
Total	−4,016	+1,390

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, DC, November 19, 1985.

Hon. WILLIAM H. GRAY III,
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311(b) of the Congressional Budget Act, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays and estimated revenues in comparison with the appropriate levels for those items contained in the most recently agreed to concurrent resolution on the 1986 budget (S. Con. Res. 32). This report for fiscal year 1986 is tabulated as of close of business November 18, 1985, and is based on assumptions and estimates consistent with S. Con. Res. 32. A summary of this tabulation is as follows:

[In millions of dollars]

	Budget authority	Outlays	Revenues
Current level	1,069,605	983,239	793,035
1985 Budget Resolution, S. Con. Res. 32	1,069,700	967,600	795,700
Current level is:			
Over resolution by		15,639	
Under resolution by	95		2,665

Since my last report the Congress has cleared the Temporary Debt Limit Increase (P.L. 99-155), and the President has vetoed the Treasury-Postal Service Appropriations Bill for 1986 (H.R. 3036), changing budget authority, outlay, and revenue estimates.

With best wishes,

Sincerely,

JAMES BLUM
(For Rudolph G. Penner).

PARLIAMENTARIAN STATUS REPORT, HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986, AS OF CLOSE OF BUSINESS NOVEMBER 18, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions			
Revenues			$792,700
Permanent appropriations and trust funds	$708,221	$631,009	
Other appropriations		185,348	
Offsetting receipts	−162,006	−162,006	
Total enacted in previous sessions	546,214	654,351	792,700
II. Enacted this session			
Famine relief and recovery in Africa (P.L. 99-10)		421	
Federal supplemental compensation phaseout (P.L. 99-15)			10

PARLIAMENTARIAN STATUS REPORT, HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986, AS OF CLOSE OF BUSINESS NOVEMBER 18, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriations for the MX missile (P.L. 99-18)		368	
Contemporaneous recordkeeping repeal bill (P.L. 99-44)			13
U.S.-Israel Free Trade Act (P.L. 99-47)			−8
Statue of Liberty—Ellis Island Coin Act (P.L. 99-61)	−15	31	
International Security and Development Cooperation Act (P.L. 99-83)	−25	−25	
Supplemental appropriations bill (P.L. 99-88)	36	3,138	
State Department authorization (P.L. 99-93)			2
Emergency Extension Act of 1985 (P.L. 99-107)	−49	−230	210
Simplification of imputed interest rules (P.L. 99-121)			−31
Health professions educational assistance (P.L. 99-129)		−8	
Amendments—Special defense acquisition fund (P.L. 99-139)	100		
Department of Defense Authorization Act, 1986 (P.L. 99-145)	280	−5	
Energy and water appropriations, 1986 (P.L. 99-141)	15,252	8,245	
Legislative branch appropriations, 1986 (P.L. 99-151)	1,599	1,385	
Temporary debt limit increase (P.L. 99-155)	−34	−156	140
Total enacted this session	17,144	13,164	335
III. Continuing resolution authority:			
Continuing appropriations, 1986 (P.L. 99-154)	472,737	303,400	
Offsetting receipts	−23,808	−23,808	
Total continuing resolution authority	448,929	279,592	
IV. Conference agreements ratified by both Houses:			
HUD—Independent Agencies Appropriations, 1986 (H.R. 3038)	56,909	36,247	
Offsetting receipts	−4,185	−4,185	
Total conference agreements	52,724	32,062	
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Payment to the CIA retirement fund	10	10	
Claims, defense	7	3	
Payment to the foreign service retirement trust fund *	(7)	(7)	
Range improvements	1		
BLM Miscellaneous trust fund	(*)		
Payment to air carriers, DOT	18	17	
Retired pay—Coast Guard	21	19	
Maritime, operating-differential subsidies		3	
BIA Miscellaneous trust funds	(*)	(*)	
Higher education facilities loans and insurance	4		
Retirement pay for PHS officers	12	6	
Medicaid	1,617	1,285	
Payment to health care trust funds *	(1,011)	(1,011)	
Child nutrition programs	254	234	
Advances to unemployment trust fund *	(516)	(516)	
Special benefits (general retirement and Federal employee retirement)	48	48	
Black lung disability trust fund	85	85	
Assistance payments	573	573	
Rehabilitation services	52		
Veterans readjustment benefits	180	137	
Veterans pensions	10		
Salaries of judges	3	1	
Payment to civil service retirement *	(214)	(214)	
National wildlife refuge fund	(*)	(*)	
Defense pay raise—military	1,699	1,649	
Total entitlements	4,594	4,071	
Total current level as of November 18, 1985	1,069,605	983,239	793,035
1986 budget resolution (S. Con Res 32)	1,069,700	967,600	795,700
Current level is:			
Over budget resolution		15,639	

PARLIAMENTARIAN STATUS REPORT, HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986, AS OF CLOSE OF BUSINESS NOVEMBER 18, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Under budget resolution	95		2,665

*Less than $500 thousand.
* Interfund transactions do not add to budget totals.
Note: Numbers may not add due to rounding.

A TRIBUTE TO THE LATE HONORABLE ADAM BENJAMIN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. HILLIS] is recognized for 60 minutes.

Mr. HILLIS. Mr. Speaker, earlier this afternoon the House took up H.R. 1361 on the Consent Calendar, passed by the House unanimously, which had the effect of naming a veterans' outpatient clinic in Crown Point, IN, the Adam Benjamin, Jr., Veterans' Outpatient Clinic.

We are taking a few minutes tonight to commemorate the memory of the service of Adam Benjamin, both in the Congress, here in the House of Representatives, and in the legislature, both in the House and the Senate, in the State of Indiana, and in previous other public service which he has had.

Mr. Speaker, at this time I yield to my colleague, the gentleman from Indiana [Mr. JACOBS].

Mr. JACOBS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I commend the gentleman for taking the special order, and I commend the House of Representatives for bringing about this fitting tribute to our fallen colleague, Adam Benjamin.

For anybody watching this or reading the RECORD, I suppose you would expect that we would say that Adam Benjamin could dive deeper and come up drier than anyone who ever served in the House of Representatives. That obviously is not true. He is not the finest Member who ever served in the House of Representatives, but to my memory there has been no finer Member who has served in the House of Representatives.

On Lincoln Day, 1959, Carl Sandburg stood in this Chamber to eulogize Abraham Lincoln and he told about an instance in which Lincoln was unable to go to Illinois to dedicate a monument to his beloved friend, Owen Lovejoy, a Representative from Illinois at the time. Abraham Lincoln, according to Carl Sandburg, and you could hear those rich tones of Sandburg say, "Lincoln wrote a letter and said, 'Let him have his marble monument, but let us be content in the knowledge that the greater and the more enduring monument will be in the hearts of his countrymen who loved and respected him.' "

The song, "We Shall Miss Your Bright Eyes and Sweet Smile" applies aptly, I think, to our fallen colleague, Adam Benjamin, lost at a very early time in his life.

He was a prolific worker. He accomplished more, I suppose, in 5 minutes than most of us could in 50 minutes here in the House.

He was a person who seemed never to show irritation with anybody else who had any other point of view. He had a ready smile.

I think that it can be said that to some measure he literally worked himself to death for his country. Therefore, it would not be extravagant to say that in some measure he gave his life for his country.

That being the case, I again commend the House for taking this special recognition of our colleague, Adam Benjamin. I know that all of the Members of Congress and every thoughtful citizen of the United States who will learn more about Adam from reading this RECORD or observing this discussion will wish to his good wife and his children happiness and the memory that they deserve richly of their beloved father and husband, whom we miss so much today.

It is said that death ends a life, but it does not end a friendship which lives on forever in the hearts and minds of those who loved Adam Benjamin.

I thank the gentleman again for yielding.

Mr. HILLIS. Mr. Speaker, I thank the gentleman very much for his comments. They are very much on the point.

At this time I yield to my colleague, the gentleman from Indiana [Mr. BURTON], who served in the Indiana Senate with Congressman Benjamin.

Mr. BURTON of Indiana. Mr. Speaker, I thank my colleague, the gentleman from Indiana, for yielding.

Adam Benjamin, as Congressman JACOBS said, was an extremely nice fellow and very highly regarded by everyone who knew him.

I had the privilege, along with Congressman HILLIS, to be elected at the same time that Adam Benjaimin was elected back in 1966. We served with him in the 1967 session of the Indiana General Assembly. Adam Benjamin, who was from the Lake County delegation, was one of the nicest people, as well as one of the most competent members of that session of the general assembly.

I remember the times we went out together and had dinner and fellowshiped together. Those were great moments, but I think the thing that impressed me the most about Adam Benjamin was his dedication to the job for which the people of Lake County had elected him. He would be working way beyond the normal hours that many of us worked in the general assembly. I think we all consider ourselves to be dedicated legislators, but I would go out to dinner many times after the session was over and I would come back to the chamber at 8 or 9 o'clock at night to pick up legislation that I wanted to look at for the next day or to study, and Adam Benjamin would be sitting at his desk in a chamber of a hundred desks all alone poring over legislation, finding flaws in that legislation, and proposing corrective amendments.

I think anybody who ever served with Adam, whether it was in the Indiana General Assembly or at the U.S. House of Representatives, had to have tremendous respect for his ability and his dedication to his job.

I think the people that he served from Lake County, IN, were very well served, and I think that they probably, as we do, miss him very much and wish that he were still with us today.

One of the bright spots in my legislative career was knowing Adam Benjamin, and I miss him.

Mr. HILLIS. Mr. Speaker, I thank the gentleman for his comments.

I might elaborate by saying that I remember well the time that I served that the gentleman reflected upon with Adam Benjamin in the Legislature of the State of Indiana. I believe he had the reputation of being the only man who served during that time who read every bill that was filed in the House and also during his tenure in the Senate, I heard the same thing. He read just a voluminous amount of legislation. He sat, as the gentleman said, until late hours in the night and read every piece of legislation that was presented or coming up for consideration. Many times he went to sponsors or others that were involved and suggested amendments or corrections or pointed out defects that he thought were flawed. His legislative record was amazing.

The other thing I might comment, I gathered both there and here in his service that we have not mentioned, Adam was a man of great integrity. He was not only able, but he set an example that all of us could follow very proudly. Really, I would say he set an example that raised public esteem for those who are in public service. My district today goes up and includes much of what was Adam's original Senate district in the State, and everywhere I go, regardless of the political affiliates of the people I talked to, they had nothing but praise for Adam Benjamin.

I think, as Congressman JACOBS said earlier, not only is he remembered, and well remembered, but he is thought of almost in a beloved manner by the people who knew him in that area.

Mr. Speaker, I yield to the gentleman from Indiana [Mr. HILER].

Mr. HILER. Mr. Speaker, I thank the gentleman for yielding.

I only met Adam for the first time when I was first elected in 1980 to serve in the 97th Congress. Many times I was on a plane flying from Washington National to Chicago Midway Airport on Midway Airlines and Adam and I quite often were on common flights on Thursdays or Fridays and then coming back here on a Sunday evening. What was probably most remarkable about our coming back on a Sunday evening, at the time I was not married and I would catch a late flight to come back and get an early start on the next week, but when Adam was flying back on a Sunday afternoon he was leaving his wife and children behind in Lake County so that he could come out and get an early start on the next week. I know that when he would get off that plane on Sunday evening, where I might have gone to my home here in Washington, Adam would be going to the office to review legislation and look at what was going on the following week; but in those times where we flew back and forth and I had a chance to spend some time with him, Adam always found time to spend with me. If I had difficulties or if I wanted to talk about the way to manage an office with him, Adam always had plenty of time to offer advice, to offer counsel, to offer his experiences in the things that worked for him and the things that had worked for him in the many years that he was employed in public service.

The fact that I was a new Member of Congress, the fact that I was a Member of Congress from the other political party, that friendship, not a close friendship that I developed with him, but a friendship that I did develop with him in that 97th Congress is something that I will carry with me for the rest of my legislative career.

I think that any of us in the Congress or any of us in the State legislatures, if we could enjoy the reputation that Adam did as a hardworking, efficient, diligent legislator, who every time he cast a vote knew exactly what he was casting his vote on, who knew exactly what the issue was, who had researched out and read the legislation, if all of us could have that reputation, I think we would all gladly leave our public service at whatever time we left with the full knowledge that we had done our best. I think that was the legacy that Adam left, not only for this institution, but left for the State of Indiana.

In the 1982 redistricting that took place, the First Congressional District that Adam had represented, part of that district was going to go into Michigan City, I remember at the time that that redistricting had taken place, which was just shortly before Adam's death, people there were somewhat disappointed, one, that their county was going to get divided up, but they all said to a person that if the county had to be divided up, if they had to get a new Congressman, getting Adam Benjamin as their Congressman, they could not ask for anything that would be any better, that Adam was going to do a tremendous job for them and they respected Adam and looked forward to his representation of them. Unfortunately, that representation never took place.

I want to thank the gentleman for taking this special order and for the tremendous work he has done to get this Veterans' Administration outpatient clinic named in Adam's behalf. I think it will be a lasting tribute, a lasting memory to Adam. It will be a small memory, because Adam did so much for the people of his district and for the State of Indiana and for this country and the naming of one outpatient center, while a tremendous recognition, will never be able to fully compensate and recognize the job and the tremendous work that Adam did on behalf of all of us.

Once again I thank the gentleman for this special order and thank him for giving me the opportunity to participate in it.

Mr. HILLIS. Mr. Speaker, I thank the gentleman very much for his comments and contribution here tonight. I think the gentleman has added a great deal to the record by being present and making the statement that he made.

Mr. Speaker, I yield to the gentleman from Indiana [Mr. COATS].

Mr. COATS. Mr. Speaker, I thank my colleague for yielding.

I think this special order that the gentleman has arranged today is a fitting tribute to Adam, someone who gave his life for his district, for his State, and for his country. His work throughout the years I think stands as a model and a testament for a lot of us about what the commitment of a legislator to legislation really is.

When I first came here in 1981 as a freshman Member of the House, I was from the other side of the State and the other side of the aisle from Adam, but that did not take him long to befriend me and taught me an awful lot about how this House works.

I quickly observed after serving under him for just a short time that he was a very respected Member of this body, not only by his fellow Members from Indiana, but from Members on both sides of the aisle. He gained that, as a lot of people who have spoken ahead of me have said, through hard work, through integrity, through close friendships, through a real dedication to what he did.

Few, I think, if any, in this House knew more about legislation than Adam and few, if any, could build coalitions around issues any better than Adam.

I worked with him on some transportation issues that were important to my district and even though he was the lofty chairman of the Appropriations Subcommittee on Transportation and I was just a freshman, he never asked me how much I knew about the issue. He never quizzed me to see if I had the depth of knowledge that he did or even asked me what my party was. He just simply rolled up his sleeves and said, "Let's get to work and see if we can solve this problem."

I think he knew what was good for my side of the State was good for the State of Indiana and that is the way Adam approached things.

Earlier today we passed legislation that would name an outpatient VA clinic for Adam. I think that is fitting also, because I know that this is an area that Adam had worked on. It is just a shame that he was not here to see the fruits of his labor through that effort, but that is just one of the many ways that Adam made contributions to not only his district, but to all of us in this body.

So again I commend the gentleman from Indiana [Mr. HILLIS] for taking this special tribute. It is a privilege to have worked with Adam, to have served with him for only 2 years, to have known him, to have seen the example that he set to be part of this special tribute.

Mr. HILLIS. Mr. Speaker, I yield to my colleague from the First District, Adam's former district, the gentleman from Indiana [Mr. VISCLOSKY].

□ 1715

Mr. VISCLOSKY. I thank the gentleman for yielding.

Mr. Speaker, again, as I have twice before in this House, I would like to compliment the gentleman for his leadership. One of the reasons we are here today naming this clinic is because the clinic is going to be built in northwest Indiana in the Crown Point area. I do not believe, as I stand here today, that it would be built without the diligent effort of the gentleman from Indiana [Mr. HILLIS] following Adam Benjamin's death, but I would first of all want to congratulate the gentleman for insuring that that facility will be in place to serve the 120,000 veterans in northwest Indiana.

It is hard, after serving with Adam Benjamin for 10 years following my graduation from law school and looking upon him as a mentor, to begin to pick out one or two things that really left a lasting impression on me, but having tried, I would name two. The first is his constant theme that it is not who you know, it is not how much money you have, it is not the type of influence that people think you have

that is important. It is what you know, and whether it is in debate, whether it is in hearings, whether it is in just being kind to people, it is your knowledge, it is the information you have that is the most important thing, and knowledge is power. The way that Adam obtained that information and, hence, his influence in the House, is by listening. Several of our colleagues have talked about that. Adam always had time to listen.

The thing that struck me following his passing in September 1982 is that everyone in northwest Indiana, everyone in Washington, DC, was Adam Benjamin, Jr.'s best friend. There was no one who was not a better friend than that person you were talking to at that moment.

Because he could always listen, whether it was a Slovak widow in Whiting, IN, or whether it was the chairman of the board of a major corporation in America, he always had a ready ear. He was wise enough to know that one should listen to acquire that knowledge.

I again congratulate my colleague for having this special order. It is a tribute to Mr. Benjamin and I am pleased to have had this time to participate.

Mr. HILLIS. I thank the gentleman very much.

Mr. Speaker, I should like to say that I appreciate the gentleman's effort on behalf of this legislation, too. He was a cosponsor, coauthor and was very strong in his support of this legislation and that has been a great help to me in getting this passed.

Mr. PURSELL. Mr. Speaker, will the gentleman yield?

Mr. HILLIS. I am happy to yield to the gentleman from Michigan.

(Mr. PURSELL asked and was given permission to revise and extend his remarks.)

Mr. PURSELL. I thank the gentleman for yielding.

Mr. Speaker, I rise to join my colleagues in honoring Adam Benjamin, Jr., whose endeavors and accomplishments while a Member of Congress are models to all of us who served with him and who will follow in his footsteps.

First of all, I believe it is appropriate that the new Veterans' Administration Outpatient Clinic in Crown Point, IN, be named for Mr. Benjamin as provided for in H.R. 1361, not only because of the work he did in urging the VA to take a look at the necessity for an outpatient clinic there, but also because of his service to this country as a marine, then as a cadet at West Point, then as an Army officer.

As a former military officer, teacher, and State legislator myself, I understand and appreciate Mr. Benjamin's commitment to serving his nation at the local, State, and National level. In his role as a teacher in the Gary, IN, public schools, he passed along the benefits of his own good education and experiences to the younger generation—surely a priceless service for the good of our Republic. Indiana also can be proud that it had Adam Benjamin, Jr., as a political leader, both in the Indiana House of Representatives and the State Senate.

It was Mr. Benjamin's last endeavor which touched me directly—his service in this House of Representatives. Adam and I were classmates—both having been elected to this body in our Nation's bicentennial year. Later Adam was chairman of the Appropriations Committee Transportation subcommittee, on which I still serve. In his tenure as chairman, I was impressed by his interest in districts and States beyond his own—his truly national perspective in looking at this Nation's overall transportation needs. I recall a trip we took together to my State, Michigan. For 2 days he looked at the transportation needs of Michigan, including a trip to the State capital, Lansing, to talk about those needs. And, I know he personally was involved in other States' efforts to improve their transportation systems, so important to economic development.

I would also like to take a moment to commend my colleagues from Indiana, Mr. HILLIS and Mr. VISCLOSKY, for working so diligently on H.R. 1361 as well as this special order, both with the intent of honoring a truly great American and one who is sorely missed—Adam Benjamin, Jr.

Mr. HILLIS. I thank the gentleman for his comments.

Mr. Speaker, I have just a few remarks to make and then we will have completed there.

First, I was very happy to make the effort that has been referred to get the legislation drafted, prepared, and, with my colleagues help, passed today, but not only that, I am a friend and I respected him, I admire him greatly. He was one of the most outstanding legislators I have ever known either at the State or national level.

His service in Congress was brief, but it was tremendously effective. He landed on his feet running here, I would say, and quickly understood the rules of the House, the procedures of the House, and what it took to be effective in the House, and he truly was.

There would be no clinic in Crown Point, IN, in Lake County, if it were not for Adam Benjamin. He appeared before the Committee on Veterans' Affairs of the House, he appeared before the Committee on Appropriations, pointing out the need, and he arranged a special hearing on the part of the Committee on Veterans' Affairs to take place on the campus of Indiana University in downtown Gary, IN, which was part of Adam's district at the time. I am a member of the Committee on Veterans' Affairs, but I had not been redistricted yet and was not as aware of the problems of the veterans of northwest Indiana as I am today, but I was after I attended that hearing.

It was explained in great detail, the effort and the work that had to go into getting a veteran who perhaps could not drive or had no transportation to Hines Hospital, or the Lakeside Hospital, or someplace else in Cook County up in Illinois, and it was no small trip. I quickly began to realize why Adam had us there and why he had made the effort to get a hearing such as this and start the procedure rolling to get an outpatient clinic.

The more I looked into it, the more sense it made, and I was most happy to get on his bandwagon at the time and push for this clinic and try to help him bring this about. I thought it was most befitting, when his tragic death befell him, that this should be carried out. I was happy to go forward and try to complete the action that he started.

Not only is it named for Adam Benjamin. He really deserves the credit for this facility and I want to make that very clear.

Mr. Speaker, Congress has named 18 VA hospitals and 3 medical centers in honor of Americans who served their country with distinction. I would say most of them probably had nothing to do specifically with those facilities. But this will be the very first outpatient clinic anyplace in the United States that is going to be designated for an individual, and I cannot think of anyone who would be more deserving of this recognition than Adam Benjamin.

Mr. MYERS of Indiana. Mr. Speaker, I commend the gentlemen from Indiana and the Committee on Veterans' Affairs for their leadership on H.R. 1361, naming the Crown Point Veterans' Administration Outpatient Clinic for our beloved friend and colleague, Adam Benjamin, Jr.

Mr. Speaker, Adam was one of the finest Members I have ever known. No Member of Congress ever worked harder at his job. No Member was ever more dedicated to his country and his constituents. No Member was more honest or more faithful in friendship than Adam Benjamin.

Adam and I served together, not only in the Indiana delegation, but also on the Appropriations Committee and its Subcommittee on Energy and Water Development. Whenever we were faced with complicated issues involving hard choices, it was always reassuring to find oneself voting with Adam Benjamin. It was always easy to support him in his efforts, because you know you could always rely on him to support you when he could.

In an age when partisanship has divided us too frequently in negative ways, it is a shame that so many younger Members never knew Adam Benjamin and so many older Members seem to have forgotten his example: there was never a more loyal

Democrat than Adam, yet he never let partisanship infect either his relationship with his colleagues or his uncanny ability to discern what was right and to act accordingly.

Mr. Speaker, from his first years in service, it was obvious to all his colleagues that Adam Benjamin had leadership qualities that distinguished him among the rest of us. My only hope is that this bill will help keep Adam's name and memory alive for generations to come.

Mr. HAMILTON. Mr. Speaker, I thank the gentleman for taking out this special order to honor my friend Adam Benjamin.

It is entirely fitting that we pay tribute to Adam by naming the Crown Point Veterans' Administration Outpatient Clinic after him. Adam was himself a veteran. He served in the U.S. Marine Corps from 1952 to 1954. After his graduation from the U.S. Military Academy at West Point in 1958, he served as an Army officer until 1961.

Adam was dedicated to veterans. During his brief congressional career, he worked to see that they received necessary services. For more than 5 years, he worked to bring convenient and cost-effective medical services to more than 120,000 veterans who live in northwest Indiana. Due largely to his efforts, the Veterans' Administration decided to build an outpatient clinic in northwest Indiana. The clinic will be opened in November 1987. Unfortunately, Adam's untimely death prevented him from seeing his efforts succeed.

Other Members of Congress were better known, better prublicized than Adam, but none were better Members. He seldom made headlines. I do not think that bothered him. He wanted, more than notoriety, approval and recognition from his constituents. He had pride in his work as a legislator. He believed it was a Congressman's job to meet the needs of the people. He came from his constituents and he worked hard for them. Their problems and hopes were his as well. Their welfare was his primary concern. He thought constantly of how he might serve them better. I think, if he were to have public recognition of his efforts, he would be proud to have it in this way.

Adam was among the most quietly effective and decent people I have known. He served his district and his Nation effectively and unselfishly. His death cut short a brilliant career in the House of Representatives. The Nation and this House are poorer for his loss.

This death left an empty place in our lives, but his dedication and his spirt remain a vibrant part of us. We who knew him cannot forget his easy smile, his generosity, his diligence, and his devotion to his family, friends, and constituents. I am pleased that, through the Adam Benjamin, Jr., Veterans' Administration Outpatient Clinic, others will be reminded of him and of his many accomplishments.

Mr. MCCLOSKEY. Mr. Speaker, I am pleased to join my colleagues in paying tribute to our late colleague, Adam Benjamin, Jr. Today, the House has passed under unanimous consent H.R. 1361 to name the new Veterans' Administration Outpatient Clinic in Crown Point, IN, after the late Adam Benjamin, Jr. Adam Benjamin was an untiring legislator and ex-veteran who worked hard to serve and protect the interests of the citizens of northwestern Indiana. Throughout his tenure in the House of Representatives, Adam Benjamin worked to secure the construction of an outpatient clinic in northwest Indiana to serve the more than 120,000 veterans who live there. Unfortunately, he did not live to see the fruits of his labor. It is indeed, truly fitting that we honor Adam by naming the future outpatient clinic in Crown Point in his memory.

Mr. HAMMERSCHMIDT. Mr. Speaker, I am most pleased to rise in support of H.R. 1361, a bill designed to name the soon to be established Veterans' Administration Outpatient Clinic at Crown Point, IN, after a distinguished former Member of the House of Representatives.

Adam Benjamin, Jr., formerly the Representative of the First Congressional District of Indiana, was in a very real sense the founder of this clinic. It was his fact-finding, his diligence, and his dynamic persuasion that brought into the forefront the requirement for the facility. He carefully researched the medical care needs of veterans in this area of our country. He then presented his findings to the VA for consideration. While that consideration was taking place, he was suddenly taken from us. It is indeed proper that we name this outpatient clinic in his honor.

Adam Benjamin was an outstanding Member of this body. He also served his Nation in the military following his graduation from West Point. He was a lawyer, educator, administrator, and humanitarian. His untimely death in the prime of life was a great loss for all of us. The action we take today by the passage of H.R. 1361 is a fitting tribute to a most respected colleague.

Thank you, Mr. Speaker.

Mr. YOUNG of Florida. Mr. Speaker, I want to commend my colleagues from Indiana, Mr. HILLIS and Mr. Visclosky, for requesting this time today to honor Adam Benjamin, Jr., who proudly served our Nation as a Member of this body.

It is most fitting that the House passed legislation today to designate the Veterans' Administration Outpatient Clinic in Crown Point, IN, in honor of Adam Benjamin. We served together for 6 years on the Appropriations Committee, and I know that it is as a result of his diligent work and service on behalf of Indiana's veterans that the outpatient clinic at Crown Point was approved and construction is underway.

Adam was a graduate of U.S. Military Academy at West Point and served in both Army and the Marines. Through this service, he developed a special bond with our Nation's veterans who also gave of themselves in the defense of our great Nation.

Through the same spirit with which he sought a medical clinic for veterans, Adam dedicted himself to the overall improvement of his hometown of Gary, IN. He served the area in many capacities including zoning administrator, executive secretary to the mayor of Gary, and Indiana State Representative and Senator.

Mr. Speaker, the House lost a tremendous leader when Adam died so unexpectedly in 1982. His work, effort, and contribution to his hometown, State, and our Nation live on, however, as construction nears completion on a facility to provide for the needs of our veterans. I'm proud to have known Adam as a friend and colleague and no more fitting honor could be bestowed upon him than the designation of the Adam Benjamin, Jr., Veterans' Administration Outpatient Clinic in Crown Point, IN.

Mr. BEVILL. Mr. Speaker, it is a pleasure for me to participate in this special order honoring the memory of the late Adam Benjamin, Jr. I will be proud to support the bill which would name the new Veteran's Administration Outpatient Clinic in Crown Point, IN, after Adam. This is an honor he deserves because he worked so hard for northwest Indiana's veterans community.

I was honored to serve with Adam on the House Appropriations Committee. I found him to be highly intelligent and highly dedicated. He was one of the most hard-working individuals in Congress and served the people of the First District of Indiana with the highest integrity.

Adam had a knack for analyzing problems and helping find solutions. He had great insight into the legislative process. His talents are missed. As a measure of the respect his colleagues had for Adam, he was selected as a subcommittee chairman in his freshman year.

Adam Benjamin was deeply devoted to veterans and worked hard to see that they got the benefits they deserved. It is fitting that the new veterans' clinic will be named after him, because it was through Adam's efforts that the clinic will be constructed. I know he would have felt honored to have the clinic bear his name. I only wish he could have lived to see this facility built. It will serve as a reminder of Adam Benjamin's contributions.

GENERAL LEAVE

Mr. HILLIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

H.R. 3777—TRADE LAW MODERNIZATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina [Mr. BROYHILL] is recognized for 30 minutes.

Mr. BROYHILL. Mr. Speaker, today I have joined my colleagues, JOHN D. DINGELL, chairman of the Energy and Com-

merce Committee; JAMES J. FLORIO, chairman of the Subcommittee on Commerce, Transportation, and Tourism; and NORMAN F. LENT, the ranking Republican member of the Subcommittee on Commerce, Transportation, and Tourism, in introducing comprehensive trade reform legislation—H.R. 3777, the Trade Law Modernization Act.

The legislation we are sponsoring today will be the most far-reaching trade law reform proposal in almost two decades, and it will bring the United States into a position to respond to the sophisticated practices of modern trading nations.

This bill recognizes that the historical methods of addressing international trade problems on an industry-by-industry basis need to be supplemented by broader actions. H.R. 3777 seeks to assure that U.S. trade policy will be more predictive than reactive and to increase the responsiveness of U.S. trade laws. It will bring vitally needed new authority, cohesiveness, and clarity to our trade laws.

This legislation has broad bipartisan support within the Energy and Commerce Committee and the strong backing of the labor industry coalition for international Trade [LICIT] and the trade reform action coalition [TRAC], two major private-sector groups representing U.S. corporations and workers.

Chairman DINGELL and I intend to work to assure its swift pasage of H.R. 3777 by the full House. If we are to stop our massive trade deficits and the unfair and illegal trade practices that have so damaged our U.S. industries and workers, we must act on these reforms as quickly as possible.

I urge my colleagues to join me in supporting this careful, thoughtful approach to our trade problems.

Mr. Speaker, I insert in the RECORD at this point a summary of the Trade Law Modernization Act:

H.R. 3777—THE DINGELL-BROYHILL "TRADE LAW MODERNIZATION ACT"

A. BACKGROUND AND PURPOSE

The Nation's trade problems have continued to deteriorate, with a deficit of $150 billion expected for 1985. Uncorrected, these problems threaten to undermine the U.S. economy, destroy the Nation's industrial and agricultural base, reduce our standard of living, and jeopardize the world trading system and the world economy as a whole.

The Trade Law Modernization Act responds directly and forcefully to these problems by establishing tough new trade law measures. This legislation deals with the three primary causes of the Nation's trade problems: (1) the lack of a coherent U.S. trade policy; (2) the persistent growth in unfair foreign trade practices; and (3) the harmful balance-of-payments distortions caused by the overvalued dollar.

This legislation sets up no quotas, raises no duties, and imposes no domestic content or other restrictions. The bill preserves our Nation's fundamental commitment to free trade by making the purpose of our trade laws perfectly clear—to keep our markets open as long as they are not unfairly abused.

The Trade Law Modernization Act was developed with strong bipartisan support and is endorsed by broad-based coalitions of industries and labor, which have been on the front lines of America's trade battles. This consensus legislation is the step Congress must take to reestablish effective trade policies for the United States and restore the competitive position of American firms and workers in the world economy.

B. MAJOR PROVISIONS

1. Establish national trade policy and negotiating authority

These provisions respond to the Nation's current trade problems caused by the lack of a coherent trade policy and the constant failure of the U.S. Government to use our existing trade laws to respond to proven unfair and injurious foreign trade practices. These provisions establish trade policy and negotiating objectives, require the President to submit annual trade policy plans for congressional consideration, broaden the President's balance-of-payments surcharge authority, and divorce the decision-making process in trade remedy cases from Presidential politics. The President also is required to immediately negotiate with other countries to eliminate the harmful effects of balance-of-payments distortions caused by the overvalued dollar.

2. Enhance competitiveness of American firms and workers

These provisions require the Secretary of Commerce to analyze regulatory and other policies both here and abroad that affect the international competitiveness of U.S. firms. The Secretary is required to identify, and recommend remedies for, discriminatory procurement practices and regulatory requirements of foreign governments, establish a capability to analyze the trade problems of key industry sectors, and help develop, with industry and labor advice, assessments of the potential for improving the competitiveness of industries injured by foreign trade.

3. Require fair competition in foreign commerce

These provisions reflect two recommendations unanimously approved by the Energy and Commerce Oversight and Investigations Subcommittee in its examination of unfair foreign trade practices. When custom laws are violated by the same person three separate times within 10 years, that person may not import, or have imported for them, goods into the United States. In addition, all penalties imposed for certain trade law violations will be held in a special fund within the Treasury and shall be used, subject to congressional authorization, by the Secretary of Commerce for commerce development and trade adjustment purposes.

4. Strengthen remedies for unfair foreign trade practices

These provisions bring injurious industrial targeting within the ambit of section 301 of the Trade Act of 1974 and transfer to the Administering Authority the responsibility for imposing certain remedies for unfair trade practices. If the Administering Authority finds that indusrial targeting exists, and the International Trade Commission has determined that material injury has occurred, the administering authority is required to take some action. These provisions also clarify that section 301 provides a remedy for unfair natural resource input pricing in foreign countries. When fair access to natural resources is denied because of discriminatory pricing practices, the Administering Authority may use the full force of section 301 to obtain fair access.

5. Streamline process for relief from injurious imports

These provisions strengthen the injury "escape clause" in section 201 of the Trade Act of 1974 by requiring that the test for determining injury conforms with the standard used in GATT: that imports be a "cause" rather than a "substantial cause" of injury. The responsibility for imposing remedies is also transferred to the Administering Authority, helping to depoliticize these decisions. Other provisions of this title help to make relief more timely and effective, and require the Administering Authority to consult with foreign governments that have contributed to the injury.

6. Improvements in countervailing and antidumping duty law

These provisions improve and update the antidumping and countervailing duty laws. These provisions: clarify the concepts of "threat of injury" and "foreign market value"; expand coverage of upstream subsidies to reflect actions of customs unions; offer remedies for "diversionary dumping" of components; permit firms and workers making intrinsic parts to participate in injury petitions; speed consideration of petitions involving products when there have been recent findings of injury; and improve procedures involving information disclosure, use of 90-day reviews for antidumping orders, and determinations of whether "critical circumstances" exist to trigger retroactive application of duties.

CONFERENCE REPORT ON H.R. 3327

Mr. HEFNER submitted the following conference report and statement on the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes:

CONFERENCE REPORT (H. REPT. 99-380)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 16, 19, 22, 28, 30, 31, 34, and 38.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,602,982,000*; and

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$133,000,000*; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$138,660,000*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,663,225,000*; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$134,000,000*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$181,375,000*; and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$27,500,000*; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows:

In lieu of the sum named in said amendment insert *$10,000,000*; and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$61,346,000*; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$63,030,000*; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$262,018,000*; and the Senate agree to the same.

Amendment numbered 17:

That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,445,164,000*; and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$139,808,000*; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$681,380,000*; and the Senate agree to the same.

Amendment numbered 24:

That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,610,000*; and the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$14,957,000*; and the Senate agree to the same.

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$16,567,000*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 10, 11, 21, 23, 27, 29, 32, 33, 35, 36, and 37.

W.G. HEFNER,
TOM BEVILL,
BILL ALEXANDER,
RONALD D. COLEMAN,
BILL CHAPPELL,
JOSEPH D. EARLY,
JAMIE L. WHITTEN,
MICKEY EDWARDS,
ELDON RUDD,
BILL LOWERY,
SILVIO O. CONTE,

Managers on the Part of the House.

MACK MATTINGLY,
PAUL LAXALT,
JAKE GARN,
JIM SASSER,
DANIEL K. INOUYE,
JOHN C. STENNIS,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

ITEMS OF GENERAL INTEREST

Base closures.—The conferees agree that significant savings can eventually be achieved through base closures and consolidations worldwide. The House in its report identified a number of overseas installations which fit the criteria established by the Department for closure or consolidation, and made reductions at these locations. Although some of these funds have been restored, the Department is directed to submit a report on the viability of all the bases mentioned in the notional list in the House report by January 31, 1986. In addition, this report should identify other overseas installations whose closure or consolidation would result in cost savings. The report should be structured as specified in the House report.

Section 1202 of the Conference report on the Department of Defense Authorization Act of 1986 amends existing notification requirements relating to base closures and realignments. The conferees direct that the Department simultaneously notify the Committees on Appropriations of both Houses of any base closure or realignment.

European construction program.—The conferees are agreed that the U.S. mission to NATO should seek changes in the NATO procurement regulations regarding subcontractor bidding procedures as specified in the House report. A report on progress toward implementing these changes should be submitted by January 31, 1986.

Caribbean basin.—The conferees direct that the long term construction plan for the Caribbean Basin be updated and submitted by January 31, 1986 as specified in the House report.

Stimulating U.S. business overseas.—The conferees are agreed that both the Army and Air Force shall package fiscal year 1986 construction projects at one installation overseas. These bases should be selected from the list of bases shown in the House report. The Department is to select the bases for this initiative and report on all aspects of the implementation of this directive by January 31, 1986.

U.S. bases in the Philippines.—The conferees are concerned about the economic and political stability of the Philippines and the long term viability of our bases there. The Department is directed to prepare and submit the three reports called for in the Senate report by March 1, 1986.

Medical program.—The conferees have agreed to provide $19.4 million of the $31.5 million requested for mobilization hospitals overseas. However, none of these funds are to be obligated until (1) the Assistant Secretary of Defense for Health Affairs verifies that these facilities are consistent with a coordinated plan for contingency medical facilities and (2) a worldwide plan for medical mobilization and contingency facilities which emphasizes increased host nation support and maximum use of existing facilities is submitted. All future requests for medical mobilization facilities will be scrutinized in terms of their consistency with this plan.

Energy.—The conferees are concerned with the inordinate delay in the execution of the geothermal power project at NAS Fallon, Nevada and direct the Navy to submit the report called for in the House report by January 31, 1986.

Planning and design.—The conferees endorse the language of both the House and Senate reports on this subject and direct submission of the various reports and audits as specified in each report.

Minor construction.—The conferees direct that the Department notify the appropriate Committee of Congress of the intended execution of all unspecified minor construction projects costing over $200,000. The project maybe carried out only after the end of a 30 day period beginning on the date notification is received by the Committee unless an objection has been made.

The conferees are concerned with the increasing reliance of the Army National Guard on use of their minor construction account to fund known requirements. All known requirements should be included as separate line items in the budget request regardless of cost. The conferees will not sup-

port huge lump sum appropriations for unspecified minor construction.

The conferees have restored the $1.7 million requested for Portomod support projects by the Air Force. However, all future requests for projects of this type are to be requested as military construction line items as specified in the House report. This procedure is to apply to U.S. installations worldwide and is to include facilities in Honduras at which there is a U.S. presence.

The fiscal year 1986 Military Construction Authorization contains authority to reprogram up to 25% of the authorized amounts into the minor construction accounts. The conferees direct that reprogramming of any amount above the appropriated amounts must be requested of the Appropriations Committees on a prior approval basis. These requests will be handled through the existing reprogramming procedure.

Alternate construction methods.—The conferees endorse the language in the House report on this subject, and reiterate the requirement to package certain projects at the six installations referred to in that report.

Model installations program.—The conferees concur in the language of the Senate report on this program and direct that the report called for be submitted by January 31, 1986.

Limitation on cross year funding and use of expired funds.—Under Section 121 of the General Provisions, the conferees have agreed to the language proposed by the House which in effect repeals Section 2860 of Title 10, United States Code and allows the use of prior year appropriations to fund projects that are authorized during the first session of the ninety-ninth Congress.

The intent of the changes made by this section is to restore fiscal discipline to the process under which funds appropriated for military construction functions are obligated and expended by: (1) gradually phasing out the procedure under which construction projects may be "split-funded" among different years of appropriation, and (2) terminating the process under which additional obligations may be incurred for projects on which the original funds have expired. Effective upon passage of the fiscal year 1986 Military Construction Appropriations Bill into law, the following financing procedures and constraints shall be in force:

(1) Projects for which funds were appropriated prior to fiscal year 1986 may continue to be "split-funded", but only to the extent that funds appropriated prior to the fiscal year 1986 are used for this purpose.

(2) A project for which funds have been provided in the fiscal year 1986 Act may be accomplished from funds remaining availabel from a prior year Act, but must be started and brought to fiscal completion from funds available under that prior Act.

(3) A project for which funds were provided in a prior Act may be accomplished from funds appropriated in the fiscal year 1986 Act, but must be started and brought to fiscal completion with fiscal year 1986 funds.

(4) No new obligations may be incurred on projects in excess of five years old unless the new requirement has been submitted to and approved by Congress in the regular budget process.

The conferees believe these revised procedures are completely compatible with and a logical extension of the process by which the Department of Defense annually seeks new funds. Individual projects are justified as ready-to-start in the year in which funds are requested. With rare exceptions, such projects should be capable of completion within five years. Longstanding Administration and Departmental policy has been to seek full funding for all construction projects in each budget; hence, there should be no need for dependency on alternate sources of funds to bring programs to completion unless this is specifically directed by the Congress. In this regard, neither the Department's justification materials nor testimony before the Congress indicated any interdependency between funds requested for fiscal year 1986 and funds appropriated in prior years to complete new or previously approved programs. Thus, the procedures are not only workable, but necessary to maintain a proper relationship between the purposes for which funds are appropriated and the purposes for which they are actually expended.

In the event that these new requirements prevent or hinder the proper and timely execution of the military constructiion program, the Department should submit a request for a transfer of unobligated balances.

New reprogramming thresholds.—The conferees have agreed to a new rule for reprogramming of all military construction and new family housing construction by requiring that the Department submit for approval 30 days prior to the date on which action is required, planned expenditures on any project in which the new cost estimate exceeds the old by 20 percent or $1,000,000, whichever is less. These criteria shall also apply to all minor military construction projects. In addition, no additional funds may be added to a project for which a reprogramming has been previously approved without prior approval of the Committees on Appropriations. Reprogramming requests shall be submitted in accordance with procedures outlined in the House report.

Source of funds.—The Senate has agreed with House language on restricting the add back of funds used as a source of funds for reprogramming. This add back restriction applies to prior approval reprogrammings and not "within-threshold" transfers.

Funding new projects via reprogramming.—The conferees agreed that the Department should more carefully scrutinize "emergency" reprogramming requests as outlined in the House report.

Establishment of audit trail documents.—The conferees agree that the Department should establish and submit audit trail documents in accordance with the conditions cited in the House report.

Energy conservation projects used as a source of reprogramming.—The conferees agree with the House position that "savings" from energy projects should not be used as a source of reprogramming for non-energy projects, but only used as a source to offset increased costs for other energy projects. Any appropriated funds not used or due to lapse should be reported to the Committees on Appropriations.

Family housing, new construction.—The conferees have restored some of the reductions made by the House to the amounts requested for new family housing construction. However, the Services in our belief have not done enough to explore and implement changes to the present system that could reduce costs without sacrificing quality. Little has been done in the last several years to take advantage of new alternate methods of housing construction and contracting. The conferees have agreed to grant the Services some flexibility in the execution of their fiscal year 1986 program on the condition that these alternate methods are fully explored. Specifically, the Services may, with prior approval of the Appropriations Committees, reduce the number of units in new housing projects, if the bids received on a given project preclude accomplishment of its full scope. However, the Committee's approval of these reductions in scope will depend on the extent to which alternate methods of construction and contracting have been considered. These alternate methods should include use of manufactured/factory built housing and consideration of dividing projects into separate smaller contracts to attract bids from local contractors.

Family housing improvements.—The conferees concur with the reporting and limitation policies specified in the House report.

Family housing maintenance.—The conferees concur with the reporting requirements for major repair and general and flag officer housing as specified in the House report.

Family housing leasing.—The conferees concur with the changes in preparation of economic analysis and reporting requirements as specified in the House report. The conferees have concluded that the current Section 801 leasing program may be a cost effective method of providing domestic family housing and will not approve any further requests for leasing under that program until the installment/purchase method of procuring new family housing has been fully explored. The test of the Section 801 program has shown clearly that it is too expensive. The Department should seek the necessary authority to test the installment purchase option for new family housing.

Family housing reprogramming criteria.—The conferees have agreed that the criterion for new family housing construction and improvements projects is to be consistent with the new criteria on thresholds for military construction projects. All improvements projects over $1,000,000 are to be included in this procedure. The conferees concur in the establishment of utilities as a separate account for purposes of reprogramming. The new criteria for the family housing operations, utilities, maintenance and leasing accounts shall be as specified in the House report. That is, the transfer of any amount in excess of 15% or $6,000,000, whichever is less, among or between the operations, utilities, maintenance or leasing accounts, shall be subject to the prior approval of the Committees on Appropriations of both Houses. The rules regarding transfers within the operations account established last year are to continue to apply.

Clarification of reductions.—The conferees agree with the House report which clarifies and establishes the basis for reprogramming requests in connection with projects that are affected by programming reductions.

Foreign Currency Fluctuation Account.—The conferees agree that a foreign currency fluctuation account for military construction has merit. If the Department decides that a fluctuation account is necessary, a formal request should be made to the Congress. Such an account should be established from within available funds and should be structured as a revolving fund which does not require annual appropriations.

Matters addressed by only one Committee.—The reports of both the House and Senate contain items addressed by only one Committee. Unless otherwise indicated in

this conference report, those items are approved by the Committee of Conference.

MILITARY CONSTRUCTION, ARMY

Amendment No. 1.—Appropriates $1,602,982,000 for Military Construction, Army, instead of $1,646,152,000 as proposed by the House and $1,558,710,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Alabama:	
Fort McClellan: Unaccompanied officer housing	+$250,000
Fort Rucker: Unaccompanied officer housing	+300,000
Alaska:	
Fort Greely: Child Care Center	+300,000
Fort J.M. Wainwright:	
Barrack modernization	+1,500,000
Community impact planning	+250,000
Arkansas-Pine Bluff Arsenal: Binary munitions facility—phase II	+10,800,000
California:	
Fort Irwin: Hospital upgrade and addition	+1,000,000
Sacramento Army Depot: Microwave comm & radar facility	−1,900,000
Georgia-Fort Benning:	
Trainee barracks	+1,000,000
Upgrade unaccompanied officers building	+400,000
Kansas-Fort Riley: Tactical equipment shop	+3,100,000
Kentucky:	
Fort Campbell:	
Physical fitness training center	−3,900,000
Radiant heaters	−430,000
Missouri-Lake City AAP: Industrial wastewater treatment	−19,000,000
New York-Fort Drum: Community impact planning	−750,000
South Carolina-Fort Jackson: Dining facilities modernization	+6,600,000
Texas-Fort Hood: Armored moving target range	−4,600,000
Utah-Dugway Proving Ground: Operations building	+3,600,000
Virginia:	
Fort Belvoir:	
Automated date processing facility	−4,300,000
Intelligence command and control facility	+30,000,000
Physical fitness training center	−2,800,000
Humphreys Engineer Center: Topographic laboratory	+11,000,000
Washington:	
Fort Lewis:	
Child care center	−300,000
Company operations and supply	−4,800,000
Conus Classified-Classified project	+100,000
Germany:	
Bad Kreuznach: Child care center	+$1,100,000
Baumholder: Child care center	+900,000
Kaiserslautern: Tactical equipment shop	+3,450,000
Karlsruhe: Child care center	+470,000
Pirmasens: Electronic maintenance facility	+14,000,000
Rheinberg: Purchase of support facility	+11,600,000
Wiesbaden: Flight simulator building	+2,900,000
Various Locations: Pershing II missile security	+22,000,000
Italy-Camp Darby: Child care center	+1,350,000
Korea:	
Camp Carroll: Calibration laboratory	+1,600,000
Camp Humphreys: Flight simulator facility	+1,850,000
K-16 Army Airfield: Tactical equipment shop	−840,000
LOC 177: Power upgrade	−1,550,000
Yongson:	
Chapel and religious education facility	+150,000
Provost marshall command/control facility	−1,450,000
Panama:	
Corozol:	
Barracks modernization	+4,550,000
HVAC Systems Modifications	+930,000
Worldwide Unspecified:	
Planning and Design	+4,000,000
Unspecified Minor Construction	−2,500,000
General Reduction: Savings	−141,500,000
General Reduction: Instruction facilities	+2,200,000
General Reduction: Multi-purpose ranges	+4,200,000
Total	−43,170,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Alabama:	
Redstone Arsenal: Child care center	$1,500,000
Fort Rucker: Museum-site preparation & utilities	0
California:	
Fort Irwin: Child care center	1,450,000
Presidio of Monterey: Military personnel administration center	2,650,000
Colorado:	
Fort Carson:	
Child care center	2,600,000
Military operations on urbanized terrain	0
Georgia:	
Fort Benning: Highway crossing-US 280	0
Fort Gordon: Addition to data processing building	760,000
Fort Stewart/Hunter AAF: Military operations on urbanized terrain	0
Hawaii-Schofield Barracks: Military operations on urbanized terrain	0
Illinois-Rock Island Arsenal: Modernize manufacturing facility-REARM	26,000,000
Kansas: Fort Riley: Military operations on urbanized terrain	0
Kentucky-Fort Knox: Child care center	4,300,000
Louisiana:	
Fort Polk:	
Battalion headquarters	0
Physical fitness training center	4,000,000
Maryland-Fort Dietrick: Operations building	7,600,000
Massachusetts:	
Army Materials and Mechanics Research Center: Water pollution abatement	770,000
Fort Devens: NBC Defense instruction facility	610,000
Missouri-Fort Leonard Wood: Reception center	7,500,000
New Mexico-Fort Wingate: Ammunition container loading yard	490,000
New York:	
Fort Drum:	
Child care center	2,000,000
Fire station	990,000
Utilities	82,500,000
U.S. Military Academy:	
Energy monitoring system expansion	5,000,000
General instruction building	0
North Carolina:	
Fort Bragg:	
Division headquarters	6,700,000
Physical fitness training center	2,000,000
Land acquisition	10,800,000
Oklahoma-McAlester AAP: PBX production facility	2,300,000
Pennsylvania-Eastern distribution center	15,000,000
Texas:	
Fort Bliss:	
Child care center	2,350,000
Physical fitness training center	2,200,000
Fire station	710,000
Fort Hood:	
Administration and test support facility	7,500,000
Tactical equipment shop	7,700,000
Storage facility	7,200,000
Virginia-Fort Lee: Brigade operation center	1,032,000
Washington:	
Fort Lewis:	
Battalion headquarters	0
Military operations on urbanized terrain	0
Tactical equipment shop	0
Germany:	
Goeppingen: Child care center	1,100,000
Hanau: Child care center	780,000
Heidelberg:	
Child care center	3,550,000
Operations building	0
Hohenfels: Military operations on urbanized terrain	0
Karlsruhe:	
Battery shop	0
Tactical equipment shop	0
Neu Ulm: Child care center	1,000,000

Nuernberg: Child care center	1,850,000
Vilseck: Child care center	2,350,000
Wuerzburg: Child care center	2,050,000
Greece:	
Upgrade multi-purpose building	640,000
Upgrade operations and supply building	270,000
Japan-Kawakami: Medical supply warehouse	0
Korea:	
Camp Carroll:	
Controlled Humidity Warehouses	0
Medical supply warehouse	0
K-16 Army Airfield: Flight simulator building	0
Worldwide Unspecified-General reduction for Davis-Bacon act exemption	0

Alabama-Fort Rucker: Museum, Site preparation and utilities.—The conferees have denied funding for this project. The Army has not designated this site to be the official museum site of the Army and the conferees considered this project to be a low priority in view of current budget constraints.

Arkansas-Pine Bluff Arsenal.—The conferees agreed to fund $10,800,000 for the Binary Munitions Facility, Phase II, contingent upon funds being appropriated in the Department of Defense Appropriations Act, 1986 for production. Funds for this project may be obligated only if binary chemical weapon facility and equipment funds are appropriated and shall be subject to the same conditions set forth in the Defense Appropriations Act. The Department is directed to notify the Committees on Appropriations 30 days prior to obligation of construction funds for this project.

New York, Fort Drum: Utilities.—the conferees have agreed to provide $82,500,000 for utilities at Fort Drum, New York. Funds for this project are new appropriations and not from available savings as recommended in the House report.

Germany-Rheinberg: Purchase of support facility.—The conferees have agreed to fund the purchase of the support facility at Rheinberg, Germany at the requested level of $11,600,000. Funds, however, cannot be obligated until the Committees on Appropriations approve a new plan for base closure, consolidation and/or realignment overseas. The Secretary of Defense is directed to submit a report on the viability of overseas installation as specified earlier in this report.

Germany-Pershing II Missile Security.—The conferees have included $56 million for security measures at U.S. Pershing II missile sites in Germany. The conferees understand that some of these measures may be eligible for NATO funding. Therefore, before any of the funds appropriated for the Pershing II Security Upgrade are obligated, the Department is to insure that (1) a prefinancing statement for all of the security measures has been filed, and (2) NATO has noted the U.S. intention of prefinance. Additionally, the necessary programming documents are to be submitted to SHAPE immediately. These actions are necessary to protect the United States' right to recoup funds expended on NATO eligible work.

General Reductions-Instruction facilities and multi-purpose training ranges.—The conferees have agreed to a general reduction of $2,100,000 which is to be applied against the four instruction facilities listed in the House report. In addition, the conferees agreed to a general reduction of $4,300,000 to be applied against the five multi-purpose training ranges listed in the House report. The conferees have recommended general reductions in these cases rather than specific reductions in order to provide the Army with flexibility to make appropriate reductions. The reductions should be made by reducing the scope of work and/or through value engineering. The Army shall report to the Committees on appropriations its allocation of reductions prior to award of the first construction contract for each set of projects.

Amendment No. 2.—Earmarks $133,000,000 for study, planning, design, architect and engineer services instead of $129,000,000 as proposed by the House and $136,100,000 as proposed by the Senate. The amount of $2,600,000 has been provided for non-site specific mobilization planning and design.

MILITARY CONSTRUCTION, NAVY

Amendment No. 3.—Reported in disagreement.

Amendment No. 4.—Earmarks $138,660,000 for study, planning, design, architect and engineer services instead of $129,000,000 as proposed by the House and $139,260,000 as proposed by the Senate.

MILITARY CONSTRUCTION, AIR FORCE

Amendment No. 5.—Appropriates $1,663,225,000 for Military Construction, Air Force instead of $1,585,140,000 as proposed by the House and $1,751,623,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Alaska:	
Eielson AFB:	
Add-alter central heat-power plant	+$25,500,000
Maintenance hangar	+6,000,000
King Salmon AFB: Fire station	+1,000,000
Sheyma AFB:	
Add-alter central power plant	+1,500,000
Composite personnel housing-alert facility	+9,600,000
Arizona—Luke AFB: F-16 Wing headquarters facility	−1,350,000
Arkansas—Blytheville AFB: Petroleum operations facility	−510,000
California:	
Castle AFB: Engine inspection and repair shop	−1,300,000
Mather AFB: Accounting-finance facility	−1,500,000
McClellan AFB:	
Ammunition storage complex/land acquisition	−3,500,000
Regional waste water connection	−5,800,000
Sunnyvale AFS: Alter mission control complex	+2,700,000
Travis AFB: Weapons systems maintenance management support facility	−6,200,000
Colorado:	
Peterson AFB: Test development & training center—phase 2	+5,200,000
U.S. Air Force Academy: Add-alter aeronautics laboratory	+3,400,000
Delaware: Dover AFB: Extend runway-land acquisition	+13,800,000
Florida:	
Eglin AFB:	
Fuel cell repair facility	−2,300,000
Heavy metal weapons R&D facility	+5,500,000
MacDill AFB: Add-alter REDCOM headquarters facility	+1,500,000
Georgia—Robins AFB: Large item storage facility	+5,400,000
Idaho—Mountain Home AFB: OTH-B radar operations-software support facility	+690,000
Illinois: Scott AFB:	
Add & alter consolidated computer facility	−7,800,000
Satellite communication ground terminal	+400,000
Mississippi—Keesler AFB: Hurricane damage	+8,800,000
Nebraska-Offutt AFB: Headquarters command post	+5,700,000
New Jersey-McGuire AFB: Add-alter gymnasium	−1,550,000
New Mexico:	
Cannon AFB: Melrose range-land acquisition	+12,500,000
Holloman AFB: Add-alter radar target scatter group	+13,700,000
Kirtland AFB: Munitions storage complex	−47,000,000
North Dakota-Minot AFB: Security police operations facility	−4,000,000
South Carolina:	
Charleston AFB: POL facility	+480,000
Shaw AFB:	
Add-alter special operations facility	+2,000,000
Add-alter weapons system maintenance management facility	−1,100,000
Wing headquarters	+2,100,000
South Dakota-Belle Fourche: STRC (Site 4) and land acquisition	+190,000
Texas:	
Carswell AFB: Chapel center	−2,150,000
Lackland AFB: Satcom ground terminal	+2,950,000
Virginia-Langley AFB: Land acquisition	+3,750,000
Wyoming-F.E. Warren:	
Data processing facility	−1,550,000
Peacekeeper-land easements	+700,000
Peacekeeper-launch facility site work	+2,060,000
Conus Unspecified-Support facilities	+2,500,000
Germany:	
Bitburg AB: Weapons system maintenance control	−2,200,000
Hahn AB: Chapel center	+900,000
Ramstein AB:	
Composite alert facility	+1,200,000
Dining hall	+400,000
Zwiebrucken AB:	
Add-alter fire station	+1,350,000

EDS-Unaccompanied enlisted personnel housing	+2,450,000
Italy-Aviano: Telecommunications facility	+920,000
Japan: Camp Zama: Add-alter satellite communications ground terminal	+1,500,000
Korea:	
Kimhae AB: Medical contingency complex	+10,400,000
Kunsan AB: Portomod support	+300,000
Kwang-Ju AB:	
Add-alter water treatment-distribution system	+1,450,000
Portomod support	+260,000
Unaccompanied enlisted personnel housing	+$4,950,000
Osan AB:	
Portomod Support	+860,000
Squadron operations facility	+6,200,000
Sachon: Portomod support	+310,000
Netherlands: Woensdrecht AB:	
GLCM-Boundary fence	+280,000
GLCM-Command, control and safety	+1,900,000
GLCM-site activation support facilities	+10,000,000
GLCM-Utilities, pavements and roads	+3,800,000
Philippines: Clark AB:	
Add-alter maintenance management and operations facility	−1,750,000
Consolidated support facilities-phase II	−4,000,000
Portugal-Lajes Field: Child care center	+300,000
Turkey-Ankara: Transient lodging facility	+950,000
United Kingdom:	
Molesworth:	
GLCM-add to post office (RAF Alconbury)	−530,000
GLCM-Vehicle operations complex	−200,000
RAF Lakenheath: Gymnasium	−2,500,000
Overseas Classified-Base Thirty: TR-1 Add-alter Dining hall	+75,000
Worldwide Unspecified:	
Planning and Design	4,000,000
General Reduction	−17,500,000
Total	+78,085,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Alabama: Maxwell AFB:	
SQ officers school-leadership development complex	0
Visiting officer quarters	$3,500,000
Alaska:	
King Salmon AFB: Add-alter composite operations facility	2,500,000
Shemya AFB: Liquid fuel pipeline system	8,000,000
California:	
Edwards AFB: Add to alter flight test mission control center	0
McClellan AFB: Logistics system operations center	10,300,000
Travis AFB: Add-alter flight simulator training facility	$1,700,000
Colorado:	
Lowry AFB: Add-alter classrooms (PMEL)	0
U.S. Air Force Academy:	
Add-alter computer center	440,000
Add-alter prepatory school facilities	0
Add-alter prepatory school fields	0
Delaware: Dover AFB: Ancilliary explosive complex	0
Florida: Tyndall AFB: Consolidated training facility	0
Hawaii-Wheeler AFB: Gymnasium	0
Illinois-Chanute AFB: Medical war reserve material facility	0
Kansas: McConnell AFB:	
B-1 add-alter avionics maintenance shop	2,100,000
B-1 add-alter communications facility	1,310,000
B-1 add-alter operations & support facility	3,500,000
B-1 alter utilities systems	1,000,000
B-1 area security improvements-alert aircraft parking	7,300,000
B-1 field training facility	1,830,000
B-1 hydrant fuel with case provisions	18,400,000
B-1 integrated maintenance facility	6,400,000
B-1 support equipment and storage facility	1,900,000
B-1 two bay aircraft maintenance hangar	17,000,000
B-1 warhead maintenance-inspection facility	750,000
B-1 weapons convoy roads	3,700,000
B-1 weapons storage area and igloos	6,300,000
Missouri-Whiteman AFB: Add-alter gymnasium	2,400,000
Nebraska-Offutt AFB: Add-alter enlisted housing-dining facility	0
Ohio-Wright-Patterson AFB: Add-alter AFIT science engineering support	6,000,000
Oklahoma:	
Altus AFB:	
Base supply administration	1,900,000
Weapons systems: Maintenance management facility	2,550,000
Vance AFB: Mission support facility	3,550,000
South Carolina:	
Charleston AFB: Aerial refueling part task training	0
Shaw AFB:	
Add-alter weapons system maintenance management facility	1,100,000
Consolidated support center	6,450,000
Texas:	
Bergstrom AFB: Commercial transportation facility	770,000
Lackland AFB: Dining hall	$4,000,000
Sheppard AFB: Medical training facility	0
Belgium-Florennes:	
GLCM-Chapel center	1,000,000
GLCM-Child care center	810,000
Germany:	
Ahlhorn AB: Aircraft maintenance unit facility	0
Einsiedlerhof: Visiting officer quarters	0
Hessisch:	
Base engineer maintenance shop	0
Warehouse	0
Kapaun: Telecommunications facility	0
Lahr AB: Chemical warfare protection-squadron opns	0
Leipheim AB: Aircraft maintenance unit facility	0
Norvenich AB: Aircraft maintenance unit facility	0
Pruem AS: Warehouse	0
Ramstein AB: Warehouse	0
Rhein-Main AB: Flight simulator training facility	0
Spangdahlem AB: Field training facility	0
Vogelweh: Child care center	1,250,000
Zweibrucken AB:	
EDS-Forward storage warehouse	0
Telecommunications facility	0
Greenland: Thule AB:	
Add-alter satcom ground terminal support	4,800,000
Alter unaccompanied enlisted personnel housing	2,000,000
Cold storage facility	3,300,000
Italy:	
Aviano AB: Visiting officers quarters	0
Decimomannu AB: Visiting officers quarters	0
Japan-Kadena AB:	
Jet fuel storage (JP-4)	0
Tactical control operations facility	0
Korea:	
Kwang-Ju AB:	
Quick turn facility	0
Unaccompanied officer personnel housing	0
Osan AB:	
Aircraft shelters	0
Alter unaccompanied officer personnel housing	2,800,000
Panama-Howard AFB: ECIP-facility energy improvements	0
Portugal: Lajes Field:	
Add to-alter chapel	1,000,000
POL storage tanks	0
Spain: Torrejon AB:	
Child care center	0
Medical contingency complex	0
Turkey: Incirlik AB:	
Consolidated support center	4,500,000

Medical contingency complex	0
United Kingdom:	
Molesworth: GLCM-VEH maintenance shop (RAF Alconbury)	4,050,000
RAF Alconbury:	
Base operations facility	0
Flight simulator training facility	0
RAF Chicksands: Child care center	800,000
RAF Sculthorpe: Munitions storage igloos	0
RAF Upper Heyford: Religious education facility	0
Overseas Classified:	
Base Twenty Nine:	
PLSS-Operations and maintenance facilities	0
PLSS-Unaccompanied enlisted personnel housing	0
Worldwide Unspecified:	
Minor land	0
Unspecified minor construction	15,000,000
General Reduction for Davis Bacon Savings	0
Unspecified Log-Conus-B-1B Spt Fac	0

California-McClellan AFB: Regional waste water connection.—The conferees are aware of the urgent need for this project and direct the Air Force to submit it for funding via reprogramming as soon as possible.

Colorado-Peterson AFB: Test development and training center.—The conferees have agreed to provide the $5,200,000 for this project. However, none of these funds are to be obligated until the Secretary of the Air Force reports that the Consolidated Space Operations Center will be fully utilized.

Florida-MacDill AFB: Add-alter REDCOM headquarters facility.—The conferees have agreed to provide the $1.5 million requested for this facility with the understanding that it completes the expansion of administrative and computer facilities for the Readiness Command at this location.

Mississippi-Keesler AFB: Hurricane damage.—The conferees have agreed to provide $8,800,000 for this project. All remaining requirements should be submitted as part of normal budget requests.

New Mexico-Kirtland AFB: Munitions storage complex.—The conferees have deferred this project without prejudice due to budget constraints. It should be re-submitted for funding in the fiscal year 1987 budget request.

Ohio-Wright Patterson AFB: Alter AFIT facility.—The conferees have provided $6,000,000 for this facility. The Air Force should submit a reprogramming request for the remaining requirements for this facility.

South Dakota-Belle Fourche: STRC and land acquisition.—The conferees have agreed to provide $3,880,000 for this project. Funds for land acquisition have been restored. Recreational facilities are to be funded with non-appropriated funds.

Germany-Various locations: COB facilities.—The conferees have denied the funds requested at collocated operating bases in Germany and direct the Air Force to seek NATO funding for them.

Japan-Camp Zama: Satellite ground terminal.—The conferees have agreed to the $1,500,000 requested for this project. However, none of the funds are to be obligated until the Air Force explores the feasibility of alternate locations for it, and reports back to the Committees on Appropriations.

Netherlands-Woensdrecht AB: Various GLCM facilities.—The conferees have agreed to provide the $15,980,000 for initial facilities to beddown Ground Launched Cruise Missiles in the Netherlands. However, none of these funds are to be obligated until the Dutch parliament votes to accept the deployment of these missiles at this location. The Air Force is directed to submit a report immediately on the additional requirements necessary to meet the proposed initial operating capability (IOC). This report should also address the potential savings involved in a postponement of the existing IOC date.

United Kingdom-Molesworth: Various GLCM facilities.—The conferees have agreed to provide $20,333,000 for various facilities at Molesworth. However, none of these funds are to be obligated until the Memorandum of Understanding on this base has been signed by the United Kingdom. The conferees expect to be informed as to how the 4 million pound offset offered by the United Kingdom is spent. The conferees expect that these funds will not be spent on NATO eligible, host nation or non-appropriated fund construction.

Various Locations-Chemical protective cells.—The conferees direct the submission of the report on chemical protective cells, as specified in the House report.

Minor Construction.—The conferees direct that the Air Force accomplish the Blytheville AFB, Arkansas-Petroleum operations facility, $510,000 from within the funds provided for minor construction.

Amendment No. 6.—Earmarks $134,000,000 for study, planning, design, architect and engineer services, instead of $130,000,000 as proposed by the House and $144,096,000 as proposed by the Senate.

MILITARY CONSTRUCTION, DEFENSE AGENCIES

Amendment No. 7.—Appropriates $181,375,000 for Military Construction, Defense Agencies, instead of $124,955,000 as proposed by the house and $233,290,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Connecticut-Defense Property Disposal Office Groton	+$50,000
Georgia-Fort Benning: Elementary Schools Expansion	+1,693,000
Kansas-Defense Property Disposal Office Fort Riley: Covered storage	+100,000
Maryland-Fort Meade: R&E facility	+21,364,000
New York-Defense Fuel Support Point Verona: Covered storage	+195,000
North Carolina:	
Fort Bragg: Bowley elementary school replacement	+5,660,000
Camp Lejeune: Dependent school-new high school	+8,400,000
South Carolina-Myrtle Beach AFB: Add to and alter Woodlawn Park School	+1,400,000
Texas:	
Defense Property Disposal Office Texarkana: Storage facility	+500,000
Mineral Wells National Guard Center: Repromat secure storage facility	+200,000
Utah-Defense Depot Odgen: Facility rehabilitation	+215,000
Virginia:	
Defense Property Disposal Office Richmond: Conforming Storage	+150,000
Defense General Supply Center: Conforming storage	+400,000
Quantico: Dependent School: New Elementary school	+3,500,000
Wyoming-Defense Property Disposal Office Warren AFB: Covered storage	+200,000
Belgium-Florennes: Elementary and high school	+720,000
Germany:	
Bamberg: Elementary school addition	+390,000
Middle and high school addition	+210,000
Pirmasens: Elementary/junior high school addition	+1,630,000
Schweinfurt: Junior high school	+430,000
Sembach Air Base: Elementary school addition	+170,000
Vilseck: Elementary school	+680,000
Italy-Sigonella: Elementary and high school addition	+560,000
Korea:	
Osan Air Base: Elementary school addition	+380,000
Pusan: Elementary and high school addition	+140,000
Taegu: Elementary and high school addition	+80,000
Netherlands-Soesterberg Air Base: Elementary school	+460,000
Philippines-Clark Air Base: High school (Wagner)	+690,000
Puerto Rico:	
Fort Buchanan: Department School-New high school	+9,753,000
Roosevelt Roads Naval Station: Department school-High school improvements	+1,200,000
United Kingdom:	
Bicester: Elementary school	+570,000
Upwood: Elementary school addition	+340,000
Woodbridge Royal Air Force Station: Elementary school addition	+160,000
Worldwide Unspecified:	
Planning and Design	+2,500,000
General Reduction DOD schools	−8,670,000
Total	+56,420,000

The conferees agreed to fund all other items in conference of the level proposed by the House, as shown below:

District of Columbia, NDV Academic instruction facility	0

Japan:	
Defense Fuel Support Point Chimu Wan Okinawa: Fuel tankage	0
Defense Fuel Support Point Tsurumi: Fuel pier	0
Misawa Air Base: Elementary school addition	0
Okinawa: Elementary school (Jennings)	0
Korea-Defense Fuel Support Point Pyongtaek: Fuel tankage	$2,000,000
Unspecified Minor Construction	2,700,000

Various Locations—Defense Logistics Agency projects.—The conferees have restored the reductions made to various Defense Logistics Agency projects, but have imposed an additional general reduction of $2,010,000 to be applied to these projects. The conferees direct that the Defense Logistics Agency accomplish two storage projects using alternate construction methods and report back to the Committees on the results of this initiative.

Various Locations—DOD schools.—The conferees have restored the reductions made to various DOD school projects overseas, but have imposed a general reduction of $6,660,000 to be applied to these projects.

Misawa AB, Japan—Elementary school addition.—The conferees have denied this project and direct that this and all future school projects in Japan be funded through the Japanese facilities improvements program.

Amendment No. 8.—Earmarks $27,500,000 for study, planning, design, architect and engineer services instead of $25,000,000 as proposed by the House and $30,000,000 as proposed by the Senate.

NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

Amendment No. 9.—Appropriates $10,000,000 for NATO Infrastructure instead of no funds as proposed by the House and $38,000,000 as proposed by the Senate. The conferees are agreed that all outstanding prefinanced funds should be sought and recouped in the next five years. A general provision calling for $30,000,000 in recoupments in the current fiscal year has also been included. If additional funds are required, the committees will consider a supplemental budget request.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Amendment No. 10.—Reported in technical disagreement. The managers of the part of the House will offer a motion to recede and concur in the amendment of the Senate, with an amendment appropriating $102,205,000 for Military Construction, Army National Guard, instead of $100,362,000 as proposed by the House and $86,657,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conferees have agreed to the following addition and deletion to the amounts and line items as proposed by the House:

Worldwide Unspecified:	
Unspecified minor construction	−$5,000,000
General reduction	+6,843,000
Total	+1,843,000

The conferees agreed to fund all other items in conference at the level proposed by the House as shown below:

Alabama:	
Double Springs: Armory	$593,000
Oneonta: Armory	853,000
Demopolis: Armory	647,000
Valley: Armory	578,000
Mississippi-Camp McCain: Land acquisition	3,300,000
Missouri:	
Jefferson City: Armory addition/alteration	1,342,000
Lexington: Armory addition/alteration	744,000
New Mexico-Hobbs: 100 person armory	755,000
Pennsylvania: Scranton Airport:	
Army aviation support facility	6,190,000
Armory	1,546,000

New York, Latham.—The conferees direct the Army National Guard to fund the $880,000 necessary to complete the Armory and U.S. property disposal office projects funded in fiscal year 1984 out of available funds.

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

Amendment No. 11.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, with an amendment appropriating $121,250,000 for Military Construction, Air National Guard, instead of $116,350,000 as proposed by the House and $112,205,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

California:	
Miramar NAS: Comm-electronics training complex	+$300,000
Point Mugu NAS: Land acquisition	+5,000,000
Oregon-Portland IAP: Medical training and administrative facility	+200,000
Worldwide Unspecified—Unspecified minor construction	−600,000
Total	+4,900,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Kansas: McConnell AFB:	
Add to-alter hangar building 41	$2,500,000
Aerospace ground equipment shop	670,000
Fire suppression system	775,000
Weapons calibration facility	1,500,000
Maryland-Andrews AFB: Support equip-NDI-POL operations facility	1,500,000
Michigan:	
Phelps-Collins Apt: Dormitory winterization	1,800,000
WK Kellogg Regional Airport: Fuel system maintenance dock	1,700,000

MILITARY CONSTRUCTION, ARMY RESERVE

Amendment No. 12.—Appropriates $61,346,000 for Military Construction, Army Reserve, instead of $61,746,000 as proposed by the House and $59,900,000 as proposed by the Senate. The conferees have agreed to the following deletion to the amounts and line items as proposed by the House:

Worldwide Unspecified—Unspecified minor construction	$400,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

California-Modesto: Add to reserve center	$443,000
Colorado-Rocky Mountain Arsenal: Army reserve center	0
Florida-Fort Lauderdale: Training and maintenance facility	2,466,000
Illinois-Freeport: Land acquisition	60,000
New York-Orangeburg: Reserve center	2,488,000

MILITARY CONSTRUCTION, NAVAL RESERVE

Amendment No. 13.—Appropriates $41,800,000 for Military Construction, Naval Reserve, as proposed by the House instead of $39,660,000 as proposed by the Senate. The conferees have agreed to the following addition and deletion to the amounts and line items as proposed by the House:

North Carolina—NMCRC Memphis: Training building acquisition	+$1,400,000
Tennessee—NMCRC Charlotte: Training building acquisition	−1,400,000
Total	0

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Worldwide unspecified:	
Unspecified minor construction	$1,540,000
General reduction	−10,000,000

Memphis, Tennessee, Navy/Marine Corps Reserve Center.—A Navy addition to the existing Marine Corps Reserve Center at Memphis, Tennessee, was funded by the House in the amount of $1,400,000. The Senate deferred the project. The Committee understands that Shering-Plough Corporation desires to reconsider the option of providing the Marine Corps a replacement Center in exchange for the existing Center under the authority provided in Section 807 of Public Law 95-356 of September 9, 1978. The Navy is therefore directed to resume negotiations with Shering-Plough Corporation in an attempt to consummate this transaction. The conferees agreed to defer funding and direct the Navy to submit a reprogramming request for a Navy addition to either the replacement facility provided by Shering-Plough Corporation or the existing Marine Corps Reserve Center after resolution of the negotiations.

MILITARY CONSTRUCTION, AIR FORCE RESERVE

Amendment No. 14.—Appropriates $63,030,000 for Military Construction, Air Force Reserve, instead of $63,073,000 as proposed by the House and $60,100,000 as proposed by the Senate. The conferees have agreed to the following addition and dele-

tion to the amounts and line items as proposed by the House:

Georgia—Dobbins AFB: Approach lights	+$157,000
Worldwide Unspecified—Unspecified minor construction	−200,000
Total	−43,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Florida-Eglin AFB: Flight simulator facility	$3,850,000
Louisiana-New Orleans NAS: Squadron operations facility	1,820,000
Oregon-Portland IAP: Add to squadron operations facility	960,000
Pennsylvania-Willow Grove ARF: Aerial port training facility	1,200,000
Texas-Kelly AFB: Squadron operations facility	2,600,000

FAMILY HOUSING, ARMY

Amendment No. 15.—Appropriates $262,018,000 for Army family housing construction instead of $252,506,000 as proposed by the House and $319,496,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Fort Ord, California	+$3,700,000
Army Materials and Mechanics Research Center	−108,000
Fort Drum, New York	+3,000,000
Bamberg, Germany	+620,000
Grafenwoehr, Germany	+600,000
Vilseck, Germany	+1,700,000
Total	+9,512,000

The conferees agreed to fund all other items in conference at the level propose by the House, as shown below:

Fort Devens, Massachusetts	$317,000
Dugway Proving Ground, Utah	7,353,000
Fort Myer, Virginia	486,000
Construction improvements	102,000,000
General reduction, construction	0
Planning	15,000,000

Construction improvements.—The conferees direct the Army to accomplish the $1.5 million project at Rotterdam, N.Y. out of the funds provided.

Amendment No. 16.—Appropriates $1,167,069,000 for Army family housing operations and maintenance as proposed by the House instead of $1,224,717,000 as proposed by the Senate. The conferees have agreed to fund all items in conference at the level proposed by the House as shown below:

Management account	$68,000,000
Services account	44,500,000
Furnishings account	100,000,000
Utilities account	280,000,000
Leasing	133,567,000
Maintenance of real property	560,000,000
General reduction, O&M/leasing	0

Amendment No. 17.—Appropriates a total of $1,445,164,000 for Army family housing instead of $1,435,652,000 as proposed by the House and $1,560,290,000 as proposed by the Senate.

FAMILY HOUSING, NAVY AND MARINE CORPS

Amendment No. 18.—Appropriates $139,808,000 for Navy and Marine Corps family housing construction instead of $131,708,000 as proposed by the House and $146,800,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Naval Station Adak, Alaska	+$1,600,000
Naval Complex San Diego, California	+1,200,000
Naval Weapons Station Earle, California	+2,400,000
Naval Public Works Center Subic Bay, Philippines	+2,900,000
Total	+8,100,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Fleet Training Group Pacific Warner Springs, California	$2,450,000
Marcor Air-Ground Comb Center Twentynine Palms, California	6,800,000
Marine Corps Air Station El Toro, California	24,500,000
Aviation Supply Office Philadelphia, Pennsylvania	108,000
General reduction, construction	0

Amendment No. 19.—Appropriates $523,270,000 for Navy and Marine Corps family housing operation and maintenance as proposed by the House instead of $541,099,000 as proposed by the Senate. The conferees have agreed to fund all items in conference at the level proposed by the House as shown below:

Management account	$40,000,000
Services account	29,000,000
Furnishings account	11,936,000
Miscellaneous account	400,000
Utilities account	172,000,000
Leasing	16,934,000
Maintenance of real property	254,000,000
General reduction, O&M/leasing	0

Maintenance.—The conferees have agreed with the House language on the Jamestown Exposition housing at Norfolk, Virginia. No maintenance funds above $15,000 per unit are to be spent until the Navy submits a plan outlining its intentions on the future occupancy or disposal of these units. The conferees direct that the reduction to this account is to apply to the Navy, and not the Marine Corps.

Amendment No. 20.—Appropriates a total of $681,380,000 for Navy and Marine Corps family housing instead of $673,280,000 as proposed by the House and $705,201,000 as proposed by the Senate.

FAMILY HOUSING, AIR FORCE

Amendment No. 21.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $182,300,000 for Air Force family housing construction, instead of $186,350,000 as proposed by the House and $199,400,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Hanscom AFB, Massachusetts	−$14,200,000
Belle Fource, South Dakota	+800,000
Florennes, Belgium	+1,750,000
Hahn AB, Germany	+1,500,000
Ramstein AB, Germany	+1,600,000
Clark AFB, Philippines	+4,500,000
Total	−4,050,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Camp New Amsterdam, Netherlands	$10,000,000
Construction improvements	46,300,000
General reduction, construction	0

Construction improvements.—The conferees have agreed that the Air Force is to accomplish the $4,000,000 improvements project at Keesler AFB, Mississippi from the funds provided.

Korea, Accompanied tours.—The conferees concur with the language of the Senate report directing that the Air Force report its intentions regarding accompanied tours in Korea by January 31, 1986.

Amendment No. 22.—Appropriates $650,161,000 for Air Force family housing operations and maintenance as proposed by the House instead of $693,993,000 as proposed by the Senate. The conferees have agreed to fund all of the items in conference at the level proposed by the House as shown below:

Furnishings account	$36,000,000
Utilities account	235,000,000
Leasing	40,000,000
Maintenance of real property	285,800,000
General reduction, O&M/leasing	0

Maintenance.—The conferees agreed to the proposed expenditures at Zaragoza AB, Spain and Howard AB, Panama, which had been denied by the House. The conferees have denied the proposed project at RAF Fairford, United Kingdom. The proposed expenditure on 32 units at Offutt AFB, Nebraska is to be limited to $80,000 per unit.

Amendment No. 23.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating a total of $847,766,000 for Air Force family housing, instead of $851,816,000 as proposed by the House and $908,698,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

FAMILY HOUSING, DEFENSE AGENCIES

Amendment No. 24.—Appropriates $1,610,000 for Defense Agencies family housing construction instead of $1,410,000 as proposed by the House and $1,910,000 as proposed by the Senate. The conferees agreed to fund the NSA Classified project at $1,500,000.

Amendment No. 25.—Appropriates $14,957,000 for Defense Agencies family

housing operations and maintenance instead of $12,890,000 as proposed by the House and $17,090,000 as proposed by the Senate. The conferees have agreed to the following addition to the amounts and line items as proposed by the House:

Leasing	+$2,067,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Furnishings account	$661,000
General reduction	0

Amendment No. 26.—Appropriates a total of $16,567,000 for Defense Agencies family housing instead of $14,300,000 as proposed by the House and $19,000,000 as proposed by the Senate.

GENERAL PROVISIONS

Amendment No. 27.—Reported in disagreement.

Amendment No. 28.—Restores House language which allows the use of prior year appropriations to fund currently authorized projects. The language also, in effect, repeals 10 U.S.C. 2860 dealing with "split-funding" of projects and use of expired unobligated funds.

Amendment No. 29.—Reported in technical disagreement. The managers of the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken by said amendment, insert the following:

SEC. 122. The Secretary of the Army acting through the Chief of Engineers of the United States Army Corps of Engineers is hereby directed to assign a military design, construction, and support mission to the Little Rock district and to designate the Little Rock district as a full service district which includes responsibilities for planning, engineering, construction operations and real estate for both civil and military missions: Provided, That finance and accounting shall also be included as a function of the full service district if evidence shows that it would result in more efficiency and economy.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees agree that this provision will, in no way, affect the current missions, including finance and accounting, operations, responsibilities and manning levels in the State of Mississippi, the Lower Mississippi Valley Division and the Memphis district.

The conferees direct the Department of the Army to conduct a full and complete study of the current efficiency and economy of the finance and accounting functions for each Division of the Corps of Engineers, compared to each district performing its own finance and accounting functions. The Department of the Army is directed to report back to Congress its findings.

Amendment No. 30.—Restores House language which authorizes the Secretary of the Army to convey, without reimbursement, pentathalon equipment to the United States Modern Pentathalon Association.

Amendment No. 31.—Deletes language proposed by the Senate which authorizes transfers of appropriations without prior approval of the Congress.

Amendment No. 32.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment that changes the section number to 124. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The amendment prohibits use of appropriated funds to any country that fails to take adequate measures to prevent narcotic drugs and other substances processed illicitly from being sold illegally in the United States.

Amendment No. 33.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment that changes the section number to 125. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The amendment withholds and places in reserve, 10 percent of the total budget authority provided for consulting services, management and professional services and special studies and analyses.

Amendment No. 34.—Deletes language proposed by the Senate which expresses the Sense of Congress calling for NATO member nations and Japan to meet or exceed pledges of at least 3 percent real increase in defense spending.

Amendment No. 35.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

SEC. 126. (a) Notwithstanding section 13(g) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g)) and section 4 of the Act of October 1, 1949 (50 App. U.S.C. 1622(c)), the Secretary of Transportation, if requested, shall, as to the property described in subsection (c), in order to facilitate an exchange of land negotiated between the State of Georgia and the County of Glynn, Georgia, grant a release to the County of Glynn, Georgia, from all of the terms, conditions, reservations, and restrictions contained in the deed of conveyance dated July 1, 1975, under which the United States conveyed certain property to the County of Glynn, Georgia, for airport purposes. This provision does not apply to the portion of the property, conveyed by that deed, that is not specified in subsection (c). This provision is subject to the conditions in subsection (b).

(b)(1) The County of Glynn finds that the property obtained in exchange for the property described in subsection (c) is equivalent in value to the property described in subsection (c).

(2) Revenue derived from the land obtained by the County of Glynn in exchange for the property described in subsection (c) must be used for the development, improvement, operation, or maintenance of a public airport.

(3) The property described in subsection (c) shall be used by the State of Georgia in a manner compatible with airport porposes.

(4) Approval of the Secretary of Transportation must be obtained prior to any subsequent transfer by the State of Georgia of the property described in subsection (c). Such approval shall be given only if the Secretary finds that the property will continue to be used in a manner compatible with airport purposes.

(c) Subsection (a) applies to the following described area known as the "Glynco Jetport Tract":

"GLYNCO JETPORT TRACT

"To locate the Point of Beginning, proceed from the intersection of the eastern right-of-way of Canal Road with the northern right-of-way of the Glynco Parkway, north 16 degrees 31 minutes 05 seconds east along the eastern right-of-way of Canal Road for a distance of 342.33 feet to a concrete monument which is the Point of Beginning; thence, continue north 16 degrees 31 minutes 05 seconds east along the eastern right-of-way of Canal Road for a distance of 1160.25 feet to a concrete monument; thence, proceed south 73 degrees 28 minutes 55 seconds east for a distance of 514.8 feet to a concrete monument located on the western right-of-way of the Brunswick-Altamaha Canal; thence, proceed south 12 degrees 31 minutes 00 seconds west along the western right-of-way of the said canal for a distance of 910.66 feet to a concrete monument located on the northern right-of-way of the Glynco Parkway; thence, proceed south 65 degrees 01 minutes 04 seconds west along the northern right-of-way of the Glynco Parkway for a distance of 219.54 feet to a concrete monument which a point of curvature; thence continue along the said right-of-way for a distance of 31.0 minutes along the arc of a curve having a delta angle of 13 degrees 00 minutes, a Tangent of 334.95 feet, and a radius of 2939.79 feet to a concrete monument; thence, proceed north 85 degrees 53 minutes 24 seconds west for a distance of 398.00 feet to a concrete monument located on the eastern right-of-way of Canal Road and is the Point of Beginning.".

(d) Notwithstanding section 13(g) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g)) and sec. 4 of the Act of October 1, 1949 (50 App. U.S.C. 1622(c)), the Secretary of Transportation, if requested, shall, as to the property described in subsection (f), in order to facilitate the lease of land negotiated between the City of Gadsden and the State of Alabama National Guard Commission, grant a release to the City of Gadsden, from all of the terms, conditions, reservations, and restrictions contained in the deed of conveyance dated September 2, 1947, under which the United States conveyed certain property to the City of Gadsden, Alabama, for airport purposes. This provision does not apply to the portion of the property, conveyed by that deed, that is not specified in subsection (f). This provision is subject to the conditions of subsection (e).

(e)(1) The rent for the property described in subsection (f) shall be one dollar ($1.00) per year during both the initial term and the optional renewal term provided for herein to be paid by the State of Alabama National Guard Commission to the City of Gadsden.

(2) The City of Gadsden agrees that said lease would be in the best interest of the people of Gadsden.

(3) The property described in subsection (f) shall be used by the State of Alabama National Guard Commission for development of National Guard facilities in a manner compatible with airport purposes.

(4) Approval of the Secretary of Transportation must be obtained prior to any subsequent lease by the State of Alabama of the property described in subsection (f). Such approval shall be given only if the Secretary finds that the property will continue to be used in a manner compatible with airport purposes.

(f) Subsection (d) applies to the following described area:

Parcel 1. Commence at the NE corner of the SE ¼ of the SE ¼ of Section 23, T-12-S, R-5-E in Etowah County, Alabama; thence South along the East line of said section a distance of 247.0 feet to the point of beginning; thence deflect 89 degrees 36 minutes left and run a distance of 72.77 feet to a point; thence deflect 23 degrees 43 minutes

30 seconds left and run a distance of 54.93 feet to a point; thence deflect 23 degrees 43 minutes 30 seconds left and run a distance of 725.00 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 350.00 feet to a point, thence deflect 90 degrees 00 minutes left and run a distance of 662.4 feet to a point; thence deflect 47 degrees 27 minutes right and run a distance of 661.81 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 300.00 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 749.65 feet to the point of beginning. Being a portion of the SE ¼ of the SE ¼ and the NE ¼ of the SE ¼ in Section 23, T-12-S, R-5-E and a portion of the NW ¼ of the SW ¼ and the SW ¼ of the SW ¼ of Section 24, T-12-S, R-5-E, in Etowah County, Alabama. Save and except a 20.0 foot easement for sanitary sewer across said property.

Parcel 2. Commence at the Northeast corner of the SE ¼ of the SE ¼ of Section 23, T-12-S, R-5-E in Etowah County, Alabama; thence South along the East line of said section a distance of 347.00 feet to a point; thence deflect 90 degrees 24 minutes right and run a distance of 750.00 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 500.00 feet to the point of beginning; thence deflect 90 degrees 00 minutes left and run a distance of 440.21 feet to a point on the Westerly R.O.W. line of Airport Road a distance of 220.00 feet more or less to a point on the Northerly R.O.W. line of Southern Natural Gas Company Pipe Line; thence run in a Southwesterly direction along the Northerly R.O.W. line of said Southern Natural Gas Company a distance of 459.40 feet to a point; thence deflect 122 degrees 12 minutes right and run a distance of 462.60 feet to the point of beginning. Being a portion of the SE ¼ of the SE ¼ Section 23, T-12-S, R-5-E in Etowah County, Alabama.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 36.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

SEC. 127. Section 1209(a) of the Department of Defense Authorization Act, 1986, (P.L. 99-145), is amended by striking out "30 days after the date Congress receives the report required by subsection (b), but no later than", in the material preceding clause (1).

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The Senate bill contained a provision that prohibited the obligation of funds for the construction, maintenance or operation of commercial franchise businesses located on military installations within the United States and that had not been identified in a contract, contract solicitation or a letter of intent agreed to on or before May 23, 1985. The House bill contained no comparable provision.

The conferees have agreed to strike the Senate language, noting that P.L. 99-145, the fiscal year 1986 Defense Authorization Act was signed into law on November 8, 1985, one day after Senate passage of H.R. 3327. Public Law 99-145 contains a provision Section 1209 that similarly bans such franchise construction activities pending receipt by Congress of a report from the Secretary of Defense containing a description of current and proposed operation of commercial franchise businesses on military installations. The conferees agree that the report deserves the close examination of the Committees on Armed Services and Appropriations. The conferees have agreed to insert in lieu of the Senate language a provision that extends from 30 days to May 1, 1986 the period of time required in Section 1209.

Amendment No. 37.—Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment that changes the section number to 128.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 38.—Deletes language proposed by the Senate dealing with the sense of the Senate that legal and legitimate means should be taken by the United States in arriving at a just resolution in the case of Miroslav Medvid.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1986 recommended by the Committee of Conference, with comparisons to the fiscal year 1985 amount, the 1986 budget estimates, and the House and Senate bills for 1986 follow:

New budget (obligational) authority, fiscal year 1985	$8,405,206,000
Budget estimates of new (obligational) authority, fiscal year 1986	10,340,200,000
House bill, fiscal year 1986	8,372,730,000
Senate bill, fiscal year 1986	8,720,353,000
Conference agreement, fiscal year 1986	[1] 8,497,859,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1985	+92,653,000
Budget estimates of new (obligational) authority, fiscal year 1986	−1,842,341,000
House bill, fiscal year 1986	+125,129,000
Senate bill, fiscal year 1986	−222,494,000

[1] Assumes the House position on item in true disagreement.

W.G. HEFNER,
TOM BEVILL,
BILL ALEXANDER,
RONALD D. COLEMAN,
BILL CHAPPELL,
JOSEPH D. EARLY,
JAMIE L. WHITTEN,
MICKEY EDWARDS,
ELDON RUDD,
BILL LOWERY,
SILVIO O. CONTE,
Managers on the Part of the House.

MACK MATTINGLY,
PAUL LAXALT,
JAKE GARN,
JIM SASSER,
DANIEL K. INOUYE,
JOHN C. STENNIS,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to: Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. COMBEST) to revise and extend their remarks and include extraneous material:)

Mr. MCKINNEY, for 5 minutes, today.
Mr. WALKER, for 60 minutes, today.
Mr. BROYHILL, for 30 minutes, today.

(The following Members (at the request of Mr. VISCLOSKY) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 5 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. HAYES, for 5 minutes, today.
Mr. HUTTO, for 5 minutes, today.
Mr. EDGAR, for 5 minutes, today.
Mr. MCHUGH, for 5 minutes, today.
Mr. JONES of Oklahoma, for 5 minutes, on November 20.
Mr. DERRICK, for 5 minutes, today.
Mr. SHELBY, for 60 minutes, on November 20.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. COMBEST) and to include extraneous matter:)

Mr. CRANE.
Mr. JEFFORDS.
Mr. DIOGUARDI.
Mr. COURTER in three instances.
Mr. GUNDERSON.
Mr. ROGERS.
Mr. DORNAN of California in two instances.
Mr. PORTER.
Mr. DELAY.
Mr. BROOMFIELD.
Mr. CLINGER.
Mr. LOWERY of California.
Mr. DANNEMEYER.
Mr. MCGRATH.
Mr. DENNY SMITH.
Mr. SOLOMON.
Mr. LAGOMARSINO in three instances.
Mr. FRENZEL.
Mr. KINDNESS.
Mr. GILMAN.
Mr. KEMP.
Mr. LEWIS of California.
Mr. GALLO.

(The following Members (at the request of Mr. VISCLOSKY) and to include extraneous matter:)

Mr. SOLARZ in two instances.
Mr. ANNUNZIO.
Mr. GARCIA in four instances.
Mr. STARK.
Mr. DE LUGO.
Mr. COELHO.

Mr. FLORIO in three instances.
Mr. GORDON.
Mr. EDGAR.
Mr. RANGEL.
Mr. CHAPPELL.
Mr. APPLEGATE.
Mr. WOLPE.
Mr. KANJORSKI in two instances.
Mr. THOMAS of Georgia.
Mr. BONIOR of Michigan.
Mr. ALEXANDER.
Mr. LEHMAN of Florida.
Mr. MOAKLEY.
Mr. TALLON.
Mr. LIPINSKI.
Mr. ROE.
Mr. BENNETT.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 727. An act to clarify the application of the Public Utility Holding Company Act of 1935 to encourage cogeneration activities by gas utility holding company systems; to the Committee on Energy and Commerce.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day."

ADJOURNMENT

Mr. VISCLOSKY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p.m.), the House adjourned until tomorrow, Wednesday, November 20, 1985, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2273. A letter from the Administrator, Environmental Protection Agency, transmitting a report on progress in the prevention and control of air pollution in 1984, pursuant to CAA, sections 313 and 202(b)(4); to the Committee on Energy and Commerce.

2274. A letter from the Secretary, Interstate Commerce Commission, transmitting notification that the Commission has extended the time period for an additional 90 days to February 10, 1986, to Formal Docket No. 38783, *Omaha Public Power District* v. *Burlington Northern Railroad Company*, pursuant to 49 U.S.C. 10327(k)(2); to the Committee on Energy and Commerce.

2275. A letter from the Administrator, Agency for International Development, transmitting the annual report for 1984 on the implementation of section 620(s) of the Foreign Assistance Act of 1961, as amended, pursuant to 22 U.S.C. 2370(s)(2); to the Committee on Foreign Affairs.

2276. A letter from the Assistant Secretary of State, Legislative and Intergovernmental Affairs, transmitting the first 90-day report to Congress on the Camarena investigation, the investigations of the disappearance of U.S. citizens in the State of Jalisco, Mexico, and the general safety of American tourists in Mexico, pursuant to Public Law 99-93, section 134; to the Committee on Foreign Affairs.

2277. A letter from the Chairman, Merit Systems Protection Board, transmitting the fourth annual report on the MSPB appeals decisions for fiscal year 1983, pursuant to 5 U.S.C. 1205(a)(3); to the Committee on Post Office and Civil Service.

2278. A letter from the Special Counsel, Merit Systems Protection Board, transmitting a report on activities of the Office of the Special Counsel, pursuant to 5 U.S.C. 1206(m); to the Committee on Post Office and Civil Service.

2279. A letter from the Administrator, National Oceanic and Atmospheric Administration, transmitting a 5-year plan for ocean pollution research and development, pursuant to Public Law 95-273, section 4(a); jointly, to the Committees on Merchant Marine and Fisheries and Science and Technology.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MOAKLEY. Committee on Rules. House Resolution 322. Resolution providing for the consideration of H.R. 3622, a bill to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes (Rept. 99-378). Referred to the House Calendar.

Mr. HEFNER: Committee of conference. Conference report on H.R. 3327 (Rept. 99-380). Ordered to be printed.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X the following action was taken by the Speaker:

[Omitted from the Record of November 14, 1985]

The Committee on Ways and Means discharged from further consideration of H.R. 1538; H.R. 1538 referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DINGELL (for himself, Mr. BROYHILL, Mr. FLORIO, and Mr. LENT):

H.R. 3777.—A bill to give the Nation's performance in international trade appropriately greater importance in the formulation of Government policy, to modernize the remedies available to U.S. producers regarding unfair and injurious foreign trade practices, and for other purposes; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. BLAZ (for himself, Mr. FAUNTROY, Mr. SUNIA, and Mr. FUSTER):

H.R. 3778. A bill to authorize statues of illustrious persons from the District of Columbia, the Commonwealth of Puerto Rico, and the territories of Guam, the Virgin Islands, and American Samoa to be placed in National Statuary Hall in the Capitol in the same manner as statues of illustrious persons from the States; to the Committee on House Administration.

By Mr. GONZALEZ:

H.R. 3779. A bill to amend the Hazardous Materials Transportation Act to provide for the registration of hazardous materials carriers, to provide assistance in the routing of hazardous materials and in the training of personnel to deal with such materials, and for other purposes; jointly, to the Committees on Public Works and Transportation, Energy and Commerce, and Ways and Means.

By Mr. McHUGH (for himself, Mr. TAUKE, Mr. JENKINS, Mr. REGULA, Mr. MATSUI, Mr. GINGRICH, Mr. UDALL, Mr. LEWIS of California, Mr. OBERSTAR, and Mr. LAGOMARSINO):

H.R. 3780. A bill to amend the Internal Revenue Code of 1954 to provide a full credit for contributions to candidates for Congress, and for other purposes; to the Committee on Ways and Means.

By Mr. HAMMERSCHMIDT:

H.R. 3781. A bill to amend title XVIII of the Social Security Act to require an adjustment in DRG-related prospective payment rates to hospitals to take into account the relative severity of illness involved; to the Committee on Ways and Means.

H.R. 3782. A bill to amend titles XI and XVIII of the Social Security Act with respect to provider appeals of adverse determinations by peer review organizations; jointly, to the Committees on Ways and Means and Energy and Commerce.

H.R. 3783. A bill to amend title XI of the Social Security Act to provide for educational and training respecting activities of peer review organizations; jointly, to the Committee on Ways and Means and Energy and Commerce.

By Mr. KOLBE:

H.R. 3784. A bill to improve defense procurement practices by transferring the functions of the Defense Contract Audit Agency to the General Accounting Office and establishing certain requirements with respect to solicitations for bids or competitive proposals for major defense acquisition programs, and for other purposes; to the Committee on Armed Services.

By Mr. STANGELAND:

H.R. 3785. A bill entitled: The Agricultural Loans for Agriculture Act of 1986"; to the Committee on Ways and Means.

By Mr. STARK:

H.R. 3786. A bill to amend the Internal Revenue Code of 1954 to impose a tax on manufacturers which produce gas guzzler automobiles outside the United States and Canada; to the Committee on Ways and Means.

By Mr. STRANG (for himself, Mr. BROWN of Colorado, Mr. KRAMER, Mr. WIRTH, Mr. SCHAEFER, and Mrs. SCHROEDER):

H.R. 3787. A bill to amend the Federal Unemployment Tax Act with respect to Indian

tribal governments; to the Committee on Ways and Means.

By Mr. TORRICELLI:

H.R. 3788. A bill to amend the Internal Revenue Code of 1954 to increase the excise tax on cigarettes to fund cancer research; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. WYLIE:

H.R. 3789. A bill to amend the Job Training Partnership Act to qualify displaced farmers for the dislocated worker program under title III of such act; to the Committee on Education and Labor.

By Mr. SCHULZE:

H.J. Res. 458. Joint resolution expressing the sense of Congress that the United States should enter into negotiations with Canada to achieve a bilateral free trade agreement, and for other purposes; to the Committee on Ways and Means.

By Mr. FASCELL (for himself, Mr. WRIGHT, Mr. MICHEL, Mr. BROOMFIELD, Mr. BARNES, Mr. MICA, Mr. LAGOMARSINO, and Mr. HOYER):

H.J. Res. 459. Joint resolution reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985; considered and passed.

Mr. EDWARDS of Oklahoma:

H.J. Res. 460. Joint resolution designating September 29, 1986, as "National Teachers Day"; to the Committee on Post Office and Civil Service.

Mr. WAXMAN:

H.J. Res. 461. Joint resolution designating the week of June 1, 1986, as "National Maternal and Child Health Week"; to the Committee on Post Office and Civil Service.

By Mr. MOAKLEY:

H. Res. 321. Resolution authorizing printing of the transcript of proceedings of the Committee on Rules incident to presentation of a portrait of the Honorable Claude Denson Pepper; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FRENZEL:

H.R. 3790. A bill for the relief of Stanley C. Bourassa and Katherine V. Bourassa; to the Committee on the Judiciary.

By Mr. OXLEY:

H.R. 3791. A bill for the relief of Ahmed Ali Moosa; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 230: Mr. BEILENSON.

H.R. 654: Mr. HENDON, Mr. BADHAM, and Mr. MOLLOHAN.

H.R. 796: Mr. KOLTER.

H.R. 864: Mr. BROWN of California, Mr. DONNELLY, and Mr. DERRICK.

H.R. 979: Mr. SPRATT, Mr. ATKINS, Mr. LIGHTFOOT, Mr. HENRY, Mr. MCKINNEY, and Mr. ROSE.

H.R. 1188: Mr. DASCHLE, Mr. YOUNG of Alaska, Mr. CHAPMAN, Mr. STAGGERS, Mr. CHANDLER, and Mr. WIRTH.

H.R. 1197: Mr. SUNIA.

H.R. 1356: Mr. LEVIN of Michigan, Mr. ACKERMAN, Mr. HAYES, Mr. CLAY, and Mr. MONSON.

H.R. 1626: Mr. HOWARD, Mr. BARTON of Texas, and Mr. MILLER of Ohio.

H.R. 1682: Mr. KINDNESS.

H.R. 1715: Mr. LEWIS of Florida, Mr. TALLON, Mr. HORTON, Mr. KOLTER, Mrs. BURTON of California, Ms. OAKAR, Mrs. LONG, Mr. BIAGGI, Mrs. BENTLEY, and Mr. BUSTAMANTE.

H.R. 1987: Mr. MCGRATH.

H.R. 2001: Mr. CHAPMAN, Mr. TALLON, and Mr. BEVILL.

H.R. 2185: Mr. MOODY, Mr. SENSENBRENNER, and Mr. KLECZKA.

H.R. 2295: Mr. CROCKETT.

H.R. 2353: Mr. RITTER.

H.R. 2440: Mr. APPLEGATE, Mr. CARNEY, Mr. DICKINSON, Mr. HARTNETT, Mr. LOWRY of Washington, and Mr. MCMILLAN.

H.R. 2457: Mr. FRENZEL, Mr. LEACH of Iowa, Mrs. JOHNSON, Mr. RODINO, Mr. FUQUA, Mr. PANETTA, Mr. DIXON, Mr. EDWARDS of California, Ms. MIKULSKI, Mr. WALGREN, Mrs. COLLINS, Mr. JACOBS, Mr. DOWNEY of New York, Mr. DE LUGO, Mr. VALENTINE, Mr. DASCHLE, Mr. COELHO, Mr. DARDEN, Mr. GRAY of Pennsylvania, Mr. GILMAN, Mr. STRATTON, Mr. BUSTAMANTE, Mr. SEIBERLING, Mr. DIOGUARDI, Mr. MURPHY, Mr. WILSON, Mrs. LONG, Mr. LEHMAN of California, Mr. SABO, and Mr. BRYANT.

H.R. 2489: Mrs. BOXER and Mr. MCEWEN.

H.R. 2568: Mr. PURSELL, Mrs. JOHNSON, Mr. MOLLOHAN, and Mr. BADHAM.

H.R. 2591: Mr. OBEY, Mr. HALL of Ohio, Mr. OLIN, Mr. LENT, and Mr. HERTEL of Michigan.

H.R. 2653: Mr. TRAFICANT, Mr. ANDERSON, Mr. STALLINGS, Mr. FUSTER, Mr. SUNIA, Mr. BONIOR of Michigan, Mr. SMITH of New Hampshire, Mrs. SCHROEDER, Mr. MILLER of Washington, Mr. FOGLIETTA, Mr. HAMILTON, Mr. BOLAND, Mr. OWENS, Mr. ANDREWS, and Mr. ST GERMAIN.

H.R. 2663: Mr. SISISKY.

H.R. 2684: Mr. FAZIO, Mr. DASCHLE, Mr. VALENTINE, Mr. NEAL, Mr. SAXTON, Mr. REID, Mr. ALEXANDER, and Mr. ROSE.

H.R. 2712: Ms. SNOWE.

H.R. 2761: Mr. BRYANT, Mr. GROTBERG, and Mr. VENTO.

H.R. 2852: Mrs. BOXER, Mr. CROCKETT, Mr. DAUB, Mr. GLICKMAN, Mr. GUARINI, Mr. HEFTEL of Hawaii, Mr. HOYER, Mr. JACOBS, Ms. KAPTUR, Mr. KOLBE, Mr. MRAZEK, Mr. OLIN, Mr. REID, Mr. ROWLAND of Georgia, Mr. SOLOMON, Mr. STENHOLM, Mr. WILSON, Mr. WORTLEY, Mr. MYERS of Indiana, Mr. MCCAIN, Mr. LAGOMARSINO, Mr. THOMAS of Georgia, Mr. FAWELL, Mr. FROST, Mr. EVANS of Illinois, Mr. MORRISON of Connecticut, Mr. COATS, Mr. MCGRATH, Mr. SMITH of Florida, Mr. DARDEN, Mr. HUGHES, Mr. RITTER, Mr. SCHUMER, Mr. DIOGUARDI, and Mr. HYDE.

H.R. 2854: Mr. WILLIAMS.

H.R. 2943: Mr. DASCHLE, Mr. MARTINEZ, Mr. STOKES, Mr. LUNDINE, Mr. MRAZEK, Mr. CHAPPELL, Mr. COURTER, Mr. LEWIS of Florida, Mr. GALLO, and Mr. RINALDO.

H.R. 3006: Mr. HUNTER.

H.R. 3028: Mr. ATKINS.

H.R. 3042: Mr. RAHALL.

H.R. 3048: Mr. GUARINI, Mr. CLINGER, and Mr. MOAKLEY.

H.R. 3263: Mr. GUARINI and Mr. HERTEL of Michigan.

H.R. 3272: Ms. MIKULSKI, Mr. BOLAND, Mr. PRICE, Mr. BEILENSON, Mr. HERTEL of Michigan, Mr. MATSUI, Mrs. BENTLEY, Mr. MANTON, Mr. BEDELL, Mr. FAZIO, Mr. WEISS, Mr. BORSKI, Mr. DORNAN of California, Mr. RANGEL, and Mr. WHITLEY.

H.R. 3280: Mr. GOODLING and Mr. GREGG.

H.R. 3306: Mr. APPLEGATE, Mr. OWENS, Mr. SAVAGE, Mr. WHEAT, and Mr. FUSTER.

H.R. 3400: Ms. MIKULSKI and Mr. MORRISON of Connecticut.

H.R. 3404: Mr. LEWIS of Florida, Mr. NIELSON of Utah, Mr. CLINGER, Mr. EDWARDS of Oklahoma, Mr. SUNIA, Mr. RINALDO, Mrs. LLOYD, Mr. LELAND, Mr. STAGGERS, and Mr. WOLPE.

H.R. 3437: Mr. SHELBY.

H.R. 3481: Mr. REID and Mr. CROCKETT.

H.R. 3487: Mr. CROCKETT.

H.R. 3502: Mr. WISE.

H.R. 3521: Mrs. BENTLEY, Mr. SMITH of New Jersey, Mr. LUNDINE, and Mr. STENHOLM.

H.R. 3522: Mr. DIOGUARDI, Mr. GINGRICH, and Mr. MARTIN of New York.

H.R. 3567: Mr. AUCOIN, Mr. MORRISON of Connecticut, and Mr. MRAZEK.

H.R. 3654: Mr. SOLARZ.

H.R. 3660: Mr. BROWN of California, Mr. GONZALEZ, Mr. LOWRY of Washington, Mr. MORRISON of Connecticut, Mr. VENTO, Mr. SAVAGE, Mr. ROWLAND of Georgia, Mr. KILDEE, Mr. PERKINS, Mr. RODINO, and Mr. VOLKMER.

H.R. 3690: Mr. CLAY, Mr. GRAY of Pennsylvania, and Mr. HAYES.

H.R. 3706: Mrs. COLLINS.

H.R. 3729: Mr. DIOGUARDI, Mr. HORTON, Mr. PURSELL, Mr. TOWNS, Mrs. VUCANOVICH, Mr. EDWARDS of Oklahoma, Mr. HOYER, Mr. LELAND, Mrs. BENTLEY, Mr. BEDELL, Mr. WORTLEY, Mr. MATSUI, Mr. FRANK, Mr. HUGHES, Mr. WEBER, Mr. LANTOS, and Mr. HAWKINS.

H.R. 3755: Mrs. BURTON of California, Mrs. SCHROEDER, Mr. FRANK, and Mr. KASTENMEIER.

H.J. Res. 7: Mr. SHUMWAY, Mr. BURTON of Indiana, Mr. WORTLEY, Mr. LEATH of Texas, Mr. CROCKETT, Mr. MONSON, Mr. HILER, Mr. BILIRAKIS, Mr. FRENZEL, Mr. LOTT, Mr. SMITH of New Hampshire, Mr. SLAUGHTER, Mr. HORTON, Mr. DICKINSON, Mr. STRATTON, Mr. NICHOLS, Mr. CLINGER, Mr. FAWELL, Mr. FIELDS, and Mr. ECKERT of New York.

H.J. Res. 94: Mr. HENDON, Mr. HENRY, and Mr. SWINDALL.

H.J. Res. 96: Mr. STENHOLM, Mr. BEREUTER, and Mr. BARNARD.

H.J. Res. 151: Mr. WEBER, Mr. LOTT, Mr. FUQUA, Mr. SKEEN, Mr. COBEY, Mr. GALLO, Mr. FOLEY, Mr. MILLER of Washington, Mrs. MEYERS of Kansas, Mr. DOWDY of Mississippi, Mr. OBERSTAR, and Mr. BONIOR of Michigan.

H.J. Res. 241: Mr. BROWN of Colorado, Mr. MCCOLLUM, Mr. ECKERT of New York, Mr. COBEY, Mr. DEWINE, Mr. MOORHEAD, Mr. DELAY, Ms. MIKULSKI, Mr. DIOGUARDI, and Mrs. LLOYD.

H.J. Res. 244: Mr. MATSUI, Mr. CONYERS, Mr. TRAFICANT, Mr. LANTOS, Mr. BIAGGI, Mr. ST GERMAIN, Mr. TOWNS, and Mr. KILDEE.

H.J. Res. 266: Mr. CLINGER and Mr. DYMALLY.

H.J. Res. 297: Mr. KANJORSKI, Mr. DONNELLY, Mr. EMERSON, Mr. ANDERSON, Mr. SKELTON, Mr. SWINDALL, Ms. KAPTUR, Mr. RUSSO, Mr. HYDE, Mr. JEFFORDS, Mr. GILMAN, and Mr. LEVIN of Michigan.

H.J. Res. 319: Mr. MURTHA, Mr. CARR, Mr. BEDELL, Mr. COELHO, Mr. YOUNG of Alaska, Mr. KOLTER, Mrs. LLOYD, Mr. RANGEL, Mr. DIOGUARDI, Mr. DICKS, Mr. MRAZEK, Mr. GRAY of Illinois, Mr. STENHOLM, Mr. TRAXLER, Mr. MATSUI, Mr. FROST, Mr. ROBERTS, Mr. CALLAHAN, Mr. SPRATT, Mr. TRAFICANT, Mr. BATES, Mr. BONKER, Mr. LELAND, Mr.

FOGLIETTA, Mr. HAYES, Mr. YATES, Mr. WYDEN, Mr. SNYDER, Mr. SILJANDER, Mr. STOKES, Mr. BLAZ, Mr. TAUKE, Mr. PERKINS, Mrs. BENTLEY, Mr. BOSCO, Mrs. COLLINS, Mr. CHENEY, Mr. COLEMAN of Texas, Mr. LIGHTFOOT, Mr. MOORE, Mr. GRAY of Pennsylvania, Mr. CLINGER, Mr. LEHMAN of Florida, Mr. WHITLEY, and Mrs. KENNELLY.

H.J. Res. 421: Mr. CHAPMAN and Mr. BROOMFIELD.

H.J. Res. 424: Mrs. COLLINS, Mr. RAY, Mr. COUGHLIN, Mrs. BOGGS, Mr. STOKES, Mr. GREEN, Mr. HANSEN, Mr. BROOMFIELD, Mr. CLINGER, Mr. CONTE, Mr. DEWINE, Mr. LOEFFLER, Mr. PASHAYAN, Mr. SCHUETTE, Mr. ROBINSON, Mr. DELLUMS, Mr. ALEXANDER, Mr. HALL of Ohio, Mr. WHITLEY, and Mr. MOAKLEY.

H.J. Res. 430: Mr. MATSUI, Mr. COELHO, Mr. RITTER, Mr. FLIPPO, Mr. BOLAND, Mr. GILMAN, Mr. KANJORSKI, Mr. COATS, Mr. WALGREN, Mr. LUKEN, Mr. MOAKLEY, Mr. ST GERMAIN, Mr. MCKERNAN, Mr. BEVILL, Mr. PASHAYAN, Mrs. LLOYD, Mr. MURTHA, Mr. BIAGGI, Mr. RANGEL, Mr. SHELBY, Mr. GAYDOS, Mr. DICKINSON, Mr. PEPPER, Mr. COUGHLIN, Mr. THOMAS of Georgia, Mr. LEHMAN of Florida, Mr. STUDDS, Mr. ANTHONY, Mr. MANTON, Mr. FRANK, Mr. RUSSO, Mr. BORSKI, Mr. CARPER, Mr. WHITTEN, Mr. NOWAK, Mr. ALEXANDER, Mr. BONER of Tennessee, Mr. SOLOMON, Mr. RODINO, Mr. CONTE, Mr. HAMMERSCHMIDT, Mr. YOUNG of Alaska, Mr. MARTINEZ, Mr. VENTO, Mr. BARNARD, Mr. CROCKETT, Mr. MACK, Mr. SISISKY, Mr. CONYERS, Ms. MIKULSKI, Mr. DINGELL, Mr. PORTER, Mr. LOTT, Mr. IRELAND, Mr. HOWARD, Mr. KILDEE, Mr. GALLO, Ms. OAKAR, Mr. TRAFICANT, Mr. WHEAT, Mr. BURTON of Indiana, Mr. FEIGHAN, Mr. MURPHY, Mr. ANNUNZIO, Mr. HOYER, Mr. LANTOS, Mr. MCKINNEY, Mr. JACOBS, Ms. SNOWE, Mr. JONES of Tennessee, Mr. BUSTAMANTE, Mr. FOGLIETTA, Mr. MACKAY, Mr. FOWLER, and Mr. WISE.

H.J. Res. 436: Mr. BEVILL, Mr. DARDEN, Mr. HORTON, Mr. TORRES, Mr. DICKS, Mr. JONES of North Carolina, Mr. PRICE, Mr. RUDD, Mr. SISISKY, Mr. HOYER, Mr. LUNDINE, Mr. COELHO, Mr. RANGEL, Mr. NIELSON of Utah, Mr. MILLER of California, Mr. SWIFT, Mr. DWYER of New Jersey, and Mr. NEAL.

H.J. Res. 439: Mr. MURTHA, Mr. YOUNG of Missouri, Mr. BROYHILL, Mr. KILDEE, Mr. MCKINNEY, Mr. DANIEL, Mr. DIOGUARDI, Mr. DYMALLY, and Mr. ERDREICH.

H.J. Res. 440: Mr. COLEMAN of Missouri, Mr. KEMP, Mr. MANTON, Mr. COURTER, Mr. KOSTMAYER, Mr. CARNEY, Mr. SCHUMER, Mr. FLORIO, Mr. RINALDO, Mr. GALLO, Mr. RODINO, Mr. SAXTON, Mr. VENTO, Mr. HEFNER, Mr. MOORE, Ms. SNOWE, Mr. BARNES, Mr. WHITLEY, Mr. NEAL, Mr. GRAY of Illinois, Mr. BLILEY, Mr. STRATTON, and Mr. MOLINARI.

H. Res. 245: Mr. BEDELL, Mr. BORSKI, Mr. BOULTER, Mr. CARPER, Mr. COLEMAN of Missouri, Mr. DOWNEY of New York, Mr. DYMALLY, Mr. FEIGHAN, Mr. GEKAS, Mr. HAMILTON, Mr. HATCHER, Mr. KLECZKA, Mr. COBLE, Mr. LOTT, Mr. MARTIN of New York, Mr. MAVROULES, Mr. SISISKY, Mr. ROBERT F. SMITH, Mr. STAGGERS, Mr. TRAXLER, Mr. UDALL, Mr. VALENTINE, Mr. WIRTH, and Mr. YATRON.

H. Res. 247: Mr. BORSKI.

H. Res. 271: Mr. MOLLOHAN.

PETITIONS, ETC.

Under clause 1 of rule XXII,

252. The SPEAKER presented a petition of the State coordinator of deaf services, vocational rehabilitation services, department of rehabilitation services, Jackson, MS, relative to a resolution adopted by the Southeast Regional Institute on Deafness concerning H.R. 1432, making certain sensory aid devices reimbursement under Medicare and Medicaid; which was referred jointly, to the Committees on Ways and Means and Energy and Commerce.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3622

By Mr. BENNETT:

—Page 9, strike out lines 11 through 13 (and redesignate the succeeding subsections accordingly).

—Strike out section 10 (page 11, lines 8 through 15) and redesignate the succeeding section accordingly.

—Page 5, line 19, insert "(a)" before "section".

Page 6, after line 2, insert the following new subsection:

(b) Section 141 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(e)(1) If a military operation involving the possibility of armed conflict is assigned to the Chairman or to the Joint Chiefs of Staff for planning or implementation, the Chairman (in consultation with the Joint Chiefs of Staff) shall, subject to the approval of the Secretary of Defense—

"(A) assign undivided authority and responsibility for the operation to a single commander; and

"(B) establish a single, clear chain of command between the commander and the President.

"(2) In establishing a chain of command under paragraph (1)(B), the Chairman shall ensure (and shall justify in writing) that the chain of command involves the minimum feasible number of levels of command.".

—Page 5, line 10, strike out "A member" and all that follows through "Staff." on line 13 and insert in lieu thereof the following: "For every matter considered by the Joint Chiefs of Staff (or by the Chairman in consultation with the Joint Chiefs of Staff), and remaining in final dispute each member of the Joint Chiefs of Staff (other than the Chairman) shall submit to the Secretary of Defense his recommendations and views with respect to that matter, separately and independently from the recommendations of the Chairman.".

EXTENSIONS OF REMARKS

APPROACHING THE SUMMIT SOBERLY

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. COURTER. Mr. Speaker, as the two following articles indicate, America must sober up and approach the first Reagan-Gorbachev meeting with the kind of clear-eyed skepticism that such an occasion warrants. Specifically, the President must "go to the summit, complain as he intends about Soviet aggressions and abuses of human rights and make no promises." On the matter of the ABM Treaty, the President should follow the lead set by my colleagues JACK KEMP and MALCOLM WALLOP; that is, to stop viewing the ABM Treaty as sacred icon, the Old Testament, or the Magna Carta—characterizations made by prominent U.S. statesmen and senior allied officials, and to press on with the achievement of the noble objective of rendering nuclear weapons useless and, ultimately, nonexistent. The President has the opportunity to make this the only United States-Soviet summit ever to achieve enduring, positive results, but only if he follows his instincts and does not succumb to Soviet propaganda, and Congressional hand-wringing. It's a tall order, but the President has faced tougher challenges in his time and emerged unbowed and unscathed.

TIME TO SOBER UP

Let's hope President Reagan's presummit TV address tonight will sober up the Washington community, which is suffering from a terminal case of silliness over its hopes about what Mr. Reagan's sitdown with Mikhail Gorbachev is likely to accomplish.

Contributing to the air of unreality are tales of White House gnomes delivering tons of briefing papers to the Oval Office and setting up projectors to show the president the Gorbachev-Mitterand game films. Newspaper Style sections this Sunday will describe in infinite detail what Nancy will wear when she has tea in Geneva with the lovely Raisa. Tip O'Neill is taking time out from the budgetary chaos he presides over on Capitol Hill to make the outrageous claim that Congress has given the president the support he needs for a summit "success."

On a more serious level, George Shultz has been treating with the Soviets since his meeting with Andrei Gromyko last January, laying the summit groundwork. Without knowing the game plan, it's impossible to assess how well Mr. Shultz is doing. But we mostly have been hearing about gifts the State Department might like to lay before Mr. Gorbachev. Surrender of the U.S. claim to Wrangell Island (discussed in this space yesterday) is one possibility. An offer to pool fusion energy research with the Russians is another. And the U.S. is prepared to go on pretending SALT II is a real agreement, however much abuse it gets from the Russian side.

In short, the Washington community, by merely following its own instincts, is once again setting the president up to have his pockets picked. Mr. Reagan's Strategic Defense Initiative is being negotiated and renegotiated on Mr. Gorbachev's behalf. The president is being urged to rush back, as Richard Nixon once did, to dramatically present some "breakthrough" to a joint session of Congress. Word is going around, as it always does, that the Soviet leader is in deep trouble and will be eager to make deals.

Mr. Reagan has tried to discourage such nonsense. He has wisely rejected the idea of a post-summit communique, for example, saying that you don't promise a communique when all you are doing is having a little get-acquainted session. He has discouraged the notion that there will be any "agreements." But even for a president with Mr. Reagan's keen understanding of what the U.S.-Soviet relationship is and must be, there are dangers of being trapped. Arms control is, as always, the biggest area of danger.

The policy of abiding by SALT II, which Mr. Shultz seems prepared to continue, hasn't made much sense. Consider the just-published "Military Balance" report of London's well-respected International Institute for Strategic Studies. It says the Soviets have increased their supply of long-range nuclear warheads by 37 percent in just three years. They now enjoy a 2.4-to-one advantage over the U.S. in land submarine based megatonnage. That's mutual restraint?

U.S. soft-liners want the president to promise that the U.S. will not over the next five years exercise its option to withdraw, on one year's notice, from the 1972 anti-ballistic missile treaty. That treaty also has not placed much restraint on the Soviets. The IISS says the Soviets are actively pursuing their own space-based nuclear defense research even while they attack the U.S. effort. A Pentagon report sent to the White House Tuesday cites a series of serious Soviet ABM treaty violations. So while Mr. Reagan temporizes and generously offers to make future U.S. defense technology available to all comers, the Russians are actually putting a defense in place. The danger in this is clearly outlined in the open letter to the president from Rep. Kemp and Sen. Wallop excerpted nearby.

People often ask why the Russians have invested so much in weapons of mass destruction while living standards in the Soviet Union are, on the whole, only slightly above Third World levels. The summit ballyhoo in the U.S. provides the obvious answer. They want to be feared. They surround themselves in mystery so that American congressmen, permitted an audience with the Great Gorbachev, will come away awed by having been spoken to in English or fixed with his steely gaze. Showmanship of this skill level wins concessions.

Richard Nixon, who has had some experience with summits, wrote in the latest Foreign Affairs some cautionary words: "This is a long struggle with no end in sight. Whatever their faults, the Soviets will be firm, patient and consistent in pursuing their foreign policy goals. We must match them in that respect."

A good way to match them will be for Mr. Reagan to go to the summit, complain as he intends about Soviet aggressions and abuses of human rights and make no promises. And tonight will not be too soon to start damping down the mindless euphoria that has overtaken pre-summit Washington.

CLEAR UP ABM TREATY CONFUSION

Excerpts from a letter to the president by Sen. Malcolm Wallop (R., Wyo.) and Rep. Jack Kemp (R., N.Y.):

Dear Mr. President: Soon you will be traveling to Geneva to meet with Mr. Gorbachev. We join with all Americans in sending our best wishes to you as you prepare for that meeting. At the same time, the confusion surrounding the U.S. government's attitude toward the ABM Treaty particularly demands public clarification.

On Oct. 14, Secretary Shultz explained an approach to the ABM Treaty that raises more questions than it answers. Whereas your administration had said previously that the treaty prevents us from doing a variety of things to protect ourselves against ballistic missiles, Secretary Shultz now made clear that we refrain from doing those things not because the treaty forbids us, but because we choose not to do them.

ONE NEED ONLY LOOK

This peculiar self-denial, as Secretary Shultz pointed out, is not required by the ABM Treaty. Nor does technology impose such excessive restraint. To see this, one need only look at the things the Soviets are doing. Five out of the six Pechora-class large phased array battle management radars are perfectly legal, as is the seventh, even more capable radar at Pushkino (yet only the illegal radar at Krasnoyarsk which completes the circle draws our attention). The mass-production of the other components of the ground-based ABM system, the Flat-Twin engagement radar, the SH-4 and SH-8 interceptors, all easily transportable, does not violate any part of the ABM Treaty. The mass-production of the mobile SA-12 system (which is very effective against the mainstay of our retaliatory force, the SLBMs) transcends the ABM Treaty because it performs both anti-aircraft and antimissile functions in the same "mode."

No one has suggested that when the Soviets test their space laser weapon soon we will consider that to be a violation of the ABM Treaty, even though all knowledgeable persons would agree that any of our missiles which flew within 1,000 kilometers of such a weapon would be vulnerable to destruction.

The Defense Department's publication "Soviet Military Power" describes how the Soviet Union is building prototypes of a variety of antimissile devices. The intelligence community tells us about the Soviets' massive building program associated with stra-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

tegic defense. Since no one in the administration is calling these things treaty violations, we presume they are not. We are not even mentioning the deployment of rapidly reloadable launchers—equipped with who knows how many SH-8s, around Moscow. The actual existence of these weapons is a tiny part of the problem, compared with the open Soviet production lines that keep on disgorging antimissile equipment.

So even without considering the activities that your administration has called violations, the Soviets' approach to strategic defense is diametrically opposed to the self-denying "extra miles" approach your administration is pursuing. But why this disparity? Some may argue that in order to "restore the integrity of the ABM Treaty" we must eschew any capacity for intercepting missiles for the foreseeable future, while we try to draw the Soviet Union into doing the same. But does this make sense? We can only presume that when you labeled your own purpose as "restoring the integrity of the ABM Treaty" you meant to confirm your administration's very effective policy of cleansing the Defense Department of just such a future capacity for intercepting missiles, while we try to draw the Soviets into denying the same. But does this make sense?

We see little reason to believe that the Soviets might reverse their approach to defense and adopt the unilateral U.S. approach of self-denial beyond the terms of the treaty. Moreover, as we see it, this unilataral new approach is wholly incompatible with the strategic direction you have indicated for our country.

Several times since March 23, 1983, you have spoken so eloquently of the need to protect the American people against Soviet missiles. Your secretary of defense and his undersecretary for policy have described defense against ballistic missiles as "the very core" of our strategic policy. We find this not just morally attractive, but strategically indispensable.

Contrary to popular misconceptions, the strategic imbalance to which you pointed when you first sought the presidency has not been eliminated. Indeed, even if every program you proposed to Congress had been fully funded, the Soviet Union's edge over us in counterforce weapons would continue to grow indefinitely. By 1988 our relative strategic position is projected to be worse than it was in 1980. The Soviets are now deploying mobile missile systems unlike anything we ever plan to build. As Soviet strategic forces become mobile, the tasks demanded of our few counterforce weapons, due in the late 1980s and 1990s, will become ever more difficult. In other words, under present plans, defending the U.S. against Soviet missiles is the only opportunity we have of preventing Soviet strategic superiority from becoming permanent. If anyone in your administration has any other suggestion, we have not heard it.

Therefore we find it difficult to understand why the people actually in charge of these matters postponed at least until early 1990s the question of how we are to deal with our strategic predicament. Current SDI planning contains no options for early deployment of antimissile devices. Instead, they have proposed that all of our SDI resources be devoted to research to answer the question of whether defenses against ballistic missiles are possible.

Not surprisingly, the answer to this question is the same today as it was 10 years ago, and as it will be 10 years from now, namely: Yes, it is possible to do some things to defend against ballistic missiles. But, no, it is not possible to do others. The Pentagon's all-too-familiar tradition is to substitute research for action. Yet, tomorrow, just like today and yesterday, someone must decide what action our predicament requires.

Is that decision really to be to postpone any decision on ballistic missile defense until the 1990s even as antimissile devices continue to roll of Soviet production lines?

As two of your staunchest friends and supporters in Congress, we strongly urge you to address publicly certain important questions before you or our negotiators talk seriously with the Soviets about the ABM Treaty.

If our objective, as you have expressed it, is to move to a strategic environment that incorporates stabilizing strategic defenses, why are we imposing unilateral self-restraints required neither by treaty nor technology?

Given that the first megawatt-class Soviet laser weapon will be in orbit in this decade, why is it prudent for us to wait 10 years before even deciding whether or not to build one?

What options will remain to us if in this century an undefended America should face a Soviet Union whose defenses actually provide protection for the capability of a disarming nuclear first strike?

PATH TO A NEW HOPE

As we see it, the noble goal of protecting, rather than avenging, lives is precisely opposite to what has been called "the integrity of the ABM Treaty," when that "integrity" presumes the defenselessness of the American people. We question whether it is reasonable to pursue such wholly contradicting ends at the same time, or whether it is possible to pursue them simultaneously without discrediting both.

Sir, you showed us a path to a new hope which is available in sufficient measure now and in its totality soon. We stand ready to help you to the fullest extent of our abilities to achieve that protection for our nation and our allies. In that spirit, we respectfully address this plea to you: Let the era of MAD come to its logical end. You have shown us the way to ensure our protection through our own resources, rather than through Soviet forbearance. America and the Free World will be safer when you have achieved your goal.

PROSPECTS IN THE PHILIPPINES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GARCIA. Mr. Speaker, our colleague from Oklahoma, Representative DAVE MCCURDY, wrote an op-ed last week for the Los Angeles Times. In it, he discusses the need for the United States to be prepared to do more for the Philippines.

Certainly, it is my hope that the people of the Philippines will be able to handle their own difficulties, but it is foolish to believe that we can sit by passively and let events unfold. We do have influence that we can and should use. As Representative MCCURDY states in his article, "This is the time and place to take some risks."

I submit his thoughtful essay for my colleagues' perusal.

[From the Los Angeles Times, Nov. 14, 1985]

AMERICA MUST BE PREPARED TO DO MORE IN PHILIPPINES

(By Dave McCurdy)

Two weeks after telling an American television audience that his people had rejected a snap presidential election because there would be nothing to gain, Philippine President Ferdinand E. Marcos said that he is ready to hold such an election in January, well ahead of the scheduled mid-1987 vote.

In another turnabout the presidential palace announced that the vice presidency, which has been vacant for 13 years, also would be contested because the focus of opposition criticism "has changed from Marcos to that of his entire administration and his entire program of government."

It remains to be seen whether the fragmented democratic opposition will be able to mount an effective challenge to the incumbent on such short notice—if, in fact, the election takes place.

But it is clear that pressure from the United States has already succeeded in focusing attention on the crucial issues of succession and institutional change, and that more can be accomplished if U.S. policymakers are not afraid to use our leverage both with the Philippines and with other countries in the region who depend on American aid and trade.

Marcos' corrupt government has made the Philippines the only non-communist country in East Asia with a negative growth rate. The economic mess and the increasing strength of the Marxist insurgent New People's Army, which is now active in nearly all the country's 73 provinces, pose a growing threat to important political, economic and strategic interests that are shared by all free nations.

For several reasons, the burden of defending these interests falls largely on the United States. The Philippines is the only nation that we have ever governed as our colony. Private U.S. banks and international lending institutions to which we are a principal contributor hold a majority of the Philippine external debt. Most important, U.S. bases there have become strong links in a security chain that protects the Western Pacific and supports our policy objectives in Asia and the Middle East. Except for Vietnam, no country in East Asia wants the United States out of these bases.

In 1982 President Reagan warmly welcomed Marcos and his wife on a state visit to Washington. Subsequently Reagan tried using gentle persuasion to coax reforms from Marcos. Now, in view of the rapidly deteriorating economic and political situation in the islands, Reagan is letting his spokesmen hint at the bleak scenarios that have long prevailed in the intelligence community. Assistant secretaries of state and defense are warning of imminent security threats if vigorous reforms are not undertaken; our ambassador in Manila has criticized egregious human-rights violations by the Marcos government, and the International Monetary Fund, with the Reagan Administration's support, is withholding $453 million in loans because of Marcos' failure to carry out economic reforms.

These are steps in the right direction, but we must be prepared to do even more. Since 1972, when martial law was declared in the Philippines, four U.S. administrations have looked the other way while Marcos dismantled democratic institutions and consolidated his personal rule. It is time for Reagan to

step up direct public pressure on the Philippine president for a return to pre-martial law institutions, including an independent judiciary, and to hold him to his pledge that American observers will be allowed to help monitor the presidential election. We should begin using our considerable influence—independently of the Marcos government, if necessary—to help rebuild democratic institutions that will ensure badly needed military reforms, free elections and basic human rights.

Congress will undoubtedly make funds available to improve security at Clark Air Base and Subic Bay Navy Base, but nothing approaching the $1.3 billion multiyear figure that has been floating around Capitol Hill. Only about two hours' flight time from the Philippines is the huge Soviet naval base at Cam Ranh Bay, which was built by the United States during the Vietnam War. In exploring alternatives to our present basing arrangements, however, we must not give the impression that we are prepared to abandon the Philippines. We can always relocate our military facilities, but restoring our credibility if we pull out may be impossible.

It is a rare occasion when the intelligence community is out front with virtually no disagreement on an issue of this importance, when members of Congress offer bipartisan support, or when historical and security commitments and a reservoir of good will toward the United States argue so convincingly that we must stand up for the values we believe in. This may well be the test that shows whether democracy has a chance to flourish in the Third World.

This is the time and place to take some risks. A corrupt dictator and Marxist gunmen cannot be allowed to prevent the rebirth of democracy in the Philippines because we were unwilling to help while there was still a chance to do so.

TROUBLES IN BANKING AND INSURANCE INTERACT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. FLORIO. Mr. Speaker, I am inserting in the RECORD an article from the New York Times indicating that difficulties in banking and insurance are beginning to interact.

The article reports on plans in the banking industry to create an industry-run insurance company to deal with the problem of unavailability and unaffordability of insurance from traditional sources.

The article suggests that some observers attribute the trouble banks are having finding insurance to "the rising tide of bank failures." Testimony in hearings before my subcommittee also indicates that the insurance capacity crunch may be attributable to insurance industry financial weakness.

The possible spread of instability within our financial services industries is ominous and deserves the attention of all Members.

BANKERS WEIGHING OWN INSURANCE UNIT

NEW ORLEANS, Oct. 22.—The banking industry is considering forming its own insurance company to combat the dwindling supply and soaring prices of insurance for directors and officers.

The same "captive" insurance company would also provide banks with blanket bonding coverage to protect them against fraud and other wrongdoing by employees.

The proposal to form the insurance company was made public here today during a risk seminar at the annual convention of the American Bankers Association. Although details must still be worked out, the current plan is for the insurance company to be formed by the association itself, with coverage made available to all 12,000 member banks.

The insurer would have as much as $30 million in initial capital, said Ronald C. Summerville, a consultant on the project to the association who spoke at today's forum. Where that money will come from remains to be determined, but one possibility being considered is for each association member bank to make annual contributions to the insurer, Mr. Summerville said. Other sources familiar with the project indicated that a formal proposal to create an insurer could go to the association's board of directors early next year.

If the association does form an insurer, an outcome that many bankers think is extremely likely, it will be because, for growing numbers of banks, directors' and officers' liability insurance and bonding insurance have become either unavailable or prohibitively costly. The number of underwriters offering bank bonding converage, for example, has shrunk to six, from 40 in 1983.

The number of insurers offering the liability coverage has also fallen to about a handful, from 20 two years ago. Premium increases on policy renewals have been as high as 500 percent. And insurance industry experts say that, on certain types of bank policies, insurance losses have been nearly 200 percent of premium income.

The reasons for the problems are many. L. Patton Kline, vice chairman of the insurance brokerage firm of Marsh & McLennan and one of today's speakers, said insurers had become wary of banks in recent years because of the rising-tide of bank failures. He also said insurers were deferred by the fact that bank regulatory agencies, such as the Federal Deposit Insurance Corporation, had begun suing bank management after failures, creating a new avenue for potential insurer payouts.

SOUR MARKET SEEN

And, most troubling to the insurers, Mr. Kline said, some banks have begun suing their own employees to try to recover insurance. He was apparently referring to recent decisions by the Chase Manhattan Bank and the Continental Illinois Bank and Trust Company to take legal action against some of their employees following losses at the banks.

"The insurance market, especially for financial institutions, has turned very sour in 1985," Mr. Kline said. "Just about gone are the three-year insurance policies that you are accustomed to in the financial industry."

"The directors' and officers' insurance problem will get worse," said Donald T. Brown, a group vice president at the First Atlanta Corporation, an Atlanta-based banking company. Mr. Brown, who moderated the seminar, added, "Some banks see themselves going barer as far as D.&O. insurance is concerned."

Although the idea of forming an insurance company has been bandied about in banking circles for some time, today's events provided the clearest indication that creation of such an entity was nearing. Similar proposals are being explored by savings and loan industry executives and by some big, money-center banks. According to banking sources, the big banks may decide to form their own insurance company because their potential exposure from lawsuits is well above what the A.B.A.-sponsored insurer could likely handle.

MANUAL ARTS HIGH SCHOOL COMMEMORATES ITS 75TH DIAMOND ANNIVERSARY

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. HAWKINS. Mr. Speaker, on December 13 and 14 of this year, Manual Arts High School in Los Angeles will be celebrating its 75th diamond anniversary.

The school has a rich and distinguished history as is evidenced by some of its notable graduates, including Gen. James H. Doolittle; former Governor Goodwin Knight; opera singer and actress Kathryn Grayson; actor Paul Winfield; Congresswoman Yvonne Braithwaite Burke; movie producer Frank Capra; artist Jackson Pollack; and a number of other individuals in various fields.

One of the highlights of this event will be the dedication and naming of one of the school buildings as the Gen. James H. Doolittle Building.

In its 75 years, Manual Arts High School has proudly boasted new buildings, high academic honors, State and national recognition of its programs, and superior athletic achievements. Mr. Speaker, I would like to submit a brief summary of the history of Manual Arts High School, which is without question one of the finer schools in Los Angeles, and in our country.

MANUAL ARTS HIGH SCHOOL, 1910-85

The year 1985 is a diamond year for Manual Arts High School as it celebrates and reflects on seventy-five years of tradition and spirit.

In 1909, there were two high schools in the city—Los Angeles High School, the first and the oldest, and the new Polytechnic High School. Both these schools were overcrowded, and so 350 students waited and studied patiently in a shabby abandoned grammar school on Olive Street. It was obvious that a new school had to be built; and by September of 1910, a new school did open on Vermont Avenue—Manual Arts High School. Dr. Albert E. Wilson, the first Principal, moved his faculty and students to the new location and thus began the grand history of the school at its present location.

Pride, excellence in achievement, and a spirit of adventure have marked the endeavor of the Manual Arts "Toilers".

The decade of the thirties is often referred to as the "Golden Era" of Manual Arts High School. The earthquake of 1933 crumpled tradition-filled buildings, but not the spirit of the teachers and students who inaugurated new buildings. It was during this time that the "Manual Arts Daily" was born, the only daily high school newspaper west of the Mississippi. The foreign language classes were acclaimed as the best in the state. The Theatre Arts Department

was widely recognized; and at the same time, the athletic teams swept to many city championships. The crowning glory was the completion of the new school, which was considered one of the most attractive high schools in the entire state.

When World War II came, the students extended their activities beyond the campus: they supported their own Jimmie Doolittle by helping to raise three million dollars for "Bombers for Doolittle"; this carrying Manual's name around the world by naming three planes.

During the Korean War, Manual Arts adopted an orphanage in memory of "Toiler" Kenny Kaiser, first California Gold Star.

The fifties and sixties brought multicultural enrichment to Manual Arts High School as students representing many nationalities, races, and creeds were welcomed and included in school life.

The sixties also witnessed major social changes with the inception of the Civil Rights movement and the charismatic influence of Martin Luther King, Jr. The Air Force Academy accepted its first Black candidate, Maurice Econg, a Manual Arts graduate.

By the mid-seventies, Manual Arts High School and its surrounding community had become predominantly Black; the strength of Martin Luther King's influence was apparent in the school with its increased emphasis on Black pride and success. The "Toilers" won scholarships, awards, and athletic championships.

Thus far the eighties not only have brought recognition to Manual Arts High School, but also have witnessed rapid changes in the ethnic make-up of the school. Immigrants and refugees from several Central American countries have settled in the community. Black and Hispanic "Toilers" have, triumphantly, shared in the glories of a city championship in basketball and two consecutive years as city champion in football. They have also shared in the pride of being named the Ambassador High School for the 1984 Olympics. Academic successes are enthusiastically recognized, as graduates gain admission to prestigious universities, win scholarships, and accept special awards.

CAMPUS-BASED RESEARCH CENTERS VICTIMS OF ADMINISTRATION FRUGALITY

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. EDGAR. Mr. Speaker, in the spirit of furthering the continuing debate on our Nation's budget priorities, I am submitting an article by Daniel S. Greenberg, entitled "A Case of Mega-Bucks and Mega-Science," which was published in the Journal of Commerce on October 25, 1985. I recommend it to my colleagues.

This Nation will spend about $107 billion for research and development this year—more than the combined R&D spending of Great Britain, France, West Germany, and Japan. Almost a third of this amount will be devoted to defense. In the area of advanced technologies alone, 85 percent of Federal R&D funds will be spent for military purposes.

Mr. Greenberg's article clearly brings into focus the effects of this defense bias in our national research budget. We have skewed our research resources toward "mega-science" so much that we have left little for other efforts, especially as he points out, for campus-based engineering research centers tying universities and industry together in research as well as education. These "other efforts" have to scratch for nickels and dimes in our Federal budget, yet they are no less than the first line of defense in our national security as we move into the 21st century.

Mr. Speaker, one of these days we are going to wake up and discover that our disinvestment in non-defense research, particularly as it applies to advanced engineering technologies, is a national disgrace. I just hope it won't be too late.

[From the Journal of Commerce, Oct. 25, 1985]

A CASE OF MEGA-BUCKS AND MEGA-SCIENCE

(By Daniel S. Greenberg)

WASHINGTON.—Last year, as White House budget planners proposed to spend $26 billion on Star Wars research, they displayed vintage Reaganite frugality by snipping a couple of hundred million dollars from the government's medical research budget.

They also wiped out a mere $1 million item for university studies of ethical problems in science and technology, and held back on spending over $50 million available for remedying the decrepit condition of science education in elementary and high schools. All the while, though, planning proceeded for a manned space station, with a price tag loosely calculated at $8 billion, and an atom smasher—60 miles in circumference—estimated to cost at least $4 billion.

The pattern that emerges is billions for the scientific mega-project and parsimony for other parts of the research enterprise, particularly for the mom-and-pop segments of scientific research. Referred to in the business as "little science" the latter lives on government grants ranging from a few thousand to a few hundred thousand dollars per year, mostly for campus laboratories, where student scientists learn on the job.

Generally lacking the dramatic photo appeal of mega-science, little science tends to be inconspicuous. Nonetheless, it is the intellectual backbone of the system that produces the majority of the highly trained people who advance basic scientific knowledge, staff industrial research labs, and educate coming generations of scientists and engineers. But, increasingly, this style of science is facing hard times, as anti-deficit politics presses against all federal spending and the proponents of monumental ventures grab for a bigger slice of the federal research and development budget.

The most appalling instance of mega-projects trampling little science is the Space Shuttle, built on politically alluring but false promises of economical operations—and then financed with the help of money stripped from NASA's scientific research programs. The consequences were recently spelled out in congressional testimony by Professor Eugene Levy, director of the Lunar and Planetary Laboratory at the University of Arizona. Mr. Levy noted that because NASA has cut back on sending aloft the scientific satellites that carry small experiments, "There is a startling lack of young scientists—ages 30 to 40—who have been able to establish space experimental research groups in the past decade."

At a recent meeting between university heads and the chief of the Star Wars program, Lt. Gen. James A. Abrahamson, the issue of Star Wars' fiscal gluttony was gingerly raised by Dale Corson, president emeritus of Cornell University. "There just isn't enough money going around to sustain the health of the research enterprise," Mr. Corson said, adding that "it's inevitable that there will be a decline in the kind of science that's been with us for the last 40 years, the investigator-initiated research project, in which the ideas are coming from the scientists themselves." That's not the general's problem, and he offered no consolation.

The fiscal crush of mega-projects is also evident in the sparse funding available for one of the government's most applauded and promising research innovations—campus-based centers where scientists and engineers and their students' work with industry on basic engineering problems. Last year, 140 schools, with proposals totaling $2 billion, applied to take part. The government eventually picked six to share in the $20 million a year available for the program.

The president's science adviser, Dr. George A. Keyworth II, recently described the engineering program as "the single most important initiative in the Reagan administration's science policy," and urged that it be elevated to $500 million a year.

There's no chance of that. These centers, designed to provide technical underpinnings for improved industrial competitiveness, are small stuff, costing just a few million a year.

The irony is that, in the era of the mega-project, they cost too little to rate high.

TOM BETHELL ON PROPERTY RIGHTS IN UNDERDEVELOPED NATIONS

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. COURTER. Mr. Speaker, Tom Bethell's recent article in the National Review, "How To Start a Revolution Without Really Trying," November 15, 1985, discusses the frequently neglected importance of security of ownership for developing nations. Mr. Bethell cites numerous examples of the way in which the constant threat of expropriation in Third World countries has effectively destroyed the right of property in those nations.

In many of these countries, governments' attempts to use land reform as an excuse to destabilize political rivals or landowners whose wealth is threatening—through the expropriation of lands owned by "absentee landlords"—have actually resulted in the seizing of the plots of middle-class smallholders who for a variety of reasons were unable to till their land and therefore leased it to farmers.

Once seized, the land is typically redistributed to the peasants, although in El Salvador, Mexico, and other underdeveloped nations the new owners are prohibited from selling or renting out the land. Without these basic rights of ownership, the new owners are clearly no more than serfs

and property rights are further weakened. By contrasting these cases with successful land reform in Japan and Taiwan, Tom Bethell demonstrates that the necessary element is an assurance that the land, once redistributed, will not again be subject to arbitrary expropriation or use limitations. Only if this right of property is conveyed with the land, will those who own the property be willing to invest in its improvement. I commend the complete article to the attention of my colleagues.

[From the National Review, Nov. 15, 1985]

HOW TO START A REVOLUTION WITHOUT REALLY TRYING

(By Tom Bethell)

"If the law itself commits the act that it is supposed to suppress. I say this is still plunder and, as far as society is concerned, plunder of an even graver kind." Frédéric Bastiat, "The Law" (1850)

In a recent article (NR, Aug. 23) I pointed out that the international debt crisis would not soon go away, because the indebted countries have been unable to create property rights, which are indispensable if new wealth is to be created. And without new wealth, debts cannot be repaid. Moreover, I suggested, certain American elites have sometimes worked to obstruct the emergence of property rights abroad, whether or not they knew they were doing so.

Property rights depend on the rule of law: the establishment and acceptance of the idea that the law must apply to all, including (especially) those who administer it; and that there sits human rights of ownership and exchange, the security of which it is the duty of governments to protect. Today, the central problem of economic philosophy is simply this: How is the rule of law to be established in those countries—the great majority—that do not enjoy it? Not only has this not been answered in contemporary economic discourse. It has scarcely been asked. For example, Professor P.T. Bauer of the London School of Economics (now Lord Bauer), perhaps the leading critic of mainstream "development" economics, does not raise the question of property rights and how they are to be established in undeveloped countries.

Let us now embark on a brief excursion, beginning with the Philippines. Citing a Communist threat, Ferdinand Marcos imposed martial law there in September 1972. Political opposition and press freedom were curtailed. And land reform was instituted. This, Marcos said, "would eliminate landlordism in the Philippines and give land to the tillers everywhere in the country." Marcos has simply seized the power to expropriate rural property, with the added provision that the tillers, or renters, of the land were in some cases declared to be its new "owners."

The New York Times reacted to Marcos's martial law with telltale ambivalence. It was predictably concerned about the "repression of civil liberties" and the "suspension of democratic institutions." But it relished the "genuine reform" of expropriation, which deserved "open encouragement." This might take the form of "generous economic assistance for programs to help the majority of Filipinos." (The welfare state should be extended to the Philippines, in short.)

LAND TO THE TILLERS!

The truth was that Marcos deserved condemnation on all counts. But the Times saw partial merit in his version of martial law: Freedom of speech was a civil liberty; the security of ownership was not. The Times here made explicit what we all know: The claims of property are often suspect to educated elites. Even though we may enjoy the security of property and take it for granted in our own lives, its general advocacy and application are intensely controversial. Explicit support of the security of property by the economics profession would entail a repudiation of the statist ideology by which it has been guided for fifty years, and such a change is too painful to contemplate, no matter what the evidence may be.

A year later, in October 1973, embarrassing details about the Philippine land reform were published by the New York Times. The reform was facing a "major roadblock." Tens of thousands of middle-class smallholders were unexpectedly scheduled for expropriation. Half the plots eligible for plunder were 25 acres or less. They were owned, Tillman Durdin reported, by businessmen, retired military officers, teachers, and other professionals who have put their savings into small rural properties that they have regarded as providing basic security for themselves and their heirs. Tenants cultivate their lands while they live in towns and collect as rent their share of what the tenants make."

The Secretary of Agrarian Reform was quoted as saying: "These are the very people, a part of the middle class, whose support the president needs. They will be very bitter if they have to give up their lands."

Oh dear, somebody had goofed. Marcos had been persuaded that ownership was the great bulwark against Communism. Therefore, if you took land from "absentee landlords" and gave it to the tillers, ownership would increase and Communism would find no foothold. But the absentee landlords turned out to be teachers—Marcos' own bureaucrats!—who had bought a little land as a form of pension plan: something literally to live on after retirement. And now Marcos wanted to seize it from them. Adding insult to injury, the New York Times (its editional writers secure in Scarsdale) had given its blessing.

Much of this planned plunder was forestalled. Nevertheless, Marcos weakened his own country with land reform, which provided him with the rationale for seizing the property of political opponents (including the largest steel mill in the country), thereby contributing to a general insecurity. Furthermore, when the rule of law is subverted, corruption invariably takes its place. If a landowner's property was unexpectedly not taken, then his neighbors would suspect him of buying off the Agrarian Reform surveyors even if he had not.

New owners cannot possibly feel secure in such a climate of mounting despotism. This key defect of land reform has been pointed out by the anthropologist Grace Goodell, now at Johns Hopkins' School for Advanced International Studies. Miss Goodell did her field work in Iran, where in the 1960s the Shah had unwisely taken American and World Bank advice, imposed a draconian land reform, expropriated the mullahs, "rewarded" the peaseants with the stolen land, and in the end, as we know, paid the penalty himself.

"If the Shah can take all this land away from the landlords to give to us," Iranian peasants said to Miss Goodell, "how much easier it will be for him to take it away from us some day."

This happened, and it didn't take long. Persuaded that American agribusiness concerns knew more about working the land than his own Iranians, the Shah soon stripped the peasants of their short-lived holdings. Miss Goodell, whose book about Iran, "The Elementary Structure of Political Life," will be published by Oxford University Press next year, regards land reform as "the state's Trojan horse for its own penetration and domination of the countryside." But, as the Shah found, it is a dangerous weapon, creating an embittered and perhaps revolutionary middle class that sees itself, probably correctly, as having been wrongfully dispossessed. In much the same way, Ngo Dinh Diem and Nguyen Van Thieu destabilized South Vietnam with American-backed land reforms in the early and late 1960s.

TILLERS AT THE TILL

The Philippine fiasco was largely financed by the World Bank, which shelled out at least $50 million to the Marcos government (which of course could use the money to reward political allies). The U.S. Agency for International Development (AID) was also involved in a small way, spending about $2 million on various studies and surveys. But AID soon withdrew, apparently having recognized its dangerous features. By 1975 the proposed new "owners" were downgraded to "leaseholders" in AID documents, leaving the Philippine middle class, one may guess, more secure and less rebellious.

Roy Prosterman, the land-reform expert from the University of Washington Law School, testified in 1975 before the Senate Subcommittee on Foreign Assistance that he had been "very close to the processes of development of the land reform there [the Philippines], and I have been very disappointed to see the failure of the Philippine land-reform program. It was initiated as a program to transfer land ownership to a million families of tenant farmers, and with respect to that goal they have achieved only 1 percent of what was intended over a thirty-month period."

Prosterman was also an architect of President Thieu's 1969 land reform in South Vietnam ("successful in achieving its immediate objectives," Prosterman wrote in the Summer 1981 issue of International Security), and he also played a major advisory role a decade later in the land-to-the-tiller phase of the Salvadoran land reform that was established (with the close cooperation of U.S. Ambassador Robert White) in the final year of the Carter Administration. Subsequently, President Reagan's political appointees to AID have been surprised to find that the most unpopular and destabilizing feature of the Philippine reform was repeated in El Salvador: Land was eligible for expropriations on the grounds that its owners were absent, but these turned out in many cases to be middle-class professionals in San Salvador, not millionaires in Miami. Many of these people soon found that, instead of a patch of land to retire to, they had worthless bonds stamped by the El Salvador Institute for Agrarian Transformation. Later the State Department (in two separate reports) concluded that there was a connection between this injustice and what came to be called "right-wing death squads."

In some cases, AID and State Department officials were dismayed to find, "absentee landlords" turned out to be widows, orphans, and yes, handicapped persons, whose crippled or aged condition prevented them from tilling the soil themselves, but who had enterprisingly found others to rent the land from them. No matter! Expropriate the

expropriaters! In some of the more pathetic cases, apparently, the intended beneficiaries refused to accept the land. (in Sri Lanka this error was also made, and again many tillers refused to accept plundered land.)

It turned out that the new owners could not sell their land for thirty years. This was intended to prevent them from selling it back to those from whom it had been taken. The effect was to weaken property rights considerably, because those who cannot realize the value of what they own cannot really be said to own it, and will certainly be deterred from improving it. (Consider what would happen to the building stock in the United States if no one could sell houses for thirty years.) Moreover, the new owners weren't allowed to rent out "their" land either, because if they did they would become . . . absentee landlords! And subject to expropriation in turn. This destructive and tyrannical provision, also a feature of life in rural Mexico, effectively returns a country to serfdom. Consider the effect on industry if the owners of buildings were not allowed to rent them out.

In Phase I of the Salvadoran land reform, all farms larger than 1,235 acres were expropriated, and those who had worked the fields were told that the *collectively* owned the land. But each individual could not sell his share nor could the collective as a whole sell the property. Rather than "extending" property rights, such edicts destroy them completely. They also destroy the incentive to work, because the individual who multiplies his effort can only marginally increase his reward, if indeed he can increase it at all. This "reform" repeated in El Salvado the collectivits system imposed by the Cardenas administrations in Mexico in 1934, when a sizable percentage of Mexican farmland was "reformed" into the *ejido* system—one that denied the peasants the right to sell their share of the land (an error that remains uncorrected to this day).

A POLITICAL TOOL

The Aid Administrator, Peter McPherson, has in recent months publicly criticized this provision of the law and has tried to get President Duarte to change it, so far without success. Duarte is far more wedded to socialist principles than is generally realized, and he is most unlikely to comply. In addition, a collectivized farm is a convenient political tool, useful for granting favors or withholding them nor will Durate feel the economic pinch that might encourage him to change so long as he is cushioned by U.S. dollars—one of P. T. Bacer's favorite arguments against foreign aid.

Fiscal 1986 U.S. aid for El Salvador is $483 million—including $46 million in food aid to make up for the sharp agricultural decline that has set in since land reform was implemented in 1980. The foreign-aid request for the Philippines this year is $279 million, including $35 million in food aid. Two countries that do not receive U.S. aid, incidentally, even though they are eligible for it, are Mexico and Nigeria. They are, one AID official said, in the "Too Proud to Accept" category. One wishes for the sake of P.T. Bauer that they were doing better economically. Both, alas, are basket cases. At the same time neither enjoys anything remotely resembling the rule of law. So far are we from grasping this issue that when, a month after the earthquake, the Mexican strongman Miguel de la Madrid expropriated seven thousand private buildings on 625 acres of Mexico City land, two Wall Street Journal reporters (Steve Frazier and Mary Williams Walsh) adjudged the expropriation decree to be among de la Madrid's "short-term successes." Due process at home and socialism abroad—that is the unstated and probably unconscious prescription of so many university-educated Americans.

(The Wall Street Journal assigned nine reporters to its six-part, post-earthquake "Nation in Jeopardy" series, and between them they covered several square yards of newsprint, reporting many interesting facts but not one touching on the underlying cause of the Mexican problem: the insecurity of property, which is continually exposed to the threat of expropriation. This is really what is meant by those who say, usually approvingly, that the Mexican revolution is "still continuing." Indeed it is.)

Foreign eligibility for U.S. aid is determined by GNP-per-capita statistics compiled by the World Bank. When they lose their eligibility, successful countries are said to "graduate." Three countries that graduated years ago are Japan, South Korea, and Taiwan. They are of great interest and importance because they all experienced land reform of a sort and they are repeatedly cited in the land-reform literature as great success stories, proving that land reform really does work. And critics of land reform must concede that economic progress in these countries has been perhaps unrivaled anywhere since World War II. What did this success have to do with land reform?

Again, the great problem with land reform is this: The government that imposes it enlarges its own power over citizens' lives. However well intended, this represents a step away from the rule of law. A ruler who can change the pattern of ownership with the stroke of a pen is more tyrant than lawgiver. If he can do it once, he can do it again. No property is then secure, as we saw in Iran, as we see today in Mexico, and of course in the Communist countries.

Land reform was imposed in Japan by decree of General Douglas MacArthur in December 1945—along with a new constitution and elections. The Japanese were not merely defeated, they were willing to accept "the American way" as the price of defeat. They could surely see that MacArthur was not seizing power for himself. He was not establishing a tyranny for his own benefit, but was intervening under circumstances that would not be repeated. Whereas Marcos, Duarte, and the Shah went some way toward undermining the rule of law in their countries, MacArthur imposed it on Japan. The Japanese accepted it, no doubt because they could see that the new system was designed to obstruct the arbitrary exercise of power, so that the future was likely to be more secure, thus encouraging the people to go about their business in a spirit of hopefulness. Furthermore, the system had evidently served the Americans well enough to defeat the hitherto invincible Japanese!

PEASANTS FOREVER

It was the same in South Korea, formerly a Japanese colony, with about 15 percent of its land owned by Japanese. (And these really were the archetypal absentee landlords.) Again, the Americans arrived, imposed elections and a new constitution, and restored the Japanese-held lands to Koreans. The Koreans for their part had no reason to believe the victorious Americans were seeking personal or political gain, and so they could anticipate that this external intervention would not be repeated.

Likewise in Taiwan. After the Chinese Communist victory in 1949, General Chiang Kai-shek's remnant retreated to Formosa under U.S. auspices and there a Joint (U.S.-China) Commission on Rural Reconstruction imposed the new property arrangement on the old Formosan aristocracy. This "defeat" was likewise accepted by the Formosans, and the rule of law established.

None of this would have worked if the Americans had attempted to establish collective farms, as in El Salvador. In all three countries property rights were assigned individually, titles were issued, and these titles were fully transferrable. (In Japan there was a ten-year delay before titles could be transferred.) Owners, that is, could sell their land to others who in turn could do what they liked with it. In Taiwan today, land is rapidly being converted from agricultural to more highly valued industrial use. Land-reform zealots are usually opposed to such permissiveness because, they believe, it will "dispossess" the peasants. One can only reply that where there are doctrinaire land-reformers there will always be peasants. Where there are property rights, peasantry will soon disappear.

How odd that the great guru of land reform, Wolf Ladejinsky, a Ukrainian immigrant to the U.S. who worked for ten years at the Department of Agriculture before joining MacArthur's staff in 1945, never understood why land reform had worked in Japan. In later years he traipsed disconsolately about Asia, conducting unsuccessful agrarian experiments in different countries, becoming (it seemed) increasingly disgruntled and radical. Shortly before his death he told a World Bank seminar: "If we are to wait until the peasantry of India—or for that matter a number of other Asian countries—decide to take the law into their own hands and fight for an out-and-out radical agrarian revolution, I think we would have to wait for a long, long time."

But the Japanese peasants didn't take the law into their own hands. The law was given to them.

HUGO MORALES: A GREAT AMERICAN

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GARCIA. Mr. Speaker, I want to take a moment to pay tribute to a dear friend of mine, Dr. Hugo Morales. Dr. Morales has been a pillar of New York's Dominican community for almost three decades. This past year, he was given the honor of being elected president of the Bronx County Medical Society for 1984–85. On November 17, he was honored at a dinner in New Rochelle, NY.

I will not try to list the many accomplishments of Dr. Morales. He has done so many things so well. I would like to mention, however, that aspect of his personality that is hidden from the general public—the human side of Hugo Morales. He is a warm, concerned human being who believes in his community. He has given of himself for years without expecting a reward. His reward has been all the good he has done for his community. He has been unfailingly modest and patient, never demanding.

Dr. Hugo Morales deserves to be honored by his peers in the medical profession. He deserves to be recognized by his friends

and his community. I am proud to say that I have had the privilege of working with him over the years, and it is my fondest hope that we will continue our friendship for many years to come.

I am submitting for the RECORD the biography of Dr. Morales, so that my colleagues can read about his many accomplishments.

HUGO M. MORALES, M.D.

On June 1, 1984, Dr. Hugo Morales became the Bronx County Medical Society's 71st President. He is a Diplomate of the American Board of Neurology and Psychiatry, and a member of the American Board of Quality Assurance and Utilization Review Physicians.

Dr. Morales received his M.D. degree from the University of Santo Domingo in 1956. Following postgraduate training at New York Polyclinic Medical School and Hospital, he held a teaching appointment in Psychiatry at Harlem Hospital in New York City. He was also the Director of the Department of Psychiatry at St. Francis Hospital in the Bronx.

He was elected to membership in the Bronx County Medical Society in February, 1965. He served as Chairman of the Public Relations Committee from 1976 to 1982. He was elected Vice President on June 1, 1982, and became President-Elect on June 1, 1983. He is currently a member of the Board of Trustees and the Board of Censors, and continues to serve as a Delegate to the Medical Society of the State of New York, a position which he has held since 1981.

Dr. Morales is on the Psychiatric Staff at the Bronx-Lebanon and Gracie Square Hospitals, and serves as a Consultant to numerous city agencies. In 1978, he was appointed by the Governor to serve on the Council for Mental Health Planning in the State of New York, and he continues in that position. His name has also been submitted by the Governor to the Legislature to become a member of the Medical Advisory Board of the Social Services Department of New York State. He is also a member of the Mental Health Task Force in Albany, whose main responsibility is the development of community rehabilitative programs.

In early October, Mayor Koch appointed him as a member of the Mayor's Commission of Hispanic Affairs. The purpose of the Commission is to identify economic, education and health problems in the Hispanic community and to offer solutions to these conditions. He has been a member of the Shared Health Facility Advisory Board Council of New York since 1983.

He has been the recipient of numerous awards for his services to the community, including the Bronx Community College's "Man of the Year Award" in 1976. Dr. Morales is active in many community and professional organizations, including the Bronx Society of Neurology and Psychiatry, the American Medical Association, the Spanish-American Medical Society, the New York Academy of Science, the Pan American Medical Association, and the Dominican Medical Society. He is a former President of the Bronx District Branch of the American Psychiatric Association.

He is the founder and Medical Director of the Bronx Mental Health Center. This mental health care facility employs approximately fifty people, and provides innovative, comprehensive ambulatory mental health care services to patients which are largely black and Hispanic. Dr. Morales is deeply committed to providing quality mental health care services to these patients.

Dr. Morales and his wife, Gladys, have a daughter, Nilda Morales Horowitz, and a son, Hugo.

LAST YEAR'S SUPERFUND BILL IS STANDARD FOR EFFORT THIS YEAR

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. FLORIO. Mr. Speaker, as my colleagues know, last year the House passed, by a vote of 323 to 33, strong and effective Superfund legislation that would have reauthorized the program at a funding level of $10 billion for 5 more years. Unfortunately, the administration blocked the legislation in the Senate and this year we are compelled once again to consider the extension and expansion of this major environmental program.

In addition to expanding the financial resources available for the Federal toxic waste cleanup effort, last year's Superfund bill established a strict annual schedule for cleanup and uniform national cleanup standards for finished sites. The bill gave citizens the right to sue polluters for cleanup when the Government was not acting at the site and reaffirmed the current law's strong liability for those found responsible for creating these toxic hazards.

This year, we are—quite understandably—being held to the standards established in last year's bill as one definitive measure of our commitment to a strong and effective Superfund Program. A recent editorial in the Philadelphia Inquirer is typical of the commentaries that have been written in recent weeks urging us to reaffirm last year's effort. I commend this thoughtful analysis to my colleagues' attention.

GIVING SUPERFUND A CHANCE

Last year the House of Representatives voted to reauthorize a strong Superfund program by an overwhelming margin of 323-33. The enormity of that bipartisan vote was attributed generally to the fact that members faced re-election and knew the voters at home wanted get-tough programs that would clean up hazardous wastes.

Something's changed this year. The legislation that in 1984 whizzed through the House (only to die in the Senate) has been stalled by a few House members who assert that there isn't broad-based public support for a rigorous chemical cleanup program.

Nothing could be further from the truth.

In a recent Time magazine survey, 79 percent of the Americans polled said that "not enough" has been done to clean up toxic-waste sites, and 64 percent said they would be willing to pay higher state and local taxes to fund cleanup programs in their communities. With each new discovery of an abandoned toxic-waste site, contaminated groundwater supply, or polluted river, the constituency for strong cleanup regulations grows. Chemical contamination is so pervasive that the health of millions of Americans already is being endangered.

They hardly would be protected by the bill that emerged from the Energy and Commerce Committee, chaired by Rep. John D. Dingell (D., Mich). Many of the components vital to making Superfund do the job it was intended to do had been removed, including cleanup schedules and standards. Fortunately, a second bill that contains those provisions and others was approved by the Committee on Public Works and Transportation, chaired by Rep. James J. Howard (D., N.J.).

Members of both committees have begun meeting in an attempt to work out an agreement on the two bills. The extent of differences between the bills—and the strong feelings that exist on both sides—make observers less than optimistic that a compromise can be reached. It will then rest with the House Rules Committee to decide which measures goes to a vote.

The Superfund program, which officially expired at the end of September after five years of existence, has not lived up to the expectations of those who enacted it. No one in 1980 understood the magnitude of the problem, or the complexities of cleaning up this witches' brew of chemicals. The EPA grossly mismanaged the program during the first years of its life, and the success stories wrought by Superfund efforts are few.

But those are precisely the reasons that a strong, fully funded Superfund program must be enacted. If House members question whether there is a groundswell of support for a Superfund that will do the job, they ought to talk to their constituents. Better yet, their constituents ought to tell them.

KEEPING SOUTH AFRICA IN PERSPECTIVE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. CRANE. Mr. Speaker, in spite of what many in the media and among the liberals of this country would have us believe, the Botha government in South Africa has committed itself to meaningful change of its system of government. But Mr. Botha and his National Party have before them a task that is far from easy—witness the recent successes of the far-right in parliamentary elections as a backlash to the limited reforms introduced so far. But there can be no doubt that the journey along the road to reform has begun, and once begun, it will not end until tremendous changes have been accomplished.

Many have criticized the recent ban on reporting in certain areas of South Africa where violence and unrest have been most prevalent, but the simple fact is that the more presence of television cameras in such areas tends to spark or at the very least aggravate incidents in these areas. Freedom of the press is, of course, very important. But when that freedom is abused or implemented to distort what is actually occurring, or when it is a catalyst of further violence, then it should not be surprising when most governments in the world limit that freedom. No one who has ever been near an angry mob will deny that cer-

tain individuals tend to play to the press, and in a situation as volatile as that in South Africa, this can be dangerous indeed.

Anyone who doubts the sincerity of the South African Government to bring about meaningful change has merely to look at some of its recent actions and listen to what the leaders have been saying. Anyone who believes that the foreign press in South Africa has been a model of objectivity and has done nothing to transgress the basic principles and ethics of journalism is sadly misguided. Along these same lines, I commend to my colleagues' attention a speech given by Mr. D.J. Louis Nel, the Deputy Minister of Information of South Africa, during a recent visit to Washington. I hope my colleagues will take a few moments to really listen to what one of South Africa's leaders thinks and intends, rather than just relying on what the media tells us these leaders intend.

(By Mr. D.J. Louis Nel, Deputy Minister of Information of South Africa)

SOUTH AFRICA: PLAYING IT BY THE RULES

Men and women of the press:

INTRODUCTION

I come from a country that many in the American Press nowadays, sadly enough, love to denounce.

We are only too aware that over the past year an ugly stamp, a seal of disapproval, has been put upon South Africa.

Yet we who live in South Africa, both black and white, not only love our country, but also take pride in it.

We are encouraged by the vast amount of goodwill that exists between all of us—despite the stridency of radical condemnation and the images of violence that have appeared on your screens.

Appalling violence has occurred in our country, violence which we deeply regret. We are saddened by the hurt and injury and the deaths. We are also saddened by the measure of polarisation in our society that the violence has caused.

We ask only that the blame be fairly apportioned.

We ask that our situation be justly appraised.

PERCEPTION CREATED BY THE MEDIA

My Government believes in freedom of speech and the freedom of the press.

Creating a media image, however, which conveys the impression of a country in wellnigh total turmoil, when facts prove that that is most clearly not the case, surely is not fair. Yet this has happened.

Although such an image may be exciting to your readers or to your TV viewers, you ultimately misinform them. Reality and truth would dictate a more balanced picture.

The reality of violence in South Africa is portrayed on your television screens and in newspaper columns as violence and brutal force by the South African Police against Blacks. The false perception thus created is one of violence only by the authorities against those Blacks who oppose the political system.

The truth, in fact, is that most of the violence is perpetrated by radical and revolutionary Blacks against moderate Blacks—and the police, responsible for law and order, of necessity have to move in to prevent the destruction of property, the murdering and maiming of innocent people and the total disruption of the Black communities—which, unfortunately so, is the stated aim of the ANC, which is a terrorist and Communist backed organization and who, by its own admission, has close links with other terrorist organizations like the P.L.O.

And when the police move in, the rioters turn against them.

It is in fact that, in discharging this difficult duty, many people have been killed and wounded through police action.

Between September 1984 and September 1985: 210 Black people were murdered and 884 Black people hurt by Black radical and revolutionary elements, 14 Black policemen were killed and 405 hurt, 615 schools for Black children, 26 churches, 520 factories and shops owned by Black businessmen, 1917 private Black homes, and 3138 delivery vehicles, carrying food and other commodities into Black residential areas, were destroyed or petrol-bombed by rioters.

How many of you are really aware of these atrocities committed by radical, revolutionary elements against moderate Blacks, ostensibly in the interest of freedom?

These facts are freely available and yet not fully reported.

We object to the perception created that these terrorist acts against moderate Blacks are honest attempts at democratic reform, and that only police actions are the cause of violence. That is simply not true!

COMMITMENT TO DEMOCRACY AND ITS REALIZATION

The debate today, however, is really not about violence, not about apartheid either, but about South Africa's advance to a full democracy.

The implementation of full democracy, however firm the commitment, takes time: it does not happen overnight, especially not in a complex multi-ethnic or plural society.

Certainly, when one looks at the sweep of modern history, instant democracy is very rare! Most countries in the world have not reached the ideal of full democracy and still have a long way to go.

The American experience is a case in point:

The American Declaration of Independence of July 4, 1776 stated: "We hold these truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain inalienable Rights . . .".—of which Liberty is one.

The American Bill of Rights followed in 1791.

In spite of all these strong commitments, slavery in America was abolished only in 1865—74 years after the Independence Declaration.

Remarkably so, only in 1870, nearly 80 years after the Bill of Rights, which certainly is applicable to everyone in the USA, race as a bar to voting rights was abolished in your country.

We all know too well that even those developments did not end racial discrimination in the USA.

As late as 1960, Martin Luther King Jr. had this to say: "I have a dream that one day even the State of Mississippi, a State sweltering with the heat of oppression, will be transformed into an oasis of freedom and justice . . ."

Nobody doubts the successive American governments' and the American peoples' commitment to democratic values and norms.

Yet, the fulfillment of those values took many generations to achieve.

THE SOUTH AFRICAN COMMITMENT

I would now refer you to South Africa's commitment which we would expect to achieve much faster!

Our State President, Mr. P. W. Botha, recently put the South African Government's commitment for the future in these unequivocal terms:

He started off by pledging that there will be no political domination of one group over another; he promised that no community would be excluded from the decision-making process; he pledged equal opportunities to all communities and firmly rejected injustice and inequality; he pledged the removal of any racial discrimination and encroachment upon human dignity.

Surely we can all back the South African President up to the hilt in this.

As regards constitutional reform, President Botha made the following commitment, and I quote:

"The Republic of South Africa forms one state . . .".

And then . . .

"It follows from this point of view that there should be one collective South African citizenship for all who form part of the Republic.

And then again:

". . . My Government stated clearly that all groups and communities within the geographical area of this state must obtain representation at the highest level without domination of the one over the other.

And furthermore:

"It is the conviction of the South African Government that any eventual constitutional dispensation will have to take into consideration the multi-cultural nature of the composition of our population . . . The protection of minority rights will thus have to be ensured.

He continued:

"In order to meet these realities and views, it is evident that units will have to be recognized on a geographic and group basis . . .

And further:

"It is the conviction of the Government that the structures in which co-operation will take place, must be the result of negotiation with the leaders of all communities.

President Botha concluded:

"To summarise, I thus finally confirm that my Party and I are committed to the principle of a united South Africa, one citizenship and a universal franchise, but within structures chosen by South Africans, not within structures prescribed from abroad . . .".

On economic reform President Botha expressed himself as follows:

". . . Further socio-economic reform, based on the principle that discrimination on the basis of race, ethnic character and origin is rejected, is also put on the agenda by the Government".

This firm commitment by the South African Government conforms to Western civilized values. They should be universally acceptable and should be recognized as such.

Now you're all looking forward to the upcoming World Series. Those teams wanting to participate in the World Series can only do so if they conform to the rules of the game. If not, they are barred from the game.

I appeal to you today to recognize and to accept that my Government is committed to playing the democratic, constitutional game according to the rules.

The fact that this commitment has as yet not been fully fulfilled, does however not detract from its validity.

In this respect, the stated South African approach finds some support in the well-known Lusaka Manifesto, agreed upon by 13 Black member states of the Organization for African Unity in 1969.

After stating its ideals, ideals which in broad terms are acceptable to South Africa, the Manifesto continues:

"We recognise that at any one time there will be, within every society, failures in the implementation of these ideals. We recognise that for the sake of order in human affairs, there may be transitional arrangements while a transformation from group inqualities to individual equality is being effected. . . ."

South Africa now has a strong and binding commitment, which I can assure you we will live up to. Its fulfillment is being implemented and we are in a transitional period.

We must however be practical: It cannot be denied that the speed of implementation of our lofty commitments will greatly be influenced by the economic progress and social stability which all South Africans experience and the peace and tranquility which we will be allowed to enjoy.

Now it is true that you Americans have a somewhat different approach to some of these matters, particularly when it comes to recognizing the constitutional rights of groups.

As determined as we are to remove discrimination from the statute books, as committed as we are to institute real democracy in South Africa, so intent is my government as well to safeguarding the minority interests of our differnt peoples and groups.

The hard fact of South Africa, in fact of Africa as a whole, is the existence of minority or ethnic groups with a cohesiveness that for centuries has been the corner stone of everybody's security.

My fellow Black countrymen belong to nine different ethnic groups, speak differnt languages, have different lifestyles and to a great extent conform to different cultures. By stating this obvious truth, I do not in any way whatsoever wish to belittle the common interests among all South Africa's Blacks, which I hasten to recognise.

But these groupings can nevertheless not be wished or willed away; they are there; and clearly they must form the building blocks of any new society.

Other countries in Africa who ignored this reality, did so to their everlasting detriment!

Since ethnicity is so strong a factor, not only in South Africa, but on the whole continent of Africa, then obviously recognition of ethnicity is cardinal to reform. Without guaranteeing the security that comes with each group's cohesiveness, reform becomes well-nigh impossible. Fearful of losing their rights, some minority groups will undoutedly become unwilling to enter into any kind of national negotiation.

And thus we come to the most important issue of the day: What model should South Africa adopt in implementing democracy in its broadest sense.

At this point, no clear-cut answer can be given except that it will be a model negotiated with leaders of all communities on the principles spelled out by the State President, namely:

(i) A United South Africa;

(ii) One citizenship for all; and

(iii) A universal franchise where every person will have a vote.

As far as specific model is concerned, the President said "that the Government will not prescribe and will not demand. Give and take will be the guiding principle."

In this regard I must now make reference to the so-called "one-man-one-vote-in-a-unitary-state" system which so many in the world demand that South Africa should implement immediately.

The rejection of this specific model, without guarantees of the rights of minorities as it has been applied in Africa, however, does not imply that every person will not have the vote and will not participate fully in the democratic process. There are numerous other models of democracy which can be considered and which are successfully being applied in the world. It will, however, be essential for South Africa to work out its own system in order to satisfy its unique requirements.

The reality and history of our continent demonstrates unmistakeably that one-man-one-vote in a unitary state, without guaranteeing the rights of minorities, leads to one of two results: either a dictatorship by whatever ethnic group has the most people, or to military coup and rule by soldiers.

I do not ask you to take my testimony on this point. Instead, I refer you to one of your own colleagues.

The New York Times representative in Africa wrote from Zimbabwe on August 14, 1984:

"In 100 coups or attempted coups, at least 70 African leaders have been deposed in a quarter of a century. Almost half the member nations of the Organization of African Unity are led by soldiers. If there is a political system that has evolved as the norm, it is the one-party state, often based on one-man rule".

Against the background of such testimony and the historical record, it is not only a rationalization but the clearest of truths to state that to simply install one-man-one-vote in a unitary state in South Africa without adequate protections for the cultural and ethnic minorities of which South Africa is composed, would only repeat the deadly struggles that have broken the promise of democracy in so many African states.

SOUTH AFRICA'S CREDIBILITY

South Africa is committed to change.

While I say that this is for real, you might answer that all I have said is mere pie in the sky, and then asks: What about South Africa's apartheid? What about the legislated racism which is the basis of our condemnation of your society?

Let us say that the legislated discrimination of successive South African governments is common cause. Let us also say that that was the case. Let us further say that South Africa is indeed changing, in very much the same way that America changed over many generations.

There are those who claim, regardless of what we say, that no change has taken place in my country. There are others who nullify those changes by professing them to be cosmetic and meaningless.

And yet, for those with open minds, our track record is there to see: what has been achieved, with much political pain and turmoil, corroborates the credibility of the South African Government when it states its commitment to change.

Compare the South Africa of 1975 to that of 1985:

In 1975, the Parliament was for Whites only and the policy was to keep it that way.

In 1975 Whites were entitled under the Job Reservation Law to a monopoly of all skilled jobs in industry. Multi-racial trade unions were illegal and the labour laws did not recognize Black trade unions.

In 1975, the urban Black population was considered to be temporary migrants only and the policy was to reverse the flow into the cities back to the homelands. South African citizenship was denied to those coming to the cities, and was being taken away from many who were there. Blacks could not own homes whether outright or in the form of leasehold.

In contrast, today, in 1985, the Government has broken the colour-line in Parliament, where elected representatives of the Coloured and Indian communities sit.

Moreover, the entire job reservation law has been abolished. Multi-racial and Black trade unions are by law on the same footing as White unions, and they are large and powerful.

Today, the urban Black population is explicitly recognised as permanent: one collective citizenship for everybody—White, Black and Brown alike—is the policy: those who lost their South African citizenship will have it restored, and the whole system of influx control is being reconsidered.

Today, Blacks can hold 99-year leaseholds of their homes, and freehold rights are imminent. The ban on mixed marriages has been repealed, and the resettlement of Black communities has been discontinued, thereby ending the 'Black Spot' policy.

Taken individually, each of these reforms represents a major change in basic areas of South Africa's life: as a whole, they signify the beginning of a new era in South Africa.

COMMITMENT TO REFORM OR TO REVOLUTION: A CHOICE

The experience of many nations tells us that when you bring about fruitful change, there are often forces that oppose reform—in that it could frustrate their plans for a total overthrow of the society. They present reform as a sign of weakness, and move in to foster civil unrest with the hope of overturning the established order at this crucial juncture. In manner of speaking, they want to win the match by bending the rules!

This is exactly what has happened in South Africa of late. We too have our enemies among the radical forces of the world.

The Soviet bloc manifestly has designs upon South Africa with its strategic position, its mineral wealth and the only industrial complex in Africa.

There is further the African National Congress (ANC), operating from exile and forming an alliance with the South African Communist Party, who endeavour to establish a Marxist-Socialist state in South Africa.

The ANC also openly sides with terrorist movements like the PLO, the Polisario Front, and other Latin American terrorists groups.

This fact is proved by official statements on more than one occasion by various leaders, including its President, Oliver Tambo, who on 9 November 1982 in New York, publicly stated the ANCs support for and solidarity with the PLO and other terrorist organizations.

The ANC is firmly committed to total change through violence and revolution.

On 11 February this year, Radio Freedom, the ANCs radio station, put it quite clearly:

"Our future lies in our victory and our victory lies in the attack—militant and vicious attack".

And further:

"Whilst we are continuously making our country ungovernable and ourselves diffi-

cult to control, we must at the same time attack the enemy. We must start here in our residential areas and remove from our way all enemy collaborators—all those who man the apartheid oppressive structures, either councillors, police or agents must be removed . . .".

The reference here is, tragically enough, to Black South Africans.

On January 8, 1983, Oliver Tambo, as reported in Sechaba, the official mouthpiece of the ANC, of March 1983, explicitly stated:

"The ANC . . . upholds a strategy which combines revolutionary mass political action with revolutionary armed struggle".

And on 30 January 1985, Radio Freedom said: "We shall be ungovernable—abiding to the call by the President, Comrade Oliver Tambo, we must be ungovernable . . .".

The events in South Africa during the past year should be understood against the background of these quoted statements.

These organisations contrive incident after incident, muster crowds to go on the rampage and see to it that the eyes of the world via television are fixed upon them.

I have given you details of the murders perpetrated and destruction caused by these revolutionary elements.

The sad fact is that the purpose of these radical organisations in embarking upon their course of violence has essentially been to intimidate their fellow Blacks into toeing their line and to frighten any moderate leadership from taking part in the constitutional negotiations that the government has pledged.

The South African government is severely criticised for not negotiating with the ANC.

We are, however, prepared to compare commitment with commitment, deeds with deeds.

The ANC is committed to violence, to murder and destruction . . . to a revolution which could only result, not in the sharing of power by all South Africans irrespective of race, colour of creed, but by the seizing of power by a militant few. The ANC does not accept the rules of democracy recognised by civilized Western countries.

This is the recipe we have seen so often in Africa.

Columnist Flora Lewis in the New York Times wrote on March 22, 1983:

"To be blunt, the experience of Black Africa since decolonization has been dreadful. Revolution and wars of liberation proved effective only for seizing power, not in any way for improving the miserable condition of the people in whose name they were fought".

Is this what the world wants?

Is the emotional feeling against the South African Government so great that this becomes on acceptable alternative?

I would hope not.

The Big Lie in Africa where most states are run by military dictatorship or on a one-party basis, is that a Black government is a democratic government.

This where well-intentioned South Africans of whatever race or colour draw the line. We want a democracy in which all South Africa's people, irrespective of race, colour or creed, will share power and share responsibility.

We want to play it according to the rules. And if the ANC is willing to change its commitment, is willing to accept the rules and renounce violence to achieve political aims, I say that we will be willing to play the game with them. And who knows, perhaps we might even end up playing in the same team!

SUMMIT HOPES FOR RAOUL WALLENBERG

HON. BILL LOWERY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. LOWERY of California. Mr. Speaker, the President has properly promised to bring up the issue of human rights while he meets with Soviet Secretary Gorbachev in Geneva this week. The record of human rights violations in the Soviet Union can be described as nothing less than atrocious.

However, we in Congress often seem to view the Soviet human rights record as somehow "ebbing and flowing" as the United States and the U.S.S.R. move back and forth between so-called cooling and warming periods. Mr. Speaker, the Soviets' disregard for basic human rights reflects a consistent policy of subjugating the individual to the needs of the State. At times, the needs of the State allow for less repression, at other times not.

It is not my expectation, Mr. Speaker, that the fundamental nature of the Soviet system—denying freedom for individuals—will be changed by the summit between President Reagan and Secretary Gorbachev. But it is my hope that President Reagan will be able to impress upon Secretary Gorbachev that it is in the interests of the Soviet state to lessen repression and to abide by the Helsinki accords.

Specifically, Mr. Speaker, I hope that President Reagan will convey to the Soviet leadership the gravity and importance with which we view their actions toward the lost hero of the Holocaust, Raoul Wallenberg. As the author of legislation which will rename 15th Street, SW., in Washington, DC, as Raoul Wallenberg Place, I agree with the editorial entitled "The Wallenberg Coverup" which appeared in the Wall Street Journal yesterday, and I would like to share it with my colleagues.

[From the Wall Street Journal, Nov. 18, 1985]

THE WALLENBERG COVER-UP

The weekend announcement that the Soviets may release some Americans' spouses now held behind the Iron Curtain will be good news when it happens. There's rarely been any apparent political reason for the Soviet practice of dividing American and Russian spouses. It's important, however, that some distinction be made between such welcome gestures and human-rights issues that raise more acute questions about the nature of the Soviet system.

One profoundly symbolic human-rights case is especially poignant. In World War II, the Russians took Hungary from the Nazis. They also took political prisoners in order to make the country safe for communism. One of those imprisoned was Raoul Wallenberg, the Swedish diplomat who managed to save 100,000 Hungarian Jews from the Nazis by granting them Swedish passports and otherwise whisking them out of Nazi control. Such a human-rights campaigner would have caused trouble for the totalitarianism being implemented in Hungary.

Mr. Wallenberg was taken prisoner by the Soviets in 1945, but in 1947 they denied any knowledge of his case. In 1957, the Soviets admitted he had been imprisoned (by a Stalinist, they said) but claimed he had died in 1947. Dozens of citings by gulag survivors have raised hope in the West that Mr. Wallenberg might still be alive. The Research Center for Soviet Concentration Camps, an Israel-based group, contacts all Soviet emigres coming into Israel, and reports citings of Mr. Wallenberg up to 1982. He would be 73 years old if alive.

The Soviets consider the case closed. They refuse to accept inquiries made by Sweden or the U.S., which granted Mr. Wallenberg honorary citizenship in 1981. Out of desperation, Mr. Wallenberg's half brother and legal guardian asked a U.S. court to get the Soviets to account for Mr. Wallenberg. Despite the usual rules about immunity for sovereign nations, U.S. District Judge Barrington Parker recently ruled that "while the U.S.S.R. has continuously represented that Wallenberg died in 1947, those representations are inconsistent with and at odds with credible and uncontroverted evidence."

Judge Parker found that the Soviet Union "has always had knowledge and information about Wallenberg; that it has failed to disclose and has concealed that information; and that otherwise, defendant's representations are suspect and should be given little, if any, credit." The Soviets were told to explain their "gross violation" of international law.

The judge may have to wait a long time for the Soviets to comply with a report on who's languishing where in the gulag. For one thing, unaccounted-for prisoners are an extremely touchy subject for the Soviets' Eastern European "allies." The exact figures are hard to come by, but in 1972 the Senate Judiciary Committee reported there were tens, perhaps hundreds of thousands of Eastern Europeans in Soviet gulags. Poles were sent during World War II, Hungarians after their 1956 revolt, Czechs after theirs in 1968 and Poles during the Solidarity era.

Nonetheless, the Soviets still even deny the 1940 Katyn Forest massacre of 15,000 Polish officers and servicemen. So it's entirely unlikely that the Soviets will ever tell the full story of what happened to Mr. Wallenberg. It would be encouraging to see this week's summit prove otherwise.

RABBI EDGAR GLUCK: MAKING BROOKLYN A BETTER PLACE TO LIVE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. SOLARZ. Mr. Speaker, a recent issue of the Jewish Week, a well-respected national newspaper, highlighted the important role the American Jewish community plays in law enforcement.

Drawing special attention is the fine work being done by Rabbi Edgar Gluck, a constituent and dear friend of mine, who serves as special assistant for community affairs for the New York State Police.

Rabbi Gluck stands tall among all men who value their community and work hard to make it a better place to live.

[From the Jewish Week, Nov. 18, 1985]

ORTHODOX RABBI WEARS STATE POLICE BADGE

The special assistant for community affairs of the New York State Police carries a badge. He also sports a black satin yarmulka. His *payot* are tucked underneath.

"I'm a trouble-shooter, a red-tape cutter," says Rabbi Edgar Gluck, sitting in his World Trade Center office overlooking Liberty Island, surrounded by photographs of himself with Henry Kissinger, Gerald Ford, Jimmy Carter, Daniel Patrick Moynihan and "Tip" O'Neill.

As an aide to Superintendent Donald Chesworth, his formal duties are narrowly defined—teach at the State Police Academy, act as liaison between the superintendent and government agencies, enhance the force's public image. As a self-confessed political activist who began working with public officials as yeshiva student 32 years ago, he has broadened the responsibilities.

He is the division's liaison with the Jewish community. He is a lobbyist for state and federal legislation on law enforcement and religious issues. Working in Albany one day a week during legislative season, the rabbi has pushed bills on drunk-driving patrols, organ transplants and autopsy waivers. He serves as counselor to members of the force, both Jews and gentiles. He founded the Trooper Foundation, a privately supported group that raises funds for the State Police.

"There is no such thing as a job description," says Gluck, 49, who took his post 18 months ago after serving as assistant to three New York mayors and two governors. "A job description is just an outline.

A rabbi is supposed to be concerned with his community," he says of his interest in public service. "The Orthodox community is very pro-law and order. We all want to have safer and more secure communities."

As the highest-ranking Jew in the State Police, Gluck literally wears two hats—a homburg to the office, a wide-brim khaki trooper's hat during his sensitivity training lectures to police. And he frequently combines his religious and law-enforcement interests.

When a camper was reported missing upstate last year, he enlisted 60 boys from a Satmar camp to comb nearby woods. When civilian complaints are filed by members of the Jewish community against city police, he holds hearings on occasion in his Borough Park living room. When undercover patrols are requested in Chasidic neighborhoods, he trains non-Jewish city policemen.

One Italian officer, disguised in a long black coat, black hat and sidecurls, came to Gluck's house befuddled one Friday night last year. Chasidim were yelling at him, the officer said. Maybe you should put out that cigarette in your mouth, the rabbi advised.

One undercover officer on foot patrol Pesach night received invitations to join families' seders, Gluck says. Another had his hand slapped by a Chasid, who shouted "Trayfe" when the officer bought a hot dog from a sidewalk vendor. Two others were spotted eating in a non-kosher restaurant during Passover.

The result of that faux pas was "300 people sticking their noses into the restaurant," the rabbi says. "These are the kinds of things I try to explain."

A POTENTIAL CRISIS IN NICARAGUA

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GARCIA. Mr. Speaker, Tom Wicker discusses in his column today a potential United States-Nicaraguan crisis. I hope that my colleagues will take a moment to read his thoughtful essay. I believe he makes some valid points about the possibility of a direct conflict between the United States and Nicaragua. I am submitting his article for the RECORD.

[From the New York Times, Nov. 18, 1985]

A NICARAGUAN CRISIS?

(By Tom Wicker)

While the world's attention has been focused on the summit, storm clouds have darkened over Nicaragua. And though "regional disputes" are on the agenda at Geneva, it's unlikely that anything done or said there will much affect what may be the coming crisis in Central America.

Both the Nicaraguan Government and the U.S.-supported "contras" are predicting that that crisis is at hand. When the Sandinistas announced in October the suspension of certain civil liberties, for example, the reason given by President Daniel Ortega Saavedra was that the Government was "on the verge" of routing the contras. The suspension was necessary, he said, to help prevent the rebels from "regrouping."

From the other side of the fence, Arturo Cruz, once a member of the Government and perhaps the most respected contra leader, said this week "1986 is the year when the book will be closed. If [the Sandinistas] are still in power by the end of 1986, that's it."

If Mr. Ortega has judged the military situation correctly, the bad news is that it's highly unlikely the Reagan Administration—in an election year—would stand by and let go down the drain its determination to overthrow the Sandinistas and turn back what it regards as a Soviet threat to the hemisphere. Organizing still another rebel force would take too long and probably prove ineffective; so rather than let the contras be crushed, Mr. Reagan might support them with U.S. air strikes or other U.S. forces.

But if Mr. Cruz is correct that the contras might succeed next year in overthrowing the Sandinistas, not only will the war intensify but so will the danger of its spreading across the Honduran or Costa Rican borders, or both. That would also make it more likely that the U.S. might be drawn in "defense" of these allies. Or, if Washington saw that the Sandinistas were near defeat, the temptation could be great to intervene and give them the final push.

Perhaps even more ominous was the announcement by Humberto Ortega Saavedra, Nicaragua's Defense Minister and the President's brother, that his country might soon acquire new fighter airplanes to counter what he said was a U.S. plan to equip Honduras with advanced F-5's. A State Department official replied that there was no plan to do this—not until the French Super Mystere fighters that already give Honduras the strongest air force in Central America could no longer be repaired. The official said the Mysteres probably could last a year or two more.

But in this age of deniability, that statement, whether intentionally or not, leaves plenty of room for the U.S. to equip Honduras with F-5's sooner rather than later. If the U.S. did so, Nicaragua would be within its sovereign rights—as it would have been last year or would be right now—to seek advanced fighters of its own, perhaps Soviet MIG's or French Mirages. But the Reagan Administration has termed Nicaragua's acquisition of such aircraft "unacceptable"; and U.S. officials have left the strong impression that the Administration might mount air strikes to destroy the planes before they could be used.

Thus, if the Pentagon sent F-5's to Honduras during the crucial coming year, and if Nicaragua then acquired advanced fighters of its own, the Reagan Administration might have just the excuse it would want to enter the war—either to finish off the Sandinistas or to rescue the contras. It's even possible, given the depth of the Administration's hostility, that the F-5's might be sent deliberately to trigger off a Nicaraguan reaction that would give Washington an excuse to intervene.

On the other hand, the Sandinistas might acquire the aircraft even without the provocation of F-5's going to Honduras. That, too, would raise the grim possibility of direct U.S. intervention in the war.

The consequences in Latin America—either from open U.S. military action or from the downfall of the Sandinistas under pressure from U.S-backed contras—probably would be severe. To mention only two possibilities: the trend toward democracy in several Latin countries could be reversed by an emboldened right; and Latin debtor nations would find it more difficult to repay the gringo interventionists.

But these are not possibilities the Administration seems to fear, or even to contemplate.

KRAUTHAMMER ON MEDVID'S LEAPS TO FREEDOM

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. COURTER. Mr. Speaker, it is remarkably easy to forget what freedom is when one never lives without it. Fortunately, Americans are continually reminded of the meaning of freedom by foreigners who knock on our door seeking admission.

The case of Miroslav Medvid, the Ukrainian sailor who attempted to defect to America, was for him an unqualified tragedy. For us it has been and should remain a deep embarrassment. Perhaps it will also be a reminder of what it is that Mr. Medvid wanted so badly when he jumped—twice—from a Communist ship.

The following comments on the Medvid incident by Charles Krauthammer were of particular interest to me, and may be as interesting to my colleagues.

[From the Washington Post, Nov. 15, 1985]

HOW TO TREAT DEFECTORS—THE MEDVID RULES

(By Charles Krauthammer)

The United States is of two minds about defectors. It appreciates the sentiment but not the hassle. Every defector is confirmation that America is the promised land. Too many defectors—a whole world of tired, poor, huddled masses is yearning to be free—and the promised land gets crowded.

Worse, too many defectors can be bad for business. Embassy business, for example. U.S. embassies in the Soviet bloc discourage locals from jumping their walls and seeking asylum. It means added work and headaches. A group of 16 Siberian Pentecostals lived for five years in the basement of the U.S. Embassy in Moscow. Embassies don't like running hostels.

But hurt most of all is the business of business. If every Soviet trading vessel on the Mississippi brings a ship-jumping, what happens to the grain trade?

Accordingly, defection is tolerated, not encouraged. There are exceptions, of course. For some defectors, mundane considerations don't apply. Nureyev and Baryshnikov bring glory, and you can't buy that. Unfortunately for Miroslav Medvid, he doesn't dance.

He is a jumper. Medvid is the (Ukrainian) Soviet sailor who twice jumped ship in New Orleans only to be twice returned by U.S. authorities. He is now on his way to an unhappy fate in the Soviet Union.

More sophisticated defectors come better prepared. An acquaintance of mine, a psychiatrist, planned his escape from the Soviet Union for many years. He signed on as a ship's doctor and made a break for it at a West African port. He bolted from his group on shore leave and, after a taxi chase, made it to the American Embassy.

Had he acted on impulse? embassy officials wanted to know. If he left the embassy right away, he could say he had gotten lost and no one would be the wiser. Had he been drinking? Did he have a fight with someone on board? I planned my whole life for this moment, replied Victor, and for emphasis he pulled down his pants and produced his trump—his underwear, into which he had sewn his medical diploma. That seemed to convince the staff. He got a 10 for seriousness (if only an 8.5 for form) and a ticket to the U.S.A.

Sailing to the U.S.S.R. is poor Medvid. Just a sailor with no English. When he turned up on shore, he was carrying merely a glass, screw-lid jar containing his watch and and some pieces of paper. The immigration agents were not impressed. They sent him back.

Now, these agents are either very hard or very stupid, and they are in for some punishment. But this is not just a case of human error. The rules are absurd.

First, when a guy jumps 40 feet from a ship that, and that alone, should be considred a request for asylum. And if he subsequently offers his signature on a piece of paper, so much the better.

After four days back aboard ship, Medvid was presented to American officials for reinterview. This time he said he wanted to go home. This being the land of freely expressed will, his request was granted. It should not have been.

At least not immediately. That should be rule two: not every wish deserves immediate honoring. Consider this analogy: the suicide jumper perched on a ledge who refuses rescue. Shall we tackle him and drag him to safety? Of course. By what right do we forcibly thwart his will? The answer is easy. He has no single "will." If he really wanted to die, he wouldn't be on the ledge: he would be lying on the sidewalk, and the question would be moot. And if he really wanted to live, he wouldn't be on the ledge either: he would be inside. He is on the ledge because he is of two minds. Society then decides to ally itself with the life-seeking mind and often locks him up for a couple of weeks, waiting for that mind to retake command of the other.

By the time Medvid was brought back for a final interview by U.S. officials, he had no doubt been theatened (if not worse: his wrists had been cut) and, according to the psychiatrist's report, heavily drugged. This Medvid said: I want to go back to the Soviet Union. Days before, another Medvid had said: I want to come to America. Which was the real Medvid? Why not wait at least a few days to find out—at least enough time for the effects of the brutalization and the drugs to dissipate?

And if we were to err on the side of the wrong (West-seeking) Medvid, so what? He can always walk back to a Soviet Embassy and go home. Spies do it. As in suicide, only one choice is irreversible.

And third, why must a defector have Soviet officials present during his interviews? Look at it from Medvid's point of view. The first time he jumps, he is interviewed by Americans only, he asks to stay, and they send him back kicking and screaming. He is then re-interviewed by Americans, his final chance, and this time a Soviet embassy official is always present. Is he supposed to confess *now* his rejection of the Motherland and his embrace of America? He's only a sailor, but he's not crazy.

A few more Medvids and the old joke—definition of a Soviet trio: a quartet returned from abroad—may lose some of its truth. We are giving enormous attention to that shiny new paint job for the Statue of Liberty. Why not divert some effort to preparing a better welcome for those who believe its inscription? The Medvid rules—that wretched man deserves some memorial—are a start.

CAULKING THE LEAKY SHIP OF STATE

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. BROOMFIELD. Mr. Speaker, during the past several weeks, Washington has been awash with leaks that have seriously damaged U.S. intelligence interests. One begins to wonder how many more of these media torpedos the ship of state can absorb before it goes under.

It is with great dismay that I see stories attributed to congressional and administration sources regarding the wisdom and details of various intelligence activities. Such disclosures have made a joke of congressional intelligence oversight while jeopardizing the lives of American intelligence officers and their foreign contacts. It is time to return to the old-fashioned concept of putting America's national security interests first.

When Congress decided in the wake of Vietnam and Watergate to exercise more oversight over the intelligence community, it took on a heavy responsibility with overriding national security implications. As the result of this action, our two intelligence committees are now privy to highly sensitive information and material that must be jealously guarded as precious national resources.

Sometimes what's proposed by the administration does not receive the blessing of everyone on the two intelligence panels. Unfortunately, when disagreement does occur, the nature of the disputed activity is often leaked with the intention of sabotaging it before it gets off the drawing board. Such tactics may be politically clever and effective, but they are dangerously shortsighted and their impact on our intelligence capability is devastating.

Mr. Speaker, with these observations as prologue, I would like to make some recommendations as to how we should address this problem.

First, those in the so-called "intelligence information loop" must stop immediately airing their opinions and differences publicly. This applies not only to Congress, but also the executive branch from whence a number of these egregious leaks have sprung.

Second, we must drastically reduce the number of individuals with access to secrets in both Congress and the executive branch. In this regard, I believe Congress must set an example by establishing a Joint Intelligence Committee which would replace the House and Senate Intelligence Committees. This is not a new idea. In fact, I authored legislation to bring this about 10 years ago. Moreover, I was not alone as such respected colleagues as ED BOLAND, SILVIO CONTE, LEE HAMILTON, BILL FRENZEL, AND DANTE FASCELL sponsored similar bills.

All of these recent disclosures have severly undermined relations between Congress and the intelligence community. For Congress to practice meaningful and responsible oversight over the intelligence agencies, it must first earn the trust of those whose activities it reviews.

That trust is totally lacking now and won't begin to develop until there is some clear-cut assurance that what is said in closed session remains a secret. Chances of that happening are much better when secrets are reported to a very limited group of responsible and senior Representatives and Senators backed by a small group of professional staff experts. Furthermore, under this kind of arrangement with so few in the loop, leakers would be much easier to identify. Presently, there are so many with access to secrets that the FBI and Justice Department seldom, if ever, unmask these anonymous sources who are consistently undercutting our national security.

In short, Mr. Speaker, the time has come to revamp our congressional oversight system with the establishment of a Joint Intelligence Committee along the lines proposed by Congressman HENRY HYDE in House Joint Resolution 7. I urge my colleagues to join me and some 70 other Mem-

bers in cosponsoring this timely and extremely important initiative that is rapidly gaining widespread bipartisan support.

LINE-ITEM VETO: A CHALLENGE TO REPUBLICAN BELIEFS

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. DORNAN of California. Mr. Speaker, there is no one in Congress who has taken a more intense interest in the proposed Presidential line-item veto than my friend and colleague MICKEY EDWARDS. His commitment to educating other Members to the effects of passing this legislation is to be commended. I know he has changed a lot of minds.

Therefore, Mr. Speaker, I would like to submit for the historical record this recent article written by Mr. EDWARDS that appeared in the October 1985 issue of the Ripon Forum. Entitled "Line-Item Veto: A Challenge to Republican Beliefs," the article makes a strong case against giving any President line-item veto. I urge my colleagues, on both sides of the issue, to read it.

[From Ripon Forum, October 1985]

LINE-ITEM VETO: A CHALLENGE TO REPUBLICAN BELIEFS

(By Mickey Edwards)

On September 3, meeting behind closed doors with members of his Cabinet, President Reagan expressed his growing frustration over the increased reluctance by members of his own party to support presidential initiatives.

"Now's the time to go along, and be Republicans," he said.

His complaint raises a serious question, of course. To what extent should we, as Republicans, feel obligated to support the initiatives of a Republican president—especially one who has been twice elected by sizable margins and has the clear support of a majority of the American people? Are there transcendent issues which go to the heart of our common Republican identification and which not only unite Republicans within the Ripon Society with Republicans within the American Conservative Union (which I chaired for nearly five years)? Are there issues which may require us, in order to be true to Republican principles, to oppose part of the president's legislative program?

UNITING REPUBLICANS

Clearly there are. Conservatives like myself have used our own understanding of Republican principles to reach positions which differ from the president's on the question of sanctions against South Africa, certain changes in the tax code, and the need to institute reforms at the Pentagon.

I believe one of those issues—one of those fundamental concerns which unite Republicans, whether Ripon Republicans or ACU Republicans, require us to oppose, as well, the president's attempt to transfer to the executive branch of government (to himself, that is), powers specifically denied the president by the Founding Fathers.

To the casual observer, there is a vast political distance between the Ripon Society and the American Conservative Union, and there's no question that on a wide range of issues the differences are vast and real. But there are common threads, the most important centering on a belief in the necessity of restraining government to protect human liberties. While there are great differences of opinion in "Republican" political circles as to how useful government can be, there is substantial agreement that it poses great potential for suppression of individual freedoms—and shared concern which has its antecedents in the constitutional deliberations of the nation's founders.

That concern, which is expressed in a carefully drawn system of separated powers, and an intricate web of checks and balances, not only placed great power in the presidency—command of the armed forces, the power to appoint the judiciary, the power to appoint the heads of every federal department and agency—but it deliberately withheld power as well. Most notably, the Constitution, in its very first sentence, placed all legislative power in a separate branch of government. Only after much deliberation was the president granted any veto power at all.

That carefully crafted balance is now threatened by President Reagan's vigorous campaign to place unprecedented new legislative power in his own hands through the use of the so-called line-item veto.

How much would the line-item veto shift the balance of power?

Today, members of Congress, representing varying philosophies and diverse regions of the country, come to agreement, to consensus, on legislation which a majority of them believe to be consistent with their own views and the best interests of their constituents—in other words, a consensus which benefits the majority of the population. If one more than half of the members present and voting in each chamber of the Congress wants the legislation to pass, it does.

The president has the power to veto these bills, and sometimes presidents veto entire appropriations bills: Jimmy Carter did; Ronald Reagan has. But because the representatives and senators who put the legislative packages together are loath to unravel them, it is harder for a president to gain sufficient support to sustain his veto. Thus the majority will of the Congress prevails more often than not—which is what the Founding Fathers intended.

PRESIDENTIAL LEVERAGE

A president with the power of the line-item veto, however, gains an enormous advantage over the Congress in determining the legislative agenda. In making this argument to conservatives, I suggest that the line-item veto could be used to eliminate such military hardware as the B-1 and the MX, but the point is equally true in reverse.

Suppose a president were to appoint as director of the Office of Management and Budget a budget-slashing conservative like David Stockman, and, guided by such a force, that administration proposed the elimination of subsidized legal assistance for the poor, or student loans, or school lunch programs.

Imagine that the supporters of those programs then launched a nationwide campaign to save them. Under pressure from constituents, the House (which is both less conservative than the Senate and more responsive to immediate constituent concern) votes 435-0 to preserve the programs. And the Senate votes nearly two-to-one to continue the programs. Who wins?

The president, has OMB director and a small band of conservatives in the Senate would prevail. It's not a matter of consensus, it's a matter of as little as 6% of the 535 members of the House and Senate having the power, with the president, to determine the legislative priorities for the country and overrule the other 94%. That would obviously be a complete inversion of the system envisioned by the Founding Fathers. And this concentration of power is the opposite of the decentralization which is fundamental to Republican beliefs.

The president, who is commander in chief of the armed forces, appoints the Supreme Court, appoints every federal judge, appoints department heads and agency heads and ambassadors and members of the Federal Reserve Board, now would have, in addition, virtual control over the legislative and spending decisions of the federal government.

Thus, the line-item veto would bring about what the nation's founders most feared—a non-hereditary monarchy. The president of the United States already has more power than many kings have had, and with the added ability to control the legislative and spending agendas, he could become, potentially, among the most powerful rulers in world history. It was precisely this concentration of power the republic's founders labored so hard to avoid.

It is the absence of such power, the careful division of authority into separate branches of government, each able to check the other, which has allowed the nation to have both enough strength and efficiency to resist external threats and sufficient guarantees to preclude Americans losing their freedoms to their own government.

Those who propose adding such new powers to the presidency (never conceding, many never realize, that they are proposing a significant change in the basic structure of our government) rely heavily on two arguments: the desperate need to do something about the national debt, and a successful track record in the 43 states which give their governors line-item veto authority.

REBUTTING PROPONENTS

There are two answers to the first point. The first is made most effectively by Senator Mark Hatfield, chairman of the Senate Appropriations Committee. Hatfield points out, correctly, that so much of federal spending is outside the regular appropriations process (something like 45 percent of all federal spending is spent on earmarked entitlement programs, for example, and another 12 percent or so is earmarked to pay the interest on the national debt) that even extensive use of the line-item veto, while it would remove priority-making authority from the Congress, would not achieve the balanced budget which its advocates dream.

The second argument is more philosophical: granted that the accumulated debt is a major national problem, the Constitution provided a specific means for dealing with it—and with other problems of congressional mismanagement or inaction—congressional elections every two years.

To those who argue that the political process is too slow, and doesn't work, I point to two elections which prove otherwise. In 1980, frustrated by Jimmy Carter and eager for a change in direction, the American people sent to Washington with President Reagan a Republican majority in the Senate and enough Republicans to form a working majority with conservative Democrats in the House.

In 1982, concerned that the new administration and Republicans had read too much into the 1980 "mandate," and had gone too far, the voters shifted the Congress slightly toward its pre-1980 configuration. It is admittedly harder, more time-consuming, more expensive, more tedious to change things through the political process, and, voters having their own opinions, the results might not always be what one wants. But it's far preferable to abandoning our unique form of government and opening the door to future presidents who might not have the internal strength, or the inclination, to resist use of major new powers.

As for the argument that the line-item veto has been used successfully in 43 states, with all due respect to state government, that is much like saying the old "Statute of Liberty" play would work as a part of regular National Football League playbooks because it's been used so well on sandlots. State governments are not "little federal governments." Although the analogy may be helpful in a beginning political science course, or in junior high civics, there is simply no comparison at all between the states and a national government. On social problems, the difference in scope is awesome. No state government deals with a Social Security system covering tens of million of Americans, nor with the FBI. No state government deals with the implementation of treaties between nations or providing for the national defense.

The truth is, none of the arguments for the line-item veto work: (in California, legislators joke about adding to legislation constituent-pleasing items they never would have considered if not for the assurance a governor would use his veto to "save" the taxpayers money the legislators never intended to spend); it won't seriously reduce federal spending (Hatfield points out that, because of non-appropriated spending, giant programs could be wiped out and we'd still have $100-billion deficits), and, worst of all, it would place an enormous potential to blackmail in the hands of a president ("If you don't support my program, I'll veto highway funds for your district").

What the line-item veto would do is fundamentally shift the balance of power in America and change, at its roots, our form of government.

Ronald Reagan is correct. It's time to be Republicans. For most of us—whether we belong to the Ripon Society or to the ranks of more conservative Republicans—"being Republican" sometimes means saying "no" to presidents who should never get all the power they want.

IT'S BETTER TO LET AILMENT BE KNOWN

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. COELHO. Mr. Speaker, a friend and former employee of mine, who, incidentally, is hearing impaired, recently sent me an article from the Sacramento Bee which stressed the positive aspects of being upfront about personal illness or disorders with our friends and coworkers.

The author of the article, Dr. Jon Finkler, who is chief of surgery at Mercy San Juan Hospital in Sacramento, writes that more and more business people and public officials are being open about specific health problems and "the response from the general public seems to be overwhelmingly positive." He also points out that for those individuals who have diabetes or epilepsy, letting fellow workers know about your disorder could save your life.

As one who has epilepsy, I totally agree with Dr. Finkler's comments about being upfront and open with your friends, loved ones and coworkers and I would like to share this article with my colleagues.

[From the Sacramento Bee, Sept. 23, 1985]

IT'S BETTER TO LET AILMENTS BE KNOWN

(By Jon G. Finkler)

(Dr. Finkler is chief of surgery at Mercy San Juan Hospital and is certified by the American Board of Plastic Surgery.)

There was a time not too long ago, when there wasn't a business person around who would admit to having a cold much less having a serious type of disease, such as cancer.

The business person worried that his or her client would feel they weren't as competent or their employer might feel that they were no longer able to give 100 percent to their job and would therefore start interviewing others for their position.

Today, more and more public officials (including President Reagan) and business people in general are becoming more open with the specific health problems that they may be experiencing.

The response from the general public seems to be overwhelmingly positive. The feeling of rallying around and giving support seems to be true in a lot of cases. Some people who have admitted to having a medical problem and what they plan on doing to overcome it, have gained the public's trust and have improved their own public image as well.

It has often been felt, and may be true, that if public official or business person can face a health crisis and carry on, that that same perserverance would prove essential in a variety of business situations.

As a surgeon, I hope that this trend or pattern of behavior continues and gains momentum. It is time that health problems were brought to light and faced as soon as discovered. For too long, people (especially those in important positions) have tried to ignore or hide any medical problems that they might have.

The focus needs to be on recognizing and treating whatever health problem an individual may be having. Recognizing symptoms that are unusual and going to a doctor to find out what is causing them essential, as essential as the early warning signs you might perceive in a shaky business.

I feel it is important and recommend to my patients that they inform their employers or employees if they are having a health problem and are planning on having surgery. The benefits are two fold. First, it gives fellow workers the feelings that you are being up front with them and may stop any rumors that are even worse than the truth from starting.

Second, your time away from work can be scheduled and business can continue to run smoothly. I'm not saying that it will be easy, just easier.

As for medical conditions that individuals must learn to live with for the rest of their lives, such as diabetes or epilepsy, letting fellow workers know is also important as it could save your life.

Often people with health problems are embarrassed to let anyone know and then when they have an attack or seizure no one in their office knows what's happening or how to handle the situation. Besides, today there is much less social stigma related to such conditions.

People often say that they are just too busy to take the time to go see their doctor or have an annual exam. I can't stress enough the importance of a physical as a preventative measure in catching any health problem before it becomes too serious. Know your family health history and act accordingly when it comes to preventative care.

Our careers are often made up of daily stress, your health is just one more worry unless you take the time to insure that all is well. Remember that your health is like a business, communicate your concerns to the appropriate professions, plan your strategy-take-action and watch your success become tenfold in body and business.

THE HUMAN COSTS OF TOXIC WASTE

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. FLORIO. Mr. Speaker, as we debate the fiscal and programmatic needs of a reauthorized Superfund Toxic Waste Cleanup Program, it is often easy to overlook the specific impact of this public health problem on the daily lives of literally millions of Americans.

To date, the Environmental Protection Agency [EPA] has not managed to complete cleanup at even one of the Nation's 850 priority sites. Citizens in the communities around these facilities live with daily apprehensions about the ramifications of these hidden pollutants on their health and their environment.

One of the most notorious Superfund sites in the Nation is the Lipari landfill in Pitman, NJ. A recent article in the Washington Times described that community's efforts to come to grips with the landfill's hazards in vivid and insightful detail. I hope my colleagues will keep such experiences in mind as we continue to consider the need to extend and expand the Superfund Program.

The article follows:

[From the Washington Times, Oct. 21, 1985]

WASTE DEBATE DRAGS ON WHILE VILLAGE IS DYING

(By Christopher Simpson)

PITMAN, N.J.—For the first 15 years Harry Lindsay lived in this bucolic village south of Camden, he savored the lakefront lifestyle his family had enjoyed since 1968.

Succulent fish caught from Alcyon Lake, which laps within 30 feet of his white stucco home, were common fare on the Lindsay's dinner table. Fresh vegetables flourished in his backyard garden, a robust plot of coal-black dirt that for years was irrigated from the 24-acre lake.

Now the garden is gone and the fishing rods, once used almost daily, are untouched.

And Mr. Lindsay lies awake at night worrying that his two children may be suffering permanent, perhaps catastrophic, health problems caused by the lake and nearby Lipari Landfill, tabbed by the Environmental Protection Agency as the most dangerous toxic dump site in the nation.

"I am trying to figure out what the hell am I going to tell my 12-year-old daughter when she is old enough to have a family," said Mr. Lindsay, who with his children once swam and fished in the lake now believed to contain a toxic stew of chemicals known to cause cancer and genetic mutation. "I have read about that gene-altering business. I think it is really possible that it has happened to some of the kids here."

For Mr. Lindsay, an electronics salesman turned angry environmentalist, the Lipari Landfill and Alcyon Lake have become a notorious nightmare in his hometown of 12,000 residents. Its unwanted fame stems from Lipari's No. 1 ranking on the toxic national map, a grim chart of 850 Superfund sites the EPA has found to pose serious health threats to residents.

Federal efforts to remedy the likes of Lipari are at the center of the current congressional wrangling to reauthorize Superfund, the fledgling EPA cleanup program that expired Oct 1. The unresolved debate is expected to come to a head this week as the House begins final discussions on a five-year extension to the controversial program.

Since its inception in 1980, the $1.6 billion Superfund program logged more failures than successes. Critics are quick to note that only six of the 850 Superfund sites have been cleaned since 1980, and at least one of those is again polluting the environment. That dismal record was further compounded by prolonged EPA controversy that led to administor Anne Burford resigning in 1983 and Rita Lavelle, head of the superfund project, being jailed for six months and ordered to pay a $10,000 fine for lying to a congressional committee investigating the cleanup program.

While EPA has worked to correct its once endemic problems with Superfund, political bickering from myriad sides has slowed the reauthorization, which, in turn, has further slowed current cleanup efforts.

Congressional debate, mired for more than a year, has failed to fashion a renewal bill lawmakers from both chambers can accept. On Sept. 26, the Senate passed a new $7.5 billion, five-year Superfund bill that environmentalists and House members attacked as too weak.

Five key House committees have approved a $10.1 billion package that includes tough cleanup standards and schedules the EPA is fighting. President Reagan has endorsed the $5.3 billion Superfund package recommended by EPA Administrator Lee Thomas, who argues the agency is ill-equipped to handle a more ambitious program.

Perhaps least heard in the debate, but more affected, are residents living near the nation's * * *. "The president doesn't think this is a serious problem," said Doug Stuart, president of the Pitman, Alcyon Lake, Lipari Landfill Community Association here. "The folks from EPA come here, then leave and go back to Washington. But we have to live with the problem.

"We didn't put the chemicals here, we're just the victims," he said bitterly. "You don't have to worry about [President Reagan's proposed] "star wars" killing us. We're killing ourselves."

The story of Lipari Landfill mirrors that of hundreds, perhaps thousands, of deadly dump sites around the country that a new Superfund bill is expected to address.

As in Lipari's case, often it begins with the discovery of huge caches of dumped chemicals, followed by years of debate on potential health threats and costly ways to right the toxic wrongs.

Meanwhile, frightened residents living near sites worry about the effect the past has on their future health. Tiny Pitman, a picturesque bedroom community, is no exception. Residents here said Superfund's reauthorization is badly needed, but they wonder if help may be too late in coming. In any case, they are thankful for their supply of city water.

Federal court records in New Jersey show the 15-acre Lipari Landfill was used as a commercial gravel pit and dump site from 1958 to 1971, when the state closed it as a potential health threat. During that time, owner Nick Lipari was paid to dump an estimated 3 million gallons of toxic chemicals into trenches that were later covered with dirt.

Hundreds of thousands of gallons of contaminated water subsequently flowed from the landfill into nearby creeks leading to Alcyon Lake, about 1,000 feet away. Of the 155 chemicals identified as seeping from the landfill, some of the most dangerous include benzene, Bis, toluene, arsenic, chromium, lead, mercury, zinc and six types of PCBs.

In 1980, a federal district court in New Jersey found "direct contact with or exposure to these carcinogenic, mutagenic and teratogenic substances . . . pose a serious imminent threat to the health of those" living near the lake and landfill.

EPA, which under Superfund is mandated with the cleanup of Lipari and the adjacent area, has spent $4 million since 1980 to try to contain chemicals spilling from the landfill. A six-acre bathtub-like container was built around the most dangerous portion of the landfill, the entire area fenced and ways to find more permanent solutions are underway.

Those efforts aside, an estimated 400 to 2,500 gallons of contaminated groundwater continues to leak from Lipari each day, quickly flowing into Alcyon which is rimmed with tasteful homes. Lakeside residents, who said they often can watch the water change from its normal coffee color to blue, yellow and orange hues, have accelerated demands for a federal probe into health risks.

But despite those pleas and warnings voiced by the 1980 federal court, the question remains unanswered. The first study to determine if the known carcinogens—believed to still be in the ground, water and air—pose a serious threat to residents in a month from completion, EPA officials said.

"On a practical point of view, the EPA has known about the risk for years," said Stevens Lester, science director for the Citizens Clearinghouse for Hazardous Waste Inc., based in Arlington, VA. "No one has done anything about it and that is the crime. What you have is highly carcinogenic chemicals . . . and there hasn't been any kind of assessment to define what has gone on.

"Could it be as bad as Love Canal," he asked. "Ultimately, the answer is yes. But this is typical of a lot of cleanups done by EPA."

Herman Phillips, an EPA spokesman in New York, said the agency has worked assiduously to clean Lipari. Those efforts, he said, will continue for years.

In Pitman, the 40-plus members of the community environmental group are not mollified by EPA's promises, however.

"I went through two pregnancies here and no way would I go through those had I known what I know now," said Pat Stuart, a high school home economics teacher who lives with her husband, Doug, and two children within 50 yards of Alcyon Lake. "Until recently, none of us were real concerned about the chemicals in relation to our health. Now we don't even know if it is safe to live here anymore."

JOHN DAVIS LODGE

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. MICA. Mr. Speaker, when I was first elected to the Congress in 1978, I was appointed to serve on the Committee on Foreign Affairs. Two weeks later, I was invited to participate in a foreign policy debate in my Florida district. Although I had served on a congressional staff for several years prior to my election, I had not worked primarily on foreign policy matters. I was somewhat chagrined to find that for my first public foreign policy debate, my opponent would be John Davis Lodge.

As a freshman Member of Congress, it was quite an experience to debate foreign policy with a man who had been a past member of the Foreign Affairs Committee, former Governor of Connecticut, Ambassador to Spain and Argentina, and would several years later be Ambassador to Switzerland and a special Presidential Ambassador to Panama, Costa Rica, and Puerto Rico. I was, and remain, impressed by his gracious manner, his intellect, and his experience.

Eight years later, I had the distinction of meeting Ambassador Lodge once again, as a fellow U.S. delegate to the 40th session of the U.N. General Assembly. As this session opened at a time when U.S. criticism of the United Nations has been at its height, I began this session reassured that Ambassador Lodge would be able to provide the delegation with the benefit of his experience and his wisdom at this critical time. I was shocked to learn of the Ambassador's death and am saddened by the loss his death represents both to his family and to his country.

John Davis Lodge was a man of varied talents and interests. His biography provides a career description diverse enough for several men and several lifetimes. He was an attorney, an actor, an adviser to Presidents, a statesman, and a decorated soldier. Even though my contacts with this gentleman have been limited, they have left me with a warm memory. I regret that I will not be able to work closely with him at the United Nations this session. I will miss his energy and his guidance.

THE ANGLO-IRISH AGREEMENT—A FRAGILE FIRST STEP

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. BIAGGI. Mr. Speaker, as chairman of the bipartisan ad hoc Congressional Committee for Irish Affairs I have a deep interest in the problems of and the possible solution to Northern Ireland. In that regard, I think the agreement signed this past Friday between England and the Republic of Ireland represents a fragile first step in the direction of a political solution.

The Anglo-Irish agreement as signed represents at best a shaky foundation which will not support an enduring political solution without some major additions and changes. Without these changes the agreement is far more symbolic than it is substantive.

I contend that at the very least, the Anglo-Irish Intergovernmental Council and Conference agreed to should provide access to all segments of political thought in Northern Ireland in their deliberations. An agreement between the two Governments is not enough to develop a lasting political solution.

The major flaw inherent in this agreement is the fact that it does not alter the existing political status quo in Northern Ireland one iota. The role which is granted to the Republic of Ireland is a consultative one. It does establish an Irish Government presence in Northern Ireland. Yet to offer the Irish Government even a consultative role in Northern Ireland while the British maintain their brutal direct rule policies over the North is no bargain for anyone. There can never be a united Ireland while British troops patrol the streets of Northern Ireland. There cannot be unity where there is partition as there is today in Northern Ireland.

I would hope that as a significant next step, the British Government would issue a declaration of intent to withdraw from Northern Ireland in a phased and orderly fashion. This would most clearly be the catalyst for genuine movement toward a political solution.

What does not seem to be in issue is the fact that United States economic assistance is needed by and should be provided to the beleaguered people of Northern Ireland. I have introduced legislation to accomplish this in each of the past two Congresses. My current bill H.R. 2597 would provide some $500 million in U.S. economic assistance over 5 years to Northern Ireland. I was pleased to note the statements of both President Reagan and Speaker THOMAS P. O'NEILL in support of future United States economic aid to Northern Ireland.

At this point in the RECORD I wish to insert the following related to the Anglo-Irish agreement:

First. Text of the agreement as printed in the New York Times on Saturday, November 16.

Second. Article and analysis of the agreement from the New York Times Saturday, November 16.

LONDON, Nov. 15.—Following is the text of the agreement signed today by Britain and Ireland giving Dublin a consultative role in Northern Ireland:

The Government of Ireland and the Government of the United Kingdom, wishing further to develop the unique relationship between their peoples and the close cooperation between their countries as friendly neighbors and as partners in the European Community,

Recognizing the major interest of both their countries and, above all, of the people of Northern Ireland in diminishing the divisions there and achieving lasting peace and stability,

Recognizing the need for continuing efforts to reconcile and to acknowledge the rights of the two major traditions that exist in Ireland, represented on the one hand by those who wish for no change in the present status of Northern Ireland and on the other hand by those who aspire to a sovereign united Ireland achieved by peaceful means and through agreement,

Reaffirming their total rejection of any attempt to promote political objectives by violence or the threat of violence and their determination to work together to insure that those who adopt or support such methods do not succeed,

Recognizing that a condition of genuine reconciliation and dialogue between Unionists and nationalists is mutual recognition and acceptance of each other's rights,

Recognizing and respecting the identities of the two communities in Northern Ireland, and the right of each to pursue its aspirations by peaceful and constitutional means,

Reaffirming their commitment to a society in Northern Ireland in which all may live in peace, free from discrimination and intolerance, and with the opportunity for both communities to participate fully in the structures and processes of government,

Have accordingly agreed as follows:

A. STATUS OF NORTHERN IRELAND

Article I

The two Governments

(a) affirm that any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland;

(b) recognize that the present wish of a majority of the people of Northern Ireland is for no change in the status of Northern Ireland;

(c) declare that, if in the future a majority of the people of Northern Ireland clearly wish for and formally consent to the establishment of a united Ireland, they will introduce and support in the respective Parliaments legislation to give effect to that wish.

B. THE INTERGOVERNMENTAL CONFERENCE

Article II

(a) There is hereby established, within the framework of the Anglo-Irish Intergovernment Council set up after the meeting between the two Heads of Government on 6 November 1981, an Intergovernmental Conference (hereinafter referred to as "the Conference"), concerned with Northern Ireland and with relations between the two parts of the island of Ireland, to deal, as set out in this Agreement, on a regular basis with

(i) political matters;

(ii) security and related matters;

(iii) legal matters, including the administration of justice;

(iv) the promotion of cross-border cooperation.

(b) The United Kingdom Government accept that the Irish Government will put forward views and proposals on matters relating to Northern Ireland within the field of activity of the Conference in so far as those matters are not the responsibility of a devolved administration in Northern Ireland. In the interest of promoting peace and stability, determined efforts shall be made through the Conference to resolve any differences. The Conference will be mainly concerned with Northern Ireland; but some of the matters under consideration will involve cooperative action in both parts of the island of Ireland, and possibly also in Great Britain. Some of the proposals considered in respect of Northern Ireland may also be found to have application by the Irish Government. There is no derogation from the sovereignty of either the Irish Government or the United Kingdom Government, and each retains responsibility for the decisions and administration of government within its own jurisdiction.

Article III

The Conference shall meet as Ministerial or official level, as required. The business of the Conference will thus receive attention at the highest level. Regular and frequent Ministerial meetings shall be held; and in particular special meetings shall be convened at the request of either side. Officials may meet in subordinate groups. Membership of the Conference and of subgroups shall be small and flexible. When the Conference meets at Ministerial level an Irish Minister designated as the Permanent Irish Ministerial Representative and the Secretary of State for Northern Ireland shall be joint Chairmen. Within the framework of the Conference other Irish and British Ministers may hold or attend meetings as appropriate; when legal matters are under consideration the Attorneys General may attend. Ministers may be accompanied by their officials and their professional advisers: for example, when questions of security policy or security cooperation are being discussed, they may be accompanied by the Commissioner of the Garda Siochana and the Chief Constable of the Royal Ulster Constabulary; or when questions of economic or social policy or cooperation are being discussed, they may be accompanied by officials of the relevant Departments. A Secretariat shall be established by the two Governments to service the Conference on a continuing basis in the discharge of its functions as set out in this Agreement.

Article IV

(a) In relation to matters coming within its field of activity, the Conference shall be a framework within which the Irish Government and the United Kingdom Government work together

(i) for the accommodation of the rights and identities of the two traditions which exist in Northern Ireland; and

(ii) for peace, stability and prosperity throughout the island of Ireland by promoting reconciliation, respect for human rights, cooperation against terrorism and the development of economic, social and cultural cooperation.

(b) It is the declared policy of the United Kingdom Government that responsibility in respect of certain matters within the powers of the Secretary of State for Northern Ireland should be devolved within Northern

Ireland on a basis which would secure widespread acceptance throughout the community. The Irish Government support that policy.

(c) Both Governments recognize that devolution can be achieved only with the cooperation of constitutional representatives within Northern Ireland of both traditions there. The conference shall be a framework within which the Irish Government may put forward views and proposals on the modalities of bringing about devolution in Northern Ireland, in so far as they relate to the interests of the minority community.

C. POLITICAL MATTERS

Article V

(a) The Conference shall concern itself with measures to recognize and accommodate the rights and identities of the two traditions in Northern Ireland, to protect human rights and to prevent discrimination. Matters to be considered in this area include measures to foster the cultural heritage of both traditions, changes in electoral arrangements, the use of flags and emblems, the avoidance of economic and social discrimination and advantages and disadvantages of a Bill of Rights in some form in Northern Ireland.

(b) The discussion of these matters shall be mainly concerned with Northern Ireland, but the possible application of any measures pursuant to this Article by the Irish Government in their jurisdiction shall not be excluded.

(c) If it should prove impossible to achieve and sustain devolution on a basis which secures widespread acceptance in Northern Ireland, the Conference shall be a framework within which the Irish Government may, where the interests of the minority community are significantly or especially affected, put forward views on proposals for major legislation and on major policy issues, which are within the purview of the Northern Ireland Departments and which remain the responsibility of the Secretary of State for Northern Ireland.

Article VI

The Conference shall be a framework within which the Irish Government may put forward views and proposals on the role and composition of bodies appointed by the Secretary of State for Northern Ireland or by Departments subject to his direction and control including

the Standing Advisory Commission on Human Rights;

the Fair Employment Agency;

the Equal Opportunities Commission;

the Policy Authority for Northern Ireland;

the Police Complaints Board.

D. SECURITY AND RELATED MATTERS

Article VII

(a) The Conference shall consider

(i) security policy;

(ii) relations between the security forces and the community;

(iii) prisons policy

(b) The Conference shall consider the security situation at its regular meetings and thus provide an opportunity to address policy issues, serious incidents and forthcoming events.

(c) The two Governments agree that there is a need for a program of special measures in Northern Ireland to improve relations between the security forces and the community, with the object in particular of making the security forces more readily accepted by the nationalist community. Such a program shall be developed, for the Conference's consideration, and may include the establishment of local consultative machinery, training in community relations, crime prevention schemes involving the community, improvements in arrangements for handling complaints, and action to increase the proportion of members of the minority in the Royal Ulster Constabulary. Elements of the program may be considered by the Irish Government suitable for application within their jurisdiction.

(d) The Conference may consider policy issues relating to prisons. Individual cases may be raised as appropriate, so that information can be provided or inquiries instituted.

E. LEGAL MATTERS, INCLUDING THE ADMINISTRATION OF JUSTICE

Article VIII

The Conference shall deal with issues of concern to both countries relating to the enforcement of the criminal law. In particular it shall consider whether there are areas of the criminal law applying in the North and in the South respectively which might with benefit be harmonized. The two Governments agree on the importance of public confidence in the administration of justice. The Conference shall seek, with the help of advice from experts as appropriate, measures which would give substantial expression to this aim, considering inter alia the possibility of mixed courts in both jurisdictions for the trial of certain offences. The Conference shall also be concerned with policy aspects of extradition and extraterritorial jurisdiction as between North and South.

F. CROSS-BORDER COOPERATION ON SECURITY, ECONOMIC, SOCIAL AND CULTURAL MATTERS

Article IX

(a) With a view to enhancing crossborder cooperation on security matters, the Conference shall set in hand a program of work to be undertaken by the Commissioner of the Garda Siochana and the Chief Constable of the Royal Ulster Constabulary and, where appropriate, groups of officials, in such areas as threat assessments, exchange of information, liaison structures, technical cooperation, training of personnel, and operational resources.

(b) The Conference shall have no operational responsibilities; responsibility for police operations shall remain with the heads of the respective police forces, the Commissioner of the Garda Siochana maintaining his links with the Minister for Justice and the Chief Constable of the Royal Ulster Constabulary his links with the Secretary of State for Northern Ireland.

Article X

(a) The two Governments shall cooperate to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years, and shall consider the possibility of securing international support for this work.

(b) If it should prove impossible to achieve and sustain devolution on a basis which secures widespread acceptance in Northern Ireland, the Conference shall be a framework for the promotion of cooperation between the two parts of Ireland concerning cross-border aspects of economic, social and cultural matters in relation to which the Secretary of State for Northern Ireland continues to exercise authority.

(c) If responsibility is developed in respect of certain matters in the economic, social or cultural areas currently within the responsibility of the Secretary of State for Northern Ireland, machinery will need to be established by the responsible authorities in the North and South for practical cooperation in respect of cross-border aspects of these issues.

G. ARRANGEMENTS FOR REVIEW

Article XI

At the end of three years from signature of this Agreement, or earlier if requested by either Government, the working of the Conference shall be reviewed by the two Governments to see whether any changes in the scope and nature of its activities are desirable.

H. INTERPARLIAMENTARY RELATIONS

Article XII

It will be for parliamentary decision in Dublin and in Westminster whether to establish an Anglo-Irish parliamentary body of the kind adumbrated in the Anglo-Irish Studies Report of November 1981. The two Governments agree that they would give support as appropriate to such a body, if it were to be established.

I. FINAL CLAUSES

Article XIII

This Agreement shall enter into force on the date on which the two Governments exchange notifications of their acceptance of this agreement.

In witness whereof the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done in two originals at Hillsborough on the 15th day of November 1985.

GARRET FITZGERALD.

For the Government of Ireland

MARGARET THATCHER.

For the Government of the United Kingdom.

BRITAIN AND IRELAND SIGN ACCORD THAT GIVES DUBLIN ROLE IN ULSTER

(By Joseph Lelyveld)

HILLSBOROUGH, NORTHERN IRELAND; Nov. 15—Prime Minister Margaret Thatcher signed a treaty here today giving the Irish Republic a formal consultative role and official presence in this province, long a sectarian battleground. It was the first such arrangement since Ireland's partition 65 years ago.

Under the potentially far-reaching accord, the Dublin Government is given a mechanism for pressing its views on virtually all matters touching the Roman Catholic minority here, including the security policies of the army and the police, the administration of justice and prisons.

This is to be done through a joint secretariat of Irish and British officials to be set up here, officials said, within a matter of weeks to serve a "conference" of Cabinet ministers from the two countries that will be more or less permanently in session to discuss sensitive issues and matters of policy.

A SUBTLY-BALANCED ARRANGEMENT

The primary objective of the subtly balanced and possibly fragile arrangement is to ease the minority's sense of alienation from the local government without provoking a violent Protestant backlash.

Garrett FitzGerald, the Irish Prime Minister, whose mere presence here was taken as a provocation by Protestants protesting outside the castle where the signing took place, said he hoped that the willingness of Catholics to tolerate the terrorist activities of the

Irish Republican Army would be "eroded" once the accord began to take effect.

In the treaty as well as his statement at a news conference, Dr. FitzGerald formally conceded that the Protestant majority of the province rejects the nationalist goal of Ireland's unification. The agreement he signed provided that Northern Ireland would remain British until a majority of its inhabitants freely consent to a change.

I BELIEVE IN THE UNION

In present or foreseeable circumstances, that means indefinitely—a point Mrs. Thatcher was careful to stress. Sitting alongside her Irish counterpart beneath a painting of Windsor Castle, she said:

"I want to offer hope to young people particularly that the cycle of violence and conflict can be broken. I believe in the union and that it will last so long as the majority so wish."

She meant the union of Britain with Northern Ireland and the majority here. Irish nationalists have traditionally argued that the majority that needed to be heard on the question of partition was the majority of Ireland as a whole.

Repeatedly the British Prime Minister characterized herself as a "unionist" and "loyalist"—terms that are the focus for the political identity of Protestants in the province—and insisted that the new arrangement would involve no sacrifice of British sovereignty.

But Protestants leaders, who see any involvement by Dublin in the province's affairs as a retreat threatening eventual Catholic domination, were quick to promise boycotts and resistance.

The Rev. Ian Paisley, a loyalist stalwart who sits in the House of Commons in London, denounced Mrs. Thatcher from the steps of the Hillsborough courthouse as a "quisling" who was conspiring with a "foreign Government that protects the murderers of our people."

From the balcony of the local council chamber nearby a banner had been hung proclaiming a single word, "Betrayal." Even before Mr. Paisley spoke, the tricolor flag of the Irish Republic had been burned on the balcony. Partisans of the Unionist cause brandished placards that said, "Loyalists Awake" and "No Pope Here."

2,500 DEAD IN 16 YEARS

The Protestant majority accounts for more than 90 percent of the Royal Ulster Constabulary and the Ulster Defense Regiment, the police and home guard army units operating in the province. Protestants are organized into extralegal armed militias such as the Ulster Defense Association, whose potential for violence it take seriously.

The Protestant militias have been responsible for many fewer deaths than the Irish Republican Army among the 2,500 people killed in more than 43,000 incidents of shooting, bombing and arson in the last 16 years, in part because it has generally been possible for the militias to regard themselves as being on the same side as the security forces.

This morning, near the village of Crossmaglen in South Armagh, a member of the constabulary was killed in a land mine explosion. A key advantage of the British-Irish accord from the British standpoint is that it commits the authorities in Dublin to closer cooperation on a cross-border basis in incidents such as that.

Balanced against Dublin's security commitment is a British willingness to consider the possibility of mixed courts involving judges from the Irish Republic, as well as a possible bill of rights for Northern Ireland, to respond to the sense of vulnerability of Catholics and nationalists—the terms are virtually interchangeable here—who make up nearly 40 percent of the province's population of about 1.6 million.

The initial mechanism of cooperation, after approval by the two Parliaments, will be the "intergovernmental conference" in which a member of the Irish Cabinet, designated as the Permanemt Ministerial Representative, will meet regularly with the Secretary for Northern Ireland, the top British official in the province. Mrs. Thatcher said the new British-Irish secretariat would be located in Belfast unless security considerations made that impossible.

TRIBUTE TO MAGNUS "MUNGO" NILES

HON. RON de LUGO

OF VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. DE LUGO. Mr. Speaker, this Saturday, November 16, 1985, I lost a personal friend, and the U.S. Virgin Islands lost one of its most cherished native sons, Magnus "Mungo" Niles.

Mungo, as he was called, spent most of his 69 years of life sharing. Whether it be through his music, talent, or knowledge, Mungo committed himself to keeping the rich heritage of our islands alive.

Upon returning to the islands from the States, Mungo organized a variety show using local talent. Next he taught traditional dances and music for youngsters which led to his formation of the Mungo Niles Cultural Dancers. In 1984 Mungo and other performers made their first tour throughout various States, among them, Washington, DC, where he and his group performed on the Capitol steps, and participated in the Fourth of July parade, where they won an award for their performance and originality.

I would like to share with my colleagues the editorial eulogizing Mungo Niles that appeared in our local newspaper the Daily News.

[From the Daily News, Nov. 19, 1985]

MUNGO NILES' LEGACY

Magnus"Mungo" Niles gave more than he took from these islands—and that legacy will keep his memory alive for years to come.

Dancer and musician, singer, cabinetmaker, preserver of Virgin Islands culture, and—above all—disciplinarian, Mungo Niles died Saturday morning after a long illness. He will be missed.

Niles accomplished a lot. He organized the Mungo Niles Cultural Dancers, which has transmitted a touch of Virgin Islands culture to people across the United States. He formed a Christmas caroling group. As a recreation leader, he was instrumental in creating a youth recreation center in Hospital Ground, a senior citizens recreation program and a senior travel club.

But his accomplishments on a personal level were just as important: Not only did Niles give lovingly of himself and his talents, but he demanded the best from his students and proteges. And because Niles was so disciplined himself and regarded his work so seriously, his students responded by striving to meet his demands to do their very best.

There is a good lesson here for all of us.

ARMISTEAD SELDEN—FORMER MEMBER OF THE HOUSE OF REPRESENTATIVES

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. BROOMFIELD. Mr. Speaker, it was with deep regret that I learned of the passing of Armistead Selden, a former Member of this body and a colleague who was highly respected by all of us who served with him. Armistead was a native of Greensboro, AL, and was educated at the University of the South and the University of Alabama where he earned a law degree.

He served in the Navy in the North Atlantic during World War II and remained in the Reserves until he retired as a captain in 1981. In 1950, he was elected to the Alabama Legislature where he served one term before his election to the U.S. House of Representatives in 1952. During his distinguished 16-year career in this body, Armistead was particularly active in helping to shape our Nation's foreign policy. He served on the Committee on Foreign Affairs and chaired the Subcommittee on Inter-American Affairs.

From 1970 to 1973, Armistead was the principal Deputy Assistant Secretary of Defense for International Security. In 1974, he was appointed U.S. Ambassador to New Zealand, Fiji, Tonga, and Western Samoa where he served until 1979. Since 1981, he had been president of the American League for Exports and Security Assistance.

Armistead Selden was a man who devoted his life to public service and made many valuable contributions to the Government and people of the United States. It was a privilege to have served in this body with Armistead, and I want to extend my deepest sympathy to his wife, Mary Jane, and his entire family.

H.R. 2211

HON. THOMAS N. KINDNESS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. KINDNESS. Mr. Speaker, this past summer, the Members of this body approved legislation, H.R. 2211, aimed at easing the burden and strain associated with farm bankruptcy. I commend my House colleagues for this action.

Present U.S. bankruptcy laws only complicate and compound the pain of the bankruptcy experience for American farmers.

H.R. 2211 would allow "family farmers," as defined by the legislation, access to the

much less complex chapter 13 of the U.S Bankruptcy Code by raising the debt ceiling eligibility level of present law.

Simply stated, Mr. Speaker, a farmer may not have to give up his farm if this legislation is enacted. In fact, depending on individual circumstances, a farmer may be able to reschedule the payment of his debt and extend the repayment period for up to 10 years, instead of the 5 years present law allows.

H.R. 2211 is by no means the answer to all farm problems, but it affords U.S. farmers an opportunity to deal with their financial problems in a reasonable and fair manner, while maintaining their dignity.

Because the other body has yet to act, H.R. 2211 has not become law. With time running out for many U.S. farmers, I urge my colleagues in the other body to act promptly on this legislation. Let's give our farmers a fighting chance.

IN HONOR OF DR. EVELINA LOPEZ-ANTONETTY

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GARCIA. Mr. Speaker, last November 19, Dr. Evelina Lopez-Antonetty passed away. Recently, she was honored by Gov. Mario Cuomo of New York, when he requested that the open area around the new Fordham Plaza be called the Dr. Evelina Lopez-Antonetty Mall.

She was a true community leader, founding in 1965, the United Bronx Parents, an organization concerned with the quality of education of Bronx children. She was by no means demure. If there was a fight to be fought in the side of right, she would not shrink away from it. She was a community activist in the true sense of the word.

Dr. Evelina Lopez-Antonetty is missed by her community, but perhaps not as much as she might have been had she not left her daughter, Lorraine Montenegro, behind to follow in her footsteps. I am submitting a November 14 article from the Daily News on Evelina so that my colleagues will have an opportunity to learn more about this fine woman.

[From the Daily News, Nov. 14, 1985]

GOV. HAILS PUERTO RICAN HEROINE

(By Dan O'Grady)

Evelina Lopez-Antonetty was a busy woman all of her life. Most of the time she was working at helping heal the deep, searing wounds of poverty and reaching out from her South Bronx neighborhood to those in need, until she eventually was linked with struggling communities in far-flung lands.

She died last Nov. 19—a date that some might consider a touch of poetic justice, since next Tuesday is Puerto Rican Discovery Day.

It is the day when Puerto Rican history and culture are nurtured and celebrated, a time when food and good times are shared with relatives, friends and neighbors, a day of special shows and exhibits, and a day for Puerto Ricans to remember and honor their heroes and heroines.

Gov. Cuomo was one of the myriad of politicans who knew her. Speaking recently at a construction workers' topping-off party for the $85 million 13-story Fordham Plaza, Cuomo said, "There was a marvelous woman who stood for all sorts of things virtuous and even heroic. Her name was Dr. Evelina Lopez-Antonetty."

Although she never finished college, Manhattan College awarded her an honorary doctorate degree in humane letters.

At his request, Cuomo said, the open area around the new building will be named Dr. Evelina Lopez-Antonetty Mall.

"That for all time here at Fordham Plaza, her memory will be revered, and her works recalled and serve always as an inspiration to the rest of us"

Antonetty, undoubtedly, also will be remembered by her people on future Puerto Rican Discovery Days.

Her daughter, Lorraine Montenegro, who also is a community activist, followed the governor to the microphone. The crowd packing the construction site at Third Ave. and Fordham Road listened as she read an open letter to the governor:

"There are great men and women in our history, but those who have impressed me most have been those that have dared to stand alone, those who dared to be first. One such great person was Vito Marcantonio, who, although he was not Hispanic, was admired as a champion of civil rights in the Hispanic community.

"Dr. Evelina Lopez-Antonetty once was one of his tireless youth workers."

That was where it had all started for her mother, a native of Salinas, Puerto Rico, who came to Manhattan's El Barrio as a saucer-eyed 9-year-old. As a teenager, she got a job working for Marcantonio, a firebrand politician of the 1930s and 1940s who was known as a champion of the underdog.

Montenegro continued, "No words would be adequate to describe the honor you have given my mother, her family and her community. I believe that this is the first time a major site in the Bronx, in New York City, in New York State and, possibly, in the nation has been named after a Puerto Rican woman."

Antonetty met and married draftsman Binaldo Montenegro in 1941 and moved to an apartment in a frame brownstone-type building at 625 Jackson Ave. in the South Bronx. Her husband is now retired. Lorraine was their only child.

Antonetty often relaxed by strolling through malls and plazas, her daughter said.

"It is almost poetic justice that she should have one named after her . . . I want to give you humble thanks from the hearts of her family and from the community she loved so much. Gracias."

Some time later, she spoke of her mother and the rest of her family.

"People just seemed to bring their problems to our family," she said. "Even when my family was in Puerto Rico, we never had a chance to do anything else but be involved in community problems.

"We became a very politically active family. It started with my grandmother and her sister in Puerto Rico."

Antonetty's mother, Eve Lopez, and her aunt, Vincente Godreau, helped organize a hotel workers' union and later served as union representatives.

Lorraine, now 42, added, "And I have five children to follow me."

Now, Lorraine Montenegro serves as exective director of United Bronx Parents at its headquarters at 773 Prospect Ave., once a Head Start center and later a bilingual public school satellite.

In 1965, Antonetty was PTA president at Public School 5 when the school erupted with reports that a teacher had sexually abused some students.

Antonetty led the battle to investigate the charges and subsequently fought to have the teacher ousted from the school, along with the district superintendent who refused to investigate the parents' initial complaints. Along the way toward getting a reluctant Board of Education to move, she had enlisted the help of local businessmen and other community groups.

When that battle ended, Antonetty recognized the strength of the diverse group that had rallied to address the school issue and sought to preserve that community coalition of concerned parents, neighborhood businessmen and other community groups.

Local businessmen had not only given donations, but also helped plan strategy in dealing with the problem.

"They realized that together they could accomplish something," her daughter said.

So, in 1965, Antonetty founded United Bronx Parents.

"Her biggest concern was what kind of education the kids were getting. We had school problem centers—storefronts with workers who answered parents' problems and acted as advocates for them, especially when there was a language barrier.

"The workers would go to the school with them and get the other side of the story and try to work things out."

It was the time of President Johnson's Great Society policies and federal money was available for a wide range of programs aimed at fighting poverty. United Bronx Parents started writing proposals and put together programs for the elderly, for teenagers, for housing and welfare and drug rehabilitation.

Antonetty started a day care center for working mothers which is currently at 888 Westchester Ave. Other programs provided adult bilingual education, distributed federal surplus food and prepared hot meals for 100 people.

And what does the Puerto Rican community think of the honor bestowed on one of their own, their Evelina? Her daughter said, "The people are very proud."

TRIBUTE TO NAPPER H. HESTER III

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GRAY of Pennsylvania. Mr. Speaker, I rise to pay tribute to an inspiring member of the Philadelphia community, Napper H. Hester III.

On Sunday, November 24, 1985, Mr. Hester will be honored by his church, Mt. Carmel Baptist Church of Philadelphia, for 50 years of faithful service.

Since the age of 25, Mr. Hester has been the organist at Mt. Carmel. Many times, when visiting or preaching at Mt. Carmel, I have marveled at the virtuosity of his blessed performance. Truly, when his hands

grace the keyboard, the spirit of God is within him.

In addition to his outstanding tenure as organist, Mr. Hester has served as choirmaster and worked with each and every musical group in the church. He has taken the Mt. Carmel Choir to over 40 concerts a year all over the eastern seaboard.

Mr. Hester, whose father was pastor at Mt. Carmel, has inspired the congregation with his steadfast presence. During his decade of service, he has never been absent.

Mr. Speaker, I ask my colleagues in the House of Representatives to join me in saluting a very special individual. The entire community of Philadelphia can be proud of our remarkable friend and neighbor, Napper H. Hester III.

AFGHAN CHILDREN MAIMED INTENTIONALLY

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. LAGOMARSINO. Mr. Speaker, America's children are blessed with freedom by which they can enjoy their formative years without the trauma and sorrows of war, pestilence, destruction, and those horrors which accompany life under the gun. Simply stated, American children are lucky.

Afghan children, on the other hand, Mr. Speaker, do not share this luxury of freedom. The children of Afghanistan yearn to play and frolic and learn just like their American counterparts. They, too, desire to see life the way other children do—that is, free, uncomplicated, wholesome and fun. They also see the world through children's eyes, but instead of seeing friends and toys and cheer and freedom, they confront a world marred by war. For the Afghan nation has been engulfed with the hatred and destruction which accompany the war cast upon them by Soviet imperialism. It is a sad day when a child's innocent world has been crushed by the sounds of the mighty Russian Army destroying Afghan villages and murdering innocent tribesmen.

Mr. Speaker, the children of Afghanistan are caught in the middle of today's most brutal and terroristic war of oppression. A large portion of the Afghan population has either been murdered by the Soviets, and their Afghan Army lackeys, or has been forced to flee to neighboring Pakistan and Iran. All told, almost half of the Afghan nation has either perished or no longer resides in that once peaceful and unrulable land.

Afghan children also face one of the most barbaric displays of inhumanity known to man. For in Afghanistan, Mr. Speaker, the Soviets intentionally target innocent children for crippling attack. They have created a device, unheard of in the West, which can have only been designed to injure innocent Afghan children. The device is known as butterfly bomb due to its appearance. It is shaped like a butterfly, and drops to the ground after being dispensed from Soviet military helicopters. Upon impact, it ejects a small spring which makes the device spin, so that from a distance all Afghan children see is a whurring, butterfly-shaped toy.

That toy, Mr. Speaker, is nothing of the kind. Once in the hands of an innocent Afghan child, the device explodes. The amount of explosive material is not enough to kill the victim, however. Instead, it is designed to maim, to cripple, the Afghan child. After all, an Afghan child whose hands are crippled is unable to take up arms against his Soviet oppressors.

Mr. Speaker, Jehan Zeb Khan, an Afghan child, was recently victimized by the Soviets ruthless toy bomb. This is his interpretation of the events which led to his crippling injury:

TESTIMONY BY JEHAN ZEB KHAN, TOY BOMB VICTIM

One day I took my goats to surrounding areas close to our cave at a mountain. I found a toy like a bird. I picked it up happily and started to play with it. It had two wings and in the middle the heavy part, the body of the bird which was exploded and burned my face and eyes and cut my left hand fingers.

I cried and asked the other boy who was with me and remained unharmed to go to my family and let them know what happened to me. I was taken to my home and then to Mujahideen stronghold. Then I was taken to Pakistan for treatment. First I received treatment at German Hospital where my left eye was taken out and then in Afghan Surgical Hospital my fingers were treated.

It was then that an American lady from Committee for a Free Afghanistan, Mary Spencer picked me and brought me to the United States. Here I was treated nicely. I had an eye operation and fingers treatment.

Thousands of other children have been injured or killed this way. When I had my sight I was happy and played with other children. But now I am blind, disappointed and sad to live through all my life as blind.

Mr. Speaker, Jehab Zeb Khan is not the only Afghan child to be crippled by the infamous Soviet butterfly bomb. But the Soviets' use of these devices raises several fundamental questions: How in the name of decency can the Soviets do this? How can they possibly see any profit in intentionally maiming innocent Afghan children? How can we prevent such barbarous behavior? Has American and Western insensitivity to the plight of the Afghan nation, and culture, and people, and children, acutally encouraged such behavior? How should this affect our relations with the Soviets? Should we not raise the level of humanitarian assistance to the courageous Afghan people? If they are not deserving, then who is?

Mr. Speaker, the life of that proud, ancient Nation is slowly being drained. The people and the children of Afghanistan look to us, as the moral and spiritual leaders of freedom, for assistance in the form of medical supplies, food, cash for crops, and other aid. They do not want us to fight the Soviet aggressors, Mr. Speaker, they merely want our commitment to assist them in their jihad, or holy war, against the ruthless and shameless Soviet invaders. And we, Mr. Speaker, have a moral responsibility to help them.

CONGRESSMAN JIM COURTER DISCUSSES THE ABM TREATY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. KEMP. Mr. Speaker, our colleague JIM COURTER of New Jersey has become one of the leading experts in the House on strategic defense systems. He believes, as I do, that the highest goal of our defense program as well as our arms control and reduction efforts is increasing the safety and security of our people.

Congressman COURTER recently gave a speech on the problem of the 13-year-old ABM Treaty, in which he makes a strong case that the treaty has resulted in a greater imbalance of nuclear arms rather than balanced force reductions which were hoped for by the signers. Moreover the treaty is now constraining our effort to develop and deploy the most hopeful program yet devised for nuclear offensive weapons control, the Strategic Defense Initiative proposed by President Reagan.

I urge Members to read Congressman COURTER's thoughtful speech.

THE FAILURE OF THE ABM TREATY

When I think of the ABM Treaty of 1972, I am reminded of a proposal that was being discussed when I first ran for Congress in 1978. It was a proposal to enact "sunset" legislation that would apply to all government agencies, and give them a fixed expiration date after which the agencies would automatically go out of business unless Congress passed legislation to keep them alive. It was a good idea that was aimed at curtailing the growth of bureaucracies that somehow seem to keep on growing even after they have outlived their usefulness. At the very least, this kind of legislation would force Congress to undertake a critical, top-to-bottom review of all agencies every few years to see how well they are functioning.

We should apply the same kind of scrutiny to the ABM Treaty. For if ever there was an agreement that has failed to achieve the goals it was expected to achieve, it is this treaty. I will leave to the political scientists, and historians of nuclear strategy the question of whether we should have entered into this agreement in the first place—but I will assert that from the perspective of today's security requirements, the ABM Treaty has outlived any utility it may have had. To my mind, the only question is when—not whether—we should notify the Soviets that we are no longer prepared to live by the letter of this failed treaty.

The ABM Treaty is a legal instrument that codifies a particular nuclear doctrine called Mutual Assured Destruction, which holds that states will be self-deterred from a nuclear attack as long as they know that such an attack will invite unacceptable retaliation. We should not discuss the treaty without also discussing the doctrine itself. I will briefly outline what I view as the main deficiencies of this doctrine as a long-term instrument of our national security. When

we examine it, we see that it is based on several critical assumptions that must always be fulfilled. These are that both sides accept the principle that defensive systems should be banned, that all states will act rationally and never mount a first strike, that no accidents or mistakes will ever occur, that terrorist nations will never acquire an ICBM, and that deterrence itself will never fail.

We should all be glad that these conditions have held for as long as they have, but I would prefer to build a system of security that doesn't depend on each of these conditions holding true for the indefinite future.

Today's debate over the Strategic Defense Initiative often seems to take place in a double vacuum, insulated from discussion of the original purposes of the ABM Treaty and from Soviet doctrines and activities in the field of strategic defense. Today I would like to look back to the ABM Treaty debate to see exactly what this treaty was intended to achieve, and why the Senate approved it by a vote of 88 to 2.

In 1972 we were seeking the same results from arms control that we are still seeking today: a stable balance of forces that denies each side the capability to disarm the other through a first strike. At that time, we were about to field defenses that would protect our missile sites and population centers. This would have been a stabilizing factor from our point of view, since it would have made a Soviet first strike senseless.

But we were concerned about the prospect of an open-ended competition in offensive arms, so we agreed to seek stability through negotiated agreements. We accepted the idea of a trade-off: the United States would forgo wide deployments of ABM systems if the Soviets would agree to join us on a path toward reductions in offensive arsenals.

The result was two agreements, SALT I and the ABM Treaty, which dealt respectively with the offensive and defensive sides of the strategic equation. The limits on defenses were definitive: we agreed that each side could deploy defenses in two locations only, then we reduced this to one location by mutual agreement in 1975. On the offensive side, the results were far less sweeping, and we expected real reductions to be achieved in the SALT II treaty. That is why the SALT I treaty was labeled an "interim" agreement and given a five-year life.

Thus the Nixon Administration presented the Senate with two main strategic arguments for the approval of these agreements. First, the Administration argued that Soviet agreement to the ABM Treaty implied a willingness to forgo the development of Soviet territorial defenses. Second was the argument that a ban on defenses would lead to an end to offensive arms racing. In the words of one Senator during the 1972 debate, the ABM ban "reduces the incentive for continuing deployments of offensive systems," because "offensive missile forces have, in effect, a free ride to their targets."

From the US point of view, these conditions had to be met if we were to maintain a long-term commitment to the ABM Treaty. We even added a unilateral statement to the ABM Treaty which notified the Soviets that we expected "more complete strategic offensive arms limitations" to be achieved "within five years"—if not, we stated that "US supreme interests could be jeopardized," which means that we would be prepared to abrogate the treaty and return to the pursuit of defensive systems.

In practice, these conditions were not met once the treaty was approved and entered into force.

On the offensive side, we all know that no agreement to reduce forces was reached. A one-sided arms race ensued between the signing of SALT I and the signing of SALT II seven years later. In this period, the Soviets deployed three new land-based multiple warhead missile systems, two new submarine-launched missile systems, and the Backfire bomber. We made no similar deployments, cancelled the B-1 bomber and took the ABM system at the Grand Forks, North Dakota missile field out of operation.

So here is the first failure of the ABM Treaty: it did not lead to reduced offensive forces, as it was expected to do. I hardly need to point out that these trends have continued unabated since SALT II—an agreement that merely presided over the growth of offensive arsenals, and did not limit them—was signed. Today we face a Soviet nuclear force with over three times the megatonnage of our force. As we begin to deploy 50 MX missiles, after much agonizing debate and scores of Congressional votes, we note that the Soviet SS-18 force alone has more megatonnage than our entire strategic arsenal. Just last year, the Soviets produced 200 ICBM's and they are now ready to deploy two types of mobile land-based missile—one of which violates SALT II—while we embark on years of debate on our own mobile missile, the Midgetman.

The net result of these developments is that our land-based missile force, the key to our retaliatory capability, is more vulnerable today than it was in 1972. This is, of course, the opposite result of what the treaty was supposed to achieve, and it is precisely what we were alluding to when we said that our supreme interests could be jeopardized by the lack of strict limitations on offensive forces.

Perhaps we should not be surprised that the Soviets pursued this offensive advantage, since Soviet military doctrines have been known to us for some time. In May 1972, the very month in which the ABM Treaty was signed, an article in the Soviet journal Kommunist proclaimed that Soviet policy "is directed toward creating and maintaining military superiority."

And this goal of superiority has a defensive dimension as well.

Had the Soviets done what the ABM Treaty proponents expected them to do, they would have had to reverse their established strategic doctrine. Deliberate strategic vulnerability has never been an objective of Soviet strategy—not before the ABM Treaty, and certainly not after it was signed. The Soviets have long believed in surviving a nuclear war and have sought ways to defend their homeland to make this belief a reality. In 1972 they were outspending us in strategic defense by a factor of five; by 1980, according to the CIA, their effort was 25 times the size of our effort, mainly because we cut back our ABM activities so severely after the treaty went into effect, while they did not.

What have the Soviets got for all the rubles they have spent on strategic defense? They have the world's only operational ABM system protecting Moscow and its environs. They have extensive air and civil defense networks. They have built a large radar in southern Siberia, at Krasnoyarsk, in clear violation of the ABM Treaty, thus completing their nationwide network of large phased-array early warning radars. They have surface-to-air missiles, one of which has been tested in an ABM mode against a ballistic missile warhead. They have a mobile radar system, the Pawn Shop, and a moveable, rapidly erectable system, the Flat Twin system, that would be used to guide ABM missiles to their targets. They have an ongoing research effort, in many respects ahead of our own, in lasers and directed energy weapons.

All in all, the Soviets are conducting such a robust and broad strategic defense effort that the President's statement of earlier this year, that the Soviet Union "may be preparing an ABM defense of its national territory," probably qualifies as the understatement of the year. And it places the current Soviet protests over our own SDI program among the most disingenuous statements of diplomatic history—even when other Soviet statements are taken into account.

In sum, both of the strategic criteria of the ABM Treaty—reduction of offensive forces and restraint of defensive forces, not to mention compliance with the agreement itself—remain unfulfilled thirteen years after the treaty was signed.

I know that there are many former government officials who negotiated the ABM Treaty who are saying that the treaty has worked well in practice, that it represents the most successful arms control agreement in history. But I would point out that the failure of the ABM Treaty has been acknowledged by its architect, Henry Kissinger, in an article he wrote two months ago. Dr. Kissinger enumerated the failure of offensive arms control efforts, described the Soviet strategic defense effort, and acknowledged Soviet violation of the ABM Treaty. He concluded that we should continue our negotiations with the Soviet Union, but if the Soviets refuse to agree to phased deployment of defenses, then "the United States would have no choice except to build a strategic defense unilaterally . . ."

So what should be done? We should give the Soviets our six months notice, as required by the treaty, that we intend to withdraw from the treaty because it no longer serves our national security interests. There are numerous reasons for ending our adherence to the treaty: the strategic paradigm on which it is based has not been fulfilled, the Soviets have violated it, and the technologies on which a missile defense would be built offer far more promise today than they did in 1972. Yet the treaty remains in effect, restraining our effort to research strategic defense, and it will stop any move to deploy defenses beyond a system that would cover a single missile field.

I believe that we should make the decision now to deploy point defenses to protect our land-based retaliatory forces, communications centers and command centers. There is no disagreement, even among those who question the feasibility of population defense, that this type of defense is technologically possible. It would increase stability by making our forces more survivable and by making the Soviets far less certain that they could execute a successful first strike against our strategic forces. Research on population defenses could continue, and such defenses could be deployed when they become available. But we should not wait until we have a so-called "perfect and leakproof" defense before we act—this would subject SDI to the same "technological filibuster" that dooms so many of our military programs to endless delay and indecision. In fact, such a defense, while limited in terms of the long-range technological possibilities, would in fact protect people. It would protect some of the tens of millions of people

who would be annihilated in a Soviet attempt to destroy our nuclear forces. It would also be highly useful to our European allies, whose populations are much more concentrated than ours and are thus more vulnerable to the effects of a nuclear attack on purely military targets.

In recent weeks we have been treated to a major controversy, played out in the pages of our newspapers, over the exact interpretation of the ABM Treaty. The Administration reached the conclusion, with the State Department concurring, that the ABM Treaty permits far more research into space-based systems than was previously through permissible.

In spite of this conclusion, the Administration decided that we should impose upon ourselves a much more constraining set of SDI program limitations than the treaty requires. The rationalization for these limitations has been that SDI planning has not required use of the full range of activities permitted by the ABM Treaty. This view is in fact an ingenious misstatement of cause and effect. The facts are not that SDI would find no benefit in a wider range of allowed activities, but that the wider range of activities was explicitly denied to the SDI program during its formulation and planning stages. What is represented today as a product of the SDI planning process is in fact a constraint externally imposed upon that process.

Many observers of this controversy are not convinced that the ABM Treaty allows research, development and testing of systems based on new technologies, or "other physical principles," to use the words of the treaty itself. In my opinion, the Administration's legal analyses are clear and persuasive on this score. As further evidence, let me offer the interpretation of Gerard Smith, the ABM Treaty negotiator, given to the House Armed Services Committee on July 25, 1972. Ambassador Smith said:

"Of even greater importance as a qualitative limitation is the prohibition on the deployment of future types of ABM systems based on physical principles different from present technology.

"On this point, Mr. Chairman, there is an agreed interpretation with respect to ABM systems based on different physical principles, and including components capable of substituting for those components used at present—that is, launchers, missiles and radar components. If such new systems are developed, and one or the other side wants to deploy them under the limitations of this treaty, there would have to first be a discussion of the question in the Standing Consultative Commission we are proposing to establish under this treaty, and then the treaty would have to be amended before such novel ABM systems could be deployed."

Note that he referred to deployment several times, and he did not say that the treaty would require amendment before such new systems are developed or tested.

The missing element in this entire discussion was why an Administration that has certified that the Soviets are violating an agreement is tying itself in legal knots to determine how we must comply with that very agreement. Either compliance matters, or it does not. If the Soviets are violating the ABM Treaty, and if the ABM Treaty holds us back in our own research efforts, then we most certainly should not be drawing tighter limits around our programs, unless we want to establish a dangerous, one-sided standard of compliance with arms control agreements.

It would be preferable to reach agreement with the Soviets on phased deployment of the defenses that we and they so clearly want, but it is difficult to be optimistic on this score. Soviet treatment of the Krasnoyarsk radar issue is an informative guide on this question. Recently we have learned of their offer to make what appears to be an accommodation on the Krasnoyarsk radar—but when we examine the particulars of their offer, as is so often the case, it is not a serious proposal. The Soviets did not offer to dismantle the illegal radar—they offered to stop construction on it. But external construction was completed several weeks before they made their momentous offer. They could continue interior work on the radar installation, which we could not verify. In addition, their side of the bargain was conditioned on a halt in US modernization of two existing legal radars—radars in Greenland and Great Britain that provide early warning of attack—that are fully permissible under the ABM Treaty. So, in essence, they offered not to give up their illegal battle management capability if we gave up our legal early warning capability. This is hardly a good sign that we will see Soviet willingness to negotiate an agreement that will permit deployment of defenses.

Only by withdrawing from the ABM Treaty can we hope to give the Soviets incentive to agree to the gradual deployment of defenses. Only by taking this course will we show that we are serious in our effort to build defenses, and to cease our reliance on a policy based on the idea that it is safe to be vulnerable, but somehow dangerous to be defended from the threat of nuclear weapons.

THE GREEN MOUNTAINS ARE ALIVE WITH THE SOUND OF MUSIC

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. JEFFORDS. Mr. Speaker, recently the House passed H.R. 3248, the Arts, Humanities and Museums Amendments of 1985. One concern raised during the debate on the bill was the ability to bring the arts to rural areas of our country. As a Member from one of the most rural States, I share this concern.

The Vermont Symphony Orchestra is celebrating its golden anniversary with a statewide tour entitled the "251" Project. The objective of the outreach effort is to give every Vermonter a chance to hear the orchestra perform. Over a period of approximately 2 years, the orchestra plans to visit all 251 of the States towns and cities. Hence the name of the project.

Over the years, the National Endowment for the Arts has provided significant support to the Vermont Symphony Orchestra. I submit that my colleagues read the enclosed article by Chester Lane to learn about one way that the "rural barrier" of accessibility to the arts can be overcome. The article follows:

[From Symphony Magazine, June/July 1985 Issue]

MUSICAL ODYSSEY IN THE GREEN MOUNTAIN STATE

(By Chester Lane)

"The Symphony's unfamiliar and 'enriching' entertainment was greeted variously. One hard-shell Vermonter, looking for a carnival, blundered instead onto an outdoor concert at a local racetrack. 'By gum,' he told Lou Levy at the end, 'you fellers can come back anytime you want to. That beats a movie all hollow.'"

This is the way Levy, a violinist in the Vermont Symphony Orchestra, recalls his encounter with an unlikely but pleasantly surprised concertgoer back in the days when the fledgling orchestra played with more enthusiasm than finesse. The incident is captured in *The Vermont Symphony Orchestra: The First Fifty Years*, recently published by the VSO to commemorate its golden anniversary. Levy's anecdote, one of many delightful tidbits in this twelve-page booklet, says a lot about the people-to-people tradition that has been this orchestra's backbone for fifty years—a tradition that is now manifesting itself with unparalleled vigor in a statewide touring program, the "251" Project. The objective of this unique outreach effort is to give every Vermonter a chance to hear the VSO's sound and meet its musicians by bringing ensembles from the orchestra, over a period of approximately two years, to all 251 of the state's towns and cities.

Lou Levy joined the Vermont Symphony two years after its founding. At 80 years of age he still plays in the orchestra, and last fall he was on hand for a festive ceremony in Montpelier, the state capital, inaugurating the "251" Project on September 21. Remarks made on that occasion by VSO Manager Morris Block and Music Director Efrain Guigui caught the spirit of the "251" adventure. Block, alluding to the intrepid brass players who were entertaining the crowd and gearing up for the first "251" concerts that weekend, said, "They're freezing, but they're doing it as a favor to us. They usually won't play when it's below 65 degrees." Guigui, a native of Argentina, anticipated the lighthearted, down-to-earth quality of the upcoming concerts while indulging in some local humor that elicited roars of delight from the crowd: "I hope you understand my English. I learned my accent in Boston." He went on to say that "good music doesn't have to be boring or stuffy. It can be uplifting." And in a gesture entirely in keeping with a tour that would bring music to hundreds of children along with older people, 50 birthday cakes baked by students in the Montpelier public schools were brought out for the assembled guests.

Not surprisingly, the "251" kickoff and Vermont Symphony birthday party made headlines in Burlington, Vermont's largest city and the one in which the statewide orchestra is based. But the ensuing publicity via print, television, and radio has gone beyond the wildest dreams of most Metropolitan orchestra managers. Besides the September 22 story in the Burlington *Free Press*, articles have appeared in the New York *Times*, the *Wall Street Journal*, and the Massachusetts-based *New England Monthly*. IBM's General Technology Division, headquartered just outside Burlington in Essex Junction, devoted four pages of its house organ *Burlington Closeup* to a lavish picture story on the "251" Project, heralding the fact that the corporation has

pledged $50,000 toward the VSO's 50th anniversary celebration. The orchestra was the subject of a feature by Fred Briggs wrapping up the NBC Nightly News on March 15, and a longer one by Charles Kuralt on the April 12 edition of CBS's "Sunday Morning" program. With the April broadcast of a radio feature taped by Voice of America, the Vermont Symphony Orchestra became an international story. Scripted by Rosanne Skirble, the program documented an appearance by the VSO's Brass Trio in the far-north town of Jay, where the musicians performed in the local firehouse and demonstrated the mechanics of their instruments for an eager crowd. The sound of the full orchestra was represented by a taped rendition of Berlioz' *Symphonie Fantastique.* And the voices of Efrain Guigui (interviewed in Spanish by the bilingual Skrible) and Morris Block were heard by millions of overseas listeners, not only through the VOA's Worldwide English Division, but in Spanish and Portuguese translations broadcast by its American Republics Division.

Since the Friday afternoon kickoff party in Montpelier, thousands of Vermonters have heard the orchestra's woodwind, brass, and string players in schools, grange halls, churches, community centers, town halls, even firehouses. For the most part the concerts have been given by ensembles of three to five musicians—an October 28 concert at Dover's elementary school marked the debut of the VSO String Quartet—but some localities are being treated to the full orchestra or its twenty-piece Little Orchestra. The musicians have played for a wide variety of functions including craft shows, a chicken pot pie supper, and a fireman's banquet. Concerts are hosted locally by such personages as Jim Simon, owner of the country store in Albany, Vermont, and Collise Brown, a woodcarver from Waterville.

Passive concertgoing has little or no place in this scheme, since the performance venues are informal and the musicians always close at hand, eager to demonstrate their craft or to field questions from curious audience members. At the Dover school concert, for example, people asked "the sorts of questions a big-city audience might be embarrassed to ask," wrote Linda Charlton in that quintessentially "big-city" newspaper, the Wall Street Journal, (The question she has in mind was, "Is the music scored so you all turn the pages at the same time?") Trumpeter Dave Brubaker tickled his audience during a brass instrument demonstration with his friendly jab at the keyless design of the trombone: "Of course it's quite obvious that it's more efficient to move fingers than it is to move arms, " he said. "So we get to play things that trombone players only dream about." Bob Wigness, the trio's trombonist, got a laugh of his own with the one-word answer to what kids could do to prepare for a future orchestral career: "Practice!" And Wigness had his own "instrument" demonstration, a real crowd-pleaser. Fox Butterfield of the New York Times witnessed one such demonstration, reporting that the trombonist "puckered his lips and played the scale with no instruments. Then he attached his mouthpiece to a strip of garden hose that he said was the same length as an unwound trombone and played the 'The Farmer in the Dell.' After applause, he added a funnel to the contraption and played the tune again, recreating a trombone's sound."

Charles Kuralt's nationally televised report made much of the fact that Vermont is a state whose harsh winters put the dedication and goodwill of both the touring musicians and their audiences to the test. "One string quartet drove six hours through a blizzard to get to a concert in Waitsfield," he said. "And there at the top of the stairs waiting for them was their audience." In true New England fashion, quartet violinist Evelyn Read explained that the musicians "would go anywhere, whether the weather is bad or not. It wouldn't have occurred to us not to come because it was snowing. You don't let anything stand in your way." This spirit, she said, was "sort of contagious" and accounted for the fact that audiences did in fact turn out during outrageous weather.

Freda Hart ("Freddie") Levin, the project's energetic coordinator and chief publicist, described the musicians' do-or-die spirit from another angle: "Once, just before a performance by the Brass Trio, the horn player's back went out. The concert was scheduled for 7 p.m. and we got a substitute at quarter to 6. They taught the substitute what she needed to know and the program went well."

The gratitude of concert patrons and sponsors has expressed itself in many tangible ways. "The audiences come with cakes and cookies and invitations for the musicians to come to dinner and stay overnight in the spare bedroom," reported Charles Kuralt. And the result is not only warm feelings but warm musicianship: violinist Yenoin Guilbory, one of the VSO musicians interviewd by Kuralt, observed that "People seem to go out of their way to do something a little bit extra, to be extra human, extra nice in a way that maybe you don't have to be a large city. I think the musicmaking really benefits from that."

Testimonials continue to pour into the Vermont Symphony's office. One enthusiastic concertgoer wrote that a performance by the Alcott String Trio, one of the touring ensembles, was "delightful. The selections played and presented were just right for the audience. Also, it was wonderful that the players could stay for a bit after the concert to chat over coffee." A lively letter from Mary Jane Dexter of Wolcott reported that the String Quartet's concert in the Town Hall was "well balanced, starting with the spirited *Eine Kleine.* That brought the audience to attention, and from then on they could have played the laundry list and the audience would have listened. . . . The young people who attended the concert had a mixed bag of feelings. One wondered why there was no horn, another girl thought the cello was the greatest instrument, and a fourth grade boy just loved the violins (sexist?). Anyway, you provided the community with something rich and special and memorable."

Sarah Barnett, a high school sophomore from Newport, Vermont, wrote that "after the concert in Newport I had a chance to talk to the cellist and the violist [of the Alcott String Trio], two extremely nice ladies whose names I've unfortunately forgotten. . . Thank you so much for being an inspiration to me and all of the many other young artists in Vermont. . . My boyfriend and I have already started making plans to hear the full orchestra at the Flynn [Theatre] in Burlington as soon as possible."

And one wag from a very small town in the state's northwest corner wrote that "until our school bus driver got arrested for DWI yesterday," the concert was "the biggest and best thing to happen" in her community in years.

The idea of celebrating the 50th anniversary of the Vermont Symphony by bringing its musicians to every town in the state originated with broad member Ron Nief. It seemed like a crazy scheme to some, involving insurmountable problems of logistics and financing. But not long after it was proposed; VSO Manager Block came up with a plan for implementing it. The "251" Project had the support of IBM from its very early stages. Vermont Symphony Vice President Grant Bush, who is employed at IBM as logic products operation manager and also serves on the orchestra's 50th Anniversary Committee, initiated a $4,000 IBM Fund for Community Service Grant to get the project going. The corporation subsequently pledged $50,000, making it the project's sole "Angel."

Many other companies have pledged lesser amounts to become "Benefactors" or "Sustainers" of the "251" Project, which the orchestra has estimated will cost between $150,000 and $175,000 over the two-year period. Freddie Levin and Gretchen Amussen, the VSO's director of development, say that what continues to be effective in securing "251" underwriting is "the kind of three-pronged approach used. First, there is the number 251 itself—representing the 251 towns in Vermont—on which to base a whole fundraising package. The concept of a '251 Club' (contributions made in multiples of $251) stimulated interest and imagination. Second, this 'magic number' afforded excellent flexibility: the range of multiples allowed for both the smaller gifts of $1,000 and under ($251, $502, $753) and the larger gifts ($1,004 and up). Finally, there was the grooming and training of our board members and volunteers to go out with our development director, or with our manager, or on their own, to excite businesspeople about the project. Our longstanding network of friends all over the state was a godsend; their enthusiasm and input have been critical in finding the funding for our '251' Project."

Ms. Levin has assiduously courted these "friends." One of her standard tools has been a letter addressed "Dear Board Member/Friend of VSO" which asks for help in identifying concert sites, special events to commemorate in a given area, names of individuals who could host a concert, groups that could help with local publicity, etc. Enclosed with the letter is a map of the state, to be returned "with initials placed in any town in which you can locate a '251 Wonder.' " No stone is left unturned: the letter ask that "if you have a cousin in some far-off corner of the state who'd be perfect for this project, don't hesitate to include her/his name."

Coordinating logistics for the "251" concerts is a formidable task. Since they are held in such a wide range of venues, and are often hosted by individuals or groups with little or no experience as concert presenters, the agreement form that Ms. Levin sends to individuals who will be hosting "251" concerts contains instructions of the most basic sort. Hosts are told, for example, that they will be responsible for "having a sturdy, armless chair for each musician, set up where they will be performing," and "seeing that the building is clean, adequately lit, and well-heated if necessary—it's very difficult for the musicians to play if the temperature falls below 68 degrees."

Business support, and the modest size of the touring ensembles, have enabled the orchestra to keep admission prices extremely low—anywhere from five dollars down to an optional donation. Towns are requested to raise $120 to host a trio, slightly more to

bring a quartet or quintet to town, although these fees are sometimes waived. Admission receipts are split between the orchestra and each town, with the town using the money for nonprofit community projects. (In one notable instances, proceeds from the concert in Island Pond were earmarked for Ethiopian famine relief.)

As of late April, seven months after the first of the "251" concerts, Freddie Levin was exuberant about what she calls the "the momentum of this peripatetic project. Towns are now clamoring for their turns—what a contrast from last September when I had to dredge up names of strangers who might be willing to help, then call and explain, to incredulous ears, the details of our zany scheme, right from square one. Now when I do have to contact a 'new friend'—because that's what so many of these hosts have become—they have already heard about our plan and are eager to participate."

Needless to say, the Vermont Symphony has come a long way since its first concert, described as follows in the orchestra's newly published commemorative history: . . . from the opening roar of *Finlandia* to the end of the concert, the audience responded with enthusiasm, despite the competitiveness emanating from the stage. Haydn's *Surprise* Symphony followed, with a few more surprises than usual. Lacking a second oboe, that part was played on the flute. Saxophones substituted for bassons, of which there were few in the Vermont of 1936. The biggest surprise of all was how many Vermonters left the warmth and comfort of their hearths to go hear some "culture."

A very different kind of *Surprise* Symphony was heard on October 20, 1984 at the first concert of the VSO's 50th season. Commenting on the Vermont Symphony of today, one informed listener, composer Jan Swafford, wrote in the aforementioned *New England Monthly* article that "one finds a group on the threshold of equality with such other New England ensembles as those in Springfield and New Haven but waiting for the goose to the budget that will make it possible."

The Vermont Symphony claims to be the oldest state symphony orchestra in the country. Its founding conductor, Dr. Alan Carter, began collecting musicians in 1934 and led the orchestra in its first concert in January of 1936. By 1938 his ensemble had become sufficiently recognized to win an invitation to play at the World's Fair in New York City the following year. To help finance the New York trip, the Vermont legislature appropriated $1,000 to the orchestra—which, according to the VSO's commemorative history, made the state of Vermont "the first in the nation to contribute to the support of a symphony—support that continues to this day." State funding now accounts for a relatively high 7.6 percent of the orchestra's $620,000 budget (which has doubled in the past two years, according to Block).

Aside from its financial relationship with the state, the Vermont Symphony has long had a tradition of covering the state with its concert activity. Right from the start, the VSO dedicated itself to traveling to any gym, armory, racetrack, or ski slope where an audience could be found. The musicians, whose numbers included barbers, lawyers, mail carriers, doctors, and farmers, came from all across the state to rehearse and perform.

Today nearly 40 percent of the musicians live out of state—not the 50 percent claimed by Fred Briggs in his NBC Nightly News report—and the orchestra's commemorative history laments the fact that "this necessarily deprives Vermonters and their children of having musicians live and teach here and act as a musical influence among us." But the VSO has made great artistic strides under Music Director Efrain Guigui, the conductor hand-picked by Dr. Carter to succeed him in 1974. The orchestra presents more than 20 full-orchestra concerts all over the state each year, playing for an estimated 75,000 Vermonters and reaching 10,000 children through its ensembles in the schools. And the $60,000 debt faced by the orchestra ten years ago has been erased.

Where does the "251" Project go from here? The orchestra and its Green Mountain Odyssey recently received a vote of confidence from the National Endowment for the Arts, whose grant to the VSO for 1985-86 is $18,000, nearly 30 percent more than last year's. And one of several possible scenarios for winding up the project next year is a 252nd concert in the nation's capital. In the meantime, VSO musicians will press on relentlessly with their goal of playing in every town, village, hamlet, city, and gore in this overwhelming rural state. (For those not privileged to live in the hinterlands of Vermont, a gore is an exceedingly small unincorporated community; Webster defines it as a "small usually triangular piece of land," with no mention of *people* at all.)

While the concept of a gore may be foreign to most people, one of Vermont's gores has attracted national attention through the "251" Project, Fox Butterfield, for example, announced in the New York *Times* that "at Buel's Gore, a hamlet of nine people on the western slope of the Green Mountains, near Starksboro, a lone bugler will play taps." At this writing, the "lone bugler" has not yet made his appearance. But one of Freddie Levin's many "friends" is eagerly awaiting word as to when the Buel Gore "concert" will occur. This concerned individual wants to make sure the bugler doesn't get lonely and has enough to eat. She has offered to help out in whatever way she can.

DRUGS AND THE DESTRUCTION OF YOUNG PEOPLE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. RANGEL. Mr. Speaker, one of the world's most charismatic and respected world leaders is His Holiness, Pope John Paul II. The New York Post of November 4, 1985, included an article entitled "Drugs and the Destruction of Young People—Selected Observations of Pope John Paul II." Former drug addicts, parents, educators, and police officers have all warned drug users repeatedly of the dangers of drug abuse. Here is what the Pope has to say on the subject:

Among today's tense threats against the young, and against society as a whole, drugs are placed first as a danger that is all the more insidious since it is less visible and not adequately evaluated according to the full extent of its gravity.

The Pontiff offers drug users hope when he says "drug addiction is not an irreversible disease." He stresses the positive contribution therapeutic communities can have in curtailing drug abuse. He tells us that:

Drug addiction cannot be cured by drugs. Some of you may be tempted to take flight from responsibility in the fantasy world of alcohol and drugs. Put yourselves on guard against the fraud of a world that wants to exploit or misdirect your energetic and powerful search for happiness and meaning.

Pope John Paul II warns us that:

Neither alarmism nor oversimplification serves to confront drug use. Rather, what is effective is an effort to know the individual and understand his interior world; to lead him to the discovery, rediscovery, of his own dignity as a person; to help him to review and nurture those personal resources that drugs have buried, by reactivating the mechanisms of the will and directing them toward certain and noble ideals.

Mr. Speaker, in January 1984, I was privileged to lead a delegation of the select committee to Hawaii, Hong Kong, Thailand, Burma, Pakistan, and Italy to study narcotics eradication and control efforts in these countries. On January 19, 1984, we were privileged to have a private audience at the Apostolic Palace in Vatican City, with His Holiness, Pope John Paul II. At that time the Pontiff remarked to us that:

Among those factors which menace the individual and impede the growth of a healthy social climate is the problem which brings you together in this assembly: Namely, the scourge of narcotics trafficking and drug abuse.

Pope John Paul II stressed the important role the family can play in curtailing drug abuse saying:

The Church's interest and pastoral concern both for the individuals whose lives are marked by devastating personal tragedies and for the societies which must come to grips with an increasingly dangerous phenomenon is focused on the crucial role that the family must play in the solution to the problem. As you try to make your fellow citizens more and more conscious of the dangers of drug abuse as you promote legislation on the national and international level, which seeks to draw up a comprehensive plan of deterrence against trafficking in narcotics, may you ever strive to meet the needs of the family, for it is a key element in establishing stable loving relationships and in offering to every person the support needed for a fulfilling life.

Mr. Speaker, I hope that some of the approximately 25 million people in America who use marijuana, the 8 million to 20 million people who use cocaine, and the approximately 500,000 people who are addicted to heroin will read this article, take hope from it, and rededicate their efforts to overcoming their individual drug dependencies. For the information of Members and the public I ask that the article entitled "Drugs and the Destruction of Young People—Selected Observations of Pope John Paul II" be included in the CONGRESSIONAL RECORD at this point.

The article follows:

[From the New York Post, Nov. 4, 1985]

DRUGS AND THE DESTRUCTION OF YOUNG PEOPLE—SELECTED OBSERVATIONS OF POPE JOHN PAUL II

EDITORS'S NOTE.—One of the most rampant and relentless destroyers of human life in modern society is drug addiction, especially among young people. What can be done to reverse the trend and restore the victims to a happy and meaningful life? Pope John Paul II offers some insights and encouragement, particularly to the young.

Among today's tense threats against the young, and against society as a whole, drugs are placed first as a danger that is all the more insidious since it is less visible and not yet adequately evaluated according to the full extent of its gravity.

What is most striking is the observation that despite the sight of the sad spectacles which drug addiction places before everyone's eyes in the daily news, the infection spreads rapidly, progressively extending its tentacles from the centers, from the richest and most industrialized nations, to the Third World. . .

On the basis of the experience that patients can be brought back again to a normal life, the positive nature of the response consists in the factual observation that drug addiction is not an irreversible disease. The increasing requests to enter therapeutic communities are proof of this.

The results already achieved constitute the experimental basis of hope for a complete victory which will cut to the very roots of the many causes of this evil.

This fundamental answer is backed by another consideration of no minor importance. Drug addiction cannot be cured by drugs.

Substitute drugs are not sufficient therapy, but rather a half-hidden way to give in to the phenomenon.

The way to bring about a return from the hallucinating world of narcotics is to have recourse to the personal commitment of the one concerned, his will to revive and his capacity to start again.

It is the common opinion of worthy observers that the holding power of drugs over the young mind lies in disappointment with life, fallen ideals and fear of the future.

Lacking a perspective of the great values, the human person, especially if he is still in the springtime of life, when he has no reason for living or for thinking constructively of the future, tries to run away from the present by taking refuge in substitutes or in nothingness.

The therapeutic community, by again proposing true values, provides the energy capable of helping one to live one's own life, striving joyfully to build or rebuild the person, of enabling him to face life and the uncertainties of the future. (Address at San Crispino Therapeutic Center, Viterbo, Italy, May 27, 1984.)

Keeping the objective, "the value of man," constantly in mind, the therapeutic communities, even in their diversity, have shown that they are an effective system.

In fact, they have proved themselves to be solid means producing solid results, if compared with the ever-impending grave difficulties.

Neither alarmism nor oversimplification serves to confront drug abuse. Rather, what is effective is an effort to know the individual and understand his interior world; to lead him to the discovery, or rediscovery, of his own dignity as a person; to help him to revive and nurture those personal resources that drugs have buried, by reactivating the mechanisms of the will and directing them toward certain and noble ideals. (*Address to participants in the Eighth World Congress of Therapeutic Communities, Sept. 7, 1984.*)

How many young people, succumbing to the fascination of deceptive mirages, give themselves up to the uncontrolled power of the instincts, or venture onto paths which seem full of promise but which in reality are lacking in genuinely human prospects!

I feel the need to repeat what I wrote in the Message which I dedicated precisely to you (the youth of the world) for the World Day of Peace:

Some of you may be tempted to take flight from responsibility in the fantasy worlds of alcohol and drugs. Put yourselves on guard against the fraud of a world that wants to exploit or misdirect your energetic and powerful search for happiness and meaning. (*Letter to the Youth of the World, March 31, 1985.*)

I have spoken of a new, essentially positive mentality. This should be deeply important. . . to all persons of good will who are truly sensitive to spirtual values.

To cultivate these values is the secret of removing soil from the weed of drug abuse.

As I said in a homily to the members of the Italian Solidarity Center, "man has an extreme need to know if it is worthwhile to be born, to live, to struggle, to suffer and die, if it is worthwhile to commit oneself to some ideal superior to material and contingent interests, if, in a word, there is a 'why' that justifies his earthly existence." (*Address to participants in the Eighth World Congress of Therapeutic Communities, Sept. 7, 1984.*)

(NOTE.—*In consultation with the Vatican Communications Office, the column was edited by the Rev. Joseph A. Vadino, former editor of the English-language edition of L'Osservatore Romano.*)

HARDBALL TACTICS BY FORD MOTOR CO. MUST BE STOPPED

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. STARK. Mr. Speaker, today I am introducing legislation to protect American workers from the hardball negotiating tactics of the Ford Motor Co. In an act bordering on blackmail, Ford has threatened the Reagan administration that it would turn two of its big classic American cars into imports if the Government does not grant a long-term reduction in Federal fuel economy standards. The belief is that if Ford does this, General Motors will follow suit.

Remember the days of, "what's good for General Motors is good for America?" Well, now Ford has told the American people that the size of its bottom line is more important to America than are jobs in the auto industry, jobs in the automotive parts industry, industrial competitiveness, energy conservation efforts and the responsibility of the Government to protect the long-term interests of the entire citizenry. And do you know what, Mr. Speaker? If we don't do something quickly, they just might get away with it.

They might get away with it because they're facing down the administration with a gun to the heads of possibly thousands of workers, saying, in effect, "if we can't dictate Federal fuel economy policy, we'll blow these guys right out of their jobs. Go ahead and make our day." They might get away with it because they have the administration on the defensive, caught between rhetoric and a weak bargaining position, unsure of what to do or where to turn. And they might get away with it because they just don't care about their people and won't lose a bit of sleep if they carry out what they're threatening.

My bill would amend the gas guzzler tax law so that any imports—those cars for which more than 25 percent of the value added comes from sources outside the United States and Canada—produced by or for American corporations, which exceed the total number produced by any of those corporations in the year ending November 1, 1985, and which would violate the gas guzzler restrictions, would be subject to an additional tax equal to the amount of the penalty they would have been subject to under the CAFE standards that they are trying to evade. My bill imposes no additional or outrageous penalties on these companies—it merely forces them to obey the laws that the Congress has set. Ford and GM think they have found a loophole in the CAFE standards and my bill would slam it shut.

Mr. Speaker, there was a long battle over the rollback of the CAFE standards from 27.5 miles per gallon to 26 miles per gallon that climaxed at the end of the summer with the administration granting a temporary rollback to 26 mile per gallon. I fought against that rollback because I thought it was contrary to the long-run interests of this country but I lost. Now, Ford has indicated that they're not satisfied with their success. They want to take more, a lot more. Let me briefly go over some of the issues in this case so I can demonstrate how bankrupt are the arguments of Ford.

According to the auto companies, forcing them to comply with the fuel economy standards would cost jobs in the industry. In the very short run, this might be true but in the longer run, failure to comply with the standards will cost more jobs. If American companies never learn to manufacture small cars, they will never be able to compete with foreign car makers. Will the lessons of history go forever unlearned? We do not have a pressing oil crunch now but oil is basically a nonrenewable energy source and at some point we will run out of it. In addition, there is no guarantee that the Governments of Saudi Arabia, Kuwait and Mexico will remain stable and friendly—remember Iran? If they do not, we could face drastically reduced fuel supplies, a half-empty strategic petroleum reserve and a lot of huge cars sucking down gas at an amazing rate.

Do we think that because oil prices have fallen that we're less dependent on foreign oil? In 1984, our oil imports rose for the first time since 1975. One-third of our demand for liquid petroleum is met by for-

eign imports, and that figure is projected to jump to 40 percent in the next 4 years. That's not energy independence. What would be our alternatives in an oil crisis? We could either cut back drastically on the amount that we drive or drive a lot more small cars. But if our auto producers never have to learn how to make small cars, we'll have to buy them from overseas. Either option would cost hundreds of thousands of jobs throughout our economy.

The second lame argument advanced is that these companies do not have the money to do the necessary reinvestment. How, then, did Chrysler, up to its neck in debt, manage? That company has a complete line of competitive cars and should reap the benefits of its courage and foresight for years to come. Ford and GM have made a lot of money recently—$13 billion over the past 2 years between them, in fact. What have they done with it all? Well, GM has been buying into the electronics, defense and financial services industries, and Ford has been buying financial institutions and is planning to get into the computer business. Maybe if these companies would concentrate on their own business, they could run their own businesses and make a larger car that gets decent mileage. We don't need Renaissance men in the boardrooms of Ford and GM, we need auto men.

In addition to those arguments, we must consider ones that haven't been raised—concern for the future and environmental protection, for example. Oil is not a renewable, income asset, it is a capital asset. As we deplete it, we need to find ways to replace it, just as businesses set aside depreciation funds to replace their machinery. Reckless overuse of this capital asset without regard for finding replacements will leave future generations immeasurably poorer. By taxing large cars, we are taxing excessive consumption of oil, and those revenues can help us seek the necessary replacements. Also, the concerted zeal with which we are mining the Earth of its fossil fuels is upsetting the ecological balance in some areas. Government should not be encouraging this behavior by allowing it to occur without regard for its true costs.

I believe the choice we face is clear. Will we allow ourselves to be bullied and blackmailed into accepting a hazardous, counterproductive strategy that is driven by an obsession with short-run profits and a lack of concern for other people and for our descendants? Or will we stand firm against this power play and stand by a policy that is right and fair? I believe that we should meet the hardball tactics practiced by Ford head on. If we break down here, there is no telling how far and for how long the fuel economy standards will be reduced.

EXPECTATIONS OF SUMMIT RESULTS MUST BE REALISTIC

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GUNDERSON. Mr. Speaker, as they sit at the negotiation table in Geneva this week, President Reagan and Soviet Secretary General Gorbachev are replaying a scene that has occurred from the earliest days of our country. Since the days of George Washington, American Presidents have directed American foreign policy, written to and talked with foreign leaders, received them in Washington, and visited them abroad.

But what can we expect from this week's summit?

Early in his first term, the President made it clear that he would look unfavorably upon a proposed summit unless there existed prospects for success in issues of substance and concern to the United States. Critics argued that agreements and proclamations were not imperative; that simply meeting with Gorbachev would be achievement enough. Then, as the summit approached, those same critics sang another song and placed enormous pressures upon the President to come home with an arms control agreement, resolution of regional conflicts, or substantive advances on the front of human rights.

Expectations have been raised to an unreasonable level. It is naive to think that 9 hours of discussion can solve United States-Soviet disagreements, and that Reagan will be able to solve the enormous differences and problems that exist between the United States and the Soviet Union. Agreements may come out of the summit, but let us not have false hopes. Let us return to the recognition that a degree of success is achieved by the meeting of Reagan and Gorbachev and the reaffirmation that discussion and dialog have a valuable role to play in United States-Soviet relations.

By arguing that we must not have unrealistic expectations regarding the summit, I do not mean to infer that the American people should not continue to assert their political will or communicate their hopes as they relate to our relations with the Soviets. Americans have made it clear that they want arms control. Our allies in NATO have communicated the same desire. But, we must be aware that Gorbachev has no similar constituency to answer to in the Soviet Union. Gorbachev recognizes the political pressure on Reagan, but Gorbachev has the advantage of not having to answer to a free press, an opposition party, or a public that can freely criticize its government. A summit yielding little imposes much less political cost on Gorbachev than it would on an American leader.

We must not lose our resolve to work for peace and security, but we must not fail to be patient in our quest for these ideals. Arms control involves highly technical talks, requiring months and sometimes years of preparation, negotiation, and patience—certainly not possible in a 2-day summit meeting. We should not assume that useful agreements come only from summits.

Though the stakes are high and the obstacles to success countless, we should all be supportive of President Reagan who has heeded the words of President Eisenhower who once said, "I will go anywhere, at any time, to meet with any government in the cause of peace."

PRAISING THE WAYS AND MEANS COMMITTEE WITH RESPECT TO THE TAXATION OF PROFESSIONAL SERVICE PROVIDERS

HON. JOSEPH J. DioGUARDI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. DIOGUARDI. Mr. Speaker, I rise to commend the House Ways and Means Committee for the judicious decision they reached concerning the taxation of professional service providers. This action was one that was needed by the American public.

Under the proposal sent to the Ways and Means Committee by the administration, professional service providers were to be taxed by the accrual method. Such a change in long standing and well considered Federal tax law would have created havoc in those sectors of the economy affected by the provision. It has always been the Federal Government's position that professional service providers should be taxed by the cash method because that more clearly reflects income. Nothing has changed that should provoke a reconsideration of that position. The contemplated change would have placed an unfair burden on that sector of the economy in an ill-considered effort to raise revenues. I am pleased that the Ways and Means Committee, in its collective wisdom, chose to retain the cash method.

I have worked extensively for 22 years with the Federal Tax Code. No one appreciates more the need for its reform. This change, however, fails the first test that any such change should be subjected to—fairness. If we in Government knowingly subject sectors of the economy to taxes that do not reflect income, are we reforming the Tax Code or just trying to raise funds? I think it is the latter.

In addition, I believe that this would be bad economic policy. The service sector is the fastest growing in our economy; we should not place barriers to its growth in the Tax Code.

Mr. Speaker, I rise to draw attention to the decision by the Ways and Means Committee because I have personally raised this issue with members of the committee and I would be remiss if I did not commend them for their wise decision, and I will oppose any tax reform legislation that does incor-

porate this change that is sent to us from a House-Senate conference.

SOVIET JEWRY AND THE GENEVA SUMMIT

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. FEIGHAN. Mr. Speaker, I know that many Members of the House have expressed their concern over the continued violation of human rights for Jews and other religious minorities in the Soviet Union, and I know that President Reagan has assured the Congress that he will bring the issue up during his meetings with Soviet Communist Party leader Gorbachev in Geneva. Yesterday, I had an opportunity to briefly comment on the plight of Soviet Jewry at a conference held by the Jewish Community Federation of Cleveland. I include my remarks at this point in the RECORD:

REMARKS OF CONGRESSMAN EDWARD F. FEIGHAN BEFORE THE JEWISH COMMUNITY FEDERATION OF CLEVELAND, NOVEMBER 18, 1985

We meet this morning in Cleveland, on the eve of the historic summit in Geneva, to speak for those who cannot speak—the Jews of the Soviet Union. Soviet Jewry represents 15 percent of world Jewry. It is the largest community of Jews in Europe and the third largest community of Jews on our planet. Yet, the Jews of the Soviet Union continue to live under a dark shadow that grows more bleak with each passing year.

Denied their right to maintain and sustain a Jewish cultural and religious identity, Soviet Jews live under the most intense pressure; they are subjugated to widespread officially endorsed anti-Semitic propaganda, including articles and programs that attack individual Jewish activists, denounce the Jewish roots of Zionism, denigrate Jewish history, and ignore the realities of the Holocaust. In the last year, the brutal campaign against teachers of Hebrew has demonstrated the desire of Soviet officials to eradicate Jewish tradition and consciousness from Soviet society.

Many of us know the extent of the brutality exercised against Jewish activists and the teachers of Hebrew. Yakov Levin of Odessa received three years for defaming the Soviet state. Yokov Mesh of Odessa, arrested for refusing to testify at the Levin trial, lies in grave condition as a result of the severity of his beatings. Yosef Berenshtein of Kiev, sentenced to four years for resisting arrest, has lost an eye after beatings in his prison.

These are but a handful of men whose faith and courage call out to us today for support and strength. Hundreds of thousands of Soviet Jews have taken the steps required by the bureaucracy to emigrate to the freedom of the West. Yet the Soviet Government would have us believe that all Jews who wanted to leave the Soviet Union have left. Last month in Paris, Soviet General Secretary Gorbachev went so far as to state that Jews in the Soviet Union have more political and social rights than in any other country on earth. The preposterousness of his remarks demanded a reply. Last week, over sixty of my colleagues in the House joined me in signing a letter to Mr. Gorbachev, clearly stating that his remarks "do nothing to help increase understanding between the Soviet Union and the United States."

This past summer, my wife and I had an opportunity to travel to the Soviet Union for a week. There we met in small kitchens and in crowded rooms with many refusenik families. No one who has had such an experience will easily forget it. These are men and women of enormous courage, and of even greater spirit. While the conditions they face are grim and bleak, they refuse to give up hope. Often denied the right to work, the right to live adequately, and the right to educate their children to the greatest extent possible, the Jewish refuseniks continue to maintain a faith in the possibility of future emigration and the realization of their cultural and religious heritage in the Soviet Union. Surely, we must match and exceed their determination, perseverance and deep faith.

As President Reagan meets with Secretary General Gorbachev in Geneva, we recognize that the question of arms control will be their primary topic. Yet, we also know that the ultimate success of any agreement on arms will depend on the trust and understanding that exists between our two people and our allies. The Soviets must beome aware that many in the United States and around the world remain deeply suspicious of their good faith, in part because of their continued brutalization of Jews, Christian activists, political dissidents and others who seek the human rights that the Soviet Union has in the past claimed to support. The Soviet Government has voluntarily signed the United Nation's Charter, the Universal Declaration on the Rights of Man, and the Helsinki Final Act—all of which require that they guarantee the free exercise of religion, the right of travel and the right of swift reunification of families.

Surely, our responsibility must be to continue to tell the Soviet Union that we expect them to live up to the agreements they sign. Surely, we must speak, boldly and consistently, for those who freedoms are abused and denied by the Soviet system. Surely, we must follow every path and walk each road that can someday result in a leasening of the burdens now being borne by the Jews of the Soviet Union.

Here today in Cleveland we are speaking of our concern for those who suffer so far away in the Soviet Union. In Switzerland this week, we urge President Reagan to insist on tangible progress in the area of Soviet human rights and Jewish emigration. We recognize that progress may take many months, and perhaps many years. But we must continue to speak out until the dark shadow that has fallen over Soviet Jewry has receded into the past. We must continue to voice our concern until Soviet Jews have a chance to walk out of the shadow and gather in the light of freedom. We must continue to understand the responsibility that falls on our shoulders as voices for hope for so many who long for religious freedom in the Soviet Union. In the words of the great teacher Hillel, "if not us, who? If not now, when?"

WHEN L.I.E. REALLY MEANS L.I. EXPORTWAY

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. McGRATH. Mr. Speaker, the subject of trade is one of growing importance to all Americans. As our deficits continue to increase, both the Government and business must do everything possible to expand exports.

Exports have been and continue to be important for the economy of Long Island. They mean significant jobs for the people within my congressional district and the people of the Nassau-Suffolk region. The importance of exports to the Long Island community has been captured in a recent New York Times piece by Robert R. McMillan, one of my constituents. I believe that the Members of this body will benefit from Mr. McMillan's views which follow:

[From the New York Times, Nov. 3, 1985]

WHEN "L.I.E." REALLY MEANS "L.I. EXPORTWAY"

(By Robert R. McMillan)

While there may be a loss of jobs in some areas of the country because of increased imports and the strength of the dollar overseas, that trend has not affected Long Island. The main reason is that Long Island exports are on the increase.

The latest figures show there are over 23,000 export-related manufacturing jobs in Nassau and Suffolk Counties. Translated into sales, exports of manufactured goods from Long Island are running in excess of $2.2 billion each year. These sales are represented by direct export sales as well as the sales of manufactured goods to other businesses in the United States that incorporate Long Island products into their own exports.

In addition, it is estimated that another 26,000 jobs exist on Long Island to support the sales of export-related manufacturers. These jobs are in transportation, communications and various support services.

Stated another way, Long Island has more export-related manufacturing jobs than 20 states, with over 13 percent of all manufacturing employment on the Island producing goods for export.

There is a tremendous potential for even greater export growth on Long Island. We are in a natural exporting position. Our proximity to both Kennedy International Airport and the Port of New York gives us advantages over most other areas of the country. The Long Island Expressway is, in reality, for jobs on Long Island, the "Long Island Exportway."

We all realize that the electronic equipment industry is one of the most competitive of our country's export businesses. American technology leads the world in electronics. Long Island's electronic industry is one of the centers of our nation's leadership. The electronic equipment industry on the Island alone exports over $1 billion in goods each year.

While our exports have generally increased over the last several years, there is no reason we cannot reach $4 billion in exports by 1990. The technical labor force is at hand. The geography is right.

But Long Island businesses should take a harder look at the potential for overseas trade and what it will mean to continued full employment on the Island. One excellent source of information about exports resides at the Long Island Association, with headquarters in Commack. The United States Department of Commerce has a representative in that office who can provide significant information. While the Commerce Department representative encourages visits to his office, he still makes "house calls" to Long Island businesses on request.

The Department of Commerce has overseas market research data. They can be helpful in identifying prospective customers for Long Island-produced goods. The department can also identify agents who might be interested in representing the sales of goods produced on Long Island.

Another important area of advice relates to trade shows and exhibits overseas. Full information and suggestions on how to participate in these shows is available. Finally, the Department of Commerce, through its publication Commerce News U.S.A., will even advertise new products to potential overseas customers.

After identifying which Long Island products are desired overseas, the next question is how to ship them. Most ocean or air freight forwarders are more than willing to participate by providing information on shipping costs. As a result, it is not necessary for a company just beginning to export to actually set up a costly export department. Freight forwarders can be an extension of your own company by handling the intricacies of the paperwork required to ship products overseas.

Export-related jobs on Long Island are certainly one of the reasons Long Island has a relatively low unemployment rate. With the new emphasis by the Reagan Administration and the Congress on developing fairer trade, I believe even greater opportunities for export business will develop.

REMEMBERING JOHN LEE LAIR

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. ROGERS. Mr. Speaker, one of the real pioneers in country and western music died last week.

John Lee Lair is not a name that many country fans of today may know. But this Kentucky farm boy helped lay the foundation for the growth and popularity of the music which millions of Americans enjoy today.

In my district, John is best known as the founder and organizer of the Renfro Valley Barn Dance. From the late 1930's through the 1950's, the barn dance was broadcast daily from Renfro Valley, helping establish many of the early stars of country music, and putting this small community permanently on the map.

Such country and western stars as Red Foley, Lily May Ledford Pennington and Homer & Jethro began their careers through the Renfro Valley Barn Dance, which lives on today with weekly shows from March through November.

But John Lee Lair also contributed much to Rockcastle County and to the Renfro Valley area. A large tourist industry has developed around the barns where the dances were held, and the area is a frequent stopping-point for tourists along Interstate 75.

John's family has indicated that the Renfro Valley Barn Dance will live on, despite John Lee Lair's passing. And Mr. Speaker, I can think of no better lasting tribute to this giant in the country music field than for that to take place.

I ask my colleagues to join me in sending condolences to John's family, and in honoring John Lee Lair for his many contributions to Kentucky, to his community, and to country music.

CONGRESSIONAL INTEREST IN MIA/POW ISSUE

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. APPLEGATE. Mr. Speaker, I would like to have included in the CONGRESSIONAL RECORD the following letter that I initiated and which 82 fellow Members of the House of Representatives signed asking that President Reagan bring up at the summit meeting in Geneva the matter of missing American servicemen and civilians following the war in Southeast Asia.

I would like to take this opportunity to thank the Members of the House who supported me in my efforts to keep this issue at the forefront of public discussion as we continue to work toward a resolution of the many unanswered questions that the families and relatives of our missing Americans continue to have after many years.

In addition, Mr. Speaker, I would like to extend my thanks to my colleagues—Representatives JIM LIGHTFOOT and JOHN EDWARD PORTER—who indicated their willingness to sign this letter but who were prevented from doing so due to the time deadline for sending the letter to the White House by last Friday morning. Following is the text of the letter to the President and the names of those Members who cosigned:

HOUSE OF REPRESENTATIVES,
Washington, DC, November 15, 1985.

Hon. RONALD REAGAN,
President of the United States, The White House, Washington, DC.

DEAR MR. PRESIDENT: We, the undersigned Members of the United States Congress, are calling upon you to bring up the matter of American servicemen and civilians who remain missing-in-action in Southeast Asia during your discussions with Secretary General Gorbachev next week in Geneva.

While we realize that there are many important issues that need to be covered during the summit meeting in Geneva, we feel that the considerable influence that the Soviet Union has with the government in Vietnam should be utilized in bringing forth the fullest possible accounting of our nearly 2,500 missing-in-action who remain throughout Indochina. While this is not the only course of action that can and should be pursued, it is, nonetheless, an important step in the right direction.

Mr. President, each of us realize the considerable interest and devotion that you and your administration have given to the matter of our American M.I.A.s/P.O.W.s who remain unaccounted for following the war in Southeast Asia. In view of the considerable influence that the Soviet Union has with the Government in Vietnam, we feel that the opportunity to present this issue during your talks with Mr. Gorbachev will do much to bring about answers for the families of our missing Americans—if the government in Hanoi is forced by the Soviet Union to assist us, with diligence, in this matter.

Mr. President, not only do we as a nation owe the families of our missing Americans a full accounting and explanation, but we also owe to the memories of these individuals, whether alive or not, the honor and respect that they fully deserve. We sincerely request that you remember our missing Americans during the course of your talks next week with Secretary General Gorbachev.

Sincerely,

Douglas Applegate, Bob Edgar, Robin Tallon, George Gekas, George (Buddy) Darden, Hank Brown, Ike Skelton, Joe Barton, Bob Traxler, Virginia Smith, Carl C. Perkins, Dave Martin, Pat Schroeder, Guy V. Molinari, Chris Smith, Tom Daschle, Mario Biaggi, Marilyn Lloyd, Sam Gejdenson, Mary Rose Oakar, Mike Synar, John G. Rowland, Robert A. Roe, Ben Gilman, Connie Mack, Lindy Boggs, Ken Gray, Daniel K. Akaka, Tony Coelho, Norman Y. Mineta, Julian C. Dixon, Estaban E. Torres, Don Pease, Robert T. Matsui, Dale E. Kildee, Bill Chappell, Richard Shelby, William J. Coyne, Lane Evans, Marcy Kaptur, Daniel Mica, Steny Hoyer, Jim Weaver, Alan Mollohan, Harold L. Volkmer, Lee Hamilton, John P. Murtha, Brian Donnelly, Paul E. Kanjorski, Bernard J. Dwyer, Henry Gonzalez, James L. Oberstar, Timothy J. Penny, Robert C. Smith, James Saxton, Bruce A. Morrison, Earl Hutto, Bill Richardson, Bill Hughes, Nick Rahall, Bob McEwen, Mo Udall, Gus Yatron, Herbert H. Bateman, Tom Luken, Chester Atkins, Eldon Rudd, Norman Lent, John R. Kasich, Bill Young, Ken Kramer, Henry J. Nowak, Raymond McGrath, Peter W. Rodino, Jr., Bill Hendon, Tony P. Hall, Austin J. Murphy, Matt Rinaldo, Charles Wilson, Duncan Hunter, Barbara Boxer, Sander Levin, Frank McCloskey, Jim Slattery.

PROBLEMS IN DEFENSE PROCUREMENT

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. DENNY SMITH. Mr. Speaker, I am pleased to insert for the RECORD a statement that my fellow cochairman of the military reform caucus, Congressman Mel Levine, gave before the President's Blue Ribbon Commission in Defense Management.

I believe my colleagues will find that his statement is a good analysis of the problems in defense procurement:

STATEMENT BY CONGRESSMAN MEL LEVINE. (D-CA) BEFORE THE PRESIDENT'S BLUE RIBBON COMMISSION ON DEFENSE MANAGEMENT, NOVEMBER 13, 1985

Chairman Packard and members of the President's Blue Ribbon Commission on Defense Management, I commend you for convening this session on Capitol Hill, and I thank you for giving me the opportunity to share with you my views on an important but difficult subject.

President Reagan, at the White House press conference announcing the formation of the Commission, said that few things are more important to him than the work that this Commission will do. His words are instructive:

"Waste and fraud by corporate contractors are more than a rip-off of the taxpayer—they're a blow to the security of our Nation. And this the American people cannot and should not tolerate."

Mr. Chairman, I share completely President Reagan's view of the significance of the task your Commission has undertaken. I especially share his concern over the seriousness of the abuses in defense contracting. In fact, he makes a point too often overlooked in discussions of Pentagon procurement practices: The harmful effect that these abuses have on our national security.

During my 3 years in Congress, I have witnessed a troublesome transformation in the perceptions of my constitutents. Initially, they were most concerned about the threat posed to our national security by the Soviet Union. This concern has now been replaced by what they perceive as an even greater threat to our national security—waste and inefficiency at the Pentagon.

I find this particularly disturbing. After all, our strength as a nation lies not only in the numbers of planes, ships, and tanks in the American arsenal but, more importantly, in the domestic support for decisions made by our military and civilian leadership which affect national security.

Unfortunately, as public awareness of waste and fraud in the military procurement system has increased, support for the military and for defense spending has plummeted. The public consensus which supported substantial increases in defense spending over the last 5 years has evaporated. It has done so as spare parts horror stories, reports of weapons that do not work properly, staggering cost overruns, and admissions by some of the largest defense contractors of illegal practices have appeared almost daily in the press. The seeming lack of concern by some Pentagon policymakers about these problems has further eroded public support for the military.

In this context, I see the goals of this Commission as twofold: First, to develop a series of proposals to deal with the problems which plague our defense procurement system; and, second, to help restore the public's confidence in the integrity of the procurement system and of the defense industry.

At a time when the budget deficit is of increasing concern to most Americans, and additional cuts in important domestic programs are being threatened, it is not surprising that the American people wonder how we can spend so much money on defense and receive what too may people perceive as questionable value in return.

Both the Grace Commission and former OMB Director David Stockman have estimated that $30 billion could be pared from the Defense budget without harming the effectiveness of the military. As Congress prepares to pass the Gramm-Rudman-Hollings amendment, which very well may result in sigificant reductions in the Defense budget, the need to find and eliminate that spending which is wasteful takes on even greater importance.

I have a personal perspective on this. My State receives more defense dollars than any other. I represent a district which is home to many large and small defense contractors. In fact, it has more than 60,000 defense workers—the second highest number in California, and one of the largest concentrations in this country.

Earlier this year I conducted a survey of my constituents on this subject. It showed that 92 percent viewed wasteful defense spending as a serious problem. In the same survey, 70 percent of the respondents supported freezing or reducing defense spending, with nearly 50 percent supporting an absolute reduction in defense spending.

If any congressional district should be strongly sympathetic to the defense industry it is mine. The fact that this sympathy has waned considerably in recent months is in my view quite significant.

Clearly, to win back the trust and support of the American people, it is vital to make fundamental reforms in the procurement system.

When I first came to Washington, I became involved in military issues primarily because of the importance of national security issues to my district and to our Nation. I, perhaps naively, expected that my interest in these issues would be positively received and welcomed.

But as I began to try and work with the Pentagon, I frankly ran into a stone wall of indifference and opposition. Routine requests for information were either ignored or responded to in an incomplete fashion. What little information I was given raised more questions than it answered. It was in an effort to represent more effectively the interests of my constituents that I became much more active in the reform caucus.

I have devoted a significant amount of my time to the caucus. It has provided me the opportunity to work with Democrats and Republicans whose unifying concern is to maintain and improve our military strength by mkaing the military as efficient as possible, focusing in part upon improving the way weapons are bought as well as upon their cost-effectiveness and reliability.

During my years of involvement with the caucus, its members have championed legislation to establish an independent Office of Testing and Evaluation [OTE], require warranties for new weapons, require competition in the development and production of new weapons, close the revolving door between the Defense Department and defense contractors, and require contractors to make information available on the efficiency of their operations—"should cost."

We believe that the combined effect of these amendments would help ensure a more efficient military and thereby enhance our national security.

All of these reforms have overwhelmingly passed Congress. Yet they have met with little enthusiasm at the Pentagon. In most cases DOD has actively worked to defeat or overturn them.

For example, the President delayed nominating a Director of OTE for over a year. Although both the Director and the Office are too new to make any final judgments, the recent experience with the Divad antiaircraft gun is encouraging evidence of the need, the potential, and the ability for the Office. It is also telling testimony to the need to greatly expand the use of operational testing before we buy a weapon.

Similarly, although the warranty law was initially met with great resistance by officials in the Pentagon, I am in general very pleased with its implementation. To my knowledge, only one waiver has been requested, and the law seems to be working as it was intended.

Since the remaining three reforms have not yet gone into effect, it is much too early to draw any conclusions about their effectiveness or the way in which they will be implemented by the Department of Defense.

Nevertheless, as the author of the amendment requiring increased competition, I have been very pleased to read of the increased interest on the part of the armed services in expanding the number of weapons procured competitively. I was particularly pleased to read the recent comments of the Secretary of the Navy which indicated that he plans to make competition the rule, rather than the exception, for his service.

The strength of our economy, and our free enterprise system, testifies to the significant benefits of the competitive marketplace. Competition has resulted in technological innovation and price competition in every sector of the consumer and civilian economy.

Increased competition in weapons procurement will also result in a number of benefits:

It will provide weapons manufacturers with incentives to hold down costs;

It will expand and maintain our industrial base;

It will provide the Secretary of Defense with increased options in awarding contracts;

It will improve the quality of weapons we are buying;

And, perhaps most importantly, it will improve the procurement process with a minimum of regulation and congressional involvement.

This last point is one which is extremely important. I have never believed that it should be Congress' place to micromanage the Pentagon budget. If the military reform movement is successful, it will facilitate a process whereby those at the Pentagon can do their job with a minimum of congressional interference. I would be the first to stipulate that micromanagement by Congress has added to the problems at the Pentagon.

The Defense budget has been seen by some Members as the ultimate jobs bill, and some have not been willing to implement cuts which would affect their districts. In addition, as a result of ever-shifting attitudes in Congress over "how much is enough," we stretch out programs or we refuse to make multiyear commitments for production of weapons where it would be appropriate.

But when evident problems exist in an area as vital to us all as national security, it would be unrealistic and inappropriate to assume that Congress should look the other way.

I view Congress' role with the Defense Department as similar to that of a board of directors. We should feel confident that the managers at DOD will make the correct decisions, just as the board of directors at any company delegates the day-to-day decisions

of running that company to its salaried employees.

Yet, just as a member of a board of directors is responsible to a corporation's shareholders, I am responsible to my constituents. Until both my constituents and I are satisfied that the system works at the Pentagon, I feel compelled to be much more actively involved than I would prefer.

Mr. Chairman, what we are talking about perhaps more than anything else is attitude, or will, within the Pentagon. It is intangible, but essential.

Our caucus should be understood as a bipartisan effort to work cooperative with the Pentagon to seek the reforms we have outlined and which will help make our defenses more efficient and cost-effective. These initiatives, Mr. Chairman, should be welcomed at the Pentagon, not resisted.

Finally, Mr. Chairman, and perhaps most importantly, is the treatment of those inside the Pentagon who are responsible for procurement reform. One need only look at the cases of Col. Jim Burton or George Spanton to see how the Pentagon has mistreated those who try and do their jobs too well.

I know neither of these men personally. But many of us are familiar with their reputations as effective, dedicated professionals.

Twice I and other Members have been forced to intervene on Colonel Burton's behalf to ensure that he will be able to complete the important tests he has begun on the Bradley fighting vehicle. George Spanton has yet to receive the thanks he deserves from the Pentagon for his important work.

Rather than make these men outcasts, the Pentagon should hold them up as examples of men who do a job well. Colonel Burton should play a major role in the office of the Director of OTE. George Spanton should teach a class for program managers on how to find and deal with unauthorized expenditures.

Instead Colonel Burton is told to go to the American equivalent of Siberia or else to get out of the military, and efforts are made to remove illegally George Spanton from his position. It is tragedy that we waste human resources like Burton and Spanton and do not use them to their fullest potential.

If some might argue with this perception, let me assure you that it is the perception of citizens at the grassroots. My constituents do not understand why the Pentagon has not more aggressively demanded greater competition, lower prices, and the finest workmanship. The Pentagon's penalizing of cost-cutters and whistleblowers strongly reinforces the view that DOD has no interest in ending waste and abuse.

Neither I nor the military reform caucus claim to have all the answers. However, we do believe that the waste and abuse found in the Pentagon's procurement practices must and can be eliminated. Unfortunately, we also believe that the prevailing attitude at the Pentagon has too often been resistance, rather than assistance, in dealing with this problem. We see our reforms as legitimate responses to a situation that has clearly gotten out of control. We are aware of the possibility of the overcorrection as a result of past abuses, but in these instances we agree with the Washington Post, which stated on October 31 with regard to these reforms, "They deserve to be tried."

Thank you for your time, Mr. Chairman and members of the Commission. I look forward to your recommendations and hope that the caucus can be of some assistance in your efforts to tackle the vexing issue of military reform.

MARY McLEOD BETHUNE—CARRYING ON THE GOOD WORK

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. CHAPPELL. Mr. Speaker, in the November 18 issue of the Washington Post appears a column by Dorothy Gilliam detailing the life and accomplishments of Mary McLeod Bethune. While this article speaks with eloquence of her many political accomplishments, I would like to embellish a bit on her efforts in the field of education.

Bethune-Cookman College, which Mrs. Bethune founded in Daytona Beach, is located in my district and has for many years admirably served the needs of an ever-increasing and aware student body. As a testament to her belief in education, Mrs. Bethune wrote the following in her now famous and often quoted last will and testament:

I leave you a thirst for education. Knowledge is the prime need of the hour. We are making greater use of the privileges inherent in living in a Democracy. If we continue in this trend, we will be able to rear increasing numbers of strong, purposeful men and women, equipped with vision, mental clarity, health and education.

It is in this spirit that I have sponsored H.R. 1715, a bill to honor this fine American through the establishment of the Mary McLeod Bethune Memorial Fine Arts Center at Bethune-Cookman College.

Mr. Speaker, I ask that the Dorothy Gilliam column be printed in the RECORD, and I urge my colleagues to read it and consider joining the 62 Members already cosponsoring H.R. 1715.

[From the Washington Post, Nov. 18, 1985]

CARRYING ON THE GOOD WORK

(By Dorothy Gilliam)

A half-century ago, when Mary McLeod Bethune came up with the idea of organizing all of the nation's black women's organizations under one umbrella as a way to gain power to deal with their economic and political problems, it was a stroke of sheer genius.

Bethune was a former South Carolina cotton picker who founded a school on a garbage dump. The school grew into a college and Bethune advised United States Presidents. Powerful and charismatic, she was also shrewd and practical.

Bethune knew that unifying independent organizations under a single umbrella would be a tough job.

But she pressed ahead and founded the National Council of Negro Women. During 14 years as president, she made the council a major advocate for black women.

Last week in Washington, the council celebrated its 50th anniversary. On that occasion, Dorothy I. Height, the woman who moved the organization closer to realizing Bethune's dream, began her 29th year as its head.

Says historian Bettye Collier-Thomas: "Dorothy Height implemented [Bethune's] concept . . . vastly expanding the organization's administrative and fiscal base and developing an extensive and impressive array of programs."

With 30 organizations beneath its umbrella and claiming an outreach to 4 million members, the council has developed major programs throughout the United States and in Africa, focusing on youth, employment, civil rights and development.

Besides establishing a black women's archives, the organization spearheaded erection of a Bethune statue here in Lincoln Park, the first memorial to a black American in the nation's capital.

Whereas Bethune's tenure was during the depths of the Depression, Height's leadership encompassed the civil rights movement and its aftermath when issues of social justice pointed a clear direction for an energetic warrior.

Moreover, the council's current focus on such problems as teen-age pregnancy is a realistic recognition that blacks must battle internal forces that threaten their progress.

Further, most black women's groups belong to the council and carry out their own impressive national programs as well.

Just last week, for example, The Links Inc., a 39-year-old black women's public service organization, opened a new national headquarters building at 1200 Massachusetts Ave. NW.

In addition, the group recently made a $1 million gift to the United Negro College Fund.

According to Links President Dolly D. Adams, these achievements are steps in fulfilling a broader mission of providing support services for numerous local and national programs.

The progress of The Links is also an important development for the council concept, for the success of Bethune's idea depends on member groups' maintaining their individual power and integrity even as they work together.

But the question people are asking today is, how successfully has Bethune's original idea of an "organization of organizations"—wielding real power and affecting economic, political and social change—been implemented?

The answer is that while the council has achieved many of its original aims and racked up impressive achievements against the odds, in a larger sense the challenge of achieving real power remains.

Building on faith, dreams and determination, women such as Bethune and Height have made significant contributions to black women and the nation.

Today's black women face such enormous problems as the devastating gap between the haves and have-nots and the feminization of poverty.

So another question being raised is, how will the next generation advance black women's progress after the era of the 73-year-old Height ends?

Many younger women attended last week's anniversary celebrations. Some have taken their places in the organization's higher echelons of leadership, but there are far too few.

If Bethune's dream of power for black women through unity is to continue to live, this organization must move with more vigor to attract this generation's young women.

ALZHEIMER'S DISEASE

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. LEHMAN of Florida. Mr. Speaker, while I was in our north Miami Beach office I had an opportunity to talk once again with my constituent, Mr. Jacob Slove, about Alzheimer's disease. Mr. Slove has shown a long-term commitment toward increasing public understanding and awareness about this disease.

Mr. Slove has devoted countless hours and energy to researching this issue and has been instrumental in briefing me on the status of the current research and the need for congressional action.

I wanted to share some of his findings, which are the basis for this Community Reporter article, with my colleagues. The article follows:

TREATING TRAGEDY WITH COMPASSION: THE NEED FOR A FEDERAL RESPONSE TO ALZHEIMER'S DISEASE

The frustrated man, husband of a victim of Alzheimer's disease, voiced the concerns of thousands of people all over the country in recent testimony before the House Select Committee on Aging. "I find it strange that if my wife had a disease from which she could recover, or was ill with something like cancer . . . she could be helped financially," he said. "But, we are told that with this disease there is nothing. Unfortunately, in most cases this is all too true.

Alzheimer's disease is a progressive, degenerative brain disease has been barely discussed outside of medical circles until recently. However, it is an extremely serious problem in our country—the fourth leading cause of death along the elderly—and it merits our close attention and prompt action. Alzheimer's has no known cause, and it strikes every ethnic and socio-economic group. Symptoms include a decline in memory, learning, attention and judgement; disorientation in time and space; word-finding and communication problems; and changes in personality. It cuts the life expectancies of its victims in half, devastates their families financially and emotionally, and accounts for more than half the admissions to nursing homes in this country. There is no cure. In the words of a leading researcher, "All diseases are depersonalizing to some extent. But you are still human. You can still respond to pain, anger and hunger." Alzheimer's steals its victims' humanity. It robs them of their ability to think."

The cost of caring for Alzheimer's victims is estimated at $17,000 to $50,000 a year. The vast majority of that cost is borne by family members. Public and private resources available to assist individuals afflicted with other diseases are not available to Alzheimer's patients and their families. Federal coverage under Medicare is minimal. Only Medicaid, of all public programs, provides significant assistance, but only in cases in which the family is impoverished and nursing home beds are available.

I have cosponsored legislation to attack these problems on several fronts:

H.R. 67 would set up demonstration projects to determine the feasibility of providing for alternative benefits under Medicare for individuals diagnosed as suffering from Alzheimer's disease, similar to the manner in which hospice care was made available under Medicare;

H.R. 66 would establish a national network of support groups for the victims of Alzheimer's disease and their families to provide the educational, emotional and practical support that is often needed in such cases;

H.R. 524 would establish 20 regional centers for the treatment of Alzheimer's disease and related disorders, including diagnosis, evaluation and counseling of patients and family as well as teaching and training professionals in this area; and

H.R. 2280 which would, among other things, expand research into the causes and treatment of the disease.

November has been designated National Alzheimer's Disease Month in an effort to increase public awareness of this tragic disease. It is my hope that Congress will face this problem head-on in the coming months. Despite the budget crunch, compassion is still an essential part of good government.

IN PRAISE OF VERNE ORR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. LAGOMARSINO. Mr. Speaker, I take this opportunity to highly commend for a "job well done" and wish only the best to U.S. Air Force Secretary, the Honorable Verne Orr, who is retiring at the end of this month.

Secretary Orr, or just simply "Verne" to his friends, has done a fantastic job in overseeing a U.S. Air Force that not only has been changing with the times, but that has in fact been on the forefront of promoting and incorporating such changes. The dramatic and important technological progress within our Armed Forces, especially the Air Force, can largely be attributed to Verne's personal attention and his keen interest and insight into the best way to insure the Air Force remains a superior fighting force throughout the remainder of the 1980's and beyond.

Secretary Orr has performed a great service to this mighty Nation: he has dedicated his time and experience to the security and protection of America and our ideals of peace and freedom. He truly deserves our highest respects for his invaluable and tireless efforts on behalf of each and every American. It can surely be said that without Verne Orr, America would not be as safe and as secure as we are today.

Mr. Speaker, some Americans take their many freedoms for granted; they have come to expect that these cherished gifts will be there for them without stopping to think of how it is that such gifts are maintained and nurtured. We remain a free people, dedicated to removing the bonds that have at times throughout history been used to enslave the human spirit, not because God selected us to be "the chosen few," but instead because we fought for our freedom and every day struggle to preserve it. It is the fine work of the men and women of the U.S armed services, led by great Americans like Verne Orr, which allows the rest of us to enjoy these wondrous freedoms.

Americans will never forget the contribution to peace and freedom made by Verne Orr. He has been a tireless and dedicated servant of the people in his leadership and direction of the U.S. Air Force. We will all miss Verne Orr.

Thank you for your service, Verne. Thank you for your leadership and your dedication. Thank you for your insightful knowledge of America's defense and the ways to improve it. Hats off to you!

THE 10 PILLARS OF SOUND MONEY AND CREDIT—PART 2

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. DANNEMEYER. Mr. Speaker, last Wednesday, November 13, I commenced a discourse on sound money, as postulated by Prof. Antal Fekete of Memorial University, Saint John's, Newfoundland. He offered a first installment by summarizing the first 5 of the 10 pillars of sound money and credit. Herewith, then, are the remainder:

THE 10 PILLARS OF SOUND MONEY AND CREDIT (PART 2)

(By Antal E. Fekete)

"The Third Pillar of Economic Wisdom: The only valuable money that the government has to spend is that money taxed or borrowed out of the earnings of the people. When the government decides to spend more than it has thus received, that extra unearned money is created out of thin air, through the banking system and, when spent, takes on value only by reducing the value of all money, savings, and insurance." (How We Live, by Fred G. Clark & Richard S. Rimanoczy.)

We have stated the ten pillars of sound money and credit as follows:

1. The principle of the gold standard.
2. The principle of free coinage.
3. The principle of redeemability.
4. The principle of monetary policy.
5. The principle of fiscal policy.
6. The principle of no privileges without responsibilities.
7. The principle of liquidity.
8. The principle of matching maturities.
9. The principle of marginal productivity of debt.
10. The principle of marginal productivity of labor and capital.

The first five principles concern money and the government. In paraphrasing them we have seen that it is not proper for the government to use its powers to create money for itself. A government is expected to obtain currency for its functions by taxation or by borrowing from its own or other people. If the government, to meet its expenses, resorts to an expansion of paper money and deposits, as is the case in the United States today, instead of using its appropriate powers of taxing and borrowing from the savings of the people, then an undesirable state of affairs arises. The new currency, into which government debt has been converted by the Federal Reserve

System, bears no proper relation to the production and exchange of goods and services in the country. The credit does not arise out of actual or anticipated production invited by consumer demand, which will liquidate it at the time of the ultimate sale of goods to the cashpaying consumer. Instead, it reflects actual or anticipated expenditures by the government in excess of receipts derived by a transfer of currency by the people to their government in response to its taxation and borrowing of savings. Currency created in this manner constitutes a new and additional demand for goods and services. This demand arises from sources other than the production of goods and services and, therefore, it is not matched by a supply of goods and services in existence. As a result, prices tend to differ from what would otherwise be their proper barter relationships. They tend to rise. Proper economic relationships are disturbed by this outside and arbitrary force. The purchasing power of the people's currency tends to decline. The value of the savings of the people tends to be impaired. By the use of such power, a government can command the wealth of a people and easily become their master. The authority to manufacture such purchasing power can become unlimited, as it has in the United States since the gold reserve requirements for the Federal Reserve notes were abolished by the Congress in 1968; and in the exercise of such authority lies the power of a government to ruin a people.

We shall now turn to the last five principles which concern credit and the banking system. In paraphrasing these principles we must remember that our present regime of irredeemable currency gives special privileges to the banking system in that the Federal Reserve banks are allowed to issue bills of credit without assuming the corresponding responsibility of meeting the obligation upon maturity. To condone such a flagrant violation of the principles of equity, natural justice, and good government, is to invite trouble.

6. Principle of no privileges without responsibilities. Banks should enjoy no exemption from the provisions of contract law which allow the creditors to sue for liquidation in case of breach of contract. Banks earn their way in the world by substituting their own credit, which is well-known and well-respected, for the credit of their customers which is less well-known or respected. The acid test of the quality of bank credit is that the bank pays its liabilities at maturity without fail. If a bank cannot meet this test, it should be allowed to fail and be liquidated. Potection of poorly managed banks by the use of public resources is indefensible.

7. Principle of liquidity. The sight liabilities of the commercial banks, called deposits, must be balanced by self-liquidating assets of the highest possible quality. The only type of earning asset that qualifies as self-liquidating is the commercial bill, drawn on actual goods on the way from the producer to the market, goods which are going to be sold to the cash-paying consumer in 90 days or less. Bonds, mortgages, stocks, treasury bills, or commercial bills drawn on goods stored up for speculation, have no proper place in the asset portfolio of a commerical bank.

8. Principle of matching maturities. This principle could also be called the prohibition against borrowing short while lending long. It applies to investment banks and savings and loan associations whose liabilities must be matched, dollar for dollar, by assets maturing no later than the maturity date of the corresponding liability.

9. Principle of marginal productivity of debt. The total debt in the country is not there for its own sake, but must be subordinate to the growth of wealth. The total debt promotes the total welfare only if it materially contributes to the growth of the national income. If ever greater increases of the debt result in ever smaller increases of the national income or, worse yet, they result in a net decrease, as they do today in the United States, then the new debt has no economic justification. It should not have been incurred. The danger signal should be sent out, to make the public aware of a potentially dangerous situation. Voluntary debt liquidation should be encouraged.

10. Principle of marginal productivity of labor and capital. The labor force and the capital part of a country has a certain rate of productivity. If the rate of interest exceeds that rate, as it does today in the United States, then unemployment will inevitably result. Conversely, if the rate of interest stays below that rate, then the country is utilizing its marginal labor and capital resources, and general prosperity is prevalent.

It is not true, as Marxians and Keynesians maintain, that "unemployment is a congenital disease of mature capitalism". If money and credit is sound, then the rate of interest is low, and unemployment or idle capital resources are nonexistent. The main cause of unemployment today is the exorbitant rate of interest, exceeding by far the rate of productivity of labor and capital, and forcing labor to compete with the "productivity" of government bonds. The capitalist is buying government bonds, thereby avoiding the risks inherent in owning capital goods, and the agony inherent in hiring labor. But as soon as money and credit is made sound once again, interest rates will fall below the productivity of labor and capital in the country with a corresponding rise in bond prices. The capitalist is then tempted to take profits by selling his government bonds, and to invest his resources in productive enterprise instead. Job creation through government spending, financed by the sale of government securities to the Federal Reserve banks, is an illusion; an illusion no less dangerous than the belief of medieval doctors in the curative powers of bloodletting.

EXPORT OF ALASKAN OIL MAKES NO SENSE

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. WOLPE. Mr. Speaker, I would like to recommend the following article to my colleagues in the House. Exporting Alaskan oil makes no sense today, just as it has made no sense for the past 10 years. In the Export Administration Act, recently reauthorized by Congress, we affirmed our staunch commitment to the domestic use of Alaskan oil—protecting American economic and national security interests. The most recent administration proposal to export up to 6,000 barrels a day of Cook Inlet oil from Alaska is a clear attempt to circumvent the demonstrated will of Congress. Furthermore, it is sheer fallacy and wishful thinking to suggest that exporting this oil will improve the U.S. balance-of-trade. Any oil we export will be matched by the importation of a equal quantity of foreign oil at the same, or higher prices. In addition, any positive impact that oil exports could have vis-a-vis our trade balance with Japan is nothing more than a dangerous smoke screen that masks the fundamental problems underlying our trade inequities with Japan. Such an illusion of progress could actually undermine our efforts to reduce Japanese barriers to American manufactured and agricultural goods. The Foreign Affairs Committee, of which I am a member, will be holding a hearing on the proposed export tomorrow, and I urge my colleagues to join me in a reaffirmation of congressional interest and concern.

[From the Journal of Commerce, Oct. 30, 1985]

NOT WORTH THE TROUBLE

For years many economists and politicians have looked north when searching for a solution to the giant U.S. trade deficit with Japan. Alaskan oil, they say is the key to reducing this deficit, which may reach $50 billion in 1985.

However, Monday, President Reagan gave the go-ahead for the State of Alaska to begin selling its royalty oil from Cook Inlet to Japan. But this oil comes to only 6,000 barrels a day; a drop in the bucket when you consider the Japanese import 3.7 million barrels a day.

If U.S. oil sales to the Japanese are going to make a dent on the deficit, proponents of exporting the oil say much more is needed—what is needed, they say, is exports from the vast holdings of the North Slope. This is a trickier proposition because the Trans-Alaska Pipeline Act of 1973 prevents such a sale. The law was written at the time of the Arab oil embargo when supply was tight, but the oil market is flooded and those in favor of export sales say "with the Japanese looking to diversify their source of oil supply why not sell?"

At the suggestion of Rep. Don Young, R-Alaska, House minority leader Robert Michel, R-Ill., has now included a provision in his trade package that would eliminate these barriers and legalize the exportation of North Slope oil. But before this bill goes into committee and before it can be brought to the floor for a vote, a number of serious questions must be answered.

First, how much would the sale of North Slope oil to Japan really reduce the trade deficit? Currently, about 1.8 million barrels a day are being extracted from the North Slope. About half of this is shipped from Valdez to the West Coast, where it is refined. The other half is shipped through either the Panama Canal or the trans-Panama pipeline and brought to the Gulf Coast for refining.

Of these 1.8 million barrels a day, about 800,000 would be exported, congressional sources say. Japanese officials refuse to speculate on how much of this total they would import but industry analysts put the maximum figure at about 200,000 to 300,000 barrels a day. Oil sales of this magnitude would reduce the Japan-U.S. trade deficit by $2 billion to $3 billion a year, which looks pretty small next to a $50 billion deficit.

Sure, every little bit helps, but in this case the United States would need to import oil to replace the oil exported to Japan. This

may not be such a bad idea if we were to buy from say, Mexico. Low transportation costs make Mexican oil attractive and anything that boosts the Mexican economy is a good idea. But the Mexicans are wisely trying to diversify their markets and may be reluctant to make such a large increase in exports to the United States. Another option is OPEC, but OPEC is responsible for the trans-Alaska Pipeline Act in the first place and any further reliance on the cartel is risky at best.

Further export of North Slope oil would not attack the real reasons behind the U.S. trade deficit (which reached $123 billion in 1984), the overvalued dollar, high labor costs, questionable management strategy, lagging productivity in basic industries, and some questionable practices by Japan.

The export of North Slope oil would, however, result in a loss of business for the U.S. maritime industry. Under the Jones Act, 100 percent of all cargo shipped between domestic U.S. ports must move on U.S.-flag carriers. Revenue from Alaskan oil cargo has been a boon to struggling U.S. shipping interests and has meant thousands of jobs for U.S. seamen.

If the oil were exported to Japan, at least some—and maybe most—of these jobs would be lost. Officials say Japanese oil companies would use U.S. bottoms to move the oil if the price were competitive. But due to higher safety standards and higher labor costs—among other things—U.S.-flag carriers are not price competitive with foreign carriers.

According to Rep. Young's office, the House Republicans' bill would include a rider stipulating that at least some of the oil would have to move on U.S. carriers. In addition, the bill says that for the privilege of buying U.S. oil the Japanese must make "substantial concessions regarding imports of agriculture products, wood products (and) processed petroleum products." Needless to say, the Japanese believe these issues should be addressed separately.

So we have legislation that: would not reduce the total U.S. trade deficit; that would hurt the U.S. maritime industry; that U.S. oil companies say would have only marginal impact on profits; that may antagonize Japan and/or Panama and that might make the United States even more dependent on OPEC oil.

Sounds like more trouble than it's worth.

EVERY DAY IS THANKSGIVING FOR DADDY BRUCE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mrs. SCHROEDER. Mr. Speaker, I want to share with my colleagues a People Magazine profile on Denver's most famous, most beloved philanthropist, Daddy Bruce.

Every Thanksgiving, Daddy Bruce puts on a turkey dinner for tens of thousands of needy Denverites. "It makes me feel good to help somebody," is Daddy Bruce's motto.

DENVER GIVES THANKS FOR DADDY BRUCE, WHO HANDS OUT 50,000 FREE DINNERS ON TURKEY DAY

It's a day seemingly like most days at Daddy Bruce's Bar-B-Q, a ramshackle restaurant plunked down in one of Denver's shabbier neighborhoods. The ribs are smoking in the four-foot pit and the lunchtime crowd is pouring in, led through a succession of rooms by the husky smell of the house barbecue sauce. But today is different at Daddy Bruce's, a little hectic, and as Thanksgiving approaches each day promises to be more so. Daddy Bruce is off somewhere trying to figure out how to cook the deer meat the Colorado Division of Wildlife will soon be sending him. There are already, 1,700 pounds of donated potatoes sitting out back, a mere drop in the bucket—another trailer-truckload is expected. Two tons of ribs are coming, not to mention three tons of turkey.

Turkey? in a rib joint? That's right, turkey—we're talking turkey about the spirit of Thanksgiving feast and clothing fair put on each year by the 85-year-old Daddy Bruce. Some 50,000 people partook of his free fare last year. Even more are expected this time around, many of them hungry and homeless, some not. Last year half a dozen lines snaked around the block, as the humble and well-heeled alike made their way to the tables set up in the street, loaded their plates with turkey parts, ribs and fixing, then sat down to eat.

The labors of some 2,500 volunteers, aroused by the rib man's enthusiasm, oil the festive process. The volunteers sort thousands of items of clothing and, the Wednesday before Thanksgiving, pile them on tables in front of Daddy Bruce's—first come, first served. On the Big Day they package hundreds of dinners and send them to shut-ins, gratis, by way of a fleet of cabs and delivery trucks.

In the middle of last year's repast, radio and TV crews announced over the airwaves that they'd run out of desserts, and the response was amazing. Within the hour trucks showed up from nowhere bearing cakes and pies. Daddy Bruce himself looked on with warm and unmixed feelings about what he'd wrought 23 years ago this Thanksgiving, when he took a truckful of ribs to a nearby park and simply started feeding the hungry. "I've seen a whole lot of raggedy days myself," he says, chuckling.

Daddy Bruce Randolph grew up in Pine Bluff, Ark., where, after his parents separated, he was passed around among relatives. As a teenager he picked cotton and worked in a bauxite mine. He recalls buying, when he was in his early 20s, his first hog for $5, butchering it and barbecuing it with a special sauce concocted by his grandmother, a freed slave. He promptly opened a ribs stand, married and fathered Bruce Jr. (who now runs a Daddy's in Boulder). After his wife died, he moved to Pampa, Texas and for 25 years ran a successful restaurant, liquor store, dance hall, and cab company.

Then, he says, his world fell apart. He married again—and the subsequent divorce cost him plenty. At 59, and living in Denver, he says, "I couldn't afford a pack of cigarettes." Daddy Bruce mopped floors for a time, then one day he became inspired. He drew a picture of a barbecue pit and took it to a bank in nearby Englewood. After checking his history in Pampa, the bank lent him $1,000 and the rest is local history.

These days spending time with Daddy Bruce in Denver is like spending time with royalty. He walks into Denver's Dept. of Public Works, where they are painting signs—the city is renaming the street outside his restaurant in his honor—and a city worker jumps up to meet him. "Just wanted to shake your hand," says another worker about the forthcoming Bruce Randolph Avenue. "You deserve this, sir." Lately the honors and awards have been coming to the restauranteur in a torrent (Representative Patricia Schroeder just nominated him for the Presidential Medal of Freedom). Yet Daddy Bruce is not, at least in financial terms, a rich man. He lives as he has for years, in a scuffy set of rooms above his restaurant.

He believes he is on God's errand and gives the bulk of his money away. The Thanksgiving supper is just one of his blowouts. He also entertains friends en masse at Easter, Christmas and on his birthday. "I'm just one of His servants," he explains. "I try to do His will, not my will." Then he adds, unconvincingly, "If I did my will, I'd mess up a lot."

IN RECOGNITION OF THE 50TH ANNIVERSARY OF THE SCHICK SHADEL HOSPITAL SYSTEM

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. LAGOMARSINO. Mr. Speaker, alcoholism is a disease which affects men and women in every social and economic walk of life, and is our Nation's third most critical disease. In 1935, Charles Shadel, seeking a solution to what he saw as a physiological problem, opened the Shadel Hospital in Seattle, WA, and utilized a medical treatment for alcoholism. In 1964, Patrick J. Frawley, Jr., chairman of the Schick Safety Razor Co. was successfully treated for alcohol addiction at the Shadel Hospital. Believing that the medical treatment he received should be available to more people suffering from alcoholism, Patrick J. Frawley initiated the purchase of the Shadel Hospital and renamed it the Schick Shadel Hospital. He invested $6 million in further research and later opened hospitals in California and Texas. The Schick Shadel Hospital system has directly helped over 40,000 men and women suffering from alcoholism and indirectly affected the lives of many thousands of family members, friends, and employers. Individuals and organizations are joining together to recognize and honor Schick Shadel Hospital on its 50th anniversary—a half century of dedication to and leadership in the treatment of alcoholism. I would like to acknowledge Schick Shadel Hospital as a valuable asset to the productivity of our Nation and the contribution this hospital has made to restoring persons with alcoholism to whole health and well-being. I offer my congratulations to Schick Shadel Hospital.

BROAD COALITION SUPPORTS STRONG SUPERFUND BILL

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. EDGAR. Mr. Speaker, the health and environmental hazards posed by toxic wastes have widespread ramifications for

all segments of our society. Virtually no community in America is safe from these hidden poisons and rural towns are now realizing that toxic wastes are threatening their drinking water, soil, and air to the same degree as their urban counterparts.

The broad-based nature of America's concerns over this important public health issue was reflected in a recent letter we received from an unusual coalition of public interest organizations representing literally millions of our constituents. The letter calls for decisive action by the Congress to enact strong and effective Superfund reauthorization legislation.

Of the two versions of Superfund legislation (H.R. 2817) recently reported by the primary authorizing committees, this unusual coalition supports the version adopted by the Public Works Committee. This bill much more closely resembles the legislation the House approved overwhelmingly—323 to 33—last year than the bill reported this past summer by the Energy and Commerce Committee.

I urge my colleagues to keep the coalition's views in mind as we continue to consider how to revitalize this important environmental—and public health—program.

SUPERFUND CAMPAIGN,
November 14, 1985.

DEAR REPRESENTATIVE: The undersigned organizations urge you to support the provisions of the Public Works Committee Superfund reauthorization bill, H.R. 2817. This bipartisan bill, passed unanimously by the Public Works Committee, is substantially stronger than the version of H.R. 2817 passed by the Energy and Commerce Committee. The Public Works Superfund bill contains the minimum necessary provisions which will enable the House to pass a bill at least as strong as last year's reauthorization package. It also addresses new concerns raised by the recent toxic releases in Bhopal, India, and Institute, West Virginia.

Some of the essential provisions adopted by the Public Works Committee, but lacking in the Energy and Commerce Committee vehicle, include:

Enforceable mandatory schedules.—The Public Works bill places the Environmental Protection Agency on a reasonable schedule of beginning 150 cleanups per year. The Energy and Commerce Committee vehicle provides EPA with a schedule of 600 starts, but requires only that these commence a full year after the law expires.

Mandatory cleanup standards.—The Public Works bill requires EPA to use Clean Water Act water quality criteria as a standard for cleanup. The Energy and Commerce bill does not require their use and provides EPA with broad-based waivers under which the Agency can avoid meeting the standards set by other environmental laws. In addition, the Public Works Committee bill improves upon the Energy and Commerce Committee bill by prohibiting EPA from sending wastes to a RCRA (Resource Conservation and Recovery Act) site which is leaking into groundwater or surface water.

Citizen suits.—The Public Works bill gives citizens the right to sue in federal court to stop toxic releases from waste sites that pose imminent and substantial endangerments to their health. The Judiciary Committee also adopted a similar provision. The Energy and Commerce Committee bill does not give citizens this right.

Liability cap for leaking underground storage tanks (LUST).—The Public Works bill distinguishes between operator and owner liability for LUST contamination, replacing an Energy and Commerce committee provision which placed a $3 million cap on liability for petroleum from LUST regardless of the size or assets of the responsible party.

Hazardous substances inventory.—The Public Works Committee took the first step toward the development of a system where EPA must identify and gather information on releases on hazardous chemicals.

When the Public Works Superfund bill reaches the House floor, we urge you to support passage and resist any weakening amendments. In addition, our organizations support amendments to strengthen the Public Works vehicle with provisions such as a federal cause of action and a more complete hazardous substances inventory.

It is crucial that Members regard the Public Works vehicle as a base from which to build in order to provide the strongest possible protection to the public health and environment, not a ceiling for House action. As this critical piece of legislation moves toward consideration by the full House, we look forward to working with you to pass a Superfund bill comparable in strength to the bill passed overwhelmingly by the House last year.

Sincerely,

Laurie Rogovin, American Association of University Women; Julia A. Holmes, League of Women Voters; Gene Kimmelman, Consumer Federation of America; Alden Meyer, League of Conservation Voters; Victor W. Sidel, M.D., American Public Health Association; Martha Broad, Natural Resources Defense Council; Jeff Tryens, Conference on Alternative State and Local Policies; Linda Golodman, National Consumers League.

Chris Cowop, Division of Church and Society National Council of Churches; Erik Jansson, National Network to Prevent Birth Defects; Janet Hathaway, Congress Watch; David Zwick, Clean Water Action Project; Helen Burstin, American Medical Student Association; Mike Gemmel, Association of Schools of Public Health; Michael Jacobson, Center for Science in the Public Interest; Leslie Dach, National Audubon Society.

Geoff Webb, Friends of the Earth; Kenneth Melley, National Education Association; Rodney Leonard, Community Nutrition Institute; Blaise Lupo, Clergy and Laity Concerned; Raymond Nathan, American Ethnical Union; Dan Becker, Environmental Action; Blake Early, Sierra Club; Rick Hind, U.S. Public Interest Research Group.

Norman Soloman, Fellowshop of Reconciliation; Kathleen Tucker, Health and Energy Institute; Anthony Guarisco, International Alliance of Atomic Veterans; Allen Spalt, Rural Advancement Fund; Jim Lintver, United Church of Christ, Office of Church in Society; Luther E. Tyson, General Board of Church and Society, United Methodist Church.

Jack Sheehan, United Steelworkers of America, AFL-CIO; Jay Feldman, National Coalition Against the Misuse of Pesticides; Charles Lee, United Church of Christ, Commission for Racial Justice; William J. Price, World Peacemakers; George Coling, Rural Coalition; Sally Timmel, Church Women United.

QUOTATIONS FROM CHAIRMAN JONAS SAVIMBI—II

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. SOLARZ. Mr. Speaker, last week our colleague Representative HOWARD WOLPE gave us the benefit of some quotations from Dr. Jonas Savimbi, leader of the UNITA insurgency in Angola which is supported by South Africa. These citations punctured the myth abroad in some quarters that Dr. Savimbi is a democrat and a capitalist who opposes the Socialist MPLA Government of Angola.

Today I would like to present some quotations from Dr. Savimbi and his colleagues on UNITA's foreign relations which I hope will provide food for thought to those who think of UNITA as a "pro-Western" group.

SAVIMBI AND UNITA ON FOREIGN POLICY

"No progressive action is possible with men who serve American interests . . . the notorious agents of imperialism"—Jonas Savimbi, outlining his reasons for breaking with Holden Roberto's FNLA in 1964, published in *Remarques* Congolaises et Africaines (Brussels, Vol. 6, No. 21 (25 November 1964), pp. 489-93.

"UNITA is aware that the struggle against U.S.-led imperialism in Angola is a vital key to the heart of the entire Southern Africa problem"—Jorge Sangumba, UNITA Secretary for External Affairs, Open Letter to Organization of Solidarity of the Peoples of Africa, Asia, and Latin America, *Tricontinental*, 6 April 1970.

"If I am getting support from the U.S., it doesn't mean I support the U.S. I will get support where I can get it. Chinese support for UNITA doesn't mean I am pro-Chinese. Now people say I'm pro-South Africa. Guns don't drop from the skies. I have to get them where I can."—Jonas Savimbi, quoted in Steve Mufson, "Angolan Rebel Leader Courts U.S. Aid," *The Wall Street Journal*, December 17, 1981.

"You know that I had many contacts with the Cubans—especially with Che Guevara—and we had a good deal of sympathy for the Cuban revolution. And they know this, because our relations with Cuba were no secret, they were official. Except that the Cubans' entry into Angola created a very traumatic aspect as regards how we used to view Fidel Castro. He is a very intelligent politician. On the issue of Angola, I would like to believe that he will use his intelligence to realize that intransigence does not serve Cuba's purpose in the future."—Jonas Savimbi, interviewed by Joaquim Vieira in *Expresso* (Lisbon, Portugal), September 8, 1984.

"There are two countries with which UNITA has never had relations and does not intend to have them: Israel (because of our Arab friends) and Taiwan (owing to our relations with the PRC)."—Jonas Savimbi, interviewed by Joaquim Vieira in *Expresso* (Lisbon, Portugal), September 8, 1984.

"The South Africans were in Angola on our side, we are not ashamed they were sent

in."—Jonas Savimbi, quoted in Bernard D. Nossiter, "Angola Rebel Leader Says His Forces Are Beating the Cubans", *New York Times*, November 8, 1979.

"(Question:) Do you mean that UNITA is opposed to the existence of an anti-apartheid movement in South Africa?"

"Savimbi: No. Let them continue, but they will achieve nothing. I believe that Pretoria is taking steps which, if they are fully understood by African strategists, could open up a solution for South Africa's blacks. There is another way".—Jonas Savimbi, interviewed by Joaquim Vieira in *Expresso* (Lisbon, Portugal), September 8, 1984.

SOVIET SCIENTISTS TO PRESIDENT REAGAN

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. WEBER. Mr. Speaker, the following letter was sent to President Ronald Reagan on the eve of the Geneva summit, by 12 former Soviet scientists who urged the President to not make any concessions on the Strategic Defense Initiative [SDI] Program.

These scientists have lived and worked under the Soviet system. They know the capabilities and the goals of the Soviet Union.

The support of the SDI Program from people who view this system as the "greatest hope for a stable and enduring world peace" makes it imperative that we stand firm in our commitment to the SDI Program.

AN OPEN LETTER TO RONALD REAGAN ON THE SUMMIT FROM FORMER SOVIET SCIENTISTS

DEAR PRESIDENT REAGAN: On the eve of the Geneva Summit, we feel the need to tell you of something of great concern to us. We admire you as a man of great integrity, insight, and good will. But, we are concerned about the growing pressures on you to make vital concessions to the Soviet Union on the Strategic Defense Initiative in order to achieve an agreement providing the short-lived illusion of peace—concessions that would endanger America's security and the long run prospects for continued world peace.

We believe that your quest for strategic defenses combined with mutual reductions in offensive nuclear weapons offers the American and the Russian people, and all the peoples of the world, the greatest hope for a stable and enduring world peace in our lifetimes.

When we were scientists in the Soviet Union, we belonged to a privileged part of the Soviet society. We had the opportunity to observe the Soviet ruling elite, its way of looking at the world and its view of the Soviet-American rivalry in particular, and to learn of many of its programs and intentions.

We can say unequivocally that the Soviet party elite honestly believes no genuine coexistence between socialism and capitalism is possible. Despite all the talk about peaceful coexistence and detente, the Soviet ruling elite is convinced that one of the two superpowers is destined to dominate the other and makes every effort to ensure that it will be the Soviet Union.

Consequently, the structure of Soviet society is designed to best contribute to the ultimate worldwide victory of the Soviet communist system. We know that the Soviet leadership spends enormous resources, in fact, all it can, to surpass the United States in the military field because it believes overwhelming military superiority will be a decisive factor in the victory of communism.

We have witnessed that not only the best scientific research and technology is channeled into the military spheres, but in fact, all the finest achievements of Soviet economics, culture, and even sports are automatically requisitioned for the "defense of the Motherland"—a euphemism for the promotion of the final victory of communism. Only then, the ruling Party elite thinks, will its power be finally secured.

From our own experience and understanding we want to tell you, even though Soviet leader Gorbachev may deny it, that:

1. The Soviet scientific community and government leaders believe that effective strategic defenses are techncially possible and doable;

2. The Soviet Union has been intensely working on its own version of the Strategic Defense Initiative since the 1960s, and puts much more of its efforts and resources into its "Star Wars" program than does the U.S.

3. Development and deployment of Soviet strategic defense is intended as a part of the Soviet Union's global offensive strategy against the non-Communist World, which seeks coercion to usher in the final historical era of world-wide communism and "peace" maintained by Soviet military power.

4. The Soviet Communist leaders can be expected to continue working on their "Star Wars" system, either overtly or covertly and with high priority, no matter what they say or what they sign, or what the U.S. does.

5. Soviet Communist morality and the history of Soviet behavior teaches us that the Soviet leaders do not consider it immoral to cheat or deceive their "mortal enemies"—and, unfortunately, Mr. President, they consider the U.S. their Number One Enemy. Therefore they will break any international agreements the moment it serves their interest to do so, as they have done many times before. As a result, everything in agreements must be strictly verifiable.

As former Soviet citizens we love the country of our birth as much as we love the country of our choice. We want for all the millions of our former countrymen a future of peace and eventually, freedom. The Strategic Defense Shield will, we believe, help achieve these goals by discouraging the Soviet leaders from using nuclear backmail to gain their ends, and instead encourage them to turn inward and begin addressing the needs of the Russian and other peoples subjugated by them.

As scientists, we strongly advocate TRUE coexistence and understanding among nations as the only ultimate guarantee of a secure future for humankind. But for that to occur, the Soviet leadership will first have to establish a genuine coexistence with Soviet intellectuals and scientists, renounce its mission of spreading communism throughout the world, and open Soviet society to non-communist ideas and influences. Only such steps can produce confidence that the Soviet elite's supposedly peaceful intentions are authentic.

Finally, you can take critically important steps to preserve world peace at Geneva if you:

1. do not hurry to reach an agreement for agreement's sake;

2. do not yield on development of the Strategic Defense Peace Shield;

3. do not give the Kremlin leadership a veto on the Peace Shield's deployment;

4. constantly remain aware of the messianic character of the true nature, aims, and motivations of the Soviet leaders with whom you will be negotiating; and

5. do hold fast to your commitment to liberating the world from being held hostage to the threat of nuclear holocaust.

Sincerely,

Dr. Joseph Goldman, Department of Physics, American University; Dr. Alexander Kastalsky, Electronics, N.J.; Dr. Vladimir Kresin, Physics, Lawrence Berkeley Lab; Dmitry Mikheyev, Physics, Virginia; Dr. Artem Kulakov, Physics, Stanford; Dr. Semyon Friedman, Chemical Engineering, Johns Hopkins; Dr. Alex Borsh, Materials Science, Palo Alto, California; Yuri Tuvim, Mechanical Engineering, Boston; Dr. Serge Luryi, Physics, New Jersey; Dr. Athraim Suhir, Mechanical Engineering, N.J.; Dr. Igor Levin, Computer Science, Washington, D.C.; Dr. Vladimir Ozernoy, Cybernetics Engineering, California State-Hayward.

REAGAN-GORBACHEV SUMMIT—HUMAN RIGHTS ISSUE

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. SMITH of New Jersey. Mr. Speaker, as President Reagan and General Secretary Gorbachev begin their formal meetings today in Geneva, it represents the first time in 6 years an American President has met with the leader of the Soviet Union. Such meetings provide each a valuable opportunity to assess the other's character, resolve, and commitment to addressing bilateral issues like arms control and human rights.

While we should not expect miracles of the Reagan-Gorbachev summit, we can hope and anticipate that certain issues will be discussed in a forthright manner. As a member of the House Foreign Affairs Committee and Commissioner on the Helsinki Commission on Security and Cooperation in Europe, I am particularly concerned that human rights violations receive top billing at the summit.

We cannot force the Soviet Union to respect basic human rights principles in their treatment of their citizenry, or in their international conduct. We do, however, have a right to expect the Soviet Union to live up to its international agreements and yet, as members of the Helsinki Commission, we have witnessed and heard testimony about the brutal repression of basic freedoms in the Soviet Union again and again.

Less than 1,000 Jews were permitted to emigrate to the West last year and yet hundreds of thousands seek permission to leave. Of these, Mr. Speaker, many are the targets of official harassment and arbitrary arrest. While some are exiled to places like Siberia, others are sentenced to long terms in labor camps or prison or psychiatric

hospitals where the treatment is especially inhumane.

During my visit to the Soviet Union in 1982, I had the opportunity to meet with a Jewish dissident and teacher, Yuli Kosharovsky, who has suffered imprisonment, beatings and job loss because of his culture and faith. Since that time I have pressed for Kosharovsky's freedom and for the emigration rights of Soviet Jews. In fact, in this Congress I introduced legislation, House Resolution 74, which calls upon the Soviet Union to cease its unconscionable persecution of Hebrew teachers and Jewish cultural activities in that country.

Persecution often awaits other Soviet citizens who speak out in defense of freedom of religion, free unions, or academic and cultural freedom. Nobel Peace Prize winner Andrei Sakharov is perhaps the best known of such dissidents. As we all know, Sakharov lives in forced isolation in the town of Gorky because of his willingness to speak out against the Soviet invasion of neighboring Afghanistan. Dissidents like Sakharov who have no voice in their own country rely on the West to make their case for freedom for them.

These are several reasons why I have joined my colleagues in urging the President to raise the issue of human rights abuses at the summit.

In this regard, Mr. Speaker, I have been joined by scores of school children from the Grace Norton Rogers School in my district who each wrote a letter to the President expressing their concern for the plight of one whose life has embodied the willingness to protect our fellow man from death and destruction. These children requested that President Reagan remind Mr. Gorbachev that the American people have not forgotten Raoul Wallenberg and the role he played in saving the lives of thousands.

Mr. Speaker, whether this summit blazes a path for a breakthrough in United States-Soviet relations or merely lays the groundwork for another step in ongoing bilateral negotiations, I believe the dialog between our two leaders will be helpful to our relations. Mr. Speaker, I am hopeful that raising the issue of human rights will assist those striving to emigrate from the U.S.S.R. and be joined with their families, and those who are witnessing the abuse of their human rights firsthand.

DR. MILFORD BARNES RECEIVES AWARD

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. KANJORSKI. Mr. Speaker, it is my great pleasure to draw your attention to Dr. Milford E. Barnes, Jr., who recently received the "Award for Outstanding Commitment to Children," bestowed annually by the children's Service Center of Wilkes-Barre, PA, to an individual who has advocated the rights of children and demonstrated leadership on their behalf.

Having devoted his considerable talent and energy to the care of children throughout his life, Dr. Barnes is exceptionally qualified to receive this award. The son of a medical missionary who served as court physician to the King of Siam, Dr. Barnes followed his father's footsteps in the medical profession. After receiving his medical degree from the University of Iowa, he served as a captain in the medical corps during World War II before returning to the United States as assistant chief of neuropsychiatric service for the Crile General Hospital in Cleveland, OH. He completed his psychiatric residency at the Iowa State Psychopathic Hospital in 1948 and moved to Wilkes-Barre, PA, to train for 2 years under the late Dr. J. Franklin Robinson at the Children's Service Center of Wyoming Valley, Inc. He continued his prestigious career in child psychiatry as a consultant, professor, practitioner and medical director in the Midwest before returning to Wilkes-Barre in 1967 to serve as director of the Children's Service Center.

Dr. Barnes has devoted his life to helping emotionally disturbed children become healthy, productive members of society. His traditional family values and old-fashioned love of children have led him to search for innovative ways of assisting children of all ages. Dr. Barnes developed a "parent counselor program," which provides community-based residential psychiatric treatment in a family environment for emotionally distrubed children and adolescents. This program has become a model for community residential treatment programs throughout Pennsylvania.

Dr. Barnes has traveled all over the world, and we in the Wyoming Valley are fortunate that he has chosen our area to serve. His professional skill and warm compassion make him a doctor widely loved and respected in his community. Mr. Speaker, I am proud to share with my colleagues in the House of Representatives that deeds of this unique individual.

TRIUMPH OR MISTAKE? THE GRAMM-RUDMAN BILL

HON. ROBIN TALLON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. TALLON. Mr. Speaker, did you miss anything in October while the Nation was watching the World Series?

Not many people know it, but the U.S. Congress is on the verge of passing the most important legislation in decades. Ho-hum, you might say. But this bill will affect your life and not necessarily for the better.

The bill is called Gramm-Rudman after its primary Senate sponsors. For a month now, it has been moving through Congress with the power and speed of a freight train. When it hits the American economy, the impact will be felt by everyone.

What is Gramm-Rudman? The bill requires the President and Congress to balance the Nation's budget within 5 years, by 1991. To accomplish this, it requires us to reduce the current annual budget deficit by one-fifth each year until the budget is balanced.

The mechanism is this: Congress can still have its own spending priorities, as long as it does not exceed the deficit target for the year. If Congress exceeds the target by more than 5 percent, then the President is authorized to make enough cuts to reach the target. There are some limits on Presidential discretion, but so far, the Social Security Program is the only major program that is certain to be safe from any cuts. Virtually everything else is threatened.

Sounds about as simple and popular as a recipe for ice cream, doesn't it?

Gramm-Rudman is popular. It swept the Senate by a vote of 75–24, a whopping 3–1 margin. It has been endorsed in principle by the House of Representatives.

Some of this popularity is forced. The President is requiring Congress to complete consideration of the measure by December 14. He has threatened the Nation with economic default unless Congress completes action on the bill. He has already disinvested Social Security trust fund assets for the first time in our Nation's history to prove that he is serious.

But the real reason for the bill's popularity is the fact that it does the one thing which Congress has not had the guts to do: reduce the deficit. This is the fundamental reason the bill has advanced so far. The bill has backbone and, unfortunately, Congress does not.

Then what's the problem? Why not welcome the bill with open arms? After all, I'm a fiscally conservative Democrat who has voted for virtually every deficit reduction measure in my 3 years in Congress. The problem is that even its sponsor admits that it's a bad bill. Senator RUDMAN himself said, "It's a bad idea whose time has come." This, the most popular bill in modern times, is about to become terribly unpopular.

Why is this prince of a bill about to turn into a frog? There are several reasons.

First, Congress is creating an artificial mechanism to do what Congressmen and Senators were elected to do. We are abdicating our responsibility as elected officials. We should have the courage to develop a balanced fiscal and monetary policy.

Second, since Congress is unlikely to be able to meet the declining deficit targets for each year, the automatic mechanism is likely to be invoked. This mechanism is crude at best, and frighteningly arbitrary at worst. Some of our most deserving South Carolinians will have their programs slashed, and many who don't need Government help will be left unharmed. The automatic mechanism is a solution that is satisfactory to no one.

Let me give you an example. Regardless of your feelings about our massive defense buildup in the last few years, defense spending will probably be cut in a clumsy, even dangerous, fashion. Most weapons systems will be preserved intact, while our personnel and readiness will be drastically

cut. Gramm-Rudman may well mean that we will be less able to fight and win a war.

One analogy to Gramm-Rudman is a crazy diet. We are angry at being too fat and decide to stop eating as much. So far, so good. But to punish ourselves when we eat dessert, we decide that our next meal will be dog food.

Third, the inflexibility of Gramm-Rudman could mean that a future recession would be longer and deeper than it should be. The only legitimate place that deficits have in our economy is when they are used as a tool of our fiscal policy. We often need a stimulus when the economy is in a downturn.

Finally, the real irony of Gramm-Rudman lies in our own hearts. Many of the critics of Federal deficits today do not realize how dependent, and, in some cases, addicted, they are to Federal help. But when these programs are cut, we will all realize it. To be honest, a few programs won't really be missed. But others are vital. As a nation, we must begin the painful task of deciding which ones really are worthwhile, and then paying for them.

Unless the courts strike Gramm-Rudman down for being unconstitutional, or unless the White House turns on its own offspring and tries to kill or repeal it, every question that a South Carolinian asks of the Federal Government for the next 5 years will be answered with two words: Gramm-Rudman. This is a sad answer, but in view of Congress' and the President's failure to solve the deficit problem, it seems to be the only possible answer.

Some have claimed that Gramm-Rudman is tantamount to repealing the New Deal and Great Society. This claim is probably exaggerated. The values behind those programs remain, but much of their bureaucracy will probably not. The main consolation will be that it is better to take our medicine now than later, when our deficit problem would have been that much worse.

Today, you may not have heard of Gramm-Rudman. Tomorrow, you may wish you never had.

JCS REFORM

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. BENNETT. Mr. Speaker, let me briefly state what I think needs to be done to make sure that the proposed JCS reform bill helps instead of hurts. To further this end, I propose to submit four amendments to the bill and to oppose the existing committee amendment, as follows.

First to help our men in combat, I propose to amend the bill to point the JCS toward the appointment of a single commander for every major fighting task. Together with this, the JCS must recommend a clear and undivided chain of command with the fewest possible levels.

Second, to further help our fighting men, I am submitting an amendment to keep the JCS staff from mushrooming by reinstating the 400-officer limit, that is current law.

My third amendment improves the military advice to the President and the Secretary of Defense and strengthens the vital principle of civilian control, by requiring the individual chiefs to forward separate and independent views on each issue in final dispute before the JCS.

Fourth, I am proposing to amend the bill to allow the President to decide when he needs the Chairman present at National Security Council meetings rather than forcing him on the President as the current bill does.

Last, to avoid yet another large procurement bureaucracy in the Pentagon—and one with no responsibility at all for the outcome of their procurement advice—I am urging the House to join me in opposing the present committee amendment requiring the JCS to submit a detailed budget and five year program every year.

OPERATION CARE AND SHARE

HON. JOSEPH J. DioGUARDI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. DIOGUARDI. Mr. Speaker, Monday, November 25, marks the national start of Operation Care and Share. This month is dedicated to the caring Americans who will volunteer to collect and distribute food to the needy. Not only does Operation Care and Share represent local groups and organizations, but it is also represented nationally by the White House Office of Private Sector Initiatives.

Over the years, Americans have shown great caring spirit to help those in need, especially during the holiday season. President Reagan has supported such endeavors and previously has had the Federal Government donate surplus food for distribution. Aiding those in need without help from the Government is a unique American characteristic that reflects the true caring and compassionate spirit that built this country.

One of these food distribution programs will take place in Westchester County, NY. The citizens of Westchester value life and are doing their part to help those who are less fortunate. As winter approaches, those needy families and individuals who find that it is hard to make ends meet will have someone to turn to this year.

This Monday the people of Westchester County will kick off their cares and shares program in White Plains. They have setup the ecuminical food pantry at St. Matthew's Church as the distribution center.

I would like to commend the chairperson, Elaine Ostrowski, who is spearheading this effort in White Plains. I have confidence that she will make this program a success and show that the families and individuals of Westchester are willing to help those who seek assistance. Thank you Mr. Speaker.

TRIBUTE TO EDWIN R. FISHER

HON. ROBERT J. MRAZEK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. MRAZEK. Mr. Speaker, I rise today to pay tribute to one of Long Island's outstanding citizens. Edwin R. Fisher is widely known in Suffolk County because of his unceasing and dedicated involvement in the area of vetearns' affairs. It is my privilege to bring some of Ed's accomplishments to the attention of my colleagues in the U.S. Congress.

Over the years, Ed has taken an active role in guaranteeing that the men and women who have served in our Armed Forces will continue to be honored by their country. During times of peace it is all too easy to overlook the enormous sacrifices that our veterans have made in service to the ideals we cherish as a nation. Ed's good works have helped to ensure that the word "veteran" remains synonynous with "honor."

Ed's service to his community has been long and varied. Going back as far as 1946 Ed has played a leadership role within the American Legion, as well as having served on numerous committees. From post commander to county commander, Ed's influence has made an important difference in a wide variety of the Legion's projects. I think it's important to also note that many of these activities reach far beyond what we consider traditional vetrans' issues.

Significant, too, is Ed's ability to work equally well with town, county, State, and Federal officials alike. As an appointee to a New York State committee responsible for recommending possible sites for a veterans nursing home, he helped bridge the distance between Washington, DC and Long Island, and thus, has brought the project closer to reality. As with so much else Ed has been involved with, the welfare of others remains his primary concern.

That spirit of giving, so typical of our Nation's vetrans in general, is clearly embodied in this man. Ed Fisher has contributed much to help make Long Island a better place to live. For this, he deserves our gratitude. It is my science hope that Ed will continue his outstanding service to the community for many more years.

Mr. Speaker, I join with the family and friends of Ed Fisher in paying tribute to this fine citizen.

A TRIBUTE TO BROTHER COURTNEY WILSON

HON. BART GORDON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GORDON. Mr. Speaker, I rise to pay tribute to Brother Courtney Wilson, beloved pastor of the First Baptist Church in Hendersonville, TN. On Sunday, November

24, I will be joining many of Brother Wilson's friends, colleagues, and parishioners in a celebration of Brother Wilson's retirement as pastor.

Born in Paducah, KY, Brother Wilson was ordained in 1946 and served his student pastorate at the Immanuel Baptist Church in his hometown. In 1953, he became pastor of the Woodbine Baptist Church, and in 1958, became pastor of the First Baptist Church. With Brother Wilson's guidance and leadership, the congregation of the First Baptist Church has grown from 125 to 3,500 members today. Throughout his ministry, Brother Wilson has served as a source of strength to his parishioners. He has never been too busy to lend a helping hand. In addition, his church is recognized throughout Tennessee for its innovative community programs.

Brother Wilson's leadership extends well beyond the walls of the First Baptist Church, and his contributions to his community are well known. As a result of his efforts, he has received the Sertoma Service to Mankind Award, presented by the Sertoma Club, as well as the Service Above Self Award from the Rotary Club of Hendersonville.

In addition to his pastoral and community responsibilities, Brother Wilson also found time to serve as chaplain of the Tennessee House of Representatives and president of the Tennessee Baptist Convention.

Throughout his ministry, Brother Wilson's wife, Betty Roberts, has always been by his side playing an active role in church and community projects. They are the proud parents of Jerald, Sylvia, Phillip, and Laurie.

Mr. Speaker, it is a privilege to pay tribute to such a fine Tennessean as Brother Wilson.

SOUTH COLUMBIA LITTLE LEAGUE WINS STATE CHAMPIONSHIP

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. KANJORSKI. Mr. Speaker, it is with pride and pleasure that I bring to your attention the accomplishments of the junior division all-star team of the South Columbia Little League of Columbia County, PA.

This year the junior division all-star team took the district 13 title, the section 3 title, the Pennsylvania State title, and went on to win third place in the eastern regional Little League competition. These boys had a stellar season, distinguished not only by their fine baseball skills, buy also by their team spirit and good sportsmanship. Little League is an opportunity for young people to develop personal character as well as athletic ability, and the junior division all-star team of South Columbia exemplifies the best spirit of the organization.

I would like to take this opportunity to congratulate the team manager, Tom Bucher; the coaches, Tim Fedder, Russ Dunkleburger, and Jim Dunkleburger; and the members of the team: Denny Hashagen, Dave Yost, Kirk Seesholtz, Chad Rarig, Brian Kishbaugh, Eric Wagner, Jeff McKinnon, Joe Finn, Steve Drumheller, Doug Bower, Sean Rowe, Brady Taylor, Steve Belles, and Dave Stoker.

Mr. Speaker, I am sure that my colleagues in the House of Representatives will join me in applauding the efforts of the South Columbia junior division all-star team and Little League players across the country who are devoted to excellence.

RABBI HILLEL COHN: HADASSAH'S HONOREE OF THE YEAR

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. LEWIS of California. Mr. Speaker, I rise today to pay tribute to a longtime friend, Rabbi Hillel Cohn of San Bernardino County, a truly remarkable man whose humanitarianism has caused him to be named by the Arrowhead Chapter of Hadassah as its Honoree of the Year for 1985.

This is truly a deserved honor, for Rabbi Cohn has always been ready to lend a helping hand, and provide whatever assistance was needed to help continue the worthy work performed by Hadassah. To honor his distinct involvement and contributions, a major piece of medical equipment will be donated to Hadassah Hospital in his name.

Rabbi Cohn has labored for over 22 years on behalf of the entire San Bernardino community, as well as those he serves as spiritual leader. His years of dedicated service as a rabbi, educator, and administrator, on both the local and national levels, have indeed earned him the respect and admiration of all who know him.

I have, thus far, spoken of Hillel Cohn in his professional capacity as a rabbi. For a moment, however, let me also express my personal feelings and great admiration for Hillel Cohn—my friend. He has, over the years, always been ready to give me truthful answers to difficult questions. To see him bestowed this great honor by an organization whose only reason for being is to help others, regardless of religious affiliation, is indeed appropriate. I am proud, Mr. Speaker, to be among the many who rejoice in seeing his contributions recognized in such a fitting manner.

CRISIS OF THE FAMILY FARM FACES NATION THIS THANKSGIVING

HON. ROBERT LINDSAY THOMAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. THOMAS of Georgia. Mr. Speaker, next week is the time when America's families gather for the traditional observance of Thanksgiving. It will be a time when we thank God for the blessings of His bounty and for the privilege we have in living in a Nation where freedom is our foundation.

But for all the joy that will be in our hearts this Thanksgiving, there will be a sad irony in the traditional celebration of our bounty. The irony will come because this is a year when the American family farmer is harvesting a crop of recordbreaking proportions, and yet his own financial survival is in peril.

Not since the Great Depression has such a cloak of darkness enveloped the system of agricultural production that has in large measure forged the prosperity of modern American life. Here, in the committee rooms and Chambers of the House and Senate, we have seen the numerical accounting of bankruptcies, foreclosures, and defaults. But the numbers, for all their magnitude, tell only a fraction of the story.

The true tragedy of the crisis of the family farm is the stark human tale of men and women and children who have worked their hearts out to provide the bounty of our table, and yet who have as their reward the prospect of losing the farms that are at the center of their lives.

We, here in the Congress, will continue our work to give the farmer the chance to survive. That is all the farmer has ever wanted—a fighting chance to produce and to earn a living wage. The Congress will be deeply involved in that effort, but the solution to the human side of the farm crisis is not to be found in Washington. Instead, it will be found in communities, both large and small, throughout America.

One of the best examples I have heard of regarding support for our farmers has come recently from the South Georgia Conference of the United Methodist Church. The conference, working through the recommendation of its Commission on Church and Society, is calling on Methodist congregations throughout Georgia to take time in their Thanksgiving services next week to remember the family farmer.

In addition, the denomination will be producing a video presentation on the farming situation for district pastors' meetings and for commercial broadcast. There is also a plan to have churches become more involved with agencies that assist farmers and to hold ecumenical services involving farm families.

The Reverend Tom Mason of Claxton, GA, is chairman of the Commission on Church and Society, and Dr. Andy Summers, of the Pastoral Counseling Service, is involved with preparing materials for use by pastors. The Reverend Terry DeLoach, pastor of Pittman Park Methodist Church in Statesboro, GA, is very active in this effort and will be leading his church in a special observance of the farm problem this Sunday.

Throughout our State, concerned men and women will be taking the time to remember those who brought us our bounteous national harvest during this time of the farmers' great travail. And more than that, they will be setting the stage for direct help to our farm families.

In doing so, they will be recognizing the needs of those who all too many of us have come to take for granted.

The crisis of American agriculture will not be resolved in 1 week or 1 month or 1 year. It is a crisis of awesome dimensions. But when the men and women and children in our churches join hands, there is no crisis that cannot be overcome.

Mr. Speaker, my prayers and my personal thanksgiving this year goes to our family farmers and to those who join hands to help them. Let us all work to make this year a turning point in the economic lives of our farmers. Thank you.

"HOW CLEAN IS CLEAN" KEY ELEMENT IN SUPERFUND DEBATE

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. FLORIO. Mr. Speaker, the need for the Congress to establish uniform national cleanup standards for the cleanup of abandoned hazardous waste sites is perhaps the most important issue facing us as we consider legislation to extend and expand the Superfund Program.

Up until now, the Environmental Protection Agency [EPA] has determined "how clean is clean" on an ad hoc, site-by-site basis. This approach has lead to inconsistent and ineffective decisionmaking influenced by a variety of inappropriate factors that have nothing to do with the protection of public health and the environment.

The Wall Street Journal recently carried an article describing how the absence of uniform standards affected the cleanup process at one typical Superfund site. I commend this article to my colleagues' attention as we prepare for the debate over how to extend and expand this major environmental program.

TOXIC-WASTE CLEANUP ON A BALTIMORE BLOCK RAISES A KEY QUESTION: HOW CLEAN IS CLEAN ENOUGH IN THE NATIONWIDE EFFORT?

(By Francine Schwadel)

BALTIMORE.—On a corner lot in a neighborhood of modest row houses, leaky chemical drums once were piled high. A blue-green runoff flowed over sidewalks whenever it rained. From the other end of the block, strong fumes poured out of a chemical plant, driving residents indoors and sometimes forcing them to evacuate. Neighbors blamed the odor for headaches, eye irritations and nausea, and they lived in fear of fires and explosions.

William Cragg, now 37, grew up next to the chemical plant. He remembers stepping in contaminated mud as a teen-ager and seeing the shoelaces of his sneakers eaten away. "I felt a burning sensation," he recalls. "My shoe just dropped off my foot."

Mr. Cragg didn't suffer any permanent injuries, but a neighborhood dog named Rebel was burned so badly by chemicals that his owner had to have him destroyed.

THE FEAR IS GONE

These days, Mr. Cragg and his neighbors aren't fearful anymore. In 1981, the U.S. Environmental Protection Agency carried out an emergency cleanup of the plant, which had been abandoned, and of the nearby drum-filled dump. The properties are one of six priority sites cleaned up so far under the EPA's $1.6 billion hazardous-waste program known as Superfund. In Mr. Cragg's neighborhood, people assume that means *all* the dangerous chemicals are gone.

But completion of a cleanup is no guarantee that a site is 99 44/100% pure. "Why would you need to get to the pristine state when there's so much else to do?" asks Ronald Nelson, the director of Maryland's Waste Management Administration.

And, in fact, quantities of metals and organic chemicals remain in the soil and groundwater at the Baltimore site. Despite assurances from EPA and state officials that the site is nevertheless, safe, critics of the cleanup contend that Mr. Cragg and his neighbors may be breathing dangerous chemicals that are evaporating through the ground.

ISSUE IN DEBATE

This difference of opinion illustrates one of the issues in the congressional debate about the five-year-old Superfund, which technically expired Monday but will undoubtedly be renewed. Policy makers are still grappling with the question of how clean is clean enough. That question will become more important as the EPA proceeds with plans to clean 850 sites, and possibly thousands more. Estimates of the cost range as high as $100 billion. The job could take decades.

In Baltimore, decisions about cleanliness were left primarily to EPA officials, who say they tried their best to alleviate serious health or environmental threats while keeping the cost down. When an emergency cleanup like the one in Baltimore is completed, it may mean only that "the problem isn't as severe as hundreds, and perhaps thousands, of other problems throughout the U.S.," says Edmund J. Skernolis, the EPA's chief of Superfund site investigations for the mid-Atlantic region.

But critics of the cleanups say the agency often chooses the least expensive, short-term option rather than a permanent solution.

THOROUGHNESS DISPUTED

"In most cases, they either excavate the waste and move it to another landfill that often leaks itself, or they leave the waste in the communities and put very flimsy barriers around it," says Michael Podhorzer, the director of the National Campaign Against Toxic Hazards, a coalition of community groups.

Last year, Mr. Podhorzer's group studied records of the six completed priority cleanups. Its conclusion: Three of the six cleanups, including the one in Baltimore, weren't thorough enough, leaving open the possibility that neighbors still could be exposed to "serious toxic hazards."

In Pittston, Pa., for example, oily discharges into the Susquehanna River from an old coal-mining tunnel were fully cleaned up, but the source of the discharges—millions of gallons of illegally dumped toxic waste—remained in the tunnel, which is riddled with sewage bore holes. The Podhorzer group warned that discharges could still occur.

Last weekend, after heavy rains from Hurricane Gloria pounded the area, an estimated 100,000 gallons of a smelly black substance poured out of the tunnel and into the river. EPA and state officials say the latest discharge doesn't pose a health threat to communities that draw drinking water from the river downstream. Still, they have constructed flotation devices with skirts around the tunnel to collect the continuing flow of oily pollution.

The cleanup in Baltimore was among the first undertaken under Superfund. The abandoned plant and dump site, with 20 row houses between them, had been discovered accidentally by an official of the Maryland Office of Environmental Programs in the summer of 1981. After determining that the chemicals threatened to contaminate the neighborhood, or possibly to explode, the EPA responded quickly to the state's call for assistance.

During a two-month period in the fall of 1981, EPA contractors removed 1,500 chemical drums that had been piled haphazardly on the corner lot. Since many had leaked, allowing chemicals to seep into the ground, some tainted soil also was removed. EPA records don't say exactly how much. Officials estimate that perhaps the top foot of dirt was scraped up and carted away. "It wasn't much," recalls Thomas Massey, an EPA official who supervised the cleanup.

CONCRETE, CLAY AND SOD

Gasoline, water and waste oils were pumped out of underground storage tanks dating from the days when a Sinclair gasoline station occupied the lot. The tanks were then filled with concrete. The lot eventually was covered with a 12-inch clay cap and sod in preparation for use as a playground.

The procedure was similar at the abandoned plant, which now houses a field office of the state's Waste Management Administration. Chemicals, drums, aboveground storage tanks and processing equipment all were removed. An unspecified amount of soil also was removed before the yard was covered with a 2½-inch layer of asphalt for use as a parking lot. "Cost considerations prevented the removal of more" dirt from the plant property, according to EPA records.

The total cost of the project, including contributions from state and local authorities, was about $350,000. Efforts to get the owner, Chemical Metals Industries Inc., to pay for the cleanup had been unsuccessful. The company was bankrupt.

COMPLETION ANNOUNCED

Despite soil and groundwater contamination detected in state sampling at depths of as much as 15 feet, EPA and state officials announced on Dec. 18, 1981, that the cleanup was completed. The residual contamination, they had concluded, wasn't a serious problem because area residents get their drinking water from city pipelines rather than from wells that might tap the tainted groundwater. This summer, after reviewing a consultant's finding that the nearest well was 2½ miles away, EPA and state officials agreed formally that no further Superfund activities were required.

"The real issue, to me, is potential for exposure. And I don't think there is any," says Mr. Nelson, the director of the state's Waste Management Administration. "I don't believe we're jeopardizing people's health." Given his assessment of the situation, Mr. Nelson says the cost of removing remaining contaminants isn't justified:

To keep tabs on the underground contamination, though, Mr. Nelson plans to drill a new set of monitoring wells next spring. State officials assume that the chemicals haven't spread enough to contaminate the Gwynns Falls, a murky urban

creek across the street. That assumption is based on groundwater monitoring done in 1982, before the old wells dried up.

CONSULTANT UNSATISFIED

But those results don't satisfy Richard C. Bird Jr., an environmental consultant who reviewed records of the six completed cleanups while working as technical assistance director for the National Campaign Against Toxic Hazards last year. He says he would have pumped and treated the groundwater and installed a vapor collection system in the ground, at an estimated cost of $5 million.

"The reason it's important to do a thorough job," he says, "is because we don't know what is going to happen with these contaminants, and we don't know what safe levels (of exposure) are. I truly believe it was irresponsible to leave it as it is."

Mr. Bird contends that people in the area probably are breathing toxic chemicals that are evaporating through the ground, especially on hot days, and possibly collecting in the stagnant air of neighboring basements.

His analysis received an imprimatur of sorts from Congress's nonpartisan Office of Technology Assessment, which summarized his findings in a recent report. However, the section on the Baltimore cleanup prompted a complaint from Maryland Gov. Harry Hughes, who objected to Mr. Bird's contention that gases were collecting in the basements. The state "does not have any data supporting that statement," the governor said in a letter to the OTA, adding: "We are very much concerned that such statements will raise unnecessary fears in the community."

In interviews, the state's Mr. Nelson at first said that recent air sampling in the basements hadn't turned up any signs of toxic vapors. Later he acknowledged that basement air hadn't been sampled since 1981. But he said he doesn't believe that vapors are collecting in the basements, because tests done during the cleanup—in one basement—were negative and because residents haven't complained since about any odd odors.

TEST AT PLAYGROUND

Frank Henderson, who works for Mr. Nelson, says air was sampled one day this summer at the playground, at the old plant and in groundwater monitoring wells around the area. Since organic vapors were recorded only inside a wellhead at the old plant's parking lot, Mr. Henderson concludes that "there's no reason to be concerned about breathing the air in that area."

Mr. Bird, the consultant, calls for more testing. His concerns prompted a local environmental group, the Maryland office of the Clean Water Action Project, to request results of monitoring done by the state. "They did an excellent surface cleanup," says Daryl Braithwaite, the group's program coordinator. "I just don't think they went far enough."

But in this working-class neighborhood, memories of the fumes and chemical spills are dissipating, and even the old dump looks benign. "It's real nice down there now," says Barbara Lake, whose two sons play baseball on the grass covered surface of what used to be the drum-filled dump.

Mr. Cragg, whose shoelaces were ruined, worried for a while after the cleanup about the contaminated soil that was left behind. But his fears have since faded, and now he is turning to more visible neighborhood problems. "I guess the old expression holds true," he says: "Out of sight, out of mind."

RECOGNITION FOR FATHER GLIMM

HON. ROBERT J. MRAZEK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. MRAZEK. Mr. Speaker, on December 8, the Reverend Francis X. Glimm, S.T.L., will celebrate the 50th anniversary of his ordination to the priesthood. I would like to take this time to call this milestone to the attention of my colleagues and to comment on the life and times of Father Glimm.

A native of Brooklyn, Francis X. Glimm was born on November 17, 1912. He was educated in public and parochial schools, then attended both Cathedral College in Brooklyn and the Immaculate Conception Seminary in Huntington, Long Island, in what is now the Third Congressional District. He then traveled to the Gregorian University in Rome, where he received the degree of S.T.L. in 1936.

Following graduate studies at Columbia University in New York and the Catholic University of America in Washington, Father Glimm began a teaching career at the Immaculate Conception Seminary in 1943, a service which continues until this day. His main courses of instruction have included Latin, Italian, patrology, American church history and church history.

Through his years of teaching at Immaculate Conception Seminary, Father Glimm has enjoyed the broad and deep respect of generations of priests who have come under his tutelage. His peers recognize and respect his deep and abiding commitment to the work of the Catholic Church, to the priesthood and to the human quest for knowledge.

Yet, for all his talents and his vast knowledge, Father Glimm is respected most of all for his genuine modesty and humility. These qualities are held in special regard by all those who know him and who have learned from him.

Father Glimm's work as an educator and mentor for new generations of Catholic priests in the dioceses of Brooklyn and Rockville Centre goes on as he nears this special occasion. I salute the extraordinary contributions made by Father Glimm with a thought from historian Henry Brooks Adams, who once wrote that "a teacher affects eternity; he can never tell where his influence stops."

CONGRATULATIONS TO J.C. "BUCKY" WILLIAMS AND WIFE, GERRY

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. CLINGER. Mr. Speaker, congratulations to J.C. "Bucky" Williams III, and his wife, Gerry, of Wilcox, PA, who recently received the American Pulpwood Association's first ever Appalachian Regional Outstanding Logger Award. The Williamses, who own Jayfor Logging, won the 10-State regional competition over stiff competition from other State finalists. Jayfor Logging is a competent, well run, and successful logging operation that harvests approximately 1 million board feet of logs and 6,000 tons of pulpwood each year from private tree farms and Government forests. Bucky Williams is a past president of the Pennsylvania Logging Safety Council and has long been involved in safety programs for the logging community. The Williamses are deserving of this award and our congratulations go out to them.

A TRIBUTE TO JOHN P. RENNA

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. GALLO. Mr. Speaker, today I rise to recognize the dedication, commitment, and accomplishments of a personal friend, political leader, and public servant, John P. Renna.

For the past 4 years, Mr. Renna has served selflessly in the cabinet of Governor Thomas H. Kean, of New Jersey. Commissioner Renna has directed the policy and operations of New Jersey's Department of Community Affairs.

Commissioner Renna's department regulates and administers programs for housing, community development, local government operations, minority opportunities, and a host of others. It is a complicated department which serves the people of New Jersey well. It is a department that has been improved and expanded on a dramatic scale since John Renna took charge.

Improving things is a trademark of John Renna's.

His improvements to the quality of housing in New Jersey are beyond comparison. Both as a private developer and public figure, John Renna's involvement in a project has been, and will always remain to be, synonymous with excellence.

It is important to recognize that John's skill and vision do not just apply to housing and community development.

His political career has also been distinguished by his accomplishments. In a political life that has spanned more than three decades, John has served in many capacities, and he has served well.

John was Essex County Chairman from 1977 to 1982. He has also served as a local chairman and as a delegate to two National Republican Conventions.

The highest recognition, Mr. Speaker, is the recognition that comes from one's own peers. In that respect, John Renna has few equals. John has been active in numerous charitable and civic organizations. As a result of his service, John has been selected as the "Man of the Year" in no fewer than 10 times.

Commissioner Renna's public and business successes are of the highest magni-

tude. I think that this is obvious, and I think that this body should take note of his accomplishments.

As John prepares to leave his post as commissioner of the department of community affairs, it is right and fitting that we pause to take full stock of his accomplishments, and that we applaud him.

Mr. Speaker, I would like to ask that this body, the House of Representatives of the United States of America, recognize John Renna, congratulate John and his loving wife Grace, and that we wish them both the very best in the many years to come.

GALLAUDET COLLEGE

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. BONIOR of Michigan. Mr. Speaker, for more than 120 years, Gallaudet College has offered exemplary instruction, research, and public service programs to deaf and hearing impaired individuals from the United States and abroad. Gallaudet is not just one institution, but several, clustered on an historic Kendall Green campus only 10 minutes from the U.S. Capitol, and now spreading out across the country.

Gallaudet is the world's only accredited 4-year liberal arts college for the deaf in the world, and as so, is looked to as a national and international resource on all deafness-related matters. Its Information Center on Deafness, for example, in fiscal year 1985 responded to nearly 6,000 requests and, by the end of this calendar year will have welcomed well over 7,000 visitors to campus.

At the precollege level, the Kendall Demonstration Elementary School and the Model Secondary School for the Deaf serve not only a sizable onsite population, but also disseminated in just 1 year more than 22,000 curricular materials to both mainstream and residential school programs throughout the country. In the past 4 years, KDES and MSSD personnel have served more than 11,000 deafness-related professionals through workshops, periodicals, and training programs.

ACADEMIC SUCCESS

A recent survey of Gallaudet alumni has unearthed some compelling statistics:

Of all the deaf college graduates in this country, two-thirds received their degree from Gallaudet.

Forty-two percent of Gallaudet's graduates have gone on to obtain a masters and doctoral degree. This compares favorably to a national norm of 18 percent.

Ninety-three percent of Gallaudet's most recently surveyed graduating seniors went on to employment or graduate training programs.

Despite their hearing impairment, Gallaudet male graduates' median personal income is $23,500, just slightly below the national average. And Gallaudet female graduates' median income is $17,500, somewhat higher than the national average.

Despite their hearing impairment, graduates' median family income is $30,000 versus a national average of $25,300.

A NATIONAL RESOURCE AND DEMONSTRATION CENTER

Gallaudet's multipurpose mission takes its programs far beyond the borders of Washington, DC. In this regard, the college assumes a broad commitment to research, public service, and outreach.

Through its research institute, and its elementary and secondary demonstration programs, Gallaudet touches the lives of all deaf Americans, not just the residential student population. The research institute uses a three-tiered approach focusing on preventive, restorative, and accommodative research and leads the way in research on accommodation to hearing loss with significant studies in linguistics and learning methods.

The demonstration programs at the elementary and secondary levels have been working for the past 15 years to raise the level of achievement among all deaf school-age children—developing, evaluating, and disseminating curricular-based products that are used by teachers of the hearing impaired through the country in mainstream as well as residential settings.

The college also extends its programs via a regional center network, with sites in Massachusetts, Kansas, California, Florida, and Texas. Through a cost-effective approach, Gallaudet has established joint relationships with fine institutions located strategically throughout the country in order to serve the greatest number of people possible.

These settings become the location for Gallaudet to distribute credit and noncredit offerings, training programs, and workshops to deaf people and individuals who work with deaf people in those regions. Last year, Gallaudet served more than 40,000 people through its public service programs.

CONCLUSION

Mr. Speaker, I have been privileged to serve on the Gallaudet Board of Trustees since 1979. I can unequivocally state that the U.S. Congress can and must continue to support Gallaudet as it seeks to fulfill its vital mission of educating our hearing impaired constituents. Gallaudet's programs are fashioned by talented, dedicated people with two main objectives in mind: to make all of its offerings of exceptional quality, and to allow the impact of those offerings to be felt as widely as possible.

The consistency of the college's success in meeting those objectives over the past century-and-a-quarter serves only as an inspiration to Gallaudet's people—and to us here in the Congress—to aim higher, work harder, and be more imaginative still in pursuing the fulfillment of the mandate of this unique institution: to improve the quality of life for deaf people everywhere.

AFRICAN FAMINE RELIEF EFFORT

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. MOAKLEY. Mr. Speaker, I rise to share with my colleagues the recent accomplishments of a young man from Massachusetts, Douglas Rose. After seeing a news report detailing the ongoing African famine relief effort last May, Mr. Rose decided that he too, could help to alleviate the widespread starvation in Africa.

Having been a juvenile counselor for the past 13 years, Mr. Rose gave up his job to concentrate all his efforts on statewide African relief fund raising. He convinced youngsters from Northampton, MA, Tricounty Youth Program, where he was then working to organize a tag sale with the proceeds designated to African relief. He also enlisted the support of many of the businesses in the Northampton area, securing donations and organizing benefit shows with the proceeds going to Africa.

Mr. Rose's efforts have not been limited solely to the Northampton area. In recent months he has worked to secure the designation of November as "Massachusetts for Africa Month," and so far 42 organizations in the Commonwealth have agreed to initiate fund-raising activities this coming November including the Boston Fire Department, Massachusetts Bar Association, Boston Boys and Girls Club, and the MBTA Police.

The sacrifices that this young man made at his own expense are tremendous. Mr. Rose's dedication and commitment are a symbol for all the people in this country who have made sacrifices in order to improve the lot of others. I feel confident that the Members join me in saluting devotion and singlemindedness in attempting to reduce the plight of famine-striken Africans.

CROATIAN AMERICAN RADIO CLUB GOLDEN ANNIVERSARY

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. LIPINSKI. Mr. Speaker, I rise to bring to the attention of my colleagues an organization that is in my district of which I am very proud, the Croatian American Radio Club. The Croatian American Radio Club is celebrating its 50th anniversary this year, 50 years of preserving and promoting the cultural heritage of the people of Croatia.

America has been known as the "melting pot of nations" for many years now, and yet it is becoming more and more important to second and third generation Americans to preserve for future generations the cultural heritage of their ethnic back-

grounds, diverse as they may be. It is these very differences that give American the ethnic richness which is so unique to our great country.

I applaud the Croatian American Radio Club on its vision and dedication to preserving the Croatian culture in southwest Chicago for these past 50 years through its programs in language, history, geography, music, and dance.

I am sure that my colleagues in the 99th Congress join with me in wishing the Croatian American Radio Club many more years of service to the people of the Chicago area.

LOLA MILLARD HUBER

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 19, 1985

Mr. MINETA. Mr. Speaker, I would like to ask you and our distinguished colleagues to join me in saluting Lola Millard Huber in recognition of her 21 years of service to the Santa Clara Valley chapter of the American Institute of Architects in the capacity of executive secretary. Lola Huber will be honored at a special retirement dinner on November 30, 1985.

The Santa Clara Valley chapter has grown from a chapter of 109 members to a chapter of 353 members and has become one of the major AIA chapters in California and the Nation. It is clearly recognized that much of the success of the chapter is due to the contributions made and continuity of purpose provided by Lola over the years. During this time, many programs involving improvement of the environment, energy conservation, and major restructuring of public programs have been undertaken by the chapter with major benefit to the community and our local, State, and Federal Government. In all these efforts, Lola has been the liaison between the architects and public officials. She has been the source of information and assistance to all who wish information, or to be associated with these programs.

Lola has set a high level and standard of performance for future executive secretaries, and she has contributed a personal warmth which has made those who have entered the AIA family feel special. Therefore, I ask you, Mr. Speaker, and our colleagues to join with me in expressing our thanks and congratulations to Lola Millard Huber and to wish her the best for her health and future endeavors.

HOUSE OF REPRESENTATIVES—*Wednesday November 20, 1985*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. WRIGHT].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
November 20, 1985.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on this day.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious God, we pray not only for ourselves and our concerns, but we pray for those who follow. Grant that we will so use the resources of our world in ways of understanding and not conflict, in ways of kindness and compassion and not hatred. May we so lead our lives in righteousness and faith that those who come after will inherit a world where life is treasured and respect for every person is honored. We pray, O God, for strength and wisdom for the leaders of the world even as we pray for ourselves. In Your name we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed joint resolutions and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S.J. Res. 74. Joint resolution to provide for the designation of the month of February 1986, as "National Black (Afro-American) History Month";

S.J. Res. 202. Joint resolution designating November 1985 as "American Liver Foundation National Liver Awareness Month";

S.J. Res. 232. Joint resolution to designate October 6, 1986, through October 10, 1986, as "National Social Studies Week"; and

S. Con. Res. 69. Concurrent resolution to recognize the National Camp Fire Organization for 75 years of service.

TRIBUTE TO THE LATE HONORABLE GEORGE MAHON

Mr. WRIGHT. Mr. Speaker, it is my sad duty, along with other Members of our delegation, the gentleman from Lubbock, TX [Mr. COMBEST] and the gentleman from Texas [Mr. PICKLE] to inform the House that our beloved former colleague, George Mahon, died late yesterday at the age of 85.

George Mahon was a gentle man. The title "honorable" fit him like a tailored shirt.

For half a century, 44 of that in the Congress, George Mahon served the people of west Texas and the interests of the Nation.

His lanky frame, quiet wisdom, gentle humor and never-failing good manners became well-known hallmarks in this Chamber.

Mr. Mahon left a deep imprint upon the law books. His hand steadily steered the appropriations process of our Nation.

His disposition was always as sunny as a bright spring day. In that way and many others he was an inspiration to those of us who cherished his friendship.

George Mahon loved to sing. In his seventies, he would drive in toward the Capitol over the 14th Street Bridge, singing joyfully as he drove. May his soaring spirit still sing in the hearts of those whom he influenced so benignly.

TRIBUTE TO GEORGE MAHON

(Mr. BROOKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOKS. Mr. Speaker, I was deeply saddened to learn of the passing of my very close and dear friend and colleague, George H. Mahon. The State of Texas has lost one of its most distinguished sons and our country has lost a pillar of integrity, courage, and leadership.

When I arrived in the House of Representatives in 1953, George Mahon had already served 19 years in this body. His constituents in the 19th Congressional District of Texas returned him to Congress time and time again. During the 25 years that we worked together on matters of common interest to the State of Texas, George Mahon was an inspirational example of all that is honored and respected in this House.

George Mahon's contributions to the legislative process and to the development of our great country will serve us well as we confront whatever the future may bring. I will miss George Mahon and all of us who served with him will always revere his memory. My heart goes out to his wife, Helen, his daughter, Daphne Mahon Holt, and his three grandchildren.

TRIBUTE TO THE LATE HONORABLE GEORGE MAHON

(Mr. WHITTEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, I know that in future days there will be a day set aside where the many friends of George Mahon, who passed away on yesterday, may pay tribute to his life and his record in the Congress. I know that will happen, but I do not feel that I can let this occasion pass without saying a word about George Mahon though I shall later speak more in detail.

It was my privilege to serve next to George for 36 years on the Appropriations Committee. I do not know of anyone he disliked or anyone who did not like him. He rendered great service. He served longer continuously as chairman of the Appropriations Committee than any man in history and his works will live after him.

To his family, we express our deep sympathy and our sorrow. To know George Mahon was to love him.

Again, he set a record here that will seldom, if ever, be equaled. I realize that Members are not aware of his untimely passing on yesterday and we will have a day in the future where all may pay tribute to this great American.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to my colleague, the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Speaker, I want to join in the remarks the gentleman said and say that my heart goes out to George Mahon and his family. I have known him for many years and he was a great chairman.

A TRIBUTE TO THE LATE HONORABLE GEORGE MAHON

(Mr. COMBEST asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COMBEST. Mr. Speaker, an outstanding Texan, a great American and one of the most esteemed Members in the history of this House passed away yesterday. I have the honor of now holding the seat in this body that George Mahon occupied with distinction for 44 years. He died yesterday at the age of 85.

Mr. Speaker, none of us in this body can escape the legacy of integrity and bipartisanship left by this distinguished former chairman of the Committee on Appropriations. George Mahon represented the best ideals of what a legislator should be. He put constituents above party and national interest above any personal ambition.

He was first elected to the House in 1934 as the very first Congressman from Texas' 19th District and became chairman of our Committee on Appropriations in 1964.

As chairman of the Appropriations Committee and as a Member of this body for 44 years, George Mahon made an everlasting contribution to the stature of this body and to the leadership of this Nation. He leaves behind an exemplary tradition of representation on behalf of the people.

He often said that he "just played things as they came along." May God grant all Members the ability to "play things as they come along" as well as did the Honorable George Mahon of Texas.

□ 1015

LORD CHESTERFIELD OF THE CONGRESS

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, the "Lord Chesterfield" of the Congress has left us. George Mahon, the former chairman of the Appropriations Committee, slipped away yesterday, but the memory of this beautifully spirited man will live on in these Halls forever.

It is a tribute to a man to have been elected to Congress for 44 years without ever having any meaningful opposition. My hometown of Big Spring, TX, was part of George Mahon's congressional district. I can attest that my family and the people of that district held Mr. Mahon, not just in high esteem, but literally revered him and placed him on a pedestal far above most men.

Their confidence in him was absolute. They trusted his judgment. They were proud to say openly and over and over again, "George Mahon is our Congressman."

Through all the years, George Mahon traveled side by side with his wife, Helen. They were inseparable, here and at home and in the district. If we ever had a Congressman and Congresswoman team, it was George and Helen Mahon.

At many Texas delegation social events, the highlight of the evening was always when George Mahon would gather our group together and we would sing the old songs, the old hymns. A devout Christian layman, in his beautiful baritone voice, he would sing:

There's a land beyond the river
Which we call the sweet forever
And we'll only reach those shores by faith's decree. . . .

George Mahon has reached those shores. "The Golden Bells" have rung for him in grateful appreciation for their good man.

GEORGE MAHON—ONE OF THE GIANTS OF THE HOUSE

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I regret that I was detained in coming to the floor of the House so that I might have immediately joined the distinguished majority leader and LARRY COMBEST, Chairman WHITTEN and others in paying tribute to our departed friend, George Mahon.

George Mahon was something extra special, I think, for each and every one of us who served with him. Many of you know he served as chairman of the Appropriations Subcommittee on Defense. I called former President Ford last night immediately upon hearing, that he might also want to know of George's passing because he served as our ranking member with him for so many years. Unfortunately, he is overseas, but I am sure that if he were here he would want to join in the tribute to George Mahon.

George Mahon was one of those individuals who made us all proud to be a Member of this body. When he spoke from over here handling a defense appropriation bill, Members dealt with him with respect. They know that he spoke from the heart. I was touched by the remarks of the gentleman from Texas [Mr. PICKLE] who was so right on target in mentioning George's love for music, for singing old hymns, and I guess in a more humorous, light way I could also recall those days when we played golf together, with Les Arends, another one of his good friends in this body.

One of the things that I think demonstrates how pennypinching George Mahon could be as the chairman of the Appropriations Committee and how strongly he felt about reducing Federal expenditures, we had a little standing joke out at Burning Tree that if there was not a tee left on the tee, you know, a little wooden one, George Mahon must have passed through here just before us in a foursome, because I have seen times when he used to take those little broken tees and, just like a whittler, renew the point so that he might use it the next time around, wooden tees that cost 10 cents for 25. That is about the way George handled his obligations here as chairman of that Appropriations Committee. I guess if we had some of that kind of frugality around here today, we would not be in the mess we are in.

But I certainly want to say, again, what a joy and a pleasure it was for those of us who had the opportunity to serve with a great Member of this body, and extend our profound sympathy to Helen and other members of the family. He was one of those giants in this House and will serve forever in the annals of history of this body.

TRIBUTE TO THE HONORABLE GEORGE MAHON

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Madam Speaker, today we mourn the death of George Mahon. We also celebrate the life and public service of one of the giants of this House.

He was a Member for 44 years, and chairman of our committee for 14 years, and a member of the Defense Subcommittee for 38 years. A man of extraordinary dedication and integrity, he is remembered by all of us who served with him for his many acts of personal consideration and kindness, as well as the high honor with which he led the committee during some of its most difficult years.

I served with him as a member of the Board of Regents of the Smithsonian.

He is the last living person to have participated in the decisions to develop the atomic bomb.

We pay our condolences to his wife Helen, and to his family, and pay to his memory the highest tributes for service to this House and to this country.

Mr. YATES. Madam Speaker, will the gentleman yield?

Mr. CONTE. I am glad to yield to the gentleman from Illinois.

Mr. YATES. Madam Speaker, I too heard with great regret of the death of our good friend, George Mahon. Just as the gentleman pointed out, there are many good men and women who come to this House of Representatives, all interested in dealing with the problems of our country. A few of them make their mark for history, and George Mahon was one of these.

Those who have been in the House for some time remember George as a model legislator. He was able, he was knowledgeable. He was an expert in matters pertaining to defense. He was

all of these, and he was able to carry his way with the sheer force of personality and his true eloquence. He was a master of the cryptic phrase.

But George Mahon, in addition to these, had the qualities that mark a gentleman. He was literate, he was civilized, he was well read. He loved music and he loved art.

Like the gentleman from Massachusetts, I too served with George Mahon on the Board of Regents of the Smithsonian Institution, and I know how much he cherished this appointment. He was terribly interested in all the activities of the Smithsonian, in their museums and in their literature, their science and their art. And he loved disciplines in which they were engaged.

George loved to sing. He loved to gather around the piano with his friends and sing the old songs. He sang hymns and he sang the songs that people loved.

George was truly one of the great men of this House, and truly the man the poet must have had in mind when he said, "Let me live in my house by the side of the road and be a friend to man."

Mr. CONTE. I thank the gentleman for those beautiful remarks.

Of all of the things said of George Mahon here this morning, one thing has been forgotten. George, besides all of the great attributes he had, was a great bridge player, and he was second to none. As I stood here and listened to you, SID, I just could not help but visualize George running the Defense Subcommittee with that green visor over his head there so that the lights of the room would not bother his eyes. He really looked like a poet sitting there as chairman of the Subcommittee on Defense.

TRIBUTE TO GEORGE MAHON

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise the extend his remarks.)

MR. WEAVER. Madam Speaker, I rise to express my deep sorrow at the passing of George Mahon of Texas. We have heard from his old friends who knew him well. I did not know him well. I was freshman in his last term as a Member of this body.

But I looked up to George Mahon, and I mean I really looked up to him, this tall, distinguished man, as one of the great conservatists of this body. He embodied the principles that I believe keep this country strong. His true, unswerving loyalty to the principles that guide us guided him, and we will know his loss and always remember him.

GEORGE MAHON: A STATESMAN OF THE HIGHEST CALIBER

Mr. O'NEILL. Mr. Speaker, I was saddened today to learn of the death of George Mahon.

When I was elected to the House in 1952, George had nearly two decades of service in the Congress behind him and his knowledge, wisdom, and leadership were a treasure that grew and multiplied as his service continued. My admiration and regard for George Mahon were immediate—he was an extraordinary individual who was the personification of "dignity." He was such a tremendous gentleman—no one was more respected. He was a statesman and a patriot of the highest caliber.

The void we felt when George decided to retire was tempered somewhat by his visits. But now, with the news of his death comes the realization that we do not have his great and good counsel to look forward to anymore.

Millie and I extend our love and heartfelt sympathy to George's lovely wife Helen and to his daughter. We shall all miss him very much.

WILL CONGRESS DEBATE NUCLEAR COOPERATION WITH CHINA?

(Mr. McHUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McHUGH. Mr. Speaker, President Reagan is meeting today with Mr. Gorbachev to discuss ways to reduce our nuclear arsenals. The Congress, the American people, and others throughout the world pray for their success, and we earnestly await the President's report.

As much as we are concerned with the superpower arms race, however, I want to address another compelling danger today—the increasing threat of nuclear proliferation. Indeed, the spread of nuclear weapons throughout the world may pose a greater long-term threat to our Nation than the expensive nuclear arsenals that we and the Soviets have built up. This is a threat that we ignore at our peril.

As you know, Mr. Speaker, Congress now has before it a 30-year agreement for nuclear cooperation with the People's Republic of China. It is a controversial agreement. While China already possesses nuclear weapons, there have been serious allegations that it might have assisted others to acquire them. Proponents say that it will help to bring China further into the nonproliferation regime. Opponents claim that its vaguely worded assurances and lack of verification will seriously hamper our nonproliferation efforts.

All of this is worthy of debate, Mr. Speaker. The China agreement represents a major foreign policy decision with ramifications far into the future. Yet, as it now stands, the agreement with China will take effect quietly in less than 3 weeks without floor consideration or serious debate.

We should not let this happen, Mr. Speaker. Regardless of where one stands on the merits of the agreement, it should be thoroughly debated.

Congress has played a critical role in setting U.S. nonproliferation policy over the years. At the dawn of the nuclear age, Congress legislated the Atomic Energy Act of 1946. Later, our colleagues in the Senate gave their advice and consent to the 1970 Treaty on the Non-Proliferation of Nuclear Weapons. In 1978, Congress passed new and strict conditions for nuclear cooperation agreements with foreign countries, and further legislation was enacted last July to strengthen congressional oversight of such agreements.

U.S. policy has benefited from the active participation of Congress. Given the serious issues that have been raised regarding the China agreement, it deserves our serious attention and I strongly urge that Members of the House be given an opportunity to fully debate this agreement before the deadline for consideration expires.

ENDING THE NIGHTMARE OF INCOME TAX FILING

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, last week, I introduced legislation which would go a long way toward ending the great American nightmare that occurs on April 15 every year with the crush of the income tax filing deadline.

My proposal would, in one form or another, stagger the filing system across the 12 calendar months so that nightmare, the nightmare for the post office, the nightmare for the IRS, and the nightmare for the American taxpayer, will not occur as it has up to the present date.

Today, the Wall Street Journal comments on my proposal and I recommend it for reading to every Member of the Congress, as I ask for their individual and committee and collective support to try to bring this item of tax simplification to the floor of the House for quick passage.

CRISIS IN THE FARM SECTOR

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, my office has been deluged with hundreds of phone calls over the past several weeks from frustrated farmers who

are turning to the Congress for answers on future farm policy that is not provided by the administration.

Farmers need answers to plan for next year's crop. They do not know what to do, what to plant, how many acres that they will plant next year, where they will finance their crops or, in general, where to go from here.

The result of this confusion on farm policy is causing chaos and has contributed to a 40-cent drop in the price of soybeans over last week. One farmer told me that between last Friday and Monday, he lost $18,000 in the decline of soybean prices.

I urge my Republican colleagues in the Congress having influence with the Republican administration to prevail upon the administration to make some urgently needed decisions on farm policy in order to resolve the current impasse and lack of direction that is compounding the crisis in the farm sector of our economy.

AMENDMENT WOULD FREEZE PENDING PAY CUT FOR 800 BLUE-COLLAR WORKERS

(Mr. KOLBE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOLBE. Mr. Speaker, as a result of a private sector prevailing wage survey in southern Arizona, blue-collar Federal workers in my district are facing immediate pay cuts of up to 15 percent. The blame for this situation is placed on the elimination of over 600 jobs in the copper industry from the Tucson prevailing wage area. These jobs amount to almost 30 percent of the entire survey, and their loss has resulted in a severe downward skew in the wage estimates. Currently, there are no provisions to mitigate the short-term impact of this cut, and many of these workers, most of whom earn between $15,000 and $20,000 per year, are facing the loss of their homes and property because they won't be able to meet their financial obligations.

Relief is in sight, however. An amendment has been added to the budget reconciliation package in the other body which would freeze the pending pay cut for these 800 Federal blue-collar workers for the balance of fiscal year 1986. This amendment will not eliminate the pay cut, but will allow them to adjust and prepare for its impact.

I urge my colleagues who will consider this amendment during conference committee negotiations to retain this provision in the budget reconciliation package. We have recently acted to freeze pay increases. That action was responsible, I believe. But in fairness, we should freeze any cuts. In doing so, we will ensure that these hard-working Federal employees will be able to keep their most precious possession, their dignity, and personal pride.

MURDER—PIRACY—HIJACKING

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute.)

Mr. BURTON of Indiana. Mr. Speaker, the Los Angeles Times reports:

After a hasty trial marked by astonishing praise from their accusers, the hijackers of the *Achille Lauro* received preliminary prison sentences of from four to nine years Monday on minor weapons charges, the least serious they face.

Genoa Presecutor Luigi Carli surprised trial spectators by putting no passengers on the stand and presenting only witnesses who praised the hijackers of the luxury cruise liner for their "courage and firmness" and by appearing to justify their terrorist actions in his own argument.

"All things considered, [they were] fighting for a cause which, even if they used terrorism, cannot be considered without valid motivation."

Mr. Speaker, I do not like the way this sounds and I sincerely hope, I implore, the Italian Government to put a prosecutor on these next three cases who will prosecute these men to the full extent of the law for murder, hijacking, and piracy.

SUPERFUND EXCISE TAX

(Mr. ANDREWS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANDREWS. Mr. Speaker, it goes without saying that we are going to have to reauthorize the Superfund bill to clean up some of the major toxic waste sites in our country.

The revenue provision as passed recently by the Committee on Ways and Means includes a broad-based Superfund excise tax which is fair and a rational way to accomplish this important but difficult task. By imposing an excise tax on the sale, lease, and importation of goods, the Committee on Ways and Means, I believe, has recognized that virtually every segment of industry has contributed to our expensive hazardous waste problem and should help pay Superfund taxes. While it may be easier to tax only the oil and chemical industry, as we now do, it is patently unfair.

For example, 25 of the largest contributors to the dangerous Stringfellow acid pits in California have not been liable for any Superfund taxes.

Potentially responsible parties in many sites around the country, such as electronics companies, television networks, food manufacturers, soft drink companies, the automobile industry, have paid nothing to contribute toward cleaning up our toxic waste sites.

In deciding the question of financing the $10 billion Superfund bill, I urge the House to recognize this need for fairness and support the bill as passed by the Committee on Ways and Means.

H.R. 1616 IS VIOLATION OF FREEDOM

(Mr. DELAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELAY. Mr. Speaker, the bill, H.R. 1616, is scheduled to come up again today. That is the so-called Notification and Consultation Act of 1985.

Mr. Speaker, the proponents say that this is a simple notification bill because now we have taken consultation out of it and there is nothing more onerous than a notification bill, which is not the truth, because there is more to this bill than just notification. But if it were just notification, Mr. Speaker, I know of no graver intervention and interference in the private sector that has been passed by this Congress, or even considered by this Congress, than this bill.

For us to be involved in management decisions and punishments and intervention in management decisions, to me, is a blatant violation of freedom.

Mr. Speaker, I beg you to reject this violation of freedom.

AMERICAN PEOPLE NEED TO SEE RESULTS FROM GENEVA

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, this week a historical moment is occurring, President Reagan and Soviet leader Mikhail Gorbachev are meeting to discuss relations between the United States and U.S.S.R., including arms control. It is not enough that they meet—the American people need to see results.

The two leaders have an opportunity to seize the challenge of mutually banning the testing of nuclear weapons. A ban on nuclear testing and resumption of negotiations to formalize a comprehensive test ban could be obtained at the Geneva summit. Declaring a nuclear ban on nuclear weapons explosions does not involve a complexity of summit negotiations nor does it involve complex proposals defining strategic and intermediate range weapons systems. Yet, White House sources indicate that it is unlikely that the United States will come away from Geneva with such a concrete proposal.

The people of the United States support a ban on nuclear testing. By a margin of 2 to 1, the American public feels that the United States should halt nuclear testing as long as the

Soviet Union continues their moratorium on testing.

Arms control cannot wait for the reeducation of Ronald Reagan. The American people have the right to expect him to come home with more than fond memories of Geneva.

□ 1025

FEDERAL LOW-INCOME EDUCATION VOUCHERS

Mr. BUSTAMANTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BUSTAMANTE. Madam Speaker, I would like to offer my initial impressions of Secretary of Education Bennett's School Voucher Program. It seems to me that we ought to ask ourselves two questions about the plan. Does it give our public schools a fair chance? Second, doesn't it undercut the recent Supreme Court decision restricting chapter 1 funds to use for public school education? Even if the administration's proposal to offer $600 to the parents of disadvantaged children would bring private and parochial school tuition within an affordable range aren't we condemning our public schools to failure? We aren't going to make them more flexible, as the Carnegie report suggested we ought to, by depriving the schools of badly needed funds. How in the world will our schools become more competitive when they won't know from one term to the next who's going to participate in the programs they're attempting to establish for low-income students?

The actions and attention of Government should focus on restoring quality and faith in our public education system. Secretary Bennett's voucher plan will do neither. At its worst, the voucher plan lends credence to a misimpression fostered by this administration that America's public schools are ill-equipped to prepare children for productive lives in an increasingly competitive society and world.

PROPOSED NUCLEAR COOPERATION AGREEMENT WITH CHINA

(Mr. MRAZEK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MRAZEK. Madam Speaker, I rise today to voice my concern over the nuclear cooperation agreement with China. As my esteemed colleague from Massachusetts, Mr. MARKEY, has so eloquently pointed out, this 30-year agreement is not in accord with the strict provisions contained in the Nuclear Nonproliferation Act and could seriously weaken our ability to prevent the spread of nuclear weapons to nonnuclear states.

Amidst recent reports that China has been and may still be providing nonnuclear states such as Pakistan and Argentina with nuclear technology, both the Senate Foreign Relations Committee and the House Foreign Affairs Committee passed a resolution imposing far more stringent restrictions on the sale of United States nuclear technology to China. The resolution would require the administration to provide Congress with certification that China is not assisting any other nation to obtain the materials they might need to construct nuclear weapons.

Madam Speaker, if Congress does not act soon, the agreement will go into effect on December 8 without the restrictions agreed upon by the respective committees. Considering the implications of this agreement, I strongly urge the leadership to bring the resolution to the House floor as soon as possible for both debate and a vote.

GENEVA SUMMIT

Mr. DORNAN of California. Mr. Speaker, most of the world is focused on Geneva, and upon the leaders of the two great superpowers. Everyone is trying to outcharm everyone else. The wives are also performing an excellent diplomatic service for their countries.

Mr. Speaker, you have probably the lofties perch in the free world from which to observe and analyze these critically important summit talks. To only a somewhat lesser degree do we Members of Congress also have excellent positions here in this Chamber and in the other body from which to observe the Geneva summit.

But I think we should all, Mr. Speaker, consider the God-forsaken places from which those observe who have lost their freedom. They grovel for the tiniest bit of news about this great summit meeting because their very freedom may be at stake. Since shortly after the 15th of March 1977, during my first year as a Member of Congress, the date Anatoly Shcharansky was sent to prison in Siberia, I have alternated wearing this shackle bracelet to remember him along with bracelets bearing the names of missing-in-action Americans some of whom I feel are still alive, a handful of extraordinary heroes held in slimy little jungle camps in Vietnam. Are they even aware of this Geneva meeting?

And there are four American hostages we know are alive in Lebanon, we pray to God there are six alive in Beirut although two may be dead. Are they aware? Four of them are becoming like friends to me. The more I speak about them here in the well, the more I research their backgrounds, the closer I draw to Father Marty Jenco, to Terry Anderson of AP, Dave Jacobsen and Tom Sutherland, two dedicated, excellent men who worked at our great American University in Beirut when kidnaped. I wonder if their captors are giving them a morning newspaper today, to let them follow what is happening in Geneva. Well Marty and Terry, Dave and Tom are not forgotten in this Chamber. Keep faith, gentlemen, have hope, we will find the key to bring you home to your loved ones.

I hope that in some way, somehow, in those Geneva talks, our great President turns the key with Mr. Gorbachev to free the heroes like Shcharansky and our missing-in-action. I pray we find that different key to appeal to the captors of our six fellow Americans in Lebanon. Someday in the months to come I know they will be our guests in this building, where together we will thank a merciful God who touched the hearts of their captors.

NUCLEAR COOPERATION AGREEMENT WITH PEOPLE'S REPUBLIC OF CHINA

(Mr. MARKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARKEY. Madam Speaker, I say to my esteemed colleagues that time is running out for this body to take up the matter of the pending nuclear cooperation agreement with the People's Republic of China.

This important agreement is the first of its kind with a Communist nuclear-weapons state. It will take effect automatically during the second week of December unless both House and Senate pass a joint resolution of disapproval before that date.

Disapproval of the agreement is considered unlikely, given that world's most implacable foe of communism—the Reagan administration—strongly supports expansion of military and nuclear cooperation with this particular Communist authoritarian regime.

Fortunately, an opportunity for meaningful congressional action on this agreement still exists. Last week the House and Senate Foreign Affairs Committees reported out identical resolutions of conditional approval for the China accord.

The agreement does not satisfy two principle requirements of the Atomic Energy Act—that some type of meaningful safeguards apply to nuclear materials exported from the United States, and that our Government retain an unimpeded veto right over the reprocessing of nuclear materials exported from the United States.

The conditional resolution of approval partially compensates for these deficiencies by requiring the President to certify, prior to any nuclear exports to China, that effective arrangements

are in place to verify peaceful uses of United States supplied materials;

That China's own nuclear assistance policy does not violate United States law; and

That the agreement does not presume United States approval of a Chinese request to extract explosive plutonium from United States supplied materials.

The resolution also makes the all important point that this clearly exceptional and deficient agreement may not be construed as providing a precedent for negotiation or renegotiation of other agreements for nuclear cooperation.

I join with my distinguished colleague, Mr. McHUGH, chairman of the Arms Control and Foreign Policy Caucus, and with the distinguished proponents of the Bonker-Solarz compromise resolution, in strongly urging that the whole House be afforded the opportunity to take up this matter before the statutory clock runs out.

LET'S IMPLEMENT THE FINDINGS OF THE INMAN PANEL

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Madam Speaker, the administration should quickly implement the recommendations of the Inman Panel on Overseas Security. I am disapponted that the administration has not already sent Congress its proposals in support of the panel findings. It's imperative that we move ahead rapidly so that we can protect our Embassy personnel and restructure our security programs.

Last year, the Secretary of State asked Admiral Inman to chair the Secretary's Advisory Panel on Overseas Security. The panel made many recommendations concerning how we could better protect our people, our facilities and our security information. Already some of the panel's suggestions have been implemented. OMB has the Department of State's budget request for these additional funds. Congress is eager to move ahead with this program, and is awaiting the legislative request.

To fully implement the panel's recommendations, additional funding will be needed. While I know that this is a costly effort, we must take the necessary steps to better protect our overseas personnel from the menace of terrorism.

SIMULTANEOUS NUCLEAR TEST BAN ACT

(Mr. LEHMAN of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEHMAN of Florida. Madam Speaker, today President Ronald Reagan and the Soviet leader, Mikhail Gorbachev, are meeting in Geneva. The purpose of the summit is to help reduce tensions between our two countries. It is vital that we do this if we are to achieve any significant arms control agreement.

Though arms control issues are being discussed at the summit, I doubt that at the end of their negotiations Mr. Reagan and Mr. Gorbachev will have reached an agreement to mutually ban the testing of nuclear weapons. This would be a bold and historic decision, but most likely the opportunity for this achievement will pass and the testing of nuclear weapons will continue.

The House of Representatives is said to be the body closest to the people of this country. Through their votes in numerous referendums throughout the United States, the people have consistently expressed their desire and hope that the arms race be ended. They desperately want the United States and the Soviet Union to end the insanity of testing and building more and more nuclear weapons. It is time for Congress to act.

I would therefore like to urge my colleagues to cosponsor H.R. 3442, the Simultaneous Nuclear Test Ban Act. This bill, introduced by the gentlewoman from Colorado [Mrs. SCHROEDER], would eliminate funding for the testing of nuclear weapons for 6 months, contingent on the Soviet Union suspending its testing. Congress would immediately restore funding if the Soviet Union exploded a nuclear weapon.

A nuclear exchange will result in the total destruction of all life on Earth. We can no longer delay efforts to save ourselves from annihilation. I am hopeful that Congress can take the important first step and consider and pass H.R. 3442.

□ 1040

POLICE LEADERSHIP IN AMERICA—A CANDID DISCUSSION

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Madam Speaker, there are some 17,000 police chiefs in our Nation and to a large extent they are overly criticized and underappreciated. A change may soon be in store, though. That is, if enough Americans read a new book out entitled "Police Leadership in America: Crisis and Opportunity."

This is a book about police leadership by police leaders. Significantly, the book is not self-aggrandizing in its approach. Instead, it is being hailed for its candid and constructive self-criticism of police leadership in America. The book is composed of 41 original essays written by well-known police chiefs, scholars, mayors, and others concerned about effective law enforcement.

The 520-page volume, which was 3 years in the works, was compiled by the American Bar Foundation and edited by one of their project directors, William A. Geller. According to Geller, the book contributes "realistic ideas for the reduction of crime," and in the end, "the big-city police chief emerges as a major corporate executive, not just a cop with a big job."

In short, it is a book worth reading, especially for those of us interested in improving our Nation's criminal justice system.

STATUS OF LAWSUIT ON THE DISINVESTMENT OF THE SOCIAL SECURITY TRUST FUNDS

(Mr. JONES of Oklahoma asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONES of Oklahoma. Madam Speaker, 3 weeks ago I announced that a lawsuit was being filed on behalf of a coalition of groups for the aging, myself, and numerous other Members of Congress to challenge the Secretary of the Treasury's disinvestment of the Social Security Trust Funds. That step focused the attention of the Congress, the media and the administration on Treasury's manipulation of the Social Security Trust Funds to avoid the debt limit. Today we are taking steps to pursue this lawsuit, and I would like to briefly explain where we are now, and then go into further detail on the subject under a special order.

First, we have asked the Treasury to give us a comprehensive set of documents to identify all the facts and the chronology of events leading to the unilateral cancellation of long-term bonds to finance the public debt in September, October, and November of this year, and October 1984. In the process of discovery, we should get a clear picture of how the trust funds were manipulated, without the knowledge or consent of Congress, to prevent the Treasury from bumping up against the debt ceiling.

Second, we have expanded the scope of the case to include disinvestment actions in 1984, as a result of the disclosure that long-term bonds were in fact canceled last year, and that the trust funds suffered an interest loss in the $400 to $550 million range as a result. This invasion of the trust funds was taken with no notice to Congress or the Social Security Administration, before or after the action.

Third, we have added additional plaintiffs and defendants to the case. Robert M. Ball and Charles Schott-

land, both of whom formerly served as Commissioner of Social Security, 11 Members of the House and 2 Members of the Senate have entered the complaint. In addition to the Secretary of the Treasury, we are also suing the other members of the Board of Trustees—the Secretary of HHS, the Secretary of Labor, and the two public trustees. Although these members may not have been informed of the decision to invade Social Security, they should nonetheless be held in part accountable for the action. This recognition of accountability should help assure Social Security will not be raided in the night again.

Madam Speaker, the Social Security trust funds represent a compact between the Federal Government and its citizens that a dedicated payroll tax will finance Social Security benefits and nothing else. By diverting Social Security payroll tax revenues to underwrite the general obligations of Government, the Treasury has broken that compact, and this action has worked to undermine the faith of taxpayers and beneficiaries alike in the Social Security system. Our lawsuit will proceed as a means of setting the record straight on the serious misuse of the Social Security trust funds by the administration, and will work to assure that this abuse will never recur.

MOTION TO INSTRUCT CONFEREES ON H.R. 3244, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION ACT, 1986

Mr. YOUNG of Florida. Madam Speaker, I offer a motion.

The SPEAKER pro tempore (Mrs. SCHROEDER). The Clerk will report the motion.

The Clerk read as follows:

Mr. YOUNG of Florida moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H.R. 3244) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1986, and for other purposes, be instructed to insist on the House position with respect to funding levels for Coast Guard operating expenses.

The SPEAKER pro tempore. The gentleman from Florida [Mr. YOUNG] is recognized for 1 hour.

Mr. YOUNG of Florida. Madam Speaker, pursuant to rule XXVIII, section 1(b), I have a privileged motion at the desk.

Madam Speaker, the appropriate level of Coast Guard funding has been a major item of disagreement in conference committee deliberations over the Transportation appropriations bill. The House rules permit me to offer this motion to instruct House conferees in a situation such as this where the conference is deadlocked and no report has been issued within 20 calendar days after the appointment of conferees. My motion instructs House conferees to insist that the House funding level for Coast Guard operating expenses prevail in conference.

The Senate voted last month to reduce funding for Coast Guard operating expenses 12.6 percent below the level approved by the House. This $225 million reduction will severely hinder Coast Guard operations throughout our Nation, reducing search and rescue operations, and curtailing drug interdiction patrols.

The Coast Guard is one of our most cost-effective agencies, even though its directions from Congress over the years require it to carry out an expanding number of responsibilities with a limited budget. The Senate action, which greatly concerns me, would reduce Coast Guard operating expenses 11.8 percent below last year's level and force serious cutbacks in the Coast Guard's ability to do the job we have told it to do.

Among the adverse impacts of such a serious funding reduction would be:

A loss of 8,500 Coast Guard personnel—one-fifth of its total manpower—for an agency that is already undermanned to perform the outstanding job it does.

The inability of the Coast Guard to respond to at least 4,000 search-and-rescue cases nationwide, which would result in the costly and unnecessary loss of life and property.

A reduction of 20 percent in the Coast Guard's drug interdiction efforts, which have become so effective at slowing the flow of drugs into our Nation.

The almost total elimination of fisheries enforcement, which would be detrimental to our Nation's commercial fishing industry.

Reductions in domestic ice-breaking operations by 72 percent, which would have a serious economic effect on U.S. shipping and trade, especially with winter approaching.

Every part of the country served by the Coast Guard would feel the effects of these drastic service reductions. Without the appropriate funds, the Coast Guard would have no recourse but to mothball 40 percent of its medium endurance cutters, retire one-third of its patrol boats, ground one-fourth of its aircraft, discontinue search-and-rescue operations at 15 locations, and close 3 air stations. The Commandant of the Coast Guard should be spending his time determining how the Coast Guard can best serve and protect our Nation, rather than having to decide how to allocate the already scarce resources to operate on a shoestring budget.

The Senate's action would cause irreparable harm to the Coast Guard and its mission by forcing large personnel reductions, long delays in the maintenance of equipment, and shortages in fuel and spare parts. I hope my colleagues will support my motion to instruct the House conferees to insist on the House funding level for Coast Guard operating expenses so that the Coast Guard can continue to meet its responsibilities and provide the same level of outstanding service it has proudly maintained for more than 200 years.

I think it would be well for the House to make a strong statement to the conferees that we stand strongly by the amount of money appropriated by the House for the Coast Guard, and I yield to my colleague from Florida, the chairman of the committee [Mr. LEHMAN].

Mr. LEHMAN of Florida. I thank the gentleman from Florida, my colleague, and as chairman of the Subcommittee on Appropriations, I certainly have no opposition. I would hope that my colleague, Mr. YOUNG, would also realize that the motion itself is really unnecessary because our subcommittee and myself, we support the position of the House on this and all other amendments in relationship to the conference with the Senate.

I want to just let him know that at the present time we are working diligently to try to obtain an agreement that is acceptable to both the House or the Senate and the administration, and this, as you realize at this time is not a very simple task, but we are going to work toward the kind of arrangement to protect the Coast Guard, as you indicated in your statement.

Mr. YOUNG of Florida. I thank the chairman for his comment, and I agree that he and his colleagues on the committee have stood firm in representing the House position, but I just feel that it does not hurt to send the other body a message that the House of Representatives is behind you, and I compliment the chairman and his colleagues on the committee for the fine work they are doing.

Mr. LEHMAN of Florida. I thank the gentleman for his support.

Mr. YOUNG of Florida. Madam Speaker, I yield to my colleague from Massachusetts.

Mr. STUDDS. I thank the gentleman for yielding and I rise in very strong support of his motion and commend him for his taking this step at this time.

If the gentleman would be so kind, I would like to take just a moment or two, Madam Speaker, to make it clear to our colleagues why the gentleman's motion is of the highest consequence.

I think Members know that the other body voted last month to cut the Coast Guard's operating budget by some $225 million. In the world of the Coast Guard, that is a lot of money. If these funds are not restored, I think it is critical that Members understand

what the consequences would be for the Coast Guard if the funding levels in the other body were to become law.

Very simply, the Coast Guard, as we have known it in recent years, would cease to exist. More than 6,000 out of a total military force of 38,700 would have to be eliminated. More than 40 cutters would have to be decommissioned; more than 40 aircraft would have to be grounded; three air stations would have to be closed; operations would have to be reduced at about a dozen others; 15 search-and-rescue stations would have to be closed; Coast Guard recruiting would come to a virtual halt, and the delivery of new equipment would be delayed.

Madam Speaker, I think that the action of the other body constitutes something close to an engraved invitation to drug smugglers, and I think Members ought to know that the Commandant of the Coast Guard, in anticipation of the possibility—remote though I trust it is, given the remarks of the distinguished chairman of the subcommittee—that anticipation of the possibility that the other body's figures might eventually become law, the Coast Guard, as of a couple of weeks ago, has ordered all routine air and sea patrols at all stations in the country to cease.

That, in simple English, is an extraordinary invitation to drug smugglers and others to come ahead while they can.

Fisheries law endorcement was reduced as of a couple of weeks ago by 50 percent throughout all the coasts of the United States, and the only responsible move the Commandant could take, given the possibility that the action by the Senate might have become law.

Let me say that I interpret this motion, as I know the gentleman does as well, as an expression of support and confidence in the leadership of the House Committee on Appropriations on both sides of the aisle; the gentleman from Mississippi [Mr. WHITTEN], the gentleman from Florida [Mr. LEHMAN], the gentleman from Massachusetts [Mr. CONTE], and the gentleman from Pennsylvania [Mr. COUGHLIN].

They are all working to see that the House position prevails.

I do believe Members—and I thank the gentleman and I will forbear at this point—but I think that the 45,000 men and women of the U.S. Coast Guard deserve a stronger vote of confidence from this institution than the one they received by the action and the words of the other body a few weeks ago.

Finally, let me just emphasize that the figures in the House budget, in the House bill which the gentleman seeks to instruct the conferees to support, are slightly below the budget request for the Coast Guard for this fiscal year of the President; slightly below the President's request which, in turn, in the judgment of many of us, is not overly generous given the responsibilities of the Coast Guard.

So the consequences of the adoption by this Congress and the enactment into law of the figures suggested by the other body for the U.S. Coast Guard would be absolutely—and this is not rhetoric—would be absolutely disastrous.

In the words of the Commandant, the Coast Guard would be crippled if the funding levels adopted by the other body were to become law. That is why I think the gentleman's motion is important; that is why I think it is, I hope, of value to the gentleman from Florida and others who will represent the House, to know that this degree of support exists in this institution and in this country.

I again thank the gentleman for his patience and I thank him for his motion.

Mr. YOUNG of Florida. I appreciate the comments of the gentleman from Massachusetts. His work with the Coast Guard has given him a real insight into the responsibilities that they have and how well they carry them out with the limited funds available. The comments of the gentleman certainly strengthen our position.

Madam Speaker, I yield to the gentleman from Michigan [Mr. DAVIS].

Mr. DAVIS. Madam Speaker, I thank the gentleman.

Madam Speaker, I rise in strong support of my friend's motion, that of the gentleman from Florida [Mr. YOUNG]. It is extremely important that the House insist on the level of funding it has provided for the operating expenses of the Coast Guard in fiscal year 1986. Accepting a drastic cut of $230 million that we have been talking about this morning is unacceptable to me and it should be to every Member of this House as well. We know the many missions we have given the Coast Guard: drug interdiction, fisheries law enforcement, marine environment protection, security of our ports, safety of our waterways; but we do not want to forget the most basic and important mission of the Coast Guard—saving lives.

The $1.7 billion budget we have crafted for the Coast Guard is really a freeze budget which is supported by the administration; $230 million taken out of this budget will very definitely cost lives. When we held our subcommittee meeting on this particualr issue and other issues related to it, the Commandant of the Coast Guard, Admiral Gracey, indicated, that although there is no way to say it, to say how many lives would be lost, that kind of a cut, with the many, various tasks that the Coast Guard has to perform, would result in loss of lives. It would definitely mean more illegal drugs entering this country; it will mean more illegal fishing in U.S. waters; it will mean that one of our military services will not be prepared in a national emergency.

Madam Speaker, beyond the $230 million in cuts that we are talking about, you also have to recognize that the Coast Guard, in order to implement these $230 million in cuts, in other words, to lay up the ships, to eventually end up with 6,000 less people, to stop construction in some areas, would also add another $100 million in costs to the U.S. Coast Guard. This was in testimony, again, from Admiral Gracey. So really you are talking about $330 million when you recognize the $100 million that the Coast Guard will have to spend in order to implement these $230 million in cuts.

I just want to say how important it is that this motion be supported, because what Mr. YOUNG is trying to do is very necessary. The Coast Guard does a very, very good job. They are the kind of Federal agency that, when you give them the dollars and tell them to do something, they do not complain about it; they go out and do it to the best of their ability.

Without this motion, without the conferees on the House side convincing the conferees of the other body to go along with adding these $230 million, I think it would be a drastic mistake, and I certainly hope that our House conferees will push very hard to make sure this money is added back into the budget.

Madam Speaker, I congratulate my friend from Florida.

Mr. YOUNG of Florida. Madam Speaker, I thank the gentleman from Michigan for his very strong statement in behalf of the Coast Guard.

Madam Speaker, I yield to the gentleman from Virginia [Mr. BATEMAN].

Mr. BATEMAN. Madam Speaker, I thank the gentleman for yielding.

Madam Speaker, I could not be present on the floor today without rising to support this motion and commending the gentleman from Florida for his initiative in bringing it before the House.

Madam Speaker, our Coast Guard has a mission which has in no wise been diminished. If anything, it needs more resources in view of the significance of the mission which has been assigned and remains assigned to it.

The Coast Guard is a vital component, even in times of tenuous peace, of our national security. Our national well-being, the safety of our citizens, is very much wrapped up in the capability of the Coast Guard to discharge its very multifaceted missions.

It would be, I think, an unseeming travesty for the Congress to cripple the Coast Guard's ability to operate and to discharge its mission.

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Madam Speaker, I think this motion gives to us in the House the opportunity to strengthen the position of our House conferees in their discussions with the conferees of the other body. Certainly I would commend the gentleman for his part in making it possible for us to send this very strong message to the conferees of the other body that this is a matter on which the House would choose not to yield.

Madam Speaker, I thank the gentleman for yielding.

Mr. YOUNG of Florida. I thank the gentleman from Virginia for his comments, and I yield to the gentleman from Maryland [Mr. BARNES].

Mr. BARNES. I thank the distinguished gentleman from Florida for yielding to me.

Madam Speaker, I strongly support the gentleman's motion to instruct House conferees to retain the House funding level for Coast Guard operating expenses.

Continuation of adequate funding for the Coast Guard is vitally important to Maryland. The Senate's proposed $225 million cut in operations funding will impair water safety, environmental protection, and drug enforcement and interdiction efforts in our State.

Services at the Curtis Bay Coast Guard Yard in Baltimore would be sharply curtailed and many of the employees would lose their jobs. The search and rescue station at Taylor's Island would be converted from a year-round operation to a seasonalized one—operating only during the summer. A Coast Guard cutter, the *Harbor Tug,* will be decommissioned, and an aid to navigation team on the Potomac River would be eliminated.

The Senate's precipitous cuts would, of course, have effects reaching far beyond the State of Maryland. Cutting the Coast Guard is not practical. It provides economic benefits to our country that far outweigh its cost. It is essential to the safety of commerce, the protection of the environment and the fight against drug smuggling. We cannot expect the Coast Guard to adequately do its job unless we give them the necessary funding support. I commend my colleague for his efforts to ensure that they have that support.

Madam Speaker, I salute the gentleman for his efforts, and strongly urge my colleagues on both sides of the aisle to support his motion.

Mr. YOUNG of Florida. I thank the gentleman from Maryland for his comments.

Madam Speaker, I yield to the gentleman from North Carolina, the chairman of the Committee on Merchant Marine and Fisheries, Mr. JONES.

Mr. JONES of North Carolina. I thank the gentleman for yielding.

Madam Speaker, I rise in strong support of the motion by the gentleman from Florida.

Last month the other body dealt a very, very severe blow to our Nation's Coast Guard by voting to cut an already lean budget by more than $200 million.

The effects of such a cut will be staggering. For example, 17 percent of their manpower eliminated; 40 percent of their medium endurance cutters mothballed; 33 percent of their patrol boats retired; 25 percent of their aircraft grounded; and 15 search-and-rescue stations closed. This is only a sampling of the reduction that the budget cut would cause.

The end result would be an increase in the number of lives lost at sea, and an open door to those who smuggle drugs into our country.

Madam Speaker, this motion signals the House conferees to stand firm on House funding levels for the Coast Guard. Your vote on this motion is needed to show the Coast Guard that we support their efforts and will not allow them to be crippled.

Mr. YOUNG of Florida. Madam Speaker, I thank the gentleman from North Carolina for his comment and his participation in this debate this morning. The work that he does as chairman of the Committee on Merchant Marine and Fisheries is very essential.

Madam Speaker, I yield to my colleague, the gentleman from Florida [Mr. SHAW].

Mr. SHAW. I thank the gentleman for yielding, and compliment him for bringing this most important matter to the floor today.

Madam Speaker, it is not only important for our own State of Florida, but it is tremendously important to the entire Nation, both those which have seaports and those which do not.

The gentleman from North Carolina just gave some interesting statistics to the House. I think what that translates to is that you can cut the funding by 12, 13 percent as the other body has advocated, but that cut is going to result in a far greater functional cut as to what the Coast Guard does. It is going to lay up certain ships, it is going to lay off personnel, it is going to curtail the purchase of fuel.

In other words, what the other body has suggested is going to be at least a devastating cut to the efficiency of our Coast Guard.

Madam Speaker, I believe very strongly that neither this body nor the other body funds Coast Guard to the full extent that we should, recognizing both its peacetime and its wartime ability and what it produces for this country. But more importantly at this particular time when we are making some headway in the Caribbean I have a very parochial interest in the continuing functioning and continuing funding of the U.S. Coast Guard.

We are for the first time beginning to make some meaningful inroads into the drug trafficking. I can tell you that those that are watching what we do here today and what the other body does and what we do in conference are going to be very much concerned with the degree of funding. To cut this funding back would mean that the drug smugglers would have open seas for them to bring their drugs into this country. This does not affect only Florida, where all the recent publicity has been; this affects the entire country. It affects our youngsters, it affects the future of our entire country.

It is time we hold strong. I support the gentleman's motion, compliment him for it, and urge its passage, and I yield back the balance of my time.

Mr. YOUNG of Florida. I thank my colleague from Florida for his statement.

Madam Speaker, I yield to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Madam Speaker, I thank the gentleman for yielding.

I gather from this debate that there was at some point an assertion that the amount that the House is standing firm for distribution on this issue, that it is less than that which was requested by the administration.

Madam Speaker, I would like the gentleman from Florida to engage in a colloquy with me and reestablish that on the record and quote those figures. If that be true, I would have no problem at all in supporting the House position.

Mr. YOUNG of Florida. The gentleman is accurate.

The budget estimate for 1986 was $1,788,000,000. The figure appropriated in the House bill was $1,785,000,000. So it is less than the budget estimate.

Mr. GEKAS. I thank the gentleman. I have been trying throughout the budget process to adhere as closely as possible to the levels set by the administration in their total battle against the budget deficits that we are facing here.

It seems to me that even though there is an attempt to reduce the number of dollars here, when we are talking about national security and also when we can be consistent with the adminstration position that we ought to support the House position, and I do so.

Mr. YOUNG of Florida. I thank the gentleman for that comment.

I would say to him that of all of the agencies of the Federal Government, there is not another agency that is as efficient in using its funding and carrying out its mission than the Coast Guard.

The men and women of the U.S. Coast Guard do not get the credit and the acclaim that they deserve. We get a lot for the money that we make available to them because at the risk of their own lives many innocent lives are saved, and much valuable property is protected. A strong effort in drug interdiction is well underway and getting better all the time, and it would be just shameful to take away the funding that the Coast Guard needs to to keep performing the mission as well as it does.

I wish there were some better way to applaud the men and women of the U.S. Coast Guard today, but maybe just helping to adequately finance their mission will indicate to them that we are serious in our support.

Madam Speaker, I yield to the gentleman from Texas [Mr. COLEMAN].

Mr. COLEMAN of Texas. I thank the gentleman for yielding.

Madam Speaker, I would like to endorse what the gentleman just said about the Coast Guard.

I would hope many of those Members who did not vote for the Treasury-Postal bill, and as you know we just saw a veto from the President of the United States with respect to those same kind of people in the Customs Service, Department of Treasury, Secret Service, and all the rest where we are going to have a problem in terms of how many and how we can best enforce and really help the people who are on the front line trying to enforce our drug laws and those who would bring drugs into this country.

I would hope that many would try to equate what the gentleman is attempting to do today and what we are attempting to do in this Congress about sending that bill to the President.

I thank the gentleman for yielding.

Mr. YOUNG of Florida. Madam Speaker, I thank the gentleman for his comment.

Mr. SISISKY. Mr. Speaker, I rise in opposition to reduced funding for the Coast Guard and in favor of the motion from the gentleman from Florida. The other body has voted to reduce funding for Coast Guard operating expenses 12.6 percent below the level approved by the House of Representatives. This figure represents a $225 million reduction and will severely hinder Coast Guard operations along all the coasts of the United States.

I'm not sure that everyone knows the critical role played by the Coast Guard in drug interdiction and or understands the enormous expense associated with maintaining the Coast Guard's search and rescue capability. Both of these tasks are extremely expensive, but they are also critically essential to protecting the security of our children from drugs and the safety of our seamen on the seas.

The Coast Guard is one of the most cost-effective agencies of the Federal Government. There's no one saying that they waste money or that they abuse their responsibilities. These people save lives, pure and simple. We've got a history of giving them more and more responsibilities and taking away their resources at the exact same time. That doesn't make any sense to me, and I can't imagine that it makes any sense to anyone else.

Let's get specific. The other body has approved a reduction that would result in the loss of 8,500 Coast Guard personnel. This number represents one-fifth of total Coast Guard manpower—and the Coast Guard is already undermanned as it is!

The Coast Guard is called on to respond to over 4,000 search and rescue missions every year. I think the people responsible for cutting their budget will be directly responsible for the loss of life and property that might have been saved if the Coast Guard were provided with adequate resources.

The Coast Guard has proven effective in helping to halt the flow of illegal drugs into this country. We can't afford to cripple their efforts and be responsible for drugs they might have interdicted becoming available to our children on the street corner.

Finally, these funding reductions would hinder the enforcement of our fisheries management regulations, and would also reduce icebreaking operations by approximately 72 percent.

Mr. Speaker, we're not just talking about something that only affects coastal areas. With the drug enforcement impact, the commercial fisheries impact, and the international trade impact of these reductions, I think everyone can see that this decision is of national importance.

I urge all of my colleagues to oppose the effort to reduce Coast Guard funding.

Mr. HEFTEL of Hawaii. Mr. Speaker, we in the beautiful Island State of Hawaii enjoy the unique distinction of living in the only State in the Union completely surounded by water. We are therefore particularly dependent upon the facilities and services of the U.S. Coast Guard. I am troubled by the recent vote in the other body to drastically reduce funding for the Coast Guard, and urge my colleagues to instruct our House conferees to steadfastly oppose any proposal to compromise or recede on the funding levels adopted by the House.

I would like to share with you today what the proposed cuts would mean in Hawaii if the other body prevails. We would lose Loran C radio navigation stations located on the big island of Hawaii, Kure Atoll, and Johnston Island; in other words, all civilian loran stations in the State. We would lose the search and rescue station located on the island of Kaui. We would lose two patrol boats stationed on Hawaii and Maui. Combined, these neighbor island facilities slated for elimination saved 16 lives and otherwise assisted 316 individuals last year. The Hawaiian fishing fleet depends on the loran C stations not only for navigation, but also for reference points in the vast Pacific along which longlines and lobster traps are placed.

Under the proposed cuts, the Coast Guard would, in effect, consolidate its operations in the 14th District, which covers 18 million square miles, at the Honolulu Base. There is justifiable apprehension in Hawaii that the proposed cuts will compromise the current ability of the Coast Guard to quickly respond to emergencies near any of the 8 major islands, which are each separated by 10 to 100 miles of some of the most treacherous open ocean in the world.

I also learned this morning that the Honolulu Police Department will lose Coast Guard logistical support and aircraft time in their ongoing efforts to eradicate domestic marijuana cultivation in Hawaii. As many of you have heard, this illegal drug is the largest cash crop in Hawaii, exceeding even sugar and pineapple in magnitude of revenues. Curtailment of domestic marijuana production is a top law enforcement priority, and the Coast Guard is the only branch of national uniformed service that is not restrained by posses comitatus regulations in their ability to assist civilian law enforcement agencies.

In short, if the lower funding level prevails, the Coast Guard in Hawaii will be reduced to a shadow of its former presence. The vital missions of protection of lives and property at sea and enforcement of U.S. law will be seriously constrained, and all marine industries, which are so important to our State, will be severely damaged. I hope that our conferees will stand firm, and that their counterparts from the other body will realize the shortsighted nature of their proposal, and recede without further delay. Thank you.

Mr. LOWERY of California. Mr. Speaker, I rise in support of the motion of my colleague from Florida, a fellow member of the Appropriations Committee to instruct the conferees for the Transportation Appropriations bill to support the House-passed level for the Coast Guard.

Although I have received every assurance that the conferees for transportation appropriations bill agree that the House-passed level of funding for the Coast Guard should be preserved, I believe that this motion serves as a useful message to the other body of the intent of the House with regard to the Coast Guard.

In addition to their vital search and rescue operations, the Coast Guard provides the first line of defense in our war on drug smuggling by sea. As a representative of San Diego, CA, I know first hand of the important role that the Coast Guard plays in drug interdiction and boating safety in southern California. For example, in San Diego the Coast Guard last year seized 68,000 pounds of contraband marijuana and was credited with saving the lives of 288 people.

Let me close by commending my friends, the distinguished chairman of the Transportation Subcommittee, Mr. LEHMAN of Florida, and the distinguished ranking member, Mr. COUGHLIN for their stated support of adequate funding for the Coast Guard. I would urge my colleagues to support the motion to instruct the conferees.

Mr. AUCOIN. Mr. Speaker, I rise in strong support of the motion of my friend Mr. YOUNG to put the full House strongly on record in support of keeping the Coast Guard's vital lifesaving and treaty enforcement capability alive. The Senate's shortsighted and wrong-headed $225 million reduction in operating expenses for the Coast Guard must be reversed. If we don't, over 6,000 Coast Guard personnel will be fired. Forty cutters will be decommissioned, 40 aircraft will be grounded, 3 air stations will be closed, and 12 stations will have reduced operations. In addition 15 search and rescue stations will have to be shut down. I can't estimate here and now how much lost revenue we're going to have because of the loss incurred because of drug smugglers increased activity, but I dare say it would top the savings the Senate is trying to achieve. And I commend my good friends and Chairman BILL LEHMAN for the outstanding job he has done with his 1986 transportation funding bill. He came in under budget without sacrificing the Coast Guard. We should fully support his efforts, and I think this vote today is just that. A strong vote of support for him and his colleagues on the subcommittee as they prepare to do battle with the Senate during the conference on this bill. We just cannot afford to lose the ability to respond to 4,000 search and rescue cases a year. At this point I'd like to include in the RECORD an article from the Daily Astorian in my district which points out some of the crippling effects this cut, if sustained, will have. It is nothing short of devastating.

[From the Daily Astorian, Oct. 30, 1985]

COAST GUARD CUTS ROUTINE PATROLS—HOPES CONGRESS WILL RESCUE BUDGET

(By Tony Meyer)

Throughout the Sunset Empire, Coast Guard personnel are "standing down"—doing only what is absolutely necessary in order to conserve money in case a Senate-proposed $230 million funding cut is upheld.

Coast Guard Commandant Adm. James Gracey issued the servicewide directive Friday.

"If it comes to pass, we don't want to be out there spending money as if we had it, which we don't," said Lt. Cmdr. Tom Pearson, public affairs officer for the Coast Guard's 13th District headquarters in Seattle.

The Coast Guard's search and rescue mission is not affected by the order.

Pearson said Gracey expressed hope that much of the proposed cut would be restored when a Senate-House conference committee meets this week to work out differences on the Department of Transportation budget as a whole. However, Gracey added in the directive "it is prudent that we reduce spending as much as possible now to reduce the effect in case funds are not restored."

The Senate has approved a $200 million cut from the operations portion of the Coast Guard's budget and a $30 million across-the-board cut, Pearson said. The cuts, made to comply with spending ceilings approved by the Senate in August, trim $230 million from the $1.78 billion Coast Guard budget approved by the House of Representatives last month.

If enacted, the budget cuts could mean substantial reductions in personnel, aircraft, vessels and personnel throughout the Coast Guard.

Gracey's directive halts all routine air and surface patrols by the Coast Guard, as well as routine maintenance and other nonessential work, Pearson said.

The cutter Resolute was ready to head out to sea on a law enforcement patrol Monday but instead is sitting in its berth at the foot of 17th Street in Astoria until word on the cuts is received.

"It's a little bit frustrating," said Cmdr. Robert Gronberg, the Resolute's skipper.

Morale on the 210-foot, medium-endurance cutter is "pretty good, but the ship and crew aren't doing their job sitting in port," Gronberg said.

"We're just kind of hanging on, waiting to see what Congress decides to do," he said.

Another medium-endurance cutter, the North Bend-based Citrus, was ordered home Friday from a law enforcement patrol off the California coast when Gracey's directive came down, Pearson said.

Routine maintenance of buoys and other aids to navigation also has been stopped, Pearson said. "Now they will just go when they know something is wrong, and fix it. They won't be doing anything more than they absolutely have to," he said.

At Air Station Astoria, flight time is being kept to a minimum, said Capt. Tony Adams, commander of Group and Air Station Astoria. Only minimum flight time requirements for pilots will be met, he said. Law enforcement flight patrols are on hold, and so are routine boardings by crewmen from the small boat stations in the group. "Our boats are basically tied up unless they have to go out and do something," he said.

"We are canceling any kind of meetings that might involve travel or cost for meeting spaces, and postponing routine shoreside maintenance and repair of facilities," Adams said. Also on hold are contracts for work that can wait. "Unless it is going to cost a lot more money in the future by not doing it, we won't issue contracts," he said.

Adams said he doesn't think the proposed cuts have had an effect on morale on group personnel. "There certainly is concern and uncertainty, but I don't think it has adversely affected morale," he said.

"We've just been asked to hold the line. Every dollar we save today won't have to be found later on to cut," he said.

If the cuts are upheld, the Coast Guard's law enforcement patrols will be reduced by 70 percent, Pearson said. Without the patrols, foreign fishing fleets would have an open door to come in and fish within the 200 mile limit, he said.

Drug smuggling also could be expected to increase, he said.

Although law enforcement patrols have been stopped, the service will continue to go after drug smugglers, for example, but only if they have knowledge of such activity, Pearson said.

Coast Guard aircraft and vessels are always available for search and rescue while on law enforcement patrols, he said.

"Without being there on patrol, that resource won't be there for fishermen," Pearson said.

Mr. LENT. Mr. Speaker, I rise in support of the motion offered by the gentleman from Florida [Mr. YOUNG] that would instruct the House conferees regarding the DOT appropriation bill. Specifically, this motion calls upon the conferees to hold fast to the level of $1.7 billion funding approved by the House of Representatives for the Coast Guard operating expense account. The funding voted by the House is a very modest budget that is fully supported by the administration.

Unfortunately, the only option the conferrees have is to agree to a reduction of up to $230 million in the Coast Guard operating expense account. A reduction of this size would have a devastating impact on the Coast Guard. These cuts in the operating expense account would be directed at the day-to-day services that the Coast Guard provides that are so important to the health of our Nation's maritime community. Thus, if this money is not held intact, the Coast Guard will not be able to perform the important law enforcement, search and rescue, marine environmental protection, merchant marine and recreational boating safety, military readiness, and other maritime duties that all of us have come to automatically expect from them.

It is ironic that while the Department of Defense is building up the fifth military service of our country, the Coast Guard, has to suffer from budgetary cutbacks. We cannot allow this to happen and I urge my colleagues to support this very important motion.

Ms. MIKULSKI. Mr. Speaker, I rise in strong support of the motion to instruct the House members of the conference on the fiscal year 1986 Department of Transportation appropriations to insist on the House funding level for the Coast Guard.

The $230 million cut for the Coast Guard proposed by the Senate is nothing short of draconian. If enacted, it would mean drastic reductions in drug enforcement, marine safety, and environmental pollution control.

Of more immediate concern to me however, is that the Senate cut could cost the jobs of more than 500 Marylanders who work at the Coast Guard yard in Curtis Bay, MD, in my district.

The yard has been an exemplary facility for the Coast Guard. The repair work of its employees on the Coast Guard's fleet is unparalleled anywhere in the Nation. In addition, the yard performs these vital services at a lower cost, with greater efficiency, than could be obtained anywhere else by the Coast Guard.

The $230 million cut proposed by the Senate would mean drastic reductions in personnel at the yard since the reduction is limited strictly to Coast Guard operating expenses.

It is nothing short of outrageous that we would penalize the hard-working and devoted civilian and military and Federal employees at the yard for their years of providing quality service to the fleet.

I urge my colleagues to vote for this motion to instruct, which is a vote for a strong national defense through maintaining the Coast Guard and the infrastructure needed to keep the Coast Guard afloat.

Mr. YOUNG of Florida. Madam Speaker, I have no further requests for time and I move the previous question on the motion to instruct.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Florida [Mr. YOUNG].

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. STUDDS. Madam Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 400, nays 6, not voting 28, as follows:

[Roll No. 414]

YEAS—400

Ackerman	Conte	Gibbons
Alexander	Conyers	Gilman
Anderson	Cooper	Gingrich
Andrews	Coughlin	Glickman
Annunzio	Courter	Gonzalez
Anthony	Coyne	Goodling
Applegate	Craig	Gordon
Archer	Crane	Gradison
Armey	Crockett	Gray (IL)
Aspin	Daniel	Gray (PA)
Atkins	Dannemeyer	Green
AuCoin	Darden	Gregg
Badham	Daschle	Grotberg
Barnard	Daub	Guarini
Barnes	Davis	Gunderson
Bartlett	de la Garza	Hall (OH)
Barton	DeLay	Hall, Ralph
Bateman	Dellums	Hamilton
Bates	Derrick	Hammerschmidt
Bedell	DeWine	Hansen
Beilenson	Dickinson	Hartnett
Bennett	Dicks	Hatcher
Bentley	Dingell	Hawkins
Bereuter	DioGuardi	Hayes
Berman	Dixon	Hefner
Bevill	Donnelly	Henry
Biaggi	Dorgan (ND)	Hertel
Bilirakis	Dornan (CA)	Hiler
Bliley	Dowdy	Holt
Boehlert	Downey	Hopkins
Boggs	Dreier	Horton
Boland	Duncan	Howard
Bonior (MI)	Durbin	Hoyer
Bonker	Dwyer	Huckaby
Borski	Dymally	Hughes
Bosco	Dyson	Hunter
Boucher	Early	Hutto
Boulter	Eckart (OH)	Hyde
Boxer	Edgar	Ireland
Breaux	Edwards (CA)	Jacobs
Brooks	Edwards (OK)	Jeffords
Broomfield	Emerson	Johnson
Brown (CA)	English	Jones (NC)
Broyhill	Erdreich	Jones (OK)
Bruce	Evans (IA)	Jones (TN)
Bryant	Evans (IL)	Kanjorski
Burton (CA)	Fascell	Kaptur
Burton (IN)	Fawell	Kasich
Bustamante	Fazio	Kastenmeier
Byron	Feighan	Kemp
Callahan	Fiedler	Kennelly
Campbell	Fields	Kildee
Carney	Fish	Kindness
Carper	Flippo	Kleczka
Carr	Florio	Kolbe
Chandler	Foglietta	Kolter
Chapman	Foley	Kostmayer
Chappell	Ford (MI)	LaFalce
Cheney	Ford (TN)	Lantos
Clay	Fowler	Latta
Clinger	Frank	Leach (IA)
Coats	Franklin	Leath (TX)
Cobey	Fuqua	Lehman (CA)
Coble	Gallo	Lehman (FL)
Coelho	Garcia	Leland
Coleman (MO)	Gejdenson	Lent
Coleman (TX)	Gekas	Levin (MI)
Combest	Gephardt	Levine (CA)
Lewis (CA)	Olin	Smith, Robert (NH)
Lewis (FL)	Ortiz	Snowe
Lightfoot	Owens	Snyder
Lipinski	Oxley	Solarz
Livingston	Packard	Solomon
Lloyd	Panetta	Spence
Long	Pashayan	Spratt
Lott	Pease	St Germain
Lowery (CA)	Penny	Staggers
Lowry (WA)	Pepper	Stallings
Lujan	Perkins	Stangeland
Luken	Petri	Stark
Lundine	Pickle	Stenholm
Lungren	Porter	Stokes
Mack	Pursell	Strang
MacKay	Quillen	Stratton
Madigan	Ray	Studds
Manton	Regula	Stump
Markey	Reid	Sundquist
Marlenee	Richardson	Sweeney
Martin (IL)	Ridge	Swift
Martin (NY)	Rinaldo	Swindall
Martinez	Ritter	Synar
Matsui	Roberts	Tallon
Mavroules	Rodino	Tauzin
Mazzoli	Roemer	Taylor
McCain	Rogers	Thomas (CA)
McCandless	Rose	Thomas (GA)
McCloskey	Rostenkowski	Torres
McCollum	Roth	Torricelli
McCurdy	Roukema	Traficant
McDade	Rowland (CT)	Traxler
McEwen	Rowland (GA)	Udall
McGrath	Roybal	Valentine
McHugh	Rudd	Vander Jagt
McMillan	Russo	Vento
Meyers	Sabo	Visclosky
Mica	Savage	Volkmer
Michel	Saxton	Vucanovich
Mikulski	Schaefer	Walgren
Miller (CA)	Scheuer	Watkins
Miller (OH)	Schneider	Waxman
Miller (WA)	Schroeder	Weaver
Mineta	Schuette	Weiss
Moakley	Schulze	Wheat
Molinari	Schumer	Whitehurst
Mollohan	Seiberling	Whitley
Monson	Sensenbrenner	Whittaker
Montgomery	Sharp	Whitten
Moody	Shaw	Williams
Moore	Shelby	Wilson
Moorhead	Shumway	Wirth
Morrison (CT)	Shuster	Wise
Morrison (WA)	Sikorski	Wolf
Mrazek	Siljander	Wolpe
Murphy	Sisisky	Wortley
Murtha	Skeen	Wright
Myers	Skelton	Wyden
Natcher	Slattery	Wylie
Neal	Slaughter	Yates
Nichols	Smith (FL)	Yatron
Nowak	Smith (IA)	Young (AK)
O'Brien	Smith (NE)	Young (FL)
Oakar	Smith (NJ)	Young (MO)
Oberstar	Smith, Denny (OR)	Zschau
Obey		

NAYS—6

Brown (CO)	Kramer	Tauke
Frenzel	Nielson	Walker

NOT VOTING—28

Addabbo	Hillis	Price
Akaka	Hubbard	Rahall
Boner (TN)	Jenkins	Rangel
Chappie	Lagomarsino	Robinson
Collins	Loeffler	Roe
Eckert (NY)	McKernan	Smith, Robert (OR)
Frost	McKinney	Towns
Gaydos	Mitchell	Weber
Heftel	Nelson	
Hendon	Parris	

□ 1120

Mr. WALKER and Mr. TAUKE changed their votes from "yea" to "nay."

Mr. KOLTER changed his vote from "nay" to "yea."

So the motion to instruct was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. YOUNG of Florida. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the motion just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERSONAL EXPLANATION

Mr. HEFTEL of Hawaii. Madam Speaker, had I been here on the motion to instruct on H.R. 3244, I would have voted "yes." I was unavoidably detained.

CONFERENCE REPORT ON H.R. 3327, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1986

Mr. HEFNER. Madam Speaker, pursuant to the order of the House of yesterday, I call up the conference report on the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Tuesday, November 19, 1985, at page 32452.

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the statement be considered as read, and that the Senate amendments reported from the conference in disagreement be considered as read and printed in the RECORD when called up for consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. HEFNER] will be recognized for 30 minutes and the gentleman from Oklahoma [Mr. EDWARDS] will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. HEFNER].

□ 1130

GENERAL LEAVE

Mr. HEFNER. Madam Speaker, I ask unanimous consent that all Mem-

bers may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill, H.R. 3327, as well as on the Senate amendments reported in disagreement, and that I may include extraneous material and tables.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HEFNER. Madam Speaker, I yield myself such time as I may require.

Madam Speaker, the conference agreement on H.R. 3327, the military construction appropriations bill for 1986, contains $8,497 million in new budget authority for military construction and family housing for the Department of Defense. This is $1,843 million below the President's request. I want to express my appreciation to all the members of the subcommittee and the conferees, who have worked very hard to bring this agreement to the floor today.

When we brought this bill before you earlier in the year, I outlined the very strict criteria that was used to develop our recommendations on the bill. Because of the very tight budget constraints imposed by Congress on defense spending, we had to take a hard look at all the items requested this year. All items of low operational utility had to be deferred. I want to say very emphatically today that the conference agreement reflects these same priorities. We had a very difficult time with the other body on a few items, but were able to preserve our strict criteria. This policy has forced deferral of many projects, but it was applied across the board. I hope Members will understand the tough constraints we were faced with this year.

The major elements of the agreement include:

$55 million for MX missile related facilities. These funds will provide all necessary road and silo modifications for missiles No. 11 to 40.

$16 million for GLCM related facilities in The Netherlands. These funds will not be obligated until the Dutch Parliament votes to accept deployment of these missiles.

$10.8 million for the binary munitions plant at Pine Bluff, AR. These funds are provided contingent upon the final disposition of the production funds in the defense bill. Whatever conditions are imposed by that bill will also apply to the funds for this building.

$56 million has been provided to upgrade security at Pershing II missiles sites.

$140 million has been provided to initiate construction of facilities for the Army's light division at Fort Drum, NY.

$70 million has been provided to initiate construction of facilities on both the east and west coasts for homeporting of Navy ships.

$200 million has been provided for facilities to beddown the B–1 bomber.

$600 million has been provided to construct over 5,000 in new housing all over the world.

$81 million has been provided for our bases in the Philippines. The committee is concerned about the long-term viability of our bases in light of the economic and political instability there. However, funds for these badly needed improvements have been provided. The committee has also called for an extensive review of the security and long-term construction plans for our bases.

Funds for over 40,000 new barracks spaces, numerous child-care centers, and new and improved industrial and operational facilities worldwide have also been provided. This reflects our committee's longstanding priority that funding essential quality of life items is the best way to improve the readiness of our Armed Forces and enhance the security of the Nation.

In summary, Madam Speaker, we bring before you a very balanced conference report that funds the highest priority military construction requirements and at the same time reflects our fiscal constraints. I urge adoption of the conference report.

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
ALABAMA				
ARMY				
ANNISTON ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	750	750	750	750
FACILITY ENERGY IMPROVEMENTS	360	360	360	360
MACHINE SHOP	3,150	3,150	3,150	3,150
VEHICLE REPAIR FACILITY	4,700	4,700	4,700	4,700
FORT MCCLELLAN				
GENERAL INSTRUCTION BUILDING	12,800	12,800	12,800	12,800
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	23,000	23,000	23,000	23,000
UNACCOMPANIED OFFICER HOUSING	3,550	3,300	3,550	3,550
REDSTONE ARSENAL				
CHILD CARE CENTER	1,500	1,500	---	1,500
HANGAR MISSILE TEST FACILITY	5,300	5,300	5,300	5,300
PROPULSION AGING LABORATORY	3,100	3,100	3,100	3,100
TARGET AND SEEKER MEASUREMENT FACILITY	2,250	2,250	2,250	2,250
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	13,600	13,600	13,600	13,600
FORT RUCKER				
GENERAL INSTRUCTION BUILDING	2,350	2,350	2,350	2,350
LAND ACQUISITION	1,200	1,200	1,200	1,200
UNACCOMPANIED OFFICER HOUSING	5,900	5,300	5,900	5,600
MUSEUM - SITE PREPARATION & UTILITIES	---	---	2,200	---
AIR FORCE				
GUNTER AFB				
ADD TO COMPUTER FACILITY	6,000	6,000	---	6,000
MAXWELL AFB				
ADD-ALTER HISTORICAL RESEARCH CENTER	2,800	---	---	---
ALTER ELECTRIC DISTRIBUTION FACILITY	3,300	3,300	3,300	3,300
SQ OFFICERS SCHOOL-LEADERSHIP DEV COMPLEX	1,900	---	1,900	---
VISITING OFFICER QUARTERS	---	3,500	---	3,500
ARMY NATIONAL GUARD				
LINDEN				
60 PERSON ARMORY	627	---	---	---
FORT MC CLELLAN				
ORGANIZATIONAL MAINTENANCE SHOP	389	389	389	389
THOMASVILLE				
60 PERSON ARMORY	500	---	---	---
DOUBLE SPRINGS				
ARMORY	---	593	---	593
ONEONTA				
ARMORY	---	853	---	853
DEMOPOLIS				
ARMORY	---	647	---	647
VALLEY				
ARMORY	---	578	---	578
TROY				
ARMORY ADDITION	453	453	453	453
ARMY RESERVE				
ANNISTON				
ADD/ALTER RESERVE CENTER/MAINT/STORAGE	4,349	4,349	4,349	4,349
TOTAL, ALABAMA	103,828	103,322	94,601	103,872
ALASKA				
ARMY				
FORT GREELY				
CHILD CARE CENTER	2,500	2,200	2,500	2,500
FT J M WAINWRIGHT				
BARRACK MODERNIZATION	12,000	9,000	12,000	10,500
COMMUNITY IMPACT PLANNING	---	---	1,000	250
STEAM LINE INSULATION	2,000	2,000	2,000	2,000
FORT RICHARDSON				
DINING FACILITY MODERNIZATION	2,050	2,050	2,050	2,050
SECURE OPERATIONS BUILDING	1,550	1,550	1,550	1,550
NAVY				
NAVAL FACILITY ADAK				
ELECTRIC POWER PLANT	2,650	2,650	2,650	2,650
NAVAL SECURITY GROUP ACTIVITY ADAK				
SECURITY IMPROVEMENTS	980	300	400	400

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
ATTU				
SEISMIC OPNS AND DATA TRANSMISSION FAC	910	910	910	910
CLEAR				
SATELLITE COMMUNICATIONS GROUND TERMINAL	4,500	4,500	4,500	4,500
EIELSON AFB				
ADD-ALTER CENTRAL HEAT-POWER PLANT	25,500	---	25,500	25,500
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	5,500	5,500	5,500	5,500
FIRE PROTECTION - HANGAR	4,200	4,200	4,200	4,200
MAINTENANCE HANGAR	6,000	---	6,000	6,000
REFUELING VEHICLE-PETROLEUM OPERATIONS FAC	2,200	2,200	2,200	2,200
SOUND SUPPRESSOR SUPPORT	1,550	1,550	1,550	1,550
ELMENDORF AFB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	3,600	3,600	3,600	3,600
FIRE STATION	1,400	1,400	1,400	1,400
KING SALMON AFB				
ADD-ALTER COMPOSITE OPERATIONS FACILITY	3,000	2,500	3,000	2,500
FIRE STATION	5,600	4,600	5,600	5,600
SHEMYA AFB				
ADD-ALTER CENTRAL POWER PLANT	27,500	24,500	27,500	26,000
COMPOSITE PERSONNEL HOUSING-ALERT FACILITY	9,600	---	9,600	9,600
LIQUID FUEL PIPELINE SYSTEM	8,800	8,000	8,800	8,000
DEFENSE AGENCIES				
DEFENSE PROPERTY DISPOSAL OFFICE ANCHORAGE				
CONFORMING STORAGE FACILITY	(1,390)	1,390	1,390	1,390
TOTAL, ALASKA	133,590	84,600	135,400	130,350
ARIZONA				
ARMY				
FORT HUACHUCA				
AUTOMATED RECORD FIRE RANGE	730	---	---	---
OPERATIONS BUILDING	2,050	2,050	2,050	2,050
NAVAJO ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	240	240	240	240
YUMA PROVING GROUND				
WALL INSULATION	240	240	240	240
NAVY				
MARINE CORPS AIR STATION YUMA				
ATTACK AIRCRAFT TRAINING BUILDING	3,150	3,150	3,150	3,150
BATTALION HEADQUARTERS	2,050	---	---	---
ENGINE TEST CELL	3,570	3,570	3,570	3,570
MAINTENANCE HANGAR	4,300	4,300	4,300	4,300
OPERATIONAL TRAINER FACILITY	2,550	2,550	2,550	2,550
POWER CHECK PADS	1,130	1,130	1,130	1,130
AIR FORCE				
DAVIS-MONTHAN AFB				
BASE CIVIL ENGINEER ADMINISTRATION FAC	2,500	---	---	---
GLCM-FIELD TRAINING FACILITY	4,550	4,550	4,550	4,550
MEDICAL WRM FACILITY	620	620	620	620
TAXIWAY LIGHTING	560	560	560	560
LUKE AFB				
ECIP-HVAC	290	290	290	290
F-16 ADD-ALTER ENGINE INSP AND REPAIR SHOP	1,750	1,750	1,750	1,750
F-16 AIRCRAFT MAINTENANCE TRAINING FAC	3,650	3,650	3,650	3,650
F-16 AIRCRAFT MAINTENANCE UNIT FACILITY	790	790	790	790
F-16 FUEL SYSTEM MAINTENANCE HANGAR	2,000	2,000	2,000	2,000
F-16 SQUADRON OPERATIONS FACILITY	2,900	2,900	2,900	2,900
F-16 WING HEADQUARTERS FACILITY	1,350	1,350	---	---
SUPPORT EQUIPMENT SHOP	2,050	2,050	2,050	2,050
WILLIAMS AFB				
ADD-ALTER AVIONICS SHOP	660	660	660	660
ARMY NATIONAL GUARD				
SHOW LOW				
60 PERSON ARMORY	832	832	832	832
TOTAL, ARIZONA	44,512	39,232	37,882	37,882

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
ARKANSAS				
ARMY				
PINE BLUFF ARSENAL				
BINARY MUNITIONS FACILITY - PHASE II	10,800	---	10,800	10,800
CLOSE HAZARDOUS WASTE	19,000	19,000	19,000	19,000
NAVY				
NAVAL SPACE SURVEIL FIELD STA LEWISVILLE				
ANTENNA MODERNIZATION AND LAND ACQUISITION	675	675	675	675
AIR FORCE				
BLYTHEVILLE AFB				
AIRCRAFT GENERAL PURPOSE MAINTENANCE SHOP	3,750	3,750	3,750	3,750
PETROLEUM OPERATIONS FACILITY	---	510	510	---
AIR NATIONAL GUARD				
FT SMITH MAP				
ADD TO HEADQUARTERS BUILDING	570	570	570	570
TOTAL, ARKANSAS	34,795	24,505	35,305	34,795
CALIFORNIA				
ARMY				
FORT HUNTER LIGGETT				
MULTI-PURPOSE RANGE COMPLEX - LIGHT	8,900	8,900	8,900	8,900
TECHNICAL DOCUMENTATION FACILITY	2,200	2,200	2,200	2,200
FT IRWIN				
CHILD CARE CENTER	1,450	1,450	---	1,450
COMMUNITY CENTER	1,900	---	---	---
DINING FACILITY MODERNIZATION	1,250	1,250	1,250	1,250
HOSPITAL UPGRADE AND ADDITION	8,000	6,000	8,000	7,000
TRAINING FACILITY	1,100	1,100	1,100	1,100
TRAINING RANGES	1,750	1,750	1,750	1,750
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	14,600	14,000	14,000	14,000
OAKLAND ARMY BASE				
RAIL HEAD LOADING RAMPS	330	330	330	330
FORT ORD				
ENERGY MONITORING AND CONTROL SYSTEM	440	440	440	440
MEDICAL SUPPLY WAREHOUSE	680	680	680	680
OPERATIONS BUILDING	1,700	1,700	1,700	1,700
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	23,000	23,000	23,000	23,000
PRESIDIO OF MONTEREY				
MILITARY PERSONNEL ADMINISTRATION CENTER	2,650	2,650	---	2,650
SACRAMENTO ARMY DEPOT				
OPTICAL FACILITY	4,550	4,550	4,550	4,550
MICROWAVE COMM & RADAR FACILITY	---	1,900	---	---
SIERRA ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	370	---	---	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,600	2,600	2,600	2,600
NAVY				
AMPHIBIOUS TASK FORCE CAMP PENDLETON				
LANDING CRAFT AIR CUSHION COMPLEX	9,020	8,020	9,020	9,020
FLEET ANTI-SUB WARF TRNG CTR PAC SAN DIEGO				
ANTI-SUBMARINE WARFARE TRAINING BUILDING	7,850	7,850	7,850	7,850
FLEET COMBAT TRNG CTR PAC SAN DIEGO				
LAMPS MK III TRAINING BUILDING	305	305	305	305
FLEET TRAINING CENTER SAN DIEGO				
DAMAGE CONTROL TRAINING FACILITY	4,750	4,750	4,750	4,750
MARCORP AIR-GRND COMB CTR TWENTYNINE PALMS				
BACHELOR ENLISTED QUARTERS	11,570	11,570	11,570	11,570
BATTALION AND BATTERY HEADQUARTERS	2,840	2,840	---	2,840
BRIGADE HEADQUARTERS	2,880	2,880	---	2,880
CHILD CARE CENTER	1,490	---	---	---
PHYSICAL FITNESS CENTER	5,380	3,380	---	3,380
MARINE CORPS AIR FACILITY CAMP PENDLETON				
ARMORY	570	570	570	570
AUTOMOTIVE MAINTENANCE SHOP	1,270	1,270	1,270	1,270
GROUP HEADQUARTERS BUILDING	1,470	1,470	---	---
MAINTENANCE HANGAR	11,000	11,000	11,000	11,000

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
MARINE CORPS AIR STATION EL TORO				
AIRCRAFT DIRECT FUELING FACILITIES	4,460	4,460	4,460	4,460
AIRCREW WATER SURVIVAL TRAINING FACILITY	1,960	1,960	1,960	1,960
BACHELOR ENLISTED QUARTERS	17,640	17,640	17,640	17,640
COMMUNICATION CONDUIT	980	980	980	980
ELECTRONICS AND COMMUNICATIONS MAINT FACS	1,470	1,470	1,470	1,470
HAZARDOUS WASTE FAC & OIL SPILL PREVENTION	1,270	750	900	900
LOADING AND UNLOADING RAMPS	345	345	345	345
TACTICAL SUPPORT VAN PADS	2,250	2,250	2,250	2,250
MARINE CORPS AIR STATION TUSTIN				
AIRCRAFT PARKING APRON	4,450	4,450	4,450	4,450
HELICOPTER ENGINE MAINTENANCE SHOP	2,940	2,940	2,940	2,940
HELICOPTER MAINTENANCE TRAINING BUILDING	2,250	---	2,250	2,250
MAINTENANCE HANGAR	8,330	8,330	8,330	8,330
MARINE CORPS BASE CAMP PENDLETON				
ARMORY ADDITION	365	365	365	365
BACHELOR ENLISTED QUARTERS	7,950	7,950	7,950	7,950
BATTALION HEADQUARTERS	3,300	2,500	---	---
COMMS & ELECTRONICS MAINT & STRG FACILITY	1,470	1,470	1,470	1,470
COMMUNICATION IMPROVEMENTS	6,000	6,000	6,000	6,000
OIL SPILL PREVENTION	1,470	1,470	1,470	1,470
SANTA MARGARITA WATER PROJECT	1,540	---	---	---
SPECIAL INTELLIGENCE SUPPORT FACILITY	1,520	1,520	---	1,520
TACTICAL VEHICLE MAINTENANCE FACILITY	3,100	3,100	3,100	3,100
MARINE CORPS LOGISTICS BASE BARSTOW				
RADIOGRAPHIC FACILITY	530	530	530	530
MOUNTAIN WARFARE TRAINING CTR BRIDGEPORT				
AUTOMOTIVE MAINTENANCE SHOP	1,470	1,470	1,470	1,470
NAVAL AIR REWORK FACILITY ALAMEDA				
ENERGY MONITORING AND CONTROL SYSTEM	780	780	---	780
PAINT AND FINISHING HANGAR	24,200	20,000	---	20,000
NAVAL AIR REWORK FACILITY NORTH ISLAND				
ENGINEERING LABORATORY	9,120	8,000	9,120	9,120
HEATING, VENTILATION, AIR CONDITIONING	345	345	345	345
NAVAL AIR STATION ALAMEDA				
DREDGING	8,650	8,650	8,650	8,650
NAVAL AIR STATION LEMOORE				
HELICOPTER ESCAPE TRAINER	2,300	2,300	2,300	2,300
NAVAL AIR STATION MIRAMAR				
HAZARDOUS WASTE FACILITY	385	385	385	385
NAVAL AIR STATION NORTH ISLAND				
HELICOPTER MAINTENANCE HANGAR	13,130	13,130	13,130	13,130
ORDNANCE FACILITIES	5,463	5,463	5,463	5,463
NAVAL AMPHIBIOUS BASE CORONADO				
AMPHIBIOUS FORCES TRAINING BUILDING	3,500	3,500	3,500	3,500
BACHELOR ENLISTED QUARTERS	5,200	5,200	5,200	5,200
SEALIFT SUPPORT MAINTENANCE FACILITY	4,400	4,400	4,400	4,400
WATERFRONT OPERATIONS BUILDING	3,050	3,050	3,050	3,050
NAVAL AMPHIBIOUS SCHOOL CORONADO SAN DIEGO				
COMBAT SWIMMER TRAINER FACILITY	3,430	3,000	---	3,000
LANDING CRAFT AIR CUSHION TRAINING BLDG	5,900	5,900	5,900	5,900
NAVAL CONSTRUCT BATTALION CTR PORT HUENEME				
BACHELOR ENLISTED QUARTERS	5,100	5,100	5,100	5,100
CHAPEL AND RELIGIOUS EDUCATION BUILDING	2,080	1,580	---	---
COGENERATION UTILITY PLANT	3,630	3,630	3,630	3,630
SEABEE MATERIEL TRANSIT FACILITY	6,960	6,960	6,960	6,960
SEABEE OPERATIONS HEADQUARTERS	5,880	---	5,880	5,880
NAVAL CONSTRUCTION TRNG CTR PORT HUENEME				
SEABEE TRAINING BUILDINGS	4,800	4,800	4,800	4,800
NAVAL ELECTRONIC SYS ENGR CTR SAN DIEGO				
FLEET SUPPORT CENTER	27,450	---	---	---
NAVAL HOSPITAL SAN DIEGO				
FIRE STATION	450	450	450	450
REGIONAL MEDICAL CENTER-SUPPORT FACILITIES	21,600	3,400	3,400	3,400
NAVAL POST GRADUATE SCHOOL MONTEREY				
OCEAN SCIENCES ACADEMIC BUILDING	13,000	---	---	---
NAVAL SECURITY GROUP ACT SKAGGS ISLAND				
COMPUTER SUPPORT WAREHOUSE	395	395	395	395
NAVAL SHIP WEAPON SYS ENG STA PORT HUENEME				
WEAPON SYSTEMS ENGINEERING BUILDINGS	10,780	9,700	10,780	9,700

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
NAVAL SHIPYARD LONG BEACH				
SONAR RUBBER DOME FACILITY	7,160	7,160	7,160	7,160
NAVAL SHIPYARD MARE ISLAND VALLEJO				
SECURITY LIGHTING	815	815	815	815
SEWAGE TREATMENT FACILITY	---	5,100	---	---
NAVAL SPACE SURVEIL FIELD STA SAN DIEGO				
ANTENNA MODERNIZATION	600	600	600	600
NAVAL STATION LONG BEACH				
BACHELOR ENLISTED QUARTERS	16,000	14,600	16,000	15,300
CONSTRUCTION BATTALION UNIT COMPLEX	1,230	---	---	---
NAVAL STATION MARE ISLAND				
TELEPHONE LINES	735	735	735	735
NAVAL STATION SAN DIEGO				
CHILD CARE CENTER	845	---	---	---
DEGAUSSING BUILDING	980	980	980	980
DEPERMING PIER	9,110	9,110	9,110	9,110
DREDGING	6,107	6,107	6,107	6,107
NAVAL SUBMARINE BASE SAN DIEGO				
ELECTRICAL DISTRIBUTION SYS IMPROVEMENTS	14,120	13,600	14,120	13,600
NAVAL SUPPLY CENTER OAKLAND				
DREDGING	6,570	6,570	6,570	6,570
OIL SPILL PREVENTION	1,320	1,320	1,320	1,320
NAVAL SUPPLY CENTER SAN DIEGO				
COLD STORAGE WAREHOUSE	5,340	5,340	5,340	5,340
FIRE PROTECTION	1,760	1,760	1,760	1,760
NAVAL TECHNICAL TRNG CTR SAN FRANCISCO				
UNDERWAY REPLENISHMENT TRAINING BUILDING	1,570	1,570	1,570	1,570
NAVAL TRAINING CENTER SAN DIEGO				
PATTERNMAKER TRAINING BUILDING	2,900	2,900	2,900	2,900
NAVAL WEAPONS CENTER CHINA LAKE				
FIXED POINT TEST FACILITY	1,670	1,670	1,670	1,670
LAND ACQUISITION	---	8,250	---	8,250
ORDNANCE RESEARCH LABORATORY	6,860	---	6,860	---
PAY AND PERSONNEL SUPPORT OFFICE	785	785	---	785
NAVY HOSPITAL LONG BEACH				
MEDICAL CLINIC	6,300	6,300	6,300	6,300
NAVY TACT INTEROP SPT ACT NORTH ISLAND				
HEADQUARTERS BUILDING	585	585	---	585
PACIFIC MISSILE TEST CENTER POINT MUGU				
BACHELOR ENLISTED QUARTERS	10,200	9,700	10,200	10,000
SURFACE WARFARE OFF SCOL CMD DET CORONADO				
SURFACE WARFARE OFFICER TRAINING BUILDING	5,200	5,200	5,200	5,200
AIR FORCE				
BEALE AFB				
PAVE PAWS BOUNDARY SECURITY SYSTEM	1,050	1,050	1,050	1,050
PAVE PAWS ELECTROMAGNETIC PULSE PROTECTION	950	950	950	950
RELIGIOUS EDUCATION FACILITY	1,100	---	---	---
TR-1 AIRCRAFT SHELTER AND APRON	3,300	3,300	3,300	3,300
TR-1 PHYSIOLOGICAL DIV SUPPORT FACILITY	550	550	550	550
CASTLE AFB				
APPROACH LIGHTING-LAND ACQUISITION	2,000	2,000	2,000	2,000
ENGINE INSPECTION AND REPAIR SHOP	1,300	1,300	---	---
EDWARDS AFB				
ADD TO-ALTER FLIGHT TEST MISSION CONTROL C	4,800	---	4,800	---
ALTER PHYSICAL SCIENCE LAB	2,450	2,450	2,450	2,450
GEORGE AFB				
ADD-ALTER MUNITIONS FACILITIES	1,100	1,100	1,100	1,100
FIRE STATION	3,400	3,400	3,400	3,400
RESOURCE MANAGEMENT FACILITY	7,400	---	---	---
SOUND SUPPRESSOR SUPPORT	740	740	740	740
VISITING PERSONNEL QUARTERS	7,600	---	---	---
MARCH AFB				
AIR DIVISION HEADQUARTERS	2,200	---	---	---
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	6,800	6,800	6,800	6,800
MATHER AFB				
ACCOUNTING-FINANCE FACILITY	1,500	1,500	---	---
CENTRAL LIFE SUPPORT EQUIPMENT FACILITY	1,200	1,200	1,200	1,200

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
MCCLELLAN AFB				
AIRCRAFT ACCESSORIES MAINTENANCE COMPLEX	16,929	16,929	16,929	16,929
AMMUNITION STORAGE COMPLEX/LAND ACQ	---	3,500	---	---
DEPOT ELECTRONIC WARFARE-COMMUNICATIONS	13,100	13,100	13,100	13,100
LOGISTICS SYSTEM OPERATIONS CENTER	10,300	10,300	---	10,300
MEDICAL AND OCCUPATIONAL HEALTH CLINIC	12,800	12,800	12,800	12,800
REGIONAL WASTE WATER CONNECTION	---	5,800	---	---
SOUND SUPPRESSOR SUPPORT	700	700	700	700
NORTON AFB				
CONTROL TOWER	2,200	2,200	2,200	2,200
ECIP-FACILITY ENERGY IMPROVEMENTS	470	470	470	470
SECURITY POLICE OPERATIONS FACILITY	1,900	1,900	1,900	1,900
SUNNYVALE AFS				
ALTER MISSION CONTROL COMPLEX	2,700	---	2,700	2,700
TRAVIS AFB				
ADD-ALTER FLIGHT SIMULATOR TRAINING FAC	2,000	1,700	2,000	1,700
BASE HAZARDOUS STORAGE	2,100	2,100	2,100	2,100
COMPOSITE MEDICAL FACILITY - PH III	78,400	78,400	78,400	78,400
WEAPONS SYS MAINT MGT SUPPORT FACILITY	6,200	6,200	---	---
VANDENBURG AFB				
ADD-ALTER TELEMETRY RECEIVING STATION	530	530	530	530
ECIP-ELECTRICAL ENERGY SYSTEMS	720	720	720	720
OPTICAL TEST FACILITY	710	710	710	710
SOUTH BASE POWER PLANT	---	15,950	15,950	15,950
DEFENSE AGENCIES				
DEF FUEL SUPPORT POINT PT LOMA SAN DIEGO				
LUBE OIL TANKAGE	600	600	600	600
DEF FUEL SUPPORT POINT SAN PEDRO				
FIRE PROTECTION	700	700	700	700
DEF PROPERTY DISPOSAL OFFICE ALAMEDA				
FACILITY REHABILITATION	1,320	1,320	1,320	1,320
DEF PROPERTY DISPOSAL OFFICE BARSTOW				
CONFORMING STORAGE FACILITY	825	825	825	825
ARMY NATIONAL GUARD				
STOCKTON				
COMBINED SUPPORT MAINTENANCE SHOP ALT/ADD	906	906	906	906
MODESTO				
ADD TO RESERVE CENTER	---	443	---	443
AIR NATIONAL GUARD				
FRESNO ANGB				
COMPOSITE BCE MAINT-TELECOMMUNICATION FAC	2,300	2,300	2,300	2,300
FIRE SUPPRESSION SYSTEM	650	650	650	650
MIRAMAR NAS				
COMM-ELECTRONICS TRAINING COMPLEX	5,100	4,500	5,100	4,800
POINT MUGU NAS				
LAND ACQUISITION	5,000	---	5,000	5,000
NAVY RESERVE				
NAVAL STATION TREASURE ISLAND				
SHORE INTERMEDIATE MAINTENANCE FACILITY	11,900	11,900	11,900	11,900
AIR FORCE RESERVE				
MARCH AFB				
COMPOSITE TRAINING FACILITY	4,450	4,450	4,450	4,450
FUEL SYSTEM MAINTENANCE DOCK	4,000	4,000	4,000	4,000
TOTAL, CALIFORNIA	754,615	666,173	612,620	655,723
COLORADO				
ARMY				
FORT CARSON				
BATTALION HEADQUARTERS	1,350	1,350	1,350	1,350
CHILD CARE CENTER	2,600	2,600	---	2,600
COMPANY OPERATIONS AND SUPPLY	2,100	2,100	2,100	2,100
COMPANY OPERATIONS AND SUPPLY ADDITION	1,100	1,100	1,100	1,100
MILITARY OPERATIONS ON URBANIZED TERRAIN	4,550	---	4,550	---
MULTI-PURPOSE RANGE COMPLEX-HEAVY	24,000	24,000	24,000	24,000
PHYSICAL FITNESS TRAINING CENTER	4,100	--	---	---
RANGE ROADS - PHASE II	3,050	3,050	3,050	3,050
TACTICAL EQUIPMENT SHOP	12,600	12,600	12,600	12,600
FITZSIMONS ARMY MEDICAL CENTER				
PHYSICAL FITNESS TRAINING CENTER	2,550	---	---	---
PUEBLO DEPOT ACTIVITY				
AMMUNITION CONTAINER LOADING YARD	200	200	200	200

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
BUCKLEY ANG BASE				
AEROSPACE DATA FACILITY	11,700	11,700	11,700	11,700
SECURITY POLICE OPERATIONS FACILITY	670	670	670	670
LOWRY AFB				
ADD-ALTER ACADEMIC CLASSROOMS (PMEL)	3,500	---	3,500	---
COLD STORAGE FACILITY	3,350	3,350	3,350	3,350
PETERSON AFB				
TEST DEVELOPMENT & TNG CENTER-PHASE 2	5,200	---	5,200	5,200
US AIR FORCE ACADEMY				
ADD-ALTER AERONAUTICS LABORATORY	3,400	---	3,400	3,400
ADD-ALTER COMPUTER CENTER	440	440	---	440
ADD-ALTER PREPATORY SCHOOL FACILITIES	3,400	---	3,400	---
ADD-ALTER PREPATORY SCHOOL FIELDS	270	---	270	---
ADD-ALTER VEHICLE MAINTENANCE SHOP	900	900	900	900
ECIP-HVAC	1,500	1,500	1,500	1,500
RECYCLE COOLING WATER	400	400	400	400
ARMY RESERVE				
ROCKY MOUNTAIN ARSENAL				
ARMY RESERVE CENTER	4,411	---	4,411	---
NAVY RESERVE				
NRC FORT CARSON				
RESERVE CENTER ADDITION	2,050	2,050	2,050	2,050
AIR FORCE RESERVE				
PETERSON AFB				
AIRCRAFT MAINTENANCE DOCK	3,560	3,560	3,560	3,560
TOTAL, COLORADO	102,951	71,570	93,261	80,170
CONNECTICUT				
NAVY				
NAVAL HOSPITAL GROTON				
HOSPITAL EXPANSION	8,720	8,720	---	8,720
NAVAL SUBMARINE BASE NEW LONDON				
SUBMARINE MAGNETIC SILENCING FACILITY	365	365	365	365
NAVAL SUBMARINE SCHOOL NEW LONDON				
SUBMARINE TRAINING BUILDING	13,300	13,300	13,300	13,300
DEFENSE AGENCIES				
DEF PROPERTY DISPOSAL OFFICE GROTON				
CONFORMING STORAGE	625	575	625	625
AIR NATIONAL GUARD				
BRADLEY FIELD				
ALTER HANGAR	1,440	1,440	1,440	1,440
FIRE SUPPRESSION SYSTEM	570	570	570	570
TOTAL, CONNECTICUT	25,020	24,970	16,300	25,020
DELAWARE				
AIR FORCE				
DOVER AFB				
ADD-ALTER AERIAL REFUELING PART TASK TRNG	1,050	1,050	1,050	1,050
ADD-ALTER FLIGHT SIMULATOR TRAINING FAC	1,250	1,250	1,250	1,250
ANCILLIARY EXPLOSIVE COMPLEX	2,300	---	2,300	---
BASE HAZARDOUS STORAGE	430	430	430	430
BASE SUPPLY AND EQUIPMENT SHED	360	360	360	360
EXTEND RUNWAY-LAND ACQUISITION	13,800	---	13,800	13,800
ARMY NATIONAL GUARD				
NEW CASTLE				
ORGANIZATIONAL MAINTENANCE SHOP	494	494	494	494
TOTAL, DELAWARE	19,684	3,584	19,684	17,384
DISTRICT OF COLUMBIA				
ARMY				
WALTER REED ARMY MED CTR				
ENERGY MONITORING AND CONTROL SYSTEM	1,150	1,150	1,150	1,150
NAVY				
COMMANDANT NAVAL DISTRICT WASHINGTON				
ADMINISTRATIVE OFFICE MODERNIZATION	6,300	6,300	---	6,300
NAVAL RESEARCH LABORATORY WASHINGTON				
ELECTRONIC WARFARE LABORATORY	28,900	23,000	27,000	23,000
NAVY BAND WASHINGTON				
NAVY BAND TRAINING BUILDING MODERNIZATION	1,900	---	---	---

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
BOLLING AFB				
ECIP-FACILITY ENERGY IMPROVEMENTS	250	250	250	250
OFFICE OF SPECIAL INVESTIGATIONS FACILITY	12,000	---	---	---
DEFENSE AGENCIES				
FORT MCNAIR				
ACADEMIC INSTRUCTION FACILITY	29,200	---	24,940	---
TOTAL, DISTRICT OF COLUMBIA	79,700	30,700	53,340	30,700
FLORIDA				
NAVY				
NAVAL AIR STATION CECIL FIELD				
AIR COMBAT TRNG RANGE & LAND ACQUISITION	26,250	25,250	26,250	26,250
AIRCRAFT PARKING APRON	2,800	2,800	2,800	2,800
TRAINING RANGE DEBRIEFING FACILITY	785	---	785	785
NAVAL AIR STATION JACKSONVILLE				
ANTI-SUBMARINE WARFARE AIRCRAFT TRNG BLDGS	5,800	5,800	5,800	5,800
BRIG	6,470	---	2,600	---
NAVAL AIR STATION PENSACOLA				
FACILITY ENERGY IMPROVEMENTS	225	225	225	225
NAVAL AIR STATION WHITING FIELD				
PAY AND PERSONNEL SUPPORT OFFICE	810	810	---	810
NAVAL EXPLOSIVE ORD DISPOSAL SCHOOL EGLIN				
EXPLOSIVE ORDNANCE DISPOSAL TRNG FACS	13,700	13,700	13,700	13,700
NAVAL HOSPITAL JACKSONVILLE				
HOSPITAL ADDITION	18,600	16,600	18,600	17,600
NAVAL HOSPITAL PENSACOLA				
MEDICAL AND DENTAL CLINIC	7,250	7,250	7,250	7,250
NAVAL OCEANOGRAPHY CMD FAC JACKSONVILLE				
METEOROLOGICAL BUILDING ADDITION	390	390	390	390
NAVAL STATION MAYPORT				
CHILD CARE CENTER	2,240	---	---	---
FIRE AND RESCUE STATION ADDITION	210	210	210	210
FLEET TRAINING SUPPORT FACILITY	810	810	810	810
HELICOPTER MAINTENANCE HANGAR	9,800	9,800	9,800	9,800
NAVAL SUPPLY CENTER JACKSONVILLE				
FUEL TRUCK LOADING FACILITY	1,270	1,270	1,270	1,270
WATERFRONT TRANSIT SHED	285	285	285	285
NAVAL TECHNICAL TRAINING CENTER PENSACOLA				
BACHELOR ENLISTED QUARTERS IMPROVEMENTS	4,300	4,300	4,300	4,300
CRYPTO TRAINING BUILDING	1,370	---	1,370	---
NAVAL TRAINING CENTER ORLANDO				
BARRACKS	9,400	9,400	9,400	9,400
NAVY PUBLIC WORKS CENTER PENSACOLA				
ELECTRICAL DISTRIBUTION SYSTEM IMPROVMENTS	8,430	8,430	8,430	8,430
NAVY REG DATA AUTOMATION CTR JACKSONVILLE				
DATA PROCESSING CENTER	10,300	9,300	---	9,300
NAVY TACT INTEROPERABILITY SPT ACT MAYPORT				
TACTICAL DATA SYSTEM FACILITY	470	470	---	---
AIR FORCE				
EGLIN AFB				
FUEL CELL REPAIR FACILITY	---	2,300	---	---
HEAVY METAL WEAPONS R&D FACILITY	5,500	---	5,500	5,500
MOBILITY READINESS FACILITY	3,000	3,000	3,000	3,000
SEWAGE TREATMENT PLANT	2,800	2,800	2,800	2,800
SOUND SUPPRESSOR SUPPORT	960	960	960	960
EGLIN AFB AUXILIARY FIELD 9				
ALTER DINING HALL	1,700	1,700	1,700	1,700
HOMESTEAD AFB				
F-16 ADD-ALTER AGS PARTS STORE	410	410	410	410
F-16 ADD-ALTER FLIGHT SIMULATOR TRAINING F	1,200	1,200	1,200	1,200
F-16 ADD-ALTER VARIOUS MAINTENANCE FACILIT	325	325	325	325
F-16 ADD-ALTER WEAPONS RELEASE SYSTEMS SHO	510	510	510	510
F-16 ALTER FUEL SYSTEMS MAINTENANCE HANGAR	1,050	1,050	1,050	1,050
MUNITIONS FACILITIES	970	970	970	970
VEHICLE MAINTENANCE SHOP & OPERATIONS FAC	900	900	900	900
VISITING OFFICERS QUARTERS	1,650	1,300	1,300	1,300

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
MACDILL AFB				
ADD-ALTER REDCOM HEADQUARTERS FACILITY	1,500	---	1,500	1,500
ALTER AIRCRAFT CORROSION CONTROL FACILITY	500	500	500	500
ALTER BASE ROADS	2,850	2,850	2,850	2,850
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	4,000	4,000	4,000	4,000
BASE CONTRACTING FACILITY	1,300	---	---	---
TYNDALL AFB				
ACFT COMBAT MANEUV INSTRUMENTATION FAC	1,100	1,100	1,100	1,100
ARM-DISARM PAD	980	980	980	980
CONSOLIDATED TRAINING FACILITY	1,550	---	1,550	---
UNACCOMP ENLISTED PERSONNEL HOUSING	2,500	2,500	2,500	2,500
WEAPONS EVALUATION-OPERATIONS FACILITY	2,650	2,650	2,650	2,650
DEFENSE AGENCIES				
DEF FUEL SUPPORT POINT PORT TAMPA				
FIRE PROTECTION	595	595	595	595
ARMY NATIONAL GUARD				
LAKE WALES				
ARMORY ADD/RENOV	461	461	461	461
ORLANDO				
ARMORY EXPAN/ALT	741	741	741	741
ARMY RESERVE				
FT. LAUDERDALE				
TRAINING AND MAINTENANCE FACILITY	---	2,466	---	2,466
JACKSONVILLE				
ADD/ALTER RESERVE CENTER/MAINT FACILITY	1,763	1,763	1,763	1,763
TALLAHASSEE				
ADD/ALTER RESERVE CENTER/MAINT FACILITIES	2,851	2,851	2,851	2,851
AIR FORCE RESERVE				
EGLIN AFB				
FLIGHT SIMULATOR FACILITY	---	3,850	---	3,850
TOTAL, FLORIDA	178,281	161,832	158,941	168,847
GEORGIA				
ARMY				
FORT BENNING				
HIGHWAY CROSSING - US 280	9,400	---	9,400	---
MEDICAL SUPPLY WAREHOUSE	1,600	1,600	1,600	1,600
RANGER CAMP MODIFICATIONS	5,100	5,100	5,100	5,100
RECREATION CENTER	2,000	---	---	---
TACTICAL EQUIPMENT SHOP	4,550	4,550	4,550	4,550
TRAINEE BARRACKS	17,000	16,000	17,000	17,000
UPGRADE UNACCOMPANIED OFFICERS BUILDING	---	11,000	11,400	11,400
FORT GORDON				
ADDITION TO DATA PROCESSING BUILDING	760	760	---	760
APPLIED INSTRUCTION FACILITY	5,800	5,800	5,800	5,800
APPLIED INSTRUCTION FACILITY	14,600	14,600	14,600	14,600
BARRACKS WITH DINING FACILITY	23,000	23,000	23,000	23,000
MODIFIED RECORD FIRE RANGE	880	880	880	880
OPERATIONS BUILDING	1,000	1,000	1,000	1,000
FT STEWART/HUNTER AAF				
HEATING FACILITY MODERNIZATION	1,150	1,150	1,150	1,150
MILITARY OPERATIONS ON URBANIZED TERRAIN	3,700	---	3,700	---
SNIPER TRAINING RANGE	1,150	1,150	1,150	1,150
TACTICAL EQUIPMENT SHOP	6,100	---	---	---
TACTICAL EQUIPMENT SHOP	8,500	8,100	8,100	8,100
TACTICAL EQUIPMENT SHOP	8,600	8,200	8,200	8,200
VEHICLE WASH FACILITY	6,500	6,500	6,500	6,500
NAVY				
NAVAL SUBMARINE BASE KINGS BAY				
BACHELOR ENLISTED QUARTERS & ADMIN FAC	5,400	4,200	5,400	5,400
COMMAND AND CONTROL SYSTEMS SHOP	7,160	6,800	6,800	6,800
COMMUNICATIONS ANTENNA FACILITIES	1,670	1,670	1,670	1,670
COMMUNITY IMPACT ASSISTANCE	6,140	6,140	6,140	6,140
CONSOLIDATED PERSONNEL SUPPORT FACILITY	3,230	3,230	3,230	3,230
CONTROLLED INDUSTRIAL FACILITY	7,550	7,550	7,550	7,550
DREDGING	23,380	22,200	22,200	22,200
DRYDOCK	125,600	40,000	40,000	40,000
EXPLOSIVES HANDLING WHARF	39,010	38,000	39,010	39,010

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
HULL SHOPS	12,740	12,100	12,100	12,100
REFIT WAREHOUSE	7,920	7,920	7,920	7,920
STRATEGIC WEAPONS FACILITY (PHASE II)	81,360	81,360	81,360	81,360
STRATEGIC WEAPONS MAGAZINES	13,700	12,400	12,400	12,400
TENDER MOORING AND LAY BERTHS	23,500	22,300	23,500	23,500
UTILITIES AND SITE IMPROVEMENTS	35,700	30,000	30,000	30,000
AIR FORCE				
MOODY AFB				
AIRCRAFT MAINTENANCE UNIT FACILITY	800	800	800	800
ALTER ELECTRICAL DISTRIBUTION SYSTEM	4,750	4,750	4,750	4,750
F-16 ADD-ALTER ENGINE INSP AND REPAIR SHOP	1,250	1,250	1,250	1,250
F-16 ADD-ALTER FIELD TRAINING FACILITY	1,600	1,600	1,600	1,600
F-16 ADD-ALTER VARIOUS OPNS AND MAINT FAC	2,950	2,950	2,950	2,950
F-16 AVIONICS SHOP	3,200	3,200	3,200	3,200
F-16 FLIGHT SIMULATOR TRAINING FACILITY	1,600	1,600	1,600	1,600
SOUND SUPPRESSOR SUPPORT	980	980	980	980
VARIOUS MUNITIONS STORAGE-OPERATIONS FAC	6,900	6,900	6,900	6,900
ROBINS AFB				
FIRE PROTECTION-AVIONICS FACILITIES	1,950	1,950	1,950	1,950
LARGE ITEM STORAGE FACILITY	5,400	---	5,400	5,400
DEFENSE AGENCIES				
FORT BENNING				
ELEMENTARY SCHOOLS EXPANSION	1,693	---	1,693	1,693
NAVY RESERVE				
NAS ATLANTA				
AIRCRAFT INTERMEDIATE MAINT EXPANSION	1,400	1,400	1,400	1,400
AIR FORCE RESERVE				
DOBBINS AFB				
APPROACH LIGHTS	891	734	891	891
TOTAL, GEORGIA	560,814	433,374	457,774	445,434
HAWAII				
ARMY				
HAWAII VARIOUS				
SECURITY FENCE WITH LAND ACQUISITION	510	510	510	510
POHAKULOA TRAINING AREA				
AMMUNITION STORAGE	2,150	2,150	2,150	2,150
SCHOFIELD BARRACKS				
AIR CONDITIONING UPGRADE	5,900	5,900	5,900	5,900
AUTOMATED FIELD FIRE RANGE	850	850	850	850
COMPANY COMBINED ARMS ASSAULT COURSE	1,850	1,850	1,850	1,850
DINING FACILITY MODERNIZATION	2,700	2,700	2,700	2,700
INSTALL ELECTRICAL OUTLETS	400	400	400	400
MILITARY OPERATIONS ON URBANIZED TERRAIN	3,850	---	3,850	---
OPERATIONS BUILDING	1,550	1,550	1,550	1,550
TACTICAL EQUIPMENT SHOP	11,200	11,200	11,200	11,200
TACTICAL EQUIPMENT SHOP	3,650	3,650	3,650	3,650
FORT SHAFTER				
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	6,300	6,300	6,300	6,300
TRIPLER ARMY MEDICAL CENTER				
ALTERNATE ELECTRIC POWER SOURCE	970	970	970	970
NAVY				
COM OCEANOGRAPHIC SYS PACIFIC PEARL HARBOR				
NAVAL OCEAN PROCESSING FACILITY ADDITION	1,180	---	1,180	1,180
INTELLIGENCE CENTER PACIFIC PEARL HARBOR				
INTELLIGENCE CENTER ADDITION	2,900	2,900	---	2,900
MARINE CORPS AIR STATION KANEOHE BAY				
AVIATION SUPPLY FACILITIES	1,760	1,760	1,760	1,760
ELECTRICAL DISTRIBUTION SYSTEM IMPROVMENTS	4,220	3,200	4,220	3,200
GROUND SUPPORT EQUIPMENT FACILITIES	1,290	1,290	1,290	1,290
HEAVY GUN SHOP	4,900	4,900	4,900	4,900
MAINTENANCE HANGAR IMPROVEMENTS	940	940	940	940
MEDICAL WAREHOUSE	4,310	4,310	4,310	4,310
NAVAL SHIPYARD PEARL HARBOR				
HAZARDOUS AND FLAMMABLE STORAGE FACILITY	1,860	1,860	1,860	1,860
NAVAL SUBMARINE BASE PEARL HARBOR				
BACHELOR ENLISTED QUARTERS MODERNIZATION	2,900	2,900	2,900	2,900
NAVAL WESTRN OCEANOGRAPHY CTR PEARL HARBOR				
METEOROLOGICAL BUILDING	4,500	4,500	4,500	4,500
NAVY PUBLIC WORKS CENTER PEARL HARBOR				
ELECTRICAL DISTRIBUTION SYSTEM IMPROVMENTS	13,700	13,700	13,700	13,700

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
HICKAM AFB				
ECIP-FACILITY ENERGY IMPROVEMENTS	480	480	480	480
WHEELER AFB				
GYMNASIUM	2,200	---	2,200	---
VARIOUS AIRCRAFT MAINT AND SUPPORT FACS	2,850	2,850	2,850	2,850
AIR NATIONAL GUARD				
BARBERS POINT				
COMM-ELEC TRAINING COMPLEX	3,450	3,450	3,450	3,450
TOTAL, HAWAII	95,320	87,070	92,420	88,250
IDAHO				
AIR FORCE				
MOUNTAIN HOME AFB				
CONTROL TOWER	2,200	2,200	2,200	2,200
OTH-B RADAR OPNS-SOFTWARE SUPPORT FAC	12,400	8,310	9,000	9,000
AIR NATIONAL GUARD				
BOISE AIRPORT				
ADD TO-ALTER JET FUEL STOR-POL OPS FAC	2,120	2,120	2,120	2,120
NAVY RESERVE				
NMC RC BOISE				
RESERVE TRAINING BUILDING	4,250	4,250	4,250	4,250
TOTAL, IDAHO	20,970	16,880	17,570	17,570
ILLINOIS				
ARMY				
ROCK ISLAND ARSENAL				
MODERNIZE MANUFACTURING FACILITY-REARM	29,000	26,000	29,000	26,000
SAVANNA ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	510	510	510	510
FORT SHERIDAN				
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,500	3,500	3,500	3,500
NAVY				
NAVAL TRAINING CENTER GREAT LAKES				
BARRACKS	10,600	10,600	---	10,600
DIESEL ENGINEMAN TRNG FACILITY ADDITION	4,360	4,360	---	4,360
PHYSICAL FITNESS CENTER	5,780	4,900	---	4,900
AIR FORCE				
CHANUTE AFB				
ADD-ALTER ACFT ENGINE TRAINING FACILITY	1,400	1,400	1,400	1,400
MEDICAL WRM FACILITY	330	---	330	---
SCOTT AFB				
ADD & ALTER CONSOLIDATED COMPUTER FACILITY	---	7,800	---	---
ADMINISTRATIVE FACILITY	550	---	---	---
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	4,000	4,000	4,000	4,000
LAND EASEMENT	530	530	530	530
SATELLITE COMMUNICATION GROUND TERMINAL	4,270	3,500	4,270	3,900
ARMY NATIONAL GUARD				
BEARDSTOWN				
100 PERSON ARMORY	926	926	926	926
ARMY RESERVE				
FORT SHERIDAN				
MILITARY INTELLIGENCE TRAINING FACILITY	1,568	1,568	1,568	1,568
FREEPORT				
LAND ACQUISITION	---	60	---	60
NAVY RESERVE				
NAS GLENVIEW				
C-9 AIRCRAFT HANGAR	3,450	3,450	3,450	3,450
TAXIWAY T-5 OVERLAY	3,500	3,500	3,500	3,500
BACHELOR ENLISTED QUARTERS	---	---	---	---
TOTAL, ILLINOIS	74,274	76,604	52,984	69,204

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
INDIANA				
ARMY				
FORT BENJAMIN HARRISON				
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	5,300	5,300	5,300	5,300
AIR FORCE				
GRISSOM AFB				
BASE CIVIL ENGINEER COMPLEX	1,700	1,700	1,700	1,700
ARMY NATIONAL GUARD				
CAMP ATTERBURY				
800 PERSON ARMORY	3,980	3,980	3,980	3,980
COMBINED SUPPORT MAINTENANCE SHOP	1,822	1,822	1,822	1,822
ORGANIZATIONAL MAINTENANCE SHOP	812	812	812	812
UNIT TRAINING EQUIPMENT SITE	1,527	1,527	1,527	1,527
AIR NATIONAL GUARD				
FT WAYNE MAP				
ACFT WEAPONS CALIBRATION SHELTER	800	800	800	800
AIR FORCE RESERVE				
GRISSOM AFB				
AIRCRAFT MAINTENANCE HANGAR-SHOPS	8,604	8,604	8,604	8,604
TOTAL, INDIANA	24,545	24,545	24,545	24,545
IOWA				
ARMY NATIONAL GUARD				
CARROLL				
60 PERSON ARMORY	590	590	590	590
CEDAR RAPIDS				
ARMORY ADDITION	631	631	631	631
ARMY RESERVE				
DAVENPORT				
ADD/ALTER RESERVE CENTER/MAINT FACILITY	4,178	4,178	4,178	4,178
TOTAL, IOWA	5,399	5,399	5,399	5,399
KANSAS				
ARMY				
FORT LEAVENWORTH				
DINING FACILITY MODERNIZATION	4,350	4,350	4,350	4,350
HEALTH CLINIC	2,550	2,550	2,550	2,550
FORT RILEY				
AIRCRAFT MAINTENANCE HANGAR	7,600	7,600	7,600	7,600
AIRCRAFT MAINTENANCE HANGAR	8,800	8,800	8,800	8,800
BATTALION HEADQUARTERS	1,100	1,100	1,100	1,100
COMPANY OPERATIONS AND SUPPLY	1,950	1,950	1,950	1,950
DENTAL CLINIC	3,300	3,300	3,300	3,300
ELECTRICAL UPGRADE	790	790	790	790
HARDSTAND	2,100	2,100	2,100	2,100
MILITARY OPERATIONS ON URBANIZED TERRAIN	5,000	---	5,000	---
TACTICAL EQUIPMENT SHOP	3,100	---	3,100	3,100
TACTICAL EQUIPMENT SHOP	10,000	10,000	10,000	10,000
TACTICAL EQUIPMENT SHOP	9,500	---	---	---
TACTICAL EQUIPMENT SHOP	2,750	2,750	2,750	2,750
TACTICAL EQUIPMENT SHOP ADDITION	2,800	2,800	2,800	2,800
AIR FORCE				
MCCONNELL AFB				
B-1 ADD-ALTER AVIONICS MAINTENANCE SHOP	2,100	2,100	---	2,100
B-1 ADD-ALTER COMMUNICATIONS FACILITY	1,310	1,310	---	1,310
B-1 ADD-ALTER OPERATIONS & SUPPORT FAC	3,500	3,500	---	3,500
B-1 ALTER UTILITIES SYSTEMS	1,000	1,000	---	1,000
B-1 AREA SECURITY IMPR-ALERT ACFT PARKING	7,300	7,300	---	7,300
B-1 FIELD TRAINING FACILITY	1,830	1,830	---	1,830
B-1 HYDRANT FUEL WITH CASS PROVISIONS	18,400	18,400	---	18,400
B-1 INTEGRATED MAINTENANCE FACILITY	6,400	6,400	---	6,400
B-1 SUPPORT EQUIPMENT AND STORAGE FACILITY	1,900	1,900	---	1,900
B-1 TWO BAY AIRCRAFT MAINTENANCE HANGAR	17,000	17,000	---	17,000
B-1 WARHEAD MAINTENANCE-INSPECTION FACILIT	750	750	---	750
B-1 WEAPONS CONVOY ROADS	3,700	3,700	---	3,700
B-1 WEAPONS STORAGE AREA AND IGLOOS	6,300	6,300	---	6,300
DEFENSE AGENCIES				
DEF PROPERTY DISPOSAL OFFICE FT RILEY				
COVERED STORAGE	965	865	965	965

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR NATIONAL GUARD				
MCCONNELL AFB				
ADD TO-ALTER HANGAR BUILDING 41	2,500	2,500	---	2,500
AEROSPACE GROUND EQUIPMENT SHOP	670	670	---	670
FIRE SUPPRESSION SYSTEM	775	775	---	775
WEAPONS CALIBRATION FACILITY	1,500	1,500	---	1,500
TOTAL, KANSAS	143,590	125,890	57,155	129,090
KENTUCKY				
ARMY				
FORT CAMPBELL				
FLIGHT SIMULATOR BUILDING	2,550	2,550	2,550	2,550
MULTI-PURPOSE RANGE COMPLEX-LIGHT	16,000	16,000	16,000	16,000
PHYSICAL FITNESS TRAINING CENTER	5,900	3,900	---	---
RADIANT HEATERS	430	430	---	---
RAILROAD TRACK ACQUISITION	450	450	450	450
TACTICAL EQUIPMENT SHOP	7,200	7,200	7,200	7,200
FORT KNOX				
CHILD CARE CENTER	4,500	4,300	4,500	4,300
COMPANY OPERATIONS AND SUPPLY	870	870	870	870
DINING FACILITIES MODERNIZATION	1,300	1,300	1,300	1,300
TACTICAL EQUIPMENT SHOP	5,300	5,300	5,300	5,300
VEHICULAR BRIDGE	8,800	8,800	8,800	8,800
NAVY				
NAVAL ORDNANCE STATION LOUISVILLE				
GUN SHOP AND LAND ACQUISITION	4,210	4,210	4,210	4,210
PLATING SHOP MODERNIZATION	12,740	12,740	12,740	12,740
TOTAL, KENTUCKY	70,250	68,050	63,920	63,720
LOUISIANA				
ARMY				
FORT POLK				
BATTALION HEADQUARTERS	1,050	---	1,050	---
BATTALION HEADQUARTERS	1,150	1,150	1,150	1,150
BATTALION HEADQUARTERS	1,250	1,250	1,250	1,250
COMPANY OPERATIONS AND SUPPLY	3,600	3,600	3,600	3,600
COMPANY OPERATIONS AND SUPPLY	2,200	2,200	2,200	2,200
COMPANY OPERATIONS AND SUPPLY	980	980	980	980
PHYSICAL FITNESS TRAINING CENTER	7,000	4,000	---	4,000
TACTICAL EQUIPMENT SHOP	10,000	10,000	10,000	10,000
TACTICAL EQUIPMENT SHOP	11,200	---	---	---
AIR FORCE				
BARKSDALE AFB				
ALTER FUEL SYSTEM MAINTENANCE DOCK	1,400	1,400	1,400	1,400
ENGLAND AFB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	1,400	1,400	1,400	1,400
BASE CIVIL ENGINEER ADMINISTRATIVE FAC	2,300	---	---	---
SECURITY POLICE OPERATIONS FACILITY	1,200	1,200	1,200	1,200
ARMY NATIONAL GUARD				
BATON ROUGE				
ORGANIZATIONAL MAINTENANCE SHOP	597	597	597	597
NAVY RESERVE				
NAVAL SUPPORT ACTIVITY NEW ORLEANS				
FAMILY SERVICES CENTER	570	570	570	570
AIR FORCE RESERVE				
NEW ORLEANS NAS				
SQUADRON OPERATIONS FACILITY	2,120	1,820	2,120	1,820
TOTAL, LOUISIANA	48,017	30,167	27,517	30,167
MAINE				
NAVY				
NAVAL AIR STATION BRUNSWICK				
PATROL AIRCRAFT MAINTENANCE TRAINING BLDG	3,040	3,040	3,040	3,040
NAVAL SECURITY GROUP ACT WINTER HARBOR				
OCEAN SURVEILLANCE BUILDING ADDITION	2,400	2,400	2,400	2,400
PUBLIC WORKS SHOP	880	880	880	880
TOTAL, MAINE	6,320	6,320	6,320	6,320

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
MARYLAND				
ARMY				
ABERDEEN PROVING GROUND				
DINING FACILITIES MODERNIZATION	4,400	4,400	4,400	4,400
LIGHTING MODIFICATIONS	270	270	270	270
FORT DETRICK				
OPERATIONS BUILDING	7,600	7,600	---	7,600
FORT GEORGE G MEADE				
RECORD FIRE RANGE UPGRADE	930	930	930	930
SATELLITE COMMUNICATIONS TERMINAL BUILDING	18,000	18,000	18,000	18,000
NAVY				
NAVAL ACADEMY ANNAPOLIS				
BRIGADE ACTIVITIES CENTER	21,600	---	21,600	---
PUBLIC WORKS SHOPS AND STORAGE	1,880	1,880	1,880	1,880
NAVAL ELECTRONIC SYS ENGR ACT ST INIGOES				
COMBATANT COMMUNICATIONS ASSEMB & TEST FAC	4,560	4,000	4,560	4,000
COMMAND, CONTROL, AND COMMUNICATIONS LAB	7,850	7,850	7,850	7,850
UTILITIES IMPROVEMENTS	3,140	3,140	3,140	3,140
NAVAL MEDICAL CLINIC ANNAPOLIS				
NAVAL HOSPITAL	12,540	---	12,540	---
NAVAL ORDNANCE STATION INDIAN HEAD				
BACHELOR OFFICER QUARTERS MODERNIZATION	1,570	1,570	1,570	1,570
AIR FORCE				
ANDREWS AFB				
ALTER COMMUNICATIONS FACILITY	3,350	3,350	3,350	3,350
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	4,550	4,550	4,550	4,550
ECIP-FACILITY ENERGY IMPROVEMENTS	420	420	420	420
FIRE PROTECTION-VARIOUS FACILITIES	1,800	1,800	1,800	1,800
DEFENSE AGENCIES				
FORT MEADE				
OUTDWELLER	6,000	6,000	6,000	6,000
RSE FACILITY	75,064	---	21,364	21,364
SAB 2 EQUIP PLATFORM	450	450	450	450
TEST PAD	628	628	628	628
AIR NATIONAL GUARD				
ANDREWS AFB				
SUPPORT EQUIP-NDI-POL OPERATIONS FAC	1,800	1,500	1,800	1,500
ARMY RESERVE				
FORT MEADE				
ADD/ALTER RESERVE CENTER/MAINT FACILITY	4,887	4,887	4,887	4,887
AIR FORCE RESERVE				
ANDREWS AFB				
ADD-ALTER AIRCRAFT MAINTENANCE HANGAR	3,800	3,800	3,800	3,800
ALTER AIRCRAFT MAINTENANCE SHOPS	500	500	500	500
AVIONICS-DCM FACILITY	2,000	2,000	2,000	2,000
TOTAL, MARYLAND	189,589	79,525	128,289	100,889
MASSACHUSETTS				
ARMY				
ARMY MATERIALS AND MECHANICS RSCH CENTER				
WATER POLLUTION ABATEMENT	770	770	---	770
FORT DEVENS				
NBC DEFENSE INSTRUCTION FACILITY	610	610	---	610
AIR FORCE				
CAPE COD				
PAVE PAWS ELECTOMAGNETIC PULSE PROTECTION	600	600	600	600
HANSCOM AFB				
ALTER CENTRAL HEAT PLANT	13,700	13,700	13,700	13,700
LIBRARY-EDUCATION CENTER	2,450	---	---	---
SYSTEMS MANAGEMENT ENGINEERING FACILITY	11,000	11,000	11,000	11,000
ARMY NATIONAL GUARD				
BOSTON				
ARMORY ADDITION/MODIFICATION	1,031	---	---	---
AIR NATIONAL GUARD				
BARNES MAP				
MED TNG AND ADMIN-TELECOM-SECURITY FAC	2,100	2,100	2,100	2,100
TOTAL, MASSACHUSETTS	32,261	28,780	27,400	28,780

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
MICHIGAN				
ARMY				
DETROIT ARSENAL				
WINDOW REPLACEMENT	320	320	320	320
AIR FORCE				
KI SAWYER AFB				
ALCM-ALTER OPERATIONS FACILITIES	360	360	360	360
ALCM-MUNITIONS UPLOAD TRAINING FACILITY	6,500	6,500	6,500	6,500
ALCM-SUPPORT EQUIP CORROSION CONTROL FAC	650	650	650	650
ALCM-SUPPORT EQUIP MAINTENANCE SHOP	1,400	1,400	1,400	1,400
ALCM-UNARMED WEAPONS STORAGE FACILITY	710	710	710	710
ALCM-VEHICLE PARKING FACILITY	310	310	310	310
ALCM-WEAPONS CONVOY ROADS	2,650	2,650	2,650	2,650
ALCM-WEAPONS STORAGE IGLOOS	6,600	6,600	6,600	6,600
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	3,400	3,400	3,400	3,400
WURTSMITH AFB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	5,300	5,300	5,300	5,300
ARMY NATIONAL GUARD				
CAMP GRAYLING				
MOBILIZATION & TRAINING EQUIPMENT SITE	6,008	6,008	6,008	6,008
MOTOR POOL - TRAINING SITE	976	976	976	976
WINTERIZE TNG FACIL PHI	833	833	833	833
SAULT STE MARIE				
MOTOR VEHICLE STORAGE BUILDING	676	676	676	676
AIR NATIONAL GUARD				
PHELPS-COLLINS APT				
DORMITORY WINTERIZATION	---	1,800	---	1,800
JET FUEL STORAGE COMPLEX	2,500	2,500	2,500	2,500
SELFRIDGE ANGB				
REFUEL MAINT-POL OPNS-VEHICLE PARKING	1,080	1,080	1,080	1,080
SQUADRON OPERATIONS-MAINT CONTROL FAC	2,200	2,200	2,200	2,200
WK KELLOGG REGIONAL AIRPORT				
FUEL SYSTEM MAINTENANCE DOCK	1,700	1,700	---	1,700
TOTAL, MICHIGAN	44,173	45,973	42,473	45,973
MINNESOTA				
ARMY NATIONAL GUARD				
APPLETON				
ORGANIZATIONAL MAINTENANCE SHOP	426	426	426	426
BROOKLYN PARK				
200 PERSON ARMORY	1,124	---	---	---
CAMP RIPLEY				
RANGE	391	391	391	391
USPFO WAREHOUSE	1,484	1,484	1,484	1,484
NAVY RESERVE				
NMCRC TWIN CITIES				
RESERVE TRAINING BUILDING ADDITION	600	600	600	600
TOTAL, MINNESOTA	4,025	2,901	2,901	2,901
MISSISSIPPI				
NAVY				
NAVAL AIR STATION MERIDIAN				
ROAD IMPROVEMENTS	450	450	450	450
NAVAL CONSTRUCTION BATTALION CTR GULFPORT				
HURRICANE DAMAGE	---	---	2,100	2,100
SEABEE EQUIPMENT MAINTENANCE FACILITY	2,550	2,550	2,550	2,550
NAVAL CONSTRUCTION TRAINING CTR GULFPORT				
SEABEE TRAINING BUILDINGS	2,460	2,460	2,460	2,460
AIR FORCE				
KEESLER AFB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	8,400	8,400	8,400	8,400
ELECTRONIC ASSEMBLY & CHECKOUT FACILITY	2,100	2,100	2,100	2,100
HURRICANE DAMAGE	---	---	8,800	8,800
ARMY NATIONAL GUARD				
CAMP SHELBY				
LAND ACQUISITION	330	330	330	330
GULFPORT				
AVIATION CLASSIFICATION REPAIR ACT DEPOT	5,277	5,277	5,277	5,277

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
JACKSON				
ORGANIZATIONAL MAINTENANCE SHOP	423	---	---	---
CAMP MCCAIN				
LAND ACQUISITION	---	3,300	---	3,300
AIR NATIONAL GUARD				
KEY FIELD				
JET FUEL STORAGE-DISPENSING SYSTEM	1,900	1,900	1,900	1,900
TOTAL, MISSISSIPPI	23,890	26,767	34,367	37,667
MISSOURI				
ARMY				
LAKE CITY AAP				
INDUSTRIAL WASTEWATER TREATMENT	19,000	19,000	---	---
FORT LEONARD WOOD				
GENERAL INSTRUCTION BUILDING	1,150	1,150	1,150	1,150
GENERAL INSTRUCTION BUILDING	2,800	2,800	2,800	2,800
RECEPTION CENTER	---	7,500	---	7,500
AIR FORCE				
WHITEMAN AFB				
ADD-ALTER GYMNASIUM	2,400	2,400	---	2,400
FIRE STATION	2,250	2,250	2,250	2,250
ARMY NATIONAL GUARD				
HARRISONVILLE				
100 PERSON ARMORY	884	884	884	884
JEFFERSON CITY				
ARMORY ADDITION/ALTERATION	---	1,342	---	1,342
LEXINGTON				
ARMORY ADDITION/ALTERATION	---	744	---	744
ARMY RESERVE				
FORT LEONARD WOOD				
ARMY RESERVE CENTER	2,018	2,018	2,018	2,018
NAVY RESERVE				
NMCRC KANSAS CITY				
ALTERATIONS/REPAIR RESERVE TRAINING BLDG	4,000	4,000	4,000	4,000
TOTAL, MISSOURI	34,502	44,088	13,102	25,088
MONTANA				
AIR FORCE				
MALMSTROM AFB				
ECIP-FACILITY ENERGY IMPROVEMENTS	1,300	1,300	1,300	1,300
ARMY NATIONAL GUARD				
CHINOOK				
ORGANIZATIONAL MAITENANCE SHOP	428	428	428	428
FT WM HENRY HARRISON				
COMBINED SUPPORT MAINTENANCE SHOP	1,959	1,959	1,959	1,959
AIR NATIONAL GUARD				
GREAT FALLS IAP				
BASE ENGINEER MAINTENANCE FACILITY	990	990	990	990
ARMY RESERVE				
BILLINGS				
ADD/ALTER RESERVE CENTER/MAINT FACILITIES	1,314	1,314	1,314	1,314
TOTAL, MONTANA	5,991	5,991	5,991	5,991
NEBRASKA				
AIR FORCE				
OFFUTT AFB				
ADD-ALTER ENLISTED HOUSING-DINING FACILITY	3,400	---	3,400	---
ECIP-ENERGY RECOVERY SYSTEMS	360	360	360	360
HEADQUARTERS COMMAND POST	5,700	---	5,700	5,700
PEACEKEEPER-ADD-ALT AIR LAUNCH CONTROL CTR	430	430	430	430
UNACCOMP ENLISTED PERS HSG-SILVER CREEK	550	550	550	550
TOTAL, NEBRASKA	10,440	1,340	10,440	7,040

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
NEVADA				
NAVY				
NAVAL AIR STATION FALLON				
AIRCRAFT PARKING APRON	8,230	8,230	8,230	8,230
CONTROL TOWER	2,350	2,350	2,350	2,350
RANGE IMPROVEMENTS	12,000	10,000	12,000	10,000
STRIKE WARFARE TRAINING BUILDING	7,350	7,350	7,350	7,350
UTILITY SYSTEMS IMPROVEMENTS	6,570	6,570	6,570	6,570
AIR FORCE				
NELLIS AFB				
ADD-ALTER BASE ACCESS ROADS	3,200	3,200	3,200	3,200
ALTER AIRCRAFT CORROSION CONTROL FACILITY	2,050	2,050	2,050	2,050
CONSOLIDATED SUPPORT CENTER	6,000	---	---	---
PLSS-SOFTWARE SUPPORT FACILITY	2,800	2,800	2,800	2,800
RED FLAG SUPPORT FACILITY	2,800	2,800	2,800	2,800
SOUND SUPPRESSOR SUPPORT	610	610	610	610
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	9,600	9,600	9,600	9,600
TOTAL, NEVADA	63,560	55,560	57,560	55,560
NEW HAMPSHIRE				
AIR FORCE				
PEASE AFB				
ECIP HVAC	610	610	610	610
REFUEL VEHICLE HEATED STORAGE FACILITY	590	590	590	590
DEFENSE AGENCIES				
DEF FUEL SUPPORT POINT NEWINGTON				
FIRE PROTECTION	1,040	1,040	1,040	1,040
TOTAL, NEW HAMPSHIRE	2,240	2,240	2,240	2,240
NEW JERSEY				
ARMY				
FT DIX				
AUTOMATED FIELD FIRE RANGE	3,000	3,000	3,000	3,000
DINING FACILITIES MODERNIZATION	330	330	330	330
MAIN LIBRARY	1,850	---	---	---
VEHICLE MAINTENANCE INSTRUCTION FACILITY	920	920	920	920
MIL OCEAN TERM BAYONNE				
BOILER AND REFRIGERATION PLANT AUTOMATION	1,000	1,000	1,000	1,000
INSULATION AND WEATHERSTRIPPING	2,200	2,200	2,200	2,200
PICATINNY ARSENAL				
INSULATE STEAM LINES	1,000	1,000	1,000	1,000
NAVY				
NAVAL AIR ENGINEERING CENTER LAKEHURST				
ENERGY MONITORING AND CONTROL SYSTEM	600	600	600	600
NAVAL WEAPONS STATION EARLE				
MINE ASSEMBLY FACILITY	780	780	780	780
WEAPONS HANDLING FACILITY	2,940	2,940	2,940	2,940
AIR FORCE				
MCGUIRE AFB				
ADD-ALTER GYMNASIUM	1,550	1,550	---	---
AERIAL REF PART TASK TRAINING FACILITY	1,050	1,050	1,050	1,050
AIRCRAFT MAINTENANCE HANGAR	7,300	7,300	7,300	7,300
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	6,200	6,200	6,200	6,200
ARMY NATIONAL GUARD				
FT DIX				
TRAINING CENTER	4,299	4,299	4,299	4,299
HACKETTSTOWN				
ARMORY ADD/ALT	741	741	741	741
TEANECK				
ORGANIZATIONAL MAINT SHOP ADD/ALT	426	426	426	426
TRENTON				
DIRECT SUPPORT LOGISTIC FACIL - DIVISION	1,172	1,172	1,172	1,172
TOTAL, NEW JERSEY	37,358	35,508	33,958	33,958

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
NEW MEXICO				
ARMY				
FORT WINGATE				
AMMUNITION CONTAINER LOADING YARD	490	490	---	490
AIR FORCE				
CANNON AFB				
MELROSE RANGE-LAND ACQUISITION	12,500	---	12,500	12,500
HOLLOMAN AFB				
ADD-ALTER RADAR TARGET SCATTER COMP	13,700	---	13,700	13,700
BASE CIVIL ENGINEER MAINTENANCE SHOPS	1,300	1,300	1,300	1,300
VEHICLE MAINTENANCE SHOP	1,850	1,850	1,850	1,850
KIRTLAND AFB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	5,000	5,000	5,000	5,000
COMMUNICATION DUCT SYSTEM	1,300	1,300	1,300	1,300
COMPUTER-VAULT FACILITY	4,300	4,300	4,300	4,300
DANGEROUS CARGO PAD	1,900	1,900	1,900	1,900
ECIP-FACILITY ENERGY IMPROVEMENTS	830	830	830	830
MUNITIONS STORAGE COMPLEX	47,000	47,000	---	---
ARMY NATIONAL GUARD				
GALLUP				
60 PERSON ARMORY	716	716	716	716
HOBBS				
100 PERSON ARMORY	---	755	---	755
RATON				
60 PERSON ARMORY	716	716	716	716
ARMY RESERVE				
ALBUQUERQUE				
ADD/ALTER ARMED FORCES RESERVE CENTER	2,442	2,442	2,442	2,442
NAVY RESERVE				
AFRC ALBUQUERQUE				
RESERVE TRAINING BUILDING ADDITION	470	470	470	470
TOTAL, NEW MEXICO	94,514	69,069	47,024	48,269
NEW YORK				
ARMY				
FORT DRUM				
CHILD CARE CENTER	2,000	2,000	---	2,000
FIRE STATION	990	990	---	990
COMMUNITY IMPACT PLANNING	---	1,000	---	250
UTILITIES	---	82,500	---	82,500
SENECA ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	460	460	460	460
ENERGY MONITORING AND CONTROL SYSTEM	360	360	360	360
VAPOR BARRIER ADDITION	590	590	590	590
U S MILITARY ACADEMY				
BOILER CONVERSION	8,600	8,600	8,600	8,600
CHEMISTRY LABORATORY MODERNIZATION	1,400	1,400	1,400	1,400
ENERGY MONITORING SYSTEM EXPANSION	5,900	5,000	5,900	5,000
EXPAND ACADEMIC FACILITY	5,300	5,300	5,300	5,300
GENERAL INSTRUCTION BUILDING	7,300	---	7,300	---
MODIFIED RECORD FIRE RANGE	2,500	---	---	---
NAVY				
NAVAL STATION NEW YORK				
LAND ACQUISITION	2,940	2,940	2,940	2,940
SITE IMPROVEMENTS	3,920	3,920	3,920	3,920
BERTHING PIER & BULKHEAD	---	39,700	---	39,700
UTILITIES & SITE IMPROVEMENTS	---	14,600	---	14,600
BARRACKS	---	8,200	---	---
MESS HALL	---	1,900	---	---
COMMUNITY IMPACT PLANNING	---	1,000	---	200
AIR FORCE				
GRIFFISS AFB				
ALCM IGLOO	1,100	1,100	1,100	1,100
REFUEL VEHICLE HEATED STORAGE FACILITY	430	430	430	430
TEMPEST SECURE INTELLIGENCE LABORATORIES	1,210	1,210	1,210	1,210
PLATTSBURGH AFB				
ECIP-FACILITY ENERGY IMPROVEMENTS	1,050	1,050	1,050	1,050
DEF FUEL SUPPORT POINT VERONA				
COVERED STORAGE	(1,395)	1,200	1,395	1,395

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
ARMY NATIONAL GUARD				
CAMP SMITH				
ENLISTED WOMEN'S BARRACKS	403	403	403	403
CLINTON COUNTY				
100 PERSON ARMORY	954	954	954	954
AIR NATIONAL GUARD				
HANCOCK FIELD				
ACFT ENGINE INSP AND REPAIR SHOP	1,485	1,485	1,485	1,485
STEWART AIRPORT				
AIRCRAFT APRON-SITE PREPARATION	15,500	15,500	15,500	15,500
AIRCRAFT MAINTENANCE SHOPS	3,000	3,000	3,000	3,000
AUTOMOTIVE MAINTENANCE	900	900	900	900
FUEL SYSTEMS MAINTENANCE HANGAR	10,000	10,000	10,000	10,000
JET FUEL STORAGE	6,600	6,600	6,600	6,600
ARMY RESERVE				
ORANGEBURG				
RESERVE CENTER	---	2,488	---	2,488
TOTAL, NEW YORK	84,892	226,780	80,797	215,325
NORTH CAROLINA				
ARMY				
FORT BRAGG				
AIRCRAFT MAINTENANCE HANGAR	9,400	9,400	9,400	9,400
AMMUNITION STORAGE	490	490	490	490
ANTI-ARMOR RANGE	4,050	4,050	4,050	4,050
AVIATION FUEL STORAGE FACILITY	2,550	2,550	2,550	2,550
BATTALION HEADQUARTERS	1,500	---	---	---
COMPANY OPERATIONS AND SUPPLY	1,650	---	---	---
DIVISION HEADQUARTERS	6,700	6,700	---	6,700
ENERGY MONITORING SYSTEM EXPANSION	2,750	2,750	2,750	2,750
FLIGHT SIMULATOR BUILDING	3,100	3,100	3,100	3,100
PHYSICAL FITNESS TRAINING CENTER	2,000	2,000	---	2,000
RUNWAY EXTENSION	770	770	770	770
SNIPER TRAINING RANGE	1,200	1,200	1,200	1,200
TACTICAL EQUIPMENT SHOP	11,000	11,000	11,000	11,000
TEST EQUIPMENT CALIBRATION FACILITY	570	570	570	570
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,950	---	---	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	13,000	13,000	13,000	13,000
LAND ACQUISITION	---	10,800	---	10,800
SUNNY POINT ARMY TERM				
ROAD AND STAGING AREA PAVING	1,200	1,200	1,200	1,200
NAVY				
MARINE CORPS AIR STATION CHERRY POINT				
AVIATION SUPPLY WAREHOUSE	5,100	5,100	5,100	5,100
BACHELOR ENLISTED QUARTERS	19,100	19,100	19,100	19,100
CHILD CARE CENTER	1,490	---	---	---
MAINTENANCE HANGAR MODIFICATIONS	3,190	3,190	3,190	3,190
OPERATIONS, TRAINING AND MAINTENANCE FACS	3,970	3,970	3,970	3,970
PARACHUTE & SURVIVAL EQUIPMENT SHOP ADDN	490	490	490	490
VERTICAL TAKE-OFF AND LANDING PADS	4,600	4,600	4,600	4,600
MARINE CORPS AIR STATION NEW RIVER				
AVIATION READY FUEL STORAGE	2,000	2,000	2,000	2,000
GROUND SUPPORT EQUIPMENT FACILITY	1,130	1,130	1,130	1,130
HELICOPTER MAINTENANCE HANGAR	7,650	7,650	7,650	7,650
MARINE CORPS BASE CAMP LEJUENE				
BACHELOR ENLISTED QUARTERS	9,500	9,500	9,500	9,500
COMBAT VEHICLE MAINTENANCE SHOP	2,740	2,740	2,740	2,740
ELECTRONICS AND COMMUNICATIONS MAINT SHOP	3,280	3,280	3,280	3,280
LIGHT ARMORED VEHICLE MAINTENANCE SHOP	4,850	4,850	4,850	4,850
SEWERAGE SYSTEM IMPROVEMENTS	1,220	1,220	1,220	1,220
VEHICLE MECHANICS TRAINING BUILDING	2,550	2,550	2,550	2,550
NAVAL AIR REWORK FACILITY CHERRY POINT				
HAZARDOUS AND FLAMMABLE STORAGE FACILITY	1,720	1,720	1,720	1,720
BLADE REWORK FACILITY	---	15,900	---	---
NAVY FACILITY RADIO ISLAND				
EQUIPMENT WASHDOWN FAC & LAND ACQUISITION	17,640	17,640	---	---

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
POPE AFB				
COMBAT ARMS TRAINING-MAINTENANCE FACILITY.....	440	440	440	440
SEYMOUR JOHNSON AFB				
ECIP-HVAC.....	1,220	1,220	1,220	1,220
KC-10 BLAST DEFLECTORS AND APRON LIGHTING.....	1,100	1,100	1,100	1,100
DEFENSE AGENCIES				
FORT BRAGG				
BOWLEY ELEMENTARY SCHOOL REPLACEMENT.....	5,660	---	5,660	5,660
CAMP LEJEUNE				
DEPENDENT SCHOOL-NEW HIGH SCHOOL.....	8,400	---	8,400	8,400
ARMY NATIONAL GUARD				
JEFFERSON				
60 PERSON ARMORY.....	545	545	545	545
MURPHY				
60 PERSON ARMORY.....	519	519	519	519
SALISBURY				
ARMY AVIATION SUPPORT FACILITY ADDITION.....	812	812	812	812
NORTH CAROLINA				
NMCRC CHARLOTTE				
TRAINING BLDG ACQUISITION.....	---	---	1,400	1,400
TOTAL, NORTH CAROLINA.....	175,796	180,846	143,266	162,766
NORTH DAKOTA				
AIR FORCE				
CAVALIER				
PARCS POWER RELIABILITY ENHANCEMENT.....	950	950	950	950
GRAND FORKS AFB				
B-1 ADD-ALTER AIRCRAFT MAINTENANCE HANGAR.....	9,200	9,200	9,200	9,200
B-1 ADD-ALTER FIELD TRAINING AND SATAF.....	960	960	960	960
B-1 ALTER AVIONICS MAINTENANCE FACILITY.....	560	560	560	560
B-1 ALTER FIELD MAINTENANCE FACILITY.....	930	930	930	930
B-1 ALTER UTILITIES SYSTEMS.....	3,600	3,600	3,600	3,600
B-1 AREA SECURITY IMPROVEMENTS.....	5,200	5,200	5,200	5,200
B-1 HYDRANT FUEL WITH CASS PROVISIONS.....	14,300	14,300	14,300	14,300
B-1 POWER CHECK PAD.....	580	580	580	580
B-1 THREE BAY MAINTENANCE HANGAR AND APRON.....	25,000	25,000	25,000	25,000
B-1 WEAPONS BAY FUEL TANK STORAGE FAC.....	700	700	700	700
ECIP-FACILITY ENERGY IMPROVEMENTS.....	1,700	1,700	1,700	1,700
MINOT AFB				
ALCM-INTEGRATED MAINTENANCE FACILITY.....	7,200	7,200	7,200	7,200
ALCM-MISSILE ROLL-TRANSFER AND STORAGE.....	1,400	1,400	1,400	1,400
ALCM-SATAF FACILITY.....	320	320	320	320
SECURITY POLICE OPERATIONS FACILITY.....	5,000	4,000	---	---
AIR NATIONAL GUARD				
HECTOR FIELD				
BASE ENGINEER MAINTENANCE FACILITY.....	1,200	1,200	1,200	1,200
UPGRADE HANGAR.....	700	700	700	700
TOTAL, NORTH DAKOTA.....	79,500	78,500	74,500	74,500
OHIO				
NAVY				
NAVY FINANCE CENTER CLEVELAND				
DATA PROCESSING CENTER ADDITION.....	2,940	2,940	---	2,940
AIR FORCE				
WRIGHT-PATTERSON AFB				
ADD TO-ALTER PRECISION MEASUREMENT EQ LAB.....	920	920	920	920
ADD TO-ALTER STORM DRAINAGE SYSTEM.....	3,950	3,950	3,950	3,950
ADD-ALTER AFIT SCIENCE ENGINEERING SUPPORT.....	12,800	6,000	12,800	6,000
ADD-ALTER HIGH POWER RESEARCH LABORATORY.....	1,950	1,950	1,950	1,950
ALTER ELECTRICAL DISTRIBUTION SYSTEM.....	1,500	1,500	1,500	1,500
ENTOMOLOGY FACILITY.....	770	770	770	770
AIR NATIONAL GUARD				
RICKENBACKER ANGB				
ALTER FUEL SYSTEM MAINTENANCE (ANG-AFRES).....	630	630	630	630
SPRINGFIELD MAP				
APPROACH LIGHTING SYSTEM.....	720	720	720	720

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE RESERVE				
RICKENBACKER ANGB				
ALTER FUEL MAINTENANCE DOCK (JOINT)	630	630	630	630
TOTAL, OHIO	26,810	20,010	23,870	20,010
OKLAHOMA				
ARMY				
FORT SILL				
HOSPITAL UPGRADE AND ADDITION	29,000	29,000	29,000	29,000
TRAINEE BARRACKS	23,000	23,000	23,000	23,000
MCALESTER AAP				
PBX PRODUCTION FACILITY	---	2,300	---	2,300
AIR FORCE				
ALTUS AFB				
BASE SUPPLY ADMINISTRATION	1,900	1,900	---	1,900
RECREATION CENTER	1,710	---	---	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,800	3,800	3,800	3,800
VEHICLE MAINTENANCE SHOP	3,200	3,200	3,200	3,200
WEAPONS SYSTEMS-MAINTENANCE MGMT FACILITY	2,550	2,550	---	2,550
TINKER AFB				
ADD TO-ALTER RECREATION CENTER	1,600	---	---	---
ADD-ALTER HEAT PLANT	6,400	6,400	6,400	6,400
ALTER ACFT CORROSION CONTROL FACILITY	4,650	4,650	4,650	4,650
ALTER POL STORAGE COMPLEX	3,650	3,650	3,650	3,650
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	3,100	3,100	3,100	3,100
E-3A MAINTENANCE HANGAR	6,800	6,800	6,800	6,800
TRANSIENT MUNITIONS FAC-LAND ACQUISITION	6,900	6,900	6,900	6,900
VANCE AFB				
CENTRAL LIFE SUPPORT EQUIPMENT FACILITY	660	660	660	660
MISSION SUPPORT FACILITY	---	3,550	---	3,550
ARMY NATIONAL GUARD				
CAMP GRUBER				
TRAINING FACILITY PH II	1,199	1,199	1,199	1,199
UNIT TRAINING EQUIPMENT SITE	1,243	1,243	1,243	1,243
LEXINGTON				
AUTO-ROTATION LANE EXTENSION	437	437	437	437
AIR NATIONAL GUARD				
TULSA IAP				
ADD TO MUNITIONS MAINT AND STORAGE	800	800	800	800
FIRE SUPPRESSION SYSTEM	850	850	850	850
WILL ROGERS WORLD AIRPORT				
SQUADRON OPS-TELECOMM FACILITY	2,120	2,120	2,120	2,120
TOTAL, OKLAHOMA	105,569	108,109	97,809	108,109
OREGON				
ARMY				
UMATILLA ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	260	260	260	260
ARMY NATIONAL GUARD				
CAMP RILEA				
UNIT TRAINING EQUIPMENT SITE	1,545	1,545	1,545	1,545
CAMP WITHYCOMBE				
USPFO WAREHOUSE	895	895	895	895
SALEM				
USPFO OFFICE	769	769	769	769
AIR NATIONAL GUARD				
KINGSLEY FIELD				
ADD TO-ALTER ACFT ENG INSP AND REP SHOP	640	640	640	640
ADD TO-ALTER SUPPORT EQUIPMENT SHOP	520	520	520	520
FUEL CELL MAINTENANCE HANGAR	1,800	1,800	1,800	1,800
SQUADRON OPS-OPS TRAINING FACILITY	2,000	2,000	2,000	2,000
PORTLAND IAP				
MEDICAL TNG AND ADMIN FACILITY	1,400	1,200	1,400	1,400
TELECOMMUNICATIONS CENTER	750	750	750	750
AIR FORCE RESERVE				
PORTLAND IAP				
ADD TO SQUADRON OPERATIONS FACILITY	1,060	960	1,060	960
FUEL SYSTEM-ORG MAINTENANCE HANGAR	4,200	4,200	4,200	4,200
TOTAL, OREGON	15,839	15,539	15,839	15,739

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
PENNSYLVANIA				
ARMY				
FORT INDIANTOWN GAP				
CENTRALIZED WASH FACILITY	5,300	5,300	5,300	5,300
LETTERKENNY ARMY DEPOT				
AMMUNITION TRUCK LOADING AND BLOCKING	1,550	---	---	---
NEW CUMBERLAND AD				
EASTERN DISTRIBUTION CENTER	88,000	15,000	---	15,000
NAVY				
NAVAL AIR DEVELOPMENT CENTER WARMINSTER				
NAVIGATION EQUIPMENT LABORATORY	4,220	4,220	---	4,220
DEFENSE AGENCIES				
DEFENSE DEPOT MECHANICSBURG				
FUMIGATION FACILITY	470	470	470	470
ARMY NATIONAL GUARD				
SCRANTON AIRPORT				
ARMY AVIATION SUPPORT FACILITY	---	6,190	---	6,190
ARMORY	---	1,546	---	1,546
AIR NATIONAL GUARD				
HARRISBURG IAP				
OPS AND TNG, DINING HALL, MED, BAND FAC	3,600	3,600	3,600	3,600
SUPPORT EQUIPMENT SHOP	450	450	450	450
WILLOW GROVE NAS				
FUEL SYSTEM MAINTENANCE DOCK	1,110	1,110	1,110	1,110
ARMY RESERVE				
READING				
ARMY RESERVE CENTER/MAINT FACILITIES	3,614	3,614	3,614	3,614
NAVY RESERVE				
NAS WILLOW GROVE				
COMBINED FIRE RESCUE STATION	1,800	1,800	1,800	1,800
ENLISTED DINING FACILITY	2,400	2,400	2,400	2,400
PERSONNEL SUPPORT OFFICE	1,200	1,200	1,200	1,200
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	4,650	4,650	4,650	4,650
AIR FORCE RESERVE				
WILLOW GROVE ARF				
AERIAL PORT TRAINING FACILITY	1,420	1,200	1,420	1,200
TOTAL, PENNSYLVANIA	119,784	52,750	26,014	52,750
RHODE ISLAND				
NAVY				
NAVAL EDUCATION & TRAINING CENTER NEWPORT				
BACHELOR OFFICER QUARTERS	8,700	---	8,700	---
CONSTRUCTION BATTALION UNIT COMPLEX	1,180	1,180	1,180	1,180
FACILITY ENERGY IMPROVEMENTS	1,570	1,570	1,570	1,570
FIRE FIGHTING TRAINING FACILITY	8,800	8,800	8,800	8,800
MUNICIPAL SEWER CONNECTION	4,600	4,600	4,600	4,600
SENIOR ENLISTED ACADEMY	3,430	---	3,430	3,430
TOTAL, RHODE ISLAND	28,280	16,150	28,280	19,580
SOUTH CAROLINA				
ARMY				
FORT JACKSON				
DINING FACILITIES MODERNIZATION	6,600	---	6,600	6,600
NAVY				
FLEET & MINE WARFARE TRNG CTR CHARLESTON				
MINE WARFARE TRAINING FACILITY	1,180	1,180	1,180	1,180
MARINE CORPS AIR STATION BEAUFORT				
AIR COMBAT TRAINING FACILITY	1,080	1,080	1,080	1,080
AIRCRAFT PARKING APRON	570	570	570	570
CHILD CARE CENTER	900	---	---	---
FUEL PIER EXTENSION	685	685	685	685
HAZARDOUS WASTE FACILITY	420	420	420	420
ORDNANCE HANDLING PAD	4,150	4,150	4,150	4,150
MARINE CORPS RECRUIT DEPOT PARRIS ISLAND				
CLOTHING ISSUE BUILDING	2,630	---	2,630	---
RECRUIT TRAINING BUILDING	980	980	980	980
NAVAL STATION CHARLESTON				
BACHELOR ENLISTED QUARTERS	9,600	8,900	9,100	8,900
STORM SEWER	360	360	360	360

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
NAVAL WEAPONS STATION CHARLESTON				
AMMUNITION OVERHAUL SHOP	3,230	---	3,230	3,230
GYMNASIUM	840	---	---	---
POLARIS MISSILE FAC ATLANTIC CHARLESTON				
FIRE PROTECTION WATER TANK	1,620	1,620	1,620	1,620
AIR FORCE				
CHARLESTON AFB				
AERIAL REFUELING PART TASK TRNG	1,140	---	1,140	---
POL FACILITY	480	---	480	480
MYRTLE BEACH AFB				
ADD-ALTER SUPPORT EQUIPMENT SHOP	430	430	430	430
SHAW AFB				
ADD-ALTER SPECIAL OPERATIONS FACILITY	2,000	---	2,000	2,000
ADD-ALTER WEAPONS SYSTEM MAINT MGT FAC	1,100	1,100	---	---
AIRCRAFT MAINTENANCE AREA LIGHTING	840	840	840	840
CONSOLIDATED SUPPORT CENTER	6,450	6,450	---	6,450
ECIP-HVAC	360	360	360	360
MEDICAL WRM FACILITY	450	450	450	450
WING HEADQUARTERS	2,100	---	2,100	2,100
DEFENSE AGENCIES				
MYRTLE BEACH AFB				
ADD TO AND ALTER WOODLAWN PARK SCHOOL	1,400	---	1,400	1,400
ARMY NATIONAL GUARD				
MONCKS CORNER				
60-PERSON ARMORY	754	754	754	754
MULLINS				
400 PERSON ARMORY	1,422	1,422	1,422	1,422
TOTAL, SOUTH CAROLINA	53,771	31,751	43,981	46,461
SOUTH DAKOTA				
AIR FORCE				
BELLE FOURCHE				
STRC (SITE 4) AND LAND ACQUISITION	4,080	3,690	4,080	3,880
ELLSWORTH AFB				
B-1 ADD TO-ALTER OPS-MAINT FACILITIES	710	710	710	710
B-1 ADD-ALTER ALERT AIRCRAFT PARKING PVMT	7,600	7,600	7,600	7,600
B-1 ADD-ALTER FIELD MAINTENANCE FACILITY	6,300	6,300	6,300	6,300
B-1 ADD-ALTER HELICOPTER-ACE FACILITY	2,850	2,850	2,850	2,850
B-1 ADD-ALTER ORGANIZATIONAL ACFT MAINT	270	270	270	270
B-1 AIRCRAFT PARKING APRON & TAXIWAYS	10,600	10,600	10,600	10,600
B-1 ALTER AIRCRAFT MAINTENANCE HANGARS	12,400	12,400	12,400	12,400
B-1 ALTER ENGINE INSPECT-REPAIR SHOP	450	450	450	450
B-1 ALTER INTEGRATED MAINTENANCE FACILITY	210	210	210	210
B-1 ALTER UTILITIES SYSTEMS	990	990	990	990
B-1 AREA SECURITY IMPROVEMENTS	3,450	3,450	3,450	3,450
B-1 BLAST DEFLECTORS	2,850	2,850	2,850	2,850
B-1 CASS EQUIPMENT AND INSTALLATION	3,000	3,000	3,000	3,000
B-1 FLIGHT SIMULATOR TRAINING FACILITY	3,400	3,400	3,400	3,400
B-1 WEAPONS PRE-LOAD FACILITIES & ROADS	7,384	7,384	7,384	7,384
KC-135 COCKPIT PROCEDURES TRAINER SIM FAC	770	770	770	770
PEACEKEEPER-ADD-ALT AIR LAUNCH CONTROL CTR	730	730	730	730
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	8,100	8,100	8,100	8,100
TOTAL, SOUTH DAKOTA	76,144	75,754	76,144	75,944
TENNESSEE				
NAVY				
NAVAL AIR STATION MEMPHIS				
AIR TRAFFIC CONTROLLER TRAINING BUILDING	2,740	2,740	2,740	2,740
AVIATION MECHANICS TRAINING BUILDINGS	6,750	6,750	6,750	6,750
BRIG	3,180	---	2,725	---
NAVAL LEGAL SERVICE BUILDING	1,370	1,370	---	1,370
RADAR OPERATIONAL FACILITY	835	835	835	835
AIR FORCE				
ARNOLD ENGINEERING DEV CENTER				
ENGINEERING ANALYSIS FACILITY	16,900	---	---	---
DEFENSE AGENCIES				
DEFENSE DEPOT MEMPHIS				
FUMIGATION FACILITY	(7,345)	7,345	7,345	7,345
UPGRADE WATER DISTRIBUTION SYSTEM	740	740	740	740

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
ARMY NATIONAL GUARD				
FORT CAMPBELL				
UNIT TRAINING EQUIPMENT SITE	678	678	678	678
JAMESTOWN				
60 PERSON ARMORY	714	714	714	714
LAFAYETTE				
60 PERSON ARMORY	626	626	626	626
MC KENZIE				
60 PERSON ARMORY	609	609	609	609
PARIS				
200 PERSON ARMORY	908	908	908	908
SPARTA				
100 PERSON ARMORY	674	674	674	674
AIR NATIONAL GUARD				
MEMPHIS IAP				
COMPOSITE SQUADRON OPERATIONS FACILITY	2,400	2,400	2,400	2,400
FIRE STATION	650	650	650	650
NAVY RESERVE				
NMCRC MEMPHIS				
RESERVE TRAINING BUILDING ADDITION	1,400	1,400	---	---
TOTAL, TENNESSEE	41,174	28,439	28,394	27,039
TEXAS				
ARMY				
FORT BLISS				
BARRACKS MODERNIZATION	5,500	5,500	5,500	5,500
BARRACKS MODERNIZATION	10,000	10,000	10,000	10,000
CHILD CARE CENTER	2,350	2,350	---	2,350
HARDSTAND	11,000	11,000	11,000	11,000
PHYSICAL FITNESS TRAINING CENTER	2,200	2,200	---	2,200
FIRE STATION	---	710	---	710
CORPUS CHRISTI ARMY DEPOT				
HELICOPTER BLADE FACILITY	4,400	4,400	4,400	4,400
FORT HOOD				
ADMINISTRATION AND TEST SUPPORT FACILITY	8,300	7,500	---	7,500
AIRCRAFT MAINTENANCE FACILITIES	29,000	29,000	29,000	29,000
AIRCRAFT MAINTENANCE FACILITY	15,000	15,000	15,000	15,000
TACTICAL EQUIPMENT SHOP	1,050	1,050	1,050	1,050
TACTICAL EQUIPMENT SHOP	7,700	7,700	---	7,700
TACTICAL EQUIPMENT SHOP	5,600	5,600	5,600	5,600
ARMORED MOVING TARGET RANGE	---	4,600	---	---
STORAGE FACILITY	---	7,200	---	7,200
RED RIVER ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	820	820	820	820
FORT SAM HOUSTON				
ENERGY MONITORING SYSTEM EXPANSION	940	940	940	940
HEAT RECOVERY SYSTEM	500	500	500	500
NAVY				
NAVAL AIR STATION CORPUS CHRISTI				
ELECTRICAL SWITCHING STATION	2,400	2,400	2,400	2,400
LAND ACQUISITION	1,960	1,960	1,960	1,960
AIR FORCE				
BERGSTROM AFB				
COMMERCIAL TRANSPORTATION FACILITY	770	770	---	770
BROOKS AFB				
VEHICLE MAINTENANCE SHOP	2,500	---	---	---
CARSWELL AFB				
CHAPEL CENTER	2,150	2,150	---	---
WILLIS-CARTWRIGHT SCHOOL ACQUISITION	1,000	1,000	1,000	1,000
DYESS AFB				
B-1 ADD-ALTER FIELD TRAINING FACILITY	1,300	1,300	1,300	1,300
B-1 ADD-ALTER MAINTENANCE FACILITY	1,500	1,500	1,500	1,500
B-1 BLAST DEFLECTORS	950	950	950	950
B-1 CASS EQUIPMENT AND INSTALLATION	4,350	4,350	4,350	4,350
B-1 FLIGHT SIMULATOR TRAINING FACILITY	5,600	5,600	5,600	5,600
B-1 MUNITIONS IGLOOS	2,300	2,300	2,300	2,300
ECIP-HVAC	950	950	950	950

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
GOODFELLOW AFB				
DINING FACILITY	3,000	3,000	3,000	3,000
OPERATIONS INTELLIGENCE TRAINING CENTER	13,500	12,500	12,500	12,500
RECREATION CENTER	2,450	---	---	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	11,000	11,000	11,000	11,000
KELLY AFB				
ADD-ALTER JET ENGINE TEST CELL COMPLEX	6,500	6,500	6,500	6,500
ADD-ALTER VISITING OFFICER QUARTERS	1,950	---	---	---
ALTER ELECTRICAL DISTRIBUTION SYSTEM	1,100	1,100	1,100	1,100
APPROACH LIGHTING	1,450	1,450	1,450	1,450
DENTAL CLINIC	2,800	2,800	2,800	2,800
DEPOT MACHINE SHOP	11,500	11,500	11,500	11,500
EMERGENCY BACK-UP POWER	2,500	2,500	2,500	2,500
HYDRANT FUELING SYSTEM	4,600	4,600	4,600	4,600
INTEGRATION SUPPORT FACILITY	9,299	9,299	9,299	9,299
LACKLAND AFB				
DINING HALL	5,000	4,000	5,000	4,000
SATCOM GROUND TERMINAL	2,950	---	2,950	2,950
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	14,800	14,800	14,800	14,800
LAUGHLIN AFB				
WATER SUPPLY MAINS-LAND ACQUISITION	1,900	1,900	1,900	1,900
RANDOLPH AFB				
VEHICLE MAINTENANCE COMPLEX	3,200	3,200	3,200	3,200
REESE AFB				
VEHICLE MAINTENANCE COMPLEX	3,250	3,250	3,250	3,250
SHEPPARD AFB				
MEDICAL LOGISTICS FACILITY	2,150	2,150	2,150	2,150
MEDICAL TRAINING FACILITY	14,000	---	14,000	---
DEFENSE AGENCIES				
DEF PROPERTY DISPOSAL OFFICE TEXARKANA				
STORAGE FACILITY	2,635	2,135	2,635	2,635
MINERAL WELLS NATIONAL GUARD CENTER				
REPROMAT SECURE STORAGE FACILITY	900	700	900	900
ARMY NATIONAL GUARD				
AUSTIN				
ARMORY EXPANSION	907	907	907	907
ARMY AVIATION SUPPORT FACIL ADD	981	981	981	981
CAMP SWIFT				
UNIT TRAINING EQUIPMENT SITE	651	651	651	651
MINERAL WELLS				
UNIT TRAINING EQUIPMENT SITE	695	695	695	695
AIR NATIONAL GUARD				
ELLINGTON ANGB				
ACFT ENGINE INSP AND REPAIR SHOP	1,100	1,100	1,100	1,100
ADD TO SQUADRON OPS-WEAPONS SEC FACILITY	1,500	1,500	1,500	1,500
MED TNG-DIN HALL-TELECOM FACILITY	2,000	2,000	2,000	2,000
ARMY RESERVE				
FORT BLISS				
ARMY RESERVE CENTER/MAINT FACILITIES	4,278	4,278	4,278	4,278
BROWNSVILLE				
ARMY RESERVE CENTER ADD/ALTER MAINT/STOR	1,428	1,428	1,428	1,428
NAVY RESERVE				
NRC TYLER				
ACQUISITION RESERVE TRAINING BUILDING	450	450	450	450
AIR FORCE RESERVE				
KELLY AFB				
AEROSPACE GROUND EQUIPMENT - STORAGE	760	760	760	760
APRON-HYDRANT FUEL SYSTEM	8,760	8,760	8,760	8,760
AVIONICS FACILITY	1,600	1,600	1,600	1,600
FUEL SYSTEM MAINTENANCE DOCK	5,900	5,900	5,900	5,900
SQUADRON OPERATIONS FACILITY	3,200	2,600	3,200	2,600
TOTAL, TEXAS	288,734	273,294	257,364	270,194
UTAH				
ARMY				
DUGWAY PROVING GROUND				
AMMUNITION STORAGE	1,350	1,350	1,350	1,350
MUNITIONS PROCESSING FOR ASSEMBLY FACILITY	2,150	2,150	2,150	2,150
OPERATIONS BUILDING	3,600	---	3,600	3,600
PHOTO OPTICS MAINTENANCE FACILITY	1,550	1,550	1,550	1,550

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
TOOELE ARMY DEPOT				
AMMUNITION CONTAINER LOADING YARD	550	550	550	550
BUILDING INSULATION	700	700	700	700
CAMDS LABORATORY	3,200	3,200	3,200	3,200
HEALTH CLINIC	2,000	2,000	2,000	2,000
INSULATE DOCK DOORS	600	600	600	600
R&D SCIENCE AND TECHNOLOGY FACILITY	4,200	4,200	4,200	4,200
STORM WINDOWS	240	240	240	240
AIR FORCE				
HILL AFB				
ADD-ALTER AIRCRAFT CORROSION CONTROL FAC	13,400	13,400	13,400	13,400
DEPOT EXPLOSIVE STORAGE COMPLEX	2,600	2,600	2,600	2,600
ECIP-FACILITY ENERGY IMPROVEMENTS	3,980	3,980	3,980	3,980
PEACEKEEPER-TRANSPORTER REPAIR FACILITY	8,300	8,300	8,300	8,300
DEFENSE AGENCIES				
DEF PROPERTY DISPOSAL OFFICE HILL AFB				
FACILITY REHABILITATION	750	750	750	750
DEFENSE DEPOT OGDEN				
FACILITY REHABILITATION	(3,315)	3,100	3,315	3,315
STEAM DISTRIBUTION SYSTEM	510	510	510	510
ARMY NATIONAL GUARD				
CAMP WILLIAMS				
BACHELOR OFFICERS QUARTERS	555	555	555	555
ARMY RESERVE				
DEFENSE LEVEL ACTIVITIES				
ALTER RESERVE CENTER/MAINT FACILITY	5,425	5,425	5,425	5,425
TOTAL, UTAH	55,660	55,160	58,975	58,975
VERMONT				
ARMY NATIONAL GUARD				
ETHAN ALLEN				
200 PERSON ARMORY	804	---	---	---
MOUNTAIN WARFARE MIL ACADEMY COMPLEX	2,017	---	---	---
TOTAL, VERMONT	2,821	---	---	---
VIRGINIA				
ARMY				
FT A P HILL				
GENERAL PURPOSE AND COLD STORAGE WAREHOUSE	2,350	2,350	2,350	2,350
HEATING SYSTEM	3,500	3,500	3,500	3,500
WATER DISTRIBUTION SYSTEM	600	600	600	600
FORT BELVOIR				
AUTOMATED DATA PROCESSING FACILITY	4,300	4,300	---	---
INTELLIGENCE COMMAND AND CONTROL FACILITY	30,000	---	30,000	30,000
PHYSICAL FITNESS TRAINING CENTER	2,800	2,800	---	---
HUMPHREYS ENGINEER CENTER				
TOPOGRAPHIC LABORATORY	11,000	---	11,000	11,000
FORT LEE				
APPLIED INSTRUCTION FACILITY	1,200	1,200	1,200	1,200
AUTOMATED RECORD FIRE RANGES	1,750	1,750	1,750	1,750
GENERAL INSTRUCTION BUILDING	9,100	9,100	9,100	9,100
BRIGADE OPERATION CENTER	---	1,032	---	1,032
FORT MYER				
ADMINISTRATION FACILITY	8,300	---	---	---
FT PICKETT				
CHEMICAL DECONTAMINATION TRAINING AREA	420	420	420	420
FORT STORY				
HARDSTAND	1,950	1,950	1,950	1,950
VINT HILL FARMS STATION				
EQUIPMENT TESTING AND EVALUATION FACILITY	5,900	---	---	---
WAREHOUSE ADDITION	950	---	---	---
NAVY				
FLEET COMBAT TRAIN CTR ATLANTIC DAM NECK				
CHAPEL AND RELIGIOUS EDUCATION BUILDING	2,490	1,500	---	---
RADARMAN TRAINING BUILDING	7,150	7,150	7,150	7,150
MARINE CORPS CAMP DET CAMP ELMORE NORFOLK				
COMBAT VEHICLE MAINTENANCE FACILITY	715	715	715	715
FLEET MARINE FORCE SUPPORT WAREHOUSE	3,280	3,280	3,280	3,280

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
MARINE CORPS DEV & EDUC COMMAND QUANTICO				
BACHELOR ENLISTED QUARTERS	5,200	5,200	5,200	5,200
SEWERAGE SYSTEM	1,860	1,860	1,860	1,860
NAVAL AIR REWORK FACILITY NORFOLK				
HAZARDOUS AND FLAMMABLE STORAGE FACILITY	1,910	1,910	1,910	1,910
HEAVY PROCESSES SHOPS	11,170	11,170	11,170	11,170
NAVAL AIR STATION NORFOLK				
HELICOPTER MAINTENANCE HANGAR	7,160	7,160	7,160	7,160
MINE COUNTERMEASURES HELICOPTER TRNG BLDG	1,130	1,130	1,130	1,130
OIL SPILL PREVENTION	1,570	1,570	1,570	1,570
WARNING AIRCRAFT TRAINING BUILDING ADDN	815	815	815	815
NAVAL AIR STATION OCEANA				
LAND ACQUISITION	5,100	5,100	5,100	5,100
MAINTENANCE HANGAR	11,000	11,000	11,000	11,000
STEAM AND CONDENSATE SYSTEMS	840	840	840	840
NAVAL AMPHIBIOUS BASE LITTLE CREEK				
BACHELOR ENLISTED QUARTERS	7,740	7,740	7,740	7,740
COMBAT SWIMMER TRAINING FACILITY	4,070	3,200	---	---
EXPLOSIVE ORDNANCE DISPOSAL GROUP COMPLEX	4,560	4,560	4,560	4,560
NAVAL AMPHIBIOUS SCHOOL LITTLE CREEK				
AMPHIBIOUS FORCE TRNG BLDG IMPROVEMENTS	420	420	420	420
NAVAL ELECTRONIC SYS ENGR CTR PORTSMOUTH				
COMMUNICATIONS SYSTEMS LABORATORY ADDITION	825	825	825	825
SHIPBOARD ELECTRONICS SUPPORT LABORATORY	880	880	880	880
UTILITIES IMPROVEMENTS	1,550	1,550	1,550	1,550
NAVAL MINE WARFARE ENGR ACTIVITY YORKTOWN				
MINE WARFARE SYSTEMS LABORATORY	4,120	4,120	4,120	4,120
NAVAL SECURITY GROUP ACT NW CHESAPEAKE				
BACHELOR ENLISTED QUARTERS MODERNIZATION	550	550	550	550
STORAGE FACILITIES AND PUBLIC WORKS SHOP	835	835	835	835
NAVAL SHIPYARD NORFOLK PORTSMOUTH				
BACHELOR OFFICER QUARTERS	5,600	5,000	5,600	5,000
DOCKSIDE WORK CENTER ADDITION	530	530	530	530
MESS HALL ADDITION	560	560	560	560
NAVAL SPACE COMMAND DAHLGREN				
COMMAND AND CONTROL CENTER	4,700	4,700	---	4,700
NAVAL STATION NORFOLK				
DREDGING	800	800	800	800
NAVAL SUPPLY CENTER NORFOLK				
WAREHOUSE MODERNIZATION	2,350	2,350	2,350	2,350
NAVY REGIONAL DATA AUTOMATION CTR NORFOLK				
DATA PROCESSING CENTER	10,880	---	---	---
AIR FORCE				
LANGLEY AFB				
ANTI-SATELLITE SYSTEM FACILITIES	14,900	---	---	---
LAND ACQUISITION	---	---	3,750	3,750
SOUND SUPPRESSOR SUPPORT	480	480	480	480
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	8,200	8,200	8,200	8,200
DEFENSE AGENCIES				
DEF PROPERTY DISPOSAL OFFICE RICHMOND				
CONFORMING STORAGE	650	500	650	650
DEFENSE GENERAL SUPPLY CENTER				
CONFORMING STORAGE	(3,400)	3,000	3,400	3,400
EXPAND MECHANIZED FREIGHT TERMINAL	1,955	1,955	1,955	1,955
QUANTICO				
DEPENDENT SCHOOL-NEW ELEMENTARY SCHOOL	3,500	---	3,500	3,500
ARMY NATIONAL GUARD				
BLACKSTONE				
200 PERSON ARMORY	1,117	1,117	1,117	1,117
DANVILLE				
ORGANIZATIONAL MAINTENANCE SHOP	353	353	353	353
ARMY RESERVE				
FORT BELVOIR				
ADD/ALTER RESERVE CENTER/MAINT FACILITY	3,015	3,015	3,015	3,015
FORT PICKETT				
STORAGE FACILITY	1,425	1,425	1,425	1,425
RICHMOND				
ADD/ALTER ARMED FORCES RC/MAINT FAC	4,582	4,582	4,582	4,582

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
NAVY RESERVE				
NARU NORFOLK				
HANGAR REHABILITATION	1,400	1,400	1,400	1,400
TOTAL, VIRGINIA	238,057	154,049	185,917	191,049
WASHINGTON				
ARMY				
FORT LEWIS				
AIRCRAFT MAINTENANCE HANGAR	10,800	10,800	10,800	10,800
AIRCRAFT MAINTENANCE HANGAR	3,350	3,350	3,350	3,350
BARRACKS WITH DINING FACILITY	4,850	---	---	---
BARRACKS WITH DINING FACILITY	15,200	12,600	12,600	12,600
BATTALION HEADQUARTERS	1,250	1,250	1,250	1,250
BATTALION HEADQUARTERS	630	---	630	---
BATTALION HEADQUARTERS	2,500	2,500	2,500	2,500
CHILD CARE CENTER	7,800	7,000	---	6,700
COMPANY OPERATIONS AND SUPPLY	4,800	4,800	---	---
GROUP HEADQUARTERS	2,100	2,100	2,100	2,100
MADIGAN ARMY MEDICAL CENTER PHASE II	26,000	26,000	26,000	26,000
MILITARY OPERATIONS ON URBANIZED TERRAIN	4,000	---	4,000	---
TACTICAL EQUIPMENT SHOP	3,000	---	3,000	---
TACTICAL EQUIPMENT SHOP	6,100	6,100	6,100	6,100
TACTICAL EQUIPMENT SHOP	11,600	11,600	11,600	11,600
TACTICAL EQUIPMENT SHOP	4,650	4,650	4,650	4,650
TACTICAL EQUIPMENT SHOP	5,100	5,100	5,100	5,100
TACTICAL EQUIPMENT SHOP	2,700	2,700	2,700	2,700
UNACCOMPANIED ENLISTED HOUSING COMPLEX	21,000	21,000	21,000	21,000
UTILITIES	6,900	6,900	6,900	6,900
YAKIMA FIRING CENTER				
MULTI-PURPOSE RANGE COMPLEX - LIGHT	15,800	15,800	15,800	15,800
RANGE OPERATIONS FACILITY	630	630	630	630
NAVY				
NAVAL AIR STATION WHIDBEY ISLAND				
MAINTENANCE HANGAR IMPROVEMENTS	2,650	2,650	2,650	2,650
NAVAL HOSPITAL OAK HARBOR				
HOSPITAL ADDITION	13,900	13,900	---	---
NAVAL SHIPYARD PUGET SOUND BREMERTON				
ELECTRICAL DISTR SYS IMPS AND LAND ACQ	20,650	20,650	20,650	20,650
INACTIVE SUBMARINE MOORING	620	620	620	620
MUNICIPAL SEWER CONNECTION	7,950	7,950	7,950	7,950
STEAM PLANT (PHASE IV)	55,800	50,000	55,800	55,800
UNDERWATER EQUIPMENT LABORATORY ADDITION	960	960	960	960
WATERFRONT SECURITY LIGHTING	765	765	765	765
NAVAL STATION EVERETT				
LAND ACQUISITION	17,640	17,640	17,640	17,640
COMMUNITY IMPACT PLANNING	---	1,000	---	200
NAVAL STATION SEATTLE				
BRIG	3,480	---	2,950	---
NAVAL SUBMARINE BASE BANGOR				
BACHELOR ENLISTED QUARTERS	5,200	5,200	5,200	5,200
NAVAL SUPPLY CENTER BREMERTON				
POL STORAGE FACILITIES	1,520	1,520	1,520	1,520
NAVAL UNDERSEA WARFARE ENGR STA KEYPORT				
HAZARDOUS AND FLAMMABLE STOREHOUSE	1,780	1,780	1,780	1,780
TORPEDO ASSEMBLY BUILDING	660	660	660	660
NAVY TAX LIABILITY	---	---	23,500	---
AIR FORCE				
FAIRCHILD AFB				
REPLACE ELECTRICAL DISTRIBUTION SYSTEM	---	12,500	12,500	12,500
MCCHORD AFB				
ADD TO-ALTER AER REF PART TASK TRNR FAC	940	940	940	940
ADD-ALTER AERIAL PORT FACILITY	1,300	1,300	1,300	1,300
DEFENSE AGENCIES				
DEF FUEL SUPPORT POINT MANCHESTER				
LUBE OIL FACILITY	565	565	565	565
AIR NATIONAL GUARD				
BELLINGHAM AGS				
SUPPORT EQUIPMENT SHOP	640	640	640	640
CAMP MURRAY				
COMM ELECTRONICS TRAINING FACILITY	580	580	580	580
PAINE FIELD				
AUTO MAINT-SUPPORT EQUIPMENT SHOP	1,060	1,060	1,060	1,060

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE RESERVE				
MCCHORD AFB				
CIVIL ENGINEER TRAINING FACILITY	945	945	945	945
TOTAL, WASHINGTON	300,365	288,705	301,885	274,705
WEST VIRGINIA				
NAVY				
NAVAL RADIO STATION SUGAR GROVE				
SEWERAGE SYSTEM	785	785	785	785
AIR NATIONAL GUARD				
E WV REGIONAL APT (MARTINSBURG)				
ADD TO AIRCRAFT PARKING APRON	1,900	1,900	1,900	1,900
FIRE SUPPRESSION-ALARM SYSTEM	800	800	800	800
KANAWHA COUNTY AIRPORT				
FIRE SUPPRESSION SYSTEM	1,400	1,400	1,400	1,400
TOTAL, WEST VIRGINIA	4,885	4,885	4,885	4,885
WISCONSIN				
ARMY				
FORT MCCOY				
AMMUNITION STORAGE	940	940	940	940
AIR FORCE				
BILLY MITCHELL FIELD				
ADMINISTRATIVE FACILITY	500	---	---	---
AIR NATIONAL GUARD				
TRUAX FIELD				
BASE SUPPLY ADMIN AND WAREHOUSE FACILITY	2,500	2,500	2,500	2,500
TOTAL, WISCONSIN	3,940	3,440	3,440	3,440
WYOMING				
AIR FORCE				
FE WARREN AFB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	4,900	4,900	4,900	4,900
DATA PROCESSING FACILITY	1,550	1,550	---	---
ECIP-FACILITY ENERGY IMPROVEMENTS	560	560	560	560
PEACEKEEPER-ACCESS ROADS	27,040	27,040	27,040	27,040
PEACEKEEPER-ACCESS ROADS(PRIOR YEAR AUTH)	11,000	11,000	11,000	11,000
PEACEKEEPER-LAND EASEMENTS	2,100	1,400	2,100	2,100
PEACEKEEPER-LAUNCH FACILITY SITE WORK	6,200	4,140	6,200	6,200
DEFENSE AGENCIES				
DEF PROPERTY DISPOSAL OFFICE WARREN AFB				
COVERED STORAGE	1,020	820	1,020	1,020
ARMY NATIONAL GUARD				
CAMP GUERNSEY				
WOMEN'S BARRACKS	427	427	427	427
AIR NATIONAL GUARD				
CHEYENNE MAP				
ADD TO-ALTER MAINT DOCK FOR FUEL CELL	890	890	890	890
ADD TO-ALTER OPERATIONS AND TNG COMPLEX	3,690	3,690	3,690	3,690
NAVY RESERVE				
NRC CHEYENNE				
ACQUISITION RESERVE TRAINING BUILDING	570	570	570	570
TOTAL, WYOMING	59,947	56,987	58,397	58,397
CONUS CLASSIFIED				
ARMY				
CLASSIFIED PROJECT	3,000	2,500	3,000	2,600
DEFENSE AGENCIES				
CLASSIFIED PROJECT	12,000	12,000	12,000	12,000
CLASSIFIED PROJECT	3,142	3,142	3,142	3,142
TOTAL, CONUS CLASSIFIED	18,142	17,642	18,142	17,742

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
CONUS UNSPECIFIED				
AIR FORCE				
SUPPORT FACILITIES	55,000	50,000	55,000	52,500
TOTAL, CONUS UNSPECIFIED	55,000	50,000	55,000	52,500
CONUS VARIOUS				
AIR FORCE				
BASE TWENTY FOUR				
C-130 ADD-ALTER ECM AVIONICS MAINT FAC	1,200	1,200	1,200	1,200
C-130 CORROSION CONTROL FACILITY	1,300	1,300	1,300	1,300
C-130-ADD TO PARKING APRON	1,500	1,500	1,500	1,500
C-130-ORGANIZATIONAL MAINTENANCE SHOP	820	820	820	820
C-130-SQUADRON OPERATIONS FACILITY	1,350	1,350	1,350	1,350
DEFENSE LEVEL ACTIVITIES				
REPLACEMENT FUND				
DEFENSE FACILITIES REPLACEMENT	33,000	---	---	---
TOTAL, CONUS VARIOUS	39,170	6,170	6,170	6,170
ANTIGUA				
NAVY				
NAVAL FACILITY				
NAVAL FACILITY UPGRADE	2,410	---	2,410	2,410
TOTAL, ANTIGUA	2,410	---	2,410	2,410
AUSTRALIA				
NAVY				
NAVAL COMMUNICATION STATION HAROLD E HOLT				
COOLING SYSTEMS CONVERSION	2,300	2,300	2,300	2,300
SMALL CRAFT BOATHOUSE	390	390	390	390
TOTAL, AUSTRALIA	2,690	2,690	2,690	2,690
BELGIUM				
AIR FORCE				
FLORENNES				
GLCM-CHAPEL CENTER	1,750	1,000	1,750	1,000
GLCM-CHILD CARE CENTER	810	810	---	810
GLCM-CLOTHING SALES STORE	240	---	---	---
GLCM-CONSOLIDATED OPEN MESS	1,950	---	---	---
GLCM-WAREHOUSE	1,110	1,110	1,110	1,110
DEFENSE AGENCIES				
FLORENNES				
ELEMENTARY AND HIGH SCHOOL	7,420	6,700	7,420	7,420
TOTAL, BELGIUM	13,280	9,620	10,280	10,340
BERMUDA				
DEFENSE AGENCIES				
NAVAL AIR STATION				
ELEMENTARY SCHOOL	2,290	---	---	---
TOTAL, BERMUDA	2,290	---	---	---
CANADA				
NAVY				
NAVAL FACILITY ARGENTIA NEWFOUNDLAND				
FIRE PROTECTION SYSTEM	700	700	700	700
TOTAL, CANADA	700	700	700	700
DIEGO GARCIA				
NAVY				
NAVAL AIR FACILITY				
FIRE STATION ADDITION	980	980	980	980
MAINTENANCE HANGAR	15,200	13,700	15,200	15,200
WEAPONS COMPLEX	6,270	6,270	6,270	6,270

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
NAVAL SECURITY GROUP DETACH DIEGO GARCIA				
OCEAN SURVEILLACE BUILDING ADDITION	3,700	3,700	3,700	3,700
NAVY SUPPORT FACILITY				
ANTENNA SUPPORT FACILITIES	1,320	1,320	1,320	1,320
BACHELOR OFFICER QUARTERS	8,920	7,900	8,920	8,920
FLEET SUPPORT WAREHOUSE	2,500	2,500	2,500	2,500
LAUNDRY BUILDING ADDITION	3,280	2,300	3,280	3,280
LIGHTED NAVIGATIONAL AIDS	510	510	510	510
AIR FORCE				
DIEGO GARCIA				
MUNITIONS STORAGE FACILITY - PH II	5,300	5,300	5,300	5,300
TOTAL, DIEGO GARCIA	47,980	44,480	47,980	47,980
GERMANY				
ARMY				
AMBERG				
AMMUNITION STORAGE	850	850	850	850
ANSBACH				
DINING FACILITIES MODERNIZATION	2,400	2,400	2,400	2,400
DINING FACILITY	1,250	1,250	1,250	1,250
DISPENSARY/DENTAL CLINIC	1,900	1,900	1,900	1,900
TACTICAL EQUIPMENT SHOP	690	690	690	690
TACTICAL EQUIPMENT SHOP	9,400	9,400	9,400	9,400
TACTICAL SITE FACILITIES	690	690	690	690
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	8,100	8,100	8,100	8,100
UTILITIES	1,150	1,150	1,150	1,150
ASCHAFFENBURG				
HARDSTAND	750	750	750	750
BAD KREUZNACH				
CHILD CARE CENTER	1,100	---	1,100	1,100
BAD TOELZ				
DISPENSARY/DENTAL CLINIC	1,850	1,850	1,850	1,850
BAMBERG				
BOILER PLANT AUTOMATION	6,000	6,000	6,000	6,000
HARDSTAND AND EQUIPMENT STORAGE	490	490	490	490
BAUMHOLDER				
CHILD CARE CENTER	900	---	900	900
DARMSTADT				
AMMUNITION STORAGE PHASE 1	600	600	600	600
BATTALION HEADQUARTERS	1,700	1,700	1,700	1,700
DINING FACILITY	1,300	1,300	1,300	1,300
TACTICAL EQUIPMENT SHOP	4,400	4,400	4,400	4,400
TACTICAL EQUIPMENT SHOP	3,650	3,650	3,650	3,650
TACTICAL EQUIPMENT SHOP	8,300	8,300	8,300	8,300
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	4,750	4,750	4,750	4,750
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	4,500	4,500	4,500	4,500
FRANKFURT				
BATTALION HEADQUARTERS	990	990	990	990
BATTALION HEADQUARTERS	990	990	990	990
PHYSICAL FITNESS TRAINING CENTER	1,850	1,850	1,850	1,850
TACTICAL EQUIPMENT SHOP	3,500	3,500	3,500	3,500
TACTICAL EQUIPMENT SHOP	2,300	2,300	2,300	2,300
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,850	3,850	3,850	3,850
UTILITIES MODERNIZATION	5,200	5,200	5,200	5,200
FRIEDBERG				
BATTALION HEADQUARTERS	950	950	950	950
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	8,200	8,200	8,200	8,200
FULDA				
COMMUNITY CENTER	2,250	---	---	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	4,950	4,950	4,950	4,950
GIESSEN				
BATTALION HEADQUARTERS	1,450	1,450	1,450	1,450
PHYSICAL FITNESS TRAINING CENTER	1,700	1,700	1,700	1,700
TACTICAL EQUIPMENT SHOP	8,900	8,400	8,400	8,400
GOEPPINGEN				
CHILD CARE CENTER	1,100	1,100	---	1,100
TACTICAL EQUIPMENT SHOP	3,800	3,800	3,800	3,800
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,850	2,850	2,850	2,850
UNACCOMPANIED OFFICER HOUSING	2,500	2,300	2,300	2,300

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
GRAFENWOEHR				
AUTOMATED RECORD FIRE RANGE	2,450	2,450	2,450	2,450
HAINGRUEN				
TROOP READY BUILDING	680	680	680	680
HANAU				
BATTALION HEADQUARTERS	810	810	810	810
CHILD CARE CENTER	780	780	---	780
DISPENSARY/DENTAL CLINIC	1,850	1,850	1,850	1,850
HARDSTAND	1,850	1,850	1,850	1,850
TACTICAL EQUIPMENT SHOP	4,050	4,050	4,050	4,050
TACTICAL EQUIPMENT SHOP	8,200	8,200	8,200	8,200
TACTICAL EQUIPMENT SHOP	3,350	---	---	---
TACTICAL EQUIPMENT SHOP	21,000	19,000	19,000	19,000
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,600	3,600	3,600	3,600
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,650	2,650	2,650	2,650
HEIDELBERG				
CHILD CARE CENTER	3,550	3,550	---	3,550
OPERATIONS BUILDING	1,800	---	1,800	---
TACTICAL EQUIPMENT SHOP	3,450	3,450	3,450	3,450
HEILBRONN				
HARDSTAND	2,200	2,200	2,200	2,200
HOHENFELS				
APPLIED INSTRUCTION BUILDING	1,600	1,600	1,600	1,600
AUTOMATED RECORD FIRE RANGE	1,450	1,450	1,450	1,450
MILITARY OPERATIONS ON URBANIZED TERRAIN	3,250	---	3,250	---
KAISERSLAUTERN				
TACTICAL EQUIPMENT SHOP	3,450	---	3,450	3,450
KARLSRUHE				
BATTERY SHOP	2,000	---	2,000	---
CHILD CARE CENTER	470	---	470	470
TACTICAL EQUIPMENT SHOP	1,550	---	1,550	---
MAINZ				
AMMUNITION STORAGE	820	---	---	---
NEU ULM				
CHILD CARE CENTER	1,000	1,000	---	1,000
NUERNBERG				
AMMUNITION STORAGE	860	---	---	---
BATTALION HEADQUARTERS	2,300	2,300	2,300	2,300
CHILD CARE CENTER	1,850	1,850	---	1,850
MODIFIED RECORD FIRE RANGE	2,850	2,850	2,850	2,850
TACTICAL EQUIPMENT SHOP	1,500	1,500	1,500	1,500
PIRMASENS				
ELECTRONICS MAINTENANCE FACILITY	14,000	---	14,000	14,000
RHEINBERG				
PURCHASE OF SUPPORT FACILITY	11,600	---	11,600	11,600
SCHWEINFURT				
AMMUNITION STORAGE	3,050	3,050	3,050	3,050
BARRACKS WITH DINING FACILITY	13,000	13,000	13,000	13,000
BATTALION HEADQUARTERS	1,100	1,100	1,100	1,100
ROTARY WING AIRCRAFT PARKING	690	690	690	690
STUTTGART				
COMMUNICATIONS SECURITY SUPPORT FACILITY	1,050	1,050	1,050	1,050
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,450	3,450	3,450	3,450
VILSECK				
CHILD CARE CENTER	2,350	2,350	---	2,350
COMMUNITY CENTER	3,200	---	---	---
HEADQUARTERS	890	890	890	890
TACTICAL EQUIPMENT SHOP	3,850	3,850	3,850	3,850
WIESBADEN				
FLIGHT SIMULATOR BUILDING	2,900	---	2,900	2,900
WILDFLECKEN				
MULTI-PURPOSE TRAINING RANGES	20,000	20,000	20,000	20,000
WOBECK				
POWER DISTRIBUTION UPGRADE	700	700	700	700
WUERZBURG				
AMMUNITION STORAGE	650	650	650	650
BATTALION HEADQUARTERS	1,500	1,500	1,500	1,500
CHILD CARE CENTER	2,050	2,050	---	2,050
CONSOLIDATE HEATING PLANTS	5,600	5,600	5,600	5,600
DINING FACILITY	2,650	2,650	2,650	2,650
HARDSTAND	1,250	1,250	1,250	1,250

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
HOSPITAL UPGRADE AND ADDITION	31,000	31,000	31,000	31,000
SEWER SYSTEM UPGRADE	3,050	3,050	3,050	3,050
TACTICAL SITE FACILITIES	320	320	320	320
VARIOUS LOCATIONS				
PERSHING II MISSILE SECURITY	---	34,000	56,000	56,000
AIR FORCE				
AHLHORN AB				
AIRCRAFT MAINTENANCE UNIT FACILITY	350	---	350	---
BITBURG AB				
ALTER UNACCOMP ENLISTED PERSONNEL HSG	3,250	3,250	3,250	3,250
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,600	3,600	3,600	3,600
WEAPONS SYSTEM MAINTENANCE CONTROL	2,200	2,200	---	---
EINSIEDLERHOF				
VISITING OFFICER QUARTERS	2,900	---	2,900	---
HAHN AB				
ALTER CONTROL TOWER	560	560	560	560
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	2,800	2,800	2,800	2,800
CHAPEL CENTER	2,100	1,200	2,100	2,100
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,700	2,700	2,700	2,700
HESSISCH				
BASE ENGINEER MAINTENANCE SHOP	490	---	490	---
WAREHOUSE	740	---	740	---
KAPAUN				
TELECOMMUNICATIONS FACILITY	900	---	900	---
LAHR AB				
CHEMICAL WARFARE PROTECTION-SQUADRON OPNS	1,600	---	1,600	---
LEIPHEIM AB				
AIRCRAFT MAINTENANCE UNIT FACILITY	350	---	350	---
MARIENFELDE				
ADD-ALTER ESC OPERATIONS AREA	2,550	2,550	2,550	2,550
NORVENICH AB				
AIRCRAFT MAINTENANCE UNIT FACILITY	350	---	350	---
PRUEM AS				
OPERATIONS FACILITY	540	---	---	---
WAREHOUSE	710	---	710	---
RAMSTEIN AB				
ALTER CONTROL TOWER	360	360	360	360
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	2,750	2,750	2,750	2,750
COMPOSITE ALERT FACILITY	2,050	---	2,050	1,200
DINING HALL	1,600	800	1,600	1,200
ECIP-FACILITY ENERGY IMPROVEMENTS	960	960	960	960
INDOOR SWIMMING POOL	2,800	---	---	---
MUNITIONS STORAGE	850	850	850	850
RRR EQUIPMENT STORAGE	1,000	1,000	1,000	1,000
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,200	3,200	3,200	3,200
WAREHOUSE	1,900	---	1,900	---
RHEIN-MAIN AB				
ADD-ALTER AIR PASSENGER TERMINAL	10,100	---	---	---
COLD STORAGE FACILITY	570	570	570	570
FLIGHT SIMULATOR TRAINING FACILITY	2,000	---	2,000	---
RELIGIOUS EDUCATION FACILITY	930	---	---	---
SEMBACH AB				
ALTER CONTROL TOWER	360	360	360	360
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	6,100	6,100	6,100	6,100
SPANGDAHLEM AB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	2,900	2,900	2,900	2,900
BASE ROADS AND UTILITIES	2,750	2,750	2,750	2,750
FIELD TRAINING FACILITY	2,100	---	2,100	---
PASSIVE DEFENSE EQUIPMENT STORAGE FAC	530	530	530	530
RRR EQUIPMENT STORAGE	910	910	910	910
TELECOMMUNICATIONS FACILITY	820	820	820	820
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	3,450	3,450	3,450	3,450
WAREHOUSE	1,400	1,400	1,400	1,400
VARIOUS LOCATIONS-GERMANY				
GLCM-VEHICLE CORROSION CONTROL FACILITY	580	580	580	580
PLSS NAVIGATION BEACON SITES	360	360	360	360
VOGELWEH				
CHILD CARE CENTER	1,250	1,250	---	1,250
WENIGERATH				
ROAD-RAILROAD SIDING	1,700	1,700	1,700	1,700

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
ZWEIBRUCKEN AB				
ADD-ALTER FIRE STATION	1,350	---	1,350	1,350
EDS-FORWARD STORAGE WAREHOUSE	1,150	---	1,150	---
EDS-UNACCOMP ENLISTED PERSONNEL HOUSING	2,450	---	2,450	2,450
TELECOMMUNICATIONS FACILITY	750	---	750	---
DEFENSE AGENCIES				
BABENHAUSEN				
ELEMENTARY SCHOOL ADDITION	760	760	760	760
BAMBERG				
ELEMENTARY SCHOOL ADDITION	3,390	3,000	3,390	3,390
MIDDLE AND HIGH SCHOOL ADDITION	2,410	2,200	2,410	2,410
BUTZBACH				
ELEMENTARY SCHOOL ADDITION	3,420	3,000	3,000	3,000
DEF PROPERTY DISPOSAL OFF KAISERSLAUTERN				
ADMINISTRATIVE FACILITY	360	---	---	---
HANAU				
MIDDLE SCHOOL	7,480	6,700	6,700	6,700
HEIDELBERG				
ELEMENTARY SCHOOL NO. 2 ADDITION	1,910	1,700	1,700	1,700
HEILBRONN				
ELEMENTARY/JUNIOR HIGH SCHOOL ADDITION	2,520	2,300	2,300	2,300
PIRMASENS				
ELEMENTARY/JUNIOR HIGH SCHOOL ADDITIONS	1,630	---	1,630	1,630
SCHWEINFURT				
JUNIOR HIGH SCHOOL	3,930	3,500	3,930	3,930
SEMBACH AIR BASE				
ELEMENTARY SCHOOL ADDITION	2,170	2,000	2,170	2,170
VILSECK				
ELEMENTARY SCHOOL	6,680	6,000	6,680	6,680
TOTAL, GERMANY	468,500	402,590	478,830	466,620
GREECE				
ARMY				
UPGRADE MULTI-PURPOSE BUILDING	640	640	---	640
UPGRADE OPERATIONS AND SUPPLY BUILDING	800	270	---	270
TOTAL, GREECE	1,440	910	---	910
GREENLAND				
AIR FORCE				
SONDRESTROM AB				
CONSOLIDATED PORT FACILITY	2,550	2,550	2,550	2,550
LAUNDRY	2,200	2,200	2,200	2,200
REFUEL VEHICLE HEATED STORAGE FACILITY	1,000	1,000	1,000	1,000
THULE AB				
ADD-ALTER SATCOM GROUND TERMINAL SUPPORT	5,800	4,800	5,800	4,800
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	2,250	2,000	2,250	2,000
COLD STORAGE FACILITY	4,300	3,300	4,300	3,300
TOTAL, GREENLAND	18,100	15,850	18,100	15,850
GUAM				
NAVY				
NAVAL COMM AREA MASTER STA WESTPAC GUAM				
BACHELOR ENLISTED QUARTERS MODERNIZATION	8,330	7,450	7,450	7,450
CHILD CARE CENTER ADDITION	615	615	---	615
NAVAL MAGAZINE GUAM				
BACHELOR ENLISTED QUARTERS AND MESS HALL	4,700	4,700	4,700	4,700
WHARF UTILITIES	6,570	6,570	6,570	6,570
NAVAL SHIP REPAIR FACILITY GUAM				
SAND STORAGE SILO	990	990	990	990
NAVAL STATION GUAM				
FLEET HOSPITAL SUPPORT FACILITIES	10,200	---	10,200	9,000
NAVAL SUPPLY DEPOT GUAM				
COLD STORAGE WAREHOUSE ADDITION	6,550	6,000	6,550	6,000
NAVY PUBLIC WORKS CENTER GUAM				
STEAM SYSTEM IMPROVEMENTS	1,080	1,080	1,080	1,080

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
ARMY RESERVE				
BARRIGADA				
ADD/ALTER RESERVE CENTER	1,747	1,747	1,747	1,747
TOTAL, GUAM	40,782	29,152	39,287	38,152
GUANTANAMO BAY, CUBA				
NAVY				
NAVAL STATION GUANTANAMO BAY				
BACHELOR ENLISTED QUARTERS-NEW AND MODERN	10,060	10,060	10,060	10,060
BACHELOR OFFICER QUARTERS	9,600	8,600	9,600	9,100
COMMUNICATIONS FACILITIES	2,750	2,750	2,750	2,750
TOTAL, GUANTANAMO BAY, CUBA	22,410	21,410	22,410	21,910
ICELAND				
NAVY				
NAVAL STATION KEFLAVIK				
AIRCRAFT ACOUSTICAL ENCLOSURE SUPPORT FACS	1,270	1,270	1,270	1,270
AIRFIELD IMPROVEMENTS	20,510	---	20,510	20,510
TOTAL, ICELAND	21,780	1,270	21,780	21,780
ITALY				
ARMY				
CP DARBY				
CHILD CARE CENTER	1,350	---	1,350	1,350
VETERINARY FACILITY	500	---	---	---
NAVY				
NAVAL AIR STATION SIGONELLA				
ADMINISTRATIVE AND SECURITY FACILITIES	3,680	3,680	---	1,500
OPERATIONS VEHICLE GARAGE	2,250	2,250	2,250	2,250
NAVAL SUPPORT ACTIVITY NAPLES				
SUPPLY FACILITIES	7,750	7,000	7,750	7,000
AIR FORCE				
AVIANO AB				
TELECOMMUNICATIONS FACILITY	920	---	920	920
VISITING OFFICERS QUARTERS	4,150	---	4,150	---
COMISO AB				
GLCM-CONSOLIDATED OPEN MESS	3,000	---	---	---
GLCM-EXCHANGE FACILITIES	3,280	---	---	---
DECIMOMANNU AB				
VISITING AIRMEN QUARTERS	1,900	1,900	1,900	1,900
VISITING OFFICERS QUARTERS	900	---	900	---
SAN VITO AS				
ADD-ALTER WATER TREATMENT SYSTEM	1,100	1,100	1,100	1,100
EDUCATION CENTER	490	---	---	---
DEFENSE AGENCIES				
SIGONELLA				
ELEMENTARY AND HIGH SCHOOL ADDITION	5,360	4,800	5,360	5,360
TOTAL, ITALY	36,630	20,730	25,680	21,380
JAPAN				
ARMY				
KAWAKAMI				
MEDICAL SUPPLY WAREHOUSE	1,050	---	1,050	---
NAVY				
MARINE CORPS AIR STATION FUTENMA OKINAWA				
GROUND SUPPORT EQUIPMENT SHOP ADDITION	1,670	1,670	1,670	1,670
REFUELING VEHICLE SHOP	1,320	1,320	1,320	1,320
MARINE CORPS AIR STATION IWAKUNI				
AVIATION ARMAMENT SHOP	1,130	1,130	1,130	1,130
OPERATIONAL TRAINER FACILITY	645	645	645	645
MARINE CORPS BASE CAMP BUTLER OKINAWA				
HEAVY GUN SHOP	2,250	2,250	2,250	2,250
NAVAL COMMUNICATION STATION YOKOSUKA				
FLEET OPERATIONAL CONTROL CENTER	21,490	---	---	---
NAVY PUBLIC WORKS CENTER YOKOSUKA				
ELECTRICAL DISTRIBUTION SYSTEM IMPROVMENTS	4,400	3,800	4,400	3,800

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
CAMP ZAMA				
ADD-ALTER SATELLITE COMM GROUND TERMINAL	1,500	---	1,500	1,500
KADENA AB				
ADD TO ENGINE INSPECTION & REPAIR SHOP	5,400	5,400	5,400	5,400
AIRCRAFT MAINTENANCE FACILITIES-PH 1	12,600	12,600	12,600	12,600
JET FUEL STORAGE (JP-4)	6,100	---	6,100	---
SOUND SUPPRESSOR SUPPORT	600	600	600	600
TACTICAL CONTROL OPERATIONS FACILITY	2,950	---	2,950	---
MISAWA AB				
CP-III ABOVE GROUND STORAGE MAGAZINE	2,150	2,150	2,150	2,150
CP-III CONCRETE ARCH IGLOO-MAGAZINE	2,850	2,850	2,850	2,850
CP-III JET FUEL STORAGE	4,500	4,500	4,500	4,500
YOKOTA AB				
BASE SUPPLY ADMINISTRATIVE FACILITY	3,350	---	---	---
ECIP-HVAC	1,900	1,900	1,900	1,900
HYDRANT REFUELING SYSTEM	8,500	8,500	8,500	8,500
DEFENSE AGENCIES				
DEF FUEL SUPPORT POINT CHIMU WAN OKINAWA				
FUEL TANKAGE	(8,160)	---	8,160	---
DEF FUEL SUPPORT POINT TSURUMI				
FUEL PIER	2,800	---	2,800	---
MISAWA AIR BASE				
ELEMENTARY SCHOOL ADDITION	4,780	---	4,780	---
OKINAWA				
ELEMENTARY SCHOOL (JENNINGS)	445	---	445	---
HIGH SCHOOL ADDITION (KADENA)	300	300	300	300
TOTAL, JAPAN	94,680	49,615	78,000	51,115
KOREA				
ARMY				
CAMP CARROLL				
BATTALION HEADQUARTERS	1,950	1,950	1,950	1,950
CALIBRATION LABORATORY	1,600	---	1,600	1,600
CONTROLLED HUMIDITY WAREHOUSES	19,500	---	19,500	---
FIELD MAINTENANCE ADDITION AND PAINT SHOP	1,800	1,800	1,800	1,800
HARDSTAND	1,000	1,000	1,000	1,000
MEDICAL MAINTENANCE AND OPTICAL SHOP	1,150	1,150	1,150	1,150
MEDICAL SUPPLY OPERATIONS BUILDING	980	980	980	980
MEDICAL SUPPLY WAREHOUSE	4,500	---	4,500	---
SATELLITE COMMUNICATIONS TERMINAL BUILDING	2,600	2,600	2,600	2,600
UNACCOMPANIED PERSONNEL HOUSING	9,800	9,300	9,300	9,300
CAMP CASEY				
CANVAS/TENT REPAIR FACILITY	440	440	440	440
COMPANY OPERATIONS AND SUPPLY	350	350	350	350
COMPANY OPERATIONS AND SUPPLY	370	370	370	370
COMPANY OPERATIONS AND SUPPLY	360	360	360	360
DENTAL CLINIC	2,350	2,350	2,350	2,350
DINING FACILITY	1,350	1,350	1,350	1,350
TACTICAL EQUIPMENT SHOP	950	950	950	950
TACTICAL EQUIPMENT SHOP	2,450	2,450	2,450	2,450
UNACCOMPANIED PERSONNEL HOUSING	3,600	3,600	3,600	3,600
WAREHOUSE	700	700	700	700
CAMP CASTLE				
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	1,100	1,100	1,100	1,100
CAMP COLBERN				
UNACCOMPANIED OFFICER HOUSING	550	550	550	550
CAMP EDWARDS				
COMPANY OPERATIONS AND SUPPLY	360	360	360	360
TACTICAL EQUIPMENT SHOP	730	730	730	730
CAMP GARY OWEN				
UNACCOMPANIED OFFICER HOUSING	580	580	580	580
CAMP GIANT				
UNACCOMPANIED PERSONNEL HOUSING	1,050	1,050	1,050	1,050
CAMP GREAVES				
MOVING TARGET SIMULATOR BUILDING	420	420	420	420
CAMP HOVEY				
UNACCOMPANIED PERSONNEL HOUSING	8,300	8,000	8,000	8,000

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
CAMP HOWZE				
MOVING TARGET SIMULATOR BUILDING	430	430	430	430
TACTICAL EQUIPMENT SHOP	800	800	800	800
TACTICAL EQUIPMENT SHOP	750	750	750	750
CAMP HUMPHREYS				
25 METER FIRING RANGE	700	700	700	700
FLIGHT SIMULATOR BUILDING	1,850	---	1,850	1,850
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,450	2,450	2,450	2,450
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,900	2,900	2,900	2,900
UNACCOMPANIED OFFICER HOUSING	3,700	3,700	3,700	3,700
CAMP KITTYHAWK				
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	1,600	1,600	1,600	1,600
CAMP KYLE				
TACTICAL EQUIPMENT SHOP	930	930	930	930
WAREHOUSES	2,650	2,650	2,650	2,650
CAMP LIBERTY BELL				
DINING FACILITY	800	800	800	800
CAMP MARKET				
TACTICAL EQUIPMENT SHOP	710	710	710	710
CAMP PAGE				
AIRCRAFT MAINTENANCE HANGAR	7,200	7,200	7,200	7,200
AIRFIELD OPERATIONS FACILITIES	2,100	2,100	2,100	2,100
CENTRAL HEATING AND COOLING PLANT	4,550	4,550	4,550	4,550
DISPENSARY/DENTAL CLINIC	1,550	1,550	1,550	1,550
ELECTRICAL DISTRIBUTION SYSTEM UPGRADE	2,350	2,350	2,350	2,350
FUEL STORAGE AND DISPENSING FACILITY	4,250	4,250	4,250	4,250
TACTICAL EQUIPMENT SHOP	1,050	1,050	1,050	1,050
UNACCOMPANIED PERSONNEL HOUSING	6,400	6,400	6,400	6,400
WATER AND SEWER UPGRADE	3,200	3,200	3,200	3,200
CAMP PELHAM				
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,400	2,400	2,400	2,400
CAMP RED CLOUD				
COMPANY OPERATIONS AND SUPPLY	330	330	330	330
TACTICAL EQUIPMENT SHOP	1,400	1,400	1,400	1,400
CAMP STANLEY				
DISPENSARY	1,150	1,150	1,150	1,150
UNACCOMPANIED PERSONNEL HOUSING	4,350	4,350	4,350	4,350
K-16 ARMY AIRFIELD				
FLIGHT SIMULATOR BUILDING	1,700	---	1,700	---
PAINTSHOP	900	900	900	900
TACTICAL EQUIPMENT SHOP	840	840	---	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	610	610	610	610
LOC 177				
MULTI-PURPOSE ACTIVITY CENTER	740	740	740	740
POWER UPGRADE	1,550	1,550	---	---
YONGIN				
UNACCOMPANIED ENLISTED HOUSING COMPLEX	2,550	2,550	2,550	2,550
YONGSON				
BARRACKS AND MOVEMENT CONTROL CENTER	2,150	2,150	2,150	2,150
CHAPEL AND RELIGIOUS EDUCATION FACILITY	2,150	1,900	2,150	2,050
PROVOST MARSHALL COMMAND/CONTROL FACILITY	1,450	1,450	---	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,000	2,000	2,000	2,000
WAREHOUSE ADDITION	2,050	2,050	2,050	2,050
AIR FORCE				
KIMHAE AB				
MEDICAL CONTINGENCY COMPLEX	10,400	---	10,400	10,400
KUNSAN AB				
ADD-ALTER ELECTRICAL DISTRIBUTION SYSTEM	3,900	3,900	3,900	3,900
AIRCRAFT MAINTENANCE UNIT FACILITY	1,950	1,950	1,950	1,950
CONSOLIDATED SUPPORT FACILITY	2,850	---	---	---
PORTOMOD SUPPORT	300	---	300	300
KWANG-JU AB				
ADD-ALTER WATER TREATMENT-DISTRIBUTION SYS	1,450	---	1,450	1,450
PORTOMOD SUPPORT	260	---	260	260
QUICK TURN FACILITY	9,000	---	9,000	---
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	4,950	---	4,950	4,950
UNACCOMPANIED OFFICER PERSONNEL HOUSING	650	---	650	---

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
OSAN AB				
AIRCRAFT SHELTERS	6,800	---	6,800	---
ALTER UNACCOMP OFFICER PERSONNEL HOUSING	3,150	2,800	3,150	2,800
KCOIC ALLIED SUPPORT-PHASE II	500	500	500	500
MUNITIONS MAINTENANCE AND STORAGE FAC-PH 1	7,000	7,000	7,000	7,000
PORTOMOD SUPPORT	860	---	860	860
SQUADRON OPERATIONS FACILITY	6,200	---	6,200	6,200
SACHON				
PORTOMOD SUPPORT	310	---	310	310
DEFENSE AGENCIES				
DEF FUEL SUPPORT POINT PYONGTAEK				
FUEL TANKAGE	(5,820)	2,000	5,820	2,000
DEF FUEL SUPPORT POINT UIJONGBU				
FUEL TANKAGE	(6,200)	5,500	5,500	5,500
OSAN AIR BASE				
ELEMENTARY SCHOOL ADDITION	2,780	2,400	2,780	2,780
PUSAN				
ELEMENTARY AND HIGH SCHOOL ADDITION	1,540	1,400	1,540	1,540
TAEGU				
ELEMENTARY AND HIGH SCHOOL ADDITION	730	650	730	730
TOTAL, KOREA	217,710	150,030	221,540	175,120
KWAJALEIN				
ARMY				
AIRCRAFT MAINTENANCE HANGAR	7,100	7,100	7,100	7,100
SHORE EROSION CONTROL	2,400	2,400	2,400	2,400
UPGRADE AIRFIELD	5,100	5,100	5,100	5,100
TOTAL, KWAJALEIN	14,600	14,600	14,600	14,600
MOROCCO				
AIR FORCE				
SOUTHWEST ASIA-ALTER MAINTENANCE HANGAR	550	550	550	550
SOUTHWEST ASIA-APRON LIGHTING	2,050	2,050	2,050	2,050
SOUTHWEST ASIA-WATER STORAGE	500	500	500	500
TOTAL, MOROCCO	3,100	3,100	3,100	3,100
NETHERLANDS				
AIR FORCE				
CAMP NEW AMSTERDAM				
ADD-ALTER ACFT GENERAL PURPOSE MAINT COMPL	1,850	1,850	1,850	1,850
CHEMICAL WARFARE PROTECTION-AVIONICS SHOP	1,450	1,450	1,450	1,450
TELECOMMUNICATIONS FACILITY	860	860	860	860
KEIZERVEER				
DIGITAL EUROPEAN BACKBONE FACILITY	270	270	270	270
VUGHT				
DIGITAL EUROPEAN BACKBONE FACILITY	310	310	310	310
WOENSDRECHT AB				
GLCM-ADD-ALTER COMMUNICATION EQUIP FAC	720	---	---	---
GLCM-BOUNDRY FENCE	280	---	280	280
GLCM-COMMAND, CONTROL AND SAFETY	1,900	---	1,900	1,900
GLCM-FIRE STATION	1,100	---	---	---
GLCM-HIGH FREQUENCY COMMUNICATION FACILITY	1,500	---	---	---
GLCM-SITE ACTIVATION SUPPORT FACILITIES	10,000	---	10,000	10,000
GLCM-TELECOMMUNICATIONS CENTER	400	---	---	---
GLCM-TOWER SUPPORT	300	---	---	---
GLCM-UTILITIES, PAVEMENTS AND ROADS	6,500	---	3,800	3,800
DEFENSE AGENCIES				
SOESTERBERG AIR BASE				
ELEMENTARY SCHOOL	4,460	4,000	4,460	4,460
TOTAL, NETHERLANDS	31,900	8,740	25,180	25,180
PANAMA				
ARMY				
COROZAL				
BARRACKS MODERNIZATION	4,550	---	4,550	4,550
HVAC SYSTEMS MODIFICATIONS	930	---	930	930
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,200	---	---	---

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
HOWARD AFB				
ADD TO AIRCRAFT APRON	21,000	---	---	---
ECIP-FACILITY ENERGY IMPROVEMENTS	2,172	---	2,172	---
TOTAL, PANAMA	30,852	---	7,652	5,480
PHILIPPINES				
NAVY				
NAVAL AIR STATION CUBI POINT				
MAINTENANCE HANGAR	19,200	---	12,500	---
NAVAL MAGAZINE SUBIC BAY				
FIRE PROTECTION	250	250	250	250
NAVAL SHIP REPAIR FACILITY SUBIC BAY				
SHIPFITTING SHOPS	4,070	4,070	4,070	4,070
WHARF ELECTRICAL DISTR SYS IMPROVEMENTS	9,200	9,200	9,200	9,200
AIR FORCE				
CLARK AFB				
ADD-ALTER MAINT MGT AND OPERATIONS FAC	1,750	1,750	---	---
ADD-ALTER PASSENGER TERMINAL	4,150	---	---	---
ADD-ALTER WATER DISTRIBUTION SYSTEM	800	800	800	800
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	3,650	3,650	3,650	3,650
CONSOLIDATED SUPPORT FACILITIES-PH II	4,400	4,000	---	---
EMERGENCY POWER PLANT	2,800	2,800	2,800	2,800
SECURITY AND SAFETY IMPROVEMENTS	1,650	1,650	1,650	1,650
DEFENSE AGENCIES				
CLARK AIR BASE				
HIGH SCHOOL (WAGNER)	7,190	6,500	7,190	7,190
TOTAL, PHILIPPINES	59,110	34,670	42,110	29,610
PORTUGAL				
AIR FORCE				
GEODSS SITE 5				
GEODSS-COMPOSITE SUPPORT FACILITY	2,250	2,250	2,250	2,250
GEODSS-SPACE TRACK OBSERVATION FACILITY	12,400	12,400	12,400	12,400
LAJES FIELD				
ADD TO-ALTER CHAPEL	1,850	1,000	1,850	1,000
ADD-ALTER COLD STORAGE FACILITY	1,650	1,650	1,650	1,650
CHILD CARE CENTER	1,100	800	1,100	1,100
POL STORAGE TANKS	19,435	---	19,435	---
REFUELING VEHICLE MAINTENANCE SHOP	1,250	1,250	1,250	1,250
TOTAL, PORTUGAL	39,935	19,350	39,935	19,650
PUERTO RICO				
NAVY				
LANT FLT WPNS TRAINING FAC ROOSEVELT ROADS				
RANGE OPERATIONS CENTER	3,000	3,000	3,000	3,000
UNDERWATER RANGE OPERATIONS CENTER	4,100	4,100	4,100	4,100
NAVAL STATION ROOSEVELT ROADS				
BACHELOR QUARTERS	14,700	14,700	14,700	14,700
DEFENSE AGENCIES				
FORT BUCHANAN				
DEPENDENT SCHOOL-NEW HIGH SCHOOL	9,753	---	9,753	9,753
ROOSEVELT ROADS NAVAL STATION				
DEPENDENT SCHOOL-HIGH SCHOOL IMPROVEMENTS	1,200	---	1,200	1,200
TOTAL, PUERTO RICO	32,753	21,800	32,753	32,753
SPAIN				
NAVY				
NAVAL COMMUNICATION STATION ROTA				
OPERATIONAL STORAGE	395	---	---	---
NAVAL STATION ROTA				
FIRE ALARM SYSTEM	1,030	---	---	---
PIER EXTENSION	6,750	6,750	6,750	6,750

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
AIR FORCE				
TORREJON AB				
AIRCRAFT CORROSION CONTROL FACILITY	1,850	---	---	---
AIRCRAFT MAINTENANCE UNIT COMPLEX	2,550	---	---	---
ALTER ELECTRIC SUBSTATION	2,637	---	---	---
CHILD CARE CENTER	1,000	---	1,000	---
ECIP-FACILITY ENERGY IMPROVEMENTS	900	---	---	---
ECIP-STEAM AND CONDENSATE SYSTEM	350	---	---	---
MEDICAL CONTINGENCY COMPLEX	2,900	---	2,900	---
ZARAGOZA AB				
CONTROL TOWER	1,650	---	---	---
SUPPORT EQUIPMENT SHOP	1,100	---	---	---
DEFENSE AGENCIES				
ROTA				
ELEMENTARY AND HIGH SCHOOL ADDITION	2,870	---	---	---
TOTAL, SPAIN	25,982	6,750	10,650	6,750
TURKEY				
ARMY				
POWER UPGRADE	5,200	5,200	5,200	5,200
SOLID WASTE INCINERATOR	540	540	540	540
UNACCOMPANIED OFFICER HOUSING	1,150	1,150	1,150	1,150
WAREHOUSE	550	550	550	550
AIR FORCE				
ANKARA				
TRANSIENT LODGING FACILITY	950	---	950	950
INCIRLIK AB				
ALTER UNACCOMP ENLISTED PERSONNEL HOUSING	2,250	2,250	2,250	2,250
CONSOLIDATED SUPPORT CENTER	4,500	4,500	---	4,500
CW PROTECTION-SQUADRON OPERATIONS	1,400	1,400	1,400	1,400
ECIP-LIGHTING SYSTEMS	300	300	300	300
MEDICAL CONTINGENCY COMPLEX	1,150	---	1,150	---
SATCOM GROUND TERMINAL	2,600	2,600	2,600	2,600
TELECOMMUNICATIONS FACILITY	770	770	770	770
KARATAS				
UNACCOMP ENLISTED PERSONNEL HOUSING	2,330	2,330	2,330	2,330
PIRINCLIK				
SATCOM GROUND TERMINAL	2,600	2,600	2,600	2,600
TOTAL, TURKEY	26,290	24,190	21,790	25,140
UNITED KINGDOM				
NAVY				
NAVAL ACTIVITIES LONDON				
FLEET HOSPITAL SUPPORT FACILITIES	6,850	---	6,850	---
SUPPORT BUILDING ACQUISITION	785	785	785	785
PERSONNEL SUPPORT ACTIVITY LONDON				
PAY AND PERSONNEL SUPPORT OFFICE	450	450	---	---
AIR FORCE				
FLYINGDALES - BMEWS SITE III				
SATCOM GROUND TERMINAL	3,100	3,100	3,100	3,100
MOLESWORTH				
GLCM-ADD TO POST OFFICE (RAF ALCONBURY)	530	530	---	---
GLCM-COMMUNICATIONS EQUIPMENT FACILITY	410	410	410	410
GLCM-DINING HALL	1,550	1,550	1,550	1,550
GLCM-FIRE STATION	860	860	860	860
GLCM-HELICOPTER PAD	430	430	430	430
GLCM-HIGH FREQUENCY COMMUNICATIONS FAC	1,400	1,400	1,400	1,400
GLCM-MEDICAL AID STATION	490	490	490	490
GLCM-SECURITY POLICE OPERATIONS FACILITY	1,150	1,150	1,150	1,150
GLCM-SMALL ARMS TRAINING COMPLEX	1,100	1,100	1,100	1,100
GLCM-TELECOMMUNICATIONS-METEOROLOGIC FAC	640	640	640	640
GLCM-TOWER SUPPORT	340	340	340	340
GLCM-UTILITIES AND PAVEMENTS	7,213	7,213	7,213	7,213
GLCM-VEH MAINT SHOP (RAF ALCONBURY)	4,050	4,050	---	4,050
GLCM-VEHICLE CORROSION CONTROL FACILITY	700	700	700	700
GLCM-VEHICLE OPERATIONS COMPLEX	200	200	---	---

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
RAF ALCONBURY				
ADD TO WATER DISTRIBUTION SYSTEM	360	360	360	360
ADD-ALTER FIRE STATION	1,600	1,600	1,600	1,600
ADD-ALTER WAREHOUSE	1,700	1,700	1,700	1,700
ALTER ELECTRICAL DISTRIBUTION SYSTEM	1,450	1,450	1,450	1,450
BASE OPERATIONS FACILITY	900	---	900	---
ECIP-FACILITY ENERGY IMPROVEMENTS	2,650	2,650	2,650	2,650
FLIGHT SIMULATOR TRAINING FACILITY	1,150	---	1,150	---
SOUND SUPPRESSOR SUPPORT	400	400	400	400
TR-1 ADD-ALTER SQUADRON OPERATIONS FAC	1,050	1,050	1,050	1,050
TR-1 CW PROTECTION-AVIONICS MAINT FAC	2,200	2,200	2,200	2,200
TR-1 CW PROTECTION-SENSOR MAINTENANCE FAC	1,850	1,850	1,850	1,850
TR-1 UNACCOMP ENLISTED PERSONNEL HOUSING	5,600	5,600	5,600	5,600
RAF BENTWATERS				
ADD TO AIRCRAFT ENGINE I&R SHOP	2,100	2,100	2,100	2,100
ADD-ALTER UNACCOMP ENLISTED PERSONNEL HSG	2,800	2,800	2,800	2,800
AIRCRAFT MAINTENANCE FACILITY	900	900	900	900
VEHICLE MAINTENANCE COMPLEX	4,050	4,050	4,050	4,050
WAREHOUSE	2,200	2,200	2,200	2,200
RAF CHICKSANDS				
ADD-ALTER CLINIC	830	830	830	830
CHILD CARE CENTER	800	800	---	800
RAF FAIRFORD				
CLINIC/DENTAL CLINIC	7,400	---	---	---
RAF GREENHAM COMMON				
GLCM-ALTER ARTS & CRAFTS SHOP	300	---	---	---
GLCM-AUTO HOBBY SHOP	340	---	---	---
GLCM-HIGH FREQUENCY COMMUNICATIONS FAC	1,400	1,400	1,400	1,400
GLCM-YOUTH CENTER	800	---	---	---
RAF LAKENHEATH				
ADD-ALTER VEHICLE MAINTENANCE SHOP	2,870	2,870	2,870	2,870
GYMNASIUM	2,500	2,500	---	---
MUNITIONS STORAGE IGLOOS	2,250	2,250	2,250	2,250
WAREHOUSE	2,700	2,700	2,700	2,700
RAF MILDENHALL				
CONSOLIDATED SUPPORT CENTER	4,150	---	---	---
DANGEROUS CARGO PAD	900	900	900	900
ECIP-WEATHERIZATION	600	600	600	600
UNACCOMPANIED ENLISTED PERSONNEL HOUSING	2,580	2,580	2,580	2,580
RAF SCULTHORPE				
MUNITIONS STORAGE IGLOOS	2,350	---	2,350	---
RAF UPPER HEYFORD				
ALTER WATER DISTRIBUTION SYSTEM	1,900	1,900	1,900	1,900
ECIP-FACILITY ENERGY IMPROVEMENTS	910	910	910	910
RELIGIOUS EDUCATION FACILITY	1,200	---	1,200	---
TELECOMMUNICATIONS FACILITY	630	630	630	630
VARIOUS LOCATIONS-UNITED KINGDOM				
NORTHERN EUROPE TRACKING STATION	3,600	3,600	3,600	3,600
DEFENSE AGENCIES				
BICESTER				
ELEMENTARY SCHOOL	4,570	4,000	4,570	4,570
UPWOOD				
ELEMENTARY SCHOOL ADDITION	3,240	2,900	3,240	3,240
WOODBRIDGE ROYAL AIR FORCE STATION				
ELEMENTARY SCHOOL ADDITION	1,060	900	1,060	1,060
TOTAL, UNITED KINGDOM	115,088	88,578	93,568	85,968

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
OVERSEAS CLASSIFIED				
AIR FORCE				
BASE THIRTY				
TR-1 ADD-ALTER DINING HALL	330	200	330	275
TR-1 GROUND STATION	4,500	4,500	4,500	4,500
BASE THIRTY THREE				
C-130 AIRCRAFT MAINTENANCE COMPLEX	7,250	7,250	7,250	7,250
C-130 SECURITY FENCE	600	600	600	600
C-130 SITE SUPPORT WORK	1,600	1,600	1,600	1,600
BASE TWENTY FIVE				
SATCOM GROUND TERMINAL	4,500	4,500	4,500	4,500
BASE TWENTY NINE				
PLSS-OPERATIONS AND MAINTENANCE FACILITIES	1,100	---	1,100	---
PLSS-UNACCOMP ENLISTED PERSONNEL HOUSING	2,400	---	2,400	---
DEFENSE AGENCIES				
CLASSIFIED LOCATION				
EMERGENCY GENERATOR	2,500	2,500	2,500	2,500
MARCHER	4,650	4,650	4,650	4,650
TOTAL, OVERSEAS CLASSIFIED	29,430	25,800	29,430	25,875
WORLDWIDE VARIOUS				
NAVY				
HOST NATION INFRASTRUCTURE SUPPORT	980	---	---	---
GULF COAST HOMEPORTING				
COMMUNITY IMPACT PLANNING	---	1,000	---	200
TOTAL, WORLDWIDE VARIOUS	980	1,000	---	200
NATO				
NATO INFRASTRUCTURE	98,000	---	38,000	10,000
WORLDWIDE UNSPECIFIED				
ARMY				
PLANNING AND DESIGN	136,100	129,000	136,100	133,000
UNSPECIFIED MINOR CONSTRUCTION	31,000	21,000	16,000	18,500
GENERAL REDUCTION - SAVINGS	---	-138,500	-200,000	-280,000
GENERAL REDUCTION - INSTRUCTION FACILITIES	---	-4,300	---	-2,100
GENERAL REDUCTION - MULTI-PURPOSE RANGES	---	-8,500	---	-4,300
GENERAL REDUCTION FOR DAVIS-BACON ACT EXEMPT	---	---	-18,000	---
NAVY				
ACCESS ROADS:				
CBC GULFPORT	200	200	200	200
NAS SOUTH WEYMOUTH	370	370	370	370
CBC PORT HUENEME (PATTERSON GATE ROAD)	300	300	300	300
WARNER SPRINGS HSG (86 HSG)	100	100	100	100
EL TORO HSG (86 HSG)	200	200	200	200
NAS MERIDIAN	1,200	1,200	1,200	1,200
NORFOLK (POST OFFICE ENTRANCE)	50	50	50	50
OTHER UNANTICIPATED	540	---	---	---
PLANNING AND DESIGN	139,260	129,000	139,260	138,660
UNSPECIFIED MINOR CONSTRUCTION	21,560	14,400	11,000	13,700
GENERAL REDUCTION - SAVINGS	---	-43,250	-65,000	-50,000
GENERAL REDUCTION - TRAINING BUILDINGS	---	-12,690	---	-4,200
GENERAL REDUCTION FOR DAVIS-BACON SAVINGS	---	---	-18,000	---
AIR FORCE				
MINOR LAND	200	---	200	---
PLANNING AND DESIGN	144,096	130,000	144,096	134,000
GENERAL REDUCTION	---	-30,000	-42,500	-47,500
UNSPECIFIED MINOR CONSTRUCTION	22,000	15,000	11,000	15,000
GENERAL REDUCTION FOR DAVIS-BACON SAVINGS	---	---	-15,000	---
UNSPEC. LOG-CONUS-B-1B SPT FAC	---	---	71,490	---
DEFENSE AGENCIES				
CONTINGENCY CONSTRUCTION	5,000	---	---	---
PLANNING AND DESIGN	30,000	25,000	30,000	27,500
UNSPECIFIED MINOR CONSTRUCTION	4,000	2,700	2,000	2,700
GENERAL REDUCTION	---	-37,025	-37,025	-37,025
GENERAL REDUCTION DOD SCHOOLS, DLA FACILITIES	---	---	-3,500	-8,670

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
ARMY NATIONAL GUARD				
PLANNING AND DESIGN	12,362	12,362	12,362	12,362
UNSPECIFIED MINOR CONSTRUCTION	18,917	20,000	10,000	15,000
GENERAL REDUCTION	---	-12,843	---	-6,000
AIR NATIONAL GUARD				
PLANNING AND DESIGN	9,600	9,600	9,600	9,600
UNSPECIFIED MINOR CONSTRUCTION	8,000	5,300	4,000	4,700
GENERAL REDUCTION	---	-13,850	-13,850	-13,850
ARMY RESERVE				
PLANNING AND DESIGN	9,605	9,605	9,605	9,605
UNSPECIFIED MINOR CONSTRUCTION	5,800	3,800	3,000	3,400
GENERAL REDUCTION	---	-8,000	-8,000	-8,000
NAVY RESERVE				
PLANNING AND DESIGN	4,200	4,200	4,200	4,200
UNSPECIFIED MINOR CONSTRUCTION	1,540	1,540	800	1,540
GENERAL REDUCTION	---	-10,000	-11,400	-10,000
AIR FORCE RESERVE				
PLANNING AND DESIGN	5,000	5,000	5,000	5,000
UNSPECIFIED MINOR CONSTRUCTION	3,400	2,200	1,700	2,000
GENERAL REDUCTION	---	-5,000	-5,000	-5,000
TOTAL, WORLDWIDE UNSPECIFIED	614,600	218,169	186,558	76,242
FAMILY HOUSING, ARMY				
CALIFORNIA				
FORT ORD	49,559	36,300	49,559	40,000
COLORADO				
FORT CARSON	712	712	712	712
GEORGIA				
FORT STEWART	253	253	253	253
KANSAS				
FORT RILEY	700	700	700	700
KENTUCKY				
FORT CAMPBELL	689	689	689	689
MASSACHUSETTS				
ARMY MAT & MECH RESEARCH CTR	154	108	---	---
FORT DEVENS	317	317	---	317
NEW YORK				
FORT DRUM	67,500	53,000	67,500	56,000
NORTH CAROLINA				
FORT BRAGG	637	637	637	637
UTAH				
DUGWAY PROVING GROUND	8,323	7,353	8,323	7,353
DUGWAY PROVING GROUND	351	351	351	351
VIRGINIA				
FORT MYER	596	486	593	486
GERMANY				
BAMBERG	7,209	6,380	7,209	7,000
GRAFENWOEHR	6,120	5,520	6,120	6,120
VILSECK	26,830	22,700	26,830	24,400
CONSTRUCTION IMPROVEMENTS	166,000	102,000	166,000	102,000
GENERAL REDUCTION, CONSTRUCTION	---	---	-35,000	---
PLANNING	19,020	15,000	19,020	15,000
SUBTOTAL	354,970	252,506	319,496	262,018
OPERATING EXPENSES				
MANAGEMENT ACCOUNT	71,645	68,000	71,645	68,000
SERVICES ACCOUNT	47,277	44,500	47,277	44,500
FURNISHINGS ACCOUNT	107,342	100,000	107,342	100,000
MISCELLANEOUS ACCOUNT	1,002	1,002	1,002	1,002
SUBTOTAL	227,266	213,502	227,266	213,502

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
UTILITIES ACCOUNT	287,989	280,000	287,989	280,000
LEASING	133,567	113,567	133,567	113,567
MAINTENANCE OF REAL PROPERTY	605,895	560,000	605,895	560,000
GENERAL REDUCTION, O&M / LEASING	---	---	-30,000	---
INTEREST PAYMENTS	918	918	918	918
MORTGAGE INSURANCE PREMIUMS	95	95	95	95
NET BUDGET AUTHORITY	1,610,700	1,420,588	1,545,226	1,430,100
PLUS APPROPRIATION FOR DEBT REDUCTION	15,064	15,064	15,064	15,064
TOTAL, FAMILY HOUSING, ARMY	1,625,764	1,435,652	1,560,290	1,445,164
FAMILY HOUSING, NAVY				
ALASKA				
NAVAL STATION ADAK	15,500	13,900	15,500	15,500
CALIFORNIA				
FLEET TRNG GROUP PACIFIC WARNER SPRINGS	4,400	2,450	4,400	2,450
MARCOR AIR-GRND COMB CTR TWENTYNINE PALMS	8,400	6,800	8,400	6,800
MARINE CORPS AIR STATION EL TORO	29,800	24,500	29,800	24,500
NAVAL COMPLEX SAN DIEGO	15,200	12,800	15,000	14,000
NEW JERSEY				
NAVAL WEAPONS STATION EARLE	15,400	12,100	15,400	14,500
PENNSYLVANIA				
AVIATION SUPPLY OFFICE PHILADELPHIA	170	108	170	108
PHILIPPINES				
NAVY PUBLIC WORKS CENTER SUBIC BAY	24,180	18,100	24,180	21,000
CONSTRUCTION IMPROVEMENTS	34,020	34,020	34,020	34,020
GENERAL REDUCTION, CONSTRUCTION	---	---	-7,000	---
PLANNING	6,930	6,930	6,930	6,930
SUBTOTAL	154,000	131,708	146,800	139,808
OPERATING EXPENSES				
MANAGEMENT ACCOUNT	42,155	40,000	42,155	40,000
SERVICES ACCOUNT	29,946	29,000	29,946	29,000
FURNISHINGS ACCOUNT	13,636	11,936	13,636	11,936
MISCELLANEOUS ACCOUNT	420	400	420	400
SUBTOTAL	86,157	81,336	86,157	81,336
UTILITIES ACCOUNT	181,343	172,000	175,000	172,000
LEASING	22,479	16,934	17,484	16,934
MAINTENANCE OF REAL PROPERTY	277,458	254,000	277,458	254,000
GENERAL REDUCTION, O&M / LEASING	---	---	-15,000	---
INTEREST PAYMENTS	822	822	822	822
MORTGAGE INSURANCE PREMIUMS	241	241	241	241
NET BUDGET AUTHORITY	301,000	271,997	281,005	271,997
PLUS APPROPRIATION FOR DEBT REDUCTION	16,239	16,239	16,239	16,239
TOTAL, FAMILY HOUSING, NAVY	738,739	673,280	705,201	681,380
FAMILY HOUSING, AIR FORCE				
CALIFORNIA				
LOS ANGELES AFS	1,800	---	---	---
MASSACHUSETTS				
HANSCOMB AFB	---	14,200	---	---
SOUTH DAKOTA				
BELLE FOURCHE	4,000	3,200	4,000	4,000

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
BELGIUM				
FLORENNES	29,200	25,750	29,200	27,500
GERMANY				
HAHN AB	33,000	29,500	33,000	31,000
RAMSTEIN AB	30,000	25,400	30,000	27,000
KOREA				
OSAN AB	1,200	---	---	---
NETHERLANDS				
CAMP NEW AMSTERDAM	11,000	10,000	11,000	10,000
PHILLIPINES				
CLARK AFB	37,900	27,000	37,900	31,500
CONSTRUCTION IMPROVEMENTS	61,300	46,300	65,300	46,300
GENERAL REDUCTION, CONSTRUCTION	---	---	-16,000	---
PLANNING	5,000	5,000	5,000	5,000
SUBTOTAL	214,400	186,350	199,400	182,300
OPERATING EXPENSES				
MANAGEMENT ACCOUNT	25,514	25,514	25,514	25,514
SERVICES ACCOUNT	22,850	22,850	22,850	22,850
FURNISHINGS ACCOUNT	38,325	36,000	38,325	36,000
MISCELLANEOUS ACCOUNT	4,997	4,997	4,997	4,997
SUBTOTAL	91,686	89,361	91,686	89,361
UTILITIES ACCOUNT	241,844	235,000	241,844	235,000
LEASING	48,113	40,000	48,113	40,000
MAINTENANCE OF REAL PROPERTY	332,350	285,800	332,350	285,800
GENERAL REDUCTION, O&M / LEASING	---	---	-20,000	---
INTEREST PAYMENTS	700	700	700	700
MORTGAGE INSURANCE PREMIUMS	307	307	307	307
NET BUDGET AUTHORITY	929,400	837,518	894,400	833,468
PLUS APPROPRIATION FOR DEBT REDUCTION	14,298	14,298	14,298	14,298
TOTAL, FAMILY HOUSING, AIR FORCE	943,698	851,816	908,698	847,766
FAMILY HOUSING, DEFENSE AGENCIES				
NSA CLASSIFIED PROJECT	1,800	1,300	1,800	1,500
CONSTRUCTION IMPROVEMENTS	110	110	110	110
SUBTOTAL	1,910	1,410	1,910	1,610
OPERATING EXPENSES				
SERVICES ACCOUNT	32	32	32	32
FURNISHINGS ACCOUNT	2,161	661	2,161	661
MISCELLANEOUS ACCOUNT	543	543	543	543
SUBTOTAL	2,736	1,236	2,736	1,236
UTILITIES ACCOUNT	158	158	158	158
LEASING	14,933	10,933	14,933	13,000
MAINTENANCE OF REAL PROPERTY	563	563	563	563
GENERAL REDUCTION	---	---	-1,300	---
TOTAL, FAMILY HOUSING, DEFENSE AGENCIES	20,300	14,300	19,000	16,567

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	HOUSE RECOMMENDED	SENATE RECOMMENDED	CONFERENCE AGREEMENT
RECAPITULATION				
ARMY	2,020,900	1,646,152	1,558,710	1,602,982
NAVY	2,085,200	1,703,705	1,632,620	1,705,370
AIR FORCE	2,082,000	1,585,140	1,751,623	1,663,225
DEFENSE AGENCIES	309,600	124,955	233,290	181,375
NATO INFRASTRUCTURE	98,000	---	38,000	10,000
ARMY NATIONAL GUARD	102,100	100,362	86,657	102,205
AIR NATIONAL GUARD	137,200	116,350	112,205	121,250
ARMY RESERVE	70,700	61,746	59,900	61,346
NAVAL RESERVE	51,800	41,800	39,660	41,800
AIR FORCE RESERVE	66,800	63,073	60,100	63,030
DEFENSE FACILITIES REPLACEMENT	33,000	---	---	---
TOTAL MILITARY CONSTRUCTION	7,057,300	5,443,283	5,572,765	5,552,583
FAMILY HOUSING, ARMY	1,625,764	1,435,652	1,560,290	1,445,164
PORTION APPLIED TO DEBT REDUCTION	-15,064	-15,064	-15,064	-15,064
FAMILY HOUSING, NAVY	738,739	673,280	705,201	681,380
PORTION APPLIED TO DEBT REDUCTION	-16,239	-16,239	-16,239	-16,239
FAMILY HOUSING, AIR FORCE	943,698	851,816	908,698	847,766
PORTION APPLIED TO DEBT REDUCTION	-14,298	-14,298	-14,298	-14,298
FAMILY HOUSING, DEFENSE AGENCIES	20,300	14,300	19,000	16,567
GRAND TOTAL	10,340,200	8,372,730	8,720,353	8,497,859

* INDICATES PREVIOUSLY OR PERMANENTLY AUTHORIZED.
** PROJECT RECOMMENDED SUBJECT TO AUTHORIZATION
1/ SUBJECT TO 10% GENERAL REDUCTION

Once again, Madam Speaker, I would like to say what a pleasure it is to work with this committee because it has been absolutely a nonpartisan matter. Our ranking minority member, the gentleman from Oklahoma [Mr. EDWARDS], has done yeoman work on this committee, and our staff has been working very deligently. We have put in many, many hours of hearings, and we have come forward, I believe, with a very responsible bill that meets the needs of our military forces all across the world.

Mr. EDWARDS of Oklahoma. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, first of all I want to thank my colleagues on the subcommittee for the fine work they have all done this year, and I especially want to thank the chairman of the subcommittee. Under his leadership the House conferees stood firm in support of the House position on a number of military reform initiatives and on decisions that we had made not to fund nonessential projects.

The conferees had to deal with something like 550 projects in disagreement, starting with an administration budget request of $10.3 billion for military construction and family housing. We ended up with a House bill that provided $8.4 billion and with a Senate bill that provided $8.7 billion, and the conference report we bring to the floor today is at $8.5 billion, much closer to the House-passed figure and representing a $222 million decrease from the Senate level and $1.8 billion below the Pentagon's budget request.

We deferred all projects with low operational utility, including recreation centers, indoor swimming pools, religious education buildings, community centers, libraries, and museums. These guidelines were applied all across the board and affected many Members, including the chairman of the subcommittee, myself, and other members of the committee. This was something we had to do in light of the budget constraints that we are faced with. I can report back to my colleagues that we held firm during conference and did not allow one single exception to these guidelines.

Madam Speaker, as I mentioned earlier, we had some 550 projects in disagreement, but we are bringing back to the House a conference report which I feel is a good, fair compromise. There are, however, two items in true disagreement on which I ask the House to support us. One involves a brigade activity center at the Naval Academy, which we considered worthwhile but of low priority and did not fund, and one concerns the proposed sale of land at Fort DeRussey, HI, for potential commercial use, a sale we strongly opposed.

Madam Speaker, I ask my colleagues to support us on these decisions, and I reserve the balance of my time.

Mr. HEFNER. Madam Speaker, I have no further requests for time.

Mr. EDWARDS of Oklahoma. Madam Speaker, I yield 3 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Madam Speaker, I thank my colleague for yielding me this time.

Madam Speaker, I want to discuss for the benefit of the Members and the chairman and ranking member of the subcommittee who brought this measure before us one item that was dropped in the conference yesterday. It pertains to the Washington Hall expansion of the U.S. Military Academy at West Point.

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This item of $7 million was in the military construction authorization conference report yesterday, so I did not think it had any problem in the appropriation conference, but it was dropped only yesterday from the report that we have before us.

I deeply regret this, and there is no opportunity, since this is not a motion in disagreement, to proceed to put the money back in this morning.

The purpose of this request by the U.S. Military Academy, and I speak before you as Chairman of the Board of Visitors of the U.S. Military Academy at West Point, was to utilize presently wasted space, totally unused space that has been abandoned because of the change in curriculum. The space is needed to accommodate the more modern curriculum that is afforded the cadets.

Washington Hall abuts the plain at West Point and is a mammoth structure. It has in it the first three floors as the mess hall, it has the commandant's office and several academic departments. Any renovation would have to accommodate the historic interest in keeping the facade in conformity with the rest of the Military Academy buildings.

It has been mentioned that an alternative to this appropriation would be the Ladycliffe College property or what it called the New South Post. This is a considerable distance from the present site of the U.S. Military Academy and is a recent acquisition. The whole purpose of acquiring the Ladycliffe property was to move nonacademic functions to this property, such as the computers used in various departments, and the officers' club, for the very purpose of freeing up space where the cadets live, where they receive their instruction, and where they eat, to keep that in one central campus. There are very many practical reasons; for example, there is only 10 minutes between classes, and as you know, cadets take a good many more classes than is normal in a civilian college; so Ladycliffe is not a realistic alternative. The Washington Hall renovation is in keeping with the overall plan that involved the acquisition of Ladycliffe and the renovation of classrooms, some of which are as much as 40 years old is badly needed.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. EDWARDS of Oklahoma. Madam Speaker, I yield 2 additional minutes to the gentleman from New York.

Mr. MARTIN of New York. Madam Speaker, will the gentleman yield?

Mr. FISH. I yield to my colleague, the gentleman from New York, who is also a member of the Board of Visitors.

Mr. MARTIN of New York. Madam Speaker, I thank the gentleman, and I want to salute the gentleman from New York for his work as a member of the Board of Visitors at West Point. I want to be associated with his remarks on the subject. I know how hard the gentleman has worked on this project.

I want to assure the gentleman that as we proceed in these difficult times of drastic cuts that I will continue to work with the gentleman, both as a Member and on the Board of Visitors, to ensure that this comes to fruition, because I think any Member who visits West Point would find out in very short order how important it is that this project be carried through to fruition.

Mr. FISH. Madam Speaker, I thank my colleague, and I hope this will remain a priority item and that we can make progress toward this realization.

Mr. EDWARDS of Oklahoma. Madam Speaker, I yield 1 minute to the gentleman from Arizona [Mr. RUDD], a member of the subcommittee.

Mr. RUDD. Madam Speaker, I thank the gentleman for yielding.

I rise in support of the conference report on the military construction appropriations bill for fiscal year 1986.

The appropriations levels agreed on are about $100 million above the House bill and $200 million below the bill from the other body. I want to commend the conferees, especially Mr. HEFNER and Mr. EDWARDS for their leadership in hammering out a good piece of compromise legislation.

This legislation shows responsibility in these times of economic hardship while at the same time shows our country's resolve to deter aggression by the Marxist-Leninist forces in the world by adequately supporting the modernization of our Armed Forces.

I was pleased to see compromises to provide funding for the chemical munitions plant at Pine Bluff, AR, homeporting facilities, funding for the B–1 bomber, and moneys to improve the quality of life for those men and women in our Armed Forces to construct family housing and barracks.

I strongly oppose any attempt to sell any or part of the serviceman's well-known haven in the middle of the Pacific Ocean at Fort DeRussey in Honolulu, HI.

I commend this legislation to my colleagues and urge them to support this conference report.

Mr. EDWARDS of Oklahoma. Madam Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Madam Speaker, the New Cumberland Army Depot situated in central Pennsylvania has, for a long time, been a vital cog in the supply mechanism of the Military Establishment and national defense complex throughout the world. That is why we were perplexed when we saw originally that the military construction project that was on the books and ready to go in New Cumberland was being threatened by a movement in the other body which would take some of these projects and refer them to what is called third party contracting, to the distress of those who had planned that the building program should continue as planned. That is why I am very happy to stand here today and be able to express my gratitude to the gentleman from North Carolina and to the ranking member, the gentleman from Oklahoma, for sticking to the position of the House that the ongoing building project at New Cumberland in the grand amount of $88 million be preserved, with $15 million of that allocated for this particular fiscal year.

We have no quarrel with whatever kinds of analyses might be made in the future on how we can best serve our national defense posture in its many different amenities; but when we have a modernization program going on in a vital center like New Cumberland is and has been, we ought to complete the project as planned.

The committee report now at hand, the conference report on which we will be voting, does preserve that.

Congressman GOODLING of our area was very prompt in going to the subcommittee to make sure that the interests of the New Cumberland Army Depot be preserved.

Once again I express my gratitude to the subcommittee and to the House as a whole for making sure that its conferees in this conference remain steadfast in the preservation of the mission at New Cumberland.

Mr. HEFNER. Madam Speaker, I yield such time as he may consume to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Madam Speaker, I thank the gentleman for yielding.

I just want to rise in support of the remarks by the gentleman from New York [Mr. FISH] and the gentleman from New York [Mr. MARTIN] in support of the construction needs at West Point and to express my disappointment regarding the deletion in this conference report of funding for much-needed improvements in the General Instruction Building at the U.S. Military Academy at West Point, NY. I want to associate myself with the remarks of the gentleman from New York [Mr. FISH], who so ably represents the congressional district which encompasses West Point and which adjoins my own congressional district in the Hudson River Valley.

Madam Speaker, yesterday, this House considered and approved the conference report to S. 1042, the military construction authorizations for fiscal year 1986. Included in that conference report was language authorizing $7.3 million for the reconstruction and expansion of the General Instruction Building, commonly referred to as Washington Hall, on the West Point campus. This authorization represents a consensus on the part of the conferees that expansion and improvement of Washington Hall was far more cost-effective and sensible than constructing a new education facility to serve our cadets. Indeed, staff from the authorizing committees traveled to West Point and, after viewing the dilapidated condition of Washington Hall and recognizing the undeniable fact that significant rehabilitation work had to be done, overwhelmingly recommended to the conferees that the House and Senate agree to authorize the reconstruction of Washington Hall.

Today, we have before us a conference report on H.R. 3327, the military construction appropriations for fiscal year 1986. While the Senate had appropriated money for this vital project, the House apparently had not, and the conferees, perhaps in the interest of deficit reduction, receded from the Senate amendments and concurred in the House language, choosing not to fund the Washington Hall project in this legislation.

It is somewhat difficult for me to understand the rationale behind the final decision of the conference committee. If the authorizing committee had, in its wisdom, decided not to authorize the reconstruction and expansion of Washington Hall, or if the alternate choices to provide our cadets with an adequate building for their vitally important instruction were less costly, I could understand the conferees' decision not to appropriate these moneys. It is my understanding that this building hasn't been improved or renovated since the mid-1940's and that the classrooms are overcrowded and inadequate to meet the growing needs of a modern military educational facility. I urge my colleagues to bear in mind that the West Point Military Academy is one of the leading academic institutions in the country, responsible for training and educating our future military leaders.

Accordingly, I look to our colleagues on the Appropriations Committee to rectify this oversight and to fund the Washington Hall project at the full $7.3 million as authorized. These moneys could and should be appropriated through the continuing resolution or other appropriate vehicle so that reconstruction and improvement of the Washington Hall instruction facility at West Point can begin as soon as possible and our cadets at West Point will be able to continue to receive the best education possible in appropriate facilities.

Mr. HEFNER. Madam Speaker, I yield such time as he may consume to the gentleman from New York [Mr. MARTIN].

Mr. MARTIN of New York. Madam Speaker, I thank the chairman very much for yielding for the purpose of clarification.

The language in the appropriation bill, I guess, almost of necessity is different from the language in the authorization bill; but where it speaks to community impact planning at Fort Drum, it is my understanding that what we are doing is appropriating $250,000 for that purpose for this fiscal year. Is that correct?

Mr. HEFNER. Madam Speaker, if the gentleman will yield, the conferees recommended community impact planning funds of $250,000 for Fort Drum and $250,000 for the Wainwright project. This is consistent with the authorized level.

Mr. MARTIN of New York. Madam Speaker, I thank the gentleman.

Mr. HEFNER. Madam Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. COLEMAN].

Mr. COLEMAN of Texas. Madam Speaker, I rise in strong support of the conference report on H.R. 3327, the fiscal year 1986 military construction appropriations bill.

Madam Speaker, I want to commend my chairman, the gentleman from North Carolina and our ranking minority member, the gentleman from Oklahoma. Through their leadership, the House conferees were able to hold to the House position in the conference and come to agreements with the Senate on virtually every part of the bill. And we were able to hold the line on spending. The other body's bill came in at $8.7 billion versus the House-passed bill of $8.3 billion. The House was able to guide the conferees to a spending level of approximately $8.5 billion, within the budget resolution.

Madam Speaker, I also want to thank the chairman and the ranking minority member as well as the members of the subcommittee for standing behind my efforts to see that Fort Bliss, the Nation's air defense center for the Army, was given full and fair consideration of its needs. We were able to provide the necessary construction projects requested by the Army. Keep in mind that these projects are operational and quality of life-oriented. There were no swimming pools or baseball fields. After working with the House Committee on Armed Services to get the authorization and then to hold to those projects in conference, the Appropriations Subcommittee and its members gave me the support to fund all of the projects in the House bill although the Senate had proposed eliminating three out of six.

Specifically, the other body's authorizing and appropriating committee ought to eliminate the funding of a child care center which is needed to replace and supplement three dispersed, poorly located and inadequate facilities at the cost of $2.35 million. The new center will have the capacity for 303 children ages 6 weeks and 12 years old. They sought to eliminate funding for a physical fitness training center for Biggs Army Airfield, located at Bliss and which is the home of the Army's Sergeant Majors Academy. Without this project, participants in the academy and other trainees located at Biggs would have been forced to share the existing facilities over 3 miles away and already overutilized. The cost of this project is $2.2 million. Finally, the other body sought to eliminate $710,000 for a fire station for the William Beaumont Army Medical Center at Fort Bliss. William Beaumont serves both the medical needs of Fort Bliss and the large military retiree community of El Paso and west Texas. Early in the budget year, I discovered that the plans for relocating the fire station had been set for the next fiscal year. After investigating the needs for the project, I found that the existing station was over 1 mile

away from the center and in order for a fire truck to get to the hospital, it had to turn around and travel uphill. Clearly, this presented safety problems in the event of an emergency. I have no doubt that were William Beaumont a civilian hospital, local and State authorities would look unfavorably on the prospects for disaster presented by the existing location of the fire station. Both the authorizations and appropriations bills passed by the other body eliminated funding for these projects. Through the assistance provided to me by the members of the authorizing committees and my colleagues on the Military Construction Subcommittee of the Appropriations Committee, we were able to restore the necessary funding for these essential projects, $31.760 million, which are vital to the safety and well-being of the forces at Fort Bliss and Fort Bliss' military function in defense of the United States and the free world.

Mr. EDWARDS of Oklahoma. Madam Speaker, I have no additional requests for time, and I yield back the balance of my time.

Mr. HEFNER. Madam Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will designate the first amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 3: Page 2, line 21, strike out "$1,703,705,000" and insert "$1,632,620,000".

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert "$1,705,370,000 of which $39,700,000 shall be available for the Berthing Pier and Bulkhead at the Naval Station, New York,".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. HEFNER] will be recognized for 30 minutes and the gentleman from Oklahoma [Mr. EDWARDS] will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Madam Speaker, this motion in disagreement reflects the House position with respect to the brigade activities center at the Naval Academy in Annapolis.

It is the position of the House conferees that no funding be provided for the brigade activities center.

I therefore insert in the RECORD a table with a narrative explaining the position of the House and Senate conferees with respect to all projects under military construction regarding the Navy.

Madam Speaker, the material is as follows:

MILITARY CONSTRUCTION, NAVY

Amendment No. 3.—The managers have agreed upon an appropriation of $1,705,370,000 for military construction, Navy but are not in agreement on the funding of the Brigade Activities Center, Naval Academy, Annapolis. The allocation of the amount agreed is shown below. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

Alaska-Naval Security Group Activity Adak: Security improvements	+$100,000
California:	
Amphibious Task Force Camp Pendleton: Landing craft air cushion complex	+1,000,000
Marine Corps Air Facility Camp Pendleton: Group headquarters building	−1,470,000
Marine Corps Air Station El Toro: Hazardous waste facility and oil spill prevention	+150,000
Marine Corps Air Station Tustin: Helicopter maintenance training building	+2,250,000
Marine Corps Base Camp Pendleton: Battalion headquarters	−2,500,000
Naval Air Rework Facility North Island: Engineering laboratory	+1,120,000
Naval Construct Battalion Center Port Hueneme:	
Chapel and religious education building	−1,580,000
Seabee operations headquarters	+5,880,000
Naval Shipyard Mare Island Vallejo: Sewage treatment facility	−5,100,000
Naval Station Long Beach: Bachelor enlisted quarters	+700,000
Pacific Missile Test Center Point Mugu: Bachelor enlisted quarters	+300,000
Florida:	
Naval Air Station Cecil Field:	
Air combat training range & land acquisition	+1,000,000
Training range debriefing facility	+785,000
Naval Hospital Jacksonville: Hospital addition	+1,000,000
Naval Tactical Interoperablity Support Activity Mayport	−470,000
Georgia:	
Naval Submarine Kings Bay:	
Bachelor enlisted quarters & admin facility	+1,200,000
Explosives handling wharf	+1,010,000
Philippines-Naval Air Station Cubi Point: Maintenance hangar	0
United Kingdom-Naval Activities London: Fleet hospital support facilities	0
General Reduction for Davis-Bacon Savings	0

Naval Shipyard Mare Island, Vallejo, California-Sewage treatment facility.—The conferees were unable to include funding for this project because of lack of authorization. However, conferees understand the importance of this project since the Navy is under a court order to share in the costs to correct sewage treatment permit violations under Federal and State law. Therefore, the Department is urged to submit a reprogramming request in a timely manner so that funds can be provided to allow construction to begin in order to meet the July 1, 1988 federally-required compliance date.

Naval Hospital Jacksonville, Florida-Hospital addition.—The conferees have agreed to fund $17,600,000 of the $18,600,000 requested. The Navy should investigate if there are areas where scope or costs can be reduced in order to stay within the programmed amount. If the Navy is unable to reduce costs or scope, the use of reprogramming flexibility is acceptable in the event that the low bid is higher than the programmed amount.

Naval Technical Training Center Pensacola, Florida-Crypto training building.—The conferees have denied funding for the Crypto training building and request that the Navy seek available space to house the associated equipment. If space is not available, the Navy should consider reducing the scope and funding project under minor construction.

Naval Medical Clinic Annapolis, Maryland.—The conferees have not included funds for this project. The Navy is to investigate the potential for a third party contracting arrangement to operate this hospital. The Committees on Appropriations are to be kept informed of the results of this effort.

Naval Station New York, New York-Berthing pier and bulkhead.—The conferees disagree with the fiscal year 1986 Authorization conference report on military construction which failed to authorize $39,700,000 for the berthing pier and bulkhead at this location. The result of this action would delay the Initial Operational Capability by a year for the strategic homeporting of the battleship Iowa. Despite the lack of authorization the conferees have found it necessary to recommend funding $39,700,000 for this project and direct the Department to initiate construction as soon as practicable.

Naval Air Rework Facility Cherry Point, North Carolina-Blade rework facility.—The conferees were unable to include funding for the Blade Rework Facility at Cherry Point because of lack of authorization. However, the Department is urged to submit a reprogramming request as soon as practicable for this most worthy project.

Washington Navy Yard.—The conferees are not in agreement as to whether it would be economical to vacate leased space in the Crystal City, Virginia area and relocate to new or modernized facilities in the Washington Navy yard. It is understood, however, that the Navy is investigating long-term lease rates at Crystal City, which could impact the cost effectiveness of the Navy's original plan. The conferees therefore direct the Navy to reevaluate their master plan using new long-term lease rates to determine if it is still cost effective to go forward with the original plan. The Department is directed to submit its findings to the Committees on Appropriations by January 30, 1986.

Navy Tax Liability, Washington.—The conferees strongly object to the Washington states sales and use tax for materials used in military construction projects performed within the State. Significant federal investments have been made in the State of Washington from which the State and its residents have profited. The conferees consider this tax to be unfair to the American taxpayer and as a result are denying the unofficial request of $23,500,000 for payment of the tax liability.

Naval Undersea Warfare Museum, Keyport, Washington.—The conferees are not in agreement with Senate report language that suggests that the Navy help fund the Naval Undersea Warfare Museum in Keyport with available Navy appropriations.

Naval Air Station, Keflavik, Iceland—Airfield improvements.—The conferees agreed to fund $20,510,000 for airfield improvements at the Naval Air Station, Keflavik, Iceland. The conferees have agreed to fund this project in accordance with the existing Memorandum of Understanding; however the Department should attempt to seek a cost sharing arrangement on the balance of funding required to complete the airfield improvements.

Naval Air Station, Sigonella, Italy—Administrative and security facilities.—The conferees have agreed to fund $1,500,000 for only the security facilities portion of this project

General Reduction: Training buildings.—The conferees have agreed to a general reduction of $4,200,000 to be applied against the 11 training buildings listed in the House report. The conferees have recommended the general reduction rather than specific reductions to provide the Navy with flexibility to make appropriate reductions; the reductions should be made by reducing the scope of work and/or reducing costs through value engineering. The Navy shall report to the Committees on Appropriations its allocation of reductions prior to award of the first construction contract.

Amendment No. 4.—Earmarks $138,660,000 for study, planning, design, architect and engineer services instead of $129,000,000 as proposed by the House and $139,260,000 as proposed by the Senate.

Tender mooring and lay berths	+$1,200,000
Hawaii-Com Oceanographic sys Pearl Harbor: Naval Ocean processing facility addition	+1,180,000
Mississippi-Naval Construction Battalion Center Gulfport: Hurricane damage	+2,100,000
New York:	
Naval Station New York: Berthing pier and bulkhead	−39,700,000
Barracks	−8,200,000
Mess hall	−1,900,000
Community impact planning	−800,000
North Carolina:	
Naval Air Rework Facility Cherry Point: Blade rework facility	−15,900,000
Navy Facility Radio Island: Equipment washdown facility and land acquisition	−17,640,000
Rhode Island-Naval Education and Training Center Newport: Senior enlisted academy	+3,430,000
South Carolina: Naval Weapons Station Charleston: Ammunition overhaul shop	+3,230,000
Virginia:	
Naval Amphibious Base Little Creek: Combat swimmer training facility	−3,200,000
Fleet Combat Training Center Atlantic Dam Neck: Chapel and religious education building	−1,500,000
Washington:	
Naval Hospital Oak Harbor: Hospital addition	−13,900,000
Naval Shipyard Puget Sound Bremerton: Steam plant (phase IV)	+5,800,000
Naval Station Everett: Community impact planning	−800,000
Antigua-Naval Facility: Naval facility upgrade	+2,410,000
Diego Garcia:	
Naval Air Facility: Maintenance hangar	+1,500,000
Navy Support Facility:	
Bachelor officer quarters	+1,020,000
Laundry building addition	+980,000
Cuba-Naval Station Guantanamo Bay: Bachelor officer quarters	+500,000
Guam-Naval Station Guam: Fleet hospital support facilities	+9,000,000
Iceland-Naval Station Keflevik: Airfield improvements	+20,510,000
Italy-Naval Air Station Sigonella: Administrative and security facilities	−2,180,000
United Kingdom-Personnel Support Activity London: Pay and personnel support office	−450,000
Worldwide Various-Gulf Coast Homeporting: Community impact planning	−800,000
Worldwide Unspecified: Planning and Design	+9,660,000
Unspecified minor construction	−$700,000
General Reductions: Savings	−6,750,000
General Reduction: Training buildings	+8,490,000
Total	+1,665,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

California:	
Marcorp Air-Ground Comb Training Center Twenty-nine Palms:	
Battalion and battery headquarters	$2,840,000
Brigade headquarters	2,880,000
Physical fitness center	3,380,000
Marine Corps Base Camp Pendleton: Special intelligence support facility	1,520,000
Naval Air Rework Facility Alameda:	
Energy monitoring and control system	780,000
Paint and finishing hangar	20,000,000
Naval Amphibious School Coronado San Diego: Combat swimmer trainer facility	3,000,000
Naval Ship Weapon Sys Eng Sta Port Hueneme: Weapons systems engineering buildings	9,700,000
Naval Submarine Base San Diego: Electrical distribution sys improvements	13,600,000
Naval Weapons Center China Lake:	
Land acquisition	8,250,000
Ordnance research laboratory	0
Pay and personnel support office	785,000
Navy Tact Interop Spt Act North Island: Headquarters building	585,000
Connecticut-Naval Hospital Groton: Hospital expansion	8,720,000
District of Columbia:	
Commandant Naval District Washington: Administrative office modernization	6,300,000
Naval Research Laboratory Washington: Electronic warfare laboratory	23,000,000
Florida:	
Naval Air Station Jacksonville: Brig	0
Naval Air Station Whiting Field: Pay and personnel support office	810,000
Naval Technical Training Center Pensacola: Crypto training building	0
Navy Regional Data Automation Center Jacksonville: Data processing center	9,300,000
Hawaii:	
Intelligence Center Pacific Pearl Harbor: Intelligence center addition	2,900,000
Marine Corps Air Station Kaneohe Bay: Electrical distribution system improvements	3,200,000
Illinois:	
Naval Training Center Great Lakes:	
Barracks	10,600,000
Diesel engineman training facility addition	4,360,000

Physical fitness center.	$4,900,000
Maryland:	
Naval Academy Annapolis: Brigade actitivities center	0
Naval Electronic Sys Engr Act St Inigoes: Combatant communications assemb & test facility	4,000,000
Naval Medical Clinic Annapolis: Naval hospital	0
Nevada-Naval Air Station Fallon: Range improvements	10,000,000
New York-Naval Station New York:	
Utilities and site improvements	14,600,000
Berthing pier and bulkhead	39,700,000
Ohio-Navy Finance Center Cleveland: Data processing center addition	2,940,000
Pennsylvania-Naval Air Development Center Warminister: Navigation equipment laboratory	4,220,000
Rhode Island: Naval Education & Training Center Newport: Bachelor officer quarters	0
South Carolina:	
Marine Corps Recruit Depot Parris Island: Clothing issue building	0
Naval Station Charleston: Bachelor enlisted quarters	8,900,000
Tennessee:	
Naval Air Station Memphis: Brig	0
Naval legal service building	1,370,000
Virginia:	
Naval Shipyard Norfolk Portsmouth: Bachelor officer quarters	5,000,000
Naval Space Command Dahlgren: Command and control center	4,700,000
Washington:	
Naval Station Seattle: Brig	0
Naval Undersea Warfare Engineer Station Keyport: Navy tax liability	0
Guam:	
Naval Comm Area Master Sta Westpac Guam: Child care center addition	615,000
Naval Supply Depot Guam: Cold storage warehouse addition	6,000,000
Italy-Naval Support Activity Naples: Supply facilities	7,000,000
Japan-Navy Public Works Center Yokosuka: Electrical distribution system improvements	3,800,000

Mr. EDWARDS of Oklahoma. Madam Speaker, I will take closer to 1 minute, but during my opening remarks I made the comment about the fact that we were in disagreement on this issue and asked my colleagues in the House to support our position.

We have done a very good job, I think, of refusing to fund items that may have a worthwhile purpose, but which are low priority items. Despite the fact that a great many people in the Navy Department have tried very hard to persuade us to change our minds on this particular issue, the Brigade Activities Center at Annapolis is a low priority item. It is hard to justify putting money into a military construction bill for an activities center at the academy when we are not able, for financial reasons, to fund recreation centers all around the world for servicemen on active duty.

There are many things of very great importance to our national security in this bill, and yet this one issue seems to give the Navy more concern than anything else we have dealt with. Apparently it is more important than ships or rebuilding shipyards, that we have to have an activities center.

I think it would be a bad precedent it we were to start backing off our commitment to start reducing Federal spending and start putting money in for projects of questionable value at a time of budget constraints.

So I would urge all of my colleagues in the House to support the chairman, myself, and the other members of the subcommittee, on our disagreement and in refusing to provide funds for this center.

Mr. EDWARDS of Oklahoma. Madam Speaker, I yield back the balance of my time.

Mr. HEFNER. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 10: Page 4, line 20, strike out "$100,362,000" and insert "$86,657,000".

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 10 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert "$102,205,000".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 11: Page 5, line 2, strike out "$116,350,000" and insert "$112,205,000".

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 11 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert "$121,250,000".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina.

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 21: Page 7, line 5, strike out "$186,350,000" and insert "$199,400,000".

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 21 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert "$182,300,000".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 23: Page 7, line 7, strike out "$851,816,000" and insert "$908,698,000".

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 23 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert "$847,766,000".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

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The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 27: Page 10, strike out lines 13 to 16, inclusive, and insert:

SEC. 113. (a) Notwithstanding any other provision of law, including but not limited to section 809 of the Military Construction Act, 1968, section 807(d) of the Military Construction Act, 1984, or any provision of an annual Appropriation Act restricting the use of funds for the sale, lease, rental, or excessing of any portion of land currently identified as Fort DeRussy, Honolulu, Hawaii, the Secretary of the Army (hereinafter referred to as the "Secretary") is authorized to sell or convey, at the appraised fair market value as determined by the Secretary, all right, title, and interest of the United States in up to 45 acres of land and improvements northeast of Kalia Road comprising a portion of Fort DeRussy, Hawaii, to the City and County of Honolulu or the State of Hawaii or their designated agencies, upon such terms and conditions as are acceptable to the Secretary. The exact acreages and legal descriptions of the property to be sold under this section shall be determined by surveys which are satisfactory to the Secretary. The cost of any such surveys shall be borne by the buyer.

(b) The Secretary is authorized to acquire land and design and construct such facilities as are necessary to replace those on the land to be sold pursuant to subsection (a). The Secretary is also authorized to relocate activities currently located at Fort DeRussy to such replacement facilities.

(c) The proceeds of the sale authorized to be conducted pursuant to subsection (a) shall be available without fiscal year limitation to acquire land and replace facilities authorized to be acquired or constructed pursuant to subsection (b) and to pay associated relocation costs. The remainder of the proceeds shall be converted into the Treasury as miscellaneous receipts.

(d) Any action under this section shall insure adequate parking for the Hale Koa Hotel—Armed Forces Recreational Area. Authority provided by subsections (b) and (c) shall extend to replacement and relocation of facilities at Fort Shafter to another site to accommodate relocation of Reserve facilities from Fort DeRussy.

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House insist on its disagreement to the amendment of the Senate numbered 27.

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 29: Page 13, strike out lines 6 to 21, inclusive.

MOTION OFFERED BY MR. HEFNER

Mr HEFNER: Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 29 and concur therein with an amendment, as follows: Delete the matter stricken by said amendment and insert the following:

SEC. 122. The Secretary of the Army acting through the Chief of Engineers of the United States Army Corps of Engineers is hereby directed to assign a military design, construction, and support mission to the Little Rock district and to designate the Little Rock district as a full service district which includes responsibilities for planning, engineering, construction operations and real estate for both civil and miltiary missions: Provided, That finance and accounting shall also be included as a function of the full service district if evidence shows that it would result in more efficiency and economy.

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate Amendment No. 32: Page 14, after line 3, insert:

SEC. 122. (a) None of the funds appropriated in this Act may be available for any country if the President determines that the government of such country is failing to take adequate measures to prevent narcotic drugs on other controlled substances cultivated or produced or processed illicitly, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to United States personnel or their dependents, or from being smuggled into the United States. Such prohibition shall continue in force until the President determines and reports to the Congress in writing that—

(1) the government of such country has prepared and committed itself to a plan presented to the Secretary of State that would eliminate the cause or basis for the application to such country of the prohibition contained in the first sentence; and

(2) the government of such country has taken appropriate law enforcement measures to implement the plan presented to the Secretary of State.

(b) The provisions of subsection (a) shall not apply in the case of any country with respect to which the President determines that the application of the provisions of such subsection would be inconsistent with the national security interests of the United States.

MOTION OFFERED BY THE MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 32 and concur therein with an amendment, as follows: In lieu of the Section number named in said amendment, insert "124".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 33: Page 14, after line 3, insert:

SEC. 123. Of the total amount of budget authority provided for fiscal year 1986 by this Act that would otherwise be available for consulting services, management and professional services, and special studies and analyses, 10 per centum of the amount intended for such purposes in the President's budget for 1986, as amended, for any agency, department or entity subject to apportionment by the Executive shall be placed in reserve and not made available for obligation or expenditure: Provided, That this section shall not apply to any agency, department or entity whose budget request for 1986 for the purposes stated above did not amount to $5,000,000.

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 33 and concur therein with an amendment, as follows: In lieu of

the section number named in said amendment, insert "125".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 35: Page 14, after line 3, insert:

SEC. 125. (a) Notwithstanding section 13(g) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g) and section 4 of the Act of October 1, 1949 (50 App. U.S.C. 1622(c)), the Secretary of Transportation, if requested shall, as to the property described in subsection (c), in order to facilitate an exchange of land negotiated between the State of Georgia and the County of Glynn, Georgia, grant a release to the County of Glynn, Georgia, from all of the terms, conditions, reservations, and restrictions contained in the deed of conveyance dated July 1, 1975, under which the United States conveyed certain property to the County of Glynn, Georgia, for airport purposes. This provision does not apply to the portion of the property, conveyed by that deed, that is not specified in subsection (c). This provision is subject to the conditions in subsection (b).

(b)(1) The County of Glynn finds that the property obtained in exchange for the property described in subsection (c) is equivalent in value to the property described in subsection (c).

(2) Revenue derived from the land obtained by the County of Glynn in exchange for the property described in subsection (c) must be used for the development, improvement, operation, or maintenance of a public airport.

(3) The property described in subsection (c) shall be used by the State of Georgia in a manner compatible with airport purposes.

(4) Approval of the Secretary of Transportation must be obtained prior to any subsequent transfer by the State of Georgia of the property described in subsection (c). Such approval shall be given only if the Secretary finds that the property will continue to be used in a manner compatible with airport purposes.

(c) Subsection (a) applies to the following described area known as the "Glynco Jetport Tract":

"GLYNCO JETPORT TRACT

"To locate the Point of Beginning, proceed from the intersection of the eastern right-of-way of Canal Road with the northern right-of-way of the Glynco Parkway, north 16 degrees 31 minutes 05 seconds east along the eastern right-of-way of Canal Road for a distance of 342.33 feet to a concrete monument which is the Point of Beginning; thence, continue north 16 degrees 31 minutes 05 seconds east along the eastern right-of-way of Canal Road for a distance of 1160.25 feet to a concrete monument; thence, proceed south 73 degrees 28 minutes 55 seconds east for a distance of 514.8 feet to a concrete monument located on the western right-of-way of the Brunswick-altamaha Canal; thence, proceed south 12 degrees 31 minutes 00 seconds west along the western right-of-way of the said canal for a distance of 910.66 feet to a concrete monument located on the northern right-of-way of the Glynco Parkway; thence, proceed south 65 degrees 01 minutes 04 seconds west along the northern right-of-way of the Glynco Parkway for a distance of 219.54 feet to a concrete monument which a point of curvature; thence continue along the said right-of-way for a distance of 31.0 minutes along the arc of a curve having a delta angle of 13 degrees 00 minutes, a Tangent of 334.95 feet, and a radius of 2939.79 feet to a concrete monument; thence, proceed north 85 degrees 53 minutes 24 seconds west for a distance of 398.00 feet to a concrete monument located on the eastern right-of-way of Canal Road and is the Point of Beginning.".

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 35 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

SEC. 126. (a) Notwithstanding section 13(g) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g)) and section 4 of the Act of October 1, 1949 (50 App. U.S.C. 1622(c)), the Secretary of Transportation, if requested, shall, as to the property described in subsection (c), in order to facilitate an exchange of land negotiated between the State of Georgia and the County of Glynn, Georgia, grant a release to the County of Glynn, Georgia, from all of the terms, conditions, reservations, and restrictions contained in the deed of conveyance dated July 1, 1975, under which the United States conveyed certain property to the County of Glynn, Georgia, for airport purposes. This provision does not apply to the portion of the property, conveyed by that deed, that is not specified in subsection (c). This provision is subject to the conditions in subsection (b).

(b)(1) The County of Glynn finds that the property obtained in exchange for the property described in subsection (c) is equivalent in value to the property described in subsection (c).

(2) Revenue derived from the land obtained by the County of Glynn in exchange for the property described in subsection (c) must be used for the development, improvement, operation, or maintenance of a public airport.

(3) The property described in subsection (c) shall be used by the State of Georgia in a manner compatible with airport purposes.

(4) Approval of the Secretary of Transportation must be obtained prior to any subsequent transfer by the State of Georgia of the property described in subsection (c). Such approval shall be given only if the Secretary finds that the property will continue to be used in a manner compatible with airport purposes.

(c) Subsection (a) applies to the following described area known as the "Glynco Jetport Tract":

"GLYNCO JETPORT TRACT

"To locate the Point of Beginning, proceed from the intersection of the eastern right-of-way of Canal Road with the northern right-of-way of the Glynco Parkway, north 16 degrees 31 minutes 05 seconds east along the eastern right-of-way of Canal Road for a distance of 342.33 feet to a concrete monument which is the Point of Beginning; thence, continue north 16 degrees 31 minutes 05 seconds east along the eastern right-of-way of Canal Road for a distance of 1160.25 feet to a concrete monument; thence, proceed south 73 degrees 28 minutes 55 seconds east for a distance of 514.8 feet to a concrete monument located on the western right-of-way of the Brunswick-Altamaha Canal; thence, proceed south 12 degrees 31 minutes 00 seconds west along the western right-of-way of the said canal for a distance of 910.66 feet to a concrete monument located on the northern right-of-way of the Glynco Parkway; thence, proceed south 65 degrees 01 minutes 04 seconds west along the northern right-of-way of the Glynco Parkway for a distance of 219.54 feet to a concrete monument which a point of curvature; thence continue along the said right-of-way for a distance of 31.0 minutes along the arc of a curve having a delta angle of 13 degrees 00 minutes, a Tangent of 334.95 feet, and a radius of 2939.79 feet to a concrete monument; thence, proceed north 85 degrees 53 minutes 24 seconds west for a distance of 398.00 feet to a concrete monument located on the eastern right-of-way of Canal Road and is the Point of Beginning.".

(d) Notwithstanding section 13(g) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g)) and sec. 4 of the Act of October 1, 1949 (50 App. U.S.C. 1622(c)), the Secretary of Transportation, if requested, shall, as to the property described in subsection (f), in order to facilitate the lease of land negotiated between the City of Gadsden and the State of Alabama National Guard Commission, grant a release to the City of Gadsden, from all of the terms, conditions, reservations, and restrictions contained in the deed of conveyance dated September 2, 1947, under which the United States conveyed certain property to the City of Gadsden, Alabama, for airport purposes. This provision does not apply to the portion of the property, conveyed by that deed, that is not specified in subsection (f). This provision is subject to the conditions of subsection (e).

(e) (1) The rent for the property described in subsection (f) shall be one dollar ($1.00) per year during both the initial term and the optional renewal term provided for herein to be paid by the State of Alabama National Guard Commission to the City of Gadsden.

(2) The City of Gadsden agrees that said lease would be in the best interest of the people of Gadsden.

(3) The property described in subsection (f) shall be used by the State of Alabama National Guard Commission for development of National Guard facilities in a manner compatible with airport purposes.

(4) Approval of the Secretary of Transportation must be obtained prior to any subsequent lease by the State of Alabama of the property described in subsection (f). Such approval shall be given only if the Secretary finds that the property will continue to be used in a manner compatible with airport purposes.

(f) Subsection (d) applies to the following described area:

PARCEL 1. Commence at the NE corner of the SE ¼ of the SE ¼ of Section 23, T-12-S, R-5-E in Etowah County, Alabama; thence South along the East line of said sec-

tion a distance of 247.0 feet to the point of beginning; thence deflect 89 degrees 36 minutes left and run a distance of 72.77 feet to a point; thence deflect 23 degrees 43 minutes 30 seconds left and run a distance of 54.93 feet to a point; thence deflect 23 degrees 43 minutes 30 seconds left and run a distance of 725.00 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 350.00 feet to a point, thence deflect 90 degrees 00 minutes left and run a distance of 662.24 feet to a point; thence deflect 47 degrees 27 minutes right and run a distance of 661.81 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 300.00 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 749.65 feet to the point of beginning. Being a portion of the SE ¼ of the SE ¼ and the NE ¼ of the SE ¼ in Section 23, T-12-S, R-5-E and a portion of the NW ¼ of the SW ¼ and the SW ¼ of the SW ¼ of Section 24, T-12-S, R-5-E, in Etowah County, Alabama. Save and except a 20.0 foot easement for sanitary sewer across said property.

PARCEL 2. Commence at the Northeast corner of the SE ¼ of the SE ¼ of Section 23, T-12-S, R-5-E in Etowah County, Alabama; thence South along the East line of said section a distance of 347.00 feet to a point; thence deflect 90 degrees 24 minutes right and run a distance of 750.00 feet to a point; thence deflect 90 degrees 00 minutes left and run a distance of 500.00 feet to the point of beginning; thence deflect 90 degrees 00 minutes left and run a distance of 440.21 feet to a point on the Westerly R.O.W. line of Airport Road a distance of 220.00 feet more or less to a point on the Northerly R.O.W. line of Southern Natural Gas Company Pipe Line; thence run in a Southerwesterly direction along the Northerly R.O.W. line of said Southern Natural Gas Company a distance of 459.40 feet to a point; thence deflect 122 degrees 12 minutes right and run a distance of 462.60 feet to the point of beginning. Being a portion of the SF ¼ of the SE ¼ Section 23, T-12-S, R-5-E in Etowah County, Alabama.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 36: Page 14, after line 3, insert:

SEC. 126. None of the funds appropriated to the Department of Defense in this or any other Act may be obligated or expended to construct, operate, or maintain any facility that—

(1) is located on a military installation in the United States;

(2) is to be used for the operation of a commercial franchise business; and

(3) is not identified in a contract, supplemental agreement to a contract, a contract solicitation, or a letter of intent agreed to on or before May 23, 1985.

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 36 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following;

SEC. 127. Section 1209(a) of the Department of Defense Authorization Act, 1986, (Public Law 99-145), is amended by striking out "30 days after the date Congress receives the report required by subsection (b), but no later than", in the material preceding clause (1).

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the final amendment in disagreement.

The text of the amendment is as follows:

Senate amendment No. 37: Page 14, after line 3, insert:

SEC. 127. Notwithstanding any other provision of law, funds appropriated by this Act for the United States contribution to the North Atlantic Treaty Organization Infrastructure program may not be obligated or expended at a rate exceeding the rate of recoupment during fiscal year 1986 of $30,000,000 of prefinanced United States contributions to this account.

MOTION OFFERED BY MR. HEFNER

Mr. HEFNER. Madam Speaker, I offer a motion.

The Clerk read as follows:

Mr. HEFNER moves that the House recede from its disagreement to the amendment of the Senate numbered 37 and concur therein with an amendment, as follows: In lieu of the section number named in said amendment, insert "128".

Mr. HEFNER (during the reading). Madam Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. HEFNER] will be recognized for 30 minutes, and the gentleman from Oklahoma [Mr. EDWARDS] will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Madam Speaker, I yield 2 minutes to the gentleman from New York [Mr. WEISS].

Mr. WEISS. I thank the gentleman for yielding this time to me.

Madam Speaker, yesterday when we had the authorization legislation on military construction before us, the item of home porting, it will be recalled that the amount of money authorized was $21.46 million, and that was restricted to, as far as expenditures or obligations were concerned, until 90 days after a report by the Navy justifying the whole concept of home porting and strategic dispersal.

That language, I understand, is binding even in this appropriation measure, no matter that the appropriation measure includes $39.7 million in unauthorized funds, that is, above the amount authorized in the authorization legislation.

I simply want to point out that when we include that $39.7 million, even though it cannot be expended or obligated until the report comes in, what we are doing is adding to the deficit, to the annual deficit for this year, $39.7 million which can in no way be spent even if the restrictive language does not exist in the authorization measure, because the Navy simply cannot move forward with it.

I just simply cannot understand why, at this time of great economic constraint, we would be adding to the annual deficit in this fashion. It is just incomprehensible to me.

Mr. EDWARDS of Oklahoma. Madam Speaker, I yield 2 minutes to the gentleman from New York [Mr. MOLINARI].

Mr. MOLINARI. I thank the gentleman for yielding this time to me.

Madam Speaker, I would like to respond to the gentleman from New York and point out that the report on cost effectiveness has already been prepared by the Navy and furnished to the Senate and to the House, so the clock has begun to run.

I would like to point out, for the record, that what we are talking about is not billions of dollars, not even $1 billion. The total cost of the home port sites in toto is $799 million, but if we discount what it would cost to update the existing facilities, the net differential is only in a range from $55 to $217 million for all the home porting concept.

In the long run, I have been assured by the Secretary of the Navy, we are going to save money. It is not going to cost money.

Mr. HEFNER. Madam Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. DANIEL].

Mr. DANIEL. I thank the gentleman for yielding time to me.

Madam Speaker, I just want to take this time to express the genuine ap-

preciation of the House Committee on Armed Services, to the gentleman from North Carolina [Mr. HEFNER], to the gentleman from Oklahoma [Mr. EDWARDS], and to the staff for working out a matter yesterday with the other body which means a great deal to the service people of this country.

I thank the gentleman for his help.

Mr. EDWARDS of Oklahoma. Madam Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HEFNER. Madam Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. HEFNER].

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

JOINT CHIEFS OF STAFF REORGANIZATION ACT OF 1985

Mr. MOAKLEY. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 322 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 322

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3622) to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services the bill shall be considered for amendment under the five-minute rule, and each section shall be considered as having been read. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. MOAKLEY] is recognized for 1 hour.

Mr. MOAKLEY. Madam Speaker, I yield the customary 30 minutes to the gentleman from Mississippi [Mr. LOTT], for purposes of debate only, and pending that, I yield myself such time as I may use.

Madam Speaker, House Resolution 322 is the rule providing for the consideration of the bill H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985.

Madam Speaker, House Resolution 322 is an open rule that would provide 3 hours of general debate, to be equally divided between the chairman and ranking minority member of the Committee on Armed Services. In addition, the rule provides for one motion to recommit.

Madam Speaker, H.R. 3622 the Joint Chiefs of Staff Reorganization Act of 1985, is a bill that involves a number of proposals that would change the structure of the Joint Chiefs of Staff. The bill would establish the Chairman of the Joint Chiefs of Staff as the principal military adviser to the President, the National Security Council, and the Secretary of Defense. The bill would increase the Chairman's term from 2 to 4 years, which is identical to the term of the individual Chiefs, and creates a position of Deputy Chairman, who would become the Nation's second ranking military officer.

Madam Speaker, the primary purpose of this bill is to streamline the means by which military advice is conveyed from the Nation's highest ranking uniformed officers to the civilian commanders in the executive branch. Under current law, the Joint Chiefs Chairman is the Nation's highest ranking military officer, but his official status is merely a spokesman for the Joint Chiefs as a corporate body. The changes that H.R. 3622 would make would enable the Chairman to provide independent advice in his own right. However, Madam Speaker, individual Chiefs who dissent from the views of the Chairman would retain the right under the bill to make their positions known to the President.

Madam Speaker, this bill does not change the basic structure of which the Joint Chiefs of Staff are a part. They still would remain under the authority and direction of the President and the Secretary of State. H.R. 3622 dwells on the aspects of the joint military organization and the relationships within that organization among the Chairman and the other members of the Joint Chiefs of Staff.

Madam Speaker, as I stated earlier in my statement, this is an open rule, that provides all Members an opportunity to offer floor amendments to provisions of the bill that they may disagree with. I urge my colleagues to adopt the resolution.

□ 1205

Mr. LOTT. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I am not going to go into the substance of this bill. I do not think it is necessary. We have 3 hours of debate here.

I want to say that this is one of those rare occasions when we have a straight, open rule. We do not waive any of our Budget Act or any of the rules of the House. It is subject to amendment.

The committees are satisfied that they have ample time to debate what is involved, and so I would urge the adoption of this open rule and the bill providing for a Joint Chiefs of Staff reorganization.

Madam Speaker, House Resolution 322 provides for the consideration of H.R. 3622, the "Joint Chiefs of Staff Reorganization Act of 1985." This is a straight open rule, providing for 3 hours of general debate to be divided between the chairman and ranking minority member of the House Armed Services Committee.

The bill will be read for amendment by section under the 5-minute rule, with each section considered as having been read, and any and all germane amendments are in order under this rule. Following the amendment process the bill will be reported back to the House and the previous question is considered as ordered to final passage without intervening motion except one motion to recommit.

I am pleased to report to my colleagues that this is a clean, open rule, with no budget or rules' waivers, and no special provisions. I commend the Armed Services Committee on staying within House rules in bringing this bill to us.

Madam Speaker, H.R. 3622 would make the Chairman of the Joint Chiefs of Staff the principal military adviser to the President and the Secretary of Defense, and a full participant in National Security Council deliberations. At present the advice of the Joint Chiefs is only conveyed to the President if it is unanimous. This can have a tendency of diluting or even blocking the flow of military advice to the President.

Madam Speaker, I should point out in this regard that H.R. 3622 does not deny the President the advice of the other service heads on the Joint Chiefs. Section 2 of the bill requires the Chairman to inform the President and Secretary of Defense, when they request it, of the advice of the Joint Chiefs as a body, including advice on matters on which the members are not in agreement. Moreover, section 3 of the bill gives each member of the Joint Chiefs the right to submit to the Secretary of Defense any opinion in disagreement with the advice of the Chairman, and, after informing the Secretary, to submit that differing opinion to the President.

Madam Speaker, in addition to making the Chairman of the Joint Chiefs the principal military adviser to the President and the Secretary of Defense, the bill would expand the term of the Chairman from 2 years to 4 years, and assign to the Chairman the statutory responsibilities now assigned to the Joint Chiefs of Staff collectively. Moreover, the bill creates the post of Deputy Chairman with clear authority to operate in the Chairman's absence in the same capacity.

The bill also clarifies lines of authority by authorizing the President or Secretary of Defense to direct that the national military chain of command run to the com-

manders of the unified and specified combatant commands through the Chairman of the Joint Chiefs. And the Chairman would supervise the commanders of the combatant commands, subject to the control of the Secretary. The bill makes the Joint Staff solely responsible to the Chairman, and removes the present 400-man limit on the Joint Staff.

Finally, Madam Speaker, the Committee on Armed Services reported an amendment that requires the Chairman, subject to the overall authority and direction of the President and the Secretary of Defense, to submit program recommendations and budget proposals to the Secretary. These would be based on the Secretary's guidance, the proposals submitted by the unified and specified commanders, and, when appropriate, the recommendations of other Defense Department components.

Madam Speaker, I think this bill, which was reported from committee by a vote of 38 to 2, has a great deal of appeal and merit. It has strong bipartisan support in the House. The ranking Republican members on the full Armed Services Committee and subcommittee of jurisdiction testified in favor of the bill before the Rules Committee. And the House Republican Policy Committee endorsed this legislation in a policy statement on November 12, saying this is needed to correct existing flaws in the existing structure and operations of the Joint Chiefs.

All this is not to say that the bill is perfect or support for it is unanimous. Two members of the Armed Services Committee have filed separate sets of dissenting views with the committee report. The administration has expressed reservations about moving forward with this until we have the recommendations of the Packard Commission sometime next summer. I am sure amendments will be offered to the bill as is permitted under this rule, and I may even support one or two of them. But I do think an organizational reform of this nature is essential if we are to retain the Joint Chiefs as a useful mechanism. Failing this effort, we might just as well scrap the whole thing as a useless if not counterproductive appendage. I therefore urge adoption of this rule so that we can get on with the debate and amendment process on this important legislation.

Madam Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. MOAKLEY. Madam Speaker, I have no other requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 322 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3622.

□ 1207

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3622) to amend title 10, United States Code to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes, with Mr. WHITLEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Alabama [Mr. NICHOLS] will be recognized for 1 hour and 30 minutes, and the gentleman from Kentucky [Mr. HOPKINS] will be recognized for 1 hour and 30 minutes.

The Chair recognizes the gentleman from Alabama [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, it is my privilege to bring before the House for its consideration H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985. The first thing that should be said about this bill is that it is third-generation JCS legislation. This committee reported, and the House passed, JCS reorganization legislation in both the 97th and 98th Congresses. I believe we are now about to do it again. And we will continue to do so, I hope, until we achieve meaningful legislative reform of the Joint Chiefs of Staff.

BACKGROUND

I mentioned the history of the JCS bill for two reasons. First, the original author of JCS legislation was a distinguished former Member of this body, the Honorable Richard C. White of Texas. His contribution should be recognized today. He, like most of us, I suspect, was not familiar with the intricacies and complexities of the U.S. military structure when two of the five members of the Joint Chiefs of Staff sounded an alarm in 1982, warning that the present structure is seriously flawed and could lead to disaster if tested in wartime.

Chairman White was, however, very familiar with the Constitution. He knew that it makes Congress solely responsible "to raise and support armies * * * provide and maintain a navy * * * make rules for the Government and regulation of the land and naval forces." Congressman White knew that the Constitution assigns Congress the responsibility for the organization of the National Defense Establishment, and, because his subcommittee had jurisdiction over organizational matters, he realized that he was responsible in the first instance to the House for carrying out this constitutional mandate.

Chairman White proceeded to hold a historic series of hearings, receiving testimony from more than 40 witnesses. The witness list included names like Curtis LeMay, Stuart Symington, Thomas Moorer, David Packard, Brent Scowcroft, Harold Brown, Maxwell Taylor, and John Vessey. Somewhere during the testimony that consumed over 1,000 pages, Chairman White decided that the allegations were true; that is, that there are serious structural problems in the JCS as organized, and that something must be done. He wrote a bill, the JCS Reorganization Act of 1982, and shepherded it through the House. It died in the Senate at the end of the 97th Congress.

Although Dick White did not run for reelection in 1982, I believe it is fitting today that he should be remembered as the first Member of the Congress to recognize the significance of the issue we address today and the first to take action to correct JCS problems.

It is also fitting to call Members' attention to the fact that this body recognized and called attention to defense organization problems in 1982 and has supported reform each year since then. That is the second reason I am taking the time of the committee to discuss the history of the legislation before us. I want to remind Members of the constructive and farsighted role played by the House on this issue.

More than any other legislation in my memory, this bill is the progeny of the Congress. Since the 1930's the executive branch has become the initiator, drafter, and chief proponent of legislation. The Congress adds, subtracts, edits, approves, or disapproves. Not so in the case of JCS reorganization legislation. In this area, the Congress seized the legislative initiative. This committee is the author and principal proponent of JCS legislation.

When I became the chairman of the Investigations Subcommittee of the Committee on Armed Services in 1983, I realized that JCS reorganization was unfinished business. The gentleman from Kentucky, the Honorable LARRY HOPKINS, who is the ranking minority member of the subcommittee, agreed. And the members of the subcommittee supported both of us. We held hearings in 1983 and the subcommittee reported the 98th Congress JCS bill. It differed in particulars, but was entirely consistent with the previous JCS bill. Once again, the Armed Services Committee gave its full support to the legislation and the House approved it.

For the second time, the other body proved to be the stumbling block. Consequently, I added the JCS bill as a rider to the defense authorization bill in 1984. Thanks to strong, determined support from the senior members of

the Committee on Armed Services from both parties—and especially from the gentleman from Missouri, the Honorable IKE SKELTON—several modest, though not inconsequential, provisions of the 1983 legislation were accepted in conference in 1984. Such is the strength of the opposition to reform that those were the first meaningful changes in JCS organization in a quarter of a century.

This year the climate has changed. Reorganizing the joint structure, and indeed the entire Natonal Defense Establishment, has recently become a national issue. Suddenly, there is concern on all sides—and support for change. After crying in the wilderness, so to speak, for two Congresses, Members of this House should be proud of the part we have played in placing this issue on the national agenda. The Congress has sometimes been criticized, justly or not, for failure to recognize and take action to correct problems relating to the Department of Defense. That is not the case with regard to the JCS issue. This House has been the leader in sounding the alarm that serious flaws exist and something must be done. I congratulate each and every one of you who has had the foresight to assist in correcting the problems that plague our senior military structure.

Now let me turn to an explanation of the JCS reorganization issue and then to the legislation before you.

DISCUSSION OF JOINT PROBLEMS

Why is it necessary to alter the structure of the Joint Chiefs of Staff? Why does this body repeatedly pass legislation to change it? What, in short, is the problem?

First, let me state what is not the problem. The problem is not with the individual service chiefs themselves. Witnesses uniformly distinguished between the performance of individual service chiefs, whose personal advice was given high marks by civilians that had served, and the performance of the JCS as a group of advisers acting as a corporate body.

It is also incorrect to claim that the problem is that this Nation made a mistake in creating the Joint Chiefs of Staff. To the contrary, while recognizing the existence of defects in the JCS as structured, the Committee on Armed Services has consistently recognized and affirmed the validity of the principle established by the framers of the National Security Act that the President, National Security Council, and Secretary of Defense should have available a body composed of the chiefs of the military services to render military advice on national security issues when needed. Former Air Force Chief of Staff Lew Allen testified that the JCS "provide the essential linkage between joint strategic planning and the resultant force programming, equipping, and training performed by the services." The existing joint military framework is the right one. I do not want to get into an argument over whether it is broke or not broke. It has defects that need correcting. But it certainly should not be eliminated.

STRUCTURE OF THE JCS

Now let me attempt to answer the question concerning JCS problems. In doing so, I want to caution Members that I am answering based on the testimony and other documents pertaining to the JCS. Neither you nor I, having been there, understand through first hand experience the workings of our senior military structure. That is one reason the Investigations Subcommittee has done its homework. We have gone to great lengths to hear from all sides on this issue.

The problem, then, based on the testimony, is that the Joint Chiefs of Staff—by law the principal military advisers to the President, National Security Council, and Secretary of Defense—is a committee composed of coequal individuals, four of whom represent strong, often conflicting service interests. There is considerable testimony indicating a built-in contradiction between the responsibilities of an individual as a member of the Joint Chiefs of Staff and as chief of his service. As a JCS member, a chief is called upon to transcend service interests and to participate in developing advice from a joint, unified military perspective—a national viewpoint. Yet, as a chief of service, the same individual is looked upon as the principal advocate of the service. Former Secretary of Defense Melvin Laird pointed out the contradiction in testimony earlier this year:

> A chief cannot be expected to argue for additional aircraft carriers, army divisions, or air force wings when constructing a service budget and then agree in the joint forum that such programs should be dropped in favor of another service's programs.

The result is that the JCS frequently acts as a negotiating forum in which each service seeks to maximize its position through bargaining.

What is wrong with such a system? We all know how a committee system based on bargaining works. The question is whether that is the way we want military advice to be formulated. I believe there are two things wrong with the bargaining approach.

First, JCS bargaining produces military advice fundamentally different from what was intended by the legislators who created the JCS—and, more important, of less value, because it is bartered, to the President and Secretary of Defense. Does anyone here believe that the Iran hostage rescue attempt would have been planned and executed as it was, with all four services involved, if the Joint Chiefs of Staff were not structured as a committee of five coequal members? Rather than bargaining in the best interests of the services, the framers of the National Security Act sought in the JCS an organization composed of the highest military leaders that would deliberate and render advice from a national perspective detached from, but cognizant of, service interest. Instead, because they created a committee of equals, with no mechanism for enforcing a joint military perspective, the JCS is a group that arrives at its positions either by dividing along the lines of the competing interests or negotiating a mutually acceptable consensus in which each member supports the claims of the others.

The second reason I believe the Nation can ill afford a barter system in achieving military advice is that bargaining cannot produce compromises acceptable to the services in a number of contentious areas. As a result, the JCS does not adequately address a broad range of fundamental issues that shape the very core of the U.S. defense posture. These issues include advice on programs and budgets that determine the very composition and structure of U.S. Armed Forces, roles and missions of the services, joint military doctrine, the composition, geographical assignments, and missions of our combat commands around the world, and joint military training. Members should take note of the implication of what I just said: the principal military advisers in this country cannot deal effectively with fundamental military issues. Thus these issues are dealt with elsewhere, either by the services or by civilians in the Office of the Secretary of Defense.

EXAMPLES

Civilian officials, who are by law the individuals the JCS advises, are critical of that advice, to the point of almost holding it in contempt in some cases:

Former Secretary of Defense Harold Brown testified that recommendations from the JCS during his tenure were "almost without exception either not useful or the reverse of being helpful. That is, worse than nothing."

Former Secretary James Schlesinger said that "the preferred advice is generally irrelevant, normally unread, and most always disregarded."

Former Secretary Melvin Laird testified that "as now organized, the JCS are too frequently unable to provide effective, cross-service advice on issues that affect important service interests or prerogatives."

Henry Kissinger said that "the * * * concern of the service chiefs * * * is the future of their services * * *. Their incentive is more to enhance the weapons they have under their exclusive control than to plan overall defense policy."

Gen. David Jones testified that the JCS spent hours debating which service would fill the top United States advisory position in Egypt. Gen. Lyman Lemnitzer, another former JCS Chairman, testified that he had "always felt that many of the previous shortcomings in the Joint Chiefs of Staff resulted from issues remaining undecided for far longer periods than they should by engaging in endless and useless arguments in order to get unanimous agreement."

The Joint Staff labors under a set of procedures imposed by the JCS that requires staff papers to advance through five levels of bureaucracy before they reach civilian officials. The procedures give each service a veto over each sentence, phrase, or word. The result is the watered down advice that former officials criticized so strongly.

The commanders of the joint combatant commands—the CINC's—do not have influence commensurate with their responsibilities. Joint directives drawn up by the Joint Chiefs of Staff severely limit their authority. Moreover, the unified commanders do not exercise sufficient control over their subordinate service-oriented component commands. A CINC, for example, can neither select nor dismiss his subordinate commanders. And he cannot communicate with the service chiefs directly; he must communicate through his subordinate commanders.

The Steadman report found that:

> The CINCS' forces are trained and equipped by their parent Services who control the flow of men, money, and materiel to the CINC's components. The Services (and the components) thus have the major influence on both the structure and the readiness of the forces for which the CINC is responsible.

The chain of command to the marines at the Beirut Airport where 241 young men died in a terrorist bombing extended through seven intermediate military levels. Despite the obvious need to streamline the chain, it was not done until a few days before the marines were withdrawn. Each of the four services was represented in that chain of command to Lebanon.

The United States has a Strategic Air Command, but no strategic command. The Air Force and Navy cannot agree on the arrangements for such a unified command and the JCS is structurally unable to address the issue authoritatively. By the same token, there is a Military Airlift Command but no unified lift—or transportation—command encompassing air, land, and sea transport. Nor is there an adequate joint service command to deal with low-intensity warfare, as our special operations panel has pointed out repeatedly. It has been more than half a decade since the Iranian hostage rescue attempt graphically pointed to the need to improve special operations command arrangements.

No one can be sure that the United States should have new or reorganized joint commands. But I am sure that we need a joint structure that can examine the questions objectively. And we do not have it today.

The joint structure has repeatedly failed to ensure that the basic requirements of joint military operations are fulfilled.

Grenada after action reports cited "poor interservice cooperation as a primary cause of major foulups." Army helicopters with wounded aboard were waved away from Navy carriers that could have provided medical assistance because the Army pilots were not trained in joint operations with the Navy. Air Force, Army, Marine, and Navy units could not communicate with each other. This possibly contributed to deaths from friendly fire and prohibited the Army from calling for naval gunfire support.

Military intelligence, supposedly under the overall supervision of the JCS, has been faulted as a key component of operational shortcomings in the *Pueblo* incident, the Sontay raid, the *Mayaguez* incident, the Iranian hostage rescue attempt, the Beirut marine bombing, and the Grenada invasion.

Many missions that are important from a joint warfare perspective are slighted by the services. These include airlift and sealift. Though these missions are not glamorous, inadequate Air Force and Navy support for them may mean that the United States has an Army that stays home and does not show up in time to fight a future war. Similarly slighted has been Army support for its mission of providing air defense of air bases. Also, the Navy until recent years has discouraged Air Force pursuit of its mission to assist in sea control. Finally, the Air Force has historically slighted its mission of close air support for Army troops in combat. In fact, earlier this year the Air Force Secretary reportedly held the advanced tactical fighter, prized by the Air Force, hostage in an attempt to force the Air Force to make progress on a follow-on close air support aircraft.

The JCS Chairman testified that it was not the job of the JCS to advise either the President or the Congress on where to make cuts to meet the defense budget ceilings approved by Congress. That, he said, is the job of the "service chiefs looking at the individual budgets." That is, on one of the most fundamental military issues—allocation of resources to buy guns, tanks, airplanes, and ships, and to support military personnel—the JCS passes, its chairman declaring that it is not a JCS responsibility.

To bring the point home, the services are now going through the exercise of cutting back on their budget projections for the next 5 years. Traditionally, the services respond to cutbacks by stretching out programs and slighting munitions and other readiness accounts that are crucial to joint field commanders. True to form, the Army Chief of Staff last week announced that $90 billion had been cut from Army 5-year projections but no major program was terminated. Instead, programs were stretched out and munitions stocks in Europe were cut. That is, joint readiness received its usual low priority.

In 1984 a Pentagon report found that "today, the U.S. European Command—that is, a joint military command—has neither adequate medical readiness resources nor effective joint plans for the resources it has." Recently, the Assistant Secretary of Defense for Health Affairs testified that far less than half the U.S. casualties in a war in Europe could be given adequate medical attention. Planning for medical readiness is in the first instance a joint responsibility.

DISCUSSION OF H.R. 3622 APPROACH TO CORRECTING JCS PROBLEMS

I think you will agree that the present JCS structure has problems that should be corrected. Let me turn now to an explanation of how H.R. 3622 would attempt to correct the problems I have outlined.

MILITARY ADVICE

The bill would alter the way joint military advice is developed and the responsibility for performing other joint functions by strengthening the Chairman of the Joint Chiefs of Staff, making him the principal military adviser to the President, the National Security Council, and the Secretary of Defense. The Chairman would continue to preside over the Joint Chiefs of Staff and would benefit from the Chiefs' deliberations. The essential linkage between the input and output sides of the Armed Forces, emphasized by General Allen, would be maintained. But the Chairman would correct the flaw in the established coequal committee structure. He would formulate his advice and perform the other duties now assigned to the Joint Chiefs of Staff from a national perspective.

The Chairman of the Joint Chiefs of Staff is uniquely qualified to assume additional responsibilities as an adviser championing the unified military viewpoint. He is the only member of the Joint Chiefs of Staff who has no service responsibilities. Though Chairmen continue to wear the uniforms of their services, experience has shown that they have traditionally assumed a joint or unified perspective in evaluating military issues, unbiased by former service ties.

H.R. 3622 would give the Chairman control of the Joint Staff to assist him

in developing his formal advice. In addition, the bill would create a Deputy Chairman who would act as Chairman in the absence of the Chairman and would become the director of the Joint Staff. The Chairman's term would be increased from 2 years to 4 years, making it the same as the other JCS members. Though the Chairman's advisory responsibility would be all inclusive, the committee intends that the Chairman give special attention to those issues that the corporate JCS has been unable to address effectively—programs and budgets, roles and missions, et cetera.

In strengthening the Chairman, the committee also intends to expand the sources of military advice, thereby correcting other shortcomings in the current structure. Notwithstanding the advantages afforded by an advisory body consisting of service chiefs, the present structure suffers from the absence of a corresponding mechanism for obtaining the advice of the unified and specified commanders. The Nation places on the CINC's the awesome responsibility of employing U.S. Forces in wartime, and maintaining the peacetime preparedness of the combat forces for war. Yet they play a relatively small role as military advisers and their lack of influence in Washington is notorious. One way to ensure the quality of military advice is to seek it from those who would be responsible for carrying it out. In the 1984 changes to the joint military structure, the JCS Chairman was made the spokesman for the unified and specified commanders. H.R. 3622 would make the Chairman their day-to-day supervisor, under the direction of the Secretary of Defense. Furthermore, the bill directs that, when it is appropriate, the Chairman will consult with the CINC's as well as the Joint Chiefs of Staff in performing his legally assigined joint responsibilities. The committee believes that the Chairman should integrate the recommendations of the unified and specified commanders, establish priorities, and provide civilian authorities a coherent set of combatant command proposals.

Some Members have questioned whether H.R. 3622, in strengthening the Chairman, would not exclude the Joint Chiefs from rendering advice to civilian authorities. It would not. But it would alter their role. At present the JCS system addresses approximately 3,000 issues a year. Only a small fraction of those issues—perhaps as few as 200—involve major national security issues. Yet any service chief who wants his way on any issue can slow down the entire system, or bring it to a halt.

The committee intends that the Chairman assume role responsibility for handling the second-order joint military issues, and that both the Chairman and the full JCS address major joint issues. In strengthening the Chairman, the committee intends to create a counterbalance to, but not a substitute for, the corporate JCS body. The committee believes that the advice of the entire JCS, from whatever perspective it is derived, should be available to the President and Secretary of Defense on major issues. Consequently, the committee has included provisions in H.R. 3622 that ensure that the President and Secretary of Defense will receive the advice of the full JCS when they request it. I believe the Secretary should establish directives after this legislation is enacted that establish guidelines for the submission of advice by the full JCS. The bill also affords each chief the right to render his advice directly to the Secretary of Defense and then to the President if he disagrees with the advice rendered by the Chairman or the other members of the JCS.

NATIONAL SECURITY DELIBERATIONS

Possibly as a result of the deterioration in the quality of joint military advice, the influence of the military in deliberations at the highest levels concerning issues of the utmost concern to the survival of the Nation has diminished. The committee believes that political leaders should avail themselves of the advice of the Chairman and, when they deem it necessary, the Joint Chiefs of Staff and the combatant commanders, on all issues in which the military component is significant. Moreover, the committee believes that advice rendered by these most senior military officers should receive careful consideration when decisions are made. If shortcomings in the quality or timeliness of joint military advice have rendered it inadequate in the past, H.R. 3622 should correct these faults.

Consequently, the committee has included a provision in the bill that requires that the JCS Chairman or his Deputy shall attend meetings of the National Security Council and participate fully in its deliberations.

STREAMLINING THE MILITARY CHAIN OF COMMAND

A number of witnesses during the hearings expressed concern that a committee, the Joint Chiefs of Staff, has been included in the military chain of command by Department of Defense directive. These witnesses recommended placing a single military individual in the chain. Secretary Weinberger, in 1983, requested that this change be adopted by placing the JCS Chairman in the chain of command. The 1983 bill complied with his request. However, the Investigations Subcommittee received a communication earlier in 1985 from Secretary Weinberger recommending that the national military chain of command not be specified in the law and consequently we have not placed the Chairman in the chain of command. Secretary Weinberger now believes that such a provision would "breach the principle of civilian control."

Secretary Weinberger suggested that, if he were given the authority in statute, he would change Pentagon directives to provide that the military chain of command below the President and Secretary of Defense is routed through the Chairman of the Joint Chiefs of Staff.

H.R. 3622 incorporates the requisite provision concerning the military chain of command suggested by Secretary Weinberger's letter. It specifies that the "President or Secretary of Defense may direct that the national military chain of command runs to the commanders of the unified and specified combatant commands through the Chairman."

IMPROVING THE JOINT STAFF

H.R. 3622 contains a number of provisions to improve the Joint Staff. The committee believes the Joint Staff is the most important U.S. military staff. Yet testimony revealed a number of disincentives that have had the effect of discouraging officers from seeking Joint Staff assignments. In the Navy, for example, such an assignment has at times been considered the kiss of death to a career. Last year some of the provisions the subcommittee believes are necessary to improve the personnel and organizational structure of the Joint Staff were enacted. With the exception of the provisions relating to the Chairman's control, which I have already discussed, the Joint Staff provisions in H.R. 3622 are the same as those contained in the 1983 JCS legislation.

REPORTING REQUIREMENT

Finally, H.R. 3622 contains a requirement that the Secretary of Defense submit a report to Congress on a number of matters that hold promise for further improvements in the joint military structure.

CONCLUSION

That concludes my discussion of H.R. 3622. I would now like to invite the ranking minority member of the Investigations Subcommittee, the Hon. Larry Hopkins of Kentucky, to make any comments he may have about the legislation.

Mr. Chairman, I reserve the balance of my time.

□ 1220

The CHAIRMAN. The gentleman from Alabama [Mr. NICHOLS] has consumed 15 minutes.

Mr. HOPKINS. Mr. Chairman, I yield myself such time as I might consume.

Mr. Chairman, I rise today in support of H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985.

This bill represents hundreds of hours of work, and I want to recom-

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mend its favorable consideration to my colleagues.

We have reported legislation in both the 97th and 98th Congress aimed at Joint Chiefs of Staff reform, but this effort before us today is clearly our most important and far-reaching effort.

I especially want to commend the chairman of our full committee, the gentleman from Wisconsin [Mr. ASPIN], as well as the gentleman from Missouri [Mr. SKELTON]. In addition to my subcommittee chairman, these gentlemen have been the prime supporters of JCS reform, and they deserve much of the credit for this bill today.

Mr. Chairman, guided by over 1,300 pages of testimony, H.R. 3622 represents one of the most important legislative initiatives this committee has put forward in my tenure of service.

I think it unfortunate that we—the Congress in general and the Armed Services Committee in particular—are often criticized for failing to take meaningful corrective action on problems we know exist. Setting aside whether that criticism is justified, we have the satisfaction on this issue of JCS reform of knowing that we are well in front of public opinion and public perception of what needs to be done. We are not reacting to outside pressure; we are not rushing to judgment.

As the title of our bill implies, we are suggesting some basic and fundamental reform in the Joint Chiefs of Staff organization, that collective body of our most senior military leaders who are supposed to give military advice to the President and the Secretary of Defense.

Our committee feels strongly that we should retain the current basic organization; that it was fundamentally sound, but that some inadequacies had evolved over time and needed to be addressed.

From my perspective, the two biggest problems we found with the current JCS structure was that: First, the JCS is a committee of four equal service chiefs with a chairman with no significant authority; and second, there is an inability to deal with major policy decisions, which inevitably are left completely and totally to civilians.

In testimony from numerous former Secretaries of Defense, a story we heard over and over again was that the military advice received from the JCS was not useful, it was not timely, and sometimes was not even relevant.

To me, one of the most damaging comments on the current structure came in 1983 when our committee was having hearings for our annual authorization bill. When directly asked for suggestions, the Chairman of the Joint Chiefs refused to comment on potential budget cuts because the responsibility for recommending cuts fell to the service chiefs. What kind of system do we have when the senior military officer in our country can't—or won't—give the Congress his perspective on how we should shape the defense budget?

In a nutshell, that's the problem; the President and Secretary of Defense are not getting timely military advice from a committee of equals. What is our solution?

I will not repeat all of the detail changes our bill recommends in JCS organization. Let me, however, highlight what I consider to be the most salient points.

First, H.R. 3622 makes the Chairman of the Joint Chiefs the chief military advisor to the President and Secretary of Defense.

Under current structure, the collective body of five members is responsible for this task, and the Chairman is little more than a spokesman for the service chiefs. It is little wonder then, that current military advice is not useful—it comes from a committee whose members are more concerned with protecting their own turf than looking at a big picture.

Second, H.R. 3622 makes the Chairman a nonvoting member of the National Security Council.

This ensures that our senior civilian policy makers listen to our senior military leaders when formulating policy and discussing options. So as not to infringe on civilian control over the military, please note the Chairman is a nonvoting member of the NSC.

Third, H.R. 3622 gives the Chairman daily supervision over the specified and unified commanders.

Currently, the responsibility for this falls to the Secretary of Defense.

Fourth, H.R. 3622 creates a Deputy Chairman to help direct the joint staff and take administrative duties off the back of the Chairman.

Fifth, H.R. 3622 directs that the JCS is the staff of the Chairman.

Under the current structure, the Chairman does not even have complete control of his own staff. Again, that responsibility currently falls to the collective body of five members.

Sixth, finally, H.R. 3622 allows the Secretary of Defense the discretion of putting the Chairman into the chain of command.

Current practice is for the chain of command to run from the President through the Secretary of Defense, through the Joint Chiefs, to the field commanders.

I think it is important to take an extra minute to reassure my colleagues that it is not our intent to cut the service chiefs off and substitute the judgment of only one man as regards military advice to the President and Secretary of Defense. We do want the Chairman, a strengthened Chairman, to deal with the majority of joint issues and to give our civilian authorities more timely and thoughtful advice on strategic and multiservice policy issues.

The President or Secretary of Defense can solicit views from the collective JCS body at any time, and we specifically allow any service chief the right to bypass the Chairman and go straight to the top if he feels warranted in doing so.

I would close these remarks with one final thought.

I suspect many of you are wondering how this proposal stands up against the Senate staff study recommending the complete abolition of the JCS, replacing it with a military advisory council.

While our separate efforts found many of the same faults with the current structure, let me remind you that the Senate report is a staff study; it has not been endorsed by a single Member or by their Armed Services Committee. That does not mean it is bad—there are many attractive ideas in that study. But as regards to JCS reform, it is taking a leap into the unknown. Your committee thinks it is a little radical to shoot the patient and start over. We have chosen rather to take the product we have and improve it—and improve it substantially.

It is our judgment, literally after years of work, that we should retain the basic JCS structure, but that these reforms will go a long way toward improving its efficiency and serving the best interests of our national defense.

I ask for your support.

□ 1230

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] has consumed 9 minutes.

Mr. NICHOLS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BUSTAMANTE].

PARLIAMENTARY INQUIRIES

Mr. STRATTON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STRATTON. Mr. Chairman, how is the time allocated on this bill?

The CHAIRMAN. The Chair will advise the gentleman that 1 hour and 30 minutes is assigned to the gentleman from Alabama [Mr. NICHOLS] and 1 hour and 30 minutes is assigned to the gentleman from Kentucky [Mr. HOPKINS].

Mr. STRATTON. Mr. Chairman, it was my understanding that the Committee on Rules provided for 1 hour for the gentleman from Florida.

Mr. BENNETT. That was my understanding. That is what I was told by the Rules Committee.

The CHAIRMAN. The Chair will advise the gentleman from New York that the rule provides for the time to be divided and allocated as the Chair has previously indicated.

Mr. NICHOLS. The gentleman from New York and the gentleman from Florida are entirely correct. At this point in time I would ask that 30 minutes of my time be yielded to the gentleman from Florida.

The CHAIRMAN. Does the gentleman from Kentucky [Mr. HOPKINS] wish to yield 30 minutes?

Mr. GEKAS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STRATTON. Does the gentleman from Florida yield to me?

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. GEKAS. Yes; I will, Mr. Chairman.

Mr. STRATTON. The gentleman has indicated that he would yield 30 minutes to the gentleman from Florida.

Mr. BENNETT. Mr. Chairman, I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman.

Mr. GEKAS. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman from Alabama has the time.

Mr. GEKAS. I have a point of parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GEKAS. When a time period is allocated between the minority and the majority, whether or not it be by rule, if both sides are in agreement on the issue, is it not proper to permit equal time to someone requesting it who has an opposing view?

The CHAIRMAN. The Chair will advise the gentleman that the rule specifically provides for the time to be divided 1 hour and 30 minutes to the gentleman from Alabama [Mr. NICHOLS] and 1 hour and 30 minutes to the gentleman from Kentucky [Mr. HOPKINS].

Mr. GEKAS. I understand that, Mr. Chairman. My question is notwithstanding that——

The CHAIRMAN. The gentleman from Alabama has yielded 30 minutes to the gentleman from Florida.

Mr. NICHOLS. I ask unanimous consent that that be done.

Mr. GEKAS. I understand that, too. I still need an answer to my parliamentary inquiry. I always understood——

The CHAIRMAN. The Chair has responded to the gentleman's parliamentary inquiry.

Does the gentleman from Kentucky desire to yield time to the gentleman from Florida?

Mr. HOPKINS. Who has the time now, Mr. Chairman?

The CHAIRMAN. The gentleman from Alabama has the time.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Kentucky.

Mr. HOPKINS. Mr. Chairman, I have no problem, as I said yesterday before the Rules Committee, with my colleague, Mr. BENNETT, receiving a sufficient amount of time to propound his issues. My problem is that I want to protect our side or those who may be opposed to his amendment to have equal time so that they might be able to argue in opposition to his amendments. Certainly it is not our desire to cut Mr. BENNETT off or anyone else.

The CHAIRMAN. The Chair would advise all of the gentlemen that under the 5-minute rule, ample time will be provided for all those desiring to debate for or against a particular amendment to do so. The inquiry which has been propounded is whether or not the gentleman from Kentucky now desires to yield any time to the gentleman from Florida under general debate.

Mr. HOPKINS. Mr. Chairman, if the gentleman from Florida is in need of that time at that particular time, we will be delighted to give him some time. But at this particular time we will not yield that time.

The CHAIRMAN. The gentleman from Florida now controls 30 minutes which has been yielded by the gentleman from Alabama and subject to that, the gentleman from Alabama has yielded 2 minutes to the gentleman from Texas [Mr. BUSTAMANTE].

Mr. BUSTAMANTE. Mr. Chairman, I rise in support of the Joint Chiefs of Staff Reorganization Act of 1985.

First of all, I would like to commend the distinguished gentleman from Alabama, Chairman NICHOLS, along with our very able full committee chairman Mr. LES ASPIN and Mr. SKELTON from Missouri for their diligence and persistence in bringing this bill up for our consideration. The organizational changes set out in this bill are ones that have been recommended in both the 97th and the 98th Congresses. Those who have continued to work toward implemenation of a more efficient and more purposeful Joint Chiefs of Staff are to be thanked.

The primary aim of this legislation is to allow for the delivery of an articulate military opinion to the President and the Secretary of Defense. Too often in the past, the Joint Chiefs have been either ignored or overlooked when advice from the services themselves was sought. The reasons for the lack of attention given to the group are clear. Very often, when an opinion was asked for, what was brought forward in the form of a recommendation was not one opinion, but five opinions. By strengthening the advisory role of the Chairman of the Joint Chiefs, and by designating one function as responsible for conveying the advice of commanders in the field to the executive, we would ensure that signals won't get crossed. While consultation and debate are valuable commodities, they often make a lot of confusion, as many of us are aware. When matters of national security are at stake, we must be certain that the military point of view is clearly spelled out. The responsibilities assigned to the Chairman of the Joint Chiefs in this legislation are responsibilities that have been pawned off on those without the necessary field experience in the past.

Having said that, I want to emphasize that the Chairman's new role will be directly defined by the Secretary of Defense. One of the most important features of this legislation is the distinction it would make between the military and civilian point of view in a situation calling for rapid decisions. The bill calls for clarification of the chain of command where our vital interests are at stake. On that basis alone, it deserves the strong endorsement of this body.

The CHAIRMAN. Does the gentleman from Alabama [Mr. NICHOLS] desire at this time to yield 30 minutes to the gentleman from Florida?

Mr. NICHOLS. Mr. Chairman, I made that unanimous consent request that I may yield 30 minutes of my time to the gentleman from Florida [Mr. BENNETT].

The CHAIRMAN. The gentleman from Florida [Mr. BENNETT] is recognized for 30 minutes.

Mr. BENNETT. Mr. Chairman, I yield myself 12 minutes.

Mr. Chairman, we, the people and the Congress, have come to realize that—despite the expenditure of vast sums of money—there are serious problems in the Nation's defenses, perhaps more serious than at any time since World War II. We have been told that one of the most pressing of these problems is interservice rivalry. High ranking officers and officials have told us that JCS reform, that is, strengthening the power of the Chairman of the Joint Chiefs and giving him a large personal staff, will cure this rivalry among the services. We are promised that this, in turn, will provide the President with much better military advice and will save the taxpayer much more money.

I am uneasy about this line of reasoning on two grounds. First, I know that interservice rivalry is certainly not our most pressing defense problem. Second, I fear that the proposed bill may achieve the very opposite of the worthy effects sought by those on the Armed Services Committee who voted for it in committee. In fact this JCS reform legislation may well give the President less useful military information and advice and may increase the taxpayer's burden, which it is almost sure to do.

I am convinced that the JCS is not working as well as it might. The joint system worked considerably better in World War II, when we had Joint Chiefs, but no Joint Staff. So let me address the subject of the proposed JCS reform bill, not as a hidebound defender of the status quo, but as someone with a keen interest in our joint military leadership achievements and shortcomings since World War II.

I'll limit my remarks to three areas in which the proposed bill is likely to prove disappointing and possibly damaging. Fortunately, in each of these areas, I believe we can significantly improve and strengthen the bill before us.

I may say that I come here not in the spirit of antagonism, I am hopeful that the committee will accept the amendments because they are amendments which carry out the views that the committee has said it expects to carry out but which it has not provided the language to carry out.

Mr. Chairman, the first and by far the most important area of concern is what JCS reform will do from the point of view of the fighting soldier, sailor, and airman.

The second area of concern is what effect the proposed bill will have on civilian control; that is, the ability of the President and the Secretary of Defense to make and implement sound defense decisions

The third area that is troublesome is whether the proposed reforms will reduce or magnify our current procurement problems.

A SOLDIER'S VIEW OF JCS REFORM

Let me start with the most pressing concern: Will this bill make life easier or harder for the fighting man to succeed in combat? Most of the testimony on this bill has made it clear that it will make life easier for the JCS staff officer and for the Chairman of the JCS. After all, they get what they have wanted: More authority and influence over the services, the CINC's and the Secretary of Defense. That's nice for them, but the Congress has to place the welfare of the soldier in the foxhole and his combat leader ahead of the interests of the staff officer. We must not forget that soldiers die in combat; and staff officers who do their duty don't usually die in combat.

TOO MANY MANAGERS—TOO FEW LEADERS

What does the fighting man in combat want out of JCS reform? Just a few elementary improvements. He wants fewer levels of command and fewer headquarters between him and his Commander in Chief, that is, fewer levels of brass to bureaucratically bog down or parochially distort the objectives and commands of the President, Commander in Chief. The soldier wants less interference, less questions, less regulations, and less visits from oversized higher staffs with not enough to do. And, most of all, he wants to be directed by officers who are combat types, not bureaucrats, planners, managers, or procurement politicians in today's military, there are entirely too many managers and too few leaders.

THE VIEW FROM ENTEBBE

The effects on the soldier of the standard JCS approach to command is perhaps most clearly illustrated by the disaster of the Iran raid. Here we had a force of less than 100 fighting men on the ground at Desert One with three colonels from three different services present—and no one clearly in charge. Furthermore, a three-star general and his staff, on a plane nearby, were inserted into the chain of command between the poor unfortunates on the ground and the oversized joint command staff in Washington, DC. Eight men died. This divided command mess surely contributed to the tragedy, but nothing in the law required it.

Contrast this with the remarkably successful Israeli raid at Entebbe. What were the Israeli command arrangements? The Minister of Defense, quite informally, asked the Army commander to come up with a military option. The Army commander gave the job to the commander of the Infantry Corps who assigned the mission leadership of the operation to a lieutenant colonel. There were no other intermediate or joint commands or staffs. It was simply left to the lieutenant colonel to do the job he had been trained for and dedicated his life to do, and he did that 2 days later.

The key lesson here is that the Iran raid illustrates how the JCS often operated in the Korean war, the Vietnam war and in Grenada; in all three cases each service was given a piece of the action, divided up and in the end no one combat commander was really in charge. The result? Countless American casualties that need never have happened. Congress could legislate to prevent that, but this legislation before us does not do that.

Now I must say to you that you are talking to a combat infantry soldier. I went into the Army in World War II as a private. I fought in the U.S. Army in New Guinea and in the Philippines where I was eventually a guerrilla leader in the Philippines. I do not deserve any great credit for this, but as I say I am basically a soldier. The things I have just related to you are exactly what a soldier feels in the field. He does not want all this encrustation of orders from above. He wants to go directly to do his duty. He was trained for it, his life is at stake, his country is there. He does not want all this stuff that we have been having in the past and which this bill, I am afraid to say, would carry on in the future. He does not want to do that. That is not the objective of the legislation. But my amendments would make it clear that the objectives outlined by the committee will be carried out.

□ 1245

End of parochial disarray is still not mandated by this bill.

What does the JCS reform bill before us do to prevent the JCS from following its natural predilection for adding excessive layers of command and splitting combat authority and turf equally among all the services? Really, it does nothing helpful to improve command efficiency.

You might say, "Does not the strengthening of the chairman solve the divided authority problem?" That is, at best, a naive hope. The bill does not require that chairman recommend a single undivided executive agent and a single undivided commander for each combat operation or theater. He could do it, but so could he have done it at the present time. Or the President could do it. In the absence of such a legislative mandate, the chairman will most likely continue to focus on mediating the inevitable controversies and conflicts among the services, which means we will probably continue to see the command pie sliced up in the traditional way.

This bill could mandate that each major fighting task be assigned to a service to serve as executive agent and a single commander be appointed to lead the operation with individual authority and individual responsibility. That was exactly the primary purpose of normal meetings of the Joint Chiefs of Staff during World War II. That is what they did. Then after a single commander is appointed, the JCS should assure a clear and undivided chain of command above this single commander, involving a minimum feasible number of levels of command.

One thing is not needed, and that is a staff personnel increase.

We would be doing the fighting men a great favor if you reinstate the 400 officer limit on the Joint Chiefs of Staff, or, even better, cut it to 200 officers. Increasing that staff inexorably means a lot more questions, messages, regulations, inspection visits, free advice from on high, all very bad news for the soldier.

Let me turn to my second area of concern. Does this bill strengthen or weaken civilian control of our Nation? Does it provide more useful or less useful military advice to the President?

What will the single military voice do to civilian control as outlined in the bill unamended?

The fundamental idea behind this bill is not a more powerful chairman of the Joint Chiefs of Staff that will speak for the staff itself, but he speaks as a single voice in the future under this legislation of the military,

in order to reduce the interservice rivalry and disagreement.

That single-voice idea, particularly from a charismatic chairman—imagine General Patton or Gen. Douglas MacArthur, think about what Truman had with Douglas MacArthur under the situation as it was. Imagine that. It clearly reduces the opportunities of the Secretary of Defense and the President to choose among different military solutions and strategies.

What Secretary of Defense, or even President, would find it possible to repeatedly overrule the single-voice recommendation of the entire military establishment, no matter how faulty those recommendations might be? And what does that do to the U.S. Constitution? Who is the Commander in Chief under the Constitution? Well, it is the President of the United States. And this is taking that away from him. Even worse, the single-voice approach will work to prevent the President and the Secretary from even knowing the degree of uncertainty and disagreement inherent in any JCS strategic recommendation. How terrible that would be, with potentially tragic consequences for America and to the entire world.

Bringing these controversies openly to the President and the Secretary of Defense is the best way to retain civilian control, as required by the wisdom of our Constitution.

Lastly, the bill undermines the authority of the Secretary of Defense by mandating that the chairman must sit in on every meeting of the National Security Council, whether the President and the Secretary want them there or not.

Taken together, these three points constitute a threat to our constitutional principle of civilian control that I find distinctly alarming. Senator Humphrey stated it more succinctly and eloquently when he said, "Place one military man in a position where he directly or indirectly controls the day-today activity of a nation, and we set the stage for the inevitable tragedy in the form of the death of effective civilian control of the military."

Is it wise to prohibit interservice rivalry by law? This is the most controversial part of a speech that I am going to give to you now, but I want you to pay attention, because it is important. In addition to the overriding importance of strengthening civilian control, there is another really not very much understood aspect, a remarkably beneficial aspect, of interservice rivalry. Very few Secretaries of Defense and almost no Members of Congress have voiced the truth that the most effective way to motivate and control bureaucracies as large as the military services is to challenge them with open, constructive bureaucratic competition. Our former chairman, Carl Vinson, put it this way: "Competition is the heart and soul of American industry and the American people. Why should it be different in the Armed Services?"

And he opposed this type of reform that is taking place here today.

If you think about it, Carl Vinson is saying that the defense of the Nation can benefit greatly when the services compete directly in accomplishing vital missions. We are unlikely to make progress in the quality of our infantry unless the marines and the Army continue to compete in this arena. We will never have decent close support for our troops until we learn how to make the Army, Air Force, and Navy conduct continuing and useful competition in this mission area. Woodrow Wilson put it very succinctly: "The history of liberty is the history of divided authority."

When you pass a bill that empowers a chairman of the JCS to quietly suppress interservice disagreements and rivalry by announcing his position, you are suppressing the Secretary of Defense's single most effective tool for making real progress in the most critical defense missions, particularly those that the services have little interest in. Consider how the Air Force finally stepped up its close support for the infantry by providing close in support in the air when the Army purchased its own helicopters.

We can improve and we can enhance civilian control. That is exactly what we ought to do. Turning to the constructive side of this, how can we modify this bill to strengthen civilian control, improve military advice to the President and enhance beneficial competition among the services?

The committee deserves credit for attacking this very difficult problem. But unless they do carefully attack it and carefully go into these matters, you can wind up with something worse than we have now. As unamended, I think this bill is worse than what we have now.

A few simple additions would help. First, we need to require that for every major issue before the JCS, the individual Chiefs forward their separate views independently of the chairman. They can do that now, but the amendment which I am going to introduce and which is in the RECORD of yesterday provides that they shall do it.

The CHAIRMAN. The 12 minutes previously yielded by the gentleman has expired.

Mr. BENNETT. I yield myself 5 additional minutes.

First, we need to require that for every major issue before the JCS, the individual Chiefs forward their separate views, independently of the chairman. That is going to be required in my legislation. This provides the Secretary and the President with the knowledge of the key military uncertainties. How is he going to decide about them? How is he going to take action on them if he does not even know they exist? He must know them. That is not a "may" thing; that is a "shall" thing. So that is a thing that the amendment would improve. Second, we should drop the language requiring the chairman to attend every meeting of the National Security Council. Dropping this language would prevent us from undermining the authority of the Secretary of Defense and forcing the Chairman's presence on the President when the President may not seek it.

Why do we need a new, redundant procurement bureaucracy? If there is anything we do not need today, it is another layer of procurement. We have just got that running out of our ears. My last area of concern is the committee amendment to this bill which requires the JCS to submit detailed budget and 5-year program recommendations to the Secretary of Defense. This amendment gives the JCS something it has long desired, a direct role in the Secretary's procurement decisions. Does the Pentagon really need another large bureaucracy handing out procurement advice, particularly when it already has four service staffs, plus the Secretary's PA&E office, comptroller office, and research and engineering office, to say nothing of the many committees of Congress that have worked on this, all already in the procurement advice business. Can you imagine how large the JCS staff could grow, once they got into doing fully detailed budgets and a 5-year program?

In addition to these considerations, the JCS staff has several special liabilities when it comes to providing procurement advice. First, the JCS has no responsibility for keeping defense burdens within practical limits, nor does it have any responsibility for implementing procurement decisions or living with the results. Budget advice without resource constraints or responsibility for results can only consist of unconstrained wish lists. Such advice is not helpful to the Secretary of Defense or to the President. They do not need another institution advocating larger defense budgets.

Another special JCS liability to the budget business is that the more the JCS staff gets embroiled in procurement politics, the less it will focus on its command and leadership responsibilities, which are at the heart of what he is supposed to do. He is supposed to be the leader in the field of national defense only immediately under the President of the United States, the Commander in Chief, with the assistance of the Secretary of Defense. In other words, the welfare and training in readiness of the troops will inevitably suffer as procurement becomes the dominant staff interest.

What can we do to avoid these most undesirable consequences of mandating a JCS role in budgeting and 5-year programming? I see no responsible, practical way of mitigating these consequences short of dropping the committee amendment. I strongly urge the House to do so, thereby leaving it up to the Secretary of Defense as to whether he wants JCS advice in those areas.

Now, proposed actions to improve the bill, a recapitulation. Let me briefly recap what needs to be done to make sure that the proposed JCS reform bill helps instead of hurts. To further this end, I propose to submit four amendments to the bill and to oppose the committee amendment, as follows:

First, to help our men in combat, I propose to amend the bill to point the JCS toward the appointment of a single commander for every major fighting task. Together with this, the JCS must recommend a clear and undivided chain of command with the least possible levels.

That is the most combat-oriented part of this bill. That amendment is the heart of the meaning behind the bill, but it unfortunately is not in the language of the bill.

Second, to further help our fighting men, I am submitting an amendment to keep the JCS staff from mushrooming by reinstating the 400-officer limit. That is the current law. Incidentally, that is not the only limit. That is the only limit on the JCS staff, but there is also a substaff that has 100 more.

My third amendment improves the military advice to the President and the Secretary of Defense and strengthens the vital principle of civilian control by requiring the individual Chiefs to forward separate and independent views on each issue in dispute before the JCS.

Fourth, I am proposing to amend the bill to allow the President to decide when he needs the chairman present at National Security Council meetings rather than forcing him on the President as is done in the current bill.

Lastly, to avoid yet another large procurement bureaucracy in the Pentagon, and one with no responsibility at all for the outcome of their procurement advice, I am urging the House to join me in opposing the committee amendment which sets up that procurement process.

In summary, I understand and support the sense of urgency that is sweeping the House, the sense that the Nation's defense structure is in grave need of major renovation. But at the same time I urge you to think carefully about our priorities in renovating that structure and, actually, to create what the committee really has in mind.

Clearly, reform of abuses that are demoralizing and discouraging our combat-oriented men, such as the revolving door and procurement things of that kind, are really more important than what is in this bill about JCS reform. Maybe another bill could have been drafted, but in this bill those things are more important. Most important of all the need to greatly strengthen our conventional war capabilities is a need greatly exceeding that of JCS reform, particularly so since all the necessary reforms could be achieved by——

The CHAIRMAN. The time of the gentleman from Florida [Mr. BENNETT] has again expired.

Mr. BENNETT. I yield myself 3 additional minutes.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I want to finish.

The CHAIRMAN. The gentleman is recognized for 3 additional minutes.

Mr. BENNETT. I am recognized from that side 3 additional minutes.

Mr. STRATTON. The gentleman is not going to honor his commitment to the Member from New York?

The CHAIRMAN. The gentleman from Florida has the time.

Mr. BENNETT. When I get to it, I will.

Mr. STRATTON. The gentleman has already consumed about 20 minutes of the 30 minutes.

Mr. BENNETT. We are looking forward to your remarks.

The CHAIRMAN. The Chair will advise the Members present that the gentleman from Florida has been yielded 30 minutes by the gentleman from Alabama, that he has consumed some 18 minutes of that time. He has yielded himself additional time.

Mr. BENNETT. I will tell the gentleman from New York (Mr. STRATTON) that I will be through in 1 minute.

Most important of all, the need to greatly strengthen our conventional war capabilities far exceeds our need for JCS reform, particularly so since all the really necessary reforms could be achieved by administrative action of the President and the Secretary of Defense.

Given this perspective on priorities in reform, I am confident that the useful JCS reform can be achieved by the House. I wish to commend my fellow members of the Armed Services Committee, particularly Mr. ASPIN, Mr. NICHOLS, and Mr. SKELTON, for their thorough and diligent work in bringing this bill before us. Provided we make the five simple changes I have mentioned, I believe the bill should meet with the approval of everybody in the House.

Now, Mr. Chairman, in the remaining time I have, if anything, I would like to discuss how we are going to divide the time. When I was before the Rules Committee, I was told that I was going to get an hour. It comes as a surprise to me at this point that I do not have an hour to distribute. I knew I was going to take at least 20 minutes in this speech. I told the Rules Committee that. I told them I would have great difficulty in giving time out to other Members.

The CHAIRMAN. Will the gentleman withhold?

Mr. BENNETT. Yes.

The CHAIRMAN. The Chair will advise the gentleman that the gentleman has now consumed 20 minutes of the 30 minutes yielded to him by the gentleman from Alabama.

Mr. BENNETT. Well, the way we could handle this is, I could yield the remainder of my time, since Mr. DELLUMS is not here, to Mr. STRATTON, and then you could ask the gentleman from Kentucky if he will give you time, which I am sure he will do, because, really, there is a moral obligation on the part of the House to see to it that fairness is done.

The CHAIRMAN. Will the gentleman withhold further?

It is the intention of the Chair, before proceeding further, to recognize the gentleman from Kentucky for additional debate for his side. However, without objection, the gentleman from Florida will be permitted to reserve the balance of the time previously yielded to him.

Mr. BENNETT. All right. I will do that, and I will let you yield to Mr. STRATTON.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. HOPKINS].

Mr. HOPKINS. Mr. Chairman, I yield 7 minutes to the distinguished gentleman from Virginia [Mr. WHITEHURST], who I might say is retiring after this term and who will be sorely missed by this Congress.

Mr. WHITEHURST. I thank the gentleman for yielding time to me and for his generous comment.

Mr. Chairman, the history of warfare over the last two centuries has been marked by spectacular success and spectacular failure. More often than not, battlefield success was preceded by military reform. Conversely, defeat occurred when reform was smothered.

The Prussian army, for example, recovered from its humiliating reverses at the hands of Napoleon's army only after carrying out the reforms of Gneisenau. A future generation of Prussian soldiers also scored sweeping victories on the battlefield, defeating the Austrians in 1866 and the French in 1870, and changing profoundly the political map of Europe as a result. Had it not been for the genius and military initiatives of Albrecht von Roon and Helmut von Moltke, however, Prussia's fate and that of central Europe would have been otherwise.

In our own century the ossification of the French general staff after the First World War led to the collapse of the French Army in 1940. On the 10th of May in that year, the French Army possessed the reputation of being the finest in the world. Six weeks later it had been utterly routed despite the fact that it outnumbered its foe in tanks and its leaders had constructed the most intricate defense fortifications of modern times, the Maginot Line, which became a monument to flawed military thinking.

It is against this background that we consider military reform today.

Let me say at the outset that these comments of mine are in no way a reflection upon the courage and dedication of those able men who have served on the Joint Chiefs of Staff since its creation.

They are, however, an indictment of the system. That system pleads for reform by virtue of the weight of its shortcomings. It is a system that stifles imaginative military thought, depriving the President and his subordinates in the Defense Department of the fruits of the best military minds that can be assembled. The current system fosters service parochialism. It encourages and abets mediocrity because the respective elements of the current Joint Staff are obliged to accommodate long-held prerogatives, jealously guarded and preserved by their separate service wardens for nearly 40 years.

Duty in this sterile body is not a privilege to be sought by the ambitious field-grade officer. It is an uninspiring detour in his career, a wayside assignment where his chief function is to safeguard the interests of his own service and submerge whatever independent ideas of his own he might otherwise bring to the project assigned him.

Several months ago an Oxford scholar called on me in my office. He told me of a visit that he made to West Point and his impression of the cadets he met there. He said that the classes he visited were the intellectual equal of any seminar he had sat with at Oxford.

That is high praise from an Englishman. It confirms the view of those of us privileged to appoint young Americans to our service academies. But it should also underscore something else: The academies all emphasize character, leadership, and initiative.

Yet the ultimate body that is charged with setting military goals and providing the best information and thinking squanders the talents of our best minds by either not selecting them for service on the Joint Staff, or putting them in a straightjacket of their uniform color if they are.

My quarrel with the current system is this: There is no dynamism in it.

Each of us knows that if we are ever forced to confront our adversaries on the battlefield, we will never match them in tanks, artillery, or indeed in almost any category of weapons and ordnance. If we are to win it will have to come from the great well of resourcefulness that Americans have always successfully drawn from in overcoming their challenges.

We need a body of military thought—thought, I say, in the keenest sense o the word. We need to encourage the free flow of ideas to meet military challenges just as we have experimented successfully with our domestic institutions throughout our history.

The steps being recommended here this afternoon are modest ones. They should be taken. The time will never be so propitious as it is now. If we fail to to seize it we place ourselves in peril of history's harshest judgment. It is a moment of opportunity not often given to a nation in time of peace. In time of war it will be too late.

□ 1300

Mr. BENNETT. Mr. Chairman, I yield 9 minutes to the gentleman from New York [Mr. STRATTON].

The CHAIRMAN. Without objection, the gentleman from New York [Mr. STRATTON] is recognized for 9 minutes.

There was no objection.

Mr. STRATTON. I thank the gentleman for yielding me this time.

Mr. Chairman, I think I can count, and therefore I do not anticipate that this legislation is going to go down as a result of the action from the House. But I do think that the document that the committee has brought out has some very serious weaknesses.

The major weakness, it seems to me, to paraphrase the remarks of Burt Lance, "If it is not broke, do not fix it." I do not believe that the Joint Chiefs of Staff are broke. I do not think that anyone in certainly the Congress or in the House Armed Services Committee would say that the Joint Chiefs of staff are doing a bad job or have been doing a bad job.

I had the opportunity just this morning, Mr. Chairman, to speak by telephone to the retiring Chairman of the Joint Chiefs of Staff, General Vessey, whom I am sure we all respect. He was the last remaining active duty military officer who had served in World War II. The last war, incidentally, that we won.

General Vessey indicated to me that he had no concern during his term about what are alleged to be the problems the committee sees with respect to the Joint Chiefs of Staff. I asked General Vessey "What about this business that the Chiefs are said to be dickering and bickering and bargaining over how much money they are going to get in their own service?"

He said, "I did not experience that at all. I think every single member of that body was as concerned with building a strong defense as I was and as the members of the Armed Services Committee were."

I think you will find what has been brought forth here as the reasoning and the rationale for this kind of legislation is really a matter of personalities. Some people did not like General Jones; some people did not like Secretary Brown; some people did not like Secretary McNamara. But we should not operate our defenses on the basis of individual personalities.

□ 1310

In addition to the former Chairman, we have Admiral Watkins. Does anybody think he is not in favor of a strong defense? We have the Commandant of the Marine Corps, Gen. P.X. Kelley. No one would suggest that he is not strong for defense. In the Air Force we have General Wickham, and also in the Air Force we have General Gabriel.

The thing that disturbs me most is that in the Committee on Armed Services the one individual who has stood out over the years in the leadership of that committee was Carl Vinson and Carl Vinson was dead set against a super, single chief of staff. That view is reported time after time in connection with the Defense Reorganization Act of 1947 and the Reorganization Act of 1958.

This is what the report of the Committee on Armed Services in the 85th Congress, second session, says:

> Nothing in the proposed legislation or elsewhere in law, sets the Chairman apart from the corporate body of the Joint Chiefs of Staff or makes the Joint Staff his servant rather than the servant of the corporate body. The loyalty of the Joint Staff must be to the corporate body of the Joint Chiefs of Staff.

And it continues:

> The Joint Chiefs of Staff system is considered by most authorities to be the finest military decisionmaking body in the world because it brings together the views of the four separate services and combines the responsibility for planning with the responsibility for execution.

For these and other reasons—

The report continues—

> Congress has historically rejected an armed forces general staff and single Chief of Staff * * *. In response to these fears * * * the original act limited the size of the Joint Staff to 100 officers * * *.

Somebody remarked to me when they had heard what the committee had approved that it was unfortunate they did not turn Mr. Vinson's picture to the wall during the discussion and the vote that finally prevailed.

So I think it is unfortunate that we should seem to be criticizing the Joint Chiefs of Staff.

I thought we had had enough of these distorted criticisms in the committee about how much our military capability has declined as a result of the trillion dollars that we have spent in recent years. And we ought not to be degrading the members of the Joint Chiefs of Staff. The death of those military men killed in Beirut was certainly not the responsibility of the Joint Chiefs of Staff; if it was anybody's responsibility it was the responsibility of the unified commander who was in charge of that operation. In fact the distinguished gentleman from Alabama [Mr. NICHOLS] in his very excellent report on what happened in Beirut charged that the responsible officers were the colonel in command and his deputy. So how can we now blame that one on the Joint Chiefs of Staff?

When we talk about Grenada—and incidentally Grenada was a successful operation—when we hear those complaints it sounds as though our Army and Marines had been wiped out by the Cubans. In Grenada the failure of the telephone systems were not interconnected between the Marines and the Army was not the responsibility of the Joint Chiefs of Staff. It was the responsibility of the unified commanders; and that commander was Admiral McDonald, who was the unified commander.

General Vessey also told me that while the bill puts the staff under the Chairman of the Joint Chiefs. He added, "That is the way it has always been. They reported to me when I was the Chairman." And he said, "I don't know why they are giving the Chairman a four-star deputy. What good is a deputy?" He said, "How is this four-star deputy going to help anything? Will he be senior to the individual service chiefs?" And why is anyone upset at that the service chiefs on the Joint Chiefs of Staff? Who are we going to put in who else can best represent the Army if not the commander of the Army, the Chief of Staff of that Army. He is the one who best knows the capability of knowing what the Army can do. Similarly with the Air Force, the Navy, and the Marines.

We certainly do not want four dummies sitting in there with uniforms, we want people who are knowledgeable, and the thing that disturbs me—and I pointed that out in my dissenting remarks—is that the idea that because controversy erupts from time to time in the Joint Chiefs of Staff this is a flaw. After all controversy erupts even in this body, and yet somehow we manage to turn out legislation.

The CHAIRMAN. The time of the gentleman from New York [Mr. STRATTON] has expired.

The Chair recognizes the gentleman from Florida [Mr. BENNETT] for the remaining minute of the time yielded to him by the gentleman from Alabama [Mr. NICHOLS].

Mr. BENNETT. Mr. Chairman, I reserve my remaining 1 minute.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. HOPKINS].

Mr. HOPKINS. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Chairman, I appreciate the gentleman's yielding time to me.

Mr. Chairman, there were a lot of interesting points that have been brought out in the debate that I think need to be addressed. First of all, I think what we should recognize is that six of the last seven Secretaries of Defense have publicly endorsed reorganization of the JCS. Former Secretary of Defense James Schlesinger says the central weakness of the existing system lies in the structure of the Joint Chiefs of Staff. His comment is particularly interesting: "Reports commissioned by the executive branch in 1949, 1960, 1970, 1978, and 1982"—that is five reports—"reached the same conclusion: The JCS does not provide timely or useful advice."

The 1982 report says:

> The JCS generally has been seen by civilian leaders as unable to provide useful joint advice on many issues. Joint Staff work often comes across as superficial and predictable.

That brings to mind the case of President John Kennedy when examining the options as to what action we should take in Laos. He commissioned the Joint Chiefs of Staff to write a report. The report came back defining the least common disagreement among all the services, and President Kennedy looked at it and laughed. He threw the report in the air and he said, "I want to hear from each of the individual services because these guys can't agree on anything except a bunch of gobbledygook because they have got to sit down and compromise their positions away."

That is exactly how it gets done at the JCS today.

Those are not my words. Those are the words of six of the last seven Secretaries of Defense and also of reports commissioned by the executive branch of this country which continues to maintain total and complete civilian control under this bill. They commissioned the studies, and the studies have concluded that the JCS does not provide useful or timely information. And we are going to sit here and not make basic, fundamental changes in the way the JCS works? I think that would be a basic, fundamental mistake.

Let me say that the bill represents two considerations.

Mr. STRATTON. Mr. Chairman, if the gentleman will yield for just one question. Who was President when those remarks were made that were quoted? I refer to this last remark. The gentleman said that was in 1983?

Mr. KASICH. That was the 1982 report. It says,

> The JCS generally has been seen by civilian leaders as unable to provide useful joint advice on many issues. Joint Staff work often comes across as superficial and predictable and of little help in resolving issues.

That was in 1982.

Mr. STRATTON. Was that Secretary Weinberger who said that?

Mr. KASICH. No; this is the report that was done by the executive branch. This President, Ronald Reagan, has obviously been in office when this report was delivered.

Mr. STRATTON. I think the gentleman will find that is not the case.

Mr. KASICH. Let me say that it clearly is the case, that five reports that have been requested by the executive branch in this country have rejected as not timely and not useful the advice from the JCS.

□ 1320

There are two considerations on this bill. The first one is joint planning and operations.

Now, somebody said earlier that this is not a bill that helps the soldier. Well, let us take a look, for example, at Iran where we were not able to use effective advice from the Joint Chiefs of Staff. In fact, the services all got together and were unable to come up with a very good plan as to what we should do in Iran. This also reflected a lack of cooperation among all the services.

What happened? We had Marine pilots trying to fly Navy helicopters being refueled by Air Force pilots and there was a general sense of not really understanding how each of the missions should be performed. There was not great confidence between the Marine pilots and the Air Force pilots and we had a crash of those helicopters, as reported not only by Senator NUNN but Senator GOLDWATER.

When we take a look at Grenada, Grenada without question was a smashing success for this country, but there were problems. Remember that we had a far greater force than anybody had on that island, but there is no question that we had problems with communications, particularly when we note that an Army soldier had to use his AT&T calling card to call Fort Bragg, NC, to be patched through to the Navy ships off the coast of Grenada in order to get adequate firepower. I think that is a perfect illustration of an inability to communicate, something that the services ought to be able to do. No question they have difficulty communicating. There was no one who really disputes it and it is because of a lack of central planning and central operation.

The reason this happens is because the service chiefs generally rely on the least common denominator, because each of the service chiefs has veto power over decisions that come out of the JCS; so in order to get approval of all the different chiefs——

The CHAIRMAN. The time of the gentleman from Ohio [Mr. KASICH] has expired.

Mr. HOPKINS. Mr. Chairman, I yield 3 additional minutes to the gentleman from Ohio.

Mr. STRATTON. Mr. Chairman, will the gentleman from Ohio yield to me so that I can ask him a question?

Mr. KASICH. I have an additional statement and if I have time, I will yield to the gentleman from New York [Mr. STRATTON].

Let me say this. The problem is that all the service chiefs sit down and they try to figure out what it is they can all agree on and they make decisions on military action like the committees in Congress make decisions. It is good for compromise, but it does not necessarily reflect the best instructions that ought to be rendered, because we are in the middle of compromising in terms of coming up with a decision.

Additionally, we do have serious problems that are created by this least common demoninator argument, for one basic reason in the area of procurement. It is because we not only have interservice rivalries, and you know our constituents complain all the time about, "This service wants to have the best radio here or the best tank there. Why don't they work together?"

Well, none of the services are going to criticize the other services for having bad budgets or bad spending ideas. As long as they are all quiet, they you know each of them can submit whatever it is they want. That is called logrolling. Everybody keeps his mouth shut because he can get a part of what he wants without having any criticism from any other service. That is called logrolling.

The other thing is interservice rivalries, whereby they all want to have the best radios, they all want to have the best attack helicopters, when we may have been able to put things together cheaper and more efficiently and effectively.

So what we are trying to do is to give the Chairman of the Joint Chiefs enough power to overview interservice rivalries and logrolling. This puts him in a position of being able to avoid parochial interests and make decisions based on what is best for the country, not what suits each of the individual services that results in logrolling and interservice rivalries and waste of money.

Finally, in regard to the CINC's, there is not a CINC in the field today, including Admiral Crowe, who has not argued about the problems that he has being able to affect resource decisions in Washington.

General Rogers said, for example, he wanted a brigade left in Europe. The Army said, "We don't want the brigade left in Europe."

Congress actually passed a statute saying, "We better leave that brigade in Europe if General Rogers wants it."

Once the statute expired, the Army withdrew the brigade and it was to the chagrin of General Rogers. I can give you testimony where General Rogers, the Readiness Command, and Admiral Crowe, have said:

> We wish we had more authority and a greater ability to affect resource decisionmaking. After all, we have got to command these fighting men in war. Don't make the decisions only in Washington. We are out in the theater. We are the ones who have to decide how we are going to conduct our military affairs. Let us have more say in the operation.

They may need more ground support, even though somebody in Washington does not think that ground support is a thrilling part of what the operation ought to be for that service.

I think the bill is a good bill. I think it will give us greater capability and is, without question, good for this country.

Mr. NICHOLS. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I rise today in strong support of H.R. 3622 and congratulate Mr. NICHOLS, Chairman ASPIN, and Mr. SKELTON for their outstanding efforts and perseverance in the cause of reforming the Joint Chiefs of Staff. Their bill will go far in improving the flow of military advice and coordination of military strategies as well as reducing costly interservice problems.

In the National Security Act of 1947, Congress set the goal of fielding combat forces that are an "efficient team of land, naval, and air forces." Nearly 40 years later, that goal remains elusive and our system of military command continues to rely more on cooperation and good will than on traditional organizational standards of efficiency and effectiveness.

In testimony before the Armed Services Committee, former Secretary of Defense Melvin Laird stated, the commanders face fragmented logistics, have excessively layered headquarters staffs and lack uniform command-wide assessments of the readiness of forces. Moreover, they often command several component forces, each of which has been designed to fight a different type of war." This diffusion of military responsibility and authority is a deadly gamble in light of the demands of modern warfare.

There is a need for planning and formulation of national military strategy to effectively coordinate the missions of each service.

There is a need for an efficient allocation of resources to serve this strategy so as to avoid unnecessary duplication.

And there is a need for realistic, direct, and fast military advice to the Commander in Chief and Secretary of Defense to assist in strategic National Security decisions.

Though our "federated" military service approach has served us well in meeting these needs throughout our history, I believe it is time to strengthen the unifying elements of that approach. It is important that we remember the lesson of our Founding Fathers who led our Nation from a loose federation of States under the Articles of Confederation to the tighter and more streamlined Union under the Constitution, which has endured to this day.

H.R. 3622 makes an important first step in strengthening the federation of our military forces.

First, by strengthening the role of the Chairman and providing him expert and independent staff, H.R. 3622 provides the opportunity for military planning to meet national objectives as well as coordinating the roles and missions of each service branch to serve these objectives.

Second, by improving the national perspective of the Department of Defense and coordination among the service missions, this legislation will reduce, in my opinion, costly duplication of equipment and materials. I say "costly" in terms of dollars and ultimately lives. The experience of our forces in Grenada clearly showed the danger of such duplication, in that our naval forces could not easily comunicate with our Armed Forces, a situation that the gentleman from Ohio [Mr. KASICH] just referred to.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. HOYER. I am glad to yield to the gentleman.

Mr. STRATTON. Mr. Chairman, the gentleman from Ohio [Mr. KASICH] was present when Admiral Metcalf testified before our Panel on Special Operations. This story about somebody on Grenada having to take a credit card to call back to the States, Admiral Metcalf indicated to me that was totally false because all the telephone lines had been eliminated in Grenada. Somebody may have used a credit card in Barbados, but that was not in Grenada.

I thank the gentleman for his yielding so this matter could be corrected.

Mr. HOYER. Mr. Chairman, I appreciate the gentleman's observation, but the information I had leads me to believe that they had to rely on these makeshift arrangements to coordinate their attack. That may be in error; but in any event, under more severe circumstances, such a weakness could

indeed result in a serious loss of lives. We must not risk such confusion when the lives of our fighting men are held in the balance.

Finally, by providing the JCS Chairman the role of principal military adviser to the President and the Secretary of Defense, H.R. 3622 provides the opportunity for unbiased military advice from a national perspective without, in my opinion, endangering the important principle of civilian control of the military.

In conclusion, I commend Mr. NICHOLS, Chairman ASPIN, and Mr. SKELTON and the other members of the Armed Services Committee on both sides of the aisle for an excellent bill which will improve the efficiency of our armed services and strengthen our national defense. I urge my colleagues to support H.R. 3622.

Mr. HOPKINS. Mr. Chairman, I yield 3 minutes to the gentleman from Guam, General BLAZ, a member of the committee.

Mr. BLAZ. Mr. Chairman, I thank the gentleman for yielding.

I rise in strong support of H.R. 3622.

I have heard some comments that I think need some responding to. Let me respond with a quotation from a military author, Gen. S.L.A. Marshall, who said,

> It is time to despair over an organization when those who serve it and profess to love it no longer challenge their own system, but prefer instead to speak with the valor of ignorance.

I must also call the attention of the House to the fact that our Constitution, which has been cited as one of the most perfect documents in the last 200 years, has been subjected to 23 amendments, yet this document that we are speaking about, this document that was prepared in haste after World War II, has essentially been unchanged, as though it was so perfect that it should not be changed. So much has changed that this document needs to be changed as well.

You have heard the comments of former Secretaries of Defense in favor, of former JCS Chairmen in favor. I would just like to give you the views of a former action officer, as a major, at the lieutenant colonel level, who is a guy who is not in a smokeroom somewhere, but has to do the job.

In my experience of 3 years on the Joint Staff, as well as 3 years on the Marine staff in preparation for the Joint Staff, the frustration experienced by an action officer stems from the fact that he is subjected to a system that almost promotes the dilution of ideas. The whole system centers around trying to compromise.

If you were to compare the system we have there, as I experienced it, to the system we have here, we would get an "A" and they would get a "C," and you know the system we have here.

So, Mr. Chairman, I am telling you from the standpoint of a person who has served there, this document needs to be passed. We need some form of reform whereby we can improve the system so that the officers of our services will see that the ideas that they have and the perceptions that they have can have a way of surfacing in a system that will be ventilated by this bill.

It is very discomforting for me, as a former military officer, to always hear this criticism that our country is a day late and a dollar short.

The CHAIRMAN. The time of the gentleman from Guam has expired.

Mr. HOPKINS. Mr. Chairman, I yield 2 additional minutes to the gentleman.

Mr. BLAZ. We are always being accused of being a day late and a dollar short. For a country that has the best Armed Forces in the world, we must never be accused of being a day late and a dollar short.

I am telling you that there is no body that can change the system except this body and I urge this body to change the system.

I urge my colleagues to support H.R. 3622.

Mr. NICHOLS. Mr. Chairman, I yield 6½ minutes to the gentleman from Massachusetts [Mr. MAVROULES].

□ 1335

Mr. MAVROULES. I thank the gentleman for yielding this time to me.

Mr. Chairman, I would point out to my colleagues, that earlier this year, before the Defense Policy Panel of the Armed Services Committee, former Defense Secretary James Schlesinger was asked for his comments on the defense budget.

With "deficits as far as the eye can see," Dr. Schlesinger explained that growth in defense spending must be reduced significantly, and that for practical purposes, future increases in defense will cover little more than inflation.

Instead, what the former Secretary proposed is that we demand more for the money we spend. That, if for fiscal reasons, growth in the defense budget is no longer possible, the burden will become the better management of limited defense resources.

In 5 years, my colleagues, we have spent over a trillion dollars. The debate on the return for those dollars is only now beginning. Yet, I think we are entering a critical period; a time when our debates will center on what the American military is doing, (the output product) and not simply how much we are spending on defense (the input product).

Today, I rise to speak in support of H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985.

In itself, if you consider the current work of the Packard Commission, and the other body's recent report, it is clear that this legislation will not be the final word or work on defense reform this year. Instead, the effort is the first step in a long process of review, revision, and reform.

This bill, the product of 3 years of hearings, represents the hard work of Chairman NICHOLS, and our colleague from Missouri, Mr. SKELTON. They have been persistent advocates of this reform—this first step—and they deserve our credit and praise for starting this process.

In fact, the view from the top seems to be clear. In a recent report from the Georgetown Center for Strategic and International Studies, six former secretaries of defense concluded:

> We cannot afford to waste scarce defense resources nor can we afford to allow organizational deficiencies to impair the effectiveness of our military forces. The stakes are too great.

I agree. And it is important to further note that in their view:

> The public's concern is well founded; there are serious deficiencies in the organization and managerial procedures of the U.S. defense establishment * * * the decline of the defense consensus also reflects widespread frustration with the management of available defense resources.

One of the proposals these former officials recommend—and this group includes Clark Clifford and Melvin Laird—is that the Chairman of the Joint Chiefs of Staff be designated as the principal military adviser to the President, the Secretary of Defense, and the National Security Council, replacing the corporate JCS in that role.

That recommendation—their recommendation—comes before us in the Skelton-Nichols bill.

When the President now asks for military advice, he receives not one opinion, but a corporate recommendation.

Instead of one recommendation, carefully planned, presented and proposed, the Joint Chiefs offer an agreement of the whole. In many cases, this advice is simply the lowest common denominator which can be agreed to.

Perhaps the best example of this common-denominator approach was the 1982 JCS recommendation on so-called dense pack basing on the MX missile.

While I will not review the entire MX debate, my colleagues remember the basics of dense pack basing.

The information the President got from the Joint Chiefs on that occasion is an example of how military advice should not be presented. After Congress had rejected this basing mode, Gen. John Vessey, then chairman of the Joint Chiefs, explained to historian Theodore White:

> The first time I heard of it, I thought the thing was crazy. For guys like me, who'd been telling troops, spread out, don't bunch

up, the idea of everyone bunching up, on the bull's-eye seemed crazy.

Yet, the President had received the views of the corporate JCS. It was a consensus recommendation reflecting all of the tradeoffs, and all of the liabilities.

It was a poor way to make such an important decision. The system simply didn't provide the President with good recommendations.

In the case of Dense Pack, the advice resulted in Congress not approving funding for the system.

Tragically, there are times when this ineffective process produces more painful results.

Gen. P.X. Kelley, Commandant of the Marine Corps and a member of the JCS, made the point in testimony before our Armed Services Committee after the Beirut bombing. He correctly pointed out that as Marine Commandant, he was not in the chain of command to Lebanon.

Although his testimony suggested no attempt on his part to disassociate himself from the tragedy, he made it abundantly clear that he was not in a position of command responsibility with respect to the marines in Beirut.

Both the Long Commission report and the Armed Services Committee report on the Beirut tragedy confirmed General Kelley.

They held the unified commander and his subordinates in the chain of command responsible—not the service chiefs of the JCS—for any oversights that contributed to the tragedy.

The problem that many should have with this process is that the Joint Chiefs and its chairman are not in a position to currently offer good advice to the President.

The Skelton-Nichols bill offers us an alternative, a small step toward changing the big picture.

As always, if other military and civilian officials disagree with the advice of the chairman of the Joint Chiefs, they certainly have the opportunity to offer their views, or they may simply dissent.

However, let the chairman of the Joint Chiefs be a military leader. Make him more than the manager of a bureaucracy. That is what we are debating today.

My colleagues, the Skelton-Nichols bill is the product of considerable time and effort. This legislation should be approved, and I urge your support.

Mr. HOPKINS. Mr. Chairman, I yield 5 minutes to the ranking member of the full committee, an outstanding member, the gentleman from Alabama [Mr. DICKINSON].

Mr. DICKINSON. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in strong support of this bill. I think probably the most surprising thing to most people who analyze this is to learn that what this bill attempts to do is not already in the law.

This simply puts the Chairman of the Joint Chiefs in the line of command. As it is now, he really cannot exercise any control and has no say-so over his subordinates who are members of the Joint Chiefs.

If I might, I would like to read this endorsement:

As former senior military officers and civilian officials in the Department of Defense and the White House, we have had long experience with the operation of the Joint Chiefs of Staff system. We are unanimous in our belief that this system has serious weaknesses that undermine the quality of military advice available to civilian leaders. These weaknesses are not attributable to the caliber of our military officers, but rather to the organizational dynamics of the JCS system which make cross-service military judgments difficult to obtain. In our view, reform of the JCS system to correct these weaknesses is essential and long overdue. Accordingly, we endorse the JCS reform legislation (H.R. 3622) with enthusiasm.

Let me read the names of the people who are supporting this:

Robert S. McNamara, Secretary of Defense, 1961–1963.
Clark M. Clifford, Secretary of Defense, 1968–1969.
Melvin R. Laird, Secretary of Defense, 1969–1973.
Elliot L. Richardson, Secretary of Defense, 1973.
James R. Schlesinger, Secretary of Defense, 1973–1975.
Harold Brown, Secretary of Defense, 1977–1981.

These are six former Secretaries of Defense, in addition to which, signing the same paper, are:

Zbigniew K. Brzezinski, National Security Adviser to the President, 1977–1981.
General Andrew J. Goodpaster.
Vice Admiral Thos Hanson.
General David Jones, Chairman of the Joint Chiefs.
General Edward C. Meyer, U.S. Army (Retired).
General Bruce Palmer.
Lt. General John S. Pustay.
General William Y. Smith.
General Maxwell D. Taylor.
Admiral Harry D. Train.
Admiral Stansfield Turner.
Norman Augustine, former Under Secretary of the Army.

The list goes on, and I include the full list in the RECORD.

The full list is as follows:

Robert S. McNamara, Secretary of Defense (1961–68).
Clark M. Clifford, Secretary of Defense (1968–69).
Melvin R. Laird, Secretary of Defense (1969–73).
Elliot L. Richardson, Secretary of Defense (1973).
James R. Schlesinger, Secretary of Defense (1973–75).
Harold Brown, Secretary of Defense (1977–81).
Zbigniew K. Brzezinski, National Security Adviser (1977–81).
Gen. Andrew J. Goodpaster, U.S. Army (ret.).
Vice Admiral Thor Hanson, U.S. Navy (ret.).
Gen. David C. Jones U.S. Air Force (ret.).
Gen. Edward C. Meyer, U.S. Army (ret.).
Gen. Bruce Palmer, U.S. Army (ret.).
Lt. Gen. John S. Pustay, U.S. Air Force (ret.).
Gen. William Y. Smith, U.S. Air Force (ret.).
Gen. Maxwell D. Taylor, U.S. Army (ret.).
Adm. Harry D. Train, II, U.S. Navy (ret.).
Admiral Stansfield Turner, U.S. Navy (ret.).
Norman R. Augustine, former Undersecretary of the Army.
Antonia Handler Chayes, former Undersecretary of the Air Force.
W. Graham Clayton, former Deputy Secretary of Defense and Secretary of Navy.
Richard D. DeLauer, former Undersecretary of Defense.
Robert F. Ellsworth, former Deputy Secretary of Defense.
Alain Enthoven, former Assistant Secretary of Defense.
Jacques S. Gansler, former Deputy Assistant Secretary of Defense.
Morton H. Halperin, former NSC staff member.
Professor Samuel P. Huntington, former NSC staff member.
Robert W. Komer, former Undersecretary of Defense.
Lawrence Korb, former Assistant Secretary of Defense.
David McGiffert, former Assistant Secretary of Defense.
Robert C. Moot, former Comptroller of the Department of Defense.
Russell Murray II, former Assistant Secretary of Defense.
Philip A. Odeen, former NSC staff member.
Robert B. Pirie, former Assistant Secretary of Defense.
Stanley Resor, former Secretary of the Army.
Walter Slocombe, former Deputy Undersecretary of Defense.
Senator Stuart Symington, former Secretary of the Air Force.
Paul Warnke, former Director, ACDA and Assistant Secretary of Defense.
Togo D. West, Jr., former General Counsel of the Department of Defense.
John P. White, former Deputy Director, OMB and Assistant Secretary of Defense.

The following have also expressed support for JCS reform legislation:

T.N. Dupuy, Executive Director, Historical Evaluation & Research Organization.
Brent Scowcroft, former Commander-in-Chief, U.S. European Command.
Theodore J. Crackel, Author of Heritage Foundation "Defense Assessment in Mandate for Leadership II".
Barry Blechman, President, Defense Forecasts, Inc.
William Lynn, Executive Director, Georgetown CSIS Study, "Toward a More Effective Defense".
Richard K. Betts, Senior Fellow, Brookings Institution.
Elmo Zumwalt, former Chief, Naval Operations.
Michael Freney, senior fellow, CSIS.
Peter Szanton, former Associate Director of OMB for Reorganization Studies.
Elliott Richardson, former Deputy SecDef.
House Republican Policy Committee.
Veterans of Foreign Wars.

□ 1345

The point being that we have six former Secretaries of Defense, we have former Chairman of the Joint Chiefs, people who have been through the whole problem. We need it.

What we simply are doing is saying that, well, we are going to make the Chairman of the Joint Chiefs, in fact, a functional, operative member of the Joint Chiefs, giving him some direction and control so that he is in the line of command. It is so common sense I am surprised we have not done it a long time ago. All of these people support it. The majority of the committee came out for it. All of the names on this list unanimously endorsed it.

I do not understand why we have not done this a long time ago, and I certainly move the support of the bill that is pending before us, and I yield back the balance of my time.

Mr. NICHOLS. Mr. Chairman, I yield 6 minutes to the gentleman from Oklahoma [Mr. MCCURDY].

Mr. MCCURDY. Mr. Chairman, I would first like to state my personal gratitude to the chairman of the subcommittee, the gentleman from Alabama [Mr. NICHOLS] and the gentleman from Missouri [Mr. SKELTON] for their active leadership, and certainly the help of the gentleman from Kentucky [Mr. HOPKINS] who have all been very supportive of this piece of legislation. I think it is a very timely and necessary bill, one that I wholeheartedly support.

Mr. Chairman, I had an opportunity to serve on the Georgetown Study Panel that recommended the changes to not only the Office of Secretary of Defense, but also the JCS. And today we are taking a portion of that recommendation in the reorganization of the Joint Chiefs of Staff.

If I may, I would like to quote from the statement of the Georgetown panel when it said, and I think most importantly:

> The waning years of the twentieth century and the early years of the next will be difficult ones. Our adversaries will continue to test and probe our defenses. Increasingly, our friends are likely to look to us for our leadership and support U.S. interests around the world will demand constant vigilance and preparedness for action. We cannot afford to waste scarce defense resources, nor can we afford to allow organization deficiencies to impair the effectiveness of our military forces. The stakes are too great.

At the bottom of that page are the signatures of six former Secretaries of Defense who have been alluded to earlier.

The point is, Mr. Chairman, and the point I would like to make is that although my colleague from New York, who is a very strong advocate of a strong national defense, and a very serious one, made the statement that if it is not broke, don't fix it. As a member of that panel who made that recommendation, I never heard one of those members, former Secretaries of Defense or anyone say that the system was broken. What they argued was that it could be made stronger, that it could be made better, that the scarce resources that we must allocate to defense must be used efficiently and more effectively. That is the key behind this piece of legislation.

We are not here degrading or trying to tear down the services or the individual members of our Armed Forces. Just the contrary, we are trying to make sure that there is the development of an overall policy for the year 2000 and beyond that will protect us. It is important when we look at the basis of the next major debate in national defense.

Even though we currently have the talks going on in Geneva, one of the big-ticket items is going to be SDI. If you go to the west coast and talk to contractors who are involved in that, they are talking about a $300-billion program over 10 years. You are talking about the Secretary of the Navy who is the chief opponent of this reform arguing for a 600-ship Navy. You have the conventional forces, ground forces, arguing for modernization. You have the Air Force arguing for the more modern systems, upgrading, 48 wings, the whole thing.

There is going to be a financial crunch if we do not have better long-term planning. The basis behind this reform move is to ensure that the priority, national priority, not the Navy's priorities, not the Air Force's priorities, not the individual service Secretary's priorities be established, but the national defense priorities be paramount and clearly delineated. The idea is to give the Chairman of the Joint Chiefs of Staff the authority to do just that.

So those of us who are here today arguing for reform, what we are arguing for is to make the system work. We are not criticizing the individual Secretaries. We think they are doing a good job of advocating their position.

But the important thing is that they need to rise above those individual priorities and establish the national priority. Perhaps if we had a Secretary of Defense who would come forward before our committees and clearly tell us what those priorities are as opposed to leaving it up to this disjointed congressional review process, maybe we would not have this debate today. My only major concern here is that we did not have congressional reform involved in this, because there are some budget things and other things that we ought to be looking at.

But the important thing again is that under this vehicle, we have the opportunity to change some major problems in the outyears, and I urge the committee's support.

Also, in a few minutes I will be offering an amendment to allow the chairman of the Joint Chiefs to receive adequate net assessment information, net assessment basically being the relative balance between the United States forces and the Soviet forces or our adversaries. The important thing there is to allow that critical assessment be given to the principle military adviser to the President. We need that kind of information, and I appreciate the chairman of the subcommittee for agreeing to this amendment and for accepting it.

Again, I urge my colleagues to strongly support what I consider to be one of the most important pieces of legislation in the area of national security to come forward in a long time.

Mr. HOPKINS. Mr. Chairman, I yield 8 minutes to the gentleman from Virginia [Mr. BATEMAN], a member of the committee.

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. BATEMAN. I thank the gentleman from Kentucky [Mr. HOPKINS] for yielding me this time, and I yield to the gentleman from Ohio.

Mr. KASICH. I appreciate the gentleman yielding. I just think it is important that we do set the record straight when it comes to things like the criticisms that were made regarding the communication system in Grenada, and it was alleged that no calls were able to be made from there. I want to read a letter that was sent to the Senate Armed Services Committee in regard to Senator NUNN's argument or charge that a soldier used his credit card to call Fort Bragg, and it was asserted that no calls could be made.

I read from the letter:

> Thank you for your letter of October 22, 1985, on various facets of the Grenada operation. It is my understanding that you have already received the briefing requested in your letter.
>
> Lieutenant Colonel Gibbons, in an effort to be responsive to the needs of your Committee and Senator Nunn, relayed information that had been provided by Fort Bragg in response to your queries.
>
> It is unfortunate that the information provided to Senator Nunn was not accurate. We have learned that several phone calls were made by members of a classified unit during the Grenada operation. First, a call was made on the island to the Governor's mansion as a method of securing an alternate means of communication. In addition, once the mansion had been secured, calls were placed by the Command Center at Fort Bragg to the Governor's mansion.

So, in fact, calls were made.

Additionally, the study that was referred to that I referred to in 1982 was a special study group of the Chairman of the Joint Chiefs, and the presentation was made before the Armed Services Investigations Subcommittee in our House here. This report was made on June 17, 1982.

I appreciate the gentleman yielding.

Mr. BATEMAN. Mr. Chairman, I am delighted at the fact that this bill is receiving the kind of thoughtful attention and debate that is focused upon it this afternoon. It is one which genuinely deserves that very thoughtful approach.

Let me say before I get into the remarks that I want to contribute to this discussion that what is before us is a great deal more important than whether or not someone used a credit card in connection with making a telephone call in the Grenada exercise. That was a successful exercise. We ought to recognize it and appreciate it for that fact.

I think it would be a very serious mistake for us to approach the reform or change in the Joint Chiefs of Staff system on the premise that by anything that we do here we are going to have a perfect operation where no judgments of any human being involved in the system as vast as this, or in fact, no matter what the size of the system, is going to be infallible at all times and all places and in all circumstances, for indeed, that is totally unrealistic. It is our obligation to improve any system, and certainly I know of no human institution that cannot be improved.

But I think we must also recognize our limitations, all human limitations, that there are no perfect institutions or systems, for there are no perfect people. It is my expectation to vote for this measure when it comes to a final vote, and I want to express, notwithstanding that expectation, some very significant reservations that come to my mind.

Let me first say how much I appreciate the efforts of the distinguished chairman of the subcommittee, the gentleman from Alabama [Mr. NICHOLS], the gentleman from Missouri [Mr. SKELTON], and our ranking member, the gentleman from Kentucky [Mr. HOPKINS] for the role that they have played in this measure. They have spent a great deal of time, and they have gone about it the right way. They have accumulated a voluminous record on this, and they have applied that judgment which distinguishes them as very able, and among the most respected Members of this body. I certainly share in that respect.

I would like to thank the distinguished chairman of the subcommittee, the gentleman from Alabama [Mr. NICHOLS] for having attended to my concerns and given me full opportunity to express my concerns and to have assuaged those concerns in some of the actions taken within the full committee, and it is my hope that here on the floor today, an amendment with which I have been associated will be accepted, because I think it changes a major, and for me even a fatal flaw if it is not changed in the bill. That relates to whether or not this Congress should, by statute, foist upon the President of the United States as a member of his National Security Council the Chairman of the Joint Chiefs of Staff.

My recollection of history, while not as keen as that of my colleague from Virginia [Mr. WHITEHURST], certainly includes a recollection of a President named Abraham Lincoln and a general named George B. McClellan who he was unable to replace even in the face of overpowering evidence that that should have been done. But for political reasons, because of the man on horseback, because of the politicizing of his position as a commander of the Union Army, the President was unable to remove him.

I would not want some military figure in the future who happens to be Chairman of the Joint Chiefs to be an uninvited participant in the deliberations of the President's own National Security Council. I think that would be a preposterous thing for us to do. I think it would rise to the level of making it possible for a man on horseback to emerge in circumstances in the future that we know not.

There are other instances beyond George B. McClellan that would suggest that this is not a wise idea, and I hope that an amendment will change it. It would be critical for me in support of the bill that it do so.

Let me say in conclusion that this is one of those days that I am especially happy that this is a bicameral legislature. I say that in the context of this bill, not because I applaud the staff report of the other body's Armed Services Committee, for indeed I have very significant reservations and objections to much that is in that report, but it is good that both Houses of this body and its committees are focusing on this problem.

□ 1400

Let us do it, determined that we will improve what can be improved but without unrealistic expectancy of perfection and that nothing wrong will ever happen. Let us most of all, and this is I think critical to the entire proposition, and whether or not ultimately this or some other reform bill should pass.

One, we must maintain civilian supremacy over our military. That is absolutely critical—a cardinal bedrock position for all of us.

Second, I think we must retain that joint dual role of the chiefs of our various armed services as the directors and the principal officers of each of their services, while at the same time preserving them in their collegial role as members of the Joint Chiefs.

Those are the principles which should guide us.

Mr. NICHOLS. Mr. Chairman, I yield 1½ minutes to the gentleman from Georgia [Mr. DARDEN].

Mr. DARDEN. Mr. Chairman, I rise today in support of this most important legislation to improve the capabilities of our Armed Forces. Let me commend my distinguished colleague from Alabama, the chairman of the Subcommittee on Investigations, for his outstanding leadership in bringing this legislation to the floor.

In past armed conflicts involving our Nation, we have had the luxury of allies that could bear the initial brunt of enemy advances. This is no longer true. The United States is the economic, social, cultural, and military leader of the world. Our allies now look to us to bear the brunt of any attacks. In the past, we could make mistakes and not forfeit our freedoms. Because we are the leader of the free world, one command mistake now could prove critical. There is no room for mismanagement. It is imperative that our military command structure be organized to supply our civilian leadership, which has controlled our armed services since the founding of our Nation, with the best possible advice for success. H.R. 3622 allows for the President, our overall Commander in Chief, to receive this advice.

The Joint Chiefs of Staff Reorganization Act of 1985 is a first step toward necessary Department of Defense overall reorganization. In an era of cost overruns, waste, fraud, and several embarrassing military encounters, it is time to consider the possibility of a major overhaul. The renowned gentleman from Georgia, who serves on the Armed Services Committee in the other body, has recognized this, and proposed such an alternative. However, an immediate, massive restructuring of our armed services at this time would only weaken our current defenses. We must reorganize, but at a slow, methodical pace ensuring less confusion, misunderstanding, or errors. This bill is a carefully thought-out, initial attempt at reorganizing the defense of our Nation.

The current structuring of the Joint Chiefs of Staff has led to a type of crisis management. Service chiefs have been overly concerned with their individual services. When a crisis arises, each wants a piece of the action, regardless of the ability of their service to adequately meet the demands of the operation. Former Secretary of Defense James Schlesinger stated that the "existing structure assures that all (services) somehow will be fitted in, even if a service provides less than optimal forces for dealing with a particular crisis." By providing that the Chairman of the Joint Chiefs of Staff will be the principal military adviser to the President, H.R. 3622 has rectified the possibility that military forces, which really have no expertise in a particular battle situation, will

become involved merely out of an attempt to include everyone.

The current structure of the Joint Chiefs of Staff also encourages a committee mentality in the decisionmaking process. Testimony to the Armed Services Committee has indicated that many decisions by the Joint Chiefs are made after give-and-take sessions of bartering. Compromise is a cornerstone of the American legislative process, but has no role in the military decisions of this Nation. We must have concise, uncompromising advice being offered to our President in order for him to make objective decisions. This bill expedites such a procedure for advice.

By providing for a system that will eliminate "orphan" missions, this bill can also bring the defense budget under control. No longer will it be necessary for one service to seek the procurement of a weapon system because another service has placed a low priority on a mission that is crucial to the survival of the affected service. Examples abound in our present military system. Close air support, airlift, special operations, and land-based air defense are a few.

One of the most important measures in this legislation is the augmented role given to the unified and specified commanders, or CINC's. CINC's—commanders in chief of various military theaters around the world—play the most important role in the armed services regarding employment of forces and peacetime preparedness. However, under the current structure, they have a small, if nonexistent, role in advising and influencing military policy decisions. By making the Chairman of the Joint Chiefs the day-to-day supervisor of the CINC's, he will have a better understanding and cognizance of the scenarios faced in the individual theaters.

In conclusion, Mr. Chairman, the loss of one more American life is too much of a price to pay merely because we have failed to act on legislation that will remedy the inadequacies of such a cumbersome and tangled military advisory system. I urge my colleagues to support this legislation in hopes of creating a better method of advising our President on crucial issues that could involve our very survival.

Mr. HOPKINS. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. McCAIN].

Mr. McCAIN. Mr. Chairman, a number of years ago, during this debate, which seems to come up on us seasonally about what needs to be done to improve the Joint Chiefs of Staff, the late Senator Hubert Humphrey made a statement that I think is worthy of consideration by this body in considering this legislation.

Senator Humphrey said:

> Many of those who are proposing a change in our Joint Chiefs of Staff system apparently do not realize that such a change would do violence to the basic concepts on which this Nation is founded.

Senator Humphrey went on to say:

> I seriously doubt that those who so willingly condemn our Joint Chiefs of Staff system have analyzed the philosophy on which it is founded and the mechanism of its functioning. I doubt also if those who would so willingly desecrate the Joint Chiefs of Staff have ever contemplated the dangers of the Supreme General Staff concept which they advocate as a substitute. There is no middle ground between our American way—the Joint Chiefs of Staff system—and the Prussian way—a form of Supreme General Staff.
>
> It is my firm conviction that there has never been a greater example of the inherent genius of our governmental institutions than the American-developed Joint Chiefs of Staff concept.

Mr. Chairman, in my opinion, this legislation takes us in the wrong direction. It takes us toward increased bureaucratic staffs as the way we should go, rather than decreased.

I notice that this bill raises the limit or lifts the cap on the number of officers assigned to the Joint Chiefs of Staff; now 1,300, and was going to be even higher. I notice that this bill gives us yet another three-star assistant to perform duties which are already, in my opinion, adequately performed by the staff director and others. This bill is designed toward decreased authority for the combat commanders; instead we should be encouraging increased authority for the combat commanders.

We need meaningful, tough decisions on defense by civilian authorities with a full range of balanced advice. If we place more authority in the hands of the Chairman of the Joint Chiefs of Staff, less upon the other members; we then of course are bound to reduce the range of options and ideas that would be presented by others to the Commander in Chief.

Also, we forget, I am afraid, the Joint Chiefs are advisers; they are not commanders. The Chairman of the House Committee on Armed Services recently quoted from Lincoln:

> An army is better directed by a single mind, though inferior, than by two superior ones at variance and cross-purposes with each other.

That is true in battle. That is not true in policymaking. In policymaking, we need to hear all viewpoints and explore all the options.

The reason why this Nation has not fallen or succumbed to the siren song of the single chief of staff system is not because it would not be more efficient, I think an argument can be made that one person as the head of our entire armed services would be more efficient.

However, I would make the argument, Mr. Chairman, that history indicates that when that kind of authority and responsibility is devoted to one single chief of staff, the results are disastrous militarily when it comes time to fight wars.

The powers granted to the JCS Chairman under this bill, in my opinion, will also politicize the office. Instead of the military advice that is balanced, I think that he will have a tendency to say more of what he believes the President and the Chairman will want to hear.

There are a number of other points I would like to make, Mr. Chairman, concerning the addition of bureaucracies, and the reduction of authority in the direct role of the field military commanders, but I would also like to point out that a commission has been appointed, the Packard Commission; this is supposed to report their recommendations early next year.

Why is it that the Committee on Armed Services was in such a rush to judgment that they were unable to wait and listen to the advice and recommendations by the Packard Commission which I believe is eminently qualified? Why is it that the Committee on Armed Services failed to at least adhere to some of the recommendations made by a group headed by the Hudson Institute, which was made up of General Lemnitzer, Admiral Holloway, General Wilson, General Vogt, Russ Blandford, and others whose conclusions are directly at variance with the majority of the conclusions of this bill.

I think that this piece of legislation is ill-conceived, will have disastrous consequences for the military capabilities and the ability of this Nation to defend its vital national interests.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOPKINS. Mr. Chairman, I yield 1 additional minute to the gentleman from Arizona.

Mr. CHAPPELL. Will the gentleman yield?

Mr. McCAIN. I yield to the gentleman.

Mr. CHAPPELL. Mr. Chairman, I just want to associate myself with the gentleman's remarks. I commend him on a very careful, thought-through process and I commend the committee, on the other hand, for bringing to this body what they perceive, I believe, to have essentially the same intent; but I do not think we are going to acquire it unless we have some amendments that I hope will be offered on this bill, and I commend the gentleman for his very thoughtful remarks.

Mr. McCAIN. I thank the gentleman.

I would also like to say, Mr. Chairman, that I am not one who is here saying that the Joint Chiefs of Staff are perfect and are not in many ways inefficient and need to be improved. I think there is a compelling need for

that. I think that there are proposals and ideas which are about, and I hope many of them that will come from the Packard Commission they will serve as a useful blueprint for changes that need to be enacted.

As this legislation is presently crafted, I find it impossible to support it.

Mr. NICHOLS. Mr. Chairman, I yield 3 minutes to the gentleman from Washington [Mr. DICKS].

Mr. DICKS. Mr. Chairman, I want to commend the work of the gentleman from Alabama [Mr. NICHOLS], the gentleman from Missouri [Mr. SKELETON], and the gentleman from Wisconsin [Mr. ASPIN], for the excellent job they have done to bring this legislation to the House. I am proud to join them as a cosponsor of H.R. 3622.

The necessity of reforming the structure of the Joint Chiefs of Staff is apparent to anyone who has examined the formulation of our defense policy in any great detail. My interest in this issue had its genesis in the recommendations of former Chairman of the Joint Chiefs of Staff, Gen. David Jones, and former Army Chief of Staff, E. C. "Shy" Meyer. Based on their observations I asked the Library of Congress to examine our overall defense planning structure, including the issue of the proper role and structure of the Joint Chiefs of Staff. That report, U.S. Defense Planning: A Critique, by John Collins, concluded that structural faults in the Joint Chiefs of Staff produced a product that was not up to the job. It stated that:

> Past reports and most recent participants agree that output is spongy. Many JCS products represent the lowest common denominator, expressed in the least precise language, * * * Procedure commonly takes precedence over substantive content, which seldom is worth bragging about, often is ambiguous, and sometimes is almost absent.

What is it we are asking of the Joint Chiefs of Staff? In peacetime, we are asking them to provide professional, clear, timely, and concise advice to civilian policymakers on defense posture.

The key here is that we are not seeking a policy decision, we are seeking advice. Those with experience in the field have a unique perspective on the ideas of civilian policymakers. They can advise whether something is even doable. They can advise on the military principles involved. They can highlight problem areas. They can suggest alternatives. During our hearings in the Defense Appropriations Subcommittee we frequently get the most beneficial testimony when we ask military officers for their personal and professional advice. That is the kind of advice that the President, the Secretary of Defense and the National Security Council need.

Unfortunately the current system does not provide that advice. As Mr. Collins notes in his study:

> Pressures to appear harmonious, however, impede defense planning. The process moves like molasses in January. JCS action officers prepare drafts, then request concurrence (not simply coordination or comment) from opposite numbers on Army, Navy, Air Force, and Marine Corps staffs. Rewriting and recycling is the rule. Controversial papers repeat that process several times, seeking approval at four successive echelons. The Joint Chiefs themselves become "wordsmiths". Each service has almost a de facto veto over every issue at every stage of that exasperating process, which takes 18-24 months to complete for major plans.

Imagine what kind of advice we would get if our staffs had to all agree on every word in a memo to us.

In wartime, we ask the Joint Chiefs to act as the focal point for cooperative action by the various services. Unfortunately, the recent experiences of the *Mayaguez*, Desert One, and Grenada, demonstrate that individual services running on their own have undermined operational effectiveness and created headaches for the unified commanders.

Some who have examined this issue have concluded that the system is so bad that we should abolish the entire JCS structure. That the "dual hat" dilemma can never be resolved. That is the recommendation of a recent staff report from the Armed Services Committee in the other body. I am not sure that they are wrong, but I believe it is more prudent to take some more modest steps first to determine if they can resolve the problem before we take a leap into the unknown.

This legislation is drafted with this objective in mind. It is similiar to legislation which the House has passed on two previous occasions. It focuses on strengthening the role of the Chairman of the Joint Chiefs, the one military officer who can transcend service parochialism and fully concentrate on his joint responsibility.

The bill makes the JCS Chairman, rather than the full JCS, the principal military adviser to the President, the National Security Council, and the Secretary of Defense. It establishes a Deputy JCS Chairman to insure continuity. It strengthens the Joint Staff and makes it responsible to the Chairman. It allows the Secretary of Defense to streamline the chain of command by directing that it run to the combatant commanders through the JCS Chairman.

This legislation has been endorsed by a wide range of past JCS members and former Secretaries of Defense. It strikes a proper balance that will not only preserve, but will enhance civilian control. It is not a panacea, but it is certainly a step in the right direction. I urge its support.

□ 1410

Mr. HOPKINS. Mr. Chairman, if I may have the attention of the gentleman from Florida [Mr. BENNETT], is the gentleman seeking additional time?

Mr. BENNETT. I would like to get some additional time. Of course, the Member who wanted time has now left the floor. But I would be happy to have it. I am now put in the gentleman's hands. Whatever the gentleman wants to do. If the gentleman wants to yield some time, that is fine.

Mr. HOPKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. BENNETT].

The CHAIRMAN. The gentleman from Florida has 1 minute of time remaining which was previously yielded to him by the gentleman from Alabama [Mr. NICHOLS].

The gentleman from Kentucky [Mr. HOPKINS] has yielded 10 minutes to the gentleman from Florida.

The gentleman from Florida [Mr. BENNETT] is recognized for 11 minutes.

Mr. BENNETT. I certainly will not take 11 minutes, but I will be more at ease in the time to do it, because I knew in the time previously that I was very limited as to time. I had understood that it is not the fault of the gentleman from Kentucky, but I had been told that I would have an hour to distribute. I realized when I spoke before that I was not going to have an hour to distribute, as the Rules Committee had informed me through their staff that I would have.

Mr. Chairman, I would like to review now more leisurely how I feel about this bill. I have given a great deal of thought to this bill because it deals with a very, very important part of our national defense, namely, the Joint Chiefs of Staff and the Chairman of the Joint Chiefs of Staff. It is hard to find a more important area. But as far as the importance of this bill is concerned, it really is not all that important because it does not do a lot of good things that need to be done and it leaves undone a lot of good things that should be done.

So people can make big speeches about how important this bill is, but the truth of the matter is that the real problem about the existing situation is that there are too many layers of Government. The Department of Defense is confronted with that if we do not get rid of that.

I have an amendment which will try to get rid of those layers of Government which have to do with the command impact upon the soldier in the field.

Mr. Chairman, I have been a soldier in the field. I know what it is like to have confusing and multiplicitous arrangements above you, and the frustration that you have, the inability that you have to come to grips with the problem that you have before you because you have all these different current situations running around

that have an impact upon what you have to do.

You are told you have to obey your superior, but you are not quite sure who the superior is, he is not quite sure whether he is carrying out the views of the people that are above him. That really is not addressed in this bill. So there are things wrong with the Joint Chiefs of Staff, there are things wrong about the Chairman of the Joint Chiefs of Staff, but they are not corrected very much by this bill. It is not directed in this bill that the soldier in the field can expect to see clear, unequivocal leadership above him.

I have an amendment which tries to cure that. I would certainly hope that the committee, which does not really object to that point of view, may not object to the way in which I have drafted the amendment, but I will be glad to take an amendment to the amendment if something needs to be done about that. I would be happy to have that done.

The other thing that is very cardinal to this bill and very important to this bill is who ultimately runs the military. Well, our forefathers said it should be the Commander in Chief, who is the President of the United States. They wanted to leave it in the hands of civilian authorities. Well, if we use the language of this bill before you today, who is going to do it? It is going to be the Chairman of the Joint Chiefs of Staff? He is given the ability to cut everybody else's comments off. He does not even have to take a majority view. He can take his own view. He may have a view that is different from anybody else's views. I have known some interesting people in my lifetime. I knew General Bradley well, I knew General MacArthur well, and I knew a good number of other generals well even though I was not a very high ranking official. But I did know them well.

I want to say to you that military men make mistakes like everybody else makes mistakes. Also, I want to tell you something else about military men: With most military men that I have known at a very high level, like General MacArthur, there is only one way to go up, and that is to win a battle or to win a war. But how about the Commander in Chief, the President of the United States? There is a way for him to go up which is to have peace successfully with security, without even having a battle.

There is an entirely different emphasis. In other words, you have a man in our Constitution, the Commander in Chief, President of the United States, a civilian who is given the authority to make these basic decisions about this matter. It is written there in the Constitution he is to do it. This law that is about to be chosen today, unless we amend it, would allow that Chairman of the Joint Chiefs of Staff to express his opinion about what it is that should be done. There is no compulsion on anybody below him in the Joint Chiefs of Staff to do anything about giving a contrary view if such a view exists.

Another amendment I have is an amendment which says that when there is a dispute, final dispute, that the people in the final dispute have to convey that to the Secretary of Defense and to the President of the United States. Otherwise, the President would not even know there is a dissent. He will not have a judgment.

So when you really get down to it, you have a problem of who is going to decide when there is a controversy. Who is going to decide? Do you want a general to decide (with all his values and achievements in the world measured by whether he won a war or won the battle) or do you want a President, a civilian, to decide, whose major objective is not just to win a battle but to win a peace, to see that there is no war, to see to it if a war is waged it is a last-ditch requirement that we have to go to war?

So it is a major change that is being made in this bill which is a very negative change. That is what worries me. I do not think in 1985 that the majority of the American people want to establish a new system changing our forefathers' observations about this, to decide that the decision shall be made by a man in uniform rather than the Secretary of Defense or Commander in Chief; namely, the President. Now those are the major things that I have that I differ with regard to this bill. There are other things.

One thing: How ridiculous can it be to say that this staff, which is already 1,000 or more people and technically, there are only 400 on the staff, but there are many others, hundreds of others—to say that the staff can be unlimited, it can be as big as you want it to be. Who in the world would think that was something we ought to do in 1985, increase the staff level of the Chairman of the Joint Chiefs of Staff? The gentleman from California [Mr. DELLUMS] has an amendment on that. It is a good amendment. I probably will eventually agree to that one rather than the one I have introduced myself, when the time comes. If he wants to do that, he has a good amendment.

Then there is this thing about laying another level of bureaucracy with regard to procurement. Who in the world needs another procurement level? My goodness, how many do we have? We have them running out of our ears. We have the Appropriations Committee, we have the authorization committee on both sides of the House; you have committee after committee. You have the Budget Committee. Sometimes I feel like the Budget Committee does all that Congress used to do. I came here nearly 40 years ago, and we used to decide things in committee 40 years ago. But now we have to think twice because, after all, the Budget Committee has got to make an overall umbrella on this matter, and they can do what they desire about cutting off COLA's or doing whichever thing they want to do.

You may not really want the ultimate product, but you are all caught up in a great big thing like we had with that 1981 tax cut, where you do not really know what is coming. You print on law addresses and telephone numbers of the girlfriends of members of the staff, stuff like that, in the 1981 act. An absolutely absurdity. If you ever read the bill—well, you could not read the bill, there was no time to read the bill, a thousand pages or more, and we did not have time to read it.

So that is the kind of legislation we are doing in 1985? I say to you I come here as a friend of the objectives of the committee, a friend of the objectives of the committee; but nevertheless an enemy, a fierce enemy of turning any more power over to the military. I am a fierce enemy of that. This country was established with the idea that civilians ought to run it. We run a grave danger to have the legislation as it now exists today. If it comes forth in that form without an amendment, I certainly would expect a vote against it. There has never been, in my almost 40 years of Congress, I have never had a more clear-cut decision to make, a decision to make on whether you want to turn over to the military the decisions which are properly made by the civilians of our country.

Mr. Chairman, I yield back the balance of my time.

Mr. NICHOLS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. DELLUMS].

Mr. DELLUMS. I thank my distinguished chairman for yielding to me.

Mr. Chairman, first of all I would like to point out that I am in agreement that the organization of the Joint Chiefs of Staff needs reform. The issue that I raised in the full committee when this issue was debated and acted upon in the Committee on Armed Services was that I do not agree that the Chairman of the Joint Chiefs of Staff should be elevated in political stature. It is, in my humble opinion, Mr. Chairman, in the aggregate of the measure which enhances the Chair of the Joint Chiefs of Staff which, in my estimation, called into question and raised great danger with respect to a very important doctrine that we have operated upon in this country. That is the issue of civilian control of the military.

For example, in section 2 we make the Chair of the Joint Chiefs of Staff the principal military adviser. That

may or may not be the best thing to do.

In section 4, we place the Chair of the Joint Chiefs of Staff in the chain of command. One can argue that that would be a good thing to do. But when you couple the Chair of the Joint Chiefs of Staff being placed in the chain of command, becoming the principal military adviser with the provisions in section 10, that is the aggregate that I am talking about that raises the question of the civilian control of the military.

For in section 10 what we do is to mandate the attendance of the Chair of the Joint Chiefs of Staff at all meetings of the National Security Council and require that person to participate fully in all the deliberations, military or otherwise.

Mr. Chairman, it seems to me that that begins to raise a number of very, very serious questions and communicates a set of ideas that I do not think at this particular fragile moment in the evolution of life in this country and on this planet that we ought to be communicating. That is, militarization, further militarization of our foreign policy and politicizing our military, raising the question of whether or not we move beyond the concept of civilian control of the military.

Current law, Mr. Chairman, I would remind my colleagues, is that the Chair of the Joint Chiefs of Staff is allowed to attend the meetings of the National Security Council. He is there at the invitation of the President or the President's surrogate; namely, the Secretary of Defense. His military advice is always, and I underscore "always," available to the National Security Council.

There are a number of questions that this gentleman has with respect to section 10. I would not take the time of my colleagues at this particular moment to enunciate those problems. I would do that under the 5-minute rule.

□ 1425

But I would simply take the time to say that at the appropriate point in the proceedings, this gentleman will offer an amendment to section 10. The practical effect of that amendment would be to return us to current law, removing this gentleman's objection.

I would like to point out that one of my distinguished colleagues on the other side of the aisle, who is also a very diligent and hard-working member of the Armed Services Committee, also has some concerns with respect to section 10.

The gentleman and I have both been working this matter. The amendment that the gentleman from California will be offering is an amendment that my colleague, the gentleman from virginia [Mr. BATEMAN] is also in agreement with; so if the gentleman has no problems, I certainly have no problems with it being referred to as the Dellums-Bateman amendment. I think that would be fantastic and historic, in that: First, we would win an amendment; and second, it would be bipartisan.

Mr. Chairman, with that statement, I would like to conclude just on one additional note and raise this issue, and I shall not offer an amendment with respect to this, but there have been a number of statements here that lead people to believe that to enact this particular legislation will save us money by removing redundancy in the military, redundant weapons systems, planes, missiles, et cetera, because by enacting this legislation we would remove parochialism and we would remove interservice rivalry. I am not quite naive enough to believe that that would happen, but I believe that where you can stop redundancy is where we, the Representatives of the people, decide that we would not authorize and appropriate funds——

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has expired.

Mr. DELLUMS. Mr. Chairman, I would ask my colleague, the gentleman from Kentucky [Mr. HOPKINS], would he yield me an additional 2 minutes?

Mr. HOPKINS. Mr. Chairman, I yield the gentleman 2 additional minutes, and I will ask the gentleman if he will yield on one point. I will be glad to get him additional time if he needs it.

Mr. DELLUMS. Mr. Chairman, I am pleased to yield to the gentleman from Kentucky.

Mr. HOPKINS. I think the gentleman is bringing up some points that ought to be brought up, Mr. Chairman, and probably will be corrected in amendments and as we go along with this. However, there is one point that I think needs to be clarified.

The gentleman had an amendment in committee. The current law says that the Chairman may attend the National Security Council meetings, if I am correct on that. But the law, the way it is written that is now before this body, would make it mandatory; is that correct?

Mr. DELLUMS. That is correct.

Mr. HOPKINS. The gentleman offered to change that in committee, and I supported him on that, as did the gentleman from Virginia [Mr. BATEMAN], I think for very good reasons. It failed in committee. I think it is going to be accepted, however, on the floor today by both sides of the aisle. It just seems to me that if the President wants the chairman there, it would be very difficult for the Joint Chiefs of Staff chairman not to attend. But in the event—and I think it is the thrust of the gentleman's original amendment—that the President did not want him there, the President ought to have that option also.

I just wanted to clarify that point for the gentleman.

I yield to the gentleman from California [Mr. DELLUMS] 2 additional minutes.

Mr. DELLUMS. I thank the gentleman for his generosity.

Mr. Chairman, the gentleman is absolutely correct.

To conclude the few brief remarks I was making with respect to the issue of redundancy, I will simply say to my colleagues that while I agree that we must reform JCS, and while I agree that we must begin to save significant billions of dollars by stopping this incredible waste of redundant weapon systems, et cetera, I do not believe that that will be obtained simply by passing a piece of reform legislation. It is only when my colleagues are willing to address the fact that we have the responsibility here in this body to stop authorizing and appropriating funds for redundant weapon systems will we finally nail down that issue and save people billions of dollars.

To summarize, Mr. Chairman, I agree that we cought to have reform to the JCS organization. I disagree when I begin to believe that we elevate the chair of the Joint Chiefs of Staff in a political context, and in the aggregate of section 2, section 4, and section 10 I think we thwart the will of the American people to sustain civilian control of the military. How I try to challenge that is to offer an amendment to section 10 that would take us back to current law. If we do that, the gentleman from Virginia [Mr. BATEMAN] and myself will be very pleased, and I think we will have removed a significant objection to this legislation.

I thank my colleague for his generosity.

Mr. HOPKINS. Mr. Chairman, I yield 2 minutes to the gentlewoman from Tennessee [Mrs. LLOYD], a member of the committee.

Mrs. LLOYD. I thank the gentleman for yielding time to me, and I certainly rise in support of this legislation.

I congratulate the gentleman from Alabama [Mr. NICHOLS], as well as our committee chairman, the gentleman from Wisconsin [Mr. ASPIN], the gentleman from Missouri [Mr. SKELTON], and the ranking minority Member, the gentleman from Kentucky [Mr. HOPKINS] for introducing this legislation and moving it to the floor.

I rise in support of this bill and I am proud to be a cosponsor. This legislation offers the real opportunity to implement "top-down" defense strategy and relayed resource planning. By making the Joint Chiefs of Staff [JCS] Chairman the Principal Military Adviser to the President with cor-

responding responsibilities, it would allow the United States to devise a comprehensive military strategy. Such a strategy should lead to a tailoring of our force structure primarily toward the most important national defense objectives. If this legislation achieves the desired effect, we will no longer be arguing the pros and cons of a 600-ship navy, or an 18-division Army, or a 40-wing Air Force. We have heard a lot of sensational coverage of the various procurement and spare parts abuses and Congress has responded with reforms in the fiscal year 1986 DOD authorization bill. Yet, this legislation, in a quiet, constructive way, could lead to much greater savings through the achievement of a genuine Department of Defense budget which will not be a simple aggregate of the individual armed services budgets.

In terms of the critical need for the President to get the best military advice, this bill would make the JCS Chairman a day-to-day supervisor for the unified and specified commanders so we can avoid individual service vetos of valuable advice from the joint staff.

The most remarkable fact about this legislation is that, even if it is soon enacted into law, it will have taken over a quarter of a century to achieve the consensus for this needed reform. This bill provides the President with the tools to implement a more rational mechanism for defense policymaking and I urge my colleagues to vote for this truly constructive reform.

Mr. HOPKINS. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Chairman, there is an old adage that the only thing more difficult than getting a new idea into the military mind is getting an old idea out.

This issue is an excellent example of it. Were common sense to have prevailed and recommendations to have prevailed at the time they should have, back in the 1945-46 era, had President Harry Truman's advice been adhered to when he sent the messages to Congress, had some 30 studies since 1944 been heeded, had the advice and recommendations of some several Secretaries of Defense and outstanding military leaders of all services been followed, we would not have to be here today.

We are here today, in essence, to do what was not done in the 1947 law, which came about initially as a result of President Harry Truman making his recommendation.

Let us go back and see what the real issue is today. As a result of law that was adopted in 1947, corrected in 1949, corrected again in 1953, and again in 1958, at the behest of Harry Truman, Harry Truman and Dwight Eisenhower and Dwight Eisenhower, in that order, we are at the point in the law where we have a Joint Chiefs of Staff whose main duty is as they sit as Joint Chiefs of Staff to give military advice to the President and to the Secretary of Defense. Of course, when this happens you have the Joint Chiefs of Staff, all of them on an equal plane, the Chairman really having less staff support by far than the others, he is first among equals, and as a result of that, you have watered down, diluted or Pablum-like advice.

It has already been mentioned that some Presidents did not receive kindly or well the advice that was given by the Joint Chiefs of Staff, or ignored it. The purpose for them to be there was to give advice, and yet there was a failure. And why is this? Because of interservice rivalries which caused everyone to want a piece of the action and, as a committee system, to cause what is often termed as a log-rolling, everybody gets their piece of the action. As a result, it is not timely, clear, and concise at all times. We are trying to correct that, and we do. We do not destroy the Joint Chiefs of Staff, although there are those who have advocated it and, at a time, I did.

We keep the Joint Chiefs of Staff. And, as you know, the Joint Chiefs of Staff, with the exception of the Chairman, has two jobs, one job is that of being a member of the Joint Chiefs of Staff, which gives this committee consensus advice, and the other, of course, is running the services, the Army, Navy, Air Force, and Marines.

They wear two hats. As a result of wearing these two hats, it is difficult in the morning to wear the hat of the Chief of Naval Operations, for instance, make a difficult decision, and then go together that afternoon and undo that decision in the forum of the Joint Chiefs of Staff.

There is also a conflict of time. Just running a service, historically, before the Joint Chiefs of Staff system was originated, just running the service was a full-time job, and now you throw this onto them. As a result of all of those conflicts, you have the type of advice which often has not been heeded by the President or the Secretary.

We elevate the Chairman and give him the right to make clear and concise and timely decisions.

In the past, there have been instances when, since there was not full agreement among the Joint Chiefs of Staff, nothing came from them in the way of advice. That cannot happen now. We have a Chairman who will give advice and, of course, the other four have the right to dissent to the Secretary and/or to the President.

This is a terribly important situation. This is not the same world in which we found ourselves prior to World War II. World War II brought a revolution in the way of military warfare because it became joint. You had naval and land and air operations.

Let me quote former President Eisenhower:

> Separate ground, sea and air warfare is gone forever. If ever again we should be involved in war, we will fight it in all elements, with all Services, as one single, concentrated effort. Peacetime preparatory and organizational activity must conform to this fact.

Mr. Chairman, Dwight Eisenhower was so correct when he said that. We have a situation where we must in times of war fight jointly, in times of peace prepare to fight jointly.

Mr. Chairman, it is impossible to be successful and fight jointly if you do not think jointly, if you do not plan jointly and if you do not train jointly ahead of time. That is what we are doing today, to create that atmosphere where clear, concise, definitive advice for the joint operations can come to pass.

Mr. Chairman, I am convinced that this legislation is the most important legislation regarding national defense that we will take up and pass into law this decade.

I wish to look at the history, very briefly, because history tells us a great deal.

□ 1440

We did not have a Joint Chiefs of Staff until forced to, as a result of the Arcadia Conference in December 1941, January 1942, until we created the Joint Chiefs of Staff to match the efficient British organization that they had. After World War II, President Truman made his recommendations and Gen. Lawton Collins' plan was put forth which has many of the elements that we have in this bill that were not adopted at that time. It was not adopted in the Navy and its opposition, not then, but at a later time also, created an atmosphere where we were not able or this Congress was not able to create a strong, single military adviser.

We are doing today the work that should have been done then but things have gone on and there have been changes, as I mentioned before, in 1947, 1949, 1953 and 1958. We have also, and this is the third time we have taken this issue up in this body. Similar legislation passed in 1982 and again last year as part of a Department of Defense bill. We are making the JCS Chairman the principal military adviser. We are streamlining the national military chain of command. We are giving a deputy to the Chairman because that important position is one that causes him to do such a great amount of traveling, and there must be continuity during those times.

We are correcting a problem giving the amount of staffing that they need on the Joint Staff and making the Joint Staff responsible to the Chairman rather than to the various serv-

ices. We are establishing continuity and experience and also establishing a promotion pattern for three and four star generals reflecting the joint service that they have done. This Joint Staff also is to be independent in its character.

We also establish a situation where the Chairman is the supervisor of the commanders in chief throughout the land and throughout the world. It has been mentioned before that this should not be changed. And that we should not rush to judgment. Mr. Chairman, we have been working on this since 1982. We have passed it and debated in this body on two other occasions, and we have sent it to the Senate. The Packard Commission, though it is very commendable that it is appointed, is not mentioned in the Constitution of the United States; the Congress is mentioned. We are the ones who are responsible for raising and maintaining the armies and the navies of our country. We are the ones who are responsible for making sure that they have the structure to defend their interests efficiently and fairly.

There are some problems with today's system. Today's system fails to provide the quality of military advice needed by civilian senior officials such as the President and as the Secretary of Defense. There have been problems historically coming from the Joint Chiefs of Staff committee or conference system. One during the SALT II era caused the Joint Chiefs of Staff to be totally consumed with that and have little time for other things. The maritime issue versus continental strategy. This strategy of debate is one that has not had a champion within the Joint Chiefs of Staff and as a result has been ignored but it is terribly important to our future.

Other issues that have not been dealt with on the Joint Chiefs of Staff because of the system that we have are counterterrorism, because the role of the Chiefs is not clear. The issue of sealift-airlift; there is no one spokesman among the services in the secondary role played by the commanders in chief because the service chiefs control the resources through which these commanders in chief are the war fighters. These are important problems.

The gentleman from Florida set forth three objections; I would like to look at them. In the first, he refers to the point of view of the fighting soldier. I would like to look at it through the eyes of the fighting soldier too. We have people by the name of Maxwell Taylor, Shy Meyer, and David Jones, all proven combat leaders. We know Maxwell Taylor's well-known World War II exploits. General Meyer was awarded two Silver Stars, in Vietnam. General Jones had over 300 hours in combat missions over North Korea. That is through the eyes of the fighting soldier.

The gentleman from Florida also raises the issue of the effect on civilian control. That is the purpose here. The purpose is to give the civilian leaders, the Secretary and the President are given clear and concise military advice so they, the civilians can make clear and concise and determined decisions.

Who are those who ask for this renovation? They are the civilians who have been there. Names like Melvin Laird, James Schlesinger, Harold Brown; that is where it comes from. The gentleman from Florida also refers to the effect of the Joint Chiefs of Staff reform on procurement problems in the full committee. A couple of years ago former Secretary of Defense Robert McNamara estimated a 5-percent savings in the budget should there be a proper revision of the Joint Chiefs of Staff through legislation.

I think that what we are looking at is something that is positive and something that will serve our country well. The old adage has been used, "If it is not broke, do not fix it." People from Harry Truman all the way to today say it has been broken and does not work as well. Those who were involved in Desert I, all the way to those who were involved in Grenada say it does not work as well as it should. Over 30 studies since 1944 say it does not work as it should.

It is terribly important that we fix it; this is the opportunity to do so. The climate in the U.S. Senate is such that it can be fixed permanently and that we can have a meaningful change and meaningful advice and better clear-cut civilian control as a result of this.

Mr. Chairman, George Washington once said that the only way to ensure peace is to have an Army that is ready to fight. This, Mr. Chairman, will create a better law and a better atmosphere so that we can be ready to defend our interests.

Mr. HOPKINS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. I thank the gentleman for yielding me this time.

Mr. Chairman, I appreciate the opportunity to address this subject in more depth. I notice that our committee staff apparently has been very busy in the last few days getting cosponsors of this bill. So much time, I am afraid, has been devoted to getting people who have never seemed to be interested in defense to sign on this bill that probably nobody has bothered to read the views that the gentleman from California [Mr. DELLUMS] and myself offered in opposition to the legislation. There are two points that need to be stressed which have not been stressed except in the very eloquent remarks of the gentleman from Arizona [Mr. MCCAIN] who addressed the body some 25 minutes ago.

□ 1450

The major concern that I have with respect to this legislation is that it assumes that there is something bad about having differing points of view with regard to military strategy. If the Navy, concerned about operations on water, and the Air Force, concerned with operations in the air, have different ways of dealing with an enemy force, there should be no complaints about that. We do not all have to share the same views. Yet the major complaint that the authors of this legislation have repeatedly pushed is that there is too much controversy in the Joint Chief: they do not all agree.

Well, they should not all agree, and as I tried to say before my time ran out in the previous incarnation, we get legislation done here in the Congress by considerable controversy, by diversity, and certainly we ought to recognize that what in World War II was there was also a good deal of controversy. That was the last war that we actually won.

In the histories that have been coming out recently—and particularly in connection with the Pacific campaign, "Eagle Against the Sun" and "The Pacific War"—we are told that there were serious differences of opinion between Admiral King, the commander of the Navy, and General MacArthur. And Admiral Nimitz, in Honolulu, was reluctant to provide in the South Pacific General MacArthur with any of his aircraft carriers to cover the landings in New Guinea. Yet in spite of all of those controversies, we won. In fact, President Roosevelt toward the end of the war had to fly out to Hawaii to settle a dispute as to whether we ought invade the Philippines or land in Taiwan or Okinawa.

The idea that you only can get effective military judgment is by everybody having the same idea is totally not correct.

The other thing that I think has emerged in this debate is that you never get exactly what you want in war or in a military operation. It was Clausewitz who said that there is a "fog of war." And while I do not pretend to be any expert in operations of a military nature, I know that in the invasions I was involved with, something always went wrong. I know that in the invasions I was involved in in World War II, something always went wrong, contrary to plan.

In this debate we are told that because some radios did not work in Grenada, we should knock out the JCS. And the gentleman from Missouri [Mr. SKELTON] was recounting some other things that had gone wrong somewhere else. There is not a single military operation that does not get

chewed up in some way, and that is because of the "fog of war." For us to assume that because there are tactical errors somehow the Joint Chiefs of Staff are responsible for that we ought not to assume that because there were mistakes in one operation it means that the entire overall hierarchy of military advice is inadequate and dangerous.

So I would hope that we would remember that there is a lot to be said for diversity, as the gentleman from Arizona [Mr. MCCAIN] pointed out, and the more opinions that we can get and the greater number of people who are willing to contribute points of view, the better the military operations are going to be in the future. Let us not just pretend that it is all the fault of the Joint Chiefs of Staff.

The CHAIRMAN. The time of the gentleman from New York [Mr. STRATTON] has expired.

Mr. HOPKINS. Mr. Chairman, how much time do we have remaining on this side?

The CHAIRMAN. The gentleman from Kentucky [Mr. HOPKINS] has 24 minutes remaining.

Mr. HOPKINS. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. HUNTER], a member of the committee.

Mr. HUNTER. Mr. Chairman, let me start out by saying that the proponents of this measure are friends and colleagues on the Committee on Armed Services and leaders whom I have great respect for, and I voted for the measure in committee.

I have a couple of problems with it, and the problems are not complicated problems. They do not go to some of the technical situations that have been discussed here, but they go to the basic makeup of our democracy and the way that the President handles military actions, and I think they need to be addressed.

We elect Presidents in this country largely on the basis of their instinctive capability, of their capability in a situation, whether it is a military situation, foreign policy, or economic, to have the right instincts and, after they have been given the facts by the experts, to make the right choices.

We have a problem in the military in that you have a chain of command, and sometimes you have to follow the chain of command and we see soldiers and sailors and marines falling into the line with the choices that their leaders have made, but in one situation with regard to the Joint Chiefs, who are not in the chain of command, you have a situation where the President of the United States can sit down and listen to a number of divergent military views. He can listen to the argument and he can make the right decision, after having an opportunity to listen to all sides of the argument.

You cannot give better quality to the advice of an individual by making him a chairman. The President needs somewhere along the line to be able to listen to those divergent military views on a very critical matter and to be able to pick the right one.

Ronald Reagan has great instinct. When we saw the arguments between the White House advisers early in his career we said, well, this means that there is a problem because there appears to be disruption in the White House, there is not harmony.

We found out later on that the so-called disunity was actually Ronald Reagan's strength, because he, as the President of the United States, like a lot of Presidents who went before him could listen to people argue, and then invariably make the right choice. For that reason, even though I voted for this bill in the committee, and I have the greatest of respect for my leaders and my colleagues who put this thing together, I have a problem with excluding from the room—even though I know the President can call up the advice of others, but the President can call us up if he wants to, and not many Members here have had a call from him lately—that advice that maybe the Marines or the Air Force or the Army had that the President never got to act on because he never got to hear it, because one leader came in and said, "This is what your plan is, Mr. President;

I understand the President can go to other people, but I think as a matter of reality that is not going to happen.

Mr. MCCAIN. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to my friend, the gentleman from Arizona.

Mr. MCCAIN. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from California [Mr. HUNTER].

I believe there is something that is crucial in considering this legislation, and that is this: Are we going to politicize the office of the Chairman of the Joint Chiefs of Staff?

One of the greatest strengths of this Nation over its 200-year history is that we have had a clear separation between the military and the civilian government, and those in the military have always served as advisers, giving, in my opinion, their honest and frank advice. If we, either knowingly or unknowingly, give an increased amount of power or in this case, an inordinate amount of power to the Chairman and thereby cause a politicization of his office, can we guarantee to the American people that we will enjoy the privilege or the historical relationship of separation between military and civilian that we have thoroughly enjoyed? Or will we, by enacting this legislation, destroy that fragile relationship, which could have led to a very serious halt for our national security?

Mr. HUNTER. Mr. Chairman, I thank the gentleman from Arizona.

Mr. HOPKINS. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon [Mr. WEAVER].

Mr. WEAVER. Mr. Chairman, this is an historic bill, a bill of the greatest significance in the history of our country. I rise not to criticize this bill so much as to deplore the historic trends that have become the driving force for the bill.

First, I want to commend our distinguished colleague, the gentleman from Missouri, Mr. IKE SKELTON, and his colleagues on the Committee on Armed Services, the gentleman from Alabama [Mr. NICHOLS] and the gentleman from Kentucky [Mr. HOPKINS], as well as the other members of the committee, for doing the best they can. A condition exists, and they are acting to remedy it.

□ 1500

Our colleagues in the committee are doing this with dedication and with the best interests of our country in their hearts.

So I do not so much address the bill as I do the position our country is in when I say that to put so much power in the hands of a single military man is a tragedy, a tragedy of our times. Modern warfare, modern technology and our country's global commitments have forced upon this military Caesar.

How much better it has been for our Republic to have had separate services, to argue policy among themselves and each to have direct contact with our civilian leaders. Now with one person as military Commander in Chief, it bodes great dangers for our Republic, not I want to say because of the human individuals who may fill this office, they are honorable men; it is the office itself and the new means of operations which is a potential threat to our constitutional form of government.

Ancient Rome drew its military forces from its citizenry, its yeoman farmers. As Rome grew more wealthy, more powerful and its reach extended throughout the known world, its military offices became narrowed, its armies professional, and they served at the pleasure of a victorious Caesar, and the Roman Republic vanished to become Imperial Rome.

Mr. Chairman, as a Navy man, I love our Navy, but I respect and admire our Army and Air Force as well. I only wish the times were such that they could remain under their own commands. My heart is saddened by what our world has come to and what we are forced to do.

Mr. HOPKINS. Mr. Chairman, I yield 4½ minutes to a member of the committee and an outstanding Member of Congress, the gentleman from New Jersey [Mr. COURTER].

Mr. COURTER. Mr. Chairman, I thank the gentleman from yielding.

I would like to congratulate the chief authors and sponsors of the bill, the gentleman from Missouri [Mr. SKELTON], the gentleman from Kentucky [Mr. HOPKINS], and the gentleman from Alabama [Mr. NICHOLS].

I do not think this is the most important and monumental piece of legislation that we are ever going to pass. I do not think it is going to solve all our problems, but I do think it is an appropriate step in the right direction, and I say so for a couple of reasons.

First of all, the main thing the bill does, obviously, is to make the Chairman of the Joint Chiefs of Staff the chief military adviser to the President of the United States and gives him a deputy. It does not in so doing, as has been implied by a number of people, make him a czar. It does not in so doing prohibit other chiefs of the services from giving their military advice when they think it appropriate. It does not mean that the services together have to speak with one voice, that there cannot be a rich dialog of opinions and decisions. It does not do those things at all.

What the bill does do is to cut through a lot of red tape. I relate to a conversation I had with one of the prior Chairmen of the Joint Chiefs of Staff and he said that in any given calendar year the Joint Chiefs had to make 2,500 decisions.

He said, "At the present time because not one of us really is in charge, all five of us have to arrive at a common decision with respect to 2,000 decisions."

Anybody who knows bureaucracy, anybody who knows the difficulty of getting five people to agree on two or three things a year, must obviously be upset about the fact that these important people, charged with high responsibility, have to get together 2,000 times a year and make important decisions together that many times. It does not mean that those decisions are not important, but it does mean that of those 2,000 decisions the Joint Chiefs make on an annualized basis, probably 50, 10, maybe 100 are of paramount significance that require everybody together to thrash their ideas out.

Under the present setup, that is impossible. Everybody has to agree. They arrive at the lowest common denominator and everybody has to be involved in those 2,000 decisions.

So if you want to streamline the process, if you want to free up time of members of the Joint Chiefs of Staff so they can channel their energies into the 100 important decisions they make each year, this then is a proper and modest step in achieving that.

Also, everybody in this body, I think, with no exclusion, no exception whatsoever, those people who are in favor of the legislation, those people who are opposed to the legislation, recognize the fact that we have to have joint operations, recognize the fact that jointness is important; but also recognize the fact that sometimes individual military operations do not require jointness. Sometimes there is a naval operation. The *Achille Lauro* operation was handled very well by the U.S. Navy. The Marines were not required. The Air Force was not required, and so forth.

It seems to me that too often when we engage in a military operation and we have the present setup of the Joint Chiefs of Staff and you have each one of the Chiefs has a great deal of leverage in guaranteeing that their branch of the services get a piece of the action.

The legislation is not a perfect piece of legislation, but it will increase jointness. It will reduce the lowest common denominator syndrome and will expedite the decision process.

I thank the gentleman for yielding me this time.

Mr. WIRTH. Mr. Chairman, as a cosponsor of H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985, I rise in support of this very important legislation.

Mr. Chairman, reorganizing the Joint Chiefs of Staff [JCS] would bolster our fighting forces, encourage a more rational approach to weapons procurement, and save billions of dollars wasted on unnecessary or redundant military purchases.

The current JCS method of providing military strategy and procurement advice to the President and the Secretary of Defense produces poor strategic and economic policy. The Joint Chiefs—the heads of each military service, including the Marine Corps—act by committee. In determining budgets and strategy, they dilute their final recommendations to accommodate the needs and desires of each individual service. The result, as our colleague LES ASPIN, chairman of the House Armed Services Committee, has noted, "is that the formal military advice given to the President and Secretary of Defense is little more than watered-down mush, the product of endless compromise by the services."

The services, out of concern for their own strategies and resources, fail to recognize redundant weapons development and procurement. They ignore the need for integrating their mission capabilities so that they complement each other, rather than get in one another's way.

To protect this system of parceling out defense budgets and responsibilities, the services have opposed efforts to strengthen the role of the JCS Chairman. They have limited him to announcing the compromise decisions churned out by the Joint Chiefs.

The Chairman does not even have a staff of his own through which he can pursue questions of integrated military strategy and procurement, with a view toward streamlining and improving our defenses. At present, the Joint Staff is simply an appendage of the parent services. Because the power of promotion remains with the services, officers are compelled to remain loyal to their respective services—to parochial interests—rather than look to ways of improving interservice cooperation and military cohesion.

The result of his parochially based structure is obvious. As new defense proposals are channeled through the JCS and the Joint Staff, they lose their emphasis on military punch and efficiency and begin to take on the look of pork barrel projects. Defense analyst Edward Luttwak cites the case of the Rapid Deployment Force [RDF] as an example of this phenomenon. The Carter administration commissioned the JCS in 1977 to design an RDF, primarily for use in the Persian Gulf. Given the expeditionary nature of the force and the fact that it was to depend on amphibious assault and sealift capabilities, the Marine Corps seemed like the logical candidate to take on this new specified command. After 6 years of deliberation, the JCS finally released an RDF blueprint that turned the force into a unified command, equitably dividing the command positions among all of the services and placing the RDF under the command of an army general. While equity is certainly a laudable goal in some instances, it wreaks havoc on the smooth and decisive operations of military units. The reconfiguration of the Rapid Deployment Force soley on the basis of resource allocation among services—and not the matching of military objectives with appropriate expertise and resources—is a sure prescription for military disaster.

H.R. 3622 would begin the long overdue process of reforming the JCS to encourage service interaction and mission effectiveness. To achieve command reform, this legislation would: First, make the JCS Chairman the principal military adviser to the President, the National Security Council and the Secretary of Defense; second, render the Chairman legally responsible for duties now performed by the JCS; and third, streamline the national military chain of command by directly linking the JCS chairman with combatant commanders. Amazingly, our commanders now receive their direction—which should be swift and unequivocal—from a committee, the JCS, that hashes out compromise decisions.

H.R. 3622 would also give the Chairman direct control of the Joint Staff, permit officers to serve extended tours in Joint Staff positions, and make them eligible for promotions based on their performance in joint military assignments. Upon enactment of the bill, the Joint Staff would be clearly chartered as an independent organization designed to support the Chairman and the JCS in providing for unified strategic direction of our combatant forces.

The benefits of implementing the Joint Chiefs Reorganization Act would be twofold. First, it would dramatically improve service and mission coordination. In 1958, President Eisenhower wrote:

Separate ground, sea, and air warfare is gone forever. If ever again we should be involved in war, we will fight it in all ele-

ments, with all services, as one single concentrated effort. Peacetime preparatory organizational activity must conform to this fact. Strategic and tactical planning must be completely unified, combat forces unified into unified forces, * * * singly led and prepared to fight as one, regardless of service.

The RDF episode I mentioned before illustrates how far we are from Eisenhower's vision.

A single military adviser with a unified and devoted staff would be better equipped to determine a sensible, unalloyed military strategy than would be the JCS in its present form. He would also be in a better position to judge the relative merits of weapon systems and determine whether their development would be redundant or strategically useless.

The JCS has already proven its inability to weed such weapon systems from its budget requests. A case in point was the Air Force's refusal to develop planes that could provide the Army with close air ground support until the Army sank billions of dollars into the development of close air support helicopters. Only then did the Air Force see lucrative opportunities in developing the A-10, a plane designed for close air support.

A unified military command concerned with force readiness would also pay closer attention to broadening our focus from repeated investment in new weapons to investment in basic armaments, equipment and spare parts. The JCS preoccupation with new weaponry has led us, for example, to spend $2.6 billion on new attack submarines but not enough on torpedoes to fully arm them. It has forced us to fill the racks of expensive new fighter aircraft with World War II era dumb bombs.

The JCS reform emphasis on stripping away redundant or useless weaponry and restoring the balance between new investments and readiness would have a real impact on defense spending. Stuart Symington, our distinguished former colleague in the Senate and the first Air Force Secretary, has estimated savings from JCS reform of as much as 30 percent of the defense budget. These savings could be diverted to other defense needs, such as improved equipment for our troops, or toward reducing the staggering budget deficits that threaten the economic—and therefore national—security of our country.

Mr. Chairman, in supporting JCS reform, we do not impugn the motives or the performances of the officers serving the U.S. military. Our colleague in the Senate, SAM NUNN of Georgia rhetorically asked if the problems we confront in the JCS result from having inadequate people in the JCS and Joint Staff. I echo his answer of, "No, emphatically no. We have excellent people in those positions."

Senator NUNN rightly pointed out that the JCS and Joint Staff, as currently structured, encourage officers to engage in parochial, service-oriented behavior and impede efforts for reform. A former JCS Chairman, Gen. David C. Jones, concurred:

Despite past and recent efforts (to reform the system) institutional resistance to change remains enormous * * * the likelihood of a successful initiative emerging from within the system is extremely low. As Admiral Mahan, the noted naval strategist, once wrote, a military service cannot be expected to reorganize itself; pressure must be exerted from outside the organization.

Congress can exert that pressure and exert it now. It is imperative that we reform the JCS as an important step toward improving the efficiency and effectiveness of America's defenses. JCS reform can be seen as a matter of dollars, but it is more than that. It is a matter of the lives of our service men and women and the security of our Nation.

Mr. Chairman, I strongly urge our colleagues to support this important bill.

Mr. BONKER. Mr. Chairman, I strongly support this long overdue reform legislation to reorganize the Joint Chiefs of Staff and strengthen the office of the Chairman. I believe it directly addresses one of the most serious problems facing the development of our Nation's defense.

For too long, we have formulated our defense plans based on the recommendations from the heads of the four branches of the service with little ability to screen out parochial bias and make evaluations based on overall effectiveness. As it stands now, the Chairman of the Joint Chiefs of Staff has little power other than to pass along the recommendations of the individual service chiefs. He is not able to analyze and formulate a defense policy that addresses our defense needs as a nation. Instead what's offered are recommendations of what's best for each branch of the military.

I have been concerned because of this, congressional debate on our Nation's defense in Congress over the past few years has been lacking. The Pentagon has made weapons procurement the benefactor of the President's military build-up plan, resulting in a bonanza for the individual service branches without adequate consideration for how these weapons will be integrated into our overall strategy. We have argued the individual pro's and con's of each weapon without a clear framework of their overall role and an adequate exploration of alternatives.

Also losing out has been consideration for how to coordinate military activities among the different branches. Interservice rivalry has reached a level that threatens the safety of our country. Incidents like the interservice communication related problems that contributed to the failure of the Iranian hostage rescue mission and inability of ground based Army troops during the Grenada invasion to communicate with Navy ships to direct artillery support, strongly signal the gravity of the problem. Though our mission in Grenada ultimately proved successful, we were fortunate not to be facing a better prepared enemy.

Mr. Chairman, I believe that the time has come for Congress to take action in this area. I am aware that the Secretary of Defense and others in the Pentagon are opposed to this kind of reform and claim that the problem does not exist. I am also aware, however, that they had a similar reaction to the procurement reform measures passed by Congress earlier this year.

H.R. 3622 makes several important changes in the organization of the Joint Chiefs of Staff. First, it designates the Chairman of the Joint Chiefs as the principal military adviser to the President. In this role, the Chairman would be empowered to become an advocate for our country's total national defense rather than for the procurement accounts of the individual services as is the current situation.

The Chairman would also be given control over the Joint Staff that formerly served the Joint Chiefs as a whole. With this staff support, the revamped office of the Chairman will have the ability to evaluate and synthesize the recommendations passed on from the four service branches.

Additionally, the Chairman would become the daily supervisor, on behalf of the Secretary of the nine Commanders in Chief who direct combat forces in war time. At this time this is the responsibility of the Secretary of Defense and it has become apparent that he does not have enough time to adequately meet the demands of this assignment.

Lastly, a new post of Deputy Joint Chiefs of Staff would be established as the Nation's second ranking military officer. The Deputy Chief would assist and fill-in for the Chairman should he not be present for any reason.

This legislation is a fundamental reform of our Nation's defense. It strengthens the Joint Chiefs by giving voice to the unique expertise that the Nation's most senior military officers have to offer. It is supported by the findings of several reports and by six of seven former Secretaries of Defense who have each reported that in their experience, recommendations from the Joint Chiefs were rarely useful or informative.

Mr. Chairman, all of us want to assure a strong defense for our country. This legislation can make a contribution as valuable as many of the weapons we've funded with other measures. I strongly urge my colleagues to support H.R. 3622.

Mr. GEPHARDT. Mr. Chairman, I rise in support of the JCS Reorganization Act of 1985 and wish to commend my colleagues, Mr. ASPIN, Mr. NICHOLS, Mr. SKELTON and Mr. HOPKINS, for their excellent work on this bill.

This legislation—based on years, in fact decades, of study—addresses a potential Achilles heel of our Armed Forces: the inability of our Navy, Army, Air Force, and Marines to work as a team and formulate a coherent set of priorities when spending our defense dollars.

By strengthening the role of the Chairman of the Joint Chiefs of Staff, we can improve interservice coordination, better define our national defense goals and develop a more efficient and coherent defense policy.

The United States cannot meet its defense requirements simply by throwing money at the Defense Department. In the Grenada operation, American soldiers

fought well and won, but postoperation reports revealed substantial problems resulting from poor interservice coordination. The Army, for example, never requested naval gunfire because our troops were unfamiliar with the procedures for requesting it.

Further, because the services all operated on different radio frequencies an Army unit needing naval air support had to use one commander's AT&T calling card to call Fort Bragg, NC, which relayed intructions via satellite to the carriers.

Loose coordination—and the lack of overall direction in our national defnese policy—allows the services to place undue attention on some missions while letting others fall through the cracks. One result is duplication. Each service, for example, has its own attack aircraft. Another result is that weapons of marginal value may nevertheless be funded if they fill a traditional service mission.

A third result is that functions that aren't service favorites recieve less attention than they should. Airlift is one example. Our national interests depend on our ability to project forces across thousands of miles of ocean to Europe, the Mid-East or Asia—but we have just 70 cargo aircraft capable of carrying our new battle tank, the M-1 Abrams. The mainstay of our forces, the C-130, is over 30 years old.

The Joint Chiefs of Staff was reorganized in 1947 to promote interservice coordination, but its effectiveness has been hampered because the service chiefs ultimately remain committed to their respective services. The Chairman has almost no power and lacks control over even the JCS staff. As a result, JCS recommendations generally reflect an amalgamation of service proposals rather than a coherent sense of how we can get the best defense for our dollars.

Taxpayers cannot afford to fund three different national military strategies. The President needs to have access to the views of the individual services—this legislation preserves this access—but clearly we need to enhance the role of the Chairman—the one person who can make nonparochial, expert decisions about our defense priorities ought to be.

By producing a better allocation of our defense resources, JCS reform could reduce defense costs and increase our national security. Of course, current programs may boost our procurement costs in the short run, but this legislation is important to achieving an efficient defense in the long term. It is one of those efforts that will pay off down the road.

This legislation represents needed, sensible change. I urge your support of it.

Mr. BEDELL. Mr. Chairman, as a cosponsor of H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985, I urge my colleagues to join with those of us who are cosponsors in support of its passage. In my view, H.R. 3622 represents a sound approach to improving decisionmaking within the Pentagon and at the same time, betters congressional prospects to eliminate waste in military spending.

In 1946, President Harry Truman pointed out many of the structural problems that hampered our military decisionmaking and efforts during World War II. As a result, Congress passed the Reorganization Act of the Department of Defense in 1947. Since that time, however, Congress has done little to change the operational decisionmaking that goes on within the Pentagon and as a result, the efficiencies we should expect from such decisionmaking are hampered by interservice rivalries decision by a consensus of committee. It has become clear that such decisionmaking in the Pentagon has resulted in watered down decisionmaking such that each service gets what it wants, cooperation is minimized and as a result the long-term military and national security interests of the United States are not served.

In my view, the Joint Chiefs of Staff Reorganization Act of 1985 serves to remedy this situation. It does so in several worthy and important ways. First, H.R. 3622 elevates the Chairman of the Joint Chiefs of Staff to a position worthy of that title by making him the principal military adviser to the President and the Secretary of Defense. Today, the Chairman's role is no more than a coordinator of Joint Chiefs of Staff meetings. Under provisions contained in this legislation, the Chairman's role will be strengthened as the joint staff will work for the Chairman instead of the Joint Chiefs as a whole. As a result, the chairman's advice to both the President and the Congress will be more timely, more accurate and more in tune with the legitimate national security needs of the United States.

I believe passage of H.R. 3622 will result in better and more complimentary decision-making within the Pentagon. Interservice rivalries will be suppressed and hopefully eliminated. Greater coordination in joint military operations would be insured and the national security interests of the United States enhanced. Finally, in the long run, I believe passage of H.R. 3622 will result in more efficient and effective use of taxpayer dollars at the Pentagon as duplicated and unnecessary program funding would be minimized and in the long run eliminated.

Mr. MCCLOSKEY. Mr. Chairman, I rise today in support of H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985.

Abraham Lincoln once observed that "it has been said that one bad general is better than two good ones; and the saying is true if taken to mean no more than that an army is better directed by a single mind, though inferior, than by two superior ones at variance and cross purposes with each other."

H.R. 3622 has found, basically, that five good generals and admirals do not always offer advice superior to that of one good one. It is time that we took the steps necessary to correct this shortcoming in current military policy.

This legislation is the third JCS reorganization bill reported to the House floor in as many Congresses. The changes which it makes in the Joint Chiefs have come after extensive consultation with experts in military management including former JCS members and a former JCS Chairman. The legislation recognizes that improvements can and must be made in how the JCS operates in order to improve the quality of advice to the President on military matters and the management and allocation of national resources in the development of a defense budget. H.R. 3622 is not intended to single out for criticism any individual or service. Over the past few weeks and past few years we have experienced military successes and military disasters. In some cases, even when the mission was accomplished, a review of the action indicated our forces could have performed better had joint planning and execution been emphasized in a more systematic way. H.R. 3622 seeks to promote this emphasis by designating the Chairman of the JCS as the principal military adviser to the President. At the present time, the JCS itself is by law the principal military adviser to the President. While the present system has provided our President with quality military advice, that counsel has often be strained, watered down and useless according to experts on this subject. H.R. 3622 makes the Chairman the principal adviser. Such a reform will give the Chairman a clear voice on defense policy without the threat of a single service veto over joint positions. It will also discourage interservice "log rolling" by which the services tend to support each other's weapons request no matter how needlessly redundant those systems might be. In an age when a balanced Federal budget is becoming a political and economic necessity, there is no way American taxpayers will want to pay for five or six different ways to destroy tanks when only two or three meet joint military requirements. On the matter of the importance of establishing the Chairman as the principal military adviser to the President, The Georgetown Center for Strategic and International Studies on Defense Organization made the following arguments which I found particularly compelling:

As the only member of the JCS without service portfolio, the Chairman is uniquely situated to provide independent military advice and planning that cuts across service boundaries * * * as the principal military adviser, the Chairman would have the authority to provide professional military recommendations to the Secretary without obtaining unanimous service approval

In other words, the Chairman of the JCS would be and should be in charge of military policy recommendations.

For many who have legitimate concerns about whether such a change would prevent alternative views from reaching the President, the committee bill and the CSIS report are very clear in making the point that enhancing the Chairman's role would not deny to the President or the Secretary of Defense the special mission perspectives of each of the services. As the CSIS study notes:

[The] purpose in assigning a more significant role for the Chairman is not to deny civilian leaders military advice from the mul-

tiple sources, but rather to ensure that they have an additional military perspective not tied directly to the individual services.

Mr. President, our vote in support of this specific and historic reform legislation will quite possibly be the single most important defense reform vote taken all year. It is a tribute to the patience, persistence and effectiveness of our distinguished investigations subcommittee chairman [Mr. NICHOLS], the committee's resident expert on JCS reform [Mr. SKELTON] and our committee chairman [Mr. ASPIN] that we are at this point today. Credit must also be given to the work of the minority members of the subcommittee and their leadership for the overwhelming bipartisan support which H.R. 3622 enjoyed in subcommittee and full committee.

House passage of H.R. 3622 will provide us with the kind of JCS organization to enable the United States to meet the challenges to our national security for the remainder of the 20th century and beyond. Providing the chairman with a deputy and enabling him to supervise the combatant commands at the discretion of the President are also vital parts of this reform bill. I would urge my colleagues to approve H.R. 3622 in order to improve our national defense posture, provide more clear cut, timely, realistic and feasible military advice to the President and remove institutional impediments and obstacles to joint planning by the services from the top down.

Mr. HOPKINS. Mr. Chairman, may we conclude the debate on our side by saying that I appreciate the patience of the committee and certainly the very hard work of our chairman of the subcommittee, the gentleman from Alabama and the gentleman from Missouri and all those members who have worked so hard on this legislation.

Mr. Chairman, not all the members of the committee, in fact some of the senior members oppose this bill. The gentleman from New York [Mr. STRATTON], for example, a minute ago suggested that perhaps some of us have not read the dissenting views. I did read those, and if I may quote the gentleman from New York [Mr. STRATTON], he said:

> My opposition to this legislation stems from a perception that its principal authors beleive that competition in ideas and controversy has to be injurious to successful military operations.
>
> We make a serious mistake if we think Congress by legislation can stifle the interplay of ideas in our military establishment.

Mr. Chairman, in no way do we want or intend to stifle the free exchange of views; however, our subcommittee found that what was happening was not an exchange of ideas, but rather compromises and tradeoffs between services in this committee we call the JCS.

We want the Chairman to stand above all this and we offer unbiased advice.

Mr. Chairman, the gentleman from California [Mr. DELLUMS] said in his dissenting views indicated we want "a more militarized political establishment and a more politicized Military Establishment."

In no way do we intend to politicize the military community or to challenge civilain control over the military or to have the Chairman challenge the Secretary of Defense as the chief policymaker on defense.

We do, however, want the Chairman's military opinions considered more widely in decisionmaking circles and that advice can then either be accepted or ignored.

Mr. Chairman, the Joint Chiefs of Staff was formed in 1947 and was overhauled greatly I think in 1958. This is the first time that reform has really taken place since then.

The subcommittee has spent years on this bill. There was 1,300 hours of testimony before our subcommittee.

Is it perfect? Absolutely not.

Is it the 11th Commandment? Absolutely not.

If this bill fails, will America fail? Absolutely not, but we suggest that it is a step in the right direction. It is a step to reform and help America.

Times change. The military needs to change, and I ask the committee and Members of Congress to support the very hard work of this subcommittee.

Mr. Chairman, I yield such time as he might consume to the chairman of the Armed Services Committee, the gentleman from Wisconsin [Mr. ASPIN] who has also worked very, very hard on this bill.

Mr. ASPIN. Mr. Chairman, I thank the gentleman from Kentucky for yielding.

I would like to commend the people who have been most active on behalf of this legislation, the gentleman from Kentucky, the gentleman from Alabama and the gentleman from Missouri who have worked long and hard on this bill.

It is true that we have been involved in the Armed Services Committee with this legislation on and off for many years. We have a piece of legislation here which I think has been very, very carefully worked out, and really has the support of an awful lot of people on both sides of the aisle and, indeed, a lot of very respected people who over the years have been involved with military affairs in Republican administrations as well as Democratic administrations.

I think it is very important that we pass this piece of legislation here today.

I would view very, very skeptically any amendments to be offered to this piece of legislation. I think that what we have worked out here with the gentleman from California [Mr. DELLUMS] is a definite addition and I think the Dellums amendment as worked out between the gentleman from Alabama and the gentleman from California [Mr. DELLUMS] is a good addition to what we have done; but I would take very skeptically any amendments, not that it cannot be improved, but as we go into the amending process here I would urge Members to be very, very skeptical about amendments, because in the years we have dealt with this thing I think the committee has looked at this from just about every angle. I think the piece of legislation that we have here is the way it should pass.

Mr. Chairman, I thank the gentleman for yielding.

Mr. HOPKINS. Mr. Chairman, we have no further requests for time on this side, and I yield back the balance of our time.

Mr. NICHOLS. Mr. Chairman, I would just say in conclusion this has been a very constructive debate, I want to say that I appreciate particularly the position of my two colleagues on the Armed Services Committee who are senior to me. Nine times out of ten we vote together.

I appreciate the arguments and the position of the gentleman from Arizona, a distinguished naval officer in his own career, the son of a distinguished father who commanded our Pacific Fleet; but let me just say in closing that the recommendations that are in this particular piece of legislation have indeed come out of three sessions of Congress. The recommendations are not necessarily ours. We bring you recommendations that have come from 40-plus distinguished former Secretaries of Defense. Former Chairman of the JCS, former service secretaries, and universally they indicate changes ought to be made.

It is on this basis that we have brought this bill to you.

Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. MURTHA). Pursuant to the rule, each section of the bill is considered as having been read for amendment under the 5-minute rule.

The Clerk will designate section 1.

The text of section 1 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Joint Chiefs of Staff Reorganization Act of 1985".

The CHAIRMAN pro tempore. Are there any amendments to section 1?

If not, the Clerk will designate section 2.

The text of section 2 is as follows:

SEC. 2. CHAIRMAN OF JOINT CHIEFS OF STAFF TO BE PRINCIPAL MILITARY ADVISER.

(a) ROLE OF CHAIRMAN AS HEAD OF JCS AND PRINCIPAL MILITARY ADVISER.—(1) Subsections (a) and (b) of section 141 of title 10, United States Code, are amended to read as follows:

"(a) There are in the Department of Defense the Joint Chiefs of Staff, headed by

the Chairman of the Joint Chiefs of Staff. In addition to the Chairman, the Joint Chiefs of Staff consist of the following:

"(1) The Chief of Staff of the Army.

"(2) The Chief of Naval Operations.

"(3) The Chief of Staff of the Air Force.

"(4) The Commandant of the Marine Corps.

"(b) The Chairman of the Joint Chiefs of Staff is the principal military adviser to the President, the National Security Council, and the Secretary of Defense. The Joint Chiefs of Staff, as a body, shall provide advice to the President and the Secretary of Defense on matters with respect to which such advice is requested.".

(2) Subsection (c) of such section is amended by striking out the matter preceding clause (1) and inserting in lieu thereof the following:

"(c) Subject to the overall authority and direction of the President and the Secretary of Defense, the Chairman (in consultation, as appropriate, with the other members of the Joint Chiefs of Staff and with the commanders of the unified and specified commands) shall—"

(b) CHAIRMAN TO FORWARD JCS ADVICE.—Section 142(b)(3) of such title is amended by striking out "of those issues upon which the Joint Chiefs of Staff have not agreed" and inserting in lieu thereof "of the military advice of the Joint Chiefs of Staff as a body on those matters with respect to which such advice is requested by the President or the Secretary of Defense (including advice on those matters on which the members of the Joint Chiefs of Staff have not agreed)".

(c) ADVICE CONCERNING ESTABLISHMENT OF COMBATANT COMMANDS.—Section 124(a) of such title is amended by inserting "of the Chairman" after "advice and assistance".

(d) CONFORMING AMENDMENT.—Section 5081(d) of such title is amended by striking out "to the President and".

COMMITTEE AMENDMENTS

The CHAIRMAN pro tempore. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, strike out lines 11 through 13 and insert in lieu thereof the following:

(2) Subsection (c) of such section is amended—

(A) by striking out the matter preceding clause (1) and inserting in lieu thereof the following:

Mr. NICHOLS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments be considered as read and printed in the RECORD, and that they be considered en bloc.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. BENNETT. Mr. Chairman, that does not include the one about procurement? The gentleman said, "the committee amendments." That does not include procurement, does it?

The CHAIRMAN pro tempore. The Chair will inquire, does this request include only the first committee amendment?

Mr. BENNETT. That is not a committee amendment. All I am saying is that that is an amendment I am very much opposed to.

Mr. NICHOLS. Mr. Chairman, will the gentleman hold off? I am sure we can satisfy him with this explanation.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. NICHOLS] that the amendments be considered as read, printed in the RECORD, and considered en bloc?

There was no objection.

The text of the remaining committee amendments is as follows:

Committee amendments: Page 3, line 21, strike out the period and insert in lieu thereof a semicolon.

Page 3, after line 21, insert the following:

(B) by striking out "and" at the end of paragraph (7);

(C) by redesignating paragraph (8) as paragraph (9); and

(D) by inserting after paragraph (7) the following new paragraph (8):

"(8) formulate program recommendations and budget proposals to the Secretary during each budget cycle based on—

"(A) guidance provided by the Secretary;

"(B) program and budget proposals submitted by the commanders of the unified and specified combatant commands; and

"(C) recommendations (as appropriate) submitted by the military departments and other components of the Department of Defense; and".

□ 1515

AMENDMENT OFFERED BY MR. NICHOLS TO THE COMMITTEE AMENDMENTS

Mr. NICHOLS. Mr. Chairman, I offer an amendment to the committee amendments.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS to the committee amendments: Page 4, line 3, strike out "formulate" and insert in lieu thereof "submit".

Mr. NICHOLS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. NICHOLS. Mr. Chairman, the amendment that we offer would correct a shortcoming in the wording of the amendment adopted by the full committee. Inadvertently, the committee adopted substitute language that would have the JCS chairman formulate program recommendations and budget proposals to the Secretary of Defense.

A review of that language reveals that it is grammatically incorrect to use the word "formulate" and difficult if not impossible to interpret.

My amendment would simply substitute the word "submit" for "formulate." That corrects the grammar and, more importantly makes sense. The authors of the original wording have no objection to the amendment and I hope it will be adopted.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Kentucky.

Mr. HOPKINS. I thank the gentleman for yielding.

Mr. Chairman, we have had a chance to review the amendment on this side of the aisle and I join the gentleman from Alabama in urging our colleagues to adopt this clarifying amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Alabama [Mr. NICHOLS] to the committee amendments.

The amendment to the committee amendments was agreed to.

The CHAIRMAN pro tempore. Is there debate on the committee amendments?

Mr. BENNETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I made reference to this amendment in the remarks that I made earlier about the bill. It is a very simple proposition. This amendment we are now talking about is an amendment to put the Joint Chiefs of Staff in the procurement business.

The Joint Chiefs of Staff do not need to be in the procurement business. If any part of the Government needs to be organized, it is the U.S. Congress. We are so embellished with different committees to do different things that it is very difficult any more to get a grasp on many things that are before us. We are overstaffed, we are overcommitteed, and this is part of the problem.

This particular amendment would get us another layer of people who would look at the things that have to be procured for the Department of Defense. We do not need more layers of procurement analysts; we need less of them, and I think people in the Pentagon would tell you that. We are just overmanaged, we are underled, and this particular amendment, in my opinion, although well intentioned by a very fine, very able Member of Congress, is an amendment which I think is going to lead to more employees being hired and more papers to be shuffled.

Besides that, it gives a power to people who are really supposed to be the quintessence, the very center, the very heart of trying to make tactical strategic decisions about how to win a war. When we do that, and we put into their hands decisions about whether we should have a new type of submarine or whether we should have diesels, or whether we should go to a helicopter on whether we should go to some kind of arrangement, all of these kinds of things, if we are going to have them do that without any real cap on them, we are going to have the biggest mess that we have ever produced.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

Mr. Chairman, I just want to join with the gentleman. The gentleman is making a great deal of sense. We have had over the last few weeks a clear indication that the plethora of so-called legislation dealing with procurement has totally confused not only the Pentagon but the contractors themselves.

I think the gentleman is quite right that we need not put it in this legislation.

Mr. BENNETT. I ask the gentleman: Do you not ofttimes find yourself presented with a package or something like that, knowing that it is not well thought through, that you have to go along with it in order to make the legislative process work? That is a very bad thing that has happened to Congress and a very bad thing with regard to this country.

I think this particular provision in this bill will lead us to more of that. I think it will be wasteful, I think it will be expensive, I think it will require more personnel, and I do not think we are going to get as good equipment and as good weapons as we need to get.

After all, it says in the Constitution that Congress shall provide for the things that are needed for our national defense. It is our responsibility. Not only shifting this, but increasing the number of people who are going to look at it, and not in an authoritative manner, in my opinion is very poor Government.

Mr. Chairman, I hope that the amendment will be defeated.

Mr. NICHOLS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the Kasich amendment would direct the chairman, subject to the overall authority and direction of the President and the Secretary of Defense, to submit program recommendations and budget proposals to the Secretary based on the Secretary's guidance, program, and budget proposals submitted by the unified and specified commanders, and recommendations, as appropriate, from other Defense Department components.

Let me say this: The amendment follows the same intent as the first JCS bill reported by the committee and passed by the House by an overwhelming vote in 1982. It follows also the second JCS bill passed in 1983.

In 1982, the Investigations Subcommittee chairman, Richard White of Texas, in discussing the legislative intent of the JCS bill, stated on the floor, and I quote Chairman White:

> The chairman should serve as the combatant commanders' spokesperson in Washington, establishing priorities and integrating their recommendations into a coherent set of combatant command proposals.

The 1983 JCS bill report contains almost identical language. Thus, the Kasich amendment has been supported in principle by the committee and the House for 4 years.

Mr. Chairman, I rise in favor of the Kasich amendment and oppose the position taken by the gentleman from Florida.

Mr. KASICH. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, if we are going to talk about any of the amendments in this bill that speak directly to the issue of being able to save money and not squander our resources, this is an amendment that certainly needs to be kept in the bill. Let me explain why.

We have been talking about the problems of interservice rivalry, where every service is trying to get the kinds of things that they like and are not going to object to what the other services request because it is better if we go along.

Additionally, we have discussed the issue of interservice rivalries when each of the services would like to obtain the best equipment. Put logrolling and interservice rivalries together and we have difficulty really defining priorities in our defense budget. The way the budget process works now is that the individual services formulate their budgets and they then submit their budgets to the Secretary of Defense, who analyzes that budget.

What we are asking here is for the Chairman of the Joint Chiefs of Staff to take a less parochial view but rather an overview of the services and make program recommendations and budget proposals based on looking across the service lines rather than any parochial interest. So it allows the Chairman of the Joint Chiefs to say, "Well, the Army may want this tank but we are not really sure we need that," or "The Air Force may want this particular plane or to do things in a particular way, but I do not personally think that is the best way to do it."

What we are sending to the Secretary of Defense is more assistance in being able to analyze across service lines rather than only looking at budget documents that reflect the views, and many times the parochial views, of the individual services. So we are giving the Secretary of Defense greater capability to make good analytical determinations on our budgets. This will save us money. This will give us ways in which we can prioritize our budget, and serve essentially as another tool for the Secretary of Defense to make an intelligent decision.

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I yield to the gentleman from Oklahoma.

Mr. McCURDY. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment. If I might, I would add another perspective to the intent of the gentleman's amendment.

I think the intent of the Georgetown panel that made this recommendation early on where the six former Secretaries of Defense were in support of it, what they were saying was this: That in crafting the budget and the priorities within the Defense budget, it is important that we look at the CINC's and the theater commanders, because the theater operational commander may have different requirements vis-a-vis readiness versus strategic or airlift or sealift, as opposed to an individual Secretary, who may establish as his chief priority the most expensive or the most glamorous weapons system, as opposed to the person who actually has to have the combat readiness and the ability to resist agression, and it is important that that person have a chain of command and access to the Chairman in order to get what is considered an overall priority to the front.

□ 1525

So I think it is important again that, and I commend the gentleman for inclusion of that amendment because I think it is important that those theater commanders and those theater operations be recognized in the crafting of our national defense priorities, so I strongly urge consideration and recommend this amendment.

Mr. KASICH. Let me very quickly say Bernard Rogers, commander in Europe, says:

> These is an imbalance between my responsibility and accountability as a unified operational command and my influence on resource decisions. There remains in Washington a preeminence of service goals, not program and budget process.

He is asking as the Commander in Chief in the field, in effect—let me have a little more influence on how we spend our money in Washington, and let us look across service lines and look at missions.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I am glad to yield to the gentleman from Wisconsin.

Mr. ASPIN. I thank the gentleman from Ohio for yielding and would like to say I think the gentleman in the well is completely right. We have put this provision in JCS reform bills that have passed the House before. Two other JCS reform bills have had similar provisions.

The gentleman in the well added it to our bill in the committee, and I think he is absolutely right. What is the sense if we do not give the Chairman of the JCS this authority to submit program recommendations and budget proposals? It is not a separate budget, it just says that the Chairman of the JCS shall be the spokesman for

the CINC's in the budget, and the budget recommendation.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio [Mr. KASICH] has expired.

(By unanimous consent, Mr. KASICH was allowed to proceed for 2 additional minutes.)

Mr. WHITEHURST. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I am glad to yield to the gentleman for Virginia.

Mr. WHITEHURST. I salute the gentleman for demanding this. I heard the gentleman from Florida in the general debate speak about the need for more conventional arms and conventional defense. What more effective way to provide for it than to have this kind of imput.

So I salute the gentleman for sticking to his guns on this.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I am glad to yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, as a followup to the gentleman from Virginia's comments, we know one of our problems is getting the priorities of readiness considered, and one of the constituencies that is interested in readiness is the CINC's.

What we are saying here is that the Chairman should be the spokesman for the CINC's, for their budget priorities, which is readiness, which is something we have been fighting for in the Armed Services Committee for a long time.

Mr. KASICH. If I may continue, there are two things that we get out of this. We break down interservice rivalry and logrolling, and let somebody look broadly at all of the services and make the recommendation on input to the Secretary of Defense. This will help him to critically analyze the budget which is going to involve the commanders in the field, which General Rogers and Admiral Crowe, who have complained about the ability to command the resources that affect the fighting men in the field, have suggested. This does not create more bureaucracy because the Joint Chiefs of Staff already submit a budget proposal now. It does not have constraints, it only defines the threat. This amendment will make it a more effective document because it clearly will operate within final constraints. So it will be a helpful tool for the Secretary of Defense.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I am glad to yield to the gentleman from Kentucky.

Mr. HOPKINS. I appreciate the gentleman's amendment. He offered it in the committee. I think it is a good amendment.

But I would like for the gentleman to clarify for the Members that this has nothing to do with procurement, and I would like for him to elaborate on that, if he would.

Mr. KASICH. All this simply does is to give the Chairman of the Joint Chiefs, along with direction from the Secretary of Defense and input from the services and the CINC's, the ability to submit proposals and recommendations that he thinks help in the resource process.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio [Mr. KASICH] has again expired.

(On request of Mr. SKELTON and by unanimous consent, Mr. KASICH was allowed to proceed for 2 additional minutes.)

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I am happy to yield to the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, I think the gentleman in the well is absolutely correct, and that this committee amendment, which in essence is the gentleman's amendment as was adopted in the committee, is absolutely right. The chairman must have the authority to submit recommendations. This is the crux of this whole bill. This is the purpose we are debating this whole issue. That is what we need to achieve, the opportunity for the chairman to make recommendations.

Now, as you know, there are the four service chiefs. Each of them have recommendations, and heretofore they have made the decisions on what ends up on the front line of defense, the front line of defense being the CINC's, wherever they may be, in the Pacific, the Atlantic, the Southern Command or wherever.

This way, the commanders in chief or the CINC's, because of the supervisory language that is in here, will have a spokesman through the chairman, and he can make recommendations on what should be in that budget in the budget process for them. It makes sense, imminent sense, and I think the gentleman is on the right track, and I support this committee amendment.

Mr. KASICH. I appreciate the gentleman's contribution.

Let me just close by saying that in an era of limited resources, we have to make sure we make wise decisions on our budgets, and we have to make very careful critical analyses of budget proposals. This amendment allows the chairman to be in a position of being able to do that, to give additional advice to a decisionmaker like the Secretary of Defense.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I am glad to yield to the gentleman from California.

Mr. HUNTER. I thank my friend for yielding, and though I have a problem, as I said, with the major part of the bill, and the part of the bill that refers to the President's advise and advisers, I think the idea of moving information and recommendations from the warfighting people, from the battlefield commanders to Washington in a more expeditious manner is a very important thing, and I commend the gentleman. Having heard his arguments, I am in favor of what he proposes.

Mr. KASICH. I appreciate the gentleman's contribution, and I yield back the balance of my time.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. ALEXANDER. Mr. Chairman, was there a vote taken on the last amendment?

The CHAIRMAN pro tempore. There was a vote on the last amendment.

Mr. ALEXANDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise for the purpose of complimenting the leadership of the Armed Services Committee for reporting this bill to the floor. Also I commend Gen. David Jones for his early leadership in bringing the important matter of Joint Chiefs reform to the attention of the Nation several years ago. I recall General Jones' statement at the time, I believe it was 1982. I attempt to keep advised on military matters and pay attention to recommendations of distinguished military leaders and scholarly advisers like General Jones. He persuaded me of the need for streamlining the Joint Chiefs of Staff, for granting more authority to the chairman of the JCS in order to enhance the capacity of the Chairman to provide military leadership; to give the Chairman more standing with the President, the Congress and the people. Too, increased statute would provide prestige to deal more effectively with allied counterparts. There is widespread support for this reform.

I would add only we tend to dwell upon organization in the Congress and needed reforms to facilitate operation and efficiency. Frequently, the fact is ignored that in the final analysis, the leadership of our military, or any organization for that matter, rests upon the doorstep of the Secretary of Defense, or the head of the organization. The quality the American defense, recruitment, equipment, training, readiness, commitment and finally the result—winning or lossing rests on the shoulders of the Secretary of Defense. The quality of the Secretary of Defense makes the difference. He, or she, can run the Pentagon, or the reverse. Too often the tail wags the dog! And, reorganization of the JCS will not substitute for real leadership. Leadership runs the Pentagon, congratulations on a job well done.

The CHAIRMAN pro tempore. The question is on the committee amendments, as amended.

The committee amendments, as amended, were agreed to.

The CHAIRMAN pro tempore. Are there other amendments to section 2?

If not, the Clerk will designate section 3.

The text of section 3 is as follows:

SEC. 3. RIGHT OF INDIVIDUAL MEMBERS OF JCS TO PROVIDE SEPARATE VIEWS.

Section 141(d) of title 10, United States Code, is amended—

(1) by inserting "(1)" after "(d)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) A member of the Joint Chiefs of Staff other than the Chairman may submit to the Secretary of Defense any opinion in disagreement with military advice of the Chairman or of the Joint Chiefs of Staff. After first informing the Secretary of Defense, such a member of the Joint Chiefs of Staff may submit to the President any opinion in disagreement with military advice of the Chairman or of the Joint Chiefs of Staff.".

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT: Page 5, line 11, strike out "may" and insert in lieu thereof "shall".

Mr. BENNETT. Mr. Chairman, this is a very simple amendment, but it is a very important amendment.

I have never been in a high-level staff function, but I do know a lot about the function of the Joint Chiefs of Staff. I have known the Joint Chiefs of Staff, every one of them, for many, many years, and I know how they function. I know that if you leave the language as it is on page 5, line 11, and leave it, the chairman "may" submit, you are going to have a situation where it is not going to be submitted.

In other words, what needs to be done is for the controversies to be brought to the attention of the civilian authority. That is the heart of my criticism of this bill, not just this one section. But what is wrong about this bill is they have allowed under this bill, as now written, a military man to be the only voice of military position, while our Constitution clearly says that shall be in the hands of civilians, and I am opposed to that thrust. All it would take to remedy this at page 5, line 11, would be to make that "may" into a "shall," so that the President would know if there was a thing that disturbed the Air Force, or the infantry or the Navy. He would know that there was a problem there, and he would make his decisions about it, just like he is supposed to under the Constitution.

That is a safer way to run the government and a safer way to preserve our Democracy.

I have a very deep feeling about this. This is really innate in almost everything we do about the national defense of our country. We always should consider and bear in mind that our forefathers who had been through 11 years of war themselves felt that this should be protected, the civilian authority should be protected, and it should be just paramount as a major structure of our country.

So Mr. Chairman, my amendment merely strikes the word "may" and inserts "shall," these dissents shall be brought to the attention of the President and the civilian leadership for its decision.

I yield back the balance of my time.

Mr. ASPIN. Mr. Chairman, I move to strike the last word.

Let me talk a little bit about this amendment because there are several parts of it and several aspects of it.

Here is the basic problem with what the gentleman from Florida wants to do, I think, which is that what we end up with is just an awful lot of paperwork. That is the danger, because if you say that there shall be, every time there is a disagreement, particularly with the Joint Chiefs of Staff, you are going to have paperwork that flows through that system that is just going to bog the whole thing down.

What we have now is a bill that first of all guarantees each Chief the right of access should he wish to file a dissent from the Chairman. Second, it provides for the President to order separate reports anytime, or the Secretary of Defense, anytime he feels that that would be useful. So if the President thinks he needs advice more than just the advice of the Chairman, he can ask for it, or the Secretary of Defense, and coming up from the bottom, anytime one of the Chiefs feels that it is important, he may submit a report that is in disagreement with the Chairman.

I think that that is adequate enough.

Now the other gentleman from Florida [Mr. CHAPPELL] has a problem in that he thinks that the problem is that the Chairman will not forward the dissenting views. In other words, the dissenting views might end up with the Chairman of the Joint Chiefs of Staff and not be forwarded beyond that to the Secretary of Defense and to the President. I think we can add a couple of sentences to the bill that would make that clear, because I think it is important that we understand that when the dissenting views get sent forward, we want those dissenting views to go to the decisionmakers and not get stopped somewhere along the line.

□ 1540

Mr. BENNETT. All I intended to do by my amendment—if this is a perfection of it, I have no objection to perfecting it.

Mr. ASPIN. I yield to the gentleman from Alabama.

Mr. NICHOLS. Let me just say that I understand Mr. CHAPPELL's concern and I understand Mr. BENNETT's concern, and I would not want that to happen; believe me. I would not want the views of these other people suppressed in any way or fashion.

We tried to put this bill in that manner to respond to that, but if it takes some language, in report language, let me assure both gentlemen that I would be delighted to see that that is done.

Mr. BENNETT. Well, report language is not law, and I think it should be the law. I am not always a successful person in what I do, but I do not really want to do something less than I want to do just because I could have a so-called victory.

In other words, Mr. Chairman, I think it is a mistake not to have this material forwarded to the President.

Mr. ASPIN. I was going to suggest some language in the bill, as a substitute maybe, that would say, "The Chairman shall submit to the Secretary of Defense any opinion by any other member of the Joint Chiefs of Staff in disagreement with the military advice of the Chairman that is submitted to the Secretary."

Mr. BENNETT. That would be agreeable with me.

Mr. ASPIN. "Any such opinion in disagreement shall accompany such military advice. If that military advice is submitted to the President, such opinion in disagreement shall also be submitted with such military advice."

Mr. BENNETT. That would be acceptable to me.

Is that acceptable to both sides?

Mr. NICHOLS. I say to the gentleman, I have no objection to that. It makes a lot of sense.

Mr. BENNETT. That is acceptable to me.

Mr. ASPIN. Mr. Chairman, I yield back the balance of my time.

AMENDMENT OFFERED BY MR. ASPIN AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BENNETT

Mr. ASPIN. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. ASPIN as a substitute for the amendment offered by Mr. BENNETT: Page 5, line 13, after "Staff." insert the following: "The Chairman shall submit to the Secretary of Defense any opinion by another member of the Joint Chiefs of Staff in disagreement with military advice of the Chairman that is submitted to the Secretary. Any such opinion in disagreement shall accompany such military advice. If that military advice is submitted to the President, such opinion in disagreement shall be submitted with such military advice."

Mr. ASPIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ASPIN. Mr. Chairman, basically, what this amendment says is that when the Chairman of the Joint Chiefs submits his military advice to the President or, first, when he submits it to the Secretary and then, second, if it is required that that goes to the President, that it be absolutely covered, for sure, that any dissenting opinions of any of the members of the Joint Chiefs of Staff also accompany that report.

Mr. HOPKINS. Will the gentleman yield?

Mr. ASPIN. I yield to the gentleman.

Mr. HOPKINS. I wonder if the gentleman might explain to the Members the difference between his substitute and the original amendment of the gentleman from Florida.

Mr. ASPIN. Only that we want to protect the right of people to offer dissenting views, but we want to make sure that they get to the right people; and we do not want to clog the system with a report on every issue.

The problem is, what could cause the dissenting views of a member of the Joint Chiefs to be disregarded? Well, one would be if it does not get to the proper decisionmaker. The other would be if it gets clogged down with so many pieces of information that it kind of becomes routine, and nothing is taken seriously.

We do not want to clog it down with becoming routine where there are always a lot of pieces of paper, because then the President or the Secretary of Defense will just read the chairman's alone.

What we want to do is highlight the issue of the dissent from the chairman's position.

Mr. HOPKINS. Will the gentleman yield further?

Mr. ASPIN. Surely.

Mr. HOPKINS. I appreciate the chairman yielding. I think it is a good addition, and I support the substitute.

Mr. KASICH. Will the gentleman yield?

Mr. ASPIN. I yield to the gentleman.

Mr. KASICH. I would like to commend the gentleman for another crafty compromise that he has been able to put together, because, and I hope that people who have had concerns about the inability of all the service chiefs to get maximum amount of information to the President, in making a decision, really are answered here.

Because what it says is, we are not going to submit every issue on every disagreement; we would be disagreeing about the amount of butter that gets sent down to Fort Bragg. But when a service chief disagrees specifically and feels strongly enough to go to the chairman of the JCS, the Chairman then is required to go to the President with that information.

So we kind of funnel the flow; we narrow the flow of information, but we also provide without question the ability for each individual service chief when he feels strongly about a particular issue to get that feeling and that opinion to the President of the United States.

I think that should alleviate the concern of many of the people on our side of the aisle who were worrying about cutting the options to the President; this really solves that problem.

I commend the gentleman for his amendment.

Mr. ASPIN. I yield to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Wisconsin.

Mr. BENNETT. If everybody agrees with it, why do not we just vote on it?

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Wisconsin [Mr. ASPIN] as a substitute for the amendment offered by the gentleman from Florida [Mr. BENNETT].

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Florida [Mr. BENNETT], as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN pro tempore. Are there other amendments to section 3?

The Clerk will designate section 4.

The text of section 4 is as follows:

SEC. 4. CHAIN OF COMMAND.

Section 142(c) title 10, United States Code, is amended—

(1) by inserting "(1)" after "(c)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The President or Secretary of Defense may direct that the national military chain of command runs to the commanders of the unified and specified combatant commands through the Chairman.".

The CHAIRMAN pro tempore. Are there any amendments to section 4?

If not, the Clerk will designate section 5.

The text of section 5 is as follows:

SEC. 5. SUPERVISION OF COMBATANT COMMANDS.

Section 124(c)(2) of title 10, United States Code, is amended by striking out "acts as the spokesman for the commanders of the combatant commands" and inserting in lieu thereof "supervises the commanders of the combatant commands and acts as their spokesman".

The CHAIRMAN pro tempore. Are there any amendments to section 5?

If not, the Clerk will designate section 6.

The text of section 6 is as follows:

SEC. 6. TERM OF CHAIRMAN.

(a) EXTENSION OF TERM TO FOUR YEARS.—Section 142(a) of title 10, United States Code, is amended—

(1) by inserting "(1)" after "(a)";

(2) by striking out "for a term of two years,"; and

(3) by adding at the end thereof the following new paragraphs:

"(2) Except as provided in paragraph (3), the Chairman serves for a term of four years.

"(3) In the event of the death, retirement, resignation, or reassignment of the officer serving as Chairman before the end of the term for which the officer was appointed, an officer appointed to fill the vacancy shall serve as Chairman only for the remainder of the original term.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to appointments to the position of Chairman of the Joint Chiefs of Staff made on or after the date of the enactment of this Act, except that the first such appointment made on or after the date of the enactment of this Act shall be for a term ending on June 30, 1990.

The CHAIRMAN pro tempore. Are there amendments to section 6?

If not, the Clerk will designate section 7.

The text of section 7 is as follows:

SEC. 7. DEPUTY CHAIRMAN.

(a) ESTABLISHMENT OF POSITION OF DEPUTY CHAIRMAN.—(1) Chapter 5 of title 10, United States Code, is amended by inserting after section 142 the following new section:

§ 142a. Deputy Chairman

"(a)(1) There is a Deputy Chairman of the Joint Chiefs of Staff. The Deputy Chairman shall be appointed by the President, by and with the advice and consent of the Senate, from the officers of the regular components of the armed forces.

"(2) The Chairman and Deputy Chairman may not be members of the same armed force. However, the Secretary of Defense may waive the limitation in the preceding sentence for a limited period of time.

"(3) The Deputy Chairman serves at the pleasure of the President for a term of four years and may be reappointed in the same manner for one additional term. However, in time of war declared by Congress there is no limit on the number of reappointments.

"(b)(1) The Deputy Chairman exercises such duties as may be delegated by the Chairman with the approval of the Secretary of Defense.

"(2) When there is a vacancy in the office of Chairman or in the absence or disability of the Chairman, the Deputy Chairman, unless otherwise directed by the President or Secretary of Defense, acts as Chairman and performs the duties of the Chairman until a successor is appointed or the absence or disability ceases.

"(c) The Deputy Chairman is the director of the Joint Staff.

"(d) The Deputy Chairman may attend all meetings of the Joint Chiefs of Staff but may not vote on a matter before the Joint Chiefs of Staff except when acting as Chairman.

"(e) The Deputy Chairman, while so serving, holds the rank of general or, in the case of an officer of the Navy, admiral and outranks all other officers of the armed forces except the Chairman. The Deputy Chairman may not exercise military command

over the Joint Chiefs of Staff or over any of the armed forces.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 142 the following new item:

"142a. Deputy Chairman.".

(b) EXEMPTION FROM GRADE LIMITATIONS.—Section 525(b)(3) of such title is amended by inserting "or Deputy Chairman" after "Chairman".

(c) CONFORMING AMENDMENT.—Subsection (b) of section 143 of such title is repealed.

The CHAIRMAN pro tempore. Are there amendments to section 7?

If not, the Clerk will designate section 8.

The text of section 8 is as follows:

SEC. 8. JOINT STAFF.

(a) JOINT STAFF TO BE UNDER THE CHAIRMAN.—Subsection (a) of section 143 of title 10, United States Code, is amended by inserting "Chairman of the" after "There is under the".

(b) ELIMINATION OF MAXIMUM NUMBER OF OFFICERS ON JOINT STAFF.—Subsection (a) of such section is further amended by striking out "not more than 400".

(c) MANAGEMENT OF JOINT STAFF.—(1) Subsection (c) of such section is redesignated as subsection (b) and is amended to read as follows:

"(b) The Joint Staff shall perform such duties as the Chairman prescribes.".

(2) Subsection (d) of such section is redesignated as subsection (c) and is amended by striking out "Joint Chiefs of Staff in discharging their" and inserting in lieu thereof "Chairman in discharging his".

(d) TENTURE OF MEMBERS OF JOINT STAFF.—Subsection (e) of such section is redesignated as subsection (d) and is amended by inserting after the first sentence the following new sentence: "Such a tour of duty, however, may be extended with the approval of the Secretary of Defense.".

(e) OPERATION OF JOINT STAFF.—Such section is further amended by adding at the end thereof the following new subsection (e):

"(e) The Secretary of Defense shall ensure that the Joint Staff is independently organized and operated so that the Joint Staff, and the members of the Joint Staff, support the Chairman of the Joint Chiefs of Staff in meeting the congressional purpose set forth in the last clause of section 2 of the National Security Act of 1947 (50 U.S.C. 401) to provide—

"(1) for the unified strategic direction of the combatant forces;

"(2) for their operation under unified command; and

"(3) for their integration into an efficient team of land, naval, and air forces.".

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT: Page 9, strike out lines 11 through 13 (and redesignate the succeeding subsections accordingly).

Mr. BENNETT. Mr. Chairman, I will not take the entire 5 minutes, because I have already spoken on this general section twice. What this does is strike lines 9 through 13 on page 9, and the reason for that is that language in the bill eliminates the 400 man cap on the Joint staff.

Well, we are trying to find out how we are going to get money to run this Government. Why would we want to increase this staff?

Actually, there is a hidden thing in the woodwork, which I hate to mention, but it is much bigger than the 400. There are hundreds of other people which do essentially the same job; they are not technically on the staff.

I offer this amendment in connection with the gentleman from New Jersey [Mr. COURTER], who has brought this matter to my attention, very strongly, and I would like to yield to him at this point.

Mr. COURTER. I thank the gentleman for yielding, and I congratulate the gentleman for offering the amendment.

Mr. Chairman, the present law caps the number of officers working under the Joint Chiefs of Staff at 400. The bill repeals that section, thus allowing an increase to something above 400; we do not know where it eventually may go. There is no cap under the bill; there is no cap whatsoever: It could be 500, it could be 800, it could be 1,000 officers; we do not really know.

We think, and I congratulate the gentleman from Florida [Mr. BENNETT] that there is a great deal of logic to keeping the cap at 400. We feel that one of the major thrusts, or at least I feel, that one of the major thrusts of the legislation is to reduce paperwork; I think it will create that environment. It will streamline the process thus probably alleviating pressure from the staff, thus probably leading to a situation so they do not need the 400 they have now, and to have a bill, flawed the way it is, allowing a massive expansion in staff seems to be running in the opposite direction from which the bill is going.

I notice also in the report language, if the gentleman will continue to yield, that it was basically an administration concern. They thought that this cap of 400, with a revised Joint Chiefs of Staff, is unrealistic, but at the same time they say, "We don't really have any plans to increase it;" they just want flexibility.

It seems to me if they do need flexibility, if there is good cause in order to dramatically increase the staff, they can request it at a future Congress, and we could reconsider in isolation the idea of lifting the cap.

I think keeping a cap of 400 makes eminent good sense; what we are trying to do is bash bureaucracy, streamline the Government, and I congratulate the gentleman for his amendment.

Mr. BENNETT. I thank the gentleman very much.

Mr. ASPIN. Will the gentleman yield?

Mr. BENNETT. I yield to the gentleman.

Mr. ASPIN. Mr. Chairman, I would like to respond to the gentleman from New Jersey [Mr. COURTER] and the gentleman from Florida [Mr. BENNETT].

This I think is a negotiable item; it is not a major part of the bill, but let me just point out a couple of things about the 400 cap.

□ 1550

One is that it has already been requested that we raise the 400 cap by Mr. Weinberger and General Vessey. In fact, it is the one part of the bill that Weinberger and Vessey like, that it raises the 400 cap.

The second thing to say is that that 400 cap is a little bit of a phony anyway. It is a little bit like the cap we have over at the White House on the number of employees in the White House. What they do is they just sequester people in from a whole bunch of other outside agencies, and although the official White House payroll is relatively small, the number of people there is enormous because they just go out and comandeer folks.

So that is what happens over in the JCS too. The official number is 400, but if you go there and count bodies, it is 1,400. They have 1,400 people in the organization of the Joint Chiefs even though the number is 400. It seems to me when the gentleman from Alabama wrote the bill and the gentleman from Kentucky and the gentleman from Missouri were writing their bill and putting this thing together to lift the cap, it was kind of an admission of reality that that cap just does not mean anything any more, and it is kind of foolish to be going along with the fiction that we have got 400 people over there when in fact the number bears no relation to what the heck is going on.

Mr. COURTER. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from New Jersey.

Mr. COURTER. I thank the gentleman for yielding.

Mr. Chairman, I can understand the fact that there is a hole in the dike, which is what the gentleman is saying. If there is a hole in the dike, let us plug the hole and not make a second one. My concern is that you are just making it easier to increase bureaucracy and increase the number of people there.

The CHAIRMAN pro tempore. The time of the gentleman from Florida has expired.

(By unanimous consent, Mr. BENNETT was allowed to proceed for 3 additional minutes.)

Mr. BENNETT. Mr. Chairman, I would like to conclude by saying this is not a thing of grave importance to

anybody. But really, when we have a $2 trillion national debt and an annual deficit now of about $200 billion, for us to go into this organization and change it and take off the cap on employees simply because they found a way to end run it and add 1,000 to it, or whatever the number is that they want to, by some subterfuge, is no excuse for operating that way. If they had come in and said, "Well, we do need 1,000, we do not need 400, we need 1,000," if they had put that kind of a proviso in the cap, there would be some value to it. But the symbolism of this is pretty bad. They should come back before the committe, and the committee ought to give it that kind of attention. If they need 1,000 instead of 400, they ought to present it to us and make it clear in the law. It is just a terrible symbol to have in this bill the fact that we are raising that cap. Let us do it in a thoughtful procedure, let us draw the language that is needed and give them the figure.

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. Yes; I yield to the gentleman from Oklahoma.

Mr. McCURDY. I thank the gentleman for yielding.

Are there other areas in the services by which there is a specific statutory cap on the number of personnel that are advising?

Mr. BENNETT. Yes.

Mr. McCURDY. If so, could the gentleman tell us what they are?

Mr. BENNETT. Well, I did not know the gentleman would be here to ask that question, so I do not have a list of them, but I assure you there are many caps.

There are many caps in existing legislation of this nature.

Mr. COURTER. Mr. Chairman, will the gentleman yield further?

Mr. BENNETT. I yield to the gentleman from New Jersey.

Mr. COURTER. I thank the gentleman for yielding so that I may answer the inquiry. It is my understanding that there is a plethora of pieces of legislation in the Secretary's office, the Office of the Secretary of Defense, that puts personnel caps on. There is none in the military, but there is in the Office of the Secretary of Defense.

Mr. BENNETT. Mr. Chairman, I would like to conclude by saying this is a constructive, good measure if we perfect it with the proper amendments. This measure is going to be a good one if we perfect it, and we ought to have it. This is not the negative sort of thing that I like to see in this bill. It is not a lot to ask to not increase the staff since they are not really impeded. They have found an end run. They can get around it. They have not really presented to Congress whether they need the 1,400 they now have. So I think this cap ought to stay there as a symbol. It is an excuse to come back and maybe amend that 400 to whatever they do need. But they are not impeded anyway by the present situation. But they ought to hit it head on. The symbolism is bad, increasing personnel in this way.

I hope very much that the committee will turn down the 400 cap and will vote affirmatively on my amendment which strikes out the removal of the cap.

Mr. NICHOLS. Mr. Chairman, I move to strike the last word, and I rise very reluctantly to oppose my friend from Florida, Mr. BENNETT. I say reluctantly because I consider myself somewhat of a fiscal conservative. When you talk about raising the cap of the staff at the Pentagon, that gets my attention.

Having said that, I think the committee is entitled to an explanation of why we did what we did. Briefly, if you will listen, I will try to give you that. It is twofold, I suppose.

First is a letter from Secretary Taft in which he asks that that be done. Second, and this was a more persuasive reason, is testimony from Gen. John Vessey. Let me read just briefly these 4 lines:

> First, we recommend that statutory restrictions on the size of the joint staff and tenure of its officers be changed to augment and strengthen their support to the chiefs. The changes are necessary so that the size of the joint staff can be adjusted when necessary to ensure it has the number of experienced officers needed to assist the JCS and the Secretary of Defense in carrying out their assigned responsibilities.

I hope the Chairman will not raise it. I questioned the necessity to raise it. But I wonder whether we ought to foreclose that possibility if such eventuality should come about.

Let me assure the gentleman that we do not authorize any overall increase in the DOD staff. Let me make that abundantly clear. Let me read an excerpt from a committee report:

> If, as a result of added responsibilities, staff increases are deemed necessary after Joint Staff procedures are updated, the committee expects the increases to be offset by corresponding decreases in service and other Department of Defense staff.

I thank the chairman.

Mr. BATEMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise with some reluctance because I do not want to delay our action on the amendment or on this bill. But I am concerned that we really are not accomplishing, I believe, anyone's real objective by the committee's version, nor, indeed, do I think it is wise to strike the committee's version and end up with the present law. We are told in the course of the debate that we have under present law a limitation of 400 officers assigned to the joint staff. But this is totally artificial, and, that fact, there are 1,400 over there fulfilling this function but paid from some other account or called something else for discharging that function. I do not think by the amendment that we ought to go back to a status quo which is inadequate and unrealistic.

On the other hand, bearing in mind that we are reforming the Joint Chiefs of Staff and we are giving to the chairman considerably more power than he presently holds, I am not at all comfortable with the notion that the number of officers assigned to the joint staff shall be the number determined by the chairman of the Joint Chiefs of Staff.

How much more realistic it would seem to me for us to substitute for the committee's bill or for the pending floor amendment something that says the size of the joint staff shall be as determined by the Congress and then selected in terms of the individuals up to that number by the chairman of the Joint Chiefs. That gives us the flexibility, but it also gives to this Congress the control.

When you strengthen the Joint Chiefs and especially the chairman of the Joint Chiefs, I think it becomes dangerous to give to him the authority to develop an elitist corps within our military who are those assigned under the dominion of the chairman of the Joint Chiefs.

I find myself in the uncomfortable position of neither liking the committee's bill which removes any cap or comfortable with an alternative that would restore the present unrealistic 400 cap as opposed to allowing us the flexibility and the latitude to do what common sense dictates based upon the information given the Congress in order for it to establish the appropriate level from time to time.

Mr. McCURDY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I might point out at the outset, it is usually a pretty good rule not to ask a question unless you know exactly what the answer is. And I violated that, my own principle. But in checking out that question, there were some interesting things that developed. First of all, the Chief of the Air Force and the Chief of the Army both have restrictions on the number of people, 3,000, within their branch. But you know, it is interesting that the Chief of Naval Operations does not have a cap, and the primary opponent to all this JCS reform has been the Secretary of the Navy. In numerous articles throughout the literature, in media, we see the Secretary of the Navy rising in opposition. But here again was a classic example of where they are trying to do something to someone else to keep their own special autonomy. It is incredible, the hypocrisy. We talk about interservice rival-

ry. Here we are again experiencing the clear abuse within this system.

Mr. Chairman, a classic line the other day, "The Navy more than any other military service is steeped in tradition." That is true.

"In recent months, the service has kept its long custom of opposition to reorganization blueprints that would curb its autonomy." Again it goes on and on and on. Let us cut out the rhetoric, folks; let us get down to it. Who opposes this? The Secretary of the Navy. Why? Because he has a 600-ship navy at risk here. He has tremendous resources. Why put that at risk?

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. McCURDY. No, I will yield later if the gentleman will withhold.

I think it is important that we understand really what is at stake here. We are talking about rising above this and developing a national policy. We are tired of a Navy policy, an Air Force policy, an Army policy; we want a national security policy that is linked to a reasonable foreign policy objective.

What we have is this continued building of fiefdoms, individual services at the expense of others. Here again is a classic example in the statutes; yes, they want caps, they want caps on the Army, they want caps on the Air Force, but they sure as the devil do not want any caps on the Navy.

So I think, again, we need to strip away this rhetoric, get down to the heart of it, and be honest. This is really what is at stake.

I will tell you what, we ought to defeat this amendment.

Mr. BENNETT. Mr. Chairman, will the gentleman yield? You said you would.

Mr. McCURDY. I would be glad to yield to the gentleman from Florida.

Mr. BENNETT. All right. I thank the gentleman for yielding.

The Secretary of the Navy has never suggested to me that he wanted this amendment. The things that the gentleman talked about are caps on the Air Force and the Army which have absolutely nothing to do with this bill. Maybe there should be a cap on the Navy. Why does not the gentleman offer an amendment to do it?

Mr. McCURDY. Why does not the gentleman from Florida offer the amendment to do it?

Mr. BENNETT. Because it has no pertinency to this bill.

Mr. McCURDY. The gentleman is offering one to cap the JCS, but the gentleman is not offering one to cap the Navy.

Mr. BENNETT. Because it is not germane to this bill. The Secretary of the Navy has never suggested to me any amendment that I have offered today. They are all drafted by myself, rather late.

Mr. McCURDY. If I may reclaim my time, let me make my point. I am not challenging the position of the gentleman from Florida by any means. I am not challenging the gentleman's bona fides in any of this area, I am not challenging his integrity, I am not challenging his advocacy. But I am saying this, that it is clear in all these debates that we have seen that the service Secretaries have not always been playing on even fields. We have a Navy Secretary who has established a very strong office. He is now involved in strategy. This is a tremendous threat to the power and the concentration of power that he has developed.

Now I am not saying the gentleman is advocating that. He happens to be chairman of the Subcommittee on Seapower and Strategic and Critical Materials, and he knows very well what they need.

Mr. BENNETT. Basically I am a soldier.

Mr. McCURDY. Yes. But the important thing is that the Navy again tries to submarine and torpedo the very thing that is going to rise above the parochialism.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. McCURDY] has expired.

(On request of Mr. BATEMAN and by unanimous consent, Mr. McCURDY was allowed to proceed for 2 additional minutes.)

Mr. BATEMAN. Mr. Chairman, will the gentleman yield?

Mr. McCURDY. I yield to the gentleman from Virginia.

Mr. BATEMAN. I thank the gentleman for yielding.

I wonder if the gentleman in the well would tell me whether or not he has any communication or any knowledge of any communication from the Secretary of the Navy with reference to this amendment?

Mr. McCURDY. As to this amendment? I would say this, that I have been informed by personnel within Navy and indirectly from the Secretary—not to this amendment because I did not foresee this amendment coming up.

Mr. BATEMAN. That is the question. That is the point.

Mr. McCURDY. What I am saying is as to the bill, yes, strong opposition to the bill, publicly in opposition to any JCS reform.

Mr. BATEMAN. If the gentleman will continue to yield, I think the answer is that he does not know of any position of the Secretary of the Navy with reference to this pending amendment.

Mr. McCURDY. That is correct, because this amendment was not anticipated until today.

Mr. BATEMAN. Well, I think in fairness, however, if that be the case, that the gentleman should concede that this amendment is not authored by the Secretary of the Navy, sponsored by the Secretary of the Navy, or whatever his position on it, it has nothing to do with this amendment.

□ 1605

Mr. McCURDY. I will say to my colleague from Virginia that again I am not challenging him. What I am saying is this: It is broader than just this amendment. But what this amendment does is, in effect, guts the bill. It has a very detrimental effect, by limiting even the drawing in of other services. What you are trying to do is you are trying to bring in and use from other services. What you are saying is they are trying to put an artificial cap on here. Why do you do it? The motives of some opponents to these provisions of reform are clear. They try to gut the JCS reform package. That is what I am saying.

Mr. BATEMAN. Does the gentleman oppose my suggestion that the superior way to accomplish what ought to be done is to let Congress determine the size of that staff on recommendation of whomsoever?

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. McCURDY] has again expired.

(By unanimous consent, Mr. McCURDY was allowed to proceed for 2 additional minutes.)

Mr. McCURDY. I have no problem with the gentleman's suggestion. As a matter of fact, I understand the gentleman from Missouri, if I am correct, is going to offer an amendment which makes far more sense than an artificial cap like this. I am going to conclude my remarks and let him proceed with his amendment. But what I am trying to point out is that I think we need to strip away the rhetoric and really say who is at risk here and why some of the strong emotional opposition has arisen. And I wanted to take the opportunity, while they were drafting that amendment, to raise that point.

Mr. BATEMAN. To reclaim my time, I applaud the fact that someone may be drafting something that is better than either the amendment or the committee's bill alternative. But I do want to take just a moment to suggest that rhetoric which castigates a Secretary of the Navy for his position with something that relates to the defense of the United States, and the Navy's role in the defense of the United States, that says that a part of the issue before us today is whether or not a 600-ship navy is or is not a legitimate objective, is not, I think, very well reasoned commentary on this bill.

Mr. McCURDY. If I may reclaim my time, I will make this statement——

Mr. BATEMAN. I think the time is mine, but I will yield to the gentleman.

The CHAIRMAN. The Chair will advise the gentleman that the time belongs to the gentleman from Oklahoma.

Mr. McCURDY. If I may, I am not trying to disparage the Secretary of the Navy. What I am saying is that whenever we are going into the next decade, with tremendous financial fiscal restraint and constraints, that there is a lot of competition for those scarce resources, and it is my opinion, based on testimony of a number of people involved in that assessment and in other areas, that the Navy's program for a 600-ship Navy comes in direct conflict with such things as SDI and a number of things that all of us tend to support. And it is obvious in some of the——

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. McCURDY] has again expired.

(On request of Mr. BATEMAN and by unanimous consent, Mr. McCURDY was allowed to proceed for 2 additional minutes.)

Mr. McCURDY. All I am saying is that in the public reports as to the Secretary of the Navy's position, in my opinion, he is strongly opposed to this because of the Navy's strong tradition and autonomy and the fact that they can command huge resources for their particular program, and that they have resisted a joint operation and bringing together of that command because in effect they are an extremely powerful service that can command resources.

Mr. BATEMAN. Will the gentleman yield for 30 seconds?

Mr. McCURDY. No. I want to give the gentleman from Missouri an opportunity to present his amendment.

PERFECTING AMENDMENT OFFERED BY MR. SKELTON

Mr. SKELTON. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Perfecting amendment offered by Mr. SKELTON: Page 9, strike out lines 11 through 13 and insert in lieu thereof the following:

(b) SPECIFICATION OF MAXIMUM NUMBER OF OFFICERS OF JOINT STAFF.—Subsection (a) of such section is further amended—

(1) by striking out "not more than 400" in paragraph (1); and

(2) by adding at the end thereof the following new paragraph:

"(4) The Secretary of Defense shall prescribe the maximum number of officers that may serve on the Joint Staff. Such number shall be prescribed based on the duties and responsibilities of the Chairman. The number of officers serving on the Joint Staff may not exceed the number so prescribed. In the event the number exceeds 400, the Secretary of Defense shall direct that there be affecting reduction in the service staffs."

The CHAIRMAN. The gentleman from Missouri [Mr. SKELTON] is recognized for 5 minutes in support of the perfecting amendment to the bill.

Mr. SKELTON. Mr. Chairman, this is a plug in the dike which should solve the entire problem for all of us. Those who complain about allowing to have more than 400 are complaining because it would cost more. This amendment does not cost one penny more should there be a change.

What this allows is for the Secretary of Defense to say how many shall be on the Joint Staff, and if there be more than 400, for instance, that the Secretary determines there should be 480 on the Joint Staff, he may then under this language take 20 from the service staffs of each or 5 from one service staff, 10 from another, 25 from another, so it adds up to 80.

It is a very simple amendment. It solves the problem. It defeats allowing having an additional 400 ad infinitum, as you would want, but it does allow an offsetting so that you are going to end up with no more staff than what you have at the present time. It is that simple.

Mr. COURTER. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from New Jersey.

Mr. COURTER. I thank the gentleman for yielding.

Mr. Chairman, I have a legitimate question to which I do not know the answer.

Is the service staff, the officers and the service staffs, capped? Is there a limit to their number?

Mr. SKELTON. In the law, no.

Mr. COURTER. The only problem I see in your amendment is that they can get around it by increasing the service staff officers by 100, knowing that they will be taking 20 away, to put it with the Joint Services officers. Therefore, your amendment really does not do anything.

Mr. SKELTON. Well, you could go on ad infinitum as to where do you go from here. This is a clear intent to solve the problem. It is meant not to have any more staff members whatsoever. And if they violate it, then it is up to us to slap their hands at appropriation time. But this solves the problem. This keeps you from proliferating. I think that is what you are concerned about, proliferating in the one staff and just having a ballooning of all the staffs. If you are going to have a ballooning of one of the staffs, you are going to squeeze the balloon at the other end. So you will have the same amount of staff, whatever.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Florida.

Mr. BENNETT. Trying to get some elucidation, I do not understand what it says here because it says you are going to strike out from the bill that you have here the words "not more than 400" in paragraph No. 1. There is not any paragraph No. 1. And that kind of worries me. So I assume, but I do not know, what you are doing is striking out, just as I did, the 400 cap, but you know, in your explanation, have said that the cap could be raised to 480, 580, or whatever it is, but if it is raised, you have got to get that personnel from some other place in the military service, as I understand it. Is that the thrust of your amendment? I am trying to understand it.

If that is the thrust of your amendment, assuming it is technically all right, which I have a little difficulty with because I do not find a paragraph No. 1, if that is the thrust of your amendment, I must say that a branch of the Government which was able with a cap of 400 to have 1,400 there, and nobody is challenging it, and maybe could go to 10,000, a branch of the Government that is that ingenious certainly could find a way to see to it they never lost any officers. So it does not have any meaning at all. Because if they are that ingenious, they certainly can find a way to say they have got some extra people out here that they can feed into this thing so that nobody is losing any money. So I am afraid we are being offered something which they in their ingenuity will find a way to eliminate the cap. And I do not see what is so wrong about eliminating the cap. It is not going to endanger anybody. Mr. McCURDY seemed to be worried about endangering people. No way. They do not have any limit at all. The 400 is just a technical cap. They have got 1,000 more, at least, sitting over there, doing the same thing, the bodies are there, as the chairman of the full committee pointed out. Those bodies are there, and they are doing a job and they are being paid for by the U.S. Government, and they are doing a job of the staff. A cap of 400 should be retained, in my opinion.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. SKELTON] has expired.

(By unanimous consent, Mr. SKELTON was allowed to proceed for 5 additional minutes.)

Mr. SKELTON. Mr. Chairman, in answer to the gentleman's inquiry, in looking at the law itself, this is a correct writing of the amendment. This would be a new paragraph. That paragraph would be No. 4, following paragraph No. 3. And you would have to get the law, which I have before me, regarding the Joint Chiefs of Staff, section 143, and it will be very clear to the gentleman.

What I wish to do—and I will reiterate it—is not to add one more staff person in the Pentagon.

My amendment achieves that goal. It leaves it up to the Secretary of Defense. Should there be a crisis where there would be a need for additional people on the Joint Staff that belongs to the Chairman, then he would be able to increase them, but he would

have to decrease from a service staff at the same time an offsetting amount. So it is really a very simple amendment. It takes care of the problem that the gentleman from Florida raised.

Mr. BENNETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, my feeling about this is that what I have done here is very simple. It just retains the cap of 400. I do not think you want this bill to go out throughout the country and say they increased the number of people on the staff. If we want to set down and thoughtfully go through the committee process, which I would recommend we do at some future time, not here on the floor, but really see how many people they need to have—we are not impeding them at all, because they have got all the people they want, and then some, over there right now. So there is no real problem. There is no emergency involved in this. We are just repealing a symbolic thing of 400 people, and we should not repeal that symbolic thing. We should leave it as it is. We ought to correct it, regardless of what happens to this legislation. And if it needs to be increased, fine. But my feeling about it is, I would like to vote for this legislation. We have already turned down some of the amendments which I think would have helped it, but this is an amendment which I am sure, when I call for a record vote on it, we are going to sustain my amendment. I have not the slightest doubt that the vast majority of the Members of Congress are going to say they want to retain this cap.

So, Mr. Chairman, I hope very much that we can defeat all amendments to this amendment and that we finally vote for the amendment which retains the cap of 400.

Mr. NICHOLS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to rise, briefly, as we conclude debate on this amendment, to say that it seems to me that the gentleman from Missouri has made a valid attempt to correct and respond to the concerns that I have heard here on the floor. As he said earlier, it does not add a single body to the Pentagon. It just gives the Secretary some flexibility in shifting bodies over there to accommodate what his particular needs might be on the staff. It seems to me that it is a good amendment, and I hope the Committee will support it.

Mr. COURTER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment to the amendment.

Mr. Chairman, the amendment is billed as one that only gives the Secretary of Defense some flexibility here, and I really do not think it does that. It, in my mind, eliminates what the gentleman from Florida and I are really trying to do by our amendment.

They say that whatever increase over 400 in the Joint Chiefs of Staff personnel, if it goes over 400, then members would have to be taken from one of the branches of the services, the service staffs. But the problem with that is the fact that there is no limit to their staffs. And, therefore, the way to get around this amendment, the way it is written now, is having the services increases their staffs by a factor of four or increase it by 100 people, let us say, a few of those then would be borrowed to increase the staff of the Joint Chiefs of Staff.

□ 1620

Therefore, the Joint Chiefs of Staff service people are increased. The officers are increased. At the same time, the number of officers in the service are increased as well.

For example, if you have a pile of bricks that are 400 in number and another pile has 800, by increasing the pile that has 400 by borrowing from the pile with 800 does not get you anywhere if the number of bricks in the pile of 800 can be increased to 1,000. So therefore, the amendment to the amendment really guts the amendment. I would argue that it is very important I think to defeat the amendment to the amendment, and to vote in favor of the untainted amendment of the gentleman from Florida [Mr. BENNETT].

It seems to me that many of us here in this body have often talked about the fact that there are too many officers. Just about everybody has said that. The ratio of officers to enlisted people is higher now than I think any other time in the history of this country. Why in goodness name do we want to craft a piece of legislation that clearly drives a truck hole through the bill allowing not service people to be increased, but officers to be increased when everybody knows we are suffering from the top and not the bottom. We in fact have too many officers and not too few.

Second, it was indicated that the real reason this lifting of the 400 cap is important is because Secretary Taft asked for it. Secretary Taft and Secretary Weinberger asked for 100 MX missiles. Jimmy Carter asked for 200 MX missiles. This Congress did not give them those missiles because, in the wisdom of the body, they did not think it was appropriate.

So it seems to me that the amendment to the amendment does not solve the problem. It creates a type of flexible situation permitting not only the officers and the services to be increased but also the number of officers working for the Joint Chiefs of Staff to be increased. I do not think that is the signal that this body wants. I do not think that is part of military reform. I do not think that streamlines the Joint Chiefs of Staff. We want to keep the cap at 400. If you are interested, in this body, in keeping the limit of officers to 400 that work in the Joint Chiefs of Staff, what you must do is vote "no" on the substitute amendment and "yes" on the Bennett amendment.

Mr. CARNEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think my colleague from New Jersey hit the point rather well. The debate here clearly points out the problem throughout the system; not just necessarily the problem with the Joint Chiefs. That is, we do have a Department of Defense whose ratios between the offices and the branches of the service and the enlisted man is out of hand.

If we look at the records, we clearly can see those indications. In 1950, this Congress had a cap of 200 on the Joint Chiefs, and there were over 600 officers. We then raised the cap to 400. Now there are over 1,400 officers that work out of the Joint Chiefs.

If you look at some other statistics, they get rather frightening. On June 30, 1945, when our Nation was involved in war, we had 12,123,455 men and women in the service. Of those, we had 17,053 people who had the rank of colonel or Navy captain or above, including 101 three-star ranks; either generals or admirals. On May 31, 1983, when there is only 2,127,422 people in uniform, we had 15,455 officers of the rank of colonel or captain in the Navy or above, including 118 three-star generals. Seventeen more generals then with 2 million people in the armed services than when we had 10 million in the armed services.

I think what this points our rather clearly is that Congress has to get a grip on the number of officers that we have within the Department of Defense. I would hope that we make an attempt today to start by putting the cap on the amount of officers allowed in the Joint Chiefs.

I support the amendment of the gentleman from Florida [Mr. BENNETT] and I hope that my other colleagues in the House will do so.

Mr. ASPIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would hate to see us go to a record vote and take a lot of time on an issue that I think is not of fundamental importance to this bill or to the way the system operates. As we have already pointed out, the system has a cap of 400, but they are operating with 1,400. I would wonder if we cannot just agree to heck with this whole thing; we will accept the amendment of the gentleman from Florida [Mr. BENNETT].

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman.

Mr. HOPKINS. I thank the gentleman for yielding.

Mr. Chairman, we will be delighted to accept the amendment of the gentleman from Florida [Mr. BENNETT].

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Missouri.

Mr. SKELTON. I thank the gentleman for yielding.

Mr. Chairman, Shakespeare once wrote a play "Much Ado About Nothing," and with that in mind, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment of the gentleman from Missouri [Mr. SKELTON] is withdrawn.

There was no objection.

Mr. KASICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just very briefly want to say that I am greatly interested in the debate and I want Mr. BENNETT to know that those who are concerned about raising the 400-person limit, we are concerned about it because we are going to give additional major responsibilities to the JCS so that we can save money overall.

Let me say this to the Members, and I welcome this discussion because Mr. CARNEY is right: Of the 2,127,000 in the services, I do not know if you know this, over 1 million of them are not in combat forces. One-third or 301,000 serve in purchasing, development and supply. There have been amendments offered in this body before regarding staff. I am glad that we raised this issue because when the authorization bill comes back next time, we will get everybody to put their money where their mouth is and we are going to make these kinds of reductions in staff across the board. Not only in the services but in the service command systems. I welcome it, and this is the first step towards making dramatic reform that was rejected on the other side.

Mr. HOPKINS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to clarify, it I might, with the chairman of the full committee, what we are accepting now, Mr. Chairman, is the original amendment of the gentleman from Florida, not as amended by the gentleman from Missouri; is that correct?

Mr. ASPIN. If the gentleman will yield, I will tell the gentleman that he is correct. We are removing that part of the bill that in our bill removed the 400 cap. The 400 cap, according to the gentleman's amendment is still in effect.

Mr. HOPKINS. Mr. Chairman, I support the amendment of the gentleman from Florida [Mr. BENNETT].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. BENNETT].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to section 8?

If not, the Clerk will designate section 9.

The text of section 9 is as follows:

SEC. 9 CONSIDERATION OF JOINT SERVICE IN SENIOR GENERAL AND FLAG OFFICER APPOINTMENTS.

Section 601 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) In the case of an officer who is selected for recommendation to the President for an initial appointment to the grade of lieutenant general or vice admiral, or to the grade of general or admiral, the Chairman of the Joint Chiefs of Staff shall submit to the President the evaluation of the Chairman of the performance of that officer as a member of the Joint Staff and in other assignments involving joint military experience. Such recommendation shall be submitted to the President at the same time as the submission of the recommendation for the appointment.".

The CHAIRMAN. Are there any amendments to section 9?

If not, the Clerk will designate section 10.

The text of section 10 is as follows:

SEC. 10. PARTICIPATION IN NATIONAL SECURITY COUNCIL MEETINGS.

Section 101 of the National Security Act of 1947 (50 U.S.C. 402) is amended by adding at the end thereof the following new subsection:

"(e) The Chairman or Deputy Chairman of the Joint Chiefs of Staff shall attend all meetings of the Council and shall participate fully in its deliberations.".

AMENDMENT OFFERED BY MR. DELLUMS

Mr. DELLUMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DELLUMS: Page 11, strike out lines 13 through 15 and insert in lieu thereof the following:

"(e) The Chairman (or in his absence the Deputy Chairman) of the Joint Chiefs of Staff shall, subject to the direction of the President, attend meetings of the National Security Council and may, as directed by the President, participate in its deliberations.".

□ 1630

Mr. DELLUMS. Mr. Chairman, as I said earlier in general debate, I am in agreement with the need to organize the Joint Chiefs of Staff. However, I do not agree that the Chairman of the Joint Chiefs of Staff should be elevated in political stature. It is in the aggregate, Mr. Chairman, the measures contained in the bill before the body which enhance the stature of the Chairman of the Joint Chiefs of Staff and which, in this gentleman's humble opinion, endanger the doctrine of civilian control of the military.

In section 2 you have made the Chairman of the Joint Chiefs of Staff the principal military adviser to the President. One can argue either way as to whether that is a good provision or not a good provision.

In section 4 you have placed the Chairman of the Joint Chiefs of Staff in the chain of command.

When you place those two provisions together with the provision that is contained in section 10, which mandates the attendance of the Chairman of the Joint Chiefs of Staff at all meetings of the National Security Council, and requires according to law that the Chairman of the Joint Chiefs of Staff participate fully in all deliberations, military or otherwise, that then begins to raise a number of questions in this gentleman's mind with respect to the issue of civilian control of the military.

Now, let me briefly recite current law with respect to the issue, Mr. Chairman, of the attendance of the Chairman of the Joint Chiefs of Staff at the meetings of the National Security Council.

Attendance of the Chairman is presently allowed. He is there at the invitation of the President or the President's surrogate; namely, the Secretary of Defense, as they see fit. The Chairman's military advice is always available to the National Security Council. Therefore, what are the problems of having this mandatory attendance requiring full participation in all deliberations of the National Security Council that are contained in section 10? Let me briefly lay out for you, Mr. Chairman, what I perceive to be the problems.

No. 1, the President cannot be told by statute from whom he should obtain his advice.

No. 2, the Chairman of the Joint Chiefs of Staff would be required to attend all meetings of the National Security Council whether the President wanted his presence or not.

Third, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff would in areas of disagreement be coequal on the National Security Council, and that would erode the authority of the Secretary of Defense over the military chain of command. This would be particularly true, Mr. Chairman, after the Chairman had been elevated, as he will in other provisions of the bill that I just enumerated, in the chain of command, now the principal military adviser to the President.

A situation akin to a vote of no confidence may arise if the Chairman of the Joint Chiefs of Staff prevailed over the Secretary of Defense time and time again, or even on numerous occasions.

With respect to the issue of voting membership on the National Security

Council, someone said, "Well, he's not really a coequal, because the Chairman of the Joint Chiefs of Staff would not be a voting member of the National Security Council." I would suggest, Mr. Chairman, to the Members of the Committee that that is not central to the debate because NSC as a deliberative body which by all accounts that this gentleman has been able to relate to, does not hold critical votes on issues so much as debate them and decide collectively on policy roles, in other words, the development of a consensus.

So being a voting member is really not germane to this debate. The point is to have the Chairman there in mandatory attendance, requiring that he fully participate in all deliberations, would in effect make the Secretary of Defense, on the one hand, and the Chairman of the Joint Chiefs of Staff, on the other, really coequals.

While many of the National Security Council deliberations include consideration of military matters, and I will stipulate that, many are of a more political nature, and even purely political nature. Under section 10, the Chairman of the Joint Chiefs of Staff would be required to fully participate.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. DELLUMS. This, it seems to me, would then place the Chairman of the Joint Chiefs of Staff in a purely political environment, raising in my estimation a number of terribly important and dangerous questions, as I said, to the doctrine of civilian control.

With respect to the international implications, I would make the following statement: The elevation of the Chairman of the Joint Chiefs of Staff to become a permanent member of the National Security Council—and that is in effect what you are talking about—would send a signal to the entire world community that we intend to further militarize our foreign policy. I do not believe that that is a statement we need to be communicating at this particular tenuous moment in the history of our world.

With respect to the political gesture, and it is a political gesture of some significant consequence, I would make the following statement: Since under current law the National Security Council has the complete benefit of the advice of the Chairman of the Joint Chiefs of Staff, there is no reason to elevate him to a position of permanent attendance unless you are simply making a political gesture. I would submit that such gesture would have serious consequences both in terms of civilian control of the military, as I tried to outline in my earlier remarks, and in the militarization of our politics and the politicization of our military.

I believe that what we need to do in very simple terms is to return to current law. It is the intent of this gentleman who offers the amendment to the body this afternoon to return to current law. I would simply reiterate that current law says attendance of the Chairman is allowed; he is there at the invitation of the President or the President's surrogate; his advice is always available at this time. It is the thrust of the amendment to return us to current law.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has again expired.

(On request of Mr. HOPKINS, and by unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the distinguished gentleman from Kentucky.

Mr. HOPKINS. Mr. Chairman, I thank my colleague for yielding.

The thrust of the gentleman's amendment, I believe, is this: Under current law the Chairman of the Joint Chiefs of Staff can attend a National Security Council meeting if the President wishes for him to be there.

Mr. DELLUMS. That is correct.

Mr. HOPKINS. The way this bill is currently structured, he would have to go even if the President did not want him there; would that be correct?

Mr. DELLUMS. That is correct.

Mr. HOPKINS. In other words, in the event—but in the unlikely event—that the gentleman from California should become the Chairman of the Joint Chiefs of Staff, he would go to the National Security Council meetings even if the President did not want him there; is that correct?

Mr. DELLUMS. That is correct. As the gentleman says, that is unlikely, but the gentleman is correct.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the chairman of the subcommittee.

Mr. NICHOLS. Mr. Chairman, I thank the gentleman for yielding.

Let me say that in the committee we were very mindful of the concerns expressed by the gentleman from California. The gentleman from Virginia [Mr. BATEMAN] was also really interested in this.

I would have to say that I see everything that is right in this, and the gentleman is exactly right on the current status. General Vessey has always attended every meeting, by invitation of the President, I might say. That is not in law. It is custom that the President should do this.

But I see a great deal that is right in having a military man there. You have the President and the Vice President there, you have the Secretary of Defense there, and you have the Secretary of State and others there. They are not career military people. I see nothing wrong, and a great deal right, in having General Vessey there or having Admiral Crowe there to respond to questions and ask questions. We do not make him a full-time member. He does not have a vote, but I think he ought to be there.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has again expired.

(On request of Mr. NICHOLS, and by unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. NICHOLS. Mr. Chairman, having said that, let me say to the gentleman from California that we have discussed this and we understand his concern. I would not want the Chairman of the Joint Chiefs of Staff in a meeting of this kind if he were not wanted by the President of the United States. I think it would be basically wrong to force him to go to a meeting by law if he were not wanted there. I would not want to be at a meeting where I was not wanted, and I would not want to put him in that position.

So for that reason, Mr. Chairman, I commend the gentleman from California on his amendment. On this side we are prepared to accept it, and we thank him for his interest and his consideration.

□ 1640

Mr. DELLUMS. Let me just say I would like to thank the chairman of the subcommittee for accepting this amendment. We have worked very diligently with the gentleman. The gentleman was very fair in trying to understand the concerns of the gentleman from California, and I am deeply appreciative of the action taken by the distinguished chairman of the subcommittee.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Kentucky.

Mr. HOPKINS. I thank the gentleman for yielding.

Mr. Chairman, we have examined the gentleman's amendment. It was before the full committee. I voted for it then and I am delighted to say we are prepared to accept it on this side of the aisle.

Mr. DELLUMS. I deeply appreciate the remarks of my distinguished colleague, and I thank the gentleman very much.

Mr. Chairman, I would be pleased to yield to the gentleman from New York.

Mr. CARNEY. I thank the gentleman for yielding.

Mr. Chairman, I would also say that in committee it was discussed in great length. I supported it then, and I sup-

port it now. I am very pleased to see that both the chairman and the ranking member have made an accommodation to have this most important amendment accepted.

This amendment makes the bill itself a very, very good bill, and it makes this bill one that I believe everyone in this Chamber can support.

I would like to take this additional time to again commend the gentleman from California for a job well done. The gentleman articulated the reasons why this amendment is good better than I think anyone on this floor could.

As I said before, because of the gentleman's efforts, we now have a bill that is much better than what it was and I am, or course, standing ready to support the entire bill.

Mr. DELLUMS. I thank the gentleman very much.

The CHAIRMAN. The time of the gentleman from California [Mr. DELLUMS] has again expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. DELLUMS. Mr. Chairman, I would like to thank my distinguished colleague, the gentleman from New York, who is very kind and generous in the point of his remarks.

I would just say as the amendment is being accepted on both sides of the aisle that I am reminded of the commercial that says, "You've come a long way, baby." It has been a long way to get to this moment.

I certainly thank my distinguished colleagues for the support of our amendment.

Mr. CARNEY. Mr. Chairman, I think my colleague, the gentleman from California, recognizes the wisdom of the observation of our colleague, the gentleman from Kentucky, that it would be hardly likely that the gentleman from California would be the Chairman of the Joint Chiefs of Staff in this administration.

Mr. DELLUMS. No question.

Mr. Chairman, in conclusion I would simply like to say that I am deeply appreciative of the interest and the concern and the diligence of my distinguished colleague, the gentleman from Virginia [Mr. BATEMAN]. I certainly would have liked very much if the amendment had gone forward in print, certainly in spirit, as the Dellums-Bateman amendment to this legislation.

Mr. BATEMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I thank the distinguished gentleman from California for his remarks.

I thank the distinguished chairman of the subcommittee and the ranking member for having accepted the amendment.

The amendment is critical to whether or not this bill should pass.

In my remarks in the course of general debate I indicate that critical to our judgment on this bill would be whether or not through this bill we undermine civilian dominance of our military, as is critically important to us in the future as it has been in the American past.

This Republic will have more history to be written in the future than has been written in the past and it is our hope that it will be as illustrious in the future.

I think, therefore, we have to be concerned about that very cardinal principle of American democracy, the supremacy of the civilian over the military.

Let me take more time than I had wanted or desired to make these observations. We are by this bill strengthening the position of the Chairman of the Joint Chiefs of Staff. That in itself may be well advised. I am persuaded that it is, in some measure, but it is also very important that we bear in mind from whence comes this greater strength of the Chairman of the Joint Chiefs of Staff. From whom is he acquiring this additional power or strength? Is it going to be from the other Chiefs of Staff or from the military, the uniformed services, or is it going to be at the expense of our Secretary of Defense?

Is it going to be, as some perhaps on this floor seem to indicate it should, from the civilian Secretaries of the armed services? It is my hope and belief that this bill does not do so, for if it did, I would not be able to support it.

I think it is important that we maintain civilian supremacy. I certainly do not think the Secretary of the Navy, our current Secretary, has any occasion to apologize to any American, and certainly to no Member of Congress, that he has been an advocate of an American Navy adequate to its assigned task in our overall strategic planning and I certainly do not think it is inappropriate that he has a voice in shaping what those strategic plans are. I hope he will continue to have that voice. I hope that all our civilian Secretaries will have that voice and that opportunity in future deliberations as to the course of American strategy and its strategic planning, its national objectives, and determining how best they should be met.

Mr. WILLIAMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to thank the gentleman from California for his amendment. As a Member of this body who is not a member of the committee which passed this bill out, I would like to ask the author of this legislation just how this legislation will affect and improve upon the budget process that comes through the Joint Chiefs and eventually ends up in our Budget Committee. I ask this as a member of the House Budget Committee.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. Yes.

Mr. SKELTON. Mr. Chairman, if I may go back just a bit, at the present time the service chiefs have the Army, the Navy, the Air Force, and the Marines, and make their recommendations. They are brought over to the Hill. This is what we call a vertical recommendation.

Now, should there be a conflict anywhere in the world, a Commander in Chief, we call them CINC's, would be the person that is in charge. He has to do the war fighting. Often that particular CINC who has to have certain numbers and types of people, ammunition, equipment, he is furnished this from the various services, not always to the ratio or to the specifications of what he asks.

Now, this bill makes a basic change. In this process, the Chairman would be the supervisor of the CINC's and also would be their spokesman.

In performing the budget process, I refer the gentleman to page 4 of the bill. The Chairman has the duty of submitting program recommendations and budget proposals to the Secretary in each budget cycle based on guidance provided by the Secretary, program and budget proposals submitted by the commanders of the unified and specified combatant commands, that is your CINC's out in the field; and third, by recommendations—as appropriate—submitted by the military departments and their components of the Department of Defense.

What you are going to have is a recommendation coming from the Chairman to the Secretary of Defense and then, of course, the President, and then to us, that makes more sense to the person that is going to be fighting the war—heaven forbid, but should that come to pass—rather than what is given to him in the present process.

This has to be one of the major accomplishments of this bill.

Now, the gentleman from Ohio [Mr. KASICH] is the author of this specific language and I think it is right on target.

What you will have, rather than it is a good idea to have this weapon system, the question is, can this CINC use this weapon system, and if so, how much?

For instance, if you have been down to Key West in the Navy base there, they have some wonderful ships, hydrofoil ships. It was a good idea to buy them and build them, but I am not sure why, because they are very limited. Now, if you have a war around Cuba, they may be all right, but they are very limited in range. You cannot

take them across the Atlantic Ocean without refueling them, et cetera. So a CINC would not be asking for a hydrofoil because it does not fit into his proposed battle plans. That way, in essence, you will be saving future military dollars. It just makes sense to do it this way.

Mr. WILLIAMS. Mr. Chairman, I thank the gentleman from Missouri and also the gentleman from Ohio who developed this language.

The CHAIRMAN. The time of the gentleman from Montana [Mr. WILLIAMS] has expired.

(By unanimous consent, Mr. WILLIAMS was allowed to proceed for 3 additional minutes.)

Mr. WILLIAMS. Mr. Chairman, let me pursue this and then I will yield.

Let me speak just for a minute as a two-term member of the House Budget Committee.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. Yes, I am pleased to yield to the gentleman.

Mr. SKELTON. Mr. Chairman, I would like to add something, if I may.

Mr. WILLIAMS. Yes.

Mr. SKELTON. In recent testimony, the former Chairman of the Joint Chiefs of Staff was asked about establishing priorities and he said that he could not establish and make priority recommendations.

This Chairman will be able to do just that. It makes a lot of work on the Budget Committee. Here in Congress the President and the Secretary of Defense all come up with a much better series of recommendations, rather than something that it is a good idea to have.

Mr. WILLIAMS. Well, I thank the gentleman.

At least one former Chairman of the Joint Chiefs has come before our Budget Committee at times when the now chairman of the Armed Services Committee was a member of our Budget Committee and has informed us of the difficulty they have in prioritizing the budget that is eventually sent to the Hill.

In my two terms thus far on the House Budget Committee, I have been alarmed that the budget that comes from the Pentagon to our committee does not in all its parts reflect the defense needs of America, but rather reflects political winners, that is political winners, at the Pentagon.

My reason for supporting this bill may be different from many of those on the Armed Services Committee, but I really believe that the three competing fiefdoms, the Army, the Navy, and the Air Force, at the Pentagon have created an almost impossible budget situation for this House.

What is more, and this is where we may part company, what is more it has created a dangerously ineffective, duplicative and expensive defense system in the United States. It seems to me that the bureaucratic deficiencies, the overlapping, the duplication of our three branches of defense, have created situations that allowed Americans to freeze on the Yalu River unnecessarily, have created a situation where 300-plus of our marines lost their lives on an airfield where they should never have been in Lebanon, and yes, created a situation where even the invasion of Grenada did not come off as effectively and as efficiently as it could have; created a situation where we ended up with our aircraft on the desert in the Middle East as we were attempting to rescue hostages.

We in this country are absolutely willing to pay every dime we need to pay for a first-class, effective, efficient Defense Department and the majority of Americans, and I count myself among them, have become convinced that because of the three feifdoms at the Pentagon, we do not have an efficient fighting machine, but rather have a wasteful, duplicative, inefficient, and dangerously ineffective military.

I am delighted, as the gentleman from Missouri knows, to have been a supporter of the gentleman's legislation and I am delighted that the chairman of the Armed Services Committee has begun to grapple in a meaningful and aggressive way with the generalities of the problem which I outlined.

The CHAIRMAN. The time of the gentleman from Montana [Mr. WILLIAMS] has again expired.

(At the request of Mr. ASPIN, and by unanimous consent, Mr. WILLIAMS was allowed to proceed for 2 additional minutes.)

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, I would like to ask the gentleman in the well, I think he would find that his views are not widely at variance with a number of members of the Armed Services Committee and on this issue; but I would like to tell the gentleman in the well and all the rest of the Members of the Congress who are here that this is by no means the whole answer.

□ 1655

There is a lot that needs to be done in the way of reform. This is just the one that we have worked on the longest and have ready the first, but this is by no means the sole answer. It is the beginning, but there is a long way to go to get the kind of thing that the gentleman in the well wants, that I want, and that I think all of us on the Committee on Armed Services want.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Missouri.

Mr. SKELTON. I thank the gentleman for yielding.

Mr. Chairman, I would like to reiterate what I touched on a few moments ago. The Joint Chiefs of Staff chairman testified that it was not the job of the Joint Chiefs of Staff to advise either the President or the Congress on where to make cuts to meet the defense budget ceilings approved by Congress. He said that the jobs of the service chiefs is looking at the individual budgets, that is, on one of the most fundamental military issues in allocation of resources.

This reverses that whole thing. This causes us, as well as the Secretary and the President, to be recipients of excellent recommendations and advice. It make our job more meaningful and we can make decisions because we are the ones who end up having to do the cutting.

I appreciate the gentleman raising this issue because it is the very crux of what we are talking about today.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. DELLUMS].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to section 10? If not, the Clerk will designate section 11.

The text of section 11 is as follows:

SEC. 11. REPORT TO CONGRESS ON PLANS FOR FURTHER IMPROVEMENTS.

(a) REQUIREMENT FOR REPORT.—The Secretary of Defense shall submit to Congress a report containing plans for the manner in which the matters described in subsection (b) could be implemented.

(b) MATTERS FOR WHICH PLANS TO BE DEVELOPED.—The matters referred to in subsection (a) are the following:

(1) Creation of a joint specialty for officers within each of the Armed Forces, including—

(A) measures to ensure the preferential selection for duty in joint assignments of officers with such a joint specialty;

(B) means to provide a role for the Chairman of the Joint Chiefs of Staff in the consideration and selection for promotion of officers who have served on the Joint Staff or in other joint positions; and

(C) procedures to ensure the representation of officers serving in joint positions on each promotion board considering officers for selection for promotion to a grade above the grade of lieutenant colonel or, in the case of the Navy, the grade of commander.

(2) Modifications to administrative directives in effect on the date of the enactment of this Act in order to specify that the military chain of command runs from the President to the Secretary of Defense and from the Secretary of Defense through the Chairman of the Joint Chiefs of Staff to the commanders of the unified and specified combatant commands.

(3) Provision for a program and budget for each of the unified and specified combatant commands—

(A) separate from the programs and budgets of the military department and other elements of the Department of Defense; and

(B) developed and administered by the commanders of those commands under the supervision of the Chairman.

(4) Establishment of procedures under which the Chairman (with the support of the Joint Staff and the advice of the other members of the Joint Chiefs of Staff) may recommend to the Secretary of Defense a force posture and five-year defense program to achieve national security objectives within the policy and budgetary guidelines established by the President and Secretary of Defense.

(5) Establishment of procedures for periodic submission to the President and Secretary of Defense by the Chairman of a report containing the Chairman's recommendations for such modifications to the unified command plan as the Chairman considers to be required to ensure that the combatant commands are properly structured to contribute to achieving national objectives, with each such report to be preceded by the formal review of—

(A) the international situation as it relates to United States theater forces; and

(B) the adequacy of the existing structure of the combatant commands, in responding to these conditions, to provide for the unified and strategic direction of the combatant forces, for their operation under unified command, and for their integration into an efficient team of land, naval, and air forces, in accordance with the congressional purpose set forth in the last clause in section 2 of the National Security Act of 1947 (50 U.S.C. 401).

(c) DEADLINE FOR REPORT.—The report required by this section shall be submitted not later than six months after the date of the enactment of this Act.

AMENDMENT OFFERED BY MR. MC CURDY

Mr. McCURDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCURDY: At the end of section 11b (page 14, after line 10) add the following new paragraph:

(6) Establishment within the Joint Staff of a directorate of net assessment reporting directly to the Chairman to furnish him the necessary staff expertise to render his independent judgment on the capabilities of United States forces to successfully execute combat operations under unified command.

Mr. McCURDY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McCURDY. Mr. Chairman, I am offering an amendment which I have presented to both the chairman of the subcommittee and the ranking minority member.

Briefly, what it does is, within the report section, requires the establishment within the Joint Staff of a Directorate of Net Assessment reporting directly to the Chairman, to furnish him necessary staff expertise to render his independent judgment on the capabilities of the U.S. forces to successfully execute combat operations under a unified command.

We have found, Mr. Chairman, in testimony before our committee and in testimony before the policy panel, that there is not adequate net assessment being performed today in our country vis-a-vis balance vis-a-vis the United States and the Soviet Union, and that there are many considerations that do not always add up on a numbers chart and we just cannot be in the process of bean-counting, as they refer to it; that there are a number of valuable considerations that are not being made and that must be brought to light and directed specifically to the Chairman of the Joint Chiefs.

Recently in discussions with people such as Gen. Paul Gorman, a retired South Com Commander and a very brilliant strategist, and a number of other people involved daily in that assessment, we find that this is a very essential requirement, that we demand that this function be performed within the JCS and that, with all due respect to Andy Marshall's shop and the people who provide this, it is in a very limited fashion and often goes only to the Secretary and is often buried whenever it is controversial.

So I think this is an important step that we take. It is not the creation of a new bureaucracy, but it is certainly something that anyone who performs the function as the Chairman of the Joint Chiefs of Staff needs to have, especially with the expanded powers in determining the relative balance and the priorities with our national defense.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. McCURDY. I yield to the chairman of the subcommittee, the gentleman from Alabama.

Mr. NICHOLS. I thank the gentleman for yielding.

Mr. Chairman, let me say that from this side of the aisle we have looked at the amendment offered by the gentleman from Oklahoma. We have no objection to the amendment and we support it on our side of the aisle.

Mr. McCURDY. I thank the chairman.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. McCURDY. I yield to the gentleman from Kentucky.

Mr. HOPKINS. I thank the gentleman for yielding.

Mr. Chairman, I commend the gentleman on his amendment. We have had an opportunity to examine the amendment on this side of the aisle and accept the gentleman's amendment.

Mr. McCURDY. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. McCURDY].

The amendment was agreed to.

The CHAIRMAN. Are there other amendments to section 11?

Are there other amendments to the bill?

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT: At the end of the bill add the following new section:

SEC. 12. COMMAND OF MILITARY OPERATIONS.

Section 141 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(e)(1) If a military responsibility involving the possibility of armed conflict is assigned to the Chairman or to the Joint Chiefs of Staff, the Chairman (in consultation with the Joint Chiefs of Staff) shall, subject to the approval of the Secretary of Defense and as the Chairman considers appropriate, recommends—

"(A) the assignment of undivided authority and responsibility for the operation to a single commander; and

"(B) the establishment of a single, clear chain of command between that commander and the President.

"(2) In establishing a chain of command under paragraph (1)(B), the Chairman shall ensure that the chain of command involves the minimum feasible number of levels of command.".

Mr. BENNETT. Mr. Chairman, I will not talk at length because I believe this amendment has been fairly well agreed to on both sides. It is amended from the thing that I originally introduced.

The purpose of this amendment is to express, I think, the feeling of people who observe the military from the standpoint of actual military service. It is clear that there are too many layers of governmental bureaucracy between the President, the Commander in Chief, and the person carrying out a belligerent act on the field. There has to be some there, but the degree to which we have boxed ourselves in during the years that have gone by has become something that is a sad thing to observe, and lives are lost because of it. Battles could be lost and wars could be lost by this very thing.

This just says subject to the approval of the Secretary of Defense, certain steps shall be taken in that direction and the Chairman of the Joint Chiefs of Staff is given the responsibility to point it in the direction that I have discussed in my previous speeches here on the floor today; namely, that we have one assigned leader, a leader. We cannot have a committee running a battle or running a war. It has to be a person who is really leading.

So that requires the assignment of the appropriate leader. I might have added the lowest possible denomination leader. That might have been addition that would be valuable, but I did not do that because that might be ambiguous, so we just said there is to be a leader and that that leader shall not be encumbered by unnecessary levels of bureaucracy above him.

If there is anything that the infantry soldier yearns for, and I can speak to that because for years I served in the infantry in World War II, it is direct, decisive commands that are not befuddled and befogged by things that come down to him from the various levels above. He needs decisive action. He needs to know who is telling him what to do and who is responsible. That is the only way in which we can win battles, the only way we can win wars.

Mr. Chairman, this points the Joint Chiefs of Staff in that direction. It is subject to the approval of the Secretary of Defense, so it is not anything that is irretrievable, the language we have. It is not a concrete thing. We do not have to do it every time, but it is in the direction of winning wars.

I hope, Mr. Chairman, that my amendment can be agreed to.

Mr. SKELTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will have to confess, although I profess to be able to read the English language, I do not know what this means. I heard what the gentleman from Florida said, that he wishes to do away with too many layers, but that does not have a thing to do with the amendment, as I see it.

I would like to ask the gentleman to explain to me (e)(1) first. I know what the words say, but that does not tie together with what the gentleman said.

Mr. BENNETT. If the gentleman will yield, the words have been somewhat worked upon by the gentleman's staff. I would have preferred my original amendment, but I have now accommodated language which made everybody feel pretty good.

□ 1705

Mr. SKELTON. Mr. Chairman, it does not make me feel good because I did not understand it.

Mr. BENNETT. To answer your question, the gentleman said you could not understand what (b) meant. It says, "the establishment of a single, clear chain of command between that commander and the President."

That means if you have a function that can be performed by, say, a lieutenant colonel, or a colonel involving maybe 50, 60 people, if that is the appropriate level, that is the level you are going to use and it is going to be one man who is clearly responsible, not like we had in Desert I when we had three lieutenant colonels, and a general sitting back in a plane, and all three of the lieutenant colonels were in charge, and the general was pushing in stuff coming from the Joint Chiefs of Staff.

It may seem complicated to you, but if you were ever an infantry soldier, you realize when you get orders coming down from above and it is not clear whether you are supposed to be obeying the regimental commander, or the battalion commander, or the company commander, then that is really a mess, and people can die as a result of it, and do regularly die because of it. Entebbe showed it can be done another way, and I think we ought to learn by that, and we ought to save lives and win wars by going in this direction.

Maybe the language is not perfect. It has been improved upon from what I had.

Mr. SKELTON. If I can reclaim my time, I would say this, that I understand what the gentleman is trying to do, and I would agree with what he is trying to do. But your amendment does not do that.

Mr. BENNETT. Oh, yes, it does.

Mr. SKELTON. It really does not do that, and I have read it over several times, and for the life of me, it does not do that.

Mr. BENNETT. It does not do what?

Mr. SKELTON. What you want it to do.

Mr. BENNETT. Well, the gentleman read it. That is what it does.

Mr. SKELTON. We have already established the chain of command in the bill elsewhere from the President to the Secretary, then through the Chairman, and if the President so desires to the unified commander, and that is it.

The problem that you raise, I do not see how it can be solved here by what it says in the wording that you have. I agree with you, and as a matter of fact, I have been using Desert I as a problem. Everybody had to have a piece of the action in Grenada and there was no overall ground commander, you are right. But I am not sure how this particular wording remedies that.

I would suggest this, and make the suggestion, and it should be stronger than report language. I do not think the gentleman would agree with report language and I know the hour is getting late. But I would be very willing to work with the gentleman because you and I are on target on what we want to do on clarifying this, and that in conference the proper language be drafted to accommodate the gentleman. But I really think you are going to lead to confusion as a result of the wording here.

Mr. BENNETT. Well, Mr. Chairman, let us read it.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. SKELTON] has expired.

(On request of Mr. BENNETT and by unanimous consent, Mr. SKELTON was allowed to proceed for 5 additional minutes.)

Mr. BENNETT. Let us see how confusing this is. I do not think it is real confusing. It is good English, good Anglo-Saxon. It says, "If a military responsibility involving the possibility of armed conflict is assigned to the Chairman or to the Joint Chiefs of Staff * * *."

Mr. SKELTON. I would ask the gentleman for an example right there.

Mr. BENNETT. I did not read it correctly. I will start all over again. I do not read too good, I guess.

"If a military responsibility involving the possibility of armed conflict is assigned to the Chairman or to the Joint Chiefs of Staff," there is nothing confusing about that, "the Chairman (in consultation with the Joint Chiefs of Staff) shall, subject to the approval of the Secretary of Defense—" he can knock it all out if he wants to, if there is anything awkward about it. "and as the Chairman considers appropriate recommend," just recommend, "(A) the assignment of undivided authority and responsibility for the operation to a single commander; and

"(B) the establishment of a single, clear chain of command between the commander and the President.

"(2) In establishing a chain of command under paragraph (1)(B), the Chairman shall ensure that the chain of command involves the minimum feasible number of levels of command."

If you think you do not like the exact language, you will have an opportunity in the conference to work on the language there. So that is the way to do it. But I want the amendment.

I want the amendment so badly that if it does not pass, I will not vote for this bill. Now, of course, that means little to you because you will probably pass the bill anyway. But I think it is vital to the bill.

There are other things about this bill that I am not too keen about, like the Kasich amendment, which I think will be terribly expensive.

But with this amendment, it does at least make this bill in the direction of winning wars, which I do not think the rest of it is.

Mr. NICHOLS. Mr. Chairman, I move to strike the requisite number of words.

The hour is getting late, and we have made a lot of accommodations on both sides of this provision.

Frankly, let me say to the gentleman from Florida, I do not understand his amendment, and that is not the fault of the gentleman from Florida necessarily. But I just have not had time to look at it. I have not had time to consider it in depth. I might well be for certain provisions of it.

The point I make is that this matter has not come before the subcommittee, it has not come before the full committee, and at this 11th hour, it comes to us here to make a decision on it. I recognize the intent of the gentleman is certainly well taken.

I am going to propose to him and ask him if he might agree to withdraw

this amendment with the clear understanding that this is not the end of the reforms here on the organization of the JCS. Next year, I am certain we are going to have a bill on the CINC's. I assure the gentleman that we will take it up at that time, and I would certainly ask that he be the first witness.

I would hope the gentleman would not push us into perhaps voting on something that so many of us are just not sure about, I would say to the gentleman.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Florida.

Mr. BENNETT. Mr. Chairman, I would like to make this observation about it: This amendment has been printed in the RECORD and I have also put it in the extension of remarks. It has been talked about twice on the floor during this day, and it has been looked at by our staff, and it has been worked on by the chairman of the full committee who says he approves it. And it is, after all, all subject to the language, subject to the approval of the Secretary of Defense. So there cannot be anything very bad in it. The Secretary of Defense can say, well, we will not do it, and that is the end of it.

You can work on it in conference and improve it there if you want to do it, but I feel deeply enough about it that, as I say, I think the bill is not an awfully good bill. There have been a lot of compliments paid to it. The purpose of the bill is excellent, but it has some things in the bill which are pretty horrendous, like that new level of procurement.

I told the chairman of the full committee that if this were done, and subject to his amending it, and he amended it, if it were done, I would vote for the bill. But if it is not done, I will not vote for the bill, and furthermore, I will call for a record vote on it because I think it is just clear this gives strength, military strength, to the bill.

If you find in conference it is objectionable, it can be stricken and I cannot control the conference. It would not be in the Senate provision probably.

So let me ask the chairman, just let us go along with this. In other words, I have come a long way in this matter. I voted against this and spoke against it decades ago when it was up first, and again when it was up more recently, and you have persuaded me that something needs to be done in it. So I have gone along with your bill in general, and you have done a fine job in working on it, and I just think you ought to agree to it, knowing it can be amended or changed in conference.

But to ask me to give it up entirely when it is the only thing I really feel very deeply about that should be in the bill, and there are things in the bill that I do not like at all, such as the additional layers of procurement, so I would hope that the chairman might be willing at least to take this to conference. If it does not come out of conference, that is not my fault. But I would like to have it go to the conference at least.

Mr. NICHOLS. Let me just respond, if I might, by saying that it has been my observation that the gentleman from Florida felt very deeply about all of these amendments, and I think we have tried to accommodate him on many of them here. I think he might agree that the bill suits him better than it did before we went into it with certain changes that have been made.

I reluctantly must say that I do not agree with it simply because I do not understand the full thrust of it.

Mr. BENNETT. I think it has been debated enough, so I hope we vote on it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. BENNETT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BENNETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 47, noes 366, not voting 21, as follows:

[Roll No. 415]

AYES—47

Alexander	Fascell	McMillan
Applegate	Foglietta	O'Brien
Bartlett	Frank	Perkins
Barton	Gejdenson	Ritter
Bates	Gibbons	Rodino
Bedell	Hunter	Scheuer
Bennett	Jeffords	Seiberling
Bilirakis	Kastenmeier	Smith (FL)
Boggs	Lehman (FL)	Smith, Denny (OR)
Bonker	Leland	Spence
Brown (CA)	Livingston	Stark
Chappell	Lundine	Weaver
Cooper	MacKay	Williams
Dornan (CA)	Markey	Yates
Durbin	Marlenee	Zschau
Edwards (CA)	McCollum	

NOES—366

Ackerman	Boulter	Coleman (MO)
Akaka	Boxer	Coleman (TX)
Anderson	Breaux	Collins
Andrews	Brooks	Combest
Annunzio	Broomfield	Conte
Anthony	Brown (CO)	Conyers
Archer	Broyhill	Coughlin
Armey	Bruce	Courter
Aspin	Bryant	Coyne
Atkins	Burton (IN)	Craig
AuCoin	Bustamante	Crane
Badham	Byron	Crockett
Barnard	Callahan	Daniel
Barnes	Campbell	Dannemeyer
Bateman	Carney	Darden
Beilenson	Carper	Daschle
Bentley	Carr	Daub
Bereuter	Chandler	Davis
Berman	Chapman	de la Garza
Bevill	Cheney	DeLay
Biaggi	Clay	Dellums
Billey	Clinger	Derrick
Boehlert	Coats	DeWine
Boland	Cobey	Dickinson
Bosco	Coble	Dicks
Boucher	Coelho	Dingell
DioGuardi	Lantos	Rostenkowski
Dixon	Latta	Roth
Donnelly	Leach (IA)	Roukema
Dorgan (ND)	Leath (TX)	Rowland (CT)
Dowdy	Lehman (CA)	Rowland (GA)
Downey	Lent	Roybal
Dreier	Levin (MI)	Rudd
Duncan	Levine (CA)	Russo
Dwyer	Lewis (CA)	Sabo
Dymally	Lewis (FL)	Savage
Dyson	Lightfoot	Saxton
Eckart (OH)	Lipinski	Schaefer
Eckert (NY)	Lloyd	Schneider
Edgar	Long	Schroeder
Edwards (OK)	Lott	Schuette
Emerson	Lowery (CA)	Schulze
English	Lujan	Schumer
Erdreich	Luken	Sensenbrenner
Evans (IA)	Lungren	Sharp
Evans (IL)	Mack	Shaw
Fawell	Madigan	Shelby
Fazio	Manton	Shumway
Feighan	Martin (IL)	Shuster
Fiedler	Martin (NY)	Sikorski
Fields	Martinez	Siljander
Fish	Matsui	Sisisky
Flippo	Mavroules	Skeen
Florio	Mazzoli	Skelton
Foley	McCain	Slattery
Ford (MI)	McCandless	Slaughter
Ford (TN)	McCloskey	Smith (IA)
Fowler	McCurdy	Smith (NE)
Franklin	McDade	Smith (NJ)
Frenzel	McEwen	Smith, Robert (NH)
Frost	McGrath	Snowe
Fuqua	McHugh	Snyder
Gallo	McKernan	Solarz
Garcia	Meyers	Solomon
Gaydos	Mica	Spratt
Gekas	Michel	St Germain
Gephardt	Mikulski	Staggers
Gilman	Miller (CA)	Stallings
Gingrich	Miller (OH)	Stangeland
Glickman	Miller (WA)	Stenholm
Gonzalez	Mineta	Stokes
Goodling	Mitchell	Strang
Gordon	Moakley	Stratton
Gradison	Molinari	Studds
Gray (IL)	Mollohan	Stump
Gray (PA)	Monson	Sundquist
Gregg	Montgomery	Sweeney
Grotberg	Moody	Swift
Guarini	Moore	Swindall
Gunderson	Moorhead	Synar
Hall (OH)	Morrison (CT)	Tallon
Hall, Ralph	Morrison (WA)	Tauke
Hamilton	Mrazek	Tauzin
Hammerschmidt	Murphy	Taylor
Hansen	Murtha	Thomas (CA)
Hartnett	Myers	Thomas (GA)
Hatcher	Natcher	Torres
Hawkins	Neal	Torricelli
Hayes	Nichols	Towns
Hefner	Nielson	Traficant
Heftel	Nowak	Traxler
Hendon	Oakar	Udall
Henry	Oberstar	Valentine
Hertel	Obey	Vander Jagt
Hiler	Olin	Vento
Holt	Ortiz	Visclosky
Hopkins	Owens	Volkmer
Howard	Oxley	Vucanovich
Hoyer	Packard	Walgren
Huckaby	Panetta	Walker
Hughes	Parris	Watkins
Hutto	Pashayan	Waxman
Hyde	Pease	Weber
Ireland	Penny	Weiss
Jacobs	Pepper	Wheat
Jenkins	Petri	Whitehurst
Johnson	Pickle	Whitley
Jones (NC)	Porter	Whittaker
Jones (OK)	Pursell	Wilson
Jones (TN)	Quillen	Wirth
Kanjorski	Rangel	Wise
Kaptur	Ray	Wolf
Kasich	Regula	Wolpe
Kemp	Reid	Wortley
Kennelly	Richardson	Wright
Kildee	Ridge	Wyden
Kindness	Rinaldo	Wylie
Kleczka	Roberts	Young (AK)
Kolbe	Robinson	Young (FL)
Kolter	Roe	Young (MO)
Kostmayer	Roemer	
Kramer	Rogers	
LaFalce	Rose	

NOT VOTING—21

Addabbo	Hillis	Price
Boner (TN)	Horton	Rahall
Bonior (MI)	Hubbard	Smith, Robert (OR)
Borski	Lagomarsino	Whitten
Burton (CA)	Loeffler	Yatron
Chappie	Lowry (WA)	
Early	McKinney	
Green	Nelson	

□ 1730

Messrs. SPRATT, DIOGUARDI, LATTA, MICA, and CHAPMAN changed their votes from "aye" to "no."

Messrs. BARTON of Texas, PERKINS, SCHEUER, and LEHMAN of Florida changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there other amendments to the bill?

Mr. ASPIN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentleman from California [Mr. LEVINE].

Mr. LEVINE of California. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, I rise in support of H.R. 3622, the Joint Chiefs of Staff Reorganization Act of 1985, a bill which I am pleased to have coauthored. I commend my colleagues from the Armed Services Committee, particularly Mr. NICHOLS, Mr. ASPIN, and Mr. SKELTON, who fashioned this important bill and who worked diligently and thoroughly to bring it before us today.

We recall Desert One, the aborted attempt to rescue the hostages held in Iran. In that effort, there was a force of less than 100 men on the ground with three colonels from different services present. No one was clearly in charge. In addition, a three star general and his staff, on a nearby plane, were inserted into the chain of command between the troops on the ground and the joint command staff in Washington. Eight men died, not by enemy fire but in a helicopter accident. The divided command overseeing this operation likely contributed to this tragedy.

Mr. Chairman, numerous commentators have chronicled the lack of planning and coordination among the services, the numerous communications failures, the accidental deaths of American troops, and the faulty intelligence which plagued the Grenada operation.

The lesson, whether in Grenada, Iran, or elsewhere around the globe, is that the Pentagon has a tendency to give each service a piece of the action; both command authority and battlefield turf are bureaucratically divided up. In the end, no one combat commander is clearly in charge. Those who suffer are the men in the field. They become the victims—literally—of Pentagon parochialism, of the interservice rivalry which we find in the Joint Chiefs of Staff.

This bill attempts to alleviate a situation where each commander zealously and jealously guards the interests of his service; where advice, often contradictory, is given to the President off the basis of what will benefit a particular service rather than on what will benefit the United States; where weapons acquisition is determined not by the actual needs of our Armed Forces but by a process which ensures that each service has its own version of a particular weapon.

H.R. 3622, by strengthening the position of the Chairman of the Joint Chiefs, by empowering him to present to the President and the Secretary of Defense a unified military opinion, and by making him independent of any one service—he will retire after his duty is up—is a good first step toward correcting an aspect of our military clearly in need of reform.

However, we must remember that H.R. 3622 is only one aspect of military reform. Frankly, Mr. Chairman, I am concerned that proponents of this legislation see it as the most important reform Congress could undertake, and that other vital reforms, such as the procurement reforms which appear in the House defense authorization and appropriations bills, will take a back seat to JCS reorganization. I would like to make it clear that, while I support H.R. 3622, it should not be pitted against, or seen as a substitute for, other reforms which will also help alleviate the problems found in our civilian and military Defense Establishment. Rather, all these reforms should be implemented if we are once and for all to correct the abuses found within our military system.

I am concerned about a second feature of this legislation—it lifts the 400-person cap on the JCS staff. This could allow for an infinite expansion of the already bloated JCS bureaucracy and create more, not fewer, layers of command. I urge support of Mr. BENNETT's amendment maintaining the 400-person limit on the JCS staff.

A final concern I have with the legislation is that, if the JCS Chairman is a dynamic, aggressive individual, he can take military planning away from the civilian sector. In other words, if this one individual is said to speak for the entire military, and presents their arguments forcefully, how likely would it be that the civilian commanders—the President and Secretary of Defense—would overrule the single voice recommendations, regardless of the quality of the recommendations? For this reason, I support the amendment which will give the President the option of whether or not he wants the participation of the JCS Chairman in NSC meetings. This is one method of ensuring greater civilian control over the military.

In conclusion, Mr. Chairman, I am pleased to support H.R. 3622. It is an important step forward in our efforts to fashion a more effective military.

Mr. ASPIN. Mr. Chairman, I yield to the gentleman from Alabama [Mr. NICHOLS].

Mr. NICHOLS. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Alabama [Mr. DICKINSON] earlier inserted a list of supporters. I would like to add that the following have also expressed support for JCS reform legislation:

House Republican Policy Committee.

Veterans of Foreign Wars.

T.N. Dupuy, executive director, Historical Evaluation and Research Organization.

Theodore J. Crackel, author of Heritage Foundation "Defense Assessment in Mandate for Leadership II."

Barry Blechman, president, Defense Forecasts, Inc.

William Lynn, executive director, Georgetown CSIS study, "Toward a More Effective Defense."

Richard K. Betts, senior fellow, Brookings Institution.

Elmo Zumwalt, former Chief of Naval Operations.

Michael Freney, senior fellow, CSIS.

Peter Szanton, former Associate Director of OMB for Reorganization Studies.

Mr. ASPIN. Mr. Chairman, I yield to the gentleman from Texas [Mr. BROOKS] for an important announcement.

FUNERAL ARRANGEMENTS FOR THE LATE HONORABLE GEORGE MAHON

Mr. BROOKS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, as all Members know, our beloved colleague, George Mahon, died last night, and the funeral will be on Friday.

I would bring to the attention of the Members that we will have a C-9 taking Members down for the services Friday morning at 11 o'clock, and it will leave at 7 o'clock from the steps. We will return Friday afternoon.

I would say that the Members are welcome, and certainly Helen and Daphne, his daughter, would be delighted to have you there.

Mr. Chairman, I would add one other thing: On December 3, Tuesday, I will ask for a special order in George Mahon's memory and would invite Members to participate at that time.

I thank the Chairman.

I thank the chairman of the Committee on Armed Services for yielding.

Mr. ASPIN. Mr. Chairman, I yield to the gentleman from Missouri [Mr. SKELTON].

Mr. SKELTON. Mr. Chairman, we are close to the end of debate on this bill. This is a most substantial step toward reforming our national defense.

Mr. Chairman, I am convinced that this is the most significant legislation on national defense that we will pass this decade. There is light at the end of the tunnel, however.

We have passed similar measures before, but the Senate, I believe, will look at this far more favorably than it has in the past.

This is really a tribute to the House of Representatives and the Congress, Mr. Chairman.

In the past, reform of the Joint Chiefs of Staff has been at the behest of the administration on two occasions.

This Congress is to be complimented. Those other times that the Joint Chiefs of Staff have been addressed have been at the request and behest of the administration of Harry Truman and the administration of Dwight Eisenhower. Nothing substantial has been done since 1958. In essence, Mr. Chairman, we are doing in this legislation what President Harry Truman recommended be done in 1946.

But I also tell this group, this body, that this is just the beginning because there are other reforms that need to be looked at in the days ahead. Namely, the Commanders in Chief, the CINC's, the Office of Secretary of Defense, and Congress itself when it comes to the military.

I thank the chairman of the subcommittee, Mr. NICHOLS, the gentleman from Alabama, for his excellent work, the ranking minority member, the gentleman from Kentucky [Mr. HOPKINS] for his fine work, and I also salute the chairman of the committee, LES ASPIN, for his assistance in this regard.

I thank the Chairman.

The CHAIRMAN. Are there further amendments to the bill?

If not, under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. FOLEY], having assumed the chair, Mr. WHITLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3622) to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes, pursuant to House Resolution 322, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. HOPKINS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 383, nays 27, answered "present" 1, not voting 23, as follows:

[Roll No. 416]

YEAS—383

Ackerman	Duncan	Kennelly
Akaka	Durbin	Kildee
Anderson	Dwyer	Kindness
Andrews	Dymally	Kleczka
Annunzio	Dyson	Kolbe
Anthony	Eckart (OH)	Kolter
Applegate	Edgar	Kostmayer
Archer	Edwards (CA)	Kramer
Aspin	Edwards (OK)	LaFalce
Atkins	Emerson	Lantos
AuCoin	English	Latta
Badham	Erdreich	Leach (IA)
Barnard	Evans (IA)	Leath (TX)
Barnes	Evans (IL)	Lehman (CA)
Bartlett	Fascell	Lehman (FL)
Barton	Fawell	Leland
Bateman	Fazio	Lent
Bates	Feighan	Levin (MI)
Bedell	Fiedler	Levine (CA)
Beilenson	Fields	Lewis (CA)
Bentley	Fish	Lewis (FL)
Bereuter	Flippo	Lightfoot
Berman	Florio	Lipinski
Bevill	Foglietta	Lloyd
Bilirakis	Foley	Lott
Bliley	Ford (MI)	Lowery (CA)
Boehlert	Ford (TN)	Lujan
Boggs	Fowler	Luken
Boland	Frank	Lundine
Bonker	Franklin	Lungren
Bosco	Frenzel	MacKay
Boucher	Frost	Madigan
Boulter	Fuqua	Manton
Boxer	Gallo	Markey
Breaux	Garcia	Marlenee
Brooks	Gaydos	Martin (IL)
Broomfield	Gejdenson	Martin (NY)
Brown (CA)	Gephardt	Martinez
Brown (CO)	Gibbons	Matsui
Broyhill	Gilman	Mavroules
Bruce	Gingrich	Mazzoli
Bryant	Glickman	McCandless
Bustamante	Goodling	McCloskey
Byron	Gordon	McCollum
Callahan	Gradison	McCurdy
Campbell	Gray (IL)	McDade
Carney	Gray (PA)	McEwen
Carper	Gregg	McGrath
Chandler	Grotberg	McHugh
Chapman	Guarini	McKernan
Chappell	Gunderson	McMillan
Cheney	Hall (OH)	Meyers
Clay	Hall, Ralph	Mica
Clinger	Hamilton	Michel
Coats	Hammerschmidt	Mikulski
Coble	Hansen	Miller (CA)
Coelho	Hartnett	Miller (OH)
Coleman (MO)	Hatcher	Miller (WA)
Coleman (TX)	Hawkins	Mineta
Collins	Hayes	Mitchell
Combest	Hefner	Moakley
Conte	Heftel	Mollohan
Conyers	Hendon	Monson
Cooper	Henry	Montgomery
Coughlin	Hertel	Moody
Courter	Hiler	Moore
Coyne	Holt	Moorhead
Craig	Hopkins	Morrison (CT)
Crane	Horton	Morrison (WA)
Crockett	Howard	Mrazek
Daniel	Hoyer	Murphy
Daschle	Huckaby	Murtha
Daub	Hughes	Myers
Davis	Hutto	Natcher
de la Garza	Hyde	Neal
DeLay	Ireland	Nichols
Dellums	Jacobs	Nielson
DeWine	Jeffords	Nowak
Dickinson	Jenkins	O'Brien
Dicks	Johnson	Oakar
Dingell	Jones (NC)	Oberstar
DioGuardi	Jones (OK)	Obey
Dixon	Jones (TN)	Olin
Donnelly	Kanjorski	Ortiz
Dorgan (ND)	Kaptur	Owens
Dowdy	Kasich	Oxley
Downey	Kastenmeier	Packard
Panetta	Seiberling	Tauzin
Parris	Sensenbrenner	Taylor
Pashayan	Sharp	Thomas (CA)
Pease	Shaw	Thomas (GA)
Penny	Shelby	Torres
Pepper	Shumway	Torricelli
Perkins	Shuster	Towns
Petri	Sikorski	Traficant
Pickle	Siljander	Udall
Porter	Sisisky	Valentine
Pursell	Skeen	Vander Jagt
Rangel	Skelton	Vento
Ray	Slattery	Visclosky
Regula	Slaughter	Volkmer
Reid	Smith (FL)	Vucanovich
Richardson	Smith (IA)	Walgren
Ridge	Smith (NE)	Walker
Rinaldo	Smith (NJ)	Watkins
Ritter	Smith, Denny (OR)	Waxman
Roberts	Smith, Robert (NH)	Weber
Robinson	Snowe	Weiss
Rodino	Snyder	Wheat
Roe	Solarz	Whitehurst
Roemer	Spence	Whitley
Rogers	Spratt	Whittaker
Rose	St Germain	Whitten
Rostenkowski	Staggers	Williams
Roth	Stallings	Wilson
Roukema	Stangeland	Wirth
Rowland (CT)	Stark	Wise
Rowland (GA)	Stenholm	Wolf
Roybal	Stokes	Wolpe
Rudd	Studds	Wortley
Russo	Stump	Wright
Sabo	Sweeney	Wyden
Savage	Swift	Wylie
Saxton	Swindall	Yates
Scheuer	Synar	Young (AK)
Schneider	Tallon	Young (FL)
Schroeder	Tauke	Young (MO)
Schuette		
Schumer		

NAYS—27

Armey	Gekas	Schaefer
Bennett	Hunter	Schulze
Burton (IN)	Kemp	Solomon
Carr	Livingston	Strang
Cobey	Long	Stratton
Dannemeyer	Mack	Sundquist
Dornan (CA)	McCain	Traxler
Dreier	Molinari	Weaver
Eckert (NY)	Quillen	Zschau

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—23

Addabbo	Darden	Lowry (WA)
Alexander	Derrick	McKinney
Biaggi	Early	Nelson
Boner (TN)	Green	Price
Bonior (MI)	Hillis	Rahall
Borski	Hubbard	Smith, Robert (OR)
Burton (CA)	Lagomarsino	
Chappie	Loeffler	Yatron

□ 1800

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 3622, JOINT CHIEFS OF STAFF REORGANIZATION ACT OF 1985

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 3622, the Clerk be authorized to make such clerical and technical corrections as may be necessary.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

GENERAL LEAVE

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill H.R. 3622.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

REQUEST FOR CONSIDERATION OF S. 1639, AUTHORIZING THE MINTING OF GOLD BULLION COINS

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1639) to authorize the minting of gold bullion coins, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. WYLIE. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

PROVIDING FOR A JOINT SESSION OF CONGRESS ON THURSDAY, NOVEMBER 21, 1985

Mr. WRIGHT. Mr. Speaker, I send to the desk a privileged resolution (H. Con. Res. 234) providing for a joint session of Congress to receive a message from the President, and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 234

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Thursday, November 21, 1985, at 9 o'clock post meridiem, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR AN ADJOURNMENT OF THE HOUSE FROM NOVEMBER 21, 1985, TO DECEMBER 2, 1985, AND AN ADJOURNMENT OF THE SENATE FROM NOVEMBER 21, NOVEMBER 22, OR NOVEMBER 23, 1985 TO DECEMBER 2, 1985

Mr. WRIGHT. Mr. Speaker, I send to the desk a privileged resolution (H. Con. Res. 235) providing for an adjournment of the House from November 21, 1985, to December 2, 1985, and an adjournment of the Senate from November 21, November 22, or November 23, 1985 to December 2, 1985, and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 235

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, November 21, 1985, pursuant to a motion made by the majority leader, or his designee, in accordance with this resolution, and that when the Senate adjourns on Thursday, November 21, 1985, or Friday, November 22, 1985, or on Saturday, November 23, 1985, pursuant to a motion made by the majority leader, in accordance with this resolution, they stand adjourned until 12 o'clock meridian on Monday, December 2, 1985.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1810

THE EQUITY IN CHOICE ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. SWINDALL] is recognized for 5 minutes.

Mr. SWINDALL. Mr. Speaker, considering the fact that today four out of five American children who have graduated from public education cannot even write a competent essay, and considering the fact that today 60 percent of all American children that have graduated from public education are incapable of solving even a one-step arithmetic problem, it is evident that it is time for those of us who are concerned about public education in this country to take a long, hard re-evaluation.

It is for that reason that I, and Senator HATCH in the other body, have offered or will offer tomorrow the Equity in Choice Act of 1985, also known as TEACH.

The purpose of this bill will be to focus on the chapter 1 program, which, as we all know, is designed to help those individuals who are educationally disadvantaged to catch up.

As most of us also know, after over 20 years of the chapter 1 program, it has yet to reach its stated objectives.

The purpose of the TEACH bill is to let individuals like myself, who are concerned about public education, which is clearly the backbone of this country, to take remedial steps to improve at least two aspects that I firmly believe have been problematic in achieving quality public education.

The first aspect is the fact that inadvertently—and I do believe it has been inadvertently—we have systematically excluded parents from the vital decisionmaking process regarding where, when, and how our young people will be educated in the public education system.

The second aspect, I think, has been equally inadvertent, and that is we have systematically taken the public education system and socialized it. We all are opposed, for example, to socialized medicine, because we know that socialized medicine, for example, has not served Great Britain well. The reason that it has not served well is because we have found in a socialized system there is no competition. When there is no competition, quite clearly the product, the ultimate product, suffers.

The TEACH bill, by offering parents of chapter 1 recipients a voucher, will then address both of these problems. It will address first the problem of allowing the individual parent to be a part of the decisionmaking process by exercising their choice with respect to where a child chooses to go to school. The second aspect of that bill is it actually puts public schools in competition with one another, as well as in competition with the private sector.

While the voucher system is not a new idea, it is one that certainly has not been widely tested. Interestingly enough, we find that where we have actually used voucher systems we have seen an increase in not only the productivity of our public education system but also in terms of the quality of public education. We have actually seen cases where individuals have left private schools to enter the public school system.

We have also seen that something similar to a voucher system has served our country well in terms of college education, and that is if you look at the GI bill, or if you look at the Pell grant, both of those are designed to keep the parents and the student in the decisionmaking process. Both of those have substantially improved the quality of public education.

I will state that there are a number who have already begun the process of attacking the TEACH bill even before it is offered. Those individuals state by way of objection the fact that it will ultimately undermine public education. I would simply respond by stating on its face that has never occurred where we have used a voucher system, but certainly no one could object to using the chapter 1 program as a model to determine if we cannot better achieve the objectives of seeing our young people receive this remedial education while also getting valid testable data so that we can look at the voucher program to see whether many of the arguments that are being made against it are simply rhetorical arguments or whether they are, in fact, substantive.

One other point that I would make is that much of the objection is coming down from the National Education Association. Well clearly, they have a vested interest in the status

quo. It is so absurd to ask those individuals who actually have a vested interest in the system to make an objective analysis when you take into account the fact that they created the system. In fact, I think it is analogous to asking a Pentagon contractor who has no competition if they would welcome competition for a given project. Clearly they would not.

I would just close by urging all of my colleagues who are interested in improving the quality of public education in this country to join in sponsoring the TEACH bill.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

[Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting for rollcall vote No. 411, on November 19, 1985. Had I been present, I would have voted "aye" on final passage of House Concurrent Resolution 228, condemning all acts of terrorism.

TAX FAIRNESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. HAYES], is recognized for 5 minutes.

Mr. HAYES. Mr. Speaker, I recently recieved a letter from a constituent that underscores the problems in our current tax system. In my opinion, it is incomprehensible that we tax individual citizens like corporations, and we tax multinational corporations like orphaned children. We give our hard-working citizens deadlines, forms, and complicated procedures, while at the same time, we give huge corporations tax breaks, loopholes, and shelters. What our tax system needs is not simplicity but fairness. The letter, which follows, describes the problems of Ms. Suhrcke, who is a citizen attempting to make a life for herself and her son. Unless tax reform is structured to solve the problems of working people like Ms. Suhrcke, it will be incomplete, unfair, and a waste of time.

CHICAGO, IL,
November 7, 1985.

Hon. CHARLES HAYES,
Longworth House Office Building
Washington, DC.

DEAR SIR: I have recently hired a full-time babysitter to come to my home and care for my son while I work. Because I have hired this babysitter, I am now considered to be a full-fledged employer, just like General Motors. I have my Federal employer ID, my State employer ID; I pay Social Security taxes and make unemployment contributions for my babysitter; I pay the minimum wage.

Unfortunately, I do not receive the tax benefits of being an employer that General motors does. General Motors can deduct all the costs of having an employee before its profits are determined and can pay taxes only on those profits. I cannot deduct the expense of having a babysitter, to whom I must pay well over $10,000 (including wages and taxes) so that I can earn $25,000. I must pay taxes on my full salary; I am not allowed to pay taxes only on my "profits."

You may say that I recieve tax credit for child care expenses. That tax credit (approximately 20 percent of the $2400 maximum allowed for one child) is not even equivalent to the Social Security taxes I pay for my babysitter in a year. It does not begin to cover the costs of having a full-time employee.

Further, after I have paid taxes on my full salary, my babysitter must also pay taxes on that portion of my salary that I use to pay her wages. This money is, therefore, being taxed twice.

And it may be taxed yet a third time when my babysitter is actually paid Social Security benefits and is required to pay income taxes on them, since Social Security benefits are now beginning to be taxed and will certainly be taxed further in the future.

I do not object to paying my babysitter reasonable wages; I do not object to paying benefits for her. I do not object to the burden of paperwork I must deal with each quarter to fulfill my role as an employer. I know that I am fortunate to be able to afford a babysitter and find a reliable one when many people cannot find or afford adequate child care facilities for their children. And I know that I am fortunate to have an enjoyable and well-paid job when many women who must work (as I must) are forced to take any job they can find.

But I do object to being denied the benefits that other employers have. And I do object to the fact that my earnings are effectively taxed twice and that there is a potential for them to be taxed three times. I hope that you will consider this problem and attempt to remedy it as you undertake the business of reforming the tax code.

Sincerely,

PATRICIA SUHRCKE.

A SELECT FEW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DORNAN] is recognized for 60 minutes.

Mr. DORNAN of California. Mr. Speaker, in America our way of life is protected by a select few. Every Member in this Chamber who is serious about the job we are elected to perform here has heard those words many times, because one of our aerospace companies, one of which I am very proud, Northrop, runs on all of the major conversation and public affairs and political shows in the country what they call an institutional or generic commercial that does not really sell any specific product; it just wants to call the corporate name before the citizens of this country.

Northrop has been running for many months now on programs like Nightline, Meet the Press, David Brinkley's This Week, the CBS Face the Nation program, and 60 Minutes, particularly here in the Washington, DC area, a very compelling picture of a small fighter aircraft coming through a gorge in the California hills right at the camera, and it goes into a climb and disappears over the viewer's head. And then you hear those words. "In America, our way of life is protected by a select few."

They have another one of a naval aircraft. It is an F-15—you can tell by the vertical stabilizer. It comes from behind the viewer's head, behind the camera, flies out over the ocean, and goes into a steep climb and disappears as a speck in the cloud, and again you hear those words.

When I first saw the commercial, I was under some attack in the press because a small group of my colleagues in a very sneaky way had looked at a biography of my career to date, and without taking into account my age or the years I had served my country in peacetime in the U.S. Air Force as a pilot—a fighter pilot—they decided that because I was caught between wars—the Korean war and the Vietnam war—that somehow or other I had delayed service, hiding out in college, in a period when I had never even heard of deferments, and then had not volunteered to go back during the Vietnam period to use the skills I had been trained in, in the U.S. Air Force.

Never had it occurred to me in my entire life, and I am 52 this year, that I had anything to be ashamed of in my military service. After 6 years of active duty, 5 years in the First Burst and segments of a month or longer thereafter, flying in many States in the United States and going overseas many times delivering aircraft, bailing twice out of two jet aircraft, once almost drowning in the Pacific Ocean, another time breaking my back, losing about three-quarters of an inch in height when I ejected from the aircraft and then breaking my hip, from which I picked up a limp 29 years later.

□ 1820

I had never ever thought there was something to be ashamed of serving your country in peacetime, being what we used to kiddingly call that thin blue line that kept the peace, that select few, until this year when challenged by this small group of unknown people on the other side of the aisle sending out unmarked envelopes to 240-some news services around the country, only one of which had the lack of good taste to print it. Being in politics, enjoying the heat of the kitchen, laughing it off after the first initial shock, I began to think about the price of peace, what we pay in lives of young fathers, young husbands, flying these supersonic jet aircraft, flying on Marine and Army helicopters, repelling from those helicopters, bailing out at night our paratroopers, our Navy Seals, the cost to free a little tiny island of Grenada and the cost year in and year out of those young men and women in our service

who are the select few that pay that price to protect our way of life and the freedoms in this world.

I asked the services for the statistics, first of those who died in the Air Force, Navy, and Marine Corps, flying figher and attack aircraft. The military was very resistant to giving me those figures. They felt it was a negative thing to talk about young men dying serving their country, some of them not so young. We lost a four-star commander of the Tactical Air Command, a man with a brilliant combat record in serveral wars, a man who had been a commander of the world's fastest aircraft squadron, the intelligence aircraft, the SR-71, when General Malley sitting in the back of an Air Force VIP transport died off the end of a runaway in Pennsylvania. It was a great loss to our country. It was a very sad thing to see a four-star general die, but he was on active duty and that was an in-the-line-of-duty accident.

One of our young Air Force officers, who happens to be female, in a training aircraft crashed last year, and it is not the first time we have lost women in a supersonic high-performance aircraft.

In the Newsweek Magazine just a few weeks ago there was a picture of five young ladies in Air Force flight gear with their jet helmets, that select few that keeps our way of life for all of us.

In our premable to the Constitution, it says, "We, the people of the United States, in order to form a more perfect Union, establish justice"—that is the most important thing after building that Union our Forefathers could think of, that word "justice" is carved right into this beautiful podium that builds up to the seat of the Speaker.

And then it says, "provide for the common defense," which comes before promoting the general welfare and securing the blessings of liberty to ourselves and to our posterity, "do ordain and establish this Constitution for the United States of America."

Our Founding Fathers recognized that we do not live in a perfect world. They understood that not all peoples believe in life, liberty and the pursuit of happiness. They do not believe these are inalienable rights.

This is what our President will be doing when he goes to bed this very night in Geneva, thinking back over his 2 days, meeting with the Leader of a superpower that is a police state, that crushes people's rights on a regular basis, that is what our President was trying to convey, not only to Mr. Gorbachev, but to all the people of the world on either side of that long Iron Curtain that holds a bit more than half the world in bondage, when you put in all the other types of dictatorships besides communism.

Our Founding Fathers understood that there would be a need to join together in a Union of our Thirteen Colonies to provide security for all the men and women, all our families, under the protection of what would be called for over two centuries "The United States."

Our Founding Fathers knew that the primary purpose of defense is not to fight wars, never to send young men into combat, and let us face it, our young women and there are almost 200,000 of them on active duty, are in such near combat conditions that they, like military nurses, will end up dying in combat if we are unable to prevent any future conflict.

Keep in mind that in that very sad but awe-inspiring Vietnam memorial of the 58,022 names inscribed on that black marble, there are the names of 8 American women who died in combat in Vietnam as nurses.

Now, our Founding Fathers knew that the primary purpose, as I said, is not to ever go into combat. It is to maintain the peace. When shots are fired and blood is spilled, the defense has been defeated in its very primary mission; yet there are many who would actively fight to prevent the United States from maintaining the strengths necessary to provide the assurance that military force will not be used on us or any of our freedom-loving allies.

The ability of a nation to defend itself is not merely a bean count of how many weapons we have or how many young people we have in uniform. A nation is also graded on its prestige, on how and when it uses its power, on the perception of a nation's willingness, its resolve to defend the principles for which it stands.

America in defense of freedom must maintain a powerful and a professional military capability, as well as a reputation for very judicious use of that power.

I called down to the U.S. Commerce Department, which has a population clock in lobby that is very carefully calibrated to take into account Americans who die from all causes and our birth rate, to give us a count on a daily basis at 8 o'clock in the morning of how large our Nation is. The count as of today, November 20, and it surprised me by 1 million people, as it always does, is 239,197,677 Americans, from the newest infants born today to the oldest senior citizen going to his or her reward.

In our military as of the beginning of this fiscal year, last October 1, we had 2,135,900 men and women in uniform. I repeat, of those, 198,000, roughly, are female.

If you take the larger figure of our total population and divide it into the smaller figure, you get an interesting percentage of that select few that defend our way of life. It is less than 1 percent. It is .00893 percent. Not quite a percent is what we have in uniform to defend all of us.

Now, a colonel who shall remain nameless because he did not understand the point of my special order tonight wrote me this letter about these charts that I am going to show you on how many young Americans die serving us in peacetime in what is called the Reagan years, and I have included the President election campaign year of 1980. This colonel from the DOD, who just happens to be in the Air Force Department of Defense, says:

DEAR MR. DORNAN: The matrix—

That is these charts—

that you requested in your September letter is attached. While numbers do tell a story, the risk of military service is not one we in the Air Force would wish to emphasize and, as you know, we always work to minimize the number of lives lost in performing our services.

The more important story than the deaths is the one of which we are proudest. It is the improvement in our accident rate and the number of people who have not been killed in job-related military performance of duty, particular aircraft accidents.

In 1946, our first peacetime year after World War II, we had 2,200 major aircraft accidents at the rate of 61 accidents per 100,000 hours.

Now, for those of you who do not follow aviation closely, 100,000 flying hours is the standard, the benchmark, upon which everything is judged in civilian and in military flying.

Now, 61 fatal aircraft crashes per 100,000 flying hours is a lot, and that involved all the men and a few what we call WASP pilots, Women Auxiliary Service Pilots. In 1946 most of the women were being released from active service and most of these pilots were carrying in experience much combat time in the Pacific, over Europe and all over the world. That was the accident rate when I was graduating from grade school.

In 1984, more than a generation later, we had only 62 accidents—62 per 100,000 flying hours was what it was in 1946; here was 62 in an entire year at a rate of 1.77, less than 2 per 100,000, instead of 61.

In 1946, we had 879 military fatalities just in what was called then the Army-Air Force, for a rate of 24 dead out of every 100,000 flying hours.

In 1984, we suffered only 79 fatalities, as opposed to 879, for an excellent flying safety record of 2.3 dead air crewmen per 100,000 flying hours.

The colonel closes:

We are always proud of the contribution which individuals make to the service of their country. Our wish and our goal is that no one should die and when we achieve that perfect safety record, we will have achieved something of which to truly be proud.

Well, Colonel Bob, I have a different thrust to this special order than you might have suspected. I know our

flying safety record is excellent in our military services and it is getting better, and as a Reserve officer I am very proud of that.

But the point of this special order, which I had hoped to deliver closer to Armistice Day, Veterans Day, November 11, is to pay respect not only to those dead in the service of our country in peacetime, but to those young wives, widows, those children who have only a model of the aircraft their father flew, some pictures of him as a very young man graduating from pilot training at Pensacola or Willie Air Patch outside of Phoenix or Bryan Air Force Base where I got my wings over 30 years ago, a closed base now, and then those few pictures of them hanging off the side of some double-sonic high-performance aircraft, like those beautiful F-14 Tomcats that went out as a duly authorized posse and apprehended those murderers of Leon Klinghoffer, off the cruise ship *Achille Lauro*, or the F-15 and F-16 pilots who stand alert, ready to scramble against Soviet forces that might try to overrun Western Europe, as they have Eastern Europe.

This is a positive statement of devotion to those who give everything they have for our country and those loved ones that they leave behind to mourn them.

The ability of a nation to defend itself, as I said, is not just equipment. It is people.

These people who try to reduce what we pay our military, the excellence of equipment that we give them, are many times will intentioned, but unfortunately they do not understand the purpose of this less than 1 percent that we ask in our country, that select few, to defend us.

America remains the leader of the free world. We are the bastion of freedom and democracy. It is no longer the British Empire. The French and the Germans, as strong as they are, the Japanese with less than 1 percent of their gross national product devoted to defense, these countries would not maintain their freedom for 1 year if it were not for this United States of America, this bastion of freedom.

□ 1835

The dedicated fear merchants, almost always of the far left in our country, claim that those of us who want America to maintain unquestioned military strength and a role of leadership in the world are somehow or other an awful breed of warmongers. Nothing could be further from the truth.

As my friend, the first black American to ever wear four stars on his shoulders, he happened to be an Air Force fighter pilot, Chappie James of Pensacola, FL, used to say when he came home from Vietnam to every audience that would listen, "Warriors hate war."

Those who have had a young 2d lieutenant shot off their wing, those who have seen a young pilot at night recovery on a carrier deck miss the wire and bolt off into the sea to just disappear in the black, dark water, those who have seen a young man's guts spilling out, and this is the toughest of all, in a small foxhole right next to them in the Marine Corps or the U.S. Army, those who have seen a friend go out of a paratrooper aircraft right ahead of them and see his chute streamer and see him grasping for the reserve chute, and then to see it fail and to see their friend smash into the ground, his young life extinguished, those people who have seen the price we pay in peacetime or in wartime are the very people who most want to see peace maintained in this country.

The fainthearted, the fearful, those who have never had the thrill, the satisfaction, of wearing their Nation's uniform, particularly if he or she has been trained to a combat-ready status and are given that awesome responsibility to maintain the peace, the fainthearted and the fearful do not understand that type of person; hence, probably, some of the very rotten, personal, behind-the-scenes, sneaky attacks upon my peacetime service this year by some Members of this body.

These people, hopefully always on the far left, always underestimate the threat of what the free people in the world are up against. These people are in many instances, as I have said, well meaning individuals, but others, and fortunately they are a small group, knowingly propagate disinformation and even attempt to equate our United States policy with that of the Soviet Union. Temporarily, that is a growing breed. The term that I have applied, and some skilled writers have applied, is "the fallacy of moral equivalence"; that there is no difference between the 2 superpowers. This is a message unrelentingly fed to many people in the emerging nations of the free world, that we are both at fault and both of us have the same goals and objectives, a hunger for power, both of us are expansionist and trying to put forth our ideologies and philosophies. These people who spread this horrible equation of moral equivalence have no concept of what freedom is and how few people, that select few, are asked to protect it and to defend it.

President Eisenhower, in his very first inaugural speech, just 10 days before I as a teenager held up my hand, joining the U.S. Air Force, swearing with my life to defend the Constitution, on that day in 1953, January 20, President Eisenhower, a man who had worn five stars on his shoulder, and who had never heard guns fired in anger, it was always his plight, as he called it, to be the staff officer sending other young men out to defend freedom, that great American military person and President said it this way. He called those who equate United States actions with Soviet aggression, "guilty of one of the greatest errors that humans can ever make in that we assume our standard of values is shared by all other humans in the world."

It is this rationale of moral equivalence that the "Blame America First" crowd, as our former great Ambassador to the United States, Jeane Kirkpatrick, labeled them, these "Blame America First" people use this moral equivalence to decry our defense efforts and more than indirectly to decry those who wear the uniform. In doing so, they impugn the integrity of all of our service people.

The military men and women who fly or who serve in all the other dangerous occupations in peacetime know full well that at any moment they may be called upon to defend our country, and even the smaller countries of other people who are free and trying to maintain it, or striving for freedom. They may be called upon at a moment's notice to give their lives. They risk their lives by flying high-performance combat aircraft, training in realistic scenarios on the ground and on the sea and under the sea, protecting our interests all over this globe.

Consider the vicious slaughter of four young marine guards in San Salvador. One of them, a young marine lance corporal named Weber, was the No. 1 graduate in his Marine class, a special class, those picked to serve to defend our Embassies around the world. Lance Corporal Weber asked to go to El Salvador because he said it was the toughest spot on the globe, the first trench, where freedom was in jeopardy.

Consider the savagely beaten and executed U.S. Navy diver on board TWA flight 847, knocked to the ground. He was a big man, Bob Stethem, the middle son of a Navy family. His older brother was already on active duty. The father has served a full career in the Navy and retired. The younger brother has since joined. Bob Stethem, because he was big, stood there with his hands tied behind his back, not saying anything disrespectful of the terrorists, and they screamed in his face, "You Americans, you are all so big. You think you are so tough."

They beat him to the ground. They would take a running leap, running down the aisle, jump into the air and come down with both their feet on his chest. One of the stewardesses we heard told us that all the bones must have been broken in his chest before they put the gun into his face and executed him. There was a young man who had volunteered for extra-danger-

ous duty as a Navy diver. He never expected to be executed with his hands tied behind his back by a terrorist who does not understand the meaning of freedom.

Thousands of aviators who have lost their lives in peacetime training exercises all over the world are stories that we just do not notice in the rush of our daily lives. It is a little notice in your hometown paper. It may be somebody who was the star quarterback on your football team. Maybe that quiet young man in the back of the class that nobody seemed to notice very much but had a real aptitude for science. You say, "Oh, I remember him. Gee, I wonder if he was married?" And then you read at the bottom of the article, young widow, three children, died in a peacetime accident, the select few protecting our way of life.

Of the 19 who died in the liberation of Grenada, consider the price they paid to take a tiny Caribbean island, one of the many nations in the United Nations, barely 100,000 people in population. Think of the price they paid for that small nation's freedom. All of the American military are gone from Grenada. There are a handful of civil action people left. They asked us not to go at all, actually. And that country is making its first feeble steps back toward democracy. They will probably build a small memorial with the names of our 19 men who gave the full measure of devotion to liberty. One of them was the son of the chief of staff of one of our Congressmen on this Hill, an administrative assistant for MARK SILJANDER lost his son, one of those hero rangers, on the third day of that fight to resecure freedom for Grenada. That is why you will see a figure "19" that in all of your news magazines that was, prior to this, reported as 18 killed in action.

All of these young Americans that I have mentioned believe in what America stands for. They were what you would call "Gung Ho," because they all volunteered, and then after joining the services in a period when we had no draft, they volunteered for that extradangerous position. Each one made that final sacrifice so that all the rest of us could continue on to enjoy the fruits of this wonderful, abstract thing we take so for granted that we call liberty.

Our rights, and our very freedom, has been built upon the word "sacrifice." Our rights and our freedom continue to rest upon the willingness of Americans to make sacrifices, and what I am about to show you is the price of peace.

□ 1845

In this first chart, the Navy figures I will add later, they were only able to get me the class-A flying accident figures, this first chart shows that in the U.S. Army from fiscal year 1980, when President Reagan began his quest to be the leader of the Free World, through September 30, we lost on active duty 2,748 Americans. The largest part of that figure is off duty. The figure that I want to concentrate on tonight are the on-duty fatalities—764 young men and some young women wearing the uniform of the United States Army have given their lives on active duty in the line of duty during the Reagan years. The Navy figure is very close to the Army figure.

The Air Force, starting again, only this time in calendar year—forgive me for not getting across to the military to standardize a calendar year with a fiscal year, but these figures are close enough for you to understand my message tonight, the total figure of job-related deaths in the U.S. Air Force is 459 men and women. Overall death on active duty is 2,612. That includes heart attacks, automobile accidents, deaths at home from various causes. The figure that I want you to concentrate on is the 459 on-the-job, and the largest category in there are aircraft accidents.

What do they get paid for this devotion? Compared to a Congressman, compared to the CEO's of our big corporations, compared to any clever entrepreneurial young man or woman in this country, including a lot of those boat people who have already hit their first million in just a few years, not very much.

Take a naval flyer. You know, when JOHN GLENN, our colleague from the other body, was sitting on top of the Mercury capsule that was to become the first American to orbit the world, the first person ever to orbit the world more than once—the Soviets had made it twice, but only one orbit—JOHN GLENN's heartbeat was 180 beats a minute. I doubt our colleague, BILL NELSON, when he goes up in the space shuttle, I doubt his heart will be beating that fast, because we have come to accept space travel already, in just a few years, as commonplace. The pulse goes up a bit because it is exciting, but it does not go up pushing 200 beats a minute as some of our astronauts did in the early years.

Let me tell you something, and tell you this as an Air Force pilot who only did this as a passenger, when you recover on a carrier deck at night, especially if you have just come back from a heart-pounding combat mission over Vietnam, your heart in peacetime or combat is always about 180 beats a minute. Probably one of the most dangerous things an American military person can do in peacetime is to recover on that pitching, tiny little deck at night; daytime the heart is pounding pretty good also. A Navy aviator with 4 years of service in what they call grade 0-3, that would be a captain in the Marine Corps or Air Force or Army, and that would be a Navy senior grade, his basic pay is $2,076 a month. His basic allowance for quarters is $420, his variable housing allowance, that is a biggie, $86 a month, and his basic allowance for subsistence, food, not too much for a married man, $106, and his air crew incentive pay, what we called as hazard pay when I was in the military, his incentive pay is $156 a month to fly an F-14 Tomcat, an F-18, an A-7 attack airplane, a rescue helicopter hovering next to the aircraft carrier during those dangerous recoveries, it comes to about $34,000 a year. That is over the national income, but that man can go to work for the airlines and start at double that, and by the time he is a captain on a 747, he is making four or five times that figure.

Take a Navy submariner, an enlisted man, what we used to call a staff sergeant, E-5. He makes about $21,000 a year, and thanks to some very dedicated Congressmen in this House, we have brought that enlisted pay much more in line with the reality of what takes place in the outside world. But if that man, enlisted man or woman, is a radar operator or involved in any high-technological profession, the lure of civilian life is far more than even the attractiveness to a highly skilled pilot to join them, the civilian airlines.

The Navy carrier flight deck crew, the day after the *Achille Lauro* murderers were apprehended by our four naval F-14 Tomcat aircraft, I came in the well and said that knowing pilots, they would be very humble about that mission because nobody was shooting back at them, and I said I hope we all remember that that was a night mission, and it was the young, enlisted men on the deck during recovery of those big twin-engine F-14 Tomcats that had the most dangerous job in the military that night. And I received a letter from an Army master sergeant that said he could not believe his ears, that he was hearing a Congressman pay some attention to the enlisted people that put all of these pilots into the sky and go so unsung in their careers.

What does a Navy flight deck crewman get for the most dangerous environment in peacetime for any worker in the world? He gets $1,758 a month, and in the Indian Ocean, cruises are still, I learned yesterday, 6 to 9 months long, away from his family, out there on the deck of those aircraft carriers.

A paratrooper, what does a young man get for jumping out of an aircraft in peacetime to prepare himself to defend his country, to go airborne? I had the honor of speaking at their summer dinner to the 1st Special Forces down at Fort Bragg, and the entertainment for the night was the male chorus from the 82d Airborne.

And they came down with that airborne walk of theirs, that short shuffle that is developed from being on the airplane, hooking up and shuffling toward the jump door, and they sang about blood on the shrouds in that typical military bravado way of those who live with death on a professional basis, and they sang about sending them home to their mother in a box and how they chose to be remembered.

For that tough profession, rappelling out of helicopters as part of it, $1,506 a month, not barely $17,000 a year. You ask a young paratrooper who is a father with a couple of kids how he gets by on that pay, and he will tell you, "I don't know, sir."

A chief air crewman of a shore-based naval facility, say an E-6, that used to be the highest grade, next to the highest grade in the military, what we would have called a chief petty officer or a tech sergeant, basic pay and this is someone with 8 years in the service, that break point where we desperately try to keep them onboard, gets $1,899.85 a month. Believe me, folks, the price of peace in the payroll department is a bargain, given the quality of young men and women that we have, and yet it is 42 percent or more of our defense budget.

Here is the tough part, the part I want you to think about every Memorial Day, every Veterans Day, every time you see that commercial about a select few defending our way of life.

Here is the Grenada operation, 12 Army, 4 Navy men drowned at sea the day before the combat started, baled out of an aircraft at high altitude to be recovered in the sea and put onboard an assault ship. Four of them made it, four did not, just in preparation to go in. This is a profession that the Navy has asked me not to speak about in detail. But they are probably the finest physical specimens serving in our military, our Navy SEAL's. airborne-qualified, underwater-qualified in several categories. All of them are demolition experts, capable of handling high explosives, really the cream of the crop of our enlisted forces, and their officers who are pretty special, too.

The Air Force lost no men in Grenada. The Marines lost 3, a total of 19 dead.

But here is a figure that the news media tends to forget about, and it is understandable. I am not criticizing them. That is the wounded in action—147 wounded in action, keeping Grenada free, bringing it back to freedom. I know one of them because I saw him on "60 Minutes,' and I had already tracked his history, and his story I carry in my wallet, Tim Howard. He has one arm and he is fighting to stay on active duty with one arm, and I think our fine Navy Secretary is going to accede to his wishes.

Tim Howard, unconscious, hit the ground, his copilot dragged him out, and then came under heavy Cuban fire. I stood on the spot 7 days later where a Communist terrorist on Grenada called the Preacherman came up and pumped bullets into his wounded body, and he saved Tim Howard who was on board that helicopter.

There was another crew, and you have seen the footage of the helicopter spinning into the ocean, combat footage.

Of those 147 wounded, how many of that number are totally or partially disabled, how many are in wheelchairs, how many are paraplegics for the risking of their lives for what they gave to Grenada, and how many have lost an arm, or a hand, or fingers, or a part of a leg? How many have wounds that will haunt them for the rest of their lives? It is always the wounded-in-action figure that you never really think about, because you are thinking about the total devotion of the killed in action.

Here are the three charts that I will finish with tonight, and I think I am going to refine this special order and do it again on Memorial Day next year. I owe that to my father who earned three Purple Hearts in World War I. I was in France on Armistice Day this year and, of course, I thought of my dad who survived that conflict, twice poison-gassed, and thought of him as a young man, 26 years old, older than most, knew what he was getting into, at the 11th hour of the 11th day of November in 1918 in those trenches of Europe 68 years ago, in the Army, and this is what I was raised as, as an Army officer's child.

These are just the aircraft accidents now, the fixed-wing, 20 major accidents, total destruction of airplane, only 18 men killed, but that is 18 men that died serving their country. That is such a superior flying safety record that it rivals civilian airlines, any one of them. But the helicopter accidents are not so lucky because they simulate combat conditions more often with 232 killed in major helicopter accidents, 168 young Army enlisted men, sergeants, aircrew on those helicopters.

The U.S. Navy, and of course most of you know that the Marine Corps is part of the U.S. Department of Navy, tactical fighters, most of these are all carrier people, that is the F-14's, the F-18's, the A-7's, the A-4's, in 1981 24 dead, most of them drowned at sea because no matter how you train that man, and I have bailed out in the ocean and I know what I am talking about because I had zero training, and I felt, well, the Navy must do much better. But when I bailed out in 1960, I went to look at the Navy statistics, and a third of all Navy aviators who bailed out in the ocean from 1960 until this day, roughly a third drowned at sea because no matter how good a swimmer you are, no matter how well trained you are, if the wind should turn that chute, and all of its shroud lines come down on top of you, you are in one fight for your life.

Thirty-one in 1982, 27 in 1983, 17 in 1984, and this year, up through September 30, 290 accidents and 144 fine young Americans, scholastically and physically the cream of the crop of what this Nation can produce, its very best sons in the Reagan years as the U.S. naval officers and Marine Corps, and 47 of that 144 in the U.S. Marine Corps, these vertical takeoff Harrier jets that we developed, first bought from Great Britain, and then have developed in St. Louis under our own production, a difficult aircraft to fly requiring high skills, 97 naval, tactical, and that is fighter and attack pilots, air crews, 47 marines dead, these select few.

□ 1900

Helicopters: Navy, 48 major class A accidents, 28 naval aviators and air crewmen dead. The Marine Corps because they fly in simulated combat conditions, 108 Marine Corps helicopter crewmen dead, for a total of 136.

Mr. DREIER of California. Will the gentleman yield?

Mr. DORNAN of California. Gladly. I have one chart to go——

Mr. DREIER of California. I wanted to ask the gentleman a question about the previous chart.

Mr. DORNAN of California. I gladly yield to my friend, who shared with me that moment in France, the anniversary of the end of World War I.

I yield to Mr. DREIER.

Mr. DREIER of California. It was an honor for me to join with my California colleague in that experience.

First of all, Mr. Speaker, I would like to extend my congratulations to the gentleman for initiating what certainly has got to go down as one of the most important special orders that ever could be brought out——

Mr. DORNAN of California. Thank you.

Mr. DREIER of California. And I know that the gentleman feels that in the many special orders that he has brought to the floor of this House, few have had the effort go into it that you did with these charts, and I believe that it is very important, because you are demonstrating the sacrifice that young people are making on behalf of our very cherished freedoms.

I would like to ask my California colleague one question, and that is: You in this chart and in a couple of the earlier charts pointed to the fact that there has in fact been an improvement. Fewer people during the Reagan years have lost their lives, and I was wondering, to what do you attribute that dramatic reduction which we have seen?

Mr. DORNAN of California. I am glad the gentleman brought that out, because I cannot emphasize enough during this special order that this is a positive thing for me, to bring these tragic statistics to the House floor, because each year it gets better.

Now, if someone looks at a graph carefully, or gets the material from the military, they will see 1983 for the Marine Corps takes a jump up; but that was the horror or our marines in Beirut; 220 of them—we always hear the figure 241, but it is 220 marines, 18 Army and 3 Navy. Excuse the figures in that year, but each year we get better, and the answer to your question is: Sheer professionalism, expertise on the part of our men and women at all grades in the military, and higher quality of young men and women coming onto active duty in these volunteer service days.

Mr. DREIER of California. If my friend could yield for one further question. That is, the gentleman talked earlier about the financial burden that goes in to the effort to fight to preserve our freedoms.

To what do you attribute that tremendous financial sacrifice, when you were talking about the pilots who could get starting salaries at twice what they are being compensated, and ultimately four times what they have been compensated?

Mr. DORNAN of California. I do not want to personalize this, because I already made some unfortunate references that I felt compelled to earlier, that I may strike out of the written record, but when I joined at 19, I did not know what you were paid, and I did not care.

If I had been the son of a millionaire, which I was not, I would have asked my father to pay for the right for me to fly supersonic jet aircraft.

Most young people, when they join the military, believe it or not, the principal motivation is to serve, to wear the uniform. There are no war-lovers in there; there are no people yearning to learn how to kill and use those skills, they are just people who simply want to serve. It is very similar to the motivation of some of the younger Members that have come to this Congress; and I would suspect, sir, yourself among them.

Mr. DREIER of California. Absolutely, and if the gentleman would yield, I simply want to again congratulate you for pointing out these facts, and to say as a young person who has not served in the military, as I look to you and I see the distinguished chairman of the Veterans' Affairs Committee, our friend from Mississippi——

Mr. DORNAN of California. I see him, and I hope he will join us in a little colloquy here. No one has fought harder for active duty people and for veterans than Gen. SONNY MONTGOMERY of Mississippi.

Mr. DREIER of California. Let me say this, Mr. Speaker. I am extremely grateful for the fact that you have fought so hard to give those of us who have not served in the military the opportunity to serve in whatever capacity in the United States of America.

Mr. DORNAN of California. I am going to mention what you just said in my closing, because not everybody has the opportunity to serve or is in the position to even want to serve during peacetime, because of the excellent job being done by those who do defend our liberty.

Let me close with this last chart, and then I would love to recognize the gentleman from Mississippi.

This last chart, and I have to congratulate my branch of the service for the best looking chart——

Mr. DREIER of California. It is the biggest.

Mr. DORNAN of California. It is the biggest and the easiest to read, and they told me more than I ever wanted to know about the young men and women in the air crews who die serving our country.

They broke it down with again calendar year for when President Reagan declared one, was sworn in in January 1981 to take us through most of 6 years; up through September 23, 1985.

I asked them to break it down by aircraft. Fighter and attack, the most dangerous profession in the military, flying; bombers, cargo transports, tanker, helicopters.

Reconaissance aircraft; you know, their motto is "Alone, Unarmed and Unafraid." When I met with some of these pilots on one of my nine trips to Vietnam they would say, "Don't believe that; it is only partially true, it is "Alone, Unarmed and Very Afraid." That is a fighter aircraft without guns, but with cameras. Very necessary to intelligence gathering, to protect the lives of the others. I am going to move that category up here when I come to the totals.

Utility aircraft, trainers—that is where we have lost some young women; lieutenant, officer, a young captain recently, in high performance aircraft, training mostly young men to wear the silver wings of the U.S. Air Force, and many young women flying in the Navy, training others to wear the gold navy wings, who are not allowed to go into combat themselves. Fat chance they will not see combat if this country is ever hit and hit as hard as it was in World War II.

Now, under cargo transport, and I will just go to the total, we have only had in 6 years 29 major accidents; and although we lost 218 people, 2 of those were major crashes, and that fatality total of pilots, 43, is about comparable to civilian life.

With our tankers—these are the big, mostly Boeing 707's; the military calls them C-135's—they have only lost nine pilots in 6 years; that is comparable to any civilian airline operation. Air Force helicopters do not have the same combat mission as the Army and the Marine Corps except with our rescue forces, but in 6 years we have lost 41 air crewmen on Air Force helicopters, 16 of them pilots.

The trainer accidents; just in training, we have lost 22 pilots, many of them instructors. Our utility aircraft, these are small, propeller-driven aircraft usually, or that T-39 aircraft that took General O'Malley, the commander of our Tactical Air Command, we have lost 15.

Take these reconaissance pilots; 11 dead, 5 of them pilots—so some pilots got out of the front seat where 1 back seat crewman did not make it out. If you take those 11 total fatalities of RF-4 Phantom reconaissance pilots, and bring it up here to this top category; here is my final figure tonight; 158 young and not so young Air Force air crews lost in single-seat F-15's, F-16's, A-10 Thunderbolts, and backseaters and pilots in F-4 Phantoms, which we still have many Air Force wings flying around the world.

The pilot total, the man in the front or the man alone in most fighter and attack aircraft, and they will all be that way soon; the man in the front seat, 5 in reconaissance, 110 in the rest of our fighters; 115 pilots, in just the Reagan years.

These are the men that the President would be happy to see one of his daughters marry; that any mother or father would be proud to see their daughter come home with; these are the men who got their commission in ROTC—nobody gets it the way I did any longer, aviation cadets; they demand a college degree now from everyone, most of them go on to get a master's, many Ph.D.'s in aerospace science.

These are the young men who graduate from the Air Force Academy, from Annapolis, the U.S. Naval Military Academy; these men, almost all of them are married and almost all of them have little children.

These are the heroes of peacetime, and it is a tough price to pay; but as I opened up, in America, our way of life is protected by the select few.

There is no Congressman in either body who has their interests more at heart or protects the select few more than the distinguished gentleman from Mississippi, the National Guard general and my good friend, the gentleman from Mississippi, SONNY MONTGOMERY. I yield to him.

Mr. MONTGOMERY. I rise to commend the gentleman and I appreciate what he said earlier, and I join my colleague in saying that it has just been an outstanding special order; it had to be said, and I certainly want to thank the gentleman for detailing and

having the information that we need to know about our peacetime forces.

One of the reasons that I believe we still have a peace in the world even though we do have small skirmishes around the world is because we do have a strong military force. There are a number of sacrifices made out there that the gentleman pointed out.

I would like to ask the gentleman this question; As he knows, and he is a Reserve officer with a fine record also, that the Reserves and National Guard are playing a major part in the total defense of our country now.

□ 1910

As the gentleman knows, the Utah Air Reserve unit flying F-16's was the top unit in a comparison of active, regular Canadian forces and Mexican forces.

Mr. DORNAN of California. Well, as an Army National Guard general, except for a Marine Corps brigadier who just came in this new freshman class, our great Representative from Guam, BEN BLAZ, it is a sad commentary on our Congress actually that the gentleman from Mississippi is the only Army general officer in this House. In the other body, Senator GOLDWATER is our only Air Force general. He will retire at the end of next year. Our only Navy star rank, two-star general, JEREMIAH DENTON, a hero POW, is the only admiral we have in the House. I think the reason for that is best exemplified in that great Rudyard Kipling poem, and nobody wrote better prose or poetry about men who served than did Kipling, his poem called "Tommy."

"He is Tommy this, and he is Tommy that, and when you need him, when the drums begin to roll, 'come here, Tommy, give us a hand.'"

I think that as we pass through each Congress and keep our peace longer, we see less and less veterans serving in this House. I repeat, not everybody has to serve, not everybody is motivated to serve. In peacetime not everybody has to serve.

But let me pick up what the gentleman said about the Reserves. I have a varied military background because I wanted to be a Marine fighter pilot. I thought there was nothing better than to combine being a fighter pilot with being a Marine. But they would only lower their age to 20 during the Korean war. The Air Force went down to 19. I had to join as an enlisted man on a 4-year roll of the dice to take my test for pilot training where, 6 weeks later, the dream of a 19-year-old's whole life since I was literally 6 years of age right before the Battle of Britain when I wanted to be a fighter pilot.

It took me 2 years as an enlisted man to get those wings. Then 3 years on active duty flying the very best active airplanes in the world. At that time the Soviets did not have a supersonic aircraft. When I checked out on the F-100 Supersabre G, then I got out at age 24, and I had been combat ready in a supersonic aircraft. I had to wait for a year on a waiting list to get into a California Air Guard squadron and go backward in the technology of the aircraft, back to an F-86 Saberjet, the great hero of the skies in Korea.

Pretty soon we were given the F-86H to fly, which was the top of the line of any airplane they had every made until they put afterburners on it.

And when I became combat ready again as a California civilian weekend warrior at about age 25, I was twice as good a pilot in the Air National Guard of California, with better gunnery scores, better bombing scores, strafing scores, air-to-air scores. I could dogfight with the Navy over Miramar, peacetime air combat maneuvers, better than I ever had done as a young pilot.

But let me tell you what is just as important, and the gentleman from Mississippi knows this well, he says it on the floor all the time: Where I had young enlisted men working on my very complex F-100 in their low twenties, some of them with sometimes marginal skills—I found a pair of pliers once in the intake of my fighter while I was doing the walkaround to prepare for flight. But in the Guard I would sit under the wing of my aircraft like a schoolchild listening to these aircraft mechanics, old men in their forties—they do not look so old now that I am 52—telling me about those airbases in England, those dusty fields in the South Pacific, where they stroked and kept those P-38 and P-39 Cobras in the sky.

I never had the quality of maintenance on active duty that I had in the Air National Guard of California up at Van Nuys Air Guard Base. Today they are still flying C-130's to do rescue relief, every time there is an earthquake or a blizzard or a hurricane hits this country or anywhere in the world. The enlisted men who did not get the glory or the pay, which the officers got in the Reserve and the Guard, were the best I ever saw.

Then I had the honor, when we ran out of fighters and got into transports, of transferring over to the Air Force Reserve, similar to the F-16 pilots at Hill Air Force Base, UT. But there were no Air Reserve fighters in California. So I checked out in a seaplane HU-16 Grumman amphibian. I flew an air-sea rescue mission in the Reserves, then I ferried an Albatross amphibian over to Vietnam. In the early 1960's I would fly patrol around Cuba in an HU-16, backing up our U-2 pilots in case they were shot down. I was prepared to land and pluck them up out of the water if Castro hit them with a SAM missile as he had killed U-2 pilot Maj. Rudolph Anderson during the Cuban missile crisis in October 1962.

In flying in the Air Force Reserve I saw the same esprit de corps, the same quality enlisted men, the same flying skills that I saw in the California Guard, and now I was an older pilot, not so much a bold pilot but an older, experienced pilot. I think in these times of mortal danger to our country that the Reserves of this country, particularly the Naval and Air Force and Army Helicopter Flying Reserves are the backbone of this country. And whatever we can do to motivate employers to treat these people with the greatest respect because they are the select few who protect our way of life, and our standard of living, and all the liberties that our business people enjoy while they operate under our free profit system.

So I just "God bless" the gentleman from Mississippi for everything he has done for our veterans and our reservists.

Mr. MONTGOMERY. I thank the gentleman. That was well said. We do have problems with employers understanding when some of these Guardsmen and Reservists have to be gone longer than 15 days. I think the chart points out that Reservists and National Guardsmen do have casualities, and I am sure sometime the gentleman will work up a report on the casualty list of Reservists.

Mr. DORNAN of California. All of these casualty figures in the Reserve are in these charts, buried in those figures that I expressed tonight. But that is an excellent suggestion, and I will prepare it for Memorial Day, the closest I can get to May 30 of next year, to take out of the figures as I extracted the Marine Corps fatalities from the naval fatalities, to let people know that occasionally a lawyer, a builder, a real estate man, the kid who pumps the gas in your gas station, the mechanic who works on your car, one of them may be doing his 2 weeks summer encampment flying one of these high-performance F-16 Falcons or F-15 Eagles or a Navy top-of-the-line fighter aircraft one of these Reservists flies occasionally, again the select few protecting our way of life.

I thank the Speaker.

TRIBUTE TO HONORABLE ARMISTEAD I. SELDEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama [Mr. SHELBY] is recognized for 60 minutes.

Mr. SHELBY. Mr. Speaker, the State of Alabama and this country suffered a great loss recently with the death of an outstanding gentleman and former Member of this body, Armistead I. Selden. It is my privilege today to offer a tribute to the memory

of this wonderful man, whose congressional seat I now hold.

This vibrant Alabamian epitomized the ideal of a public servant in his many years of distinguished service on the State and national levels. Not many people achieve the measure of admiration and respect that Armistead enjoyed. He earned that admiration and respect because he genuinely cared about people and about the welfare of those he served.

He was a rarity—a man who had the vitality and know how to be extremely effective in getting things done, yet warmth and sensitivity that made him a beloved leader.

And Armistead was a leader. He began a rich and varied career in the practice of law, serving later as a member of the Alabama State Legislature where he administered to the needs of Hale County for 2 years.

Armistead served in the U.S. House from 1953 to 1969. He first represented the old 6th Congressional District, composed of Tuscaloosa, Hale, Greene, Sumter, Bibb, Chilton and Shelby Counties. In 1964, Marengo and Pickens Counties and the Bessemer cutoff area of Jefferson County were added. Armistead brought his keen understanding and perception of the attitudes which shaped world events to his tenure as a member of the House Foreign Affairs Committee, where he served as chairman of the subcommittee on Inter-American Affairs for 10 years.

In Congress, Armistead often promoted the value of sound and responsible inland waterway development. He was a particularly prominent figure in the funding and construction of the Warrior Lock and Dam in Hale County—a project he recognized as integral in the development of a modern and efficient lock and dam system throughout the entire Alabama water transportation network.

I was honored to help assist in the successful legislative efforts to redesignate the Warrior Lock and Dam as the Armistead I. Selden Lock, and Dam. The dedication ceremony, which was in April of this year, was a fitting and appropriate expression of admiration for Armistead and his contributions to the State of Alabama.

Conversant and enlightened in the realm of international politics, upon his leaving Congress, Armistead was appointed Deputy Assistant Secretary of Defense for the development of international policy and procedure. His respected work in the Defense Department gained him special recognition for which he was accorded the honor of serving as U.S. Ambassador to New Zealand, Fiji, Tonga, and U.S. Samoa—a post he occupied under three administrations.

In that capacity he was awarded special commendation by the President of the Philippines for his service on the Corregidor-Bataan Memorial Commission. In 1972 he was awarded the Distinguished Civilian Award by the Department of Defense. He was inducted into the Alabama Academy of Honor and was a recipient of the University of the South's 1983 Distinguished Alumnus Award.

Since 1980, Armistead had been president of the American League for Exports and Security Assistance here in Washington, DC.

A native of Greensboro, AL, he was born February 20, 1921. He received a bachelor's degree from the University of the South and earned a law degree from the University of Alabama. In 1975, he was the recipient of an honorary doctorate of law degree also from the University of Alabama.

Armistead served in the Navy in the North Atlantic during World War II and remained in the Reserves until he retired as a captain in 1981.

My heartfelt sympathy goes out to the family he left behind—his wife, Mary Jane Wright Selden of Falls Church; three sons, A. Inge Selden III and Jack Selden, both of Birmingham, and Tom Selden of Tuscaloosa; two daughters, Mrs. Edith Selden Ezell of Hawaii and Mrs. Martee Selden Hewitt of Birmingham; and two sisters, Mrs. Rubin Wright and Mrs. Todd Dale, both of Greensboro.

Armistead I. Selden's life should serve as a memorial to him for all time in Alabama and Washington, for he truly devoted it to serving the people and profession that he loved. He left many fond memories and I am sure that this fine outstanding gentleman will never be forgotten.

Mr. Speaker, it is indeed an honor for me to share this tribute with my colleagues in the House of Representatives. He will be deeply missed by me and all others who were touched by his wonderful life.

Mr. Speaker, I yield to the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY, Mr. Speaker, I want to join with my colleagues in this tribute to our friend and colleague, Armistead Selden. He was one of the most delightful men I have ever known.

We first met 19 years ago when I had just come to Congress. Our congressional districts in Alabama and Mississippi join each other. I remember that he always had a smile and a funny remark for everyone he knew.

Armistead was one of the few southerners at that time who took a major interest in foreign affairs. He served for 14 years on the Foreign Affairs Committee and became very knowledgeable in this area.

After running for another position and leaving the House of Representatives, Armistead further distinguished himself by serving as an Assistant Secretary of Defense and later as Ambassador to New Zealand.

Not long ago I was in New Zealand and several people asked me about Ambassador Selden. He was one of the best ambassadors this country has ever had because he had common sense and understood people.

While working in the Defense Department, Armistead was a great asset because he had a great understanding of the foreign governments with which we dealt, and he was able to give good advice to the Secretary of Defense.

Armistead also understood the military because of his service in the Armed Forces. He was a retired captain in the Naval Reserve.

I want to emphasize again that I never saw Armistead when he wasn't thoughtful and pleasant to everyone he met, even over these past 5 or 6 years when he didn't feel well and had some serious health problems.

He loved and enjoyed his wife, Mary Jane, and his children and their families. He often talked to me about his family.

Those of us who knew Armistead Selden best will always remember his friendship and his contributions to his home State of Alabama and to this country.

He was a great American and my friend. I am proud to be a part of this special order today to pay tribute to Armistead Selden.

I thank the gentleman for yielding.

Mr. SHELBY. Mr. Speaker, I yield to the gentleman from Alabama [Mr. CALLAHAN].

Mr. CALLAHAN. I thank the gentleman for yielding.

Mr. Speaker, so often in our daily walk in life, we go weeks, months, even years at a time without ever knowing a real statesman. In fact, as is so often the case with many words used today in the English language, the adjective "statesman" is frequently and unfortunately misused to a point of overkill.

Well, today, Mr. Speaker, I would like to pay tribute and my final respects to a former Member of Congress and a former U.S. Ambassador, the late Armistead Selden, who was not "just another statesman," by modern tanslation of the meaning of the word. Armistead Selden was so very much more.

Ambassador Selden was a fifth-generation Alabamian, hailing from Greensboro. He served his State and his country faithfully all of his life. His career in public service began when he was only 29 years old, with his first election to the Alabama State House of Representatives in 1950.

In 1953, Armistead Selden put his name on the ballot once again this time as a candidate to be seated in this great House, "the people's house." He was elected that year and in the 16

years that followed, he epitomized the real meaning of a U.S. Representative.

Ambassador Selden worked tirelessly for the well-being of all of his constituents in west Alabama. He was the first Alabama Representative to establish a year-round office in his home district and his concern and experience in dealing with local matters won him universal respect by his peers and colleagues back here in Washington.

During his years in Congress, Armistead Selden served as a distinguished member of the House Foreign Affairs Committee and he was the able chairman of the House Inter-American Affairs Subcommittee, dealing with Central and South America. We could so well benefit today from his wisdom. His calm, deliberative manner became a trademark by which members of the Alabama delegation are today judged.

In addition to the experience he gained while serving on the Foreign Affairs Committee, Armistead Selden played a prominent role in the funding and construction of the old Warrior Lock and Dam in his home county of Hale. Last year, because of his contributions to the water transportation network in Alabama, the Warrior Lock and Dam was renamed the Armistead I. Selden Lock and Dam. That, Mr. Speaker, was a fitting tribute to a man who had done so much for our State and Nation. Today, Alabama enjoys the distinction as having the largest, most navigable interstate waterway system in the country. Armistead Selden invested a great portion of his life in this major development.

By the end of his career in Congress, public service had become synonymous with the name Armistead Selden.

In 1970, President Nixon appointed Armistead Principal Deputy Assistant Secretary of Defense. In 1974, the President called upon Armistead's talents once again by appointing him U.S. Ambassador to New Zealand, Fiji, Tonga, and Western Samoa. There he served under three American Presidents.

All of us in Alabama are going to truly miss Armistead Selden. He was a man who left with us a great legacy.

On behalf of the people of all of south Alabama, let me extend my sincerest sympathy to his widow, Mrs. Mary Jane Wright Selden, the Selden children, and other family members as well. God bless you and be with you during this sad time.

Mr. DICKINSON. Mr. Speaker, I feel Armistead Selden's passing very deeply for he and I were close personal friends, dating back to our days at the University of Alabama, the site where our interest in and preparation for life in public service first began.

Armistead served as president of our Sigma Alpha Epsilon fraternity chapter while he attended law school and he carried out his duties with the vigor and enthusiasm that were his lifetime trademark in Alabama politics.

Later, he saw service with a commission in the U.S. Navy during World War II, returning to his hometown of Greensboro to practice law. His public career began in 1950 when he was elected to the Alabama State House of Representatives.

Just 2 years later, he was elected to the 83d Congress, and seven succeeding Congresses. His tenure on the Foreign Affairs Committee was highlighted by his chairmanship of the subcommittee dealing with inter-American affairs.

As some may recall, Armistead was one of the few Alabama incumbent Members of the U.S. House who survived what is known in Alabama as the Goldwater landslide of 1964.

He survived because he never lost touch with those he served and he was constantly attentive to the very smallest of details. This was the time period that Jack Edwards, John Buchnan, Jim Martin, Glen Andrews, and I became an Alabama Republican majority in the House delegation.

Armistead was not a candidate for renomination to the House in 1968. Instead, he was a candidate for nomination to the U.S. Senate, and he placed a close second in a runoff against then Alabama Lt. Gov. Jim Allen.

Armistead resumed his law practice only for a short while before returning to public service. It was my pleasure to recommend him to President Nixon for appointment as principal Deputy Assistant Secretary of Defense for Internal Security Affairs, a post he kept for 3 years. In 1974, I also recommended him to President Ford for appointment as U.S. Ambassador to New Zealand, a post he held with dignity. He excelled in representing our country in a foreign land as he excelled in his service in the legislative branches of our State and Federal governments.

On his return to the Washington area in 1979, I supported Armistead in his unsuccessful bid for the Republican nomination to the U.S. Senate, a defeat he accepted with the same high character that he showed throughout his distinguished career. Later, I sponsored him on his being named president of the American League for Exports and Security Assistance in Washington, the post he held at the time of his death.

Last year, both Houses of Congress recognized Armistead's contributions to his country by approving legislation to rename a Tennessee-Tombigbee Waterway lock and dam in his native Hale County, AL, for him. The dedication ceremony was held just a few months ago, and it was a very proud moment for Armistead, his family, and friends.

Hundreds throughout the Nation's Capital and in Alabama join with me in expressing deepest sympathy to his wife, Mary Jane, and all the family. In addition to the funeral services held last week in Greensboro, Washington area friends will hold a memorial service in Falls Church, VA, December 3.

Armistead Selden and I have been together for a very long time. He served his country well and will be remembered for his personable manner and for his many accomplishments.

Mr. FASCELL. Mr. Speaker, a distinguished former Member of this body, the Honorable Armistead I. Selden, Jr., died on November 14 in his beloved home State of Alabama.

Armi Selden was elected to the 83d Congress in November 1952 and served on the Committee on Foreign Affairs beginning in the 84th Congress and through the 90th Congress (1967–68). Like me, he had a particular interest in Latin America and served both as chairman of the Mexico-United States Interparliamentary Group and as chairman of the Subcommittee on Inter-American Affairs. I had the privilege of serving with Armi on both of those panels and eventually succeeded him in the latter capacity. During his tenure with the committee, he also served on two other permanent subcommittees and two ad hoc (investigative) subcommittees.

Armi's service to the United States did not, however, end with his eventual defeat in a senatorial primary. He later became principal Deputy Assistant Secretary of Defense for International Security Affairs, and in 1974 was sworn in as Ambassador to New Zealand, Fiji, Tonga, and Western Samoa, a post he held until 1979. Since 1981, Armi had been president and general manager of the American League for Exports and Security Assistance, Inc.

Perhaps the most characteristic feature of Armi's career is the fact that he was never sidelined or discouraged by political defeat. In 1980, he was running for the Senate—once again. It was that dauntless spirit that led him to serve his country in a variety of ways and to fight his last unsuccessful fight against the dreaded disease—cancer.

To Armi's beloved widow, Mary Jane, and to his devoted family which includes three sons, two daughters, two sisters and three grandsons, I extend my deepest sympathy; and I know that sentiment is shared by all of Armi's colleagues and former colleagues on the Foreign Affairs Committee, where he served with such dedication and distinction.

Mr. ERDREICH. Mr. Speaker, a "statesman" is defined as "one who exercises political leadership wisely and without narrow partisanship." The people of Alabama and the Nation mourn the death of a man whose life's work was the embodiment of that word.

Armistead I. Selden was an unflagging and faithful servant of the people of Alabama and the Nation for almost 30 years, first as a member of the Alabama State Legislature in 1950, and then as a U.S. Congressman from 1952 through 1968. After leaving Congress, he went on to serve with distinction in the Defense Department as principal Deputy Assistant Secretary of Defense during the Nixon administration, and then as United States Ambassador to New Zealand, Tonga, Fiji, and Western Samoa

between 1974 and 1979. During that time, he was awarded special commendation by the President of the Philippines for his service on the Corregidor-Bataan Memorial Commission.

He was instrumental in securing funding for and pushing for construction of the Warrior Lock and Dam in Hale County, AL, which was vital to the development of a modern, up-to-date lock and dam system throughout Alabama's waterways. For his efforts, the dam was redesignated the Armistead I. Selden Lock and Dam.

Armistead Selden will long be remembered for his distinguished State, national and international political service. But, just as important, he will also be remembered for being a good, kind and fair man whose compassion and consideration for others is surpassed only by the thousands of people whose lives he touched.

Armistead Selden was a "statesman" in the ture sense of the word, and a gentleman in every sense of the word. He worked his whole life for the well-being, progress and growth of the State and people of Alabama and the Nation. He will be truly missed by all those who knew, respected and loved him.

Mr. FLIPPO. Mr. Speaker, I join with my fellow Alabamians in mourning the loss of former U.S. Representative Armistead I. Selden, Jr.

Although I did not actually serve in Congress at the same time as Mr. Selden, he was a good friend and companion. His dedicated support for Alabama waterways so earned the respect of his colleagues that the Warrior Lock and Dam on the Warrior River in Hale County, AL, was recently renamed the Armistead I. Selden Lock and Dam.

Armistead's notable political service began with 3 years in Alabama House of Representatives, followed by eight consecutive terms in the U.S. House of Representatives, where he served Alabama's Sixth District. While in Congress, Armistead was a member of the House Foreign Affairs Committee and chairman of the Subcommittee on Inter-American Affairs. In these capacities, he gained national recognition for his extensive knowledge and capabilities in foreign affairs. Upon his resignation from Congress, Armistead was a Deputy Assistant Secretary of Defense for 3 years until his U.S. ambassadorship to New Zealand, Tonga, Fiji, and Western Samoa.

Armistead was a recipient of the Distinguished Civilian Award by the Department of Defense and was inducted into the Alabama Academy of Honor.

Armistead Selden's years of outstanding public service is truly an attribute to the entire State of Alabama. He will surely be missed.

I would like to extend my heartfelt sympathies to Mary Jane and the family of Armistead Selden.

Mr. BEVILL. Mr. Speaker, I rise today to pay tribute to our former colleague and U.S. Ambassador Armistead I. Selden Jr., who passed away last week.

I knew Armistead for many years and know he will be remembered fondly by many. He was a statesman, a gentleman, and a good friend. He served Alabama and this Nation with integrity and dedication. I will remember him most for his intelligence, his keen understanding of world events, and for his delightful sense of humor.

Armistead served eight terms in the House as a Democrat and was a member of the House Foreign Affairs Committee for 14 years. It was here that he developed his expertise in international politics. This would lead him to be appointed Deputy Assistant Secretary of Defense and later, United States Ambassador to New Zealand, Fiji, Tonga, and Western Samoa. He served as ambassador under three administrations which recognized his fine talents.

While in Congress, he strongly supported development of our Nation's inland waterway system. I was proud to join my colleagues in Congress last year in renaming the Warrior Lock and Dam in Hale County the Armistead I. Selden Lock and Dam.

This was a well-deserved honor because Armistead was so instrumental in seeing this project funded and completed. He recognized the need for a modern and efficient lock and dam system throughout the entire Alabama water transportation system.

Although his ambassadorship took him to the other side of the world, Armistead never forgot his many friends back home in Alabama.

Alabama has lost a good man and a fine statesman who will always be held in high esteem. I'm proud to say I knew him.

Mr. FUQUA. Mr. Speaker, I appreciate this opportunity arranged by our colleague from Alabama [Mr. SHELBY] to pay tribute to the memory of Armistead Selden. Armistead had a long and distinguished career in the House of Representatives and will long be remembered for his work on the House Foreign Affairs Committee.

One would think that a 16-year career in Congress would be enough to mark an illustrious career but Armistead actually began his service to his country in the Navy during World War II. After the war, he returned to attend law school and practice law.

It wasn't long, however, before he was persuaded of the need to run for Congress and provide effective representation for the people of Alabama. He was elected in 1952 and served until retiring from this body in 1969.

After returning to his beloved Alabama he resumed the practice of law until, again, his Nation called. In 1970 President Nixon appointed him principal Assistant Secretary of Defense for International Security Affairs. He served in this capacity until 1973. He was not about to retire, though. In 1974 he was appointed United States Ambassador to New Zealand, Fiji, Tonga, and Western Samoa.

In 1979 he decided, again, to return to Alabama to practice law and take things a little easier.

Coming from the neighboring State of Florida, I got to know Armistead well and could count on his advice and good common sense when addressing problems of national and international importance. I always had the greatest respect for him and admiration for his many talents.

We are saddened by his death and I want to extend to his family my deepest respects for his memory.

Mr. BENNETT. Mr. Speaker, I rise in honor to a dear and long time friend, Armistead Selden, who was a perfectly great U.S. Congressman through many years and a truly outstanding ambassador for the United States in New Zealand. Not only was he all of that, but he was also a wonderful husband to his wife and father to his children, all of whom loved him thoroughly as do we here in Congress. He had an outstanding career here and it is a privilege for me to pay tribute to him and offer my deepest condolences to his widow and his fine children. One of his children, Edith, stayed in my family's household here in the Washington area for years while her father was in New Zealand as ambassador, she going to school here at that time and being a tremendous input into our family life. I also was closely associated with the family in that Armistead was the senior warden of the Falls Church Episcopal Church which my wife and I attend on a regular basis in the Washington area. Truly, he was a friend and a close associate for many years and for these reasons, I am in a position to pray with sincerity that his family may receive some comfort in the knowledge of the tremendous contributions of Armistead Selden to our country and to mankind.

Mrs. HOLT. Mr. Speaker, I am sure many Members of this House share my memories of Armistead I. Selden as a friend and as a man who performed great and honorable service to our country in several capacities. I rise to join my colleagues in expressing profound and sincere regret at his passing.

Veteran House Members remember him for his considerable contributions to the work of the House Foreign Affairs Committee, where he was chairman of the Inter-American Affairs Subcommittee. His 14 years of service in the House prepared him well for his subsequent responsibilities.

He was Deputy Assistant Secretary of Defense for National Security Affairs and then served as ambassador to New Zealand, Fiji, Tonga, and Western Somoa.

Mr. Speaker, it is fitting that we should honor the memory of our former colleague for his wonderful human qualities and for his devotion to our country. He combined the qualities of personal warmth and intelligence, and I was among those who had great respect for him.

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GENERAL LEAVE

Mr. SHELBY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the life, character, and public service of the late Honorable Armistead I.

Selden, the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

THE 10 PILLARS OF SOUND MONEY AND CREDIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DANNEMEYER] is recognized for 60 minutes.

Mr. DANNEMEYER. Mr. Speaker, the economic indicators at this time are mixed, to say the least. We have a record level of people working in America today. Yet there are some signals on the horizon that cause a great deal of concern for all of us.

Our goal earlier this year was to reduce the projected deficit by some $50 billion. Actually, we were successful in reducing it by about $20 billion. And when you look at that, most of that will come from reductions in the projected increase in the defense budget 1986 over 1985.

The sad part of that picture is the fact that the increased annual interest expense from the money we will borrow to finance the activities of the Federal Government during 1986 will come very close to that $20 billion that we have achieved as a result of a great deal of political trauma by developing the votes necessary to reduce the projected deficit in fiscal year 1986 by some $20 billion.

The fact of the matter is, barring some unforeseen change in monetary policy of this country, we probably will have $200 billion deficits for as far as the eye can see. Bear in mind that back in 1971, President Nixon imposed wage and price controls on America when the inflation rate was at that time 4 percent, believed to be an alarming and unacceptable level of inflation. Consider the fact that inflation today, although significantly reduced from what it was 3 or 4 years ago, is still at an unacceptably high level of 3 or 4 percent. Notwithstanding the deficit of some $200 billion, which some would say is priming the economic pump of our economy, unemployment is hanging at 7 percent, and we just cannot seem to reduce it below that threshold.

Our friends from the Midwest and other farming areas of America tell us that farmers are in default on many of their loans. The estimate one normally hears is 15 to 20 percent of the farmers in this country are in serious economic difficulty and, some say, will eventually lose their farms, a tragic picture for all of us in this country.

The protectionist sentiment that is rising and causing real difficulty in this House all during this year, and I suspect will continue for the immediate future, is the result of a high dollar versus other world currencies, which makes American goods less attractive in the international market. That high dollar caused by the deficits, which cause borrowing, which cause high interest rates, is slowly deteriorating the industrial base of this country. It is estimated that the negative trade balance with the rest of the world this year will total some $150 billion to $160 billion. You can hardly pick up a paper these days without reading that a savings and loan or bank in America is in difficulty, in bankruptcy, or is on the auction block to be bought or sold to the highest bidder by the Federal Reserve Board or the agency that oversees the activities, in a fiscal sense, of the savings and loans of this country.

All of these factors that I have related are the result of monetary instability in this country. A statement was made in 1832 by Daniel Webster that I think deserves mention at this time.

> Of all the contrivances for cheating the laboring classes of mankind, none have been more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertilize the rich man's field by the sweat of the poor man's brow. Tyranny, oppression, excessive taxation, these bear lightly compared with fraudulent currencies and the robberies committed by depreciated paper.

In 1971, in the month of August, President Nixon shut the gold window whereby this Nation told the trading nations of the world that we would no longer redeem our gold or dollars at the rate of $35 per ounce, which we had solemnly and contractually committed to do. When Mr. Nixon closed that gold window in August 1971, he said to the American people that it was merely temporary, and I would submit that most people's definition would be served by the expiration of 14 years as fulfilling the need for the expiration of the word temporary.

What is the monetary problem that we are facing? I think it is the recognition that we should at this point be restoring honest money in this country, of restoring the historic relationship between the dollar and gold.

Today this Member from California introduced a bill that will result in a declaration day of October 1, 1986, whereby the Treasury of the United States will once again issue bonds denominated Eagle Bonds which will guarantee to a lender of capital that the interest on the bond will be paid in gold at the rate of 2¼ percent.

October 1, 1987, will be designated resumption day. On that day the Treasury of the United States will be charged with the responsibility of fixing the value of an exchange rate between dollars and gold. This will restore to the American public the ability to once again have honest money in this country.

During a period of 52 or so years this Nation and the world have witnessed various developments in the field of money and credit which in the light of theory as well as experience could be expected to prove injurious to the well being of the people. To a large extent, the injury has already been done in the form of losses of jobs and businesses, currency depreciation, decimation of bond values, bank failures, a decline of productivity and the runaway increase of the debt tower, although the connection with monetary and banking practices is not yet clear to most observers. It is only a matter of time before this connection will be clear to everyone. However, by that time the injury inflicted on the economy and on society may be too great and the scars from it may prove to be permanent.

Therefore, it is desirable that the fundamental errors in principle and practice in our monetary and banking structure should be described as accurately as possible, and that specific recommendations for improvement should be offered in the interest of the general welfare. The hour is late, but the worst consequences of an impending disaster may perhaps be avoided, if public awareness will force policy changes in the field of money and credit.

Of most fundamental importance are the departure by the Federal Government from the integrity of a redeemable currency; the use by the Federal Government of the Federal Reserve System to finance its activities by devices favorable to itself, especially the conversion of Government debt into currency; the consequent depreciation of the purchasing power of the U.S. dollar, breaking the record depreciation during the Civil War period; and the persistent agitation in favor of fiat money as a permanent condition, which has monopolized university instruction and academic discussion for the past 25 years. All these procedures have been employed many times and in many countries in the past, always with unfortunate and even tragic consequences.

Let us reiterate the 10 most important principles of sound money and credit which, in the light of the theory and experience, are the indispensable pillars on which durable prosperity as well as peaceful and voluntary cooperation between labor and capital must rest.

First, the principle of the gold standard;

Second, the principle of free coinage;

Third, the principle of redeemability;

Fourth, the principle of monetary policy;

Fifth, the principle of fiscal policy;

Sixth, the principle of no privileges without responsibilities;

Seventh, the principle of liquidity;

Eighth, the principle of matching maturities;

Ninth, the principle of marginal productivity of debt; and

Tenth, the principle of marginal productivity of labor and capital.

The first five principles concern money and the Government. In paraphrasing these principles we must remember that, by the Constitution, ours is a limited Government that cannot arbitrarily appropriate all the power over the lives and activities of the individual citizens.

1. PRINCIPLE OF THE GOLD STANDARD

The purpose of a monetary standard is to fix the weight and quality of the monetary unit. A standard monetary unit is something which itself has value; it cannot be an abstraction, a legal fiction, or debt, such as the U.S. dollar is today. A depreciating monetary unit is not an acceptable standard of value. Over a period of several thousands of years, gold has evolved as the only commodity with constant marginal utility. Therefore gold is the only eligible monetary commodity to serve as the monetary standard.

2. PRINCIPLE OF FREE COINAGE

If a citizen believes that there is too little money in circulation, he must have the right to do something about it. He should be able to take his newly mined gold, or old gold jewelry, to the mint and convert it into gold coins of the realm.

3. PRINCIPLE OF REDEEMABILITY

If a citizen believes that there is too much money in circulation, he must have the right to do something about it. He should be allowed to melt the gold coins of the realm in his possession, or to export them. He should be able to redeem the commodity value of the monetary standard.

By the same token, if a depositor believes that his bank is not managed in the best interest of the depositors, he should be able to withdraw his money in the form of gold. Only if the banks can be forced to pay out bank reserves to dissatisfied depositors, can the management of the bank be expected to follow sound banking principles. This is what the bank reserves are for: To keep the banks responsive to the needs of the people.

4. PRINCIPLE OF MONETARY POLICY

The Government has a carefully circumscribed responsibility in the monetary field. It cannot act in an arbitrary fashion, nor can it use devices favorable to itself, such as issuing bills of credit which it has neither the willingness nor the resources to redeem at maturity.

□ 1940

The sole aim of monetary policy is to keep the value of all kinds of moneys in the system equal to the value of the monetary standard. It is not the task of monetary policy to tamper with the rate of interest, or to keep the economy in check with the threat of higher or lower interest rates.

5. PRINCIPLE OF FISCAL POLICY

The sole aim of fiscal policy must be to keep the credit of the Federal Government at the highest possible level and above all suspicion. If the credit of the Government is high, then the value of Government bonds will be high, which translates into the lowest possible rates of interest compatible with market conditions. The strictest separation between the monetary arm and the fiscal arm of the Government must be observed, in order to prevent the monetization of Government debt. It is not the task of fiscal policy to stimulate the economy, or to redistribute wealth. If the principle of fiscal policy is compromised, then a deterioration of the credit of the Government will inevitably follow in the form of higher interest rates and the contraction of the maturity structure of the public debt.

People ask from time to time, "What is the meaning of the restoration of the gold standard in America to me in my particular station in life?" If you are looking for a home loan in this country, try 6-percent interest rates rather than double that today which you would have to pay 11 or 12 percent on a fixed-rate mortgage.

If you are a college student looking for a loan to complete your education or to pay off a loan that you have already borrowed on in order to finish you education, you are probably paying an interest rate to your bank today of 10, 11, or 12 percent. Take five or six points off of that interest rate and that will be what it means to you to have honest money restored in the country.

If you are a businessman struggling along to run a business at 14 or 15 percent interest, take five or six points off of that interest rate as a means of what you would have to pay in order to stay in business.

If you are a foreign country in this world such as Mexico, where the debt owed to the banks in New York City is so high and at such a high interest rate that that country is essentially in default of its loans. Mexico today cannot pay the interest on its loans let alone the principal. In a word, the country is bankrupt, and those loans to the New York City banks are in serious jeopardy.

Finally, the Federal Government itself. Today, the U.S. Government has a debt close to $2 trillion. Up until 1971, the interest expense on the national debt was 3 percent. Today, the interest expense is closer, on the average, to 8.5 or 9 percent. In other words, the restoration of the gold standard in this country would reduce the annual interest expense on the outstanding national debt by five or six points. When you extrapolate that, take six points off of $2 trillion and you see that we could reduce the annual interest expense by some $120 billion per year. Such a step would result in a reduction of the annual deficit, and lay the foundation for clearly achieving a balanced budget, which many Members of the Congress support but few of us know how to achieve.

If this is all so good, why do we not do it? The challenge is one of philosophy because the gold standard is not perfect; no one is suggesting that it is. But its imperfections are much less profound than the paper dollar that our Nation has been experiencing since 1971.

Essentially, it comes down to a struggle between those who favor fixed standards and those who favor no standards at all. The gold standard is the means by which, over time, history teaches us that we people have the means of restraining the tendency of our Government to engage in excesses, that is to say, to engage in spending programs that the people of this country are unwilling to support in the way of taxation. That is the struggle that is going on as to what is preventing the restoration of honest money in this country.

The last thing this Congress wants to do, the 99th Congress, is to submit to the discipline of restraining itself from doing anything, let alone engaging in deficit spending. That is the essence of this struggle and it is my hope on this issue and other issues in the days to come to continue to talk about this matter and to bring it to the attention of my colleagues. Truly, it is not a partisan issue. It is a means by which both great parties in America can work together to restore monetary stability; honest money in America, and lay the foundation for economic growth without inflation.

CONGRESS NEEDS TO STUDY THE UNITED STATES-CHINA NUCLEAR AGREEMENT

Mr. SEIBERLING. Madam Speaker, I rise today to express concern about the United States-China nuclear cooperation agreement which will automatically go into effect on December 8, 1985, unless the Congress acts. I think that we should take a good look at this legislation, and not allow this agreement to go into effect merely because of congressional apathy.

It was less than 4 months ago that the President signed into law new procedures for congressional review of nuclear cooperation agreements which allows these agreements to go into effect unless Congress acts to disapprove of the agreement. However, I think that this particular agreement is too important for Congress to allow to go into effect without careful consideration.

There are several problems with the agreement that deserve careful attention. The most disturbing provision is the lack of a definitive statement of China's nonproliferation policy. In addition, the agreement does not provide for safeguards to verify peaceful uses of exported nuclear technology, nor does it include clear language on the exercise of United States consent rights over production of weapons-usable materials by the Chinese from United States origin spent fuel.

For these reasons, I strongly support legislation introduced by my colleague ED FEIGHAN which would require the President to certify China's nonproliferation and nuclear safeguard policies before any export licenses could be granted under the United States-China agreement. This bill is certainly a reasonable approach to correcting the deficiencies in this agreement.

CONFERENCE REPORT ON H.R. 1714

[Omitted from the Record of November 19, 1985]

Mr. FUQUA submitted the following conference report and statement on the bill (H.R. 1714) to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes:

CONFERENCE REPORT (H. REPT. 99-379)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1714) to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "National Aeronautics and Space Administration Authorization Act of 1986".

TITLE I—NASA AUTHORIZATION

SEC. 101. There is hereby authorized to be appropriated to the National Aeronautics and Space Administration to become available October 1, 1985:

(a) For "Research and development," for the following programs:

(1) Space station, $205,000,000;

(2) Space transportation capability development, $437,300,000;

(3) Physics and astronomy, $620,400,000;

(4) Life sciences, $68,000,000;

(5) Planetary exploration, $354,000,000;

(6) Space applications, $537,800,000;

(7) Technology utilization, $11,100,000;

(8) Commercial use of space, $17,000,000;

(9) Aeronautical research and technology, $354,000,000;

(10) Space research and technology, $166,000,000; and

(11) Tracking and data advanced systems, $16,200,000.

(b) For "Space flight, control and data communications," for the following programs:

(1) Space shuttle production and operational capability, $961,500,000;

(2) Space transportation operations, $1,710,100,000; and

(3) Space and ground network, communications and data systems, $701,300,000.

(c) Except as provided in the last sentence of this subsection for "Construction of facilities," including land acquisition, as follows:

(1) Space transportation facilities at various locations as follows:

(A) Construction of orbiter modification and refurbishment facility, John F. Kennedy Space Center, $14,000,000;

(B) Construction of thermal protection system facility, John F. Kennedy Space Center, $3,600,000;

(C) Modifications for advanced technology engine test stand S-1C, George C. Marshall Space Flight Center, $6,500,000;

(D) Modification for enhanced life support systems testing, Lyndon B. Johnson Space Center, $1,100,000;

(E) Modifications to Pad A payload change-out room, John F. Kennedy Space Center, $2,200,000; and

(F) Modifications to space shuttle main engine support systems, National Space Technology Laboratories, $2,500,000.

(2) Space shuttle payload facilities at various locations as follows:

(A) Construction of payload control rooms, John F. Kennedy Space Center, $1,200,000; and

(B) Construction of spacecraft systems development and integration facility, Goddard Space Flight Center, $8,000,000.

(3) Construction of additions to research projects laboratory, Goddard Space Flight Center, $3,800,000;

(4) Construction of microdevices laboratory, Jet Propulsion Laboratory, $8,900,000;

(5) Construction of numerical aerodynamic simulation facility, Ames Research Center, $8,200,000;

(6) Modifications to the sixteen-foot transonic tunnel for improved productivity and research capability, Langley Research Center, $4,900,000;

(7) Modification of 64-meter antenna, DSS-14, Goldstone, California, $8,500,000;

(8) Modification of 64-meter antenna, DSS-43, Canberra, Australia, $8,900,00;

(9) Repair of facilities at various locations, not in excess of $750,000 per project, $22,000,000;

(10) Rehabilitation and modification of facilities at various locations, not in excess of $750,000 per project, $27,000,000;

(11) Minor construction of new facilities and additions to existing facilities at various locations, not in excess of $500,000 per project, $6,000,000; and

(12) Facility planning and design not otherwise provided for, $12,000,000.

Notwithstanding paragraphs (1) through (12), the total amount authorized by this subsection shall not exceed $139,300,000.

(d) For "Research and program management," $1,367,000,000, and such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

(e) Notwithstanding the provisions of subsection (h), appropriations hereby authorized for "Research and development" and "Space flight, control and data communications" may be used (1) for any items of a capital nature (other than acquisition of land) which may be required at locations other than installations of the Administration for the performance of research and development contracts, and (2) for grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facilities; and title to such facilities shall be vested in the United States unless the Administrator determines that the national program of aeronautical and space activities will best be served by vesting title in any such grantee institution or organization. Each such grant shall be made under such conditions as the Administrator shall determine to be required to ensure that the United States will receive therefrom benefit adequate to justify the making of that grant. None of the funds appropriated for "Research and development" and "Space flight, control and data communications" pursuant to this Act may be used in accordance with this subsection for the construction of any major facility, the estimated cost of which, including collateral equipment, exceeds $500,000, unless the Administrator or the Administrator's designee has notified the Speaker of the House of Representatives and the President of the Senate and the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate of the nature, location, and estimated cost of such facility.

(f) When so specified and to the extent provided in an appropriation Act, (1) any amount appropriated for "Research and development," for "Space flight, control and data communications" or for "Construction of facilities" may remain available without fiscal year limitation, and (2) maintenance and operation of facilities and support services contracts may be entered into under the "Research and program management" appropriation for periods not in excess of twelve months beginning at any time during the fiscal year.

(g) Appropriations made pursuant to subsection (d) may be used, but not to exceed $35,000, for scientific consultations or extraordinary expenses upon the approval or authority of the Administrator, and the Administrator's determination shall be final and conclusive upon the accounting officers of the Government.

(h) Of the funds appropriated pursuant to subsections (a), (b), and (d), not in excess of $100,000 for each project, including collateral equipment, may be used for construction of new facilities and additions to existing facilities, and for repair, rehabilitation, or modification of facilities: Provided, That, of the funds appropriated pursuant to subsection (a) or (b), not in excess of $500,000 for each project, including collateral equipment, may be used for any of the foregoing for unforeseen programmatic needs.

SEC. 102. Authorization is hereby granted whereby any of the amounts prescribed in paragraphs (1) through (11), inclusive, of section 101(c)—

(1) in the discretion of the Administrator or the Administrator's designee, may be varied upward 10 percent, or

(2) following a report by the Administrator or the Administrator's designee to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Trans-

portation of the Senate on the circumstances of such action, may be varied upward 25 percent, to meet unusual cost variations, but the total cost of all work authorized under such paragraphs shall not exceed the total of the amounts specified in such paragraphs.

SEC. 103. Not to exceed one-half of 1 per centum of the funds appropriated pursuant to section 101(a) or 101(b) may be transferred to and merged with the "Construction of facilities" appropriation, and, when so transferred, together with $10,000,000 of funds appropriated pursuant to section 101(c) (other than funds appropriated pursuant to pragraph (12) of such section) shall be available for expenditure to construct, expand, and modify laboratories and other installations at any location (including locations specified in section 101(c)), if (1) the Administrator determines such action to be necessary because of changes in the national program of aeronautical and space activities or new scientific or engineering developments, and (2) the Administrator determines that deferral of such action until the enactment of the next authorization Act would be inconsistent with the interest of the Nation in aeronautical and space activities. The funds so made available may be expended to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment. No portion of such sums may be obligated for expenditure or expended to construct, expand, or modify laboratories and other installations unless a period of thirty days has passed after the Administrator or the Administrator's designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate and the Committee on Science and Technology of the House of Representatives and to the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete statement concerning (i) the nature of such construction, expansion, or modification, (ii) the cost thereof including the cost of any real estate action pertaining thereto, and (iii) the reason why such construction, expansion, or modification is necessary in the national interest.

SEC. 104. Notwithstanding any other provision of this Act, no amount appropriated pursuant to this Act may be used for any program—

(1) deleted by the Congress from requests as originally made either to the Committee on Commerce, Science, and Transportation of the Senate or the Committee on Science and Technology of the House of Representatives;

(2) in excess of the amount actually authorized for that particular program by subsections (a), (b), and (d) of section 101; and

(3) which has not been presented to either such committee,

unless a period of thirty days has passed after the receipt by the Speaker of the House of Representatives and the President of the Senate and each such committee of notice given by the Administrator or the Administrator's designee containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action.

SEC. 105. It is the sense of the Congress that it is in the national interest that consideration be given to geographical distribution of Federal research funds whenever feasible, and that the National Aeronautics and Space Administration should explore ways and means of distributing its research and development funds whenever feasible.

SEC. 106. No civil space station authorized under section 101(a)(1) may be used to carry or place in orbit any nuclear weapon or any other weapon of mass destruction, to install any such weapon on any celestial body, or to station any such weapon in space in any other manner. This civil space station may be used only for peaceful purposes.

SEC. 107. On and after the date of enactment of this Act, the Inspector General of the National Aeronautics and Space Administration may administer to or take from any person an oath, affirmation or affidavit, whenever necessary in the performance of the functions assigned by the Inspector General Act of 1978 (5 U.S.C. App.). Any such oath, affirmation or affidavit, when administered or taken by or before an investigator or such other employee of the Office of the Inspector General as may be designated by the Inspector General, shall have the same force and effect as if administered or taken by or before an officer having a seal.

SEC. 108. The authorization for space shuttle production and operational capability includes provisions for the production activities necessary to provide for a fleet of four space shuttle orbiters, including the production of structural and component spares, necessary to ensure confident and cost effective operation of the four orbiter fleet as well as provisions for maintaining production readiness for a fifth orbiter vehicle.

SEC. 109. Section 204(c) of the National Aeronautics and Space Administration Authorization Act, 1985 (Public Law 98-361; 98 Stat. 430) is amended by striking "twelve" and inserting in lieu thereof "18".

SEC. 110. Within ninety days of the date of enactment of this Act, the Administrator shall review those recommendations of the President's Private Sector Survey on Cost Control and such other recommendations as may be included in the Office of Management and Budget report "Management of the United States Government—1986" and shall submit a report to the Speaker of the House of Representatives and the President of the Senate and the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the implementation status of each such recommendation which affects the National Aeronautics and Space Administration and which are within the authority and control of the Administrator.

SEC. 111. The Administrator shall initiate an immediate feasibility study to ensure flight opportunities for a diverse segment of the American public, including a physically disabled American.

SEC. 112. The Administrator shall examine and report to the Congress on the feasibility of providing space shuttle launch services on a basis of royalty recovery over the economic life of commercial products produced or processed in space.

SEC. 113. The Administrator shall conduct a study and report to the Congress on a proposed pricing policy for certain services such as on-orbit service, repair or recovery of spacecraft.

SEC. 114. (a) In accordance with the provisions of this section, during fiscal year 1986 the National Aeronautics and Space Administration shall defer payment to the Federal Financing Bank of the amount attributable to principal for which the Administration is obligated during such fiscal year as a result of the contract regarding tracking and data relay satellite services (NAS 5-25,000) entered into under section 6 of the National Aeronautics and Space Administration Authorization Act, 1978 (42 U.S.C. 2463).

(b) The amount of any payment deferred under subsection (a) shall be added to the amount of principal for which the Administration is obligated during fiscal year 1993 as a result of such contract. After the addition of such amount, if the total amount of repayments and prepayments under such contract for which the Administration is obligated during fiscal year 1993 exceeds the total amount of repayments and prepayments under such contract for which the Administration was obligated during fiscal year 1992, the Administration may defer payment of such excess until fiscal year 1994.

(c) The Administrator of the National Aeronautics and Space Administration is authorized to renegotiate such contract, if the Administrator determines that such renegotiation is necessary to enable the Administration to defer payments as provided in this section.

SEC. 115. The President shall submit to the Congress at the earliest practicable date, but not later than May 1, 1986, a report on any action taken with respect to the establishment in 1992 of an International Space Year. Such report shall include descriptions of possible international missions and related research and educational activities and such other activities as the President may deem appropriate.

TITLE II—SHUTTLE PRICING POLICY FOR COMMERCIAL AND FOREIGN USERS

SEC. 201. The Congress finds and declares that—

(1) the Space Transportation System is a vital element of the United States space program, contributing to the United States leadership in space research, technology, and development;

(2) the Space Transportation System is the primary space launch system for both United States national security and civil government missions;

(3) the Space Transportation System contributes to the expansion of United States private sector investment and involvement in space and therefore should serve commercial users;

(4) the availability of the Space Transportation System to foreign users for peaceful purposes is an important means of promoting international cooperative activities in the national interest and in maintaining access to space for activities which enhance the security and welfare of mankind;

(5) the United States is committed to maintaining world leadership in space transportation;

(6) making the Space Transportation System fully operational and cost effective in providing routine access to space will maximize the national economic benefits of the system; and

(7) national goals and the objectives for the Space Transportation System can be furthered by a stable and fair pricing policy for the Space Transportation System.

SEC. 202. The purpose of this title is to set the reimbursement pricing policy for the Space Transportation System for commercial and foreign users which is consistent with the findings included in section 201, encourages the full and effective use of space, and is designed to achieve the following goals—

(1) the preservation of the role of the United States as a leader in space research, technology, and development;

(2) the efficient and cost effective use of the Space Transportation System;

(3) the achievement of greatly increased commercial space activities; and

(4) the enhancement of the international competitive position of the United States.

SEC. 203. For purposes of this title, the term—

(1) "Administrator" means the Administrator of the National Aeronautics and Space Administration; and

(2) "additive cost" means the average direct and indirect costs to the National Aeronautics and Space Administration of providing additional flights of the Space Transportation System beyond the costs associated with those flights necessary to meet the space transportation needs of the United States Government.

SEC. 204. (a) The Administrator shall establish and implement a pricing system to recover reimbursement in accordance with the pricing policy under section 202 from each commercial or foreign user of the Space Transportation System, which except as provided in subsections (c), (d), and (e) shall include a base price of not less than $74,000,000 for each flight of the Space Transportation System in 1982 dollars.

(b) Each year the Administrator shall submit to the President of the Senate, the Speaker of the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on Science and Technology of the House of Representatives, a report, transmitted contemporaneously with the annual budget request of the President, which shall inform the Congress how the policy goals contained in section 202 are being furthered by the shuttle price of foreign and commercial users.

(c)(1) If at any time the Administrator finds that the policy goals contained in section 202 are not being achieved, the Administrator shall have authority to reduce the base price established in subsection (a) after forty-five days following receipt by the President of the Senate, the Speaker of the House, the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on Science and Technology of the House of Representatives of a notice by the Administrator containing a description of the proposed reduction together with a full and complete statement of the facts and circumstances which necessitate such proposed reduction.

(2) In no case shall the minimum price established under subsection (c)(1) be less than additive cost.

(d) The Administrator may set a price lower than the price determined under subsection (a) or (c), or provide no-cost flights, for any commercial or foreign user of the Space Transportation System who is involved in research, development or demonstration programs with the National Aeronautics and Space Administration.

(e) Notwithstanding the provisions of subsection (a), the Administrator shall have the authority to offer reasonable customer incentives consistent with the policy goals in section 202.

SEC. 205. This title shall apply to flights of the Space Transportation System beginning on and after October 1, 1988.

TITLE III—OFFICE OF COMMERCIAL SPACE TRANSPORTATION

SEC. 301. Section 24 of the Commercial Space Launch Act (Public Law 98-575; 98 Stat. 3064) is amended by adding at the end thereof the following: "There is authorized to be appropriated to the Secretary to carry out this Act $586,000 for fiscal year 1986.".

And the Senate agree to the same.

DON FUQUA,
GEORGE E. BROWN, JR.,
BILL NELSON,
MICHAEL A. ANDREWS,
ROBERT TORRICELLI,
MANUEL LUJAN, JR.,
ROBERT G. WALKER,
TOM LEWIS,
Managers on the Part of the House.

JOHN C. DANFORTH,
SLADE GORTON,
BARRY GOLDWATER,
ERNEST HOLLINGS,
DON RIEGLE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill H.R. 1714 to authorize appropriations to the National Aeronautics and Space Administration for fiscal year 1986 for Research and Development, Space Flight, Control and Data Communications, Construction of Facilities, and Research and Program Management, and for other purposes submit the following joint statement to the House and the Senate in explanation of the disposition of the differences agreed upon by managers and recommended in the accompanying conference report.

NASA FISCAL YEAR 1986 BUDGET

Bill section/program	Budget request	House action	Senate action	Committee of conference
Research and development:				
1(a)(1) Space station	230.0	230.0	200.0	205.0
1(a)(2) Space transportation capability development	459.3	444.3	477.2	437.3
1(a)(3) Physics and astronomy	630.4	637.4	608.4	620.4
1(a)(4) Life sciences	72.0	72.0	68.0	68.0
1(a)(5) Planetary exploration	359.0	359.0	349.0	354.0
1(a)(6) Space applications	551.8	550.8	508.0	537.8
1(a)(7) Technology utilization	11.1	11.1	9.5	11.1
1(a)(8) Space commercialization	30.0	20.0	16.5	17.0
1(a)(9) Aeronautical research and technology	354.0	354.0	350.4	354.0
1(a)(10) Space research and technology	168.0	168.0	154.0	166.0
1(a)(11) Tracking and data acquisition	16.2	16.2	14.8	16.2
Total, research and development	2,881.8	2,862.8	2,755.8	2,786.8
Space flight, control and data communication:				
1(b)(1) Shuttle production and operational capability	976.5	1,011.5	941.5	961.5
1(b)(2) Space transportation operations	1,725.1	1,715.1	1,700.1	1,710.1
1(b)(3) Space ground network	808.3	803.3	745.3	701.3
Total, space flight control and data communications	3,509.9	3,529.9	3,386.9	3,372.9
1(c) Construction of facilities	149.3	148.3	139.3	139.3
1(d) Research and program management	1,345.0	1,300.0	1,370.0	1,367.0
Grand total	7,886.0	[1] 7,510.7	7,652.0	7,666.0

[1] Total reflects 5 percent general reduction.

The points in disagreement and the resolution of them are as follows:

1. The House bill included an unspecified general reduction of $375,300,000 which could, for example, be taken proportionately or from any line item in the bill.

The Senate bill did not contain a comparable provision.

The conference agreement adopts the Senate position.

2. NASA requested $2,881,800,000 for research and development programs.

The House authorized $2,862,800,000 for research and development programs.

The Senate authorized $2,755,800,000 for those programs.

The conference agreement authorizes $2,786,800,000 for research and development programs, with individual line items resolved as follows:

a. Space station

NASA requested $230,000,000 for Space Station activities for fiscal year 1986.

The House authorized the full NASA request.

The Senate authorized $200,000,000 with a general reduction of $30 million.

The conference agreement authorizes $205,000,000 for space station activities for fiscal year 1986.

b. Space transportation capability development

NASA requested $459,300,000.

The House authorized $444,300,000, a decrease of $15,000,000 as follows:

Spacelab	−$5,000,000
Payload operations and support equipment	−3,000,000
Tethered satellite system	−7,000,000

The Senate authorized $477,200,000, an increase of $17,900,000 as follows:

Centaur development cost overruns	+$52,000,000
Tethered satellite system	−7,000,000
Orbital maneuvering vehicle	−15,000,000
General reduction	−12,100,000

The conference agreement authorizes $437,300,000, a decrease of $22,000,000 from the original NASA request, as follows:

Payload operations and support equipment	−$3,000,000
Tethered satellite system	−7,000,000
Orbital maneuvering vehicle	−12,000,000

c. Physics and astronomy

NASA requested $630,400,000.

The House authorized $637,400,000, an increase of $7,000,000 as follows:

Advanced x ray astrophysics facility	+$2,000,000
Space infrared telescope facility [SIRTF]	+1,000,000
Gravity probe B	+4,000,000

The Senate authorized $608,400,000, a decrease of $22,000,000 as follows:

Solar optical telescope	−$15,000,000

General reduction ..... −7,000,000

The conference agreement authorizes $620,400,000, a decrease of $10,000,000 as follows:

Advanced x ray astrophysics facility	+$2,000,000
Gravity probe B	+3,000,000
Solar optical telescope	−15,000,000

d. Life sciences

NASA requested $72,000,000.

The House authorized the full NASA request.

The Senate authorized $68,000,000, with a general reduction of $4,000,000.

The conference agreement adopts the Senate position.

e. Planetary exploration

NASA requested $359,000,000.

The House authorized the full NASA request.

The Senate authorized $349,000,000, a decrease of $10,000,000 as follows:

Mars Observer Program [MGCO]	−$10,000,000

The conference agreement authorizes $354,000,000, a decrease of $5,000,000, as follows:

Mars Observer Program [MGCO]	−$5,000,000

f. Space applications

NASA requested $551,800,000.

The House authorized $550,800,000, a decrease of $1 million as follows:

Ocean Topography Experiment [TOPEX]	+$4,000,000
International Solar Terrestrial Physics [ISTP] Program	+3,000,000
Scatterometer instrument development	−8,000,000

The Senate authorized $508,000,000, a decrease of $43,800,000, as follows:

Upper Atmosphere Research Satellite Program	−$20,000,000
Scatterometer Program	−5,000,000
Advanced communications technology satellite	−10,000,000
General reduction	−8,800,000

The conference agreement authorizes $537,800,000, a decrease of $14,000,000, as follows:

International Solar Terrestrial Physics [ISTP] Program	+$2,000,000
Ocean Topography Experiment [TOPEX]	+2,000,000
Advanced communications technology satellite	−5,000,000
Scatterometer Program	−5,000,000
Upper Atmospheric Research Satellite Program	−5,000,000
Materials processing in space	+2,000,000
General reduction	−5,000,000

With respect to the $2M augmentation of the materials processing in space program, the conferees believe that this area represents one of the most promising uses of the Space Station and hence should receive a greater amount of emphasis at this time. The conferees believe that it is appropriate to place a greater focus on understanding the fundamental role of gravity in physical processes. Basic research which leads to such an understanding will have the most beneficial effect in maturing the microgravity sciences at the pace needed for a robust and productive Space Station program.

In the Space Science and Applications Program areas, Advanced Technology Development funds are of great importance in accelerating projects to the new start phase. The conferees believe that it is appropriate for NASA to reexamine its potential new starts in a realistic manner with a view towards applying Advanced Technology Development funds to those candidates having the highest probability of achieving new starts. As was pointed out in the Committee Views accompanying the FY 1986 House Authorization Bill, (H. Rept. 99-32), Advanced Technology Development funds are a precious resource that must achieve the maximum amount of leverage.

g. Technology utilization

NASA requested $11,100,000.

The House authorized the full NASA request.

The Senate authorized $9,500,000, a decrease of $1,600,000 reflecting a general reduction.

The conference agreement adopts the House position.

h. Commercial use of space

NASA requested $30,000,000.

The House authorized $20,000,000, a decrease of $10,000,000 reflecting a general reduction.

The Senate authorized $16,500,000, a decrease of $13,500,000 reflecting a general reduction.

The conference agreement authorizes $17,000,000, a decrease of $13,000,000 reflecting a general reduction.

i. Aeronautical research and technology

NASA requested $354,000,000.

The House authorized the full NASA request, which includes:

Altitude wind tunnel (cap).	$3,500,000
Approximate reduction	(−500,000)
Oblique wing flight test	−1,000,000
Fluid and thermal physics R&T/wind tunnel test techniques	−1,400,000
Highspeed aeronautics/ hypersonic propulsion (approximate)	+3,000,000

The Senate authorized $350,400,000, a decrease of $3,600,000 as follows:

Altitude wind tunnel planning	−$4,000,000
Rotorcraft research and technology	+400,000

The conference agreement authorizes $354,000,000, with the following modifications:

Altitude wind tunnel (cap).	$3,500,000
Approximate reduction	(−500,000)
Oblique wing flight test	−1,000,000
Fluid and thermal physics R&T/wind tunnel test techniques	−1,400,000
Rotorcraft R&T	+400,000
Highspeed aeronautics/ hypersonic propulsion (approximate)	+2,500,000

j. Space research and technology

NASA requested $168,000,000.

The House authorized the full NASA request.

The Senate authorized $154,000,000, a decrease of $14,000,000 reflecting a general reduction.

The conference agreement authorizes $166,000,000, a decrease of $2,000,000 reflecting a general reduction.

k. Tracking and data advanced systems

NASA requested $16,200,000.

The House authorized the full NASA request.

The Senate authorized $14,800,000, a decrease of $1,400,000 reflecting a general reduction.

The conference agreement authorizes $16,200,000.

3. NASA requested $3,509,900,000 for space flight, control and data communications.

The House authorized $3,529,900,000 for space flight, control and data communications.

The Senate authorized $3,386,900,000 for these programs.

The conference agreement authorizes $3,372,900,000 for space flight, control, and data communications with individual line items resolved as follows:

a. Shuttle production and operational capability

NASA requested $976,500,000.

The House authorized $1,011,500,000, an increase of $35,000,000 as follows:

Orbiter (structural spares)	+$45,000,000
Launch and Mission support	−5,000,000
Changes and systems upgrading	−5,000,000

The Senate authorized $941,500,000, a decrease of $35,000,000 as follows:

Structural spares	−$10,000,000
Changes and systems upgrading	−25,000,000

The conference agreement authorizes $961,500,000, a decrease of $15,000,000 as follows:

Launch and mission support	−$5,000,000
Changes and systems upgrading	−10,000,000

b. Space transportation operations

NASA requested $1,725,100,000.

The House authorized $1,715,100,000, a decrease of $10,000,000 as follows:

Shuttle operations	−$10,000,000

The Senate authorized $1,700,100,000, a decrease of $25,000,000 reflecting a general reduction.

The conference agreement authorizes $1,710,100,000, a decrease of $15,000,000 reflecting a general reduction. It is the opinion of the conferees that NASA should make every effort to reduce the cost of operating the space transportation system. The conferees expect these reductions to be achieved through the increased efficiencies that should result as the Space Transportation System continues to grow toward operational maturity. In no case is it expected that these savings would be attained through dramatic reductions in crew training or the decreased use of mission simulators.

c. Space and ground network, communications, and data systems

NASA requested $808,300,000.

The House authorized $803,300,000, a decrease of $5,000,000 reflecting a general reduction.

The Senate authorized $745,300,000, a decrease of $63,000,000 as follows:

Deferral of TDRSS principal payment	−$107,000,000
TDRSS Program	+48,000,000
General reduction	−4,000,000

The conference agreement authorizes $701,300,000, a reduction of $107,000,000 as follows:

Deferral of TDRSS principal payment	−$107,000,000

4. Construction of facilities.

NASA requested $149,300,000.

The House authorized $148,300,000, a decrease of $1,000,000 reflecting a general reduction.

The Senate authorized $139,300,000, a decrease of $10,000,000 reflecting a general reduction.

The conference agreement adopts the Senate position. The conferees agreed that most of the cut should be taken by deleting a single project.

5. Research and program management.

NASA requested $1,345,000,000.

The House authorized $1,300,00,000, a decrease of $45,000,000 reflecting a general reduction.

The Senate authorized $1,370,000,000, an increase of $25,000,000 reflecting a general reduction of $17,000,000 and an addition of $42,000,000 for civil service pay.

The conference agreement authorizes $1,367,000,000, an increase of $22,000,000 reflecting a general reduction of $20,000,000 and an addition of $42,000,000 for civil service pay.

6. The Senate bill prohibits the carrying to or placement in orbit by a civilian space station of any nuclear weapon or other weapon of mass destruction. The Senate bill also states the civil space station may be used only for peaceful purposes.

The House bill does not contain a comparable provision.

The conference agreement adopts the Senate position.

7. The House bill includes language providing that Space Shuttle production and operational capability be sufficient to provide for a four orbiter fleet, including the production of structural and component spares, and to maintain production readiness for a fifth orbiter vehicle.

The Senate bill does not contain a comparable provision.

The conference agreement adopts the House position, as amended.

8. *Advanced high speed aerospace vehicle.*

The conferees believe that emerging vehicle technologies offer the potential for achieving revolutionary advances in both aeronautical and space systems. Every effort should be made by NASA to support the development and demonstration of these technologies at the earliest possible date.

9. The House bill requires the NASA Administrator to review those recommendations contained in the President's Private Sector Survey on Cost Control and the OMB report "Management of the United States Government—1986" as are pertinent to NASA and to report on their implementation status within ninety days of enactment.

The Senate bill does not contain a comparable provision.

The conference agreement adopts the House position.

10. The House bill requires the Administrator to undertake study and planning efforts to ensure a timely flight opportunity for a physically disabled American.

The Senate bill does not contain a comparable provision.

The conference agreement requires the Administrator to initiate an immediate feasibility study to ensure flight opportunities for a diverse segment of the American public including a physically disabled American.

11. The Senate bill defers NASA's fiscal year 1986 principal payment pursuant to a TDRSS loan agreement, of $107,000,000 to the Federal Financing Bank.

The House bill does not contain a comparable provision.

The conference agreement adopts the Senate position.

12. The House bill requires the NASA Administrator to study the feasibility of providing Space Shuttle launch services on a basis of royalty recovery.

The Senate bill does not have a comparable provision.

The conference agreement adopts the House position.

13. The House bill requires the Administrator to study a pricing policy for service such as on-orbit service and spacecraft repair.

The Senate bill does not contain a comparable provision.

The Conference agreement adopts the House position.

14. *National Commission on Space.*

Both the House and Senate bills extended the life of the National Commission on Space for six months because of a delay in appointing the commissioners. In recognition of this, the conferees agree that no more than $400,000 may be needed and shall be provided through the regular reprogramming authority contained in the bill.

15. *International Space Year.*

It is the sense of the conferees that the year 1992 is ideally suited to the establishment of an International Space Year (ISY). The year 1992 marks the five hundredth anniversary of the discovery of America by Christopher Columbus. Spain will commemorate the discovery of America by launching an Hispanic communications satellite in 1992. Moreover, 1992 is the thirty-fifth anniversary of the International Geophysical Year (IGY), when the first artificial satellites were launched, thus marking the beginning of the space age. As a sequel to the IGY, an International Geosphere/Biosphere program is planned for the early 1990's, but its space activities will be limited to Earth observation. The conferees believe that space exploration has made enormous strides since the IGY and deserves concerted worldwide commemorative recognition and engagement. In addition to providing commemorative attention, the conferees believe that an International Space Year in 1992 could help maximize budgetary efficiency and scientific gain.

It is the sense of the conferees that the President should endorse the concept of an International Space Year for 1992 and consider the possibility of discussing the ISY with other foreign leaders. In addition, the Administrator of NASA in association with other relevant public and private agencies, should initiate interagency and international discussions that explore the opportunities for an ISY in 1992. Such discussions should address possible missions and research and educational activities of an international character, including the possible inclusion of current plans and programs into an ISY framework.

The conferees have agreed on the language contained in section 115 in the conference report that requires the President to submit to Congress at the earliest practicable date, but not later than May 1, 1986, a report on any action taken with respect to the establishment in 1992 of an International Space Year. The report shall include descriptions of possible international missions and related research and educational activities and such other activities as the President may deem appropriate.

16. *Notification and waiting periods.*

The conferees agreed on various provisions for notification of the Congress followed by waiting periods before some action can be taken (see for example sections 101(e), 103, 104, and 204(c)). The conferees further agreed that such waiting periods begin only upon congressional receipt of full and complete notification and not when the notification process is initiated.

17. *Shuttle pricing policy for commercial and foreign users.*

The House bill sets a reimbursement pricing policy for the Space Transportation System for commercial and foreign users consistent with stated objectives of the Space Transportation System.

The Senate bill directs the President or NASA Administrator to report to the congressional authorizing committees on Space Shuttle pricing policy for fiscal years 1989-1991. Further, the policy cannot be implemented before the two committees have had thirty days to review the policy and, where appropriate, recommended legislation establishing a Shuttle pricing policy.

The Conference agreement adopts a pricing policy which sets a base price of $74 million for Shuttle flights starting in 1989.

The conferees view the Space Transportation System as a unique national asset which should be operated by NASA in a manner which will further specific national policy goals.

Those goals include:

(1) The preservation of the role of the United States as a leader in space research, technology, and development;

(2) The efficient and cost-effective use of the Space Transportation System;

(3) The achievement of greatly increased commercial space activities; and

(4) The enhancement of the international competitive position of the United States.

The Shuttle pricing policy adopted by the conferees is designed to give the Administrator of NASA the widest possible flexibility, within certain guidelines, to recover launch costs in a manner which ensures commercial access to space and maintains American preeminence and the U.S. international competitive position.

To accomplish these goals the Committee of Conference has adopted a pricing policy that would allow the Administrator of NASA to:

Set a base price for commercial and foreign users of the Shuttle for flights in 1989 and beyond at not less than $74,000,000 per flight in 1982 dollars.

In order to meet the policy goals in section 202, provide a mechanism to allow the Administrator of NASA to lower the base price, 45 days after notification to the Congress, to not less than additive cost, as defined in sec. 203.

Provide reasonable customer incentives consistent with the policy objectives in Sec. 202.

Preserve separate pricing formulas applicable to commercial and foreign users involved in cooperative research, development and demonstration programs with NASA.

The conferees have provided the Administrator with the authority to offer reasonable incentives to customers and potential customers of the Space Transportation System (Sec. 204(e)). Reasonable incentives should be developed in furtherance of the goals set forth in section 202 and may include discounts for situations where the customer is providing a near term benefit to the government such as multiple uses of the STS capability by a customer, or standby discount arrangements which allow greater flexibility in Shuttle manifesting. Incentives such as reflight guarantees will provide as-

surance to STS customers that they will have continuity of access to space on reasonable terms, in the event of a mission failure in order to achieve mission success. Customer incentives may also be appropriate in cases where customer commitments support the broader policy objectives of Title II. The authority given to the Administrator in subsection (e) to provide reasonable customer incentives is not authority to reduce the base price set forth in section 204(a); rather, the procedure for reducing the base price is set forth in section 204(c).

Finally, the conferees are concerned that the United States maintain a fully competitive posture in the international marketplace. As a result, the conferees have provided the Administrator of NASA the authority to reduce the $74,000,000 base price by the amount necessary (but to no less than additive cost) to remain competitive. This authority is not granted without considerable thought by the conferees. It is intended as a mechanism to adjust the base price to meet foreign competition if the Administrator determines that there is a trend which indicates that the competition is undercutting the base price. The conferees do not intend that it be used as a mechanism to bypass the purposes of the Shuttle pricing policy.

The conferees have established requirements that the Administrator report to the Congress annually on how the policy goals of this legislation are being attained, and that he also report to the Congress at any time the policy goals are not being attained. The Committees of jurisdiction will continue to closely monitor the effects of this legislation as a part of the regular authorization and oversight process.

DON FUQUA,
GEORGE E. BROWN, Jr.,
BILL NELSON,
MICHAEL A. ANDREWS,
ROBERT TORRICELLI,
MANUEL LUJAN, Jr.,
ROBERT G. WALKER,
TOM LEWIS,
Managers on the Part of the House.

JOHN C. DANFORTH,
SLADE GORTON,
BARRY GOLDWATER,
ERNEST HOLLINGS,
DON RIEGLE,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LAGOMARSINO (at the request of Mr. MICHEL), for today, on account of illness.

Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BARTLETT) to revise and extend their remarks and include extraneous materials:)

Mr. DANNEMEYER, for 60 minutes, today.

Mr. SWINDALL, for 5 minutes, today.

Mr. IRELAND, for 5 minutes, today.

Mr. SMITH of New Hampshire, for 60 minutes, on December 5.

Mrs. BENTLEY, for 5 minutes, on December 3.

Mrs. BENTLEY, for 5 minutes, on December 4.

(The following Members (at the request of Mr. PERKINS) to revise and extend their remarks and include extraneous material:)

Mr. CROCKETT, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mr. HAYES, for 5 minutes, today.

Mr. BUSTAMANTE, for 5 minutes, on November 21.

Mr. BROOKS, for 60 minutes, on December 3.

Mr. BRUCE, for 60 minutes, on December 3.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. AUCOIN, and to include extraneous matter, prior to the vote on H.R. 3244, the motion to instruct conferees, in the House, today.

Mr. LOWERY of California, prior to the vote on the motion to instruct conferees on H.R. 3244, in the House, today.

Mr. HEFTEL of Hawaii, prior to the vote on the motion to instruct conferees on H.R. 3244, in the House, today.

Mr. HEFTEL of Hawaii, following the vote on the motion to instruct conferees on H.R. 3244, in the House, today.

Mr. BROOKS, following Mr. WRIGHT, announcing the death of the Honorable George H. Mahon.

Mr. O'NEILL (at the request of Mr. PERKINS) to extend his remarks and include extraneous material in the body of the RECORD.

(The following Members (at the request of Mr. BARTLETT) and to include extraneous matter:)

Mr. FRENZEL.
Mr. KOLBE.
Mrs. ROUKEMA in two instances.
Mr. YOUNG of Alaska.
Mr. PURSELL.
Mr. COURTER in two instances.
Mr. MILLER of Ohio in three instances.
Mr. GILMAN in three instances.
Mr. GREEN.
Mr. KEMP in three instances.
Mr. DORNAN of California in three instances.
Mr. COUGHLIN.
Mr. SWINDALL.
Mr. DANNEMEYER.
Mr. MCKERNAN.
Mr. FIELDS.

(The following Members (at the request of Mr. PERKINS) and to include extraneous matter:)

Mr. CLAY.
Mr. ROE.
Mr. COLEMAN of Texas.
Mr. FROST in five instances.
Mr. STOKES.
Mr. STARK.
Mrs. KENNELLY.
Mr. DOWNEY of New York.
Mr. MINETA.
Mr. TALLON in two instances.
Mr. DARDEN.
Mr. MARKEY.
Mr. WOLPE.
Mr. HAMILTON.
Mr. FEIGHAN.
Mr. TAUZIN.
Mr. HAYES.
Mr. DYMALLY.
Mr. BARNES.
Mr. JENKINS.
Mr. RUSSO.
Mr. DYSON.
Mr. TRAFICANT.
Mr. GARCIA.
Mr. DASCHLE in 10 instances.

SENATE JOINT RESOLUTIONS AND CONCURRENT RESOLUTION REFERRED

Joint resolutions and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 74. Joint resolution to provide for the designation of the month of February 1986, as "National Black (Afro-American) History Month"; to the Committee on Post Office and Civil Service.

S.J. Res. 202. Joint Resolution designating November 1985 as "American Liver Foundation National Liver Awareness Month"; to the Committee on Post Office and Civil Service.

S.J. Res. 232. Joint Resolution to designate October 6, 1986, through October 10, 1986, as "National Social Studies Week"; to the Committee on Post Office and Civil Service.

S. Con. Res. 69. Concurrent resolution to recognize the National Camp Fire Organization for 75 years of service; to the Committee on Post Office and Civil Service.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 505. An act to amend title 38, United States Code, to establish, extend, and improve certain Veterans' Administration health-care programs, and for other purposes, and

H.J. Res. 259. Joint resolution to designate November 30, 1985, as "National Mark Twain Day."

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1042. An act to authorize certain construction at military installations for fiscal year 1986, and for other purposes.

ADJOURNMENT

Mr. DANNEMEYER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 45 minutes p.m.), the House adjourned until tomorrow, Thursday, November 21, 1985, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2280. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to authorize the Secretary of the Treasury to engrave and print the currency, bonds, and other security obligations of a foreign country or engage in research and development for printing the currency, bonds, and other security documents on behalf of a foreign country on a reimbursable basis; to the Committee on Banking, Finance and Urban Affairs.

2281. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report regarding the availability of 24-hour emergency telephone service at U.S. consular offices and the publication of such numbers for the U.S. citizens, pursuant to section 139 of the Foreign Relations Authorization Act (Pub. L. 99-93), to the Committee on Foreign Affairs.

2282. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report concerning proposals to improve the staffing and personnel management in the Department's International Narcotics, pursuant to section 131 of Public Law 99-93, to the Committee on Foreign Affairs.

2283. A letter from the Department of Transportation, transmitting a private report on a rapid rail transit between Falls Church, VA, Dulles Airport, and Washington, DC, pursuant to section 15 of the Civil Aeronautics Board Sunshine Act of 1984; to the Committee on Public Works and Transportation.

2284. A letter from the Director, Office of Management and Budget, transmitting a soil conservation plan for the Big Creek Watershed, TX, pursuant to 16 U.S.C. 1001 et seq.; to the Committee on Public Works and Transportation.

2285. A letter from the Chairman, Railroad Retirement Board, transmitting a reapportionment request, pursuant to 45 U.S.C. 231f (Pub. L. 93-445, title I, section 7(f) (97 Stat. 436)); jointly, to the Committees on Appropriations, Energy and Commerce and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Omitted from the Record of November 19, 1985]

Mr. FUQUA: Committee of conference. Conference report on H.R. 1714 (Rept. 99-379). Ordered to be printed.

[Submitted November 20, 1985]

Mr. HAWKINS: Committee on Education and Labor. Supplemental report on H.R. 281 (Rept. No. 99-311, Pt. 2). Ordered to be printed.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 1404. A bill to establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Service Training Center at Cape Charles in Northampton County, VA. (Rept. 99-381). Referred to the Committee of the Whole House on the State of the Union.

Mr. FASCELL: Committee on Foreign Affairs. House Joint Resolution 404. Resolution with respect to the Agreement for Cooperation Between the United States and the People Republic of China Concerning the Peaceful Uses of Nuclear Energy; with amendments (Rept. 99-382). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAWKINS: Committee on Education and Labor. H.R. 3700. A bill to amend and extend the Higher Education Act of 1965; with an amendment (Rept. No. 99-383). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 850. A bill to modify the boundary of the Humboldt National Forest in the State of Nevada, and for other purposes (Rept. No. 99-384). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3085. A bill to clear title to certain lands along the California-Nevada boundary; with an amendment (Rept. No. 99-385). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3266. A bill to declare certain lands in the City of Coalinga, CA, abandoned by the Southern Pacific Transportation Co.; with an amendment (Rept. No. 99-386). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. House Joint Resolution 419. Resolution to approve Public Land Order Numbered 6607 of July 8, 1985 (Rept. No. 99-387). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2067. A bill to validate conveyances of certain lands in the State of California that form part of the right-of-way granted by the United States to the Central Pacific Railway Co.; with amendments (Rept. No. 99-388). Referred to the Committee of the Whole House.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 739. A bill relating to the documentation of the vessel *Marilyn* to be employed in the coastwise trade; with an amendment (Rept. 99-389). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DE LA GARZA (for himself, Mr. MADIGAN, Mr. JONES of Tennessee, and Mr. COLEMAN of Missouri):

H.R. 3792. A bill to amend the Farm Credit Act of 1971, and for other purposes; to the Committee on Agriculture.

By Mr. BROOKS:

H.R. 3793. A bill to clarify the application of the antitrust laws to certain agreements imposing territorial limitations on the distribution of trademarked malt beverages for resale; to the Committee on Judiciary.

By Mr. DANNEMEYER:

H.R. 3794. A bill to provide for a resumption of the gold standard; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DARDEN:

H.R. 3795. A bill to amend Internal Revenue Code of 1954 to exempt unmarked vehicles operated by police or firefighting officers from substantiation requirements for certain deductions and credits; to the Committee on Ways and Means.

By Mr. FAUNTROY:

H.R. 3796. A bill to eliminate Federal coverage concerning the political activities of District of Columbia government employees and to authorize the District of Columbia Council to enact legislation regarding the political activities of such individuals; jointly, to the Committees on Post Office and Civil Service, and the District of Columbia.

By Mr. FRENZEL:

H.R. 3797. A bill to amend the Tariff Schedules of the United States to provide for a lower rate of duty for certain offset printing presses of the sheet-fed type weighing 3,500 pounds or more; to the Committee on Ways and Means.

By Mr. MCKERNAN (for himself, Mr. FOGLIETTA, Mr. DYSON, Mrs. BENTLEY, Mr. COURTER, Mr. DONNELLY, Mr. DAVIS, Ms. MIKULSKI, Mr. HARTNETT, Mr. BATEMAN, and Mr. HUNTER):

H.R. 3798. A bill to authorize the establishment of a Merchant Ship Revolving Fund, and for other purposes; jointly, to the Committees on Armed Services, and Merchant Marine and Fisheries.

By Mr. SYNAR (for himself, Mr. LEACH of Iowa, Mr. ANTHONY, and Mr. WILLIAMS):

H.R. 3799. A bill to amend the Federal Election Campaign Act of 1971 to change certain contribution limits for congressional elections and to amend the Communications Act of 1934 regarding the broadcasting of certain material regarding candidates for Federal elective office, and for other purposes; jointly, to the Committees on House Administration, and Energy and Commerce.

By Mr. TAUKE (for himself, Mr. SWIFT, Mr. LOTT, Mr. SLATTERY, Mr. MATSUI, and Mr. NIELSON of Utah):

H.R. 3800. A bill to permit the Bell operating companies to provide information services and to manufacture telecommunications equipment, subject to regulation by the Federal Communications Commission; to the Committee on Energy and Commerce.

By Mr. SEIBERLING (for himself, Mr. MOODY, and Mr. BEILENSON):

H.R. 3801. A bill to amend the Internal Revenue Code of 1954 to impose an additional tax on the sale of gasoline to eliminate Federal budget deficits; to the Committee on Ways and Means.

By Mr. STANGELAND:

H.R. 3802. A bill to provide for an exclusion from gross income of gain from the sale of a farm by an individual engaged in the trade or business of farming; to the Committee on Ways and Means.

By Mr. TRAFICANT:

H.R. 3803. A bill to establish requirements for the labeling of consumer commodities to indicate the foreign and domestic content of the commodities; to the Committee on Energy and Commerce.

By Mr. LELAND (for himself, Mrs. ROUKEMA, Mr. GILMAN, and Mr. CARR):

H.J. Res. 462. Joint resolution to designate May 25, 1986, as "Hands Across America Day," for the purpose of helping people to help themselves, and commending United Support of Artists for Africa for their efforts toward combating domestic hunger with a nationwide linkup—coast-to-coast—human chain 4,000 miles long; to the Committee on Post Office and Civil Service.

By Ms. OAKAR:

H.J. Res. 463. Joint resolution authorizing establishment of a memorial to honor members of the American press and other news media who have been killed as a result of hostilities while covering a war or other armed conflict; to the Committee on House Administration.

By Mr. WRIGHT:

H. Con. Res. 234. Concurrent resolution providing for a Joint Session of Congress to receive a message from the President; considered and agreed to.

H. Con. Res. 235. Concurrent resolution providing for an adjournment of the House from November 21 to December 2, 1985, and an adjournment of the Senate from November 21, November 22, or November 23 to December 2, 1985; considered and agreed to.

By Mr. FIELDS (for himself, and Mr. LOEFFLER):

H. Res. 323. Resolution expressing the sense of the House of Representatives that the Federal Energy Regulatory Commission should withdraw its proposed rule on natural gas block billing; to the Committee on Energy and Commerce.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

284. By the SPEAKER: A memorial of the Senate of the Commonwealth of Massachusetts, relative to human rights; to the Committee on Foreign Affairs.

285. Also, memorial of the Senate of the Commonwealth of Massachusetts, relative to the Old Colony Commuter Rail; to the Committee on Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 616: Mrs. BOXER, Mr. TORRICELLI, Mr. LANTOS, and Mr. LOWRY of Washington.

H.R. 808: Mr. GEJDENSON.

H.R. 945: Mr. TAYLOR, Mr. ROWLAND of Connecticut, Mr. CRANE, Mr. JENKINS, and Mr. O'BRIEN.

H.R. 1089: Mr. APPLEGATE, Mr. WILLIAMS, Mr. DYMALLY, and Mr. HAYES.

H.R. 1219: Mr. DIOGUARDI.

H.R. 1551: Mr. BROWN of Colorado, Mr. DANNEMEYER, Mr. DARDEN, Mr. DAUB, Mr. HENDON, Mr. HYDE, Mr. KINDNESS, Mr. LIGHTFOOT, Mrs. LLOYD, Mr. LOWERY of California, Mr. MCEWEN, Ms. MIKULSKI, Mr. RUDD, Mr. SAXTON, Mrs. SMITH of Nebraska, and Mr. STALLINGS.

H.R. 1625: Mr. COUGHLIN and Mr. PACKARD.

H.R. 1918: Mr. MADIGAN.

H.R. 2020: Mr. WHEAT, Mr. GONZALEZ, Mr. SUNIA, Mr. SEIBERLING, and Mr. DIXON.

H.R. 2173: Mr. CLINGER.

H.R. 2185: Mr. TAUZIN.

H.R. 2440: Mr. COELHO, Mr. LEATH of Texas, Mr. LEWIS of California, Mr. LEWIS of Florida, Mr. REID, and Mr. VALENTINE.

H.R. 2591: Mr. SIKORSKI, Mr. MAZZOLI, and Mr. STRANG.

H.R. 2795: Mr. COBEY.

H.R. 2854: Mr. YOUNG of Missouri and Mr. STRANG.

H.R. 2887: Mr. MORRISON of Connecticut, Mr. DYSON, Mr. BROOMFIELD, Mr. JONES of Tennessee, Mr. LIPINSKI, Mr. TORRES, Mr. FRANK, Mr. BOUCHER, Mr. SWIFT, Mr. EVANS of Iowa, Mr. MCKINNEY, Mr. GRAY of Pennsylvania, Mr. SABO, Mr. HOYER, Mr. MRAZEK, Mr. LEHMAN of California, Mr. DOWDY of Mississippi, Mr. GARCIA, Mr. MARKEY, Mr. ROTH, Mr. MACKAY, Mr. PRICE, Mr. BORSKI, Mr. TOWNS, Mr. LAGOMARSINO, Mr. PEPPER, Mr. RAHALL, Mr. MOAKLEY, Mr. MCDADE, Mr. SOLOMON, Mr. BRYANT, Mr. HUCKABY, Mr. OXLEY, Mr. RODINO, Mr. MONTGOMERY, Mr. TAUKE, Mr. GINGRICH, Mr. BERMAN Mr. BONIOR of Michigan, Mr. FAZIO, Mr. KOSTMAYER, Mrs. BOGGS, Mr. LEVINE of California, Mr. SMITH of Florida, Mr. NICHOLS, Mr. BATES, Mr. ROE, Mr. LEHMAN of Florida, Mr. MATSUI, Mr. SCHEUER, Mr. FASCELL, Mr. MOODY, Mr. LANTOS, Mr. MCHUGH, Mr. FUQUA, Mr. BOSCO, Mr. DORNAN of California, Mr. SILJANDER, Mr. BEREUTER, Mr. DOWNEY of New York, and Mr. LIVINGSTON.

H.R. 3041: Mr. MOODY, Mr. CARNEY, Mr. SKELTON, Mr. KOSTMAYER, Mr. COLEMAN of Missouri, Mr. BORSKI, Mr. VALENTINE, and Mr. RALPH M. HALL.

H.R. 3134: Mr. MORRISON of Washington.

H.R. 3155: Mr. LOWRY of Washington and Mr. HERTEL of Michigan.

H.R. 3292: Mr. BARTON of Texas, Mr. BEDELL, Mr. MINETA, Mr. KOSTMAYER, Mr. MRAZEK, and Mr. FAWELL.

H.R. 3355: Mr. HAMILTON, Mr. BRYANT, Mr. GEJDENSON, Mr. HUGHES, Mr. KOLTER, Mr. OXLEY, Mr. RAHALL, Mr. BEVILL, Mr. RANGEL, Mr. SIKORSKI, Mrs. COLLINS, Mr. EVANS of Illinois, Mr. DAUB, Mr. BEDELL, and Mr. MORRISON of Connecticut.

H.R. 3465: Mr. JACOBS, Mrs. HOLT, and Mr. QUILLEN.

H.R. 3474: Mr. GINGRICH and Mr. CLINGER.

H.R. 3488: Mr. TOWNS and Mr. HEFTEL of Hawaii.

H.R. 3498: Mr. ANNUNZIO, Mr. HUBBARD, Mr. MANTON, Mr. FRANK, Mr. BARNARD, and Mr. MITCHELL.

H.R. 3522: Ms. FIEDLER.

H.R. 3573: Mr. SABO, Mr. VENTO, Mr. ANNUNZIO, Mr. HUBBARD, Mr. MANTON, Mr. FRANK, Mr. BARNARD, and Mr. MITCHELL.

H.R. 3582: Mr. SMITH of New Jersey and Mr. BEVILL.

H.R. 3593: Mr. HENDON, Mr. MCCOLLUM, and Mr. SUNIA.

H.R. 3609: Mr. STENHOLM, Mr. NICHOLS, Mr. DANIEL, Mr. SKEEN, Mr. STANGELAND, Mr. EDWARDS of Oklahoma, Mr. HYDE, Mr. SWEENEY, Mr. DANNEMEYER, Mr. DENNY SMITH, Mr. FRANKLIN, Mr. GREGG, Mr. COATS, Mr. KASICH, Mr. ARCHER, Mr. KRAMER, Mr. GALLO, Mr. CARNEY, Mr. WILSON, Mr. SCHAEFER, Mr. LOEFFLER, Mr. FIELDS, Mr. PARRIS, Mr. ROGERS, Mr. SHAW, Mr. LUJAN, Mr. ROBERTS, Mr. MOORHEAD, Mr. HUBBARD, Mr. PACKARD, Mr. MACK, Mr. MYERS of Indiana, Mr. ROWLAND of Connecticut, Mr. THOMAS of California, Mr. CRAIG, Mr. WORTLEY, Mr. HENDON, Mr. WYLIE, Mrs. HOLT, Mr. O'BRIEN, Mr. TAYLOR, Mr. CHAPPIE, Mr. SUNDQUIST, Mr. BARNARD, Mr. THOMAS of Georgia, and Mr. ROWLAND of Georgia.

H.R. 3626: Mr. GROTBERG, Mr. SOLOMON, Mr. KEMP, Mr. MCCOLLUM, Mr. HUGHES, and Mr. DIOGUARDI.

H.R. 3634: Mr. KILDEE, Mr. DOWDY of Mississippi, Mr. BRYANT, Mr. RANGEL, Mr. CARPER, Mr. GILMAN, Mr. LAFALCE, Mr. SHAW, and Mr. CLINGER.

H.R. 3641: Mr. WHITEHURST, Mr. PARRIS, Mr. STUMP, Mr. BARNES, Mr. BATEMAN, and Mr. SISISKY.

H.R. 3644: Mr. VANDER JAGT, and Mr. ALEXANDER.

H.R. 3654: Mr. ROYBAL.

H.R. 3701: Mr. GALLO, Mr. KINDNESS, Mr. YOUNG of Missouri, Mr. FAZIO, Mr. LAGOMARSINO, Mr. COURTER, Mr. LUKEN, Mr. CONYERS, Mr. WILSON, and Mr. ECKART of Ohio.

H.R. 3738: Mr. FRANK, Mr. PERKINS, Mr. KANJORSKI, Mr. BORSKI, Mr. STALLINGS, Mr. MCCLOSKEY, and Mr. KASTENMEIER.

H.R. 3767: Mr. COLEMAN of Missouri and Mr. ROBERTS.

H.R. 3777: Mr. ECKART of Ohio, Mr. RALPH M. HALL, Mr. OXLEY, Mr. TAUZIN, Mr. COATS, Mr. SLATTERY, Mr. SIKORSKI, Mr. RITTER, Mr. RINALDO, Mr. WHITTAKER, Mr. SHARP, Mr. MOLLOHAN, Mr. DOWDY of Mississippi, and Mr. RICHARDSON.

H.J. Res. 7: Mr. LEWIS of Florida, Mr. GRAY of Illinois, Mr. WHITLEY, Mr. WALKER, and Mr. MADIGAN.

H.J. Res. 154: Mr. LOTT.

H.J. Res. 245: Mr. ANTHONY, Mr. BORSKI, Mr. BUSTAMANTE, Mrs. BYRON, Mr. DYSON, Mr. EDWARDS of Oklahoma, Mr. JONES of Tennessee, Mr. LUNGREN, Mr. MCCAIN, Mr. MACKAY, Ms. MIKULSKI, and Mr. SAXTON.

H.J. Res. 298: Mr. BARNES, Mr. BATES, Mr. BEDELL, Mr. BORSKI, Mr. BOULTER, Mr. BROOMFIELD, Mr. BROWN of Colorado, Mr. BROYHILL, Mr. CARR, Mr. COLEMAN of Missouri, Mr. COUGHLIN, Mr. EDGAR, Mr. EVANS of Iowa, Mr. FLIPPO, Mr. FRANK, Mr. GALLO, Mr. GILMAN, Mr. GINGRICH, Mr. HAYES, Mr. HEFNER, Mrs. JOHNSON, Mr. LIGHTFOOT, Mr. LOEFFLER, Mr. MANTON, Mr. MCCAIN, Mrs. MEYERS of Kansas, Mr. SHAW, Mr. SMITH of Iowa, Mr. STALLINGS, Mr. STENHOLM, Mr. STRATTON, Mr. TAUKE, Mr. TAYLOR, Mr. WHITTAKER, Mr. WILSON, and Mr. YOUNG of Missouri.

H.J. Res. 364: Mrs. BENTLEY and Mr. LIVINGSTON.

H.J. Res. 375: Mr. ANTHONY, Mrs. BENTLEY, Mr. BRYANT, Mr. BURTON of Indiana, Mrs. BURTON of California, Mr. CONTE, Mr. CROCKETT, Mr. DARDEN, Mr. DIOGUARDI, Mr. DIXON, Mr. DORNAN of California, Mr. EMERSON, Mr. EVANS of Illinois, Mr. FISH, Mr.

FOGLIETTA, Mr. FRANK, Mr. FUSTER, Mr. GINGRICH, Mr. GRAY of Illinois, Mr. HAYES, Mr. HEFTEL of Hawaii, Mr. HENRY, Mrs. HOLT, Mr. HOWARD, Mrs. JOHNSON, Mr. JONES of North Carolina, Mr. KOSTMAYER, Mr. LOWRY of Washington, Mr. MCEWEN, Mr. MCKERNAN, Mr. MANTON, Mr. MARTIN of New York, Ms. MIKULSKI, Mr. MILLER of Washington, Mr. MONSON, Mr. MORRISON of Connecticut, Mr. MURPHY, Mr. NEAL, Mr. O'BRIEN, Mr. PICKLE, Mr. QUILLEN, Mr. RAHALL, Mr. REID, Mr. RODINO, Mr. ROE, Mr. ROWLAND of Georgia, Mr. SMITH of Florida, Mr. SOLOMON, Mr. STENHOLM, Mr. STUMP, Mr. SUNIA, Mr. TORRICELLI, Mr. TOWNS, Mr. UDALL, Mr. VALENTINE, Mr. VANDER JAGT, Mr. VOLKMER, Mr. WOLF, Mr. WOLPE, and Mr. YOUNG of Missouri.

H.J. Res. 376: Mr. DARDEN.

H.J. Res. 377: Mr. LUKEN, Mr. BURTON of Indiana, Mr. SWINDALL, Mr. VANDER JAGT, Mr. CAMPBELL, Mr. HUNTER, Mr. WEBER, Mr. KEMP, Mr. GINGRICH, Mr. HYDE, Mr. EMERSON, Mr. BROYHILL, Mr. MCEWEN, Mr. YOUNG of Missouri, Mr. JONES of North Carolina, Mr. BLILEY, Mr. COATS, and Mr. SOLARZ.

H.J. Res. 381: Ms. SNOWE.

H.J. Res. 425: Mr. MARTIN of New York, Mr. LENT, Mr. RANGEL, Mr. CARR, Mr. SCHUMER, Mr. GARCIA, Mr. HORTON, Mr. ADDABBO, Mr. GALLO, Mr. LAGOMARSINO, Mr. MRAZEK, Mr. LELAND, Mr. SHELBY, Mr. SCHEUER, Mr. SMITH of Florida, Mr. WOLPE, Mr. BLILEY, Mr. GREEN, Mr. CONYERS, Mr. MORRISON of Connecticut, Mr. MARKEY, Mr. OWENS, Mr. MARTINEZ, and Mr. DIOGUARDI.

H.J. Res. 430: Mr. CLINGER, Mr. SLAUGHTER, Mr. WILSON, Mr. GONZALEZ, Mr. SWINDALL, and Mr. MCCLOSKEY.

H.J. Res. 439: Mr. CAMPBELL, Mr. FRENZEL, Mr. GRAY of Illinois, Mr. LAGOMARSINO, and Mr. RALPH M. HALL.

H.J. Res. 451: Mr. DONNELLY, Mr. LEACH of Iowa, Mr. BATEMAN, Mr. DASCHLE, Mr. RAY, Mr. LOWERY of California, Mr. DORNAN of California, Mr. DAUB, Mr. DORGAN of North Dakota, Mr. TALLON, Mr. LAFALCE, Mr. ENGLISH, Mr. MCKINNEY, Mr. FRANK, Mr. LAGOMARSINO, Mr. LANTOS, Mr. BURTON of Indiana, Mr. MOLINARI, Mr. MATSUI, Mr. CHAPPELL, Mr. KOSTMAYER, Mr. MCKERNAN, Mr. NOWAK, Mr. MOORE, Ms. KAPTUR, Mr. RAHALL, Mr. BILIRAKIS, Mr. MAVROULES, Mr. SMITH of New Jersey, Mr. HENDON, Mr. DEWINE, Mr. O'BRIEN, Mr. RALPH M. HALL, Mr. WIRTH, Mr. BORSKI, Mr. LEVIN of Michigan, Mr. WORTLEY, Mr. KEMP, Mr. BEDELL, Mr. SISISKY, Mr. SMITH of Florida, Mr. STUDDS, Mr. SAVAGE, Mr. HOWARD, Mr. DIXON, Mr. DIOGUARDI, Mr. NELSON of Florida, Mr. HOYER, Mr. ADDABBO, Mr. BRYANT, Mr. ROE, Mr. BUSTAMANTE, Mr. HYDE, Mr. EDGAR, Mr. FAZIO, Mr. RANGEL, Mr. DWYER, of New Jersey, Mr. MONTGOMERY, Mr. DYMALLY, Mr. MOLLOHAN, and Mr. KINDNESS.

H. Con. Res. 209: Ms. MIKULSKI, Mr. BROWN of California, Mr. EDWARDS of Oklahoma, Mr. ATKINS, Mr. BORSKI, Mr. SMITH of New Jersey, Mr. LANTOS, Mr. SOLOMON, and Mr. WOLPE.

H. Con. Res. 217: Mr. KOSTMAYER, Mr. FAZIO, Mr. BATEMAN, Mr. COURTER, Mr. MRAZEK, Mr. BRYANT, Mr. LAGOMARSINO, Mr. FAUNTROY, Mr. MARTIN of New York, Mr. FUSTER, Mr. PEPPER, Mr. DWYER of New Jersey, Mr. FRANK, Mr. SCHUMER, Mr. ADDABBO, Mr. HOWARD, Mr. KINDNESS, Mr. RICHARDSON, Mr. WILSON, Mr. ROE, Mr. MCGRATH, Mr. THOMAS of Georgia, Mr. LUNDINE, Mr. ROSE, Mr. HARTNETT, Mr. AKAKA, Mr. WORTLEY, Mr. HORTON, Mr. BUSTAMANTE, Mr. EMERSON, Mr. BEDELL, Mr. EVANS of Illinois, Mr. GRAY of Pennsylvania, Mr. MAZZOLI, Mr. LEVINE of California, Mr. GREEN, Mr. BARTON of Texas, Mr. SEIBERLING, Mr. YOUNG of Missouri, Mr. BARNES, Mr. REID, Mr. WOLPE, Mr. MARTINEZ, Mr. FROST, Mr. SIKORSKI, Mr. HUGHES, Mr. MORRISON of Connecticut, Mrs. COLLINS, Mr. TOWNS, Mr. GUARINI, Mr. ACKERMAN, Mr. GALLO, Ms. KAPTUR, Mr. MONSON, Mr. KRAMER, Mr. BILIRAKIS, Mrs. ROUKEMA, Mr. VALENTINE, Mr. SMITH of Florida, Mr. STALLINGS, Mr. WAXMAN, Mr. DELAY, Mr. CONYERS, Mr. WIRTH, Mr. SAXTON, Mr. EDWARDS of Oklahoma, Mr. DARDEN, and Mr. RANGEL.

H. Con. Res. 227: Mr. GRAY of Illinois, Mr. WEISS, Mr. VENTO, Mr. RODINO, Mr. CROCKETT, Mr. LEVIN of Michigan, Mr. KASTENMEIER, and Mr. KILDEE.

H. Con. Res. 229: Mr. FAWELL, Mr. LAGOMARSINO, Mr. COBLE, Mr. COURTER, Mr. DELAY, Mr. HILER, Mr. COBEY, Mr. WEBER, Mr. HENDON, Mr. DORNAN of California, Mr. STRANG, Mr. MONSON, Mr. DARDEN, Mr. LIGHTFOOT, Mr. DIOGUARDI, Mr. BILIRAKIS, Mr. NIELSON of Utah, Mr. EMERSON, Mr. GALLO, Mr. SILJANDER, Mr. BURTON of Indiana, Mr. SMITH of New Jersey, Mr. ZSCHAU, Mr. GINGRICH, Mr. KEMP, Mr. SWINDALL, and Mr. BOULTER.

H. Res. 290: Mr. STALLINGS and Mr. MCEWEN.

PETITIONS, ETC.

Under clause 1 of rule XXII,

253. The SPEAKER presented a petition of the California Federation of Republican Women, Sacramento, CA, relative to the strategic defense initiative; which was referred to the Committee on Armed Services.

51-059 O-87-35 (Pt. 23)

SENATE—*Wednesday, November 20, 1985*

(Legislative day of Monday, November 18, 1985)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

"Father of lights with whom there is no variation or shadow due to changing," let Your light shine on the Senate in these difficult, stressful hours. Illuminate the shadows and the darkness of compounding complications with the farm bill. Enable the leaders and Members find their way out of blind alleys, blocked intersections, dead ends, and detours which go nowhere. Save the plight of the farmers from being hostage to political power struggles. When courage fails, resolution fades and intransigence builds, protect against little victories in which noboby wins and little defeats in which everybody loses. Sovereign Lord, make Your presence felt and grant to the Senators hearts and minds receptive to Your will and way. In His name who is the light of the world. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the two leaders have 10 minutes each. I ask unanimous consent that the time of the distinguished minority leader be reserved for his use later in the day.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOLE. That will be followed by special orders for Senators PROXMIRE, MOYNIHAN, and HEFLIN, followed by routine morning business not to extend beyond the hour of 10 a.m. At that point, the Senate will return to the farm bill.

It will be my intention at that time, or shortly thereafter, to offer a comprehensive amendment and, a vote on that fairly soon, would really start moving the farm legislation.

Mr. President, I am advised by the managers that many of the amendments will not be offered. There are 4 or 5 clear title amendments, there are 11 food stamp amendments, and there are 11 or 12 amendments that Senator BOSCHWITZ has that may or may not be offered. I think that probably not by the end of the day but certainly by tomorrow, if we can agree on the commodity area, we could complete action on the farm bill.

Mr. President, if that were the case, it would be my hope that the staff could help us find some things to do on Friday. I am sure there will be many things to do, but maybe there will be some matters that we can do by unanimous consent. We can work on that. Hopefully, we can finish the farm legislation by tomorrow.

BIRTHDAY OF SENATOR ROBERT C. BYRD

Mr. DOLE. Mr. President, let me also advise my colleagues that today is the birthday of the distinguished minority leader, Mr. BYRD. I am sure we all wish him a happy birthday. If he wants to get off early tonight, we will try to work it out so that he can.

GET WELL, JOE

Mr. DOLE. Mr. President, for the past few days all eyes in the Nation's Capital have been focused on the No. 1 news story. There have been indepth reports, expert analysis, and nonstop television coverage. Some media critics might say there has been reportorial overkill. But there will be more—and deservedly so given the importance of the story. Am I talking about the Geneva summit between President Reagan and General Secretary Gorbachev? Of course not. The Senator from Kansas is talking about the season-ending injury sustained by Washington Redskins quarterback Joe Theismann.

Mr. President, those of us who have had the pleasure of watching Joe quarterback the Redskins over the years have come to admire not only his considerable athletic talents but also his leadership, determination, and tough-as-nails spirit. Even those fans who do not root for the Redskins have to admit that he is one tough customer, and that when the game is on the line, they would just as soon see a lesser quarterback going against their favorite team.

It was therefore sad to witness the terrible injury that Joe suffered this past Monday night during the nationally televised game against the New York Giants. The television replays made the injury all too real for millions of viewers who held their collective breath after a host of Giant tacklers buried Joe. It was a clean hit, but a hit that echoed 'round the Capital.

I know my Senate colleagues—including those from Texas—join me in saluting Joe for his gridiron achievements and in wishing him a speedy and complete recovery from his injury. We are pleased the initial medical reports are all positive. If anyone can come back from a compound fracture of the leg, it's Joe Theismann.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER (Mr. EVANS). Under the previous order, the Senator from Wisconsin [Mr. PROXMIRE] is recognized for not to exceed 15 minutes.

HAPPY BIRTHDAY, SENATOR BYRD

Mr. PROXMIRE. Mr. President, I join the distinguished majority leader in wishing a happy birthday to our leader, Senator ROBERT BYRD, who has had really a remarkable political career in the State Legislature in West Virginia and in the U.S. House of Representatives, prior to his coming to the U.S. Senate. He is one of the very few Senators who has gone to law school while he served in this body. I understand he did extremely well there as he does everywhere.

NEW YORK CITY—A LESSON IN HOW TO GET THE FEDERAL DEFICIT UNDER CONTROL

Mr. PROXMIRE. Mr. President, can the Congress bring our record smashing series of Federal deficits under control? It can. It can do so easily. Elected public officials elsewhere have faced far more difficult financial situations than confront the Federal Government today. Repeatedly they have met and mastered the challenge. The most vivid recent example was New York City. I will discuss how remarkably New York City met its much more exacting problem a little later.

POST WORLD WAR I GERMANY

But New York City was not alone. Post World War I Germany rose to the challenge of a crushing military defeat. In the early 1920's the German economy was in shambles. Its industry lay in ruins. It suffered an immense

reparations burden imposed by the victorious allies. It struggled desperately to hold its society together by raising what it could in taxes and printing money to make up what it needed to cover its costs. With that recipe it was no surprise that inflation literally zoomed out of sight. Prices rose so rapidly that housewives had to shop two or three times a day to beat price increases that rose by the hour. The housefraus would trundle wheelbarrows full of currency to market to buy scarce goods. The German debt was exploding. The economic outlook appeared hopeless. Then the German Parliament decided to take a series of bold steps. They revalued their currency. They drastically cut federal spending. They laid off tens of thousands of workers. They raised taxes. And, most important of all, they stopped borrowing cold and put the Government on a pay-as-you-go basis. Did it work? Inflation was stopped cold. In the ensuing year prices actually fell. But how about employment and economic activity? In spite of the austere fiscal policy, economic activity picked up with the restoration of business confidence. Employment rose. Unemployment dropped. Fiscal responsibility won.

ARGENTINA

Last May President Raul Alfonsin of Argentina faced literally 1,000 percent annual inflation. Argentina was printing 25 percent of the money it needed to pay its bills. The country was suffering through the aftermath of military rule and dictatorship as well as the persistent long-term disruption of strongman Juan Peron's legacy of bitterness and division. In what seemed to be an impossible situation, President Alfonsin put into effect a program so austere it appeared certain to provoke an economic revolution, if not widespread bloodshed. The Government imposed strict wage and price controls. It revalued its currency. It sharply reduced its spending. It increased taxes. It mandated a system of forced savings. And again, most important of all, it went on a strictly pay-as-you-go basis. It stopped borrowing cold. What has happened in the ensuing 6 months? The Alfonsin program is not home yet. It has not won yet. But it seems well on its way. It has earned surprisingly strong public support. Inflation has declined sharply. The economy is beginning to recover.

NEW YORK CITY 1975 TO 1980

Now consider what in the judgment of this Senator is the most impressive reversal of form of all. That has to be New York City. For most of American history New York City has been a combination of the pride of superachievers, the envy of small town America and the despair of political moralists and fiscal straight shooters. New York was the city of the marvelously corrupt Boss Tweed. In the 1920's its wise-cracking Mayor Jimmy Walker set the pace for the jazz age and civic irresponsibility. Mayor Fiorella LaGuardia lit up the thirties with his bumptious energy and humor. Throughout the years this Baghdad by the Hudson has been one great and glorious vaudeville show. It has consistently been the best place in the world for a good time. It has always been a lush target for those who wanted to take a swat at materialism and self-indulgence at its most conspicuous in America.

And then in 1975 came the New York City fiscal crisis. Here was profligacy personified, a city without a disciplined bone in its flabby, funloving body. And, of course, like so many good-time Charleys, it fell into deep financial trouble. So deep, that it came to the Federal Government for a bailout. Most of us who were here in the Senate at the time only remember that New York City officials engineered a highly professional lobbying and public relations campaign. They won their bailout. What we forget was that the bailout provided some very tough, truly austere conditions. The Congress did not really do much for the city. It provided a $1½ billion guarantee. But it tied a guarantee fee into the settlement. There was no Federal cost. In fact, the Federal Government made a $30 million profit on the deal. So the New York City recovery from the shadow of bankruptcy was strictly an achievement of New York City itself.

In its own way, this every-night-is-New-Year's-Eve-city solved its problem by itself. Consider what profligate, free-spending New York City did.

Listen to this, Mr. President, because I think this is most unusual and should awaken us in Congress.

First. In the 5 years between 1975 and 1980, the city reduced its work force from 283,000 down to 194,000, or by about one-third. Let me repeat that. New York City hammered down its work force by an astonishing one-third. Why could not the Federal Government do the same?

Second. The city slashed its budget deficit in those 5 years from nearly $2 billion to less than a half billion dollars, a reduction of 75 percent or three-fourths. In its most recent fiscal 1985 financial statement, the city reported a half-billion-dollar surplus; why is this not the kind of goal the U.S. Congress should shoot for?

Third. The city reduced the real pay of its employees—that is, allowing for inflation—between June 1975 and June 1980 by from 11 percent to 23 percent.

Fourth. The city conspicuously increased its real estate tax collection year after year, showing a 94-percent collection rate by 1979.

Mr. President, this is an astonishing story of fiscal responsibility from this country's largest city. New York has often appeared to be ungovernable, and certainly as tough a financial discipline problem as any governmental unit in America. How were its elected officials able to impose this reign of responsible but very painful austerity on the good-time capital of America? The answer is, of course, the same as the answer for World War I Germany and today's Argentina. In each case, the officials had no choice. They made painful, obviously unpopular, decisions because they had to. And when they did the right but woefully unpopular thing, what happened? They succeeded.

Mr. President, that New York City saga should carry a vivid message for Congress. If New York City, its long tradition of permissive, easygoing government and its notorious lack of discipline, can embrace austerity and succeed, why cannot Congress?

When I say succeed, I mean it. The mayor of New York during much of this trying period was that classic New Yorker, Ed Koch. Did this two-fisted austerity program of cutting spending right and left destroy Koch's political career? Take a look at the results of the November 5 election. Mayor Koch won reelection this month with more than 70 percent of the vote. If he had any interest in an easier job than mayor of New York City, Koch could easily be a serious candidate for President. Why not? He has the perfect experience and record for the job of leading this country out of our $2 trillion national debt disaster.

CAN THE CERTAINTY OF MUTUAL ASSURED DESTRUCTION PREVENT A MAJOR WAR?

Mr. PROXMIRE. Mr. President, what development is the most likely to trigger the supreme catastrophe, a superpower nuclear war? Answer: A conventional war between the United States and the Soviet Union. The Warsaw Pack, dominated by the Soviet Union, confronts the North Atlantic Treaty Organization led by the United States. The two military alliances man a common border that runs for hundreds of miles.

I think right now, as we see the two leaders of the East and the West, President Reagan and Secretary Gorbachev, together, we have the view—the temporary view, at least—that things are not so bad. But let us take a look at the situation that actually faces the two sides in Europe. Both sides bristle with armament. Fighter planes and bombers sit ready to take off with a few minutes notice. Tank battalions are poised and ready to move. Hundreds of thousands of hostile troops on both sides engage in air-ground manuevers. Both alliances pre-

pare, if necessary, to march into death and destruction.

World War II ended in Europe 40 years ago with a devastating display of the fantastic destructive capability of the conventional weapons of 1945. For instance, the fire-bombing of Dresden and Hamburg, using no atomic weapons—relying entirely on what we now recognize as old-fashioned incendiary bombs—resulted in the death of over 100,000 persons and what can only be described as a human inferno, a hell on Earth. Since that last terrrible finale of World War II, there has not simply been the usual progression in weapons technology. Nuclear weapons only constitute the most spectacular military weapon advance. There has been an astonishing increase in the devastating efficiency of conventional weapons. The new fighter planes and bombers, using strictly conventional—that is, nonnuclear—bombs can wreak devastation that dwarfs the deadly power unleashed in World War II. Tanks are far more powerfully equipped to kill and destroy than 40 years ago. Conventional field artillery has been enormously stepped-up in its lethal power. Mr. President, a World War III between the two great military alliances that did not use a single nuclear weapon would be far more destructive, far more deadly, far more tragic than most of us can imagine.

What chance is there that in such a cauldron of flame and death, neither side would use nuclear weapons? The answer is just about zero. In fact, both alliances are equipped with tactical nuclear weapons, including tens of thousands of nuclear land mines, each of which could blow an entire city block to kingdom come. Bazookas that can be carried by a single soldier can fire nuclear projectiles that will totally destroy troop concentrations, and virtually any imaginable military threat it can reach. Three or four of these small nuclear warheads could take out an entire enemy-occupied town. A single pilot flying a small fighter plane can fire small nuclear projectiles that can devastate positions held by adversaries covering many square miles. Mr. President, does anyone really believe that once a conventional war begins between the two super military alliances, conventional war will not escalate in a matter of hours from a withering fire of the latest state of the art conventional weapons to the far more devastating tactical nuclear weapons?

And then what happens? Strategic nuclear weapons, here we come and in a rush. Why in a rush? Because once either superpower goes nuclear even with tactical weapons, it will be clear that escalation to continuously bigger and more devastating nuclear weapons will be on the way. So it will also be crystal clear to military commanders that an immense advantage will lie with the first superpower to strike and strike big. Both President Reagan and Secretary Gorbachev have said that a nuclear war would be suicidal. Both have declared that in a nuclear conflict, there would be no winners, only losers. Every sane and informed person knows that is true. But it is also true that once a nuclear war starts between the two major nuclear powers, there will be one absolutely and totally devastated loser—a country in complete ruins. And there will be a second loser with at least half its population dead or terminal, and the rest probably suffering, with the rest of the world, terrible starvation from the ravages of a nuclear winter. The country that strikes first will be the grimly surviving loser. But that second country will have a far better chance to survive. The country that suffers that first strike and then retaliates will be the total loser.

Mr. President, what all of this means is that, difficult as is the challenge of reducing and controlling nuclear weapons, it is not enough. As Harrison Brown, the editor-in-chief of the Bulletin of Atomic Scientists, wrote in the October issue of that publication:

In thinking about long-term world security, we cannot divorce (conventional from nuclear weapons): control of one necessitates control of the other. And we know from sad experience that conventional weapons are not easy to control. Nevertheless we have no choice but to keep trying. Nothing will be accomplished by acquiescing to those who are resigned to waging war as the only solution to living on this planet securely.

Mankind has never been able to prevent major wars in all of the long human history. But never in that long history has there been anything approaching the terribly intimidating sanction against war that we now live with: the virtually certain prospect that a major world war, even a conventional war, will lead almost certainly to utter, unrelieved, and total devastation. That is quite a discipline.

Mr. President, I ask unanimous consent that the editorial by Harrison Brown to which I have referred, in the October issue of the Bulletin of Atomic Scientists, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TOWARD A STRATEGY FOR PEACE

(By Harrison Brown)

Sadly, but not surprisingly, the first two rounds of the renewed arms control discussions in Geneva between the United States and the Soviet Union have ended in failure. What are we to do? Must we resign ourselves to failure after failure until one day humanity, and with it civilization, perishes?

U.S. and Soviet military-technological achievements since 1945 have been spectacular. Together both countries now possess some 50,000 nuclear warheads, along with highly sophisticated means for their delivery. But the agreements that have been made so far to lessen the dangers of nuclear war have been pitifully inadequate. We can only scoff at those who believe that we have made truly meaningful progress.

It isn't that these agreements are not important—they certainly are. But they are only a small beginning and far from what is really needed. Unless they are quickly supplemented, we might as well forget about them and await the ultimate series of fireballs.

In 40 years the United States and the Soviet Union have reached the following significant understandings: the Partial Test Ban Agreement of 1963; the Non-Proliferation Treaty of 1970; the Anti-Ballistic Missile Treaty of 1972; and the SALT II Treaty of 1979.

The Partial Test Ban appears to have been taken seriously and adhered to, at least by the signatories. A number of nations have yet to sign the Non-Proliferation Treaty, and in the meantime several new nations have acquired or are close to acquiring nuclear-military capabilities. The Anti-Ballistic Missile Treaty is now in serious danger of being abrogated. The SALT II Treaty was never ratified by the United States, and there are doubts that it will be adhered to for much longer. Indeed some observers question whether it is really being taken seriously at this time. This is a miserable record for 40 years.

Even were we to cut the time scale in half and start counting from when the Partial Test Ban Treaty was initialed 22 years ago, the record would still be miserable. When we examine all the actions that will be necessary to create a world in which people can live reasonably securely, a millennium will be required if we continue at our present pace.

Finally, and most importantly, the Soviet Union and the United States have a tacit understanding that if one side launches a nuclear strike against the other, the attacker will be totally crushed by a massive retaliatory barrage of hydrogen bombs. This capability has been given a number of labels including "massive retaliation" and "mutually assured destruction," and both nations have spent the last several decades putting themselves in a position to accomplish this should it prove "necessary."

The world has now been free of major wars—notably nuclear war—since 1945. By a major war I mean one comparable to World War II in death and destruction, when some 50 million persons were killed. The fact remains, however, that there has been no time between 1945 and the present when wars have not been in progress. These have ranged in size from relatively small altercations to the larger and more serious wars which have been waged in Korea, Vietnam, the Middle East, and Afghanistan.

Many students of the subject attribute our newly found freedom from major war to out growing dependence upon nuclear capabilities and to the near certainty of complete destruction of the attacking nation should those weapons be used. There is probably some truth in this view, but it would be foolhardy to suppose that this situation will prevail indefinitely. Everyone can imagine events which could rock the boat and bring "nuclear peace" to an abrupt end.

Another important factor to keep in mind is that even were we to eliminate nuclear weapons from the earth our knowledge of how to manufacture them would not be eliminated. If another major war, using conventional weapons, were to start, it is highly

likely that nuclear weapons would be made and used. In other words, while the elimination of nuclear weapons is a necessary condition for world security, it is by no means sufficient. We really must direct our efforts toward avoiding war altogether.

Nuclear weapons differ from conventional ones in many ways. But in thinking about long-term world security we cannot divorce the two: control of one necessitates control of the other. And we know from sad experience that conventional weapons are not easy to control. Nevertheless, we have no choice but to keep trying. Nothing will be accomplished by acquiescing to those who are resigned to waging war as the only solution to living on this planet securely.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that Congress takes a careful look at performance, instead of promises, before spending the taxpayers' money. The truth is that we are suckers for every catchy advertising slogan, every glittery promise, that comes down the pike.

We like to think of ourselves not as babes in the wood, but as sharp eyed consumers. We take a close look at every Federal program, weighing its costs against its benefits. We conduct oversight hearings, doing "nuts and bolts" examination of these programs to make certain that they are working as anticipated. Those are the myths.

What is the reality? We are the most gullible consumers ever born. You name it; we not only will buy it on a whim; we will keep on buying it.

Take a crisis, any crisis. Look down the list of Federal programs and agencies and you will find a reminder of that period of panic. Test scores in education go down and we create a Department of Education. Gas lines form and a Synthetic Fuels Corporation is authorized. We worry that the Russians are getting an advantage and the strategic defense initiative is fired up.

Times change, old crises pass, but Federal spending abides. We now have an attic full of the Federal equivalents of hula hoops, pet rocks, and Darth Vader masks. But instead of hiding these relics of gullibility in some corner, where they will gather dust, we bring them out each year at budget time. Then, we polish them, at the taxpayers' expense, and fool ourselves into thinking that they are still bargains.

Congressional gullibility has become a staple of program advocates. What is selling this year is their concern. If defense is hot, then they will find some way to dress their program in a uniform. In this way, Federal programs undergo transformations which would make a caterpillar blink with admiration.

Mr. President, it is time to change. We need to hold an attic sale. Let us get rid of the obsolete spending programs and tax loopholes which clutter up the budget and the Tax Code. Then, let us make that myth into reality and spend the taxpayers' money as we would our own—with a careful eye out for value.

IF THE UNITED STATES CAN TALK ARMS CONTROL, THE UNITED STATES CAN RATIFY THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, this week, President Reagan and Soviet leader Mikhail Gorbachev are meeting in Geneva to discuss arms control. They may negotiate a reduction of nuclear arms that at present, have the capability of destroying human life 10 times over.

Clearly, we are two nations able to completely annihilate each other. We both have the potential to obliterate millions of people with a single missile.

And of course we condemn the possibility of an instantaneous loss of millions of lives. We label such tragedies as the "unthinkable." We coin such dark phrases as "nuclear holocaust," and "nuclear armageddon."

Yet, we do not condemn the similar loss of millions of lives in the past and prevent such losses in the future by ratifying the Genocide Convention.

With atomic-like effectiveness, Hitler wiped out 6 million Jews, Pol Pot murdered millions of Cambodians, and atrocities continue in Iran, Afghanistan, East Timor, and elsewhere.

It seems ironic that our Nation can be so concerned with the urgency of nuclear holocaust yet ignore the reality of the human holocaust around the world—past, present, and future.

Mr. President, I have said this before: This is a time of high expectation. The world's most powerful leaders are meeting to recognize the threat of nuclear destruction. I applaud this sign of hope but must remind the Senate of its unfinished business—the Genocide Convention.

Let the Senate recognize the threat and deplore the horrible act of genocide. We have promised to bring the Genocide Convention back to the Senate floor. Now let us keep our word.

I join this administration and the Committee on Foreign Relations in their dedication to the protection of the most basic of human rights, the right to life. We urge prompt ratification of the Genocide Convention.

Ratification of the convention not only will be a sign of our condemnation of genocide, but also an assurance of our commitment to world peace.

Mr. President, I am delighted to know the majority leader has announced this is on his "must" list for this year.

I yield the floor, Mr. President.

RECOGNITION OF SENATOR HEFLIN

THE PRESIDING OFFICER. Under the previous order, the Senator from Alabama [Mr. HEFLIN] is recognized for not to exceed 15 minutes.

SENATOR JOHN SPARKMAN: A GREAT ALABAMIAN, A GREAT AMERICAN

Mr. HEFLIN. Mr. President, it is with sadness that I bring to the attention of the Senate that on November 16, 1985, death came to one of the finest Americans ever to serve this Nation, former U.S. Senator John Jackson Sparkman, who served in the Congress of the United States for 42 years, 32 of them in this Chamber.

Mr. President, I speak today in high praise of Senator Sparkman not only due to my responsibility to the people of Alabama, but also because it has been my particular honor, for the last 7 years, to hold his seat in the U.S. Senate. In addition, my wife and I have been privileged to have had a close personal relationship with the Sparkmans over the years. Senator Sparkman was campaign manager for my wife's grandfather, the Honorable Archie Carmichael, when he was elected to Congress, and later Congressman Sparkman succeeded him in the House of Representatives.

During his long and distinguished career in public service, Mr. President, John Sparkman built a tremendous record of courage and accomplishment—a record which serves as a legacy and an inspiration to all Alabama Senators yet to come to this Chamber, a record that has seldom been surpassed or equalled in the history of the United States.

Senator Sparkman was born in 1899, in an unpretentious tenant farm home near Hartselle, AL. One of eleven children, he learned the traditional American values of hard work, religious faith, and eagerness to learn at a young age. In 1917, he used the proceeds from the sale of a cotton crop he had grown himself to enroll in the University of Alabama, where he wanted to study to be a school teacher.

While earning his bachelors, masters, and law degrees, John Sparkman also found time to win a teaching fellowship in history and political science, serve as editor of the student newspaper, and be elected president of the student government. This was his first real sample of politics, and would be the first of many successful campaigns.

In 1936, after practicing law in Huntsville for a little more than 10 years, John Sparkman was elected to the U.S. House of Representatives. During his five terms in the House, he served on the Military Affairs Com-

mittee, which was particularly crucial in that period around World War II. In his last term as a Member of that body, he served in the leadership position of majority whip.

In 1946, Congressman Sparkman was confronted with a unique situation. After Sparkman easily received the Democratic nomination for an expected sixth term in the House, the death of Senator John Bankhead, Jr., created a vacancy in the Senate. John Sparkman sought the vacant seat, and, in the general election his name appeared as the Democratic candidate for both the Senate and the House seats. So great was the confidence the people of Alabama had in John Sparkman, such was the esteem in which he was held, that not only did the people of his congressional district reelect him easily, as was expected, but he was a clear choice of the statewide electorate in the Senate race. I know of no other American political figure who has been elected to the Senate and the House—on the same day and the same ballot.

Although his record in the House of Representatives was certainly exemplary, it was here in the Senate that the legislative skills, insight, and compassion of John Sparkman truly blossomed. Joining with Senator Lister Hill, who had already served one decade in the Senate and with whom he would serve more than 20 years, Senator Sparkman helped give his constituents in Alabama what he liked to think were the most effective pair of Senators from any State in the Union.

Mr. President, I only wish that our time today permitted me to fully chronicle the countless legislative achievements of this gifted Senator. Senator Sparkman's record of accomplishments on behalf of the people of his State and Nation even today reaches into almost every aspect of our lives.

Beginning in his early years in the Senate, one of his primary legislative interests was the promotion of our country's small businesses. As the first chairman of the Senate Select Committee on Small Business, and the sponsor of the legislation establishing the Small Business Administration, Senator Sparkman helped to establish an economic atmosphere favorable to the small businessman, who today continues to play such an integral role in our national economy.

In his last term in this body, Senator Sparkman assumed what many think is the most prestigious committee assignment in this Chamber, the role of chairman of the Committee on Foreign Relations. To that role, he brought his keen understanding of, and insight into, the state of the world. As chairman, he wanted to work to alleviate the major health problems of the world, and he did a great deal to help accomplish this worthy end.

The other legislative landmarks erected by Senator Sparkman during his distinguished service are many and varied. Among the tributes to his legislative skills and accomplishments are the passage of laws in the areas of Federal aid to education, crop insurance, veterans' benefits, and the Tennessee Valley Authority. He once said that, of all his accomplishments, he was proudest of his work to bring about the Rural Electrification Act, which carried light to the far-reaching rural areas of this country, and brought progress to every corner of the land.

Still, for all the many outstanding contributions in all of these areas, and more, Senator Sparkman's particular charge was his work in the area of housing and financial matters. As a long-time member of the Senate Committee on Banking, Housing, and Urban Affairs, and its chairman from 1967 through 1974, he worked to enhance the economic welfare of this Nation by stimulating industrial growth with innovative Federal lending programs. In addition, long before seniority won him the committee chairmanship, he had become known as "Mr. Housing." He believed that homeownership should be the attainable goal of every American family, and that the Federal Government should foster, encourage, and assist them in reaching this goal. He was the primary craftsman of almost all public housing legislation, beginning with the Housing Act of 1949, which began the Nation's urban renewal program. Today, Mr. President, the thousands upon thousands of homes built under Federal housing programs, in every State, are homes built largely because of John Sparkman's leadership, dedication, and commitment, and stand as a fitting and proper tribute to his work.

Mr. President, it was not long after his first election to the Senate that John Sparkman faced a major political crisis. After President Truman, in 1947, created a civil rights commission to investigate the plight of blacks in the South, Senator Sparkman was quoted as saying, "The people of the South are so bitter they will never accept Truman as a candidate." The split in the Democratic Party in 1948 shows that he was correct, but when others met in Birmingham to join the "Dixiecrats" and split from the national party, he refused to go along. Not only did he keep his allegiance to the national party, but he also successfully fought the Dixiecrats for control of the State party, as well.

Just a few years later, in 1952, yet another testimonial to his outstanding abilities was paid when the Democratic National Convention selected him as their Vice Presidential nominee. Unfortunately for the Stevenson-Sparkman ticket, they were up against a man who was perhaps the most formidable adversary possible at that time, Gen. Dwight Eisenhower. The defeat he suffered that year would be the only electoral defeat John Sparkman ever suffered, as he would go on to four more successful Senate races.

Mr. President, I know I speak for all Alabamians when I say that we were indeed lucky to have had the dedicated services of Senator John Sparkman. When I reflect on his brilliant record, I am especially proud to have followed him to this distinguished body.

Senator Sparkman is survived by his wife, the former Ivo Hall; a daughter, Mrs. Tazewell T. Shepard II of Washington, DC; and a grandson, Tazewell T. Shepard III of Huntsville. On behalf of the people of Alabama, I extend my deepest sympathy to these family members.

Mr. President, I ask unanimous consent that several articles concerning Senator Sparkman's life and work be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Birmingham (AL) News, Nov. 17, 1985]

FARM BOY ROSE TO "WRITE" A BETTER LIFE

HUNTSVILLE.—He was born in 1899 on a tenant farm in Morgan County, and aspired one day to be a school teacher.

Instead he became one of the most powerful and august statesmen in American history, writing sweeping legislation that helped Americans obtain a better life.

John Jackson Sparkman a ruddy-faced man with sparkling eyes and flowing silver hair, died early Saturday at a Huntsville nursing home. He was 85.

He was not known for fiery oratory, nor did he inflame crowds on issues or social causes in his 47 years in politics, first as a member of the U.S. House of Representatives, then as a senator, and in 1952 as the Democratic vice presidential candidate. His aim as a member of the Senate, he once said, was simply to help people have a better life and greater opportunities.

Tazewell T. Shepard III, Sparkman's grandson, said the former Democratic senator died of an apparent heart attack.

Funeral will be at 3 p.m. Monday at the First United Methodist Church in Huntsville, with burial in Maple Hill Cemetery, Huntsville. Laughan's Funeral Home is handling arrangements.

Sparkman is survived by his wife, Ivo Ball Sparkman, his daughter, Julia Anne Shepard of Washington, D.C. and his grandson.

Sparkman served in Congress longer than any other Alabamian—through the Depression, World War II, the Korean War, the Vietnam War, the social discord of the civil rights struggle that was centered in his home state, and the resignation of a president in disgrace.

He first was elected to the House in 1936, then to the Senate in 1946, where he served until he retired in 1979.

Known as one of the most astute politicians to walk the halls of government in Washington, he played a major role in getting the Tennessee Valley Authority budg-

eted to serve the people of that area of the South.

He embraced and often wrote legislation that helped bring a better standard of life for Americans, ranging from a government housing program in Gees Bend to the space program in Huntsville, which resulted in rockets that put man on the moon.

He fought to get an Air Force windtunnel test station moved to Huntsville in 1950, and failed—but he succeeded in getting something else.

To Huntsville leaders, he confided: "Don't worry, I got you something better."

That "something" was a team of German rocket scientists, who formed the nucleus of the nation's space effort at the Marshall Space Flight Center.

Dr. Ernest Stuhlinger, a member of the Wernher von Braun rocket team that built America's first space rockets at Huntsville, said Saturday that Sparkman had been "one of the warmest and most effective friends we had in Huntsville.

"He was intrigued by the new things we wanted to do," he said. "He was one of the first ones who saw the handwriting on the wall for the new space age."

The City of Huntsville earlier named a street for Sparkman, and Madison County officials named a high school in his honor.

Upon his retirement from the Senate in 1979, Sparkman said "I take satisfaction in knowing that I have always done all that I could for Alabama and for my country."

He earned the admiration of his fellow politicians on Capitol Hill. When his hometown of Hartselle honored him, the keynote speaker was U.S. Sen. Edward M. Kennedy.

And while he was generally low-key, he had from time to time fired verbal shots at former President Richard Nixon when the White House cut back federal money for housing programs.

Unlike other Southern politicians, Sparkman was never a barn-burner when it came to the question of civil rights, although he had routinely sided with other Southern leaders in the early years of the drive for equality by blacks.

In 1974 Sparkman was asked to define the major change in Southern politics in his lifetime. He replied: "The elimination of the civil rights question as a political issue."

In 1947, when President Harry Truman created a civil rights commission to look into the plight of blacks in the South, Sparkman told a reporter "The people of the South are so bitter that they will never accept Truman as a candidate."

He was right. But when others met in Birmingham to shift from the national Democratic Party Sparkman refused to join, keeping his allegiance to the main party.

His loyalty was rewarded when he was selected as the Democratic nominee for vice president in 1952, running with Adlai Stevenson of Illinois. They were defeated by Republicans Dwight Eisenhower and Richard Nixon—the only political defeat Sparkman ever suffered.

During that campaign Sparkman displayed his sense of humor, once lifting his foot so photographers could snap a picture of a hole in his shoe.

He was often the man behind the scenes, when hijackers took $2 million in ransom and forced a pilot to fly a Southern Airways jet to Cuba in November 1972, Sparkman was involved in negotiations to get the money back, sending a letter directly to Fidel Castro. The money was returned.

In 1973 he sponsored a bill to pay for a study on using solar energy to provide heat and lighting in homes.

He liked to ride trains. Once in 1974, he and his wife Ivo, traveled by train from Birmingham to Washington because, they said, they preferred that mode of travel to flying.

Sparkman would watch the Alabama scenery slip by, listen to the rhythmic clacking of the wheels and drop off to sleep.

In his final years in the Senate his critics often kidded him for apparently dropping off to sleep during meetings.

But he laughed about it and told aide Eddie Sokol that he wasn't asleep but was listening to every word said about him.

"He had a tremendous capacity to get things done his way without being pushy about it," Sokol said Saturday.

Sparkman told grandson Shepard that he was proudest of his work to bring about the Rural Electrification Act, which carried light to rural areas of the nation.

During World War II he wrote a bill that prohibited banks from foreclosing on homes or farms owned by men in military service. And as a senator, he helped create the Small Business Administration and Farmers Home Administration.

Sparkman had become ill with an undetermined "bug" last week, but continued therapy for an artificial hip joint at the Big Spring Nursing Home near his home.

During a visit a few days ago, Sparkman told his grandson about a night in 1910 when he viewed Halley's comet.

"He could remember riding in a wagon to a relative's house and how the light from the comet lit up the night sky so brilliantly he could read a newspaper," Shepard said. "He said he was looking forward to seeing it again and hoped he would be able to get out and take a look when it came around."

First elected to the House in 1936, Sparkman sought and won a seat in the Senate in 1946, filling the vacancy created by the death of Sen. John Bankhead.

In a unique set of circumstances, Sparkman also was on the ballot for the House in 1946—and was elected to serve there, too. The only person ever elected to the House and Senate at the same time, he resigned the House seat to serve in the Senate.

He was chairman of the Senate Committee on Banking, Housing and Urban Affairs from 1967 through 1974, and later was named chairman of the Foreign Relations Committee.

He was born Dec. 20, 1899, near Hartselle, one of 11 children. He later attended the University of Alabama, where he studied law and was editor of the campus newspaper, *The Crimson White.*

He moved to Huntsville and began practicing law, a career he pursued until he ran for Congress.

Gov. George C. Wallace described Sparkman as one of Alabama's "most distinguished citizens," the governor's press secretary Bill Joe Camp said Saturday.

Sen. Howell Heflin won the seat Sparkman vacated in 1978. Wallace also considered running for Sparkman's seat but decided not to run.

Wallace endorsed Sparkman in several campaigns, including his last one in 1972, Camp said.

"We know that his accomplishments for the state, nation, even the world, are significant," Camp quoted Wallace as saying of Sparkman. "My thoughts and prayers are with his family."

[From the Birmingham (AL) News, Nov. 18, 1985]

SPARKMAN'S SERVICE

Former U.S. Sen. John Jackson Sparkman, one of the most influential politicians ever to come out of Alabama and a major architect of the nation's post-war housing program has died. He was 86.

He served his state and nation well from the depths of the Great Depression through the upheaval of the Vietman War. He was among the last survivors of a great generation of Alabama representatives in Washington that has included his longtime Senate colleague Lister Hill, Hill's successor Jim Allen, and several strong leaders in the House of Representatives.

Sparkman retired in 1978 after serving in Congress for 42 years. He had spent 32 of those years in the Senate, longer than any other Alabamian. The only political defeat of his illustrious career came in 1952, when he was the vice presidential nominee on the Democratic ticket headed by Adlai Stevenson.

While that nomination put Sparkman in the national limelight, his real influence came in the halls of Congress, where he was recognized as a champion of the small businessman, the Tennessee Valley Authority, Marshall Space Flight Center and especially as "Mr. Housing."

He served for many years as chairman of the Senate Banking Housing and Urban Development Committee, a post he used to develop and promote legislation to encourage home building and homeownership.

He gave up that assignment in 1975 to become chairman of the more prestigious Senate Foreign Relations Committee, a fiting position for a senior statesman who, in addition to his 24 years on the committee, had served as a U.S. delegate to the United Nations and as one of the negotiators of the peace treaty with Japan.

Sparkman, born in a Morgan County log cabin, studied law at the University of Alabama, where he was elected president of the Student Government Association and edited the student newspaper. After practicing law in Huntsville, he was elected to the House in 1936.

Ten years later, he had been nominated for another House term when Sen. John Bankhead died. To keep the House seal from falling into Republican hands while he sought a place in the Senate, Sparkman ran for and was elected to both houses of Congress at the same time—a unique achievement in the annals of Alabama history.

As he approached retirement, Sparkman said he took satisfaction "in knowing that I have always done all that I could for Alabama and my country." He did a tremendous amount of good and set a lofty standard for all who follow in his path of service.

[From the Birmingham (AL) Post-Herald, Nov. 19, 1985]

JOHN J. SPARKMAN

When he was at the height of his political power, Sen John J. Sparkman, who died over the weekend at age 85, helped give Alabama one of the strongest one-two congressional punches ever seen in Washington.

Together with Sen. Lister Hill, Sparkman helped reshape this state through his ability to bring federal projects to Alabama. Huntsville's space industry is a direct result of his work. And although he wasn't one of the creators, the Tennessee Valley Authority prospered and grew because of his ef-

forts. Birmingham's public housing program is still another result of his efforts.

But this son of a Morgan County tenant farmer did not limit himself to looking after the interests of his home state. He became a leading national figure in the areas of housing, banking and small business. Indeed, this country's policies in all three areas were primarily his creation for nearly three decades.

We have Sparkman to thank for the boom in home ownership that began following World War II, for rural electrification and many other programs that have improved our well being.

Sparkman was also active in foreign policy, serving on the Senate Committee on Foreign Relations from 1951 until his retirement in 1979 and as a delegate to the United Nations in 1950 and 1951. Although he did not become chairman of the foreign relations committee until 1975, when he was far past his political prime, his earlier contributions helped this country adjust to a role of global leadership.

Sparkman came out of a political tradition that was overshadowed—even rejected—during the Civil Rights era. He was a progressive, even a liberal. One of many that Alabama sent to Congress before the question of race came to dominate all political issues and southern politicians began calling themselves "conservative." He believed that government should help people do what they were not able to do for themselves.

Although he joined other southern politicians in opposing civil rights legislation—to do otherwise would have ended his public service—Sparkman was not a demagogue on the issue. This combined with his views on nonracial issues made him a logical nominee for vice president in 1952, during an era when Democrats tried for geographic balance.

It can be argued that the senator stayed in office longer than he should have. His effectiveness declined during the last several of his 42 years in Congress as age caught up with him.

But there should be no argument that in his prime Sparkman was one of the Senate's leading members. And that was in an era when Congress exercised much greater than it does at present.

John Sparkman served this state and nation well. He worked to make government served the people. His legacy can be seen throughout our society.

[From the Birminghan (AL) News, Nov. 17, 1985]

SPARKMAN GOT THINGS DONE IN LOW-KEY, POLITE MANNER

(By James Free)

John Sparkman's main assets as a political leader often made it frustrating for a reporter to write about him.

He liked to work with a minimum of controversy and confrontation. He avoided sharp words and personal attacks.

In the more than 30 years that I covered Washington for The Birmingham News, I never was able to get a quote from Sparkman that made a "gee-whiz" headline.

That was not accidential—it was Sparkman policy.

He believed in accomplishing whatever he could without meeting personal opposition.

Edd Hyde, a long-time top staff assistant says that Sparkman told him early on to be cautious in answering letters—letters of criticism in particular.

"Do not write anything that would be embarrassing if it were published on the front page of The Birmingham News." Sparkman told him.

Sparkman didn't drink anything stronger than tea or coffee. He never smoked. If he ever cursed, this reporter never heard it nor heard about it.

Some of his campaign rivals accused him of political wrongdoing, but they couldn't back it up to the satisfaction of Alabama voters.

He won five races for a seat in the U.S. House of Representatives and beginning in 1946, six for the U.S. Senate.

He did lose as the Democratic nominee for vice president in 1952 on the ticket with Adlai Stevenson, but they never had a chance against World War II hero Dwight Eisenhower, who took the Republicans into office.

No one can say that Sparkman came anywhere close to last place in politics however.

In his decade of service in the House, Sparkman rose to the top with his election as Democratic whip outranked only by the majority leader and the speaker.

As a freshman senator, Sparkman never was treated as a rookie.

He began with assignment to the Banking and Currency Committee and became known as "Mr. Housing" long before seniority won him the committee chairmanship.

With former U.S. Rep. Albert Rains of Gadsden serving as his counterpart in the House in the 1950s and 1960s. Sparkman took the lead in setting public housing policies for the nation.

Sparkman's ability to work with his colleagues paid off during his several decades of service with the late U.S. Sen. Lester Hill of Montgomery. They were recognized as the most effective pair of senators from a single state.

Sparkman and Hill had many national accomplishments in legislation affecting education, farming, rural electrification and other areas. Their contributions to the Tennessee Valley Authority were significant and lasting.

Sparkman and Hill also saw to it that Alabama received at least its share of navigation and other federal projects.

Sparkman was nominated for vice president by the Democrats in 1952 largely because of his talent for promoting his causes without making enemies.

He went to the Chicago convention a week early to round up delegates in support of U.S. Sen. Richard Russell of Georgia for the presidential nomination. Russell's main rivals were Sen. Estes Kefauver of Tennessee and eventual winner. Stevenson who was governor of Illinois.

When Stevenson won he was reminded by House Speaker Sam Rayburn that Sparkman had many friends in the Kefauver camp although the Alabamian had worked for Russell.

Many conservative Alabamians thought that Sparkman's link with the liberal Stevenson in 1952 would make him valuable in the 1954 Senate race.

But Sparkman covered thousands of miles in Alabama in 1953 and convinced the voters he was still the same tenant farmer's son they had always known.

[From the Birmingham News, November 17, 1985]

VETERAN NEWSMAN RECALLS "ONE OF THE GIANTS OF POLITICS"

(By Al Fox)

Our U.S. Navy ship was steaming off the coast of South Korea in the fall of 1952 when the ship's messenger woke me.

"The captain wants to see you in his cabin immediately," he said.

A Navy lieutenant then, I scrambled to the skipper's cabin and found him listening to the shortwave radio.

John Sparkman he said, was about to make his acceptance speech for his party's nomination for vice president of the United States.

There in the corner of the cabin, with only a Filipino steward keeping the coffee cups filled, we listened to Sparkman accept the biggest challenge of his already illustrious political career.

I had always been interested in Alabama politics and had had the privilege of meeting Alabama's then-junior U.S. Senator.

But not until I was released to inactive duty and switched from writing sports to politics did I come to know up close one of the giants of Alabama politics.

In 1954, Sparkman was seeking re-election to the Senate. Two of my friends in Gadsden, both lawyers, were active in Sparkman's campaign. They were Lewis Odum and Virgil Pittman. With my change to political reporting, they were responsible for my becoming well-acquainted with Sparkman.

Odum, then in practice with the law firm headed by U.S. Rep. Albert Raines of Gadsden, worked on Sparkman's state staff. Pittman was the man in Etowah County.

Odum became Sparkman's adminstrative assistant and later moved on to other top jobs in the administration, primarily in small business, where the Alabama senator was champion.

Pittman became a U.S. district judge in South Alabama and has retired from full-time judicial duties. Odum now practices law in Mobile.

Sparkman and his wife, the former Ivo Hall were avid train travelers, not only for trips to and from the nation's capital, but for other journeys across the nation.

When the train stopped running between Huntsville and Chattanooga, where the Sparkmans would change to a train to Washington, they came to Birmingham to catch a tran to the capital. And Birmingham's old Terminal Station was the site of frequent press conferences.

Although he loved to travel by train, Sparkman was in the forefront of bringing the then-infant space program to his beloved Huntsville, where work on rockets led men to walk on the moon.

And there is no question in my mind of where Sparkman would stand today in the congressional fight to reduce funding for Amtrak and to keep the trains rolling.

Sparkman served 42 years in Congress—the first 10 in the House of Representatives. When Sen. John Bankhead died in 1946, Sparkman was already the nominee of the Democratic Party of another term in the House.

Party leaders nominated Sparkman to succeed Bankhead—but they wouldn't let him resign the nomination for re-election to the House and give the coveted "TVA country" seat to a token Republican by default.

Thus Sparkman became the only man in the nation's history to win election to the U.S. House and Senate on the same day.

When he retired from Congress at the end of his term on Jan. 3, 1979, he returned to Huntsville to open a law practice with his only grandson, a young lawyer, Tazewell Shepard III.

It was at his Huntsville law office that I had my best lengthy conversation with the senator.

There were no big signs outside the building or on the doors telling a visitor where the office was. Townspeople knew the location.

On the door was a small brass nameplate inscribed "Mr. Sparkman." It was the same nameplate that had marked his desk throughout his congressional career.

[From the Montgomery (AL) Advertiser, Nov. 18, 1985]

JOHN SPARKMAN

Alabama is a state known for sending colorful and effective lawmakers to Washington—Hugo Black and Lister Hill, for instance. But no political light from this state could outshine that of Sen. John Sparkman, the man who represented Alabama in Congress longer than any other.

Sen. Sparkman died in his sleep Saturday in a nursing home where he was undergoing therapy for a hip that was broken two years ago. He was 85.

Sparkman's political career spanned 41 years, beginning with his election to Congress in 1936. Ten years later he moved to the Senate, after having become the only man in history to be elected to the House and Senate concurrently.

He was elected in 1946 to fill the unexpired term of Sen. John Bankhead and was returned to the House in the same vote. He resigned his House seat, and won his first full Senate term in 1948.

The Senator's rise to political power could have been scripted by Horatio Alger. He was one of 11 children of a tenant-farmer father, but he completed high school and left for the University of Alabama with $75 in his pocket—money he receive as a loan on a cotton crop. He paid his way by tending furnaces at $4.20 a week, until he received a fellowship to teach history and political science in his junior year.

Sparkman's friends claimed be set something of a record in college, entering with a borrowed $75 and leaving with a Beta Kappa Key, undergraduate, master's and law degrees, a wife, a child, and $1,500 in the bank.

After practicing law and teaching in college for several years. Sparkman ran against four opponents in the Democratic primary for Congress. He won a runoff election, and won handily for the remainder of his congressional career.

Sparkman made one attempt at national office as the 1951 vice presidential runningmate of Adlai Stevenson. The two were defeated by Dwight Eisenhower and Richard Nixon.

Sparkman became known as champion of public-housing, chairing the Senate Banking, Housing and Urban Affairs Committee until 1975, when he relinquished the post to assume the chairmanship of the Foreign Relations Committee at age 75.

He also pushed through numerous pieces of legislation to help the small businessman, including the small business acts of 1953 and 1958 and the key amendments in 1966 and 1967.

Sparkman provided the impetus for the Housing Act of 1949, which established the federal urban renewal program intended to revitalize America's cities. He championed subsidized housing legislation and other laws making home ownership easier.

Sen. Howell Heflin, who succeeded Sparkman is 1979 after be decided against seeking relection, said of his fellow Democrat: "Thousands and thousands of families in this nation own their homes because of John Sparkman's leadership, dedication and commitment,"

That's an honorable legacy for any man.

Mr. HEFLIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. STEVENS). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

VITIATION OF SPECIAL ORDER FOR SENATOR MOYNIHAN

Mr. DOLE. Mr. President, I ask unanimous consent that the special order for Senator MOYNIHAN be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business for not to extend beyond the hour of 10:30 with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TENTH ANNIVERSARY OF DISPLACED HOMEMAKERS NETWORK

Mr. DOLE. Mr. President, 10 years ago, in response to the rising number of displaced homemakers in the United States, Tish Sommers and Laurie Shields established the Displaced Homemakers Network. It has since become the umbrella organization for more than 700 programs set up to train and educate displaced homemakers. In addition to providing the technical knowledge needed for various jobs, the Displaced Homemakers Network oversees job placement and counseling and monitors legislation which affects their members.

Displaced homemakers include those women who have been thrown unexpectedly into the work force, having little training or skills with which to find a job. In general, these women suddenly find themselves scanning the employment sections after the death or disability of their husbands, or as a result of a divorce. In addition to being emotionally upsetting, there is the overriding stress of having to support herself and, frequently, her family. The Displaced Homemakers Network was set up to specifically address their concerns and fears, and to heighten public awareness of the more than 4 million women who find themselves in this situation.

This week the network will meet with the members of affiliated programs to celebrate 10 years of accomplishment and to solidify their goals for the next 10 years. Mr. President, I applaud the Displaced Homemakers Network for their great contribution, and wish that they and their members will have continued success in the coming decade.

SENATOR ARMSTRONG ON THE NATURE OF COMMUNISM

Mr. DENTON. Mr. President, Chronicles of Culture, a sprightly journal of ideals published by the Rockford Institute, has long been one of this country's outstanding publications. It continues to uphold the best values of Western civilization and to champion an intellectual integrity that has sadly disappeared from many academic magazines.

Its November 1985 issues is entitled, "Marxism: A Dying God." Among the articles therein is an outstanding "Letter From Washington" by our thoughtful colleague from Colorado, Senator BILL ARMSTRONG. I ask unanimous consent, Mr. President, that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LETTER FROM WASHINGTON

(By William L. Armstrong)

BIRDS FLY, FISH SWIM

We Americans are optimists. As people of goodwill and great intentions, we find it difficult to comprehend a system of government or a political philosophy that has no place for decency or compassion.

From time to time, however, something happens that makes us face the facts of international life. Solzhenitsyn writes The Gulag Archipelago. Korean Airlines' flight 007 is shot from the skies. For former President Carter, who had belittled "an inordinate fear of Communism," the Soviet invasion of Afghanistan put things back into focus. And for all of us, the behavior of the current government of Ethiopia should be a similar lesson.

Back in February, when Congress was considering a measure to add $175 million to our already generous emergency aid to that country, it was time to commit candor on the Senate floor. And so, I observed that "this great famine has become merely another weapon in an inhuman campaign to make slaves of the Ethiopian people." It may not have been diplomatic to describe Ethiopia's ruler, Megistu, as "a home-grown barbarian with a foreign Communist ideology," "a Marxist version of Idi Amin." But it was certainly accurate, and subsequent events have vindicated my assessment.

In the last days of April, some of the thugs who currently control Ethiopia decided to disperse more than 50,000 refugees, including thousands of infants, from the Ibnet famine relief camp. Western reporters and relief workers have described what happened next. Without warning, the pathetic starvers were driven from their huts, which were then set aflame. Two women miscarried while fleeing the troops. Nurses said that hundreds of seriously ill children simply disappeared. Relief officials feared that half the refugees would perish in their

desperate trek to food and water. By the second day of the "evacuation," relief workers were counting the dead along the dirt pathways through the mountains.

The United Nations assistant secretary general in charge of emergency operations in Ethiopia reacted predictably. Kurt Jansson faulted "the hastiness" of the operation and hoped that "in the future Ethiopia will handle this more efficiently."

Perhaps it will. For a model of efficiency, Mengistu can turn to his ideological brothers in Cambodia, the Khmer Rouge, whose efficiency was fatal to three million of their countrymen. But this is a matter that will never be debated by the UN in its new $73 million conference center underway in Addis Ababa, where the diplomats' restaurants will never lack dollars.

The wonder is that anyone can still be surprised by all this. It is not in the least remarkable. Birds fly, fish swim, Communists commit atrocities. That is not accidental; it is essential to what they are.

At the risk of becoming "Cold Warriors," we should make the point clear. All Marxists, whether in Addis Ababa or Moscow or Managua, are absolute materialists. That is, they insist that human life is nothing but matter, like a stone or an insect. If a mountain is in the way, blast it. If women and children are in the way, blast them. The only difference between their killing of U.S. Army Major Nicholson in Germany this year and their massacre of thousands of Polish military men in Katyn Forest during the Soviet-Nazi alliance is that the earlier operation required a larger grave.

That is not anti-Communist propaganda. It is, and always has been, the bottom line of Marxism. Individuals have no meaning, no rights, no identity. They are clods of earth to be plowed into productivity for the state.

Why are we surprised, then, when thousands of African children are set off on a death march across the Ethiopian highland? Haven't we read about the Afghan youngsters whose arms are blown away by gaily colored toys booby-trapped by the Soviets to maim toddlers? Haven't we heard about the Jewish and Christian boys and girls in the Soviet Union who are treated like criminals for their family's faith? Yes, there are infants in those Siberian prison camps, and their jailors are the men with whom we are trying to negotiate arms agreements and trade deals.

These people are, after all, true to their school. Their first teachers, back in 1918, were not content to kill the Czar. They had to murder his children as well. They are now in their seventh decade of systematic annihilation; and there are still those in the West—indeed, in our Congress—who profess shock when it happens again, this time in Ethiopia.

Just as the Ethiopian tragedy is in a continuum with the past of Communism, so too it is surely but a prelude to its equally ghastly future. It is just a question of where this happens next. In little Benin? In Leninist Congo? In what used to be called Upper Volta before its latest "people's revolution"? It could well occur in Mozambique, where $28 million in emergency food aid from the United States is propping up a Communist regime even more incompetent than the one in Ethiopia.

It is naive not to expect more such calamities. They have been a part of Communism's genetic code since its birth, and they will remain so until its death. For yes, even monsters are mortal; and this monstrous distortion of the mind and spirit need be no exception.

In the meantime, though we may be repulsed by the Ethiopian government, we should not be paralyzed by it. We could not make it rain in Ethiopia; so with the rest of the free world we poured in hundreds of millions of dollars in food and medical supplies. We could not control the weather; so we sent thousands of volunteers to feed, heal, and comfort. We have countered tyranny with mercy, and brutality with an open heart.

But how are we to respond over the long run? When the famine passes and the people of Ethiopia confront the underlying cause of their suffering—their Marxist rulers—what will be our answer to their need? Having saved them from starvation, will the free world help them save themselves from Soviet control? That depends upon whether we have learned well the lesson of Ibnet.

PROSPECTS FOR ARMS CONTROL

Mr. KENNEDY. Mr. President, in a recent Wall Street Journal article, Arthur Schlesinger, Jr., put forth a powerful analysis of the arguments for and against a comprehensive test ban treaty. He also examined the impact of the President's strategic defense initiative on the nuclear arms race.

On the first issue, Mr. Schlesinger points out that we now have the capability to monitor nuclear tests of military significance inside the Soviet Union but the United States military establishment opposes a treaty banning the testing of nuclear weapons, regardless of the benefits such a treaty may bring. If this opposition is based on a "testing gap" between the United States and the Soviet Union, Mr. Schlesinger states that:

* * * It can only be because the military has squandered its opportunities. As of the beginning of 1985, the U.S. had conducted some 200 more nuclear tests than the Soviet Union had, and the U.S. has conducted more tests this year than the Soviet Union has. The military appetite for testing is insatiable.

On the second issue [SDI], Mr. Schlesinger argues that the proposed Strategic Defense Initiative could be easily countered by the Soviet Union and would only fuel a new arms race.

What would the United States do if the Soviet Union were flourishing the threat of Star Wars against it? It would at once build more ICBMs in order to overwhelm the space shield; build more cruise missiles, bombers and other low-flying weapons in order to go under the shield, and build more decoys and penetration aids to confuse and exhaust the shield. Since these countermeasures are technically simpler than building the shield and cost far less, they will be relatively easy to sustain. And the nuclear arms race will roar on.

As we consider the issues involved in the summit meeting between President Reagan and Mikhail Gorbachev, I ask unanimous consent that the full text be placed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Oct. 7, 1985]

LOST SHOT TO END THE ARMS RACE?

(By Arthur Schlesinger Jr.)

On this date in 1963, President Kennedy signed the Limited Test Ban Treaty. Suppose the 1963 test ban had been not limited but comprehensive. Suppose it had prohibited nuclear tests underground as well as in the atmosphere and underwater. This is one of the great might-have-beens of modern history. Kennedy, Harold Macmillan, the British prime minister, and Nikita Khrushchev all wanted a comprehensive ban. Had they succeeded in getting it, the development of new generations of multiwarhead nuclear weapons would have been retarded, if not halted. The world today would have been a safer place.

The 1963 quest for a comprehensive test ban foundered on the problem of on-site inspection. The Soviet Union was ready to permit three annual inspections of suspicious seismic disturbances. The British would have settled for five. The U.S. was unwilling to go below seven—not because the administration considered seven technically necessary to ensure verification, but because it had been hard enough to argue the military down from 20 to seven and further reduction would have doomed the treaty in the Senate. A limited test ban seemed better than none at all. Kennedy quoted an ancient Chinese proverb: "A journey of a thousand miles must begin with a single step." The treaty itself committed the U.S. and other signatories "to continue negotiations" in order "to achieve the discontinuance of all text explosions of nuclear weapons for all time"—a commitment unilaterally repudiated by President Reagan in 1982, when he discontinued negotiations for a comprehensive test ban.

IMPROVED DETECTION

Kennedy had prepared the way for the Test Ban Treaty by announcing in his American University speech in June 1963 that the U.S. would not conduct atmospheric tests "so long as other states do not do so. We will not be the first to resume." On July 29 of this year, the Soviet government announced that it would stop all nuclear testing at least till the end of the year and would continue the suspension if the U.S. would join in the moratorium. The Reagan administration promptly dismissed the Soviet initiative as propaganda.

In 1985, as in 1963, the problem of verification supplies a pretext for opposition to a comprehensive ban, but with even less excuse now than a generation ago. For the means of national detection have improved greatly over the past quarter-century. Nobel physicist Hans Bethe has written that even without on-site inspections, "we could safely conclude a comprehensive test ban treaty, or a treaty with a very low threshold like two kilotons. In neither case, it may be possible to hold covert tests at exceedingly low yield, but these would have no military significance insofar as the U.S. and the U.S.S.R is concerned, whereas, on the other hand, the test ban would pose a serious hurdle to additional nations that wish to acquire nuclear weapons."

Nor would a comprehensive ban have to rest on national technical means alone. The Soviet Union in earlier negotiations agreed to the placement of unmanned U.S. seismic monitoring stations within Soviet territory.

and one imagines that Mikhail Gorbachev would go certainly as far as Khrushchev and permit three or more annual on-site inspections. At least the possibility seems worth exploration.

It is a possibility, alas, that the Reagan administration shows no desire to explore. A comprehensive test ban is the key to reining in the arms race. But the U.S. military establishment is obviously determined to carry forward its program of nuclear tests. While the Soviet foreign minister was meeting President Reagan in the White House, the Defense Department was actually conducting another nuclear test—and the secretary of state, as he recently admitted on "Meet the Press," did not even know about it.

The military inevitably claims that the U.S. is behind the Soviet Union in nuclear tests, as in everything else. Of course the military claims that. It has to claim inferiority in order to justify its colossal demands on the federal budget. If there is a "testing gap," it can only be because the military has squandered its opportunities. As of the beginning of 1985, the U.S. had conducted some 200 more nuclear tests than the Soviet Union had, and the U.S. has conducted more tests this year than the Soviet Union has. The military appetite for testing is insatiable. It need not be taken too seriously.

The administration is divided in its attitude toward the nuclear arms race. Some members evidently regard the arms race as a good thing for the U.S. Either the Soviets will try to keep up with the U.S., which will wreck their economy, or they will fail to keep up, which will leave the U.S. with the decisive military edge. Why should the U.S. give up so powerful an advantage for the sake of arms control? American security in this view rests not on mutual deterrence but on U.S. nuclear superiority.

Others in the administration would probably like an arms-control agreement. President Reagan is unquestionably sincere when he speaks of his desire for arms reduction. But he permits the Pentagon to define what an acceptable agreement would be, and an agreement acceptable to the Pentagon would be one aimed at intercontinental ballistic missiles, in which the Soviet Union has invested 75% of its retaliatory power and the U.S. has invested only 25% of its.

Mr. Reagan's record hardly displays him as a champion of arms control. He opposed the Limited Test Ban Treaty of 1963. He opposed the Non-Proliferation Treaty of 1968. He opposed SALT I and SALT II. He even opposed the Peaceful Nuclear Explosions Treaty that Gerald Ford signed in 1976. Mr. Reagan as a friend of arms control reminds one of Isaac Bickerstaffe's "Expostulation":

Perhaps it was right to dissemble your love,
But—why did you kick me downstairs?

In any event, the president's insistence that Star Wars is nonnegotiable makes the prospect for agreement almost hopeless. Star Wars would sacrifice a practical arms-control agreement today to the theory that sometime in the early 21st century a shield could be built in space that would provide effective defense against ICBMs. As reality has whittled down fantasy, it is now conceded that there can be no such thing as a totally impenetrable, 100% leakproof shield. It is further conceded that an imperfect shield, if attainable, would protect only missile silos, not cities and people, and that it would not stop low-altitude delivery systems. Many scientists doubt that any sort of effective shield is attainable even in the long run.

But no one can doubt the consequences in the short run. What would the U.S. do if the Soviet Union were flourishing the threat of Star Wars against it? It would at once build more ICBMs in order to overwhelm the space shield; build more cruise missiles, bombers and other low-flying weapons in order to go under the shield, and build more decoys and other penetration aids to confuse and exhaust the shield. Since these countermeasures are technically simpler than building the shield and cost far less, they will be relatively easy to sustain.

WHAT IS PROPAGANDA?

That is what the U.S. would do if it were in the Soviet position. It is certainly what the Russians will do if there is no arms-control agreement. Moreover, the Soviet police state has a very great capacity to repress domestic consumption in the interests of an arms buildup. *And the nuclear arms race will roar on.*

Are the various Soviet initiatives simply propaganda? It all depends what is meant by propaganda. If propaganda implies no desire to follow through, the label is probably unfair. The Soviet Union has compelling reasons to want an arms-control agreement. Mr. Gorbachev's top priority is to consolidate his internal position. An arms-control agreement would establish him in undisputed control. His next priority is to reform the sclerotic Soviet economy. An arms-control agreement would liberate the economy from the burden of a spiraling arms race.

If propaganda simply means the reaping of advantages in psychological warfare, then the Soviet initiatives of course constitute highly effective propaganda. By casting the Americans as the *nyet*-sayers to all arms-reduction proposals, Moscow is putting Washington on the defensive and increasing West European mistrust of the Reagan administration.

The evident Soviet desire for an agreement has, however, its disadvantages from Moscow's viewpoint. For the more disposed Moscow seems to be to make concessions, the more concessions the hard-liners in Washington will try to exact, and the less chance of an agreement there will be. An agreement must provide for mutual advantage. The situation requires statesmanship of a Churchillian order if the nuclear arms raced is to be brought under control. It is still a journey of a thousand miles, and we have taken damned few steps since 1963.

IMPROVING COMPETITIVENESS

Mr. ROCKEFELLER. Mr. President, as is evident from the recent debate over textile import limitations, we remain deeply divided over how to respond to threats to the competitiveness of our industries. At the same time, I think there is growing recognition that the causes of our trade problems extend well beyond unfair competition from imports—and require a multifaceted solution consisting of actions by private industry as well as government.

Dr. Paula Stern, chairwoman of the U.S. International Trade Commission, recently delivered an excellent address to the National Press Club which carefully sets out this larger context. Citing the overvalued dollar as the chief culprit, she urges fundamental changes in the economic policies which produced it. But, according to Stern, getting macroeconomic policy right—important as that is—is not the full story either. Her recommendations emphasize ways of improving enforcement of our trade laws and various forms of "strategic bargains" on the part of labor, management, and government that could strengthen our industrial performance. Dr. Stern makes a powerful case for a comprehensive approach to improving competitiveness, and I am pleased to be able to share her insights with my colleagues.

I ask unanimous consent that the text of Dr. Stern's speech be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

THE U.S. TRADE DEFICIT: HOW DO YOU SPELL RELIEF

(Remarks of Dr. Paula Stern)

At the White House and on Capitol Hill trade is now a front-burner topic. As the heat has risen, Americans have looked abroad for scapegoats as much as markets. At home, the clamor for protectionism has become almost deafening.

I would like to try today to define the nature of the crisis we face and to propose a different way out. I believe that Americans can compete successfully in international trade if we work more as a team and if our leaders work together to formulate and carry out a winning competitive strategy.

Instead of aiming at static goals—protecting jobs and markets—we must respond to the causes, not the symptoms of change.

To insure that new public investments to assist industries earn lasting returns, we must insist on new criteria for them. Aid to distressed idustries must follow a comprehensive analysis of the competitive challenge. And government must condition its actions on the cooperative efforts of all who gain from its help, all who can contribute to the viability of an industry in the new international environment.

Crisis is another word for opportunity. And we have a genuine opportunity now to set a course for growth . . . growth in U.S. prosperity and growth in the global market where our strength is being tested as never before. The way to spell relief from trade deficits is to write competitiveness and growth at the top of our list of national economic priorities.

The biggest problem in international commerce is that there is not enough of it. And the biggest problem for the United States as a trading nation is that we have priced ourselves out of the increasingly intense competition.

Those are certainly not the only troublesome aspects of world trade or of America's position in it. But they are basic realities, the points of entry for any sensible discussion of our trade deficit and of ways to redress it.

The fairly steady post-war expansion in the volume of global merchandise trade came nearly to a halt between 1980 and 1983. Growth resumed last year, but much of the rise was due to the record-setting purchases of foreign goods Americans borrowed to buy.

The most powerful force in determining our competitive performance in recent years has been the increase in the value of the dollar against other world trading currencies. The super dollar remains our super headache. We brought it on ourselves and, by doing so, gave our trading partners and rivals a competitive advantage at America's expense.

The ITC, after studying the agricultural sector, concluded a few months ago that up to 88 percent of the drop in U.S. farm exports between 1981 and 1982 was due to the rise in the dollar's value. And Federal Reserve Board experts blame the high dollar for 87 percent of the increase in our total trade deficit between 1980 and 1984.

The dollar has done great damage to America's trading position. Fortunately, the Administration has stopped touting the strong dollar and has begun to treat it as a prime cause of our trading weakness.

Only a month has passed since that change of emphasis brought new policies into effect. But even though the dollar is still only 3–4 percent below its 1984 level, I am encouraged by the shift and by the parallel efforts to generate new growth in both the industrialized and debtor nations.

But even with a significant, continuing drop in the dollar, we will not recoup the lost jobs at home and sales abroad easily or painlessly. A steady decline in the dollar's value will eventually bring exports up and imports down.

It will be hard work to recapture customer loyalties here and abroad from new, determined and diverse rivals. And as a weaker dollar reduces competition from cheaper imports in our own market, inflationary pressures are bound to gain steam.

This forecast assumes, moreover, that the Administration's altered policies succeed. But we must recognize that the buy-now, pay-later practices which drove the dollar up are still at work.

If we continue living on the installment plan, the dollar's value will continue to reflect our choice. The international currency exchanges measure our deeds, not just our words. Until the two are more nearly in harmony, we will not be able to *talk* or *trade* the dollar down fast enough or far enough to relieve our heaviest trade handicap.

It will take a special effort by both the Administration and the Congress to correct course. But when and if U.S. macroeconomic policy moves in a steadier, more sensible direction, we will still need to tackle our structural weaknesses.

In the process, we should not waste time and political energy on secondary problems. The law-breakers in the global marketplace are numerous and imaginative. But the unfair trade practices of other nations, however vexing to individual U.S. industries, are not the chief menace to the trading system or to America.

On this point, I speak with feeling and with the experience that comes from casting some one thousand votes on import relief cases of all sizes and shapes—fair and unfair.

The International Trade Commission is the cop on the import beat. And the alarm bells rung by American producers who claim that they are being victimized by competitors dumping goods, subsidizing sales, pirating discoveries or violating trademarks make my office seem something like the Hill Street station during a gang war.

I can understand the instinct to "go out and do it to them before *they* do it to" us. But I cannot justify our following that primal urge in international trade.

In the 1985 fiscal year that just ended, the ITC initiated 22 percent more investigations than in 1984. But let's face reality.

Between 1982 and 1984 we levied countervailing or anti-dumping duties on barely $3 billion of U.S. imports. To be sure, this figure understates the problem. And there are other abuses which we still cannot measure in precise dollar terms—a vast array of stratagems which work to bar our products and services from foreign markets.

These non-tariff barriers—whether they are the picayune technical inspections or the chauvinistic government purchasing rules followed by Japan, among others—are the nemesis of the open trading regime that is essential for growth. We must fight to remove those obstacles and fight hard.

But, to explain the $140-billion trade deficit facing us this year, we have to look beyond the ways in which foreigners close their markets and abuse the open hospitality of ours.

Our chief concern need not be the level of the playing field. We must concentrate instead on building the strength of the American team.

Historically, however, we have written trade laws, not competitiveness legislation. As we have worked to liberalize international commerce, we have also created exemptions or shelters for declining or particularly powerful domestic industries. As a result, general protection against imports—whether or not they are unfairly traded—has soared from eight percent coverage in 1975 to 21 percent in 1984.

Many laws offer U.S. claimants relief from the strain of trade competition. But the approach that focuses narrowly on imports often overlooks more basic causes of competitive decline.

And in cases where trade is a primary cause of difficulty, available remedies are not always effective. Tariffs, for instance, have not worked in an environment where an increase in the dollar's value swamps the effect of the added duty.

Nor have we made good on promises to workers dislocated by import competition. The Trade Adjustment Assistance Act is due to expire in mid-November, and the aid it has supplied often failed to identify new jobs or provide new, marketable skills.

No wonder workers regarded it as little more than "burial benefits" for the unemployed.

In "escape clause" cases where the ITC finds that imports threaten or actually cause serious injury to American industries, we are supposed to be able to recommend tariffs, adjustment assistance and/or quotas as relief. But there is now really only one item on our remedy list: quota restrictions on imports.

And when the President, on our recommendation or on his own initiative, selects such a course, that action alone accomplishes precious little to make the intended beneficiaries more competitive.

Consider for example, the Administration's five-year program to limit steel imports. If it reaches its current goal, the cost to U.S. consumers would be three quarters of a billion dollars in the first year of operation. And it may even harm us as exporters. The ITC is now examining how such restrictions would raise the cost of our manufactured exports and thus reduce our competitiveness.

The point is that trade relief is never cost-free. It puts burdens on other industries—steel users, for instance—and on their customers, U.S. consumers. At the same time, relief by itself is rarely the answer to competitiveness problems. In its present form it does not provide strong incentives for recipient industries to adjust to competition.

Unlike the Chrysler loan guarantees, there are no established performance tests setting conditions for granting or extending trade relief.

We could—and should—change this pattern by changing our definition of government's role in boosting American trade performance. Intervention must serve strategic goals, not simply respond to temporary distress or political clout.

We should get away from a fixation on imports as the problem and on trade relief as the solution. We should use a more appropriate test to trigger assistance—an assessment of an industry's ability to compete.

Measuring the impact of imports alone neither tells us what the problem is nor directs us toward comprehensive solutions. And import relief is not now tied to private efforts to meet the challenge of international competition.

When the ITC now recommends relief, we give the President only a take-it-or-leave-it option. We should offer a broad and deep range of choices based on an industry's competitive position and its readiness to adapt to new conditions.

I do not propose a vast, new government agency to oversee this work. The ITC already has the impartial expertise to assess the strengths and weaknesses, the prospects and problems of the industries which petition us for help.

We already see many situations where imports are only the symptom, not the chief cause, of a competitive problem. But our mandate does not enable us to suggest remedies to deal with problems inside an industry, only with threats that originate abroad.

We could be more useful if we could match the breadth of our recommendations to the depth of our investigations. Our analysis could serve in the future, as it has not in the past, to help government and business cooperate in setting common goals and a cause toward them.

I would not, however, change the role of private initiative in triggering a government response. The first move toward cooperation should come, as now, as a form of petition—but for revitalization, not just relief.

For effective teamwork, we do not want Federal officials as the starters, the quarterbacks and the referees of every play. The government, like the industry it purports to aid, however, must have a competitive game plan and an eye to the returns on its investment.

For example, in exchange for trade or regulatory relief, for tax breaks or anti-trust law exemptions, industries should spell out their planned investments in modernizing production methods and equipment. Or in return for funding research and development or for a long-term government procurement contracts, we might expect undertakings to pioneer new technologies.

Labor must be part of these strategic bargains. Where adjustment means contraction in the workforce and changes in work rules and wage structure, workers have to be participants in the process, not its victims. Government can cushion some of the pain with inducements to early retirement, but it should focus its efforts on positive measures.

Too many American workers, especially, in import-battered sectors lack the high school diplomas they need to advance into jobs with better prospects. Others can bene-

fit most from job search and training programs that will help workers relocate and reequip themselves with up-to-date skills.

Expensive as this effort sounds, we could finance much of it without raising taxes or the deficit. Instead of simply giving away import quotas to Japan, Korea and other nations, we should be auctioning them.

We have ignored this possibility too long. For example, by allowing foreign producers to capture the quota profits, American import relief programs have helped finance the retooling of our strongest international competitors.

The voluntary restraint agreements in effect from 1980 through 1984 brought U.S. automakers some $9 billion in added revenues. But a recent ITC study shows that Japan earned an extra $5 billion as well. We can be more frugal and more creative.

The ITC, in fact, proposed auctioning quota rights as part of the relief it recommended last July for the footwear industry. The idea died, however, when the President rejected our entire package, and the question of how to administer such an auctioning system remains an open one.

More recently, two noted economists have estimated that an auction of quota rights in 16 fields where import levels are already assigned free of charge might net over $6 billion from foreign bidders in 1986.

That sum could represent significant seed money to plow back into honing our competitive edge. It could be a very succulent carrot to induce management and labor along with suppliers, creditors, stockholders and state and local governments to participate in workable revitalization plans.

Some will say that this sounds like more government intervention. But this proposal only recognizes the ineffectiveness of costly government intervention which is already taking place.

All government decisions—whether on taxation or investment, regulation or education, guns or butter—play a part in forming or deforming our competitive posture. Import relief is no different.

But starting with the macroeconomic policies which I stressed earlier, we must make all our choices with full attention to their impact on our competitiveness.

Relief will come when the Federal government assigns trade that central, national priority and recognizes that it needs to act whether trade is the cause or the symptom of a loss of competitiveness. Relief will come through teamwork that makes us winners together in international competition.

We must meet that competition or succumb to it. The strains of the global market put our character and our common sense to a severe test. But I believe we can cooperate in new ways, with new vigor to answer that challenge and to emerge stronger from the fight.

Thank you.

FORMER SENATOR JOHN J. SPARKMAN OF ALABAMA

Mr. BIDEN. Mr. President, I was saddened to learn of the passing of former Senator John J. Sparkman of Alabama. Though we did not always agree, I respected John Sparkman for the strength of character which brought him from humble beginnings to a position of great respect and authority on Capitol Hill.

John Sparkman was born the seventh of 11 children, on a tenant farm near Hartselle, AL, just before the turn of the century. At 21, he used the proceeds from the sale of a cotton crop he had raised to attend the University of Alabama, eventually earning three degrees. As a soldier during World War I, a teacher, and a lawyer, John Sparkman demonstrated the commitment to public service which was to serve him well during his three decades in Congress.

During his congressional years, John Sparkman saw himself as the champion of what Franklin Roosevelt called the forgotten man. He was a strong supporter of the Tennessee Valley Authority, which brought power and agricultural development to the struggling small farmers of that region. In addition, during the "Dust Bowl" days of the midthirties, he was a strong supporter of loans to help small farmers across the Nation keep their farms and maintain their heritage. Because he believed in the importance of ensuring that our senior citizens be able to maintain their dignity, he was a strong supporter of the Social Security System when it was still a national experiment in human compassion and long before it became the broadly accepted principle of American life that it is today. At the same time, John Sparkman realized the importance of knowledge and technological expertise to America's future, and was a strong supporter of the Federal Government's role in promoting education.

As chairman of the Committee on Banking, Housing, and Urban Affairs, Senator Sparkman was the original sponsor of much legislation, such as the Housing Act of 1949 and the Fair Credit Billing Act that has since become national policy. He was also known as the Senate's premier champion of the small businessman.

On the Senate Foreign Relations Committee, John Sparkman was a key supporter of both NATO, which to this day remains one of the cornerstones of American foreign policy, and of the Marshall plan, perhaps the most successful American foreign policy effort in our postwar history. His advocacy of bipartisan cooperation in foreign affairs is something which I believe the current administration would do well to remember.

In many ways John Sparkman's life and career demonstrates both the opportunity which America provides and the progress which we as a nation have made during the past 85 years. All of us who have the honor to serve in this body can learn something from reflecting upon the life and times of Senator John J. Sparkman.

AMERICAN AGRICULTURE AND THE 1985 FARM BILL

Mr. SYMMS. Mr. President, as we continue deliberation on the 1985 farm bill, several points should be kept in mind. This Nation is blessed with the most productive food-producing machine in the world. We have the people and the resources to feed ourselves and much of the rest of the world. Almost as important is the fact that our generosity in sharing our bounty, our skills, and our technology continues to be unparalleled in history.

We need to remember that about 1 percent of our population is providing food for the rest of us. We should also remember that we are spending a smaller portion of our income on food than any other nation in the world. Despite the achievements of our farmers, everyone realizes that American agriculture is in serious trouble, facing problems that are very serious and very real. These problems not only affect agriculture—they affect every one of us directly and indirectly in ways that we sometimes fail to recognize.

Idaho, maybe more than most States, has had a very tough year in agriculture. Prices have been poor, grasshoppers got some of our crops, drought cut yields in other areas, and frost is turning our potato harvest into a disaster. Some of these factors are natural and beyond the scope of our responsibilities. But beyond uncontollable circumstances, many farm problems are directly or indirectly the result of governmental action or inaction. These we must address—and address properly.

Our present farm programs originated during the Great Depression. I have no doubt that they were implemented, with the best of intentions, to meet very real needs.

Now, some 50 years later, we're forced to face the fact that our good intentions and our carefully thought-out programs have failed. Just look at the record. During the past 4 years, spending on farm programs has gone up 350 percent and farm income has gone down by 27 percent. It almost appears that American agriculture has succeeded as well as it has in spite of—not because of—Government programs.

Can we do better in the future? I'm more hopeful than optimistic. We're here now to consider a bill that is estimated to be somewhere around $20 billion above the budget target we accepted for farm programs. The President may feel obligated to veto a proposal that far over budget.

We are all very concerned about the deficit. The deficit is a major cause of the strong dollar, which, in turn, helps make American agricultural products noncompetitive on world markets—and our agriculture can't live without exports. My own State of Idaho is a good example of this. Wheat is our second most important agricultural product. We must export about 75 per-

cent of our production. Indeed, exports of wheat and feed grains provide about one-sixth of our total agricultural income. In the past few years, our share of the world agricultural market has shrunk from about 60 percent to 40 percent.

As agriculture is Idaho's most important industry, I'm deeply concerned about the export situation. Mr. President, two Fridays ago, the Senate passed an amendment I introduced that will prohibit foreign agriculture competing for world markets in commodities in surplus supply from being subsidized by the American public. Mr. President, this amendment is long overdue. No country is wealthy enough to subsidize its own competition.

The amendment which passed, the foreign Agricultural Investment Reform Act—or FAIR—is very simple. It prohibits the lending of American funds by multinational government banking entities to foreign countries for the production of agricultural commodities already in surplus on world markets.

Mr. President, this amendment deserves the acronym, "FAIR."

It is fair to the American taxpayer and their grandchildren. How can we justify, as we struggle to reduce a deficit that is threatening our entire economy. Loaning foreign governments literally billions of dollars to drive American farms out of business? I mentioned our grandchildren because the loans we are making now will be liens on their futures. To help protect them, FAIR provides that same sum equivalent to the U.S. share of investments made in foreign agriculture against our wishes, be used to reduce the deficit.

It is fair to our farmers who, incidentally, are also taxpayers. What justification is there for loaning their foreign competition, at bargain basement interest rates, funds to produce commodities already in oversupply? Surely the only result can be driving prices farther down and bankrupting more American farmers. I want it plainly understood that FAIR applies only to commodities produced by American farmers that are in oversupply worldwide.

It is fair to the nations receiving these loans. Remember they are made for definite, explicit purposes. By definition, the loans that FAIR prohibits cannot be truly profitable. Surplus commodities will always be available at near break-even prices. Purposefully committing resources to producing these commodities is simply not good business.

I want to make it clear that FAIR is not a blanket restriction on supporting development in less-developed countries. I think the actual result will be channeling investments into crops that should be profitable.

Mr. President, American agricultural problems translate directly into a farm credit crisis. In Idaho, almost 18 percent of farm credit is provided by the Farmers Home Administration. This is half again more than the national average of 12 percent. All indications are that loan delinquency on FmHA loan is higher than normal. At the same time, the Farm Credit System is experiencing financial stress. Idaho is in the Farm Credit System's 12th district. Operations in this district have been consolidated to reduce expenses and the entire system has made a significant contribution of capital. The 37 farm credit banks incurred net losses of $426.3 million for the first 9 months of 1985. This compares with a profit of $363.1 million for the first 9 months of 1984. Considering the general situation in agriculture, this should come as no surprise. However, it's a situation that can't be allowed to continue. Later this week, at least one proposal to ease the credit crunch will be offered. I'm sure this issue will receive our most serious consideration.

In summary, Mr. President, this bill is very important to all of us. We must work together to devise a formula that will not jeopardize deficit reduction, that will give farmers a fighting chance to earn a reasonable return on their time and work, support them in competition against subsidized foreign producers, and set the stage for gradual return to a free market economy. It's a big order, but I think it can be done.

ASHTON GLASSELL GONELLA

Mr. LONG. Mr. President, on Friday of last week, another of the Senate "old guard" said farewell to this body that she has served and loved for more than a quarter century.

As my longtime friend, and daughter of my own hometown of Shreveport, LA, Ashton Glassell Gonella leaves the Senate to pursue a second career in the private sector, she will leave behind, for everyone who has known her, memories of a lady of quality and high professional competence.

The senior Senators from Mississippi, Arizona, and myself are the only Members left who were serving when Ashton Gonella joined the staff of Majority Leader Lyndon B. Johnson in 1957. In the years since, Ashton has served as secretary to the Vice President of the United States, director of women's activities of the Office of Emergency Planning under President John F. Kennedy, personal secretary to First Lady Ladybird Johnson at the White House, executive secretary to Senator LLOYD BENTSEN, professional staff member of the Senate Committee on Labor and Human Resources, and since its inception, manager of administration of the Senate Computer Center.

Her first job after leaving Hockaday Junior College in Dallas, TX, was on the staff of the Red River Valley Association in Shreveport. She still embraces the dream after all those years that the Red River will one day become fully navigable.

Despite all the years she has been gone, Ashton will always be a true and dedicated Louisianian, and wherever her future endeavors take her, my wish for this southern lady is the maximum of success and personal happiness.

TRIBUTE TO THE HONORABLE VERNE ORR, SECRETARY OF THE AIR FORCE

Mr. GOLDWATER. Mr. President, on the 30th day of this month, the Honorable Verne Orr will step down from his position as Secretary of the U.S. Air Force. As the longest serving Secretary—4 years, 6 months, and 21 days—Mr. Orr presided over the Air Force portion of our Nation's defense revitalization program and was directly responsible for keeping the U.S. Air Force the greatest air force in the world. His innovative and energetic leadership was a key element in the Air Force's successes with strategic modernization programs and conventional force improvements in readiness and sustainability. But most importantly, he recognized the importance of people within his organization and created an environment in which all members of the Air Force could realize their full potential. With these efforts, he established a legacy that resulted in a strong, more capable Air Force and a more effective defense for this Nation for many years to come.

Mr. President, I have personally known every single Secretary of the Air Force since its inception as a separate service, and not one of them has done as fine a job as Verne Orr. He deserves our utmost respect and admiration for the outstanding contributions he has made to our Air Force and to the Nation.

The following are some of the examples of Secretary Orr's outstanding legacy.

Morale is at an all-time high and Air Force recruiting and retention statistics reflect that fact. Thirty thousand people today are signed up in the job bank waiting to come into the Air Force. That's about half of all the people the Air Force is going to recruit in this fiscal year. In spite of the fact that employment is up and the number of 19- to 22-year olds is diminishing, Air Force recruiting is going very well.

The Air Force today is an educated force. In enlisted ranks, 98½ percent are high school graduates and 18 percent have 20 or more semester hours of college.

In the officer corps, 44 percent have masters or doctorate degrees. Among brigadier generals over the past 2 years, 85 percent of all those promoted to that rank have an advanced degree.

Currently, 54 percent of the first termers reenlist. NCO critical skill manning levels are up by 12 percent from 1981 through the end of last year. Among pilots, retention trends in the crucial 6-to-11-year category show 59 percent staying aboard, up from 42 percent in 1980.

Under Mr. Orr's guidance, the Air Force has taken steps over the past 57 months to improve people policies. Special efforts have been made to increase the time people spend in one place. Enlisted people are voluntarily remaining overseas almost 20 percent longer than the tour length requires—on an average, almost 43 months in 36 month tour areas. Officers average 17 percent longer than required, or an average of 6 months longer for a 3-year tour. In the United States, the Air Force had good success with programs that guarantee up to 5 years at selected hard-to-man bases. As a result, career Air Force enlisted people now average over 75 months in the continental United States before being involuntarily selected for an overseas assignment.

When Mr. Orr became Secretary, the Air Force offered regular commissions to only the graduates of the academy. Today, 10 percent of all ROTC graduates, which includes all the distinguished graduates, are offered regular commissions, as are the top 10 percent of all OTS graduates.

Mr. Orr has steadily expanded opportunities for women, and this year the Air Force is recruiting 17 percent in the enlisted ranks. They have over 400 women pilots and navigators, either actually flying or in training. On January 1 of this year, security police specialist ranks were opened to women, which provided a total of 45,000 security police positions; they now have trained 145 for this career field. Two years ago, the Air Force put women in the front and back crews of AWAC's and it was only recently that an all-women crew took a C-141 across the Atlantic. Currently all but 5 percent of Air Force jobs are open to women.

Mr. Orr has also expanded the opportunities for officers in the Air Force who do not wear wings—nonrated officers. The number of nonrated officers has been increasing very, very rapidly over the past 10 or 15 years. Of the candidates the most recent brigadier general officers board considered, 36 percent were nonrated colonels. Of officers selected for general, 38 percent were nonrated officers. Now everybody can look up, rated or nonrated, and know there is an opportunity to be a general officer in the Air Force.

Mr. Orr has been an effective spokesman for the Air Force before the Congress and the public. He worked hard with Congress, along with the other services, for improvements in the service's quality of life. Though short in military housing, 30,000 short at over 50 installations, Congress approved 1,800 new units for this year at 6 Air Force locations.

Since 1980, the Air Force has built 24 commissaries, 32 base exchanges, 26 gyms, six youth centers, 35 childcare centers, 28 bowling centers, 10 golf courses, 12 open messes, six arts and crafts centers, and six recreation centers. They have remodeled over 75 percent of their officer and NCO clubs and had major expansions in 15 commissaries and 10 base exchanges. The Family Support Center is the cornerstone of Air Force efforts to improve the lot of Air Force families. They have completed 34 so far, and will complete 10 more this year. They want to have at least 123 by the time they finish—one for each base because retention on bases where family support centers exist runs 2 to 3 percent higher than bases without them.

Mr. Orr presided over the Air Force contributions to our Nation's defense revitalization. An excellent example of his leadership is the B-1B Program. The acquisition record is impressive: 3 years, 5 months from contract award to first delivery; the baseline program—$20.5 billion—was bettered—$19.9 billions. The B-1B's assimilation into our strategic force will add an impressive and urgently needed capability to our national defense.

The Air Force has also made great strides in other strategic modernization programs. Peacekeeper, though presently congressionally capped at 50 missiles in existing Minuteman silos, brings an important addition to our arsenal—within cost, on schedule, and with outstanding performance. The small ICBM Program is on solid footing—it's in the research phase, and several basing modes are under consideration. The ATB is progressing well. The Air Force has selected the prime contractor and key members of the development team. They are also improving this nation's command, control, and communications [C^3] capabilities and upgrading our strategic defense—for F-4's and F-106's are being replaced with F-15's and F-16's. In sum, Mr. Orr and the Air Force can be proud of the progress they have made in strategic modernization programs over the past 57 months.

Our conventional forces are more ready, better trained, newer, and more capable than just over 4 years ago, thanks to Mr. Orr. Nearly 1,000 new fighters—A-10's, F-15's, F-16's—have been delivered and older aircraft have been retired—F-106's, F-105's. Our net gain in the fighter force is almost 575 aircraft.

Our forces can do more today than in 1981. The winner of the annual fighter gunnery competition, Gunsmoke, in 1981 flew an A-7 with his bombs hitting 29 feet from bullseye; in 1983 the winner flew an F-16 and his bombs hit 5 feet from bullseye. In the most recent competition completed last month, the winner in the low-altitude delivery flew an F-16 and his bombs were less than 1 foot from the bullseye.

Tanker offload capability has increased by 25 percent with the reengined KC-135's and new KC-10's. Over the past 5 years, the Air Force has modified the wings on C-5A's, procured new C-5B's, enhanced the Civil Reserve Air Fleet [CRAF] Program, stretched C-141's and increased the availability of spare parts. These programs have increased our Nation's airlift capacity by two-thirds, and nearly doubled, 98 percent, the capability to sustain a prolonged airlift operation. Chemical warfare protective equipment reaches 100 percent availability for both air and ground crews this year, up from less than 63 percent in 1980.

Training improvements are emphasizing realism and quality. For example, the calendar year 1985 red flag exercises flown at Nellis AFB, Nevada, will fly over 6,000 more sorties than in 1980, a 33-percent increase. The Air Force flying time per fighter pilot per month is up by 22 percent, and airlift crews and aircraft will fly 71,500 hours supporting exercises this year, an increase of 26,500 hours over 1980. Funding for training munitions has increased by 200 percent since 1980.

The bottom line—more wartime sorties can be flown. Greater spare availability has increased the number of combat fighter sorties in a European war by more than 76 percent since 1981. Today, over 400 more aircraft are mission capable on any given day than in 1981. Stockage policy changes have resulted in increased stockage effectiveness. This effectiveness has resulted in 140,000 fewer grounded aircraft [MICAP] incidents since January 1985. War reserve stocks show an increase in fuel of 19 percent; optimum munitions show an increase of 25 percent. The accident rate per 100,000 hours of flying has dropped from 2.57 in 1981 to 1.77 in calendar year 1984.

Some of his greatest achievements have been in the area of weapon system acquisition. Reforms he instituted in the way the Air Force does business should bring all Americans great satisfaction. Competition is first on the list. The number of dollars awarded competitively has more than doubled, up from $7.7 billion in 1981 to over $17.7 billion so far this year. The percentage of contracts competed is up from 68 percent in 1981 to more than 82 percent through August 1985. The

percentage of noncompetitive dollars is down from 18.6 percent in 1981 to about 13 percent this year.

One of the best examples of competition is the "Great Engine War" between General Electric and Pratt & Whitney, resulting in aircraft jet engines with improved operability and reliability. Mr. Orr engineered this competition, recognized by the entire aerospace industry as the greatest competition ever staged by the Federal Government. The Air Force now has two suppliers, and each gives warranties with their engines. Follow-on competition is continuing for spare parts. Air Force estimates savings from this competition will be from $3 to $4 billion.

The coming F-20 and F-16 competition is another example. The F-16 flyaway cost is $16 million. Northrop offered the F-20 for flyaway costs of $11.4 million. An F-16 response resulted in a proposal for a specially configured model with capabilities similar to the F-20 for a flyaway cost of $11.6 million. Next year there will be a full competition between the two for the air defense mission.

During Mr. Orr's tenure he has been source selection authority on the advanced technology bomber, the advanced cruise missile, the C-17, and leasing of the C-21 and C-12. Each of these programs was competed—these and more—for a total well over $54 billion.

In multiyear procurement contracts, Air Force estimates savings of $3.108 billion in systems like the F-16, B-1B, KC-10, satellites, and spares acquisition for B-1B and F-16 aircraft.

Spares pricing programs such as zero overpricing and pacer pricing have resulted in identification of items for which the Federal Government paid too much. Though the program has led to a few horror stories, last year the Air Force achieved a $575 million net savings from pacer pricing spares acquisition improvements. Through the first 9 months of this year they have saved $500 million with this program. In 1984, zero overpricing cited $1,675,813 in price discrepancies. Through the first three-quarters of this year over $7 million has been documented by the Zero Overpricing Program, precisely $7,416,527.

A landmark acquisition reform took place on February 1, 1985, when the Secretary of the Air Force and the Chief of Staff signed the reliability and maintainability 2,000 action plan. In the past 9 months, the Air Force has taken extraordinary measures to ensure the commitment to reliability and maintainability [R&M] is permanent. Reliability and maintainability are now the number one concern in the source selection for Air Force weapon systems. For those who would voice skepticism about the seriousness of their commitment, the Air Force is putting its money where its mouth is. They have added almost $1.5 billion in the 5-year defense plan [FYDP] to accelerate improvements in the R&M of both current and future systems. Under Mr. Orr's leadership, the Air Force recognized the fact that they could not afford to commit larger shares of their budget and manpower to repairing and maintaining weapons systems.

Recently Mr. Orr appointed Brig. Gen. Frank Goodell as the special assistant for reliability and maintainability and directed him to review every program coming through the acquisition process and assess them for R&M performance. His staff has already reviewed 38 programs since February and made substantive changes in many of them. For example, in July 1985, the Air Force tore up a $240 million check for a radar warning receiver because of poor reliability and performance. Production of that component has ceased, and the Air Force is now recompeting the program.

In the Lantirn Navigation Pod Program, the Air Force found the R&M performance lacking. Consequently, they elected not to approve a full production run. Instead, they established R&M targets which must be achieved prior to authorizing each annual production. The contractor for the Lantirn program fully understands the seriousness of this decision.

In the advanced tactical fighter [ATF] request for proposals released a couple of weeks ago, the Air Force sent an unmistakable message to industry. They are demanding R&M as it has never been demanded before, and will reward the companies who deliver it. In the stewardship of America's resources, the Air Force is committed to improving the fighting capacility of our aerospace forces through improved reliability and maintainability.

Finally, under Verne Orr's guidance, the Air Force has continued to lead the way, within DOD, in our Nation's space program. They are the research development, and acquisition agent for three-quarters, 76 percent, of all military satellites. Further, they are also the executive agent responsible for almost two-thirds, 61 percent, of satellite launch operations, NASA is 39 percent. The Air Force satellite control network commands and controls three-quarters, 76 percent, of our military satellites. The Air Force budget covers 69 percent of total DOD space activities in fiscal year 1986, while Air Force manning in support of space operations is about 11,000 people. The U.S. Air Force today has the experience and the expertise and is serving our national interests well in space.

Mr. Orr and his wife, Joan, have served this Nation well. Her dedication to the welfare of Air Force families has been unprecedented. I want to extend my congratulations to Secretary Orr and his family and wish them my very best in their future endeavors. They have rendered exceptional service to this Nation, and we are greatly appreciative.

THE GENEVA SUMMIT: PARLIAMENTARY EXCHANGES

Mr. DOLE. Mr. President, over the past 3 days, I have made a series of statements on issues related to the Geneva summit: SDI, human rights in the Soviet Union, and regional conflicts.

As the summit draws to a close, I would like to add one final and very brief statement, on the subject of parliamentary exchanges.

IMPORTANCE OF COMMUNICATION BETWEEN THE U.S. AND THE U.S.S.R.

In his eloquent presummit report to the Nation, the President said that "enduring peace requires openness, honest communications, and opportunities for our peoples to get to know one another directly."

I agree wholeheartedly with the President and would add only this: That the need for good communications between our country and the Soviet Union is all the more important because there are so many things—ideologies, governmental systems, national goals, and policies—which divide us; because the U.S.S.R. is a very powerful country, with which we must live on a very small planet; and because misunderstandings or inadequate communications between us can therefore undermine our national security and imperil world peace.

IMPORTANCE OF INTERPARLIAMENTARY EXCHANGES

One potentially useful channel for communications between countries is dialog between parliamentaries. Within the past year, Members of the Senate have had the opportunity to meet with Soviet parliamentarians on several occasions. I hosted a Soviet parliamentary group here in Washington this past spring, and there have been several congressional delegations which visited Russia this year, most recently the delegation lead by the distinguished minority leader and the distinguished President pro tempore.

Although the function of Soviet parliamentarians is far different than ours, and though our discussions with them inevitably produced far more disagreement than agreement on issues, the meetings were nonetheless useful. They gave each side the opportunity to explain its views more clearly and question the views of the other side more directly. Nobody's mind was changed, but I think it is fair to say that each side did end up with a little clearer understanding of the other side's views.

PROPOSAL FOR EXCHANGE WITH SOVIET PARLIAMENTARIANS

For that reason, I think it is useful to explore further the possibility of more regularized parliamentary exchanges with the Soviet Union. Because the President indicated he intended to stress the matter of better communications between our countries during his meetings with the Soviets in Geneva, I wrote the President prior to his departure, asking that he raise the issue of parliamentary exchanges with Gorbachev. I would like to include in the RECORD at this point a copy of my letter to the President on this subject.

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, DC, November 14, 1985.

The PRESIDENT,
The White House, Washington.

DEAR MR. PRESIDENT: In your eloquent speech last evening, you struck a theme which I believe enjoys widespread support in the Congress: that, despite our fundamental differences with the Soviet Union, it is in our interest, and in the interest of peace and stability in the world, that our two countries communicate fully and at all levels.

I know you will be discussing with General Secretary Gorbachev a number of ways to improve that communication, ranging from your own relationship at the national leader level to a variety of cultural and educational exchanges.

One useful channel of communication is between parliamentarians from both sides. Earlier this year, I hosted a Soviet parliamentary delegation here, and several groups from Congress have recently visited the Soviet Union. Although the discussions on these occasions often revealed more disagreement than agreement, the meetings were useful in clarifying positions and reducing misunderstandings.

It would be my hope to institute such exchanges on a more regular basis. I would therefore appreciate it if you would broach with Gorbachev the idea of regularized interparliamentary exchanges and indicate my willingness to pursue the subject in more detail with my counterpart in the Soviet Union.

Sincerely yours,

BOB DOLE,
U.S. Senate.

Mr. President, this is a modest proposal, and my expectations are modest. Meetings with Soviet parliamentarians are not going to mean any breakthroughs, either in our overall relations with the U.S.S.R. or on any particular issues. But hopefully, over time, such exchanges can lead to better understanding, and perhaps some progress, on matters of mutual concern to both countries.

IN MEMORY OF JOHN J. SPARKMAN

Mr. HOLLINGS. Mr. President, it would be impossible for me to sum up the outstanding career of our friend and colleague Senator John J. Sparkman in this short statement. However, I would like to make a few comments on the considerable talents and wisdom that John Sparkman brought to this body during his 32 years in the Senate.

John Sparkman earned a reputation as one of the brightest and articulate Members this body has ever seen. He also earned a reputation for his ability to mediate, to compromise—to rise above the political fray and lead bipartisan efforts. His political philosophy, as many have often heard him say, was "You have to sit down with one another, talk things over, reason together." It was for this ability to compromise—as well as his conviviality—that he was chosen as Adlei Stevenson's running mate in the 1952 Presidential election.

John Sparkman was one of the early populist Southern liberals and, as such, left what was perhaps his greatest legislative mark as an advocate of public housing while serving as chairman of the Senate Committee on Banking, Housing and Urban Affairs from 1967 to 1974. As head of the Banking Committee, Senator Sparkman pioneered a host of legislation: the Housing Act of 1949, which established the Federal Urban Renewal Program intended to revitalize America's cities; the Fair Credit Billing Act, which provides protection for both consumers and merchants; and the Small Business Act of 1953, which created Government loans and assistance for small businessmen.

Senator Sparkman will also be remembered for his role as chairman of the Foreign Relations Committee. He led this committee honorably and as he thought it should be led, refusing to succumb to any criticism that might have come his way. He believed that the President, not Congress, should be the one to shape foreign policy, and support a strong bipartisan foreign policy, voting for NATO and the Marshall Plan Aid Program.

During the 10 years he served in the House of Representatives, John Sparkman fought for the Tennessee Valley Authority, farm loans, and Social Security. During World War II, he was a leader on the old House Military Affairs Committee and was also elected the House Democratic whip.

Perhaps John Sparkman's arrival in his career—as a long-esteemed public-servant—is less important than his starting in point life. In many ways he epitomizes the american dream. As the seventh of tenement farmer's 11 children, he spent his early childhood in a four-room log house in rural Alabama. He studied by kerosene light, walked 4 miles each way to high school and worked his way through the University of Alabama, where he eventually got his B.A., his master's, and a law degree. He worked his whole way through school—tending furnaces and the like—but still managed to serve as student body president, edit the school newspaper and be elected Phi Beta Kappa. And somewhere between school and entering Congress, he managed to teach at Huntsville College, serve his country honorably in World War II, and practiced law.

It goes without saying that I could keep going for hours about the solid character, inscrutable values, and diligent hard work of John Sparkman. But suffice it to say that I and my esteemed colleagues will miss John Sparkman, but we will never forget his fine example.

A PERCEPTIVE ARTICLE BY THE SENIOR SENATOR FROM THE EMPIRE STATE

Mr. BYRD. Mr. President, as conceived by the Founding Fathers, the U.S. Senate was to be an assembly of individuals capable of robust debate, profound thought, and penetrating wisdom, and as talented, experienced, and noble a group as the Republic, in its collective sagacity, could muster from its ranks.

Certainly, one of those among today's Senate membership who would measure up to the expectations established by the Founding Fathers would have to be the senior Senator from New York, DANIEL PATRICK MOYNIHAN. During a long, broad, and scintillating career, Senator MOYNIHAN has been a university professor; served under Gov. Averell Harriman of New York; was an Assistant Secretary of Labor under Presidents Kennedy and Johnson; was a White House advisor and the U.S. Ambassador to India under President Nixon; and was our Ambassador to the United Nations under President Ford. Somewhere along the way, Senator MOYNIHAN also found time to earn a Ph.D degree. With his wide background and experience, whenever Senator MOYNIHAN speaks or writes on a subject of significance, he reaches audiences that cut across several communities and include a variety of disciplines.

In the November issue of Commentary magazine, Senator MOYNIHAN has contributed to a symposium of articles considering the question, "How Has the United States Met Its Major Challenges Since 1945?" As usual, Senator MOYNIHAN packs into a few paragraphs the substance, wit, perception, analysis, experience, and learning for which we have come to admire him in the Senate.

In order that others may share Senator MOYNIHAN's insights and judgments, I ask that the article from Commentary by Senator MOYNIHAN be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW HAS THE UNITED STATES MET ITS MAJOR CHALLENGES SINCE 1945?

Not all that long ago I was aboard the United States Ship *New Jersey*, off the shores of Tripoli. It was, and is, a sister ship of the *Missouri*, on board which the Japanese had surrendered in Tokyo Bay in 1945, the very stuff of that "giant's strength, in production, in cooperation, in planning, in courage" of which Elliot Cohen wrote in the first issue of Commentary a few months after the surrender. Theodore H. White (who was present at the surrender) has written more recently, "It is difficult to recall now . . . how very good we were in those days, with what precision we ordered things."

Oh yes! The keel of the *New Jersey* was laid on September 16, 1940, and she was launched just twenty-seven months later; fought in three Pacific wars; was mothballed for twelve years; then brought back in 1982. I voted in the Senate to bring her back into the fleet; not, to tell the truth, that I was or am so ceratin that we have need of battleships in the age of missiles but because she is do damn beautiful. The *Iowa* class: no better ships of the line ever went to sea; none so mighty, so comely, so assured. The gleaming white teak deck, the bright work, the gun turrets all silvered steel, sliding, revolving, locking, shuddering forth unequaled violence. And that bow—that clipper blow outward bound from New York harbor with which we first showed ourselves in the world, and in 1945 showed it good. "God be with them times! . . . There was some life in it then."

Years had passed. The *New Jersey* hadn't changed, but the world had. We were off Beirut, to be precise. Shelling a bit; apparently missing, but them missing what? Who exactly was the enemy? The Marines were ashore but only just; they had dug in and weren't going farther; in fact they would be coming out within weeks. Their beachhead was barely 300 yards deep; the northern tip was the crushed barracks where 241 men had died in their sleep a few weeks earlier at the hands of someone willing to die with them. We would never find out who.

The Marines had not failed; the Navy hadn't; but the mission had. It was not hard to figure why it had; nor yet to foresee that it would. We had gone in with the rhetoric of 1945 in the world of 1983. I had spent a good part of two days on the Senate floor saying as much. Be clear: I *supported* sending American forces to Lebanon. The situation there was still salvageable. The Israelis were certainly going to help; the French were willing; the Italians; the British. The crisis was by now a commonplace one. A patch of former empire, Ottoman in this instance, mandated to France by the League of Nations. New states created with varying degrees of formality: Lebanon first, then Syria which never accepted the independence of its neighbor. The population all mixed—Muslim: Sunni and Shiite; Christian: Maronite, Greek Orthodox, Armenian, Greek and Roman Catholic; Druse; all or most speaking Arabic. Some Jews, at least until a while ago. Now also many Palestinians, and a very considerable contingent of Syrian soldiery. The Christians at least were pro-Western (save, apparently, the Palestinians among them), and the Muslims for the most part seemed not to find this intolerable. It was Israel's northern flank, which had for the longest while been both stable, more or less, and democratic.

Now it seemed about to collapse in the ethnic misery of our age. Yet something could likely be salvaged, and if so it was worth attempting.

What we attempted was something more. In September 1983, President Reagan sent the Congress a Joint Resolution stating: "The Congress finds that . . . the removal of all foreign forces from Lebanon is an essential United States foreign policy objective in the Middle East."

I spoke to the matter on September 29, twenty-four days before the Marine barracks were destroyed: "My purpose this afternoon is to state that if the Senate should vote to adopt the resolution before us, . . . we will assert an objective in foreign policy that it is quite beyond our power to attain. Disequilibrium shall accordingly be the result, marked by turmoil, setbacks, even defeat. . . ."

My point was direct: we did not have the power to drive all foreign forces from *all* of Lebanon; only the coast. I concluded: "To declare as essential what cannot be achieved is to ensure failure."

Some will see in these remarks a changed approach to the world. I don't. The rule is to keep your commitments in balance with your power, and that extends to your staying power.

Which is not at all to say that the "giant's strength" of which Elliot Cohen wrote in 1945 is no more, or even indeed diminished. The United States today is a more powerful country than it was in 1945, and in so many ways a better country. Above all we have broken the caste barriers which had kept blacks essentially outside the democratic polity for the whole of our previous existence. Opportunities for women and, through education, for persons of all classes are vastly greater today than forty years ago. And so down a long list.

Not everything is better. Some things are worse. Indeed some things are so very much worse, and have been for so long now, that we are beginning to lose the memory of a time when they were so very much better.

Take New York City. It was incomparably a better place to live in 1945 than it is forty years later. It was then the obvious choice—the *Soviet* choice!—for the headquarters of the United Nations. World politics apart, I wonder if such a choice would be made today. There is wealth enough in New York City: more than ever, I suppose. And glitter. And tall buildings south of 59th Street. But much of the city is burned out; ravaged, squalid. Crime is a constant preoccupation of the citizenry. (Street crime hardly existed in 1945 in New York City. The subways? Clean, cheap, dependable, safe.) New York today has the richest congressional district in the nation—Manhattan's East Side—and it also has four of the ten poorest congressional districts in the same nation, one of which adjoins the richest if you are in a mood for Disraeli's view of things. Is this true across the nation? No. yet what is true of our most important city is in important ways true of the nation.

Crime in New York reflects the most glaring of our failures to muster our "giant's strength" in pursuit of the "arts of peaceful living." But the breakdown of family is more important and this is nationwide. In 1983, with considerable help from the Bureau of the Census and scholars at Princeton, I developed an equation which, with fair confidence, projected that a third (32 percent) of the children born in 1980 would receive benefits under Aid to Families with Dependent Children before reaching age eighteen. Think: forty years after we had shown the world our "giant's strength" in production, a third of our children can expect to live on welfare before reaching maturity. Indeed, we have become the first society in history in which children are the poorest group in the population. The changes of a child under six being poor are seven times as great as those of a person over sixty-five. Mind, we *have* achieved the extraordinary feat of reducing poverty among the aged—but nearly *one-quarter* of our children are growing up poor. What does this presage forty years from *now?*

In truth, we have already entered an unprecedented, wholly unforeseen period of declining family income. There is much talk just now of the United States having entered a period of "conservative" politics. Surely we are not as liberal in the sense of generous with one another and with the rest of the world as we were disposed to be in those flush postwar years. As with most economic questions, these are relative matters. The median family income in the United States today is almost twice as high as what it was in 1945. But it is *lower* than it was in 1973.

This is an official secret of sorts which the government has contrived to conceal by publishing the data in the P-60 Series of the Current Population Reports of the Bureau of the Census. The statistical series begins in 1947, by which time family income had been rising steadily from 1940 or thereabouts. That steady rise continued for another quarter-century. With the exception of four years, median family income in the United States broke a new record every year for a quarter of a century. If the data series had begun earlier it would be more like a third of a century. Then in 1973 it peaked and commenced a long, steady downward movement. In constant (1984) dollars, median family income reached $28,167 in 1973. By 1984 it had declined to $26,433. Median family income today—year-long income—is exactly $39 greater than it was in 1970. And, of course, $1,724 less than the peak year of 1973.

This is what is meant when you hear it said that young people today cannot expect to live as well as their parents did, and that this is so for the first time in our history. That "giant's strength" built a house for just about every one of us who came into GI-Bill benefits in 1945. No longer. A house of your own is no longer something Americans can take for granted, any more than they can expect to live in one as part of an intact family.

A car of your own? Well, yes. But don't expect it to come from Detroit. It is likely as not to come, whole or in part, from Japan, whose industry was destroyed between 1942 and 1945 by American bombers made in Detroit. I don't think we have yet taken the measure of the psychological impact on Americans of the shift in the manufacture of those basic artifacts wherein Daniel Boorstin locates so much of the American identity—his "community of consumption"—from American-built to foreign-built. Let someone who runs for office tell you: it is unsettling in a way I have never encountered in more than thirty years of government and politics. The cries for protection are different from what they were: they attain a kind of pleading. *What happened to us? Why aren't we what we were? What happened to that giant's strength?*

This was unsettling enough in the 1970's when income stagnation began; it has become truly unsettling in the present when we find that not only must we go abroad to obtain what were previously the basic

neccessities of the American character, but we now experience the ultimate humiliation of having to go abroad to borrow the money to purchase the imports.

I cannot restrain myself in this regard. The Reagan administration, which rode into town intent on shooting the place up a bit, and more than a bit, has long since lost that energy and is subsiding into the mentality of a nursing home. Get through the day. Let others worry about the future. In four and a half years, the Reagan administration doubled the national debt and turned the United States into a debtor nation, as we borrowed abroad to finance deficits at home.

Liberals, fallen away or otherwise, have difficulty grasping the enormity of the economic wreckage which Ronald Reagan has wrought. For all "those" years—Elliot Cohen would surely have testified—a certain type of conservative, mainly Republican, railed and railed about New Deal deficits and debt. They weren't necessarily wrong in principle, weren't wrong at all, but were quite mistaken in practice. At the time the government needed to spend more than it took it, and if the debt went up a bit, it went up from almost nothing. A huge debt was incurred during World War II to create the "giant's strength," but this was quickly paid off and thereafter for the longest while there was no real debt problem and no real deficit problem. Economic doctrine actually called for deficits in slack times. George P. Shultz as budget director under President Nixon carefully crafted a "full employment deficit" which provided outlays at the level of revenue which would flow to the government under conditions of full employment. As the economy was not at full employment—generally defined as 4 percent—there would be a deficit, but it would tend to eliminate itself over time by stimulating the economy to higher utilization of productive capacity.

Economists are no longer as confident as they once were about "fine-tuning" the economy, but genuine conservatives like Shultz stayed well within the range of acceptable risks, and their deliberate deficits never amounted to much. This changed completely when the radical libertarians of the Reagan administration came to office and deliberately created a deficit, not for the purpose of stimulating the economy, but in order to shrink the size of government. The President said he was going to do this. On Februry 5, 1981, in his first televised address to the nation following his inauguration, he stated:

"There are always those who told us that taxes couldn't be cut until spending was reduced. Well, you know, we can lecture our children about extravagance until we run out of voice and breath. Or we can cure their extravagance by reducing their allowance."

This spring, in an interview in the Viennese journal Profit, Friedrich von Hayek elaborated:

"When the government of the United States borrows a large part of the savings of the world, the consequence is that capital must become scarce and expensive in the whole world. That is a problem. But you see, one of Reagan's advisers told me why the President has permitted that to happen, which makes the matter partly excusable; Reagan thinks it is impossible to persuade Congress that expenditures must be reduced, unless one creates deficits so large that absolutely everyone becomes convinced that no more money can be spent. Thus he hoped to persuade Congress of the necessity of spending reductions by means of an immense deficit. Unfortunately he has not succeeded, but even so this explanation makes it understandable how any reasonble man can do such a thing at all."

Don't bet the farm, the old saying goes. Well these people bet not just the farm but the whole country. It was quackery. They thought they could transform a system of political accommodation in place for two centuries by the cunning manipulation of unwitting, or witless, committee chairmen and for that matter cabinet officers. Instead, in four years they have transformed the United States into a debtor nation with a huge deficit that is compounding as each year we borrow more money to pay the interest on the money we borrowed the year before. (The President denies this, and it of course may be that the Commerce Department is lying.) More and more we borrow abroad to pay interest we owe abroad.

To be sure, the Reagan intellectuals had some bad luck. A bidding war broke out in the House of Representatives as to who could cut revenues most, and a deficit emerged that no amount of program cutting could eliminate. Congress indexed the income tax, so that revenues ceased to rise with the price structure. Then prices came down faster than expected, and then the Federal Reserve engineered a recession, and then OPEC got in trouble. All true. But that is why you don't bet the farm on quack schemes. They did and we lost.

The United States governemnt is now likely to be in a state of fiscal paralysis for ten, possibly fifteen, years to come. I have written elsewhere that if we can get a fiscally responsible administration in office in the 1990's, we can begin to grow out of the problem, especially as Social Security retirement trust-fund revenues begin to accumulate ($500 billion by 1995; $1 trillion by 1999; there are still two payroll-tax increases to come, which is to say they have already been legislated).

In the process, however, I cannot see how we escape a gradual diminution of our capacity to influence events abroad. We are the world's largest debtor nation. The defense build-up has stopped; I would not be surprised to see a decline begin. As I write, the Washington *Post* reports: "Five-Year Pentagon Budget Plan Facing $500 billion in Trims." The New York *Times* writes of "sweeping cutbacks . . . in conventional military forces. . . ." Something such also happened in the years 1968-76, but largely because Congress didn't like our foreign policy; now it will be a matter of nct being able to afford it. At the highest levels of the Department of State it is said with increasing alarm that Congress has already cut back "security assistance" funds to the point where we can barely meet our commitments to Israel and Egypt and pay the "rent" for our overseas bases. Nothing is left over for any other countries. If this has happened in the course of a still relatively brief period of $290-billion deficits, what next, especially if a recession takes us to $900 billion? Will the bases go? Egypt? Israel? What next?

This has to concern anyone trying to think his way through the "ultimate challenge" of nuclear weapons, as Elliot Cohen so presciently put it. For a while, I grant, I was a little bit scared of the new Reagan group. The rundown of defense outlays mentioned earlier ended in the last year of President Ford's administration. A small increase then was followed by steadily larger increases under President Carter. After a long pause, new weapons had begun to come on stream, most notably the cruise missiles, nuclear weapons of uncanny capacities. The biggest-ever nuclear submarine, the Trident, began sliding down the ways with seamanlike orderliness. A new missile also, the D5, for the new boat: a fearsome creature. Finally there was the technology of the "Stealth" bomber coming along. The MX was soon to be deployed. Clearly the United States was engaged in renewing its nuclear forces. By 1980 we had 9,000 nuclear warheads aimed at the Soviet Union.

And how did the Republican platform of that year describe these nuclear decisions? They were described as continuing "in effect . . . unilateral disarmament."

I gave the "defense speech" at the Democratic convention and said: "Must we not ask: if a party is this careless with words, can it be trusted with power?"

Once in office, however, Mr. Reagan abandoned President Carter's plan for basing the "new" MX missile on a "race track" meandering through Idaho and Nevada. This was, I suppose, playing politics with national defense, but it is the kind of politics. I don't find all that troubling. Paul Laxalt of Nevada was and is his best friend in the Senate. They were governors together. If their roles were reversed, Senator Laxalt sure as hell wouldn't have dug up Mr. Reagan's California. When he opted instead to put the MX in the old Minuteman silos, however, I got scared again. The Soviets had long since targeted those silos—which is why President Nixon and his Secretary of Defense, Melvin Laird, decided we had to get out of them. To put the MX, a much more powerful weapon, back in the sites we were trying to get out of would be to deploy them in a launch-on-warning mode. But the President understood this: he only asked for 100 missiles, half the number Carter wanted. After we talked at length in the Senate, he agreed to cut this number in half again. I would have preferred 40, but 50 doesn't put us on a hair trigger, at least so far as I can judge.

The President's Strategic Defense Initiative is not in itself anything new. The research has been going on for years. If deployed it would mark a huge change in our basic "second-strike" strategy, but this possibility was in the air. In my 1980 convention speech, I stated: "We have commenced a wrenching review of the whole doctrine of deterrence. . . ." It may be the prospect will persuade the Soviets to accept the deep cuts on both sides that the President deeply desires. It is time we had a President who was not content merely to negotiate the rate in the rise of nuclear arms as between the superpowers. Or it may be the Soviets will respond by building more. I don't know, but the President now has them negotiating for a change.

I risk derision, I know, but the Soviets don't obsess me. I think we are a little Russocentric in New York: a holdover from the age of immigration. As we think only of the Russians, we suppose that they think only of us. I doubt this somehow. Observe Adam Ulam, on these *Dangerous Relations:* "It was not only competition with the U.S. but also—perhaps we would not exaggerate by saying mainly—the direct and indirect threat posed by the Chinese acquisition of these arms that prompted the Kremlin to . . . step up the pace of its own nuclear arms build-up in the 1960's. . . ."

I don't see how we can expect history to spare us nuclear hostilities of some sort in

years to come, but I also expect that these are likely to occur in what is called the developing world. I was Ambassador to India in 1974 when that nation set off its first nuclear explosion, and in due course was sent in to express our regrets that it had done so to then Prime Minister Indira Gandhi. My time in India was drawing short and making clear (I hope!) that I was expressing only my own views and not those of my government, I said I thought India had made a profound mistake. It had been until then the unquestioned hegemonic power on the subcontinent of Asia. Now that would end. The nuclear bomb, like gunpowder in its time, was a great leveler. In ten years' time, I said to Mrs. Gandhi, there would be a general in power in Islamabad and he would call you one Monday to say he had four bombs at his disposal, and that either India by Thursday returned Kashmir and the Punjab to its rightful Pakistani rulers, or Calcutta, Bombay, Madras, and New Dehli would go up in a mushroom cloud and they would all meet in paradise on Friday.

That hasn't happened yet. But then the Pakistanis don't have their weapon yet. They are close. Everyone knows it, and as I write the President has just dispatched an envoy to see if he can help relations between the two nations, and to ease India's understandable concerns about our relationship with its neighbor. But simultaneously the President has approved a huge sale of British fighter craft to Saudi Arabia. The Saudis are getting AWACS from us, and also modified 707 refueling tankers. They already have a good supply of F-15's coming. The Pakistanis in the meantime have acquired F-16's from us. The F-16 with modifications could easily carry nuclear weapons. With F-15's escorting, under the direction of an AWACS, this would make for a formidable nuclear delivery team. All that is missing for this system is a bomb. The Islamic Bomb.

And how shall we influence that part of the world? The way we have influenced the Soviets in Afghanistan, is that it?

If not India-Pakistan, think Arab-Israel, think especially Russia-China. (Mao built vast underground cities below Beijing and other sites, awaiting the Soviet missiles.) That is my difficulty with a certain abstract preoccupation with totalitarianism that one senses in Washington these days. All the writing was done thirty and forty years ago; it is as if the capital has been taken over by slow readers. Totalitarianism is a hideous form of government, the most hideous form of government ever devised. It obviously endures. But it does not succeed, and I cannot imagine that it will prevail. We must give it as little encouragement as possible. The most dangerous form of encouragement is to confirm the few tattered Marxist-Leninist prophecies which the totalitarian elites cling to. If I understand Lenin's theory of imperialism, he prophesied, as it were, that a business-oriented government in the United States would lift the grain embargo imposed following the Soviet invasion of Afghanistan, it being necessary to capitalism to dispose of surplus production. Lenin had never heard of the Iowa primaries, but was he not proved right! That, I respectfully suggest, is the wrong way for us to behave. In my view, following an atrocity such as the invasion of Afghanistan, we should show the Soviets that we do not need their money and in certain circumtances will not take it.

A quarter-century ago Nathan Glazer and I finished Beyond the Melting Pot, our first book on ethnicity as a post-modern phenomenon. Never mind about me: Glazer was trying to figure out something more complicated than why we have "ethnic" mayors. If we were right, especially in the more general subsequent work, Ethnicity (1975), then quite simply Marx was wrong. And Lenin also, and all the demonic or deranged souls who sought The End of Days, as Michael Walzer has put it, in the labor theory of value. Blood will tell, said we, and I have observed little else since. I commend Michael Walzer's essay "On 'Failed Totalitarianism' ";

"Stalin's epigones in Russia (and now Mao's in China) rule their own country like imperial bureaucrats; they resemble the puppets they have installed in neighboring states, and they share the same devitalized purpose."

The regimes in Moscow and Beijing will outlast our time surely, but who will go there for instruction? inspiration? example? Who? Who does now?

I put this as best I know how in a commencement address at New York University in 1984, having George Orwell much in mind, but thinking that things worked out somewhat better: "Let me offer the thought that the desired outcome of the world politics the United States pursued in the period of its great ascendancy a generation ago is that that ascendancy would gradually merge into an ascendant world community of like-minded, above all democratic, nations. This has happened. Our politics worked."

Now this change, of course, causes problems, too. We have now to pay a great deal more heed to other nations than we once did. Fine. That is the mark of our success. But somehow of late, we seem to be mistaking it for a sign of weakness, and attributing that weakness to the rise of Soviet strength.

What pitiful stuff that is. The truth is that the Soviet idea is spent. It commands some influence in the world; and fear. But it summons no loyalty. History is moving away from it with astounding speed. I would not press the image, but it is as if the whole Marxist-Leninist ethos is hurtling off into a black hole in the universe. They will be remembered for what? The death of Andrei Sakharov? Yelena Bonner?

Are there Marxist-Leninists here and about in the world? Yes: especially when the West allows Communism to identify with nationalism. But in truth, when they do succeed, how well do they do? And for how long?

We should be less obsessed with the Soviets. If we must learn to live with military parity, let us keep all the more in mind that we have consolidated an overwhelming economic advantage. The 24 members of the Organization for Economic Cooperation and Development, known as the OECD—a quintessential initiative in world politics of the postwar United States—now produce 60 percent of the world's GNP. The Soviet bloc produces 19 percent. What is the rest of the world to think?

The historical outcome is certain if we can keep the nuclear peace and attend to our own arrangements in a manner that they continue to improve. The world monetary system, which the United States put in place forty years ago, is badly in need of adjustment, lest it become an instrument for draining wealth from the nations that are least wealthy.

The culture of terror, a peculiar mutant of the totalitarian age, threatens democratic societies across the globe: in my own ancestral home of Ireland; in Italy; Israel; now India. That the governments and peoples of these nations show surpassing resources of firmness and courage does not make of terror any less a trial. (The Soviets, of course, contribute greatly to terrorist movements. Here we have no choice but to confront them. But, surely, with a sense of proportion.) And, lastly, a kind of latent tribalism is sweeping much of the earth, challenging the traditions of modernity in which we have invested so much hope. This, too, is to be understood and confronted. But now, are these not challenges enough for one generation?

I suggest they are, and I offer a closing thought: our grand strategy should be to wait out the Soviet Union; its time is passing. Let us resolve to be here, our old selves, with an ever surging font of ideas. When the time comes, it will be clear that in the end freedom did prevail.

A final closing thought. Elliot Cohen both feared much and hoped for much. But I doubt that even he could have hoped for the influence Commentary has had on democratic thought these four long decades.

ROBERT A. TAFT, SR.

Mr. GLENN. Mr. President, I would like to express my appreciation to the minority leader, the senior Senator from West Virginia for his remarks on Monday on one of Ohio's favorite sons, Robert A. Taft, Sr. As the minority leader so eloquently stated, Robert Taft rose to become a great national leader.

Robert Taft, Sr., the son of President and Chief Justice William Howard Taft, held the Senate seat from Ohio—the seat I now hold—from 1939 until his death in 1953. His service to the people of Ohio and to the Nation is well commemorated by his place of honor in the Senate Reception Room and by his memorial across from the Capitol. Truly, we are all proud of him and I thank the minority leader for the recollection and recounting of his career.

THE PLIGHT OF SOVIET JEWS

Mr. WILSON. Mr. President, today in Geneva, President Reagan and Premier Gorbachev are scheduled to discuss human rights. In these weeks leading up to the Reagan-Gorbachev summit, the world's attention quite properly has been focused on superpower relations, the stockpiles of weaponry. Both nuclear and conventional, which define superpower rivalries, and the prospects for improving the relations while reducing the weapons. I, too, hope for a constructive dialog to come out of Geneva. I share the desire of my colleagues in this body for meaningful and verifiable cuts in both sides' arsenals. Yet while I entertain hope, I harbor no illusions. Progress of any sort will come about only after long and tortuous bargaining.

Meanwhile, we should not hold hostage to arms talks a wide range of other issues which divide the United States and the Soviet Union. A great nation must assume great responsibilities. Historically, one of this Nation's greatest responsibilities has been to safeguard the rights of others. For the voiceless millions, we have been their voice. For persecuted minorities, we have been their protector. For while we all dream of a world wherein no one wields a sword and no one drags a chain, history shows that it is the American people who live their dreams and seek to extend them to others the world over.

It is in this context that I rise to remind you of the plight of Soviet Jews. As I speak, there are approximately 375,000 such people who have applied and are awaiting the chance to emigrate from a land where the ugly stain of anti-Semitism predates Communist rule. Yet while prejudice was not introduced into the Soviet bloodstream by Lenin and his successors, who among us can question the reality of official persecution carried out by the men who rule from Moscow?

Let me read to you the following, taken from chapter 4, article 29 of the Soviet constitution . . .

"The U.S.S.R.'s relation with other states are based on observance of the following principles . . . Respect for human rights and fundamental freedoms; the equal rights of peoples and their right to decide their own destiny; cooperation among states; and fulfillment in good faith of obligations arising from the generally recognized principles and rules of international law, and from the international treaties signed by the U.S.S.R."

Now listen to these words, taken from the same document . . .

"Citizens of the U.S.S.R. are guaranteed freedom of conscience, that is, the right to profess or not to profess any religion and to conduct religious worship . . . incitement of hostility or hatred on religious grounds is prohibited."

Finally, Mr. President, I would cite the following sentence, contained in article 14 of the Universal Declaration of Human Rights . . .

"Everyone has the right to seek and to enjoy in other countries asylum from persecution."

That same declaration purports to guarantee freedom of travel and residence. Like the Helsinki accords which proclaim the rights of family members to be reunited with each other, and pledges signatories to look favorably on the request of those who would leave a country in order to rejoin a family, all these state papers bear the formal, official approval of Soviet Russia. All these ringing declarations of human rights, taken at face value, assert Moscow's claim to membership in the family of civilized man.

And yet all these assertions are mocked daily. Every time a Jew is arrested or tried on trumped up charges, every time a Jew is beaten—as Hebrew teachers in Moscow, Leningrad, Kiev and Odessa are regularly—every time a Jewish family is torn asunder by the State, every time a Jewish application to emigrate is denied, then all of the Soviet Government's noble pledges and signed guarantees are reduced to something less than the paper on which they are written.

Mr. President, much has been made, in this Chamber and throughout an anxious world, about the President's strategic defense initiative and its potential impact on future relations between the United States and U.S.S.R. May I respectfully suggest that we might all reserve a little of our concern over the future of space for the present and future of those who suffer in silence, now, here on our own own planet. In lifting our eyes to the heavens, we must not fail to keep attention focused on earthly, terror.

We would be false to our history and to all we profess to believe as freedom's best friend and ultimate shield, if we were to ignore the plight of Soviet Jews today. As recently as 1979, only 50,000 of their number were permitted to leave Russian soil. Between 1968 and 1981, only a quarter million Soviet Jews were permitted to emigrate to Israel, which is less than half the 600,000-plus invitations issued from Israel during the same period. What, we must ask, of the guaranty of unfettered emigration in the Soviet Constitution?

Even worse is the trend of emigration since 1981. While many Soviet Jews have already for 10 years or more applied for the chance to foresake their hostile environment, discouragement bordering on despair has been their lot. For last year, only 896 applicants were actually permitted to leave. In the first 5 months of 1985, the figure stands at 463. The free emigration guaranteed by the Soviet Constitution has slowed to a pathetic trickle.

Nor will things improve if we in this country look the other way, or pretend that we have no stake in basic decency and fundamental human rights. As many Soviet Jews as have already applied, more still would join the tide were it not for harassment, and the fear of unemployment or arrest sure to follow in the wake of any formal application.

Mr. President, in a sense, all these people are prisoners of conscience. And our own conscience cannot rest easily until they are liberated from their figurative cells of official intolerance and anti-Semitism. There is compelling reason to link arms control and other global issues to the internal behavior of Soviet rulers who practice police state tactics in trying to enforce the party line. We cannot comfortably enjoy our own freedom if we ignore what should be the birthright of every man and woman to live as he would choose, worship his God, live with his family, and believe what his own mind tells him to be true. When political orthodoxy clashes with individual freedom, the United States must not hesitate to speak out for freedom. That is what set us apart at our birth. That is what has sustained us on the uphill road of human potential and democratic self-government. And that is the message which President Reagan has taken with him to Geneva. He goes there in search of peace. He goes there as well to uphold principles. No man is better equipped, by temperament or conviction, to achieve both. I wish him Godspeed, and urge that every Member of this body make unmistakably clear at every opportunity our support for the President in his vitally important and hopefully historic mission.

Let all the world but especially the men of the Kremlin understand that however earnestly Americans desire peace, we insist on peace with freedom for ourselves and our allies, and dedicate ourselves to achieving peace with freedom for all the world's people. We do not delude ourselves that our own freedom is secure—or that the world can therefore enjoy lasting peace—until all the world is free.

Let Mr. Gorbachev learn, Mr. President, that there is no place for official anti-Semitism anywhere in a free world or in a civilized nation. Let him know that progress in our relationship is not possible until there is civilized Soviet treatment of Soviet Jews.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. BYRD. Mr. President, I shall utilize the 10 minutes that has been reserved for me under the order. I thank the Chair and I thank the distinguished majority leader.

HAPPY BIRTHDAY, JOE BIDEN

Mr. BYRD. Mr. President, today is a birthday for our colleague, JOE BIDEN. JOE BIDEN is a good Senator. He works hard for his State. He is the ranking member of the Senate Judiciary Committee, is very astute, and a very capable Senator. The people of his State are to be congratulated on having Senator BIDEN to represent them in this body and we in this body are proud to have JOE BIDEN as our colleague.

On this occasion, I express the wish that Senator JOE BIDEN will have many happy returns of the day and that he will have many, many, many more birthdays ahead of him.

THE "YOU-KNOW" NUISANCE

Mr. BYRD. Mr. President, some 50 years ago, the American branch of the English language was struck by a particularly insidious assault of slang—the catchall, nearly meaningless word "swell."

The original root of the word "swell" was the Old English verb swellan, which meant to expand, usually as a result of the infection or putrefaction of flesh. But in the 1930's, "swell" was applied to almost everything. Lines in motion pictures of that era, for instance, offer the following; "We had a swell time"; "She's a swell girl"; "That's a swell idea"; "He has a swell job"; and so on.

Fortunately, the educational world became concerned about the overuse of the slang expression "swell." After many years of evangelization against its use, "swell" has been drummed almost out of the vocabularies of most people. That demonstrates the effect that the conscientious guardianship of our language heritage can have.

But the battle to maintain the integrity, force, and meaning of the English language is a never-ending struggle.

In recent years, for example, intelligent English-speakers have had to fend off viral attacks of such spurious neologisms as "groovy" and "funky," both of which vied for a time as replacements for the recedent "swell." For those minor triumphs, we can all be thankful.

But on another front, the campaign for intelligible speech and rational English is being lost.

For some reason, into the speech of tens of millions has crept this crazy, useless phrase "you know." Just listen to the commentators on TV, listen to the guests on TV shows.

To be sure, several languages have valid phrases of rhetorical interrogation. For example, the British will often append "don't you?" to the end of a direct statement of fact.

"You know," however, is in another class from those perfectly useful idioms. Instead of seeking an answer from a listener, or even encouraging him to continue listening, "you know" is being used more and more as a substitute for "uh." In either case—"you know" or "uh"—the tongue keeps running while the mind is momentarily in neutral. The resulting babble betrays a paucity in the speaker of both vocabulary and coherence, and "you know" further invites the listener to respond, "No, I don't know, and you are not making things any clearer by telling me that I know something that I could not possibly know until you tell me what is on your mind."

Many individuals hold college degrees, but they are so inarticulate that they sprinkle "you know" between nearly every other word in their speech. A few days ago I was listening to an individual who was being interviewed on TV, and he had "you know" sprinkled throughout his responses. In one sentence, I heard him say "you know" seven times.

Children and young people watching such displays on television interviews from prominent public personalities get the idea either that formal education is of little value in teaching people to communicate clearly, or that formal education matters little in earning a living, since someone making a salary in the high-six-figures does not have to be able to form a coherent English sentence.

Such thinking is, however, fallacious. Since the earliest days of Western civilization, the ability to create logical, efficient, and balanced spoken sentences has been a mark and goal of educated people wanting to make a success in society and in their chosen careers. The aim of Socrates, Plato, and Aristotle was not only instruction in sound thinking, but in clear speaking, as well. Until earlier in this century, students in secondary schools and at the college level studied rhetorical models not for content alone, but also to learn how to emulate the written and spoken forms in which those classic compositions were cast. To this day, those men and women who have mastered the art of smooth speech put at a disadvantage those whose speaking is halting, redundant, and cliché-ridden.

So I hope that those responsible for teaching the young to speak the English language will make a commitment to expunge the throwaway phrase "you know" from their speech. Granted, that will not be easy. I hear so much of it that I find myself sometimes doing it.

In some people, the "you know" habit is so deeply engrained that its erasure is almost impossible—an annoying reflex that has become nearly instinctive, or a verbal addiction beyond reform.

But for the good of "you know" addicts, as well as for the good of spoken American English, the effort should be made. Seneca wrote, "Speech is the index of the mind," and Publius Syrus said, "Speech is a mirror of the soul." That applies to men and nations alike, and neither can afford the dubious luxury of the foggy, stumbling, meaningless, asinine, thought that the "you know" affliction suggests. Let us rid American speech of this inane "you-knowism," once and for all.

LAMENTING A MANGLED PROPRIETY

Mr. BYRD. Mr. President, during the recent visit of the Prince and Princess of Wales, the American public was often and properly instructed on appropriate behavior relative to royal personages—not to touch, what to ask and not ask, whether to curtsy or bow, and so forth.

One frequent admonition that the media shared concerning the royal pair was how to address them—"Your Royal Highness," on the first meeting, and "m'am" and "sir," thereafter, are considered correct.

Apparently, most Americans got things right, and Their Royal Highnesses returned home pleased at the response that they had evoked, and with good impressions concerning the deportment of the descendants of Britain's former colonial subjects.

As amusing, interesting, or exciting as the matter of proper decorum toward Britain's Royal Family may be, however, that some were concerned at all underlines the continuing importance of form and etiquette in civilized society. Even in this age of runaway leveling and rampant equalitarianism, the courteous, the courtly, and the considerate still win friends, influence people, and get invited back the second time. Across the country, etiquette columns in newspapers and the consistent sale of etiquette books, demonstrate people's desire to do and say the proper thing on the proper occasion. And here in the Senate with our code of accepted procedure and modes of address, we, too, serve as a good example of the value and utility of good form and acceptable decorum.

We try to adhere to the customs and rules of this body. We avoid, or should avoid, any pronoun of direct address, and should speak to other Senators through the Chair always, and should refer to other Senators only in the third person.

In spite of a widespread concern for propriety, in one particular area of address and reference many people persist in trampling both etiquette and correct syntax. In this case, again and again—in newspapers, on the public platform, on broadcasts, and in daily conversation—millions of people demonstrate either confusion, ignorance, thoughtlessness, or a combination of all three.

In Western society, and in American culture especially, we have numerous titles for clergy people—pastor, minister, priest, preacher, and parson, to name but a few. Some professional religious people are also correctly addressed as "father," "mother," "sister," "brother," "abbot," "monsignor," "rabbi," or "elder." In addition, other clerics may be addressed as "doctor."

For some reason, however, in spite of all of those alternatives, countless people insist on incorrectly and ungrammatically referring to many clerical people simply as "Reverend So-and-so." During the 1984 elections, for instance, over and over, newscasters and reporters spoke and wrote about "Reverend Jackson." Some people on Capitol Hill speak of our Senate Chaplain as "Reverend Halverson." One reads obituaries that state that funerals will be conducted by "Reverend Jones" or "Reverend Smith." And one commonly hears clergymen being directly addressed as "Reverend So-and-so."

For the record, properly used, "reverend" is an attributive adjective meaning "deserving of respect, awe, love, or reverence." Reverend is not an office to which one is ordained, nor is reverend a title, a position, or a rank. Reverend should never be used with a surname only, as in "The Reverend Jones" or "Reverend Jones told me, et cetera."

A parallel attributive adjective is the word "honorable," usually applied to public officials, especially those who are elected. One speaks of "The Honorable Judge Jones," or "The Honorable Frank T. Gray," but one should never refer to "The Honorable Jones," or "Honorable Smith" or "Honorable Dole" or "Honorable Byrd" or "Honorable Boschwitz" or "Honorable Smith."

In the old books, it was stated very clearly that to refer to someone as "Reverend Jackson" or "Honorable Jones" was nothing short of rudeness.

One should always use the honorarial "reverend" in an attributive position before a title, a personal initial, or a given name when referring to a clergyperson—in other words, "the Reverend Mr. Jones," "the Reverend Mr. Jackson," "the Reverend Dr. Jackson," or "the Reverend Dr. Halverson."

"Mr." is a very appropriate word, indeed, in referring even to a President of the United States: "Mr. President," "Mr. Reagan," "Mr. Truman," "Mr. DOLE." So, "Mr." is not a title to be shunned.

In direct address, a cleric should be called "Mr. Jones," "Father Smith," "Pastor Black," or whatever else his designation may be. One should use the honorarial "reverend" in an attributive position before a title, rather than using the word as a title, for example, "The Reverend Mr. Jones," "The Reverend Father Jones," "The Reverend John Jones," or "The Right Reverend Monsignor O'Kelley."

To be sure, some more flexible people—and I have made recent inquiries about this around town—claim that the common use of reverend as a title is making it acceptable. No recognized authority, or at least few recognized authorities would agree with that estimate; namely, that the common use of reverend as a title is making it acceptable.

Moreover, compounding an error does not make an error any less an error. As long as ecclesiastical practice remains unchanged—and the ecclesiastical use of "reverend" has been static for several generations on this matter—that should be the yardstick by which the proper use of the honorarial "reverend" is measured.

In the name of standardized grammar, accuracy, etiquette, and consistency, then, I hope that more American writers, commentators, and announcers will correct the common mistake that so many are making in misusing "reverend." If so many people can be so concerned about the acceptable ways to address British royalty, they should be even more careful with regard to adhering to this more important and more encountered refinement. Let us stop offending good grammer—as a matter of fact, offending good clergymen—and slighting our own clergy people by the improper use of "reverend."

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 1714, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1714) to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The Senate resumed consideration of the bill.

Pending: Dole motion to recommit the bill, with instructions to report back forthwith, with Dole Amendment No. 939, dealing with intermediate export credits.

Mr. DOLE. Mr. President, I understand that the managers on each side have been notified that we are now on the bill. They were both here earlier, but we were not quite ready.

While they are making their way to the Chamber, I want to indicate that I thank the service department for some overnight work in providing this 260-some page document. It has been available since 8:30 this morning on the desk of each Senator. For the most part, it is pretty much like the original, with some additions which I will discuss briefly in a moment.

What I should like to do while we are waiting for the managers of the bill to arrive is to discuss the amendment I propose to offer and the additions thereto. Then, follow that statement, if it is satisfactory with the managers, I would like to offer the amendment itself—I assume there will be some debate on the amendment—and to have a vote fairly soon up or down on the amendment, or however we can get some indication of the support for or opposition to the amendment.

Let me indicate at the outset that this is very serious business and I know that Members on both sides have the same concerns and the same hopes for the American farmer.

We may have different views on how we achieve those goals, aspirations, or hopes and I do not quarrel with any Member on either side who stands up for the American farmer, but I suggest that the most important thing we could do as a body is to complete action on a Senate bill and send it to conference so that following next week's Thanksgiving recess we would be in a position to be in conference on a farm bill on December 2 and hopefully wind up a conference that week and be in a position to take final action the following week.

I assume we will be in session at least until December 13 and I would hope that if a farm bill is not completed we would be in session beyond December 13.

So I say at the outset I think we need to understand that no one has a corner on wisdom when it comes to agricultural legislation. I think everyone here has demonstrated that over the years.

We keep passing farm bills, and the farmers in many areas are in more and more difficulty. We try emergency legislation. We try to patch up legislation.

So far I think over the long run one can say that farm programs have been very helpful, but I would guess that many farmers would be very skeptical about someone who stood up and said, "I have a program that will take care of your problem."

They have been through that dozens and dozens of times. They have heard it from Democrats, they have heard it from Republicans, and they have heard it from politicians, people running around for the Presidency, the Senate, and Congress.

I do not suggest that all those statements are not well motivated, nor do I suggest for a moment that only the Federal Government has a responsibility for agriculture, nor do I suggest that sometimes there may be less than excellent management on the farm. There may be drought. There may be some problem around the world that the farmer cannot control, and there

may be high interest rates. Federal spending in my view is one of the greatest causes of the farmer's present plight, and that is why many of us feel that we cannot bust the budget when it comes to agriculture.

So what we have done, and I think what has been done belatedly by some, is to find some way to put together some savings. We now believe that we have a package of savings of about $11.5 billion or $11.8 billion, depending on whether or not when I offer the amendment we have a rice provision in it. There is some question whether it actually serves any purpose for the rice amendment to be part of the amendment or part of the overall amendment, and if that is not included, that would be an additional $300 million savings. It would be about $11.8 billion in savings.

We will make that judgment here very quickly.

But it might be well to point out just what we are proposing. It is serious legislation. I believe it should enjoy bipartisan support. I believe that it will receive bipartisan support, and I would hope that my colleagues on both sides would take a look at it.

In my view it addresses many of the concerns expressed by Democrats and Republicans and having had some experience with farm legislation over the years it may not be perfect but it may be a bill that will be signed. I think that is the one point that everyone tries to sweep under the rug—oh, well, the President is going to sign it; the President is going to sign it.

I must say I do not believe the President will sign a bill that is $15 billion or $10 billion or $8 billion over the latest OMB estimates. If they are telling us that they might go as high as $50 billion then that in itself is an increase from the standpoint of the White House position.

It is going to take all the urging we can muster to get them to go above the $50 billion.

In my visit with the OMB Director on Monday of this week, the meeting broke up because he was indicating $50 billion is it, and I was indicating I would rather discuss the final figure with the President of the United States because in my view the President must make that decision.

So, again I believe for the most part colleagues on both sides are sensitive to the cost of the program. I believe that the people I have visited with this week representing hundreds of thousands of farmers, wheat farmers, corn farmers, soybean producers, whatever, representatives from those different groups and others want a farm bill. You cannot go to the bank with a veto. You cannot say, "Well, we had a good farm bill, but the President vetoed it."

Someone might be able to make some great political speeches and stir up some farmers—they are already stirred up enough—but you are not going to serve any real purpose or do any favor for the American farmer to say, "Well, I had a great bill. The only problem is it busted the budget, and the President vetoed it, and his veto was sustained." And there is no doubt about the President having a veto sustained, even if all of us from farm States voted to override. It would still be sustained. There is no question about that.

So I would guess that those who want to play games should say, "OK, we are playing games. We think there might be a seat or two involved in this and we would like to press everyone to the wall."

I think from that standpoint that may be short-term headlines but I do not think it makes a great deal of sense to the average farmer out there who is wondering why the bill has not passed.

We can fault one another for why it has not passed, but I can say from a wheat State we are the only real commodity group under pressure. I have been digging back in the files just to check, and I noticed in 1978 when I offered a flexible parity bill it passed the Senate by a vote of 55 to 39, supported by the distinguished Senator from Montana and others, that at that time Senators from corn producing States were complaining about the time because it was March, and they were feeling the pressure. They wanted a farm bill. And the former Senator from Iowa, my friend, Senator Clark, made a very impassioned plea on the Senate floor about how we have to get a farm bill passed because April is a critical time for corn producers.

Well, September and October is a critical time for wheat producers and they are already gone. We do not like to have November, December, January, February, and March go by before we finally address this problem.

So, again, I hope, without any spirit of anything other than trying to get a bill passed, that we will address the problem today, that we will obviously debate any amendments that are offered.

I know a number of Senators have amendments. But I also believe that there is some responsibility in the leadership to provide at least an amendment which can be voted up or down. If it loses, there could be another plan or they could just at that point decide "Well, the best thing to do is go ahead and say we cannot get a bill, we can get a veto, let the President veto it, and start over."

But anyone who understands the legislative process will understand if that is all we want, just a veto by the President and a statement then following that bashing the President and saying it is the President's fault, I am not so certain that such a statement will be made by everyone but I think after a few who do delight in doing that, we have the question of what we do after we have had our press conference and after we have criticized the President who is just freshly back from Geneva enjoying rather high popularity at that time? What happens then? Do we start over on a farm bill on December 10 or December 15 or December 20? I doubt it.

So then we go into another January. We are scheduled to come back January 21. Again I would indicate if I have any control over that schedule it would seem to me important enough from those of us from farm States if we do not get a bill passed this year we should come back earlier next year. If we even came back on January 6, January 10, or January 15 it would take a while for a bill to work its way through the House of Representatives and the Senate and back on the Senate floor.

So we will be looking at February or March. We start harvesting wheat in some parts of this country in May, and it would seem to me to be quite late for producers and it would put some pressure on other commodities to start to worry about a farm bill.

But having said that, I have had the pleasure of the opportunity to visit with a number of farm leaders, Democrats and Republicans. As far as I have been able to determine, I do not believe any of those leaders want a veto. They want a farm bill.

We are not agreeing with the President. The President would like to spend much less. We are trying to figure out a way we can bend the budget a bit and still get a bill signed by the President of the United States.

I have had some indication that the House is very willing to go to conference, and that they would like to work out something. As I said, we included another provision that would increase the savings to about $11.5 billion with the rice provision, and $11.8 billion without the rice provision, and whether or not that stays will be determined in the next 10 or 15 minutes.

Let me indicate briefly what this new proposal contains.

I think we can make available a summary sheet to Members. This is the latest version. This proposal would retain the committee version of the wheat, feed grains, cotton and rice titles with the 4-year freeze on target prices.

I would therefore suggest that if you want a 4-year freeze—if that is where you are coming from—this bill has it. It is in there. It has the committee provision. It has a 4-year freeze.

We had a new wheat, grain, cotton, and price provision that contained the following changes from the committee bill. For feed grains, cotton, and rice, freeze the target price at the 1985

level, and authorize the Secretary of Agriculture to reduce levels by no more than 5 percent annually for 1987, 1988, and 1989.

For 1986 through 1988 wheat target prices would be tied to a specific acreage reduction percentage, and producers would choose their own target price and corresponding acreage reduction, and we will set out to retire up to 40 percent. The target price would be about $5.50.

That would go to $5.20 in 1987, then a lower figure in 1988. For the crop year 1989, you set the target price at such level as the Secretary determines but not less than 85 percent of the 1985 target price. So I would suggest that flexible target prices is a concept that has been discussed before. It has passed the Senate before. As I recall, it had 20 cosponsors, broad bipartisan support, and I would hope that we would still have that same broad bipartisan support today.

It retains the committee-approved maximum acreage limitations or set-aside of 15 percent for feed grains, 20 percent for cotton, and 35 percent for rice for the 1986 to the 1988 crop year. Authority for such reductions would terminate beginning with the 1989 crop for wheat, feed grains, cotton and rice.

So I must suggest as a practical matter the authority may expire but I do not believe the acreage limitations will expire that quickly.

It would also authorize the Secretary to increase the maximum acreage limitation for wheat, feed grains, cotton, and rice by 5 percent if estimated carryover would exceed annual usage of the particular commodity by 33 percent or more.

We would require target price deficiency payments be calculated on a 12-month average price instead of the 5-month average market price. We change the marketing loan for rice. We are not certain this provision will be in, but that would be changed for rice to lower the redemption floor to 50 percent of the loan level for the 1986 and 1987 crops, 60 percent for the 1988 crop, and 70 percent for the 1989 crop.

It would also authorize the Secretary to provide up to one-half of the differential between the loan rate and redemption rate in negotiable certificates redeemable in CCC rice. It would also require the Secretary to make up to one-half of any loan deficiency payment for the 1986-89 crops of rice in negotiable certificates redeemable in CCC rice. Again those are tentative provisions which may or may not be in the amendment that I will offer here.

We would also require a marketing loan for the 1985 crop of rice with repayment of the loan at the world market price, the differential between the loan rate and the redemption rate could be provided in negotiable certificates redeemable in CCC rice.

It would also authorize the Secretary to make loan deficiency payments to producers for the 1985 crop of rice who forgo receiving the loan. Provide that for the 1986, 1987, and 1988 crops producers participating in the wheat-feed grain programs will receive the difference between the target price and the USDA's estimated price for the purpose of costing out the Senate bill if lower than average market prices are received by farmers. That is the so-called up-side amendment, which I still do not understand. [Laughter.]

In addition, we would alter the conservation reserve—I think it is a good provision. I see the Senator discussing it with the distinguished Senator from Iowa, Senator GRASSLEY. It would alter the conservation reserve program to require the Secretary to enter no more than 5 million acres in 1986, 10 million acres in 1987, 10 million acres in 1988, 10 million acres in 1989, and 5 million acres in 1990.

The committee-approved bill required 10 million acres in 1986, 10 million in 1987, and 5 million in 1988. I guess the net effect is that we would increase it from 25 million to 40 million acres and require at least 5 million of the total acres entered in the conservation reserve to be devoted to trees.

That is in an area of particular interest to a number of our colleagues.

We require a 50-percent cost-sharing in establishing the appropriate cover crops for the conservation reserve. We authorize advanced deficiency payments to be made in CCC commodities or negotiable certificates redeemable in CCC commodities. It would reduce the intermediate-term export credit program from $1 billion in direct credit annually to $500 million annually in loan guarantees.

We reduce from 25 to 20 percent the Secretary's authority to transfer Farmers' Home guaranteed loans into a direct loan fund.

We retain the farmers home emergency disaster loan cap at the current level of $500,000 for disaster instead of $200,000 as in the committee bill.

It would require the farmers home emergency disaster loan to be available to producers in disaster counties who double crop if they experienced a 50-percent loss of one crop. That provision we discussed last evening. It is of particular importance to the States of Florida, Louisiana, and other Southern States where they have had devastating hurricanes.

We would provide the discretionary authority for the Secretary to make disaster payments on the 1985-89 crops of soybean, sugarcane, and sugar beets. We require the President to use all available authorities to enable the sugar program to be operated at no cost except administrative costs. I think that ought to deal with concerns of a lot of people who are concerned about the cost of these programs. It would be a no cost program. We believe it is a good provision.

For the 1985 soybean crop, loan rates would remain at $5.02 per bushel, and for the 1986 to 1989 crop the loan rate would be set at 75 percent of the average market price, dropping to high and low years with no minimum. For the 1985 crop only, producers holding or eligible to hold, soybean loans shall receive a payment of $35 per acre, of which $5 is paid in kind in exchange for agreeing to redeem the loan at $5.02 or forgo receiving the loan.

Producers who have marketed 1985 crop soybeans would also receive such payments. Producers with loans outstanding upon enactment of this legislation will have the interest on those loans forgiven if within 60 days after enactment they repay the loan at $5.02. We have many large soybean-producing States, Minnesota, Iowa, Nebraska, Kansas, Missouri, and there are a number of other soybean-producing States.

They have been very active in suggesting to Members on both sides some provision for soybeans. They are trying to stay away from the price supports and all the other programs. They have operated fairly well outside farm programs. They believe that this one-time payment might be very helpful. I believe Iowa and Illinois are the largest soybean-producing States.

That amendment is one which has been discussed on both sides of the aisle and one in which Senate BOSCHWITZ had an particular interest. Senator ANDREWS also had a particular interest in it, as well as Senator ABDNOR, not only in soybeans but sunflowers as well.

For the 1985 sunflower crop, the Secretary would make payments based on $35 per acre of sunflowers planted.

Mr. President, that is sort of the outline that we have of the proposal.

Let me also indicate that the amendment also includes savings on wheat, feed grains, cotton, and rice for a total of $4.2 billon over 3 years. The package savings are $7.6 billion, minus $300 million for rice, plus $4.2 billion.

If rice is retained, it would be $11.5. If rice is excluded, it would be $11.8.

Sixty-five billion dollars minus $11.5 billion is $53.5 billion minus $600 million.

As I think the distinguished Senator from Montana told us yesterday, we are going to get some savings from dairy, maybe $500 or $600 million.

That would bring the total cost of the bill, unless we have a lot of other amendments in the next day-and-a-half or so, to $52.9 billion. That is in the ball park. It seems to me we are

getting down to the point where we can make a pretty strong case, if we can shave a little more off. Even though it is an expensive program, it ought to be signed by President Reagan and it ought to be done this year.

Mr. President, both managers are now on the floor. I would like to offer the amendment. I think there were some minor changes made.

AMENDMENT NO. 1065 TO AMENDMENT NO. 939

(Purpose: To make cost reductions in the bill)

Mr. DOLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER (Mr. KASTEN). The clerk will report.

The bill clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 1065 to amendment numbered 939.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Mr. President, reserving the right to object, might I inquire if I can be recognized soon? I do not want to have the amendment read. I have a very brief statement to make. I would like to have the chance to know when I can make that statement.

Mr. DOLE. Mr. President, if the Senator will let me yield to the chairman briefly, I will then yield the floor.

Mr. MELCHER. Mr. President, we have had a considerable amount of time for discussion over there and a lot of quorum calls. All I am asking for is recognition to make a short statement.

The PRESIDING OFFICER. Is there objection to dispensing with further reading of the amendment?

Mr. MELCHER. Reserving the right to object, Mr. President, I have not had an answer to my question.

Mr. DOLE. Mr. President, I indicated earlier that the discussion was being conducted in order to save time. I do not have any desire to speak after this, but I think the distinguished chairman and probably the ranking Member would like to speak on the amendment.

The PRESIDING OFFICER. Is there objection to dispensing with further reading of the amendment?

Mr. MELCHER. Reserving the right to object, I am addressing a question to the majority leader. I have no desire to object to dispensing with the reading of this amendment, but unless we can have an agreement, I feel we ought to have a discussion about it.

The PRESIDING OFFICER. The clerk will report the amendment.

Is there objection?

Mr. MELCHER. Reserving the right to object, Mr. President, I think my statement was clear. I made a request to make a brief statement if we did not read the amendment. I think that is a very legitimate request.

Mr. DOLE. It may be a legitimate request, but I think the chairman might——

Mr. MELCHER. I understand the chairman might have a statement and we might have a quorum call after that. His statement may be a half hour or three-quarters of an hour. All I want to do is plan my time.

Mr. BYRD. Mr. President, I object to dispensing with further reading of the amendment.

The PRESIDING OFFICER. Objection is heard. The clerk will report.

The bill clerk resumed reading the amendment.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator fron North Carolina.

Mr. HELMS. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object, Mr. President.

Mr. HELMS. Mr. President, I withdraw my request.

The PRESIDING OFFICER. Is the Senator from Iowa objecting or reserving the right to object?

Mr. HARKIN. I reserved the right to object to get clarification on some provisions of this amendment that was just laid down.

Mr. HELMS. Mr. President, I believe I am managing this farm bill. I withdraw my unanimous-consent request.

The PRESIDING OFFICER. The clerk will continue reading the amendment.

The bill clerk resumed the reading of the amendment.

Mr. HARKIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. GORTON. I object.

The PRESIDING OFFICER. Is there objection?

Mr. GORTON. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will read the amendment.

The bill clerk resumed the reading of the amendment.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. I thank the Chair. Mr. President, I shall be brief, as I intended to be all along. We spent a lot of hours on this compromise, and I must inject the words "so-called." I will not review the circumstances of how we got to this point, but suffice it to say that this package is a consequence of obviously partisan attempts to force a Presidential veto on the farm bill. Now, I have no crystal ball, and I certainly do not presume to speak for the President of the United States, so I do not know what is going to happen. But I do know it is imperative that we get a farm bill through the Senate, get it to conference, and see what we can do to clean it up there.

Just as it turned out that those of us who believe that this farm bill is excessive and counterproductive, we lacked just one vote of the requisite number of votes to report a 1-year freeze from the Committee on Agriculture. We had one Senator from the majority side who constantly and repeatedly by his vote transferred the majority to the minority, which is his privilege. It now seems apparent that we are just a very few votes shy of the required number to pass the kind of farm bill that the President could approve, but we have to play the cards which have been dealt us and I understand that, and I have been willing to go along with it provided there are certain understandings about what happens down the road. And those have been satisfactorily reached insofar as the Senator from North Carolina is concerned.

Now, I would say for the record—and I think most Senators know this—that every effort has been made every step of the way to secure the votes necessary by making specific but acceptable modifications in various parts of the commodity titles. Under any normal expectation, reason and compromise would have resulted in specific commitments for votes. But unfortunately, day after day, this did not happen. We did the best we could. I say again that the best thing we can do for the tobacco farmer, the corn farmer, the wheat farmer, all the farmers, is to move this Government toward a balanced budget and get interest rates down so that the farmers of America can compete in the world market.

This bill will not do that. I have, I must be frank to say, apprehension about the bill as it stands even with the compromise, but we will see.

In any case, the normal expectation of the legislative process has not been operative in the Senate, and with all due respect to my friends on the other side of the aisle, and as the distinguished majority leader has said earlier, the eyes of so many in the Senate have not been focused on a farm bill that makes sense but on the elections next year. There has been a constant insistence in the most strenuous way that the ranks not be broken on one side of the aisle. We have seen a deliberate attempt to enact the kind of legislation certain to draw a Presidential veto. I can protest all I like that this is a bad way to legislate, but I am just one Senator. I still say that if one looks at the arithmetic of the farm bill

which was reported out of the committee, not to mention other things that have happened, it is evident that this farm bill, unless improvements are made, will not do a job for the American farmer and certainly not for the taxpayer.

So that brought us to the point at which we find ourselves now.

The distinguished majority leader and I have the obligation to provide protection to our side; and, in order to accomplish that, Senator DOLE and I have met with numerous Senators in an effort to forge a compromise. Out of that emerged a package that is not satisfactory to this Senator, but it is an effort to get this bill moving and get it to conference and see what can be accomplished there. In any case, we established from those discussions with various Senators some things that seem very clear.

Modifications to the pending Dole-Lugar 1-year freeze package would still be lucid in terms of securing the necessary votes. But there are modifications that may occur as we proceed with the bill, assuming that we will. Some of them may extend protection to Members of the Senate who have political schedules next year—on both sides.

So, as a practical matter, this course of action has the effect of taking the bill directly to conference with two mutually exclusive provisions. This is not establishing a sort of precedent. It has been done before, and I imagine that it will be done again. In any event, it means that the decision as to whether Congress wants to taunt the President into a veto will rest with the conference rather than with the Senate as a whole.

Let me be candid about it, and I say this with no disrespect to anyone. I have reached the conclusion, and I believe it is shared by the majority leader, that I see no advantage to farmers or to the economy in general from playing cat and mouse with the President, taunting him to veto. I do not want to be a party to such a thing.

So, part of the modification offered here is designed to assure protection to Senators from being placed in an untenable position in terms of their votes and political use of those votes. I confess that.

With all that done and said, Mr. President, I am not intimidated by the prospect of voting against a farm bill. I think I have already demonstrated that.

As I have said a number of times on this floor, I take no pleasure in having been, this year, the first chairman of the Senate Agriculture Committee to vote against reporting a bill which I considered a rape of the taxpayers. I shall not hesitate to oppose legislation which I think is unfair, inequitable, and self-defeating.

I have been a party to the development of the details of this modification. I have had to swallow hard, had to hold my nose.

I am reminded of a former Governor of Virginia, Governor Tuck, a delightful gentleman, who used to go every year to a rockfish muddle down on the banks of the Roanoke River in Southside Virginia.

The local people would cook up the fish stew, and then everybody who indulged in alcohol would have a few libations of homemade liquor. Not being a drinking guy, to watch them screw up their faces when they would drink it, it must have been terrible.

Governor Tuck told about the two gents who went to the rockfish muddle 2 or 3 years previously and they got some of their bootleg liquor, a glass each. One fellow pulled out a gun and said to the other, "Drink that." So, looking at the gun, the other fellow drank it.

Then the first fellow handed his gun to the other guy and said, "Now hold the gun on me and make me drink it." [Laughter.]

That is pretty much the way this farm bill is to some of us. Neither the present bill nor the present package—I say again, for the purpose of emphasis—meets our obligations under the budget resolution. Both of them repeat all the farm policy mistakes of the past—the failed policies.

Therefore, I told the majority leader, while we were negotiating and working out the details, that it is my intention to take this package to conference, and I hope it can be improved upon. I want a farm bill, but I want a farm bill that makes sense. I want a farm bill that is fair to the American taxpayers. I want a farm bill that has some likelihood of increasing the hope of recovery in American agriculture. Whether we can achieve that, I do not know. I do know that we cannot continue the impasse after impasse that we have experienced.

I expect that this package will win approval of the Senate; but for it to become law, it will either have to be modified in conference or modified after a veto. I am convinced of that.

I do not presume or pretend to be speaking for the President of the United States, but I think I know fairly well how he feels. This action today gives us one more chance to avoid an unnecessary veto. I hope the Senate will rise above all that, and I trust that we will.

Mr. President, I alluded to the failed policies of the past, and I think that any fair-minded, intellectually honest observer would acknowledge that these failed policies have brought the American farmer to the plight he is now experiencing.

The past and present farm policies have contributed markedly to a downward spiral in the farm economy.

In the period from 1981 to 1984, real net farm income declined 27 percent from the previous 4-year period while direct Government payments increased by over 350 percent. You do not have to know much about farm policy to understand that we have been going the wrong way, hurtling toward disaster. Just those two simple facts should tell us enough.

At the time the 1981 farm bill was enacted, it was estimated to have a 4-year cost of $11 billion. I remember it well. I thought that was something we should be alarmed about. But, you know, Mr. President, under that act, actual outlays for farm programs will have exceeded $63 billion, just about 600 percent more than was projected back in 1981.

These massive increases in Federal outlays for agriculture for the past 4 years have demonstrated that the answer to the farm problem is not more and more Government spending, greater and greater subsidies, distributed indiscriminately. No.

The immense spending increases are directly responsible for the massive surpluses that have resulted in the diminished ability of farmers to earn profits in the marketplace.

Parenthetically, Mr. President, I might relate all of this to a commodity that is important to my State, tobacco.

I have been telling the growers, the farm organizations, everyone else connected with the so-called tobacco family for years, that this business of having support prices above the market price is a road to disaster. Not many people listened to me at first and then the enormous surplus became self-evident and we reached a crisis stage where in this Congress there was a predisposition among some to abolish the program.

So we have drafted, introduced, and the Senate has passed legislation to reduce the support price of tobacco below the market price. I am sure I am not the most popular fellow in North Carolina among some of the tobacco farmers. But I think they understand that their choice was to have a program that may make sense rather than one that will have them to continue to produce for the Government. People say it is not the Government, that it is stabilization. Well, one looks at what happens to the taxpayers in all of these farm programs where the surpluses build up and you see who is the victim—the taxpayers who are required to pick up the tab.

So I think it is important to confront the question head on and be honest about it. If we will not be honest about it in our public declarations, at least be honest with it to ourselves by confronting the question of why have farm programs proven to be counterproductive.

I think the answer to that is absolutely inescapable. The price supports are greater than the market value of

the crops. The subsidies are not paid on the basis of the farmer's demonstrable need or financial distress. The subsidies are paid on the units of production by the bushels, by the pounds, by the hundredweight. So you have the economic anomaly that the more of a particular crop a farmer produces, the greater amount of subsidy money he gets from Uncle Sam in Washington. The trouble with that is Uncle Sam is the taxpayers of this country.

Mr. President, we went through 35 or 40 years in this country where eveyone shoved toward the trough to get some of the free money from Washington. Now they are finding out it was not free.

They find out that Mr. and Mrs. Joe American and their children and their children's children are, and will be, picking up the tab for programs that have encouraged and induced farmers to produce—not for the marketplace, but for the Government.

The subsidies furthermore, and I have tried and tried to make this point, the subsidies offer the greatest benefits and assistance to the large farmer which also by definition means those farmers who need help the least. I imagine that some of the small farmers if they really recognized what has been going on in terms of the distribution of cash from the Federal Treasury, they might get on their tractors again and come here. They might well say: "Look here, buddy, you talk all the time in your political speeches about the family farmer and how you love the family farmer. But we have found out that you don't care anything about the family farmer. You care about the big farmer."

I wish my friends in the media would just do an exhaustive review of who has been getting the big bundles of Federal cash. I think that would focus attention upon what some of us have been trying to say in connection with producing a farm bill. Because Congress requires the Government, in effect, to purchase everything that a participating farmer produces at the so-called loan rate level, of course there is a compelling inducement for farmers to do exactly that and to collect the subsidies.

I was very interested in a USDA estimate that the current market price for wheat is about $2.80 and the loan rate is $3.30. It is $3 in this bill, if I remember correctly.

So what happens? The farmers pour the fertilizers and they produce, not for the marketplace, but for the Government so they can get the subsidy.

In addition, direct subsidy payments known as deficiency payments are paid in the same way. The target price is $4.38—$4.55 for 80 to 85 percent of the production, and $4 for the rest in this bill—and there are similar programs for feed grains, cotton, and rice. The intention is to try to create a price floor in the marketplace for these commodities for the income support for the producers of these commodities. Nice try, fellows. But it just has not worked. It is not going to work. I will tell you why.

The U.S. agriculture production system is the greatest in the world. It is geared to produce for the export market. Parenthetically, I might suggest that we take a look at what has been going on in that area. More than 40 percent of everything American farmers produce must be sold in export markets, and the United States now controls about 50 percent of all world trade in agriculture.

So many people will fail to consider that foreign farmers operate under the protection of the U.S. Price Support Program. Oh, they watch what we are doing. And they are clever. They know that our Government will purchase from our farmers anything they produce but cannot sell. The foreign farmers are keenly aware that if they just undercut at the margin the price at which the U.S. Government will take commodities off the market, there go our export markets.

And I might suggest that 50 percent of the world trade is a very large market for our foreign competitors to target, and target that 50 percent they are doing.

They are absolutely delighted when we have the high subsidy rates because that means that they can raise their prices, but just keep them a little bit lower than ours. That is what they have been doing. Price supports established above market clearing levels have stimulated production here and stimulated production overseas creating competition for American farmers that they otherwise would not have confronted.

After rising from 40 percent to 60 percent of world trade during the 1970's, U.S. agricultural exports have fallen to the present level of about 50 percent.

The cumulative loss in U.S. grain exports over the past 5 years totals nearly 100 million tons—roughly equivalent to losing 1 full year of grain exports.

Meanwhile, unmarketable U.S. surpluses stored under the price support programs overhang the market, and they further depress prices farmers receive in the marketplace.

Then what? This results in all kinds of dislocations such as declining land values, increases in production of other crops and livestock. And when the surpluses become so great that there is literally no more physical storage space as was in the case of the autumn of 1982, and as is predicted to be the case after the record 1985 crops are harvested, policymakers—that includes us—are then forced by sheer circumstances to turn to efforts to restrict production.

The largest acreage reduction program in the history of the world, PIK, Payment in Kind, was implemented in a frenzy in 1983 for precisely this reason.

Over the past 4 years more than 125 million acres have been idled through Government supply controls programs. This has caused tremendous loss of income to farmers, and everyone else in the farm economy—and everyone else, whether they are in the farm economy or not. I am talking about the taxpayer.

Yet the total world production, and total world trade have increased while the United States share has been falling.

So I say again that the foreign farmers, our competitors in the world market, understand what we are doing to ourselves. They can see us shooting ourselves in the foot. They say hooray for the U.S. Congress and the bureaucrats because they are just making our day.

In 1983 when the United States removed 80 million acres in the PIK Program, our foreign competitors picked up the slack. They increased their acreage by 13 percent.

So, Mr. President, this business of having a Government-controlled farm economy has not worked, it is not working, and it will not work because policies that induce more and more production in the face of massive surpluses for which there is no ready market put U.S. agriculture—read that, "U.S. farmers"—in a position of a dog chasing its tail.

Loan rates and target prices above market levels stimulate production, and help turn U.S. markets over to foreign producers. When will we wake up and smell the coffee and understand that?

Surpluses accumulate, and put downward pressure on prices, and land values fall as farm units have trouble producing positive cash flows. Farmers who had not previously participated in these entitlement programs, by the way, have felt compelled to sign up meaning ever-increasing cost to the taxpayers, and ever-increasing inducements to the medicine that made us sick in the first place: excessive production.

Calls then come forth for further production controls and even higher price supports in an effort to support the very price income that was driven down by subsidies that were too high to begin with.

These actions, when taken, induce even greater surpluses, and result in pressure for starting the cycle all over again.

I guess, Mr. President, the most startling aspect of all this is that the small, and the medium-sized farmers are the ones who are hurt most. They are impacted the greatest by this bizarre scenario that Congress has been unwilling to confront.

I say again that the larger farmers are generally those whose variable cost of production are the least. Of course, they have traditionally had access to the greatest amounts of capital, technology, and they can most readily adapt to changing conditions. Yet, on this floor and off this floor, everybody makes speeches about, oh, I love the family farmer, the small guy. Well, get this, Mr. Small American Farmer: this Senate really does not love you. Otherwise, the Senate would not be doing to you what it has. Because the larger farmers' costs of production are generally lower, they find the price supports to be much more generous than the small farmer whose production is smaller and whose costs are higher.

So the farmers at the lower end of the cost-production curve simply apply the relatively lucrative price support payments and protections to purchasing more and more input and technology. In this way, they attempt to increase their net income by producing and selling more and more bushels, more and more pounds, more and more hundredweights for which they receive more and more subsidies and payments.

That was the objection to this farm bill when it was reported out of the committee. That has been my objection heretofore. I have not been able to articulate effectively enough or there have been an awful lot of deaf ears around.

But the anomaly persists. The most vocal advocates of the family farmer are the ones calling for increased price supports, and what they are doing when they do that is creating and exacerbating a perverse cycle over and over again.

I do now know how long it will take the small farmer to understand this. Maybe never. But at a minimum it needs to be understood that only about 30 percent of the value of U.S. production is covered by farm programs to start with. There are no subsidies or price supports for livestock or perishable commodities, such as fruits, vegetables, and other specialty crops. So the loan rate and target price programs cannot begin to address the problem of income support for the farm sector. The income support function of the 1985 farm bill will never help farmers who produce 70 percent of our agriculture output.

I think that is something we ought to consider.

How about the 30 percent of the value of production that is covered? Surely, it would be reasonable to expect that the $65 billion we are talking about spending over the next 4 years in this bill will go to assist the farmers experiencing financial distress. Do not count on it, Mr. Distressed Farmer.

Exactly the opposite is going to be the case. You will hear the rhetoric. You will hear those of us who are trying to move toward sound farm policy castigated. That is fine. I am used to that.

You see, Mr. President, these programs operate as nonmeans tested entitlements paid to farmers, not on the basis of financial condition but on the basis of bushels, pounds, and hundredweights. These units of production are inanimate objects. Obviously, they do not experience financial stress. Only farm businesses can experience financial difficulties.

Financial difficulty for a farming business can be gauged by changes in its asset value, its debt, its cash income. That is to say on the basis of his equity and his cash-flow.

The most recent data available on this subject is contained in a report issued I think back in July by the USDA entitled "The Financial Characteristics of U.S. Farms, 1985."

I recommend that as reading, not light reading, for anybody who might be interested in trying to restore stability to the American farmers.

The bottom line, I guess, is this: There is enormous relative wealth in the U.S. agricultural industry. It is the little guy who is not getting his piece of the action. The average net equity for farming operations with gross sales greater than $250,000 was $904,446 on January 1 of this year. The average net equity for all farming operations with gross sales between $100,000 and $250,000 was $429,891 at the beginning of this year. The statistics for farms with gross sales between $20,000 and $100,000 was $246,220. This compares to the net equity of the average American family of about $92,000.

To those who would say, "Whoa. Look at all the farmers way below that."

That is the point I am making. Let us do look at them and stop this charade of saying we are looking after the family farmer because it is just not so, Mr. President.

Farmers as a class, have net annual incomes that often greatly exceed that of the average American family. Average annual income for American families is about $24,800 per year. The average net income for farm families with farming operations grossing more than $250,000 was $96,889 in 1984. Average net income for the $100,000 to $250,000 gross sales farm was $36,273. The same figures for those farming operations with gross sales between $20,000 and $100,000 was $17,602.

Of course, there are many farmers in these different sales categories whose incomes were less than these average amounts. But, as in any averaging of statistics, for every farm family that had income less than the amounts indicated here, there was a farm family that had net income greater than these amounts. Farm programs provide their benefits by definition to the larger farmers, and therefore, by difinition, to the most wealthy farmers.

I say again to my friends in the news media, "If you will just concentrate on who is getting what and how much, maybe a lot of eyes will be opened."

The most substantial part of the equity base of American farms is land. Of course it is. A lot of farmers made imprudent business judgments. The best way to know whether they are imprudent is to see the effects. That is the way it is in all businesses, including farming. A lot of my friends were riding that inflation curve upward, thinking there was no tomorrow.

They bought land on credit, thinking that the price would never fall. Improper use of borrowed capital is a major cause of the distress, the vast majority of the distress, that exists in this country.

Farmland prices peaked in 1981 after three decades of uninterrupted increases. By April 1984, farmland prices had dropped 8 percent nationwide, and by as much as 28 percent in parts of the Corn Belt and upper Midwest. Land values will probably continue to decline further in 1985—and will surely do so if present farm policies continue to induce massive surpluses constantly driving prices lower and lower. Many farmers who purchased land or started farming in the late 1970's now have debts exceeding the value of their assets. But the fact remains that even with depressed land values and correspondingly reduced equities, American farm families—on the average—have net worth equity positions and net annual incomes which greatly exceed that of the average American family.

However, this relative wealth says nothing about debt-to-asset ratios, and that is where most farmers who are experiencing financial stress are most severely impacted. USDA estimates that by the end of 1985, 4.6 percent of all U.S. farms will be technically insolvent, with debt/asset ratios exceeding 100 percent. Another 2.6 percent are projected to be in the "very highly leveraged" category, with debt/asset ratios between 70 percent and 100 percent. Another 19.5 percent are expected to be in the "highly leveraged" cat-

egory, with debt/asset ratios between 40 percent and 70 percent.

The remaining 71.9 percent of American farmers are not experiencing—nor are they expected to experience—financial difficulty in 1985. And, it is important to note, not all of the farms in the highly and very highly leveraged categories are under serious financial stress. Farms with less than $50,000 in sales obtain much of their income from off-farm sources, and often serve as tax shelters for the very wealthy. Very large farms with over $500,000 in sales tend to be highly industrialized specialty operations and typically operate with high debt/asset ratios. Most of these farms have positive cash-flows.

There is very real and often livelihood-threatening financial difficulty for a relatively large number of farmers. The American people have great sympathy for the problems these families face and surely intend that those who can be helped should be. At current rates of interest and levels of net return for farming, farms with debt to assets ratios over 40 percent are likely experiencing cash shortfall. Many will not be successful in keeping their businesses.

Nobody is sadder about that than I am. However, a lot of hardware store operators, grocery store operators, and others in small businesses have had the same problem, and there is no program for them.

But for the kind of small farmer who somehow got himself overextended, largely through this Congress where we work, largely as a result of the enormous deficits, the cash-flow problems of these small farmers are increasing, and I think they are directly attributable to the policies of this Government in terms of agriculture and in terms of spending in general.

But the first thing in the consideration of the farm bill that we need to address is the situation of massive surpluses and increases in production by price support subsidies that are paid to all farmers, and mainly to the farmers with the highest income and with the least degree of financial stress.

If that makes sense, I want somebody to explain it to me. I had no satisfactory explanation in the markup of the farm bill. That is the reason I was in the position of having to be the first chairman of the committee to vote against the farm bill.

In any event, the point is this: The immense cost of the provisions of this farm bill, and I include the package which is now the pending business, has very little to do with helping farmers in distress. Apparently these instruments of policy have been mandated over the years by Congress to operate in such a way as to contribute significantly to the very distress that over 30 percent of the farmers are facing today.

The farm price support programs indiscriminately just pour out subsidies on 100 percent of eligible production, I reiterate for the purpose of emphasis, inducing surplus eligible production. This causes even greater distress for the 20 to 30 percent of the farmers to whom the American people would cheerfully extend a helping hand, the little guy—you know, the small farmer, the small family farmer that we all weep copious tears about on this floor and in all of our political speeches. It would come right back here and exacerbate the problem of the small farmer.

Mr. President, as I conclude, I emphasize that this bill without some modification, which I hope will occur in conference, is bad news. But we shall see. We shall do the best we can.

I thank the majority leader for his patience and his indefatigable efforts in trying to draw up a compromise that would be acceptable to the extent that we get the votes to pass the farm bill. I commend the majority leader and I wish him well.

I yield the floor, Mr. President.

AMENDMENT NO. 1065, AS MODIFIED

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, as I indicated earlier, we had a very lengthy amendment and we were working on a modification of that amendment. It deals with rice. I send that modification to the desk.

I shall say briefly that it makes the marketing loan provisions for both options—either the 1 year or the 4 year—consistent. It was an amendment that I know the rice State Senators have an interest in. I apologize for taking a while to prepare the modification, but as I have indicated earlier, these are very technical matters.

Amendment No. 1065, as modified, is as follows:

In the pending amendment, strike out "Credit.' " and insert in lieu thereof "Credit.

SEC. . It is the sense of the Senate that—

(1) the intermediate export credit program should be expanded to include guarantees in order to—

(A) provide a more flexible export marketing tool to United States agricultural producers; and

(B) improve the capability of importing countries to purchase and use United States agricultural commodities and the products thereof; and

(2) the Secretary of Agriculture should utilize the intermediate export credit program to develop, expand, and maintain, to the maximum extent practicable, United States agricultural exports.

On page 12, strike out lines 10 through 21 and insert in lieu thereof the following:

"(10) For purposes of guaranteeing export sales under this subsection, the Commodity Credit Corporation shall make available—

"(A) for each of the fiscal years ending September 30, 1986, through September 30, 1988, not less than $500,000,000; and

"(B) for the fiscal year ending September 30, 1989, not more than $1,000,000,000.".

Beginning on page 31, strike out line 16 and all that follows through line 10 on page 66 and insert in lieu thereof the following:

GRANTS FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 112. (a)(1) The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") may establish and carry out a program to make grants to States for the purpose of paying the costs of construction, employing personnel, acquiring equipment, and taking other action relating to the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of United States agricultural products and related products.

(2) Such grants shall be based on a matching formula of 50 percent Federal and 50 percent non-Federal funding.

(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to utilize as sites for international trade development centers land-grant colleges and universities (as defined in section 1404(10) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)) that—

(1) operate agricultural programs;

(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

(3) have a communications system that can be used on an international basis to conduct conferences or trade negotiations.

(c) Such centers may—

(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

(2) be used to locate permanent or temporary exhibits that will stimulate and educate trade delegations from foreign countries with respect to United States agricultural products and related products;

(3) be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

(4) carry out such other activities relating to the exportation of such products, as the Secretary may approve.

(d) There are authorized to be appropriated such sums as are necessary to carry out this section.

Subtitle B—Public Law 480 and Related Programs

AGRICULTURAL TRADE POLICY

SEC. 120. (a) The first sentence of section 2 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691) is amended by inserting "to use foreign currencies accruing under this Act to foster and encourage the development of private enterprise in developing countries; to enhance food security in developing countries through local food production;" after "agricultural production;".

(b) Congress finds that additional steps should be taken to use the agricultural abundance produced by American farmers—

(1) to relieve hunger and promote long-term food security and economic development in developing countries in accordance with the development assistance policy established under section 102 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151-1); and

(2) to promote United States agricultural trade interests.

SALES FOR FOREIGN CURRENCIES

SEC. 121. (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. (a) In order to carry out the policies and accomplish the objectives set forth in section 2, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

"(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

"(b)(1) Except as provided in paragraph (2), for the fiscal year ending September 30, 1986, and each fiscal year thereafter, sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of—

"(A) not less than the higher of—

"(i) 25 percent of the aggregate value of all sales of agricultural commodities made under this title; or

"(ii) 500,000 metric tons; and

"(B) not more than 50 percent of the aggregate value of all such sales.

"(2)(A) For each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, except as provided in subparagraph (B), the President may reduce the minimum level of sales for foreign currencies prescribed under paragraph (1)(A) if—

"(i) there is an insufficient number of approved financial intermediaries that have entered into agreements with the Secretary of Agriculture to carry out the program provided for in section 108;

"(ii) there are insufficient requests made by such intermediaries for loan funds to utilize the foreign currencies generated by such sales; or

"(iii) the Secretary requires additional time to implement such program.

"(B) The President may not reduce the minimum level of sales for foreign currencies under subparagraph (A) below an annual level of less than—

"(i) for the fiscal year ending September 30, 1986, 5 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year;

"(ii) for the fiscal year ending September 30, 1987, 10 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year; and

"(iii) for the fiscal year ending September 30, 1988, 15 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year.

"(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

"(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreements.".

(b) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by inserting ", in section 108," after "section 104" in subsection (b);

(2) by striking out "for dollars on credit terms" in the last sentence of subsection (d);

(3) in subsection (m)—

(A) by inserting "except as provided in section 108," after the subsection designation;

(B) by striking out the semicolon and inserting in lieu thereof a period; and

(C) by adding at the end thereof the following: "In carrying out this subsection, the President shall require that foreign currencies to be used under section 108 that are acquired under an agreement for the sale of commodities be convertible to dollars during the period beginning 10 years after the date of the last delivery of such commodities and ending 30 years after the date of such delivery. Such agreement for sale shall establish a schedule for such conversion but need not specify the exchange rate for such conversion;";

(4) by striking out "for dollars on credit terms" and "for cash dollars" in subsection (n);

(5) by striking out "Take" in subsection (o) and inserting in lieu thereof "take";

(6) by striking out "Assure convertibility" in subsection (p) and inserting in lieu thereof "except as provided in section 108, assure convertibility"; and

(7) by striking out "Assure convertibility" in subsection (q) and inserting in lieu thereof "except as provided in section 108, assure convertibility".

(c) The first sentence of section 105 of such Act (7 U.S.C. 1705) is amended by striking out "section 104" and inserting in lieu thereof "sections 104 and 108".

(d) Section 106(a) of such Act (7 U.S.C. 1706(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Payment for sales made for foreign currencies that are to be used under section 108 under an agreement entered into under this title shall be made on such terms as are specified in such agreement.".

(e) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"SEC. 108. Notwithstanding any other provision of law:

"(a) As used in this section:

"(1) The term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title.

"(2) The term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the Secretary, that has the capability of making and servicing a loan in accordance with this section.

"(3) The term 'Secretary' means the Secretary of Agriculture.

"(b) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the Secretary may enter into an agreement with a financial intermediary located or operating in such country under which the Secretary shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(c) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the Secretary under which the intermediary agrees to use such currency to make loans to private individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest, for the purpose of financing—

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the Secretary;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects.

"(d) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid to the Secretary, including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

"(2)(A) A financial intermediary shall repay a loan made by the Secretary under this section, plus accrued interest, at such times and in such manner as will permit the Secretary to convert such foreign currency to dollars in accordance with the schedule for such conversion.

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement.

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must—

"(A) be owned, directly or indirectly, by citizens of the developing country, except that up to 25 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned by the Secretary to a financial intermediary under this section shall be such rate as is determined by the Secretary and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the Secretary may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the Secretary, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The Secretary may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(e)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the Secretary—

"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(f)(1) Any agreement entered into under this section shall be subject to periodic audit by the Secretary to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the close of each fiscal year, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the activities carried out under this section during the preceding fiscal year, including an evaluation of the impact of investment under this section on the development of agricultural related private enterprise in each participating country.

"(g) The Secretary may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the Secretary shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 to carry out such assistance.".

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II

SEC. 122. Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721(b)) is amended by striking out clauses (1) through (3) and inserting in lieu thereof the following new clauses:

"(1) for each of the fiscal years ending September 30, 1986, and September 30, 1987, shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; and

"(2) for the fiscal year ending September 30, 1988, and each fiscal year thereafter, shall be 1,700,000 metric tons, of which not less than 1,275,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;".

VALUE-ADDED, PROCESSED, AND PROTEIN-FORTIFIED PRODUCTS

SEC. 123. Section 201 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721) is amended by adding at the end thereof the following new subsection:

"(c) In distributing agricultural commodities under this title, the President shall—

"(1) consider—

"(A) the nutritional assistance to recipients and benefits to the United States that would result from distributing such commodities in the form of processed and protein-fortified products, including processed milk, plant protein products, and fruit, nut, and vegetable products;

"(B) the nutritional needs of the proposed recipients of the commodities;

"(C) the cost effectiveness of providing such commodities, for purposes of selecting commodities for distribution under nonemergency programs; and

"(D) the purposes of this title; and

"(2) ensure that at least 75 percent of the quantity of agricultural commodities required to be distributed each fiscal year under subsection (b) for nonemergency programs be in the form of processed or fortified products or bagged commodities.".

FOOD ASSISTANCE PROGRAMS OF VOLUNTARY AGENCIES

SEC. 124. (a) Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following new sections:

"SEC. 207. (a)(1) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for nonemergency assistance under this title may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for purposes specified in subsection (b).

"(2) Such agreements shall provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the commodities distributed under nonemergency programs under this title for such fiscal year.

"(3) Section 103(c) shall apply to sales of agricultural commodities to generate foreign currencies under this subsection, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this paragraph.

"(b)(1)(A) Foreign currency proceeds generated under subsection (a) shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program carried out pursuant to the agreement.

"(B) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the agency or cooperative.

"(2) Foreign currency proceeds under subsection (a) may not be used—

"(A) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(B) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(C) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"SEC. 208. (a) In the case of an agreement with a nonprofit voluntary agency for nonemergency assistance under this title, subject to subsection (b), the President is encouraged to approve multiyear agreements to make agricultural commodities available for distribution by the agency, if the agency requests a multiyear agreement.

"(b)(1) Such agreements shall be subject to the availability each fiscal year of the necessary appropriations and agricultural commodities.

"(2) Subsection (a) shall not apply to an agreement that the President determines should be limited to a single year because of the past performance of the nonprofit voluntary agency or because the agreement involves a new program of assistance.

"(c) In carrying out a multiyear agreement pursuant to this section, a nonprofit voluntary agency may not be required to obtain annual approval from the United States Government in order to continue its assistance program pursuant to this agreement, unless the President determines that exceptional and unforeseen circumstances have occurred that require such approval.

"SEC. 209. (a) Agreements with nonprofit voluntary agencies under this title may authorize such agencies to establish local food reserves.

"(b) If authorized to establish a local food reserve pursuant to subsection (a), a nonprofit voluntary agency may deposit in such reserve agricultural commodities made available under this title—

"(1) for later use in providing immediate food assistance in case of a famine or other food shortage emergency; or

"(2) if the nonprofit voluntary agency determines that the immediate use of the agricultural commodities for food assistance purposes would be a disincentive to local agricultural production and that the commodities should be held for use at a later time.

"SEC. 210. A nonprofit voluntary agency requesting a nonemergency food assistance agreement under this title shall include in such request a description of the intended uses of any foreign currency proceeds that would be generated with the commodities provided under the agreement.".

(b)(1) It is the sense of Congress that the President is encouraged to invite representatives of nonprofit voluntary agencies participating in programs under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and other concerned nonprofit voluntary agencies, and to designate appropriate executive branch officials to participate in a task force to study the means of providing food assistance under such Act to people with the greatest nutritional need in the recipient countries.

(2) If a task force is established under paragraph (1), the task force should report to Congress by February 15, 1986, on fur-

ther steps that could be taken to provide food under such Act to such people.

(c)(1) Sections 207, 208, and 209 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after September 30, 1985.

(2) Section 210 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after December 31, 1985.

FOOD FOR DEVELOPMENT PROGRAM

SEC. 125. Section 302(c)(1)(C) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a(c)(1)(C)) is amended by striking out "15" and inserting in lieu thereof "10".

EXTENSION OF PROGRAM

SEC. 126. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended—

(1) by striking out "1985" in the first sentence and inserting in lieu thereof "1989"; and

(2) by striking out "Agriculture and Food Act of 1981" in the second sentence and inserting in lieu thereof "Agriculture, Food, Trade, and Conservation Act of 1985".

COMMODITY DONATIONS ABROAD

SEC. 127. (a) Subsection (b) of section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended to read as follows:

"(b)(1) As used in this subsection, the term 'eligible commodities' means agricultural commodities and the products thereof acquired by the Commodity Credit Corporation through price support operations, that the Secretary determines meet the criteria specified in subsection (a).

"(2) The Secretary may furnish eligible commodities for carrying out title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.), as approved by the Secretary and for such purposes as are approved by the Secretary.

"(3)(A) Commodities may not be made available for disposition under this subsection in quantities that will reduce the quantities of commodities that traditionally are made available through donations to domestic feeding programs or agencies.

"(B) Subject to paragraph (9)(B)(v), sections 103(c) and 401(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c) and 1731(b)) shall apply with respect to commodities furnished under this subsection.

"(C) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that—

"(i) have not traditionally purchased the commodity from the United States; or

"(ii) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

"(4) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to commodities furnished under this subsection.

"(5) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(6) As soon as possible after the beginning of each fiscal year, the Secretary shall estimate and announce the types of eligible commodities, and the amounts thereof, that the Secretary anticipates will become available for distribution under this subsection during such fiscal year.

"(7) To the maximum extent practicable, expedited procedures shall be used in implementing this subsection.

"(8) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) in connection with such commodities, shall be in addition to the level of assistance programmed under such Act and may not be considered expenditures for international affairs and finance.

"(9)(A) Eligible commodities furnished under this subsection may be sold or bartered with the approval of the Secretary solely as follows:

"(i) Sales and barter that are incidental to the donation of the commodities.

"(ii) Sales and barter, the proceeds of which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country or other activities in the importing country that are consistent with providing food assistance to needy people.

"(iii) Sales and barter of commodities donated to intergovernmental organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by such organizations.

"(iv) Sales and barter of commodities used for payments pursuant to paragraph (4).

"(B)(i) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for commodities made available under this subsection may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for the purposes specified in clause (iii).

"(ii) The Secretary shall ensure, to the extent practicable, that such agreements provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the eligible commodities furnished to such agencies and cooperatives under this subsection for such fiscal year.

"(iii)(I) Foreign currency generated under this subparagraph shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program being carried out pursuant to the agreement.

"(II) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects designed to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the nonprofit voluntary agency or cooperative.

"(iv) All foreign currency proceeds generated pursuant to an agreement under this subparagraph shall be expended within 1 year after the end of the period of the agreement.

"(v) Section 103(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c)) shall apply to sales of agricultural commodities made to generate foreign currencies under this subparagraph, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this subparagraph.

"(vi) Foreign currency proceeds generated under this subsection may not be used—

"(I) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(II) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(III) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"(10)(A) In carrying out this subsection, during each fiscal year, the Secretary shall furnish to nonprofit voluntary agencies, cooperatives, and the World Food Program for distribution in developing countries not less than 400,000 metric tons of eligible commodities that are available for distribution under this subsection.

"(B) Subparagraph (A) shall not apply in any fiscal year to the extent that the Secretary determines and reports to Congress (together with the reasons therefor) that—

"(i) there have not been sufficient requests made by nonprofit voluntary agencies, cooperatives, and the World Food Program for commodities under this subsection for uses that would effectively carry out the purposes of title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(ii) a limitation in paragraph (3) prevents the use of commodities pursuant to this paragraph.

"(C) If the quantity of eligible commodities available for distribution under subparagraph (A) for a fiscal year is less than 400,000 metric tons, such subparagraph shall not require the Secretary to purchase additional commodities to satisfy such subparagraph.".

(b) Section 416(b)(9)(A) of the Agricultural Act of 1949 (as added by subsection (a)) shall become effective on October 1, 1985.

FOOD FOR PROGRESS

SEC. 128. (a) Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of law:

"(1)(A) In order to use the food resources of the United States more effectively in support of countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, commodities and the products thereof acquired by the Commodity Credit Corporation that the Secretary determines meet the criteria specified in subsection (a), may be furnished by the Secretary to carry out agreements entered into by the President under paragraph (2).

"(B) Not more than 500,000 metric tons of commodities may be furnished under this subsection in each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.

"(C) The Commodity Credit Corporation may purchase agricultural commodities and the products thereof for use under this subsection if—

"(i) the Commodity Credit Corporation does not hold stocks of such commodities and the products thereof; or

"(ii) Commodity Credit Corporation stocks are insufficient to satisfy commitments made in agreements entered into under this subsection and such commodities

and the products thereof are needed to fulfill such commitments.

"(D) No funds of the Commodity Credit Corporation in excess of $30,000,000 (exclusive of the cost of commodities) may be used to carry out this subsection unless authorized in advance in appropriation Acts.

"(2)(A)(i) The President may enter into agreements with developing countries to furnish commodities and the products thereof made available under paragraph (1) to such countries to promote the implementation of private, free enterprise agricultural policies for long-term agricultural development.

"(ii)(I) Such commodities shall be furnished under this subsection on such terms and conditions as the President considers are in the public interest and will promote the objectives of this subsection.

"(II) Agreements may provide for commodities to be furnished on a multiyear basis.

"(B) In determining whether to enter into agreements with countries for the furnishing of commodities under this subsection, the President shall consider whether a potential recipient country—

"(i) is carrying out, or is committed to carry out, policies that promote economic freedom, private, domestic production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities, including policies that may provide for—

"(I) access, on the part of farmers in such country, to private, competitive markets for their products;

"(II) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the domestic needs of the country;

"(III) establishment of market-determined foreign exchange rates;

"(IV) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers;

"(V) access to technologies appropriate to the level of agricultural development in the country; and

"(VI) construction of facilities and distribution systems necessary to handle perishable products; and

"(ii) is able to use the quantity of commodities being considered for donation without disruption of the internal market of the country for domestically produced agricultural commodities and the products thereof.

"(3) An agreement entered into under this subsection shall prohibit the resale or transshipment of the donated agricultural commodities to other countries.

"(4) In entering into agreements with countries for the donation of agricultural commodities and the products thereof under this subsection, the President shall take reasonable precautions to avoid displacement of any sales of United States agricultural commodities and the products thereof that would otherwise be made to such countries.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to agricultural commodities furnished under this subsection.

"(B) The cost of the commodities furnished under this subsection, and the expenses incurred in connection with furnishing such commodities, shall be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and may not be considered expenditures for international affairs and finance.

"(6)(A) The President shall carry out the duties imposed on the President under this subsection through the National Security Advisor in the Executive Office of the President.

"(B) The National Security Advisor, with the approval of the Secretary, may use personnel of the Department of Agriculture in carrying out this subsection.

"(7) Within 120 days after the close of each fiscal year in which an agreement entered into with a country under this subsection is in effect, the President shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of such agreement and the progress being made to implement private, free enterprise agricultural policies for long-term agricultural development in such country.".

(b) The amendment made by this section shall be effective during the period beginning October 1, 1985, and ending September 30, 1989.

SPECIAL ASSISTANT FOR AGRICULTURAL TRADE AND FOOD AID

SEC. 129. (a)(1) The President shall appoint, by and with the advice and consent of the Senate, a Special Assistant to the President for Agricultural Trade and Food Aid (hereafter in this section referred to as the "Special Assistant").

(2) The Special Assistant shall serve in the Executive Office of the President.

(3) As an exercise of the rulemaking power of the Senate, any nomination to the position of Special Assistant shall be—

(A) submitted to the Senate for confirmation; and

(B) referred to the Committee on Agriculture, Nutrition, and Forestry.

(4) The Special Assistant shall—

(A) serve at the pleasure of the President;

(B) be entitled to receive the same allowances as a chief of mission; and

(C) have the rank of Ambassador Extraordinary and Plenipotentiary.

(b) The Special Assistant shall—

(1) assist and advise the President in order to improve and enhance food assistance programs carried out in the United States and foreign countries;

(2) coordinate and streamline the manner in which food assistance programs are carried out by the Department of Agriculture and the Agency for International Development, in order to improve their overall effectiveness;

(3) make recommendations to the President on measures to be taken to increase use of United States agricultural commodities and the products thereof through food assistance programs;

(4) advise the President on agricultural trade;

(5) serve as a member of the Development Coordination Committee;

(6) serve as Chairman of the Food Aid Subcommittee of such Committee; and

(7) issue to departments and agencies of the Federal Government policy guidelines on basic issues of food assistance policy, to the extent necessary to assure the coordination of food assistance programs, consistent with law, and with the advice of such Subcommittee.

(c) The Special Assistant may—

(1) solicit information and advice from private and governmental sources and recommend a plan to the President and Congress on measures that should be taken—

(A) to promote the export of United States agricultural commodities and the products thereof; and

(B) to expand export markets for United States agricultural commodities and the products thereof;

(2) develop and recommend to the President national agricultural policies to foster and promote the United States agricultural industry and to maintain and increase the strength of this vitally important sector of the United States economy; and

(3)(A) appraise the various programs and activities of the Federal Government, as they affect the United States agricultural industry, for the purpose of determining the extent to which such programs and activities are contributing or not contributing to such industry; and

(B) make recommendations to the President and Congress with respect to the effectiveness of such programs and activities in contributing to such industry.

(d) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"Special Assistant for Agricultural Trade and Food Aid.".

SUBTITLE C—EXPORT TRANSPORTATION OF AGRICULTURAL COMMODITIES

FINDINGS AND DECLARATIONS

SEC. 131. (a) The Congress finds and declares—

(1) that a productive and healthy agricultural industry and a strong and active United States maritime industry are vitally important to the economic well-being and national security objectives of our Nation;

(2) that both industries must compete in international markets increasingly dominated by foreign trade barriers and the subsidization practices of foreign governments; and

(3) that increased agricultural exports and the utilization of United States merchant vessels contribute positively to the United States balance of trade and generate employment opportunities in the United States.

(b) It is therefore declared to be the purpose and policy of the Congress in this subtitle—

(1) to enable the Department of Agriculture to plan its export programs effectively, by clarifying the ocean transportation requirements applicable to such programs;

(2) to take immediate and positive steps to promote the growth of the cargo carrying capacity of the United States merchant marine;

(3) to expand international trade in United States agricultural commodities and products and to develop, maintain, and expand markets for United States agricultural exports;

(4) to improve the efficiency of administration of both the commodity purchasing and selling and the ocean transportation activities associated with export programs sponsored by the Department of Agriculture; and

(5) to stimulate and promote both the agricultural and maritime industries of the United States and encourage cooperative efforts by both industries to address their common problems.

EXEMPTION OF CERTAIN AGRICULTURAL EXPORTS FROM THE REQUIREMENTS OF THE CARGO PREFERENCE LAWS

SEC. 132. The requirements of section 901(b)(1) of the Merchant Marine Act, 1936

(46 U.S.C. 1241(b)(1)), and the Joint Resolution of March 26, 1934 (46 U.S.C. 1241-1), shall not apply to any export activities of the Secretary of Agriculture or the Commodity Credit Corporation—

(1) under which agricultural commodities or the products thereof acquired by the Commodity Credit Corporation are made available to United States exporters, users, processors, or foreign purchasers for the purpose of developing, maintaining, or expanding export markets for United States agricultural commodities or the products thereof at prevailing world market prices;

(2) under which payments are made available to United States exporters, users, or processors or, except as provided in section 133(b)(6), cash grants are made available to foreign purchasers, for the purpose described in clause (1);

(3) under which commercial credit guarantees are blended with direct credits from the Commodity Credit Corporation to reduce the effective rate of interest on export sales of United States agricultural commodities or the products thereof;

(4) under which credit or credit guarantees for not to exceed 3 years are extended by the Commodity Credit Corporation to finance or guarantee export sales of United States agricultural commodities or the products thereof; or

(5) under which agricultural commodities or the products thereof owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services, but only if such materials, goods, equipment, or services are of a value at least equivalent to the value of the agricultural commodities or products exchanged or bartered therefor (determined on the basis of prevailing world market prices at the time of the exchange or barter), but nothing in this subsection shall be construed to exempt from the cargo preference provisions referred to in section 132 any requirement otherwise applicable to the materials, goods, equipment, or services imported under any such transaction.

SHIPMENT REQUIREMENTS FOR CERTAIN EXPORTS SPONSORED BY THE DEPARTMENT OF AGRICULTURE

SEC. 133. (a)(1) In addition to the requirement for United States-flag carriage of a percentage of gross tonnage imposed by section 901(b)(1) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)(1)), 25 percent of the gross tonnage of agricultural commodities or the products thereof shipped under the agricultural export programs subject to such section and specified in subsection (b) shall be transported on United States-flag commercial vessels.

(2) In order to achieve an orderly and efficient implementation of the requirement of paragraph (1)—

(A) an additional quantity equal to 10 percent of the gross tonnage referred to in paragraph (1) shall be transported in United States-flag vessels in calendar year 1986;

(B) an additional quantity equal to 20 percent of the gross tonnage shall be transported in such vessels in calendar year 1987; and

(C) an additional quantity equal to 25 percent of the gross tonnage shall be transported in such vessels in calendar year 1988 and in each calendar year thereafter.

(3) In implementing the requirements of paragraph (1), the Secretary of Transportation shall give due consideration to the availability of United States-flag vessels to transport the commodities referred to in such paragraph.

(b) This section shall apply to any export activity of the Commodity Credit Corporation or the Secretary of Agriculture—

(1) carried out under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(2) carried out under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(3) carried out under the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1);

(4) under which agricultural commodities or the products thereof are—

(A) donated through foreign governments or agencies, private or public, including intergovernmental organizations; or

(B) sold for foreign currencies or for dollars on credit terms of more than ten years;

(5) under which agricultural commodities or the products thereof are made available for emergency food relief at less than prevailing world market prices;

(6) under which cash grants are made available to foreign purchasers for the purpose of enabling such purchasers to acquire United States agricultural commodities or the products thereof if the cash grants are in amounts that result in the purchaser (after receipt of such grants) paying less than the prevailing world market price for such commodities; or

(7) under which agricultural commodities owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, other than export activities described in section 132(5).

(c)(1) The requirement for United States-flag transportation imposed by subsection (a) shall be subject to the same terms and conditions as provided in section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)).

(2)(A) In order to carry out effectively the requirements of this subtitle, the Secretary of Transportation shall, to the maximum extent practicable within the requirements of this section and section 901(b) of the Merchant Marine Act, 1936, administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a flexible manner, giving due consideration to historical trading patterns and to divisions in United States international shipping trades between bulk and liner service to particular geographic areas.

(B) The Secretary of Transportation shall also administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a manner which preserves to the greatest extent practicable the mean historical port range share of cargoes subject to United States-flag transportation requirements under this section exported from the Atlantic, Gulf, Pacific, and Great Lakes port ranges. In addition, the Secretary of Transportation, in administering this subsection and section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)), and consistent with such subtitle and section, shall take such steps as may be necessary and practicable to preserve during calendar years 1986, 1987, 1988, and 1989 the percentage share, or metric tonnage of bagged, processed, or fortified commodities, whichever is lower, experienced in calendar year 1984 as determined by the Secretary of Agriculture, of waterborne cargoes exported from Great Lake ports pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.).

(d) As used in subsection (b), the term "export activity" shall not include inspection or weighing activities, other activities carried out for health or safety purposes, or technical assistance provided in the handling of commercial transactions.

(e)(1) The prevailing world market price as to agricultural commodities or the products thereof shall be determined under this subtitle in accordance with procedures established by the Secretary of Agriculture. The Secretary shall prescribe such procedures by regulation, with notice and opportunity for public comment, pursuant to section 553 of title 5, United States Code.

(2) In the event that a determination of the prevailing world market price of any other type of materials, goods, equipment, or service is required in order to determine whether a barter or exchange transaction is subject to subsection (b)(6) or (b)(7), such determination shall be made by the Secretary of Agriculture in consultation with the heads of other appropriate Federal agencies.

MINIMUM TONNAGE

SEC. 134. (a)(1) For fiscal year 1986 and each fiscal year thereafter, the minimum quantity of agricultural commodities that may be exported under programs subject to section 133 shall be the average of the tonnage exported under such programs during the base period defined in subsection (b), discarding the high and low years.

(2) The President may waive the minimum quantity for any fiscal year required under paragraph (1) if he determines and reports to the Congress, together with his reasons, that such quantity cannot be effectively used for the purposes of such programs or, based on a certification by the Secretary of Agriculture, that the commodities are not available for reasons which include the unavailability of funds.

(b) The base period utilized for computing the minimum tonnage quantity referred to in subsection (a) for any fiscal year shall be the five fiscal years beginning with the sixth fiscal year preceding such fiscal year and ending with the second fiscal year preceding such fiscal year.

FINANCING OF SHIPMENT OF AGRICULTURAL COMMODITIES IN UNITED STATES-FLAG VESSELS

SEC. 135. (a) The Secretary of Transportation shall finance any increased ocean freight charges incurred in any fiscal year which result from the application of section 133(a). The amount to be financed by the Secretary shall be an amount of the total freight charges incurred from the application of such section in such fiscal year equal to a fraction of the total ocean freight differential incurred in connection with the export activities specified in such section in such fiscal year, the numerator of such fraction to be equal to the percentage in excess of 50 of the tonnage of agricultural commodities or the products thereof that are shipped on United States-flag vessels, and the denominator of such fraction to be equal to the total percentage of such tonnage so shipped.

(b)(1) If in any fiscal year the total cost of ocean freight and ocean freight differential for which obligations are incurred by the Department of Agriculture and the Commodity Credit Corporation on exports of agricultural commodities and products thereof under the agricultural export programs specified in section 133(b) exceeds 20 percent of the value of such commodities and products and the cost of such ocean freight and ocean freight differential on which obligations are incurred by such Department and Corporation during such year, the Sec-

retary of Transportation shall reimburse the Department of Agriculture and the Commodity Credit Corporation for the amount of such excess. For the purpose of this subsection, commodities shipped from the inventory of the Commodity Credit Corporation shall be valued as provided in section 403(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(b)).

(2)(A) The National Advisory Commission on Agricultural Export Transportation Policy established under section 136 shall include in its final report to the President and the Congress recommendations for any changes in the provisions of paragraph (1) that would help assure that the cost of ocean freight and ocean freight differential incurred by the Department of Agriculture and the Commodity Credit Corporation on the agricultural export programs specified in section 133(b), is not increased above historical levels as a result of the extra demand for United States-flag vessels caused by this subtitle.

(B) After taking into consideration the recommendations of the Commission referred to in subparagraph (A), the President may, by proclamation, provide requirements for the assumption by the Department of Transportation of a portion of the cost of ocean freight and ocean freight differential that would otherwise be incurred by the Department of Agriculture and the Commodity Credit Corporation on a different basis than that set forth in paragraph (1) in order to accomplish the objectives of subparagraph (A). The provisions of paragraph (1) shall be inapplicable on and after the effective date of the proclamation.

(c) For the purpose of meeting those expenses required to be assumed under subsections (a) and (b), the Secretary of Transportation shall issue to the Secretary of the Treasury such obligations in such forms and denominations, bearing such maturities and subject to such terms and conditions, as may be prescribed by the Secretary of Transportation with the approval of the Secretary of the Treasury. Such obligations shall be at a rate of interest as determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such obligations during the month preceding the issuance of such obligations of the Secretary of Transportation. The Secretary of the Treasury shall purchase any obligations of the Secretary of Transportation issued under this subsection and, for the purpose of purchasing such obligations, the Secretary of the Treasury may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, after the date of the enactment of this Act and the purposes for which securities may be issued under such chapter are extended to include any purchases of the obligations of the Secretary of Transportation under this subsection. All redemptions and purchases by the Secretary of the Treasury of the obligations of the Secretary of Transportation shall be treated as public-debt transactions of the United States.

(d) There is authorized to be appropriated annually for each fiscal year, commencing with the fiscal year beginning October 1, 1986, an amount sufficient to reimburse the Secretary of Transportation for the costs, including administrative expenses and the principal and interest due on the obligations to the Secretary of the Treasury incurred under this section. Reimbursement of any such costs shall be made with appropriated funds, as provided in this section, rather than through cancellation of notes.

(e) Notwithstanding the provisions of this section, in the event that the Secretary of Transportation is unable to obtain the funds necessary to finance the increased ocean freight charges resulting from the requirements of subsections (a) and (b) and section 133(a), the Secretary of Transportation shall so notify the Congress within 10 working days of the discovery of such insufficiency.

NATIONAL ADVISORY COMMISSION ON AGRICULTURAL EXPORT TRANSPORTATION POLICY

SEC. 136. (a) There is hereby established an advisory commission to be known as the National Advisory Commission on Agricultural Export Transportation Policy (hereafter in this subtitle referred to as the "Commission").

(b)(1) The Commission shall be composed of 16 members.

(2) Eight members of the Commission shall be appointed by the President.

(3) The chairman and ranking minority members of the Senate Committee on Agriculture, Nutrition, and Forestry, of the Subcommittee on Merchant Marine of the Senate Committee on Commerce, Science, and Transportation, of the House Committee on Agriculture, and of the House Committee on Merchant Marine and Fisheries shall serve as members of the Commission.

(4)(A) Four of the members appointed by the President shall be representatives of agricultural producers, cooperatives, merchandisers, and processors of agricultural commodities.

(B) The remaining four members appointed by the President shall be representatives of the United States-flag maritime industry, two of whom shall represent labor and two of whom shall represent management.

(c)(1) The members of the Commission shall elect a Chairman from among its members.

(2) Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

DUTIES OF THE COMMISSION

SEC. 137. (a) It shall be the duty of the Commission to conduct a comprehensive study and review of the ocean transportation of agricultural exports subject to the cargo preference laws referred to in section 132 and to make recommendations to the President and the Congress for improving the efficiency of such transportation on United States-flag vessels in order to reduce the costs incurred by the United States in connection with such transportation. In carrying out such study and review, the Commission shall consider the extent to which any unfair or discriminatory practices of foreign governments increase the cost to the United States of transporting agricultural commodities subject to such cargo preference laws.

(b)(1) The Commission shall submit an interim report to the President and the Congress not later than one year after the date of the enactment of this subtitle and such other interim reports as the Commission considers advisable.

(2) The Commission shall submit a final report containing its findings and recommendations to the President and the Congress not later than two years after the date of the enactment of this subtitle.

(3) Sixty days after the submission of the final report, the Commission shall cease to exist.

(c) The Commission shall include in its reports submitted pursuant to subsection (b) recommendations concerning the feasibility and desirability of achieving the following goals with respect to the ocean transportation of agricultural commodities subject to the cargo preference laws referred to in section 132:

(1) Ensuring that the timing of commodity purchase agreements entered into by the United States in connection with the export of such commodities, and the methods of implementing such agreements, are such as to minimize cost to the United States.

(2) Ensuring that shipments of such commodities are made on the most modern and efficient United States-flag vessels available.

(3) Ensuring that shipments of such commodities are made under the most advantageous terms available, including—

(A) charters for full shiploads;

(B) charters for intermediate or long term;

(C) charters for consecutive voyages and contracts of affreightment; and

(D) adjustment of rates in the event that vessels used for shipments of such commodities also carry cargoes on return voyages.

(4) Reduction and elimination of impediments, including delays in port, to the efficient loading and operation of the vessels employed for shipment of such commodities.

(5) Utilization of open and competitive bidding for the ocean transportation of such commodities.

INFORMATION AND ASSISTANCE TO BE FURNISHED TO THE COMMISSION

SEC. 138. (a) Each department, agency, and instrumentality of the United States, including independent agencies, shall furnish to the Commission, upon request made by the Chairman, such statistical data, reports, and other information as the Commission considers necessary to carry out its functions under this subtitle.

(b) The Secretary of Agriculture and the Secretary of Transportation shall make available to the Commission such staff, personnel, and administrative services as may reasonably be required to carry out the Commission's duties.

COMPENSATION AND TRAVEL AND SUBSISTENCE EXPENSES OF COMMISSION MEMBERS

SEC. 139. Members of the Commission shall serve without compensation in addition to compensation they may otherwise be entitled to receive as employees of the United States or as Members of Congress, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of duties vested in the Commission.

AUTHORIZATION OF APPROPRIATIONS

SEC. 140. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle.

TERMINATION OF SUBTITLE

SEC. 141. The operation of this subtitle shall terminate 90 days after the date on which a notification is made pursuant to section 135(e), except with respect to shipments of agricultural commodities and products subject to contracts entered into before the expiration of such 90-day period, unless within such 90-day period the Secretary of Transportation proclaims that funds are available to finance increased freight

charges resulting from the requirements of sections 133(a) and 135 (a) and (b).

EFFECT ON OTHER LAWS

SEC. 142. This Act shall not be construed as modifying in any manner the provisions of section 4(b)(8) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(8)) or chapter 5 of title 5, United States Code.

AVAILABILITY OF VESSELS

SEC. 143. Section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) is amended by inserting the following after the first sentence in subsection (b): "No United States-flag commercial vessel shall be deemed to be available for the transportation of cargoes subject to section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) and the joint resolution of March 26, 1934 (48 Stat. 500; 46 U.S.C. 1241-1) unless such vessel has been certified by the Secretary of the Navy, upon the recommendation of the Chief of Naval Operations, as being necessary to carry out the defense of the United States and its allies.".

Beginning on page 71, strike out line 3 and all that follows through line 18 on page 179 and insert in lieu thereof the following new titles:

TITLE IV—WHEAT

SUBTITLE A

MARKETING QUOTAS

SEC. 401A. Effective only for the 1987 through 1989 crops of wheat, section 332 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332) is amended to read as follows:

"PROCLAMATION OF MARKETING QUOTAS

"SEC. 332. (a) As used in sections 332 through 338:

"(1) The term 'base period' means the 1981 through 1985 crop years for wheat.

"(2) The term 'marketing quota period' means the 1987 through 1989 marketing years for wheat.

"(b)(1) Not later than April 1, 1986, the Secretary shall conduct a poll, by mail ballot, of eligible producers to determine whether such producers favor—

"(A) the proclamation of national marketing quotas for wheat for the marketing quota period; and

"(B) the conduct of a marketing quota referendum for such period.

"(2) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in such poll.

"(3) Not later than 60 days after the conduct of such poll, the Secretary shall proclaim the results of such poll.

"(c)(1) If more than 50 percent of the eligible producers responding to such poll favor the proclamation of such quotas and the conduct of such referendum, the Secretary shall—

"(A) proclaim national marketing quotas for wheat for each marketing year of the marketing quota period not later than June 15 of the calendar year preceding such period; and

"(B) conduct, by mail ballot, such referendum not later than August 1 of the calendar year preceding such period.

"(2) The quantity of the national marketing quota for wheat for any marketing year shall be a quantity of wheat that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, and adequate carryover stocks.

"(d) If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary determines that the national marketing quota should be terminated or adjusted to meet a national emergency or a material change in the demand for wheat, the Secretary shall adjust or terminate the national marketing quota.".

MARKETING QUOTA APPORTIONMENT FACTOR

SEC. 402A. Effective only for the 1987 through 1989 crops of wheat, section 333 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1333) is amended to read as follows:

"MARKETING QUOTA APPORTIONMENT FACTOR

"SEC. 333. (a) The Secretary shall establish a marketing quota apportionment factor for each crop of wheat for which a national marketing quota is proclaimed under section 332.

"(b) The apportionment factor shall be determined by dividing—

"(1) the national marketing quota for such crop of wheat; by

"(2) the average number of bushels of wheat the Secretary determines was produced in the United States during the base period, adjusted to reflect the quantity of wheat that would have been produced during such years except for—

"(A) drought, flood, or other natural disaster, or other conditions beyond the control of producers; and

"(B) participation in any acreage reduction, set-aside, or diversion programs for wheat during such crop years,

as determined by the Secretary.".

FARM MARKETING QUOTAS

SEC. 403A. Effective only for the 1987 through 1989 crops of wheat, section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334) is amended to read as follows:

"FARM MARKETING QUOTAS

"SEC. 334. (a) For each crop of wheat for which a national marketing quota has been proclaimed under section 332, the Secretary shall establish a farm marketing quota for each farm on which wheat was planted for harvest, or considered planted for harvest, during the base period.

"(b) The farm marketing quota shall be equal to the product obtained by multiplying—

"(1) the average number of acres of wheat planted for harvest, or considered planted for harvest, on the farm during the base period; by

"(2) the average yield of wheat planted for harvest, or considered planted for harvest, on the farm during such base period, as determined by the Secretary on such basis as the Secretary determines will provide a fair and equitable yield; by

"(3) the marketing quota apportionment factor.

"(c) For purposes of this section, wheat shall be considered to have been planted for harvest on the farm in any crop year to the extent that the Secretary determines that wheat was not planted for harvest on the farm because—

"(1) of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary; or

"(2) the producer on the farm participated in any acreage reduction, set-aside, or diversion program for wheat during such crop years.

"(d) Farm marketing quotas shall be established by the Secretary under this section by July 15 of the calendar year preceding each marketing year for which a national marketing quota has been proclaimed under section 332.".

MARKETING PENALTIES

SEC. 404A. Effective only for the 1987 through 1989 crops of wheat, section 335 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1335) is amended to read as follows:

"MARKETING PENALTIES

"SEC. 335. (a) The marketing of wheat produced on a farm in excess of a farm marketing quota shall be subject to a penalty at a rate per bushel equal to 75 percent of the national average market price for wheat during the immediately preceding marketing year.

"(b) The penalty provided for in subsection (a) shall be paid—

"(1) in the case of wheat marketed by sale to a person within the United States, by the person who acquired the wheat from the producer, except that an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer;

"(2) in the case of wheat marketed through a warehouseman or agent, by the warehouseman or agent, who may deduct an amount equivalent to the penalty from the price paid to the producer; or

"(3) in the case of wheat marketed directly to any person outside the United States, by the producer.

"(c) If any producer falsely identifies, or fails to certify, the acreage planted to wheat for harvest or fails to account for the disposition of any wheat produced on such planted acreage in accordance with regulations issued by the Secretary—

"(1) a quantity of wheat equal to the product obtained by multiplying—

"(A) the farm program yield, as determined by the Secretary under section 107D(e) of the Agricultural Act of 1949; by

"(B) the planted acreage,

shall be deemed to have been marketed in excess of the farm marketing quota; and

"(2) the penalty provided for in subsection (a) on such quantity of wheat shall be paid by the producer.

"(d) Each producer having an interest in the crop of wheat on any farm for which a penalty is determined shall be jointly and severally liable for the entire amount of the penalty.

"(e) Wheat subject to a farm marketing quota may be carried over by the producer from one marketing year to the succeeding marketing year, and may be marketed without incurring a penalty under this section in the succeeding marketing year, to the extent that—

"(1) the total quantity of wheat available for marketing from the farm in the marketing year from which the wheat is carried over does not exceed the farm marketing quota; or

"(2) the total quantity of wheat available for marketing in the succeeding marketing year (including any quantity of wheat carried over) does not exceed the farm marketing quota for the succeeding marketing year.

"(f) Wheat produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.

"(g)(1) The Secretary shall require collection of the penalty provided for in this section on a proportion of each unit of wheat marketed from the farm equal to the proportion that the wheat available for marketing from the farm in excess of the farm marketing quota is of the total quantity of wheat available for marketing from the

farm, if satisfactory proof is not furnished to the Secretary as to the disposition to be made of the excess wheat, in accordance with regulations issued by the Secretary, prior to the marketing of any wheat from the farm.

"(2) All funds collected under this section during a marketing year shall be deposited in a special account established in the Treasury of the United States until the end of the next succeeding marketing year.

"(3) On certification of the Secretary, there shall be paid out of such special account to a person designated by the Secretary the amount by which the penalty collected exceeds that amount of penalty due on wheat marketed in excess of the farm marketing quota for a farm.

"(4) Such special account shall be administered by the Secretary.

"(5) The basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

"(h) Until the amount of the penalty provided by this section is paid, a lien on—

"(1) the wheat with respect to which such penalty is incurred; and

"(2) any subsequent wheat subject to marketing quotas in which the person liable for the payment of such penalty has an interest,

shall be in effect in favor of the United States for the amount of the penalty.

"(i) A person liable for the payment or collection of a penalty on any quantity of wheat shall be liable also for interest thereon from the date the penalty becomes due until the date of payment of such penalty at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasurer of the United States on the date such penalty became due.

"(j)(1) If marketing quotas for wheat are not in effect for any marketing year, all previous marketing quotas applicable to wheat shall be terminated, effective as of the first day of such marketing year.

"(2) Such termination shall not—

"(A) abate any penalty previously incurred by a producer; or

"(B) relieve any buyer of the duty to remit penalties previously collected.".

REFERENDUM

SEC. 405A. Effective only for the 1987 through 1989 crops of wheat, section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended to read as follows:

"REFERENDUM

"SEC. 336. (a) If a national marketing quota for wheat for the marketing quota period is proclaimed, not later than August 1 of the calendar year preceding such period, the Secretary shall conduct, by mail ballot, a referendum of eligible producers to determine whether they favor or oppose marketing quotas for such period.

"(b) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in the referendum.

"(c) Not later than 30 days after the conduct of such referendum, the Secretary shall proclaim the results of such referendum.

"(d) If the Secretary determines that 60 percent or more of the producers voting in the referendum approve marketing quotas, the Secretary shall proclaim that marketing quotas will be in effect for the marketing quota period.".

TRANSFER OF FARM MARKETING QUOTAS

SEC. 406A. Effective only for the 1987 through 1989 crops of wheat, section 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1338) is amended to read as follows:

"TRANSFER OF FARM MARKETING QUOTAS

"SEC. 338. (a) Except as provided in subsection (b), farm marketing quotas shall not be transferable.

"(b) In accordance with regulations prescribed by the Secretary for such purpose—

"(1) the farm marketing quota for a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer; and

"(2) the Secretary may reallocate any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.".

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 407A. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"SEC. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraphs (2) and (3), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2) For any crop of wheat for which marketing quotas are in effect, the loan and purchase level determined under paragraph (1) shall not be less than the higher of—

"(A) 75 percent of the national average cost of production per bushel of wheat, as determined by the Secretary, taking into consideration variable expenses, general farm overhead, taxes, insurance, interest, and capital replacement costs (but excluding residual returns for management and risk); or

"(B) $3.55 per bushel.

"(3)(A) Except as provided in subparagraph (B), for any crop of wheat for which marketing quotas are not in effect, the loan and purchase level determined under paragraph (1) shall—

"(i) in the case of the 1986 crop of wheat, not be less than $3.00 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(B)(i) Except as provided in clause (ii), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for wheat for such marketing year, the Secretary may reduce the loan and purchase level for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for wheat under this subparagraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(4)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (3)(B), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3)(B); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of wheat the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(4).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection.

"(B) Payments for any such crop of wheat shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C) Payments for any such crop for which marketing quotas are in effect shall not exceed an amount equal to the payment rate multiplied by the farm marketing quota.

"(D)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the wheat acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the wheat acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted wheat acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of wheat, the Secretary has announced a limitation on the acreage planted to wheat in accordance with subsection (f)(3)(C), and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(E) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(i) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(F) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of—

"(i) the national average cost of production per bushel of wheat, as determined by the Secretary under subsection (a)(2); or

"(ii) $4.65 per bushel.

"(G) For any crop of wheat for which marketing quotas are not in effect, the established price shall not be less than—

"(i) $4.55 per bushel for any portion of the crop (as determined on the basis of the farm program acreage and the farm program payment yield) that does not exceed 20,000 bushels; and

"(ii) $4.00 per bushel for any portion of the crop (so determined) that is more than 20,000 bushels.

"(H) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(I) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33 1/3 percent of the average of the established prices for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the average of the established prices for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For any crop of wheat for which marketing quotas are not in effect, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat for which marketing quotas are not in effect. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A)(i) The individual farm program acreage for each crop of wheat for which marketing quotas are not in effect shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(ii) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(iii) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(iv) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(B) For any crop of wheat for which marketing quotas are in effect, the individual farm program acreage shall be the acreage on the farm that the Secretary determines is sufficient to produce the quantity of wheat equal to the farm marketing quota established for the farm under section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334).

"(e)(1) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of this section, the Secretary may provide for any crop of wheat for which marketing quotas are not in effect either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(D) Not later than July 31 prior to the calendar year in which the crop is harvested, the Secretary may make adjustments in an announcement made under subparagraph (C) if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each wheat-producing farm.

"(B) Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to wheat for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) in the case of the 1986 crop of wheat, hay and grazing; and

"(II) in the case of each of the 1987 through 1989 crops of wheat, grazing.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program, set-aside program, or marketing quotas for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

STUDY OF LOAN AND DEFICIENCY PAYMENT RATES FOR WHEAT CLASSES

SEC. 408A. (a) The Secretary of Agriculture shall conduct a study of the feasibility of establishing separate loan rates and deficiency payment rates for (1) hard red winter wheat, (2) soft red winter wheat, (3) hard red spring wheat, (4) white wheat, and (5) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

(b) Not later than 18 months after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 409A. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS

SEC. 410A. (a) Sections 332, 333, 334, 335, 336, and 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332-1336 and 1338) shall not be applicable to the 1986 crop of wheat.

(b) Sections 331, 339, 379b, and 379c of such Act (7 U.S.C. 1331, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF CERTAIN QUOTA PROVISIONS

SEC. 411A. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 412A. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 401B. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"SEC. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2)(A) Except as provided in subparagraph (B), the loan and purchase level determined under paragraph (1) shall—

"(i) in the case of the 1986 crop of wheat, not be less than $3.00 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(B)(i) Except as provided in clause (ii), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for wheat for such marketing year, the Secretary may reduce the loan and purchase level for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for wheat under this subparagraph shall not be considered in determin-

ing the loan and purchase level for wheat for subsequent years.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (2)(B), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (2)(B); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(4) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of wheat the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection.

"(B) Payments for any such crop of wheat shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the wheat acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the wheat acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted wheat acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(iii) Notwithstanding any other provision of this subparagraph, this subparagraph shall not apply in the case of producers who reduce by more than 20 percent the acreage planted to wheat on the farm for harvest from the acreage base under an acreage limitation program described in subsection (f)(2).

"(D) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(i) the lower of—

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) $2.55 in the case of the 1986 crop of wheat; $2.65 in the case of the 1987 crop of wheat; and $2.82 in the case of the 1988 crop of wheat; or

"(ii) the loan level determined for such crop.

"(E)(i) In the case of each of the 1986 through 1988 crops of wheat, the established price applicable to the producers on a farm shall not be less than an amount determined on the basis of the percentage by which the producers reduce the acreage planted to wheat on the farm for harvest from the acreage base for the farm in accordance with an acreage limitation program described in subsection (f)(2), as provided in the following tables:

"In the case of the 1986 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1986 crop of wheat applicable to such producers shall not be less than:
15 percent	$4.20 per bushel
20 percent	$4.38 per bushel
25 percent	$4.60 per bushel
30 percent	$4.85 per bushel
35 percent	$5.15 per bushel
40 percent	$5.50 per bushel.

"In the case of the 1987 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1987 crop of wheat applicable to such producers shall not be less than:
15 percent	$3.95 per bushel
20 percent	$4.15 per bushel
25 percent	$4.35 per bushel
30 percent	$4.60 per bushel
35 percent	$4.85 per bushel
40 percent	$5.20 per bushel.

"In the case of the 1988 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1988 crop of wheat applicable to such producers shall not be less than:
10 percent	$3.80 per bushel
15 percent	$3.95 per bushel
20 percent	$4.15 per bushel
25 percent	$4.35 per bushel
30 percent	$4.55 per bushel.

"(ii) In the case of the 1989 crop of wheat, the established price shall be such level as the Secretary determines to be appropriate taking into consideration the total supply of wheat, demand for wheat, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be less than 85 percent of the established price for the 1985 crop of wheat.

"(F) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(G) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33 1/3 percent of the average of the established prices for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of

multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the average of the established prices for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For each of the 1986 through 1989 crops of wheat, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of wheat, the Secretary shall provide for an acreage limitation program as described in paragraph (2); and

"(ii) in the case of the 1989 crop of wheat, the Secretary may not provide for an acreage limitation program as described in paragraph (2).

"(B) The Secretary shall announce any such wheat acreage limitation program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) Not later than July 31 prior to the calendar year in which the crop is harvested, the Secretary may make adjustments in an announcement made under subparagraph (B) if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying the percentage reductions to the acreage base for each wheat-producing farm selected by producers under subsection (c)(1)(E)(i).

"(B) Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to wheat for harvest shall include—

"(I) any reduced acreage and diverted acreage; and

"(II) any acreage that producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage

shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) in the case of the 1986 crop of wheat, hay and grazing; and

"(II) in the case of each of the 1987 through 1989 crops of wheat, grazing.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(4)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(5)(A) Any reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(6)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

STUDY OF LOAN AND DEFICIENCY PAYMENT RATES FOR WHEAT CLASSES

SEC. 402B. (a) The Secretary of Agriculture shall conduct a study of the feasibility of establishing separate loan rates and deficiency payment rates for (1) hard red winter wheat, (2) soft red winter wheat, (3) hard red spring wheat, (4) white wheat, and (5) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

(b) Not later than 18 months after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 403B. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. 404B. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. 405B. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 406B. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

TITLE V—FEED GRAINS

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 501A. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"SEC. 105C. Notwithstanding any other provision of law:

"(a)(1)(A) Except as provided in subparagraphs (B) and (C), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) Except as provided in subparagraph (C), the loan and purchase level determined under subparagraph (A) shall—

"(i) in the case of the 1986 crop of corn, not be less than $2.40 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(C)(i) Except as provided in clause (ii), if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 110 percent of the loan and purchase level for corn for such marketing year, the Secretary may reduce the loan and purchase level for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for corn under this subparagraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(D)(i) The Secretary shall permit a producer to repay a loan made under this paragraph or paragraph (2) for a feed grain crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the higher of—

"(aa) 70 percent of the loan level determined for such crop;

"(bb) if the loan level for a crop was reduced under subparagraph (C), 70 percent of the loan level that would have been in effect but for the reduction under subparagraph (C); or

"(cc) the prevailing world market price for such feed grain, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for feed grains; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(E) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forego obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of such feed grains the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(1)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection.

"(B) Payments for any such crop of feed grains shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of feed grains planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the feed grain acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the feed grain acreage base of the farm determined in accordance with subsection (f)(2)(D) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops, shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the permitted feed grain acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted feed grain acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of feed grains, the Secretary has announced a limitation on the acreage planted to feed grains in accordance with subsection (f)(3)(C), and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(D) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(i) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(E) The established price for corn shall not be less than $3.03 per bushel.

"(F) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(G) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the

producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33⅓ percent of the established price for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of this section, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform percentage reduction (not to exceed 15 percent) to the acreage base for each feed grain-producing farm.

"(B) Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to feed grains for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be consid-

ered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(E)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 15 percent) of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 502A. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 501B. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"SEC. 105C. Notwithstanding any other provision of law:

"(a)(1)(A) Except as provided in subparagraphs (B) and (C), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation

of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) Except as provided in subparagraph (C), the loan and purchase level determined under subparagraph (A) shall—

"(i) in the case of the 1986 crop of corn, not be less than $2.40 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(C)(i) Except as provided in clause (ii), if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 110 percent of the loan and purchase level for corn for such marketing year, the Secretary may reduce the loan and purchase level for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for corn under this subparagraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(D)(i) The Secretary shall permit a producer to repay a loan made under this paragraph or paragraph (2) for a feed grain crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the higher of—

"(aa) 70 percent of the loan level determined for such crop;

"(bb) if the loan level for a crop was reduced under subparagraph (C), 70 percent of the loan level that would have been in effect but for the reduction under subparagraph (C); or

"(cc) the prevailing world market price for such feed grain, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for feed grains; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(E) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forego obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of such feed grains the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(1)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection.

"(B) Payments for any such crop of feed grains shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of feed grains planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the feed grain acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the feed grain acreage base of the farm determined in accordance with subsection (f)(2)(D) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops, shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the permitted feed grain acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted feed grain acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of feed grains, the Secretary has announced a limitation on the acreage planted to feed grains in accordance with subsection (f)(3)(C), and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(D) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(i) the lower of—

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) $2.04 in the case of the 1986 crop of corn; $2.19 in the case of the 1987 crop of corn; and $2.24 in the case of the 1988 crop of corn; or

"(ii) the loan level determined for such crop.

"(E) The established price for corn shall—

"(i) in the case of the 1986 crop, not be less than $3.03 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of corn, demand for corn, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(F) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(G) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33⅓ percent of the established price for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of feed grains, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of feed grains, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform percentage reduction (not to exceed 15 percent) to the acreage base for each feed grain-producing farm.

"(B) Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to feed grains for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(E)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 15 percent) of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 502B. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE VI—COTTON

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

SEC. 601A. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"SEC. 103A. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States a level that is not less than—

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1989 crops of upland cotton, the higher of—

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 50 cents per pound.

"(2) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) Except as provided in subparagraph (B), the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for cotton (adjusted to United States quality and location), as determined by the Secretary.

"(B) For each of the 1987 through 1989 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of cotton stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing cotton; and

"(iv) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(C)(i) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for cotton.

"(ii) not later than 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of upland cotton the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop (determined under subsection (g) or (i)(2)); by

"(ii) the farm program payment yield (determined under subsection (h)).

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(5).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this subsection.

"(2) Payments for any such crop of upland cotton shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the farm program payment yield for the crop (determined in accordance with subsection (h)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of cotton planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the upland cotton acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the upland cotton acreage base of the farm determined in accordance with subsection (i)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(B) If an acreage limitation program under subsection (i)(2) is in effect for a crop of upland cotton and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the permitted upland cotton acreage of the farm (determined in accordance with subsection (i)(2)(A))—

"(i) any portion of the permitted upland cotton acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(C) If a set-aside program under subsection (i)(3) is in effect for a crop of upland cotton, the Secretary has announced a limitation on the acreage planted to upland cotton in accordance with subsection (i)(3)(C), and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (i)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(4) The payment rate for upland cotton shall be the amount by which the established price per pound for the crop of upland cotton exceeds the higher of—

"(A) the average market price received by producers for upland cotton during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for upland cotton shall not be less than $0.81 per pound.

"(6) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment

is made to the producer for the crop under subsection (d).

"(7) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting to cotton or other nonconserving crops in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the cotton acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the cotton acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to the producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1) The Secretary shall establish for each of the 1986 through 1989 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2) The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under subsection (f) if the Secretary determines it necessary based on the latest information. The Secretary shall announce such revised national program acreage as soon as it has been made.

"(3) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(4) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(f) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(g)(1) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(2) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under subsection (i)(2)(C) by at least the percentage recommended by the Secretary in the announcement of the national program acreage.

"(3) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under subsection (i)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(4) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(h)(1) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding 3 years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(i)(1)(A) Notwithstanding any other provision of law, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of upland cotton, in the absence of such a program, would be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such upland cotton acreage limitation program or set-aside program not later than November 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to upland cotton shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each cotton-producing farm.

"(B) Except as provided in subsection (j), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to upland cotton for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsections (e), (f), and (g) shall not be applicable to such crop, including any prior announcement that may have been made under such subsections with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans and payments authorized by this section (except as provided in subsection (j)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of upland cotton planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to upland cotton. Such limitation shall be applied on a uniform basis to all cotton-producing farms.

"(ii) The number of acres for each farm permitted to be planted to upland cotton, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(j)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (i); and

"(D) otherwise complies with this section.

"(k)(1) An operator of a farm desiring to participate in the program conducted under subsection (i) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(o) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(p) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(q) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(r) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(s)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means—

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of—

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period.".

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 602A. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to any of the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603A. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 604A. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

SEC. 605A. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR 1990 CROP OF UPLAND COTTON

SEC. 606A. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1990 crop.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

SEC. 601B. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"SEC. 103A. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States a level that is not less than—

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1989 crops of upland cotton, the higher of—

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 50 cents per pound.

"(2) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) Except as provided in subparagraph (B), the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for cotton (adjusted to United States quality and location), as determined by the Secretary.

"(B) For each of the 1987 through 1989 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of cotton stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing cotton; and

"(iv) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(C)(i) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for cotton.

"(ii) Not later than 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of upland cotton the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop (determined under subsection (g) or (i)(2)); by

"(ii) the farm program payment yield (determined under subsection (h)).

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(5).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this subsection.

"(2) Payments for any such crop of upland cotton shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the farm program payment yield for the crop (determined in accordance with subsection (h)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of cotton planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the upland cotton acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the upland cotton acreage base of the farm determined in accordance with subsection (i)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(B) If an acreage limitation program under subsection (i)(2) is in effect for a crop of upland cotton and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the permitted upland cotton acreage of the farm (determined in accordance with subsection (i)(2)(A))—

"(i) any portion of the permitted upland cotton acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(C) If a set-aside program under subsection (i)(3) is in effect for a crop of upland cotton, the Secretary has announced a limitation on the acreage planted to upland cotton in accordance with subsection (i)(3)(C), and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (i)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(4) The payment rate for upland cotton shall be the amount by which the established price per pound for the crop of upland cotton exceeds the higher of—

"(A) the average market price received by producers for upland cotton during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for upland cotton shall—

"(A) in the case of the 1986 crop, not be less than $0.81 per pound; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of upland cotton, demand for upland cotton, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(7) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting to cotton or other nonconserving crops in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the cotton acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the cotton acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to the producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1) The Secretary shall establish for each of the 1986 through 1989 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment

of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2) The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under subsection (f) if the Secretary determines it necessary based on the latest information. The Secretary shall announce such revised national program acreage as soon as it has been made.

"(3) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(4) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(f) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(g)(1) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(2) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under subsection (i)(2)(C) by at least the percentage recommended by the Secretary in the announcement of the national program acreage.

"(3) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under subsection (i)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(4) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(h)(1) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding 3 years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(i)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of upland cotton, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of upland cotton, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of upland cotton, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such upland cotton acreage limitation program or set-aside program not later than November 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to upland cotton shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each cotton-producing farm.

"(B) Except as provided in subsection (j), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to upland cotton for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsections (e), (f), and (g) shall not be applicable to such crop, including any prior announcement that may have been made under such subsections with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans and payments authorized by this section (except as provided in subsection (j)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of upland cotton planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to upland cotton. Such limitation shall be applied on a uniform basis to all cotton-producing farms.

"(ii) The number of acres for each farm permitted to be planted to upland cotton, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(j)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (i); and

"(D) otherwise complies with this section.

"(k)(1) An operator of a farm desiring to participate in the program conducted under subsection (i) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(o) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(p) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(q) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(r) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(s)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means—

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of—

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period.".

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 602B. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to any of the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603B. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1)

the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 604B. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

SEC. 605B. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR 1990 CROP OF UPLAND COTTON

SEC. 606B. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1990 crop.

TITLE VII—RICE

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, RICE ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF RICE

SEC. 701A. Effective only for the 1986 through 1989 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"SEC. 101A. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of rice at a level that is not less than—

"(A) in the case of the 1986 crop of rice, $7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops of rice, the higher of—

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) $6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) the prevailing world market price for rice, as determined by the Secretary; or

"(II) the loan level determined for such crop multiplied by—

"(aa) 50 percent for each of the 1986 and 1987 crops;

"(bb) 62 percent for the 1988 crop; and

"(cc) 70 percent for the 1989 crop.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i)(I) As a condition to permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(ii)(I) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this subparagraph in the redemption or marketing of such certificates.

"(II) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(III) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(4) A loan made under this section shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of rice the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(4) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable payment-in-kind certificates, subject to the terms and conditions provided in subsection (a)(3)(C).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of rice in an amount computed as provided in this subsection.

"(2) Payments for any such crop of rice shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the yield established for the farm for the crop (determined in accordance with paragraph (5)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of rice planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant rice or a nonprogram crop for harvest on at least 50 percent of the rice acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the rice acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(B) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the permitted rice acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(i) any portion of the permitted rice acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(C) If a set-aside program under subsection (f)(3) is in effect for a crop of rice, the Secretary has announced a limitation on the acreage planted to rice in accordance with subsection (f)(3)(C), and the producers

on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(4) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(A) the national average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for rice shall not be less than $11.90 per hundredweight.

"(6) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the 3 preceding years. The actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producers. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(7) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(8) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in paragraph (3), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the yield established for the farm by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines a revision is necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2)(C) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under subsection (f)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(f)(1)(A) Notwithstanding any other provision of law, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of rice, in the absence of such a program, would be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such rice acreage limitation program or set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to rice shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the acreage base for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of rice, the average acreage planted to rice for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of rice, the average acreage planted to rice for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of rice, the average acreage planted to rice for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of rice, the average acreage planted to rice for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to rice for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (e) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 35 percent) of the acreage of rice planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to rice. Such limitation shall be applied on a uniform basis to all rice-producing farms.

"(ii) The number of acres for each farm permitted to be planted to rice, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to allow such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the suppy of agricultural commodities.

"(c)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(i) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(j)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(k) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(l) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(m) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.".

MARKETING LOAN FOR THE 1985 CROP OF RICE

SEC. 702. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i)(I) The Secretary shall permit a producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of—

"(aa) the loan level determined for such crop; or

"(bb) the prevailing world market price for rice, as determined by the Secretary.

"(II) The Secretary shall prescribe by regulation—

"(aa) a formula to define the prevailing world market price for rice; and

"(bb) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(III) A loan made under this subsection shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(ii)(I) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificates shall be redeemable in cash.

"(V) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this paragraph in the redemption or marketing of such certificates.

"(VI) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(VII) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) The Secretary may, for the 1985 crop of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under this subsection, agree to forgo obtaining such loan or agreement in return for such payments.

"(ii)(I) A payment under this subparagraph shall be computed by multiplying—

"(aa) the loan payment rate; by

"(bb) the quality of rice the producer is eligible to place under loan.

"(II) For purpose of this subparagraph, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(aa) the individual farm program acreage for the crop; by

"(bb) the yield established for the farm.

"(III) For purposes of this subparagraph, the loan payment rate shall be the amount by which—

"(aa) the loan level determined for the 1985 crop; exceeds

"(bb) the level at which a loan may be repaid under subparagraph (B).

"(iii) The Secretary may make all or part of a payment under this subparagraph in the form of payment-in-kind certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) the payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to—

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (b); or

"(ii) any loan deficiency payment received for a crop of rice under subparagraph (C).".

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, RICE ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS AND RICE

Sec. 701B. Effective only for the 1986 through 1989 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"Sec. 101A. Notwithstanding any other provision of law:

"(a)(1) except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of rice at a level that is not less than—

"(A) in the case of the 1986 crop of rice, $7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops of rice, the higher of—

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) $6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) the prevailing world market price for rice, as determined by the Secretary; or

"(II) the loan level determined for such crop multiplied by—

"(aa) 50 percent for each of the 1986 and 1987 crops;

"(bb) 60 percent for the 1988 crop; and

"(cc) 70 percent for the 1989 crop.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i)(I) As a condition to permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(ii)(I) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this subparagraph in the redemption or marketing of such certificates.

"(II) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(III) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(4) A loan made under this section shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of rice the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(4) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable payment-in-kind certificates, subject to

the terms and conditions provided in subsection (a)(3)(C).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of rice in an amount computed as provided in this subsection.

"(2) Payments for any such crop of rice shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the yield established for the farm for the crop (determined in accordance with paragraph (5)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of rice planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant rice or a nonprogram crop for harvest on at least 50 percent of the rice acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the rice acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(B) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm actually plant rice or a nonprogram corp for harvest on at least 50 percent of the permitted rice acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(i) any portion of the permitted rice acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses on nonprogram crops shall be considered to be planted to rice.

"(C) If a set-aside program under subsection (f)(3) is in effect for a crop of rice, the Secretary has announced a limitation on the acreage planted to rice in accordance with subsection (f)(3)(C), and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(4) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(A) the national average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for rice shall—

"(A) in the case of the 1986 crop, not be less than $11.90 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of rice, demand for rice, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the 3 preceding years. The actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producers. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(7) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(8) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in paragraph (3), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the yield established for the farm by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines a revision is necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allo-

cation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2)(C) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under subsection (f)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(f)(1)(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW—

"(i) in the case of each of the 1986 through 1988 crops of rice, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of rice, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of rice, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such rice acreage limitation program or set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to rice shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the acreage base for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of rice, the average acreage planted to rice for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of rice, the average acreage planted to rice for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of rice, the average acreage planted to rice for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of rice, the average acreage planted to rice for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to rice for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (e) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 35 percent) of the acreage of rice planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to rice. Such limitation shall be applied on a uniform basis to all rice-producing farms.

"(ii) The number of acres for each farm permitted to be planted to rice, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general

public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(i) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(j)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(k) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(l) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(m) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.".

MARKETING LOAN FOR THE 1985 CROP OF RICE

Sec. 702. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i)(I) The Secretary shall permit a producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of—

"(aa) the loan level determined for such crop; or

"(bb) the prevailing world market price for rice, as determined by the Secretary.

"(II) The Secretary shall prescribe by regulation—

"(aa) a formula to define the prevailing world market price for rice; and

"(bb) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(III) A loan made under this subsection shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(ii)(I) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(V) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this paragraph in the redemption or marketing of such certificates.

"(VI) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(VII) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) The Secretary may, for the 1985 crop of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under this subsection, agree to forgo obtaining such loan or agreement in return for such payments.

"(ii)(I) A payment under this subparagraph shall be computed by multiplying—

"(aa) the loan payment rate; by

"(bb) the quantity of rice the producer is eligible to place under loan.

"(II) For purposes of this subparagraph, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(aa) the individual farm program acreage for the crop; by

"(bb) the yield established for the farm.

"(III) For purposes of this subparagraph, the loan payment rate shall be the amount by which—

"(aa) the loan level determined for the 1985 crop; exceeds

"(bb) the level at which a loan may be repaid under subparagraph (B).

"(iii) The Secretary may make all or part of a payment under ths subparagraph in the form of payment-in-kind certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) The payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to—

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (B); or

"(ii) any loan deficiency payment received for a crop of rice under subparagraph (C).".

On page 208, strike out the comma on line 24 and all that follows through "bushel" on line 25.

On page 210, between lines 9 and 10, insert the following new section:

SOYBEAN PAYMENTS

SEC. 902. Section 201(g)(1) of the Agricultural Act of 1949 (7 U.S.C. 1446(g)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B) Notwithstanding any other provision of law, any producer who redeems soybeans pledged as collateral for 1985-crop loans within 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 shall not be required to pay interest with respect to such loan indebtedness.

"(C)(i)(I) The Secretary shall make available payments as provided in this clause to any producer who has an outstanding price support loan secured by 1985-crop soybeans on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 and who redeems such loan collateral. Payments provided by this subparagraph shall be determined in accordance with subclause (II).

(II) The payments authorized by this subparagraph shall be computed by multiplying the number of acres planted to soybeans for harvest in 1985 by $35.00.

"(ii) The Secretary shall make available payments to producers of the 1985 crop of soybeans who, although eligible to obtain a loan or purchase agreement under subparagraph (A), agree to forgo obtaining such loan or purchase agreement in return for such payments. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iii) The Secretary shall make available payments to producers of the 1985 crop of soybeans who have marketed such crop on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iv) The Secretary may, with respect to any producer, make up to one-seventh of the payments authorized by this subparagraph in the form of in kind payments of

soybeans owned by the Commodity Credit Corporation. Such payments shall be valued at $5.02 per bushel.".

On page 212, between lines 6 and 7, insert the following new section:

PREVENTION OF SUGAR LOAN FORFEITURES

SEC. 1002. The President shall use all authorities available to the President, including section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624) and headnote 2 of subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States, as may be necessary to enable the Secretary of Agriculture to operate the sugar program established under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) at no cost to the Federal Government by preventing the accumulation of sugar acquired by the Commodity Credit Corporation.

Beginning on page 228, strike out line 1 and all that follows through line 23 on page 230 and insert in lieu thereof the following new section:

ADVANCE PAYMENTS

SEC. 1308. Effective only for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) is amended to read as follows:

"SEC. 107C. (a)(1) If the Secretary establishes an acreage limitation or set-aside program for any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary may make available advance deficiency payments to producers who agree to participate in such program.

"(2) Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

"(A) Such payments may be made available in the form of—

"(i) cash;

"(ii) commodities owned by the Commodity Credit Corporation and negotiable certificates redeemable in a commodity owned by the Commodity Credit Corporation; or

"(iii) any combination of clauses (i) and (ii).

"(B) If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of—

"(i) such commodities; or

"(ii) such certificates.

"(C) Such a certificate shall be redeemable for a period not to exceed 3 years from the date such certificate is issued.

"(D) The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

"(E) Such payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

"(F) Such payments shall be made available in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount may not exceed an amount determined by multiplying—

"(i) the estimated farm program acreage for the crop; by

"(ii) the farm program payment yield for the crop; by

"(iii) 90 percent of the projected payment rate on the basis of the estimated national weighted average market price received by producers during the first 5 months of the marketing year for the crop,

as determined by the Secretary.

"(G) If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(H) If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this subsection, the producers who received such advance payments shall refund such payments.

"(I) Any refund required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(J) If a producer fails to comply with requirements established under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

"(3) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(4) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(5) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.

"(b) If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 52 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for such payments.".

On page 231, insert between lines 4 and 5 the following new section:

SUNFLOWER PAYMENT PROGRAM

SEC. 1310. (a) The Secretary of Agriculture shall make available to producers of the 1985 crop of sunflower payments computed by multiplying $35.00 by the number of acres planted in sunflowers for the 1985 crop.

(b) The Secretary is authorized to issue such rules and regulations as are necessary to carry out this section.

(c) The Secretary shall make payments available under this section through the Commodity Credit Corporation.

Or page 231, strike out line 5 and insert in lieu thereof the following new section:

DISASTER PAYMENTS FOR 1985 THROUGH 1989 CROPS OF SOYBEANS AND SUGAR

SEC. . Effective only for the 1985 through 1989 crops of soybeans, sugar beets, and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) (as amended by section 1001 of this Act) is further amended by adding at the end thereof the following new subsection:

"(k)(1) If the Secretary determines that the producers of a farm are prevented from planting any portion of the acreage intended for soybeans, sugar beets, or sugarcane to soybeans, sugar beets, sugarcane, or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary may make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to soybeans, sugar beets, or sugarcane for harvest (including any acreage that the producers were prevented from planting to soybeans, sugar beets, sugarcance, or other nonconserving crops in lieu of soybeans, sugar beets, or sugarcane because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 52 percent of the loan and purchase level for the crop.

"(2) If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of soybeans, sugar beets, or sugarcane, that the producers are able to harvest on any farm is less than the result of multiplying 52 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary may make a reduced yield disaster payment to the producers at a rate equal to 52 percent of the loan and purchase level for the crop for the deficiency in production below 60 percent for the crop.

"(3) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.".

On page 231, between lines 5 and 6, insert the following new section:

INCREASE IN ACREAGE LIMITATIONS

SEC. . Notwithstanding any other provision of subtitle B of titles IV, V, VI, and VII, the Secretary of Agriculture may increase the acreage limitation percentages for any of the 1986 through 1988 crops of wheat, feed grains, upland cotton, and rice by not to exceed 5 percent if the Secretary determines that the carryover stocks of wheat, feed grains, upland cotton, or rice, as the case may be, at the end of the crop year for which the determination is being made will exceed annual usage of such commodity by 33 percent or more.

Beginning on page 327, strike out line 21 and all that follows through line 8 on page 328 and insert in lieu thereof the following new subsection:

(c) The Secretary shall enter into contracts with owners and operators of farms and ranches containing eligible erosion-prone land to place in the conservation acreage reserve—

(1) during the 1986 crop year, not less than 5, nor more than 45, million acres;

(2) during the 1986 through 1987 crop years, a total of not less than 15, nor more than 45, million acres;

(3) during the 1986 through 1988 crop years, a total of not less than 25, nor more than 45, million acres;

(4) during the 1986 through 1989 crop years, a total of not less than 35, nor more than 45, million acres; and

(5) during the 1986 through 1990 crop years, a total of not less than 40, nor more than 45, million acres.

On page 331, strike out lines 8 through 19 and insert in lieu thereof the following:

"(c) Not less than 5 million acres of land that is placed in the conservation acreage reserve under this subtitle during the 1986 through 1990 crop years shall be devoted to trees.".

On page 331, line 20, strike out "(e)" and insert in lieu thereof "(d)".

On page 332, line 11, insert "not more than 50 percent of" after "share".

On page 334, strike out lines 14 through 18 and insert in lieu thereof the following:

(d) The Secretary shall provide payment for obligations incurred by the Secretary under a contract entered into under this subtitle as follows:

(1) Any cost-sharing obligation shall be paid as soon as possible after the obligation is incurred.

(2) An annual rental payment obligation shall be paid—

(A) as soon as practicable after October 1 of each calendar year; or

(B) at the discretion of the Secretary, at any time prior to such date during the year for which the obligation is incurred.

(e)(1) Notwithstanding any other provision of law, the annual rental payment under a contract entered into under this subtitle shall be made—

(A) for the first year in which the contract is in effect, in cash; and

(B) for any subsequent year in which the contract is in effect, in the form of in-kind commodities in such amounts as are agreed on and specified in the contract, except that such payment shall be made in cash to the extent that the use of commodities is limited under paragraph (2).

On page 357, line 1, strike out "(1)".

On page 357, line 3, strike out "$200,000" and insert in lieu thereof "$500,000".

On page 357, line 3, after the period, insert closed quotation marks and a period.

On page 357, strike out lines 4 through 6.

On page 357, between lines 10 and 11, insert the following new subsection:

(d) Section 329 of such Act (7 U.S.C. 1970) is amended to read as follows:

"SEC. 329. (a) The Secretary shall make financial assistance under this subtitle available to any applicant seeking assistance based on production losses if the applicant shows that—

"(1) a single enterprise that constitutes a basic part of the farming, ranching, or acquaculture operation of the applicant has sustained at least a 30 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle; or

"(e) beginning with the 1985 crop of an agricultural commodity, a crop of an agricultural commodity produced by the applicant under an established practice of double cropping has sustained at least a 50 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle.

"(b) Such loans shall be made available based on 80 percent, or such greater percent as the Secretary may determine, of the total calculated actual production loss sustained by the applicant.".

On page 357, line 11, strike out "(d)" and insert in lieu thereof "(e)".

On page 357, line 12, strike out "(e)" and insert in lieu thereof "(f)".

On page 372, line 16, strike out "25" and insert in lieu thereof "20".

Mr. DOLE. Mr. President, I yield the floor.

Mr. BYRD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. So, Mr. President, now the yeas and nays have been ordered on the motion to recommit and on the amendment in the first degree and the amendment as modified in the second degree?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD. I thank the Chair. I yield the floor.

Mr. MELCHER. Mr. President, the package that is before us of almost 300 pages, contains some elements of cost that must be scored by the Congressional Budget Office. That has not been done so far. We have asked the Congressional Budget Office to examine the features in this amendment offered by the majority leader that have as yet not been scored because some of these are new, some of them have not been examined by the Congressional Budget Office, and whether or not the cost savings add up to the amounts that were described by the majority leader prior to his introducing the amendment should be evaluated and scored by CBO. The figures that were mentioned as cost savings by the majority leader, I am told, are savings that were computed by the Department of Agriculture using different assumptions than what CBO has been using.

Perhaps this is a technicality, Mr. President, but nevertheless, the cost savings that have been in the bill are an important element of how we vote on amendments and in order to keep it uniform so we can all talk about the same set of figures and the same set of assumptions we feel is necessary to have the CBO make these comparisons and make these cost-scoring analyses. That should be available toward the end of the day.

There are different elements in this amendment that change some of the farm programs. There is a different deal here for sugar, I am told, a different deal for soybeans that was briefly described by the majority leader on the introduction of the amendment, and a little different deal for corn, if I understood his remarks correctly, all of which need to be examined and compared as to how the language reads to determine just what it means.

Of course, on questions like that, ordinarily, we have a committee report. We have this one sitting on our desks, a committee report to S. 1714. The bill is long enough in itself as was reported out of the Committee on Agriculture last September, but, of course, the report is much longer. It is about 900 pages of report to explain what the language in the committee-reported farm bill really means. So when we have something of this nature, an amendment with 300 pages to go through, it does take some time in order to figure out what this new language—where it is new;

Not all of it is new; only a portion of it is new but where it is new, to see what it means.

Having said all that, Mr. President, it is obvious that it is going to take most of the day, I suppose, to do these two things. Nevertheless, I am of the opinion that we ought to get to a vote on this as quickly as possible. I think those two things need to be done—cost scoring it by CBO, then an examination of the new language to see just what it means so we know what we are voting on. I think those two things should be done. Perhaps there can be a vote on it before the day is out.

We are told in one of the Gospels in the New Testament that not even a sparrow can fall but the Almighty is aware of it. I think that is probably something that works around this Senate floor, too. I think that the understanding that we extend to each other as Senators, kindnesses and courtesies, the overall comity we extend to each other, is somehow scored up there somewhere. Maybe that eagle up there catches all in one claw, all the nice things that we do to each other and the understandings and the courtesies that we extend to each other. It catches that in one claw and maybe in the other claw, the eagle catches all the discourtesies, all the lack of consideration, all the lack of comity that occurs here, too.

I want to explain, Mr. President, now why I wanted to get some assurance of getting this floor, with some idea of when I could make a short statement. It was for only one purpose, to make this short statement and then get on to the business of seeing what CBO is going to say after scoring this, what is the cost effect, the savings effect contained in this amendment, getting on with the business of looking at the language that is new, covering one commodity or the other that has not been covered in the bill and is not covered by any report, so we can accommodate the majority on this and be ready for a vote as quickly as possible. It is an unending process. We have had difficulty in finding out when we were going to get to the bill,

first of all, and then after bill was up when we were going to stay with the bill and when we could offer amendments. We have had difficulty finding those things out. We have been in quorum calls for hours at a time. This is the second large, very lengthy amendment offered, using the parliamentary procedure where nothing could be modified, nothing could be amended, until it is dealt with.

But our time comes. To each Senator there comes a time when he can be heard and offer amendments. We cannot have this procedure where nothing can be offered except by the majority. But after their proposal has been voted upon, accepted or rejected, other amendments can be offered. No bill can leave the Chamber until every Senator has had that opportunity because we preserve those rights and that is what makes this process a very meaningful process and one that has worked quite well, a system that has protected the country from time to time, protected it in very crucial times from bad legislation or inadequate legislation; it killed some legislation or passed better legislation because the process was there and each Senator got his opportunity.

We are still going to get it. The time that is taken up now will not obliterate that chance. There will not be any stampede in here come tomorrow night or Friday evening, Saturday morning, whatever, that says that we run out of time, your amendments cannot be offered, cannot be considered, you cannot make your statement, because to all of us that time comes when we can do all these things.

I personally hope that we can proceed expeditiously with the matter at hand and not be blocked forever or continuously, for interminable lengths of time from offering our amendments and getting our chance to see whether we cannot work out a better bill than is before us, to modify something, change something, strengthen something, clarify it, whatever is necessary to make a good bill. There are some facts of life that just have to be dealt with. There are some facts of life concerning the approaching collapse of a good chunk of American agricultural production because of low prices and restricted credit that neither the administration nor the Senate Republican majority can avoid. None of us can avoid it.

Serious consideration of the magnitude of America's farm, ranch, and rural crisis has been avoided by both the administration and the Senate. They have delayed the farm bill with schemes of rewriting on paper some unworkable plans and have shrouded their schemes from public scrutiny. This delay has not helped anyone. It has hurt all of rural America. The magnitude of the problems of America's farm and ranch country grows worse by the week. Out in my country, in Montana, those cold winds of winter have set in. They have set in through the Midwest also, and the Great Plains country. The harvest is completely over. The farmers and ranchers are facing that cold, bleak finality of slipping financial solvency and credit. That problem can no longer be ignored. It is worsening as we sit here. Farm prices are low and land, machinery and livestock equities continue to decline. The times are so tough but the disaster of the farm-ranch rural collapse has not been adequately considered or evaluated by the administration or I am sad to say, apparently by the Senate majority. They have only evaluated sums and figures of the farm bill, stalled for 2 months here in the Senate while the facts of life across the rural countryside of America have grown more grim.

Time has been wasted here in the Senate and down at the Department of Agriculture palavering on minor points, avoiding the real crisis. While time marches toward the inevitable agricultural doom, games have been played. The chairman of the Agriculture Committee speaks of "playing on a level field" in a puzzling statement that the administration must stand firm on farm bill costs, even while he blocks—he says for the administration's benefit—the consideration of steps to trim the costs of the Farm Program while leaving the bone and muscle necessary to stabilize the decline of both farm prices and farm credit. But even of more importance is the critical need to incorporate and resolve at this time the provisions that are necessary to keep agricultural credit available for the collapsing agricultural producing sector of the country.

We started the year with emergency steps to provide some sustenance to farm credit, only to have the bill vetoed by the President. That was last spring. Continuously since then, both the House and the Senate have talked and talked, echoed and re-echoed, the urgent need to pass meaningful farm credit legislation. The Farm Credit Administration said they needed more time; the Department of Agriculture said they were waiting on the Farm Credit Administration; the Senate Agriculture Committee chairman and the majority leader said they were waiting on the administration; and now I say, there is no longer time to wait or to waste as the farm credit collapse continues to worsen.

The Farm Credit Administration has made known a month ago what they consider to be the minimum backing that is required, the administration says they have been considering that statement, and the House now is beginning the process of implementing the necessary legislation to save what can be saved, to rescue what can be rescued, to sustain what can be sustained of farm and ranch producers so that the collapse of rural America can be stymied. When individual farm and ranch operations are liquidated, all surrounding land and equipment equities are diminished; the communities involved with these farm and ranch operators in the agricultural producing areas are weaker; and the businesses and services of those communities are diminished. It is the rural domino effect staggering community after community, county after county, and State after State of the Nation.

We have been delayed here in the Senate for 2 months by the chairman and the majority leader's attempts to wait on the administration's recognition of the calamity and chaos affecting agriculture. We cannot wait any longer. Whatever must be done for the farm crisis and the credit collapse must be done now.

This so-called "level playing field" gamesmanship that has been practiced for the past several weeks by the chairman and the majority leader cannot be allowed to be the final outcome of the responsibility of Congress to meet this crisis. For us taking time off for Thanksgiving or Christmas is irrelevant in consideration of that crisis. The delay that has been fostered to allow the administration to gain Senate support in terms of a majority vote to legislate the administration's inadequate plan, at least for the farm bill.

I believe that scheme or that gamesmanship will be a failure. I believe it will be a failure because a majority of the Senate will want to provide the minimum that is necessary in the farm bill to sustain as much as possible of the rural viability of America. We can do no less than that in the farm bill.

Too much time has gone by to allow us to consider the farm credit situation apart and separate from the farm bill. Now they must be linked together.

The 300-page amendment that has just been submitted by the majority leader is a painful face-saving proposal for the administration. It says that we will have a 1-year freeze on target prices. Then, in another section, we will have a 4-year target price freeze. Both are mandatory. Both would be required under the terms of the bill. That is what this amendment does. It rewrites big chunks of the bill before us. Perhaps that is a face-saving proposal for the administration.

But what are we voting on? Are we voting to have it both ways? What kind of process is it? It is ridiculous. The outcome supposedly would be resolved in conference. How do you start the conference? Is that the No. 1 item? If so, which position does the Senate take, having passed it? If that is the No. 1 item, it seems to be the biggest

argument around here. What would be the position of the Senate—1 year or 4 years? How would it be possible for the Senate conferees to represent the Senate's viewpoint?

Mr. President, I do not believe that such a provision is truly worthy of the serious consideration that the Senate must apply to this crisis. It is not a game. That crisis is not a game. It is a reality. It is harsh, cold, wintertime reality. These farmers cannot avoid it. They have to face the reality that is there. Does it have much to do with the final outcome of all this? It has a lot to do with it. They have to have an answer.

Our responsibility can only be met if we act as quickly as we can, getting beyond this stalling game, and getting into the meat of the real problem: To enact legislation that takes the minimum steps necessary to stabilize farm credit. To do that requires doing that which we have known all this year must be done. That is that farm credit has to have some stability and certainty tied into the farm bill. That is the real need for keeping the target prices in the bill at the present level. From my point of view, I believe they must be kept in the bill at the present level for the life of the bill.

This requirement—"freezing the target prices"—has been the argument that farmers have had with the administration all during this year. This is not a new argument. This is one that started in the Agriculture Committee or started when we took up this bill. It started at the beginning of the year, with farmers saying, "This situation we are in is tough, and it looks like it's getting tougher." That certainly has been true. All year long, it has gotten worse.

So, winning on this argument or solving this argument is just the minimum required in the farm bill. Without it, there is no stability nor certainty to evaluate cash-flow for the purposes of farm credit. They are always intertwined. Farmers have constantly said they have been intertwined.

We have known all year that the administration was wrong on the farm credit crisis; and while we failed to stem the tides when the President vetoed the farm credit bill last spring, we have known that action must be taken before the year is out on the farm credit crisis. That action cannot be delayed any longer, because the year's end is fast approaching.

We can and should develop the proper legislation here in the Senate on a bipartisan basis. That we have not been allowed to do up to this point, but we must delay no longer. That bipartisan approach must be allowed to go forward.

We started talking earlier about the comity of one Senator to another, one side of the aisle to the other. The other side of it is when we do not have comity. Past actions lacking comity seem to come down and catch us—past actions of not allowing comity, not allowing each Senator on each side to be properly recognized and properly allowed to exercise the rights of Senators. They come down, too. They seem to have been catching up with us.

So let us get on with this bipartisanship. Let us see where that is. Let us see when we are going to work together here, knowing what the costs are, knowing what the CBO costs are, rather than the Department of Agriculture costs. I have no quarrel with using the Department of Agriculture costs if that is what we are going to use. The whole Congress has said otherwise. We are not going to use the cost analysis of individual agencies for the budget process. We bound ourselves into that. We use the Congressional Budget Office. We get away from just using the Department of Agriculture for agriculture bills, or the Department of Transportation bills. We get away from that. We have decided that. We use the Congressional Budget Office. Whatever system we are using, we have to use, and it has to be scored the same.

We are not gaining anything by this delay. We know what we have to do here. What we have to do is pass a bill meeting the minimal needs of a farm bill. We must persist to enact those minimal needs.

We have now available that which the administration is willing to recommend for the farm credit system—or at least I am told we have that available now. That is good. Whatever it is, let us review it. Let us see how we fit it into a bill.

If we are going to get rid of this farm bill, put it into conference, then we have to address the farm credit system. Let us admit that they are going to be in conference at the same time, and start the process in a bipartisan way, so that we get done and take some action. We will not have to have all this fuss about how long it takes us, who is causing the delay, why have we not acted before.

I am pleased that the administration, if what I have been told is correct, does have some recommendations for solving the lack of credit through the Farm Credit Administration.

I am pleased that the House of Representatives has started out on the process and has started their action. We must also start meaningful legislation to accomplish that which can be obtained, if the chairman and majority leader will relent in their pursuit of delaying tactics.

I do believe we have a majority of Senators, both Democrat and Republican, who want this process to move forward toward final Senate action on the farm bill, coupled with whatever is necessary for emergency farm credit and for that process to go forward here in the Senate until we get into conference with the House of Representatives, and to get final enactment for the President's signature.

The threat of veto by the President if this or that is not included in the farm bill is certainly irrelevant at this time because we have not shown the President what needs to be done by developing a farm bill package that we can get into conference to see whether we can get an agreement with the House of Representatives and get something we can show the President.

Now I have to add that that also applies for farm credit. I believe, and I hope I am correct on this, that the administration now has their recommendations or their regulations available and ready for us.

We have not yet passed a bill that contains the minimum needs for farmers and no new attempt on resolving the farm credit crisis.

When we do that and what we can agree on, we can show it to the President.

But to do any less than that that is necessary to address both the farm problem and the farm credit crisis will not provide any opportunity for any answer for all those people out in rural America who are waiting for us to do just that.

Mr. President, unless someone else seeks the floor, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

(Mrs. KASSEBAUM assumed the chair during the call of the roll.)

Mr. BOSCHWITZ. Madam President, I ask unanimous consent that the order for the quorum call be dispensed with.

Mr. HART. Madam President, reserving the right to object, will the distinguished Senator from Minnesota assure the Senator from Colorado that the request is a standard unanimous-consent request cleared by both sides of the aisle?

Mr. BOSCHWITZ. That is correct.

Mr. HART. It does not pertain to the pending legislation.

Mr. BOSCHWITZ. The only thing the Senator from Minnesota would ask is to show the Senator from Colorado that it has been cleared, and then we will go back into a quorum call.

Mr. HART. I thank the Senator.

I have no objection.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

APPOINTMENT OF MRS. HAWKINS TO THE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 99-93 and 99-151, appoints the Senator from Florida [Mrs. HAWKINS] as a member and chairman of the U.S. Senate Caucus on International Narcotics Control.

Mr. BOSCHWITZ. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT

The Senate, continued with the consideration of the bill (S. 1714).

Mr. DOLE. I shall take just a moment to indicate that a lot of people have been wanting to talk; now is the time to talk. We would like to get to a vote on the amendment sometime in midafternoon; then, we hope, move to some of the other 80-some amendments. Maybe if we could do that, a lot of the others would disappear.

I urge colleagues on both sides—not any particular side, but either side—that if you have any amendment, this is a good time to discuss the bill. The managers are available. The assistant manager on our side, Mr. BOSCHWITZ, is ready to go.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BOREN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BOREN. Mr. President, we have before us a proposal from the majority leader and others in regard to the farm bill. The manner in which this proposal is now pending really prevents any meaningful modifications in that proposal until it has been voted on.

As we all understand the rules, the amendment is not really subject to further amendment without unanimous consent, when it is offered in the second degree along with a motion to recommit the bill back to the committee with instructions to report back to the Senate forthwith.

In other words, the bottom line is that we have a substitute for the committee farm bill now before us and we cannot really take up substantial amendments to it until it is voted on.

I have a lot of misgivings about the proposal that is before us. I felt that the committee did a good job overall in reporting out a bill. I would personally like to see the committee's bill be the vehicle for amendment on the floor rather than this substitute.

I have calculated out its impact on my State, for example, and my producers. I estimate that in the first year, this substitute would lower the income for the average family-size wheat farm by approximately 6 percent. By the second year, it would lower the average income for a family-size wheat farm by approximately 14 percent below the levels that are in the Senate Agriculture Committee-passed bill.

It is very easy to calculate why this would happen.

The substitute does not have a provision in it which would target the aid principally to the family-size farm. In the committee bill, with a 20-percent set-aside on wheat, we set a $4.55 target price for the first 20,000 bushels of production, falling to a $4 target price for production above 20,000 bushels.

This proposal has no such provision that would make sure that the financial resources of the bill would be principally directed to those family-size farms and away from the larger, commercial-size operations.

It sets a $4.38 target price across the board without regard to the size of the farm.

So it is easy to calculate that for the family-size wheat farm, $4.55 with a 20-percent set-aside is far better than $4.38.

There are other problems that I have with it. It is a proposal that attempts to be all things to all people and ends up being really nothing, as far as any certainty is concerned.

It has a 1-year target freeze in it and it has a 4-year target freeze in it, obviously and clearly provisions that are not compatible with each other.

So in explaining this bill you can almost say, "What would you like for it to be? That is what it is."

It is a little bit like the blind man looking at the elephant. Each one gets a totally different impression as to what this bill is.

So with all due respect, there is a certain amount of hokeyness in a proposal that contains within the provisions that are glaringly inconsistent with each other. I am not going back to the farmers of my State and say, "Well, yes, I voted for a bill. It was a 1-year target price freeze and it was a 4-year target price freeze all at the same time," leaving it up to the conference committee to write the farm bill. That is what this substitute is. It is a message that we are not going to attempt to write the provisions of a farm bill on the floor of the Senate or put in the provisions that the Senate believes should be in a farm bill. It is an announcement that we have simply given up on our responsibilities in the Senate to write a bill. We have given up on making the decision, for example, on whether or not we should have a 1-year freeze or a 4-year freeze. We have abdicated our responsibility. We have said now we are just going to hand this hot potato over to some conference committee down the road that will write the farm bill.

We worked too hard, in my estimation, on the farm bill in the committee. We should not be in a situation now where we are having to rush the farm bill. It was reported out on the 19th of September. It could have been called up for consideration much earlier. At that time we could have had a full opportunity to meet our responsibilities to those who sent us here.

With the farmers in such dire trouble, I do not know how we could, in conscience, go back and say to our farm constituents and indeed say it to all the people of the United States—because they are all going to be impacted if agriculture is allowed to collapse. The entire banking structure is going to be impacted. Consumers of food products all across this country, whether they are in urban areas in our larger cities or on our smallest farms, they will be impacted. This Senator is not going to go back to the citizens who sent me here, who hired me to do a job, and tell them that on a matter of critical importance to the country we voted to abdicate our responsibilities by passing a bill that has in it provisions which are inconsistent with each other on its face.

So I simply cannot vote for this package. I will not vote for this package. On the other hand, I think we should proceed to a vote on it as soon as possible. As long as that package is pending, from my point of view on our side of the aisle and some on the other side of the aisle who want to offer improvements to it, who want to offer provisions that will help the farmers of this country, those provisions cannot be offered until we have voted on this substitute package.

It stands like a roadblock before us.

So win, lose, or draw on that vote, it is time for us to remove that roadblock by going ahead to a vote, by pushing ahead to a vote now. As far as I am concerned, as one Senator, and I cannot speak for anyone else other than myself, I think we ought to go ahead and vote on it right now. I am ready to vote on it right now. I am going to cast my vote against it. I hope the majority of my colleagues will cast their votes against it so that we will meet our responsibilities. Decide

whether we want a 1-year freeze or a 4-year freeze. Decide whether or not we want a bill that targets the benefits more carefully to the family-size farmers, instead of squandering our precious resources on those who perhaps do not need the help or who are not suffering as severe a stress as the family-size units. I want a chance to vote on those matters.

As long as this roadblock is here, we are depriving ourselves of an opportunity to improve the product that is before us.

The farmers of this country badly need for it to be improved, in my estimation.

So I would urge my colleagues, and I hope others will adopt the same position that I take, to let us go ahead, let us move this roadblock out of the way by voting on it one way or another, up or down. If it is voted down, we will have the Agriculture Committee bill back before us as the vehicle to which we can offer amendments.

If it is voted up, it will then be the vehicle to which we can offer amendments and we can get on with doing the job that we were sent here to do.

I hope, Mr. President, and I trust that the majority leader, if he does obtain a vote on this motion to instruct and on the two amendments that are part of the motion to instruct, if it did happen to pass, would then give us an opportunity to offer our amendments so we can, in a fair process, determine the true will of the Senate on any of the provisions that should be in this bill. I am sure if this roadblock were removed, we would then have the opportunity to offer our amendments and get down to the business of debating the substantive issues one way or another so the farmers of this country can know what the program is before we leave here for the Christmas recess.

I hope my colleagues will join me, Mr. President. I hope they will join me in voting no, but I hope all of us, whether we are for or against this proposal, will resolve to push ahead for a vote so we can then get on with writing the individual substantive portions of this piece of legislation.

Mr. HELMS. Mr. President, I commend the distinguished Senator from Oklahoma. I share his views completely. I think we should go ahead and vote.

I was just noticing, Mr. President, that we have been in a quorum call for about an hour and 12 minutes until the Senator came to make his remarks. Yesterday, I heard a lot of suggestions that we go ahead and vote, but I do not see that enthusiasm today.

I inquire if the yeas and nays have been ordered on the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment.

Mr. HELMS. I suggest we vote, Mr. President.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I associate myself with the remarks made by the Senator from Oklahoma. I hope that after some debate, after some questions have been answered, after we know what we are doing, we will vote sometime today on the motion that is before us by the Senator from Kansas. I do have some questions and I have some remarks that I would like to make.

Since we have not been able to get the figures back yet from CBO on the estimates of some of the changes made in the various programs by the rather extensive amendment offered by the majority leader, I think it would be wise if we could agree to some time certain for a vote today on the bill. I do not believe that the Senate should follow its usual procedure of at least having some pretense of knowing what it is doing and go ahead with a vote on this measure before we know what it is all about.

I hope that possibly the chairman of the Committee on Agriculture could respond, if he would, to some preliminary questions that this Senator has with regard to the bill offered by the majority leader. I am wondering if I could have the attention of the chairman of the Committee on Agriculture and if he could possibly respond to one or two questions that I have with regard to specific amendments in the bill as explained by a two-page sheet that has been put out under the term, "Dole compromise."

Would the chairman of the Agriculture Committee be in a position to answer the questions?

Mr. HELMS. I say to the Senator that since it is the amendment of the Senator from Kansas and others, it would be more appropriate for him to answer the questions. I shall solicit his return to the Senate floor. I would not want to misrepresent anything in this package. I will see if he cannot come and answer the questions.

Mr. EXON. Mr. President, could the chairman of the Committee on Agriculture perhaps enlighten me on at least one question I have here under item 4, under the "Dole compromise." This is dated November 20, at 9 a.m., which I believe is a change from the one that we had last night. This part 4 of that "Dole compromise" says: "Authorizes the Secretary to increase the maximum acreage limitation for wheat, feed grains, cotton, and rice by 5 percent if estimated carryover would exceed annual usage of the particular commodity by 33 percent or more."

My queston is, I assume that that means that on the basis of the judgment of the Secretary of Agriculture, he could automatically require 5 percent additional set-aside to be borne at the expense of the farmer; in other words, set-aside that he is not compensated for. Would that not mean a considerable additional contribution by the farmer to comply with that particular part of the so-called Dole compromise?

Mr. HELMS. Mr. President, is the Senator inquiring whether the Secretary has the discretionary authority? If that is his question, of course, the Secretary has always had the authority to set the ARP.

Mr. EXON. Part 4 of the so-called Dole compromise says "authorizes the Secretary to increase the maximum acreage limitation for wheat, feed grains, cotton, and rice by 5 percent if estimated carryover," and so forth.

Do I understand wrongly that that means that if this Dole compromise became law, the Secretary would have in his discretion authority to set aside 5 percent more of the acreage for those who try to sign up for the program so that they might qualify?

Mr. HELMS. Well, the bill, as reported by the Committee on Agriculture, has a specified ARP. This modification or package of the majority leader would authorize the Secretary to go above the figure stipulated.

Mr. EXON. I thank the Senator. That is what I was seeking.

Mr. BOSCHWITZ. Mr. President, if the Senator will yield.

Mr. EXON. I shall be glad to yield, because I need explanation, I say to my friend from Minnesota.

Mr. BOSCHWITZ. I am not sure the Senator needs it from me. Nevertheless, he will note that there are conditions in there that the Secretary cannot automatically do that. He can only do that in the event the carryover stock is one-third of the anticipated usage for the succeeding years.

Mr. EXON. While that is true, Mr. President, the language here says "if estimated carryover." That indicates to me that that would be basically in the sole discretion of the Secretary of Agriculture, dependent only upon what set of figures he or his subordinates would put together. Is that not correct?

Mr. BOSCHWITZ. It is, but the Senator knows that the usage of basically corn, because that is what is affected—corn and feed grains are what are affected by this provision—is fairly well established. The carryover is a fairly well-established figure. So the degree of discretion there is not quite as broad as the Senator from Nebraska would suggest.

Mr. EXON. Then are the words used in this sheet of paper that I understand was put out by Senator DOLE and the other sponsors of this amendment, is it fair to say that the words "if estimated" might be an overstatement?

"If estimated" causes the Senator from Nebraska some great concern, because I have seen the estimates made by the Secretary of Agriculture, the present Secretary of Agriculture, previously in the Budget Committee on which my distinguished friend from Minnesota serves. I have seen his statements are far, far removed from the reality of fact, as it turned out. Therefore, I only raise a caution flag to say that I am quite fearful that the way this is worded in the explanation sheet—and that is all I have at the present time—it would be pretty much in the sole discretion of the Secretary of Agriculture as to whether or not he could require an additional set-aside within the determination made by him and his immediate advisers. Is that not correct?

Mr. BOSCHWITZ. The Senator from Nebraska is asking about the definition of estimating; is that not correct?

Mr. EXON. I am reading part 4, and I will read it once again:

Authorizes the Secretary to increase the maximum acreage limitation for wheat, feed grains, cotton, and rice by 5 percent if estimated carryover would exceed annual usage of the particular commodity by 33 percent or more.

Mr. BOSCHWITZ. Let me read the Senator the language which is found on page 259C of the amendment because I will read it to myself in the process.

INCREASE IN ACREAGE LIMITATIONS

SEC. . "Notwithstanding any other provision of subtitle B of titles IV, V, VI, and VII, the Secretary of Agriculture may increase the acreage limitation percentages for any of the 1986 through 1988 crops of wheat, feed grains, upland cotton, and rice by not to exceed 5 percent if the Secretary determines that the carryover stocks of wheat, feed grains, upland cotton, or rice, as the case may be, at the end of the crop year for which the determination is being made will exceed annual usage of such commodity by 33 percent or more.

The description is quite appropriate and there are some estimates. I would point out to my friend from Nebraska, think of what we have done in this bill and in this package that Senator DOLE, the majority leader, is offering. Under present law, there are no limitations whatsoever with respect to the Secretary's ability to use acreage reduction programs.

Under the bill that we passed in committee, we did indeed establish some limitations: In the case of corn and feed grains, 15 percent; in the case of wheat, 20 percent. Now, even with this provision, I would say to my friend from Nebraska, there still are some far more serious restraints on the Secretary's ability to impose acreage reduction programs than there are under existing laws. So that if the Senator from Nebraska is concerned about that extra 5 percent, he should keep in mind that the Secretary imposed 10 percent in a year when he could have imposed far, far more without limitation, and that the Secretary is not anxious to impose ARP's. This is a provision, that when scored by OMB and by the folks who make up the budget, shows very substantial savings, in excess of $4 billion.

Mr. EXON. In excess of what, $4 billion?

Mr. BOSCHWITZ. That is correct. That is really one of the reasons it is in there. I might say to my friend from Nebraska who, with all due respect, has always been in favor of supply control it comes as a surprise, if I may say so, that he would find this particular provision objectionable.

I might say that the upside amendment, as I call it, that I have succeeded in including in the package would certainly give some protection, some opportunity income protection, and I hope that will help satisfy the Senator from Nebraska.

Mr. EXON. I thank my friend from Minnesota. There seems to be some confusion on this side. The page reference the Senator used in debate just a few moments ago we have checked and we do not find in the copy of the bill we have been supplied. I am not accusing anyone of bad faith. I am simply saying this is why I rose a few moments ago and said let us not be rushing into a vote until we know on what we are voting. That might be inconsistent with the policies of the Senate, but I do not think it necessarily so. If we cannot even reference a page that has been referred to by my friend from Minnesota, speaking I am sure in good faith, then it shows that the right hand may not know what the left hand is doing. I assume that is not what the majority of the Members of the Senate would like to see.

Mr. BOSCHWITZ. I have had to keep the elements of the compromise here on different pages. I received an early edition of the elements of the compromise, and then I received a later and a later edition. I keep them all so I can figure out what the changes are.

Mr. EXON. I advise my friend from Minnesota that staff has just handed me the page with two or three corrections on it that is identified as 259C at the top. I understand that this is the page 259C referenced by the Senator from Minnesota of the amendment introduced by the majority leader this morning, but there was not a similar page with the amendment that we had last night. So it just may be a change in the way the amendment was made up without any substanitve change in meaning.

I think this does point out when we on this side are making reference to one version of the bill and Senators on that side are making reference to another version of the bill, it can cause some confusion that might otherwise be eliminated. There is no confusion in the mind of this Senator with regard to the concerns that I have about item 4 upon which we opened this discussion to try and figure out what is and what is not in this bill.

I thank my friend from Minnesota for his explanation. I do believe, however—and I stand corrected if I am misinformed—that in the bill which came out of the Agriculture Committee—I am not a member of that committee, but my friend from Minnesota is—I believe, for example, to tie this down, the required set-aside for corn was 15 percent; is that correct?

Mr. BOSCHWITZ. The Senator is correct. May I comment for a moment on the——

Mr. EXON. Yes; then maybe we can get back to the specific question.

Mr. BOSCHWITZ. I see on this latest copy that is on the desk of my colleagues that 259C is indeed M. There is also a summary. The Senator was reading from that summary, and the fact that he was reading that item from the summary means he has the most recent summary that I have seen. There have been several summaries. The item that the Senator is speaking about is indeed in a very recent edition which came out at 9 a.m.—at least on my summary. So it may be that one or two or several of the packets that are on the desks of Senators may not include it. I noted that mine does, and I admit freely to the Senator that I have not read it all, that that was a late inclusion, and if it were excluded, it certainly was done so by mistake. But it was not excluded on the explanation that was given to my friend from Nebraska and other Senators. So, certainly there is no effort to withhold any aspect of this amendment from him.

Mr. EXON. Let me get something straight, if I can.

Is the sheet I have before me, which is entitled "Dole compromise, November 20, 1985, 9 a.m.," the very latest revision of the official explanation of the Dole compromise?

Mr. BOSCHWITZ. It is.

Mr. EXON. Then, we are back to the question I asked when I first opened debate on this specific question. Item 4 has to do with a 5-percent additional set-aside. I asked the Senator from Minnesota, and he confirmed, that in the bill reported by the Senate Agriculture Committee, corn, for example, required a 15-percent set-aside to qualify for the program. That is correct, is it not?

Mr. BOSCHWITZ. That is indeed correct, with the added notation that in current law, in which the 1986 budget year is being affected because the 1981 bill still governs what is paid out in 1986—in current law there is no limitation whatsoever. In the commit-

tee bill, we put a limitation on the set-asides.

Mr. EXON. So that as I understand it, in my words, the Agriculture Committee, in the bill that was reported 60 days ago, which we finally are getting around to act upon, said that the Secretary could not require a set-aside of more than 15-percent on corn to qualify for the program; and the amendment offered by the majority leader, which we are now discussing, would allow an additional 5-percent above the 15-percent required set-aside so far as corn is concerned. Is that correct?

Mr. BOSCHWITZ. The Senator is correct in his references.

I might say that I do not disagree with the Senator in saying that I hope that set-asides could be set aside entirely.

I agreed with the former Secretaries—Freeman, Butz, and Bergland—two of whom are from Minnesota, when they said set-asides are futile. I agree with that position.

So I hope the set-asides would be written out of the entire bill. I do not like the increase of set-asides, and the Senator from Nebraska appears to hold them in disdain.

I say to the Senator from Nebraska that I could not get into this package all the elements that I thought would make the policy provisions stronger. I will offer an amendment to the package in due course, as soon as we can get a vote on it—which I hope is soon—to reduce the number of acres that could be set aside, although I do believe in the law of conservation.

Mr. EXON. So that if I understand my friend from Minnesota, he agrees with me that we should not give the Secretary the flexibility for an additional 5-percent set-aside. Is that correct?

Mr. BOSCHWITZ. I do not like set-asides, as I said. I think it is absolutely incumbent upon us to pass a 4-year farm bill.

To be very honest, I almost feel that it is more important to get a bill, even if there were not some absolutely excellent policy provisions in that bill—to get something they can look at and plan on for a 4-year period; and it is more important to do that than to nit and pick at every element of the package.

While I do not disagree with the line of questioning and the apparent reasons for that questioning that I gather from the Senator from Nebraska, part of my answer is that we have to put together a farm bill that is going to be of a longer term.

Mr. EXON. So what the Senator is saying is that while he does not agree with this, as one of the lesser concerns, he would be willing to give on this one, in trying to put something together. Is that a fair conclusion of what the Senator is saying?

Mr. BOSCHWITZ. I think the Senator has accurately stated the position: That it is more important to come up with a long-term farm policy than to nip away at the edges. I must tell the Senator that I think he has hit on an important element.

Mr. EXON. I believe the Senator said earlier, in a discussion of this, that if the Secretary had the authority to do what the Dole compromise suggests, that would save about $4 billion—in other words, a reduction of 5 percent in subsidy acreage which would save about $4 billion. Is that the correct figure, or, when the Senator used that figure, was he thinking about some other part of the bill?

Mr. BOSCHWITZ. That is correct.

I sometimes am somewhat astounded at how they push those numbers in and out of the computer and what the results are. It would appear that the Senator is correct in what he has said.

I might say that his neighbor in the next seat, the Senator from Montana [Mr. MELCHER] has a similar type of provision in order to achieve the savings he wants in his package.

Mr. EXON. The Senator from Montana is not taking $4 billion, I believe.

However, Mr. President, maybe this is something we could iron out, because I think it remains a major concern.

I say to the Senator from Minnesota, whom I have always found very forthcoming and whom I had aways found willing and able to discuss and debate farm programs and policies, that while we have not always agreed, he is one I have always been able to talk to in an agreeable fashion, and I thank him for his explanation of this today.

I simply say, in response to the statement of the Senator from Minnesota that he agreed with me, that we would like to see a longer farm bill. I think that what he is saying is what we have talked about before: As bad as the farm bill is or as good as it is, we should have something more than a year—4 years, in my opinion, say, while we are going to freeze target prices. That has been the fundamental position of the Senator from Nebraska for a long time. I think that by taking such an approach, we are doing more than anything else. Or, if included in the Dole compromise, if we could go back to a 4-year freeze of existing target prices, I think that would do more than anything else to bring some stability, so that the farmers, the ranchers, and their financial backers would know where they are going to be—not next year, but for the next 3 or 4 years—as they try to plan their way through one of the most difficult periods we have ever had in agriculture.

I thank the Senator from Minnesota for his remarks.

Mr. HARKIN. Mr. President, I oppose the pending amendment before the Senate, the amendment offered by the majority leader, the Senator from Kansas.

As does the Senator from Oklahoma [Mr. BOREN], I think we should vote on this, and vote as soon as possible. I know that the chairman of the committee wants to vote. But I do believe that we should take a few minutes to discuss some of the parameters of this bill and some of the effects it will have on individual States and our country as a whole.

The bill before us is a 1-year freeze. That is really what it is. There are two parts to it—a 1-year freeze part and a 4-year freeze part. I do not know how you can vote for both, but evidently it is in the bill, and we are expected to vote for both.

When you take away all the fabric and everything around it, it is a 1-year freeze, because we all know what will happen when it goes to conference. When it goes to conference, the majority side, the Republican side, will have five conferees, and there will be four Democrats on the minority side. The chairman of the committee will simply say, "We have five votes for a 1-year freeze, and that is what we will offer to the House," and that will be the end of it, right there.

So anyone who thinks he is voting in this amendment for a 4-year freeze is just kidding himself because it will last just as long as this bill lasts to get to conference and that will simply be the end of it. I just wanted to make that point, that this really is a 1-year freeze and nothing else.

Certainly, if this amendment is adopted, when it does come back to the floor of the Senate as a new bill, there will be ample opportunity to offer amendments to see just exactly where Senators stand on really whether they want a 1-year freeze or a 4-year freeze. This amendment is not the last time that we will vote on this issue and it will not be the clearest vote. The clearest vote will come later on when an amendment is offered on strictly a 1-year or a 4-year freeze.

Looking at this 262-page document that we got put on our desk at 8:30 this morning, and then I compared it to the 221-page document that was put on our desk the other morning, and then after it was submitted shortly before noon today by the majority leader, there was a long speech given on the floor of the Senate by the distinguished chairman of the committee, and after a while the majority leader came back on and offered a modification.

Then I understand that there are some other changes that have to be made in it.

So looking at this process, I am really inclined to say that really what we have here is an "agriculture Gramm-Rudman." We have a bill that

has come before us which no one has seen, no one has read, and we do not really know what is in it, 262 pages long, and with all kinds of changes being made as it progresses.

So I think, really, what we should do is go ahead and vote on it. The majority leader has the votes for it. That is understandable. He may have the votes. There are a lot of little deals made here with other Senators for votes on this.

But if it does pass we will have ample opportunity after that to offer amendments.

I can only say that if at that time when this bill is reported back from the committee, if at that time this side is not permitted to offer its amendments, then I will think it will be clear once again who is trying to stall this bill and to fashion this bill in a way that, as the distinguished Senator from Oklahoma said, does not give us any opportunity at all to improve it.

Just since yesterday——

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. HARKIN. I will yield in just 1 second.

Just since yesterday, I have gotten three different sets of explanations on this 262-page document. I had one that was handed to me last night.

This morning I received another set of explanations and this noon I see there is another set of explanations.

So even those who wrote it do not even know how to explain it obviously.

I do not know. Maybe there will be a fourth set of explanations coming out here shortly. I do not know.

I think this is the kind of thing you get into when we do not let the legitimate legislative process work.

Our Agriculture Committee met for months. We had hearings. We met for 4 months in markup sessions. They were long and, as I said before, the distinguished chairman of the Agriculture Committee, Senator HELMS, gave us every opportunity to debate, to discuss, to offer amendments. No one was precluded. I was never precluded from offering amendments. That is the proper way to legislate.

The committee voted out this bill and brought it to the floor. Now what we have is a 262-page, brandnew bill as if the Agriculture Committee had not done a darn thing all year. I think that really says something about what happened to the legislative process here in the Senate when we are faced with things like that. Simply because someone does not like what was in the bill that came from the Agriculture Committee, or because of a possible threat of a veto from the President, then we are asked to accept a brandnew bill here on the floor as if everything we did in the Agriculture Committee was for naught for the last several months.

I wanted to finish that comment. I am glad to yield for a question to the distinguished Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, if I may ask questions in the nature of a comment, I might say that the Senator knows I share some doubts with the Senator about this bill, and it is a multifaceted bill and certainly no one can get up and say every aspect of it was to his liking.

However, after there is a vote on this package, it is not too late by any means to make some changes. I will be offering some changes, and I hope the Senator from Iowa will be as well.

I think that we have in this package reflected a good deal of the work that did occur in the committee and that, I might say, if we could move to a vote on the package, and the Senator indicated that he was anxious to vote, I would suggest that we proceed now to a vote and then we can indeed proceed to additional amendments that would change or modify the package and the bill as a whole.

Mr. HARKIN. Mr. President, I thank my friend from Minnesota. That is true, and that is the point I was making earlier that even if this does pass we are going to have an opportunity afterwards.

Mr. BOSCHWITZ. Sure.

Mr. HARKIN. I hope we will have an opportunity, I say to my friend from Minnesota. We have not had an opportunity so far. If the majority leader insists on filling up that tree one more time and precludes us from offering our amendments, that is when I think you are going to find some real antagonism over here, because we have been precluded so far.

Mr. BOSCHWITZ. Mr. President, if I may say to my friend from Iowa, I suppose the possibility he suggests always exists. The majority leader can seek recognition and obtain recognition prior to either one of us obtaining it.

I know of no such plans, I might tell the Senator, and certainly there are other methods or other remedies available to the Senator from Iowa.

And I see my friend from Montana who is quite an expert at utilizing those remedies on the floor.

So I am sure that all of us will have an opportunity to amend this package. I would hope that we could vote on this package very rapidly.

Mr. HARKIN. I think we will vote, if I may retain the floor. We will vote very soon. I may be the last speaker. I do not know.

I only had a couple items I wished to cover again for Senators who may not be here but listening.

Again for those who represent States like I do that grow a lot of corn, I might again point out as to this amendment we are voting on. In my State of Iowa the loss of income to corn farmers has been estimated to be $1.12 billion over the last 3 years of this bill. That is a loss of over $18,000 for every farm in Iowa that has sales of above $40,000 annually. This would be devastating to Iowa.

I am just looking at some of the figures for Kansas. In Kansas, assuming this amendment were to pass and we go ahead with the 1-year target price freeze, that would mean that for the last 3 years of the bill in the State of Kansas there would be a loss of about $613 million in the farm income in the State of Kansas from this bill. I think people should know that.

Again, the distinguished Senator from Oklahoma pointed that out on more than one occasion, that this amendment that we are about to vote on represents a drastic cut in farm income all throughout the United States, especially in those States like Iowa and other States that are so hard-hit right now.

In the State of Kansas the last 2 years of this bill there would be a loss of $6.87 an acre for every farmer in the State of Kansas, assuming that the average is a 20-percent setaside.

So again we should not kid ourselves.

I pay a compliment to my friend from Minnesota. He has been very ingenious in drafting the provision in there that deals with the target price loan rate for corn, and I have gone through it since I spoke with him privately last evening. It is very ingenious, and compared to the 1-year freeze and the consequent decline of 5 percent per year thereafter in the target price payments, I would be constrained to say that the amendment of the Senator from Minnesota is better than that. There is no doubt in my mind of this.

But having said that, the Senator's amendment still provides for a decrease in farm income unless there is an act of God, unless there is a random act someplace that provides for some shortage, or perhaps a drought someplace that would cut down the production and send the market prices soaring. And then and only then would the farmers really make out under the provisions I believe of the amendment of the Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. HARKIN. I yield for a question.

Mr. BOSCHWITZ. If the Senator will yield for a question and comment, I think my amendment is somewhat broader than that. Certainly in the event that there were a lower yield for one reason or another—about every third year in corn there is—the prices would rise, and there would be an advantage to the farmer under the amendment that the Senator is now suggesting that I make part of the

package. But there are other things that would do it rather than a short crop, and that is a recovery in the world economy so there would be an increase in demand or for instance the decline of the dollar which would make our corn more competitive.

I might say to the Senator, and my friend from Iowa, that in structuring my amendment I took the dollar into careful account noting that recently, for instance, the OPEC nations have decided that they would be paid in a basketful of currency, and no longer just demanding dollars. By demanding dollars they made all of their buyers go out onto the market and buy dollars with the result that there was a great demand on the dollars, and the dollar shot up. That is another reason.

Because the OPEC nations now have had a change of heart in that regard because of the falloff of the dollar and the strengthening of other currencies, other currencies can be used to pay for oil which will probably take additional pressure off the dollar, and it will become more competitive on the world market just as the dollar is—coins and other things. Indeed, there may be a recovery.

So not only is a short crop a cause for the implementation of this provision, the income provision, the opportunity income as I call the provision on the bill, but also the return of stronger economic times and perhaps a weakening of the dollar will be two additional reasons other than just a short crop.

I thank the Senator.

Mr. HARKIN. I thank the distinguished Senator from Minnesota for his comments.

Again, the Senator would be correct if in fact there is tremendous economic recovery around the world. But still, though, the farmer only makes out under the Senator's provision if in fact the market price goes up. I keep hearing about if the market price goes up, other countries will put more land in production, and they will compete with us anyway. I do not know if that really answers the question.

I think the answer is not to let farmers dangle out there on the end of a rope waiting for some economic recovery around the world. I think by strengthening farm income in this country, we can lead the recovery, and not just have the farmers dangle out there hopefully waiting for recovery that might or might not come.

I again say if our farm income continues to go down, there will not be any recovery. There will not be any recovery in this country, and there will not be any recovery worldwide. Again, I think we are putting the cart before the horse to say let us have an economic recovery, and that will help the farmers. I think we have to help the farmers and that will cause an economic recovery. It is not the other way around.

Mr. President, again I think in the interest of our farmers who need an increase in income, in the interest of this country that needs a strong family farm system, I hope the amendment will be defeated. I yield the floor.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. ZORINSKY. Thank you, Mr. President.

I rise to make a few comments about the pending amendment before us, and in view of the fact that within the next 20 minutes we will be having a vote on this amendment. Currently Senator JOHNSTON is on his way to the floor, wishes to be heard for 5 minutes, and thereafter I think we are prepared to vote.

But prior to that happening I would just like to present a few of my own personal comments; that is, that this amendment has a lot of good features in it, and a lot of positive things can be said for this amendment. Having met with the majority leader in his office, with Senator MELCHER, and the chairman of our committee, Senator HELMS, there are a lot of good things that can be said for this amendment.

Inasmuch as it has a 4-year target freeze, it has the committee bill as it came out of committee. However, it was my understanding that we would submit the two bills to conference for the determination of a conference in their wisdom to choose from, sort of a multiple choice type questionnaire.

Thereupon, yesterday, I was informed by the Parliamentarian that only a single bill under a single number can be proposed to the conference for its disposition, which meant melding the two versions of the 1-year target freeze and the 4-year target freeze together.

Unfortunately, the parliamentary procedure that is followed in a conference is as follows. Generally the conferees are elected or appointed to the conference based on seniority which means, as the chairman of the Agriculture Committee this morning pointed out, one individual on their side of the aisle who continually crossed over to vote with the minority side of the aisle enabled a 4-year target freeze to emerge as part of the agricultural program in our committee bill.

This will not be the case inasmuch as I assume there will be about five majority Members on conference and four minority Members on conference.

So, therefore, the chairman will have the proxies for five Members where I, as the ranking minority member, will have the proxies for four Members. I learned early on in mathematics that five is a higher number than four, which according to the way this amendment is written in composite form will require, No. 1, on the Senate side for us to detrmine as to what to offer to the House side as a version of the Senate bill.

I know when it comes to a vote the chairman in all his wisdom—and I respect him highly—will turn to the ranking minority member of the Agriculture Committee who happens to be myself, and say, "I have five votes. How many do you have"? I am going to get to say "I have four votes." Therefore, there is no doubt in my mind whether the 1-year target freeze is going to prevail or the 4-year target freeze is going to prevail.

I guess what I am saying, this is a beautiful train leaving a new station with all the lights burning, and everyone aboard except some cars are going to be uncoupled in something called a conference. That is my concern, to the extent that I called the chairman of the House Agriculture Committee this morning, and asked as a worst case scenario, "Is it possible for you in case we do lose control of that conference to tie up the conference and block all legislation so that there is no farm bill."

I cannot get an assurance that could happen over there in conference. Because of that, that creates a concern for me about this bill, and about this proposed amendment we are about to vote on.

The chairman this morning in a well thought out statement, Senator HELMS, from North Carolina—I respect him to a high degree, and he has always been fair and openminded in committee as our chairman—did indicate that farmers under current law are eligible. The more they plant, the more they receive in taxpayers' dollars. It is there for the taking. Just plant more, yield more, and you get more.

That is why I am concerned that one of those cars that may be uncoupled in conference—something called a referendum which if triggered by a vote of the farmers of this country would create a mandatory allotment program—which would have two beneficial effects. No. 1, it would adjust supply and demand. In other words, it would eliminate surpluses which depress prices currently which have caused the entire problem, not only in agriculture but also goes to the very heart of the farm credit system and the rural communities of rural America.

The cost to the taxpayer would be completely nullified inasmuch as the fact that a mandatory allotment program contains, through the discretionary authority of the Secretary of Agriculture, the ability to predict the needs for export, emergency reserves, and domestic consumption of a com-

modity and to tailor production to that demand.

So I think it serves a useful purpose. It eliminates the exposure to the taxpayers of America and reduces the cost. It tells the farmer, "You do not get more deeply into the pockets of the taxpayers of America for producing more."

The end result is that you end that cycle of overproduction, which will continue under any other variation that we have.

We no longer can wish things to happen. You have to force them to happen. I think that is why a referendum is a very important thing to maintain in this bill.

I would like to see my colleague from Iowa at the earliest possible moment offer his amendment to add feed grains and corn to the referendum process. I understand he has an amendment to do that, which I would be very willing to support.

With that, I think we have created a situation for ourselves which I think is deplorable. I think the farmers of America do not look at this as a partisan concern. They look at this as a bunch of bozos in Washington, DC, who are trying to posture one against another because 1986 happens to be an election year. If a stranger were to walk into this Chamber, they would expect to see one flag flying over that side of the Senate and a different flag flying over this side of the Senate. I would like to bring that into unison and have the Stars and Stripes fly over both sides, laying aside this partisanship to decide what we believe to be the best interests of America. This is transferring the benefits to the consumer of America instead of the taxpayers of America.

With that, I yield to my colleague from Louisiana, who, I understand, has a statement he would like to make. Thereafter, we would be ready to vote.

(Mr. D'AMATO assumed the chair.)

Mr. JOHNSTON. I thank my distinguished colleague from Nebraska, the ranking minority member of the Agriculture Committee.

Mr. President, I want to bring to the attention of my colleagues the very difficult and unprecedented disaster which has hit Louisiana farmers.

All over this Nation farmers are in terrible shape. Before the recent Hurrican Juan, 60 percent of Louisiana farmers were dependent on Farmers Home for their credit. As all my colleagues know, that means that 60 percent could not find credit elsewhere. They were in the credit place of last resort before Hurricane Juan hit.

As all of you also know from the news, Hurricane Juan came to southern Louisiana and stayed. It backed up; it went forward; it went in a circle. It stayed in southern Louisiana for hours and indeed days on end, inundating crops, pushing the sugarcane down, making the soybeans sprout, degrading the quality and indeed the quantity of the cotton, subjecting the yams to blight and other kinds of diseases caused by flooding and moisture.

In the process, Mr. President, we have virtually destroyed a very large percentage of Lousiana agriculture.

The Commissioner of Agriculture of Louisiana, Mr. Bob Odom, just 2 days ago indicated that without some kind of immediate help from Washington, as many as 45 percent of Louisiana farmers will go bankrupt.

Let me repeat that figure because it is absolutely startling: 45 percent of Louisiana farmers are headed for the bankruptcy court.

We have 64 parishes or counties in Louisiana. As many as 40 of those parishes will, I believe, be declared disaster areas by the Secretary.

So what you have in my State, Mr. President, is an unprecedented, unimaginable disaster in agriculture. It is terrible in Iowa, it is terrible in Nebraska, it is terrible in Missouri, it is terrible in all the farm States. Louisiana was in that shape before Hurricane Juan. But now it is a disaster without historic precedent.

Mr. President, this bill takes modest but very important first steps to relieve the plight of some Louisiana farmers.

First of all, Mr. President, it changes existing law fór disaster eligibility under the Farmers Home Loan programs. Under existing law, 30 percent of an entire farming operation must be destroyed before a farmer is eligible for disaster aid. In addition, 30 percent of the parish or county must also meet this 30-percent threshhold for a farmer to be eligible.

In Louisiana almost all crops that were still in the field—that is sugarcane and soybeans in south Louisiana, particularly—almost totally destroyed. But because of double cropping in many areas this extensive damage would not constitute 30 percent of an entire farming operation.

So what this bill does is give farmers an alternative test. If either test were met, a farmer could qualify for assistance.

That is to say if a farmer has over 30 percent of his entire farming operation destroyed, or if he suffers a 50-percent or greater loss in one crop, then he will be eligible for disaster relief. Disaster relief in this case, Mr. President, involves relatively low interest loans. If you are skating on the thin edge of bankruptcy, interest savings from this program may be enough to save you to keep you from going under.

The cost to the taxpayers is very modest. The Congressional Budget Office has estimated, on a preliminary basis, the cost at $15 million, which is a very modest amount. But this is important help for our farmers.

The second part, Mr. President, has to do with the discretionary authority which the Secretary of Agriculture has to make grants to farmers in disaster areas.

Under the present law, the Secretary has authority to make grants based upon a formula that takes the number of acres times 75 percent of yield times 33 percent of the target price. That happens to work out to the number of acres times about 23 percent.

However, in our current Louisiana situation that program is helpful only with cotton and with rice. While cotton was hurt with Hurricane Juan, much of the cotton in Louisiana and in neighboring States was already out of the field. There were second pickings of cotton which are important, economically, but most of the cotton had already come in. Similarly, most of the rice had come in. In contrast, over 40 percent of the beans and more than 85 percent of the cane was still in the field.

The Dole package includes sugarcane and soybeans in the program effective with the 1985 crop. Since sugarcane and soybeans do not have a target price, we used 50 percent of the loan rate in lieu of 33 percent of the target price in the formula. Thirty-three percent of the target price is roughly comparable to 50 percent of the loan rate in this instance.

Mr. President, we are grateful to the Senator from Kansas [Mr. DOLE], I say on behalf of Senator LONG and myself, for including our suggestions in his amendment. It is most helpful to the disaster area of Louisiana. I might add, I have also talked to the distinguished Senator from Montana [Mr. MELCHER], who has indicated his similar support.

I would also like to say something very briefly, Mr. President, about several other provisions of this amendment.

Mr. LONG. Will the Senator yield?

Mr. JOHNSTON. Yes, I yield.

Mr. LONG. Mr. President, I associate myself with the remarks of my colleague [Mr. JOHNSTON] and I wish to say I have enjoyed working with him on this matter. I only regret that we were not able to do more for our farmers in Louisiana, because they have truly suffered back-to-back disasters. We are very fearful that we are going to lose many farmers as a result not only of the low farm prices but as a result of the natural disasters that have occurred and may yet occur to our farmers in the remainder of this year.

Farmers, of course, can use loans because they are desperate. But they really need some cash money more than they need the loans. I appreciate Senator DOLE's including the language

that we have requested in his proposal to help with the disaster situation in Louisiana. I appreciate very much that we were able to follow through and obtain this much.

Mr. JOHNSTON. If the Senator will yield at that point, I might say that I talked to the Secretary of Agriculture, Mr. Block, yesterday, about this change and described it to him. He said that he was aware of the general outline of it. I said, "Mr. Block, I want to ask you this: If we are able to pass that amendment, will you exercise your discretionary authority to help farmers who are victims, such as those in Louisiana, of this disaster?"

He said, "Senator, I want to tell you, I have not seen the exact wording of the legislation, but it would be my inclination to be very helpful, because," he said, "I am aware of the situation in Louisiana."

He said, "It would be my inclination to be very helpful under this kind of legislation."

Mr. LONG. I appreciate that, Mr. President. I happened to discuss it with the Secretary a few days ago, and I hope to talk with him again, but I appreciate very much my colleague's giving me that information.

I hope the Senate will see fit to include language of this sort in the bill and I hope the conferees will persevere and bring it back with this language, if they can.

Mr. JOHNSTON. I thank my colleague. I know he is familiar with three other provisions of the amendment which both of us were insistent be in the amendment. That is, there should be no changes in the $50,000 dificiency payment limit. As I understand it, this limit is not changed in any way. Preserving this is very high on the list of Louisiana farmers' desires, and thus on ours.

Second, there is a proexport provision for rice under which the export price is lowered and the difference is made up, generally speaking, with a one-half PIK payment and a one-half deficiency payment. While I understand this is now in the pending amendment, the distinguished Senator from Kansas earlier talked about the advisability of keeping it in or deleting it. I hope and trust that he will keep it in because frankly, we assumed it was in during the negotiations which we had about joining in on this amendment. So I hope it remains in.

The final item, and I know my distinguished senior colleague has been active in drafting the language on this, is to direct the President to manage the Sugar Program on a "no-net-cost" basis. This changes the Senator from Kansas' suggestion that the Secretary of Agriculture be given this direction and instead gives it to the President, indeed mandates the President to manage the program on a no-cost basis because the President has the authority to do so. This will not only save the taxpayers money; it will also save the sugarcane farmer.

Mr. LONG. I thank my colleague. I agree that all those items are very important. It is particularly important that in the future, the foreign aid attitudes in the Department of State and even elsewhere in Government should not be permitted to deny farmers the programs to which they are entitled. Especially a program that would protect the price for farmers in the domestic market and would enable them to make a profit. As the Senator well knows, in this past year, the Secretary of State sat down with other members of the President's Cabinet to discuss setting the sugar import quota.

As a Cabinet group, they discussed the matter and decided that they would have an estimate for the sugar import quota which was unrealistically high.

The purpose, of course, was to be of aid to the Dominican Republic and elsewhere in the Caribbean, but that also had the effect of reducing the price of $40 a ton, which works out to about 2 cents a pound, immediately on the market. There went all the profit which most of our producers expected to make after a year of hard work producing sugarcane. That will also mean that the Government will have to buy our sugar.

The Sugar Program was not intended to be administered in this fashion. This law was to be administered primarily for the benefit of the farmers and only as a last resort as a benefit to foreign aid to foreign countries. That is exactly what happened last year when their profit was given away to a foreign nation, you might say, by an unrealistically high estimate.

Mr. JOHNSTON. What the no-net-cost amendment would do is say "Dear Mr. President, do not make foreign aid at our expense; if you are going to have foreign aid, then do it from some other fund rather than the backs of Louisiana farmers or sugarcane farmers elsewhere in the country because they have already been hurt enough."

Mr. LONG. That is correct.

Mr. BURDICK. Will the Senator yield to me?

Mr. ZORINSKY. Will the Senator yield for a question?

Mr. JOHNSTON. Yes, Mr. President, but first I want to make one thing clear, and I might ask it of both my friends. The xerox copy I have of the amendment seems to say that the sugar language will cover the 1985 crop year so that quotas announced earlier will have to be adjusted.

The reason I say it seems to say that is that frankly, the words on it are blurred. Can the Senator from Louisiana or the Senator from Nebraska enlighten me on that?

Mr. ZORINSKY. I cannot, Mr. President.

Mr. LONG. It is my understanding that it was intended to be 1985, but I am not in a position to speak for the Senator from Kansas. I think the Senator had better ask him that question.

Mr. JOHNSTON. I shall ask him when he gets to the floor. It was certainly intended to; that was our understanding; that was our agreement.

Mr. ZORINSKY. I believe the Senator from Louisiana is correct, it is 1985.

Mr. JOHNSTON. I thank the distinguished Senator.

Mr. ZORINSKY. I would like to ask him a question, if I might.

Mr. JOHNSTON. Certainly, Mr. President.

Mr. ZORINSKY. Mr. President, from the conversation the Senator from Louisiana has just enunciated and the statement he made on the floor, can I assume that he and the descendant of Uncle Earl are leaning toward voting for the amendment?

Mr. JOHNSTON. The Senator is correct.

Mr. ZORINSKY. I thank the Senator.

Mr. JOHNSTON. It is a package that may save us from bankruptcy. I simply cannot vote against any package that will give disaster relief to my farmers, which will help save sugar farmers in Louisiana from the standpoint of the sugar quota, which will help Louisiana rice farmers and will help all Louisiana farmers by saving the $50,000 deficiency payment. It is in effect an offer I cannot refuse.

Mr. ZORINSKY. I point out to the Senator that he might have been able to accomplish the same thing by an amendment which we certainly would have been happy to accept on this side. I am certain many of his friends on the other side would have been, too.

Mr. JOHNSTON. I did not say I would vote against the amendment of the distinguished Senator from Nebraska.

Mr. ZORINSKY. I am talking about the pending amendment that is before us on which we are about to vote. I thank the Senator.

Mr. BURDICK. Will the Senator yield?

Mr. JOHNSTON. Yes.

Mr. BURDICK. I commend the Senator from Louisiana for this legislation. My question is: What hazards or what disasters are we insuring against besides just flooding?

Mr. JOHNSTON. There is no change in the existing program insofar as the kind of disasters insured against. The only change is that in lieu of the test that says 30 percent of all crops must be destroyed for a farmer to qualify, an alternative is provided.

I simply do not know whether it insures against, for example, drought. I

think it does, but I am not sure. But I know it insures against a hurricane.

Mr. BURDICK. I am trying to think of some other hazards that we face right along, but is it intended to insure against all physical hazards?

Mr. JOHNSTON. Actually, I now have the language in hand, and it says, "Because of drought, flood, or other natural disaster or other condition beyond the control of the producers."

Now, this has to do with the payment where you have the test of a number of historically planted acres times 75 percent times either 33 percent of the target price or 50 percent of the loan rate.

Mr. BURDICK. I believe that the language the Senator just quoted to me covers my situation. I want to be sure it is broad enough to cover other physical disaster outside water disaster.

Mr. JOHNSTON. I think that is correct.

Mr. BURDICK. I thank the Senator.

Mr. ZORINSKY. Mr. President, who has the floor?

The PRESIDING OFFICER. Who is seeking the floor?

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, earlier in the day when I was speaking on what there is in this Dole II amendment, I referred to the fact that we would like to have the Congressional Budget Office review the package to see how they would score the savings. We have most of those available. They are preliminary figures that CBO will have to check. I would like to briefly outline what CBO has found.

Running through the sheet of paper as presented by the majority leader this morning in conjunction with the amendment, we go to the first item. There would be approximately $2.3 or $2.7 billion—I am not sure which—savings by moving from a 4-year price freeze to a 1-year price freeze. The reason I am not sure is I am not sure if the language has been changed from the original package as offered by Senator LUGAR several weeks ago when he stated that the saving was $2.3 billion. But nevertheless CBO preliminarily gave the saving at $2.7 billion. As to the third item, retain the committee-approved maximum acreage limitation, there is zero savings.

On the fourth item, which is the item that was discussed quite a bit by the Senator from Nebraska [Mr. EXON] and the Senator from Minnesota [Mr. BOSCHWITZ] where they were referring to a provision on page 259C of the amendment, if it could be used, correctly drafted as the authors of the amendment would like to have it drafted, it would be a saving of $4 billion over the 3-year life of the bill.

That may have to be carefully looked at by CBO because they have to find out what would the department do. Would they use this discretionary authority that would be extended to the Secretary and then on that promise come up with the cost savings that might be found?

However, the CBO points out to us right at this moment you can score it a $4 billion saving or zero, one or the other.

Might I point out that most of the rest of the savings that are in here that would total up to around $10 billion are the savings in the amendment that we have prepared and which I sought to offer for several weeks.

They are virtually the same. The costs involved here—and there are costs—are the minimal costs as described on the emergency disaster loans that would be available to producers who have some problem right now in sugarcane, sugar beets, or soybeans as the Senators from Louisiana described. That is minimal. It is somewhere under $100 million. I think the better estimate is somewhere around $20 million. But, again, CBO would have to look at that more carefully to get down to the actual figure.

There is also a cost involved in the soybean amendment of something like $800 million.

Now, let me just simply state that the merits of the case in the emergency disaster loans in the case of soybeans, sugarcane, and sugar beets as it has been described by the Senators from Louisiana are true merits. That amendment in any case should be adopted. No matter what procedure we follow around here, it should be in the final package.

I cannot speak to the wisdom of the soybean section in this amendment. People who raise soybeans should look at it carefully and advise us what they believe is right. I think that may or may not be a good proposal. If it is a good proposal, then we will have to weigh carefully in the final analysis whether we think it is needed and to incur that additional cost of $800 million.

All in all, there is nothing much changed by this amendment in terms of cost except on those three items that I have identified. One is minimal cost in terms of the disaster aid, another is the $4 billion in savings involved on page 259C. If properly drafted and the Secretary used all of his authority, the Department of Agriculture claims that there would be a saving of $4 billion. Now, if that is a good proposal—it is a new one, but if the Department of Agriculture thinks that is a good proposal and it meets the test of being the proper thing for us to do, that is, give the Secretary of Agriculture additional authority for set-aside, take land out of production, I salute the Department and the authors of the amendment and if when we are all done with whatever we are going to pass out of the Senate it has merit, I hope it is in the final package.

I am not sure that it does have merit. I think as it is drawn right now, it would be unworkable and could not mean anything. But surely that can be corrected.

I think that what we are about to do here is to have a vote on this amendment. It is my hope that if the majority of the Senators approve this amendment, we can get into the basic work of seeing what the final package is going to be by allowing Senators to offer amendments.

This constraint of always filling up the amendment tree so that nobody can offer an amendment unless they get unanimous consent is a little bit unwieldy and certainly time consuming. It has involved us in scores of hours, I suspect, if we add them all up, of quorum calls while we are just waiting for amendments to be drafted, to be offered by the majority. I mean comprehensive amendments such as we have before us.

There is some merit in some of the proposals that are here. That is very commendable.

If there is really a possibility of a $4 billion saving by directing the Secretary to have an additional 5-percent set-aside for all cotton and wheat and rice and corn, that is certainly an easy way to get our package. After all, we have $8 billion in our package now, and we could get further savings. If this amendment is good legislation—presto!—we have $10 billion in savings. I think the Office of Management and Budget indicates that is within the area they want in savings.

So maybe this is a red-hot amendment—except that it has this peculiar arrangement whereby we are going to pass, in one bill, a mandatory requirement for a 1-year target price freeze and in the next section a 4-year mandatory target freeze. It is impossible. It may be necessary to make progress by inches around here, but this a peculiar way to make an inch of progress, to say that we are contradicting ourselves. There is no law against it. We make the law. There is no law against passing legislation that is confusing, defies interpretation, is impossible to interpret, and accomplishes nothing in this regard on the target price freeze in resolving the issue and what the will of the Senate is.

For my part, I am pleased that we are going to vote. I hope that we will just say, "No." We may not. The majority may say, "Yes," with the hope of getting out the basic bill itself, allowing amendments to be offered, and resolving the issue.

When this vote is taken, there will be an opportunity to offer another amendment. I welcome that. I am waiting. Many others are waiting. We hope we can get recognition.

Mr. President, I yield the floor.

Mr. DOLE. Mr. President, I will take a couple of minutes.

I want to thank my colleagues on both sides for permitting us to bring this amendment to a vote. I understand that is the desire of Members on both sides.

It has been called to my attention by the distinguished Senator from Montana and by the staff that there may be a drafting error in the amendment. Consequently a request has been made for an explanation of the trigger, whereby the Secretary of Agriculture may require an additional 5-percent acreage reduction in order to qualify for program benefits.

The intent of this amendment is to provide the Secretary this authority if estimated carryover stocks of agriculture commodity are more than one-third of the estimated annual usage.

In other words, if there is 100 million bushels of total usage and the carryover is expected to be 39 million bushels, at the end of the crop year the Secretary would have the authority—and I underscore that—to have a 5-percent increase in the acreage reduction.

At the bottom of page 259, the amendment should have read, in the last three lines: "at the end of the crop year for which the determination is made will exceed 33 percent of the annual usage of such commodity." It was just a juxtaposition of the words "33 percent of the." That caused some uncertainty. In other words, it should not have been in there. So I apologize for that possible drafting error.

I make this statement in order to clarify the intent of the amendment. I am certain we can take care of that in the future or at conference, or I will be prepared at this point to ask unanimous consent that we might modify the amendment to make that clarification.

Mr. EXON. Mr. President, reserving the right to object, I will be glad to talk on it when the majority leader finishes.

Mr. DOLE. Let me finish my statement, and then I will make the request.

Mr. President, at the outset, the question has been whether we want a farm bill, whether we want one this year and how best to accomplish that. I do not mean a vetoed farm bill. I mean one that will be signed and will become law. A vetoed bill, as I have indicated, does not help anybody very much. It may provide some grist for political speeches. It may make some people feel good for a few moments. But, sooner or later, the farmer has to recognize that he does not have a bill.

I have been in the Senate for some time and in the House for some time; and, so far as I can recall, I voted for every farm bill, whether we had a Democratic President or a Republican President, a Democratic Secretary of Agriculture or a Republican Secretary of Agriculture. I will have to double check my voting record to make absolutely certain. But in nearly every instance I have supported farm legislation. Maybe I should not have done so every time; maybe it was not that good. But I have been convinced, particularly with the leadership we had on the Senate side—Senator Ellender, Senator Talmadge, and now Senator Helms. It was not a bipartisan operation.

The wheat people tried to put together a wheat bill, as well as the corn people, and we would work on that basis. The budget process came along and made the process a little more difficult. We do have some budget concerns.

We are advised that, according to CBO present estimates, our bill saves about $10.1 billion, about $1.4 billion less than the USDA estimate. We could quarrel with those figures at a later time. We believe the savings to be $11.5 billion.

In any event, I urge my colleagues that if we can adopt this amendment, then we can obviously go on with other amendments. Then we can determine whether or not we are going to move ahead into the evening, if the managers are willing, dispose of a lot of amendments, come back tomorrow, and finish the bill before the joint session of Congress, or conclude it on Friday or Saturday of this week.

There are no alternatives, as I see it, unless we plan on being here next week, and I know of no plans for that. It seems to me that we should give the staff next week to get ready for a conference, and then hopefully we could go into conference the week of December 2.

I urge my colleagues to support the amendment. I do not suggest that it is perfect. Ninety-nine other Senators may have a better plan and maybe more votes. But the important thing is that we are not able to satisfy everyone. I know that when it comes to the point where people want to get a farm bill passed, there is a lot of leveraging going on, and a lot of things that may not be good policy may find their way into legislation.

But I am prepared to indicate that we believe that this amendment will get us to conference, and we believe that under the leadership of the distinguished chairman of the committee, Senator HELMS, and the distinguished ranking minority member, Senator ZORINSKY, we can come out of the conference with a pretty good bill. I am willing to leave it up to them.

Mr. DIXON. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield.

Mr. DIXON. Mr. President, I was delighted to hear the majority leader indicate he is ready to start voting. I hope he understands the remainder of us are ready to start voting also.

I hope in his usual fair way he will see to it that each side may alternately offer an amendment so we get these rollcall votes.

As the majority leader knows, in this place, where the majority rules, we are going to win some and lose some. Let us start voting and get it over with and pass whatever kind of farm bill we are going to pass.

Mr. DOLE. Mr. President, I think the last amendment was by Senator MOYNIHAN on dairy, and the next vote was a tabling motion by Senator HARKIN. We have not tried to keep all the time over here.

Mr. DIXON. Is the majority leader ready to start voting at all on the amendments?

Mr. DOLE. That is up to the managers. I think they would like to have third reading right after this.

Mr. President, I renew my request for unanimous consent that we modify the amendment as previously indicated.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas.

Mr. EXON. I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Nebraska.

Mr. EXON. Mr. President, I have objected to the modification requested by the majority leader. It is something I would not ordinarily do. I object because I think we are not acting as the most deliberative body in the world.

Within the last 3 minutes I was handed this stack of paper. It is warm. It is still warm. It is hot off the press. You can feel it. This is a bill that has been hastily conceived.

I suspect that part 259(c) with regard to the explanation under part 4 of the Dole compromise explanation of November 20, 1985, at 9 a.m. is only one of the serious flaws in this bill. Yet the rush is on to vote, and I am not going to try and delay a vote. Everyone wants to vote.

If you vote for this bill, you are voting for a bill that was hastily conceived. It is so hot, so hastily conceived, that it just was handed to me still warm, and I am supposed to vote on it.

I know enough about this bill to know from several standpoints it is a bad bill. If you vote for it, I suspect that there is going to be a day when you will wish that you had listened to those of us who were saying this is not the bill we should be addressing during a time that rural America and agriculture America is facing a depression.

So the errors, minor or otherwise, that have been caused that are being sought to be corrected by last minute

amendments are not going to be allowed by this Senator.

Go ahead and vote on this fraudulent bill if you wish but vote for it on the grounds that 88 to 90 percent of the people of the U.S. Senate do not know what is in it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I thank my Members for the attention they pay.

I wish to address mostly my colleagues from the corn States. I want them to understand that much of the savings will occur right in our own backyard.

Corn farmers were asked to take a major step backward by the bill passed out of the committee because in 1986 we will have to set-aside 15 percent for the same $3.03 target price.

This move by itself, just that increase by 5 additional percent in set-aside, will cost corn farmers about 10 cents per bushel. That is 30 cents over the next 3 years.

So from the very beginning corn farmers are giving up 30 cents a bushel over 3 years.

If what the Department of Agriculture says is accurate, that for every 1 cent deficiency payment, the Treasury costs are $80 million, then the corn farmers are being asked to sacrifice $2.4 billion in income during the next 3 years. Then there was just alluded to in the majority leader's explanation another provision that would increase the set-aside another 5 percent at the discretion of the Secretary of Agriculture.

This will cost the corn farmers 8 cents a bushel per year or 24 cents a bushel over the 3 years. That is nearly $2 billion.

Corn-State Senators should also understand that relative to the 1985 farm programs, the wheat program if anything, is sweetened, instead of reduced like the corn program.

The wheat program now offered to us is as good or slightly better for wheat farmers in 1986. Although the Dole bill would require wheat supports to drop about the same rate as corn in the outyears, wheat does start from a much stronger position. Wheat farmers are not asked to give up 10 cents per bushel at the very start like the commodity corn.

The second thing that I wish corn-State Senators to understand is that this proposal changes the formula for determining deficiency payments, and they do that by replacing the 5-month marketing formula with a 12-month marketing average formula.

Corn-State Senators should realize that this cost corn farmers an additional 10 cents a bushel during the next 3 years for a total of $800 million.

Of course, that same provision is in the wheat provisions. But, whereas, corn is giving up $800 million of savings, wheat is giving up only $100 million of savings.

Finally, if we reduce target prices by 5 percent per year during the outyears, corn farmers will lose roughly 18 cents per bushel during the next 3 years, or about $1.4 billion.

Contrast that $1.4 billion that corn gives up with the fact that wheat farmers would give up of just $600 million.

Now, an Iowa farm appraiser and economist has informed me that based upon his calculations, based upon the capitalization of income, if farmers lose 5 percent of their income each of the next 3 years and soybeans drop to $4 per bushel, land values in the Midwest, particularly in Iowa, will drop another 25 to 30 percent in value. These estimates do not even consider the impact of the ongoing and planned liquidations and foreclosures by the Farm Credit System. Senators know land values in my State have already dropped 50 percent from their high.

But, most importantly, I wish to share with my colleagues a phone call that I had with the Iowa Superintendent of Banking, Tom Huston. I wish to explain to you that Tom Huston has closed 11 banks this year, 10 banks last year, and he is forecasting he is going to close more banks next year. I would say those of you who are dealing with the Federal regulators who are involved with bank closings, like the Comptroller of the Currency and FDIC, people who are not liked by the bankers in my State, I have heard absolutely no animosity toward our State Superintendent of Banking, Tom Huston. Let me share what Tom Huston said about these reductions in income and land value, and I quote:

> It would be absolutely devastating not only to the farmers, but also to the suppliers, the communities in general, the schools, the banks, State and local governments. It would just plain wreck the rural economy of our State.

Mr. President, we need good farm policy that maintains the safety net when big government messes up our farm economy.

My State and much of the Midwest is hemorrhaging right now. I cannot support this package nor any package that pulls the plug on the safety net for agriculture. I cannot support a package that costs corn farmers 82 cents per bushel during the next 3 years, nor can I defend anyone who votes for it.

I yield the floor.

Mr. BOREN. Mr. President, I wish to commend my colleagues from Iowa for focusing on some of the problems of this proposal. I was reading over this weekend some material about the late President of the United States, Harry Truman, in conjunction with the opening of an exhibit in his honor. As I read that material, I found that one of the things that President Truman said that he dreamed of seeing someday was a one-handed economist, because every economist that came to him said, "On the one hand," one thing was going to happen, "but on the other hand," just the opposite was going to happen.

Well, that reminds me a lot of this bill. It says certain things on the one hand and it says other things on the other hand. I am a little mystified about that.

I was overjoyed, as I started reading this proposal which we have not had too much time to do, but I started reading it and I found on page 69 of the version, at least, that I had, that there was the language that we fought so hard for on wheat, for example, in the committee—$4.55 per bushel on the first 20,000 bushels of production.

That was my amendment that we had all worked so hard on to try to target some of the help for the family-sized farmers. I was pleased to see that and I thought, "This is wonderful. They have decided to preserve, intact, those things from the committee bill that we worked so hard to achieve."

Then I turned on over a little further in the bill, as I read further through it, and I got down to page 86 and I found just the opposite. No longer did we have here a 4-year freeze with a targeted program to help the family farmer in wheat, but here is the opposite, just a 1-year program with a variable sliding scale. Instead of $4.55 per bushel, we had $4.38 per bushel at the 20-percent set-aside level. And I thought to myself: I do not believe Mr. Truman would be pleased with this kind of approach.

We have a word for it in Oklahoma. Perhaps it is not a polite word to use. But we would use the term "hokey." And I want to make sure my pronunciation is understood. Not "Okie" because that stands for candor and straightforward talk, the word "Okie." I am talking about the word "hokey."

How in the world can you understand what this means? I wonder, and I hope the Senator from Kansas will tell us as we go into conference, which part of this bill are we going to fight for? If we have the Senate conferees go in there, are they going to say, "This bill has the 4-year freeze and the targeted support for the family farmer and we as corn farmers feel bound to stand for that proposition because that is in the Senate bill?" Or are they going to fight for page 86 and what follows? Which is it? Are they going to fight for page 69 or are they going to fight for page 86? Since they are just the opposite of each other, which position are we going to take?

I think we ought to bear in mind that if we adopt this proposal and if the conferees fight for the wrong part of it, which I think that by the first

day I got here, at least, I would have understood which part of this bill they were going to fight for in conference. They have not called me on the phone to say, "We are committed to use Senator BOREN to fight for this provision on page 69."

I would not be surprised if the conferees worked the document, sort of started out on page 1 and maybe got up to about page 68 and got a gap, kind of like an 18-minute gap on a tape. We have experienced those gaps before in Government around Washington.

I am afraid that the conference committee working documents are going to have a gap beginning at page 69 when we get into the conference committee.

The Senator from Iowa has eloquently explained what is happening in the agricultural sector of this country. Under the current law, farm incomes have dropped 39 percent. If a gap develops in these documents in conference, as I suspect that it will, we are passing a bill that certainly is no better than the current law, at least in the area of wheat. We have heard discussed the corn provision just now by the Senator from Iowa, which is going to be worse off. We cannot afford to have another 39-percent drop in income. We must have improvements.

We had a bill out of the Agriculture Committee which would bring about modest improvements. The very first year of this proposal, at least the one that begins over here on page 86, would drop the income about 5 to 6 percent in the first year and 14 percent by the second year. It would also reduce the export credits.

Now, if you look at what has happened again to the export of wheat—I will use wheat as an example—our farm imports are down this year between 30 and 40 percent. This provision, as a substitute for the Agriculture Committee's work, would cut in half the export credits from $1 billion down to $500 million and would change the year-end guarantees. So it would significantly reduce our ability to help exports at a time exports are already down by 30 to 40 percent

But if you want the easy way out, if you want to be able to take a "hokey" bill home and pull it out when your farmers say, "What is in the bill?", be careful. If you decide to vote for this bill and you take it home, be sure you get your story straight. Be sure your staff carefully indexes it. Have them put a big red, white, and blue index marker by page 69 and have them put just a red mark or some other color by page 86, because you do not want to pull out the wrong part of the bill and show it to the people back home. You only want to show them the good parts of the bill, the parts that will be given away before the conference even starts. And, for heaven's sakes, do not mention the rest of the bill.

You know, usually when you are trying to pull something fast you put it in fine print. I cannot believe it. They put the contradictory language in this bill in the very same sized print as they had the earlier version. I thought I had seen it all. I have heard of talking out of both sides of your mouth. I have heard about putting something in big type and then changing it down to the small print, but here they contradict themselves even in the same sized print. That is bound to be precedent making, even in this institution.

So I would say to my colleagues again, I think we ought to vote. We have to remove this roadblock so that we can get on. If this becomes the markup vehicle, fine; we have a new markup vehicle. It has great room for improvement. That is about all we can say about this as a markup vehicle. It has potential for improvement, unlimited potential. I hope, if it is adopted as a markup bill, we can all get to work right away and have an opportunity without having these second-degree amendments offered that block our ability to get to the real substance, so that we can only take up those amendments that they want to let us take up, not to the really substantive ones that will let us make policy, I hope we can get on and vote on this. Then there would not be any more roadblocks put in the way of allowing the Senator to work its will. There will be no more parliamentary moves to put amendments in the second degree so that we cannot work our will on that matter. Then let us come back, if that happens, and improve this markup vehicle. Let us not treat it just like a hot potato. Let us not be the kind of people that would try to go back home and fool people by quoting different sections of the bill that say just the opposite.

So I urge us to go on and vote. I hope my colleagues will join me in voting against it so we can use the committee markup vehicle which had so much time and effort put into it by the members of the Agriculture Committee and that we can move ahead with something that gives us a chance to increase, not decrease, farm income.

Mr. LAUTENBERG. Mr. President, I rise in opposition to the Dole amendment.

The Dole amendment consists of a hodgepodge of different proposals whose budgetary impact the Senate has had no time to fully evaluate. Neither the Congressional Budget Office nor the Office of Management and Budget have had the opportunity to prepare a final cost estimate of the savings that would be achieved by passing this amendment. I am left in doubt about what we will actually save by enacting these proposals.

Second, it is doubtful that such a budgetary evaluation can be made since the amendment contains provisions on the same subject which contradict each other. The Dole amendment contains one provision for a mandatory 4-year freeze on target prices for wheat, feed grains, cotton, and rice, and another requiring a 1-year freeze on feed grains, cotton, and rice. I favor a 1-year freeze, with reductions in subsequent years, and voted several weeks ago for an amendment embodying that position. But the Dole amendment can't decide where it stands. Its provisions are inconsistent, and represent legislation by multiple choice. By leaving the final shape of the bill for the House and Senate conferees to determine, the amendment would have the Senate abdicate its responsibility to make a decision.

Third, the amendment's provision on the sugar program will harm consumers and make America's food processors less competitive in world markets, possibly costing us jobs at home. The amendment requires the President to use all available authorities to enable the sugar program to be operated at no cost. Under this amendment, the President will be compelled to lower the sugar quotas, lessening the amount of sugar that can enter the country. Reduced sugar imports translate into even higher prices for consumers, who currently pay $3 billion more for sugar because of the sugar program. And it will mean higher prices of U.S. products made with sugar, making those products more costly to the consumer, and making it harder for our manufacturers and workers to compete with foreign producers.

Mr. President, for all of these reasons, I urge my colleagues to reject this amendment.

Mr. ABDNOR. Mr. President, it is with extreme regret that I rise in opposition to the amendment. I support a 4-year target price freeze—always have, always will. Why? Because a 4-year freeze represents the last best hope for thousands of South Dakota farmers. My choice is obvious: A 4-year freeze is four times better than a 1-year freeze. With all due respect to the authors of this amendment, when the Members of this Chamber vote on this measure, it will be a vote for or against a 1-year freeze. You're not going to be able to sell it anyway else back home.

I support the marketing loan program; I support the soybean and sunflower programs; and I support the wheat program. I supported the original Dole proposal. I have supported the Dole flexible parity concept since 1978. Unfortunately, as compromises in the Dole proposal were made during the last couple of weeks, it lost my support.

I've said it before and I'll say it again: You don't ask a starving man to fast for world hunger. But that's what we'd be asking farmers to do if we voted to reduce their income supports.

Now there are lots of Senators and even farmer organizations who are willing to compromise in this legislation. The Government has already compromised thousands of South Dakota farmers right into bankruptcy. I'll not be a part of that kind of compromise. Farmers are exhausted, they have given all they have to give.

Mr. WILSON. Mr. President, I rise today to express my serious reservations about the pending compromise amendment offered by the distinguished majority leader. Like many of the compromises which our legislative process produces, this one is a collection of both favorable and unfavorable provisions.

Among the positive elements of the proposal are the elimination of acreage limitations and a return to full production agriculture in 1989; improvements in the administration of the sugar program; and greater export sales opportunities for rice growers beginning with their 1985 crop.

On the other hand, this compromise contains components of questionable merit, such as excessively high acreage reduction programs for wheat farmers and an unreasonably expensive per-acre payment option for soybean producers.

Notwithstanding these sundry provisions and the voluminous text of this substitute amendment, the essence of this 263-page package is the section regarding target prices. Indeed, the primary focus of debate and area of disagreement—both in the Agriculture Committee and on the Senate floor—has been what to do with target prices for wheat, corn, feed grains, cotton, and rice.

One approach—which I have consistently opposed—is reflected in the farm bill reported by the Agriculture Committee, which freezes target prices for 4 years at a cost of $13 billion. In my view, a more reasonable, fiscally responsible approach is to freeze target prices for only 1 year and then annually reduce them by no more than 5 percent, in order to provide a gradual transition to a more market oriented farm policy. This proposal—which I have strongly supported—was contained in an amendment offered recently by Senator LUGAR and in the first substitute amendment offered by Senator DOLE.

Unfortunately, the pending compromise amendment inexplicably contains both the best and the worst of the target price disagreement. It authorizes both a 1-year freeze and a 4-year freeze; thereby shifting the focus of our deliberations from substantive agricultural policy to farm politics.

The inclusion in one proposal to two clearly contradictory approaches the issue of target price freezes gives new meaning to the term "compromise" and prompts serious misgivings in my mind. Indeed, if it were not for assurances from my Republican colleagues on the Agriculture Committee that they will firmly insist upon retaining the 1-year freeze in conference, then I would readily vote against the pending compromise.

However, I have received such assurances from both the distinguished majority leader and Agriculture Committee. So, it is with respect for their untiring efforts on this bill, but with little enthusiasm, that I intend to support the substitute amendment.

Thank you, Mr. President.

(Mr. HUMPHREY assumed the chair.)

Mr. BUMPERS. Mr. President, I see the majority leader on the floor. The Senator from Iowa raised a question a while ago about once this is voted on and if it is passed whether or not we can be assured that the amendatory process will not be filled up so that those of us who have amendments will have an opportunity to offer those amendments.

The question is directed to the majority leader. The question is: If we pass this thing, it is then amendable and some of us have been concerned about whether or not the amendatory process will be filled up by the majority leader in such a way that we would not get a chance to offer our amendments.

Mr. DOLE. No. I know the distinguished Senator from Arkansas has a number of amendments listed. There are 80-some amendments. As far as I am concerned they are all going to be offered, at least as far as they want to offer them. At least I hope not all of them will be offered but it will certainly be their right.

Mr. BUMPERS. I thank the majority leader.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Kansas. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], and the Senator from Vermont [Mr. STAFFORD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. INOUYE] is absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 56, nays 41, as follows:

[Rollcall Vote No. 319 Leg.]

YEAS—56

Andrews	Gorton	Murkowski
Armstrong	Gramm	Nunn
Bentsen	Hatch	Packwood
Boschwitz	Hatfield	Proxmire
Bumpers	Hawkins	Pryor
Chafee	Hecht	Quayle
Chiles	Heinz	Roth
Cochran	Helms	Rudman
Cohen	Humphrey	Simpson
Cranston	Johnston	Specter
D'Amato	Kassebaum	Stevens
Danforth	Laxalt	Symms
DeConcini	Long	Thurmond
Denton	Lugar	Trible
Dole	Mathias	Wallop
Domenici	Matsunaga	Warner
Evans	Mattingly	Weicker
Garn	McClure	Wilson
Goldwater	McConnell	

NAYS—41

Abdnor	Glenn	Metzenbaum
Baucus	Gore	Mitchell
Biden	Grassley	Moynihan
Bingaman	Harkin	Nickles
Boren	Hart	Pell
Bradley	Heflin	Pressler
Burdick	Hollings	Riegle
Byrd	Kasten	Rockefeller
Dixon	Kennedy	Sarbanes
Dodd	Kerry	Sasser
Durenberger	Lautenberg	Simon
Eagleton	Leahy	Stennis
Exon	Levin	Zorinsky
Ford	Melcher	

NOT VOTING—3

East	Inouye	Stafford

So the amendment (No. 1065), as modified, was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1066

Mr. HARKIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 1066.

Mr. HARKIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 459, after line 23 insert the following:

TITLE XXI—EFFECTIVE TARGET PRICES

SEC. 2101. Notwithstanding any other provision of law, including this Act, the established prices for the 1986 through 1989 crops of wheat, corn, upland cotton, and rice shall be—

(1) in the case of wheat—

(A) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of—

(i) the national average cost of production per bushel of wheat, as determined by the Secretary; or

(ii) $4.65 per bushel.

(B) For any crop of wheat for which marketing quotas are not in effect, the established price shall not be less than—

(i) $4.55 per bushel for any portion of the crop (as determined on the basis of the farm program acreage and the farm program payment yield) that does not exceed 20,000 bushels; and

(ii) $4.00 per bushel for any portion of the crop (so determined) that is more than 20,000 bushels.

(2) in the case of feed grains—

(A) The established price for corn shall not be less than $3.03 per bushel; and

(B) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

(3) in the case of upland cotton, the established price shall not be less than $0.81 per pound.

(4) in the case of rice, the established price shall not be less than $11.90 per hundred-weight.

Mr. HARKIN. Mr. President, what this amendment does is——

Mr. HELMS. Mr. President, does the Senator have a copy so we may know what the amendment is about?

Mr. HARKIN. I only have the copy that is at the desk, Mr. President.

Mr. HELMS. Mr. President, I ask that copies be made so Members may see it.

Mr. HARKIN. Mr. President, what this amendment does is give us a clear choice on which way we really want to go with this bill. The amendment just adopted by the Senate, as you know, provides for both a 1-year target price freeze and a 4-year target price freeze. People did not know whether they really wanted a 1-year or a 4-year target price freeze. What my amendment says is notwithstanding any other provision of the bill now before us, there will be a 4-year target price freeze. There are some things that were added by the amendment by the majority leader that deal with rice, that deal with sugar, that deal with a lot of other things. But the two provisions that were key in that amendment were whether there would be a 1-year target price freeze of 4-year target price freeze. There was some confusion and understandably so.

As I say, there seemed to have been some confusion just in my talking with other Senators about whether this was a 1-year freeze, or a 4-year freeze, or how it did operate. I think a lot of people were committed to voting for a 4-year target price freeze and wanted to see that enacted. That is what this amendment does.

What I have offered is really a clarifying amendment. It makes it crystal clear whether we want a 4-year or a 1-year target price freeze. My amendment simply states that notwithstanding any other provision of the bill now before us with the amendment just adopted, there will be a 4-year target price freeze.

I might just add, Mr. President, for Senators who might happen to represent States that grow corn, under the amendment just adopted, we are in fact going to have a 1-year target price freeze. That is really what is in it, because as Senators know, when we go to conference, the votes will be there on the Senate side to adopt the 1-year target price freeze and not the 4-year target price freeze.

I can tell my colleagues what it means to those of us who represent corn States. Over the next 3 years, we are going to lose 82 cents a bushel on the corn that farmers grow in the State of Iowa; in fact, all over this country. That is 87 cents per bushel per year under the amendment just adopted.

Here, as my distinguished colleague, the senior Senator from Iowa, pointed out, we are already in dire straits in Iowa. We are already practically bankrupt, and not only in Iowa. There are many other States out there that will be close behind Iowa if we have just a 1-year target price freeze.

Mr. President, I think we really ought to have a clear-cut expression of the Senate on just which direction we want to go. In Iowa, if this amendment were to proceed on a 1-year target price freeze over the next 3 years, we would lose $1.12 billion. That is about $18,000 per farm for each farm that sells over $40,000 per year—$18,000 loss of income to those farmers. That is something they just cannot stand.

If you want to see Iowa become a desert and see Nebraska or Kansas—the loss to the wheat farmers in Kansas under his amendment is something like $613 million for a 1-year target price freeze.

So I think enough has been said in debate on the floor about the difference between a 1-year and a 4-year target price freeze and what it is going to mean for our family farmers.

The Dole amendment was drawn up hastily with, as the Senator from Nebraska pointed out, 260-some pages handed to us—the first one was handed out this morning at 8:30. The second one came this afternoon, and I have had three explanations of that amendment handed to me since this morning. I do not know which explanation is correct.

But I think that we ought to have a clear-cut vote on whether we want a 1-year or a 4-year target price freeze. If you want a 4-year target price freeze, then I ask for an "aye" vote on my amendment. Obviously, if you want a 1-year target price freeze, you would vote "no," but I assume the motion will be made to table.

I hope that it would not be tabled, and I hope that Senators would vote as has been indicated in the past; that we want at least a minimum of a 4-year price freeze and not a 1-year target price freeze.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. Mr. President, I yield the floor.

Mr. BOREN. Mr. President, will the Senator yield?

I ask unanimous consent that I may be added as a cosponsor of the amendment of the Senator from Iowa.

Mr. HARKIN. I ask unanimous consent Senator BOREN be added as a cosponsor.

Does anyone else want to come on as a cosponsor? Senator MELCHER, Senator BURDICK, Senator ZORINSKY?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, the future of American agriculture compels us to reduce loan rates in order to become competitive. The Senate Agriculture Committee recognized that by our action to give the Secretary tools such as the "marketing loan" and the "Findley" loan adjustment authority.

By freezing target prices for more than 1 year, while busting the budget we set for ourselves, and demonstrating once again that Congress is out of control, we also ensure that the Secretary will not be able to use the loan adjustment tools we have provided.

A multiyear target price freeze would be a cruel hoax on farmers and taxpayers alike.

Mr. President, farmers should be advised that whatever extra Congress gives in the way of target prices, will be more than taken away in the form of acreage controls.

Why? Simply because keeping target prices high while reducing loan rates has the effect of increasing deficiency payments. To prevent a budget hemorrhage, USDA and OMB will impose large acreage controls. We can expect large farmer participation, reduced production, prices above market clearing levels, lost markets, and the continued erosion of farm income.

Basically, freezing target prices puts agriculture on the same old tract of allowing our farm policies to benefit foreign farmers more than American farmers.

I would emphasize again that what Congress gives in target prices will be taken away in volume produced and the American farmers, once again, end up on the short end of the stick.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Iowa.

Mr. DOLE. Mr. President, we just had a vote on what kind of a package we want. The vote was 56 to 41. I am

still persuaded that if we want a farm bill, we ought to continue with amendments. This is just another effort to go back and replow the same ground we thought we just concluded. We have just voted by a 15-vote margin to have in the bill a 4-year and a 1-year program which permits the conferees to go to conference and try to work it out so we can satisfy the concerns on that side and on this side of the aisle for all commodities. We can pick out different commodities and make different statements, but it seems to me that what we ought to do with this amendment is table it. I move to table and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion to table the amendment of the Senator from Iowa. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], and the Senator from Vermont [Mr. STAFFORD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. INOUYE] is absent on official business.

The PRESIDING OFFICER. Are there other Senators in the Chamber who wish to vote?

The result was announced—yeas 55, nays 42, as follows:

[Rollcall Vote No. 320 Leg.]

YEAS—55

Andrews	Hatch	Nunn
Armstrong	Hatfield	Packwood
Boschwitz	Hawkins	Pell
Bradley	Hecht	Proxmire
Chafee	Heinz	Quayle
Cochran	Helms	Roth
Cohen	Humphrey	Rudman
Cranston	Kassebaum	Simpson
D'Amato	Lautenberg	Specter
Danforth	Laxalt	Stevens
Denton	Lugar	Symms
Dodd	Mathias	Thurmond
Dole	Mattingly	Trible
Domenici	McClure	Wallop
Evans	McConnell	Warner
Garn	Metzenbaum	Weicker
Goldwater	Mitchell	Wilson
Gorton	Moynihan	
Gramm	Murkowski	

NAYS—42

Abdnor	Bumpers	Durenberger
Baucus	Burdick	Eagleton
Bentsen	Byrd	Exon
Biden	Chiles	Ford
Bingaman	DeConcini	Glenn
Boren	Dixon	Gore
Grassley	Kerry	Pryor
Harkin	Leahy	Riegle
Hart	Levin	Rockefeller
Heflin	Long	Sarbanes
Hollings	Matsunaga	Sasser
Johnston	Melcher	Simon
Kasten	Nickles	Stennis
Kennedy	Pressler	Zorinsky

NOT VOTING—3

East	Inouye	Stafford

So the motion to lay on the table the amendment (No. 1066) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside so that I may offer a further amendment.

The PRESIDING OFFICER. (Mr. BOSCHWITZ). The chair did not hear the request of the Senator.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside so that I may offer an amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 922

(Purpose: To authorize the appropriation of funds for research to control or eradicate Africanized honey bees.

Mr. MATHIAS. Mr. President, I call up amendment No. 922.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maryland [Mr. MATHIAS] proposes an amendment numbered 922.

Mr. MATHIAS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 295, strike out line 24 and all that follows through line 3 on page 296 and insert in lieu thereof the following:

SEC. 1517. (a) Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "$890,000,000 for the fiscal year ending September 30, 1985" and inserting in lieu thereof "$890,000,000 for each of the fiscal years ending September 30, 1985, through September 30, 1989, of which not less than $500,000 shall be made available each such fiscal year for research to control or eradicate Africanized honey bees".

Mr. BUMPERS. Will the Senator from Maryland yield for parliamentary inquiry?

Mr. MATHIAS. Certainly.

Mr. BUMPERS. Mr. President, before we voted a few minutes ago, I asked the majority leader if it were going to be possible to amend this Dole substitute once it was adopted or was he going to fill up the tree so that other amendments would not be in order except by unanimous consent. He assured me, and I believe correctly, that there were about 80 amendments pending and he hoped all of them would not be offered, et cetera.

My parliamentary inquiry is this: The amendment itself is no longer subject to amendment if you amend any part of it except the end, beginning with "notwithstanding any other provision of this bill," am I correct on that? In other words, all the 80 amendments are going to have to be redrafted now, are they not, to make them fit what we have just done?

The PRESIDING OFFICER. The amendment of the majority leader is an amendment to the instructions contained in the motion to recommit. Those instructions would compel the committee or direct the committee to report the bill back with amendments. Amendments may be proposed to the first-degree amendment to the instructions in the motion to recommit.

Mr. BUMPERS. Mr. President, I have forgotten what the first sentence was by now.

The PRESIDING OFFICER. If the Senator will withhold, the Chair is having some difficulties.

The amendments are in order to the first-degree amendment, as amended. In addition to that, a complete substitute is in order to the first-degree amendment, as amended.

Mr. BUMPERS. Mr. President, you can amend it only in two ways: Either by a complete substitute or by inserting the amendment at the end of the first-degree amendment, is that not correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. Mr. President, would the majority leader entertain a unanimous-consent request that amendments that are drafted be ruled in order. Some of these things are very difficult to craft now and change in light of the ruling of the Parliamentarian.

Mr. DOLE. Will the Senator yield?

Mr. BUMPERS. I am happy to yield.

Mr. DOLE. As I understand it, I would be very happy to go ahead and adopt by voice vote the first-degree amendment to the motion to recommit. I am not trying to block anything

or ask people to set it aside each time. I meant what I indicated earlier to the Senator from Arkansas. Either way, you can offer amendments. But if that would expedite the process and save Senators from redrafting all of their amendments, then if it is all right with the managers, we could vote on the first-degree amendment to the motion to recommit by voice vote.

Mr. BUMPERS. Mr. President, I wish we could do that, because it is going to be quite a chore. Some of these things are almost impossible to redraft.

The PRESIDING OFFICER. If the Senator would withhold for a minute. Will the majority leader please repeat his request?

Mr. DOLE. Let me indicate that I need to discuss this with the Parliamentarian. As I understand it, the bill might come back with a series of amendments and we might be in some difficulty—not my amendments.

So maybe while Senator MATHIAS is offering an amendment, I will try to straighten it out so we can get rid of the motion to recommit.

Mr. HELMS. Mr. President, I do not really think it is a problem. Shall we proceed with the Mathias amendment?

Mr. DOLE. Yes.

The PRESIDING OFFICER. The Senator from Maryland may proceed.

Mr. MATHIAS. Mr. President, this amendment is intended to enable the United States to respond to a potential agricultural disaster threatened by the Africanized honey bee, known in the popular press more simply as the killer bee.

The Africanized bees have earned their more sensational nickname for their aggressive character, which has led them actually to kill animals and human beings. Besides endangering the lives of people and livestock, the Africanized bees also threaten American agriculture. The African bees dominate the European bees common in North America and may very quickly wipe out the gentler, more useful bees to which we are accustomed. If that happens, it will not be only the beekeeper who will lose his livelihood, but also thousands of other farmers who depend upon pollination for their crops, because the dangerous Africanized bees do not lend themselves to commercial handling.

The Africanized honey bee was introduced in this hemisphere some 30 years ago, in Brazil, and has been moving slowly northward ever since. Today, the Africanized bees are thought to be advancing through Honduras and are expected to reach Texas in about 1990. Earlier this year, a colony of the killer bees turned up in California, transplanted by a foreign freighter. While that outbreak apparently has been contained, it underscores that the Africanized bees, once a potential threat, are now a real and present danger.

The U.S. Agricultural Research Service, at its laboratories in Baton Rouge, LA, and Beltsville, MD, has for several years been conducting a modest research effort to understand the bees in South America. Just this year, the Service has stepped up its efforts slightly through the purchase of a computer to identify the Africanized bees. More, however, is needed.

If we do not move now to study these bees, we may well find ourselves 5 years from now with an inexorable invasion which we can neither understand nor combat. If we act now, however, there are opportunities to avert disaster. It may be possible to invent traps to separate the African bees from their European counterparts; it may be possible to develop ways of combatting the African bees through pheromones; it may be possible to breed traits into our own European bees enabling them to compete with the more aggressive African variety. There are also other varieties of bees in Africa that are able to resist the aggressive strain; it is possible that these gentler African bees could be introduced in North America to check the spread of the killer bees. In other words, there are many possibilities, but not enough research to come up with the answers we need.

The amendment I offer now would provide $500,000 a year for the next 4 years to answer these and other questions. The answers will help us know how the Africanized honey bee can be controlled and how an American agricultural disaster can be avoided. It is a modest investment, given how much we have to lose, and I ask my colleagues to join me in this amendment.

Mr. HELMS addressed the chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I have discussed this amendment from time to time with the distinguished Senator from Maryland. I favor it. we are prepared to accept it. The amendment authorizes, as he indicated, a $500,000 annual research program to help control the spread of Africanized honey bees. the program will continue to be subject to the overall relation of the agriculture research and, therefore, will not add to the cost of the bill.

Again, I say we are prepared to accept it on this side.

Mr. ZORINSKY addressed the chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. We have no objection to this amendment, and are prepared to accept it on this side.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Maryland.

The amendment (No. 922) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MATHIAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, we are expecting the arrival of two or three Senators who have amendments.

Mr. MATHIAS. Mr. President, I take this opportunity to thank the distinguished Senator from North Carolina, the chairman of the Agriculture Committee, the manager of the bill, and also Senator ZORINSKY in behalf of the bill on the minority side for their support of what I believe to be an important measure for the protection of American agriculture.

Mr. HELMS. I thank the Senator.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ABDNOR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1067

(Purpose: To require the Administrator of the Environmental Protection Agency and the Secretary of Agriculture to jointly conduct a study of the use of unleaded fuel in agricultural machinery.)

Mr. ABDNOR. Mr. President, I send an amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. ABDNOR] proposes an amendment numbered 1067.

Mr. ABDNOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 459, between lines 18 and 19, insert the following new section:

STUDY OF UNLEADED FUEL IN AGRICULTURAL MACHINERY

SEC. . (a)(1) The Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall jointly conduct a study of the use of fuel containing lead additives, and alternative lubricating additives, in gasoline engines that are—

(A) used in agricultural machinery; and

(B) designed to combust fuel containing such additives.

(2) The study shall analyze the potential for mechanical problems (including but not limited to valve recession) that may be associated with the use of other fuels in such engines.

(b)(1) For purposes of the study required under this section, the Administrator of the

Environmental Protection Agency and the Secretary of Agriculture are authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information.

(2) The Secretary of Agriculture shall specify the types and items of agricultural machinery to be included in the study required under this section. Such types and items shall be representative of the types and items of agricultural machinery used on farms in the United States.

(3) All testing of engines carried out for purposes of such study shall reflect actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) Not later than January 1, 1987—

(1) the Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall publish the results of the study required under this section; and

(2) the Administrator shall publish in the Federal Register notice of the publication of such study and a summary thereof.

(d)(1) After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator shall—

(A) make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes, including a determination of whether a modification of the regulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes; and

(B) submit to the President and Congress a report containing—

(i) the study;

(ii) a summary of the comments received during the public hearing (including the comments of the Secretary); and

(iii) the findings and recommendations of the Administrator made in accordance with clause (1).

(2) The report shall be transmitted to—

(A) the Committee on Energy and Commerce of the House of Representatives;

(B) the Committee on Environment and Public Works of the Senate;

(C) the Committee on Agriculture of the House of Representatives; and

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(e)(1) Between January 1, 1986, and December 31, 1987, the Administrator shall monitor the actual lead content of leaded gasoline sold in the United States.

(2) The Administrator shall determine the average lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987.

(3) If the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the Administrator shall—

(A) report to Congress; and

(B) publish a notice thereof in the Federal Register.

(f) Until January 1, 1988, no regulation of the Administrator issued under section 211 of the Clean Air Act (42 U.S.C. 7545) regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon.

(g) To carry out this section, there is authorized to be appropriated $1,000,000, to be available without fiscal year limitation.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent for the purpose of the distinguished Senator from South Dakota calling up an amendment, that the pending motion to recommit be temporarily laid aside.

Mr. BYRD. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BYRD. Mr. President, the reason I am objecting is I think there is a large unanimous consent request being floated around here and I may be able to give agreement to it, or it may be that I would go to the distinguished majority leader and the chairman of the Agriculture Committee to see if they can make certain revisions in it. Until I am able to do that, I would appreciate it very much if we did not grant a unanimous consent request to allow amendments to the bill instead of to the Dole amendment in the first degree and his motion to recommit. It may be in the long run we will make more progress. If I am not on the floor, I would hope Senators would not make requests that Senators be allowed to offer amendments to the bill. At the moment they have only offered amendments in the second degree to the Dole amendment in the first degree, as amended.

It may be, as I say, that we can agree to the proposal which I believe Mr. DOLE is prepared to make, or it may be that Mr. DOLE and the distinguished chairman will be willing to make some revisions in that. For the time being, can be agree not to have further amendments to the bill?

Mr. HELMS. Of course.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, it is my understanding that the distinguished minority leader is meeting with a number of Democratic Senators, and we hope we can have some agreement on a unanimous consent request so that the Senator from Arkansas and others can offer their amendments.

It seems to me that if we really want to move, we can move. I am advised by the chairman of the committee—and I think with the concurrence of the distinguished ranking minority member, Senator ZORINSKY—that we will be in quite late this evening. So I alert Members that it may not appear that we are doing anything now because we are not. [Laughter.]

But we hope to be doing something later.

I just ask Members to keep in contact with the chairman and with their respective cloakrooms. As quickly as Senator BYRD indicates that some agreement can be reached, it is our hope that everybody who has amendments can be prepared, because I am advised by the managers that many amendments can be accepted. There are not many controversial areas remaining.

If we can wrap up this bill by tomorrow afternoon by 6 o'clock, it would be my hope that following the joint session of Congress, we would come in on Friday, deal with a number of unanimous-consent matters that we are trying to put together, and it might not be necessary for all Members to be here.

However, I am also advised by the chairman of the Agriculture Committee that if we do not complete action on this bill tomorrow evening, we will be on the bill on Friday and Saturday.

Mr BUMPERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorm call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, for the record, and for the benefit of Senators and their staffs who may be listening on the loudspeakers in their offices, the present delay is not really substantive in nature. It is a purely technical parliamentary procedure that Senator BYRD felt advised to get straightened out.

At present—and I hope very quickly—a unanimous-consent request will be propounded that all four pending questions be withdrawn and that the bill be considered as original text, with the language contained in amendment 939 as a part thereof. That will clear the way for amendments to be offered without modification. Many of the amendments are already at the desk.

As one of the managers of the bill, I fervently hope that we can proceed. If there is a fair amount of cooperation and comity from this point on—and I intend to offer every bit I possess—there is no reason on Earth why we cannot finish this bill tomorrow. However, as the distinguished majority leader has indicated, he intends that we finish the bill this week, whether it be tomorrow or Friday or Saturday.

I guess the best way to put it is that Senators may make it easy on them-

selves, because, come what may, I think we ought to stay in and finish this bill and not be in the position of going home on Thanksgiving, with farmers still on tenterhooks about what roughly can be expected in terms of farm bill legislation.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COCHRAN). The Clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. KERRY. I object, Mr. President.

The PRESIDING OFFICER. Objection is heard. The clerk will call the roll.

The Senator from Massachusetts objected. The clerk will call the roll.

The assistant legislative clerk resumed the call of the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. (Mr. TRIBLE). Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BYRD. Mr. President, I have to leave the Chamber to attend a few meetings, one in connection with a possible agreement on the farm bill; the other a conference meeting.

I should like to state for the record that the agreement which the distinguished majority leader has presented to me in respect to the veto message on H.R. 2409 is agreeable with me. It has been cleared on my side. At any time he wishes to propose it, it is fine with me.

The agreement calls for 30 minutes to be equally divided. It will be all right with me if that time is reduced, provided we could just set a specific time for the vote, say, 7:30 p.m., which is certainly in accordance with the proposed agreement. The majority leader proposed 30 minutes. If it is less than 30 minutes, it is all right, if the vote could be established at 7:30 p.m.

Mr. HELMS. Mr. President, I am delighted to announced that finally we are going to do something around this place.

I just inquired, as a matter of interest, how much time we have wasted since 5:12 p.m. We have conducted precisely 8 minutes of business and spent 1 hour and 40 minutes in a quorum call.

VETO MESSAGE—H.R. 2409, HEALTH RESEARCH EXTENSION ACT OF 1985

Mr. HELMS. Mr. President, on behalf of the majority leader, I call up the veto message to accompany H.R. 2409, the Health Research Extension Act of 1985, and I ask unanimous consent that debate thereon be limited to 20 minutes, to be equally divided between the chairman of the Committee on Labor and Human Resources and the ranking minority member or their designees.

I further ask unanimous consent that immediately following the conclusion or yielding back of time, the Senate proceed to vote on the question, "Shall the bill pass, the objections of the President to the contrary notwithstanding?"

I understand that this unanimous-consent agreement has been cleared by both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Chair laid before the Senate a message from the House of Representatives on H.R. 2409, entitled "An Act to Amend the Public Health Service Act to Revise and Extend the Authorities Under that Act Relating to the National Institutes of Health and for other purposes."

Mr. HELMS. Mr. President, I might add that there has been an informal agreement, which I know Senators will abide by, that the vote occur at 7:30 p.m.

I yield the floor.

Mr. HATCH. Mr. President, I rise today to urge my colleagues to join me in reconsideration of H.R. 2409, the Health Research Extension Act of 1985, the authorizing legislation for the National Institutes of Health.

On November 8, the President vetoed this bill. On November 13, the House of Representatives overrode the veto by the overwhelming vote of 380 to 32.

In his veto message, President Reagan at last recognized the need to establish a National Institute of Arthritis and Muscoloskeletal and Skin Diseases, I am grateful and pleased that this new Institute, which Congress has supported for so many years, will be established. However, my pleasure is overshadowed by my concern about many other excellent provisions which will not be enacted because the bill was vetoed.

H.R. 2409 reflects years of hard work and compromise designed not to interrupt or hinder, but to guarantee the ongoing success and excellence of our national health research effort.

The National Center for Nursing Research created by this bill was singled out as the most objectionable provision. The veto message says this Center is "not appropriate * * * because of the lack of compatibility between the mission of such a Center and the mission of NIH." The truth, I believe, lies closer to a comment attributed to an NIH scientist: "Nurses are not a disease, and at NIH we do disease research." For years this attitude has meant that nurse researchers could not contribute to our national research programs. Mr. President, nursing research is related to improving patient care, getting patients back on their feet as soon as possible, and getting low-cost health care to those in most need. It is research carrying on the proud tradition of our best public health nursing efforts. It is research related to health promotion, health education, and disease prevention. If this seems incompatible with the mission of NIH, then perhaps we could rename it the National Institutes of Disease Research.

The Nursing Research Center will cost only $5 million in fiscal year 1986—money which, incidentally, is already included in the appropriations bills. The veto message tells us that even this relatively small sum, compared with the almost $5½ billion budget of NIH, is too much. This is preposterous. A proposal for nursing research to have one one-thousandth of the NIH budget is too much? My fellow Senators, don't you believe it. It is high time that nursing research took its rightful place in those NIH halls of ivy.

A second reason that this bill should be signed into law is that without this legislation, the National Cancer Institute and the National Heart, Lung, and Blood Institute are without authority in the law, and are therefore subject to the whims of those who make budget policy only and who have no long-term commitment to health policy.

Other provisions that the administration cited as objectionable in H.R. 2409 include statutory requirements against scientific fraud, requirements to ensure the humane treatment of laboratory animals, statutory protections of the fetus in research, and a requirement to establish a congressional biomedical ethics advisory board, something that both Senator KENNEDY and I have worked very hard to accomplish.

I might add others in the House of Representatives such as Congressman WAXMAN.

I can aassure you that each of these, and the other provisions of the bill, have broad constituencies.

I think of the work of Congressman ED MADIGAN in the House of Representatives and all of the health bills, the many health bills we passed over the last number of years since I have been chairman of this committee. ED MADIGAN only asked me one basic thing, other than working, to study to make sure the bills are good. That is the nursing institute. He balked on that because of the administration's objections. That is why we came up with the nursing center.

We could not have the health programs without the work of people like ED MADIGAN, JOHN DINGELL, TED KENNEDY, and others, including DAN

QUAYLE and PAULA HAWKINS, I thank everyone on our two committees.

The legislative language was crafted very carefully and deliberately and after a long and painstaking process between the House of Representatives and Senate.

The legislative language was crafted very carefully and deliberately. I am astonished that congressional consensus in highly sensitive issues like these can be so summarily dismissed.

The provisions of H.R. 2409 protect the scientific integrity and freedom of our research effort, while assuring appropriate accountability to the public for the expenditure of over $5½ billion annually. I believe Congress has done a creditable job in the area of oversight of these programs; H.R. 2409 carries on this tradition.

It is basically the bill that we have put through the Senate with the help of our colleagues in the House of Representatives.

I encourage my colleagues to ignore the pessimism expressed in the administration's veto message. I urge you to join me, and the House of Representatives, in overturning the veto of H.R. 2409. Our action will send a strong message to the administration that the Senate, on behalf of the public, speaks to support our National Institutes of Health—and that our support is for a responsive and responsible organization, not merely a conglomerate of disease-oriented entities, but this Nation's health research treasure.

I would also just like to say, in closing, that we have all worked very hard on this. In the last Congress we passed an NIH bill through both Houses of Congress, and it was vetoed because we had a nurses' institute in that bill, something I felt not a bad thing but nevertheless the administration said it was bad.

We also had more money in it than the administration wanted to have and also other provisions, including micromanagement in the eyes of the administration.

Every one of these matters we resolved, it seems to me, in a steady comprise, decent way this year.

We were told by people at the White House who are responsible on this matter that if we resolve some of the money issues and some of these other issues they would go with us on this bill. And we did exactly what they asked us to do.

We are also told by representatives of OMB if we met these guidelines and did not have a nurses' institute and we came up with a nurses' center, they would go along with this bill because we are living within the budgetary guidelines that basically they set.

Frankly, I was really shocked to find that they vetoed this bill in spite of all the efforts that we made, efforts made by people on both sides of the floor, both sides compromising, both sides working with the White House and OMB to try to resolve the problems, and I felt we had them resolved and I felt we had commitments on this matter, and I think in all honesty we should override this veto and pass this bill, and for the first time in years do what Congress should do, and that is reauthorizing the National Institutes of Health the way it should be reauthorized, not on a continuing resolution basis, but by standing up and doing what has to be done.

This is a good bill. We worked hard on it. It is not perfect. There are some things all of us wish we could change on both sides of the floor. Some people would like to spend more money; others would like to have a nursing institute; others would like this and that. We have worked it out.

I think over the long haul we have worked it out in the best interests of the public and public health, in the best interests of this administration and certainly in the best interests of the people of this country.

I thank Senator KENNEDY for the leadership he provided on this matter and, of course, I will relinquish the floor at this point.

Mr. KENNEDY. Mr. President, as I understand there was a 20-minute time limitation with 10 minutes to each side; is that correct?

The PRESIDING OFFICER. That is by unanimous consent that was agreed on.

Mr. KENNEDY. Mr. President, can the Chair tell us who is managing the time in support of the veto? Who has been designated to handle that?

The PRESIDING OFFICER. The time has been divided between the Senators from Utah and Massachusetts.

The Senator from Massachusetts has the full time remaining.

Mr. KENNEDY. Thank you.

Mr. President, I first of all wish to commend my friend and colleague, the chairman of our Labor and Human Resources Committee, Senator HATCH, for urging this body to override this veto on what I consider one of the most important pieces of legislation that we have to consider here in Congress.

Mr. President, we do not have to make the case that the greatest research center in the world by far is the National Institutes of Health. That case has been made time in and time out. It is well documented by the scores of Nobel Prizes that have been won by researchers over the life and the history of that very distinguished body.

I think if there has ever been effective cooperation among the scientific, health, and Government working in the interests of the people of this country and around the world, it is the National Institutes of Health.

That is why this vote is important, Mr. President, and why we ask the Members of this body to give serious consideration to the position which the chairman of the committee and others have taken in urging this body to override the President's veto.

Senator HATCH has pointed out that this is not really a money issue. There were some differences earlier when the administration wanted to cut back on some of the research fellowship programs. That item was worked out in a bipartisan cooperative way between authorizing committees, Appropriations Committees, and the administration. The issue of the funding is not an issue. Mr. President, you would recognize that in reading the veto message.

Mr. President, I wish to address the points that have been raised in the veto message, and then to conclude so others might make what comments that they should.

First of all, there is a suggestion that Congress is attempting to micromanage the various research institutes.

Mr. President, I think all of us know who have been working in the health field for a long period of time that researchers would prefer having absolutely no kind of requirement whatsoever in the areas of research. If it were left up to them, they would like to have the resources without any kind of direction and without any kind of guidance, but it is the American taxpayers who are providing this research. What was included in this legislation I think is a very careful balance. In preserving the maximum opportunity for quality research which is preserved by the peer review system, but also for the Congress to indicate what we are feeling in terms of the health needs of the American people. Alzheimer's disease, we believe, is important. We cannot mandate an effective kind of cure for that particular disease, but we can flag it because it is of concern to millions and millions of Americans. And the concern we have in the area of arthritis and arthritis research, this is of importance to millions of Americans. We want the Institute and we want the people in that great Institute to understand that we in the Congress who have oversight responsibilities, that make these recommendations to the floor and incorporate the various recommendations here in the Senate of the United States and in the House, we want to be able to at least get some attention to those particular needs. It is a balance.

But, I would say, Mr. President, that we have not transgressed a very important basic line of preserving quality research that will be done over at the NIH and also indicating some areas of priority. And any fair reading of the legislation in the areas, for the most

part, at least 90 percent of them, are in areas from which there is already research going on at the present time. But we want to indicate we are concerned about those areas. I do not believe that is micromanagement. I think that is a sensitive balance. I believe we have respected the integrity of the researchers of the country and also reflected the concerns of the American people.

Second, the area which has been outlined as an additional problem for the administration is in the nursing research. The nursing research program is necessary and essential because we do not have focused in any part of our country the kind of review of nursing procedures and techniques which are so essential now to review as we have seen major breakthroughs in the health area.

As we see the changes which have taken place in the terminal care of individual organ transplants, a whole range of new kinds of techniques and technologies which are taking place in the great teaching hospitals and other hospitals around this country in order to relieve pain, anxiety, and to prolong a meaningful life, it is essential that the nursing profession is going to have an opportunity to keep abreast of these various changes and to be assured that they are going to have the teaching technology and the techniques to ensure the maximum of patient care, and this is the place to do it, in an area or at least an association where so many of these breakthroughs are taking place.

It is appropriate, Mr. President, that this center be located at the NIH.

A final point. There are some that say: "Let us develop the arthritis center or research center by Executive order."

Mr. President, my response to that is a very simple one, and one I believe everyone in this body understands, and that is that what is created by an Executive order can be destroyed by an Executive order. If this is an area of concern for the Congress and for the American people, it is appropriate and important that we reflect that concern the way it has been outlined in this legislation. I think that is an additional reason, Mr. President, to support the override of the President's veto.

So I hope, Mr. President, that we could have a strong indication of support. The support for this agency has been bipartisan over its very illustrious and significant and important life. That bipartisanship is evident this evening. I hope and urge that the members of this body will vote in support of overriding the veto.

I reserve the balance of my time.

THE IMPORTANCE OF NURSING EDUCATION, AND THE NIH REAUTHORIZATION BILL

Mr. HEINZ. I rise today to urge the Senate to continue its commitment to H.R. 2409, the NIH reauthorization bill. One provision of this bill has been found by some to be particularly controversial, and that is the creation of a National Center for Nursing Research. I find that provision not controversial but responsible. It is a reasonable compromise with the administration's concern that the Institutes not proliferate and I must rise to insist that it be maintained.

This legislation recognizes the wisdom of supporting the continued growth and quality of research into nursing and patient care. Such research is absolutely essential to improving patient care, patient education, and health promotion.

Shifting economic incentives in today's health care marketplace are creating major expansions in nursing responsibility in all facets of health care. Increasing health care costs, and decreasing financial resources in Federal programs such as Medicare and Medicaid, will lead to a reexamination of decisions on which health practitioners will be reimbursed for providing different types of services. In the future nurses may be counted on to perform more and more of the services that were once performed by physicians. With the mounting evidence that the prospective payment mechanisms may result in hospital patients being discharged "sicker and quicker," thereby imposing a heavier burden on skilled nurses in nursing homes and other settings, members of the nursing profession would become even more critical as caregivers. And as future changes in health-care financing mechanisms affect the scope, quality, and costs of services in hospitals, long-term care facilities, and community-based settings, it should be obvious that the need for research into nursing and patient care will become even more critical.

The work done by the Center would be, to date, the most responsive to the long-term care needs of our older population. It would focus on the promotion of health, the prevention of illness, and the understanding of individual, family, and community responses to acute and chronic illness and disability. Research has already shown that nurse practitioners can provide high quality primary care at lower costs per patient visit, and that geriatric nurse practitioners can reduce the need for diagnostic tests and shorten hospital stays for elderly patients. A National Center for Nursing Research would further promote research into innovative and cost-effective methods of health-care delivery.

In short, Mr. President, I'd like to commend my distinguished colleague, Senator HATCH, for his tireless work to pass this legislation, and to urge my colleagues to support it.

Mr. GORTON. Mr. President, I rise in support of overriding the veto of the President on the authorization bill for the National Institutes of Health.

H.R. 2409, the Health Research Extension Act of 1985 is the result of several years of hearings and negotiations, and represents a compromise between both Houses of Congress. The support for this compromise is perhaps best evidenced by the fact that it was adopted by both the Senate and House virtually without objection. In addition, it is important to note that this bill was supported by many of the finest medical and research specialists in the country.

The bill was vetoed for two reasons: It was perceived that Congress was intruding into the operation of the Institutes and because the bill included the National Center for Nursing Research. Neither seems a valid reason to block approval of this bill.

First, I believe the perception that Congress is involving itself in the micromanagement of the Institutes was overstated. After all, Congress has the responsibility for the management of the taxpayers' resources.

Second, I believe that nursing and patient care plays a key role in the field of health care. In establishing a Center for Nursing Research, a critical component of the biomedical spectrum is being including in the research priorities at the National Institutes of Health—that of patient care research. I believe this represents a fair compromise, in that it provides for patient care research without establishing a separate institute.

Mr. President, I urge my colleagues to join with me in overriding the veto of H.R. 2409.

Mr. BRADLEY. Mr. President, I rise to urge my colleagues to join me in overruling the President's veto of H.R. 2409, the Health Research Extension Act of 1985.

Let us examine the President's two major objections to this proposed legislation. The President claims that the bill does not allow NIH to undertake its research activities effectively because it imposes certain administrative requirements on NIH. The President also states that the proposed legislation establishes programs which are not needed.

I do not agree with the President on either count. What does H.R. 2409 do? First, it establishes procedures for dealing with scientific fraud and guidelines for the proper care of animals used for research. In addition, it establishes a Biomedical Ethics Advisory Board which will explore the ethical issues that are inherent in the practice of medicine and in biomedical research. Rather than interfering with the administration of research activities, these requirements will insure that research activities conform to professional and humane standards of conduct.

The President's charge that the new organizations this bill establishes are unneeded is equally unfounded. This proposed legislation would establish a new National Institute of Arthritis and Musculoskeletal and Skin Diseases. Arthritis is a condition which affects an estimated 35 million Americans. This disease attacks people of all ages, although the elderly are the primary victims. One rheumatologist estimated that at least 30 percent of people over age 60 have had some form of arthritis. As medical advances allowed Americans to live longer, arthritis has become a more significant factor for an ever greater percentage of our population. The medical profession has no cure for arthritis—only costly drugs for relieving the pain and even more expensive operations so that people are not bedridden for life.

Arthritis, Mr. President, is a leading cause of absenteeism; the Arthritis Foundation found that it accounts for $7 billion in lost wages and taxes. Furthermore, the victims of arthritis spend an estimated $8 to $10 billion a year in pursuit of relief from the pain of this disease. This does not include the 200,000 joint replacement operations each year for those patients whose condition has deteriorated so badly that they are unable to walk. A separate Institute for Research on Arthritis and Related Diseases is, indeed, appropriate.

Mr. President, another valuable provision in this bill is the establishment of a Nursing Research Center. Two years ago, in the 98th Congress, the administration rejected a similar piece of legislation because it included a separate Institute for Nursing Research that the administration did not think was necessary. This bill expresses Congress' efforts to compromise by establishing a Nursing Research Center within NIH. It appears that this compromise was not enough; the President still deems this vital center "unneeded."

This center would concentrate on patient care research and would help to integrate the participation of nurses in to the Instiute's research activities. The President claims that such research will not help with disease-oriented research. I disagree. The care of patients is of the utmost importance in curing them of disease. Nurses play an extremely important role in helping patients learn how to participate in patient care. They also help to prevent illness and determine how to provide patient care in nonacute care settings. Given our concerns about improving patient care and reducing the cost of care, the need to involve the nursing profession in these matters is essential. This center will integrate the nursing profession into the important research undertaken by the NIH.

Mr. President, this bill emphasizes research on AIDS, Alzheimer's disease, arthritis, and other diseases which are currently plaguing our society. It reauthorizes the National Cancer Act and the National Heart, Lung, and Blood Institute. It addresses current health care needs and ensures that research activities are carried out ethically. The National Institute of Health is a foundation of which our Nation can be proud. The provisions of the Health Research Extension Act of 1985 enhance the already valuable research initiatives of NIH. Once again, I urge my colleagues to join me in overriding the President's veto of this vital legislation.

Mr. CRANSTON. Mr. President, on November 1, 1985, I wrote to the President to urge that he sign into law H.R. 2409, the "Health Research Extension Act of 1985." In that letter, I indicated how important this legislation was in order to reauthorize the appropriations for the National Insitutes of Health and to establish a National Institute of Arthritis and Musculoskeletal and Skin Diseases. We need to coordinate and accelerate scientific and medical efforts to overcome arthritis—a crippling disease that afflicts 35 million Americans—4 million in California alone.

However, on November 8, the President vetoed this legislation. The House voted to override him 380 to 32 on November 13 and I urge all my colleagues to do likewise here tonight.

Mr. President, I ask unanimous consent that my letter of November 1 be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, November 1, 1985.

Hon. RONALD REAGAN,
The White House,
Wasington, DC.

DEAR MR. PRESIDENT: I am writing to urge you to sign H.R. 2409, the "Health Research Extension Act of 1985", to extend for three fiscal years certain expiring authorizations of appropriations for the National Institutes of Health and to make a number of very significant improvements in our national health research programs.

Of particular importance, I believe, is that this legislation would establish a National Institute of Arthritis and Musculoskeletal and Skin Diseases (NIAMSD) for the purpose of focusing research efforts on arthritis and related diseases. On February 7, 1985, Senator Goldwater and I, joined by Senator Hatch, introduced S. 425 to establish the NIAMSD. We proposed this legislatiokn (which is now incorporated in H.R. 2409) because we believed—and still do—that the only way to find effective means to treat and prevent arthritis is through a concerted research effort. At present, arthritis research must compete for attention and resources within the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases and hence lacks the focus, direction, and visibility needed to mount a comprehensive attack on one of our country's major health problems.

The establishment of NIAMSD would provide a greatly needed impetus to further the progress begun a decade ago with the enactment of the National Arthritis Act of 1974, which I was privileged to author. In that law, Congress put in motion a coordinated, sustained effort to combat arthritis by providing for the design of a master arthritis research plan. That Congressional initiative has been given new emphasis and meaning by the strong bipartisan support in both Houses for our measure to establish NIAMSD.

Our action in signing this bill would signal to the tens of millions of Americans afflicted with arthritis that we are committed to applying our best scientific and medical resources to an accelerated, better coordinated resaearch effort to overcome this crippling disease. The establishment of this new Institute would be a great step forward for medical science and the estimated 35 million Americans suffering from arthritis.

Mr. President, I urge you to sign this legislation into law.

Cordially,

ALAN CRANSTON.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Mr. President, I yield 15 seconds to the Senator from Connecticut.

Mr. WEICKER. Mr. President, the President's decision to veto H.R. 2409, the National Institutes of Health reauthorization bill, is both unwise and potentially damaging to our Nation's ongoing biomedical research efforts.

For over 3 years, Members of both Houses of Congress and of varied political views have worked hard to craft legislation which would reauthorize many of the activities conducted by the National Institutes of Health. Indicative of the bipartisan effort is the fact that 78 of us recently wrote the President urging that he sign H.R. 2409. Our advice was rejected but the reasons for this rejection are less than compelling.

Congress determined in H.R. 2409 that top-priority focus is to be placed on arthritis, a disease affecting almost 50 million of our Nation's citizens each year. Arthritis is the leading cause of disability due to chronic disease. Although generally regarded as a disease of aging, millions of working-age adults have arthritis, and as many as 250,000 children are also afflicted with this devastating condition. In addition to the human and social disruption caused by arthritis and musculoskeletal diseases, the economic cost is monumental. The total economic burden of these diseases is at least $30 billion per year, and is projected to reach $100 billion per year by the turn of the century. Congress created an Arthritis Institute in response to a national need. The problems caused by arthritis will not disappear unless focused, well-financed research is encouraged and supported. The President would create an Arthritis Institute by Executive order instead of es-

tablishing this needed Institute in law as provided by H.R. 2409.

Congress also determined that the art and science of nursing, a profession employing 1.6 million health care professionals with the most direct contact with patients, demands special attention and study through the creation of a National Center for Nursing Research. Nursing research helps to translate the results of biomedical research and bring it to the bedside. Nursing research can help us to care for the patient in a more efficient, cost-effective, and humane manner. The President agrees that nursing research is important but then states that neither nursing research nor disease-oriented research would be served by H.R. 2409. Clearly, nursing research and patient care would be very well served by creation of a nursing center and, indeed, the President has already signed into law the measure which provides $5 million for the Center's first year of operation.

These are not sufficient differences to derail the carefully crafted compromise which is H.R. 2409. But even more important is the fact that also contained within the legislation is the necessary stability for our Nation's battle against cancer, and diseases of the heart, lung, and blood.

Men and women of science have a right to expect predictable and certain support for their efforts to conquer dread diseases. Such support has, in recent years, allowed us to preserve and to improve countless lives and it provides the secure base from which efforts to understand AIDS and other deadly threats can be successful.

I urge my colleagues to vote to override the President's veto of H. R. 2409. This opportunity to provide stability and support for biomedical research must not be lost.

Mr. GOLDWATER. Will the Senator yield me 2 minutes?

Mr. HATCH. I yield 2 minutes to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, I want to take this opportunity to thank the Senator from Utah and the Senator from Massachusetts for the great work they have done in this field.

I have a great interest in this. It is called arthritis. Seventy-six million people in this country, Mr. President, suffer from arthritis. It is the most crippling, most deadly disease that we have, and yet for years and years we have not had much more than a nod from the National Institutes of Health that this problem does exist.

Millions of dollars are being spent out of private funds to study the sources of arthritis. And I can say, Mr. President, that we are close to being on the verge of discovering a common virus that creates some 400 different types of arthritis.

I think it is a great step forward that the committee has taken and I join my colleagues in urging that this veto be overridden, an action that I do not like to take, but I am getting a little tired of trying to get these things done for 76 million people and having the White House veto it.

I thank my friend from Utah and my friend from Massachusetts.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Mr. President, how much time does the Senator from Utah have remaining?

The PRESIDING OFFICER. The Senator from Utah has 2 minutes and 27 seconds remaining.

Mr. HATCH. I thank the distinguished Senator from Arizona. If it had not been for his leadership and that of Senator SYMMS, we would never have done all we tried to do to get the National Institute of Arthritis and Musculoskeletal and Skin Diseases put together. I believe it is a legacy we are gong to leave to the American people and I hope that everybody will support us in overriding this veto tonight.

The Senator from Masachusetts made a very good point. You can create that by executive order but you can change it by executive order.

We want to do it right. We want to do it right by statute.

Mr. President, I urge my colleagues to join with me in reconsideration of H.R. 2409, the Health Research Extension Act of 1985. This legislation reauthorizes activities at the National Institutes of Health, without a doubt the premier biomedical research institution in the world.

On November 8, the President vetoed this bill. In his veto message, President Reagan at long last recognized the need to establish the National Institute of Arthritis and Musculoskeletal and Skin Diseases. The House of Representatives or Senate has passed legislation authorizing this new institute on six separate occasions. I am, therefore, grateful that the administration will proceed forthwith to establish the National Institute of Arthritis and Muscoloskeletal and Skin Diseases.

However, my pleasure at this worthy effort is overshadowed by my concern about the many other excellent provisions of H.R. 2409 which will not be enacted because the bill was vetoed.

The veto message cited administration objections to "numerous administrative and program requirements * * * establishing unneeded new organizations * * * and imposing a uniform set of authorities on all research institutes."

The President went on to say that these provisions would "seriously undermine and threaten the ability of NIH to manage itself and are therefore unacceptable."

Fellow Senators, this is simply not the case. H.R. 2409 reflects years of hard work and compromise and is designed to guarantee the ongoing success and excellence of our national health related research. Let me share with you some thoughts on the provisions the administration finds so objectionable.

First, the National Center for Nursing Research. This was singled out as the most objectionable provision in H.R. 2409. The veto message says this center is "not * * * appropriate * * * because of the lack of compatibility between the mission of such a center and the mission of NIH."

The truth, I believe, lies closer to a comment conveyed to me and attributed to an NIH scientist: "Nurses are not a disease, and at NIH we do disease research." For years this kind of narrowminded and elitist attitude has kept nurse researchers at bay, unable to participate in and contribute to our national research programs.

Let me describe for you what nursing research really is. It is research related to patient care, and to how patients in the hospital and home setting might be more effectively and efficiently cared for; it is research on how to prevent bed sores (a problem which is estimated to cost the Nation over $1 billion per year); it is research on how to prevent urinary incontinence (a problem which is estimated to cost this Nation $8 billion, primarily in nursing home care); it is research on how to get patients back on their feet and caring for themselves as soon as possible; it is research on how to get low cost health care services to those most needing them, in inner city and rural areas; it is research carrying on the proud tradition of our best public health nursing efforts; and it is research related to health promotion, educating individuals and families on how to prevent illness and how to keep our citizens from becoming patients.

Now I ask you, my colleagues, does this kind of research seem incompatible with the mission of our National Institutes of Health? If so, let us rename NIH the National Institutes of Disease Research.

Last year, the NIH reauthorization bill was pocket-vetoed in large part because my colleague in the House of Representatives, ED MADIGAN, championed establishment of a full-blown National Nursing Institute. Although I, too, favored this, I agreed to work with the administration this year to create something which would be less ambitious but, nonetheless, would give nursing researchers a place at NIH.

Yet suddenly we learn that even a nursing center with an appropriation of only $5 million out of a total budget of almost $5½ billion is too much. This is preposterious! A proposal for nursing research to have one-one thousandth of the NIH budget is too much? Mr. President, nursing research

has too long been excluded from mainstream scientific investigation. It is high time our traditional, albeit successful, medical-research scientists made room for nurse-research scientists and broadened the mission of NIH.

A second reason why this legislation should be signed into law is that it reauthorizes the National Cancer Act. It should be understood that this bill not only maintains the act and the Institute's authorities, but, in fact, strengthens and improves on those authorities.

For example, the bill improves the current cancer center core grant program, by extending to 5 years from 3 years the life of the core grant, and continues intact the many authorities important to cancer centers. The bill improves the current NCI training authority, by clarifying that the authority specifically includes clinical research training, as well as continuing education and laboratory research training.

Many National Cancer Act provisions have been continued or improved: the NCI Director's peer review group appointment authority has been continued for specialized programs that do not fit the NIH peer review system well.

Current law is maintained regarding the roles of advisory councils and boards: the National Cancer Advisory Board Members will continue to be appointed by the President for 6-year terms; the President's Cancer Panel is continued with full responsibilities, and with the improvement that members' expired terms will be extended until new appointments are made; and the bill continues the NCI bypass budget and the Presidential appointment of the Director of the NCI.

There has been very strong support for this legislation from all elements of the cancer research and care community. The broad-based Coalition for Cancer Research supports the bill strongly, as does the American Association of Cancer Institutes—cancer centers—and many cancer center directors individually. The American Society of Clinical Oncology, which has as its membership the great majority of physicians who provide clinical care and who harvest the research results to get them into the patient care system rapidly, strongly endorses the bill.

It is essential that our past investments in the war on cancer, begun almost 15 years ago, be continued with strong and vigorous support. Without this legislation, the National Cancer Institute is subject to the whims of those who make budget policy only and who have no long-term commitment to health policy.

For your information, other so-called objectionable provisions in this legislation include:

First. Statutory requirements against scientific fraud.

Second. Statutory requirements designed to ensure the humane treatment of laboratory animals.

Third. Statutory requirements to ensure expedient funding of research related to public health emergencies.

Fourth. Statutory protection of the fetus in research, and

Fifth. Statutory requirement to establish a Congressional Biomedical Ethics Board.

The legislative history behind each of these provisions is long and complex. But I can assure you each provision has a broad constituency, and the legislative language was crafted over years of difficult and painstaking negotiations.

I am quite frankly astonished that congressional efforts to arrive at consensus and provide legal direction in highly sensitive and emotional research related issues—such as animal welfare and fetal research—can be summarily dismissed as undue political control over decisions regarding scientific research. On the contrary, the preponderance of the provisions of H.R. 2409 protect the scientific freedom and integrity of our research effort.

The Health Research Extension Act was passed almost unanimously by the Congress and demonstrates enormous support for our national biomedical research effort. Congress is ultimately accountable to the public for the expenditure of public funds. Federal funding for the NIH now exceeds $5½ billion annually, and it would be unwise and irresponsible to support this expensive effort without careful legislative and public scrutiny.

I believe Congress has done a creditable job in this regard, and, as a result, the American public has been consistently generous in its support of NIH programs.

I encourage my colleagues to ignore the pessimism expressed in the administration's veto message about H.R. 2409. This reauthorizing legislation will only strengthen and provide much needed stability to our national biomedical research effort.

I urge you to join with me in overturning the veto of H.R. 2409. Our action will send a strong message to the administration that the Senate, on behalf of the public, is speaking out in support of our National Institutes of Health, that NIH must be responsive to the public—not just a richly funded organization on disease research but this Nation's health research treasure.

The PRESIDING OFFICER. All time of the Senator from Utah has expired.

Mr. HATCH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are automatic on this question.

The Senator from Massachusetts has 2 minutes and 42 seconds remaining.

Mr. KENNEDY. Mr. President, I have stated my views on this. I believe the case has been well made by the chairman of the committee and by the Senator from Arizona.

This is a very important measure, extremely essential in terms of the future health and well-being of the people of this country. I dare say if you were to ask them: "Where is the best dollar that is spent for the well-being of the American people?", I believe that the overwhelming majority would say: "In the National Institutes of Health."

I hope that the veto will be overridden. I urge my colleagues to vote that way.

The PRESIDING OFFICER. Does the Senator from Massachusetts yield back his time?

Mr. KENNEDY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the bill, H.R. 2409, pass, the objections of the President of the United States to the contrary notwithstanding? The yeas and nays are required and the clerk will call the roll.

Mr. KENNEDY. Mr. President, parliamentary inquiry. Is a yea vote to override the veto?

The PRESIDING OFFICER. That is correct.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Pennsylvania [Mr. SPECTER], and the Senator from Vermont [Mr. STAFFORD], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. INOUYE] is absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 89, nays 7, as follows:

[Rollcall Vote No. 321 Leg.]

YEAS—89

Abdnor	Dole	Johnston
Andrews	Domenici	Kassebaum
Armstrong	Durenberger	Kasten
Baucus	Eagleton	Kennedy
Bentsen	Exon	Kerry
Biden	Ford	Lautenberg
Bingaman	Garn	Leahy
Boren	Glenn	Levin
Boschwitz	Goldwater	Long
Bradley	Gore	Lugar
Bumpers	Gorton	Mathias
Burdick	Grassley	Matsunaga
Byrd	Harkin	Mattingly
Chafee	Hart	McClure
Chiles	Hatch	McConnell
Cochran	Hatfield	Melcher
Cohen	Hawkins	Metzenbaum
Cranston	Hecht	Mitchell
D'Amato	Heflin	Moynihan
DeConcini	Heinz	Murkowski
Dixon	Helms	Nunn
Dodd	Hollings	Packwood

Pell	Rudman	Thurmond
Pressler	Sarbanes	Trible
Proxmire	Sasser	Wallop
Pryor	Simon	Warner
Quayle	Simpson	Weicker
Riegle	Stennis	Wilson
Rockefeller	Stevens	Zorinsky
Roth	Symms	

NAYS—7

Danforth	Gramm	Nickles
Denton	Humphrey	
Evans	Laxalt	

NOT VOTING—4

East	Specter
Inouye	Stafford

The PRESIDING OFFICER. On this vote, the yeas are 89; the nays are 7. Two-thirds of the Senators present and voting having voted in the affirmative, the bill, on reconsideration, is passed, the objections of the President of the United States to the contrary notwithstanding.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. TRIBLE). The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 6968(a), appoints the following Senators to the Board of Visitors of the U.S. Naval Academy: The Senator from Oregon [Mr. HATFIELD], from the Committee on Appropriations; the Senator from Alabama [Mr. DENTON], from the Committee on Armed Services; the Senator from South Carolina [Mr. HOLLINGS], from the Committee on Appropriations; and the Senator from Maryland [Mr. SARBANES], at large.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 4355(a), appoints the following Senators to the Board of Visitors of the U.S. Military Academy: The Senator from Connecticut [Mr. WEICKER], from the Committee on Appropriations; the Senator from Texas [Mr. GRAMM], at large; the Senator from Louisiana [Mr. JOHNSTON], from the Committee on Appropriations; and the Senator from Michigan [Mr. LEVIN], from the Committee on Armed Services.

The Chair, on behalf of the Vice President, pursuant to 14 U.S.C. 194(a), appoints the following Senators to the Board of Visitors of the U.S. Coast Guard Academy: The Senator from Missouri [Mr. DANFORTH], from the Committee on Commerce, Science and Transportation; the Senator from Oregon [Mr. PACKWOOD], from the Committee on Commerce, Science, and Transportation; the Senator from South Carolina [Mr. HOLLINGS], from the Committee on Commerce, Science, and Transportation; and the Senator from Connecticut [Mr. DODD], at large.

The Chair, on behalf of the Vice President, pursuant to 46 U.S.C. 1295b(h) appoints the following Senators to the Board of Visitors of the U.S. Merchant Marine Academy: The Senator from Wisconsin [Mr. KASTEN], from the Committee on Commerce, Science, and Transportation; the Senator from Missouri [Mr. DANFORTH], from the Committee on Commerce, Science, and Transportation; the Senator from Hawaii [Mr. INOUYE], from the Committee on Commerce, Science, and Transportation; and the Senator from New York [Mr. MOYNIHAN], at large.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 9355(a), appoints the following Senators to the Board of Visitors of the U.S. Air Force Academy: The Senator from Alaska [Mr. STEVENS], from the Committee on Appropriations; the Senator from Arizona [Mr. GOLDWATER], from the Committee on Armed Services; the Senator from Florida [Mr. CHILES], from the Committee on Appropriations; and the Senator from Arizona [Mr. DECONCINI], at large.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The question recurs on the amendment numbered 1067 offered by Senator ABDNOR. The amendment as drawn is not in order.

Mr. HELMS. Mr. President, I am sorry, but there is so much confusion in the Chamber I did not understand the Chair. May we have order?

The PRESIDING OFFICER. The question now recurs on the amendment of Senator ABDNOR, amendment No. 1067. This amendment as drawn is not in order.

Mr. MELCHER and Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I do not believe Senator ABDNOR heard the Chair.

Mr. ABDNOR. I did not, Mr. President.

Mr. HELMS. Mr. President, I think there is good news and bad news. The Senator's amendment is up but it has been declared out of order.

Mr. ABDNOR. Mr. President, if the Chair will forgive me, I have trouble hearing.

The PRESIDING OFFICER. The Senate will be in order.

Mr. ABDNOR. Mr. President, is he telling me my amendment is out of order?

The PRESIDING OFFICER. The Senator is correct.

Mr. ABDNOR. That is bad news.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, for the information of Senators, we are going to try to work out a window of perhaps an hour, give or take, during which time we do not anticipate that there will be rollcall votes. Following that, we do anticipate rollcall votes well into the evening. I have discussed this with the majority leader and he wants us to forge ahead as best we can so, if possible, this bill will be completed tomorrow; if not tomorrow, Friday; if not Friday, Saturday. There will be further rollcall votes, I anticipate, but not during the next hour. We are going to try to handle amendments which will not require a rollcall vote.

Mr. PRYOR, Mr. MELCHER, and Mr. ABDNOR addressed the Chair.

Mr. PRYOR. Mr. President, if the Senator will yield, I should like to ask a question of the chairman.

Mr. HELMS. Mr. President, I shall not yield the floor yet. I shall yield for a question.

Mr. PRYOR. I wish to ask a question, Mr. President.

I would like to say to the chairman that we have been here all day long and it is 8 o'clock at night. What is the justification for our doing nothing for an hour, not having any votes, while we are here and, if we are not going to have any votes, why do we not go home?

Mr. HELMS. I shall be glad to answer the Senator's question. I shall answer it this way: I have had the same question in mind because between 5:12 p.m. and 7 p.m. this evening, we were not allowed to conduct business. We were in quorum call for 1 hour and 40 minutes of that time—1 hour and 48 minutes. For 1 hour and 40 minutes, we were not allowed to conduct business.

Mr. PRYOR. Why compound the problem by taking another window? I think there are amendments, I heard of some on this side that are ready to be offered. I do not know what they are at this point. Perhaps our distinguished manager on our side can answer that question. I protest this window from 8 to 9. I do not know what I can do about it, but I do not see any sense in the Senate sitting here for another hour doing nothing, waiting for someone to offer an amendment.

Mr. HELMS. The Senator may consider it doing nothing to dispose of amendments without rollcall votes, but this Senator does not.

Mr. PRYOR. This place has become like an airport, Mr. President. All we do is sit and sit and sit.

Mr. HELMS. I agree.

Mr. PRYOR. It is like waiting for a plane to come in the whole day and the whole night. If the plane is coming in, let us get on it. If it is not, let us go home.

Mr. HELMS. The Senator and I are singing from the same hymn book on that. I have been trying to move this bill since last May. The Senator can see for himself what happens for the rest of the evening. I shall be glad to go to third reading right now. Would the Senator like that?

Mr. PRYOR. I would be glad to go to third reading.

Mr. HELMS. I ask for third reading, Mr. President.

SEVERAL SENATORS. Let us vote.

The PRESIDING OFFICER. The Chair is advised that until the amendment is disposed of, third reading is not in order.

Mr. HELMS. I knew that, Mr. President.

Mr. SARBANES. Will the Senator yield for a question?

Mr. HELMS. The Senator from South Dakota has an amendment pending. I would prefer to transact some business. I shall be glad to do whatever the Senate wants but I want to do as much as I can on this bill tonight and intend to do that.

Mr. SARBANES. Will the Senator yield for a question?

Mr. HELMS. I shall be glad to yield for a question.

Mr. SARBANES. Will the Senator outline for us what he anticipates happening the rest of the evening after this 1-hour period elapses?

Mr. HELMS. We have several controversial amendments. Let me go down the list.

Mr. SARBANES. I do not want to consume that much of the Senator's time. How late does the Senator anticipate being in?

Mr. HELMS. No later than 2 a.m.

Mr. BUMPERS. Would the Senator yield for an additional question? What is the parliamentary situation? On the amendment of the Senator from South Dakota to the Dole substitute with the motion to recommit, can we have a voice vote as the majority leader suggested?

Mr. ABDNOR. Mr. President, I can answer that.

Mr. BUMPERS. I do not care who answers it. We are trying to redraft amendments in my office and we do not know how to redraft them.

Mr. HELMS. I can assure the Senator that is not the fault of the managers of the bill.

Mr. BUMPERS. The Senator from North Carolina will recall that this afternoon, the majority leader suggested we have a voice vote on the motion to recommit, get that bill back here, adopt the committee amendments, consider the whole thing as original text and start amending. I think everybody would be infinitely better off if we could do that and know how to draft our amendments.

Mr. HELMS. I can solve the Senator's problem. Mr. President, I ask unanimous consent that all 4 pending questions be withdrawn and that the bill be considered as original text with the language contained in amendment No. 939 as a part thereof.

The PRESIDING OFFICER. Is there objection?

Mr. BUMPERS. Mr. President, reserving the right to object, could the Senator from North Carolina explain to me what he just asked? Is this the motion to recommit?

Mr. HELMS. That is correct. There has been an objection on the Senator's side, Mr. President. It has been cleared on this side.

Maybe we ought to yield to the distinguished minority leader and let him discuss it.

Mr. BYRD. Mr. President, I think the distinguished Senator from Arkansas has asked a pertinent question. I think it should be answered. May I ask the distinguished manager of the bill if this is not the situation, that except by unanimous consent no amendment may be offered to the bill at the present time but can only be offered as a second-degree amendment to the first-degree amendment of Mr. DOLE to the motion to recommit with instruction?

Mr. HELMS. The Senator is correct. Just to confirm that, I will ask the Chair if he is not correct.

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I thank the Chair.

Mr. BYRD. May I ask this further question?

Well, I do not need to ask a further question, but I think all Senators should be informed that the only amendments that would be in order would be amendments in the second degree to the amendment by Mr. DOLE in the first degree to the motion to recommit. That is the only spot that is open.

Mr. HELMS. That is correct.

Mr. BYRD. So Senators would want to be sure, if they have amendments, that those amendments are properly keyed as second-degree amendments to the pending first-degree amendment.

Mr. HELMS. Mr. President, was there an objection to my unanimous-consent request?

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. HARKIN. Objection.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS. May I ask who objected? Did the Senator object?

Mr. BYRD. I did not, but I will be glad to.

Mr. HELMS. Somebody did.

The PRESIDING OFFICER. The Senator from Iowa objected, Senator HARKIN.

Mr. HELMS. Senator HARKIN. All right.

AMENDMENT NO. 1067, AS MODIFIED

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. ABDNOR. Mr. President, I wish to modify my amendment No. 1067 and I send it to the desk.

The PRESIDING OFFICER. The clerk will report the amendment of the Senator from South Dakota.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. ABDNOR] proposes an amendment numbered 1067, as modified.

Mr. ABDNOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modification is as follows:

At the end of the amendment No. 939 (as amended) add the following:

On page 459, between lines 18 and 19, insert the following new section:

STUDY OF UNLEADED FUEL IN AGRICULTURAL MACHINERY

SEC. ——. (a)(1) The Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall jointly conduct a study of the use of fuel containing lead additives, and alternative lubricating additives, in gasoline engines that are—

(A) used in agricultural machinery; and

(B) designed to combust fuel containing such additives.

As modified.

(2) The study shall analyze the potential for mechanical problems (including but not limited to valve recession) that may be associated with the use of other fuels in such engines.

(b)(1) For purposes of the study required under this section, the Administrator of the Environmental Protection Agency and the Secretary of Agriculture are authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information.

(2) The Secretary of Agriculture shall specify the types and items of agricultural machinery to be included in the study required under this section. Such types and items shall be representative of the types and items of agricultural machinery used on farms in the United States.

(3) All testing of engines carried out for purposes of such study shall reflect actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) Not later than than January 1, 1987—

(1) the Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall publish the results of the study required under this section; and

(2) the Administrator shall publish in the Federal Register notice of the publication of such study and a summary thereof.

(d)(1) After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator shall—

(A) make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes, including a determination of whether a modification of the regulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes; and

(B) submit to the President and Congress a report containing—

(i) the study;

(ii) a summary of the comments received during the public hearing (including the comments of the Secretary); and

(iii) the findings and recommendations of the Administrator made in accordance with clause (1).

(2) The report shall be transmitted to—

(A) the Committee on Energy and Commerce of the House of Representatives;

(B) the Committee on Environment and Public Works of the Senate;

(C) the Committee on Agriculture of the House of Representatives; and

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(e)(1) Between January 1, 1986, and December 31, 1987, the Administrator shall monitor the actual lead content of leaded gasoline sold in the United States.

(2) The Administrator shall determine the aveage lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987.

(3) If the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the Administrator shall—

(A) report to Congresss; and

(B) publish a notice thereof in the Federal Register.

(f) Until January 1, 1988, no regulation of the Administrator issued under section 211 of the Clean Air Act (42 U.S.C. 7545) regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon.

(g) To carry out this section, there is authorized to be appropriated $1,000,000, to be available without fiscal year limitation.

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order.

The Senator from South Dakota.

Mr. ABDNOR. I thank the Chair. Mr. President, I am pleased that I am finally getting a chance to present this very much needed amendment which directs the U.S. Department of Agriculture [USDA] and the Environmental Protection Agency [EPA] to conduct a study examining the effects of a leaded fuel phase-down on the farm economy. Until this study is completed and recommendations can be reasonably made. The lead content in fuel will not fall below 0.1 grams per gallon. I introduce this measure on behalf of myself, the Senators from Oklahoma [Mr. NICKLES and Mr. BOREN], the Senator from Iowa [Mr. GRASSLEY], and the Senator from Minnesota [Mr. DURENBERGER].

Simply stated, Mr. President, my amendment directs the EPA to conduct a study in cooperation with the USDA to gauge the effects of a lead ban upon the agricultural community. My amendment requires that the results of this study be published in the Federal Register no later than January 1, 1987, and that full recommendations be submitted to Congress no later than June 1, 1988. With an opportunity for hearings. Finally, my amendment states that no ban on leaded gasoline can be implemented until January 1, 1988.

I firmly believe that a study is necessary before the lead content in gasoline is phased down below 0.1 grams per gallon. Blind decisions cannot be made, and that is exactly what would happen if EPA does not even look at the consequences of their policies before implementation.

Farm work, in all forms, automatically promotes additional wear. Farm machinery is in a class by itself, and decisions which ultimately affect this equipment must be made carefully, with every consideration given as to the performance of farming equipment.

We know that the farmers are facing difficult times and cannot afford any additional costs or burdens. EPA's ban would create an unnecessary burden on our farmers. When the price difference between leaded and unleaded would cost farmers $4 to $8 million annually and the equipment replacement would cost individual farmers $90,000 to $100,000, I find this proposal costly and cumbersome.

EPA's current action would unjustly hurt the agricultural economy, and I can tell you here today—farmers cannot afford these increased costs. Grain and livestock prices have not increased, yet equipment prices have risen yearly. The environment surrounding most farm communities is completely different from other areas.

We must look closely at the effects of our decisions, and in this case, those effects have not been properly reviewed.

My amendment ensures that a rational decision is made. I am not totally opposed to a lead phase-down, because I know there are health considerations. I am confident that a substitute for lead will be developed. What I am concerned about is the making of uninformed decisions and how these decisions will affect the farmers in South Dakota and every other rural State.

Mr. President, I ask unanimous consent that a letter I have received from the EPA which also recognizes the need for a study be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, October 25, 1985.

Hon. JAMES ABDNOR,
U.S. Senate,
Washington, DC.

DEAR SENATOR ABDNOR: Because I know of your keen interest in EPA's lead phasedown program and your concern with the potential effects on agricultural machinery, I am writing to let you know of recent developments. As a result of the issues raised by you and farm community representatives, I have made a commitment to conduct a study of the effects of low lead and unleaded gasoline on farm equipment. The Agency will design a test program in consultation with the Department of Agriculture and interested farm groups to ensure that the study responds to the concerns of the farm community. The study will involve testing a representative sample of engines used in agricultural machinery with different lead levels, and with additives which could serve as substitutes for leaded gasoline. We anticipate completing the study by January 1987. I am enclosing a letter to the American Farm Bureau Federation which describes our study plan and discusses other aspects of our lead phasedown regulations in more detail.

I appreciate your activity on behalf of the farm community. I hope that we will have an opportunity in the future to work together on issues of mutual interest.

Sincerely,

LEE M. THOMAS.

Mr. ABDNOR. Mr. President, it is clear that we need a complete and thorough study of the potential negative effects a ban on lead used as a fuel additive would have on the farm sector. The possible problems and economic hardships caused by such a ban should be carefully researched and determined. I urge my colleagues to support this amendment requiring EPA and USDA to conduct this desparately needed study.

Additionally, Mr. President, I thank my Senate colleagues, Mr. NICKLES, Mr. GRASSLEY, and Mr. DURENBERGER, along with Congressman TAUKE, for meeting and reaching this compromise.

Mr. NICKLES. Mr. President, it is my pleasure to join my colleague from South Dakota, Senator ABDNOR, in offering this farm bill amendment which offers needed protection to the agricultural community from the Environmental Protection Agency's proposal to ban leaded gasoline by 1988. Proper study and consideration must be given to determine if such a move would have an adverse impact on the agriculture community.

Farmers and ranchers are tired of being battered about by poorly conceived Government actions. They have had more than their fill of grain embargoes, OSHA regulations, cargo preference restrictions, and IRS intrusions. In these instances, as all too often, the branches of big government have been a disservice to rural America.

A recent survey of over 3,000 farmers and ranchers found an average of 10 lead gas burning engines per farm, ranging from chainsaws and grain augers to combines. A ban on leaded gasoline could cost individual farmers $100,000 if their equipment had to be replaced. The fact is, EPA doesn't really know if this farm machinery

would be permanently damaged by fueling with unleaded gasoline. We need to know and this amendment would let us find out under actual working conditions.

The amendment we are offering today would require the Secretary of Agriculture and the EPA Administrator to jointly analyze any mechanical problems which may stem from the use of nonleaded fuels in engines of agricultural machinery. Mr. President, most farmers could not afford to buy new machinery of they wanted to. They are having a hard enough time trying to service the equipment they have.

An amendment aimed at addressing agriculture's concerns on this issue was adopted during House consideration of the farm bill. Congressman TAUKE, sponsor of the House language, and Congressmen DINGELL, MADIGAN, and DE LA GARZA, have stated their intention to urge the House farm bill conferees to accept our amendment during conference. In a recent letter they stated, "Our discussions with petroleum refiners and representatives of the farm community over the last few weeks have convinced us that the approach embodied in your amendment is the best resolution to our concerns at this time."

I urge my colleagues to support the amendment.

Mr. GRASSLEY. Mr. President, I am pleased to join Senator ABDNOR and my other colleagues in cosponsoring this amendment on leaded gasoline.

The purpose of this amendment is to ensure that adequate supplies of gasoline containing 0.1 grams per gallon of lead additives to protect and maintain farm machinery will be available in all States for farming purposes. Recent tests conducted by a major fuel refiner indicates that a substantial number of farm engines, primarily older farm engines, will suffer extensive damage and require expensive repairs if run on unleaded gasoline. Yet, we find in studies conducted by the Environmental Protection Agency which indicate that even those engines without hardened valve seats, which are the most likely candidates for damage, do not experience valve recession in gasoline containing a level of 0.1 grams of lead per gallon. Currently, we are phasing out leaded gasoline, and this amendment requires us to look at this issue before it becomes a problem. In requiring the Department of Agriculture and the Environmental Protection Agency to jointly conduct these tests on the use of fuels containing lead additives, we will be assured that the tests are designed in a way that will be credible to those who own and use farm equipment so that it does answer the concerns of the farm community.

According to this amendment, the level of lead in leaded gasoline will remain at 0.1 grams per gallon for farmers while the study is conducted. The results of the study must be printed in the Federal Register no later than January 1, 1987, and shall be submitted to Congress within 90 days after such publication. Four months after the report is submitted to Congress, the lead level in gasoline used for farming purposes may change to an appropriate level as determined by the Department of Agriculture and the Environmental Protection Agency.

Mr. President, this is a straightforward amendment which is designed to prevent an impending crisis in the farm community. With this amendment I believe that we can resolve the issues associated with the lead phaseout in gasoline.

Mr. HELMS. Mr. President, I believe this amendment has been cleared. Certainly I am willing to accept the amendment.

Mr. ZORINSKY. This amendment has been cleared on this side of the aisle likewise and we have no objection to it.

The PRESIDING OFFICER. Is there further debate on this amendment?

Mr. DURENBERGER. Mr. President, I rise to congratulate the Senator from South Dakota on his amendment and to urge its adoption by the Senate. Although it has been little noticed by the public, there has in the last few weeks been an intense debate in the Congress on the future of the lead phase-down program being implemented by the Environmental Protection Agency.

The amendment now offered by the Senator from South Dakota [Mr. ABDNOR] resolves that debate and resolves it in a way that is satisfactory to all Members that have expressed a concern, both here in the Senate and in the House, as well.

In March of this year, the Environmental Protection Agency promulgated new regulations that will reduce the lead content of leaded—what is usually called regular—gasoline by over 90 percent. The allowable amount of lead in gasoline which was 1.1 grams per gallon will drop to 0.1 gram per gallon effective on January 1, 1986, under the new EPA regulations.

Although most of the automobile fleet of this country has been designed to run on unleaded gasoline, the elimination of lead has caused concern among farmers, motorboat owners, and those who have antique automobiles. The principal purpose of lead as a gasoline additive was to increase octane. But lead also played a secondary role as a valve lubricant. Some fear that the elimination of lead will cause excessive engine wear and in particular a mechanical problem called valve recession for older engines or engines designed to carry heavy payloads such as found in farm machinery.

These concerns have been expressed to the Environmental Protection Agency in public hearings and private communications. Groups representing the owners of heavy duty or specialty engines requested EPA to do a study of the valve recession problem before the Agency went to a complete ban on lead. EPA declined to do the study because of insufficient resources. The groups then came to Congress and sought relief from the new regulations.

When the House considered its version of the 1985 farm bill, Congressman TAUKE offered and the House adopted an amendment that would give farmers an exemption from the EPA phase-down regulations. The amendment would guarantee that those purchasing motor fuels for use on the farm and for farming purposes could purchase a blend of gasoline with 0.5 gram per gallon lead until such time as EPA did a study of the valve recession problem and reported to the Congress.

Although I am equally sympathetic to the concern expressed by the farmers and other groups, I did not believe that the Tauke amendment would be a workable solution to that concern. The demand for gasoline as a motor fuel on the farm is only a very small percentage of the national gasoline market. Motor fuel purchases for farming purposes are less than 3 percent of the national total sales. Gasoline is no longer even the principal fuel on the farm as most new machinery uses diesel fuel.

It is very unlikely that the national motor fuels retail market would be able to provide a special blend of gasoline just for farmers and provide it at a reasonable price. The extra storage and transportation facilities needed for a special blend would assure that it would also be very expensive. Thus, to guarantee that farmers would be able to purchase 0.5 gram per gallon leaded gasoline, EPA would most likely be required to modify its regulations and allow 0.5 gram per gallon for the entire market or substantial portions of the market in agricultural States. Such a step would reverse the direction of EPA's lead phase-down program and in my estimation be a public health tragedy for the children of this Nation.

When the Senate considered the HUD-independent agencies appropriations bill, I offered an amendment prohibiting EPA from using any appropriated funds to modify the regulations which become effective on January 1, 1986 to reduce the allowable amount of lead in gasoline to 0.1 gram per gallon. That amendment also appropriated $1 million to the Agency to

fund a study of the valve recession problem in farm machinery.

Mr. President, after my HUD appropriations amendment was adopted intensive discussions began on steps to resolve the differences between the Senate and House positions. Those discussions quite naturally focused on the legislation that had been introduced by Senator ABDNOR. The Abdnor bill authorized funds for EPA to do a study of the effects of using unleaded fuels in farm machinery. It also prohibited EPA from completely banning the sale of leaded gasoline until the results of the study had been transmitted to the Congress. The discussions over the last few weeks have led to minor modifications in the original Abdnor bill which I would like to review for a moment.

First, the study is also to examine the effects of gasoline that contains lubricating additives other than lead. The choice is not really between regular and unleaded. Many of us who have been watching this issue closely fully expect that some alternative lubricating additive will soon be on the market and that the alternative will do every bit as good a job as lead but without the negative environmental consequences. So the EPA study that is authorized is to also look at those alternatives.

Second, the amendment provides that the Secretary of Agriculture shall specify the types of farm machinery that are to be included in this study. Mr. President, there are several things that need to be said about this provision. One, EPA is not prohibited from looking at engines other than engines in farm machinery. Two, the Secretary of Agriculture cannot hold up the study by refusing to make his selection. There would be no advantage in doing so since the other dates in this amendment are quite firm. Three, there are only limited resources available for this study. The Congress does not expect the Agency to spend any more than approximately $1 million and the Secretary needs to keep those resource constraints in mind when selecting engines. Fourth, and finally, the engines selected by the Secretary are to be representative of the types of engines that are used on the farm and run on gasoline. We are not studying those engines most likely to have a problem, but rather are looking for a representative sample of all farm equipment whether it is likely or expected to have a problem or not.

Third, the Administrator of the Environmental Protection Agency will make findings on the need for modifying the lead phase-down program after the study has been completed. These are to be the findings of the Administrator. They shall be made according to the Administrator's authority and responsibility under the Clean Air Act which provides for the regulation of additives to motor fuels. There is not another member of the executive branch who bears any similar responsibility nor who could make an adequate determination weighing all of the relevant factors. Of course, the proposed findings of the Administrator are open to review by all parties in the executive branch, the Congress, and the public.

Fourth, the Administrator is to collect data on the so-called lead banking regulations which it has issued to determine the impact of these regulations on the gasoline market. Under the provisions of those regulations, refiners are today banking lead rights which can be used after January 1, 1986, to increase the lead content of gasoline above the allowable 0.1 gram per gallon through the end of 1987. Because of the economic value of lead as an octane enhancer, substantial lead rights are currently being banked and it is expected that the actual lead content of gasoline will average more than 0.2 gram per gallon for the next 2 years. If the average content should fall below 0.2 gram for any 3-month period, the Administrator will inform the Congress of such a result.

Finally, the Administrator is prohibited from completely banning lead in gasoline so long as this study is underway. EPA had no intention of reducing lead to less than 0.1 gram per gallon before January 1, 1988, in any event and nothing in this amendment would prohibit the Administrator from issuing a regulation to ban the sale of leaded gasoline after January 1, 1988.

Mr. President, this is a good amendment carefully crafted by Members in both the House and the Senate to reflect the concerns of EPA and representatives of the farm community. After we reached this language as a compromise position, it was no longer necessary to push the prohibition that I had offered as an amendment to the HUD appropriations bill. Senator STAFFORD and I wrote a letter to the chairman and ranking member of the HUD appropriations subcommittee to indicate that an agreement has been reached. I ask unanimous consent that a copy of that letter be included at this point in the RECORD.

Mr. President, I again commend Senator ABDNOR for his efforts on this issue. He can rightly be pleased with the amendment he offers the Senate today. I would also like to thank Senator GRASSLEY for his efforts and close scrutiny of this issue and the staff assistance that his office provided in reaching an agreement. Members of the House, particularly Congressman TAUKE who sponsored the original House amendment, have been most responsible in dealing with this issue and it has been a great privilege to be able to work with Congressman TAUKE directly on this issue. Finally, I would like to thank Senator STAFFORD for the support he has given to working out this language. As always, the Senator from Vermont was generous with his personal attention when it was most needed to get a successful resolution to this issue.

Mr. President, I ask unanimous consent that a letter from me to the Senator from Utah [Mr. GARN] and the Senator from Vermont [Mr. LEAHY], the chairman and ranking member of the Subcommittee on HUD, Independent Agencies of the Committee on Appropriations, which relates to this subject and relates to an amendment which I proposed and was adopted on the HUD, Independent Agencies bill, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS,
Washington, DC, November 6, 1985.

Hon. JAKE GARN,
Chairman, Subcommittee on HUD-Independent Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

Hon. PATRICK LEAHY,
Ranking Member, Subcommittee on HUD-Independent Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR JAKE AND PAT: As you prepare for the conference on the HUD-Independent Agencies appropriations bill for fiscal year 1986, we want to bring to your attention recent developments concerning the lead phasedown program at the Environmental Protection Agency. Senator Durenberger offered a floor amendment on this subject, when the bill was pending before the Senate. Subsequent discussions with House and Senate members have now made portions of the Durenberger amendment unnecessary.

The Durenberger amendment was prompted by an amendment to the 1985 farm bill offered in the House by Congressman Tauke. The House language would have provided farmers with an exemption from the EPA lead phasedown program, until such time as EPA conducted a study on the impact of unleaded fuel on farm machinery. In our view the farm exemption was unworkable. Guaranteeing gasoline with 0.5 gram of lead per gallon for farmers would have required that such a special blend of fuel be available to a much larger segment of the marketplace.

The amendment offered by Senator Durenberger to the HUD-Independent Agencies appropriations bill specifically prohibited any use of appropriated funds for the purpose of modifying the regulations to provide farmers or any other segment of the marketplace an exemption. The amendment also earmarked $1 million for a study of the impact of alternative fuels and lubricant additives on the engines used in farm machinery.

Subsequent to the adoption of the Durenberger amendment, there have been intensive negotiations among members of the House and Senate to achieve a workable resolution of the understandable concerns of the farm community without needless delay or complication of the EPA lead phasedown program. Those negotiations have led to a compromise proposal that will authorize EPA to do a study on the use of various

fuels in farm equipment. While that study is in progress and the results are under consideration in the Congress, EPA will not be authorized to reduce the allowable lead content on gasoline below 0.1 gram per gallon. The prohibition on a complete ban is lifted January 1, 1988. This provision will be incorporated in an amendment to the Senate farm bill to be offered by Senator Abdnor. There will no longer be a need for that portion of the Durenberger amendment which prohibits EPA from modifying the regulations.

The study authorized by this language is a joint study by EPA and USDA. Both Members of the House and representatives of the Environmental Protection Agency have expressed a strong desire to see the money for this study actually appropriated, and not just earmarked as was provided in the earlier amendment. To accomplish this purpose, we have attached suggested language.

It is our firm belief that the lead phasedown program which has been underway in this country for several years, is one of the most important health and environment issues of recent times. We are also convinced that the American fleet of automobiles and engines will survive and perform well without lead in gasoline. It is most important that funds are available to keep the program on schedule and produce the evidence that will satisfy concerns that have been expressed. The appropriation of $1 million for this purpose is more than warranted.

We wish to thank you for all of the assistance that you have provided in this matter. A successful resolution of a difficult policy problem has been accomplished with your help.

Sincerely,

ROBERT STAFFORD,
U.S. Senate.
DAVE DURENBERGER,
U.S. Senate.

AMENDMENT TO H.R. 3038—HUD/INDEPENDENT AGENCIES APPROPRIATION

"*Provided*, That $1,000,000 of funds, in addition to funds otherwise available under this heading, shall be available for a study of the use of fuel containing lead additives, or alternative lubricating additives, in gasoline engines which are used for agricultural machinery".

Mr. ABDNOR. Will the Senator yield?

Mr. DURENBERGER. I will be glad to yield.

Mr. ABDNOR. Mr. President, I just want to say to the Senator from Minnesota I thank him for all his work on this amendment and also thank him for bringing together all the individuals who were so much involved. We took several days bringing it all together, not only working it out with our colleagues, other Senators, but with other farm groups and petroleum people. I think we ended up with a proposal that has been well received by one and all. I certainly appreciate the work of all those who made it possible.

Mr. DURENBERGER. I am indebted to my colleague from South Dakota as we always all are. Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further debate?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I, too, want to congratulate the Senator from South Dakota. This is a much needed amendment. It is one on which many of my farmers have contacted me, and I am glad to see that it is going to have strong support. However, Mr. President, I think that we would be remiss by adopting this amendment in this manner. What we have to do is send a loud and strong signal to the EPA that we want this adopted. We do not want them fooling around any longer.

I think we need a good recorded vote on this. I am certain that all Senators would vote for it, and that would send a strong signal to the EPA.

So, Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from South Dakota. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, in view of the fact that a good faith announcement was made that there would be no rollcall votes for approximately 1 hour, and since the Senator from Iowa has asked for the yeas and nays and got them on the Abdnor amendment, I ask unanimous consent that this vote and any succeeding rollcall vote that is ordered between now and 9:15 be stacked.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, if the distinguished Senator from North Carolina will allow me, I have no objection to putting this vote over until 9 o'clock. Mr. DOLE cannot be here at the moment, and he many times has accommodated me in situations like this so that there could be a little window, and I think we should accommodate Mr. DOLE in turn. But I do not want to agree to what I believe the distinguished Senator referred to, that any votes that are ordered be stacked.

Mr. HELMS. What the Senator is saying is that he wants to do it one by one?

Mr. BYRD. Yes.

Mr. HELMS. Very well. That is a reasonable suggestion.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request as amended by the Senator from North Carolina? The Chair hears none, and it is so ordered.

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

AMENDMENT NO. 1068

Mr. MELCHER. Mr. President, for 2 or 3 weeks I have been talking about an amendment to be offered to the bill to bring it under the budget. The amendment has been drafted and has been added to as time went by, picking up savings here and there in the bill where we could, without jeopardizing the functions of the commodity programs.

Part of those savings were incorporated in the amendment we adopted earlier this afternoon. I guess the best reference to it is the Dole II amendment. However, some were not. There is about $3.1 billion over the 3-year budget cycle that were not adopted, and I would like to offer them now on behalf of myself and the Senator from Florida [Mr. CHILES].

I send the amendment to the desk. This is an amendment that has been around and circulated for a couple of weeks and is well known, and I will describe briefly what points in this amendment are in addition to those that were adopted by the action on the Dole amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. MELCHER], for himself and Mr. CHILES, proposes an amendment numbered 1068.

Mr. MELCHER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

Mr. HELMS. I object, Mr. President. I want to hear it read or I want a copy of it. Will the Senator furnish a copy of it?

Mr. MELCHER. I believe the Senator has a copy of it.

Mr. HELMS. I do not have a copy.

Mr. MELCHER. I will give the Senator another one.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

In the engrossment of S. 1714, the enrolling clerk is directed to make the following changes in the bill:

On page 13, line 24, after the subsection (a) designation, insert "(1)".

On page 14—

(1) line 1, renumber paragraph (1) as subparagraph (A);

(2) line 6, renumber paragraph (2) as subparagraph (B);

(3) after line 10, insert a new paragraph as follows:

"(2) In addition to the funds or commodities of the Commodity Credit Corporation used by the Secretary under paragraph (1), at least (A) 300 million bushels of wheat, (B) 250 million bushels of corn, (C) 10 million hundredweight of rice, and (D) 75,000 bales of cotton owned or controlled by the Commodity Credit Corporation shall be used by the Secretary for such export activities to regain for the United States export markets for these commodities that have been lost because of practices described in subsection (b) or because of adverse economic conditions in the importing country that have resulted in decreased purchases of agriculture products from the United States. In using commodities under this paragraph, the Secretary shall give priority to friendly developing countries that because of economic conditions (A) have reduced their purchases of such commodities from the United States, (B) would have difficulty in meeting their needs for such commodities without price reductions or other assistance provided by the Secretary, or (C) both."; and

(4) line 11, strike out "The", and insert in lieu thereof "Except as provided in paragraph (2) of subsection (a), the".

(5) line 18, after the period, insert a new sentence as follows: "The funds and commodities specified in this section shall be in addition to, and not in place of, any minimum amounts of funds and commodities required for export assistance by any other provision of law.".

(6) line 19, strike out "The", and insert in lieu thereof "Except as provided in paragraph (2) of subsection (a), the".

On page 15, line 4, after "Corporation", insert the following ", of which not less than 100,000 metric tons shall be butter and not less than 25,000 metric tons shall be cheese".

On page 85, after line 23, strike out everything through line 23, page 86, and insert in lieu thereof the following:

"(D) If the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (g))—".

On page 86, line 24, strike out "(I)", and insert in lieu thereof "(i)".

On page 87—

(1) line 3, strike out "(II)", and insert in lieu thereof "(ii)";

(2) line 6, strike out "(III)", and insert in lieu thereof "(iii)"; and

(3) strike out lines 9 through 25.

On page 92, strike out everything after line 2 through line 10, page 94.

On page 94, line 11, strike out "(B)", and insert in lieu thereof "(d)".

On page 94, after the period at the end of line 16, insert a new sentence as follows: "For any crop of wheat for which marketing quotas are not in effect, the individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under subsection (f).".

On page 95, after line 20, strike out everything through line 6, page 97, and insert in lieu thereof the following:

"(f)(1) Notwithstanding any other provision of this section, the Secretary shall provide for any crop of wheat for which marketing quotas are not in effect an acreage limitation program described in paragraph (2) and an acreage diversion program described in paragraph (3). Except as provided for in subsection (g), the producers on a farm, as a condition of eligibility for loans, purchases, and payments for any crop of wheat, must comply with the terms and conditions of such programs. The Secretary shall announce any such program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) Under an acreage limitation program provided for in paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying a uniform reduction of 23.5 percent to the acreage base for each wheat-producing farm.".

On page 97, line 7, strike out "(C)", and insert in lieu thereof "(B)".

On page 98, line 4, strike out "(D)", and insert in lieu thereof "(C)".

On page 98, after line 16, strike out everything through line 4, page 100, and insert in lieu thereof the following:

"(3) Under an acreage diversion program provided for in paragraph (1), the Secretary shall make crop retirement and conservation payments to any producer of any crop of wheat whose acreage planted to wheat for harvest on the farm for each such crop is reduced so that it does not exceed the wheat acreage base for the farm less an amount equivalent to 7.5 percent of the wheat acreage base in addition to the reduction required under paragraph (2), and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat acreage base under this paragraph. Such payments shall be made in an amount computed by multiplying (i) the diversion payment rate, by (ii) the farm program payment yield for the crop, by (iii) the acreage diverted under this paragraph. The diversion payment rate for the 1986 through 1989 crops of wheat shall be established by the Secretary at not less than $2.70 per bushel.".

On page 104, line 12, after "under", insert "paragraphs (2) and (3) of".

On page 112, after line 2, strike out everything through line 6, page 113, and insert in lieu thereof the following:

"(C) If the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of permitted feed grain acreage of the farm (determined in accordance with subsection (f))—".

On page 113—

(1) line 7, strike out "(I)", and insert in lieu thereof "(i)";

(2) line 11, strike out "(II)", and insert in lieu thereof "(ii)";

(3) line 14, strike out "(III)", and insert in lieu thereof "(iii)";

(4) after line 17, strike out everything through line 11, page 114.

On page 118, after line 3, strike out everything through line 12, page 120, and insert in lieu thereof the following:

"(d) The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under subsection (f).".

On page 121, after line 15, strike out everything through line 21, page 122, and insert in lieu thereof the following:

"(f)(1) Nowithstanding any other provision of this section, the Secretary shall provide for each crop of feed grains an acreage limitation program described in paragraph (2) and an acreage diversion program described in paragraph (3). Except as provided for in subsection (g), the producers on a farm, as a condition of eligibility for loans, purchases, and payments on any of the 1986 through 1989 crops of feed grains, must comply with the terms and conditions of such programs. The Secretary shall announce any such program no later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) Under an acreage limitation program provided for in paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform reduction of 17.5 percent to the acreage base for each feed grain-producing farm.".

On page 122, line 22, strike out "(C)", and insert in lieu thereof "(B)".

On page 123, line 4, strike out "(D)", and insert in lieu thereof "(C)".

On page 124, after line 13, strike out everything through line 25, page 125, and insert in lieu thereof the following:

"(3) Under an acreage diversion program provided for in paragraph (1), the Secretary shall make crop retirement and conservation payments to any producer of any crop of feed grains whose acreage planted to feed grains for harvest on the farm for each such crop is reduced so that it does not exceed the feed grain acreage base for the farm less an amount equivalent to 7.5 percent of the feed grain acreage base in addition to the reduction required under paragraph (2), and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the feed grain acreage base under this paragraph. Such payments shall be made in an amount computed by multiplying (i) the diversion payment rate, by (ii) the farm program payment yield for the crop, by (iii) the acreage diverted under this paragraph. The diversion payment rate for the 1986 through 1989 crops of feed grains shall be established by the Secretary at not less than $1.50 per bushel.".

On page 129, line 13, after "under", insert "paragraphs (2) and (3) of".

On page 219—

(1) line 7, strike out everything beginning with "(a)" through the period at the end of line 19;

(2) line 20, redesignate subsection (b) as subsection (a); and

(3) line 22, redesignate subsection (c) as subsection (b).

On page 220, line 15, redesignate section (d) as subsection (c).

Mr. MELCHER. Mr. President, the first item that provides a little saving is to reinstate the farmer-owned grain reserve. We canceled that out in the farm bill, and there have been a lot of requests that we reinstate it. It is in this particular amendment because by reinstating it, there is a $200 million saving. That is why this feature is included in the amendment.

Second, on the acreage reduction program there is some benefit by setting a mandatory requirement on wheat, a mandatory requirement on feed grains, and those are set in the amendment at 23.5 percent for wheat and 17.5 percent for feed grains—those are mandatory requirements—and an

additional 7.5 percent would be paid diversion in each case.

It actually does save $2.3 billion as computed by the Congressional Budget Office.

While there are numerous ways of computing what the savings are on the acreage reduction program, most of those are based on what is discretionary with the Secretary. I do want to point out in order to make sure that we have that saving that this is mandatory.

We do that for the very purpose of reducing the amount in the bill by $2.3 billion.

It might puzzle you as it did me at first as to why you could have something on paid diversion and you actually make a saving and it is explained by both the Department of Agriculture and CBO, although the expert on that particular point is the Department of Agriculture. They say that by actually being sure that you reduce the amount of the acreage that is held out of production, even though you pay for it, you create the situation where you bring down the production sufficiently enough to make the saving.

The next item is an item dealing with export sales. It expands section 104 in the bill on targeted exports, setting a mandatory level. It is thought to be a reasonable level and the savings on that is $200 million over 3 years.

Finally, on the substance of the amendment, is a mandatory dairy sales, assuming specified product levels. I can briefly explain that by saying that we do have that section in the bill. What we are doing by this amendment is saying that part of those mandatory sales which are sold for cash incorporate cheese and butter, not just dried powdered milk, and by doing that we have additional savings of $200 million.

There is with this package a net interest savings with just these items. Net interest savings would be an additional $200 million and brings the package up to a total of $3.1 billion. It is $3.1 billion over the 3-year budgetary period.

I think it is worthwhile. We want to get as much savings as possible into the bill so we draw close to the point where we satisfy those of us who are concerned with reducing the costs and also meeting the concerns of the administration.

I hope the amendment can be accepted.

Mr. HELMS. Mr President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SIMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SIMON. Mr. President, I rise in support of the Melcher amendment. I frankly have not had a chance to look at all of it. But it contains one provision that I think is an extremely important one and that is it brings back the farmer-held reserve, the farmer-owned reserves.

Why is that important? It is important, I think, for three reasons and I shall be very brief, and if this amendment should be defeated later on I will offer this farmer-owned reserves as a separate amendment entirely.

First of all, by keeping this in reserves we help prices and by helping prices we help farmers, we help the farm credit situation.

I do not think I need to go into detail in this body about the problems farmers face.

Incidentally, one of my staff members the other day in my office in Springfield, IL, got a phone call from a farmer who said, "I was just visiting next door. Just came from my neighbor's home. I wanted to talk to someone. I left my neighbor in the driveway. He just had his farm machinery taken away. He was there in tears. I have never seen him cry in all the years we have been neighbors."

That kind of tragedy is happening all over.

So helping prices is extremely important, not only to farmers but to everyone.

But let me just add as another example of how this thing permeates everything: We have had up to now 100 banks in this Nation closed, the largest number since 1933. There are going to be more yet this year. I had the chief executive officer of International Harvester in my office some weeks ago. I said to him, "How many people were you employing 4 years ago?" He said, "Ninety-seven thousand."

I said, "How many people are you employing today?" He said, "Fifteen thousand."

That is just not farmers who are being affected.

The second thing that the farmer-held reserve does is it helps in case of an emergency. We do not know when that emergency is going to occur. It could occur in this country. It could occur in some other country. It could occur in an area where they will desperately need the kind of reserves that we might have.

I see my colleague from Minnesota on the floor, Senator BOSCHWITZ. Senator BOSCHWITZ earlier this evening pointed out to me the cyclical nature of corn production and how every 3 years there is a substantial dip. He is the expert, the resident expert, on the cyclical nature of corn production in this country.

We do not know when famine is going to occur but let us have some reserves there in case that famine occurs.

Finally, Mr. President, I favor this provision for a very simple reason that I know that the chairman of the Agriculture Committee is very much concerned about, I know that my colleague, the ranking minority member, Senator ZORINSKY, is concerned about, and that is this particular provision is going to save money.

The Congressional Budget Office estimates that in the 5-year period, it will save $460 million, almost a half billion dollars.

So this particular provision of this amendment I think is extremely important. From what I have heard about other provisions, they also merit support. But on this one in particular, I hope that this body will take a look at it and if the Melcher amendment should lose, I will offer this as a separate amendment.

Mr. HELMS. Mr. President, most of the savings claimed by this amendment through the increased acreage limitation and paid diversion have already been achieved by the discretionary 5 percent ARP language in the amendment offered by the majority leader and approved by the Senate.

It cannot be counted twice; further, it conflicts with what has already been adopted.

The amendment also reinstates the farmer-owned grain reserve which only holds down farm prices.

Doing away with the reserve will not result in more stocks on the market. The stocks will simply be taken over by the CCL.

The largest farm organization in the country, the American Farm Bureau, has long opposed the reserve because it hurts farmers.

The amendment also indiscriminately dumps surplus Government-owned commodities on the world market as export subsidies.

The subsidies are not targeted against unfair trading practices as are the committee-approved subsidies.

As a practical matter, they are across-the-board subsidies.

The amendment also specifies that CCC-owned butter and cheese products be sold on the world market as part of the mandated dairy sales contained in the committee bill.

The amendment also includes changes in the determination of national and individual program acreages.

There are also changes in the 50-percent planting rule adopted by the committee.

So, as one can see, this is not a simple amendment—it has some new language that we have not had time to study—or ask farmers about.

The author claims savings but I have not seen any C.B.O. cost estimates as

to what the savings are now that we have adopted the Dole amendment.

Under these circumstances, I hope the Senate will not approve this hastily-conceived amendment of which, only a few moments ago, I received a copy.

Mr. PRESSLER. Mr. President, may I inquire if I could get permission to lay down and give a 5-minute speech on an amendment that I have ready?

Mr. HELMS. If the Senator will forbear, does the Senator wish to get the yeas and nays on his amendment, the Senator from Montana?

Mr. MELCHER. I just want to dispose of the amendment.

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Montana. Is there further debate on that amendment? If not, the question is on the amendment of the Senator from Montana.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to ascertain the presence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order of the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRAMM). Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask for the yeas and nays on the Melcher amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that, as was the case with the previous amendment, this amendment be stacked and that it follow the Abdnor amendment in the rollcall sequence.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, and I will not object.

Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1069

(Purpose: To amend the Clayton Act to allow certain sellers of agricultural products to bring antitrust actions.)

Mr. PRESSLER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment. The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. PRESSLER] proposes an amendment numbered 1069 to amendment numbered 939.

Mr. PRESSLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment (#939) add the following:

SUBTITLE C—AGRICULTURE ANTITRUST

SECTION 1. The Clayton Act (15 U.S.C. 12 *et seq.*) is amended by inserting after Section 4H the following new section:

SEC. 4I. (a) An action under Sections 4, 4A or 4C for damages resulting from any underpayment received on the sale of agricultural products shall not be barred because the person seeking such damages is not a direct seller to the defendant; provided, however, the person seeking such damages must have possessed the agricultural product for feeding or growing purposes for at least 25 days prior to sale.

(b) In any action under Sections 4, 4A or 4C for damages resulting from any underpayment received on the sale of agricultural products or the sale of products processed therefrom, the person seeking such damages shall not recover for any amount of an underpayment that has been passed on the other persons, who themselves are entitled to recover damages for such underpayment under Sections 4, 4A or 4C.

SEC. 2. The amendments made by this Act shall become effective upon the date of the enactment of this Act.

Mr. PRESSLER. Mr. President, the amendment I am offering to the 1985 farm bill would allow agricultural producers to file antitrust suits against food manufacturers, processors, wholesalers, and retailers for price fixing or market manipulation. Currently, indirect sellers or purchasers of any product are prohibited from filing antitrust suits for damages. This amendment would only provide agricultural producers with an exemption.

There are several reasons why the Senate should adopt this legislation:

First, the farmer is the only person in the United States who operates in a truly free enterprise system. The farmer or rancher purchases products to plant their crop for the price the supplier establishes. He then produces a product and sells it for whatever the market will bear. Farmers are selling into a continually more consolidated marketplace. It seems that every day there is another merger of a major food processor or manufacturer in the works. Already, less than 100 corporations hold 75 percent of the total assets in the food manufacturing sectors. These corporations in many instances are vertically integrated.

This means the corporation that produces the product, also processes it and markets it. In many cases they contract with farmers to raise the products. The farmer can no longer produce the product at a profit, but the huge corporation can because they have the capital to cross-subsidize and write off losses against other profits. For example, I recently read an article on the pork industry. A hog farmer was losing money on his hogs so he signed a contract with a major corporation to feed hogs for a guaranteed profit of $9 per hog. The farmer would be happy to produce that hog for less than that margin of profit, but under current marketing conditions he is losing money rather than making $9 in profit. This is a growing trend. An estimated 6 to 8 percent of all hogs in the United States are now produced under contract. Nine companies account for nearly 3 percent of the total hogs produced in the United States. Cattle feeding has become even more dominated by corporate or nonfarm interests. Over one-half of the feed cattle in the United States are fed by less than 250-cattle feeding operations. Once these corporate interests have gained a large enough share of total production they will no longer accept the price which the market will demand. My amendment would allow agricultural producers to have equal standing under antitrust law.

The farmer receives only 27 percent of the consumer food dollar. This percentage has continually declined from 51 percent in 1946 to 27 percent in 1984. In the case of beef, the farm-retail price spread is at record levels. USDA statistics established the farmer's share of the average $2.30-per-pound of beef to be $1.13 while the wholesalers and retailers receive $1.17-per-pound.

This continual increase in processor and retailers share has occurred even though in many cases workers have been forced to take pay cuts. A recent Washington Post article stated that a large food chain negotiated a new contract with workers under which a salary reduction was included. After the pay cut went into effect there was no corresponding decline in retail food prices. Labor is the retailer's major expense, but a decline in labor costs did not result in lower prices. The decline in the farmer's share of the food dollar, along with other factors, has led to great financial problems for many farmers.

There is strong evidence that food manufacturers and retailers have the power to control prices and manipulate markets for their benefit. The 100 largest food manufacturing and retail corporations control 75 percent of the total assets of the food manufacturing industry.

In the food retail sector four or fewer food chains control a majority of the food retail market in 47 of the 50 largest metropolitan areas in the United States. Over 48 percent of the American population lives in these 50 metropolitan areas. I think that this fact alone, Mr. President, illustrates control that a few food chains and food operations have. A Joint Economic Committee study found that in metropolitan areas where four or fewer retailers control a majority of the market, retail food prices averaged 9 percent higher than in areas with

greater competition. Researchers estimate that the market power of these corporations enables them to increase their profit margins between $10 and $15 billion annually.

The food manufacturing industry's profits were 25 percent higher than other manufacturing industries during the 1980-1983 period. During the same time period, national farm income has continued to decline—largely because of low commodity prices. However, when the farm price goes down, the consumer very seldom sees that reduction reflected in the price of food in the supermarket. This point was made in a statement made in a recent editorial by Julian Handler in the Grocers' Spotlight. Handler made the observation:

> The service's recent quarterly study of food processors notes that their industry "is benefiting from the financial hardship experienced by hundreds of thousands of farmers."

The unique nature of the food marketing system and the farmers' position in that chain makes it important that farmers have legal standing in antitrust cases. In antitrust cases, we place a great deal of enforcement responsibility on the private sector. In most industries each element in the marketing chain has an interest in maintaining competition. Generally, if a seller is fixing prices then the direct buyer is adversely impacted. However, agriculture is unique in that the farmer is the only party in the marketing chain that would be affected adversely by a price fix.

For example, if a retailer fixed wholesale meat price 5 cents lower per pound, the packer would have to pass that lower price on to the farmer or rancher. As a result, for a 1,000-pound animal, the packer would have a lower cost of $50 for purchasing the animal. The packer would then sell the 600-pound carcass or boxed beef to the retailer for $30 less.

The result is a loss of $50 to the farmer, but a gain of $20 for the packer and $30 for the retailer. Since both the packer and retailer gain there is no incentive for either to file an antitrust suit against the other. As a result the enforcement of antitrust laws in the food marketing chain does not work unless the farmer has legal access at all levels.

Farmers and ranchers are also unique in that they have little or no control over their inventories. When the farmer's cattle are ready to go to market, he must sell them or after he plants his crop, he cannot change his crop. As a result, the farmer is at the mercy of the purchaser of his product.

The issue of manipulation of agricultural markets is not new. In the late 1800's, antitrust laws were passed to protect agricultural markets from anticompetitive activities. Since that time, there has been a long history of cases in which food retail industries have been found to be manipulating the market. These cases cover various commodities such as a bakers case in the Pacific Northwest and meatpacker and retailer case. Prior to 1977 agricultural producers were allowed to file antitrust suits against food processors or retailers.

During the several decades that this legal action was available to farmers very few cases were filed but it allowed farmers to have their day in court if they did have a case. If this amendment is passed there would not be a flood of lawsuits against retailers or processors. Farmers do not have the financial resources to finance such legal actions. Farmers and ranchers are also not looking for huge damage settlements. Farmers and ranchers want to reform the marketing system to assure that they are treated fairly in the marketing of their products.

Also the antitrust laws provide mechanisms to prevent unjustified cases from being tried. I also want to make it clear that small businesses or small retailers would not be affected by this. Some of the opponents of this amendment have implied that if my amendment passed farmers would race to their lawyers office and file suit against the local grocery store or small agricultural processors.

This is the farthest from the truth. That is a very untrue thing to say about this amendment. These small businesses do not have the economic power to manipulate the market. These small businesses are basically at the mercy of the huge food chains and food processors. In some cases these small businesses may be helped by this amendment.

I also want to point out that extensive hearings have been held on this issue in the Judiciary Committee. Just last September, a hearing was held on this very issue. Many hearings have been held. It is time for a vote. Legislation to allow all indirect sellers or purchasers to file antitrust suits was reported by the Senate Judiciary Committee in 1979. I am not advocating a complete repeal of this Supreme Court decision, but only an exemption for agricultural producers. There is a long history of agriculture receiving special treatment under antitrust law due to its unique nature. As I said earlier, agriculture is the only truly free enterprise system we have and they are dealing with an increasingly consolidated market. To assure farmers and ranchers of fair treatment in the marketplace we need to pass this amendment.

Mr. President, I am aware that this issue is a Judiciary Committee issue but I want to point out that it is also an agricultural issue. Experts in the food marketing area have estimated that if this amendment were adopted and if the beef processing and retail industry would adopt an electronic marketing system, the live cattle prices would increase substantially without any increase in consumer prices. Studies of electronic marketing systems have deomonstrated that they increase competition, reduce marketing costs, reduce transportation costs and both the farmers and consumers benefit from the increased efficiencies.

Unfortunately, currently there is no incentives for the meat industry to make changes in their marketing system. Such an increase would put millions of dollars in the hands of livestock producers and help them pay off some of their loans and other debts we are all concerned about. Adoption of this amendment could benefit farmers by increasing their income without any Government action. It would not cost anything. History shows that farmers spend the money they make on products which helps the entire economy. It is clear that this is an agricultural issue and it should be addressed now.

The concept of my amendment is supported by many groups besides farmers. Consumer groups, labor organizations, government associations, and many business groups support changes in the standing of indirect sellers in antitrust cases. This is not only a farm issue.

Finally, I want to say that passage of this legislation would not lead to thousands of antitrust suits by farmers. Farmers do not have the money to file such suits individually. The goal of farmers and farm organizations is not to collect huge damage settlements, but to reform the current marketing system and thus assure themselves of fair treatment in marketing their products. I urge my colleagues to join me in supporting this amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, I sympathize with the problems faced by agricultural producers in selling their products for unfair, low prices. However, this amendment concerns the application and interpretation of the antitrust laws. As I understand it, the amendment would create a limited exception to the Supreme Court's 1977 decision in Illinois Brick Co. versus Illinois that indirect purchasers or sellers may not recover antitrust damages from the original seller or purchaser of the overpriced goods. The antitrust rule, which this amendment would change, provides that only the direct purchaser or seller may recover damages resulting from the overcharging. The amendment, as it has been explained, would exempt agricultural

producers from the limitation placed on indirect sellers.

Clearly, Mr. President, the amendment attempts to address an antitrust problem, not a farm problem. The Judiciary Committee has jurisdiction and particular expertise over antitrust matters, and should be permitted an opportunity to consider the complex antitrust questions which the amendment raises. Those questions redound far beyond the farm community. In my view, the amendment is not pertinent to the farm bill and should be considered at some other time.

Mr. President, I note the distinguished chairman of the Judiciary Committee is on the floor, the President pro tempore of the Senate. I imagine he would have some comments about this matter.

Mr. THURMOND. Mr. President, I thank the distinguished chairman for yielding.

Mr. President, although I have great sympathy for the plight of the American farmer, as chairman of the Judiciary Committee, with responsibility for the administration of the antitrust laws, I oppose the amendment to overturn the Illinois Brick decision. This is the wrong time and wrong place to debate the issues the amendment addresses. With this amendment, a number of very complex questions affecting the workability of antitrust litigation and the rights of defendants to defend themselves are presented for immediate resolution. While these issues are important and should be addressed at an appropriate time, their hasty consideration now, in the midst of debate over equally important but unrelated matters, could do far more harm than good. This amendment would upset a delicate and sensible balance struck by the Supreme Court 8 years ago, and any proposal to alter that balance should be given thorough and deliberate consideration on its own.

If we must deal with the merits of this proposal, I am opposed to the amendment because it repeals two locigal and consistent decisions of the Supreme Court; that repeal would bring chaos to the enforcement of antitrust law. This amendment would create much more mischief than it would eliminate, as I will explain, and it will not provide any real benefit to farmers.

Although various versions of this amendment have, over the past few Congresses, been referred to as Illinois Brick bills, they could just as properly be called Hanover Shoe bills because of the effect they would have on the Supreme Court's decision in that important antitrust case. In Hanover Shoe versus United Shoe Machinery Corp., the Court held that an antitrust defendant could not ecscape liability for overcharging its purchasers by arguing that the plaintiff purchaser had passed on the overcharges to his own customers who were indirect purchasers of the overpriced products. Specifically, in the Hanover Shoe case, the defendant was charged with antitrust violations in connection with supplying shoemaking machinery to the plaintiff; the defendant argued that the plaintiff suffered no injury from the illegal activity because it had passed on the overcharges to its customers in the form of higher prices for shoes. The Supreme Court rejected this pass-on defense for some very convincing reasons.

First, the Court concluded that any attempts to prove how much of the damages the plaintiff had passed on to others would involve enormous difficulties of measuring, tracing and apportioning damages. The Court was unwilling to increase the complexity of antitrust litigation and the burden on judicial resources by introducing more long and complicated proceedings involving massive evidence. Second, the Court reasoned that unless direct purchasers were allowed to collect for the entire amount of overcharges, without reductions due to pass-on arguments, their incentive to sue to enforce the antitrust laws would be reduced significantly. Moreover, indirect purchasers down the distribution chain would have such a small stake in the potential suit that they would have little incentive to seek a remedy. Accordingly, to permit defendants to invoke the pass-on defense would have the practical effect of terribly complicating antitrust trials and allowing antitrust violators to retain their ill gotten gains.

The principle basis for the decision in Hanover Shoe was the increased cost to the judicial system and to the efficient enforcement of the antitrust laws caused by attempts to trace the complex economic adjustments to a change in the price of a particular item in a production or distribution chain. This concern prevails whether the tracing involves indirect purchasers or indirect sellers.

With this background explanation, we come now to the Illinois Brick decision. Having denied the use of the pass-on concept as a defense in the Hanover Shoe case, the Court decided the corollary to Hanover Shoe in Illinois Brick 9 years later. In Illinois Brick, the Court faced the question of whether to allow the pass-on concept to be used by plaintiffs, on an offensive basis. The State of Illinois and several local government agencies were indirect purchasers of concrete block from an alleged antitrust violator, the block manufacturer. The State and local governments tried to sue the violator on the theory that the overcharges paid by the direct purchasers of concrete block from the defendant had been passed on through two levels of distributors to the Government purchasers. The Court's decision that the indirect government purchasers lacked standing to recover from the defendant was entirely consistent with the Hanover Shoe decision. The Court concluded that permitting recovery for passed-on overcharges or underpricing would lead to duplicative recovery and add immeasurably to the complexity of antitrust suits involving many levels of distribution of products. The Court decided that allowing indirect purchasers to sue for antitrust injury passed on to them would create a serious risk of multiple recovery for defendants. This would be so because the direct purchaser would be able to recover the full overcharge and other indirect purchasers would be able to recover as well, unless the defendant could prevent this by reversing the Hanover Shoe rule. Even though the indirect purchaser had recovered part or all of the overcharge passed on to it, the direct purchaser would still recover the full amount of the overcharge, including that which the indirect purchaser had recovered.

These problems of duplicative recovery, complication of proof of injury, and mulitiplication of parties would result from any reversal of Illinois Brick, whether the reversal permitted suits by indirect sellers or indirect purchasers. The Hanover Shoe and Illinois Brick decisions struck a very careful balance that should not be disturbed.

The result of this amendment will be a many-fold increase in the complexity of antitrust litigation. In suits brought after the enactment of this amendment, indirect purchasers will attempt to show how much of the damages attributable to illegal conduct far up the distribution chain filtered down to them to their own disadvantage. This presumes that would be antituust plaintiffs would even bother to undertake such a gargantuan task of proof and tracing of profits.

We might ask what benefits will be achieved by creating this antitrust enforcement tangle? We must ask whether this amendment would provide any benefit to the farmers it is supposed to help. Even if the proposed change were to provide some theoretical assistance to the farmers, we must ask at what cost to antitrust law enforcement and judicial efficiency that assistance will be extended. It might be argued that the indirect purchasers or sellers have more incentive to sue antitrust violators than direct purchasers who wish to maintain good relations with their suppliers. But the evidence does not bear this out, and the Supreme Court specifically found in Illinois Brick that private enforcement of the antitrust laws was better encouraged by adhering to the Hanover Shoe rule. It is also argued by the

supporters of this amendment that indirect purchasers often are the ones who suffer the damage from antitrust violations so they should be allowed to recover directly from the wrongdoers. While this is an admirable goal, and one considered by the Court in Illinois Brick, it is still responsible and proper to ask at what expense that goal would be achieved. The answer is that the price will include the discouragement of meritorious suits, a lessening of deterrence of antitrust violators—because the certainty of liability will be reduced—and the imposition of intolerable evidentiary hearing burdens on our judicial system. That is an enormous price to pay for what may be nothing more than frustration and illusory opportunities for farmers who, in an antitrust trial, would have to prove the injury they suffered from alleged underpayments by purchasers several levels removed from them.

The evidentiary complexity of proving how much of the damage the indirect purchaser or seller actually sustained can be seen in the facts of the Illinois Brick case. The State agencies attempted to recover injury caused by price fixing at the block manufacturing level, which may have filtered down through the masonry contractors, the general contractors, and, ultimately, the purchasers of the buildings constructed with concrete block. As antitrust lawyers have testified before our committee in the past, it is fanciful to think that lawyers, economists, judges, and jurors can trace the ripples of an alleged overcharge or underpayment through a whole succession of distribution levels and come up with any kind of damage allocation which even remotely meets established judicial standards. Allowing indirect purchasers or sellers to recover using pass-on theories would transform treble-damage actions into massive multiparty litigation involving many levels of distribution. Furthermore, the defendants would attempt to prove, through tracing, that the plaintiffs were not injured by the full amount of the overcharge because they had passed on portions of the overcharge to their own customers. Even the parties in Illinois Brick agreed that the rule should apply equally to plaintiffs and defendants—that an indirect purchaser should not be allowed to sue on a pass-on theory to recover damages from a defendant unless the defendant would be allowed to use a pass-on defense. Once this process begins, the litigation surely will get out of hand as the courts attempt to sort out the relative damages and liabilities—a task which many scholars believe can never be completed with any satisfactory precision. In this process, antitrust litigation will become impossibly mired down.

While I am sympathetic with the plight of our farmers, I do not believe that we should rush to a decision on this amendment without careful consideration and thorough hearings. We need to consider specifically what effect an amendment of this limited applicability would have on antitrust law enforcement.

Let me stress that my opposition to this bill does not reflect any insensitivity to the plight of those indirect sellers of farm products who may be damaged by the actions of an antitrust violator. The public interest would not be served, however, by giving those sellers the right to sue the violator at the expense of greatly complicating antitrust litigation and allowing the guilty violators to delay or escape punishment for their actions altogether. In all likelihood, the interests of indirect purchasers will be better served if would-be antitrust violators know that retribution will be swift and sure. The greater deterrence resulting from such knowledge will ensure against a rash of antitrust violations by defendants who otherwise would be secure in the belief that they could complicate and delay the enforcement mechanism indefinitely. Further frustration of the antitrust law enforcement mechanism will certainly not help the American farmers.

If the farmers have been the victims of price fixing by the meat packers who purchase from them, or if the meat packers have been injured by price-fixing grocery chains who purchase from them, then the injured parties can sue those violators with whom they have dealt directly. Those who have dealt directly with, and been injured by, antitrust violators have a strong incentive to sue for recovery. Beyond this, however, the Supreme Court has been unwilling to go, and for compelling reasons the Court would not carry the compensation principle to an extreme by attempting to trace and allocate damages among all those within a defendant's chain of distribution or production. I stress again that the balance of plaintiffs' and defendants' rights created by the Supreme Court should not be upset by piecemeal changes in the Illinois Brick rule. The Illinois Brick issues are very complex, and the rule should not be altered without thorough consideration of the judicial havoc and law enforcement frustration such alterations may yield.

I urge my colleagues to join me in voting against this amendment.

Mr. President, this amendment is apparently being offered to assist one small group of beef producers, who do not represent the majority of similarly situated beef producers, but who have been trying unsuccessfully for about 10 years to prove that their particular theory is the explanation for America's complex farm problems. The attempt to assist this group is being made with insufficient regard for the enormous costs that will be inflicted if the amendment is adopted.

Mr. President, I want to call this to the attention of the Senate. I wish to point out that the National Cattlemen's Association, which represents the cattle producers and feeders throughout the United States at all levels from the calf to the packer, does not support this effort to change the rule of Illinois Brick. That organization is opposed to this amendment, and I have a letter from them saying so, stating the position of the cattlemen's association.

This letter is addressed to me as chairman of the Committee on the Judiciary. It is dated November 7, 1985.

HON. STROM THURMOND,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR CHAIRMAN THURMOND: As you are aware, an amendment has been proposed to the farm bill to reverse the Illinois Brick ruling. I am writing to you on behalf of the National Cattlemen's Association, which represents cattle producers and feeders from throughout the United States. We have serious reservations over incorporating this amendment into the farm bill without holding full hearings first in the Committee on the Judiciary.

In our view, the issue is extremely complex and the merits of reversing Illinois Brick are sufficiently open to question that caution should control action on the amendment. We believe that a review of the amendment by the Committee on the Judiciary is advisable before any other action is considered.

Sincerely,

JOANN SMITH,
President, National Cattlemen's Association.

Mr. President, clearly, the group of unsuccessful plaintiffs being aided by this amendment do not represent the majority view of agricultural producers.

Mr. SIMPSON. Mr. President, in 1968, the Supreme Court held in its Hanover Shoe opinion that defendant sellers in antitrust cases could not raise the defense that plaintiff purchasers had passed on to their own customers in the chain of distribution. Consistent with Hanover Shoe, the Court held in Illinois Brick in 1977, that plaintiff purchasers could not offensively assert damage claims under the antitrust laws against any sellers in their chain of supply other than their actual immediate supplier.

Both of these decisions were based on the public policy determinations that by allowing indirect purchaser suits and the use of the pass-on defense would only serve to overcomplicate antitrust litigation, seriously overburden our Federal court system, and inhibit the effectiveness of private antitrust enforcement in securing antitrust compliance. The holding of Illinois Brick applies equally whether the plaintiff is an indirect purchaser seeking damages from a remote vendor or

an indirect seller seeking damages from a remote purchaser.

PRESSLER AMENDMENT

Senator PRESSLER's proposed amendment would selectively repeal the rule of Illinois Brick supposedly to allow sellers of agricultural products who believe that they have received less than fair payment for their products to sue for damages under the antitrust laws any purchaser in the chain of distribution to the ultimate consumer.

This amendment is being promoted as a measure to help farmers receive their fair share of the consumer food dollar. In fact, this amendment will not materially help our farmers at all. In addition, this amendment will expose all food processors, wholesalers and retailers, to the risk of expensive and time-consuming litigation, and add just one more unnecessary cost factor to retail food prices.

This amendment is premised on the belief that the large food processors and retailers increase food prices and their profits at the expense of farmers. That may be so but turning to Illinois Brick won't solve it.

Farm prices and retail food prices are determined in two totally separate and distinct markets. Moreover, to translate retail prices directly to farm prices is not comparable. For example, a 10-percent decrease from a $60 per hundredweight farm price equals a 6 cents per pound price drop. A 10-percent decrease from a $2.40 per pound retail price equals 24 cents, or four times the drop in the farm price. It is unrealistic to expect a fourfold 24-cent increase or decrease in retail prices from a 6-cent increase or decrease in farm prices. Farm prices and retail prices can only be compared fairly through the use of an appropriate formula such as the conversion factor used by the Department of Agriculture in its price reporting for beef that 2.4 pounds live weight equals 1 pound at retail. The fact is that most responsible studies using appropriate formulas or conversion factors show that, in general, retail and farm prices seem to fairly reflect one another.

This complicated subject needs more attention. If this issue is reopened, it should be done in a manner that will permit it to have the study and deliberation in proper hearings which an item of such magnitude and complication deserves—and not by attaching it to an unrelated bill. It should be revisited and we should have hearings on the situation regarding bizarre differences between the price of dressed beef and the price at the retail counter. All commodities should be examined too; but Illinois Brick isn't the way to do it.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, stated briefly and in the simplest possible fashion, the Illinois Brick decision of the U.S. Supreme Court almost a decade ago held that if there were a proven price-fixing conspiracy involving certain manufacturers which added to the price of the goods which they sold to wholesalers, which in turn added to the price paid for those commodities by their ultimate consumers, those ultimate consumers were deprived of the right to recover for their losses, because they were indirect purchasers from the parties guilty of the price-fixing conspiracy. At the time I was attorney general of my State and in my view that decision was bad on the law and worse on policy. It is both anticompetitive and anticonsumer. If, however, it has any minor pro-consumer impact, it results from the fact that it is balanced because it also prohibits lawsuits by indirect sellers as well as indirect purchasers. The Senator from South Dakota seeks to reverse the Illinois Brick decision as far as indirect sellers are concerned, the net result of which would be, if it had any effect at all, to add to the price of certain goods sold to their ultimate consumers. He does not seek to reverse the central point of the Illinois Brick decision, its prohibition against antitrust lawsuits by indirect purchasers.

While I disagree with the distinguished chairman of the Judiciary Committee as to the desirability of a change in the Illinois Brick decision, I fully agree with him that it is not an appropriate subject for an amendment to the farm bill. It is a highly controversial issue. It is an issue on which the Judiciary Committee has had a number of hearings. It should be dealt with as a single issue on its own and not in connection with the farm bill at all. I believe that standing alone or even as a part of an overall Illinois Brick reversal, the policy embodied in this amendment is anticonsumer and effectively anticompetitive, and so I will certainly join in the support of the imminent motion to table this amendment.

I feel so strongly about this subject and about the desirability of a thorough debate on the Illinois Brick decision, however, that I simply wish to notify the Senator from South Dakota and everyone else who is interested in the farm bill that if this amendment is not tabled the discussion of Illinois Brick will be extended and we will get an opportunity to determine whether or not we want to reverse the entire Illinois Brick decision. I do not wish to do that.

Personally, I think that the debate on the farm bill has already been too greatly extended and that it should relate specifically to agricultural issues. But this is a very bad amendment. It is not primarily a farm issue. It is primarily an antitrust issue. The chairman of the Judiciary Committee is correct, it should be considered——

The PRESIDING OFFICER. I will interrupt the Senator from Washington. The time of 9:15 has arrived. Under the previous order——

Mr. HELMS addressed the Chair.

Mr. GORTON. I ask unanimous consent for 30 seconds to complete my remarks.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Will the Senator yield?

Mr. President, I think it is worthwhile to let the debate continue on this amendment rather than have it separated, and I ask unanimous consent that that be granted.

The PRESIDING OFFICER. Is there objection?

Mr. BOSCHWITZ. Mr. President, how long does the Senator intend to allow the debate to continue?

Mr. HELMS. A reasonable length, unless the Senator has some suggestion as to how much time.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. If the Chair will withhold.

Mr. THURMOND. I reserve the right to object.

Mr. HEFLIN. Mr. President, I also want to be heard on this amendment.

Mr. HELMS. Would the Senator indicate how much time he desires? There is going to be a motion to table, I say to the Senator.

Mr. HEFLIN. About 10 or 15 minutes.

Mr. HELMS. All right.

Mr. HATCH. I would like to make it clear I only intend to take 10 minutes but if this amendment is not tabled it will be an awful lot longer than that.

Mr. HELMS. I understand. I know a number of Senators feel that way.

Mr. GORTON. Mr. President, this Senator needs only 1 minute.

The PRESIDING OFFICER. Is there objection?

The request of the Senator from Washington is that he be allowed to speak for 1 minute.

Mr. HELMS. Let the Senator from Washington proceed for an additional 2 minutes.

The PRESIDING OFFICER. The Senator from Washington may proceed.

Mr. GORTON. I thank the chairman of the Agriculture Committee. I can summarize simply by saying, Mr. President, that this amendment proposes bad policy, is ill-advised, is inappropriate for discussion on this bill, is a part of a much larger subject and should appropriately be tabled as promptly as possible. I am authorized to say by my close friend and colleague from New Hampshire, who is also a former attorney general of his State, that he agrees with the remarks that I have made and with the statement that I have made that the dis-

cussion on this amendment will be extensive if it is not tabled.

Mr. HELMS. Mr. President, regular order.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I believe there was unanimous consent to begin voting at 9:15?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. And that means automatically that this amendment will be set aside for votes, does it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I thank the Chair. The question is now on the Abdnor amendment.

Mr. PRESSLER. Mr. President, does this mean that we will resume consideration of this matter immediately after the vote?

The PRESIDING OFFICER. After the second vote. There is another vote scheduled after this vote.

Mr. PRESSLER. Then we will resume with this amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. As soon as the distinguished Senator from Alabama speaks, I am going to make a motion to table.

Mr. PRESSLER. Mr. President, the yeas and nays have been agreed to.

VOTE ON AMENDMENT NO. 1067

The PRESIDING OFFICER. The question is now on the Abdnor amendment No. 1067. The yeas and nays have been ordered. The clerk will call the roll.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, will the Chair state the pending business?

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the Abdnor amendment numbered 1067. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. HELMS. So all Senators understand that we are voting on the Abdnor amendment, to be followed by the Melcher amendment.

The PRESIDING OFFICER. It will be followed by the Melcher amendment numbered 1068.

Mr. HELMS. But there may be intervening debate between the two amendments.

The PRESIDING OFFICER. The Senator from North Carolina is incorrect. The votes are back to back.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI] the Senator from North Carolina [Mr. EAST] and the Senator from Vermont [Mr. STAFFORD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. INOUYE] is absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 95, nays 1, as follows:

[Roll call Vote No. 322 Leg.]

YEAS—95

Abdnor	Goldwater	Melcher
Andrews	Gore	Metzenbaum
Armstrong	Gorton	Mitchell
Baucus	Gramm	Moynihan
Bentsen	Grassley	Murkowski
Biden	Harkin	Nickles
Bingaman	Hart	Nunn
Boren	Hatch	Packwood
Boschwitz	Hatfield	Pressler
Bradley	Hawkins	Proxmire
Bumpers	Hecht	Pryor
Burdick	Heflin	Quayle
Byrd	Heinz	Riegle
Chafee	Helms	Rockefeller
Chiles	Hollings	Roth
Cochran	Humphrey	Rudman
Cohen	Johnston	Sarbanes
Cranston	Kassebaum	Sasser
D'Amato	Kasten	Simon
Danforth	Kennedy	Simpson
DeConcini	Kerry	Specter
Denton	Lautenberg	Stennis
Dixon	Laxalt	Stevens
Dodd	Leahy	Symms
Dole	Levin	Thurmond
Durenberger	Long	Trible
Eagleton	Lugar	Wallop
Evans	Mathias	Warner
Exon	Matsunaga	Weicker
Ford	Mattingly	Wilson
Garn	McClure	Zorinsky
Glenn	McConnell	

NAYS—1

Pell

NOT VOTING—4

Domenici	Inouye
East	Stafford

So the amendment (No. 1067), as modified, was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Will the Senate please be in order?

The majority leader.

Mr. DOLE. Mr. President, as I understand it, the next vote comes on an amendment by the distinguished Senator from Montana, Senator MELCHER, to be followed by a vote on an amendment by the distinguished Senator from South Dakota, Senator PRESSLER.

I inquire of the managers at this point whether it is the intention of the managers to have further rollcalls, or whether it would be their desire to maybe only take amendments that do not require rollcalls, or whether it would be their desire to go home and come back early in the morning.

The PRESIDING OFFICER. The Senate is not in order.

Mr. HELMS. Will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. HELMS. Mr. President, I anticipate we will have two rollcall votes following the disposition of the Pressler amendment. I do not think the debate will be long on either one of them. That is up to the Senators. But we do have two Senators who have been biding their time waiting to call up amendments on which there will be rollcall votes tonight.

Mr. DOLE. They are not going to be acceptable?

Mr. HELMS. No.

Mr. DOLE. That is an indication that we probably will not leave here much before 11.

I would indicate, as I said earlier—and I know there are a lot of poeple who have very strong feelings on both sides of this issue—that tomorrow night we have a problem because the President is going to address a joint session, so we cannot have a late evening. If there is some way—maybe there is not any way—we can complete action on this bill by 6 or 6:30 tomorrow evening, then on Friday we would take up some unanimous-consent measures that I believe staff on both sides are working on that we have to do before we adjourn. Otherwise, I believe it is fair to alert my colleagues on both sides that we will be on the farm bill Friday, and it is fair to alert them that this is, in my view, so important to Members on both sides that we get this bill completed so that next week staff can work on the conference documents, that we may be here on Saturday, so we could go back into conference on this bill on December 2 or 3.

I hope that does not happen. We did not plan it to happen. I do not suggest anybody wants that to happen on either side. But I want to alert Members now that I do not know of any alternative.

I will also indicate, while I have the floor, as I understand it a motion to table the amendment is not in order, is that correct?

The PRESIDING OFFICER. The majority leader is correct.

Mr. DOLE. I do not have any other comments, except I hope we can defeat the Melcher amendment. Much of this is repetitious. It just starts to unravel what we did earlier this afternoon. Those who have an interest in trying to preserve what I believe is the beginning of a good farm bill I hope will vote no.

VOTE ON AMENDMENT NO. 1068

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana [Mr. MELCHER]. The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], and the Senator from Vermont [Mr. STAFFORD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. INOUYE] is absent on official business.

The PRESIDING OFFICER (Mr. TRIBLE). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 46, nays 50, as follows:

[Rollcall Vote No. 323 Leg.]

YEAS—46

Andrews	Ford	Metzenbaum
Baucus	Glenn	Mitchell
Bentsen	Gore	Moynihan
Biden	Harkin	Nunn
Bingaman	Hart	Pell
Boren	Heflin	Proxmire
Bumpers	Hollings	Pryor
Burdick	Johnston	Riegle
Byrd	Kennedy	Rockefeller
Chiles	Kerry	Sarbanes
Cranston	Lautenberg	Sasser
DeConcini	Leahy	Simon
Dixon	Levin	Stennis
Dodd	Long	Zorinsky
Eagleton	Matsunaga	
Exon	Melcher	

NAYS—50

Abdnor	Grassley	Nickles
Armstrong	Hatch	Packwood
Boschwitz	Hatfield	Pressler
Bradley	Hawkins	Quayle
Chafee	Hecht	Roth
Cochran	Heinz	Rudman
Cohen	Helms	Simpson
D'Amato	Humphrey	Specter
Danforth	Kassebaum	Stevens
Denton	Kasten	Symms
Dole	Laxalt	Thurmond
Durenberger	Lugar	Trible
Evans	Mathias	Wallop
Garn	Mattingly	Warner
Goldwater	McClure	Weicker
Gorton	McConnell	Wilson
Gramm	Murkowski	

NOT VOTING—4

Domenici	Inouye
East	Stafford

So the amendment (No. 1068) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1069

The PRESIDING OFFICER. The question recurs on amendment No. 1069 offered by the Senator from South Dakota [Mr. PRESSLER].

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I yield to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, I rise to join with the distinguished chairman of the Judiciary Committee, Senator STROM THURMOND, in opposition to the Pressler amendment to the farm bill.

We have spent months and months debating the particular measures within the farm bill and I could not agree more with my colleague from South Carolina—this is not the time to bring up issues which should more properly be addressed by the Senate Judiciary Committee.

Our focus should be squarely on the problems faced by the American farmer. If we become ensnarled in a debate on the proper enforcement of our antitrust laws, we may jeopardize our ability to do the job that so desperately needs to be done.

The amendment offered by my colleague from South Dakota would selectively repeal both the Supreme Court's 1968 decision in *Hanover Shoe, Inc.* v. *United Shoe Machinery Corp.* (392 U.S. 481) and the Court's companion 1977 *Illinois Brick Co.* v. *Illinois* (413 U.S. 720), decision, to allow sellers of agricultural products to file a suit for damages under the antitrust laws against any processor, wholesaler, retailer or other middleman handling their product if they believe they have received less than fair payment for their products.

This amendment is intended to help the agricultural producer. I do not doubt the motive, but I question the result. I believe this amendment will only add further burden and expense to our court system by inviting incredibly complicated litigation, which will seriously erode the effectiveness of private damage suits as a deterrent to antitrust violators, and will contribute to increasing retail food prices.

In 1968, the Supreme Court held in Hanover Shoe that a defendant seller in a private antitrust damage action could not assert as a defense that a plaintiff purchaser had not been damaged by the defendant's unlawful purchaser had not been damaged by the defendant's unlawful price because the plaintiff had "passed on" the overcharge to its own customers. The Court rejected this defense, recognizing that direct purchasers had the largest stake and were more likely to pursue damage claims against a seller charging illegal prices. This would provide the most effective deterrent to antitrust violations. In Hanover Shoe, the Court rejected the defensive use of passing on.

In Illinois Brick, the Court held that plaintiff purchasers could not "offensively" use pass on to assert damage claims against sellers in their chain of supply, unless they dealt directly with the seller.

Hanover Shoe and Illinois Brick established the "first purchaser rule." These decisions are based on sound public policy decisions.

The Supreme Court felt that allowing the "offensive use" of the pass-on theory by indirect purchasers or sellers but denying the defensive use of the theory would expose defendants to multiple liability for the same violation. On the other hand, allowing both indirect purchaser/seller suits and the pass on defense in private antitrust damage suits would simultaneously increase the costs and diminish the benefits of bringing such actions. Such a result, the Court believed, would seriously impair the effectiveness of treble damage actions as one of the principal deterrents to antitrust violations and would adversely affect the administration of justice, by utilizing a tremendous amount of judicial resources in resolving the complicated evidentiary questions presented.

These decisions came from the Hanover case, which I would point out was decided by the Supreme Court in 1968, and then in the Illinois case in 1977, as then the Supreme Courts were constituted.

Every Congress since Illinois Brick, has considered proposals to legislatively repeal the Supreme Court decision. Yet, Congress has not seen fit to modify or repeal Illinois Brick, and there is no reason to do so now.

In fact, in anything, the passing years have seen the consensus in the legal and business communities in support of Illinois Brick grow and get stronger. The various proposals for legislative repeal have been uniformly opposed by the American Bar Association, representatives of the Plaintiffs Antitrust Bar, the Business Roundtable, the National Association of Manufacturers, the U.S. Chamber of Commerce, the Food Marketing Institute, the Small Manufacturers Council, the American Retail Federation, and many individual businessmen, as well as law professors, economists, and other academicians.

Senator PRESSLER's amendment will create the judicial nightmare that the Supreme Court sought to avoid, transforming treble damage actions into massive efforts attempting to trace an alleged underpayment back through the chain of distribution in an attempt to determine the amount of underpayment suffered by a particular plaintiff.

The amendment is almost identical to a bill introduced in the 98th Congress as S. 2835, that only covered sellers of "cattle, hogs, sheep, grains or soybeans." The only substantive difference is that this amendment more broadly authorizes damage suits by sellers of any "agricultural products."

The Senate Judiciary Committee held hearings on S. 2835 in September 1984, but did not report the bill.

When S. 2835 was introduced, it was primarily considered to be an attempt to legislatively reverse the court decisions dismissing *In re Beef Industry Antitrust Litigation*, 710 F.2d 216 (5th Cir. 1983) cert denied, 104 S.Ct. 1326 (February 21, 1984). In the Beef Litigation cases, cattlemen and feeders alleged that several retail stores had engaged in a conspiracy to set wholesale beef prices at artificially depressed levels. The cattlemen did not sell directly to the retail stores, but sold to packers, who slaughtered the beef and then sold the beef to the retail stores.

The basis of this amendment is a belief that market manipulation by large food processors and retailers has decreased the share of the consumer food dollar received by feed lot operators and cattlemen. But adoption of this amendment would only serve to punish size and efficiency of operation and act as a strong disincentive to retailers to minimize their product costs at the expense of consumers.

Under this amendment, anytime a farmer, rancher, or feed lot operator feels that the prices received for their products are lower than they should have been, their natural tendency will be to assume that there has been some manipulation of the marketplace and a class action will be filed seeking damages.

Even when successfully defended, the costs of such litigation are staggering even to the largest companies, and perhaps ruinous to smaller companies. For example, in the beef litigation, it was estimated that from the time the defendants filed their first motion to dismiss until the complaint was finally dismissed by the courts, more than $20 million had been spent in defense costs. Overhead costs of this magnitude simply cannot be absorbed by retailers and will invariably be reflected in retail prices on grocers' shelves.

Of equal importance, overhead costs of the magnitude that will be generated by this amendment can only be carried by the largest of companies, thus forcing smaller processors and retailers named as defendants to settle a claim regardless of its merits.

There is nothing in this amendment, nor could there be, which would limit by size the class of defendants against whom damage suits could be brought. All retailers and processors and every other kind and description of middleman, whether large or small, will be subject to suit under this amendment. The natural tendency of any plaintiff will be to sue every company in the chain of distribution and then sit back and let the defendants prove who is liable and who is responsible for the damages.

Moreover, even if not named as a defendant, every company in the chain of distribution will be inexorably drawn into the litigation spawned by this amendment as all of the parties, through depositions and subpoenas for documents, seek to prove their respective contentions and disprove those of their opponents. As the executive vice president of the Small Manufacturers Council so aptly put it in hearings on another proposal to repeal Illinois Brick, the nonparty middlemen will become:

> The battleground over whose body the parties will wage a prolonged and costly fight attempting to prove and disprove . . . the effects of the (claimed) violation on prices, sales, costs and profits through the chain of distribution.

Mr. President, this amendment will not help the farmers and will severely penalize consumers and the business community, while at the same time imposing unnecessary burdens on our court system and seriously eroding the effectiveness of treble damage actions as a deterrent to antitrust violations.

This body should not casually disregard the thoughtful and impartial analysis by the Supreme Court in Illinois Brick.

Mr. President, I wish to point out that we have had testimony in the Judiciary Committee—for example, in regard to each transaction that would have to be considered by the courts—that there was a chemical that was used in making of nylon, from nylon, you then make socks, and that there were 157 different transactions that took place before the chemical that you started out with went into making the nylon that ended up in the socks. If a suit were brought, then there would be the issue in each of those 157 different transactions for the courts to determine whether or not there was a pass-on or if there was any price fixing or any manipulation relative to this. Justice White, in his decision, went into great detail and said that the courts cannot stand this and that this will mean that you cannot have an effective use of suits brought in the civil cases or against price fixers if you go into this. It will become so mired down in each and every transaction that you would have so much proof that had to be made and it would be so confusing.

Justice White, in his decision in the Illinois Brick case and also in the Hanover case, clearly points out the dangers that can occur to the court system if this rule were to be changed. So I ask my colleagues at this time to do as has been suggested by the chairman of the Judiciary Committee: Let the Judiciary Committee look further into this problem dealing with antitrust and the issue pertaining to lawsuits, that this is not the proper place at this time to bring up this issue. Therefore, I think we should oppose this amendment and I urge my colleagues to defeat it or to support a motion to table.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM Mr. President, for five straight Congresses, I have consponsored legislation to overturn Illinois Brick. My view is that victims of price fixings should be able to recover their losses whether or not they dealt directly with the conspirators, so I do not think there is any Member of this body who feels more strongly about the Illinois Brick decision than do I.

But I believe that any legislation on this subject should be comprehensive. It should apply to buyers and sellers and consumer-purchasers. I think that attempting to put it on the farm bill at this point is not the appropriate procedure. I hope that we shall have an opportunity to work closely with the distinguished Senator from South Dakota and to work with the distinguished Senator from Washington and with others who support the concept of undoing the harm done by the Illinois Brick decision, but the farm bill is not the place for this proposal. Antitrust reform should not be piecemeal. Therefore, I shall either support a motion to table or vote against the amendment in an up-or-down vote.

In my view, we ought to deal with Illinois Brick, we ought to deal with it as promptly as possible, but not tonight and not in piecemeal fashion.

Mr. HATCH. Mr. President, I would like to join Senator THURMOND, Senator HEFLIN, and several other of my colleagues on the Judiciary Committee in opposing this amendment which would overturn the Illinois Brick decision.

My basis for opposition is twofold. First, from a procedural standpoint this is the wrong time and the wrong place to give initial debate and consideration to such a complex and substantial issue. This amendment should go through the regular committee process to allow for a thorough and reasoned analysis of its terms and provisions. This is a difficult issue. To take it up here on the Senate floor in haste and without the benefit of distilled consideration would do a disservice to this institution and to the bill itself. The amendment seeks to set aside a long-standing policy which our courts ratified only after enormous effort and study. There is no reason whatsoever for our acting in haste at this point in time. We have no committee report, no hearing record, and no credible evidence of any kind before us. This bill deserves no special treatment. We should give it the diligent study it does deserve in committee before addressing it here on the Senate floor.

Second, I am opposed to the amendment because, based on my study of earlier proposals to overturn Illinois Brick such a notion would be bad law.

This amendment would modify antitrust law by creating an agricultural producer exception to the rules settled in Illinois Brick, and Hanover Shoe. In those cases the U.S. Supreme Court held that only direct purchasers or sellers of products to antitrust violators may sue to recover damages resulting from the anticompetitive activity. For a variety of reasons that is good law which reflects perfectly the interest of Congress in its passage of the antitrust laws. There is no credible case made here in this amendment for creating a special interest exception to those cases.

In Hanover Shoe, decided in 1968, the Supreme Court stated that it would be unmanageable for the courts to resolve the enormously complex legal and factual issues involved in a determination of the extent to which a plaintiff may have avoided damage by passing on his losses to other parties. In the Court's words, "the task would normally prove insurmountable." Therefore, it was decided that antitrust defendants were not allowed to assert as a defense an allegation that the plaintiff had passed on his losses to purchasers further down the line. Then, in 1977, in Illinois Brick, the Court applied the same reasoning to the other side of the issue in holding that an antitrust plaintiff could not sue to recover damages when the plaintiff had not been a direct purchaser of the goods from the antitrust violator. Again, the Court, after painstaking analysis of the objections and purposes of the antitrust laws, determined that the difficulty of apportioning damages required such a result except in narrowly defined circumstances where it is clear that the whole overcharge has been passed onto an indirect purchaser.

The Court has wisely recognized that allowing the use of a pass-on theory, either defensively or offensively, would result in an overly complicated and unmanageable litigation system which would do much more harm than good. The overall objective of the antitrust laws would not be served. Antitrust actions would become vastly overburdened with procedural and factual complexities to the detriment of the courts, litigants, and the enforcement of the antitrust laws themselves.

In a single swoop of our legislative pen, Senator PRESSLER seeks to overturn these landmark cases to allow for both offensive and defensive use of the pass-on theory for the special-interest benefit of agricultural producers. According to information recently received by my office, there is simply no merit to the suggestion that agricultural producers are better equipped to more effectively and efficiently wield the pass-on theories than any other producer or are otherwise deserving of special treatment under our laws. Nor is there any apparent merit to the suggestion that agricultural producers have been the victims of continual antitrust violations by indirect purchasers of their goods, and have had no way of recouping their losses.

This is not the first time a special interest effort has been made to overturn Illinois Brick, and I rather suspect it may not be the last. But the fact remains Illinois Brick reflects common sense and a logical effort to keep our antitrust laws sensibly contained within the framework of original legislative intent and a workable court system. Illinois Brick strikes an appropriate balance which allows the fullest possible protection of our antitrust laws while keeping deterrence in place and disallowing the evisceration of the heart of the antitrust laws by endless and senseless litigation. All producers, including agricultural producers, are now protected as far as legally and practically possible. Giving agricultural producers special status would do them no favor and would weaken the system for everyone.

I urge my colleagues to join me in opposing this amendment.

Mr. DECONCINI. Mr. President, I join with the distinguished chairman of the Judiciary Committee and the distinguished chairman of the subcommittee and my other colleagues in opposing this legislation. We have had our rounds with Illinois Brick and probably will have them again, but they have been in the right ring and that is in the Judiciary Committee where we have had extensive hearings and extensive markups and we have cast our votes. To bring forth Illinois Brick and attempt to change it on the basis that only applies as I understand the amendment—and I stand corrected if it is different that that—in the agricultural area would be folly. I would hope that we defeat this amendment.

Mr. PRESSLER. Mr. President, I would like to respond to several of the comments made concerning my amendment. The Senate Judiciary Committee has had numerous hearings on the issue. Since the Illinois Brick decision, the Senate Judiciary Committee has held hearings on the issue on three separate occasions. In 1979, the committee reported to the full Senate legislation to overturn the entire Illinois Brick decision. As recently as last fall, the Judiciary Committee held hearings on legislation dealing specifically with allowing agricultural producers to file antitrust suits against food processors or retailers. This issue has been considered by the committee.

During consideration of the farm bill we will consider many other amendments dealing with issues that fall under the jurisdiction of many different Senate committees. The Commerce Committee has jurisdiction over cargo preference, the Finance Committee has jurisdiction over trade issues. If we can consider these other amendments then we should consider this amendment which is so important to farmers and ranchers.

Passage of my amendment would not generate a great number of lawsuits or disrupt the court system. Prior to 1977 farmers could file antitrust suits. At that time we did not have a large number of cases. Farmers do not have the financial resources to bring these lawsuits nor do they have the desire. Their desire and the intent of this amendment is to assure that farmers and ranchers are treated fairly in the marketplace. Currently, a large number of farmers do not feel they are being treated fairly but they have no means of action to fight the system. This amendment would provide them with a means to fight for fair treatment.

Farmers and the supporters of this amendment will tell you they do not want large damage payments. They just want fair treatment in the marketplace so they receive a fair price for their product. They want to make their income from the sale of their products but the current system is not providing them with that opportunity. Their goal is a reform of the marketing system.

Farmers would also have to have a viable suit before they could take action. If the food processing and marketing industry are not violating any antitrust laws then farmers and ranchers would not have any viable cases. So it you say hundreds of suits would be filed and the courts would be tied up, that would indicate that the food processing and marketing industry must be violating some antitrust laws. If they are violating antitrust laws, then farmers and ranchers should have some recourse.

Finally, this amendment would not be a bonanza for lawyers. Lawyers do not take cases they do not think they will win or unless they have a strong case. Again, if the industry is not violating any antitrust laws then the lawyers will not have any cases. Also prior to the 1977 Supreme Court ruling lawyers were not persuading farmers to file antitrust suits.

Under the current law, the farmer could only file a suit against the party they sell their product to directly. In most cases this is a local elevator or salebarn. The direct purchasers do not have the economic power to establish prices. They just pass on the price established by the food processor or retailers. The direct purchaser of the farm product is afraid to take any action against the buyer of the product because he will then lose the market for his product. In order words he would be out of business.

Agriculture is unique in respect to the antitrust issue. Farmers and

ranchers are the only participants in the marketing chain who have an incentive to file an antitrust suit. This results because basically the middleman just pass on any cost additions to the farmer. For example, if you assume a retailer manipulates beef prices to reduce his cost by 5 cents per pound. In the case of a 1,000 pound steer, an average of 600 pounds is sold as a carcass. By reducing the purchase price 5 cents per pound the retailer reduces his cost by $30, thus increasing his profit by $30. The packer receives 5 cents less for their product so they reduce the price of beef to the farmer by 5 cents per pound. The packer pays $50 less for the live steer from the farmer and sells the carcass for $30 less. As a result the packer increases his profits by $20 per animal. The farmer loses $50 per head. It is clear that the farmer is the only participant in this chain with an incentive to take action against the price fix.

Agriculture is different from any other industry because the farmer takes what the market will pay him. Other industries have enough control over their inventories that they can establish the price they sell their product. This makes it much more difficult to manipulate prices.

Mr. President, I urge the Senate to adopt my amendment.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I move to table the amendment.

Mr. HELMS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from South Dakota. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina, [Mr. EAST], and the Senator from Vermont [Mr. STAFFORD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. INOUYE] is absent on official business.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 92, nays 4, as follows:

[Rollcall Vote No. 324 Leg.]

YEAS—92

Abdnor	Boschwitz	Cochran
Andrews	Bradley	Cohen
Armstrong	Bumpers	Cranston
Bentsen	Burdick	D'Amato
Biden	Byrd	Danforth
Bingaman	Chafee	DeConcini
Boren	Chiles	Denton
Dixon	Johnston	Pell
Dodd	Kassebaum	Proxmire
Dole	Kasten	Pryor
Durenberger	Kennedy	Quayle
Eagleton	Kerry	Riegle
Evans	Lautenberg	Rockefeller
Exon	Laxalt	Roth
Ford	Leahy	Rudman
Garn	Levin	Sarbanes
Glenn	Long	Sasser
Goldwater	Lugar	Simon
Gore	Mathias	Simpson
Gorton	Matsunaga	Specter
Gramm	Mattingly	Stennis
Hart	McClure	Stevens
Hatch	McConnell	Symms
Hatfield	Melcher	Thurmond
Hawkins	Metzenbaum	Trible
Hecht	Mitchell	Wallop
Heflin	Moynihan	Warner
Heinz	Murkowski	Weicker
Helms	Nickles	Wilson
Hollings	Nunn	Zorinsky
Humphrey	Packwood	

NAYS—4

Baucus	Harkin
Grassley	Pressler

NOT VOTING—4

Domenici	Inouye
East	Stafford

So the motion to lay on the table the amendment (No. 1069) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1074

(Purpose: To make ineligible for certain agricultural program benefits persons who are convicted under Federal or State law of planting, cultivation, growing, or harvesting of controlled substances)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows;

The Senator from Arizona [Mr. DECONCINI] for himself and Mr. BURDICK, Mr. HAWKINS, Mr. ABDNOR, Mr. EXON, Mr. GRASSLEY, Mr. HOLLINGS, Mr. ANDREWS, Mr. ARMSTRONG, Mr. HELMS, Mr. TRIBLE, Mr. MATTINGLY, and Mr. HEFLIN proposes an amendment numbered 1074.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

"On page 459, between lines 18 and 19, insert the following new section:

CONTROLLED SUBSTANCES PRODUCTION CONTROL

SEC. . (a) As used in this section:

(1) The term "controlled substance" has the same meaning given such term in section 102(6) of the Controlled Substances Act (21 U.S.C. 801(6)).

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(b) Notwithstanding any other provision of law, following the date of enactment of this Act, any person who is convicted under Federal or State law of planting, cultivation, growing, or harvesting of a controlled substance in any crop year shall be ineligible for—

(1) as to any commodity produced during that crop year, and the four succeeding crop years, by such person—

(A) any price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C.); 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmer Home Administration; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) for the storage of an agricultural commodity that is—

(A) produced during that crop year, or any of the four succeeding crop years, by such person; and

(B) acquired by the Commodity Credit Corporation.

(c) Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this section, including regulations that—

(1) define the term "person";

(2) govern the determination of persons who shall be ineligible for program benefits under this section; and

(3) protect the interests of tenants and sharecroppers."

Mr. DECONCINI. Mr. President, this amendment is offered in behalf of Senators BURDICK, HAWKINS, ABDNOR, EXON, GRASSLEY, HOLLINGS, ANDREWS, ARMSTRONG, TRIBLE, MATTINGLY, HEFLIN, and the distinguished chairman of the committee, Mr. HELMS.

Mr. President, I was recently shocked to learn that individuals who have been convicted of growing marijuana or other illegal drug-producing plants do not automatically lose their access to agricultural program benefits. In fact, while the law makes ineligible for program benefits individuals convicted of harvesting such plants, it fails to speak to the issue of conviction for planting, cultivating or growing of controlled substances. Furthermore, present law simply prohibits agricultural program benefits in the single year of conviction. My amendment will remedy this situation.

My amendment would specifically prohibit the participation in agricultural program benefits to any person convicted of planting, cultivating, growing or harvesting of a controlled substance for the year of conviction and the ensuing 4 years. This would apply to cannabis as well as other illegal drug-producing plants.

None of us intended to subsidize the growth of illegal drugs in this country. Yet because of this loophole that is exactly what we are doing. In 1983, the U.S. Department of Agriculture estimated that between $16 to $18 million worth of program benefits were going to just these criminals. In fact, the USDA sent a proposed bill to Congress earlier this year that addressed this very problem. Their proposal differed from mine in that it only sought a 1-year exclusion, but I believe that we need to create a greater disincentive for growing drugs.

The overwhelming majority of farmers in this country are honest, hard-working people. We are all well aware of the crisis facing farmers as we attempt to meet the competing demands of cutting the budget and insuring that this country continues to provide food not only for herself but for the starving nations of the world as well. It is unfair that honest farmers must share dwindling program benefits with common criminals. I urge the Senate to support my amendment.

I thank the distinguished chairman of the Agriculture Committee, Mr. HELMS, for not only cosponsoring but working with myself and staff to put this amendment together.

Mr. HELMS. Mr. President, I thank the distinguished Senator from Arizona for the amendment and we are prepared to accept it on this side.

Mr. President, I commend the distinguished Senator from Arizona for his amendment and, as a cosponsor of this amendment, to offer my support for it.

Farmers who choose to operate outside the law with regards to the crops that they plant, should not be entitled to the benefits that other law-abiding farmers receive. Also, with the massive budget deficit that we have, and the tremendous excess in spending in farm programs, we simply cannot afford to compensate farmers who take advantage of the system.

The amendment is straightforward. It is fair. And it is based upon conviction not suspicion. I think that it is the least we can do to ensure that farmers are not able to profit from the Federal Government while at the same time breaking the law of the land by growing illegal crops.

Mr. ZORINSKY. Mr. President, the amendment adds to S. 1714 the provisions of S. 1624, a bill introduced by the Senator from Arizona (Mr. DECONCINI) on September 11. The amendment corrects a deficiency in current law that only makes ineligible for agricultural program benefits persons who are convicted of harvesting controlled substances. Moreover, current law prohibits receipt of agricultural program benefits for the year of conviction.

Under the provisions of the amendment, any person convicted of planting, cultivating, growing or harvesting a controlled substance would be specifically prohibited from participation in agricultural program benefits for the year of the conviction and for the ensuing 4 years.

Mr. President, we cleared the amendment through this side of the aisle. We have no objection to accepting the amendment and think it is a good amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona.

The amendment (No. 1074) was agreed to.

Mr. HELMS. Mr President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1075

(Purpose: To establish a program for the research and development of new uses for farm and forest products)

Mr. GLENN. Mr. President, I send to the desk an amendment for myself and Mr. LUGAR and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio [Mr. GLENN] for himself, Mr. LUGAR, Mr. BINGAMAN, Mr. HEFLIN, Mr. BOSCHWITZ, Mr. NUNN, Mr. ZORINSKY, Mr. FORD, Mr. MELCHER, Mr. HELMS, and Mr. ABDNOR proposes an amendment numbered 1075.

Mr. GLENN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

On page 301, line 2, after the words "Agricultural Products In", insert the words "Domestic and".

On page 301, line 3, insert "(a)" after the section designation.

On page 301, line 7, after the words "products thereof in", insert the words "domestic and".

On page 301, between lines 11 and 12, insert the following new subsection:

"(b)(1) The Secretary of Agriculture shall conduct a research and development program to formulate new uses for farm and forest products. Such program shall include, but not be limited to, research and development of industrial, new, and value-added products.

"(2) The the extent practicable, the Secretary of Agriculture shall carry out the program authorized in this subsection with colleges and universities, private industry, and Federal and State entities through a combination of grants, cooperative agreements, contracts, and interagency agreements.

"(3)(A) There are authorized to be appropriated such sums as are necessary to carry out the program under this subsection.

"(B) In addition, the Secretary may use funds appropriated or made available to the Secretary under provisions of law other than paragraph (A) to carry out the program under this subsection.

"(C) The total amount of funds used by the Secretary to carry out the program under this subsection may not be less than $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.

"(4) Funds appropriated under paragraph (3)(A) or made available under paragraph (3)(B) may be transferred among appropriation accounts to carry out the purposes of the program authorized under this subsection.

"(5) Notwithstanding any other provision of law, the Federal share of the cost of each research or development project funded under this subsection may not exceed 50 percent of the cost of such project.".

Mr. GLENN. Mr. President, today I rise to offer an amendment along with my good friend and distinguished colleague, Senator LUGAR of Indiana. This amendment will create a new program to develop new uses for farm and forest products. I believe this is a commonsense approach to the bin busting surpluses facing Americans in the 1980's.

The program created by this amendment will earmark at least $10 million a year for developing new uses for farm and forest products. Because of fiscal constraints, this program will not require the authorization of new funds, but will be carried out through a combination of grants, cooperative agreements, contracts, and interagency agreements with universities, private industry, and Federal and State entities. Furthermore, to encourage a partnership between the Federal Government and the other institutions involved in this program, the amendment provides that the Federal share of each grant, cooperative agreement, contract or interagency agreement shall not exceed 50 percent of the cost of the research or development project.

Senator LUGAR and I represent major agricultural States and are familiar with the economic problems confronting agriculture. The 1985 farm bill must somehow reach the roots of these problems and return prosperity to agriculture. If it does not, it runs the risk of being an expensive short term band-aid.

History tells us that farm prosperity occurs when demand for agricultural, commodities is in balance with supply. Beginning in the mid 1950's, an expanding export market absorbed the increasing supply of commodities produced by U.S. farmers. While not every year was profitable for every farmer, on balance the period between

1955 and 1980 was one of acceptable income for the farm sector as a whole.

Since 1981 farm exports have declined from $43 billion to an estimated $32 billion in 1985. During this same period domestic demand for food has increased, but only at the relatively slow rate of population growth. Extension of these trends yields a sobering conclusion—traditional demand outlets show little promise to utilize the current surpluses and restore prosperity to American farm families.

Even the possibility this prediction may be accurate should challenge us to develop bold, new programs which look to the future while embracing the lesson from history that farm prosperity is led by demand. This amendment meets the challenge.

The program created by this amendment will encourage application of basic research in biology, chemistry, and physics to develop new uses for farm and forest products. Although some limited research is being conducted by USDA, land grant colleges, and private industry, the amount spent is minimal. For example, in fiscal year 1984 only $5 million out of a total Agricultural Research Service budget of $474 millllion was spent on developing new uses for food and feed grains. The lack of new uses research is one reason U.S. agriculture's productive capacity has outstripped demand for its products.

New uses for farm and forest products are not far off fantasies that will take years to develop. Right now, cornstarch is used not just in producing alcohol but also in manufacturing paper products, building materials, textiles, and adhesives. Three to five billion pounds of U.S. produced fats and oils are used to produce nonfood products. Fifteen percent of the plastic additives and 100 percent of the glycerin are produced from fats and oils.

And, in my judgment, we have just begun to scratch the surface. Many petrochemicals can be made from carbohydrates contained in food and feed grains. However, more efficient manufacturing processes need to be developed. Even greater potential lies in developing new chemicals and other products that utilize the desirable properties of starch and cellulose. Then, there is the star wars of new uses research—molecular farming. This type of farming will eventually use genetic engineering to program crops or livestock to produce useful chemicals and other molecular substances.

The availability of naturally derived products not only will increase the demand for farm and forest products. They also offer the potential for environmentally safer chemicals and the opportunity to reduce imports of some strategic materials, particularly oil.

At an agricultural forum I held in Ohio in July, I called for a new partnership between the Federal Government and the agricultural community to solve the problems facing U.S. agriculture. I am pleased to join with Senator LUGAR in proposing what I believe is a new partnership—a partnership to develop new uses for agricultural products.

The 1985 farm bill is one of the most important legislative activities of the 99th Congress. Much of our attention will focus on the important issues surrounding the current financial problems of America's largest industry. But, we also have the opportunity to alter the future—to prepare the ground for long term prosperity in American agriculture. New uses research tills new fields from which we will all reap benefits. I urge my colleagues to join Senator LUGAR and me in creating new opportunities for U.S. agriculture.

Mr. President, agricultural production research in this Nation of ours has been one of the most successful areas of research of any nation in history and we have wound up with bountiful harvests beyond belief. Our family farmers are the envy of the world.

We have developed new hybrids. We have new ways of improving soil fertility. We have developed conservation methods. Literally, our cup runneth over. This is a great tribute to our land grant universities and the U.S. Department of Agriculture.

However, I think we should start putting some money into end uses research. In 1984 only $5 million, out of a total Agricultural Research Service budget of $474 million, was spent on developing new uses for feed and food grains.

New uses are not far-off fantasies. Right now, starch, mostly from corn, is turned into alcohol, which can be turned into gasohol. Starch from carbohydrates is used in manufacturing paper products, building materials, textiles, and adhesives. The current use of corn for this purpose is 127 million bushels; 3 to 5 billion pounds of fats and oils produced in the United States are used in nonfood products. Fats and oils produce 15 percent of the plastic additives and 100 percent of the glycerin.

And we have just begun. Many petrochemicals can be made from carbohydrates. For instance, before 1950 most acetone and n-butanol were made from carbohydrates. The increase since 1970 in oil prices have made carbohydrates more competitive, but we need research to develop more efficient production processes.

Research has shown that polymers of starch and cellulose have unique properties, including biodegradability and semipermeability. The challenge is to develop new chemicals that exploit these properties. Right now, a biodegradable plastic mulch is being tested.

The potential for new uses is unlimited. Who knows what we can do? Could we make plastic wallboard from corn?

On the horizon looms the star wars of new uses research—molecular farming. This type of farming would use genetic engineering to program specific crops or livestock to produce useful chemicals or other molecular substances.

This new research program is a matching program. The amount of money will be doubled as colleges, universities, and research institutes take us up on this challenge to get involved in new uses research.

I believe this amendment will mark a new beginning in agriculture research. Emphasis on end uses research offers a valuable opportunity to use the huge surpluses we now have.

We have discussed this amendment with the managers of the bill. I believe they are in favor of the bill that Senator LUGAR joins me in introducing, and I turn to him for any comments.

Mr. FORD. Mr. President, let me compliment my distinguished friend from Ohio for this amendment. I am one of the original cosponsors of the amendment and am very proud to do so.

Let me say that tobacco has become a controversial product and no one needs to tell this body that it is not. There are some ways I believe that this product, which takes very little land area, produces a great deal. There should be additional research in the end use of that product.

We know that tobacco has a great deal of protein in it. We know it can be extracted from that plant and can be used.

Therefore, I hope that somewhere in this research arena there would be given some thought among the warehouses, tractors, et cetera, and uses in relation to this crop could be I think an opportunity for us to find new uses.

So, Mr. President, not only am I encouraged with this amendment, I hope it has some desirable end results.

Mr. LUGAR. Mr. President, I am pleased to join the distinguished Senator from Ohio in offering an amendment to encourage the development of new uses of our surplus agricultural products.

The Secretary of Agriculture would be required to use at least $10 million of the funds appropriated to the Agricultural Research Service, the Cooperative State Research Service, and the Competitive and Special Grants Program for research and development on new uses of farm and forest products. In addition, the Secretary could utilize carryover funds from other agencies

within the U.S. Department of Agriculture for this research program.

U.S. farmers have shown a tremendous ability to produce an abundance of food despite governmental farm policy aimed at reducing production. The Secretary of Agriculture has continually implemented acreage set-aside programs for corn, wheat, cotton, and rice, and yet, we have a bumper supply of each of these crops. Market prices are averaging some 50 percent below Government support rates.

A report earlier this year by the Office of Technology Assessment suggests that our capacity to produce will not level off in the next decade. To the contrary, new technologies such as the hybrid wheat and growth hormones in dairy cattle will likely add even greater pressure to our surplus problems. The OTA study estimates that average per acre wheat yields will increase another 20 to 25 percent in the next decade. In the next 15 years, milk output per cow is estimated to increase by 50 percent. Similar outcomes are expected for virtually all major crops and livestock products.

Given these factors, we simply must begin to develop new technologies that encourage consumption in order to counter the emerging technologies that will likely result in higher yields and more output per animal. The development of these alternative markets is essential in order to balance U.S. agriculture's reliance upon growth in foreign markets with a program that promises some market expansion here at home.

This amendment does not add to the cost of this bill. It simply directs the Secretary of Agriculture to use the research funds that have already been appropriated for this very high priority research program. I encourage my colleagues to support this amendment.

Mr. HELMS. Mr. President, I am prepared to accept the amendment offered by the distinguished Senators from Ohio and Indiana. I wholeheartedly support efforts to give greater priority toward research programs to develop new uses for agricultural commodities.

Each Senator is well aware of our seemingly uncontrollable farm surpluses. The U.S. Department of Agriculture projects at least a 50-percent carryover for wheat, cotton, and rice and a 30-percent carryover for feed grains by the end of this crop year. We are harvesting record crops despite the fact that Government farm programs paid farmers to idle a significant portion of our crop acreage.

I believe a targeted Agricultural Research Program to develop new uses for our surplus farm products will help keep more farmers on the land and give a better opportunity for profitable prices in the Congress.

I am prepared to accept this amendment in behalf of this side of the aisle.

Mr. ZORINSKY. Mr. President, the amendment establishes a program to formulate new uses for farm and forest products. The program will be carried out, to the extent practicable, through universities, private industry, and Federal and State entities. The program will be funded through a combination of grants, cooperative agreements, contracts, and interagency agreements. The total funds available to the Secretary of Agriculture to carry out the program may not be less than $10 million in each of fiscal years 1986 through 1989.

The amendment can help to stimulate future demand for agricultural products by supporting research that will uncover nonfood uses for such products. If new uses are identified, the amount of resources and investment committed to agriculture can continue at the current level and eventually grow.

I urge my colleagues to support the amendment.

Mr. GLENN. Mr. President, before we have a vote on this amendment, I would like to add that I see it as a toe in the door, just a start for what is really needed. As I said, in 1984 we only put $5 million out of $474 million of the Agricultural Research Service's research budget into nonfood uses. I probably will propose legislation after the first of the year that will ask for additional increases in funding. But this amendment establishes a new direction.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Ohio.

The amendment (No. 1075) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. NUNN. Mr. President, I have two amendments that I hope will take a very short time. I have talked to the managers on both sides about the amendments. I am getting the exact language now. Perhaps I could explain the first amendment, then I will send the amendment to the desk.

AMENDMENT NO. 1076

Mr. GLENN. Mr. President, this first amendment would authorize the Farmers Home Administration to grant to the Irwin County, GA, Board of Education the reversionary rights held by FmHA in one-third acre of land and the building thereon located in Irwinville, GA. This property was originally granted to the Irwin County Board of Education in 1946 by the Farm Security Administration for educational and other related community purposes. The building is no longer useful for that purpose.

This amendment would allow the Irwin County Board of Education to sell the land and structure in question and apply the proceeds to the construction of a new elementary school. This would be entirely appropriate and within the intent of the original grant.

There is past precedent for this amendment. Public Law 91-110 approved by the 91st Congress authorized and directed USDA to quitclaim its rights in a similar tract of land to the Lee County, SC, Board of Education. This prior legislation has been cited by the Farmers Home Administration as an appropriate manner for solving the request of the Irwin County Board of Education.

Mr. President, FmHA has no objection to my amendment, and I hope that it is cleared on both sides of the aisle.

Mr. President, in just a moment I will send the amendment to the desk. It seems we are having a little drafting problem here.

AMENDMENT NO. 1077

Mr. NUNN. Mr. President, if the manager will permit me, I will explain the second amendment.

The second amendment is related to the National Tree Seed Laboratory. This would allow an administrative change at the National Tree Seed Laboratory at Dry Branch, GA.

This laboratory is a national project funded by Federal appropriations and reimbursed receipts. It is operated by the U.S. Forest Service at the Georgia Forestry Center. The laboratory is operated with a three-part mission: Seed testing, seed bank, and technical assistance.

The seed testing service provides service tests for viability evaluation on tree and shrub seed for State, Federal, forest industry and individuals throughout the United States in support of improved regeneration practices. This is a self-supported service. The laboratory currently is funded by Federal appropriations and reimbursed receipts.

The reimbursed receipts are from Federal, State, private industry and individual customers. The State and Federal receipts can be retained under existing law. However, there is currently no authority to allow the National Tree Seed Laboratory to retain testing receipts from private sources. These receipts amount to approximately $40,000 each year and, under current law, they must be refunded to the U.S. Treasury, and that increases the amount of the appropriation for that purpose. So it is a paper transaction.

The National Tree Seed Laboratory has requested this amendment to authorize it to retain the fees it collects

from private sources for tree seed testing. This amendment would eliminate the paperwork shuffle of remitting these receipts to the Treasury and then receiving appropriated funds back from the Treasury. The administrative change authorized by this amendment would allow the laboratory to be more self-supporting and would make it possible for the Federal appropriations it receives to be reduced accordingly.

The Southeastern Regional Forester has sought this amendment and the U.S. Forest Service has expressed its support, citing the administrative efficiencies which would be achieved from the amendment. Mr. President, I have cleared this amendment with the chairman and ranking member of the Agriculture Committee.

Mr. President, this amendment also, I am hopeful, has been cleared with the chairman and ranking member of the Agriculture Committee.

Mr. President, if either the ranking member or the chairman have any observations on this or questions, I will be delighted to answer them.

AMENDMENT NO. 1076

I send the first amendment, which is the amendment relating to a quitclaim deed to the Board of Education of Irwin county, I send that amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment,

The assistant legislative clerk read as follows:

The Senator from Georgia [Mr. NUNN] proposes an amendment numbered 1076.

Mr. NUNN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment at the appropriate place insert the following:

SEC. . The Secretary of Agriculture is authorized and directed to execute and deliver to the Board of Education of Irwin County, Georgia, its successors and assigns, a quitclaim deed conveying and releasing unto the said Board of Education of Irwin County, Georgia, its successors and assigns, all right, title, and interest of the United States of America in and to a tract of land, situate in said Irwin County, Georgia, containing 0.303 acres together with improvements in Land Lot Number 39 in the 3rd Land District of Irwin County, Georgia, being more particularly described in a deed dated July 13, 1946, from the United States conveying said land to Irwin County Board of Education, recorded in the land records of the office of the Clerk of Court for Irwin County, Georgia, in deed book 20, page 117.

Mr. NUNN. Mr. President, there is an error in the amendment. It says 'South Carolina." It is supposed to be "Georgia."

I ask unanimous consent that it be changed so the Senators from South Carolina will not believe that we are tinkering with any part of his sovereign territory.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, have both amendments been stated?

The PRESIDING OFFICER. Only one amendment so far has been submitted to the clerk.

Mr. NUNN. Mr. President, I explained both amendments. But only one has been submitted.

Mr. HELMS. Mr. President, we are prepared to accept the amendment.

Mr. President, as I understand it, the amendment of the Senator from Georgia would authorize the Farmers Home Administration to release its reversionary rights to approximately one-third acre and the structure on this property in Irwin County, GA, to the Irwin County Board of Education.

I further understand that the Department of Agriculture has no objection to the release of this real estate.

Therefore, Mr. President, I have no problem with the amendment offered by the Senator from Georgia and would support its adoption.

Mr. ZORINSKY. Mr. President, we have examined the amendment offered by the distinguished Senator from Georgia, and we find it acceptable. We urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Georgia.

The amendment (No. 1076) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1077

Mr. NUNN. Mr. President, I send an amendment to the desk and ask for its immediate consideration. This is the one I have already explained relating to the National Tree Laboratory, and the funding thereof.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

proposes an amendment numbered 1077.

At the appropriate place insert the following:

Notwithstanding any other provision of law, fees received by the National Tree Seed Laboratory, administered by the Forest Service, United States Department of Agriculture, for the provision of a tree seed testing service, shall be retained and deposited as a reimbursement to current appropriations used to cover the costs of providing such service.

Mr. HELMS. Mr. President, I support the amendment of the Senator from Georgia.

His amendment is almost technical in nature. It would permit the National Tree Seed Laboratory to retain receipts from testing that they do for private entities. For fiscal year 1984 these receipts totaled less than $24,000.

This amendment would extend the current authority of the Laboratory to retain receipts from other governmental agencies. In fiscal year 1984, receipts from other governmental agencies totaled $46,724.

Mr. President, I know of no objection to this amendment.

Mr. ZORINSKY. Mr. President, we have examined the second amendment offered by the distinguished Senator from Georgia, and also find it acceptable. We urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Georgia.

The amendment (No. 1077) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. NUNN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. President, I thank the chairman, the distinguished Senator from North Carolina, and the ranking member.

Mr. HELMS. Mr. President, Senator ZORINSKY and I have been conferring. We see many people around this Chamber. If there is no objection, we will jointly announce that there will be no more rollcall votes tonight. However, we do want to lay down an amendment on which there will be a rollcall vote.

AMENDMENT NO. 1078

(Purpose: To modify the pork promotion program.)

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 1078.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment add the following:

On page 380, strike out lines 15 to 17.

On page 380, line 18, strike out "(5)" and insert in lieu thereof "(4)".

On page 380, line 21, strike out "(6)" and insert in lieu thereof "(5)".

On page 380, line 24, strike out "(7)" and insert in lieu thereof "(6)".

On page 381, line 1, strike out "(8)" and insert in lieu thereof "(7)".

On page 381, line 4, strike out "(9)" and insert in lieu thereof "(8)".

On page 381, line 9, strike out "(10)" and insert in lieu thereof "(9)".

On page 381, line 11, strike out "(11)" and insert in lieu thereof "(10)".

On page 381, line 13, strike out "(12)" and insert in lieu thereof "(11)".

On page 381, line 16, strike out "(13)" and insert in lieu thereof "(12)".

On page 381, line 22, strike out "(14)" and insert in lieu thereof "(13)".

On page 382, line 5, strike out "(15)" and insert in lieu thereof "(14)".

On page 382, line 7, strike out "(16)" and insert in lieu thereof "(15)".

On page 382, line 9, strike out "(17)" and insert in lieu thereof "(16)".

On page 382, line 23, strike out "(18)" and insert in lieu thereof "(17)".

On page 383 line 1, strike out "(19)" and insert in lieu thereof "(18)".

On page 383, lines 16 and 17, strike out "Directors, the Board," and insert in lieu thereof "Board".

On page 384, strike out "submitted" on line 17 and all that follows through "Secretary" on line 22 and insert in lieu thereof "elected in accordance with section 1807".

On page 386, line 2, before the period, insert the following: ", except that the term of a member of the Delegate Body shall continue until the successor of such member, if any, is appointed in accordance with subsection (b)(1)".

On page 388, line 14, strike out "17" and insert in lieu thereof "23".

On page 388, lines 15 and 16, strike out ", from among the members of the Directors,".

On page 388, line 19, strike out ", from among the Directors,".

On page 389, between lines 2 and 3, insert the following new subsection:

(h) The Delegate Body shall—

(1) recommend the rate of assessment prescribed by the initial order and any increase in such rate pursuant to section 1809(b); and

(2) determine the percentage of the aggregate amount of assessments collected in a State that each State association shall receive under section 1809(c)(1).

Beginning on page 389, strike out line 3 and all that follows through line 24 on page 390 and insert in lieu thereof the following new section:

ELECTION OF NOMINEES FOR THE DELEGATE BODY

SEC. 1807. (a)(1) Not later than 30 days after the effective date of the order, the Secretary shall call for the nomination within each State of candidates for appointment as producer members of the initial Delegate Body.

(2) Each State association may nominate producers who are residents of such State to serve as such candidates.

(3)(A) Additional producers who are residents of a State may be nominated as candidates of such State by written petition signed by 100 producers or 5 percent of the pork producers in such State, whichever is less.

(B) The Secretary shall establish and publicize the procedures governing the time and place for filing petitions.

(b)(1) After the Secretary has received the nominations required under subsection (a) and not later than 60 days after the effective date of the order, the Secretary shall call for an election within each State of persons for appointment as producer members of the initial Delegate Body.

(2) To be eligible to vote in an election held in a State, a person must be a producer who is a resident of such State.

(3)(A) Notice of each such election shall be given by the Secretary—

(i) by publication in a newspaper or newspapers of general circulation in each State, and in pork production and agriculture trade publications, at least 1 week prior to the election; and

(ii) in any other reasonable manner determined by the Secretary.

(B) The notice shall set forth the period of time and places for voting and such other information as the Secretary considers necessary.

(4) Each State shall nominate to the Delegate Body the number of producer members required under section 1806(b)(2)(B).

(5) The producers who receive the highest number of votes in each State shall be nominated for appointment as members of the Delegate Body from such State.

(c)(1) Except as provided in paragraph (3), after the election of the producer members of the initial Delegate Body, the Board shall administer all subsequent nominations and elections of the producer members to be nominated for appointment as members of the Delegate Body, with the assistance of the Secretary and in accordance with subsections (a)(3) and (b).

(2) The Board shall determine the timing of an election referred to in paragraph (1).

(3) To be eligible to vote in such an election in a State, a person must be a person must—

(A) be a producer who is a resident of such State;

(B) have paid all assessments due under section 1809; and

(C) not demanded a refund of an assessment under section 1813.

(d)(1) Prior to the expiration of the term of any producer member of the Delegate Body, the Board shall appoint a nominating committee of producers who are residents of the State represented by such member.

(2) Such committee shall nominate producers of such State as candidates to fill the position for which an election is to be held.

(3) Additional producers who are residents of a State may be nominated to full such positions in accordance with subsection (a)(3).

On page 391, line 3, strike out "an 11" and insert in lieu thereof "a 15".

On page 391, line 4, insert "representing at least 12 States" after "Board".

On page 391, line 5, strike out "persons" and insert in lieu thereof "producers or importers".

On page 391, line 12, before the period, insert the following: ", except that the term of a member of the Board shall continue until the successor of such member, if any, is appointed in accordance with paragraph (2)".

Beginning on page 392, strike out line 23 and all that follows through line 2 on page 393 and insert in lieu thereof the following:

(B) the budgets, plans, or projects for which State associations are to receive funds pursuant to section 1809(c)(1).

On page 394, lines 7 and 8, strike out "Board is established and appointed pursuant to section 1808" and insert in lieu thereof "effective date of the order under section 1805(c) or at such time as the initial Board is appointed pursuant to section 1808, whichever occurs later".

On page 394, line 12, strike out "1802(9)" and insert in lieu thereof "1802(8)".

On page 394, line 15, strike out "1802(9)(B)" and insert in lieu thereof "1802(8)(B)".

On page 395, line 7, strike out "1802(9)" and insert in lieu thereof "1802(8)".

On page 395, line 15, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 395, line 18, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 395, line 22, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 396, lines 14 and 15, strike out "collected" and insert in lieu thereof "attributable to porcine animals produced".

On page 396, line 17, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 397, strike out lines 1 through 16.

On page 397, line 17, strike out "(3)" and insert "(2)".

On page 397, line 19, strike out "paragraphs (1) and (2)" and insert in lieu thereof "paragraph (1)".

On page 398, line 12, before the period, insert "and any expenses incurred for the conduct of elections under section 1807".

On page 399, line 3, insert "or a State association, as the case may be" after "Board".

Mr. GRASSLEY. Mr. President, the amendment I am introducing will eliminate the concerns of many Senators and farmers regarding the pork check-offs. This amendment is the result of many hours of discussions with other Senators and the national pork producers. The purpose of this amendment is to make the whole check-off process a little more accessible to the average pork producer. Under the Agriculture Committee bill, many producers would be excluded from the nomination process and would be deprived of the opportunity to decide how their check-off money is spent. This amendment will solve these problems.

This amendment serves three basic purposes. First, it opens up the nomination process to every pork producer who has paid an assessment. All a pork producer has to do, if he has paid an assessment and wishes to be a member of the delegate body, is fill out nominating papers and run for office. He then would be on the ballot with everyone else. Any producer who has paid an assessment would then be eligible to vote for any of the nominees on the ballot. Anyone who has paid an assessment should have a right to vote for or be a member of the delegate body. Under the committee bill that right does not exist.

The second thing this amendment does is establish a separate body for the purpose of handling the funds collected from the pork check-off. No existing organization should have exclusive control over the funds collected by this check-off. Many new pork producers will be brought into this check-off process as a result of this legislation, we should protect against making

these producers defacto members of any association that they may not wish to be involved with.

The third purpose this amendment accomplishes, is giving more authority to the delegate body. This would give the members of the delegate body the power to recommend the initial rate of assessment and all increases as well as to determine the rate of return of assessed funds to the staff associations. We in Congress should ensure that these important decisions are left to producers who represent the grass roots and are the most responsive to the needs of their fellow farmers.

Mr. President, this amendment is essential to restoring many of the basic rights to individual producers who will be paying for this promotion program. No State has more of an interest, or an investment, in seeing that this promotion program is implemented effectively than my State. Iowa produces more pork than any other State in the country. We sold more than $2.5 billion in pork in 1984, which was 27 percent of our total farm receipts in Iowa. It is clear that a very large part of the funding for this program will come from Iowa because we produce 25 to 29 percent of the hogs in this country.

The pork industry has a 20-year history in pork promotion and voluntary check-offs. No other agricultural organization to my knowledge has proven itself more worthy of such a national program. In addition, the pork industry has been the victim of years of misinformation which has hurt demand and brought many farmers to the brink of bankruptcy. We in Congress need to give the pork industry the tools to fight back and regain lost markets. This check-off is an important first step in clearing up all this misinformation and in increasing the demand for pork and pork products.

This national pork check-off is important but only under the right conditions. A check-off without the proper checks and balances could cause a division within the pork industry and hurt the long-term chances for the national pork check-off when it reaches a referendum. The amendment I am introducing will correct many of the problems which presently exist in this bill. By opening up the nominating process, giving more authority to the delegate body, and creating a new body to handle the funds collected by the check-off, we will be eliminating many of the areas for potential conflict.

I strongly encourage my colleagues to support this amendment as a way of perfecting this bill and satisfying many of the concerns that now exist.

It is my understanding that this amendment is suitable to both sides of the aisle.

I yield the floor.

Mr. HELMS. Mr. President, the Senator is correct. We support the amendment of the Senator from Iowa.

The Senator from South Carolina will have a separate amendment addressing the same subject.

We find the amendment acceptable.

Mr. President, the amendment would change the committee approved pork promotion and research provisions.

It would delete reference to the producer lobbying organization known as the National Pork Producers Council.

I support this change because I do not believe that it is good policy to "Federalize" an independent, private group of citizens and support such a group with pork producer assessments. The amendment also grants greater authority to the so-called "delegate body" concerning the amount of assessments which may be collected from pork producers and the amount which each State association may receive.

The amendment increases the opportunity for pork producers who are not members of the State or national pork associations to be nominated to the governing delegate body.

This provision is a constructive change from the current committee bill which is restrictive regarding who may be a member of the bodies, which govern and administer the Pork Promotion Program.

Mr. President, this is a good amendment. It does not go quite as far as I would like, but I will support the Senator from Iowa's efforts.

Mr. ZORINSKY. Mr. President, we have examined the amendment offered by the distinguished Senator from Iowa, and are prepared to accept it. I sponsored the Promotion Program in the committee-reported bill, and I am determined that the committee of conference adopt the Pork Research and Promotion Program that will be workable, and in the best interest of pork producers and consumers of this Nation.

We accept the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Iowa.

The amendment (No. 1078) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1079

(Purpose: To encourage administrative action against unfair subsidization of rice by the Government of Thailand)

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] proposes an amendment numbered 1079.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following new language:

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. (a) Congress finds that:

(1) Rice ranks 9th among major domestic field crops in value of production;

(2) Rice accounts for about 5 percent of the value of major field crops produced in the United States;

(3) The value of domestic rice production annually is over $1.5 billion;

(4) Ending stocks for rice have sharply increased since 1980;

(5) The projected 1985–1986 carryover of rice as a percentage of annual use is 62 percent;

(6) Between 1980 and 1983, rice stocks rose and prices fell, pushing rice program costs from less than one-tenth to over nine-tenths of the value of U.S. rice production;

(7) Over the last several years, the percentage of world rice exports from the United States has fallen from a high of 25 percent to 18 percent in 1985;

(8) In the last several years, Thailand has become the largest rice exporter in the world, accounting for 30 percent of the world market primarily through their use of export subsidies;

(9) Thai rice imports into the U.S. have displaced normal sales of U.S. rice and have increased government costs;

(10) In 1983, the U.S. imported 33.2 million pounds of rice from Thailand, in 1984 the U.S. imported 51.3 million pounds of rice (an increase of 53 percent), and in the first six months of 1985, rice imports from Thailand to the U.S. have already reached 58.3 million pounds; and

(11) The Rice Miller's Association has filed a petition with the Department of Commerce asking that countervailing duties be imposed upon imports of Thai rice into the U.S.

(b) Based upon these findings, it is the sense of the Senate that:

(1) Our domestic rice industry is of vital importance and must be protected from unfair foreign competition;

(2) The government of Thailand is unfairly subsidizing the export of rice, and this is adversely affecting the U.S. domestic rice industry; and

(3) The Secretary of Commerce should give immediate and favorable consideration to the countervailing duty petition filed by the Rice Miller's Association, and should impose appropriate countervailing duties on imports of rice from Thailand.

Mr. BUMPERS. Mr. President, if I could have the attention of the distinguished managers of the bill, this is a sense-of-the-Senate resolution asking the Secretary of Commerce to deter-

mine whether or not the Government of Thailand is unfairly subsidizing the export of rice.

I think the Members of this body will be interested in knowing that Thailand does indeed subsidize the exportation of rice to this country.

As a matter of fact, this very year we have already imported 58 million pounds of rice from Thailand. There are about 10 different things that they do to unfairly compete in international markets, including exporting rice to this country where we have a 33-percent crop carryover right now.

We used to have 28 percent of all the rice that traveled in international commerce from the United States. Today that figure is down to about 15 percent.

One of the reasons is countries, even as poor as Thailand, are heavily subsidizing their rice.

This is a sense-of-the-Senate resolution. It simply asks for the Secretary of Commerce to check on this, report back to the Congress, and asks him if they are in fact subsidizing rice to impose countervailing duties against the imports of rice from Thailand.

I hope this will be acceptable to the managers.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I withdraw the amendment that I just offered.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BUMPERS. Mr. President, I reserve my right to reoffer the amendment at a later date.

The PRESIDING OFFICER. The Senator has that right.

Mr. HELMS. Mr. President, my understanding is that the distinguished Senator from South Carolina is willing to lay down an amendment on which there will no doubt be a rollcall vote tomorrow morning. That remains to be seen, however.

I suggest the Senator send it to the desk and that it be made the pending business when we resume consideration of the farm bill tomorrow.

AMENDMENT NO. 1080

(Purpose: To require the approval of a majority of producers voting in a referendum as a prerequisite to the issuance of an order to establish a port promotion program and to permit States to continue to operate existing port promotion programs)

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from South Carolina [Mr. THURMOND] proposes an amendment numbered 1080.

Mr. THURMOND. Mr. President, I suggest that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 383, line 25, insert, "such order has been approved by a majority of persons voting in the referendum required under section 1811(a)(1)(A) and" after "if".

Beginning on page 401, strike out line 22 and all that follows through line 2 on page 402 and insert in lieu thereof the following:

SEC. 1811. (a)(1)(A) For the purpose of determining whether an order shall be issued, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

(B) For the purpose of determining whether an order shall be continued, during the period beginning not earlier than 1 year after the issuance of the order and ending not later than 2 years after the issuance of the order, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

On page 402, line 3, insert "issued or" after "be".

On page 410, line 11, strike out "This" and insert in lieu thereof "Except as provided in subsection (c), this".

On page 410, line 16, strike out "The" and insert in lieu thereof "Except as provided in subsection (c), the".

On page 410, between lines 20 and 21, insert the following new subsection:

(c)(1) Notwithstanding any other provision of this subtitle, if a State established, before the date of enactment of this Act and under the laws of such State, a pork and pork products promotion, research, and consumer information program that is funded through pork producer contributions or assessments and operated by an organization recognized by such State as the organization responsible for carrying out such program under the supervision of the State—

(A) such State may elect to continue to operate such State program in lieu of participation in the national pork and pork products promotion, research, and consumer information program established by this subtitle; and

(B) this subtitle shall not be construed to preempt the laws of such State establishing such State program.

(2) Notwithstanding any other provision of this subtitle, if a State elects to continue to operate a State program referred to in paragraph (1), the Board shall—

(A) encourage such State to participate in the national pork and pork products promotion, research, and consumer information program established by this subtitle, on such terms as are mutually agreeable to such State and the Board;

(B) provide such State with any information obtained by the Board concerning any porcine animal produced in such State that is sold or slaughtered for sale in or outside such State; and

(C) remit to such State any assessments collected under section 1809 for each porcine animal produced in such State that is sold or slaughtered for sale in or outside such State.

On page 410, line 21, strike out "(C)" and insert in lieu thereof "(d)".

Mr. HEFLIN. Mr. President, does the Senator from South Carolina want me to present my remarks at this time?

Mr. THURMOND. Mr. President, it might be better in the morning, if we are not going to vote tonight.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I ask unanimous consent that my amendment be laid aside until after the amendment of the distinguished Senator form North Carolina [Mr. HELMS] has been disposed of.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, would the distinguished Senator repeat his request?

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order. We want the Senators to hear what the Senator from South Carolina has to say. Those staff members carrying on conversations please take them out of the Chamber.

The Senator from South Carolina.

Mr. THURMOND. Mr. President, since the Judiciary Committee meets at 9:30 tomorrow, I ask unanimous consent that my amendment be laid aside until 11 o'clock, following the amendment by the distinguished Senator from North Carolina [Mr. HELMS].

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. HELMS. Reserving the right to object, the Senator is not specifying a time, he is just saying following the disposition of the amendment of the Senator from North Carolina; is that correct?

Mr. THURMOND. That is all right. It may be 11 o'clock before I can get here.

The PRESIDING OFFICER. Is there objection?

Mr. HEFLIN. Reserving the right to object, Mr. President, as I understand it, the distinguished Senator from South Carolina would like this to come up as expeditiously as possible. If there is some intervening thing between the amendment of the distinguished Senator from North Carolina, if the Senator from South Carolina decides to put his aside—in other words, what the Senator from South Carolina is trying to do is to give way for one more amendment. That amendment is now labeled Senator HELMS' food stamp amendment. Then, when that is disposed of, he wants to come back. If something else comes in between, he would still want his to come up in the morning?

Mr. THURMOND. That is all right. If I get here around 11 o'clock, I think the chairman—the distinguished Senator from Alabama is on the Judiciary Committee. I am sure he wants to be there. We do have some important matters to come up. If that would come up I think about 10:30 or 11——

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Without objection, it is so ordered.

Mr. MELCHER. Mr. President, do I understand this? Do we have an amendment laid down? Is the Senator asking to withdraw his amendment?

The PRESIDING OFFICER. The distinguished Senator from South Carolina asked to set it aside.

Mr. HELMS. Mr. President, there is no unanimous-consent request pending, is that correct?

The PRESIDING OFFICER. A unanimous-consent request has been put to the Chair.

Mr. MELCHER. Has it been agreed to, Mr. President?

The PRESIDING OFFICER. Yes.

AMENDMENT NO. 1081

(Purpose: To authorize the Secretary of Agriculture to make a grant, upon the request of a State, to fund a low income nutrition assistance program operated by that State in lieu of the Federal Food Stamp Program.)

Mr. HELMS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 1081.

At the appropriate place in the pending amendment add the following:

On page 278, after line 26, insert the following new section:

"OPTIONAL NUTRITION ASSISTANCE GRANT PROGRAM

"SEC. 1444. (a) The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end thereof the following new section:

"OPTIONAL NUTRITION ASSISTANCE GRANTS

"SEC. 21. (a) As used in this section, unless the context otherwise requires:

"(1) The term 'Attorney General' means the Attorney General of the United States.

"(2) The term 'Comptroller General' means the Comptroller General of the United States.

"(3) The term 'State' means fifty States, the District of Columbia Guam, and Virgin Islands of the United States.

"(b) A State may, subject to the provisions of this section, elect to operate a low income nutrition assistance program in lieu of the food stamp program established under this Act. Any State that elects to operate a low income nutrition assistance program under this section or that elects to resume operation of the food stamp program shall give preliminary notice of such election to the Secretary by April 1 of the fiscal year preceding the fiscal year in which the State wishes such election to take effect, or at such later time as the Secretary deems feasible.

"(c)(1) Except as provided in paragraph (3), the amount of the grant each State shall be eligible to receive under this section in any fiscal year shall be equal to the sum of—

(A) the total dollar value of all benefits issued by the State under this Act and section 8 of the Act of December 31, 1973 (Public Law 93-233; 42 U.S.C. 1382e note) during the fiscal year preceding the fiscal year for which the grant is made, adjusted—

"(i) no less than annually, to reflect changes in the Consumer Price Index for all urban consumers for food at home published by the Bureau of Labor Statistics and unemployment data for the State; and

"(ii) at intervals the Secretary determines appropriate, to reflect the number of individuals in the State living below the poverty line, according to the most recent information available to the Secretary, and such other factors as the Secretary deems appropriate; and

"(B) the funds for administrative costs authorized to be paid to the State agency under section 16(a) (exclusive of amounts the Secretary may permit the State agency to retain) and section 16(g) for that fiscal year.

"(2) The Secretary shall pay to each eligible State, at such times and in such manner as the Secretary may determine, the amount of the grant for which the State is eligible under paragraph (1).

"(3) For the first fiscal year in which a State elects to participate in the low income nutrition assistance program, the Secretary may establish a grant that is less than the amount the State would be eligible to receive for a full fiscal year.

"(4) (A) If, with respect to any State, the Secretary—

"(i) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this section be made directly to the tribe or organization; and

"(ii) determines that the members of the tribe or tribal organization would be better served if grants to provide benefits under this section were made directly to such tribe or organization,

the Secretary shall reserve, from amounts that would otherwise be paid to the State under this section for the fiscal year, the amount determined under subparagraph (b).

"(B) The Secretary shall reserve for the purpose of subparagraph (A) from sums that would otherwise be paid to the State an amount which bears the same ratio to the payment that would otherwise be made to the State for the fiscal year involved as the population of all eligible Indians for whom a determination has been made under this paragraph bears to the population of all individuals eligible for assistance under this section in the State.

"(C) The sums reserved by the Secretary under this paragraph shall be granted to Indian tribes and tribal organizations on the basis of the relative number of individuals contained in the Indian tribes and tribal organizations for whom a determination has been made under this paragraph.

"(D) To be eligible for a grant under this paragraph in any fiscal year, an Indian tribe or tribal organization must submit to the Secretary a plan for the fiscal year that meets such criteria as the Secretary may prescribe by regulation.

"(d)(1) To be eligible to receive a grant under this section for a fiscal year, each State must submit an application to the Secretary. Each application shall be submitted at such time and in such form as prescribed by the Secretary and shall set forth the plan of the State to provide nutritional assistance to low income households. Each State's plan shall be approved by the Secretary upon the Secretary's determination that the activities described in the plan assist low income households in meeting their food assistance needs.

"(2) As part of the application required by paragraph (1), the chief executive officer of the State shall certify in writing that the State will—

"(A) assess on a regular basis the most appropriate and cost-effective means for meeting the food and nutrition needs of needy persons residing in the State;

"(B) use the funds made available to the State under this section for the purpose of meeting the food and nutrition needs of needy persons residing in the State;

"(C) designate a single State agency that shall be responsible for the administration of the low income nutrition assistance program;

"(D) describe how the program of the State will operate to carry out this section; including—

"(i) a description of the assistance to be provided;

"(ii) a description of the persons who will be eligible under the program; and

"(iii) special assurances that the unique needs and expenses of low income elderly persons will be met through the eligibility criteria developed by the State;

"(E) provide that, in the operation of the nutrition assistance program, there shall be no discrimination on the basis of race, sex, religious creed, national origin, or political belief; and

"(F) provide that fiscal control and fund accounting procedures will be established to ensure the proper disbursal of and accounting for Federal funds paid to the State under this section, including procedures for monitoring the program carried out by the State with the grant funds provided under this section;

"(G) provide for an audit, not less than biennially, of the expenditures by the State of grant funds received under this section; and

"(H) comply with all the requirements of this section.

"(3) The Secretary may not prescribe the manner in which the States comply with paragraph (2). Each State may prescribe, and the Secretary may not limit, standards

of or requirements for eligibility for benefits under this section. Such standards or requirements may include a requirement for work or household contribution, or both, as a condition of eligibility for benefits under this section.

"(4) A grant made under this section may not be used by the State, or by any person with whom the State makes arrangements to carry out this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement of a building or other facility.

"(5) (A) The chief executive officer of each State shall prepare and furnish to the Secretary a plan that describes how the State will implement the assurances specified in paragraph (2). The chief executive officer of each State may revise a plan prepared under this subparagraph and shall furnish a copy of the revised plan to the Secretary before it is implemented.

"(6) The Secretary may, on the request of a State, provide technical assistance with respect to programs for the provision of low income nutrition assistance under this section, including technical assistance for the purpose of determining the feasibility of specific plans under consideration by any State.

"(7) The Secretary shall, on the request of a State, make available to the State coupons having a value equal to the nutrition assistance grant for the State as established under subsection (b) or a portion of that grant, as determined by the State. Coupons furnished under this paragraph shall be such as those used in the food stamp program pursuant to section 7(a). When such coupons are used in a low income nutrition assistance program of a State, the Secretary shall establish procedures for the use and redemption of such coupons that are consistent with other sections of this Act.

"(e) Payments made to the States under this section shall be expended to carry out a low income nutrition assistance program only in the fiscal year in which the funds are distributed to the State or the following fiscal year.

"(f) States shall make all records concerning a program operated pursuant to this section available to the Secretary and the Comptroller General for examination and copying, on or off the premises where such records are maintained or stored.

"(g) If the Secretary finds that there is substantial failure by a State to comply with the requirements of this section, regulations issued pursuant to this section, or the plan approved under subsection (d)(1), the Secretary may take the one or more of the following actions:

"(1) terminate payments until the Secretary is satisfied that there is no longer a substantial failure to comply;

"(2) withhold payments until the Secretary is satisfied that there is no longer a substantial failure to comply, at which time the withheld payments may be paid;

"(3) refer the matter to the Attorney General with a request that injunctive relief be sought; and

"(4) refer the matter to the Attorney General with a request that any other appropriate action be commenced.

"(h)(1) States receiving payments under this section shall provide for an audit, not less than biennially, conducted in accordance with the standards of the Comptroller General, of expenditures for the provision of assistance under this section and, within 120 days after the end of each fiscal year in which an audit is conducted, report to the Secretary the findings of such audit. States shall make the audit report available for public inspection.

"(2) Within 120 days after the end of each fiscal year, States shall prepare an activities report comparing actual expenditures with the plan submitted in accordance with subsection (d)(1) of this section. States shall make the activities report available for public inspection.

"(i) Whoever knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or financed under this Section shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both, but if the value of the funds, assets, or property involved is not over $200, the penalty shall be a fine of not more than $1,000 or imprisonment for not more than one year, or both.".

(b) Section 2 of such Act (7 U.S.C. 2011) is amended by striking out in the last sentence "a food stamp program is" and inserting in lieu thereof "nutrition assistance programs are".

(c) Section 3(n) of such Act (7 U.S.C. 2021(n)) is amended by adding before the period at the end thereof ", or an optional nutrition assistance program under section 21 of this Act."

Mr. HELMS. Mr. President, this is an amendment laid down for consideration first in the morning. There will be a rollcall vote on it. I say to the distinguished majority leader—I have to speak very loudly because he is not in the Chamber—that completes our consideration of the farm bill for this day. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. HELMS. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 10 minutes and that speeches therein be limited to 5 minutes each.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

A TRIBUTE TO SENATOR JOHN SPARKMAN

Mr. DENTON. I rise to express deep sadness at the death of former Senator John J. Sparkman of Alabama. Senator Sparkman was a towering oak for Alabama in the U.S. Congress for 40 years.

Although I did not have the privilege of personally knowing Senator Sparkman, I do know him through his giant reputation. A current member of my staff worked for Senator Sparkman for 20 years. She has told me of his compassion, graciousness, and personal attention to his constituents. I am told that he would come into the office on Saturdays and personally telephone constituents to provide what assistance that he could for them.

Senator Sparkman was elected to the House of Representatives from the Eighth District of Alabama in 1936. He was reelected for five terms without opposition and served as majority whip during his last term.

Senator Sparkman also holds the distinction to be the only man in U.S. history to be elected simultaneously to both Houses of the Congress. In 1946, he was elected to the Senate to fill the unexpired term of the late Senator John Bankhead and was also reelected to the House of Representatives. After serving five terms in the Senate, Senator Sparkman retired in 1978.

While serving in the Senate, he was the chairman of the Senate Committee on Banking, Housing and Urban Affairs and the Senate committee on Foreign Relations. Senator Sparkman was widely known for his efforts to provide adequate housing for all citizens. He also championed many issues that were important to Alabama such as the establishment of Huntsville as a NASA research center; the Tennessee Valley Authority; and the approval of funds to develop Alabama's waterways, including the construction of the Tennessee-Tombigbee Waterway. All of these efforts were important to the economic development of Alabama.

I wish to pay my sincerely respects to the family of Senator Sparkman. Even though his death saddens us, we can all celebrate the productive life that he lived and be thankful that he faithfully served Alabama and the Nation for so many years. He was a true statesmen—a man for whom all Alabama can be justly proud.

Mr. President, I ask unanimous consent that an editorial about Senator Sparkman be inserted in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[The Birmingham News, Nov. 18, 1985]

SPARKMAN'S SERVICE

Former U.S. Sen. John Jackson Sparkman, one of the most influential politicians ever to come out of Alabama and a major architect of the nation's post-war housing program, has died. He was 86.

He served his state and nation well from the debts of the Great Depression through the upheaval of the Vietnam War. He was among the last survivors of a great generation of Alabama representatives in Washington that had included his longtime Senate colleague Lister Hill, Hill's successor, Jim Allen, and several strong leaders in the House of Representatives.

Sparkman retired in 1976 after serving in Congress for 42 years. He had spent 32 of those years in the Senate, longer than any other Alabamian. The only political defeat of his illustrious career came in 1952, when he was the vice presidential nominee on the

Obviously, this bill has engendered substantial controversy because of the fundamental changes it makes in the longstanding American regulatory practice which forbids the export of any drugs that are not yet approved by the FDA for use in the United States. I believe that the current standard is far too restrictive, and that countless lives are being needlessly lost to disease in other nations because of the strict rules that now apply. Again, the test is whether the situation under this legislation will produce a safer environment than currently exists. I believe it will, since many nations currently resort to the unrestricted international market to obtain drugs they cannot get in the United States.

We have worked long and hard to guarantee that any exports of U.S. drugs will be governed by the overriding need to improve public health. We do not propose to recreate the U.S. regulatory system overseas. Rather, our approach has been to create a safer overall environment for the worldwide distribution of needed pharmaceuticals.

The legislation has been carefully tailored to safeguard the quality and proper use of U.S. pharmaceuticals sold overseas, and to assure the safe delivery of these products to populations where they are needed. In this regard, this bill contains many improvements over the similar measure, S. 1770, introduced earlier this year.

It protects against the dangerous and unethical practice of some unscrupulous companies in dumping inferior products in lesser developed countries. For example, the bill makes it illegal to export adulterated or contaminated drugs, and requires companies to comply with FDA regulations for manufacturing, processing, packing, and storing drugs that are applicable to products sold in this country. Indeed, these new quality controls for exports will be more stringent than the existing requirements for exporting approved drugs.

It still requires all exported pharmaceuticals to be tested and approved by appropriate agencies in other countries.

It encourages U.S. companies to respond to serious health needs of Third World countries, whose populations suffer from tropical diseases and other health conditions rarely found in the United States. Drugs to treat such diseases are unlikely to have received FDA approval for use in the United States, since it is often uneconomical for firms to pursue the costly regulatory process.

It contains specific provisions to prevent diversion of pharmaceutical shipments to countries where export should not be permitted for health and safety reasons. Before an export is permitted, a company must have a written agreement with its foreign importer, prohibiting the reexport of the drug. The packaging of drug exports must clearly list the specific countries where sale is legal. If diversion occurs, and creates an imminent hazard to public health in any country. The FDA is authorized to halt further exports of the drug.

It requires the FDA to notify the countries and firms involved of any illegal diversion. The U.S. company must promptly investigate the diversion, report its findings to FDA, and enforce its agreements with the importer to stop the illegal shipments. Any company knowingly diverting drugs is subject to strict civil and criminal penalties, and is barred from exporting the drug to any country.

Regular GAO reports will determine whether these reexport controls are effective or need to be strengthened. These reports will make it possible to evaluate whether the legislation is achieving its goal of promoting world health and maintaining America's longstanding leadership in supplying the world with safe and effective pharmaceuticals.

In sum, this bill achieves a long overdue reform of America's drug export laws, in accord with a sound and responsible approach to the overwhelming needs of international public health. It will have major significance for one of our country's newest and most promising industries—the biotechnology industry. The American pharmaceutical industry has brought untold blessings to the American people, and it should not be denied the opportunity, under the best safeguards we can develop to make these blessings more widely available to the sick and needy in other lands.

● Mr. LAUTENBERG. Mr. President, I am pleased to join my colleagues, Senators HATCH and KENNEDY and others, in cosponsoring the Pharmaceutical Export Amendments of 1985. This bill is the product of long negotiations. The result is a bill which will establish a fair and safe procedure for the export of drugs which have not yet been approved by the Food and Drug Administration.

Every month it seems that the red ink on our balance of trade ledger grows larger. This country is falling behind in the value of goods being exported, relative to the value of goods which are being imported. The reasons for this negative balance of trade are complex, but part of the solution is fairly clear: we must increase our exports.

The pharmaceutical industry in this country is one of our most vital and innovative. It offers excellent prospects for increased exports. The companies are eager to serve overseas markets. These companies are sometimes prevented from taking advantage of opportunities to produce a pharmaceutical product in this country and ship it to another country. If a product has not been approved by the Food and Drug Administration for sale in this country, then the law does not permit the export of this product, even to countries in which it has been approved.

The result of this prohibition on exports is that U.S. companies must either forego the sale of the product which has not been approved in this country, or manufacture it outside the United States, either directly or through licensing agreements. Whatever the choice, opportunities for economic growth are lost.

Every country has the responsibility to determine the best procedures for protecting its citizens and assuring the safety and efficacy of pharmaceutical products sold within its borders. The approval process in each country is different. The FDA can take as long as 2 years or more to give the go ahead to a new drug than equivalent overseas agencies. The bill being introduced today would make it possible for U.S. firms to export drugs, which have been approved in other countries, before they have been approved in the United States. The bill includes strong safeguards against misuse of this new authority.

Mr. President, the provisions in this bill which protect against unauthorized export or re-export of drugs address the concerns expressed in the past by critics of the export of drugs not approved by the FDA. In the past, I have called for adequate precautions to assure that no harmful or unsafe drugs would be sent to countries without their own strong safeguards. This bill addresses the need for safeguards.

Under this bill, a drug not approved by the FDA could be shipped to foreign countries by a U.S. manufacturer if it had been approved by a health authority in 1 of 15 nations which meet certain standards. Additional countries could be added to this list. A second category of countries meeting lesser standards could also receive U.S. drug exports, under certain circumstances. Countries which do not have health authorities meeting the standards called for in the bill could receive exports of drugs to be used to treat diseases or health conditions not usually found in this country.

In contrast to earlier proposals to allow export of unapproved drugs, this bill imposes tight restrictions on shipments to countries without strong health regulatory agencies. Exporting companies will have to sign agreements with importers certifying that such drugs will not be re-exported to a country to which it could not be shipped directly. The manufacturer would have a responsibility for enforcing the agreement. The bill also contains provisions allowing exports to be

the Committee on Commerce, Science, and Transportation.

EC-2016. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, a report entitled "Progress in the Prevention and Control of Air Pollution in 1984"; to the Committee on Environment and Public Works.

EC-2017. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to amend certain provisions of the Internal Revenue Code of 1954 relating to the place for filing tax returns pertaining to alcohol, tobacco and firearms, and for other purposes; to the Committee on Finance.

EC-2018. A communication from the Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting, pursuant to law, the first ninety-day report on the Camarena investigation, the investigations of the disappearance of United States citizens in the State of Jalisco, Mexico, and the general safety of American tourists in Mexico; to the Committee on Foreign Relations.

EC-2019. A communication from the Special Counsel of the Merit Systems Protection Board, transmitting, pursuant to law, the report on the activities of the Office of Special Counsel for fiscal year 1985; to the Committee on Governmental Affairs.

EC-2020. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a list of reports issued by the General Accounting Office during October 1985; to the Committee on Governmental Affairs.

EC-2021. A communication from the Chairman of the Merit Systems Protection Board, transmitting, pursuant to law, the fourth annual report on the MSPB Appeals Decisions for fiscal year 1983; to the Committee on Governmental Affairs.

EC-2022. A communication from the Secretary of Defense, transmitting, pursuant to law, the thirteenth report on the Federal Voting Assistance Program; to the Committee on Rules and Administration.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-528. A resolution adopted by the Senate of the Legislature of the Commonwealth of Massachusetts; to the Committee on Foreign Relations.

"RESOLUTIONS MEMORIALIZING THE PRESIDENT OF THE UNITED STATES AND THE SECRETARY GENERAL OF THE COMMUNIST PARTY OF THE UNION OF SOVIET SOCIALIST REPUBLICS TO PURSUE AND DISCUSS THE RIGHTS OF ALL PEOPLE TO LIVE FREE OF THE THREAT OF NUCLEAR WAR, AND TO ENHANCE THE CAUSE OF PEACE

"*Whereas,* the risk of nuclear war between the United States and the Soviet Union is the primary concern of all peoples of the world; and

"*Whereas,* nuclear disarmament is the single most important issue affecting peace and international stability in our lifetime; and

"*Whereas,* there must be established among the two nations of the United States and the Union of Soviet Socialist Republics a mutual trust; and

"*Whereas,* the Soviet Constitution commits its Government to the fulfillment in good faith of obligations arising from international treaties signed by the U.S.S.R.; and

"*Whereas,* the United States Constitution declares that all treaties made, or which shall be made under the authority of the United States, shall be the supreme law of the land; and

"*Whereas,* international tension will be lessened and international stability enhanced if signatory nations to prior agreements comply with their commitments to those treaties and agreements; Now, therefore be it

"*Resolved,* That the Massachusetts Senate urge all signatories to comply with the universal declaration of human rights of the United Nations made in Helsinki; and be it further

"*Resolved,* That the Massachusetts Senate urges that the question of human rights be included in the forthcoming Geneva summit; and be it further

"*Resolved,* That the Massachusetts Senate urges respect for human rights and fundamental freedoms, and further urges an increase in the emigration of Soviet Jews and other citizens from the Soviet Union of those who wish to leave their country of origin, and the cessation of punitive actions against those who express the freedom of thought, conscience, religion or belief; and be it further

"*Resolved,* That the Massachusetts Senate encourages peaceful coexistence, whereby neither humanity nor individual human rights become extinct; and be it further

"*Resolved,* That the Massachusetts Senate urges President Ronald Reagan and Secretary Mikhail Gorbachev to chart a course for peace in Geneva which takes into respect the inherent dignity and the inalienable rights of all members of the human family as the foundation of freedom, justice and peace in the world; and be it further

"*Resolved,* That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer of each branch of Congress and to the Members of Congress elected from this Commonwealth and to Secretary General Mikhail Gorbachev."

POM-529. A resolution adopted by the General Court of the Legislature of the Commonwealth of Massachusetts; to the Committee on the Judiciary.

"RESOLUTIONS MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO ENACT LEGISLATION PRESENTING TO THE STATES A PROPOSED CONSTITUTIONAL AMENDMENT GUARANTEEING THE RIGHT OF EMPLOYMENT

"*Resolved,* That the General Court of Massachusetts respectfully urges the Congress of the United States to enact legislation presenting to the States a proposed constitutional amendment wherein the right to employment shall be guaranteed to every person in the United States in accordance with his capacity, at a rate of compensation sufficient to support such individual and his family in dignity and self-respect; and be it further

"*Resolved,* That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer of each branch of Congress and to the Members thereof from this Commonwealth."

POM-530. A resolution adopted by the General Court of the Legislature of the Commonwealth of Massachusetts; to the Committee on Labor and Human Resources.

"RESOLUTIONS MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO OPPOSE ANY ATTEMPT TO CUT FEDERAL FINANCIAL AID FUNDING TO STUDENTS

"Whereas, education is vital in preserving and strengthening our democratic ideals and heritage, which epitomizes the spirit of freedom in America; and

"Whereas, education is crucial to the advancement of scientific and medical technology, intellectual and social growth and creative, artistic ability; and

"Whereas, an educated and literate population is most important in guaranteeing future economic growth and prosperity into the twenty-first century; and

"Whereas, no student should ever be denied the opportunities and benefits of education because of an inability to finance the cost; and

"Whereas, it is the role of Government in the United States to protect the rights and welfare of all its citizens: Now, therefore be it

"*Resolved,* That the general court respectfully urges the Congress of the United States to enact legislation opposing any attempt to cut present levels of Federal financial and funding to students; and be it further

"*Resolved,* That copies of these resolutions be transmitted forthwith by the Clerk of the House of Representatives to the President of the United States, the Presiding Office of each branch of the Congress, and to the Members thereof from this Commonwealth."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DANFORTH, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1017. A bill to provide for the transfer of the Metropolitan Washington Airports to an independent airport authority (Rept. No. 99-193).

By Mr. DOMENICI, from the Committee on the Budget, without recommendation without amendment:

S. Res. 254. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1073.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Barbara J.H. Taylor, of Maryland, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1990;

Lee Edwards, of Maryland, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1990; and

Frank Gannon, of New York, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1990.

(The above nominations were reported from the Committee on Labor and Human Resources with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CHILES:

S. 1859. A bill to provide for the appointment of two additional bankruptcy judges for the middle district of Florida; to the Committee on the Judiciary.

By Mr. DANFORTH (for himself, Mr. MOYNIHAN, Mr. DOLE, Mr. BRADLEY, Mr. HEINZ, Mr. BAUCUS, Mr. CHAFEE, Mr. MITCHELL, Mr. GRASSLEY, Mr. BOREN, Mr. MATTINGLY, Mr. DIXON, Mr. GARN, Mr. BINGAMAN, Mr. SYMMS, Mr. LAUTENBERG, Mr. DOMENICI, Mr. PRYOR, Mr. MURKOWSKI, Mr. NUNN, Mr. LUGAR, Mr. SASSER, Mr. DURENBERGER, Mr. LEAHY, Mr. PRESSLER, Mr. WARNER, Mr. MCCLURE, Mr. NICKLES, Mr. QUAYLE, Mr. GORTON, Mr. COHEN, Mr. WILSON, and Mr. HATCH):

S. 1860. A bill to amend the Trade Act of 1974 to eliminate barriers and distortions to trade, to provide authority for a new round of trade negotiations, to promote U.S. exports, and for other purposes; to the Committee on Finance.

By Mr. MATTINGLY (for himself, Mr. BINGAMAN, Mr. DOLE, Mr. CHAFEE, Mr. BAUCUS, Mr. GRASSLEY, Mr. BOREN, Mr. HEINZ, Mr. DIXON, Mr. LUGAR, Mr. MOYNIHAN, Mr. GORTON, Mr. DANFORTH, Mr. COHEN, and Mr. WILSON):

S. 1861. A bill to establish a national trade policy; to the Committee on Finance.

By Mr. CHAFEE (for himself, Mr. BRADLEY, Mr. DOLE, Mr. MOYNIHAN, Mr. GRASSLEY, Mr. DIXON, Mr. HEINZ, Mr. BAUCUS, Mr. LUGAR, Mr. BOREN, Mr. GORTON, Mr. LAUTENBERG, Mr. WILSON, Mr. MITCHELL, Mr. BINGAMAN, Mr. COHEN, and Mr. DANFORTH):

S. 1862. A bill to eliminate barriers to, and distortions of, trade; to the Committee on Finance.

By Mr. HEINZ (for himself, Mr. BAUCUS, Mr. DOMENICI, Mr. DIXON, Mr. DOLE, Mr. BOREN, Mr. GRASSLEY, Mr. MITCHELL, Mr. GORTON, Mr. MOYNIHAN, Mr. BINGAMAN, Mr. COHEN, and Mr. DANFORTH):

S. 1863. A bill to amend title II of the Trade Act of 1974 to provide relief from injury caused by imports; to the Committee on Finance.

By Mr. MITCHELL (for himself, Mr. CHAFEE, Mr. BAUCUS, Mr. DOLE, Mr. BOREN, Mr. HEINZ, Mr. DIXON, Mr. GRASSLEY, Mr. MOYNIHAN, Mr. LUGAR, Mr. GORTON, Mr. BINGAMAN, Mr. COHEN, Mr. WILSON, and Mr. DANFORTH):

S. 1864. A bill to amend the Trade Act of 1974 to respond to the threat of foreign targeting practices; to the Committee on Finance.

By Mr. BAUCUS (for himself, Mr. SYMMS, Mr. BRADLEY, Mr. MURKOWSKI, Mr. BOREN, Mr. DOLE, Mr. DIXON, Mr. GRASSLEY, Mr. LAUTENBERG, Mr. MATTINGLY, Mr. MITCHELL, Mr. CHAFEE, Mr. MOYNIHAN, Mr. HEINZ, Mr. DOMENICI, Mr. LUGAR, Mr. GORTON, Mr. COHEN, Mr. MATHIAS, and Mr. DANFORTH):

S. 1865. A bill to authorize a new round of trade negotiations; to the Committee on Finance.

By Mr. BRADLEY (for himself, Mr. MATTINGLY, Mr. MOYNIHAN, Mr. DOMENICI, Mr. DIXON, Mr. DOLE, Mr. BOREN, Mr. HEINZ, Mr. BAUCUS, Mr. CHAFEE, Mr. MITCHELL, Mr. BINGAMAN, Mr. COHEN, Mr. WILSON, and Mr. DANFORTH):

S. 1866. A bill to establish U.S. policy on exchange rates and developing country debt, to authorize negotiations to carry out policies, and for other purposes; to the Committee on Foreign Relations.

By Mr. DOLE (for himself, Mr. MITCHELL, Mr. CHAFEE, Mr. BAUCUS, Mr. GRASSLEY, Mr. DIXON, Mr. MATTINGLY, Mr. LAUTENBERG, Mr. HEINZ, Mr. MOYNIHAN, Mr. GORTON, Mr. COHEN, and Mr. DANFORTH):

S. 1867. A bill to require the President to submit legislation withdrawing trade benefits provided under Generalized System of Preferences from certain developing countries; to the Committee on Finance.

By Mr. HEINZ (for himself, Mr. DOLE, Mr. BAUCUS, Mr. GRASSLEY, Mr. BOREN, Mr. MATTINGLY, Mr. DIXON, Mr. MOYNIHAN, Mr. CHAFEE, Mr. LUGAR, Mr. COHEN, Mr. WILSON, and Mr. DANFORTH):

S. 1868. A bill to amend the Tariff Act of 1930 to establish procedures for determining dumping by nonmarket economy countries; to the Committee on Finance.

By Mr. LAUTENBERG (for himself, Mr. ROTH, Mr. BOREN, Mr. CHAFEE, Mr. BAUCUS, Mr. GRASSLEY, Mr. DIXON, Mr. MATTINGLY, Mr. MOYNIHAN, Mr. HEINZ, Mr. DOLE, Mr. DOMENICI Mr. WILSON, Mr. MATSUNAGA, Mr. LUGAR, Mr. GORTON, Mr. COHEN, and DANFORTH):

S. 1869. A bill to amend the Tariff Act of 1930 to enhance the protection of intellectual property rights; to the Committee on Finance.

By Mr. BINGAMAN (for himself, Mr. MURKOWSKI, Mr. BAUCUS, Mr. CHAFEE, Mr. BOREN, Mr. GRASSLEY, Mr. DIXON, Mr. HEINZ, Mr. LAUTENBERG, Mr. DOLE, Mr. MOYNIHAN, Mr. LUGAR, Mr. COHEN, Mr. WILSON, Mr. GORTON, and Mr. DANFORTH):

S. 1870. A bill to promote the expansion of exports by the United States; to the Committee on Governmental Affairs.

By Mr. GRASSLEY (for himself, Mr. DIXON, Mr. DOLE, Mr. MOYNIHAN, Mr. DOMENICI, Mr. BAUCUS, Mr. CHAFEE, Mr. BOREN, Mr. HEINZ, Mr. LUGAR, Mr. COHEN, and Mr. DANFORTH):

S. 1871. A bill to strengthen provisions of the Trade Expansion Act of 1962 that provide safeguards when imports threaten national security; to the Committee on Finance.

By Mr. ANDREWS:

S. 1872. A bill relating to the establishment and disposition of customs districts and ports of entry, the provision of customs services on a reimbursable basis, and for other purposes; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DANFORTH (for himself, Mr. MOYNIHAN, Mr. DOLE, Mr. BRADLEY, Mr. HEINZ, Mr. BAUCUS, Mr. CHAFEE, Mr. MITCHELL, Mr. GRASSLEY, Mr. BOREN, Mr. MATTINGLY, Mr. DIXON, Mr. GARN, Mr. BINGAMAN, Mr. SYMMS, Mr. LAUTENBERG, Mr. DOMENICI, Mr. PRYOR, Mr. MURKOWSKI, Mr. NUNN, Mr. LUGAR, Mr. SASSER, Mr. DURENBERGER, Mr. LEAHY, Mr. PRESSLER, Mr. WARNER, Mr. MCCLURE, Mr. NICKLES, Mr. QUAYLE, Mr. GORTON, Mr. COHEN, Mr. WILSON, and Mr. HATCH):

S. 1860. A bill to amend the Trade Act of 1974 to eliminate barriers and distortions to trade, to provide authority for a new round of trade negotiations, to promote United States exports, and for other purposes; to the Committee on Finance.

TRADE ENHANCEMENT ACT

● Mr. DANFORTH. Mr. President, I am pleased to be joined today by almost a third of my Senate colleagues in introducing the Trade Enhancement Act of 1985.

This legislation is the product of many months of discussion and debate among a bipartisan group of Senators on one of the most pressing economic and political issues of our day—international trade.

While we all represent different constituencies, we share a common trade philosophy—namely, that a global trading system that is fair and open can only be achieved through a more effective and aggressive American trade policy. The Trade Enhancement Act offers a comprehensive, realistic response to the growing problems of foreign unfair trade practices, misalignment of the dollar, and protectionism here and abroad. It puts America first, but in so doing, improves the prospects for a more open world trading system to benefit the economies of all trading nations.

The fundamental approach taken in this legislation is generic in nature. It focuses on shoring up U.S. trade law and the rules of international trade in ways that will benefit all sectors of the economy—from agriculture to high technology and from heavy industry to services. Only through such generalized improvements in the law and more active enforcement of the law can we avoid the costs imposed on all sectors of the economy of product-specific quota legislation that merely favors a select few.

Serious questions are being raised today about whether America's interests lie with the current international trading system. Much of the doubt stems from the approach of this and

previous administrations to that system.

If section 301 of the Trade Act is to have any credibility as a means of enforcing rules against unfair trade practices, we must do more than launch investigations. We are going to have to retaliate. We don't need to retaliate against 100 different practices at once, but at least we need to do so on a selective basis. If a referee blows his whistle and never walks off the yardage, pretty soon the game is going to deteriorate—and that is what is happening in trade.

If industries damaged by imports are told that section 201 of the Trade Act is not available as a means of gaining temporary, GATT-consistent relief from imports, then we cannot be surprised when Congress reacts to rampant protectionism by enacting quota bills for any industry with enough political clout to muster the votes. The administration's denial of relief to the footwear industry under section 201 and its opposition to trade adjustment assistance fuel the fires of protectionism. Not all import-sensitive industries need or deserve import relief, but if we are to manage our trade problems, if we are to direct the pressures in a more rational direction, then section 201 must be an integral part of our trade policy.

The Trade Enhancement Act addresses these and other issues related to trade which, in conjunction with reductions in the Federal budget deficit, should enable us to confront the challenge of international trade. To this end, the legislation contains measures designed to ensure systematic enforcement of laws against foreign unfair trade practices; expand trade through market-liberalizing trade agreements; and ease adjustment of import-impacted industries. In addition, the bill addresses one of the most important sets of problems plaguing our trade position today—namely, the misalignment of the dollar relative to other currencies and the trade-distorting matter of developing country debt.

Critical elements of this package include:

Provisions to ensure aggressive and systematic enforcement of section 301 of the Trade Act of 1974. Building on the reciprocity legislation contained in the Trade and Tariff Act of 1984, these measures will ensure that unfair foreign barriers to U.S. exports are indeed subject to time-certain retaliation if they are not eliminated. This section of the bill, along with title VIII—relating to intellectual property rights—will also ensure that U.S. trade interests in services, investment and property rights will be protected whether or not rules are drawn up in a new round of multilateral trade negotiations.

Provisions to revitalize section 201 of the Trade Act—relating to relief from injurious imports. By increasing the President's options for granting relief and by limiting his discretion in cases where an industry and its workers are willing to undertake the steps necessary for real adjustment, we can reinstate the credibility of section 201. Other countries provide import relief for troubled industries. Other countries target infant industries for special protection and coddling. Section 201 is not some strange anomally of U.S. trade law—it is provided for under article XIX of GATT—and this provision is fully consistent with our international obligations.

Provision for a new round of trade negotiations—or series of negotiations—that link fast-track implementing authority to clearly stated objectives. These include the elimination of agricultural export subsidies and the extension of GATT disciplines to sectors and practices not currently embodies in the GATT. Above all, the section sets out the very real objective of GATT reform so as to better enable us to show American industry, labor and agriculture that U.S. participation in the global trading system is indeed in our national interest.

Provisions for a more active American approach to the problems of currently misalignment and developing country debt. When the strength of the dollar has the same effect on U.S. exports as a 25- to 50-percent tax and on U.S. imports as a 25- to 50-percent subsidy, something is very wrong with the international financial system. When the 40 percent of U.S. exports that go to developing countries are jeopardized by LDC debt, something is very wrong with our approach to the problem. These measures are designed to help remedy both.

The Trade Enhancement Act is not meant to be a panacea for all of America's trade problems, but its enactment would better enable us to meet the challenge of international trade. Moreover, the introduction of this bill is not the end of a process—it is the beginning. It is my hope that in the coming year, we will be able to work with the administration and with our counterparts in the House to bring about these important changes in our trade laws, in our trade policy, and in the international trading system.

The protectionist demagoguery, free trade dogmatism, and partisan bickering that increasingly dominate our debates over international trade offer no solutions to America's trade problems. The polarized nature of the current debate over imports offers us a choice between economic Darwinism at one extreme and the proliferation of special interest quota protection at the other. When it comes to fighting foreign barriers and unfair trade practices, we are asked to choose between retaliation destined to launch a trade war and playing the world's sucker. But when section 201 of the Trade Act is a dead letter and trade adjustment assistance is gone, and when section 301 of the Trade Act is as forceful as a paper tiger, these are the only choices left.

These are not acceptable alternatives and they cannot be the only available alternatives. The Trade Enhancement Act revitalizes and expands the middle ground.

Earlier this year, I addressed the National Press Club. At that time, I stated my belief that a new round of trade negotiations must be preceded by action to reduce the bloated dollar and stronger enforcement of existing laws and rules of international trade.

Mr. President, I stand by those remarks. While the administration has already started to move in the right direction, enactment of the Trade Enhancement Act would ensure that we stay on the path.

Mr. President, I ask unanimous consent that a summary of the Trade Enhancement Act and the text of the Trade Enhancement Act be printed in the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 1860

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

That this Act may be cited as the "Trade Enhancement Act".

SEC. 2. PURPOSE.

The purpose of this Act is to provide a framework for development and implementation of a national trade policy through the adoption of certain guidelines and policies.

TITLE I—NATIONAL TRADE POLICY

SEC. 101. FINDINGS.

The Congress finds that—

(1) international trade has both economic and foreign policy implications and represents one of the most important single forces influencing relationships among nations,

(2) fair and open trade has historically served as a critical factor in the growth of economic prosperity,

(3) economic growth and prosperity through international trade also contributes to enhanced economic and political stability in the world,

(4) maintenance of a fair and open world trading system necessitates active enforcement and enhancement of trade agreements and laws by major trading nations,

(5) the future of the international trading system is currently threatened by inadequate enforcement of trade agreements, currency misalignments, and developing country debt,

(6) there exists a serious deterioration in compliance with the rules that govern the global trading system because those rules are outmoded, unwieldy, or ineffective as evidenced by the proliferation of discriminatory trading practices and increased demands in the United States and abroad for protectionist actions,

(7) nontariff barriers to trade are increasingly difficult to recognize and remedy so their use continues to expand and their effects are pervasive,

(8) persistent disequilibria in world currency and capital markets have become the dominant factors in determining trade flows,

(9) resolution of the world debt crisis through the restoration of market driven capital flows to developing countries, fair and growing trade flows among developed and developing nations and reform of debtor country economic policies will contribute to economic growth in developed and developing countries alike,

(10) it is in the national interest of the United States to participate in an open and fair international trading system, and the United States, as a world economic leader, is in an important position to influence the future of the international trading system,

(11) the size and composition of the United States trade deficit threatens to undermine United States support for an open world trading system,

(12) the strength of the dollar relative to other major currencies has the same effect as a tax on United States exports and a subsidy on United States imports,

(13) the current decline of the competitive position of the United States in the world now affects income and employment in all sectors of the United States economy,

(14) excessive discretion in United States trade law has resulted in inadequate enforcement of United States rights under the international trading system with respect to foreign unfair trade practices and temporary safeguard actions,

(15) a unified and coherent United States trade policy would afford economic growth and well-being for the United States as a whole, now, and in the future, and

(16) commitment to the promotion of the export of United States goods and services must be maintained and reemphasized as a national priority.

SEC. 102. STATEMENT OF POLICY.

It is hereby declared to be the policy of the United States—

(1) to eliminate or offset foreign unfair trade practices and other trade-distorting measures through vigorous and systematic enforcement of United States laws and rights under the international trading system,

(2) to strengthen and reform international trading rules and United States laws relating to such rules through trade agreements that promote open and fair world trade,

(3) to assist potentially competitive United States industries faced with injury from imports in taking such measures as are necessary to improve their competitiveness or otherwise adjust to such imports,

(4) to examine the underlying reasons for exchange rate misalignment and currency market instability, including macroeconomic factors, investigate alternative methods of structuring currency values, and pursue appropriate reforms,

(5) to increase the participation of developing countries in the world trading system through alleviation of the debt crisis, encouraging their adoption of market-oriented economic policies and a more realistic mix of benefits and obligations under the trading system based on each country's level of economic development,

(6) to revise the United States laws related to unfair trade practices to eliminate practices of nonmarket economy countries that distort trade,

(7) to protect intellectual property rights of United States persons to ensure the competitiveness, technological innovation, and growth of United States industry and agriculture,

(8) to modify laws and regulations that represent disincentives to United States exports so as to facilitate United States exports, and

(9) to respond immediately to import problems in which the national security may be involved.

TITLE II—TRADE BARRIERS AND DISTORTIONS OF TRADE

SEC. 201. REPORT ON BARRIERS TO MARKET ACCESS.

(a) ESTIMATE OF IMPACT OF BARRIERS.—Subparagraph (B) of section 181(a)(1) of the Trade Act of 1974 (19 U.S.C. 2241(a)(1)(B)) is amended to read as follows:

"(B) make an estimate of the increase in the volume and value of United States exports that would result from the elimination of each act, policy, or practice identified under subparagraph (A) (actual and relative to the aggregate amount of such United States exports).".

(b) INTERNATIONAL COMPETITIVENESS TO BE CONSIDERED.—Subparagraph (A) of section 181(a)(2) (19 U.S.C. 2241(a)(2)(A)) is amended to read as follows:

"(A) the international competitiveness of the goods or services involved;".

SEC. 202. INITIATION OF INVESTIGATIONS IN RESPONSE TO REPORT ON BARRIERS TO MARKET ACCESS.

Subsection (c) of section 302 of the Trade Act of 1974 (19 U.S.C. 2412(c)) is amended—

(1) by inserting "or (2)" after "under paragraph (1)" in paragraph (2),

(2) by redesignating paragraph (2) as paragraph (3), and

(3) by inserting after paragraph (1) the following new paragraph:

"(2) RESPONSE TO REPORT.—

"(A) IN GENERAL.—The Trade Representative shall initiate investigations on an annual basis under this chapter with respect to those acts, policies, and practices identified in each report submitted under section 181 which—

"(i) are likely to be acts, policies, or practices described in section 301(a)(1)(B), and

"(ii) constitute a barrier to, or distortion of, a significant portion of all the goods and services of the United States that the United States Trade Representative estimates would have been exported from the United States if all acts, policies, and practices identified in such report did not exist.

"(B) FACTORS TO BE CONSIDERED.—In determining which acts, policies, and practices should be the subject of an investigation initiated under subparagraph (A), the Trade Representative shall take into account—

"(i) the potential increase in United States exports that is estimated to occur from elimination of such act, policy, or practice, and

"(ii) the extent to which such act, policy, or practice nullifies or impairs any benefit to which the United States is entitled under any international trade agreement.".

SEC. 203. TRANSFER OF AUTHORITY TO THE UNITED STATES TRADE REPRESENTATIVE.

(a) IN GENERAL.—(1) Paragraph (1) of section 301(a) of the Trade Act of 1974 (19 U.S.C. 2411(a)(1)) is amended by striking out "President" and inserting in lieu thereof "United States Trade Representative (hereafter referred to in this chapter as the 'Trade Representative')".

(2) Paragraph (2) of section 301(a) of the Trade Act of 1974 (19 U.S.C. 2411(a)(2)) is amended by striking out "President" and inserting in lieu thereof "Trade Representative".

(3) Subsection (b) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(b)) is amended by striking out "President" and inserting in lieu thereof "Trade Representative".

(4) Subsection (c) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(c)) is amended—

(A) by striking out "President" each place it appears and inserting in lieu thereof "Trade Representative", and

(B) by striking out "United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative')" in paragraph (2)(B) and inserting in lieu thereof "Trade Representative".

(5) Subsection (d) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(d)) is amended to read as follows:

"(d) ACTION BY TRADE REPRESENTATIVE ON OWN MOTION.—If the Trade Representative decides to take action under this section and no petition requesting action on the matter involved has been filed under section 302, the Trade Representative shall publish notice of his determination, including the reasons for the determination in the Federal Register. Unless he determines that expeditious action is required, the Trade Representative shall provide an opportunity for the presentation of views concerning the taking of such action.".

(6) Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended by striking out "PRESIDENT" in the section heading and inserting in lieu thereof "UNITED STATES TRADE REPRESENTATIVE".

(b) CONFORMING AMENDMENTS.—

(1) Section 302 of the Trade Act of 1974 (19 U.S.C. 2412) is amended—

(A) by striking out "United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative')" in subsection (a)(1) and inserting in lieu thereof "Trade Representative",

(B) by striking out "President" in subsection (a)(1) and inserting in lieu thereof "Trade Representative", and

(C) by striking out "in order to advise the President concerning the exercise of the President's authority under section 301" in subsection (c)(1).

(2) Section 303 of the Trade Act of 1974 (19 U.S.C. 2413) is amended—

(A) by adding at the end thereof the following new subsection:

"(c) INTERAGENCY TRADE ORGANIZATION.—The Trade Representative shall consult with the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872) regarding any determination which is required to be made by the Trade Representative under this chapter.", and

(B) by striking out "UPON INITIATION OF INVESTIGATION" in the section heading.

(3) The table of contents of the Trade Act of 1974 is amended by striking out "upon initiation of investigation" in the item relating to section 303.

(4) The table of contents of the Trade Act of 1974 is amended by striking out "President" in the item relating to section 301 and inserting in lieu thereof "United States Trade Representative".

SEC. 204. MISCELLANEOUS AMENDMENTS TO SECTION 301 OF THE TRADE ACT OF 1974.

(a) BURDEN ON COMMERCE.—Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended—

(1) by inserting "(or threatens to burden or restrict)" after "restricts" in subsection (a)(1)(B)(ii),

(2) by striking out "or instrumentality" each place it appears, and

(3) by striking out "purpose of this section" in subsection (e) and inserting in lieu thereof "purpose of this chapter".

(4) by adding at the end of subsection (e) the following new paragraphs:

"(7) BURDEN ON UNITED STATES COMMERCE.—Acts, policies, and practices of a foreign country which burden United States commerce include, but are not limited to—

"(A) acts, policies, and practices which have an adverse effect on trade between the United States and another foreign country,

"(B) the subsidization of exports of such foreign country that results in the displacement of United States exports to another foreign country,

"(C) the imposition of import restrictions or export performance requirements that result in the diversion of the exports of another foreign country to United States markets, and

"(D) the enforcement of trade restraining agreements that result in the diversion of the exports of another foreign country to United States markets.

"(8) FOREIGN COUNTRY.—The term 'foreign country' includes any foreign instrumentality.".

(b) NEGOTIATED SETTLEMENTS; DENIAL OF GENERALIZED SYSTEM OF PREFERENCES.—Subsection (b) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(b)) is amended—

(1) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and

(2) by adding at the end thereof the following new paragraphs:

"(3) enter into binding agreements with such foreign country that fully offset or eliminate any burden or restriction on United States commerce resulting from the acts, policies, or practices of such foreign country described in subsection (a)(1)(B); or

"(4) withdraw, or refrain from proclaiming under title V—

"(A) the designation of such foreign country as a beneficiary developing country, or

"(B) the designation of any product of such foreign country as an eligible article.".

(c) UNREASONABLE PRACTICES.—Paragraph (3) of section 301(e) of the Trade Act of 1974 (19 U.S.C. 2411(e)(3)) is amended—

(1) by inserting "(or any combination thereof)" after "or practice" in the second sentence,

(2) by inserting "(including protection of any industry in its formative stages)" after "opportunities" in subparagraph (A),

(3) by striking out "or" at the end of subparagraph (B),

(4) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; or",

(5) by adding at the end thereof the following new subparagraph:

"(D) provision of adequate and effective protection against anti-competitive practices.".

(d) SERVICE SECTOR ACCESS AUTHORIZATION.—Paragraph (6) of section 301(e) of the Trade Act of 1974 (19 U.S.C. 2411(e)(6)) is amended by inserting ", or a foreign supplier of goods related to a service," after "supplier of services".

SEC. 205. ACTIONS IN RESPONSE TO INVESTIGATIONS UNDER TITLE III OF THE TRADE ACT OF 1974.

(a) IN GENERAL.—Section 304 of the Trade Act of 1974 (19 U.S.C. 2414) is amended to read as follows:

"SEC. 304. ACTIONS IN RESPONSE TO INVESTIGATIONS.

"(a) DETERMINATION OF UNFAIR PRACTICES.—

"(1) IN GENERAL.—By no later than 90 days after the date on which an investigation is initiated under section 302, the Trade Representative shall determine on the basis of such investigation whether—

"(A) the United States is being denied any rights to which the United States is entitled under any trade agreement, or

"(B) any act, policy, or practice of a foreign country is described in section 301(a)(1)(B).

"(2) PUBLICATION.—By no later than 90 days after the date on which an investigation is initiated under section 302, the Trade Representative shall publish in the Federal Register—

"(A) the determination made under paragraph (1) with respect to such investigation, and

"(B) if such determination is affirmative, a list of foreign goods and services that could be subject to actions which the Trade Representative intends to take under subsection (b) or (c) of section 301 to enforce the rights and to offset or eliminate the acts, policies, and practices which were the subject of such affirmative determination.

"(b) ACTION REQUIRED TO BE TAKEN.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the Trade Representative shall, by no later than the date that is 15 months after the date any investigation is initiated under section 302, take whatever actions under subsections (b) and (c) of section 301 that are necessary to—

"(A) enforce all rights, and

"(B) offset or eliminate all acts, policies, and practices,

which were the subject of an affirmative determination made under subsection (a)(1) with respect to such investigation.

"(2) DELAY IN TAKING ACTIONS.—The Trade Representative may delay taking action under paragraph (1) for a period not to exceed 90 days if—

"(A) either—

"(i) in the case of an investigation initiated under section 302(b), the petitioner requests such delay, or

"(ii) in the case of an investigation initiated under section 302(c), such delay is requested by the domestic industry that would benefit from enforcement of the rights, or elimination of the acts, policies, and practices, that were the subject of the affirmative determination under subsection (a)(1), and

"(B) such request is based on a determination made by the person making such request that adequate progress is being made to enforce such rights or to eliminate or reduce such acts, policies, and practices.

"(3) EXCEPTIONS.—The Trade Representative shall not be required to take action under subsection (b) or (c) of section 301 by reason of paragraph (1) if—

"(A) after the affirmative determination has been made under subsection (a)(1), the Trade Representative subsequently determines such affirmative determination was incorrect or is no longer valid, or

"(B) an agreement is entered into with the foreign country involved and—

"(i) representatives of the domestic industry described in paragraph (2)(A)(ii) and the petitioner, if any, agree that such agreement adequately offsets or eliminates the acts, policies, and practices and enforces the rights which were the subject of such affirmative determination, or

"(ii) the Trade Representative and either—

"(I) the representatives of such industry, or

"(II) the petitioner,

agree that such agreement adequately offsets or eliminates the acts, policies, and practices and enforces the rights which were the subject of such affirmative determination.

"(4) CONSIDERATION OF GATT DETERMINATIONS.—If any determination made by the Contracting Parties under the dispute settlement procedures of the General Agreement on Tariffs and Trade conflicts with, or differs from, a determination made by the Trade Representative under subsection (a)(1), the Trade Representative shall review the determination made under subsection (a)(1) for purposes of paragraph (3)(A).

"(c) REVIEW OF NECESSITY.—

"(1) IN GENERAL.—If—

"(A) a particular action has been taken under subsection (b) or (c) of section 301 by reason of subsection (b)(1) continuously during any 7-year period, and

"(B) neither the petitioner nor any representative of the domestic industry described in subsection (b)(2)(A)(ii) has submitted to the Trade Representative during the last 60 days of such 7-year period a written request for the continuation of such action,

such action shall terminate at the close of such 7-year period.

"(2) NOTICE OF POTENTIAL TERMINATION.—The Trade Representative shall notify by mail the petitioner and representatives of the domestic industry described in subsection (b)(3)(B) of any termination of action by reason of paragraph (1) at least 60 days before the date of such termination.

"(3) FORMAL REVIEW.—If a request is submitted under paragraph (1)(B) to continue taking a particular action under subsection (b) or (c) of section 301, the Trade Representative shall conduct a review of—

"(A) the effectiveness of—

"(i) such action, and

"(ii) other actions that could be taken (including actions against other products or services),

in achieving the objectives described in subsection (b)(1), and

"(B) the effects of such actions on the United States economy, including consumers.

The Trade Representative shall submit a report on such review to the Congress and shall include in such report any modifications the Trade Representative has made, or intends to make, in the actions taken under subsections (b) and (c) of section 301 as a result of such review.".

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Trade Act of 1974 is amended by striking out the item relating to section 304 and inserting in lieu thereof the following:

"Sec. 304. Actions in response to investigations.".

(2) Subsection (b) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(b)) is amended—

(A) by inserting ", or upon the application of section 304(b)(1)" after "subsection (a)", and

(B) by striking out "in such subsection" and inserting in lieu thereof "in subsection (a)".

SEC. 206. COMPENSATION AUTHORITY.

Section 123 of the Trade Act of 1974 (19 U.S.C. 2133) is amended—

(1) by striking out "section 203" and inserting in lieu thereof "chapter 1 of title II or chapter 1 of title III", and

(2) by adding at the end thereof the following new subsection:

"(e) The provisions of this section shall apply by reason of action taken under chapter 1 of title III only if the President determines that action authorized under this section is necessary to meet the international obligations of the United States.".

TITLE III—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

SEC. 301. INVESTIGATIONS UNDER SECTION 201 OF TRADE ACT OF 1974.

(a) Paragraph (1) of section 201(a) of the Trade Act of 1974 (19 U.S.C. 2251(a)(1)) is amended by inserting "enhancing competitiveness" after "alternative uses" in the second sentence.

(b) Subsection (b) of section 201 of the Trade Act of 1974 (19 U.S.C. 2251(b)) is amended—

(1) by inserting "domestic production facilities" after "operate" in paragraph (2)(A);

(2) by striking out subparagraph (B) of paragraph (2) and inserting in lieu thereof the following:

"(B) with respect to the threat of serious injury—

"(i) a decline in sales or market share in the domestic industry concerned;

"(ii) a higher and growing inventory in the domestic industry concerned (whether maintained by domestic producers, wholesalers, or retailers);

"(iii) a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned;

"(iv) any combination of coordinated foreign government actions, whether carried out severally or jointly, that—

"(I) are bestowed on a specific enterprise, industry, or group thereof the effect of which is to assist the beneficiary to become more competitive in the export of any class or kind of merchandise, and

"(II) causes, or threatens to cause, serious injury to the domestic industry concerned;

"(v) the existence of preliminary or final affirmative antidumping or countervailing duty determinations under section 303 or title VII of the Tariff Act of 1930 with respect to any merchandise that is produced by the domestic industry concerned;

"(vi) the extent to which firms in the domestic industry concerned are unable to maintain existing levels of expenditures on research and development; and

"(vii) the extent to which the United States market is the focal point for diversion of exports of the article that is the subject of the investigation by reason of restraints on exports of such article to, or on imports of such article into, the markets of any foreign country;";

(3) by striking out "may" in paragraph (3)(A) and inserting in lieu thereof "shall"; and

(4) by adding at the end thereof the following new paragraphs:

"(8) For purposes of this section, imports of like or directly competitive articles by domestic producers in an industry shall not be considered a factor indicating the absence of serious injury, or threat thereof, to such industry.

"(9) In the course of any proceeding under this subsection, the Commission shall examine factors other than imports which may be a cause of injury, or threat of injury, to the domestic industry concerned. The findings of such examination shall be included in the report submitted by the Commission to the President under subsection (d)(1).".

(c) Paragraph (1) of section 201(d) of the Trade Act of 1974 (19 U.S.C. 2251(d)(1)) is amended—

(1) by striking out "or" at the end of subparagraph (A) and inserting in lieu thereof "and",

(2) by striking out "remedy" in subparagraph (B) and inserting in lieu thereof "assist in remedying", and

(3) by inserting after "recommendation" the following: ", together with an estimate of the short-term and long-term effects of such increase or imposition of duty or import restriction on private and industrial consumers (including the effect on the price and availability of the imported article and the like, or directly competitive, article produced in the United States),".

SEC. 302. PROVISIONAL RELIEF UPON FINDING OF CRITICAL CIRCUMSTANCES.

Section 201 of the Trade Act of 1974 (19 U.S.C. 2251) is amended by adding at the end thereof the following new subsection:

"(g)(1) If, during the course of an investigation initiated under section 201, the President finds that critical circumstances exist, the President shall impose provisional measures consisting of any actions authorized under section 203(a). Such provisional measures shall remain in effect until the later of—

"(A) the date on which the measures are revoked by the President,

"(B) the date on which the Commission makes a negative determination under subsection (b)(1), or

"(C) the date that is 60 days after the date on which the Commission makes an affirmative determination under subsection (b)(1).

"(2) For purposes of this subsection, critical circumstances exist if a significant increase in imports (actual or relative to domestic production) over a short period of time has led to circumstances in which a delay in the imposition of relief would cause damage to the domestic industry that would be difficult to remedy at the time relief could be provided under section 203.".

SEC. 303. ACCELERATED PROCEDURES FOR PERISHABLE PRODUCTS.

Section 201 of the Trade Act of 1974 (19 U.S.C. 2251) is amended by adding at the end thereof the following new subsection:

"(h)(1) If a petition is filed with the Commission under subsection (a) regarding a perishable product and alleges injury from imports of that product, the petition may also be filed with the Secretary of Agriculture with a request that emergency relief be granted under paragraph (3) with respect to such article.

"(2) Within 14 days after the filing of a petition with the Secretary of Agriculture under paragraph (1)—

"(A) if the Secretary of Agriculture has reason to believe that—

"(i) a perishable product is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing a perishable product like or directly competitive with the imported product, and

"(ii) emergency action is warranted,

the Secretary of Agriculture shall advise the President and recommend that the President take emergency action, or

"(B) the Secretary of Agriculture shall publish a notice of his determination not to recommend the imposition of emergency action and advise the petitioner.

"(3) Within 7 days after the President receives a recommendation submitted by the Secretary of Agriculture under paragraph (2) to take emergency action, the President shall—

"(A) issue a proclamation that—

"(i) proclaims an increase in, or imposition of, any duty on the article causing serious injury, or threat of serious injury, to such industry,

"(ii) proclaims a tariff-rate quota on such article,

"(iii) proclaims a modification of, or imposition of, any quantitative restriction on the imports into the United States of such article, or

"(iv) takes any combination of the actions described in clauses (i), (ii), or (iii), or

"(B) publish a notice of his determinations not to take emergency action.

"(4) Any emergency relief proclaimed under paragraph (3) shall cease to apply—

"(A) upon the proclamation of import relief under section 203(a);

"(B) on the day on which the President makes a determination under section 202(b)(1) not to impose import relief;

"(C) in the event of a report of the Commission containing a negative finding under subsection (b), on the day the Commission's report is submitted to the President; or

"(D) whenever the President determines that, because of changed circumstances, such relief is no longer warranted.

SEC. 304. EVALUATION OF IMPORT RELIEF.

Section 203 of the Trade Act of 1974 (19 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:

"(l)(1) After import relief provided under this section has terminated, the Commission shall evaluate the effectiveness of the relief.

"(2) During the course of the evaluation conducted under paragraph (1), the Commission shall, after reasonable public notice, hold a hearing on the effectiveness of the import relief. All interested persons shall have the opportunity to attend such hearing and to present evidence or testimony at such hearing.

"(3) A report on the evaluation made under paragraph (1) and the hearings held under paragraph (2) shall be submitted by the Commission to the President and to the Congress by no later than the date which is 6 months after the date on which the import relief terminated.".

SEC. 305. INDUSTRY ASSESSMENT AND COMPETITIVENESS STRATEGY.

(a) Chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 204. INDUSTRY ASSESSMENT AND COMPETITIVENESS STRATEGY.

"(a) After the Commission commences an investigation under section 201(a) on the basis of a petition filed by—

"(1) firms,

"(2) a certified or recognized union, or

"(3) a group of workers,

which represent a significant portion of the firms and workers in the domestic industry, the United States Trade Representative shall establish a plan development group for the industry if such representatives of the

industry request, in the petition, that such a plan development group be established.

"(b) Each plan development group established under this section shall consist of—

"(1) individuals, designated by the petitioners, who are representative of the firms and of the workers in the domestic industry, and

"(2) officials of the Office of the United States Trade Representative, the Department of Labor, the Department of Commerce, and such other heads of departments and agencies of the Federal Government as the United States Trade Representative may designate.

"(c)(1) Each plan development group established under this section shall prepare for the industry concerned an assessment of current problems and a strategy to enhance competitiveness that sets forth objectives and specific steps that workers and firms could usefully undertake to—

"(A) improve the ability of the industry to compete,

"(B) assist the industry to adjust to new methods of competition, and

"(C) lead to a domestic industry that can be competitive without further import relief after the expiration of any import relief that may be provided under section 203.

"(2) Each plan development group established under this section shall include in the assessment and strategy prepared under paragraph (1)—

"(A) a determination of the ability of producers in the industry concerned to, and of the manner in which such producers could—

"(i) generate adequate capital to finance the modernization of plant and equipment,

"(ii) improve labor productivity,

"(iii) otherwise enhance competitiveness (including any associated research and development), or

"(iv) promote diversification into alternative products, industry consolidation or rationalization, or other forms of adjustment to new competitive conditions specified in such assessment and strategy,

"(B) a determination of the manner in which such producers could achieve the objectives described in clauses (i), (ii), (iii), and (iv) of subparagraph (A), and

"(C) an estimate of the overall capital requirements of such industry.

"(3) The assessment and strategy prepared under paragraph (1) shall set forth those actions which should be taken by the appropriate Federal agencies under existing authority, or under new legislation, to assist in achieving the objectives set forth in the assessment and strategy.

"(4) The assessment and strategy prepared under paragraph (1) shall include a description of all actions which the firms and workers in the domestic industry concerned and the Federal, State, and local governments are taking, or have agreed to take, during the period for which import relief is provided under this section—

"(A) to combat any factors other than imports which have been identified by the Commission under section 201(b)(9),

"(B) to enable the domestic industry concerned to compete more effectively with imports, and

"(C) to adjust to import competition through an orderly transfer of resources to alternative uses.

"(5) The members of the plan development group described in subsection (b)(1) shall submit the assessment and strategy prepared under paragraph (1) to the petitioner within 120 days after the date on which the Commission commences the investigation with respect to the industry under section 201 and the members of the plan development group described in subsection (b)(2) shall submit to the petitioner, at the same time, their opinions of the viability of such strategy.

"(6) If the Commission makes an affirmative determination under section 201(b)(1), the petitioner may submit the assessment and strategy prepared under paragraph (1) to the Commission on the day after the date on which such determination is made.

"(7) If the petitioner submits the assessment and strategy to the Commission under paragraph (6), the United States Trade Representative shall present to the Commission such opinions of each head of a department or agency of the Federal Government regarding the viability of such strategy as the United States Trade Representative considers appropriate.

"(d) After an assessment and strategy is submitted to the petitioner by a plan development group under subsection (c)(4) and before the Commission makes the determination required under section 201(d)(3)(A)(iii), the Commission shall seek to obtain, on a confidential basis, commitments from the individual members of the domestic industry concerned regarding—

"(1) how such members intend to act upon the recommended objectives and actions specified in such assessment and strategy, and

"(2) any other actions such members intend to take which will foster the objectives described in subsection (c)(1).

The Commission shall transmit such commitments, on a confidential basis, to the President, the United States Trade Representative, the Secretary of Labor, the Secretary of Commerce, and any other head of a department or agency of the Federal Government if the Commission determines that the transmittal of such information is necessary to enable such individual to properly evaluate the assessment and strategy submitted under subsection (c)(4).

"(e) The United States Trade Representative, the Secretary of Labor, the Secretary of Commerce, and such other heads of departments and agencies as the United States Trade Representative may designate shall provide such staff, information, personnel, and administrative services and assistance to plan development groups established under this section as may be necessary to enable such plan development groups to carry out their responsibilities under this section. The United States Trade Representative may request other Executive branch departments and agencies which administer programs that may contribute to enhancing the competitiveness of the domestic industry concerned to assist such plan development groups in carrying out their responsibilities under this section.

"(f)(1) If an assessment and strategy is submitted to the President by the Commission under section 201(d)(3)(B), the President shall consider such assessment and strategy, together with any confidential commitments transmitted to the President under subsection (d) and any recommendations of the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872(a)), in making any determination, or taking any action, under the provisions of this title.

"(2) Neither—

"(A) the failure or willingness of the representatives of an industry to request the establishment of a plan development group under subsection (a),

"(B) the failure or ability of a petitioner to submit an assessment and strategy to the Commission under subsection (c)(6), nor

"(C) the failure or ability of members of the domestic industry to make confidential commitments under subsection (d),

shall be taken into account in making any determination, or taking any action, under the provisions of this title.".

(b)(1) Subsection (a) of section 201 of the Trade Act of 1974 (19 U.S.C. 2251(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Firms and workers representing a significant portion of an industry may request in the petition that a plan development group be established under section 204(a) for the purpose of preparing an assessment of current problems of the industry and a strategy to enhance the competitiveness of the industry and to adjust to import competition.".

(2) Subsection (d) of section 201 of the Trade Act of 1974 (19 U.S.C. 2252(d)) is amended by adding at the end thereof the following new paragraph:

"(3)(A) If the Commission has made an affirmative determination under subsection (b)(1) and an assessment and strategy for the domestic industry is submitted under section 204(c)(6), the Commission shall—

"(i) after reasonable notice, hold a public hearing on—

"(I) the finding the Commission is required to make under paragraph (1)(A), and

"(II) the assessment and strategy submitted,

at which all interested parties shall be provided an opportunity to present testimony and evidence,

"(ii) take into account in making the finding and recommendation under paragraph (1)—

"(I) the objectives and actions, including the nature and extent of import relief, specified in such assessment and strategy, and

"(II) the confidential commitments made under section 204(d), and

"(iii) at the time the Commission makes the finding described in paragraph (1)(A), determine whether there is a reasonable expectation that the strategy submitted and any confidential commitments made under section 204(d) will—

"(I) enable the domestic industry to adjust to import competition, and

"(II) lead to a domestic industry that can be competitive without further import relief after the expiration of the import relief that the Commission finds to be necessary under paragraph (1)(A).

"(B) If—

"(i) the determination of the Commission under subparagraph (A)(iii) is affirmative, and

"(ii) the petitioner has not requested the Commission to return to the petitioner the assessment and strategy submitted under section 204 (c)(6),

the Commission shall submit such assessment and strategy, any confidential commitments made under section 204(d), and such determination of the Commission to the President with the report that is submitted under paragraph (1).

"(C) For purposes of subparagraph (A)(iii), a domestic industry may be considered to be competitive even though the industry is not of the same size and composition as the industry was at the time the petition was filed under subsection (a).".

(c)(1) Paragraph (1) of section 202(a) of the Trade Act of 1974 (19 U.S.C. 2252(a)(1)) is amended—

(A) by striking out "and" at the end of subparagraph (A),

(B) by redesignating subparagraph (B) as subparagraph (C), and

(C) by inserting after subparagraph (A) the following new subparagraph:

"(B) shall, if an assessment, strategy, and confidential commitments have been submitted under section 201(d)(3)(B), evaluate such commitments and any objectives and actions specified in such assessment and strategy, and".

(2) Paragraph (3) of section 202(c) of the Trade Act of 1974 (19 U.S.C. 2252(c)(3)) is amended to read as follows:

"(3) the probable effectiveness of import relief as a means of promoting adjustment or modernization in order to improve competitive abilities, the efforts being made or to be implemented by the industry concerned (including any confidential commitments and any actions specified in any assessment and strategy that have been submitted under section 201(d)(3)(B)) to adjust to import competition, and other considerations relative to the position of the industry in the United States economy;".

(3) Paragraph (4) of section 202(c) of the Trade Act of 1974 (19 U.S.C. 2252(c)(4) is amended to read as follows:

"(4) the effect of import relief on consumers (as estimated by the Commission under section 201(d)(1)) and on competition in the domestic markets for such articles;".

(d) Section 203 of the Trade Act of 1974 (19 U.S.C. 2253) is amended—

(1) by inserting "no assessment and strategy has been submitted to the President under section 201 (d)(3)(B) in connection with the industry injured, or threatened with injury, and" after "If" in subsections (a) and (c)(1),

(2) by striking out "subsection (a) or (c)" each place it appears and inserting in lieu thereof "subsection (a), (c), or (m)(3)", and

(3) by adding at the end thereof the following new subsection:

"(m)(1) If an assessment and strategy has been submitted to the President under section 201(d)(3)(B) in connection with the industry injured, or threatened with injury, the President shall—

"(A) provide under subsection (a) the import relief found to be necessary by the Commission under section 201(d)(1)(A),

"(B) provide import relief under subsection (a) which is substantially equivalent to the import relief found to be necessary by the Commission under section 201(d)(1)(A), or

"(C) if the President determines under section 202(b)—

"(i) to provide import relief which—

"(I) is not the import relief found to be necessary by the Commission under section 201(d)(1)(A), and

"(II) is not substantially equivalent to such import relief, or

"(ii) not to provide any import relief,

the President shall submit to the Congress on the same day the document required under paragraph (1) or (2) is submitted a draft of a bill described in paragraph (2).

"(2)(A) Any bill submitted by the President under paragraph (1)(B) shall contain—

"(i) a provision waiving the application of paragraph (3) with respect to the findings of the Commission contained in a specific report submitted under section 201(d)(1), and

"(ii) provisions implementing the import relief, if any, that the President has determined under section 202(b) to take with respect to such report.

"(B) Any draft of a bill submitted by the President under paragraph (1)(B) shall—

"(i) be introduced by the majority leader of each House of the Congress (by request) on the first day on which such House is in session after the date such draft is submitted to the Congress, and

"(ii) be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151.

"(3) If—

"(A) an assessment and strategy has been submitted to the President under section 201(d)(3)(B) with respect to the domestic industry injured, or threatened with injury, and

"(B) the President determines under section 202(b)—

"(i) to provide import relief which—

"(I) is not the import relief found by the Commission under section 201(d)(1)(A) to be necessary to prevent or remedy such injury, and

"(II) is not substantially equivalent to such import relief, or

"(ii) not to provide any import relief,

the President shall, on the date that is 90 days after the date on which a draft bill is required to be submitted to the Congress under paragraph (1), proclaim the increase in, or imposition of, any duty or other import restriction on the imported article which was found to be necessary by the Commission under section 201(d)(1).

"(4) If import relief is provided under this section and an assessment and strategy was submitted under section 201(d)(3)(B) for the domestic industry injured, or threatened with injury, the United States Trade Representative shall publish in the Federal Register, on the same day on which import relief is provided under this section, notice of the availability to the public of the text of such assessment and strategy and a summary thereof.

"(5)(A) If a summary of an assessment and strategy is published under paragraph (4), a review committee consisting of the United States Trade Representative, the Secretary of Labor, the Secretary of Commerce, and such other heads of departments and agencies as the United States Trade Representative may designate shall—

"(i) monitor, on a continuing basis, actions taken by the petitioners to improve the competitive position of the industry, including actions specified in any confidential information obtained under section 204(d);

"(ii) make such recommendations for administrative action under existing statutory authority as may be necessary to achieve the objectives specified in such assessment and strategy; and

"(iii) submit to Congress such recommended legislation as the review committee considers necessary or appropriate for the purpose of achieving the objectives specified in such assessment and strategy.

"(B) Any proposed legislation submitted under subparagraph (A)(iii) shall—

"(i) be introduced by the majority leader of each House of the Congress (by request), and

"(ii) be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151.

"(C) If the review committee described in subparagraph (A) determines that the firms or workers in the domestic industry are not implementing, or are implementing in an unsatisfactory manner—

"(i) the recommended objectives and actions specified in the assessment and strategy published under paragraph (4), or

"(ii) the actions declared in the confidential information obtained under section 204(d),

the review committee shall consult with the members of the plan development group established under section 204(a) and with members of the domestic industry on an individual or joint basis, as appropriate.

"(D) If, after consultations are held under subparagraph (C) and after taking into account such other relevant information as may be available, the review committee determines that the failure to implement, or failure to implement satisfactorily, the actions described in clause (i) or (ii) of subparagraph (C)—

"(i) is not justified by changed circumstances, and

"(ii) has adversely affected overall implementation of the objectives specified in the assessment and strategy published under paragraph (4),

the President shall request the Commission to issue a report under section 203(i)(2) within 60 days of the date of such request. After taking such report by the Commission and the determination of the review committee into account, the President is authorized to terminate or modify the import relief provided to the industry under this section.".

(e) The table of contents of the Trade Act of 1974 is amended by inserting after the item relating to section 203 the following new item:

"Sec. 204. Industry assessment and competitiveness strategy.".

SEC. 306. IMPORT RELIEF.

(a) RECOMMENDATIONS OF TRADE POLICY COMMITTEE.—Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) is amended by adding at the end thereof the following new subsection:

"(e) Before making any determination under subsection (b), the President shall—

"(1) consult with the interagency trade organization established pursuant to section 242(a) of the Trade Expansion Act of 1962, and

"(2) consider the recommendations of such organization with regard to such determination.".

(b) Subsection (a) of section 203 of the Trade Act of 1974 (19 U.S.C. 2253(a)) is amended—

(1) by striking out "or" at the end of paragraph (4),

(2) by redesignating paragraph (5) as paragraph (8), and

(3) by inserting after paragraph (4) the following new paragraphs:

"(5) initiate, on an accelerated basis, appropriate action under section 303 or title VII of the Tariff Act of 1930, if the Secretary of Commerce has reason to believe that any foreign government or firm is engaged in any action or practice for which relief is available under such section or title;

"(6) direct the Attorney General, in consultation with the Secretary of Commerce, to review applications from members of the industry in question for antitrust law exemptions in accordance with subsection (n);

"(7) enter into multilateral negotiations to address problems not susceptible to unilateral solution, such as global oversupply or diversion or imports due to government targeting; or".

(c) Subsection (j) of section 203 of the Trade Act of 1974 (19 U.S.C. 2253(j)) is

amended by inserting "good cause is shown or" after "unless".

(d) Section 203 of the Trade Act of 1974 (19 U.S.C. 2253), as amended by section 305(d)(3) of this Act, is amended by adding at the end thereof the following new subsection:

"(n)(1) In any antidumping or countervailing duty investigation under title VII of the Tariff Act of 1930 that is initiated by reason of an order issued under subsection (a)(5)—

"(A) the finding of the Commission under section 201(b) shall be treated as an affirmative final determination of the Commission under section 705(b) or 735(b) of the Tariff Act of 1930, and

"(B) the period of time in which preliminary and final determinations are to be made under sections 703(b), 705(a), 733(b), and 735(a) shall be reduced by 45 days.

"(2)(A) Any firm that is part of the industry injured, or threatened with injury, may submit to the Attorney General an application for exemption from section 7 of the Clayton Act (15 U.S.C. 18), section 2 of the Sherman Act (15 U.S.C. 2), and section 1 of the Sherman Act (15 U.S.C. 1) insofar as it applies to mergers and acquisitions.

"(B) If directed by the President under subsection (a)(6) to consider applications submitted under subparagraph (A), the Attorney General, in consultation with the Secretary of Commerce, shall grant the exemption sought upon determination that—

"(i) the applicants are members of the industry found by the Commission under section 201(b) to have been injured, or to be threatened with injury,

"(ii) the action for which exemption is sought is reasonably related to enhancing competition with foreign competitors to whom market share has been lost, and, considering worldwide competition, outweighs any adverse competitive impact on the domestic market, and

"(iii) the specified action would not violate provisions of the antitrust laws for which exemption cannot be requested.

"(C) The Attorney General shall report any exemption allowed under this section to the Judiciary Committee and the Ways and Means Committee of the House of Representatives and the Judiciary Committee and the Finance Committee of the Senate.

"(3)(A) If—

"(i) the action that the President determines to take under section 202(b) is described in subsection (a)(7), and

"(ii) such action fails to provide any substantial relief from the serious injury, or threat of serious injury, to the domestic industry before the date that is 1-year after the day on which the Commission submitted the report under section 201(d)(1),

the President shall, on the date that is 90 days after such date, proclaim the increase in, or imposition of, any duty or other import restriction on the imported article which was found to be necessary by the Commission in such report.

"(B) The President may submit to the Congress any draft of a bill which contains—

"(i) a provision waiving the application of paragraph (A) with respect to the recommendations of the Commission contained in a specific report submitted under section 201(d)(1), and

"(ii) provisions authorizing the President to provide such import relief, if any, as the President determines to be appropriate with respect to the serious injury, or threat of serious injury, found by the Commission in such report.

"(C) Any draft of a bill described in subparagraph (B) that is submitted by the President during the 90-day period beginning on the date that is 1-year after the date on which the report of the Commission was submitted under section 201(d)(1) shall—

"(i) be introduced by the majority leader of each House of the Congress (by request) on the first day on which such House is in session after the date such draft is submitted to the Congress, and

"(ii) shall be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151.".

(e) Subsection (b) of section 154 of the Trade Act of 1974 (19 U.S.C. 2194(b)) is amended by striking out "sections 203(c), 407(c)(2), and 407(c)(3)" and inserting in lieu thereof "subsections (c) and (n)(3) of section 203 and section 407(c)(3)".

SEC. 307. REVIEW OF CERTAIN DETERMINATIONS.

(a)(1) Notwithstanding section 201(e) of the Trade Act of 1974 (19 U.S.C. 2251(e)), if—

(A) the United States International Trade Commission (hereafter in this section referred to as the "Commission") has made a unanimous affirmative injury determination under section 201(b)(1) of the Trade Act of 1974 (19 U.S.C. 2251(b)(1)) before October 1, 1985,

(B) the President has declined, during the period beginning January 1, 1984, and ending October 1, 1985, to provide import relief pursuant to section 203(a) to prevent or remedy the injury, or threat of injury, found in such injury determination of the Commission, and

(C) a petition for the review of such injury determination is filed with the Commission by no later than the date that is 1 year after the date of enactment of this Act by any entity that would be eligible to file a petition under section 201(a) of the Trade Act of 1974 for relief from the injury, or threat of injury, found in such injury determination,

the Commission shall review such injury determination and the recommendations made by the Commission under section 201(d)(1) with respect to such injury determination.

(2) In the course of conducting any review required under paragraph (1), the Commission shall hold a public hearing and shall afford interested parties an opportunity to be present, to present evidence, and to be heard at such hearing.

(b)(1) By no later than the date that is 60 days after the date on which a petition for a review is filed with the Commission under this section, the Commission shall—

(A) determine whether the injury determination under review should be reaffirmed or revoked, and

(B) if such injury determination is reaffirmed, submit to the President a report which sets forth—

(i) the injury determination that is reaffirmed in such review, and

(ii) the amount of the increase in, or imposition of, any duty or import restriction that the Commission finds to be necessary to prevent or remedy the injury, or threat of injury, found in the injury determination that is reaffirmed in such review.

(2) The Commission shall promptly make public any report submitted to the President under paragraph (1) (except any information the Commission determines to be confidential) and shall publish in the Federal Register a summary of such report.

(3) If the Commission determines under paragraph (1)(A) to revoke an injury determination, the petition for review shall be dismissed.

(c) For purposes of sections 202 and 203 of the Trade Act of 1974 (19 U.S.C. 2252; 2253), any report submitted under subsection (b) of this section shall be treated as a report submitted under section 201(d) of such Act that contains an affirmative finding made under section 201(b) of such Act, except that the determination required under section 202(b) of such Act shall be made by the President with respect to such report by no later than the date that is 30 days after the date on which such report is submitted to the President under subsection (b) of this section.

TITLE IV—NEGOTIATING AUTHORITY FOR TRADE AGREEMENTS

SEC. 401. PURPOSES.

The purposes of this title are—

(1) to enhance economic growth and employment in the United States through the expansion of competitive opportunities for United States exports in a more open world trading system,

(2) to reduce and eliminate barriers to trade on a basis that assures opportunities for exports of the United States in foreign markets which are substantially equivalent to those afforded to exports of foreign countries in United States markets,

(3) to strengthen economic relations between the United States and foreign countries through an open and fair international trading system that ensures an equitable balance of rights and obligations for all countries, and

(4) to establish, improve, and enforce international trading rules which provide for fair and equitable trading relations between countries, including reform of the General Agreement on Tariffs and Trade.

SEC. 402. NEGOTIATION AUTHORITY.

Section 102 of the Trade Act of 1974 is amended to read as follows:

"SEC. 102. AUTHORITY FOR AGREEMENTS TO REDUCE TRADE BARRIERS.

"(a)(1) The Congress finds that tariff and nontariff barriers to international trade and other distortions of international trade—

"(A) deny access to the products of United States agriculture, industry, mining, and services,

"(B) diminish the intended mutual benefits of reciprocal trade concessions, and

"(C) prevent or burden the growth of open and fair trade among nations.

"(2) The President is urged to take all appropriate and feasible steps within the power of the Presidency to reduce or eliminate such barriers to international trade, and other distortions of international trade, through—

"(A) the full exercise of the rights of the United States under international agreements, and

"(B) the negotiation of trade agreements with foreign countries under the authority of subsection (b).

"(b) Whenever the President determines that—

"(1) any barriers to, or other distortions of, international trade—

"(A) unduly burden or restrict the foreign trade of the United States or adversely affect the United States economy, or

"(B) are likely to result in such a burden, restriction, or effect, and

"(2) the purposes of this chapter will be promoted by the reduction or elimination of such barriers or other distortions,

the President, during the 5-year period beginning on January 3, 1988, may enter into

trade agreements with foreign countries providing for the reduction or elimination of such barriers or other distortions.

"(c)(1) A trade agreement may be entered into under subsection (b) only if the President, at least 150 days before such agreement is entered into—

"(A) provides written notice of the negotiations of such agreement to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives,

"(B) consults with each of such Committees regarding the negotiation of such agreement, and

"(C) submits to each of such Committees a written statement of—

"(i) the specific negotiating objectives listed in section 104(b) that the President anticipates will be achieved under such agreement and by an implementing bill submitted with respect to such agreement,

"(ii) a detailed description of how such objectives will be achieved under such agreement or by such implementing bill, and

"(iii) the specific negotiating objectives listed in section 104(b) that the President anticipates will not be achieved under such agreement and the reasons for such failure.

"(2) The provisions of section 151 shall not apply to an implementing bill if—

"(A) the requirements of paragraph (1) were not met with respect to the negotiation of the agreement approved by such bill, or

"(B) the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives disapproved of the negotiation of such agreement before the close of the 60-day period which begins on the date notice is provided under paragraph (1) with respect to the negotiation of such agreement.

"(3) The United States Trade Representative shall consult with interested committees of the Congress on a continuing basis (but no less than once during each calendar year) for the purpose of informing the Members of Congress of—

"(A) negotiations being conducted under this section and negotiations the President will initiate under this section,

"(B) progress in meeting the objectives listed in section 104, and

"(C) obstacles to the achievement of such objectives.

"(d) Before the President enters into any trade agreement under subsection (b), the President shall consult with the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and with each committee of the House and the Senate and each joint committee of the Congress which has jurisdiction over legislation involving subject matters which would be affected by such trade agreement. Such consultation shall include all matters relating to the implementation of such trade agreement as provided in subsections (e) and (f). If it is proposed to implement such trade agreement, together with one or more other trade agreements entered into under this section, in a single implementing bill, such consultation shall include the desirability and feasibility of such proposed implementation.

"(e) Whenever the President enters into a trade agreement under subsection (b), the President shall submit such agreement, together with a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, to the Congress as provided in subsection (f), and such agreement shall enter into force with respect to the United States only if the provisions of subsection (f) are complied with and the implementing bill submitted by the President is enacted into law.

"(f) Each trade agreement submitted to the Congress under this subsection shall enter into force with respect to the United States if (and only if)—

"(1) the President has, at least 90 days before the day on which he enters into such trade agreement, notified the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register,

"(2) after entering into the agreement, the President transmits a document to the House of Representatives and to the Senate containing a copy of the final legal text of such agreement together with—

"(A) a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, and an explanation as to how the implementing bill and proposed administrative action change or affect existing law, and

"(B) a statement of his reasons as to how the agreement serves the interests of United States commerce and as to why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement, and

"(3) the implementing bill is enacted into law.

"(g) To insure that a foreign country which receives benefits under a trade agreement entered into under this section is subject to the obligations imposed by such agreement, the President should recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the parties to such agreement, if such application is consistent with the terms of such agreement. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

"(h) For purposes of this section—

"(1) The term 'barrier' includes any duty or other import restriction.

"(2) The term 'distortion' includes, but is not limited to, a subsidy.

"(3) The term 'international trade' includes, but is not limited to—

"(A) trade in both goods and services, and

"(B) foreign direct investment by United States persons, especially if such investment has implications for trade in goods and services.

"(4) The term 'foreign country' includes any foreign instrumentality.

"(5) The term 'implementing bill' has the meaning given to such term by section 151(b).

"(6) Each period of time described in subsections (c) and (f) shall be computed without regard to—

"(A) the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

"(B) any Saturday and Sunday, not excluded under clause (i), when either House of the Congress is not in session.

SEC. 403. INTERIM AGREEMENTS.

Section 103 of the Trade Act of 1974 (19 U.S.C. 2113) is amended to read as follows:

"SEC. 103. INTERIM AGREEMENTS.

"Upon initiating negotiations with any foreign country for the purpose of entering into an agreement under section 102(b), the President shall seek to obtain an interim agreement under which any country participating in such negotiations shall, for the duration of such negotiations—

"(1) decline to impose any new barriers to trade or other trade-distorting devices (other than actions to prevent serious injury, or threat of serious injury, to domestic industries and responses to unfair trade practices), and

"(2) reduce intervention in the market and allow market forces to govern growth of industries characterized by overcapacity or overproduction.".

SEC. 404. NEGOTIATING OBJECTIVES.

Section 104 of the Trade Act of 1974 (19 U.S.C. 2114) is amended to read as follows:

"SEC. 104. NEGOTIATING OBJECTIVES UNDER SECTION 102.

"(a) The overall objective of the United States in negotiating agreements under section 101 shall be to obtain—

"(1) more open, fair, and equitable market access,

"(2) the reduction or elimination of barriers and other trade-distorting practices, and

"(3) an appropriate overall balance between benefits and concessions within the agricultural, manufacturing, mining, and services sectors.

"(b) The principal objectives in negotiating agreements under section 102 shall be—

"(1) to obtain, with respect to manufacturing, mining, agriculture, and services, and with respect to investment related to trade in such sectors, competitive opportunities for United States exports in foreign markets equivalent to the competitive opportunities afforded foreign exports in United States markets, and

"(2) to bring trade agreements previously entered into, and application and enforcement thereof, into conformity with principles promoting the development of an open, nondiscriminatory, and fair world economic system, including, but not limited to—

"(A) the revision of decisionmaking procedures in the General Agreement on Tariffs and Trade (hereafter in this section referred to as "GATT") to ensure timely and decisive resolution of disputes, including, but not limited to—

"(i) the establishment of a standing roster of nongovernmental GATT experts for participation on dispute settlement panels, and

"(ii) the establishment of a ministerial-level mechanism for ongoing monitoring of and consultations on the consistency of Contracting Party trade policies with principles embodied in the GATT,

"(B) ensuring that similar rules apply to the treatment of primary and non-primary products in the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the GATT (relating to subsidies and countervailing measures),

"(C) any revisions necessary to define and discipline adverse trade effects resulting from the use of resource input subsidies, targeting, and dumped or subsidized inputs,

"(D) the extension of GATT articles and codes of conduct to products, sectors, and conditions of trade not presently covered (including, but not limited to, services, investment performance requirements, intellectual property rights and expansion of entity coverage under the Government Pro-

curement Code) in order to move toward more open and fair trade practices,

"(E) the revision of GATT articles relating to special and differential treatment for developing countries to establish procedures for gradually reducing nonreciprocal trade benefits to more advanced developing nations,

"(F) any revisions necessary to Article XII of the GATT in order to address persistent and excessive current account imbalances of any contracting party with the world, including imbalances which threaten the stability of the international trading system,

"(G) accelerated implementation of concessions in any trade agreement by countries with persistent current account surpluses,

"(H) any practicable revisions to enhance transparency in the international trading system including, but not limited to, substitution or replacement of quantitative restrictions with tariffs or auctioned quotas and the use of tariffs for domestic adjustment,

"(I) increasing GATT coordination with the International Monetary Fund and World Bank to ensure participation of the GATT Secretariat in International Monetary Fund stabilization programs and consideration of World Bank structural adjustment loans, and

"(J) establishing minimum standards applicable to the workplace to provide greater international discipline over abuses of human rights of workers.".

SEC. 405. AUTHORITY TO IMPOSE OR INCREASE DUTIES IN LIEU OF QUOTAS AND TO AUCTION IMPORT LICENSES.

(a) IN GENERAL.—Chapter 1 of title I of the Trade Act of 1974 is amended by adding at the end thereof the following new section:

"SEC. 110. AUTHORITY TO IMPOSE OR INCREASE DUTIES IN LIEU OF QUOTAS AND TO AUCTION IMPORT LICENSES.

"(a) IN GENERAL.—For the purpose of achieving the objective described in section 104(b)(2)(H), the President may, notwithstanding any other provision of law—

"(1) proclaim—

"(A) an increase in any duty,

"(B) an imposition of an additional duty,

in lieu of any limitation which is, or may be, imposed by law on the quantity of any article that may be entered, or

"(2) use import licenses in administering any of such limitations and sell such licenses at public auctions.

"(b) PERIOD OF APPLICABILITY.—The authority provided under subsection (a) shall only apply during the 5-year period beginning on January 3, 1988.".

(b) ENTERED DEFINED.—Section 601 of the Trade Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(11) The terms "entered" and "customs territory of the United Sates" have the respective meaning given to such terms by the General Headnotes and Rules of Interpretation of the Tariff Schedules of the United States.".

SEC. 406. CONFORMING AMENDMENTS.

The table of contents of the Trade Act of 1974 is amended—

(1) by striking out the items relating to sections 102, 103, and 104 and inserting in lieu thereof the following:

"Sec. 102. Authority for agreements to reduce trade barriers.

"Sec. 103. Interim agreements.

"Sec. 104. Negotiating objectives under section 102.",

and

(2) by inserting after the item relating to section 109, the following:

"Sec. 110. Authority to impose or increase duties in lieu of quotas and to auction import licenses.".

SEC. 407. EFFECTIVE DATE.

The amendments made by this title shall take effect on January 3, 1988.

TITLE V—EXCHANGE RATES AND DEVELOPING COUNTRY DEBT

Subtitle A—Measures Relating to Exchange Rates

SEC. 501. FINDINGS.

The Congress finds that—

(1) the General Agreement on Tariffs and Trade (GATT) is premised on the Bretton Woods international monetary system which has been abandoned;

(2) capital rather than trade flows are the dominant determinant of the exchange rate of the dollar;

(3) deficits and surpluses in the current account have not been self-correcting in the short or medium term;

(4) large and persistent disequilibria in the current account generate protectionist pressures;

(5) the dollar's unique role as a reserve currency makes it particularly vulnerable to capital movements and forces it to bear the consequences of international political and economic instability;

(6) the United States should seek to achieve an exchange rate for the dollar which avoids prolonged imbalances in the current account; and

(7) an essential step to achieve an appropriate exchange rate for the dollar would be to reduce the Federal budget deficit, thereby reducing the trade distorting flows of investment into the United States.

SEC. 502. STATEMENT OF POLICY.

It is the policy of the United States that—

(1) the United States and the Western industrialized allies, specifically the Group of Five (consisting of the United States, the Federal Republic of Germany, Japan, the United Kingdom, and France, and hereinafter referred to as "G-5"), should coordinate monetary and fiscal policies with the objectives of eliminating imbalances in trade and capital flows and stabilizing exchange rates, thereby promoting the expansion of balanced international trade and economic growth; and

(2) the United States and the Western industrialized allies, specifically the G-5, should coordinate the participation by central banks in international currency markets, with the objective of reducing severe fluctuations in the values of the currencies of the major industrialized countries, deterring currency speculation, assisting in the stabilization of the value of the dollar in international currency markets, and promoting orderly adjustment of exchange rates to reflect changed economic fundamentals.

SEC. 503. AUTHORITY.

(a) INTERNATIONAL NEGOTIATIONS.—Not later than 6 months after the date of enactment of this Act, the President shall—

(1) enter into negotiations with other G-5 countries to improve the functioning of the international monetary system in light of the policies described in section 502. Such negotiations should also include discussions of convening a conference on the international monetary system, and should address such problems as capital flight from less developed countries;

(2) enter into negotiations with the other G-5 countries to enhance the role of the G-5 to coordinate fiscal and monetary policy to ensure that, to the extent possible, the policies of the G-5 converge on money growth, inflation, fiscal policy, interest rates, and other economic factors; and

(3) enter into negotiations, on a bilateral, plurilateral, or multilateral basis, with other countries, to achieve reciprocal opportunities for investment, thereby eliminating a major factor contributing to exchange rate misalignment and improving the economic efficiency of international investment flows.

(b) STRATEGIC EXCHANGE RESERVE.—The Secretary of the Treasury and the Board of Governors of Federal Reserve System shall accumulate foreign currencies in amounts sufficient to make participation in foreign exchange markets effective and credible. The accumulation of this fund is intended to assist the appreciation of nondollar currencies so as better to reflect underlying economic fundamentals, and subsequently to pursue the policies outlined in section 502(2).

SEC. 504. REPORTS.

Not later than 6 months after the date of enactment of this Act, and once every 6 months thereafter until the successful conclusion of the negotiations described in section 503(a), the President shall report to the Congress on his efforts to carry out the policies and achieve the objectives set forth in this subtitle.

Subtitle B—Measures Relating to Developing Country Debtors

SEC. 511. FINDINGS.

The Congress finds that—

(1) current levels of developing country debt to private lenders stifle United States exports, threaten the international banking system, disrupt patterns of international capital flows, prevent the economic growth of developing countries, and undermine the social and political stability of those debtor countries;

(2) current efforts to manage this debt problem should be continued and expanded to defuse these problems;

(3) a comprehensive multilateral or bilateral government approach to this problem is required;

(4) many developing country debtors have a variety of barriers to imports and foreign investments which inhibit their development and burden international trade;

(5) liberalization of developing countries' trade and investment restrictions will be of great benefit to the United States, the international trading system, and the developing countries; and

(6) the United States should negotiate the removal of these developing country trade and investment barriers in conjunction with efforts to reduce the dangers presented by developing countries' debt.

SEC. 512. NEGOTIATING OBJECTIVES.

The negotiating objectives of the United States shall be to—

(1) reduce tariff and nontariff barriers to United States exports maintained by developing countries;

(2) reduce developing country barriers to foreign investment;

(3) lessen the burden on United States exports and international trade caused by destabilizing debt service and trade and investment barriers maintained by developing countries;

(4) lessen the destablizing impact on the United States' and international banking

systems caused by difficulties in international debt service;

(5) encourage developing countries to eliminate structural barriers in their economies that are limiting their efficiency and productivity; and

(6) permit the resumption of vigorous economic growth of developing countries.

SEC. 513. AUTHORITY AND DIRECTIVES.

(a) The Export-Import Bank Act of 1945 is amended by adding at the end thereof the following:

"TRADE EXPANSION LOAN GUARANTEE AND INSURANCE PROGRAM FOR EXPORTS TO DEVELOPING COUNTRIES

"SEC. 15. The Bank is authorized to establish for the fiscal years 1986, 1987, 1988, and 1989, in addition to its other loan guarantee and insurance programs, the Trade Expansion Loan Guarantee and Insurance program having an aggregate authority of $10,000,000,000. The Trade Expansion Loan Guarantee and Insurance program shall be available to the bank for the establishment of general facilities consisting of guarantees and insurance in support of United States exports to specific developing countries. Such facilities shall be available for exports to a particular country only if—

"(1) access to such facilities for purchasing United States exports by the private sector in the developing country is at least equal to that for such purchases by the public sector in that country; and

"(2) the developing country is removing existing trade and investment barriers.".

(b) The President is authorized to enter into negotiations with members of the Organization for Economic Cooperation and Development to eliminate official financing or support for new mining or production facilities for commodities in developing countries, and where possible, to encourage the reduction of commodities from such facilities, where the commodity is in oversupply (as defined by such negotiations) in international trade.

(c)(1) The President is authorized to enter into negotiations with the members of each multilateral development bank to reach an agreement prohibiting the furnishing of assistance by such bank for any new mining or production facility for a commodity that is in oversupply, as defined by such negotiations, in international trade.

(2) For purposes of paragraph (1), the term "multilateral development bank" refers to the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the African Development Fund.

(d) The President is authorized to enter into negotiations with the members of the International Monetary Fund to reach an agreement terminating the Compensatory Financing Facility and transferring the resources and assets of the Facility to the general resources of the Fund.

(e) The President is authorized to enter into negotiations with the members of the International Bank for Reconstruction and Development for—

(1) an agreement to amend the Articles of Agreement of the International Bank for Reconstruction and Development to permit increases in loans and guarantees by the Bank up to 200 percent of the unimpaired subscribed capital, reserves and surplus of the Bank;

(2) an agreement that new lending by the Bank, under the increased authority described in paragraph (1), to a country would be at rates of interest based upon an index reflecting economic conditions in such country, such as prices for major commodity exports by such country, as determined by the International Monetary Fund or other authoritative source (as defined by such negotiations); and

(3) an agreement that new loans made by the Bank should, under the increased authority described in paragraph (1), be conditioned on the removal of existing trade and investment barriers and on the promotion of development of the private sector.

SEC. 514. REPORT.

Not later than 6 months after the date of enactment of this Act, and annually thereafter, the President shall transmit a report to the Congress on his efforts to carry out the policies and achieve the objectives set forth in this subtitle.

TITLE VI—WITHDRAWAL OF BENEFITS UNDER GENERALIZED SYSTEM OF PREFERENCES

SEC. 601. FINDINGS.

The Congress finds that—

(1) economic growth in developing countries is in the economic interest of the United States;

(2) in order to promote economic growth in the broadest range of developing countries, the rights and obligations conferred by the General Agreement on Tariffs and Trade and other trade agreements should reflect fully the level of growth in each developing country; and

(3) neither the General Agreement on Tariffs and Trade nor United States laws according preferential treatment to developing countries provide adequate rules and procedures for gradual withdrawal of such treatment as such countries become more advanced with a view to promoting the opportunities for economic growth of lesser developed countries.

SEC. 602. AMENDMENT OF THE GENERALIZED SYSTEM OF PREFERENCES.

(a) IN GENERAL.—By no later than 90 days after the date of enactment of this Act, the President shall submit to the Congress a draft of a bill which provides for the withdrawal, by no later than the date that is 2 years after the date of enactment of this Act, of trade preferences under the provisions of title V of the Trade Act of 1974 (19 U.S.C. 2461, et seqq.) from any foreign country if, on the basis of—

(1) the per capita income of such country, and

(2) other indications of—

(A) the economic development of such country, and

(B) the ability of such country to compete internationally in the absence of such preferences,

the continued provision of such preferences to such country can no longer be justified as promoting economic growth and development in the developing world.

(b) SPECIAL CONGRESSIONAL PROCEDURES.—The draft of a bill submitted by the President under subsection (a) shall—

(1) be introduced by the majority leader of each House of the Congress (by request) on the first day such House is in session after the date such draft is submitted to the Congress, and

(2) shall be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151 of the Trade Act of 1974 (19 U.S.C. 2191).

(c) TREATMENT OF CERTAIN FOREIGN COUNTRIES.—The draft of a bill submitted under subsection (a) shall apply to foreign countries such as Taiwan, Hong Kong, the Republic of Korea, and any other countries described in subsection (a), but shall not apply to any country which has entered into an agreement with the United States under section 102(b) of the Trade Act of 1974 (19 U.S.C. 2112(b)) establishing a free trade zone between the United States and such country.

(d) FOREIGN COUNTRY.—For purposes of this section, the term "foreign country" includes any foreign instrumentality.

TITLE VII—NONMARKET ECONOMY COUNTRIES

SEC. 701. DUMPING BY NONMARKET ECONOMY COUNTRIES.

(a) IN GENERAL.—Subsection (c) of section 773 of the Tariff Act of 1930 (19 U.S.C. 1677b) is amended to read as follows:

"(c) NONMARKET ECONOMY COUNTRIES.—

"(1) IN GENERAL.—If—

"(A) the merchandise under investigation is exported from a nonmarket economy country, and

"(B) the administering authority finds that the foreign market value of the merchandise can not be accurately determined under subsection (a) because information provided by such country is not verifiable or is insufficient,

the foreign market value of the merchandise shall be the trade-weighted average price at which the merchandise, or similar merchandise, produced by eligible market economy producers is sold at arms length in the United States during the period of the investigation.

"(2) AVERAGE PRICE NOT AVAILABLE.—If—

"(A) the conditions described in subparagraphs (A) and (B) of paragraph (1) exist, and

"(B) the administering authority is unable to determine under paragraph (1) the foreign market value of the merchandise under investigation,

the foreign market value of the merchandise shall be the price, determined in accordance with subsection (a), at which the merchandise, or similar merchandise, produced by eligible market economy producers is sold in the United States.

"(3) NO ELIGIBLE MARKET ECONOMY PRODUCERS.—If—

"(A) the conditions described in subparagraphs (A) and (B) of paragraph (1) exist, and

"(B) no eligible market economy producers of the merchandise under investigation, or of any similar merchandise, exist,

the foreign market value of the merchandise shall be the constructed value, determined in accordance with subsection (e), of the merchandise, or of similar merchandise, produced in any country other than a nonmarket economy country.".

(b) NONMARKET ECONOMY COUNTRY AND ELIGIBLE MARKET ECONOMY PRODUCER DEFINED.—Section 771 of the Tariff Act of 1930 (19 U.S.C. 1677) is amended by adding at the end thereof the following new paragraphs:

"(18) NONMARKET ECONOMY COUNTRY.—

"(A) IN GENERAL.—The term 'nonmarket economy country' means any foreign country that is designated as a nonmarket economy country by the administering authority in an action taken under subparagraph (B)(ii) which is still in effect on the date on which the investigation under subtitle B is commenced.

"(B) DETERMINATION.—The administering authority shall, at least annually—

"(i) determine whether the economy of each foreign country operates on market principles of cost or pricing structures, so that sales of merchandise in such country reflect the fair value of the merchandise, and

"(ii) designate as a nonmarket economy country each foreign country with respect to which a negative determination is made under clause (i).

"(C) FACTORS TO BE CONSIDERED.—In making determinations under subparagraph (B)(i), the administering authority shall take into account—

"(i) the extent to which the currency of the foreign country is convertible into the currency of other countries;

"(ii) the extent to which wage rates in the foreign country are determined by free bargaining between labor and management,

"(iii) the extent to which joint ventures or other investments by firms of other foreign countries are permitted in the foreign country, and

"(iv) such other factors as the administering authority considers appropriate.

"(D) DESIGNATION IN EFFECT.—Any designation of a foreign country made under subparagraph (B)(ii) shall remain in effect until revoked by the administering authority by reason of a subsequent affirmative determination made under subparagraph (B)(i) with respect to such foreign country.

"(E) DETERMINATION.—The administering authority may make a determination under subparagraph (B)(i) with respect to any foreign country at any time.

"(F) LIST.—The administering authority shall annually publish in the Federal Register a list of all the foreign countries designated as nonmarket economy countries by the administering authority in action taken under subparagraph (B)(ii) that is in effect at the time of such publication.

"(G) PUBLICATION OF DETERMINATION.—Any negative determination made under subparagraph (B)(i) and any revocation of of designation made under subparagraph (B)(ii), shall be published by the administering authority in the Federal Register.

"(H) PUBLIC COMMENT.—The administering authority shall prescribe regulations which provide procedures under which any interested person may present evidence or comments regarding any determination made under subparagraph (B).

"(I) DETERMINATIONS NOT IN ISSUE.—Any determination made by the administering authority under subparagraph (B) shall not be subject to judicial review, or otherwise contested, in any investigation conducted under subtitle B.

"(19) ELIGIBLE MARKET ECONOMY PRODUCER.—The term 'eligible market economy producer' means any foreign producer who—

"(A) produces the merchandise that is the subject of the investigation or any similar merchandise in any foreign country which is not a nonmarket economy country,

"(B) exports the merchandise, or similar merchandise, to the United States, and

"(C) is not subject to an antidumping or countervailing duty order under section 736 or 706 against the merchandise, or similar merchandise, during the period of the investigation.".

(c) EFFECTIVE DATES.—

(1) The amendments made by this section shall apply to investigations commenced after the date of enactment of this Act.

(2) The Secretary of Commerce shall make the initial determinations under section 771(18)(B) with respect to each foreign country by no later than the date that is 90 days after the date of enactment of this Act.

TITLE VIII—INTELLECTUAL PROPERTY RIGHTS

SEC. 801. UNFAIR PRACTICES IN IMPORT TRADE.

(a) Subsection (a) of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), is amended—

(1) by striking out "(a) Unfair" and inserting in lieu thereof "(a)(1) Unfair",

(2) by striking out "efficiently and economically operated",

(3) by striking out "prevent" and inserting in lieu thereof "impair or prevent", and

(4) by adding at the end thereof the following new paragraph:

"(2) For purposes of this section, the following acts in the importation of articles into the United States or in their sale are declared to be unfair and to have the effect or tendency to destroy or substantially injure an industry or to impair the establishment of an industry:

"(A) Unauthorized importation of an article which infringes a valid United States patent or the unauthorized sale of such an imported article.

"(B) Unauthorized importation of an article which—

"(i) was made, produced, processed, or mined under, or by means of, a process covered by a valid United States patent, and

"(ii) if made, produced, processed, or mined in the United States, would infringe a valid United States patent,

or the unauthorized sale of such an imported article.

"(C) Unauthorized importation of an article which infringes a valid United States copyright or the unauthorized sale of such an imported article.

"(D) Importation of an article which infringes a valid United States trademark, or the sale of such an imported article, if the manufacture or production of such imported article was unauthorized.

"(E) Unauthorized importation of an article which infringes a valid United States maskwork or the unauthorized sale of such an imported article.

"(F) Unauthorized importation of an article which infringes a valid trade secret in the United States or the unauthorized sale of such an imported article.".

(b) Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended—

(1) by striking out "subsection (d) or (e)" in subsection (c) and inserting in lieu thereof "subsection (d), (e), (f), or (g)",

(2) by striking out "subsection (d), (e), or (f)" in subsection (c) and inserting in lieu thereof "subsection (d), (e), (f), (g), or (h)",

(3) by striking out "subsections (d), (e), and (f)" in subsection (c) and inserting in lieu thereof "subsection (d), (e), (f), (g), or (h)",

(4) by striking out "If" in the first sentence of subsection (e) and inserting in lieu thereof "(1) If",

(5) by adding at the end of subsection (e) the following new paragraph:

"(2) Any person may petition the Commission for the issuance of an order under this subsection. The Commission shall make a determination with regard to such petition by no later than the date that is 90 days after the date on which such petition is filed with the Commission. The Commission may require the petitioner to post a bond as a prerequisite to the issuance of an order under this subsection.",

(6) by striking out "In lieu of" in subsection (f)(1) and inserting in lieu thereof "In addition to, or in lieu of,",

(7) by inserting "twice" after "of $10,000 or" in subsection (f)(2),

(8) by redesignating subsections (g), (h), (i), and (j) as subsections (i), (j), (k), and (l), respectively,

(9) by inserting after subsection (f) the following new subsections:

"(g) FORFEITURE.—In addition to taking action under subsection (d) or (e), the Commission may issue an order providing that an article imported in violation of the provisions of this section be seized and forfeited to the United States. The Commission shall notify the Secretary of the Treasury of any order issued under this subsection and, upon receipt of such notice, the Secretary shall enforce such order in accordance with the provisions of this Act.

"(h) DEFAULT.—If—

"(1) a complaint is filed against a person under this section,

"(2) such complaint and a notice of investigation are served on such person,

"(3) such person fails to respond to the complaint and notice or otherwise fails to appear to answer the complaint and notice,

"(4) such person fails to show good cause why such person should not be found in default, and

"(5) the facts alleged in the petition establish a violation of the provisions of this section, and

"(6) the complainant seeks relief affecting solely such person the Commission shall presume the facts alleged in the complaint and shall, upon request, issue relief under this section affecting solely such person, unless, after considering the effect of such an order of relief upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, the Commission finds that such an order or relief should not be issued.",

(10) by striking out "subsection (d), (e), or (f)" each place it appears in subsection (i), as redesignated by paragraph (8) of this subsection, and inserting in lieu thereof "subsection (d), (e), (f), (g), or (h)",

(11) by inserting "and no seizure shall be made of any article under subsection (g) until such determination becomes final if such a bond is posted" after "becomes final" in subsection (i)(3), as so redesignated,

(12) by striking out "and (g)" in subsection (j), as so redesignated, and inserting in lieu thereof "and (i)",

(13) by striking out "notifies" in subsection (j), as so redesignated, and inserting in lieu thereof ", or order to seize, notifies",

(14) by striking out "Except" in subsection (j), as so redesignated, and inserting in lieu thereof "(1) Except",

(15) by adding at the end of subsection (j), as so redesignated, the following new paragraph:

"(2) If any person who has previously been found by the Commission to be in violation of this section petitions the Commission for a determination that the petitioner is no longer in violation of this section or for a modification or recision of an order under subsection (d), (e), (f), (g), or (h)—

"(A) the burden of proof in any proceeding before the Commission regarding such petition shall be on the petitioner, and

"(B) relief may be granted by the Commission with respect to such petition only on the basis of new evidence or evidence that could not have been presented at the prior proceeding.",

(16) by striking out "subsection (d), (e), or (f)" in subsection (k), as so redesignated, and inserting in lieu thereof "subsection (d), (e), (f), (g), or (h)", and

(17) by striking out "patent" each place it appears in subsection (k) and inserting in lieu thereof "patent, copyright, or trademark".

(c) The Act of July 2, 1940 (54 Stat. 724, chapter 515; 19 U.S.C. 1337a) is hereby repealed.

SEC. 802. PROCESS PATENT AMENDMENTS.

(a) This section may be cited as the "Process Patent Amendment of 1985".

(b) Section 154 of title 35, United States Code, is amended by inserting after "United States," the following: "and, if the invention is a process, of the right to exclude others from using or selling products produced thereby throughout, or importing products produced thereby into, the United States,".

(c) Section 271(a) of title 35, United States Code, is amended by—

(1) inserting "(1)" after "(a)"; and

(2) adding at the end thereof the following:

"(2) If the patented invention is a process, whoever without authority uses or sells within, or imports into, the United States during the term of the patent therefor a product produced by such process infringes the patent.".

(d) Section 287 of title 35, United States Code, is amended by—

(1) inserting "(a)" before "Patentees,"; and

(2) adding at the end thereof the following new subsection:

"(b) No damages shall be recovered by the patentee for infringement under section 271(a)(2) from an infringer who did not use the patented process except on proof that such infringer knew of or was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such knowledge or notice. Filing of an action for infringement shall constitute such notice.".

(e) This section shall apply only to products produced or imported after the date of enactment. This section shall not abridge or affect the right of any persons or their successors in business to continue to use, sell, or import any specific product already in substantial and continuous commercial production on July 31, 1985, or for which substantial preparation for production was made before such date, to the extent equitable for the protection of investments made or business commenced before such date. This section shall not deprive a patent owner of any other remedies available under section 271 of title 35 of the United States Code, section 337 of the Tariff Act of 1930, or any other provision of law.

(f) For five years after the date of enactment of this section, the Department of Commerce shall report annually to Congress on the effect on this section on the importation of ingredients to be used for manufacturing products in the United States in those domestic industries that submit formal complaints to the Department alleging that their legitimate sources of supply have been adversely affected.

SEC. 803. AGRICULTURAL PATENT REFORM.

(a) This section may be cited as the "Agricultural Patent Reform Act of 1985".

(b) Chapter 14 of title 35 of the United States Code is amended by adding the following new section immediately after section 157.

"§ 158. Restoration of patent term for certain agricultural and chemical products

"(a)(1) The term of a patent which claims a product subject to a regulatory review period or a method for using such a product or a method for manufacturing such a product shall be extended, in accordance with this section, from the original expiration date of the patent if—

"(A) the product sponsor gives notice to the Commissioner in compliance with the provisions of subsection (b)(1);

"(B) the product has been subject to a regulatory review period pursuant to statute before its commercial marketing or use;

"(C) the patent to be extended has not expired prior to notice to the Commissioner under subsection (b)(1);

"(D)(i) in the case of a patent which claims a method of manufacturing the product which does not primarily use recombinant DNA technology in the manufacture of the product—

"(I) no other patent has been issued to the patent owner which claims the product or a method of using the product; and

"(II) no other method of manufacturing the product which does not primarily use DNA technology in the manufacture of the product is covered by a claim in a patent issued to the patent owner having an earlier issuance date; and

"(ii) in the case of a patent which claims a method of manufacturing the product which primarily uses recombinant DNA technology in the manufacture of the product—

"(I) the holder of the patent for a method of manufacturing the product is not the holder of a patent for the product or for a method of using the product;

"(II) no other method of manufacturing the product primarily using recombinant DNA technology is covered by a claim in a patent having an earlier issuance date: and

"(III) the holder of the patent for a method of manufacturing is not owned or controlled by a holder of a patent for the product or for a method of using the product or by a person who owns or controls a holder of such a patent, and does not own or control the holder of such a patent or a person who owns or controls a holder of such a patent; and

"(E) except in the case of a patent which claims a method of manufacturing the product which primarily uses recombinant DNA technology in the manufacture of the product, the permission for the commercial marketing or use of the product after such regulatory review period is the first permitted commercial marketing or use of the product under the provision of law under which such regulatory review period occurred.

"(2) The rights derived from any claim of any patent extended under paragraph (1) shall be limited in scope during the period of any extension as follows:

"(A) In the case of any patent, to the scope of such claim which relates to the product subject to regulatory review.

"(B) In the case of a patent which claims a product or a method of using a product—

"(i) which is subject to regulatory review under the Federal Food, Drug, and Cosmetic Act, to the uses of the product which may be regulated by the chapter of such Act under which the regulatory review occurred, or

"(ii) which is subject to regulatory review under any other statute, to the uses of the product which may be regulated by the statute under which the regulatory review occurred.

"(C) In the case of a patent which claims a method of manufacturing a product, to the method of manufacturing as used to make the approved product.

"(3)(A) Subject to subparagraph (B), the term of a patent shall be extended by the time equal to the regulatory review period which occurred during the period up to ten years after the date of filing of the earliest application for such patent and the time equal to one-half the regulatory review period which occurred during the period between ten and twenty years after the filing date of the earliest patent application for such patent.

"(B)(i) In determining a regulatory review period for purposes of subparagraph (A), if an application or notice described in paragraph (5)(B)(ii) or (5)(C)(ii) of subsection (c) was rejected and returned to the product sponsor because of insufficiency of data, the period beginning on the date the application was rejected for insufficiency of data and ending on the date the application was subsequently accepted shall be excluded, except that if during such period the product sponsor conducts a major health or environmental effects test, the period during which such test is conducted shall not be excluded. In determining the regulatory review period for purposes of subparagraph (A) with respect to a new animal drug, if the Secretary of Health and Human Services refuses to approve an application submitted under section 512 of the Federal Food, Drug, and Cosmetic Act on the grounds that the application contains insufficient information, the period beginning on the date the Secretary issues an order under subsection (d)(1) of such section refusing to approve such application and ending on the date a subsequent application is approved shall be excluded.

"(ii) In determining a regulatory review period for purposes of subparagraph (A), the regulatory review period shall be reduced by any period determined under subsection (b)(2) during which the applicant for the patent extension did not act with due diligence.

"(iii) In no event shall the term of any patent be extended for more than five years. No term of any extended patent may exceed twenty-five years from the date of filing of the earliest United States patent application which provides support under section 120 of this title for any claim of the patent to be extended. If the regulatory review period for a product began before the date of enactment of this section and if on such date the regulatory review period has not ended, the period of patent extension for the patent which claims the product or a method of using or manufacturing the product shall be measured from the date of enactment and shall not exceed three years.

"(C) In no event shall more than one patent be extended for the same regulatory review period for any product.

"(D) In the case of a pesticide, all formulations of such pesticide containing the identical active ingredient shall be considered the same pesticide and no pesticide may be the subject of more than one patent extension.

"(b)(1) To obtain an extension of the term of a patent under subsection (a), the product sponsor shall notify the Commissioner under oath, within ninety days after the termination of the regulatory review period for the product to which the patent relates, that the regulatory review period has ended. If the product sponsor is not the owner of record of the patent, the notification shall include the written consent of the owner of record of the patent to the extension. Such notification shall be in writing and shall—

"(A) identify the Federal statute under which regulatory review occurred or, if the regulatory review occurred under the Federal Food, Drug, and Cosmetic Act, the chapter of the Act under which the review occurred;

"(B) state the dates on which the regulatory review period commenced and ended;

"(C) identify the product for which regulatory review was required;

"(D) state that the requirements of the statute under which the regulatory review referred to in subsection (a)(1)(B) occurred have been satisfied and commercial marketing or use of the product is not prohibited; and

"(E) identify the patent and any claim thereof to which the extension is applicable; the date of filing of the earliest application for the patent; and the length of time of the regulatory review period for which the term of such patent is to be extended; and state that no other patent has been extended for the regulatory review period for the product.

"(2)(A) Within 60 days after the submittal of the extension notice under paragraph (1), the Commissioner shall notify—

"(i) the Secretary of Agriculture if the patent claims a veterinary biological product subject to the Virus-Serum-Toxin Act or a method of using or manufacturing such a product,

"(ii) the Secretary of Health and Human Services if the patent claims an animal drug product or animal antibiotic product subject to the Federal Food, Drug, and Cosmetic Act or a method of using or manufacturing such a product, and

"(iii) the Administrator of the Environmental Protection Agency if the patent claims a pesticide subject to the Federal Insecticide, Fungicide, and Rodenticide Act, a chemical substance or mixture subject to the Toxic Substances Control Act, or a method of using or manufacturing such a pesticide, substance, or mixture,

of the extension notice and shall submit to the Secretary or Administrator who is so notified a copy of the extension notice. Not later than thirty days after the receipt of the extension notice from the Commissioner, the Secretary or Administrator receiving the extension notice shall review the dates contained in such notice pursuant to paragraph (1)(B) and determine the applicable regulatory review period, shall notify the Commissioner of the determination, and shall publish in the Federal Register a notice of such determination.

"(B) If a petition is submitted to the Secretary or Administrator making the determination under subparagraph (A), not later than one hundred and eighty days after the publication of the determination under subparagraph (A), upon which it may reasonably be determined that the product sponsor did not act with due diligence during the applicable regulatory review period, the Secretary or Administrator making the determination shall, in accordance with regulations promulgated by such Secretary or Administrator, determine if the product sponsor acted with due diligence during the applicable regulatory review period. The Secretary or Administrator shall make such determination not later than 90 days after the receipt of such a petition. The Secretary of Health and Human Services may not delegate such authority to make the determination prescribed by this subparagraph to an office below the Office of the Commissioner of Food and Drugs, the Secretary of Agriculture may not delegate such authority to an office below the Deputy Administrator of Veterinary Services, and the Administrator of the Environmental Protection Agency may not delegate such authority to an office below the Assistant Administrator for Pesticides and Toxic Substances.

"(C) The Secretary or Administrator making a determination under subparagraph (B) shall notify the Commissioner of the determination and shall publish in the Federal Register a notice of such determination, together with the factual and legal basis for such determination. Any interested person may request, within the 60-day period beginning on the publication of a determination, the Secretary or Administrator making the determination to hold a hearing on the determination. Such a hearing shall be an informal hearing which is not subject to section 554, 556, or 557 of title 5, United States Code. If such a request is made within such period, such Secretary or Administrator shall hold such hearing not later than thirty days after the date of the request, or at the request of the person making the request, not later than sixty days after such date. The Secretary or Administrator who is holding the hearing shall provide notice of the hearing to the product sponsor and to any interested person and provide the owner and any interested person an opportunity to participate in the hearing. Within thirty days after the completion of the hearing, such Secretary or Administrator shall affirm or revise the determination which was the subject of the hearing and notify the Commissioner of such affirmation or any revision of the determination and shall publish such affirmation or revision in the Federal Register.

"(D) Failure of a product sponsor to act with due diligence during a regulatory review period shall not be a defense in any action involving the infringement of a patent.

"(E) For purposes of this paragraph, the term 'due diligence' means that degree of attention, sustained directed effort, and timeliness as may reasonably be expected from, and is ordinarily exercised by, a person during a regulatory review period.

"(F) In a proceeding under this paragraph, the Secretary and Administrator may take into consideration the failure of a product sponsor to submit data which the product sponsor knew or reasonably should have known was necessary to support an application or notice described in paragraph (5) of subsection (c).

"(G) The Secretary and the Administrator may establish such fees as the Secretary and Administrator determine appropriate to cover the costs to the Secretary and the Administrator of making the review under subparagraph (A), receiving and acting upon petitions under subparagraph (B), and holding hearings under subparagraph (C).

"(3) Upon receipt of a final determination of the applicable regulatory review period under paragraph (2), the Commissioner shall issue to the owner of record of the patent a certificate of extension, under seal, stating the fact and length of the extension, identifying the product and the statute under which regulatory review occurred, and specifying any claim to which such extension is applicable. Such certificate shall be recorded in the official file of the patent so extended and shall be considered as part of the original patent. The Commissioner shall publish in the Official Gazette of the Patent and Trademark Office a notice of such extension.

"(4) If information submitted by a product sponsor during a regulatory review period is considered as trade secret or confidential commercial or financial information under the law under which such regulatory review occurred, such information may only be disclosed under this section in accordance with such law.

"(c) As used in this section:

"(1) The term 'product' means any machine, manufacture, or composition of matter for which a patent may be obtained and is limited to the following:

"(A) Any new animal drug or animal antibiotic subject to regulation under the Federal Food, Drug, and Cosmetic Act.

"(B) Any veterinary biological product subject to regulation under the Virus-Serum-Toxin Act.

"(C) Any pesticide subject to regulation under the Federal Insecticide, Fungicide, and Rodenticide Act.

"(D) Any chemical substance or mixture subject to regulation under the Toxic Substances Control Act.

"(2) The term 'major health or environmental effects test' means an experiment or study to determine or evaluate health or environmental effects which requires at least six months to conduct, not including any period for analysis or conclusions, and the data from which is submitted to receive permission for commercial marketing or use.

"(3) The term 'earliest application for the patent' means the patent application providing the earliest benefit of a filing date to the patent and includes patent applications under section 120.

"(4) The term 'product sponsor' means any person who, with the consent of the patent owner, initiates testing or investigations, claims an exemption, or submits an application, petition, protocol, request, or notice described in paragraph (5) of this subsection.

"(5) The term 'regulatory review period' has the following meaning:

"(A) With respect to a product which is a new animal drug, animal antibiotic, or veterinary biological product, the regulatory review period is the sum of—

"(i) the period beginning on the date—

"(I) an exemption under subsection (j) of section 512 of the Federal Food, Drug, and Cosmetic Act, or

"(II) the authority to prepare an experimental biological product under the Virus-Serum-Toxin Act,

became effective for the approved product and ending on the date an application was submitted for such product under section 512 of the Federal Food, Drug, and Cosmetic Act or the Virus-Serum-Toxin Act, and

"(ii) the period beginning on the date the application was submitted for the approved product under section 512 of the Federal Food, Drug, and Cosmetic Act or the Virus-Serum-Toxin Act and ending on the date such an application was approved.

"(B) With respect to a product which is a pesticide, the term means the sum of—

"(i) the period beginning on the earlier of the date the product sponsor (I) initiates a major health or environmental effects test on such pesticide, or (II) requests, in accordance with regulations issued by the Administrator, the grant of an experimental use permit for the pesticide under section 5 of the Federal Insecticide, Fungicide, and Rodenticide Act, and ending on the date an application is submitted for registration of such pesticide pursuant to section 3 of such Act, and

"(ii) the period beginning on the date an application is submitted, in accordance with

regulations issued by the Administrator, for registration of such pesticide pursuant to section 3 of such Act and ending on the date such pesticide is first registered, either conditionally or fully, under such section.

"(C) With respect to a product which is a chemical substance for which notice is required under section 5 of the Toxic Substances Control Act or which is a mixture which contains a substance for which such notice is required and—

"(i) which is subject to a rule requiring testing under section 4(a) of such Act, the term means a period commencing on the date the product sponsor has initiated the testing required in such rule and ending on the expiration of the notice period for such chemical substance or mixture under section 5 of such Act, or if an order or injunction is issued under section 5(e) or 5(f) of such Act, the date on which such order or injunction is dissolved or set aside; or

"(ii) which is not subject to a testing rule under section 4 of such Act, the term means a period commencing on the earlier of the date the product sponsor—

"(I) submits, in accordance with regulations issued by the Administrator, a notice under section 5 of such Act, or

"(II) initiates a major health or environmental effects test on such chemical substance or mixture,

and ending on the expiration of the notice period for such substance under section 5 of such Act or if an order or injunction is issued under section 5(e) or 5(f) of such Act, the date on which such order or such injunction is dissolved or set aside.

No regulatory review period shall be deemed to have commenced until a patent has been granted for the product which is subject to regulatory review, for the method for using such product, or for the method for producing such product.

"(6) The term 'Virus-Serum-Toxin Act' means the Act of March 4, 1913.".

(c) The analysis for chapter 14 of title 35 of the United States Code is amended by adding after the item relating to section 157 the following new item:

"158. Restoration of patent term for certain agricultural and chemical products.".

TITLE IX—EXPORT RELATED MEASURES

Subtitle A—Fair Export Financing

SEC. 901. SHORT TITLE.

This subtitle may be cited as the "Fair Export Financing Act of 1985".

SEC. 902. CONGRESSIONAL FINDINGS.

(a) The Congress finds that—

(1) tied aid and partially untied aid credits offered by other countries are a predatory method of financing exports because of their market-distorting effects;

(2) these distortions have caused the United States to lose export sales, with resulting losses in economic growth and employment;

(3) these practices undermine export credit discipline under the Arrangement on Guidelines for Officially Supported Export Credits established through the Organization for Economic Cooperation and Development;

(4) support of commercial exports by donor countries with tied aid and partially untied aid credits impedes the growth of developing countries because it diverts development assistance funds from essential developmental purposes;

(5) establishment of a temporary tied aid credit facility in the Department of the Treasury for the limited purpose of targeting the export markets of those countries which make extensive use of tied aid or partially untied aid credits for commercial purposes and which block progress toward a comprehensive arrangement restricting the use of tied aid and partially untied aid credits for commercial purposes will encourage the successful conclusion of negotiations aimed at such an arrangement.

SEC. 903. AMENDMENTS TO THE TRADE AND DEVELOPMENT ENHANCEMENT ACT OF 1983.

(a) Section 642 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635o) is amended—

(1) by amending subsection (1) to read as follows—

"(1) to expand employment and economic growth in the United States through the elimination of predatory concessional financing in the form of tied aid or partially untied aid credits engaged in by nations whose exports compete with United States exports, and thereby restore export competition to a market basis;";

(2) by amending subsection (2) to read as follows—

"(2) to stimulate the economic development of countries in the developing world by taking measures to eliminate the misallocation of official development assistance funds which occurs when such funds are employed in tied aid or partially untied aid credits, the primary purpose of which is the promotion of the commercial exports of the donor country rather than the development of the recipient country; and";

(3) by repealing subsection (3); and

(4) by renumbering subsection (4) as subsection (3) and amending it to read as follows—

"(3) to establish a temporary tied aid credit program to combat the predatory concessional credit programs of foreign governments and thereby encourage them to enter into effective and comprehensive arrangements with the United States to restrict the use of tied aid and partially untied aid credits for commercial purposes and to limit and govern the use of export credit subsidies generally.".

(b) Section 643 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635p) is amended—

(1) by inserting in the first sentence of the introductory paragraph the words, "or partially untied aid" after the words, "the use of tied aid";

(2) by repealing subsection (1);

(3) by renumbering subsection (2) as subsection (1) and amending it to read as follows—

"(1) to restrict the use of tied aid and partially untied aid credits for commercial purposes by a date certain;";

(4) by repealing subsection (3);

(5) by renumbering subsection (4) as subsection (2) and amending it to read as follows—

"(2) to raise the threshold for prior notification of the use of tied aid or partially untied aid credit to a 50 per centum level of concessionality; and";

(6) by repealing subsection (5); and

(7) by renumbering subsection (6) as subsection (3) and amending it to read as follows—

"(3) to prohibit the use of tied aid or partially untied aid credit for production facilities for goods which are in structural oversupply in the world.".

(c) Section 644 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635q) is amended to read as follows—

"ESTABLISHMENT OF A TIED AID CREDIT PROGRAM IN THE DEPARTMENT OF THE TREASURY

"SEC. 644. (a)(1) The Secretary shall establish within the Department of the Treasury a program of tied aid credits for United States exports.

"(2) The program shall be carried out in cooperation with the Bank or with private financial institutions or entities, as appropriate.

"(3) The program may include—

"(A) the combined use of guarantees, insurance, or extensions of credit offered by the Bank with grants offered by the Department of the Treasury, by methods including blending of financings or parallel financing; and

"(B) the combination of grants offered by the Department of the Treasury with financing offered by private financial institutions or entities, by methods including blending of financings or parallel financing.

"(b) Funds appropriated under this part may be combined with financing by the Bank or private commercial financing in order to offer, or arrange for, financing for the exportation of United States goods and services to countries or in sectors which are present or likely future export markets for any country which the Secretaries determines engages in predatory export financing through the use of tied aid or partially untied aid credits and which impedes progress toward the conclusion of a comprehensive arrangement to restrict the use of such credits for commercial purposes.

"(c) There is hereby authorized to be appropriated to the Secretary, without fiscal year limitation, for purposes of this part, $300 million: *Provided,* That notwithstanding any other provision of law, upon a declaration by the President that any portion of such funds is not required to achieve the purposes of this part, the funds so determined to be in excess of requirements shall cease to be available.".

(d) Section 645 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635r) is repealed.

(e) Section 646 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635s) is renumbered as section 645 and amended to read as follows—

"IMPLEMENTATION

"SEC. 645. (a) Prior to approving each financing under the tied aid credit program authorized by section 644, the Secretary shall seek the advice of the National Advisory Council on International Monetary and Financial Policies.

"(b) Each financing made pursuant to the tied aid credit program authorized by section 644 shall be on the terms consistent with the Arrangement, as in effect at the time such financing is approved.

"(c) The Secretary may issue regulations and take such other actions as may be necessary to implement this part.

"(d) The authorities contained in this part expire on September 30, 1987.".

(f) A new section 646 is added to the Trade and Development Enhancement Act to read as follows—

"REVIEWABILITY

"SEC. 646. Actions by the Secretary and the Chairman of the Bank pursuant to this part shall not be reviewable by any court, except for abuse of discretion.".

(g) Section 647 of the Trade and Development Enhancement Act of 1983 (12 U.S.C. 635t) is amended as follows—

(1) Subsection (1) is amended to read as follows—

"(1) the term 'tied aid credit' means credit—

"(A) which involves a grant element greater than zero percent, as determined by the Development Assistance Committee of the Organization for Economic Cooperation and Development;

"(B) which is tied, in fact or in effect, to procurement of goods and services from the donor country; and

"(C) which is financed either exclusively from public funds or partly from public and partly from private funds;";

(2) Subsection 647(2) is repealed and replaced by a new subsection 647(2) which reads as follows—

"(2) the term 'partially untied aid credit' means credit—

"(A) which involves a grant element greater than zero percent, as determined by the Development Assistance Committee of the Organization for Economic Cooperation and Development;

"(B) which is tied, in fact or in effect, to procurement of goods and services from the donor country and from a restricted number of countries; and

"(C) which is financed either exclusively from public funds or partly from public and partly from private funds;";

(3) Subsection 647(3) is repealed;

(4) Subsections (4), (5), and (6) are renumbered subsections (3), (4), and (5), respectively;

(5) A new subsection 647(6) is added to read as follows—

"(6) the term 'Secretary' means the Secretary of the Treasury;" and

(6) A new subsection 647(7) is added to read as follows:

"(7) the term 'Arrangement' means the Arrangement on Guidelines for Officially Supported Export Credits established through the Organization for Economic Cooperation and Development.".

SEC. 904. EFFECTIVE DATE.

The amendments made by this subtitle shall become effective ten days after enactment of this Act.

Subtitle B—Amendments to the Foreign Corrupt Practices Act of 1977

SEC. 911. SHORT TITLE.

This subtitle may be cited as the "Practices and Records Act".

SEC. 912. FINDINGS AND CONCLUSIONS.

(a) The Congress finds that—

(1) the enactment of the Foreign Corrupt Practices Act of 1977 was a positive and significant step toward the important objective of prohibiting bribery of foreign government officials by United States companies in order to obtain, retain, or direct business;

(2) the Foreign Corrupt Practices Act of 1977 has caused unnecessary concern among existing and potential exporters as to the scope of legitimate overseas business activities;

(3) the accounting standards requirements of the Foreign Corrupt Practices Act of 1977, which apply to all issuers of securities irrespective of whether they have foreign operations, are unclear and excessive and have caused costly and unnecessary paperwork burdens;

(4) United States agencies responsible for enforcement of the Foreign Corrupt Practices Act of 1977 have not sufficiently coordinated interpretation and enforcement practices with other agencies responsible for international trade policy, export promotion, foreign policy, international monetary policy, and other related civil and criminal statutes; and

(5) it is in the best interests of all countries to maintain responsible standards of corporate conduct in foreign markets to preserve free and equitable trading practices.

(b) The Congress concludes that—

(1) the principal objectives of the Foreign Corrupt Practices Act of 1977 are desirable, beneficial, and important to our Nation as well as to our relationships with our trading partners, and these objectives should remain the central intent of the Act;

(2) exporters should not be subject to unclear, conflicting, and potentially damaging demands by diverse United States agencies responsible for enforcement of the Foreign Corrupt Practices Act of 1977;

(3) general compliance and enforcement practices associated with the Foreign Corrupt Practices Act of 1977 should be developed in accordance with considerations underlying foreign relations, international trade, export promotion, international monetary policy, and other related civil and criminal statutes; and

(4) a solution to the problem of corrupt payments by firms to obtain or retain business demands and international approach; accordingly, appropriate international agreements should be initiated and sought by the United States agencies responsible for trade agreements and by the President.

SEC. 913. AMENDMENT OF SHORT TITLE.

Section 101 of the Foreign Corrupt Practices Act of 1977 is amended to read as follows:

"SHORT TITLE

"SEC. 101. This title may be cited as the 'Business Practices and Records Act'.".

SEC. 914. ACCOUNTING STANDARDS.

(a) Section 13(b)(2) of the Securities Exchange Act of 1934 is amended to read as follows:

"(2) Every issuer which has a class of securities registered pursuant to section 12 of this title and every issuer which is required to file reports pursuant to section 15(d) of this title shall devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that—

"(A) transactions are executed in accordance with management's general or specific authorization;

"(B) transactions are recorded as necessary (i) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (ii) to maintain accountability for assets;

"(C) access to assets is permitted only in accordance with management's general or specific authorization;

"(D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and

"(E) for the purposes of subparagraphs (A) through (D) of this paragraph, the issuer makes and keeps books, accounting records, and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.".

(b) Section 13(b) of the Securities Exchange Act of 1934 is amended by adding at the end thereof the following:

"(4) No criminal liability shall be imposed for failing to comply with the requirements of paragraph (2) of this subsection.

"(5) No civil injunctive relief shall be imposed with respect to—

"(A) any issuer for failing to comply with the requirements of paragraph (2) of this subsection if such issuer shall show that it acted in good faith in attempting to comply with such requirements; or

"(B) any person other than an issuer, in connection with an issuer's failure to comply with paragraph (2), unless such person knowingly caused the issuer to fail to devise or maintain a system of internal accounting controls that complies with paragraph (2).

"(6) No person shall knowingly circumvent a system of internal accounting controls established pursuant to paragraph (2) for a purpose inconsistent with paragraph (2).

"(7) Where an issuer which has a class of securities registered pursuant to section 12 of this title or an issuer which is required to file reports pursuant to section 15(d) of this title holds 50 per centum or less of the voting power with respect to a domestic or foreign firm, the provisions of paragraph (2) require only that the issuer proceed in good faith to use its influence, to the extent reasonable under the issuer's circumstances, including the relative degree of its ownership over the domestic or foreign firm and under the laws and practices governing the business operations of the country in which such firm is located, to cause such domestic or foreign firm to devise and maintain a system of internal accounting controls consistent with paragraph (2). Such an issuer shall be conclusively presumed to have complied with the provisions of paragraph (2) by demonstrating good faith efforts to use such influence.".

SEC. 915. REPEALER; NEW BRIBERY PROVISION.

(a)(1) Section 30A of the Securities Exchange Act of 1934 is repealed.

(2) Section 32 of such Act is amended—

(A) by striking out "(other than section 30A)" in subsection (a); and

(B) by striking out subsection (c).

(b) Section 104 of the Business Practices and Records Act is amended to read as follows:

"FOREIGN PAYMENTS

"SEC. 104. (a) It shall be unlawful for any domestic concern, or any officer, director, employee, or shareholder thereof acting on behalf of such domestic concern, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of a payment, gift, offer, or promise, directly or indirectly, of anything of value to any foreign official for the purpose of—

"(1) influencing any act or decision of such foreign official in his official capacity, or inducing such foreign official to do or omit to do any act in violation of his legal duty as a foreign official; or

"(2) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality;

in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person.

"(b) It shall be unlawful for any domestic concern, or any officer, director or employee, or shareholder thereof acting on behalf of such domestic concern to make use of the mails or any means or instrumentality of interstate commerce corruptly to direct or authorize, expressly or by a course of conduct, a third party in furtherance of a payment, gift, offer, or promise of anything of value to a foreign official for any of the purposes set forth in subsection (a).

"(c) Subsections (a) and (b) shall not apply to—

"(1) any facilitating or expediting payment to a foreign official the purpose of which is to expedite or to secure the performance of a routine governmental action by a foreign official;

"(2) any payment, gift, offer, or promise of anything of value to a foreign official which is lawful under the law and regulations of the foreign official's country;

"(3) any payment, gift, offer, or promise of anything of value which constitutes a courtesy, a token of regard or esteem, or in return for hospitality;

"(4) any expenditures, including travel and lodging expenses, associated with the selling or purchasing of goods or services or with the demonstration or explanation of products; or

"(5) any ordinary expenditures, including travel and lodging expenses, associated with the performance of a contract with a foreign government or agency thereof.

"(d)(1)(A) Except as provided in subparagraph (B), any domestic concern which violates subsection (a) or (b) shall, upon conviction, be fined not more than $1,000,000.

"(B) Any individual who is a domestic concern and who willfully violates subsection (a) or (b) shall, upon conviction, be fined not more than $10,000, or imprisoned not more than five years, or both.

"(2) Any officer or director of a domestic concern, or stockholder acting on behalf of such domestic concern, who willfully violates subsection (a) or (b) shall, upon conviction, be fined not more than $10,000, or imprisoned not more than five years, or both.

"(3) Whenever a domestic concern is found to have violated subsection (a) or (b) of this section, any employee of such domestic concern who is a United States citizen, national, or resident or is otherwise subject to the jurisdiction of the United States (other than an officer, director, or stockholder acting on behalf of such domestic concern), and who willfully carried out the act or practice constituting such violation shall, upon conviction, be fined not more than $10,000, or imprisoned not more than five years, or both.

"(4) Whenever a fine is imposed under paragraph (2) or (3) of this subsection upon any officer, director, employee, or stockholder of a domestic concern, such fine shall not be paid, directly or indirectly, by such domestic concern.

"(e)(1) When it appears to the Attorney General that any domestic concern, or officer, director, employee, or stockholder thereof, is engaged, or is about to engage, in any act or practice constituting a violation of subsection (a) or (b) of this section, the Attorney General may, in his discretion, bring a civil action in an appropriate district court of the United States to enjoin such act or practice, and upon a proper showing, a permanent or temporary injunction or a temporary restraining order shall be granted without bond.

"(2) For the purpose of all civil investigations which, in the opinion of the Attorney General, are necessary and proper for the enforcement of this Act, the Attorney General or any attorney or attorneys of the Department of Justice designated by him are empowered to administer oaths and affirmations, subpena witnesses, take evidence, and require the production of any books, papers, or other documents which the Attorney General deems relevant or material to the inquiry. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States, or any territory, possession, or commonwealth of the United States, at any designated place of hearing.

"(3) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Attorney General may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, or other documents. Any such court may issue an order requiring such person to appear before the Attorney General or attorney designated by the Attorney General, there to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found. The Attorney General shall have the power to make such rules relating to civil investigations as may be necessary or appropriate to implement the provisions of this subsection.

"(f) As used in this section—

"(1) The term 'domestic concern' means (A) any individual who is a citizen, national, or resident of the United States; or (B) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States, which has a class of securities registered pursuant to section 12 of the Securities Exchange Act of 1934, or which is required to file reports under section 15(d) of the Securities Exchange Act of 1934.

"(2) The term 'foreign official' means (A) any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality; or (B) any foreign political party or official thereof or any candidate for foreign political office.".

SEC. 916. DEFINITIONS.

Section 13(b) of the Securities Exchange Act of 1934 is amended by adding at the end thereof the following:

"(6) For the purpose of this section, the terms 'reasonable assurances' and 'reasonable detail' mean such level of detail and degree of assurance as would satisfy prudent individuals in the conduct of their own affairs, having in mind a comparison between benefits to be obtained and costs to be incurred in obtaining such benefits.".

SEC. 917. EXCLUSIVITY PROVISION FOR OVERSEAS BRIBERY.

No criminal action pursuant to section 1341 or 1343 of title 18, United States Code, may be brought against a domestic concern, its officers, directors, employees, or any shareholders thereof acting on behalf of such domestic concern for a payment, gift, offer, or promise to a foreign official based upon the theory that the foreign official or the domestic concern violated a duty to or defrauded the foreign government or the citizens of a foreign country.

SEC. 918. AUTHORITY TO ISSUE GUIDELINES.

Title I of the Business Practices and Records Act is amended by adding at the end thereof the following:

"GUIDELINES AND GENERAL PROCEDURES FOR COMPLIANCE

"SEC. 105. (a) Not later than six months after the date of enactment of this section, the Attorney General, after consultation with the United States Trade Representative, the Secretary of State, the Secretary of Commerce, and the Secretary of the Treasury, and after consultation with representatives of the business community and the interested public through public notice and comment and in public hearings, shall determine to what extent the business community would be assisted by further clarification of section 104 of this Act and shall, based on such determination and to the extent necessary and appropriate, have the authority to issue—

"(1) guidelines describing specific types of conduct associated with common types of export sales arrangements and business contracts which the Attorney General determines constitute compliance with the provisions of section 104 of this Act; and

"(2) general precautionary procedures which issuers or domestic concerns may use on a voluntary basis to ensure compliance with this Act, and to create a rebuttable presumption of compliance with this Act.

The guidelines and procedures referred to in the preceding sentence shall be issued in accordance with sections 551 through 557 of title 5, United States Code.

"(b) The Attorney General, after consultation with other Federal agencies and representatives from the business community, shall establish a Business Practices and Records Act Review Procedure for the purposes of providing responses to specific inquiries concerning enforcement intentions under this Act. The Attorney General shall issue opinions, within thirty days, in response to requests from domestic concerns, regarding compliance with the requirements of the provisions of section 104 of this Act. An opinion that certain prospective conduct does not involve a violation shall be final and binding on all parties, subject to the discovery of new evidence. When appropriate, and at reasonable intervals, the responses derived from the review procedure will be reviewed by the Attorney General to determine whether such compilation of responses should be included in a new guideline pursuant to subsection (a).

"(c) Any document or other material provided to, received by, or prepared in the Department of Justice, or any other department or agency of the United States Government, in connection with a request by a domestic concern for a statement of present enforcement intentions under the Business Practices and Records Act Review Procedure pursuant to subsection (b) of this section, or in connection with any investigations conducted to enforce this Act, shall be exempt from disclosure under section 552 of title 5, United States Code, regardless of whether the Department responds to such a request or the applicant withdraws such request prior to receiving a response. The Attorney General shall protect the privacy of each applicant, and shall adopt rules assuring that materials, documents, and information submitted in connection with a review procedure request will be kept confidential and will not be used for any purpose that would unnecessarily discourage use of the review procedure. The review procedure

shall be developed and instituted in accordance with sections 551 through 557 and 701 through 706 of title 5, United States Code.

"(d) The Attorney General shall make a special effort to provide timely compliance guidance to potential exporters, and smaller businesses, who as a practical matter are unable to obtain specialized counsel on issues pertaining to this Act. Such assistance shall be limited to requests for enforcement intention disclosures provided for under this Act, and general explanations of compliance responsibilities and of potential liabilities under the Act.

"(e)(1) On September 1 of each year the Attorney General shall transmit to the Congress and make public a detailed report on all actions which the Department of Justice has taken pursuant to this Act, along with its views on problems associated with implementation, its plan for the next fiscal year to further implement the Act, and recommendations for amendments.

"(2) On September 1 of each year the Chairman of the Securities and Exchange Commission shall file with the Congress a detailed report on all actions which the Commission has taken pursuant to section 13(b) of the Securities Exchange Act, its views on problems associated with implementation, its plans for the next fiscal year to further implement such section, and its recommendations for amendment.".

SEC. 919. INTERNATIONAL AGREEMENTS.

(a) It is the sense of the Congress that the President should pursue the negotiation of an international agreement among the largest possible number of nations on illicit payments, including a process by which problems and conflicts associated with such practices could be resolved.

(b) Within one year after the date of enactment of this Act, the President shall report to Congress on—

(1) the progress of the negotiations referred to in subsection (a);

(2) those steps which the administration and Congress should consider taking in the event that these negotiations do not successfully eliminate the competitive disadvantage of United States business; and

(3) possible actions that could be taken to promote cooperation by other nations in international efforts to prevent bribery of foreign officials, candidates, or parties in third countries.

This report shall also include recommendations for any new legislation required to give the President authority to take appropriate action to achieve such objectives. The report shall contain an analysis of the potential effect on the interests of the United States including United States national security of the corruption of foreign officials and political leaders in connection with international business transactions involving persons and business enterprises of other nations. In addition, the report shall assess the current and future rule in curtailing such corruption of private initiatives such as the Recommendations to Government and Rules of Conduct to Combat Extortion and Bribery developed by the International Chamber of Commerce.

Subtitle C—Miscellaneous Provisions

SEC. 921. DIPLOMATIC MISSIONS; MULTILATERAL DEVELOPMENT BANKS.

(a)(1) The Secretary of State and the Secretary of Commerce shall periodically review the current number of personnel assigned to United States diplomatic missions outside the United States to determine whether an adequate number of such personnel are engaged in economic or commercial duties to assist United States exporters and businesses doing business outside the United States. Whenever the Secretary of State and the Secretary of Commerce determine such number to be insufficient, they shall take such steps as may be necessary to increase the number of such personnel by adjustment of resources and personnel and other appropriate measures.

(2) The Secretary of State and the Secretary of Commerce should extend the length of assignment required of personnel described in paragraph (1) in order to ensure greater continuity in promoting United States exports.

(b) Each chief of a United States diplomatic mission to a country which is an important United States trading partner and which has significant potential for United States export sales shall, not later than one year after the date of enactment of this Act, and every twelve months thereafter, prepare and transmit to the President and the Congress a report describing—

(1) the strategy used by such mission to expand United States exports; and

(2) the efforts of such mission to assist United States industries in expanding export sales and in improving their market position relative to other foreign competitors.

(c)(1) It is the sense of the Congress that, in order actively to promote procurement opportunities for United States firms, each United States Executive Director to a multilateral development bank should—

(A) keep United States firms fully informed of bidding opportunities in recipient countries;

(B) assist United States firms in focusing on those projects in which they have a particular interest or competitive advantage;

(C) where appropriate and when required, help United States firms complete and submit accurate and timely bidding documents;

(D) thoroughly investigate any complaints about the awarding of contracts; and

(E) ensure that contract procedures and rules are strictly observed.

(2) It is further the sense of the Congress that a Foreign Commercial Officer should be assigned to each United States Executive Director described in paragraph (1) to assist in promoting opportunities for procurement of goods or services in the United States.

(3) For purposes of this subsection, the term "multilateral development bank" includes the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the African Development Fund.

SEC. 922. TRADE IMPACT STATEMENTS.

(a) DEPARTMENT AND AGENCY ACTIONS.—

(1) Except as otherwise provided in this subsection, the head of each department and agency of the Federal Government shall, before taking any major action that may affect international trade—

(A) study the potential impact such action will have on—

(i) the international trade of the United States, and

(ii) the ability of United States firms to compete in foreign markets,

(B) prepare a detailed statement on such study, and

(C) make such statement available to the public.

(2) In the case of emergency action, the statement required under paragraph (1)(B) may be published immediately after the actions affecting international trade is taken.

(3) The provisions of this subsection shall not apply with respect to actions taken under the Trading With The Enemy Act.

(4) The provisions of this subsection shall not apply to actions that are the subject to a report or consultation required under the Export Administration Act, but such a report or consultation shall include a statement on the impact such action will have on—

(A) the international trade of the United States, and

(B) the ability of the United States to compete in foreign markets.

(b) LEGISLATION.—The head of each department and agency of the Federal Government shall include with any reports or recommendations made to the Congress regarding proposed legislation, a detailed statement of the impact of such legislation on—

(1) the international trade of the United States, and

(2) the ability of United States firms to compete in foreign markets.

SEC. 923. COLLECTION AND DISSEMINATION OF TRADE INFORMATION.

(a) IN GENERAL.—The Secretary of Commerce, acting through the International Trade Administration, shall—

(1) develop and maintain an effective system which—

(A) monitors and organizes commercial information relating to international trade gathered by the departments, agencies, and officials of the Federal Government which could be of assistance to business firms in the private sector that are engaged in export related activities,

(B) organizes such information into the form which is most useful to business firms in the private sector that are engaged in export related activities, and

(C) disseminates such information in a timely manner to business firms in the private sector that are engaged in export related activities; and

(2) consistent with other provisions of law, coordinate the gathering and dissemination of commercial information relating to international trade by the departments and agencies of the Federal Government.

(b) INFORMATION SYSTEM.—

(1) The information system required under subsection (a)(1) shall augment existing information gathering efforts of the International Trade Administration and shall be designed to utilize state-of-the-art data processing and retrieval equipment and to monitor, organize, analyze, and disseminate—

(A) information on each foreign country such as—

(i) the general economic conditions and demographics,

(ii) common business practices,

(iii) tariffs and trade barriers, and

(iv) other laws and regulations regarding imports and licensing,

(B) information on specific industrial sectors within each foreign country such as—

(i) size of the market,

(ii) distribution of products,

(iii) competition,

(iv) applicable laws, regulations, specifications, and standards,

(v) consultants,

(vi) appropriate government officials, and

(vii) trade associations, and

(C) information on specific business opportunities in each foreign country.

(2) The Secretary of Commerce shall seek advice from representatives of the private sector regarding the establishment and maintenance of the information system required under subsection (a)(1).

TITLE X—NATIONAL SECURITY

SEC. 1001. FINDINGS.

The Congress finds that—

(1) in order for the United States to maintain an effective national defense it must be able to mobilize rapidly and efficiently in times of armed conflict or national emergency;

(2) the ability to mobilize depends, in turn, on the availability of human resources, products, raw materials, and other supplies and services essential to the national defense;

(3) without the assured availability of such vital resources, the national defense is jeopardized;

(4) recognizing the need for maintaining such vital resources, Congress enacted section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862) to provide a means to prevent imports of any article in such quantities or under such circumstances that threaten the national security of the United States;

(5) Congress intended, and continues to intend, that section 232 be used only under exceptional circumstances after a thorough investigation by the Secretary of Commerce, in consultation with the Secretary of Defense and other appropriate officers of the United States, and only if the Secretary of Commerce makes a positive finding that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security;

(6) when a finding is made that imports of an article does threaten to impair the national security, it is imperative that the President give such findings and recommendations of the Secretary of Commerce prompt review and the highest priority for action; and

(7) delay in responding to such findings and recommendations could itself further impair the national security.

SEC. 1002. ACTIONS AGAINST IMPORTS THREATENING NATIONAL SECURITY.

(a) IN GENERAL.—Subsection (b) of section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862(b)) is amended—

(1) by striking out "Upon request" in subsection (b) and inserting in lieu thereof "(1) Upon request",

(2) by adding at the end thereof the following new paragraph:

"(2) If—

"(A) the President has not made the determination described in the last sentence of paragraph (1) with respect to a report submitted by the Secretary to the President under paragraph (1) that sets forth recommendations of the Secretary for action against imports which the Secretary finds are being imported in such quantities, or under such circumstances, as to threaten to impair the national security, and

"(B) the President has not taken any action under paragraph (1) with respect to such report,

before the date that is 90 days after the day on which such report was so submitted to the President, the President shall issue a proclamation on such date which fully implements such recommendations of the Secretary.".

(b) FACTORS TO BE CONSIDERED.—Subsection (c) of section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862(c)) is amended—

(1) by striking out "For the purpose" and inserting in lieu thereof "(1) For the purpose", and

(2) by adding at the end thereof the following new paragraph:

"(2) In making any determinations under this section, the President and the Secretary shall consider, in addition to the factors described in paragraph (1), the impact on national security of—

"(A) not only short-term supply disruptions of articles needed for national security but also the long-term dependence of the United States on imports of such articles, and

"(B) the extinguishment of a viable domestic industry producing articles needed for national security.".

(c) EFFECTIVE DATE.—

(1) The amendments made by subsection (a) shall apply with respect to any report described in section 232(b)(2)(A) of the Trade Expansion Act of 1962 (as added by this subsection) that is submitted to the President on or after the date that is 90 days before the date of enactment of this Act.

(2) The amendments made by subsection (b) shall apply with respect to determinations made under section 232 of the Trade Expansion Act of 1962 after the date of enactment of this Act.

(d) REPORT OUTSTANDING FOR MORE THAN 90 DAYS.—If the President did not, before November 20, 1985, make the determination described in the last sentence of subsection (b)(1) of section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862), as amended by this Act, with respect to a report which—

(1) is described in subsection (b)(2) of such section, and

(2) was submitted by the Secretary of Commerce to the President under subsection (b) of such section prior to the date that is 90 days before the date of enactment of this Act,

the President shall issue a proclamation on the date of enactment of this Act which fully implements the recommendations of the Secretary of Commerce set forth in such report.

TRADE ENHANCEMENT ACT OF 1985

Outline of Legislation:

I. Statement of National Trade Policy.[1]

II. Measures to Eliminate Barriers and Distortions (301).[1]

III. Section 201 reform (Revive Escape Clause).[1]

IIIa. Threat of Injury (201/301 Admts. Related to Targeting).[1]

IV. New round Authority (Linked to Negotiating Objectives.[1]

V. Measures Related to Exchange Rates and Debt: Chapter 1—Exchange Rates; Chapter 2—LDC Debt.[1]

VI. GSP Graduation.[1]

VII. Non-Market Economy Dumping.[1]

VIII. Intellectual Property Rights: Chapter 1—Amendments to Section 337;' Chapter 2—Amendments to Other Statutes.

IX. Export-Related Measures; Chapter 1—Export Credit Subsidy "War Chest;" Chapter 2—Amendments to FCPA; Chapter 3—Export Promotion Measures.[1]

X. Revision of Section 232/National Security Measures.[1]

[1] Introduced as separate bill (as well as part of overall).

I. STATEMENT OF NATIONAL TRADE POLICY

II. FOREIGN BARRIERS TO U.S. EXPORTS

Amendments to Sections 181/301 of the Trade Act of 1974.

1. Require annual self-initiation of several Section 301 cases based on National Trade Estimates inventory of foreign barriers. Cases should focus on the most onerous foreign barriers and represent a substantial amount of U.S. trade.

2. Transfer Section 301 authority to USTR to enhance leverage of negotiators and depoliticize self-initiation.

3. Require retaliation in 15-18 months for all Section 301 cases in the absence of:

(a) A GATT ruling against the U.S.;

(b) A settlement to offset or eliminate the barrier; or

(c) A subsequent USTR determination that the barrier is not actionable under Section 301.

4. USTR is authorized to terminate or modify the retaliation (and, if necessary, provide compensation) if:

(a) The GATT subsequently finds it to be a violation of U.S. obligations; or

(b) The foreign practice is subsequently eliminated or reduced.

[**5. Add to Section 301 causes of action relating to "targeting" including anti-competitive practices; infant industry protection; export subsidies to third markets; diversion of trade into the U.S. market; or combinations thereof. Foreign practices that threaten to burden or restrict U.S. commerce in the future would also be actionable.**]

6. Add retaliatory options including withdrawal of GSP benefits and offsetting settlements (that satisfy the petitioner and the affected industry).

7. Require automatic termination of any retaliatory measure after 7 years unless the petitioner objects. If the petitioner wants retaliation continued, the USTR could substitute a new measure to (a) increase the pressure on the foreign country or (b) relieve the consumer impact of the old measure.

III. ESCAPE CLAUSE

Amendments to Section 201 of the Trade Act of 1974:

1. Enhance Presidential (as opposed to ITC) remedy options beyond tariffs, quotas and TAA to include: limited anti-trust exemptions; multilateral solutions (eg. to deal with world excess capacity/depressed commodity prices, targeting, etc.); accelerated anti-dumping/countervailing duty cases; fast-track financial/other assistance.

[** 2. Enhance "threat of injury" language to deal with targeting and targeted imports.**]

3. Provide petitioners with the option of developing an adjustment plan (to be agreed between labor and management, with government acting in an advisory capacity).

4. In addition to an injury determination and remedy recommendation, the ITC would have to determine whether the adjustment plan could reasonably be expected to result in sufficient adjustment by the industry to be competitive (in the absence of import relief) at the end of the relief period. If the ITC so determines, the President's discretion on provision of relief would be limited, whereby: the President would have to provide relief recommended by the ITC or relief substantially equivalent to it (in the form of tariffs, quotas or TAA) unless he gets fast-track Congressional approval for a remedy less than that recommended by the ITC—including no remedy at all.

(Congress would act on the President's proposal within 60 days. If Congress does not approve his proposal, the ITC remedy would go into effect.

5. If the ITC finds "no injury" or determines that the adjustment plan is inadequate (all interested parties, including government, would be permitted to comment on the plan), the President could provide or decline to provide import relief—as under current law.

6. If the industry is found by the President not to be in compliance with adjustment plan commitments, he may withdraw import relief at any time.

III a. THREAT OF INJURY FROM FOREIGN TARGETING PRACTICES

A. Amendments to Section 301 marked [**] on page 2.

B. Amendments to Section 201 marked [**] on page 3.

IV. AUTHORITY FOR A NEW ROUND OF TRADE NEGOTIATIONS

A. Authority for 5 years, beginning January 1988, for the President to use legislative fast-track procedures to implement multilateral or bilateral tariff and non-tariff measure trade agreements.

B. Specific Negotiating Objectives [related primarily to GATT reform]:

1. Revise GATT dispute settlement process to ensure faster and more decisive settlements (including key recommendations from recent GATT advisory panel).

2. Eliminate agricultural export subsidies.

3. Define and discipline negative trade effects of certain practices not covered by GATT including natural resource subsidies, targeting, upstream subsidies and downstream dumping.

4. Extend GATT rules to cover services, investment, intellectual property rights and expand coverage of Government Procurement Code.

5. Revise GATT to provide for "graduation" of advanced developing countries.

6. Revise GATT Balance of Payments Article to better reflect floating exchange rate system.

7. Provide for accelerated implementation of trade concessions by countries with major trade surpluses.

8. Enhance transparency of trade barriers under GATT through substitution of tariffs for quantitative restrictions ("retarifficat")

9. Increase GATT coordination with the IMF and the World Bank in their dealings with developing country debtors.

10. Establish minimum standards for the workplace to prevent abuses of human rights of workers.

C. Require the President to get permission from the Finance and Ways and means Committees prior to use of fast-track legislative implementing authority. Committee approval would be based on the extent to which the negotiating objectives had been achieved in agreements or in proposed implementing legislation.

D. Consultations:

1. Provisions similar to those in the Trade Act of 1974 requiring consultations with Congressional advisors and private sector advisory committees; public hearings and advice from the ITC.

2. In addition, the USTR would be required to brief interested members of Congress on an annual basis during the negotiations on: progress/prospects for achieving specific negotiating objectives and demands of other countries on the U.S. (related to the achievement of U.S. objectives).

V. EXCHANGE RATE MANDATE/LDC DEBT

Chapter 1—Exchange Rates:

A. Statement of U.S. Policy, including:

Coordination of monetary and fiscal policies with the objectives of eliminating imbalances in trade and capital flows and stabilizing exchange rates, and

Coordination of central bank participation international currency markets.

B. Require the President, within 6 months of enactment, to enter into negotiations:

(With G-5 countries) to Improve the functioning of the international monetary system in light of the Congressional policy statement;

To Enhance the role of the G-5 to coordinate fiscal and monetary policies to provide for policies that converge on money growth, inflation, fiscal policy and other economic factors; and

To Achieve reciprocal investment opportunities.

C. Provide for the establishment of a Strategic Exchange Reserve for the Treasury and Federal Reserve to moderate exchange rate fluctuations.

Chapter 2—Developing Country (LDC) Debt:

A. Make additional funds available for LDC debtor nations conditioned on their removal of trade and investment barriers and the development of private sector growth. Funding would be made available at no budgetary cost to the U.S. through: increased Ex-Im Bank loan guarantee authority and additional leveraging for World Bank loans (without an increase in subscription by Members).

B. Negotiate termination of the IMF Compensatory Financing Facility, transferring its assets to the Fund's general resources.

C. Provide for negotiations through the OECD and the multilateral development banks to eliminate official financing for new mining or production facilities for commodities in oversupply.

vi. generalized system of preferences (gsp) graduation

A. Require the President to establish criteria for graduation of advanced developing countries (such as Hong Kong, Korea and Taiwan) from the GSP program within 90 days of enactment.

B. Criteria is to be based on consideration such as per capita income and demonstrated export capability (in the absence of preferential tariff treatment.)

C. Require such countries to be graduated from GSP within 2 years of enactment.

VII. NONMARKET ECONOMY DUMPING

Establish anti-dumping standard for NMEs based on average U.S. import price.

VIII. INTELLECTUAL PROPERTY RIGHTS

Chapter 1—Amendments to Section 337:

Remove injury test from cases under Section 337;

Allow owner of intellectual property right to meet definition of "industry";

Enhance penalties for violations of intellectual property rights.

Chapter 2—Amendments to Other Statutes:

Extend patent term for agricultural chemicals [S. 1093].

Provide protection against infringement of process patents in U.S. courts [S. 1543].

IX. EXPORT-RELATED MEASURES

Chapter 1—President's $300 million export credit "war chest" [S. 1763].

Chapter 2—Revisions to the Foregin Corrupt Practices Act (from legislation previously approved by the Senate.) [S. 430].

Chapter 3—Other Export Related Measures:

Strengthen Foreign Commercial service and role of Ambassadors in U.S. export activities.

Require trade impact statements for legislation and major regulatory agency and Executive Branch decisions that might affect U.S. trade competitiveness;

Improve collection and dissemination of information and data related to trade within the Department of Commerce.

X. NATIONAL SECURITY/REVISIONS TO SECTION 232

A. Place 90-day limit on the President to act on the Secretary of Commerce's recommendation in these cases. If the President does not act, the Commerce recommendation would automatically go into effect after 90 days.

B. Transition rule would require immediate action on cases that have been awaiting a Presidential decision for more than 90 days.●

● Mr. MOYNIHAN. Mr. President, today, Senator JACK DANFORTH and I, along with 31 of our colleagues on both sides of the aisle, will introduce comprehensive legislation to reform American trade policies.

This legislation represents a new consensus in the Senate, and hopefully soon in both Houses of Congress, about what needs to be done about trade. Our purpose is simple: expand trade, insure its fairness, and address problems that increased imports cause particular industries.

The Trade Enhancement Act of 1985 is the first bipartisan comprehensive trade bill to be introduced in the 99th Congress.

Just last week, Democrats and Republicans working together developed a creative, practical solution to a trade problem when the Senate passed a bill I had introduced with Senator ROTH reforming and extending the Trade Adjustment Assistance Program. That bill, like this one, was cosponsored by a majority of the Senate Finance Committee.

This bipartisan bill, moreover, arises from a basic dissatisfaction with the administration's record of nonenforcement and nonimplementation of our existing trade laws. Congress has provided this administration large areas of discretion, as how to best implement trade laws. But the administration, blinded by adherence to the doctrine of free trade, continues to question whether the law should be implemented at all.

This is unacceptable. Congress must of necessity now limit certain of these grants of Presidential discretion. We will now require the President to address unfair trade practices and grant relief to those American industries injured by imports which also undertake measures to improve their competiveness.

Our legislation rests on three important principles:

More trade. Between 1950 and 1980 world trade doubled five times—an increase of 2,900 percent—and the world witnessed the greatest period of economic growth in history. Our bill would authorize the President to negotiate new trade and monetary agreements with our trading partners to expand trade and set forth specific guidelines for those talks.

Fairer trade. Today we find ourselves in the midst of something of an undeclared trade war, one we are losing. This bill would require the Treasury and Federal Reserve Board to take action to reduce the value of the dollar and require USTR to address unfair foreign trade practices. I proposed precisely such legislation in July. It also would address violations of intellectual property rights, foreign "targetting," and foreign subsidization of exports.

Addressing the problems that increased imports cause particular industries. An open and fair trading system brings great benefits, but surging imports also cause problems. Workers and firms in certain industries need time to become more competitive or move into more competitive sectors. This legislation would require the President to grant these industries temporary import relief, if the industry agrees to take actions to adjust and the ITC agrees the industry can become competitive. The bill also addresses situations where imports are injuring an industry vital to our national security.

In short, we believe that new trade laws are needed, and the President must enforce these laws, if an open trading system is to survive.●

Mr. DOLE. Mr. President, I hope the legislation that we are introducing today will provide the framework for enactment of a comprehensive bipartisan trade policy.

For generations, the United States had exemplified the term "open markets," demanding very little from our trading partners, many of whom have sought to restrict the entry of U.S. products into their countries. However, in the face of our projected $150 billion global trade deficit, we can no longer afford this one-way largess.

REASON BEHIND THE DEFICIT

The record deficits that we are now experiencing are caused by a variety of factors:

First. The overvaluation of the dollar,

Second. The rapid growth in the U.S. economy as compared to the sluggish performance seen in many other countries, and

Third. The continued existence of foreign markets which are closed by tariffs, quotas, or other more subtle barriers.

Specifically with respect to the value of the dollar, many of us believe the dollar's rise is directly linked to our inability to control U.S. budget deficits. So progress in this area will depend in large part on our success in seriously addressing the budget. I believe there is some reason for optimism given the current discussions underway on the Gramm-Rudman proposal and the anticipated conference on the budget reconciliation bill.

Whatever its causes, the result of the trade deficit is the loss of U.S. jobs. It was the fear of spiraling unemployment, perhaps more than any other factor, that led to passage of the so-called Thurmond-Hollings textile quota bill. Pressure for other protectionist measures will continue, I believe, until we can show our colleagues and the American public that we are serious about addressing the trade issue. I would like to emphasize our Nation will only continue to support the principles underlying an open trading system if other countries are really perceived as being fair and allowing our products into their markets. Our bill is intended to result in exactly that.

SEEKING A FAIR SYSTEM OF TRADE

In devising this legislation, we have not lost sight of the fact that maintaining a global trading system is in all of our interests, and we are certainly well aware of the risks of retaliation. We are striving instead for a system of trade based on equal access to all markets. We welcome fair competition from abroad—it helps to improve our industry and makes us more efficient. As a Senator from an agricultural State, I appreciate the benefits of trade and the peril that flows from attempts to close borders.

Our bill seeks to achieve this goal of a fair trading system by setting out measures designed to:

Ensure systematic enforcement of existing trade laws against foreign unfair trade practices;

Expand trade through market liberalization;

Promote meaningful adjustment of import-impacted industries to new competitive conditions; and

Remedy misalignment of the dollar, developing country debt, and disincentives to U.S. exports.

Specifically, the bill provides for the automatic initiation of section 301 cases; it amends the law to require that section 201 import relief be given to industries the ITC finds to have been injured; provides authority for the President to enter a new round of GATT negotiations, and establishes a list of specific negotiating objectives including the elimination of foreign agricultural export subsidies; requires the President to enter into negotiations to improve the functioning of the international monetary system, in addition to providing for the establishment of a strategic exchange reserve to moderate exchange rate fluctuations making more funds available for LDC debtor nations; and requires the President to set criteria for full graduation off of GSP of advanced developing countries.

The bill also provides for an expansion of protection for process patents and other intellectual property rights and finally, it includes the President's proposal for the establishment of a war chest to assist in increasing U.S. exports.

While the bill does not address all the problems we are currently facing, nor provide for specific relief for specific industries, it does provide for changes that will strengthen our existing trade laws so they can be used to their fullest extent to assist all industries.

SUPPORT OF THE PRESIDENT'S GOALS

On September 23, 1985, President Reagan outlined the administration's trade policy action plan. That policy is based on five principles.

In summary these principles suggest that free and fair trade are in the best interest of the citizens of the United States and that this free trade system must be based upon mutually acceptable rules. The President has repeatedly pointed out that the United States plays the critical role in promoting an open trading system, making its continued support of this principle vital. However, the U.S. role does not relieve our trading partners of their mutual obligation to support a more open system. This obligation includes: Dismantling trade barriers, eliminating subsidies and other forms of unfair trade practices, and entering into trade liberalization negotiations in the GATT.

The bill which we are introducing today supports these principles, although I have no illusion the administration will support every detail of it. In fact, our bill continues to move us away from those who would offer only protectionism as a solution to our problems.

NOT WRITTEN IN CONCRETE

Each of us in supporting this bill, does so knowing that there may be portions of the bill that we are more supportive of than others.

For example, the majority leader feels particularly strongly about the provisions providing for a graduation for the GSP—the generalized system of preferences—Program or more developed nations. Others are committed to section 301 reforms or additional protection for intellectual property rights. But we all felt strongly about presently the broadest range of proposals, to provide the greatest possibility for agreement.

CONCLUSION

I would conclude my comments by reaffirming my commitment to an open free market system. In my view, a sharp focus on economic fundamentals is still the key to long-term eco-

nomic health for not only us but for our trading partners. That means encouraging open markets, opposing foreign barriers to U.S. goods and services, and stimulating stronger growth in Europe and the Far East.

The President has recognized that the U.S. cannot be the only free trader in the world and that we must forcefully attack foreign trade barriers. We welcome the President's leadership. It is my hope that this bipartisan trade initiative can be quickly enacted to provide us with additional tools and an improved body of trade law to deal with our legitimate trade concerns.

● Mr. HEINZ. Mr. President, I am pleased to add my name to those in support of this omnibus trade bill, and I appreciate the opportunity to have been a participant in its development. Other Senators will be detailing the various provisions of the bill, and I am making lengthier remarks with respect to the two titles of the bill I am introducing separately—the section 201 "escape clause" amendments and the nonmarket economy dumping section. As a result, I want to make only a few brief comments at this point.

First, this approach is the right one. It is progressive; it is comprehensive; and it is generic. It is tempting in the fact of a $150 billion trade deficit to advocate simple solutions like a general import surcharge, or narrow measures that provide short-term protection to specific sectors in the economy. This bill avoids both tactical pitfalls and seeks instead to reorient our overall trade policy in a more aggressive, but non-sector-specific manner.

For example, there is considerable congressional frustration over the administration's failure to aggressively enforce our rights bilaterally and multilaterally. Most Members of Congress are good negotiators and have learned, often through painful experience, that deals are struck the night before the deadline, whether the negotiation is 2 weeks, 2 months, or 2 years; and that deals are struck if there are obvious costs to not striking them. Accordingly, we have revised a number of provisions of trade law, including the section 301 process and the section 232 national security investigation process, to include tighter deadlines and a greater likelihood of retaliatory action after those deadlines expire. This is not protection; it is sound strategy.

Second, this approach is long overdue. For nearly 10 years our trade deficit has steadily deteriorated; manufacturing jobs in the millions have been lost; world market share for U.S. producers has shrunk; and we are well on our way to becoming the world's largest debtor Nation. No matter what the economists say, cutting spending and reducing the value of the dollar alone are not going to address all these problems. While the bill contains a title that will reinforce and continue the efforts of the G-5 to bring down the value of the dollar and promote greater macroeconomic policy coordination, it also mounts a broad-based attack on the other trade problems we face.

Third, with respect to those other problems, the bill stands firmly in support of the free market system and does not attempt to suppress comparative advantage. It properly views the market system as opposing both barriers to trade, from which many U.S. exports suffer, as well as market distortions like dumping and subsidies. Our instructions to the President in authorizing a new round of trade negotiations clearly emphasize market principles—in fact emphasize them more broadly than the administration has done in its recent discussions of a new round. With respect to comparative advantage, the bill addresses adjustment particularly in its amendments to the escape clause process in which we establish an explicit quid pro quo between industry and the Government in which import relief is exchanged for industry commitments to engage in meaningful adjustment. Current law does not require either half of that bargain, and as a result we have consistently gotten little relief and little adjustment.

Fourth, the bill is progressive. It does not look backward simply to protection. Instead it looks forward to an improved world trading system through its authorization for a new round of trade negotiations and its provisions relating to exchange rates and LDC debt.

Fifth, the bill is outward looking in its focus on increasing exports. It contains the administration's war chest proposal, currently under active consideration by the Banking Committee, and it includes amendments to the Foreign Corrupt Practices Act to which the Senate has previously agreed. That law continues to be a major disincentive to effective exporting in a number of key regions of the world.

Finally, Mr. President, I should acknowledge the bill is a compromise developed by a large number of Senators including more than half the members of the Finance Committee. I would not be honest if I said it did not contain a few disappointments—some provisions I would have preferred not to see and a few that are missing that should have been included. As the Senate author of both the LICIT and TRAC bills this year, and other trade initiatives in the past, my views on trade reform are well-known, and my sponsorship of this legislation does not mean that I have abandoned the other proposals. Indeed, I am pleased to note that a combined LICIT-TRAC bill appears to be making progress in the House Energy and Commerce Committee, and I have no doubt that many of those provisions will be brought up whenever the Finance Committee takes up trade legislation, if not by me then by others.

Thus, I have no doubt the final product will be different than the bill we are introducing today. The fact that we have come this far with such a broad coalition, however, is the most significant development in trade legislation since the 1979 Trade Agreements Act, and it augurs well for the prospects of enacting significant new trade reform legislation in 1986.●

● Mr. BAUCUS. Mr. President, when Benjamin Franklin was about to sign the Declaration of Independence, he exhorted his fellow statesmen to join in the effort by saying, "Gentlemen, we must all hang together or surely we will all hang separately."

Mr. President, Benjamin Franklin and his contemporaries faced the American Revolution. They faced that challenge by putting aside partisan differences.

Today we face a revolution in the international trading system—we must confront that challenge with the same bipartisan spirit.

As in Revolutionary times, we must all hang together to confront that challenge. If we do not, we may not hang, but we certainly will continue to be subject to cutthroat, unfair foreign trading practices.

The bill I am cosponsoring today—the Trade Enhancement Act of 1985—is a bipartisan effort that begins to shape a national trade policy for this country.

It recognizes that a truly national trade policy must be built upon support by Democrats and Republicans alike.

Unfortunately, Mr. President, this bill is also built upon the realization that Congress is forced to act to develop a national trade policy, because this administration fails to act.

This administration sees the trade crisis as a political problem to sweep under the rug.

I see the trade crisis as an economic problem to confront head on.

This bill is a good step in that direction.

There are many good titles contained in this bill, but let me focus on a few.

I am proud to be the chief sponsor of title IV of this bill, which has been given the separate bill number S. 1865.

S. 1865 grants the President authority to negotiate a new round under the General Agreement on Tariffs and Trade and lists specific negotiating objectives for the President in those negotiations.

S. 1865 will have a greater effect on our international trading position than any trade legislation proposed or enacted in recent years.

It will determine the objectives of the United States in the new round.

And the agreements reached in the new round will determine the terms on which international trade will be conducted for years to come.

This bill would require that the President seek to include within the free trade principles of the GATT foreign subsidies that currently are contributing to our $150 billion trade deficit.

This bill would direct the President to change the special GATT rules that currently permit foreign countries, including the EEC, to subsidize their agricultural exports at the expense of American agricultural exports.

This bill would direct the President to seek to make any revisions in the current GATT that are necessary to discipline any adverse trade effects resulting from the use of resource input subsidies.

These subsidies have had a devastating impact on the American timber industry, primarily due to Canadian Government stumpage pricing practices, which subsidize Canadian timber producers.

This bill also would direct the President to expand the coverage of GATT to include trade in services, investment, and intellectual property, three areas in which foreign countries have consistently subsidized and protected their industries because these areas are not subject to GATT rules.

These are areas in which the United States likely has a competitive advantage over other countries.

This bill also would direct the President to seek tighter enforcement of GATT rules by the establishment of various mechanisms, including the establishment of a standing roster of nongovernmental GATT experts to participate on GATT dispute settlement panels and the establishment of a ministerial-level mechanism for ongoing monitoring of and consultations on the extent to which GATT principles are being lived up to.

Finally, it is the intention of the cosponsors of this bill that the President would be required to follow the provisions contained in sections 131-135 of the Trade Act of 1974 when negotiating this new GATT round agreement. Those provisions require the President seek advice from the International Trade Commission, other executive departments and the private sector, and take other steps intended to ensure that the President negotiates a satisfactory agreement.

Mr. President, I am also the chief Democratic cosponsor of title III of this bill, which would make revisions in section 201 under the Trade Act of 1974.

Mr. President, section 201 is desperately in need of reform. The President repeatedly has refused to grant them relief, even though the ITC has ruled they are entitled to it.

This bill would require the President to grant relief substantially equivalent to the relief recommended by the ITC, if the industry developed an adjustment plan intended to make it competitive, and the ITC sanctioned the plan.

As a result, this bill gives a petitioning industry some assurance relief will be given if the industry is seriously injured.

But it requires in return that the industry take steps to adjust so that the industry will be able to compete after the relief period has expired.

This bill would also grant an expedited section 201 procedure to industries, like the copper industry, that filed a petition for relief after January 1, 1984, and received a unanimous affirmative injury determination by the ITC, but were then denied relief by the President.

These industries played by the rules. They filed petitions with the ITC and demonstrated that they deserved relief.

The President's stubborn refusal to grant relief even in the face of the ITC's unanimous injury determination should not deprive them of the relief they so desperately need.

Mr. President, I am glad to join with my other colleagues in introducing the Trade Enhancement Act of 1985.●

● Mr. CHAFEE. Mr. President, too often these days we hear the sentiment that America has more to lose to foreign trade than we have to gain from it. The cries for restrictions on imports assume that less trade means a better economic future for American industries and more jobs for our workers. Nothing could be further from the truth.

Our goal must be to generate higher levels of economic growth worldwide—not lower—so that American firms can export more, European and developing countries can better absorb our products into their markets, and Third World debtors can repay their debts. None of this will come about if we contract world trade in an effort to achieve perfectly balanced trade statistics.

There is no question that our huge trade deficit is alarming on several accounts. In terms of trade policy, the deficit is leading to an erosion of U.S. support for open market policies. For a number of manufacturing industries, including textiles and steel, rising imports have meant a sluggish recovery from the recession resulting in only modest improvements in employment and profits in those industries, despite the economic recovery the Nation has been experiencing.

Each of us in the Senate is under pressure to solve these economic problems with instant gratification—protectionism. The real solutions, though not politically attractive, are to reduce the domestic budget deficits and initiate measures aimed at greater savings in this country. Aside from the attempt we are now making to balance the budget, we must also have a realistic, aggressive, reliable national trade policy.

The Trade Enhancement Act of 1985, which I join in introducing today, is a comprehensive, bipartisan policy statement and plan of action. My reasons for not cosponsoring one of the bill's titles are explained below.

NEW ROUND OF GATT NEOGIATIONS

This package of bills enunicates a policy of free and fair trade which is still in the best interest of the citizens of the United States and the world. The United States has a cherished responsibility to ensure the maintenance of an open worldwide trading system. If we falter, the system will be threatened with collapse. A new round of GATT negotiations to improve, reform and update the sytem is an absolute necessity. This bill provides the President the authority he needs to get such negotiations underway, as well as congressional guidance on the direction the United States should take and the goals we should seek in a new round of trade talks.

MEASURES TO ELIMINATE BARRIERS AND DISTORTIONS TO TRADE

Despite our commitment to free trade and a liberal international trading system, we recognize the need to respond to unfair practices more aggressively, even when market restrictions are the only remedy. There simply can be no free trade when trade is not fair.

The title of this bill which I authored will help to eliminate barriers and distortions to trade. The countries of the world must be on notice that political support in the United States for building a more open trading system will be impossible to sustain without significant progress in achieving more open and fair trade abroad. In this title, amending section 301 of the Trade Act of 1974, we require the U.S. trade representative to take action to achieve greater market access, defend against unfair practices directed at our market, and to do so in a timely manner.

Billions of dollars in market opportunities for U.S. firms, here and abroad, are lost each year because of the unfair and unreasonable trading practices of our competitor nations. These same countries take access to our markets for granted.

Unfortunately as a nation we have been particularly unwilling to aggressively enforce our rights against these types of unfair trade practices. The increasing use of these practices, the threat to our future competitiveness, and the overriding need to achieve access to lucrative markets for our

growth companies compels us to enact stronger measures to enforce other countries' commitments under international trade agreements.

Our policy must also address those unreasonable practices which are not subject to international agreements but which still burden and restrict U.S. commerce. These include such practices as foreign industrial targeting, violations of intellectual property rights, anticompetitive practices, unjustifiable infant industry protection, and other barriers to our services and high technology trade—areas where we have a significant worldwide competitive advantage.

Specifically, this measure requires the USTR to self-initiate cases every year which are identified in the annual national trade estimates report, required by section 181 of the Trade Act of 1974. These should be the cases which are the most onerous foreign barriers and represent a substantial amount of U.S. trade.

It transfers from the President to the USTR the authority to accept petitions or to initiate investigations. We do this to enhance leverage of negotiators and to depoliticize the process of self-initiation. We want the U.S. response to unfair practices to be routine. There is no need to require a Presidential decision in each and every case when a country has a trade practice which is harmful to an American industry. Existing causes of action in our trade statutes involving other unfair practices such as subsidy and dumping cases don't require Presidential involvement.

Our bill would require action by USTR—whether retaliation or conclusion of a negotiated deal with the country concerned—within a time certain—15 months. The present law has no firm and reliable time limits for final conclusion of a case. Industries which are denied market access, for example, should not have to wait indefinitely for either bilateral or GATT resolution of its complaint.

USTR may of course choose to terminate the action if GATT finds against the United States in a dispute settlement case, or if USTR's investigation turns up evidence that no unfair practice exists.

The bill would also require that any retaliatory measure be terminated at the end of 7 years. USTR may substitute a new retaliatory measure, if necessary to increase the pressure on a foreign government which still maintains its barriers after 7 years. This will relieve pressure on American consumers and on the economy, which suffer when we impose import restrictions on our market in retaliation for unfair practices.

Clearly we want the administration to step up the use of the authority given to it by Congress to address foreign unfair trade practices which distort U.S. trade and investment. And in this bill we are directing the vigorous manner in which we want that authority exercised.

EXPORT PROMOTION

This comprehensive trade bill also recognizes the help we must give our exporters by removing unilateral disincentives to trade such as the Foreign Corrupt Practices Act. I support the establishment of a war chest proposed by the President to combat the rampant use of predatory financing practices of our competitor nations. Reform of our statutes protecting the intellectual property rights of U.S. firms is essential to safeguard our innovative lead in growth industries and the "leading edge" in technology we need for future competitiveness.

EXCHANGE RATES AND DEBT

I welcome the opportunity for Congress to focus on those economic issues directly affecting our massive trade deficit—exchange rates and Third World debt. Obviously the high value of the dollar in foreign exchange markets is attributable to our domestic budget excesses, but some coordinated intervention along with our allies may provide some short term relief to the trade deficit inspired by these exchange rate distortions. Furthermore we must take a critical look at our present monetary system along with our major partners and decide whether it too needs to be reformed.

Prosperity in developing countries is not only essential to world peace and stability but to America's economic future. A large part of our current trade deficit is with Latin countries, previously lucrative markets for American exports, because of their sheer inability to service their mounting debt and at the same time buy American goods with precious foreign exchange. We must take steps to relieve the debt burden, not to bail out banks which might have made irresponsible loans, but in order to reopen LDC markets for U.S. sales.

GENERALIZED SYSTEM OF PREFERENCES

Another measure of this bill dealing with developing countries concerns graduation of beneficiary countries from the generalized system of preferences [GSP]. I definitely agree that this program should be true to its original purpose of assisting poor countries by allowing them to develop through trade. No few countries should monopolize the benefits of this program. At the same time I question whether we want to use GSP to penalize model developing economies like Hong Kong which is truly taking the free trade route to development. I caution the Senate to study carefully the criteria we ultimately devise for determining that a country is in fact developed and no longer deserving of GSP benefits, especially when it may adversely affect valued trading partners.

INJURIOUS FOREIGN INDUSTRIAL TARGETING

This legislation is commendable because of the way we deal with one important new trade issue previously unaddressed in our trade statutes—targeting. We have included one title, sponsored by Senator MITCHELL and myself, containing amendments to both sections 201 and 301 of the Trade Act of 1974 to bring our laws up to date. The amendments to section 201 are designed to deal with foreign industrial targeting which manifests itself in threats of increasing injurious imports. The effects of targeting in foreign markets—both the markets of the targeting government and third country markets—are addressed by amendments to section 301.

The targeting problem is admittedly a difficult one to remedy, yet its effects on U.S. firms are no less egregious because of that difficulty. A trio of studies prepared by USTR, and the Departments of Labor and Commerce made clear that our laws do not adequately address these injurious government practices.

REVISING THE ESCAPE CLAUSE—REFORM OF SECTION 201

Finally while I support this bill, I do have reservations about aspects of the title intended to revise our escape clause by amending section 201 of the Trade Act of 1974. I agree with the drafters of this title that the underlying purpose of this section of our trade laws—import relief to facilitate either adjustment or the orderly transfer of resources to alternative uses—must be more strongly emphasized. Industries should not be permitted to continue to seek and receive "breathing room" from import competition if they are not willing to make the investments and reforms to be competitive at the end of the relief period.

The requirement for the International Trade Commission to study the impact of its recommended relief on consumers in order to include that analysis in its report to the President is a very welcome addition to our statute.

I cannot however join in support of this title in its entirety because I do not agree that executive discretion should be limited when it comes to granting relief. Only the President can truly assess the national interest—the crux of a remedy decision under this statute. This title proposes to grant Congress the authority to make that determination. I seriously doubt whether the Congress truly wants this responsibility in cases involving fairly traded imports. The very reason for the current framework of our trade laws, giving the administration responsibility for trade policy, was to relieve Congress of that role, which if too politically burdensome, may not be discharged in our best national and international interests.

Despite these questions, I am convinced that this bipartisan approach to our trade policy is the most responsible, comprehensive, and promising proposal which this Congress has seen on the trade front for some time.●

● Mr. LUGAR. Mr. President, I am very pleased to join my Republican and Democratic Senate colleagues in cosponsorship of this comprehensive trade legislation. This is a vigorous, effective response to current trade conditions and sets an appropriate balance between consumer and producer interests. There is little doubt that this legislation will make a major contribution to trade liberalization both in the United States and in the world in general.

The key element is authority granted to the President to conduct a new round of trade negotiations with our multilateral trading partners. Three principal negotiating goals are set forth—elimination of pervasive agricultural subsidies, and expansion of the GATT system to services and intellectual property rights. Equally important, it also provides for authority for negotiating authority with our bilateral trading partners, including Canada.

Another key element is the vigorous approach to trade barrier problems. During this year the Senate Foreign Relations Committee and its subcommittees have held a number of hearings on this issue. Under the proposed legislation, for the first time, diversion of trade would become a cause of action under section 301. Foreign companies' anticompetitive activities so burdensome to U.S. exporters also would become a course of action.

Finally, the bill provides authority for a number of President Reagan's initiatives—G-5 monetary coordination, the war chest against frozen export subsidies, amendments to U.S. laws to protect American intellectual property rights, laws to extend protection for agricultural chemicals and provide protection against infringement of process patents and, finally, a regularizing of American trade laws as they relate to nonmarket countries.

No piece of legislation this complex can be entirely pleasing to everyone and I have some reservations, the most important of which relates to proposed changes to American import control laws, known as section 201 of the Trade Act of 1974. I have firmly supported President Reagan's trade policy and oppose the limitation of Presidential discretion in similar cases or the revisiting of the shoe and copper cases. At the same time I wonder, given the reality of most industries being composed of companies which are both importers and domestic producers, whether an industry-wide adjustment program is at all feasible.

While in principal it makes sense to graduate LDC's who no longer need GSP as a developing tool, equally in principal, the United States should not be raising tariffs against the only laboratory free trade zone in the world—Hong Kong and Singapore.

I also question the provision requiring termination of the IMF Compensatory Financing Facility. In the face of a 5-year fall in prices of nonoil commodities, there would be strong international opposition to any U.S. effort to terminate the program.

Finally, as chairman of the Foreign Relations Committee, I am pleased to note the recognition by this bill of the fine job American Ambassadors abroad are doing in trade enhancement and the encouragement the legislation will give to their efforts.●

● Mr. DIXON. Mr. President, I am pleased to join my colleagues from both political parties in introducing a commonsense piece of legislation on international trade. It is not a headline grabber, but it is a nuts and bolts, practical approach to some of the current problems plaguing our international trade situation.

This bill is not industry or product specific. It does, however, get to the heart of some of the most critical difficulties facing our domestic industries and products. Its aim is to remove some of the discretion presently afforded the administration. Frankly, our trade laws have in some cases been rendered meaningless in recent years because of too much latitude in the current statutes.

In instances where the International Trade Commission has determined that a particular industry has been injured by foreign competition and has recommended remedies, the President has chosen not to implement these recommendations. He has either done nothing or initiated a remedy which has not been effective. This bill puts some teeth in existing laws, by providing an approach which will enhance our ability to address unfair barriers to our goods abroad, and give our own industries a fighting chance when they are being injured by foreign competition. It encourages all segments of the industry to work together to adjust to the times. If they are able to do so, then this legislation would allow them to count on some substantive action to assist them.

I am pleased to be an original cosponsor of this legislation and to have contributed to its development.

This legislation is the result of a truly bipartisan effort by Senators representing various constituencies. The one thing upon which we all agree is that something needs to be done to address our international trade problems. We have here a balanced approach which gets at some of the most glaring inadequacies in current law.●

● Mr. DOMENICI. Mr. President, the trade issues facing the Congress will have long-term implications. Our trade policy will determine what our economy will look like in the future. Our trade policy will determine where the jobs are going to be, and it will be a factor in determining the growth and prosperity patterns in the United States and the world.

I am one Senator who is very concerned about where we are headed. We have record-breaking deficits, an overvalued dollar and a monumental trade imbalance.

Clearly if we are to guarantee a secure and healthy economy for the future Congress must act decisively on the Federal deficit. We have had several years to put our fiscal house in order and we have squandered the opportunity. Instead, since 1982 the Federal debt has grown an average of 16½ percent per year. This is borrowed money and wasted time.

We are rapidly approaching a time when well over 50 percent of all personal income taxes are spent on servicing the Federal debt. Since the debt grows every day I am not sure it can go on much longer, and yet the Congress has failed to take the difficult steps necessary to correct the situation.

The record Federal deficit places strong upward pressure on U.S. interest rates. These interest rates have been a disadvantage and disincentive for our industries to invest in new plant and equipment. For example, 4 years ago U.S. companies had to borrow at interest rates close to 20 percent if they wanted to expand or modernize. At that same time, across the Pacific, the Japanese could borrow at 7 percent. United States interest rates were a disincentive to modernize while Japanese interest rates put us at a disadvantage because our competition could borrow at a lower rate than we could.

Our Federal deficit has an overvaluing effect on the dollar which in turn puts the brakes on our exporting efforts and turbocharges the growth in imports. The result is that America's trade deficit has also reached the critical stage. Last year the U.S. merchandise trade deficit hit $123 billion. Estimates of $230 billion by the end of the decade for the trade deficit and $300 billion or current account deficit emphasize that our present situation may be only the beginning of massive deficits and debt for America.

Put simply, it means that America must borrow overseas to pay for what it buys.

We can all remember when "made in America" was synonymous with superior quality and value. We enjoyed selling everything from consumer goods to sophisticated equipment to the world. The United States accumu-

lated impressive trade surpluses to document its success.

However, those surpluses have disappeared and the United States has become a debtor nation—for the first time since 1917.

Some will say that America has lost its industrial competitiveness. However, this is not the case at all. America still has the most productive workers in the world. It is true of the copperworkers in my State, the textile workers throughout the Southeast, as well as the auto and steelworkers. In 1984 our productivity grew by 3½ percent on the average. It is increasingly difficult to make the best better but industry continues to meet that challenge.

What has happended is that America is facing more aggressive foreign competition, both at home and abroad. This is true, in the mining and metals industry, in manufacturing, in high technology, and in just about every other sector from automobiles to microchips.

Its hard to compete when the average copperworker in the United States was making $17,000 and the same worker in other copper producing countries were earning between $1,100 and $3,000 per year.

It has been suggested that the inevitable outcome is that these countries will export their standard of living to the United States. I really don't know if this is an accurate characterization of the future or not, but I believe Congress has a responsibility to do what it can to reverse such a trend.

This strong foreign competition has also ended the premier role that America has played since World War II. Japan and Western Europe have rebuilt and are once again major industrial powers. In addition, developing countries are industrializing. Some are doing it on their own. Others are depending heavily on the World Bank and other multilateral institutions.

These Pacific rim and Latin American and African countries have become competitors especially in basic mining industries and Labor-Intensive manufacturing. They have become experts at capturing the American market by following the Japanese model of an export-led growth strategy.

The decline in America's position in the world marketplace, as reflected by our deficits, is the result of aggressive competition. It used to be that we were so competitive and dominant that we could let others get away with competing unfairly. We could afford a trade policy that was a lair of procedure and inaction because when it was said and done, we still always came out ahead.

We did not object when Governments in Japan, Korea, Taiwan, and Mexico, among others began subsidizing their industries, or when they funded commercial research and development. We voted for multilateral bank loans to developing countries at rates of interest below what our companies could borrow without evaluating the long-term implications. Even with our trade deficit we still offer a comprehensive generalized system of preferences that allows many countries with highly competitive global industries, to import goods into the United States duty free.

We have also permitted Japan and other newly industrialized countries to pursue their export-led growth strategies by exporting primarily to America. The United States imports 58 percent of the Third World countries' exports. Japan's economy is half the size of the United States'. Therefore, you would think that Japan would import roughly 25 percent of the Third World's exports. That has not happened. In fact, Japan imports only 8 percent of their exports. This puts added pressure on the United States.

When Americans try to do business abroad, they discover that there are protected markets, hidden trade barriers, subsidized industry, long-range government plans, and short-term responses to imbalances. They sometimes are required to joint venture, price control, or limit imports.

It wasn't until last year that Congress passed the International Trade and Investment Act. It is designed to foster economic growth and full employment in the United States by expanding competitive U.S. exports through commercial opportunities in foreign markets substantially equivalent to those accorded by the United States. Last year's legislation addresses some of the problems facing us today. The bill being introduced is the logical companion, and second installment of good trade policy.

We let foreign competitors use our technology for their own profit. When we don't explicitly condone such technology transfers they pirate and counterfeit. We let foreign governments pass laws that give our newest products and technologies to their own companies. We let them deny us the right to sell these products ourselves.

In the past decades our great R&D capability, our industrial strength, and our market position, kept us ahead. We really didn't need strong trade laws to win. We didn't need everyone to compete fairly.

But times have changed. American business now competes in a very aggressive world marketplace and faces stronger foreign competition. Our global competitiveness has been significantly weakened because some countries instead of adhering to the international rules choose to compete with rules suited to their own needs. We must begin to demand fairness for American companies and workers. That is what this omnibus bill is all about.

I believe that Congress should develop a trade policy based on tough workable trade laws. Enforcement should be rigorous.

In the section 201 area this bill would require the President to implement remedies to achieve import relief when injury is evident. The 201 reform expands the remedies available, and limits the President's discretion to deny relief. I think it is significant that multilateral solutions are included as a remedy option. Since surplus capacity is an emerging problem, I predict that this remedy option has the potential to best address many future 201 injuries.

Additionally, there is a provision that recognizes that section 201 has been unworkable for years. It allows industries that have won unanimous decisions at the ITC level an opportunity to pursue a "mini-201." If they prove that their injury is continuing the case would go to the President for a second review. With the likelihood of relief increased by other changes in the 201 section, and with the expanded list of possible remedies, the result should be a favorable decision for industries like copper and shoes.

The bill recognizes that we must dismantle the nontariff barriers that have evolved in recent years and expand GATT's coverage. Only 6 percent of all traded goods are covered by GATT. This is a situation that needs to be addressed. We need a new round of multilateral negotiations and this bill encompasses the authority and guidelines for such a vital endeavor.

We must find a way to protect our own technology. This bill also addresses this problem in a meaningful way. If an import infringes on a valid patent such as a semiconductor chip design, the ITC would have the power to issue cease and desist orders and to order the forfeiture of the infringing goods. These provisions should take some of the profit out of piracy.

We must convince other countries that they share a responsibility for the well-being of the world economy. A first step would be for Japan to accept its responsibilities as the world's second-largest economy. It must open its markets to imports, not only from the United States and the other industrialized countries, but also from export-needy, debt-ridden, less-developed countries.

We must convince countries like Chile, Argentina, and Brazil that they must abide by the rules and discourage them from engaging in market distorting surplus production that drives the price down for all producers.

As a step in this direction, the bill provides for the abolition of the compensatory financing facility at the IMF because of the market distorting role it has played.

We must enter into negotiations with members of the multilateral banks to put a stop to what I consider wasted money. We should negotiate for a strong policy at the banks not to fund projects to increase capacity for commodities that the world has too much of already. It is a waste of money, and does not justify the market distortions that such projects cause.

The bill has 10 comprehensive titles. There are some excellent provisions and some items I do not agree with. Nonetheless, I view it as a very positive step. I think a lot of credit goes to Senator DANFORTH who has patiently worked with all of us to draft this bill. I hope this legislation is moved quickly through the legislative process.

Each day the crises multiply as more and more industries run up against problems with our trading partners. Each day the solution becomes more difficult. We need many of the provisions of the bill as the tools for a workable and sound trade policy.●

● Mr. BINGAMAN. Mr. President, I am pleased to be an original cosponsor of the Trade Enhancement Act of 1985 and to have been a part of the bipartisan working group that developed this important legislation. I am especially happy to be the sponsor of the export promotion title of this legislation, which will be introduced as separate legislation in addition to being part of the omnibus bill.

Let me first thank and congratulate all the Senators involved, particularly the distinguished Senator from Missouri, Senator DANFORTH, and from New York, Senator MOYNIHAN, the primary sponsors of this bill and the prime movers of this effort. The very able Senator from Pennsylvania, Senator HEINZ, also deserves special praise for helping to organize and bring this effort to fruition.

I have been interested in our trade problems and efforts to correct them since coming to the Senate, and I am most pleased to have played a modest role in shaping this bill.

The seriousness of our trade problems at this time is well established. There is a real need for immediate reform. I am pleased that this bill begins to address some of these problems. I am hopeful, however, that it represents but the beginning of careful, ongoing attention to trade. Only with such attention can we hope to correct the trade ills that plague us and regain our position as primary competitors, innovators, and world leaders.

PROBLEMS IN THE MARKETPLACE

Mr. President, this bill addresses some of the most fundamental trade problems that we face today. It recognizes the need to reform international trade and financial rules to make them more effective. It requires the administration to begin to prepare for new worldwide trade negotiations. It recognizes that our present system of international trade is full of antiquated rules and procedures. It also recognizes that we are competing in a new world economy.

The growth of our near $150 billion trade imbalance must be halted. A prolonged and continuing international trade imbalance has serious consequences, and I believe is stark evidence of the decline of our competitive position in the world today. For the first time since near the turn of the century we have become a debtor nation.

The trade imbalance, along with the domestic budget deficit, has raised serious questions about our economic future. Nearly all the industries in the country now face fierce foreign competition—much of it unfair, bolstered and subsidized by the national governments competing against us.

All sectors of New Mexico's economy that depend in part on trade have felt the sting of foreign competition. In many of these industries there have been lost jobs and plant closings and slowdowns. The mining industry in my State—copper, potash, and uranium—has been particularly hard hit. And now its budding and critical semiconductor industry is being damaged by the same kind of unfair competition from abroad. Many other industries nationwide have suffered similar harm. Hundreds of thousands of jobs have been lost.

This situation is reversible. But we must act. We must first agree that there is indeed a problem. Then we must meaningfully reduce our domestic deficit. And we must change our trade laws to combat unfair foreign trade practices without resorting to a policy that kills free trade. The bill we are introducing today is an important step.

NEEDED: A STRATEGY TO COMPETE

I believe that any successful competitive strategy must revolve around developing a broad consensus that we have a serious problem; that our domestic deficit is at the root of many of our trade problems; that we must find ways to increase the productivity of our industries; that our tax laws need to be restructured to encourage productive investment; and that our trade laws need to be vigorously enforced.

Since the beginning of the year, I have introduced or cosponsored legislation to deal with many of these problems. One of these bills, S. 450, would create an International Trade and Export Policy Commission to develop the consensus needed to effectively develop trade policy. S. 1476, introduced with my distinguished colleague from Maine, Senator MITCHELL, would strengthen the mechanisms to combat unfair trade practices that have so dramatically hurt U.S. copper, potash, and uranium industries and now threaten the semiconductor industry. S. 1592 addresses the problem of nonmarket economies in dumping cases and S. 1672 would create an Export Promotion and Information Center to help more American companies enter the export market and to supply needed services to companies in the export business.

I am pleased, Mr. President, that some of the ideas embodied in these bills have been included in the legislation we are introducing today.

OUR LACK OF A TRADE POLICY

An important element of this bill recognizes that we do not now have a coordinated, cohesive trade policy in this country. We are in a changing global economy. We need a framework for creating a trade policy which prepares us for this changing world trade situation. I believe this bill contains important elements which recognize the problems caused in part by this lack of trade policy. In particular, the statement in the national trade policy section contains realistic findings that a unified and coherent trade policy would enhance our long- and short-term economic growth.

TRADE REMEDIES—301

This bill contains elements of legislation which was introduced by the distinguished Senator from Maine [Mr. MITCHELL] and myself revising section 301 of our trade laws relating to barriers to U.S. exports. The bill transfers 301 decisionmaking authority to the U.S. Trade Representative, and requires retaliatory action in 15-18 months for affirmative cases. These are important changes that will improve the effectiveness of the 301 law, which was designed to be used by our industries to combat unfair foreign trade practices.

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The bill also makes similar necessary changes in section 201 of our trade laws, the so-called escape clause, which conditions domestic industry relief on industry commitments to modernize, retrain, and make general adjustments in industry-brought trade cases.

These provisions ensure the systematic enforcement of existing trade laws against foreign unfair trade practices and promote meaningful adjustment of import-impacted industries to new competitive conditions.

TRADE PROMOTION

This legislation recognizes that efforts to improve our trade situation must include promotion of our exports. To help do this we must improve the data collection and dissemination efforts of the Federal Government. The Young Commission on Industrial Competitiveness, created by the President, stated that there is a need "to improve the capacity of the Federal Government to collect and distribute relevant market information."

There are now at least 15 Federal agencies that collect trade data. Yet this information is not now collected or disseminated in an organized, helpful way. Collecting, organizing, and disseminating useful trade data would do much to enhance exporting, among other things.

There are more than 11,000 small U.S. firms not now competing in world markets that are capable of exporting if given the proper help. These companies could be exporting more than $4 billion a year. A major road block is simply the lack of information about export markets or the export process. My bill, and the provisions of my bill included in the Trade Enhancement Act of 1985, would help to meet this need.

The bill being introduced today calls for improved collection and dissemination of information and data related to trade within the Department of Commerce. In addition, the export promotion section includes two other important provisions. It calls for strengthening the Foreign Commercial Service and the role of Ambassadors in U.S. export activities. And, it requires trade impact statements for legislation and major regulatory agency and executive branch decisions that might affect the U.S. trade competitiveness.

OTHER PROVISIONS

The Trade Enhancement Act has several other important key features that relate to our trade problems. It would authorize a new round of multilateral trade negotiations and declare specific negotiating objectives for the new round. It acknowledges the need to bring our exchange rate into alignment with foreign currencies. It includes the important provisions of the recently passed Trade Adjustment Assistance Act. It addresses the issue of nonmarket economies in dumping cases. It addresses the need to include protection for intellectual property rights in our unfair trade practice laws. And it includes other important changes in our trade laws.

CONCLUSION

Mr. President, this bill is the most comprehensive revision of our trade laws to date, and it addresses the most serious of our trade problems. While it may not be perfect in every aspect, it goes a long way toward improving our trade posture, reducing the trade deficit and preventing the further decline of U.S. industries. I am hopeful that it will serve as the basis for further action by the appropriate committees of Congress, that it will put the President on notice that our trade problems are real and serious, and that it will serve to inform the American people that Congress is dealing with the trade issue expeditiously and thoughtfully.●

● Mr. LAUTENBERG. Mr. President, I join in sponsoring this major, bipartisan effort on trade. The time has come to stop sending signals, and to start taking action.

There is agreement, on both sides of the aisle, that our trade policymakers have not done enough. They have not done enough to combat the range of unfair trading practices—trading practices that deprive American business and American workers of the chance to compete. They have not done enough to modernize world trade agreements—to make world trade agreements apply to the world as it is: a world that trades more and more in services, in technology and intellectual property. They have not done enough to promote adjustment, when adjustment is a necessary product of free and fair trade.

The time has come to act. Congress cannot change the players. But, we can change the rules of the game. We can force action, where action has been avoided. We can take away the barriers to justice, when rights are violated. We can provide relief, when relief has been denied.

That, in broad measure, is what this package of proposals would do. It would mandate action against unfair trading practices, and reduce the discretion not to act. It would promote adjustment by industries injured by imports, by increasing the certainty of relief, when industries increase their commitment to use temporary relief not just to improve their profits, but to adjust and become competitive.

The bill would authorize a new round of trade negotiations to modernize world trade agreements. The bill would take action to restore stability in world currencies, and to combat the extent of overvaluation of the dollar that results from an ineffective monetary system. The bill would create a so-called war chest, to enable the United States to fight fire with fire, when foreign nations subsidize credit and mix credit with foreign aid. It would end special trade preferences for nations that no longer need them. And, it would assist U.S. export activities.

The bill would also incorporate measures to strengthen the protection of American technology. That's America's competitive edge, and it's protected by patents, copyrights and other intellectual property rights. While those rights are undefended, the world takes a free ride on U.S. technology.

The package incorporates the process patent reform proposal, S. 1543, that I joined Senator MATHIAS in developing, and on which hearings have already been held.

The bill also strengthens the rights of American inventors to exclude from the American market products that infringe their intellectual property rights. It would enable American inventors to secure relief under section 337 of the Tariff Act of 1930 without having to prove injury to an efficiently and economically operated industry. This is virtually the same proposal as S. 1647, which I introduced with Senator ROTH on September 13, and I am pleased that the chairman of the International Trade Subcommittee has chosen to include it in this comprehensive package.

Our trade deficit in September was $16 billion. Mr. President, we are witnessing the erosion of our economic base, with the loss of markets abroad, and jobs at home. The problem is a serious one. It is a complex one that demands a multifaceted response.

While I may have reservations about certain details in this bill that may need additional refinement, the legislation we introduce today is the kind of comprehensive response we need and that I support. I look forward to hearings and the opportunity to receive the benefit of constructive comments.

I am pleased to sponsor this initiative. I urge my colleagues to support it, and I urge its prompt consideration by the Senate.●

● Mr. QUAYLE. Mr. President, I am proud to rise today as an original cosponsor of the Trade Enhancement Act of 1985 and put forth, with several of my colleagues, an effective, far reaching approach to our Nation's trade problems. With the U.S. trade deficit expected to reach $150 billion next year and thousands of American workers unemployed, there is increased urgency to provide a level-headed, long term approach to trade reform which will ensure aggressive enforcement of our trade law, while encouraging domestic and international economic growth.

The complexities of international trade are demonstrated quite clearly in my home State of Indiana. Indiana ranks second in per capita exports nationwide, based upon a diverse manufacturing and agricultural base. Indiana is now our Nation's largest steel producing State, serving as the principle residence for several of the larger integrated steel companies. As everyone knows, the steel industry has for some time been especially sensitive to the effects of foreign imports, brought about by a variety of economic factors. The steel industry, as well as the electronics, auto, and pharmaceuticals companies that make their home in Indiana deserve every opportunity to compete in a fair and competitive international environment.

Similarly, the export-dependent farm and agribusiness economy that has long been the cornerstone of our economy has suffered due to the overvalued dollar and increasingly aggressive and often unfair trade practices by our competitors. In 1981, Indiana exported $1.9 billion of its $4.4 billion worth of farm products. By 1984, these

figures had dropped $1.5 billion in exports on $3.9 billion in sales.

It is key to the fortunes of the United States as well as to my State of Indiana that there be a renewed effort to improve access to the avenues of international trade. This Trade Enhancement Act will help to set the stage for that new era through a multifaceted approach to the global situation.

Title V of this bill commits the United States to a goal of fiscal and monetary policy coordination with the leading economic powers of the Western World. This coordinating effort will deal with central bank participation in currency markets, and authorize the Treasury to hold sufficient reserves of foreign currencies in order to achieve a stable and more realistically valued dollar. An increase in loan guarantees available to lesser developed countries, combined with a requirement of lowered trade barriers on their part, will aid the world's economic recovery.

This bill is dedicated to protecting fair and free trade by establishing a more systematic and comprehensive approachment to enforcement of current trade laws. The role of the U.S. Trade Representative would be strengthened by a requirement that he collect better economic data and act upon removing the barriers to U.S. exports more systematically. He would also be required to act against substantial unfair import tactics used to enter the U.S. marketplace. This bill does not seek to create protectionism. It seeks only to protect the opportunity for open and free competition.

Related to this concern for fair trade are the guidelines in title IV, empowering the President to pursue continued progress at the international level through a new round of talks on the General Agreement on Tariffs and Trade. Congressional input into this process can be seen in the policy goals as well as the fast-track procedures for the implementation of any GATT agreement reached by the GATT participants. The GATT negotiating objectives include such vital areas as the elimination of agricultural export subsidies, defining and eliminating nontariff barriers not covered by GATT, and an improved GATT dispute settlement procedure allowing for more effective regulation of the various rules governing the signatories. The recognition of countries rapidly approaching a full economic presence in international commerce is obviously needed, and is part of this bill. Increased coordination between the IMF and the World Bank will be stressed. A continuing progress report to Congress system would be implemented during these negotiations, allowing for congressional assistance and awareness of negotiating problems as they might arise.

I spoke earlier of increasing international economic growth. Here at home there is a clearly perceived need for increased exports. The causes for our present trade deficit are many, reflecting the international economy generally. This bill addresses several of these factors. Such measures as the increased diplomatic and foreign commercial service involvement in expanding American exports, improved collection and dissemination of information vital to sales abroad, the requirement of trade impact statements for proposed Government action, and a "war chest" to increase available export credits to foreign buyers, will all work to increase the desirability of U.S. goods abroad.

In recent months we have seen literally hundreds of trade bills introduced in both the Senate and House of Representatives. Unfortunately, much of this legislation is short sighted and will bring only temporary benefit to a small number of Americans, and too often, at the expense of others.

As chairman of the Labor and Human Resources Subcommittee on Employment and Productivity, I held a series of hearings during October and early November to provide a better understanding of the impact of trade. The expert testimony given by several distinguished authorities on trade made it clear that imports, while a factor in the decline of certain industries, are not the only reason for the loss of jobs in those industries. The international monetary situation, the high value of the dollar, high interest rates fueled by the Federal budget deficit, lack of modernization in some industries, unfair trade restrictions and low foreign labor costs are all significant contributions to our trade problems.

Again, I applaud this reasonable and comprehensive trade reform initiative, and am pleased to offer my name as an original cosponsor.●

By Mr. MATTINGLY (for himself, Mr. BINGAMAN, Mr. DOLE, Mr. CHAFEE, Mr. BAUCUS, Mr. GRASSLEY, Mr. BOREN, Mr. HEINZ, Mr. DIXON, Mr. LUGAR, Mr. MOYNIHAN, Mr. GORTON, Mr. COHEN, Mr. WILSON, and Mr. DANFORTH):

S. 1861. A bill to establish a national trade policy; to the Committee on Finance.

STATEMENT OF NATIONAL TRADE POLICY

● Mr. MATTINGLY. Mr. President, today I am introducing a bill to provide a framework for development and implementation of a national trade policy through the adoption of certain guidelines and policies. This statement of national trade policy sets out the realities of the current international trade climate and specifies policy objectives within which the Federal Government must act with regard to international trade matters. My bill recognizes that international trade has both economic and foreign policy implications and the importance of international trade in our bilateral relations. I believe economic growth and prosperity through international trade contributes to enhanced economic and political stability in the world.

To maintain a fair and open trading system we must actively enforce trade agreements and laws and modify them where necessary. Inadequate enforcement of trade agreements, accompanied by currency misalignments and developing country debt, is threatening trading nations' commitment to a fair and open international trading system. There is clearly a breakdown in compliance with international trading rules as trade is increasing occurring outside such rules. The proliferation of nontariff trade barriers and bilateral relationships is the most obvious evidence of this trend.

Imbalances in international currency and capital markets have become dominant factors in determining trade flows. A realistic, activist approach to the world debt crisis coupled with a commitment to stabilizing exchange rates would undoubtedly enhance U.S. export opportunities.

My legislation requires the Federal Government to consider the following policy objectives: the elimination of unfair foreign trade barriers, strengthening and reform of international and U.S. trade laws, legitimate remedy of any adverse impact caused by imports, action on exchange rate instability and the developing countries' debt situation, elimination of unfair trading practices of nonmarket economies, protection of U.S. intellectual property rights, elimination of disincentives to U.S. exports contained in U.S. laws and regulations, and the need to act quickly on trade matters where our national security is involved. My statement of national trade policy is not protectionist; on the contrary, it is open market oriented. It provides a straightforward framework that requires realistic and timely action on international trade and related issues. I urge my colleagues to support this legislation as a firm, long overdue response to the current trade crisis.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1861

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds that—

(1) international trade has both economic and foreign policy implications and represents one of the most important single

forces influencing relationships among nations,

(2) fair and open trade has historically served as a critical factor in the growth of economic prosperity,

(3) economic growth and prosperity through international trade also contributes to enhanced economic and political stability in the world,

(4) maintenance of a fair and open world trading system necessitates active enforcement and enhancement of trade agreements and laws by major trading nations,

(5) the future of the international trading system is currently threatened by inadequate enforcement of trade agreements, currently misalignments, and developing country debt,

(6) there exists a serious deterioration in compliance with the rules that govern the global trading system because those rules are outmoded, unwieldy, or ineffective as evidence by the proliferation of discriminatory trading practices and increased demands in the United States and abroad for protectionist actions,

(7) nontariff barriers to trade are increasingly difficult to recognize and remedy so their use continues to expand and their effects are pervasive,

(8) persistent disequilibria in world currency and capital markets have become the dominant factors in determining trade flows,

(9) resolution of the world debt crisis through the restoration of market driven capital flows to developing countries, fair and growing trade flows among developed and developing nations and reform of debtor country economic policies will contribute to economic growth in developed and developing countries alike,

(10) it is in the national interest of the United States to participate in an open and fair international trading system, and the United States, as a world economic leader, is in an important position to influence the future of the international trading system,

(11) the size and composition of the United States trade deficit threatens to undermine United States support for an open world trading system,

(12) the strength of the dollar relative to other major currencies has the same effect as a tax on United States exports and a subsidy on United States imports,

(13) the current decline of the competitive position of the United States in the world now affects income and employment in all sectors of the United States economy,

(14) excessive discretion in United States trade law has resulted in inadequate enforcement of United States rights under the international trading system with respect to foreign unfair trade practices and temporary safeguard actions,

(15) a unified and coherent United States trade policy would afford economic growth and well-being for the United States as a whole, now, and in the future, and

(16) commitment to the promotion of the export of United States goods and services must be maintained and reemphasized as a national priority.

SEC. 2. STATEMENT OF POLICY.

It is hereby declared to be the policy of the United States—

(1) to eliminate or offset foreign unfair trade practices and other trade-distorting measures through vigorous and systematic enforcement of United States laws and rights under the international trade system,

(2) to strengthen and reform international trading rules and United States laws relating to such rules through trade agreements that promote open and fair world trade,

(3) to assist potentially competitive United States industries faced with injury from imports in taking such measures as are necessary to improve their competitiveness or otherwise adjust to such imports,

(4) to examine the underlying reasons for exchange rate misalignment and currency market instability, including macroeconomic factors, investigate alternative methods of structuring currency values, and pursue appropriate reforms,

(5) to increase the participation of developing countries in the world trading system through alleviation of the debt crisis, encouraging their adoption of market-oriented economic policies and a more realistic mix of benefits and obligations under the trading system based on each country's level of economic development,

(6) to revise the United States laws related to unfair trade practices to eliminate practices of nonmarket economy countries that distort trade,

(7) to protect intellectual property rights of United States persons to ensure the competitiveness, technological innovation, and growth of United States industry and agriculture,

(8) to modify laws and regulations that represent disincentives to United States exports so as to facilitate United States exports, and

(9) to respond immediately to import problems in which the national security may be involved.

SEC. 3 IMPLEMENTATION OF NATIONAL TRADE POLICY.

Any actions taken by the President, the United States Trade Representative, and any other officer or employee of the Federal Government shall be made in accordance with the national trade policy set forth in section 2.●

By Mr. CHAFEE (for himself, Mr. BRADLEY, Mr. DOLE, Mr. MOYNIHAN, Mr. GRASSLEY, Mr. DIXON, Mr. HEINZ, Mr. BAUCUS, Mr. LUGAR, Mr. BOREN, Mr. GORTON, Mr. LAUTENBERG, Mr. WILSON, Mr. MITCHELL, Mr. BINGAMAN, Mr. COHEN, and Mr. DANFORTH):

S. 1862. A bill to eliminate barriers to, and distortions of, trade; to the Committee on Finance.

TRADE BARRIERS AND DISTORTIONS

● Mr. CHAFEE. Mr. President, I ask unanimous consent that the bill S. 1862 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1862

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REPORT ON BARRIERS TO MARKET ACCESS.

(a) ESTIMATE OF IMPACT OF BARRIERS.—Subparagraph (B) of section 181(a)(1) of the Trade Act of 1974 (19 U.S.C. 2241(a)(1)(B)) is amended to read as follows:

"(B) make an estimate of the increase in the volume and value of United States exports that would result from the elimination of each act, policy, or practice identified under subparagraph (A) (actual and relative to the aggregate amount of such United States exports).".

(b) INTERNATIONAL COMPETITIVENESS TO BE CONSIDERED.—Subparagraph (A) of section 181(a)(2) (19 U.S.C. 2241(a)(2)(A)) is amended to read as follows:

"(A) the international competitiveness of the goods or services involved;".

SEC. 2. INITIATION OF INVESTIGATIONS IN RESPONSE TO REPORT ON BARRIERS TO MARKET ACCESS.

Subsection (c) of section 302 of the Trade Act of 1974 (19 U.S.C. 2412(c)) is amended—

(1) by inserting "or (2)" after "under paragraph (1)" in paragraph (2),

(2) by redesignating paragraph (2) as paragraph (3), and

(3) by inserting after paragraph (1) the following new paragraph:

"(2) RESPONSE TO REPORT.—

"(A) IN GENERAL.—The Trade Representative shall initiate investigations on an annual basis under this chapter with respect to those acts, policies, and practices indentified in each report submitted under section 181 which—

"(i) are likely to be acts, policies, or practices described in section 301(a)(1)(B), and

"(ii) constitute a barrier to, or distortion of, a significant portion of all the goods and services of the United States that the United States Trade Representative estimates would have been exported from the United States if all acts, policies, and practices identified in such report did not exist.

"(b) FACTORS TO BE CONSIDERED.—In determining which acts, policies, and practices should be the subject of an investigation initiated under subparagraph (A), the Trade Representative shall take into account—

"(i) the potential increase in United States exports that is estimated to occur from elimination of such act, policy, or practice, and

"(ii) the extent to which such act, policy, or practice nullifies or impairs any benefit to which the United States is entitled under any international trade agreement.".

SEC. 3. TRANSFER OF AUTHORITY TO THE UNITED STATES TRADE REPRESENTATIVE

(a) IN GENERAL.—(1) Paragraph (1) of section 301(a) of the trade Act of 1974 (19 U.S.C 2411(a)(1)) is amended by striking out "President" and inserting in lieu thereof "United States Trade Representative (hereinafter referred to in this chapter as the 'Trade Representative')".

(2) Paragraph (2) of section 301(a) of the Trade Act of 1974 (19 U.S.C. 2411(a)(2)) is amended by striking out "President" and inserting in lieu thereof "Trade Representative".

(3) Subsection (b) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(b)) is amended by striking out "President" and inserting in lieu thereof "Trade Representative".

(4) Subsection (c) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(c)) is amended—

(A) by striking out "President" each place it appears and inserting in lieu thereof "Trade Representative", and

(B) by striking out "United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative')" in paragraph (2)(B) and inserting in lieu thereof "Trade Representative".

(5) Subsection (d) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(d)) is amended to read as follows:

"(d) ACTION BY TRADE REPRESENTATIVE ON OWN MOTION.—If the Trade Representative

decides to take action under this section and no petition requesting action on the matter involved has been filed under section 302, the Trade Representative shall publish notice of his determination, including the reasons for the determination in the Federal Register. Unless he determines that expeditious action is required, the Trade Representative shall provide an opportunity for the presentation of views concerning the taking of such action.".

(6) Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended by sriking out "PRESIDENT" in the section heading and inserting in lieu thereof "UNITED STATES TRADE REPRESENTATIVE".

(b) CONFORMING AMENDMENTS.—

(1) Section 302 of the Trade Act of 1974 (19 U.S.C. 2412) is amended—

(A) by striking out "United States Trade Representative (hereinafter in this chapter referred to as the 'Trade Representative')" in subsection (a)(1) and inserting in lieu thereof "Trade Representative",

(B) by striking out "President" in subsection (a)(1) and inserting in lieu thereof "Trade Representative", and

(C) by striking out "in order to advise the President concerning the exercise of the President's authority under section 301" in subsection (c)(1).

(2) Section 303 of the Trade Act of 1974 (19 U.S.C. 2413) is amended—

(A) by adding at the end thereof the following new subsection:

"(c) INTERAGENCY TRADE ORGANIZATION.—The Trade Representative shall consult with the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872) regarding any determination which is required to be made by the Trade Representative under this chapter.", and

(B) by striking out "UPON INITIATION OF INVESTIGATION" in the section heading.

(3) The table of contents of the Trade Act of 1974 is amended by striking out "upon initiation of investigation" in the item relating to section 303.

(4) The table of contents of the Trade Act of 1974 is amended by striking out "President" in the item relating to section 301 and inserting in lieu thereof "United States Trade Representative".

SEC. 4. MISCELLANEOUS AMENDMENTS TO SECTION 301 OF THE TRADE ACT OF 1974.

(a) BURDEN ON COMMERCE.—Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended—

(1) by inserting "(or threatens to burden or restrict)" after "restricts" in subsection (a)(1)(B)(ii),

(2) by striking out "or instrumentality" each place it appears, and

(3) by striking out "purpose of this section" in subsection (e) and inserting in lieu thereof "purpose of this chapter".

(4) by adding at the end of subsection (e) the following new paragraphs:

"(7) BURDEN ON UNITED STATES COMMERCE.—Acts, policies, and practices of a foreign country which burden United States commerce include, but are not limited to—

"(A) acts, policies, and practices which have an adverse effect on trade between the United States and another foreign country,

"(B) the subsidization of exports of such foreign country that results in the displacement of United States exports to another foreign country,

"(C) the imposition of import restrictions or export performance requirements that result in the diversion of the exports of another foreign country to United States markets, and

"(D) the enforcement of trade restraining agreements that result in the diversion of the exports of another foreign country to United States markets.

"(8) FOREIGN COUNTRY.—The term 'foreign country' includes any foreign instrumentality.".

(b) NEGOTIATED SETTLEMENTS; DENIAL OF GENERALIZED SYSTEM OF PREFERENCES.—Subsection (b) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(b)) is amended—

(1) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and

"(2) by adding at the end thereof the following new paragraphs:

"(3) enter into binding agreements with such foreign country that fully offset or eliminate any burden or restriction on United States commerce resulting from the acts, policies, or practices of such foreign country described in subsection (a)(1)(B); or

"(4) withdraw, or refrain from proclaiming under title V—

"(A) the designation of such foreign country as a beneficiary developing country, or

"(B) the designation of any product of such foreign country as an eligible article.".

(c) UNREASONABLE PRACTICES.—Paragraph (3) of section 301(e) of the Trade Act of 1974 (19 U.S.C. 2411(e)(3)) is amended—

(1) by inserting "(or any combination thereof)" after "or practice" in the second sentence,

(2) by inserting "(including protection of any industry in its formative stages)" after "opportunities" in subparagraph (A),

(3) by striking out "or" at the end of subparagraph (B),

(4) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; or",

(5) by adding at the end thereof the following new subparagraph:

"(D) provision of adequate and effective protection against anti-competitive practices.".

(d) SERVICE SECTOR ACCESS AUTHORIZATION.—Paragraph (6) of section 301(e) of the Trade Act of 1974 (19 U.S.C. 2411(e)(6)) is amended by inserting ", or a foreign supplier of goods related to a service," after "supplier of services".

SEC. 5. ACTIONS IN RESPONSE TO INVESTIGATIONS UNDER TITLE III OF THE TRADE ACT OF 1975.

(a) IN GENERAL.—Section 304 of the Trade Act of 1974 (19 U.S.C. 2414) is amended to read as follows:

"SEC. 304. ACTIONS IN RESPONSE TO INVESTIGATIONS.

"(1) IN GENERAL.—By no later than 90 days after the date on which an investigation in initiated under section 302, the Trade Representative shall determine on the basis of such investigation whether—

"(A) the United States is being denied any rights to which the United States is entitled under any trade agreement, or

"(B) any act, policy, or practice of a foreign country is described in section 301(a)(1)(B).

"(2) PUBLICATION.—By no later than 90 days after the date on which an investigation is initiated under section 302, the Trade Representative shall publish in the Federal Register—

"(A) the determination made under paragraph (1) with respect to such investigation, and

"(B) if such determination is affirmative, a list of foreign goods and services (and their aggregate value) that could be subject to actions which the Trade Representative intends to take under subsection (b) or (c) of section 301 to enforce the rights and to offset or eliminate the acts, policies, and practices which were the subject of such affirmative determination.

"(b) ACTION REQUIRED TO BE TAKEN.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the Trade Representative shall, by no later than the date that is 15 months after the date any investigation is initiated under section 302, take whatever actions under subsections (b) and (c) of section 301 that are necessary to—

"(A) enforce all rights, and

"(B) offset or eliminate all acts, policies, and practices, which were the subject of an affirmative determination made under subsection (a)(1) with respect to such investigation.

"(2) DELAY IN TAKING ACTIONS.—The Trade Representative may delay taking action under paragraph (1) for a period not to exceed 90 days if—

"(A) either—

"(i) in the case of an investigation initiated under section 302(b), the petitioner requests such delay, or

"(ii) in the case of an investigation initiated under section 302(c), such delay is requested by the domestic industry that would benefit from enforcement of the rights, or elimination of the acts, policies, and practices, that were the subject of the affirmative determination under subsection (a)(1), and

"(B) such request is based on a determination made by the person making such request that adequate progress is being made to enforce such rights or to eliminate or reduce such acts, policies, and practices.

"(3) EXCEPTIONS.—The Trade Representative shall not be required to take action under subsection (b) or (c) of section 301 by reason of paragraph (1) if—

"(A) after the affirmative determination has been made under subsection (a)(1), the Trade Representative subsequently determines such affirmative determination was incorrect or is no longer valid, or

"(B) an agreement is entered into with the foreign country involved and—

"(i) representatives of the domestic industry described in paragraph (2)(A)(ii) and the petitioner, if any, agree that such agreement adequately offsets or eliminates the acts, policies, and practices and enforces the rights which were the subject of such affirmative determination, or

"(ii) the Trade Representative and either—

"(I) the representatives of such industry, or

"(II) the petitioner.

agree that such agreement adequately offsets or eliminates the acts, policies, and practices and enforces the rights which were the subject of such affirmative determination.

"(4) CONSIDERATION OF GATT DETERMINATIONS.—If any determination made by the Contracting Parties under the dispute settlement procedures of the General Agreement on Tariffs and Trade conflicts with, or differs from, a determination made by the Trade Representative under subsection (a)(1), the Trade Representative shall review the determination made under subsection (a)(1) for purposes of paragraph (3)(A).

"(c) REVIEW OF NECESSITY.—

"(1) IN GENERAL.—If—

"(A) a particular action has been taken under subsection (b) or (c) of section 301 by reason of subsection (b)(1) continuously during any 7-year period, and

"(B) neither the petitioner nor any representative of the domestic industry described in subsection (b)(2)(A)(ii) has submitted to the Trade Representative during the last 60 days of such 7-year period a written request for the continuation of such action,

such action shall terminate at the close of such 7-year period.

"(2) Notice of potential termination.—The Trade Representative shall notify by mail the petitioner and representatives of the domestic industry described in subsection (b)(3)(B) of any termination of action by reason of paragraph (1) at least 60 days before the date of such termination.

"(3) FORMAL REVIEW.—If a request is submitted under paragraph (1)(B) to continue taking a particular action under subsection (b) or (c) of section 301, the Trade Representative shall conduct a review of—

"(A) the effectiveness of—

"(i) such action, and

"(ii) other actions that could be taken (including actions against other products or services),

in achieving the objectives described in subsection (b)(1), and

"(B) the effects of such actions on the United States economy, including consumers.

The Trade Representative shall submit a report on such review to the Congress and shall include in such report any modifications the Trade Representative has made, or intends to make, in the actions taken under subsections (b) and (c) of section 301 as a result of such review.".

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Trade Act of 1974 is amended by striking out the item relating to section 304 and inserting in lieu thereof the following:

"Sec. 304. Actions in response to investigations.".

(2) Subsection (b) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411(b)) is amended—

(A) by inserting ", or upon the application of section 304(b)(1)" after "subsection (a)", and

(B) by striking out "in such subsection" and inserting in lieu thereof "in subsection (a)".

SEC. 6. COMPENSATION AUTHORITY.

Section 123 of the Trade Act of 1974 (19 U.S.C. 2133) is amended—

(1) by striking out "section 203" and inserting in lieu thereof "chapter 1 of title II or chapter 1 of title III", and

(2) by adding at the end thereof the following new subsection:

"(e) The provisions of this section shall apply by reason of action taken under chapter 1 of title III only if the President determines that action authorized under this section is necessary to meet the international obligations of the United States.".●

BY Mr. HEINZ (for himself, Mr. BAUCUS, Mr. DOMENICI, Mr. DIXON, Mr. DOLE, Mr. BOREN, Mr. GRASSLEY, Mr. MITCHELL, Mr. GORTON, Mr. MOYNIHAN, Mr. BINGAMAN, Mr. COHEN, and Mr. DANFORTH):

S. 1863. A bill to amend title II of the Trade Act of 1974 to provide relief from injury caused by imports; to the Committee on Finance.

INDUSTRIAL REVITALIZATION ACT

● Mr. HEINZ. Mr. President, this bill is the most recent, and hopefully final version of legislation I first introduced in 1983, entitled the Industrial Revitalization Act. That act, and the revisions that followed it, including this one, were prompted by continuing and growing dissatisfaction in both the Government and the private sector with the operation of the so-called escape clause import relief process, section 201 of the Trade Act of 1974.

That provision was designed to embody in U.S. law the concepts contained in article XIX of the GATT which provide for temporary import relief in the face of injury caused by imports. The purpose of such relief is ostensibly to permit a more orderly adjustment to new competitive conditions.

In fact, the operation of current law has proved unsatisfactory from virtually everyone's perspective. In the 11 years since the Trade Act of 1974 was enacted, there have been some 55 escape clause cases concluded, with the International Trade Commission [ITC] finding injury and recommending relief in something less than half of them. In all those cases only one industry, the domestic motorcycle industry, has received substantially the relief recommended by the Commission. That case, incidentally, appears to be something of a success story, which has influenced the thinking of a number of us studying the problem of industry adjustment to import competition.

In most other cases that went to the President, import relief was either denied completely, as in footwear and copper most recently, or provided only in part, as in specialty steel in 1983 and footwear in 1977, to cite two notable cases. In virtually every one of those cases of partial action, the relief has proved to be ineffective, and the domestic industry has concluded the relief period without major improvement in its condition.

In the face of these facts, administrations running the program have tended to conclude it does not produce meaningful adjustment and that the industry in question, not to mention consumers, would be better off simply allowing the market to work its will. Industry in response has pointed out that the Government has rarely granted the full measure of relief determined by the Commission to be necessary, and thus it is no surprise the domestic industry has been unable to meet its targets. A classic case of this problem occurred in the domestic footwear industry in 1977 when President Carter elected to negotiate orderly marketing agreements with Korea and Taiwan instead of imposing the global restraints recommended by the ITC. What happened over the next 4 years was that imports surged from other countries, in some cases because Taiwanese producers shifted locations to other Asian nations. As a result, the industry did not have the umbrella of protection needed to organize its competitive counterattack and was therefore back before the ITC in 1984 and 1985 seeking relief again.

Of course one can argue in this case as well as others that the domestic industry had no hope of becoming competitive anyway. I do not accept that argument in this case, but even if one did, two other facts remain:

The only case in which "full" relief was granted appears to be having a more positive outcome, suggesting that industries can adjust to meet new competitive conditions if given the proper environment.

Even if restoration of competitiveness is not to be, time to adjust to the new size and shape of the industry in an orderly manner is still needed. That, indeed, was the intent of article XIX. Firms may close and production may cease, but workers do not disappear. They, their families, and their needs remain, imposing a major cost on State, Federal, and local government in the absence of some meaningful adjustment process.

Therefore, in my judgment, regardless of economists' assessments of an industry's chances for resuscitation, temporary import relief is appropriate to provide just such an opportunity or, at minimum, to provide time for phasing down the industry.

Unfortunately, that time is unlikely to be provided with the framework of existing law for two reasons.

First, there is no meaningful pressure on industry to deal realistically with its problems. It is human nature to blame one's problems on external forces, and it is therefore no surprise when industries come to the Government seeking relief from imports when bad management or an unrealistic labor contract may also be part of the problem. Without an effort to deal with the other parts of the problem, however, real adjustment is not going to occur, and it is safe to say that in virtually every section 201 case that the Commission has considered, imports are not the only problem the petitioning industry has.

Second, the nature of the interagency process that sends a relief recommendation to the President guarantees a least-common-denominator product that bears little or no relationship to the true needs of the industry. If one studies the workings of the Trade Policy Committee and its sub-groups, as well as other Cabinet and sub-Cabinet level groups that have been involved in the relief decisionmaking process, it is clear that in most cases agencies take consistent,

predictable positions. The Departments of State, Justice, and Treasury, the Council of Economic Advisors and the Office of Management and Budget almost always oppose any relief. The Departments of Labor and Commerce more frequently support relief, and the U.S. Trade Representative searches for a middle ground. It is in searching for that middle ground that the petitioning industry suffers a fatal blow, since reaching it demands a political solution rather than an economic one. The amount of relief that the opposing agencies will acquiescence in is invariably less than the industry needs if the purpose of the act is to be fulfilled. The result is a least-common-denominator solution that produces political consensus within the administration but makes no economic sense.

Let me make clear at this point, Mr. President, that these comments apply to all three administrations that have tried to implement this law. They all have poor records of providing relief when it was warranted, and all three interagency processes have been characterized by the factors I have described. Clearly in this area ineptitude is bipartisan, not to mention eternal.

Let me also suggest, Mr. President, that this is not an abstract issue of interest only to economists. As I indicated, there are thousands of workers and thousands of jobs affected by the decisions the Government makes in these cases. The jobs may vanish but the workers do not. To the extent that we fail to deal creatively with these problems we foster tremendous economic and political problems for ourselves in the future. As I have said on other occasions, one of the purposes the escape clause process serves—embodied in its very name—is to provide a safety valve for protectionist pressures, an opportunity to provide some relief and adjustment within an orderly, legal, GATT-consistent process. The consequence of our failure to make that process work is to give people nowhere to go but here—the Congress—and nothing to ask for but protection. In particular, as my colleague from Missouri, Senator DANFORTH, has pointed out with respect to the most recent footwear decision, if we create a legal process and an industry plays by the rules Congress has established, at considerable expense, incidentally, and then at the end of that process it gets nothing, no one should be surprised when it turns to Congress for special legislation.

Defusing those political pressures as well as the economic pressures created by our failure to deal with import-impacted industries has been the motivating force behind my efforts to develop a new approach to adjustment and the escape clause. That new approach can be summarized very simply—it relies on the creation of an explicit quid pro quo between the petitioning industry and the Government, in which the industry—labor and management—makes commitments on what it will do to adjust, and the Government in turn agrees to import relief to provide the time necessary to adjust.

I will, at the conclusion of my remarks today, provide for the RECORD some additional material that discusses in greater detail how the process in this bill would work, but at this point, Mr. President, let me say a few words about how the section 201 revisions contained in this bill would change the process.

First, the new process will be optional. Petitioning industries can elect to operate under existing law and not participate in any adjustment process. What they lose by that decision, however, is any constraint on the President's actions with respect to providing relief. In other words, if the petitioning industry is not prepared to come forward with its half of a bargain, it then has no guarantee that the administration will come forward with its part; although, as in current law, that remains a possibility, however unlikely.

If the petitioning industry elects to enter into the new process created by this bill, it so indicates at the time it files its section 201 petition, and that action triggers the creation of a plan development process in which representatives of labor and management in the petitioning industry join together to develop an adjustment strategy along with advisors from the Departments of Commerce and Labor, the U.S. Trade Representatives, and such other agencies as the USTR deems appropriate. For example, if the case involved a perishable product, the Secretary of Agriculture could be included.

That group is to study, assess its chances for restoring itself to competitiveness and develop a plan for either doing so or facilitating its adjustment into avenues or simply into a smaller, more competitive industry. This process is intended to be a consensual one between labor and management, although the process is structured to allow for conflict between the parties as well as complaint from the government.

The plan development process is intended to conclude when the Commission votes on injury. Neither the Commission's timeframe for its work nor the standard of injury that it must find are altered by this bill. The plan development process is not intended to influence the Commission's judgment on the injury question and in fact is not presented to the Commission until after the injury vote. (If that vote is negative, of course, the process is terminated.) Petitioners retain the option, after the plan development process is concluded, of not submitting it to the Commission.

It then falls to the International Trade Commission, in effect, to pass judgment on the adjustment plan at the same time it determines its remedy recommendation to the President. Since the plan will also, in all likelihood, indicate what form and amount of import relief is integral to its effective implementation, the Commission will have this additional guidance in developing its own remedy recommendation. The Commission is not required to follow the plan's recommendations in preparing its own remedy recommendation, although, obviously, its failure to do so in a material way could well influence the willingness of the petitioners to keep their commitments.

In reviewing the plan and other confidential commitments submitted by members of the industry, it is the Commission's task to determine whether it is likely to result in sufficient adjustment by the industry to be competitive in the absence of further import relief at the conclusion of the relief period. The term "competitive" is understood in the broader sense I have defined earlier. In making that judgment, which will of course include a review of the commitments labor and management have made as a part of the plan, the Commission is free to hear from interested parties, including the Government, which may choose to oppose the plan as unrealistic or impractical, among other things. Since the plan could well propose actions that involve subsequent Government approval or acquiescence, such as joint ventures for research and development, an administration's views will be of particular interest in the Commission's deliberations. As I indicated, administration representatives are also involved in the plan development process throughout and have presumably have some input at that point, although we cannot assume that every plan will be fully acceptable to everybody.

If the Commission concludes that the plan is likely to result in such sufficient adjustment, it then sends the plan to the President along with its own relief recommendation, unless the petitioning industry at that point requests that the plan not be forwarded. It might make such a request, for example, if the Commission's relief recommendation deviated so sharply from what the industry believed was necessary that it could no longer honor its commitments if that relief were approved.

If the Commission sends a plan to the President, then his options with respect to relief are somewhat narrower than if he does not receive a plan. Essentially, he must either provide the relief recommended by the Commission or substantially equivalent relief, or he must obtain authorization from

Congress for any other action, or for no action. Such authorization request would be considered on a "fast-track" basis pursuant to section 151 of the Trade Act of 1974. Thus, while the President is not absolutely required to implement only the Commission's recommendation, the burden is clearly on him to make a convincing case to Congress that some lesser action, or no action, is warranted. If Congress does not authorize such lesser action or no action within 90 days, then the relief recommended by the commission would go into effect.

This is a very important point, Mr. President, and one that benefited from considerable debate among those of us involved in the development of this larger trade bill. We are reluctant to tie the President's hands absolutely, and the bill does not do that. On the other hand, we believe this system will only operate effectively if there is a true quid pro quo; that is, industry will only enter into it if it has a realistic expectation of some constructive outcome at the end of the process. Regrettably, as I have detailed, the administration of this statute in the past provides no grounds for such expectations. Therefore, we have concluded that some prudent limitation on the President's authority is necessary. If the President insists on a more modest course of action than that recommended by the Commission, then it is appropriate that Congress have some role in that decision, which is why we have included that in the process.

It is also worth noting that the President has available to him a somewhat broader menu of remedies than those available under current law. They include a limited antitrust exemption for joint ventures and mergers, accelerated antidumping or countervailing duty cases if unfair trade practices are involved, in which the Commission's finding in the 201 case would constitute the injury finding and the time for the dumping or subsidy finding would be shortened by 45 days, and proceeding with multilateral negotiations in those situations where a depressed world market, for example, is the problem, and it cannot be addressed successfully unilaterally. Of course, in the latter case, the bill provides some limitations on the extent to which mere negotiations could be considered a substantially equivalent alternative to the Commission's recommendation. In addition, the President could propose other legislation necessary to implement various elements of the plan, which would be considered by Congress on a fast-track basis.

These additional remedies are intended not simply to give the President more options for their own sake, but rather to permit him to take a range of actions that fit the plan that has been developed and which are appropriate to the situation in which the industry finds itself. If unfair trade practices are an important part of the problem, the accelerated dumping remedy might be appropriate. If a leaner, healthier industry is the objective, some merger activity taking into account global competition beyond the constraints of current antitrust law may be proper. These remedies, of course, are not mutually exclusive. They may also be implemented in combination with each other and with the traditional import relief remedies available now. Indeed, in most cases, the most appropriate action would be a combination of remedies.

Subsequent to the President's decision, there is a plan monitoring process established, which could lead to the termination of relief if labor or management do not honor the commitments they have made. Those commitments, incidentally, are both contained in the plan and collected separately, and confidentially, by the Commission, so it has a clear and comprehensive picture of what will actually happen once relief is granted and the adjustment process gets underway.

The legislation also contains a number of other reforms of current law, including a special fast-track for perishable products similar to that which appears in the Caribbean Basin legislation, a procedure for early, temporary relief in the case of critical circumstances in the industry, and an expansion of the Commission's role with respect to studying the likely impact of the proposed relief on the economy before it is granted, and the actual impact of the relief as the plan process continues on.

Finally, Mr. President, let me say a word about the tone of the process. In my earlier bills I envisioned a cooperative, consensual process in which all parties would work together objectively for the good of an industry that no doubt found itself in very difficult circumstances. These earlier approaches were criticized for not building in adequate safeguards against the possibility that the plan development process might not move forward in good faith—that the administration might seek to block all the plans so the President would not be constrained in his decision, or that industry or labor would attempt to construct a plan with minimal or unrealistic commitments in order to obtain import relief for "free".

I continue to believe those things are not going to happen. This process is not short, and it is not cheap. Industries are not going to enter into it lightly, and I am confident all parties will take the process seriously. Nevertheless, I believe that, thanks to the input of many of my colleagues, this version of the bill contains more than adequate safeguards against bad faith possibilities, primarily though the device of having the Commission pass judgment on the plan. If it is manifestly inadequate, I have no doubt that the Commission will see that and make the appropriate conclusion. At the same time, if the administration is unhappy with the outcome, despite the fact that it has participated in its development, it will have ample opportunity to make that case to the Commission, and I have no doubt it will have a significant impact. Beyond this, analysts of the bill will find it lacking in a detailed description of precisely how the plan development process is to work and what the assessment and strategy are to contain. In part this is because industries differ significantly, and it is impossible to specify criteria that can be appropriate and applicable in every case. It is also because we deliberately want to provide the participants with some flexibility to feel their own way in this process. It is a new idea, a new concept, and too much regulatory overkill will prevent it from obtaining both the objectivity and creativity of approach it needs to succeed.

With respect to the concept, I want to make clear that it is not, in any normal meaning of the term, industrial policy. As most people understand that term, it involves the Government essentially passing judgment on industries—picking winners and losers and then adopting policies to make its judgments realities. This process is different. It is based entirely on an industry identifying itself as having problems and coming to the Government in search of help. The Government has not sought it out; rather the reverse has occurred. In that situation, it is not inappropriate, in my judgment, for the Government to offer help only in return for a commitment from the industry, to help itself. That commitment, moreover, is developed by the industry, not by the Government. Thus the initiation of the process, the conceptualization of the actions necessary, and the bulk of the implementation all lie with the industry, not the Government. It anything, that is the antithesis of industrial policy.

Mr. President, this bill represents a bold step, and I suspect some of our colleagues will not be ready for it. I readily admit that my perspective on this problem has been influenced by the fact that I represent a large State with a wide variety of industrial problems. Virtually every industry that has sought escape clause relief in the past has a presence in Pennsylvania. I have been involved in a number of these cases and have been studying these problems as long as I have served in the Congress. Those of us from industrial States have a good understanding of the kinds of problems that industries likely to use this statute face, and I believe that the new process this bill proposes will significantly enhance the

effectiveness of the remedies provided under the law. As the debate proceeds, I think we will find that other Members exposed to the range of import problems now impacting our manufacturing sector will support this kind of legislation. I hope that Senators who have the luxury of representing States where this is less an issue will listen carefully to the many voices of often bitter experience and support this new approach.

Mr. President, I ask that a detailed summary of the bill as well as its text be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1863

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INVESTIGATIONS UNDER SECTION 201 OF TRADE ACT OF 1974.

(a) Paragraph (1) of section 201(a) of the Trade Act of 1974 (19 U.S.C. 2251(a)(1)) is amended by inserting "enhancing competitiveness" after "alternative uses" in the second sentence.

(b) Subsection (b) of section 201 of the Trade Act of 1974 (19 U.S.C. 2251(b)) is amended—

(1) by inserting "domestic production facilities" after "operate" in paragraph (2)(A);

(2) by striking out subparagraph (B) of paragraph (2) and inserting in lieu thereof the following:

"(B) with respect to the threat of serious injury—

"(i) a decline in sales or market share in the domestic industry concerned;

"(ii) a higher and growing inventory in the domestic industry concerned (whether maintained by domestic producers, wholesalers, or retailers);

"(iii) a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned;

"(iv) any combination of coordinated foreign government actions, whether carried out severally or jointly, that—

"(I) are bestowed on a specific enterprise, industry, or group thereof the effect of which is to assist the beneficiary to become more competitive in the export of any class or kind of merchandise, and

"(II) causes, or threatens to cause, serious injury to the domestic industry concerned;

"(v) the existence of preliminary or final affirmative antidumping or countervailing duty determinations under section 303 or title VII of the Tariff Act of 1930 with respect to any merchandise that is produced by the domestic industry concerned;

"(vi) the extent to which firms in the domestic industry concerned are unable to maintain existing levels of expenditures on research and development; and

"(vii) the extent to which the United States market is the focal point for diversion of exports of the article that is the subject of the investigation by reason of restraints on exports of such article to, or on imports of such article into, the markets of any foreign country;";

(3) by striking out "may" in paragraph (3)(A) and inserting in lieu thereof "shall"; and

(4) by adding at the end thereof the following new paragraphs:

"(8) For purposes of this section, imports of like or directly competitive articles by domestic producers in an industry shall not be considered a factor indicating the absence of serious injury, or threat thereof, to such industry.

"(9) In the course of any proceeding under this subsection, the Commission shall examine factors other than imports which may be a cause of injury, or threat of injury, to the domestic industry concerned. The findings of such examination shall be included in the report submitted by the Commission to the President under subsection (d)(1).".

(c) Paragraph (1) of section 201(d) of the Trade Act of 1974 (19 U.S.C. 2251(d)(1)) is amended—

(1) by striking out "or" at the end of subparagraph (A) and inserting in lieu thereof "and",

(2) by striking out "remedy" in subparagraph (B) and inserting in lieu thereof "assist in remedying", and

(3) by inserting after "recommendation" the following: ", together with an estimate of the short-term and long-term effects of such increase or imposition of duty or import restriction on private and industrial consumers (including the effect on the price and availability of the imported article and the like, or directly competitive, article produced in the United States),".

SEC. 2. PROVISIONAL RELIEF UPON FINDING OF CRITICAL CIRCUMSTANCES.

Section 201 of the Trade Act of 1974 (19 U.S.C. 2251) is amended by adding at the end thereof the following new subsection:

"(g)(1) If, during the course of an investigation initiated under section 201, the President finds that critical circumstances exist, the President shall impose provisional measures consisting of any actions authorized under section 203(a). Such provisional measures shall remain in effect until the later of—

"(A) the date on which the measures are revoked by the President,

"(B) the date on which the Commission makes a negative determination under subsection (b)(1), or

"(C) the date that is 60 days after the date on which the Commission makes an affirmative determination under subsection (b)(1).

"(2) For purposes of this subsection, critical circumstances exist if a significant increase in imports (actual or relative to domestic production) over a short period of time has led to circumstances in which a delay in the imposition of relief would cause damage to the domestic industry that would be difficult to remedy at the time relief could be provided under section 203.".

SEC. 3. ACCELERATED PROCEDURES FOR PERISHABLE PRODUCTS.

Section 201 of the Trade Act of 1974 (19 U.S.C. 2251) is amended by adding at the end thereof the following new subsection:

"(h)(1) If a petition is filed with the Commission under subsection (a) regarding a perishable product and alleges injury from imports of that product, the petition may also be filed with the Secretary of Agriculture with a request that emergency relief be granted under paragraph (3) with respect to such article.

"(2) Within 14 days after the filing of a petition with the Secretary of Agriculture under paragraph (1)—

"(A) if the Secretary of Agriculture has reason to believe that—

"(i) a perishable product is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing a perishable product like or directly competitive with the imported product, and

"(ii) emergency action is warranted,

the Secretary of Agriculture shall advise the President and recommend that the President take emergency action, or

"(B) the Secretary of Agriculture shall publish a notice of his determination not to recommend the imposition of emergency action and advise the petitioner.

"(3) Within 7 days after the President receives a recommendation submitted by the Secretary of Agriculture under paragraph (2) to take emergency action, the President shall—

"(A) issue a proclamation that—

"(i) proclaims an increase in, or imposition of, any duty on the article causing serious injury, or threat of serious injury, to such industry,

"(ii) proclaims a tariff-rate quota on such article,

"(iii) proclaims a modification of, or imposition of, any quantitative restriction on the imports into the United States of such article, or

"(iv) takes any combination of the actions described in clauses (i), (ii), or (iii), or

"(B) publish a notice of his determinations not to take emergency action.

"(4) Any emergency relief proclaimed under paragraph (3) shall cease to apply—

"(A) upon the proclamation of import relief under section 203(a);

"(B) on the day on which the President makes a determination under section 202(b)(1) not to impose import relief;

"(C) in the event of a report of the Commission containing a negative finding under subsection (b), on the day the Commission's report is submitted to the President; or

"(D) whenever the President determines that, because of changed circumstances, such relief is no longer warranted.

SEC. 4. EVALUATION OF IMPORT RELIEF.

Section 203 of the Trade Act of 1974 (19 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:

"(l)(1) After import relief provided under this section has terminated, the Commission shall evaluate the effectiveness of the relief.

"(2) During the course of the evaluation conducted under paragraph (1), the Commission shall, after reasonable public notice, hold a hearing on the effectiveness of the import relief. All interested persons shall have the opportunity to attend such hearing and to present evidence or testimony at such hearing.

"(3) A report on the evaluation made under paragraph (1) and the hearings held under paragraph (2) shall be submitted by the Commission to the President and to the Congress by no later than the date which is 6 months after the date on which the import relief terminated.".

SEC. 5. INDUSTRY ASSESSMENT AND COMPETITIVENESS STRATEGY.

(a) Chapter 1 of title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 204. INDUSTRY ASSESSMENT AND COMPETITIVENESS STRATEGY.

"(a) After the Commission commences an investigation under section 201(a) on the basis of a petition filed by—

"(1) firms,

"(2) a certified or recognized union, or

"(3) a group of workers,

which represent a significant portion of the firms and workers in the domestic industry,

the United States Trade Representative shall establish a plan development group for the industry if such representatives of the industry request, in the petition, that such a plan development group be established.

"(b) Each plan development group established under this section shall consist of—

"(1) individuals, designated by the petitioners, who are representative of the firms and of the workers in the domestic industry, and

"(2) officials of the Office of the United States Trade Representative, the Department of Labor, the Department of Commerce, and such other heads of departments and agencies of the Federal Government as the United States Trade Representative may designate.

"(c)(1) Each plan development group established under this section shall prepare for the industry concerned an assessment of current problems and a strategy to enhance competitiveness that sets forth objectives and specific steps that workers and firms could usefully undertake to—

"(A) improve the ability of the industry to compete,

"(B) assist the industry to adjust to new methods of competition, and

"(C) lead to a domestic industry that can be competitive without further import relief after the expiration of any import relief that may be provided under section 203.

"(2) Each plan development group established under this section shall include in the assessment and strategy prepared under paragraph (1)—

"(A) a determination of the ability of producers in the industry concerned to, and of the manner in which such producers could—

"(i) generate adequate capital to finance the modernization of plant and equipment,

"(ii) improve labor productivity,

"(iii) otherwise enhance competitiveness (including any associated research and development), or

"(iv) promote diversification into alternative products, industry consolidation or rationalization, or other forms of adjustment to new competitive conditions specified in such assessment and strategy,

"(B) a determination of the manner in which such producers could achieve the objectives described in clauses (i), (ii), (iii), and (iv) of subparagraph (A), and

"(C) an estimate of the overall capital requirements of such industry.

"(3) The assessment and strategy prepared under paragraph (1) shall set forth those actions which should be taken by the appropriate Federal agencies under existing authority, or under new legislation, to assist in achieving the objectives set forth in the assessment and strategy.

"(4) The assessment and strategy prepared under paragraph (1) shall include a description of all actions which the firms and workers in the domestic industry concerned and the Federal, State, and local governments are taking, or have agreed to take, during the period for which import relief is provided under this section—

"(A) to combat any factors other than imports which have been identified by the Commission under section 201(b)(9),

"(B) to enable the domestic industry concerned to compete more effectively with imports, and

"(C) to adjust to import competition through an orderly transfer of resources to alternative uses.

"(5) The members of the plan development group described in subsection (b)(1) shall submit the assessment and strategy prepared under paragraph (1) to the petitioner within 120 days after the date on which the Commission commences the investigation with respect to the industry under section 201 and the members of the plan development group described in subsection (b)(2) shall submit to the petitioner, at the same time, their opinions of the viability of such strategy.

"(6) If the Commission makes an affirmative determination under section 201(b)(1), the petitioner may submit the assessment and strategy prepared under paragraph (1) to the Commission on the day after the date on which such determination is made.

"(7) If the petitioner submits the assessment and strategy to the Commission under paragraph (6), the United States Trade Representative shall present to the Commission such opinions of each head of a department or agency of the Federal Government regarding the viability of such strategy as the United States Trade Representative considers appropriate.

"(d) After an assessment and strategy is submitted to the petitioner by a plan development group under subsection (c)(4) and before the Commission makes the determination required under section 201(d)(3)(A)(iii), the Commission shall seek to obtain, on a confidential basis, commitments from the individual members of the domestic industry concerned regarding—

"(1) how such members intend to act upon the recommended objectives and actions specified in such assessment and strategy, and

"(2) any other actions such members intend to take which will foster the objectives described in subsection (c)(1).

The Commission shall transmit such commitments, on a confidential basis, to the President, the United States Trade Representative, the Secretary of Labor, the Secretary of Commerce, and any other head of a department or agency of the Federal Government if the Commission determines that the transmittal of such information is necessary to enable such individual to properly evaluate the assessment and strategy submitted under subsection (c)(4).

"(e) The United States Trade Representative, the Secretary of Labor, the Secretary of Commerce, and such other heads of departments and agencies as the United States Trade Representative may designate shall provide such staff, information, personnel, and administrative services and assistance to plan development groups established under this section as may be necessary to enable such plan development groups to carry out their responsibilities under this section. The United States Trade Representative may request other Executive branch departments and agencies which administer programs that may contribute to enhancing the competitiveness of the domestic industry concerned to assist such plan development groups in carrying out their responsibilities under this section.

"(f)(1) If an assessment and strategy is submitted to the President by the Commission under section 201(d)(3)(B), the President shall consider such assessment and strategy, together with any confidential commitments transmitted to the President under subsection (d) and any recommendations of the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872(a)), in making any determination, or taking any action, under the provisions of this Act.

"(2) Neither—

"(A) the failure or willingness of the representatives of an industry to request the establishment of a plan development group under subsection (a),

"(B) the failure or ability of a petitioner to submit an assessment and strategy to the Commission under subsection (c)(6), nor

"(C) the failure or ability of members of the domestic industry to make confidential commitments under subsection (d),

shall be taken into account in making any determination, or taking any action, under the provisions of this Act.".

(b)(1) Subsection (a) of section 201 of the Trade Act of 1974 (19 U.S.C. 2251(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Firms and workers representing a significant portion of an industry may request in the petition that a plan development group be established under section 204(a) for the purpose of preparing an assessment of current problems of the industry and a strategy to enhance the competitiveness of the industry and to adjust to import competition.".

(2) Subsection (d) of section 201 of the Trade Act of 1974 (19 U.S.C. 2252(d)) is amended by adding at the end thereof the following new paragraph:

"(3)(A) If the Commission has made an affirmative determination under subsection (b)(1) and an assessment and strategy for the domestic industry is submitted under section 204(c)(6), the Commission shall—

"(i) after reasonable notice, hold a public hearing on—

"(I) the finding the Commission is required to make under paragraph (1)(A), and

"(II) the assessment and strategy submitted,

at which all interested parties shall be provided an opportunity to present testimony and evidence,

"(ii) take into account in making the finding and recommendation under paragraph (1)—

"(I) the objectives and actions, including the nature and extent of import relief, specified in such assessment and strategy, and

"(II) the confidential commitments made under section 204(d), and

"(iii) at the time the Commission makes the finding described in paragraph (1)(A), determine whether there is a reasonable expectation that the strategy submitted and any confidential commitments made under section 204(d) will—

"(I) enable the domestic industry to adjust to import competition, and

"(II) lead to a domestic industry that can be competitive without further import relief after the expiration of the import relief that the Commission finds to be necessary under paragraph (1)(A).

"(B) If—

"(i) the determination of the Commission under subparagraph (A)(iii) is affirmative, and

"(ii) the petitioner has not requested the Commission to return to the petitioner the assessment and strategy submitted under section 204 (c)(6),

the Commission shall submit such assessment and strategy, any confidential commitments made under section 204(d), and such determination of the Commission to the President with the report that is submitted under paragraph (1).

"(C) For purposes of subparagraph (A)(iii), a domestic industry may be considered to be competitive even though the industry is not of the same size and composi-

tion as the industry was at the time the petition was filed under subsection (a).".

(c)(1) Paragraph (1) of section 202(a) of the Trade Act of 1974 (19 U.S.C. 2252(a)(1)) is amended—

(A) by striking out "and" at the end of subparagraph (A),

(B) by redesignating subparagraph (B) as subparagraph (C), and

(C) by inserting after subparagraph (A) the following new subparagraph:

"(B) shall, if an assessment, strategy, and confidential commitments have been submitted under section 201(d)(3)(B), evaluate such commitments and any objectives and actions specified in such assessment and strategy, and".

(2) Paragraph (3) of section 202(c) of the Trade Act of 1974 (19 U.S.C. 2252(c)(3)) is amended to read as follows:

"(3) the probable effectiveness of import relief as a means of promoting adjustment or modernization in order to improve competitive abilities, the efforts being made or to be implemented by the industry concerned (including any confidential commitments and any actions specified in any assessment and strategy that have been submitted under section 201(d)(3)(B)) to adjust to import competition, and other considerations relative to the position of the industry in the United States economy;".

(3) Paragraph (4) of section 202(c) of the Trade Act of 1974 (19 U.S.C. 2252(c)(4) is amended to read as follows:

"(4) the effect of import relief on consumers (as estimated by the Commission under section 201(d)(1)) and on competition in the domestic markets for such articles;".

(d) Section 203 of the Trade Act of 1974 (19 U.S.C. 2253) is amended—

(1) by inserting "no assessment and strategy has been submitted to the President under section 201 (d)(3)(B) in connection with the industry injured, or threatened with injury, and" after "If" in subsections (a) and (c)(1),

(2) by striking out "subsection (a) or (c)" each place it appears and inserting in lieu thereof "subsection (a), (c), or (m)(3)", and

(3) by adding at the end thereof the following new subsection:

"(m)(1) If an assessment and strategy has been submitted to the President under section 201(d)(3)(B) in connection with the industry injured, or threatened with injury, the President shall—

"(A) provide under subsection (a) the import relief found to be necessary by the Commission under section 201(d)(1)(A),

"(B) provide import relief under subsection (a) which is substantially equivalent to the import relief found to be necessary by the Commission under section 201(d)(1)(A), or

"(C) if the President determines under section 202(b)—

"(i) to provide import relief which—

"(I) is not the import relief found to be necessary by the Commission under section 201(d)(1)(A), and

"(II) is not substantially equivalent to such import relief, or

"(ii) not to provide any import relief, the President shall submit to the Congress on the same day the document required under paragraph (1) or (2) is submitted a draft of a bill described in paragraph (2).

"(2)(A) Any bill submitted by the President under paragraph (1)(B) shall contain—

"(i) a provision waiving the application of paragraph (3) with respect to the findings of the Commission contained in a specific report submitted under section 201(d)(1), and

"(ii) provisions implementing the import relief, if any, that the President has determined under section 202(b) to take with respect to such report.

"(B) Any draft of a bill submitted by the President under paragraph (1)(B) shall—

"(i) be introduced by the majority leader of each House of the Congress (by request) on the first day on which such House is in session after the date such draft is submitted to the Congress, and

"(ii) be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151.

"(3) If—

"(A) an assessment and strategy has been submitted to the President under section 201(d)(3)(B) with respect to the domestic industry injured, or threatened with injury, and

"(B) the President determines under section 202(b)—

"(i) to provide import relief which—

"(I) is not the import relief found by the Commission under section 201(d)(1)(A) to be necessary to prevent or remedy such injury, and

"(II) is not substantially equivalent to such import relief, or

"(ii) not to provide any import relief,

the President shall, on the date that is 90 days after the date on which a draft bill is required to be submitted to the Congress under paragraph (1), proclaim the increase in, or imposition of, any duty or other import restriction on the imported article which was found to be necessary by the Commission under section 201(d)(1).

"(4) If import relief is provided under this section and an assessment and strategy was submitted under section 201(d)(3)(B) for the domestic industry injured, or threatend with injury, the United States Trade Representative shall publish in the Federal Register, on the same day on which import relief is provided under this section, notice of the availability to the public of the text of such assessment and strategy and a summary thereof.

"(5)(A) If a summary of an assessment and strategy is published under paragraph (4), a review committee consisting of the United States Trade Representative, the Secretary of Labor, the Secretary of Commerce, and such other heads of departments and agencies as the United States Trade Representative may designate shall—

"(i) monitor, on a continuing basis, actions taken by the petitioners to improve the competitive position of the industry, including actions specified in any confidential information obtained under section 204(d);

"(ii) make such recommendations for administrative action under existing statutory authority as may be necessary to achieve the objectives specified in such assessment and strategy; and

"(iii) submit to Congress such recommended legislation as the review committee considers necessary or appropriate for the purpose of achieving the objectives specified in such assessment and strategy.

"(B) Any proposed legislation submitted under subparagraph (A)(iii) shall—

"(i) be introduced by the majority leader of each House of the Congress (by request), and

"(ii) be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151.

"(C) If the review committee described in subparagraph (A) determines that the firms or workers in the domestic industry are not implementing, or are implementing in an unsatisfactory manner—

"(i) the recommended objectives and actions specified in the assessment and strategy published under paragraph (4), or

"(ii) the actions declared in the confidential information obtained under section 204(d),

the review committee shall consult with the members of the plan development group established under section 204(a) and with members of the domestic industry on an individual or joint basis, as appropriate.

"(D) If, after consultations are held under subparagraph (C) and after taking into account such other relevant information as may be available, the review committee determines that the failure to implement, or failure to implement satisfactorily, the actions described in clause (i) or (ii) of subparagraph (C)—

"(i) is not justified by changed circumstances, and

"(ii) has adversely affected overall implementation of the objectives specified in the assessment and strategy published under paragraph (4),

the President shall request the Commission to issue a report under section 203(i)(2) within 60 days of the date of such request. After taking such report by the Commission and the determination of the review committee into account, the President is authorized to terminate or modify the import relief provided to the industry under this section.".

(e) The table of contents of the Trade Act of 1974 is amended by inserting after the item relating to section 203 the following new item:

"Sec. 204. Industry assessment and competitiveness strategy.".

SEC. 6. IMPORT RELIEF.

(a) RECOMMENDATIONS OF TRADE POLICY COMMITTEE.—Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) is amended by adding at the end thereof the following new subsection:

"(e) Before making any determination under subsection (b), the President shall—

"(1) consult with the interagency trade organization established pursuant to section 242(a) of the Trade Expansion Act of 1962, and

"(2) consider the recommendations of such organization with regard to such determination.".

(b) Subsection (a) of section 203 of the Trade Act of 1974 (19 U.S.C. 2253(a)) is amended—

(1) by striking out "or" at the end of paragraph (4),

(2) by redesignating paragraph (5) as paragraph (8), and

(3) by inserting after paragraph (4) the following new paragraphs:

"(5) initiate, on an accelerated basis, appropriate action under section 303 or title VII of the Tariff Act of 1930, if the Secretary of Commerce has reason to believe that any foreign government or firm is engaged in any action or practice for which relief is available under such section or title;

"(6) direct the Attorney General, in consultation with the Secretary of Commerce, to review applications from members of the industry in question for antitrust law exemptions in accordance with subsection (n);

"(7) enter into multilateral negotiations to address problems not susceptible to unilateral solution, such as global oversupply or

diversion or imports due to government targeting; or".

(c) Subsection (j) of section 203 of the Trade Act of 1974 (19 U.S.C. 2253(j)) is amended by inserting "good cause is shown or" after "unless".

(d) Section 203 of the Trade Act of 1974 (19 U.S.C. 2253), as amended by section 305(d)(3) of this Act, is amended by adding at the end thereof the following new subsection:

"(n)(1) In any antidumping or countervailing duty investigation under title VII of the Tariff Act of 1930 that is initiated by reason of an order issued under subsection (a)(5)—

"(A) the finding of the Commission under section 201(b) shall be treated as an affirmative final determination of the Commission under section 705(b) or 735(b) of the Tariff Act of 1930, and

"(B) the period of time in which preliminary and final determinations are to be made under sections 703(b), 705(a), 733(b), and 735(a) shall be reduced by 45 days.

"(2)(A) Any firm that is part of the industry injured, or threatened with injury, may submit to the Attorney General an application for exemption from section 7 of the Clayton Act (15 U.S.C. 18), section 2 of the Sherman Act (15 U.S.C. 2), and section 1 of the Sherman Act (15 U.S.C. 1) insofar as it applies to mergers and acquisitions.

"(B) If directed by the President under subsection (a)(6) to consider applications submitted under subparagraph (A), the Attorney General, in consultation with the Secretary of Commerce, shall grant the exemption sought upon determination that—

"(i) the applicants are members of the industry found by the Commission under section 201(b) to have been injured, or to be threatened with injury,

"(ii) the action for which exemption is sought is reasonably related to enhancing competition with foreign competitors to whom market share has been lost, and, considering worldwide competition, outweighs any adverse competitive impact on the domestic market, and

"(iii) the specified action would not violate provisions of the antitrust laws for which exemption cannot be requested.

"(C) The Attorney General shall report any exemption allowed under this section to the Judiciary Committee and the Ways and Means Committee of the House of Representatives and the Judiciary Committee and the Finance Committee of the Senate.

"(3)(A) If—

"(i) the action that the President determines to take under section 202(b) is described in subsection (a)(7), and

"(ii) such action fails to provide any substantial relief from the serious injury, or threat of serious injury, to the domestic industry before the date that is 1 year after the day on which the Commission submitted the report under section 201(d)(1),

the President shall, on the date that is 90 days after such date, proclaim the increase in, or imposition of, any duty or other import restriction on the imported article which was found to be necessary by the Commission in such report.

"(B) The President may submit to the Congress any draft of a bill which contains—

"(i) a provision waiving the application of paragraph (A) with respect to the recommendations of the Commission contained in a specific report submitted under section 201(d)(1), and

"(ii) provisions authorizing the President to provide such import relief, if any, as the President determines to be appropriate with respect to the serious injury, or threat of serious injury, found by the Commission in such report.

"(C) Any draft of a bill described in subparagraph (B) that is submitted by the President during the 90-day period beginning on the date that is 1-year after the date on which the report of the Commission was submitted under section 201(d)(1) shall—

"(i) be introduced by the majority leader of each House of the Congress (by request) on the first day on which such House is in session after the date such draft is submitted to the Congress, and

"(ii) shall be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151.".

(e) Subsection (b) of section 154 of the Trade Act of 1974 (19 U.S.C. 2194(b)) is amended by striking out "sections 203(c), 407(c)(2), and 407(c)(3)" and inserting in lieu thereof "subsections (c) and (n)(3) of section 203 and section 407(c)(3)".

SEC. 7. REVIEW OF CERTAIN DETERMINATIONS.

(a)(1) Notwithstanding section 201(e) of the Trade Act of 1974 (19 U.S.C. 2251(e)), if—

(A) the United States International Trade Commission (hereafter in this section referred to as the "Commission") has made a unanimous affirmative injury determination under section 201(b)(1) of the Trade Act of 1974 (19 U.S.C. 2251(b)(1)) before October 1, 1985,

(B) the President has declined, during the period beginning January 1, 1984, and ending October 1, 1985, to provide import relief pursuant to section 203(a) to prevent or remedy the injury, or threat of injury, found in such injury determination of the Commission, and

(C) a petition for the review of such injury determination is filed with the Commission by no later than the date that is 1 year after the date of enactment of this Act by any entity that would be eligible to file a petition under section 201(a) of the Trade Act of 1974 for relief from the injury, or threat of injury, found in such injury determination,

the Commission shall review such injury determination and the recommendations made by the Commission under section 201(d)(1) with respect to such injury determination.

(2) In the course of conducting any review required under paragraph (1), the Commission shall hold a public hearing and shall afford interested parties an opportunity to be present, to present evidence, and to be heard at such hearing.

(b)(1) By no later than the date that is 60 days after the date on which a petition for a review is filed with the Commission under this section, the Commission shall—

(A) determine whether the injury determination under review should be reaffirmed or revoked, and

(B) if such injury determination is reaffirmed, submit to the President a report which sets forth—

(i) the injury determination that is reaffirmed in such review, and

(ii) the amount of the increase in, or imposition of, any duty or import restriction that the Commission finds to be necessary to prevent or remedy the injury, or threat of injury, found in the injury determination that is reaffirmed in such review.

(2) The Commission shall promptly make public any report submitted to the President under paragraph (1) (except any information the Commission determines to be confidential) and shall publish in the Federal Register a summary of such report.

(3) If the Commission determines under paragraph (1)(A) to revoke an injury determination, the petition for review shall be dismissed.

(c) For purposes of sections 202 and 203 of the Trade Act of 1974 (19 U.S.C. 2252; 2253), any report submitted under subsection (b) of this section shall be treated as a report submitted under section 201(d) of such Act that contains an affirmative finding made under section 201(b) of such Act, except that the determination required under section 202(b) of such Act shall be made by the President with respect to such report by no later than the date that is 30 days after the date on which such report is submitted to the President under subsection (b) of this section.

RELIEF FROM INJURY CAUSED BY IMPORTS

Sections 201-203 of the Trade Act of 1974 are amended with respect to:

(a) AUTHORITY

(1) Section 202 is amended to clarify that the Trade Policy committee is responsible for recommendations to the President on import relief. Authority to make the decision to grant relief remains with the President.

(b) INJURY DETERMINATION (Section 201)

(1) The injury standard, imports as a "substantial cause of serious injury", remains as under current law.

(2) The "threat of injury" concept is expanded to include evidence of targeting, including reduced level of R&D expenditures, and the entry of dumped or subsidized merchandise.

(3) In looking at domestic industry profitability, the ITC is to consider profitability of domestic production facilities.

(c) FINDINGS AND RECOMMENDATIONS

(1) In addition to a remedy recommendation, the ITC is required to estimate the effects of the proposed remedy on consumers.

(2) The ITC is required to evaluate the effectiveness of the import relief after it has terminated.

(d) SPECIAL PROCEDURES

(1) Critical Circumstances:

(A) A procedure is established for temporary relief in the event of critical circumstances.

(B) Such relief could be revoked at any point by the President and would end automatically in the event of a negative ITC decision.

(C) Provisions for compensation authority under Section 123 of the Trade Act would apply to such relief.

(2) Perishable Commodities: A new fast track procedure is established to provide import relief for perishable commodities—similar to provisions in CBI and Israel Free Trade Area legislation.

(3) Previous Affirmative Findings: Industries that received unanimous affirmative findings between 1/1/84 and 10/1/85 could, at their request, receive an accelerated new investigation by the ITC—3 months instead of the usual 6 months.

(4) Adjustment Conditionality: A process is established for obtaining a quid pro quo on adjustment from industry and labor whereby:

(A) The petitioner may request the establishment of a plan develpment group to develop an assessment of industry problems

and a strategy for enhancing competitiveness.

(B) The group will consist of representatives from industry and labor, and advisors from USTR, the Departments of Labor, and Commerce, and such other agencies USTR deems appropriate. The Administration advisors will be chaired by the representative from USTR.

(C) The plan development group will prepare an assessment and strategy on how to enhance competitiveness or promote adjustment in the industry (details specified in legislation) and submit it to the petitioners 120 days after the ITC investigation began. A month later, immediately after the ITC injury vote, the petitioners will, if they choose, submit the plan to the ITC. (A negative ITC vote on injury, of course, would terminate the process, as under current law.) The Commission will also obtain confidential information on how members of the industry intend to act on the assessment's recommendations; such information also to be made available to the Administration at the ITC's discretion.

(D) At the time of its remedy vote, the ITC shall also determine whether there is a reasonable expectation that the plan will lead to an industry that can be competitive without further import relief after the expiration of the relief to be provided. ("Competitive" is not necessarily to be construed to require an industry of the same size and composition as at the time of the petition.) All interested parties, including the Administration (represented by USTR), petitioners and other representatives of the domestic industry or labor, and importers may present their views on the plan as well as the remedy question to the ITC pursuant to whatever procedures the ITC prescribes. If the ITC determines that a reasonable expectation exists, it shall forward the plan to the President, along with its remedy recommendation, unless the industry or labor petitioners request the Commission not to forward it. (Petitioners may want to make such a request if the Commission were to recommend a remedy significantly different from that the plan's assumptions and commitmenmts are based on.)

(E) In cases where a plan is forwarded to the President, if the President does not approve the ITC remedy or a remedy substantially equivalent to it, he must obtain Congressional approval, under Section 151 fast-track legislative procedures, for any other action (or a decision to take no action). If Congress does not explicitly authorize the President's proposed alternative, the ITC remedy would go into effect.

[Note: In cases where a plan is not requested by petitioners, or where one is not forwarded to the President, the President would be free to deal with the industry outside the assessment framework and he would not be required to obtain congressional approval for a remedy less than that recommended by the ITC.]

(F) In cases where a plan has been prepared and commitments made, the President, in granting relief, would establish procedures for monitoring implementation and terminating or modifying relief in the event of failure by labor and industry to implement satisfactorily commitments made in the plan and confidentially submitted materials.

(e) REMEDIES

(1) The choice of remedies available for action by the President in addition to the tariff, quota, and TAA remedies available under existing law is expanded to include:

(A) Initiation of accelerated antidumping or countervailing duty cases, ITC affirmative injury finding would already apply;

(B) Provision of limited antitrust exemptions for mergers or joint ventures (but not pricing agreements);

(C) Entry into multilateral negotiations to address problems not susceptible to unilateral solution, such as global oversupply or diversion of imports due to Government targeting. If negotiations are not successful in one year, the President must implement the ITC-recommended relief (or substantially equivalent relief) or seek congressional approval for an alternative action.

(2) The President would also be authorized to submit to Congress legislative proposals for achieving the plan objectives in instances where existing authority is inadequate. Such proposlas would be considered under section 151 legislative fast-track procedures.●

By Mr. MITCHELL (for himself, Mr. CHAFEE, Mr. BAUCUS, Mr. DOLE, Mr. BOREN, Mr. HEINZ, Mr. DIXON, Mr. GRASSLEY, Mr. MOYNIHAN, Mr. LUGAR, Mr. GORTON, Mr. BINGAMAN, Mr. COHEN, Mr. WILSON, and Mr. DANFORTH):

S. 1864. A bill to amend the Trade Act of 1974 to respond to the threat of foreign targeting practices; to the Committee on Finance.

FOREIGN TARGETING PRACTICES

● Mr. MITCHELL. Mr. President, I am pleased to join my colleagues today in introducing this legislation to establish an effective trade policy for this Nation that strengthens the ability of U.S. industry to compete in international trade.

The Trade Enhancement Act is the product of the efforts of several Senators from both parties who have come together in bipartisan agreement on the framework for a comprehensive approach to our very serious trade problems.

The trade competitiveness of American industry is an issue that confounds us all today. In the last few years we have witnessed a rapid deterioration of our competitive position in world trade. Trade deficits have soared as industry after industry, from agriculture to natural resources, manufacturing and information technology, have lost market share at home and abroad. Our national economy cannot continue to accommodate the scores of plant closings and millions of lost jobs that have resulted.

The economic imbalances created by persistent federal budget deficits are undoubtedly the fundamental cause of our trade problems. We are struggling to correct that problem and reestablish sound fiscal policies for this nation that will permit the dollar to move back into alignment with other currencies. This legislation would advance that goal by directing the President to enter into negotiations with the major industrialized nations—Great Britain, France, West Germany and Japan—to improve the functioning of the international monetary system. We agree in this bill that the U.S. Government should pursue, as part of a coordinated trade policy, measures to moderate the value of the dollar to enable our products to compete in international trade.

We also recognize in this legislation that many of our trade problems result from the continuing circumvention of international trade rules as more and more nations pursue mercantilistic policies in promotion of their domestic industries. This problem must be addressed in a new round of GATT negotiations not only to extend the application of international trade rules, but also to strengthen the GATT process itself to enforce international trade obligations.

Unfortunately, just as other governments have increased their interventions in the marketplace to promote industrial development, our Government has limited itself to ideological free trade policies which forfeit the international trade rights of U.S. industries. The frustration this has created in Congress is apparent. And our frustrations have been fed on by a private sector which has turned to Congress for legislative relief because it can no longer count on our trade laws providing the relief that is appropriate.

Our response in this legislation is both to expand the application of our trade remedy laws and to reduce executive branch discretion in enforcing those laws.

INDUSTRIAL TARGETING TITLE

I am pleased to introduce the title of this package which addresses the problem of foreign industrial targeting through amendments to section 201 and section 301 of the Trade Act of 1974.

Over the last several years, our trading partners, in both the developed and developing world, have turned increasingly to a sophisticated array of industrial policies to promote the establishment, growth, and protection of various industries. These programs, often combine direct subsidies, preferential financing, tax incentives, discriminatory procurement practices, Government support or participation in research and development, toleration of anticompetitive practices, import restrictions and numerous other measures that ultimately deny U.S. industry its competitive position in the international trading arena.

These practices have been documented in recent ITC and USTR studies covering government practices in Japan, the EEC, Korea, Taiwan, Mexico, Canada, and other nations. As part of its section 301 case, the semiconductor industry has prepared extensive documentation of a 15 year government program in Japan that includes subsidies, home market protec-

tion and special antitrust policies designed to protect and promote the development of a semiconductor industry that is now threatening the continued viability of key segments of the U.S. semiconductor industry. The textile and apparel industry has prepared similar documentation of a wide variety of government programs throughout the world designed to promote and protect textile and apparel industries.

This type of governmental intervention in the maketplace distorts commercial relations and directly harms U.S. industries, while encouraging other nations to adopt defensive targeting strategies of their own. If permitted to continue, these practices threaten our international trading system.

Targeting contradicts accepted principles of comparative advantage which form the foundation of GATT-promoted trade expansion and U.S. trade laws. Nevertheless, in many cases, international trade rules appear to permit these practices. And, according to the ITC and USTR, our trade laws are not adequate in combating key market distorting practices of other nations.

The United States, as the largest economy in the world—and the one most beset by large continuing trade deficits—has a great stake in reversing this trend toward nationalistic merchantilism. And, as the largest export market in the world, the United States is in a position to exercise its influences to change these trading practices. We can demonstrate by our actions that these practices will no longer be tolerated.

The title which I am introducing today seeks to accomplish this by expanding the list of actionable practices under section 301 to specifically cover targeting practices including export subsidies to third markets; import restrictions, export performance requirements or trade restraining agreements that divert trade into the U.S. market; infant industry protection; and the denial of fair and equitable relief against anticompetitive practices.

Targeting practices would also be addressed under this title by amending the section 201 "threat of serious injury" standard to take into account industrial targeting practices in other nations, affirmative countervailing duty or antidumping determinations, and the diversion of goods to the U.S. market.

The targeting provisions of this title, when combined with other changes proposed in section 301, should permit our Government to more aggressively defend the interests of U.S. industry against the unfair trading practices of other nations.

I am mindful that there will be those who believe these changes do not adequately address the serious and growing problem of foreign industrial targeting. Last July, I introduce legislation that included more extensive definitions of targeting-type practices that would be actionable under section 301. Other bills have been introduced in Congress that also take a different approach to the problem of targeting.

Some have suggested making section 301 applicable to past, as well as present, acts and policies which have the effect of burdening U.S. commerce. This may be necessary because often times Government targeting activities have a harmful effect on U.S. industries after the actions themselves have ceased. For example, subsidies for the development of a manufacturing process may have ceased by the time the products begin injuring U.S. industry. Or, as is the case with the targeting of the Japanese semiconductor industry, the Government practices tht create a favorable market structure that resists foreign penetration have ceased while the market distorting effect is just occurring. Current trade law and the changes proposed in this legislation may not provide an adequate remedy to these unfair acts. These are concerns with which I have some sympathy. I expect we will have an opportunity to discuss these issues and develop a record in Finance Committee hearings on just what changes are needed in our trade laws to equip us with the means to challenge foreign industrial targeting practices.

SECTION 301 TITLE

I am pleased to also cosponsor the separate title amending section 301 to further equip the United States with the means to respond to unfair trading practices of other nations. Like the legislation that I introduced earlier this year, this title would transfer section 301 authority from the President to the U.S. Trade Representative and require a retalitory response after a certain period of time. This is intended to remove the various political and international pressures that have in the past inhibited the exercise of section 301 powers. The Nation's chief trade negotiator is best equipped to take the lead in section 301 cases, understand the trade problem, and implement the necessary action in response.

This title would also require the USTR to self-initiate a number of cases each year to reclaim a substantial amount of the trade lost each year to foreign trade barriers identified in the National Trade Estimates. Taken together, these changes in section 301 will enable our Government to take the forceful steps that are necessary to reverse the international trend toward trade restrictive targeting practices that injure U.S. industries and their workers. By giving our firms the means to aggressively challenge the unfair trading practices of other nations we will help preserve our international trading system.

SECTION 201 TITLE

Another title that I am particularly interested in would restore section 201 as a viable trade remedy statute. This section of our trade laws has been made irrelevent by the President's decision in the footwear case to reject the unanimous decision by the International Trade Commission that the domestic footwear industry has been injured by a rapid increase in imports. Of course, if an industry cannot obtain relief after suffering a 50-percent increase in imports over a 4-year period and the forfeiture of three quarters of its market to imports, the statute has no meaning.

The section 201 bill introduced today would breathe new life into this trade remedy by restricting Presidential discretion after the ITC recommends relief. This restriction of Presidential authority would be balanced by a requirement that the industry develop an adjustment plan that the ITC determines will make the industry competitive at the conclusion of the relief period. This is an innovative approach that should restore section 201 as an important trade remedy option while furthering the intent of the GATT escape clause to enable the affected domestic industry to get back on its feet.

GENERALIZED SYSTEM OF PREFERENCES TITLE

The Generalized System of Preferences is an important program that attempts to promote economic growth in the developing world through the nonreciprocal grant of tariff preferences. It is clearly in our interests to bring developing countries more fully into the international trading system through this type of arrangement. However, the current GSP Program does not provide adequate rules for the gradual withdrawal of nations from the GSP as they become more advanced. This results in a distortion of benefits to the more advanced GSP nations which interferes with the development of economic growth opportunities to lesser developed nations.

This title would require the President to submit legislation to provide for the graduation of nations from GSP treatment based on such factors as per capita income, economic development, and international competitiveness. Hong Kong, Korea, and Taiwan, which ran a combined trade surplus with the United States of $21 billion would be gradually withdrawn from the GSP Program.

Mr. President, I am pleased we have been able to attract such broad support for this trade initiative proposal. I don't believe any of us view this as the salvation of our very serious trade problems. Certainly, this is no substitute for proper fiscal policies. But neither should we view this as a series of

meaningless technical changes in our trade laws. The intent is to establish an enduring trade policy that will permit U.S. industries to fairly compete in international markets free from the burdens of currency misalignments and unfair trade practices in other nations. It is my hope that we can move to committee consideration of this legislation and other trade reform proposals early in the next session of Congress.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1864

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENTS TO SECTION 301 OF THE TRADE ACT OF 1974.

(a) BURDEN ON COMMERCE.—Section 301 of the Trade Act of 1974 (19 U.S.C. 2411) is amended—

(1) by inserting "(or threatens to burden or restrict)" after "restricts" in subsection (a)(1)(B)(ii),

(2) by striking out "or instrumentality" each place it appears, and

(3) by striking out "purpose of this section" in subsection (e) and inserting in lieu thereof "purpose of this chapter.".

(4) by adding at the end of subsection (e) the following new paragraphs:

"(7) BURDEN ON UNITED STATES COMMERCE.—

"(A) IN GENERAL.—An act, policy, or practice of a foreign country burdens United States commerce if the act, policy, or practice has an adverse effect on trade between the United States and another foreign country.

"(B) SPECIFIC INCLUSIONS.—Acts, policies, and practices of a foreign country which burden United States commerce include, but are not limited to—

"(i) the subsidization of exports of such foreign country that results in the displacement of United States exports to another foreign country,

"(ii) the imposition of import restrictions or export performance requirements that result in the diversion of the exports of another foreign country to United States markets, and

"(iii) the enforcement of trade restraining agreements that result in the diversion of the exports of another foreign country to United States markets.

"(8) FOREIGN COUNTRY.—The term 'foreign country' includes any foreign instrumentality.".

(b) UNREASONABLE PRACTICES.—Paragraph (3) of section 301(3) of the Trade Act of 1974 (19 U.S.C. 2411(e)(3)) is amended—

(1) by inserting "(or any combination thereof)" after "or practice" in the second sentence,

(2) by inserting "(including incipient industry protection)" after "opportunities" in subparagraph (A),

(3) by striking out "or" at the end of subparagraph (B),

(4) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; or ",

(5) by adding at the end thereof the following new subparagraph:

"(D) provision of adequate and effective protection against anti-competitive practices.".

(c) SERVICE SECTOR ACCESS AUTHORIZATION.—Paragraph (6) of section 301(e) of the Trade Act of 1974 (19 U.S.C. 2411(e)(6)) is amended by inserting ", or a foreign supplier of goods related to a service," after "supplier of services".

SEC. 2. INVESTIGATIONS UNDER SECTION 201 OF TRADE ACT OF 1974.

Subparagraph (B) of section 201(b)(2) of the Trade Act of 1974 (19 U.S.C. 2251(b)(2)(B)) is amended to read as follows:

"(B) with respect to the threat of serious injury—

"(i) a decline in sales or market share in the domestic industry concerned;

"(ii) a higher and growing inventory in the domestic industry concerned;

"(iii) a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned;

"(iv) any combination of coordinated government actions, whether carried out severally or jointly, that—

"(I) are bestowed on a specific enterprise, industry, or group thereof the effect of which is to assist the beneficiary to become more competitive in the export of any class or kind of merchandise, and

"(II) causes, or threatens to cause, serious injury to the domestic industry concerned;

"(v) the existence of preliminary or final affirmative antidumping or countervailing duty determinations under section 303 or title VII of the Tariff Act of 1930 with respect to the article that is the subject of the investigation;

"(vi) the extent to which firms in the domestic industry concerned are unable to maintain existing levels of expenditures on research and development; and

"(vii) the extent to which the United States market is the focal point for diversion of exports of the article that is the subject of the investigation by reason of restraints on exports of such article to, or on imports of such article into, the markets of any foreign country;".●

By Mr. BAUCUS (for himself, Mr. SYMMS, Mr. BRADLEY, Mr. MURKOWSKI, Mr. BOREN, Mr. DOLE, Mr. DIXON, Mr. GRASSLEY, Mr. LAUTENBERG, Mr. MATTINGLY, Mr. MITCHELL, Mr. CHAFEE, Mr. MOYNIHAN, Mr. HEINZ, Mr. DOMENICI, Mr. LUGAR, Mr. GORTON, Mr. COHEN, Mr. MATHIAS, and Mr. DANFORTH):

S. 1865. A bill to authorize a new round of trade negotiations; to the Committee on Finance.

AUTHORIZING TRADE NEGOTIATIONS

● Mr. BAUCUS. Mr. President, I ask unanimous consent that the bill, S. 1865 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1865

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PURPOSES.

The purposes of this Act are—

(1) to enhance economic growth and employment in the United States through the expansion of competitive opportunities for United States exports in a more open world trading system,

(2) to reduce and eliminate barriers to trade on a basis that assures opportunities for exports of the United States in foreign markets which are substantially equivalent to those afforded to exports of foreign countries in United States markets,

(3) to strengthen economic relations between the United States and foreign countries through an open and fair international trading system that ensures an equitable balance of rights and obligations for all countries, and

(4) to establish, improve, and enforce international trading rules which provide for fair and equitable trading relations between countries, including reform of the General Agreement on Tariffs and Trade.

SEC. 2. NEGOTIATION AUTHORITY.

Section 102 of the Trade Act of 1974 is amended to read as follows:

"SEC. 102. AUTHORITY FOR AGREEMENTS TO REDUCE TRADE BARRIERS.

"(a)(1) The Congress finds that tariff and nontariff barriers to international trade and other distortions of international trade—

"(A) deny access to the products of United States agriculture, industry, mining, and services,

"(B) diminish the intended mutual benefits of reciprocal trade concessions, and

"(C) prevent or burden the growth of open and fair trade among nations.

"(2) The President is urged to take all appropriate and feasible steps within the power of the Presidency to reduce or eliminate such barriers to international trade, and other distortions of international trade, through—

"(A) the full exercise of the rights of the United States under international agreements, and

"(B) the negotiation of trade agreements with foreign countries under the authority of subsection (b).

"(b) Whenever the President determines that—

"(1) any barriers to, or other distortions, of, international trade—

"(A) unduly burden or restrict the foreign trade of the United States or adversely affect the United States economy, or

"(B) are likely to result in such a burden, restriction, or effect, and

"(2) the purposes of this chapter will be promoted by the reduction or elimination of such barriers or other distortions,

the President, during the 5-year period beginning on January 3, 1988, may enter into trade agreements with foreign countries providing for the reduction or elimination of such barriers or other distortions.

"(c)(1) A trade agreement may be entered into under subsection (b) only if the President, at least 150 days before such agreement is entered into—

"(A) provides written notice of the negotiations of such agreement to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives,

"(B) consults with each of such Committees regarding the negotiation of such agreement, and

"(C) submits to each of such Committees a written statement of—

"(i) the specific negotiating objectives listed in section 104(b) that the President anticipates will be achieved under such agreement and by an implementing bill submitted with respect to such agreement,

"(ii) a detailed description of how such objectives will be achieved under such agreement or by such implementing bill, and

"(iii) the specific negotiating objectives listed in section 104(b) that the President anticipates will not be achieved under such agreement and the reasons for such failure.

"(2) The provisions of section 151 shall not apply to an implementing bill if—

"(A) the requirements of paragraph (1) were not met with respect to the negotiation of the agreement approved by such bill, or

"(B) the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives disapproved of the negotiation of such agreement before the close of the 60-day period which begins on the date notice is provided under paragraph (1) with respect to the negotiation of such agreement.

"(3) The United States Trade Representative shall consult with interested committees of the Congress on a continuing basis (but no less than once during each calendar year) for the purpose of informing the Members of Congress of—

"(A) negotiations being conducted under this section and negotiations the President will initiate under this section,

"(B) progress in meeting the objectives listed in section 104, and

"(C) obstacles to the achievement of such objectives.

"(d) Before the President enters into any trade agreement under subsection (b), the President shall consult with the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and with each committee of the House and the Senate and each joint committee of the Congress which has jurisdiction over legislation involving subject matters which would be affected by such trade agreement. Such consultation shall include all matters relating to the implementation of such trade agreement as provided in subsections (e) and (f). If it is proposed to implement such trade agreement, together with one or more other trade agreements entered into under this section, in a single implementing bill, such consultation shall include the desirability and feasibility of such proposed implementation.

"(e) Whenever the President enters into a trade agreement under subsection (b), the President shall submit such agreement, together with a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, to the Congress as provided in subsection (f), and such agreement shall enter into force with respect to the United States only if the provisions of subsection (f) are complied with and the implementing bill submitted by the President is enacted into law.

"(f) Each trade agreement submitted to the Congress under this subsection shall enter into force with respect to the United States if (and only if)—

"(1) the President has, at least 90 days before the day on which he enters into such trade agreement, notified the House of Representatives and the Senate of his intention to enter into such an agreement, and promptly thereafter publishes notice of such intention in the Federal Register,

"(2) after entering into the agreement, the President transmits a document to the House of Representatives and to the Senate containing a copy of the final legal text of such agreement together with—

"(A) a draft of an implementing bill and a statement of any administrative action proposed to implement such agreement, and an explanation as to how the implementing bill and proposed administrative action change or affect existing law, and

"(B) a statement of his reasons as to how the agreement serves the interests of United States commerce and as to why the implementing bill and proposed administrative action is required or appropriate to carry out the agreement, and

"(3) the implementing bill is enacted into law.

"(g) To insure that a foreign country which receives benefits under a trade agreement entered into under this section is subject to the obligations imposed by such agreement, the President should recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the parties to such agreement, if such application is consistent with the terms of such agreement. The President may also recommend with respect to any such agreement that the benefits and obligations to such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

"(h) For purposes of section—

"(1) The term 'barrier' includes any duty or other import restriction.

"(2) The term 'distortion' includes, but is not limited to, a subsidy.

"(3) The term 'international trade' includes, but is not limited to—

"(A) trade in both goods and services, and

"(B) foreign direct investment by United States persons, especially if such investment has implications for trade in goods and services.

"(4) The term 'foreign country' includes any foreign instrumentality.

"(5) The term 'implementing bill' has the meaning given to such term by section 151(b).

"(6) Each period of time described in subsections (c) and (f) shall be computed without regard to—

"(A) the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

"(B) any Saturday and Sunday, not excluded under clause (i), when either House of the Congress is not in session.

SEC. 3. INTERIM AGREEMENTS.

Section 103 of the Trade Act of 1974 (19 U.S.C. 2113) is amended to read as follows:

"SEC. 103. INTERIM AGREEMENTS.

"Upon initiating negotiations with any foreign country for the purpose of entering into an agreement under section 102(b), the President shall seek to obtain an interim agreement under which any country participating in such negotiations shall, for the duration of such negotiations—

"(1) decline to impose any new barriers to trade or other trade-distorting devices (other than actions to prevent serious injury, or threat of serious injury, to domestic industries and responses to unfair trade practices), and

"(2) reduce intervention in the market and allow market forces to govern growth of industries characterized by overcapacity or overproduction.".

SEC. 4. NEGOTIATING OBJECTIVES.

Section 104 of the Trade Act of 1974 (19 U.S.C. 2114) is amended to read as follows:

SEC. 104. NEGOTIATING OBJECTIVES UNDER SECTION 102.

"(a) The overall objective of the United States in negotiating agreements under section 101 shall be to obtain—

"(1) more open, fair, and equitable market access,

"(2) the reduction or elimination of barriers and other trade-distorting practices, and

"(3) an appropriate overall balance between benefits and concessions within the agricultural, manufacturing, mining, and services sectors.

"(b) The principal objectives in negotiating agreements under section 102 shall be—

"(1) to obtain, with respect to manufacturing, mining, agriculture, and services, and with respect to investment related to trade in such sectors, competitive opportunities for United States exports in foreign markets equivalent to the competitive opportunities afforded foreign exports in United States markets, and

"(2) to bring trade agreements previously entered into, and application and enforcement thereof, into conformity with principles promoting the development of an open, nondiscriminatory, and fair world economic system, including, but not limited to—

"(A) the revision of decisionmaking procedures in the General Agreement on Tariffs and Trade (hereafter in this section referred to as "GATT") to ensure timely and decisive resolution of disputes, including, but not limited to—

"(i) the establishment of a standing roster of nongovernmental GATT experts for participation on dispute settlement panels, and

"(ii) the establishment of a ministerial-level mechanism for ongoing monitoring of and consultations on the consistency of Contracting Party trade policies with principles embodied in the GATT,

"(B) ensuring that similar rules apply to the treatment of primary and non-primary products in the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the GATT (relating to subsidies and countervailing measures),

"(C) any revisions necessary to define and discipline adverse trade effects resulting from the use of resource input subsidies, targeting, and dumped or subsidized inputs,

"(D) the extension of GATT articles and codes of conduct to products, sectors, and conditions of trade not presently covered (including, but not limited to, services, investment performance requirements, intellectual property rights and expansion of entity coverage under the Government Procurement Code) in order to move toward more open and fair trade practices,

"(E) the revision of GATT articles relating to special and differential treatment for developing countries to establish procedures for gradually reducing nonreciprocal trade benefits to more advanced developing nations,

"(F) any revisions necessary to Article XII of the GATT in order to address persistent and excessive current account imbalances of any contracting party with the world, including imbalances which threaten the stability of the international trading system,

"(G) Accelerated implementation of concessions in any trade agreement by countries with persistent current account surpluses,

"(H) any practicable revisions to enhance transparency in the international trading system including, but not limited to, substitution or replacement of quantitative restrictions with tariffs or auctioned quotas

and the use of tariffs for domestic adjustment,

"(I) increasing GATT coordination with the International Monetary Fund and World Bank to ensure participation of the GATT Secretariat in International Monetary Fund stabilization programs and consideration of World Bank structural adjustment loans, and

"(J) establishing minimum standards applicable to the workplace to provide greater international discipline over abuses of human rights of workers.".

SEC. 5. AUTHORITY TO IMPOSE OR INCREASE DUTIES IN LIEU OF QUOTAS AND TO AUCTION IMPORT LICENSES.

(a) IN GENERAL.—Chapter 1 of title I of the Trade Act of 1974 is amended by adding at the end thereof the following new section:

"SEC. 110. AUTHORITY TO IMPOSE OR INCREASE DUTIES IN LIEU OF QUOTAS AND TO AUCTION IMPORT LICENSES.

(a) IN GENERAL.—For the purpose of achieving the objective described in section 104(b)(2)(H), the President may, notwithstanding any other provision of law—

"(1) proclaim—

"(A) an increase in any duty,

"(B) an imposition of an additional duty,

in lieu of any limitation which is, or may be, imposed by law on the quantity of any article that may be entered, or

"(2) use import licenses in administering any of such limitations and sell such licenses at public auctions.

"(b) PERIOD OF APPLICABILITY.—The authority provided under subsection (a) shall only apply during the 5-year period beginning on January 3, 1988.".

(b) ENTERED DEFINED.—Section 601 of the Trade Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(11) The terms "entered" and "customs territory of the United States" have the respective meaning given to such terms by the General Headnotes and Rules of Interpretation of the Tariff Schedules of the United States.".

SEC. 6. CONFORMING AMENDMENTS.

The table of contents of the Trade Act of 1974 is amended—

(1) by striking out the items relating to sections 102, 103, and 104 and inserting in lieu thereof the following:

"Sec. 102. Authority for agreements to reduce trade barriers.
"Sec. 103. Interim agreements.
"Sec. 104. Negotiating objectives under section 102.",

and

(2) by inserting after the item relating to section 109, the following:

"Sec. 110. Authority to impose or increase duties in lieu of quotas and to auction import licenses.".

SEC. 7. EFFECTIVE DATE.

The amendments made by this Act shall take effect on January 3, 1988.●

By Mr. BRADLEY (for himself, Mr. MATTINGLY, Mr. MOYNIHAN, Mr. DOMENICI, Mr. DIXON, Mr. DOLE, Mr. BOREN, Mr. HEINZ, Mr. BAUCUS, Mr. CHAFEE, Mr. MITCHELL, Mr. BINGAMAN, Mr. COHEN, Mr. WILSON, and Mr. DANFORTH):

S. 1866. A bill to establish U.S. policy on exchange rates and developing country debt, to authorize negotiations to carry out such policies, and for other purposes; to the Committee on Foreign Relations.

EXCHANGE RATES

● Mr. BRADLEY. Mr. President, I ask unanimous consent that the bill S. 1866 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1866

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—MEASURES RELATING TO EXCHANGE RATES

SEC. 101. FINDINGS.

The Congress finds that—

(1) the General Agreement on Tariffs and Trade (GATT) is premised on the Bretton Woods international monetary system which has been abandoned;

(2) capital rather than trade flows are the dominant determinant of the exchange rate of the dollar;

(3) deficits and surpluses in the current account have not been self-correcting in the short or medium term;

(4) large and persistent disequilibria in the current account generate protectionist pressures;

(5) the dollar's unique role as a reserve currency makes it particularly vulnerable to capital movements and forces it to bear the consequences of international political and economic instability;

(6) the United States should seek to achieve an exchange rate for the dollar which avoids prolonged imbalances in the current account; and

(7) an essential step to achieve an appropriate exchange rate for the dollar would be to reduce the Federal budget deficit, thereby reducing the trade distorting flows of investment into the United States.

SEC. 102. STATEMENT OF POLICY.

It is the policy of the United States that—

(1) the United States and the Western industrialized allies, specifically the Group of Five (consisting of the United States, the Federal Republic of Germany, Japan, the United Kingdom, and France, and hereinafter referred to as "G-5"), should coordinate monetary and fiscal policies with the objectives of eliminating imbalances in trade and capital flows and stabilizing exchange rates, thereby promoting the expansion of balanced international trade and economic growth; and

(2) the United States and the Western industrialized allies, specifically the G-5, should coordinate the participation by central banks in international currency markets, with the objective of reducing severe fluctuations in the values of the currencies of the major industrialized countries, deterring currency speculation, assisting in the stabilization of the value of the dollar in international currency markets, and promoting orderly adjustment of exchange rates to reflect changed economic fundamentals.

SEC. 103. AUTHORITY.

(a) INTERNATIONAL NEGOTIATIONS.—Not later than 6 months after the date of enactment of this Act, the President shall—

(1) enter into negotiations with other G-5 countries to improve the functioning of the international monetary system in light of the policies described in section 502. Such negotiations should also include discussions of convening a conference on the international monetary system, and should address such problems as capital flight from less developed countries;

(2) enter into negotiations with the other G-5 countries to enhance the role of the G-5 to coordinate fiscal and monetary policy to ensure that, to the extent possible, the policies of the G-5 converge on money growth, inflation, fiscal policy, interest rates, and other economic factors; and

(3) enter into negotiations, on a bilateral, plurilateral, or multilateral basis, with other countries, to achieve reciprocal opportunities for investment, thereby eliminating a major factor contributing to exchange rate misalignment and improving the economic efficiency of international investment flows.

(b) Strategic Exchange Reserve.—The Secretary of the Treasury and the Board of Governors of Federal Reserve System shall accumulate foreign currencies in amounts sufficient to make participation in foreign exchange markets effective and credible. The accumulation of this fund is intended to assist the appreciation of nondollar currencies so as better to reflect underlying economic fundamentals, and subsequently to pursue the policies outlined in section 502(2).

SEC. 104. REPORTS.

Not later than 6 months after the date of enactment of this Act, and once every 6 months thereafter until the successful conclusion of the negotiations described in section 503(a), the President shall report to the Congress on his efforts to carry out the policies and achieve the objectives set forth in this subtitle.

TITLE II—MEASURES RELATING TO DEVELOPING COUNTRY DEBTORS

SEC. 201. FINDINGS.

The Congress finds that—

(1) current levels of developing country debt to private lenders stifle United States exports, threaten the international banking system, disrupt patterns of international capital flows, prevent the economic growth of developing countries, and undermine the social and political stability of those debtor countries;

(2) current efforts to manage this debt problem should be continued and expanded to defuse these problems;

(3) a comprehensive multilateral or bilateral government approach to this problem is required;

(4) many developing country debtors have a variety of barriers to imports and foreign investments which inhibit their development and burden international trade;

(5) liberalization of developing countries' trade and investment restrictions will be of great benefit to the United States, the international trading system, and the developing countries; and

(6) the United States should negotiate the removal of these developing country trade and investment barriers in conjunction with efforts to reduce the dangers presented by developing countries' debt.

SEC. 202. NEGOTIATING OBJECTIVES.

The negotiating objectives of the United States to—

(1) reduce tariff and nontariff barriers to United States exports maintained by developing countries;

(2) reduce developing country barriers to foreign investment;

(3) lessen the burden on United States exports and international trade caused by destabilizing debt service and trade and invest-

ment barriers maintained by developing countries;

(4) lessen the destabilizing impact on the United States' and international banking systems caused by difficulties in international debt service;

(5) encourage developing countries to eliminate structural barriers in their economies that are limiting their efficiency and productivity; and

(6) permit the resumption of vigorous economic growth of developing countries.

SEC. 203. AUTHORITY AND DIRECTIVES.

(a) The Export-Import Bank Act of 1945 is amended by adding at the end thereof the following:

"TRADE EXPANSION LOAN GUARANTEE AND INSURANCE PROGRAM FOR EXPORTS TO DEVELOPING COUNTRIES

"SEC. 15. The bank is authorized to establish for the fiscal years 1986, 1987, 1988, and 1989, in addition to its other loan guarantee and insurance programs, the Trade Expansion Loan Guarantee and Insurance program having an aggregate authority of $10,000,000,000. The Trade Expansion Loan Guarantee and Insurance program shall be available to the bank for the establishment of general facilities consisting of guarantees and insurance in support of United States exports to specific developing countries. Such facilities shall be available for exports to a particular country only if—

"(1) access to such facilities for purchasing United States exports by the private sector in the developing country is at least equal to that for such purchases by the public sector in that country; and

"(2) the developing country is removing existing trade and investment barriers.".

(b) The President is authorized to enter into negotiations with members of the Organization for Economic Cooperation and Development to eliminate official financing or support for new mining or production facilities for commodities in developing countries, and where possible, to encourage the reduction of commodities from such facilities, where the commodity is in oversupply (as defined by such negotiations) in international trade.

(c)(1) The President is authorized to enter into negotiations with the members of each multilateral development bank to reach an agreement prohibiting the furnishing of assistance by such bank for any new mining or production facility for a commodity that is in oversupply, as defined by such negotiations, in international trade.

(2) For purposes of paragraph (1), the term "multilateral development bank" refers to the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the African Development Fund.

(d) The President is authorized to enter into negotiations with the members of the International Monetary Fund to reach an agreement terminating the Compensatory Financing Facility and transferring the resources and assets of the Facility to the general resources of the Fund.

(e) The President is authorized to enter into negotiations with the members of the International Bank for Reconstruction and Development for—

(1) an agreement to amend the Articles of Agreement of the International Bank for Reconstruction and Development to permit increases in loans and guarantees by the Bank up to 200 percent of the unimpaired subscribed capital, reserves and surplus of the Bank;

(2) an agreement that new lending by the Bank, under the increased authority described in paragraph (1), to a country would be at rates of interest based upon an index reflecting economic conditions in such country, such as prices for major commodity exports by such country, as determined by the International Monetary Fund or other authoritative source (as defined by such negotiations); and

(3) an agreement that new loans made by the Bank should, under the increased authority described in paragraph (1), be conditioned on the removal of existing trade and investment barriers and on the promotion of development of the private sector.

SEC. 204. REPORT.

Not later than 6 months after the date of enactment of this Act, and annually thereafter, the President shall transmit a report to the Congress on his efforts to carry out the policies and achieve the objectives set forth in this subtitle.●

By Mr. DOLE (for himself, Mr. MITCHELL, Mr. CHAFEE, Mr. BAUCUS, Mr. GRASSLEY, Mr. DIXON, Mr. MATTINGLY, Mr. LAUTENBERG, Mr. HEINZ, Mr. MOYNIHAN, Mr. GORTON, and Mr. DANFORTH):

S. 1867. A bill to require the President to submit legislation withdrawing trade benefits provided under Generalized System of Preferences from certain developing countries; to the Committee on Finance.

WITHDRAWAL OF GATT BENEFITS FROM CERTAIN DEVELOPING COUNTRIES

Mr. DOLE. Mr. President, I ask unanimous consent that the bill, S. 1867, be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1867

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds that—

(1) economic growth in developing countries is in the economic interest of the United States;

(2) in order to promote economic growth in the broadest range of developing countries, the rights and obligations conferred by the General Agreement on Tariffs and trade and other trade agreements should reflect fully the level of growth in each developing country; and

(3) neither the General Agreement on Tariffs and Trade nor United States laws according preferential treatment to developing countries provide adequate rules and procedures for gradual withdrawal of such treatment as such countries become more advanced with a view to promoting the oportunities for economic growth of lesser develop countries.

SEC. 2. AMENDMENT OF THE GENERALIZED SYSTEM OF PREFERENCES.

(a) IN GENERAL.—By no later than 90 days after the date of enactment of this Act, the President shall submit to the Congress a draft of a bill which provides for the withdrawal, by no later than the date that is 2 years after the date of enactment of this Act, of trade preferences under the provisions of title V of the Trade Act of 1974 (19 U.S.C. 2461, et seq.) from any foreign country if, on the basis of—

(1) the per capita income of such country, and

(2) other indications of—

(A) the economic development of such country, and

(B) the ability of such country to compete internationally in the absence of such preferences,

the continued provision of such preferences to such country can no longer be justified as promoting economic growth and development in the developing world.

(b) SPECIAL CONGRESSIONAL PROCEDURES.—The draft of a bill submitted by the President under subsection (a) shall—

(1) be introduced by the majority leader of each House of the Congress (by request) on the first day such House is in session after the date such draft is submitted to the Congress, and

(2) shall be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151 of the Trade Act of 1974 (19 U.S.C. 2191).

(c) TREATMENT OF CERTAIN FOREIGN COUNTRIES.—The draft of a bill submitted under subsection (a) shall apply to foreign countries such as Taiwan, Hong Kong, the Republic of Korea, and any other countries described in subsection (a), but shall not apply to any country which has entered into an agreement with the United States under section 102(b) of the Trade Act of 1974 (19 U.S.C. 2112(b)) establishing a free trade zone between the United States and such country.

(d) FOREIGN COUNTRY.—For purposes of this section, the term "Foreign country" includes any foreign instrumentality.

By Mr. HEINZ (for himself, Mr. DOLE, Mr. BAUCUS, Mr. GRASSLEY, Mr. BOREN, Mr. MATTINGLY, Mr. DIXON, Mr. MOYNIHAN, Mr. CHAFEE, Mr. LUGAR, Mr. COHEN, Mr. WILSON, and Mr. DANFORTH):

S. 1868. A bill to amend the Tariff Act of 1930 to establish procedures for determining dumping by nonmarket economy countries; to the Committee on Finance.

DUMPING BY NONMARKET ECONOMY COUNTRIES

● Mr. HEINZ. Mr. President, for the last 6 years I have introduced legislation to address the problems of unfair trade practices by nonmarket economies. Last year the Senate adopted a version of my legislation, S. 1351, as an amendment to the Trade and Tariff Act of 1984, but it was subsequently dropped in conference. As a result, we are back again this year faced with a problem that all concerned parties acknowledge is growing both more important and more difficult to deal with as the years pass by. I hope that this year's version, which differs from last year's amendment in only one important respect, will prove to be the final one, and we can, at long last, put this issue behind us.

As Senators know, both GATT rules and U.S. law have long provided standards and procedures for dealing with foreign producers and governments

that engage in unfair trading practices, specifically dumping with respect to the former, and subsidies with respect to the latter. To oversimplify, dumping generally occurs when the foreign producer sells in this country at a price less than its home market price, less than its price in third country markets, or less than its cost of production. Subsidies can be either export subsidies or domestic subsidies, and the GATT Subsidies Code contains an illustrative list which is fairly comprehensive though limited by the continuing creativity of governments in inventing new ways of distorting the market system. Although there are numerous problems with the administration of these laws, some of which are addressed in other legislation I have introduced—the so-called TRAC bill, S. 1493—the dumping and subsidy concepts accurately reflect major means of distorting the market-based trading system, and our laws against them deserve aggressive enforcement.

The fact remains, however, that these laws and GATT codes are designed to address deviations from a free market standard. It has proved difficult over the year to adapt them to cope with state-controlled economies which are, in their entirety, a deviation from the free market. To put it in practical terms, how can one determine dumping in a state-controlled economy when the producer as well as all the factors of production are controlled by the Government, where the currency is not freely convertible, and prices and wages are set in such a currency by the Government without any necessary reference to supply and demand? Price references are clearly of no use whatsoever, and, since many nonmarkets have a history of selectively targeting export sectors to earn hard currency foreign exchange, there is clearly reason to suspect that increases in imports from such countries may be due to factors other than the simple operation of supply and demand.

Historically, the Government attempted to deal with this problem when a complaint was filed by looking at prices in third markets and looking at the costs of free market producers other than the United States which might be considered comparable to those of the nonmarket economy in question. These approaches foundered in the now-famous Polish golf cart case of the 1970's, where it ultimately developed that there were no third country sales, no home market sales—there are no golf courses in Poland—and no comparable third country producers. At that point, the Treasury Department, which administered the law at that time, in a fit of irrationality invented the "comparable economy" concept, in which a theoretical cost of production would be calculated in any economy judged to be comparable to that of the nonmarket. The calculation would be based on wages, costs, and prices in the third country, regardless of whether or not it actually produced the product in question. As a result the Treasury invented the cost of a fictions golf cart in Spain, where none was manufactured, and then applied the cost to Poland, comparing it to the price of the Polish carts in the United States to determine whether or not dumping was occurring.

That this makes no sense is self-evident for at least two reasons. Determining that economies are comparable on the basis of aggregate data is notoriously unreliable and says little about differing levels of development and sophistication in specific sectors. Further, even within comparable economies, sectors can be widely divergent in levels of development. That is particularly likely in the nonmarket case, since we are often dealing with sectors that are targeted for special development for export purposes. The Poles, for example, build golf carts clearly for export purposes and have developed the industry to earn hard currency. That fact is likely both to magnify the amount of Government support the sector may have received and to make it a more sophisticated and efficient sector than that in an otherwise comparable economy.

The early forms of this legislation were developed in response to that kind of problem, but in the intervening years some additional difficulties have developed. Currently the Commerce Department has preferred using actual third country producer prices or costs where possible, but the Department has had increasing difficulty finding third country producers willing to cooperate with this kind of investigation. That is no surprise, since the producer would have to supply the U.S. Government with a great deal of, obviously, confidential cost and price data even though he is not a party to the case in question. Aside from the normal risks that entails, as well as the time and cost of assembling it, the third country producer is also well aware that he could be the next target of a dumping case by the domestic industry, in which event the Commerce Department would already have all the necessary information to proceed against him. As a result, more and more surrogate producers are refusing to cooperate, and the Commerce Department has moved farther and farther away from any standard of comparability in its desperate search for surrogates. Former Under Secretary of Commerce Lionel Olmer commented on this problem in his testimony on the forerunner of this bill, S. 1351, at a hearing held last year:

> In applying the antidumping law to NME's, we have found the present statute and regulations to be enormously burdensome and excessively complicated, in comparison to the law as applied to market economies. The results are often unpredictable and based on the commercial behavior of a producer who is not engaged in unfair trade . . .
>
> In enacting the current antidumping provisions in 1974, Congress recognized that home market prices in an NME cannot provide a reasonable benchmark from which dumping margins can be computed. Instead, Commerce must use a "surrogate country" methodology; i.e., we decide whether NME imports are dumpted in the U.S. by comparing the NME's prices in the U.S. with prices of the same or similar merchandise sold in the home or third country markets of a surrogate market economy country that is at a level of economic development comparable to the NME. This means that we must find a surrogate country that: (1) is at a comparable level of economic development with respect to the industry at issue; (2) makes the product under investigation; and (3) is willing to cooperate in our investigation.
>
> It has proven to be extremely difficult and time consuming to find a market economy that meets all these requirements. In some cases—like chloropicrin from the People's Republic of China and montan wax from the German Democratic Republic—the product of concern is made in only a few countries, and those are not at a comparable level of economic development produce the goods concerned, there is little, if any, incentive for their producers to provide us with the detailed information we require and to allow us to verify it by examining their books and records. For example, in 1982 we persuaded Finnish carbon steel plate producers to serve as our surrogate in investigating plate from Romania. The Finns provided us information and let us verify it. Then on February 10, 1984, United States Steel Corporation filed an antidumping petition on plate from Finland, using the very same information obtained in the Romanian investigation. You can imagine how dismayed the Finns were with the results of their cooperation; and how that experience has made it difficult to find cooperative surrogates in other NME antidumping cases.

Under Secretary Olmer went on to state emphatically that the law is becoming progressively more difficult to administer with respect to nonmarket economies and that the Commerce Department supported its reform. That remains the administration's position today; indeed, this was an issue the President mentioned in his September trade speech, although details of an administration proposal in this area have not yet become public.

Given these difficulties, what kind of standard is appropriate in nonmarket economy cases? First, I would suggest several principles:

First, nonmarket economies are as capable as free market economies of engaging in unfair trade practices, and our standard should not abandon the effort to identify and quantify.

Second, any standard is necessarily arbitrary. Since nonmarket cost and price data is by definition unreliable, if not meaningless, there is no certain way to quantify dumping or domestic

subsidies in the free market sense of the terms.

Third, a standard should be as simple to administer as possible and as certain for both producers and the domestic industry as possible. In my experience with these matters, what is worst for both parties is the sustained uncertainty in the marketplace a case provides. We should have a standard that maximizes certainty and simplicity and which is not susceptible to manipulation for political reasons.

Fourth, a standard should be fair. It is not our policy simply to exclude all nonmarket economy products from the American market. Neither can we allow them to take advantage of their command economy structure to capture market share unfairly and without regard to the dynamics of the marketplace.

Fifth, our concept of nonmarket economy should be economic rather than political. A country is not a nonmarket economy simply because it is Communist. Neither is a Communist country inevitably and necessarily a nonmarket economy. It is in our interest to help such countries evolve toward Western economic models, and that means we should recognize the progress in that direction of some of them.

Sixth, in line with the previous principle, we should also encourage movement toward Western economic systems by including procedures in our standard for treating nonmarket economies like everyone else if they can provide data of sufficient reliability to permit it.

Taking these principles into account, the bill continues the same standard of measurement that the Senate adopted last year in my amendment. That is that the price of the nonmarket goods in the United States would be compared to the trade-weighted average price of imports of the like product from free market producers, excluding U.S. producers and excluding those other producers who may already have been found to be dumping or benefiting from subsidies. In my judgment this is a fair standard that prevents price undercutting without at the same time arbitrarily shutting all nonmarket products out of the U.S. market. It provides relative certainty and simplicity and, in my judgment and that of a number of experts in this area, is eminently administerable based on shipping and customs data that is already available. As in last year's amendment, the bill also continues the special treatment provided for two exceptional situations—where there are no other free market producers from whom an average could be derived, and where an average price is indeterminable because of the manner in which our data records its entry into the country.

Also continued from last year's amendment are the concept of a list of nonmarket economies, such list to be based on economic rather than political criteria; comparability to existing unfair trade practice economy to be treated normally if it is able to provide sufficient and verifiable information to justify doing so. The list of nonmarket economies would be adjusted annually, with public imput, but its presence in the statute will eliminate arguments in each petition filed over whether the country in question is a nonmarket economy. Its presence on the list will make it so for purposes of petitions filed at this point.

The one major change made in the bill this year is that it amends only the antidumping law and not the countervailing duty law. This change has been made for three reasons.

First, the question of the applicability of the countervailing duty law to nonmarket economies is in litigation, presently before the court of appeals for the Federal circuit—Continental Steel et al. versus United States—with a decision expected in the first half of 1986. I believe it is appropriate to let this case work its way through the judicial system rather than to preempt it by legislation at this point.

Second, in that litigation a strong argument is made not only that the law is applicable to nonmarket economies, but that certain subsidies, specifically export subsidies, are readily determinable and quantifiable just as they are in market economies. I believe this argument has merit, and, in line with our goal of treating nonmarket economies as much like free market economies as we can, if we can determine a subsidy than we ought to do so rather than to employ a standard which is admittedly arbitrary. Since a subsidy is a tool of government, it is theoretically a concept more applicable to nonmarket economies than dumping, which depends on the actions of individual producers.

Third amending only the dumping law solves a difficult argument over the extension of the injury test, since in the dumping context all countries receive the injury test. Were we also to amend the countervailing duty law, there would be some question about applicability of the injury test to some countries, particularly the People's Republic of China which has not joined GATT and which has not, in the judgment of objective observers, made equivalent commitments which would warrant extension of the injury test. We insisted on such commitments from states like Israel and Mexico with whom we have historically had much closer relations, and there is no logic in not holding China to the same standard. The State Department last year, however, was reluctant to do that. This year's bill obviates that debate.

As a result of this change, I should point out, the bill looks considerably different than either S. 1351 or last year's amendment, since there is no need to repeat as a separate "artificial pricing" track all the same procedures that appear in existing law. As a result, this bill is shorter and more cleanly drafted than its predecessors.

Mr. President, this is a serious, if now well-noticed, problem which deserves prompt action. I did not receive it last year, and it is now overdue. I hope we will be able to move promptly on this, and I urge my colleagues to study the bill and give it their support. Mr. President, I ask that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1868

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DUMPING BY NONMARKET ECONOMY COUNTRIES.

(a) IN GENERAL.—SUBSECTION (c) of section 773 of the Tariff Act of 1930 (19 U.S.C. 1677b) is amended to read as follows:

"(c) NONMARKET ECONOMY COUNTRIES.—

"(1) IN GENERAL.—If—

"(A) the merchandise under investigation is exported from a nonmarket economy country, and

"(B) the administering authority finds that the foreign market value of the merchandise can not be accurately determined under subsection (a) because information provided by such country is not verifiable or is insufficient.

the foreign market value of the merchandise shall be the trade-weighted average price at which the merchandise, or similar merchandise, produced by eligible market economy producers is sold at arms length in the United States during the period of the investigation.

"(2) AVERAGE PRICE NOT AVAILABLE.—If—

"(A) the conditions described in subparagraphs (A) and (B) of paragraph (1) exist, and

"(B) the administering authority is unable to determine under paragraph (1) the foreign market value of the merchandise under investigation,

the foreign market value of the merchandise shall be the price, determined in accordance with subsection (a), at which the merchandise, or similar merchandise, produced by eligible market economy producers is sold in the United States.

"(3) NO ELIGIBLE MARKET ECONOMY PRODUCERS.—if—

"(A) the conditions described in subparagraphs (A) and (B) of paragraph (1) exist, and

"(B) no eligible market economy producers of the merchandise under investigation, or of any similar merchandise, exist,

the foreign market value of the merchandise shall be the constructed value, determined in accordance with subsection (e), of the merchandise, or of similar merchandise, produced in any country other than a nonmarket economy country.".

(b) NONMARKET ECONOMY COUNTRY AND ELIGIBLE MARKET ECONOMY PRODUCER DEFINED.—Section 771 of the Tariff Act of 1930

(19 U.S.C. 1677) is amended by adding at the end thereof the following new paragraphs:

"(18) NONMARKET ECONOMY COUNTRY.—

"(A) IN GENERAL.—The term 'nonmarket economy country' means any foreign country that is designated as a nonmarket economy country by the administering authority in an action taken under subparagraph (B)(ii) which is still in effect on the date on which the investigation under subtitle B is commenced.

"(B) DETERMINATION.—The administering authority shall, at least annually—

"(i) determine whether the economy of each foreign country operates on market principles of cost or pricing structures, so that sales of merchandise in such country reflect the fair value of the merchandise, and

"(ii) designate as a nonmarket economy country each foreign country with respect to which a negative determination is made under clause (i).

"(C) FACTORS TO BE CONSIDERED.—In making determinations under subparagraph (B)(i), the administering authority shall take into account—

"(i) the extent to which the currency of the foreign country is convertible into the currency of other countries;

"(ii) the extent to which wage rates in the foreign country are determined by free bargaining between labor and management;

"(iii) the extent to which joint ventures or other investments by firms of other foreign countries are permitted in the foreign country; and

"(iv) such other factors as the administering authority considers appropriate.

"(D) DESIGNATION IN EFFECT.—Any designation of a foreing country made under subparagraph (B)(ii) shall remain in effect until revoked by the administering authority by reason of a subsequent affirmative determination made under subparagraph (B)(i) with respect to such foreign country.

"(E) DETERMINATION.—The administering authority may make a determination under subparagraph (B)(i) with respect to any foreign country at any time.

"(F) LIST.—The administering authority shall annually publish in the Federal Register a list of all the foreign countries designated as nonmarket economy countries by the administering authority in action taken under subparagraph (B)(ii) that is in effect at the time of such publication.

"(G) PUBLICATION OF DETERMINATION.—Any negative determination made under subparagraph (B)(i) and any revoation of designation made under subparagraph (B)(ii), shall be published by the administering authority in the Federal Register.

"(H) PUBLIC COMMENT.—The administering authority shall prescribe regulations which provide procedures under which any interested person may present evidence or comments regarding any determination made under subparagraph (B).

"(I) DETERMINATIONS NOT IN ISSUE.—Any determination made by the administering authority under subparagraph (B) shall not be subject to judicial review, or otherwise contested, in any investigation conducted under subtitle B.

"(19) ELIGIBLE MARKET ECONOMY PRODUCER.—The term 'eligible market economy producer' means any foreign producer who—

"(A) produces the merchandise that is the subject of the investigation or any similar merchandise in any foreign country which is not a nonmarket economy country,

"(B) exports the merchandise, or similar merchandise, to the United States, and

"(C) is not subject to an antidumping or countervailing duty order under section 736 or 706 against the merchandise, or similar merchandise, during the period of the investigation.".

(c) EFFECTIVE DATES.—

(1) The amendments made by this section shall apply to investigations commenced after the date of enactment of this Act.

(2) The Secretary of Commerce shall make the initial determinations under section 771(18)(B) with respect to each foreign country by no later than the date that is 90 days after the date of enactment of this Act.●

By Mr. LAUTENBERG (for himself Mr. ROTH, Mr. BOREN, Mr. CHAFEE, Mr. BAUCUS, Mr. GRASSLEY, Mr. DIXON, Mr. MATTINGLY, Mr. MOYNIHAN, Mr. HEINZ, Mr. DOLE, Mr. DOMENICI, Mr. WILSON, Mr. MATSUNAGA, Mr. LUGAR, Mr. GORTON, Mr. COHEN, and Mr. DANFORTH):

S. 1869. A bill to amend the Tariff Act of 1930 to enhance the protection of intellectual property rights; to the Committee on Finance.

INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT AMENDMENTS

● Mr. LAUTENBERG. Mr. President, I rise to introduce as a freestanding bill an important section of the Trade Enhancement Act of 1985. I am pleased that Senator ROTH joins me as the principal cosponsor.

This bill would amend section 337 of the Tariff Act of 1930, to strengthen the rights of American inventors to exclude from the American market products that infringe their intellectual property rights. This bill is virtually the same proposal as S. 1647 which Senator ROTH and I introduced on September 13.

As the President's Commission on Industrial Competitiveness recently confirmed, America has no greater economic advantage than its technology and innovation. Yet, we will not reap the economic benefits of that technology unless we maintain an effective system for the protection of intellectual property rights, that is, patents, copyrights, and trademarks.

Developing new technology and innovation takes time, money, and risk. The inventor needs an opportunity to reap a return, and our economy needs the opportunity to exploit American innovation.

Unfortunately, with increasing frequency, foreign firms are pirating American inventions, and then shipping those products back to the United States. The International Trade Commission estimated, back in 1982, that infringement of U.S. intellectual property cost Americans 131,000 jobs, in just five selected industrial sectors, and cost the Nation's businesses $5.5 billion in annual sales.

Section 337 of that Tariff Act of 1930 gives the International Trade Commission the general power to exclude imports when the importer engages in "unfair methods of competition or unfair acts." The law has been used to keep out pirated products, but the law needs to be strengthened, and that is what our legislation would do.

Because the law was not designed specifically to protect intellectual property rights, it requires a complaining party to show that the imports threaten an efficient and economically operated domestic industry with destruction or substantial injury. Only then, can relief be granted.

Where trade affects the rights of patent, copyright, maskwork, trade secret, or trademark owners in the United States, there ought not be such obstacles to relief. To exclude certain imported goods, it should be enough that the articles infringe a patent, or are made abroad by the unauthorized use of a process that is patented here.

It should be enough that the imported article infringes a copyright, violates a trade secret, infringes a semiconductor maskwork, or that a product covered by a trademark was manufactured without the authority of the trademark holder. In other words, the bill covers the case of counterfeit trademarks. Much more controversial, and not addressed here, is the case in which products have bona fide trademarks, but enter through so-called gray market channels.

Intellectual property owners covered by the bill need not prove that a whole industry is threatened with destruction or substantial injury. Infringement is sufficient injury.

Also, an inventor would not have to prove that its industry is efficiently and economically operated. Indeed, some small high technology firms may not have the chance to get started, and to become economical, before they are challenged by pirates.

The bill would make additional changes in section 337. It would require the ITC to act promptly on requests for relief pending the final resolution of a complaint. In cases where a key shipment of infringing goods is on its way, or a critical selling season is approaching, the failure of the ITC to act promptly inflicts harm on the intellectual property owners that is not easily remedied.

In order to overcome reluctance in the granting of temporary exclusion orders, the ITC is given the discretion to require the party seeking the order to put up a bond.

The bill also confirms the principle of finality of ITC judgments. There are cases, for example, where a party that is subject to an exclusion order for infringing a patent comes forth seeking a determination that it no longer infringes or seeks a modification of the order. The intellectual property owner is faced with addition-

al litigation, to preserve the rights it so recently enforced.

The bill would confirm that the burden of proof in this subsequent proceeding lies clearly on the party that was found in violation of the law. That party should be estopped from raising claims that could have been raised in the previous proceeding. It is my understanding that this is the rule today, but, the bill would enact this rule into statute.

The legislation also grants the ITC the power to order the forfeiture of articles. In principle, a general exclusion order is a powerful remedy, blocking the entry of goods, and forcing their return.

In reality, I am afraid, the Customs Service simply cannot and does not catch all infringing goods. When it does stop articles, it orders only that they be returned, and risks that there will be a second effort to import the goods, an effort that may elude detection. Forfeiture would make sure that pirates and counterfeiters do not have a second chance.

The legislation also speeds the granting of limited exclusion orders where a respondent defaults. The ITC may be justified in its current practice of establishing an adequate basis for a general exclusion order, even where respondents default, because of the broad nature of the remedy. However, where a party seeks a limited exclusion order, and a party defaults without good cause, relief should be forthcoming. Of course, securing a limited exclusion order when a party is in default should not preclude the complainant from securing a general exclusion order as well if a prima facie case is made.

Last, the bill increases the penalties for violation of cease and desist orders.

While we already have received some thoughtful suggestions and comments regarding our proposal, the only change we have made in this new version is to clarify our intent to include trade secrets and maskworks among the forms of intellectual property rights that should be enforceable under streamlined procedures.

While our bill requires that persons enforcing rights under the bill maintain a presence in the United States, I recognize the view of some people that we should retain the requirement that there be a U.S. industry exploiting those rights. However, I believe the present formulation is unsatisfactory. It has provided inadequate assurance of relief to firms that deserve it—technology firms that have yet to fully develop, like biotech startups that are engaged solely in research and development and have not yet graduated to manufacturing. I am committed to reaching a fair resolution of this issue, a compromise that reforms the law, but addresses the concerns expressed.

Mr. President, I note that S. 1543, the Process Patent Amendment of 1985, which I joined Senator MATHIAS in introducing in July, is also incorporated in the Trade Enhancement Act introduced today. That measure would make it a violation of domestic patent law to import, use, or sell a product that is made abroad through the unauthorized use of a process that is patented here. Process patent reform is needed, to bring our law into line with that of other major industrial powers. It is needed to ensure that protection of our innovations, and the maintenance of incentives to innovate.

Process patent reform, and section 337 reform are complementary. The two measures are a reflection of the breadth of the problem posed by the infringement of intellectual property rights, and the need for variety of solutions.

Indeed, perhaps the greatest policy-making challenge is to increase respect of intellectual property in other nations, and in trade that does not involve the United States. When an American inventor's product is knocked off in one foreign country, and sold in another, U.S. exports are hurt.

We can condition certain trade benefits on adequate and effective intellectual property right protection. That was a provision of my bill last Congress, S. 2549, a provision that also found its way into the Trade and Tariff Act of 1984. But that approach depends on vigorous enforcement by an administration that may, unfortunately, be diverted by the pursuit of competing policy goals as well. In other words, Mr. President, a great deal of work needs to be done to raise international standards of intellectual property right protection.

I am not aware of any Member of this body who is not distressed by the flood of imports that have tipped our balance of trade. The causes of our trade imbalance are complex. Crafting a solution is not easy. But, when the imports are pirated versions of American inventions, as is too often the case, there is no question that we should act and act firmly.

I am pleased that this bill is a part of the major trade initiative we have launched today. I look forward to hearings, and the opportunity to further refine this proposal, and I urge my colleagues to support it.

I ask unanimous consent that the full text of the bill be printed at the conclusion of my remarks, along with a letter endorsing the proposal by the Intellectual Property Owners.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1869

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Intellectual Property Rights Enforcement Amendments of 1985".

SEC. 2. UNFAIR PRACTICES IN IMPORT TRADE.

(a) Subsection (a) of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), is amended—

(1) by striking out "(a) Unfair" and inserting in lieu thereof "(a)(1) Unfair",

(2) by striking out "efficiently and economically operated",

(3) by striking out "prevent" and inserting in lieu thereof "impair or prevent", and

(4) by adding at the end thereof the following new paragraph:

"(2) For purposes of this section, the following acts in the importation of articles into the United States or in their sale are declared to be unfair and to have the effect or tendency to destroy or subtantially injure an industry or to impair the establishment of an industry:

"(A) Unauthorized importation of an article which infringes a valid United States patent or the unauthorized sale of such an imported article.

"(B) Unauthorized importation of an article which—

"(i) was made, produced, processed, or mined under, or by means of, a process covered by a valid United States patent, and

"(ii) if made, produced, processed, or mined in the United States, would infringe a valid United States patent,

or the unauthorized sale of such an imported article.

"(C) Unauthorized importation of an article which infringes a valid United States copyright or the unauthorized sale of such an imported article.

"(D) Importation of an article which infringes a valid United States trademark, or the sale of such an imported article, if the manufacture or production of such imported article was unauthorized.

"(E) Unauthorized importation of an article which infringes a valid United States maskwork or the unauthorized sale of such an imported article.

"(F) Unauthorized importation of an article which infringes a valid trade secret in the United States or the unauthorized sale of such an imported article.".

(b) Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) is amended—

(1) by striking out "subsection (d) or (e)" in subsection (c) and inserting in lieu thereof "subsection (d), (e), (f), or (g)",

(2) by striking out "subsection (d), (e), or (f)" in subsection (c) and inserting in lieu thereof "subsection (c) and inserting in lieu thereof subsection (d), (e), (f), (g), or (h)",

(3) by striking out "subsections (c) and inserting in lieu thereof "subsection (d), (e), and (f)" in subsection (d), (e), (f), (g), or (h)",

(4) by striking out "If" in the first sentence of subsection (e) and inserting in lieu thereof "(1) If",

(5) by adding at the end of subsection (e) the following new paragraph:

"(2) Any person may petition the Commission for the issuance of an order under this subsection. The Commission shall make a determination with regard to such petition by no later than the date that is 90 days after the date on which such petition is filed with the Commission. The Commission may require the petitioner to post a bond as a prerequisite to the issuance of an order under this subsection.".

(6) by striking out "In lieu of" in subsection (f)(1) and inserting in lieu thereof "In addition to, or in lieu of,",

(7) by inserting "twice" after "Of $10,000 or" in subsection (f)(2),

(8) by redesignating subsections (g), (h), (i), and (j) as subsections (i), (j), (k), and (l), respectively,

(9) by inserting after subsection (f) the following new subsections:

"(g) FORFEITURE.—In addition to taking action under subsection (d) or (e), the Commission may issue an order providing that an article imported in violation of the provisions of this section be seized and forfeited to the United States. The Commission shall notify the Secretary of the Treasury of any order issued under this subsection and, upon receipt of such notice, the Secretary shall enforce such order in accordance with the provisions of this Act.

"(h) DEFAULT.—If—

"(1) a complaint is filed against a person under this section,

"(2) such complaint and a notice of investigation are served on such person,

"(3) such person fails to respond to the complaint and notice or otherwise fails to appear to answer the complaint and notice,

"(4) such person fails to show good cause why such person should not be found in default, and

"(5) the facts alleged in the petition establish a violation of the provisions of this section, and

"(6) the complainant seeks relief affecting solely such person the Commission shall presume the facts alleged in the complaint and shall, upon request, issue relief under this section affecting solely such person, unless, after considering the effect of such an order of relief upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, the Commission finds that such an order or relief should not be issued.",

(10) by striking out "subsection (d), (e), or (f)" each place it appears in subsection (i), as redesignated by paragraph (8) of this subsection, and inserting in lieu thereof "subsection (d), (e), (f), (g), or (h)",

(11) by inserting "and no seizure shall be made of any article under subsection (g) until such determination becomes final if such a bond is posted" after "becomes final" in subsection (i)(3), as so redesignated,

(12) by striking out "and (g)" in subsection (j), as so redesignated, and inserting in lieu thereof "and (i)",

(13) by striking out "notifies" in subsection (j), as so redesignated, and inserting lieu thereof ", or order to seize, notifies",

(14) by striking out "Except" in subsection (j), as so redesignated, and inserting in lieu thereof "(1) Except",

(15) by adding at the end of subsection (j), as so redesignated, the following new paragraph:

"(2) If any person who has previously been found by the Commission to be in violation of this section petitions the Commission for a determination that the petitioner is no longer in violation of this section or for a modification or recision of an order under subsection (d), (e), (f), (g), or (h)—

"(A) the burden of proof in any proceeding before the Commission regarding such petition shall be on the petitioner, and

"(B) relief may be granted by the Commission with respect to such petition only on the basis of new evidence or evidence that could not have been presented at the prior proceeding.",

(16) by striking out "subsection (d), (e), or (f)" in subsection (k), as so redesignated, and inserting in lieu thereof "subsection (d), (e), (f), (g), or (h)", and

(17) by striking out "patent" each place it appears in subsection (k) and inserting in lieu thereof "patent, copyright, or trademark".

(c) The Act of July 2, 1940 (54 Stat. 724, chapter 515; 19 U.S.C. 1337a) is hereby repealed.

INTELLECTUAL PROPERTY OWNERS, INC.,
Washington, DC, November 15, 1985.

Hon. FRANK R. LAUTENBERG,
U.S. Senate,
Washington, DC.

DEAR SENATOR LAUTENBERG: I am writing on behalf of Intellectual Property Owners, Inc. (IPO) to endorse S. 1647, your bill which would amend section 337 of the Tariff Act of 1930 to enhance the protection of intellectual property rights.

IPO is a nonprofit association whose members own patents, trademarks, and copyrights. Our members include large corporations, small businesses, universities, and individuals. IPO members are responsible for a large portion of the research conducted in the United States. We believe an effective U.S. system for protecting intellectual property rights is very important for encouraging research and commercial development of new technology, and for preserving jobs in this country.

The United States can no longer afford to neglect matters which affect the climate for invention and innovation. The evidence is overwhelming that our industrial competitiveness is slipping.

Patent statistics are one measure of the decline in American inventiveness. In the late 1960's the percentage of U.S. patents going to foreign nationals was about 20 percent. Last year it was 41.7 percent. The share going to Japanese nationals alone has risen to 16 percent.

IPO believes the declining share of patents going to our own citizens can be attributed in part to weaknesses in the patent system which, in turn, have weakened the incentives for our citizens to make inventions. We must provide greater incentives for American firms to invest in research, development and commercialization of technology.

A strong U.S. patent system is of greatest benefit to American companies because American companies still own a substantial majority of the patents issued in the United States—about 70 percent of patents currently in force—and because American companies are the ones with the best understanding of, and closest proximity to, U.S. markets.

By providing more effective relief against imports which infringe U.S. patents and other intellectual property rights, S. 1647 would increase the value of intellectual property, thereby strengthening the incentives for investment and innovation by U.S. companies. Also, when U.S. patent owners are protected from offshore competition they are more likely to manufacture in the U.S. themselves, creating jobs in this country.

Although we have not yet had an opportunity to study every aspect of S. 1647, we believe the overall effect of the legislation would be beneficial to U.S. intellectual property owners. Our board of directors recently considered and endorsed three features of S. 1647:

(1) Eliminating the requirement for the U.S. International Trade Commission (ITC) to determine that an industry is "efficiently and economically operated". Eliminating this requirement will help reduce the complexity and expense of ITC proceedings.

(2) Defining patent, trademark or copyright infringement—without more—to constitute "injury" for purposes of section 337. Intellectual property infringement severely injures U.S. industry. Changing the law to recognize that this is so will increase respect for U.S. intellectual property rights by foreign competitors who now are often tempted to take a free ride on U.S. research and development expenditures.

(3) Placing the burden of proof on parties found to be in violation of section 337 when they petition the ITC for a determination that they are no longer in violation, or when they petition for modification or rescission of an ITC order. This rule on the burden of proof helps assure the finality of ITC orders and avoids the possibility of continuing, expensive litigation.

It is unclear in S. 1647 as introduced whether a patent, trademark, or copyright owner who established infringement under new paragraph 337(a)(2) also would have to establish the existence of "an industry in the United States". We understand the bill may be clarified on this point. We express no opinion on the degree of industry presence in the United States, if any, which should be required.

Finally, we would like to express our support for the statements you have made that S. 1647 should not be viewed as a substitute for S. 1543, the "Process Patent Amendment of 1985". We strongly support enactment of S. 1543. It closes a longstanding loophole in the patent code which allows firms to manufacture offshore by using patented processes and import the resulting products into the U.S. without being subject to suit for patent infringement in U.S. district courts. We agree that the problems posed by infringement of intellectual property rights call for a variety of solutions, and that S. 1647 and S. 1543 complement each other.

We appreciate your efforts to improve the nation's trade laws and patent, trademark and copyright laws.

Sincerely,

DONALD W. BANNER,
President.●

● Mr. ROTH. Mr. President, today Senator LAUTENBERG and I are reintroducing S. 1647 as S. 1869 in order to clarify that this bill covers not only instances when imports infringe U.S. patents, copyrights, and trademarks, but also when they violate trade secrets and semiconductor maskworks.

As I discussed when this bill was originally introduced on September 13, this legislation is designed to level the playing field with respect to the enforcement of intellectual property rights.

As our economy and the international competitiveness of our industries become increasingly dependent upon U.S. ingenuity and technological innovation, it has become critical to ensure quick, effective, and meaningful protection for U.S. intellectual property, both at home and abroad. While it is becoming increasingly important to seek the recognition and enforcement of intellectual property rights by all nations, all such efforts must begin at

home. Currently, it is more difficult for the U.S. owner of a U.S. patent, copyright, or trademark to secure relief against infringing imports than it is to secure relief against infringing products made in the United States. Although the laws were not intended to have this result, that is currently the effect.

Section 337 of the Tariff Act of 1930 has become one of the primary mechanisms for enforcing U.S. intellectual property rights against infringing imports, because it is frequently the only means of securing effective relief against infringing merchandise of foreign origin. However, because section 337 was originally designed to cover a broad range of unfair acts in the importation of goods into the United States, it contains several elements, in addition to an unfair act, which must be proven before relief will issue. Many of these requirements make no sense in the context of the infringement of intellectual property. Moreover, these elments are not required by our international obligations, as evidenced by the fact that many of our trading partners do not require such showings for the exclusion of infringing imports.

In order to secure relief against infringing imports, the owner of U.S. intellectual property must prove, in addition to infringement: (a) The presence of a U.S. industry, (b) that the U.S. industry is efficiently and economically operated, (c) that the effect or tendency of the infringing imports is to destory or substantially injure a U.S. industry, and (d) that the beneficial effect of the contemplated relief outweighs certain public interest considerations enumerated in the statute.

The bill which I propose today is designed to require that foreign companies seeking the benefits and profits of the U.S. market play by the same set of rules that our U.S. companies must observe.

The bill provides that injury under section 337 has been shown where a complainant has successfully shown infringement of a U.S. patent, copyright, or trademark—or the importation or sale of products made by a process which would infringe a U.S. process patent, if practiced in the United States—or violation of trade secrets or semiconductor maskworks.

The bill also contains several other amendments designed to make section 337 relief more meaningful to holders of U.S. intellectual property. First, the U.S. International Trade Commission [ITC], the agency responsible for administering the statute, is authorized to require that a complainant seeking a temporary exclusion order post a bond in the event that the complainant is not successful. This provision is intended to make it easier for the ITC to provide temporary relief when needed.

Second, the bill would require the ITC to act on requests for temporary relief within 90 days after a petition for such relief is filed. In cases involving seasonal markets, or where key shipments of infringing merchandise are pending, temporary relief should be used to prevent harm to the owners of the intellectual property in issue.

Third, the bill provides the ITC with greater flexibility in designing relief. The bill would allow the ITC to issue cease and desist orders in addition to exclusion orders, rather than in lieu of exclusion orders. The bill would also grant the ITC the authority to order forfeiture of merchandise found to be in violation of section 337. This would prevent harm to an intellectual property owner where goods have been imported during an investigation, or during the Presidential review period. The loss of a bond to the U.S. Government penalizes the importer, but provides no relief to the U.S. intellectual property owner if the goods are imported while under bond.

Fourth, the bill underscores the importance of the finality of ITC judgments, by providing that a party that has been found to be in violation of section 337 may seek an advisory opinion or modification of the order, only if the party first shows that it is presenting new evidence or evidence that could not have been presented during the course of the original investigation. It also codifies the requirement that a party seeking such action has the burden of proving that the product or process would not violate section 337.

A complainant that has successfully shown that a patent is valid and infringed should not, in the absence of a showing of good cause, be subject to the expense of additional proceedings to protect the value of the relief secured. This is the approach which the ITC has adopted in the past. This bill would strengthen those principles and enact such requirements into the statute.

Fifth, the bill provides that a complainant need not go to the expense of establishing a prima facie case in an administrative hearing, if the respondent or respondents are in default, and the complainant is seeking relief against only the defaulting parties.

Lastly, the bill increases the penalties for violation of cease and desist orders.

The Intellectual Property Rights Enforcement Amendments of 1985 is intended to be a complement, rather than a substitute for, legislation strengthening U.S. process patent laws.

In today's highly competitive international marketplace, we can no longer afford to pioneer new technology after new technology, while complacently allowing others to profit from the resources and efforts required for developing such innovation. This bill represents an important step in remedying this problem.●

By Mr. BINGAMAN (for himself, Mr. MURKOWSKI, Mr. BAUCUS, Mr. CHAFEE, Mr. BOREN, Mr. GRASSLEY, Mr. DIXON, Mr. HEINZ, Mr. LAUTENBERG, Mr. DOLE, Mr. MOYNIHAN, Mr. LUGAR, Mr. COHEN, Mr. WILSON, Mr. GORTON, and Mr. DANFORTH):

S. 1870. A bill to promote the expansion of exports by the United States; to the Committee on Governmental Affairs.

EXPANSION OF U.S. EXPORTS

● Mr. BINGAMAN. Mr. President, I ask unanimous consent that the bill S. 1870 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1870

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION. 1. DIPLOMATIC MISSIONS; MULTILATERAL DEVELOPMENT BANKS.

(a)(1) The Secretary of State and the Secretary of Commerce shall periodically review the current number of personnel assigned to United States diplomatic missions outside the United States to determine whether an adequate number of such personnel are engaged in economic or commercial duties to assist United States exporters and businesses doing business outside the United States. Whenever the Secretary of State and the Secretary of Commerce determine such number to be insufficient, they shall take such steps as may be necessary to increase the number of such personnel by adjustment of resources and personnel and other appropriate measures.

(2) The Secretary of State and the Secretary of Commerce should extend the length of assignment required of personnel described in paragraph (1) in order to ensure greater continuity in promoting United States exports.

(b) Each chief of a United States diplomatic mission to a country which is an important United States trading partner and which has significant potential for United States export sales shall, not later than one year after the date of enactment of this Act, and every twelve months thereafter, prepare and transmit to the President and the Congress a report describing—

(1) the strategy used by such mission to expand United States exports; and

(2) the efforts of such mission to assist United States industries in expanding export sales and in improving their market position relative to other foreign competitors.

(c)(1) It is the sense of the Congress that, in order actively to promote procurement opportunities for United States firms, each United States Executive Director to a multilateral development bank should—

(A) keep United States firms fully informed of bidding opportunities in recipient countries;

(B) assist United States firms in focusing on those projects in which they have a particular interest or competitive advantage;

(C) where appropriate and when required, help United States firms complete and submit accurate and timely bidding documents;

(D) thoroughly investigate any complaints about the awarding of contracts; and

(E) ensure that contract procedures and rules are strictly observed.

(2) It is further the sense of the Congress that a Foreign Commercial Officer should be assigned to each United States Executive Director described in paragraph (1) to assist in promoting opportunities for procurement of goods or services in the United States.

(3) For purposes of this subsection, the term "multilateral development bank" includes the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the African Development Fund.

SEC. 2. TRADE IMPACT STATEMENTS.

(a) DEPARTMENT AND AGENCY ACTIONS.—

(1) Except as otherwise provided in this subsection, the head of each department and agency of the Federal Government shall, before taking any major action that may affect international trade—

(A) study the potential impact such action will have on—

(i) the international trade of the United States, and

(ii) the ability of the United States firms to compete in foreign markets,

(B) prepare a detailed statement on such study, and

(C) make such statement available to the public.

(2) In the case of emergency action, the statement required under paragraph (1)(B) may be published immediately after the actions affecting international trade is taken.

(3) The provisions of this subsection shall not apply with respect to actions taken under the Trading With The Enemy Act.

(4) The provisions of this subsection shall not apply to actions that are the subject to a report or consultation required under the Export Administration Act, such a report or consultation shall include a statement on the impact such action will have on—

(A) the international trade of the United States, and

(B) the ability of the United States to compete in foreign markets.

(b) LEGISLATION.—The head of each department and agency of the Federal Government shall include with any reports or recommendations made to the Congress regarding proposed legislation, a detailed statement of the impact of such legislation on—

(1) the international trade of the United States, and

(2) the ability of United States firms to compete in foreign markets.

SEC. 3. COLLECTION AND DISSEMINATION OF TRADE INFORMATION.

(a) IN GENERAL.—The Secretary of Commerce, acting through the International Trade Administration, shall—

(1) develop and maintain an effective system which—

(A) monitors and organizes commercial information relating to international trade gathered by the departments, agencies, and officials of the Federal Government which could be of assistance to business firms in the private sector that are engaged in export related activities,

(B) organizes such information into the form which is most useful to business firms in the private sector that are engaged in export related activities, and

(C) disseminates such information in a timely manner to business firms in the private sector that are engaged in export related activities; and

(2) consistent with other provisions of law, coordinate the gathering and dissemination of commercial information relating to international trade by the departments and agencies of the Federal Government.

(b) INFORMATION SYSTEM.—

(1) The information system required under subsection (a)(1) shall augment existing information gathering efforts of the international Trade Administration and shall be designed to utilize state-of-the-art data processing and retrieval equipment and to monitor, organize, analyze, and disseminate—

(A) information on each foreign country such as—

(i) the general economic conditions and demographics,

(ii) common business practices,

(iii) tariffs and trade barriers, and

(iv) order laws and regulations regarding imports and licensing,

(B) information on specific industrial sectors within each foreign country such as—

(i) size of the market,

(ii) distribution of products,

(iii) competition,

(iv) applicable laws, regulations, specifications, and standards,

(v) consultants,

(vi) appropriate government officials, and

(vii) grade associations, and

(C) information on specific business opportunities in each foreign country.

(2) The Secretary of Commerce shall seek advice from representatives of the private sector regarding the establishment and maintenance of the information system required under subsection (a)(1).●

By Mr. GRASSLEY (for himself, Mr. DIXON, Mr. DOLE, Mr. MOYNIHAN, Mr. DOMENICI, Mr. BAUCUS, Mr. CHAFEE, Mr. BOREN, Mr. HEINZ, Mr. LUGAR, Mr. COHEN, and Mr. DANFORTH):

S. 1871. A bill to strengthen provisions of the Trade Expansion Act of 1962 that provide safeguards when imports threaten national security; to the Committee on Finance.

NATIONAL SECURITY AND TRADE ACT

● Mr. GRASSLEY. Mr. President, I ask unanimous consent that the bill S. 1871 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1871

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Security and Trade Act of 1985".

SEC. 2. FINDINGS.

The Congress finds that—

(1) in order for the United States to maintain an effective national defense it must be able to mobilize rapidly and efficiently in times of armed conflict or national emergency;

(2) the ability to mobilize depends, in turn, on the availability of human resources, products, raw materials, and other supplies and services essential to the national defense;

(3) without the assured availability of such vital resources, the national defense is jeopardized;

(4) recognizing the need for maintaining such vital resources, Congress enacted section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862) to provide a means to prevent imports of any article in such quantities or under such circumstances that threaten the national security of the United States;

(5) Congress intended, and continues to intend, that section 232 be used only under exceptional circumstances after a thorough investigation by the Secretary of Commerce, in consultation with the Secretary of Defense and other appropriate officers of the United States, and only if the Secretary of Commerce makes a positive finding that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security;

(6) when a finding is made that imports of an article does threaten to impair the national security, it is imperative that the President give such findings and recommendations of the Secretary of Commerce prompt review and the highest priority for action; and

(7) delay in responding to such findings and recommendations could itself further impair the national security.

SEC. 3. ACTIONS AGAINST IMPORTS THREATENING NATIONAL SECURITY.

(a) IN GENERAL.—Subsection (b) of section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862(b)) is amended—

(1) by striking out "Upon request" in subsection (b) and inserting in lieu thereof "(1) Upon request",

(2) by adding at the end thereof the following new paragraph:

(2) If—

"(A) the President has not made the determination described in the last sentence of paragraph (1) with respect to a report submitted by the Secretary to the President under paragraph (1) that sets forth recommendations of the Secretary for action against imports which the Secretary finds are being imported in such quantities, or under such circumstances, as to threaten to impair the national security, and

"(B) the President has not taken any action under paragraph (1) with respect to such report,

before the date that is 90 days after the day on which such report was so submitted to the President, the President shall issue a proclamation on such date which fully implements such recommendations of the Secretary.".

(b) FACTORS TO BE CONSIDERED.—Subsection (c) of section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862(c)) is amended—

(1) by striking out "For the purpose" and inserting in lieu thereof "(1) For the purpose", and

(2) by adding at the end thereof the following new paragraph:

"(2) In making any determinations under this section, the President and the Secretary shall consider, in addition to the factors described in paragraph (1), the impact on national security of—

"(A) not only short-term supply disruptions of articles needed for national security but also the long-term dependence of the

United States on imports of such articles, and

"(B) the extinguishment of a viable domestic industry producing articles needed for national security.".

(c) EFFECTIVE DATE.—

(1) The amendments made by subsection (a) shall apply with respect to any report described in section 232(b)(2)(A) of the Trade Expansion Act of 1962 (as added by this subsection) that is submitted to the President on or after the date that is 90 days before the date of enactment of this Act.

(2) The amendments made by subsection (b) shall apply with respect to determinations made under section 232 of the Trade Expansion Act of 1962 after the date of enactment of this Act.

(d) REPORT OUTSTANDING FOR MORE THAN 90 DAYS.—If the President did not, before November 20, 1985, make the determination described in the last sentence of subsection (b)(1) of section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862), as amended by this Act, with respect to a report which—

(1) is described in subsection (b)(2) of such section, and

(2) was submitted by the Secretary of Commerce to the President under subsection (b) of such section prior to the date that is 90 days before the date of enactment of this Act,

the President shall issue a proclamation on the date of enactment of this Act which fully implements the recommendations of the Secretary of Commerce set forth in such report.●

By Mr. ANDREWS:

S. 1872. A bill relating to the establishment and disposition of customs districts and ports of entry, the provision of customs services on a reimbursable basis, and for other purposes; to the Committee on Finance.

PROVISION OF CUSTOMS SERVICES ON REIMBURSABLE BASIS

Mr. ANDREWS. Mr. President, I rise today to offer a bill permitting the creation of additional customs ports of entry on a reimbursable basis. This legislation is supported by the Customs Service and by its very nature would be self-supporting. Congress created a pilot project for user fee airport customs facilities last year under the Trade and Tariff Act of 1984 and it has proved to be very successful. My bill merely seeks to expand the permissable number of such facilities from 4 to 20. Many smaller communities are highly dependent on foreign trade, but have limited access to customs facilities under current policies. My own State, North Dakota, continues to expand its trade relationships with Canada, and it would benefit all concerned if it were allowed to apply for additional customs facilities. These facilities would be supported by user fees at no additional cost to the Federal Government. All such applications would still have to meet specific requirements before the Customs Service would grant new facilities.

Mr. President, user fee airport customs facilities were a good idea last year, and they are an even better idea now. Their track record proves it. The numerous States that could benefit from this legislation deserve the opportunity to further expand our international trade. I hope this body will look favorably on this legislation to help smaller communities across our Nation to enjoy the same status that larger cities do. This bill makes sense for everyone concerned and places no additional burden on the Federal Government. I urge its adoption.

ADDITIONAL COSPONSORS

S. 259

At the request of Mr. DANFORTH, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 259, a bill to protect the public interest in stable relationships among communities, professional sports teams, and leagues and in the successful operation of such teams in communities throughout the Nation, and for other purposes.

S. 873

At the request of Mr. CHAFEE, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 873, a bill to amend title XIX of the Social Security Act to assist severely disabled individuals to attain or maintain thier maximum potential for independence and capacity to participate in community and family life.

S. 925

At the request of Mr. HUMPHREY, the names of the Senator from Florida [Mr. CHILES], and the Senator from Arizona [Mr. DECONCINI] were added as cosponsors of S. 925, a bill to deny most-favored-nation trading status to Afghanistan.

S. 945

At the request of Mr. THURMOND, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of S. 945, a bill to recognize the organization known as the National Association of State Directors of Veterans' Affairs, Inc.

S. 1169

At the request of Mr. DURENBERGER, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 1169, a bill to ensure economic equity for American women by providing retirement security for women as workers and as divorce or surviving spouses, making quality dependent care available to all working families, ending discrimination in insurance on the basis of race, color, religion, national origin, or sex, providing equal employment opportunity and pay equity for women, treating women and low-income families more equitably under the tax laws and tax reform proposals, and improving the health care coverage of displaced homemakers and Medicare recipients.

S. 1174

At the request of Mr. MCCONNELL, the names of the Senator from New York [Mr. D'AMATO] and the Senator from Oklahoma [Mr. NICKLES] were added as cosponsors of S. 1174, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide States with assistance to establish or expand clearinghouses to locate missing children.

S. 1209

At the request of Mr. CHILES, the names of the Senator from Missouri [Mr. EAGLETON] and the Senator from Alabama [Mr. DENTON] were added as cosponsors of S. 1209, a bill to establish the National Commission to Prevent Infant Mortality.

S. 1250

At the request of Mr. HEINZ, the names of the Senator from Michigan [Mr. RIEGLE] and the Senator from Missouri [Mr. EAGLETON] were added as cosponsors of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1510

At the request of Mr. ANDREWS, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 1510, a bill to eliminate restrictions on the taxing power of the States to impose, collect, and administer State and local sales and use taxes on sales in interstate commerce.

S. 1778

At the request of Mr. BENTSEN, the name of the Senator from Colorado [Mr. HART] was added as a cosponsor of S. 1778, a bill to deny most-favored nation trade treatment to any country that provides support for acts of terrorism.

S. 1797

At the request of Mr. HART, the name of the Senator from New Jersey [Mr. BRADLEY] was added as a cosponsor of S. 1797, a bill to call for a multilateral conference, under the auspices of the International Monetary Fund, to seek a new international monetary regime within a flexible exchange rate structure; to assist the development of the private sectors of less developed countries and increase demand for U.S. exports; to strengthen the General Agreement on Tariffs and Trade and reform U.S. trade laws; to assist American industries in improving their competitive posture in international markets; and to provide transition assistance to workers and firms in response to changing global economic conditions.

S. 1817

At the request of Mr. TRIBLE, the names of the Senator from Illinois [Mr. DIXON], and the Senator from Indiana [Mr. QUAYLE] were added as cosponsors of S. 1817, a bill to suspend

temporarily most-favored-nation treatment to Romania.

S. 1822

At the request of Mr. THURMOND, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 1822, a bill to amend the Copyright Act in section 601 of title 17, United States Code, to provide for the manufacturing and public distribution of certain copyrighted material.

S. 1841

At the request of Mr. DODD, the names of the Senator from Florida [Mrs. HAWKINS], and the Senator from Pennsylvania [Mr. HEINZ] were added as cosponsors of S. 1841, a bill to require depository institutions to disclose to their customers their practices relating to the availability of funds in connection with check deposits, to require the timely payment of interest on deposits to interest bearing accounts, to improve the check clearing system, and for other purposes.

S. 1843

At the request of Mr. KENNEDY, the names of the Senator from Nebraska [Mr. EXON], the Senator from Michigan [Mr. RIEGLE], the Senator from Hawaii [Mr. INOUYE], the Senator from Colorado [Mr. HART], and the Senator from North Dakota [Mr. ANDREWS] were added as cosponsors of S. 1843, a bill to establish a commission to monitor and evaluate elections in the Philippines.

S. 1846

At the request of Mr. TRIBLE, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 1846, a bill entitled the "Roanoke River Flood Control Act."

SENATE JOINT RESOLUTION 20

At the request of Mr. SYMMS, the name of the Senator from Arizona [Mr. GOLDWATER] was added as a cosponsor of Senate Joint Resolution 20, a joint resolution proposing an amendment to the Constitution of the United States with respect to the English language.

SENATE JOINT RESOLUTION 230

At the request of Mr. KERRY, the names of the Senator from South Dakota [Mr. ABDNOR], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Louisiana [Mr. JOHNSTON], the Senator from South Carolina [Mr. THURMOND], the Senator from North Carolina [Mr. EAST], the Senator from Michigan [Mr. LEVIN], the Senator from Michigan [Mr. RIEGLE], the Senator from Virginia [Mr. TRIBLE], the Senator from Oklahoma [Mr. NICKLES], the Senator from Vermont [Mr. STAFFORD], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of Senate Joint Resolution 230, a joint resolution to designate the week of December 1, 1985 through December 7, 1985, as "National Autism Week."

SENATE JOINT RESOLUTION 236

At the request of Mr. GORTON, the names of the Senator from Michigan [Mr. RIEGLE], and the Senator from Delaware [Mr. ROTH] were added as cosponsors of Senate Joint Resolution 236, a joint resolution to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986, as "National Organ and Tissue Donor Awareness Week."

AMENDMENTS SUBMITTED

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

DOLE AMENDMENT NO. 1065

Mr. DOLE proposed an amendment, which was subsequently modified, to amendment No. 939 proposed by him to the motion to recommit, with instructions, the bill (S. 1714) to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes; as follows:

In the pending amendment, strike out "Credit.' " and insert in lieu thereof "Credit.

SEC. . It is the sense of the Senate that—

(1) the intermediate export credit program should be expanded to include guarantees in order to—

(A) provide a more flexible export marketing tool to United States agricultural producers; and

(B) improve the capability of importing countries to purchase and use United States agricultural commodities and the products thereof; and

(2) the Secretary of Agriculture should utilize the intermediate export credit program to develop, expand, and maintain, to the maximum extent practicable, United States agricultural exports.

On page 12, strike out lines 10 through 21 and insert in lieu thereof the following:

"(10) For purposes of guaranteeing export sales under this subsection, the Commodity Credit Corporation shall make available—

"(A) for each of the fiscal years ending September 30, 1986, through September 30, 1988, not less than $500,000,000; and

"(B) for the fiscal year ending September 30, 1989, not more than $1,000,000,000.".

Beginning on page 31, strike out line 16 and all that follows through line 10 on page 66 and insert in lieu thereof the following:

GRANTS FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 112. (a)(1) The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") may establish and carry out a program to make grants to States for the purpose of paying the costs of construction, employing personnel, acquiring equipment, and taking other action relating to the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of United States agricultural products and related products.

(2) Such grants shall be based on a matching formula of 50 percent Federal and 50 percent non-Federal funding.

(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to utilize as sites for international trade development centers land-grant colleges and universities (as defined in section 1404(10) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)) that—

(1) operate agricultural programs;

(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

(3) have a communications system that can be used on an international basis to conduct conferences or trade negotiations.

(c) Such centers may—

(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

(2) be used to locate permanent or temporary exhibits that will stimulate and educate trade delegations from foreign countries with respect to United States agricultural products and related products;

(3) be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

(4) carry out such other activities relating to the exportation of such products, as the Secretary may approve.

(d) There are authorized to be appropriated such sums as are necessary to carry out this section.

Subtitle B—Public Law 480 and Related Programs

AGRICULTURAL TRADE POLICY

SEC. 120. (a) The first sentence of section 2 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691) is amended by inserting "to use foreign currencies accruing under this Act to foster and encourage the development of private enterprise in developing countries; to enhance food security in developing countries through local food production;" after "agricultural production;".

(b) Congress finds that additional steps should be taken to use the agricultural abundance produced by American farmers—

(1) to relieve hunger and promote long-term food security and economic development in developing countries in accordance with the development assistance policy established under section 102 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151-1); and

(2) to promote United States agricultural trade interests.

SALES FOR FOREIGN CURRENCIES

SEC. 121. (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. (a) In order to carry out the policies and accomplish the objectives set forth in section 2, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

"(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

"(b)(1) Except as provided in paragraph (2), for the fiscal year ending September 30, 1986, and each fiscal year thereafter, sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of—

"(A) not less than the higher of—

"(i) 25 percent of the aggregate value of all sales of agricultural commodities made under this title; or

"(ii) 500,000 metric tons; and

"(B) not more than 50 percent of the aggregate value of all such sales.

"(2)(A) For each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, except as provided in subparagraph (B), the President may reduce the minimum level of sales for foreign currencies prescribed under paragraph (1)(A) if—

"(i) there is an insufficient number of approved financial intermediaries that have entered into agreements with the Secretary of Agriculture to carry out the program provided for in section 108;

"(ii) there are insufficient requests made by such intermediaries for loan funds to utilize the foreign currencies generated by such sales; or

"(iii) the Secretary requires additional time to implement such program.

"(B) The President may not reduce the minimum level of sales for foreign currencies under subparagraph (A) below an annual level of less than—

"(i) for the fiscal year ending September 30, 1986, 5 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year;

"(ii) for the fiscal year ending September 30, 1987, 10 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year; and

"(iii) for the fiscal year ending September 30, 1988, 15 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year.

"(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

"(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreements.".

(b) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by inserting ", in section 108," after "section 104" in subsection (b);

(2) by striking out "for dollars on credit terms" in the last sentence of subsection (d);

(3) in subsection (m)—

(A) by inserting "except as provided in section 108," after the subsection designation;

(B) by striking out the semicolon and inserting in lieu thereof a period; and

(C) by adding at the end thereof the following: "In carrying out this subsection, the President shall require that foreign currencies to be used under section 108 that are acquired under an agreement for the sale of commodities be convertible to dollars during the period beginning 10 years after the date of the last delivery of such commodities and ending 30 years after the date of such delivery. Such agreement for sale shall establish a schedule for such conversion but need not specify the exchange rate for such conversion;";

(4) by striking out "for dollars on credit terms" and "for cash dollars" in subsection (n);

(5) by striking out "Take" in subsection (o) and inserting in lieu thereof "take";

(6) by striking out "Assure convertibility" in subsection (p) and inserting in lieu thereof "except as provided in section 108, assure convertibility"; and

(7) by striking out "Assure convertibility" in subsection (q) and inserting in lieu thereof "except as provided in section 108, assure convertibility".

(c) The first sentence of section 105 of such Act (7 U.S.C. 1705) is amended by striking out "section 104" and inserting in lieu thereof "sections 104 and 108".

(d) Section 106(a) of such Act (7 U.S.C. 1706(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Payment for sales made for foreign currencies that are to be used under section 108 under an agreement entered into under this title shall be made on such terms as are specified in such agreement.".

(e) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"SEC. 108. Notwithstanding any other provision of law:

"(a) As used in this section:

"(1) The term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title.

"(2) The term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the Secretary, that has the capability of making and servicing a loan in accordance with this section.

"(3) The term 'Secretary' means the Secretary of Agriculture.

"(b) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the Secretary may enter into an agreement with a financial intermediary located or operating in such country under which the Secretary shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(c) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the Secretary under which the intermediary agrees to use such currency to make loans to private individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest, for the purpose of financing—

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the Secretary;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects.

"(d) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid to the Secretary, including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

"(2)(A) A financial intermediary shall repay a loan made by the Secretary under this section, plus accrued interest, at such times and in such manner as will permit the Secretary to convert such foreign currency to dollars in accordance with the schedule for such conversion.

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement.

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must—

"(A) be owned, directly or indirectly, by citizens of the developing country, except that up to 25 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned by the Secretary to a financial intermediary under this section shall be such rate as is determined by the Secretary and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the Secretary may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the Secretary, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The Secretary may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(e)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the Secretary—

"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(f)(1) Any agreement entered into under this section shall be subject to periodic audit by the Secretary to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the close of each fiscal year, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the activities carried out under this section during the preceding fiscal year, including an evaluation of the impact of investment under this section on the development of agricultural related private enterprise in each participating country.

"(g) The Secretary may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the Secretary shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 to carry out such assistance.".

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II

SEC. 122. Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721(b)) is amended by striking out clauses (1) through (3) and inserting in lieu thereof the following new clauses:

"(1) for each of the fiscal years ending September 30, 1986, and September 30, 1987, shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; and

"(2) for the fiscal year ending September 30, 1988, and each fiscal year thereafter, shall be 1,700,000 metric tons, of which not less than 1,275,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;".

VALUE-ADDED, PROCESSED, AND PROTEIN-FORTIFIED PRODUCTS

SEC. 123. Section 201 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721) is amended by adding at the end thereof the following new subsection:

"(c) In distributing agricultural commodities under this title, the President shall—

"(1) consider—

"(A) the nutritional assistance to recipients and benefits to the United States that would result from distributing such commodities in the form of processed and protein-fortified products, including processed milk, plant protein products, and fruit, nut, and vegetable products;

"(B) the nutritional needs of the proposed recipients of the commodities;

"(C) the cost effectiveness of providing such commodities, for purposes of selecting commodities for distribution under nonemergency programs; and

"(D) the purposes of this title; and

"(2) ensure that at least 75 percent of the quantity of agricultural commodities required to be distributed each fiscal year under subsection (b) for nonemergency programs be in the form of processed or fortified products or bagged commodities.".

FOOD ASSISTANCE PROGRAMS OF VOLUNTARY AGENCIES

SEC. 124. (a) Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following new sections:

"SEC. 207. (a)(1) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for nonemergency assistance under this title may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for purposes specified in subsection (b).

"(2) Such agreements shall provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the commodities distributed under nonemergency programs under this title for such fiscal year.

"(3) Section 103(c) shall apply to sales of agricultural commodities to generate foreign currencies under this subsection, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this paragraph.

"(b)(1)(A) Foreign currency proceeds generated under subsection (a) shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program carried out pursuant to the agreement.

"(B) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the agency or cooperative.

"(2) Foreign currency proceeds under subsection (a) may not be used—

"(A) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(B) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(C) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"SEC. 208. (a) In the case of an agreement with a nonprofit voluntary agency for nonemergency assistance under this title, subject to subsection (b), the President is encouraged to approve multiyear agreements to make agricultural commodities available for distribution by the agency, if the agency requests a multiyear agreement.

"(b)(1) Such agreements shall be subject to the availability each fiscal year of the necessary appropriations and agricultural commodities.

"(2) Subsection (a) shall not apply to an agreement that the President determines should be limited to a single year because of the past performance of the nonprofit voluntary agency or because the agreement involves a new program of assistance.

"(c) In carrying out a multiyear agreement pursuant to this section, a nonprofit voluntary agency may not be required to obtain annual approval from the United States Government in order to continue its assistance program pursuant to this agreement, unless the President determines that exceptional and unforeseen circumstances have occurred that require such approval.

"SEC. 209. (a) Agreements with nonprofit voluntary agencies under this title may authorize such agencies to establish local food reserves.

"(b) If authorized to establish a local food reserve pursuant to subsection (a), a nonprofit voluntary agency may deposit in such reserve agricultural commodities made available under this title—

"(1) for later use in providing immediate food assistance in case of a famine or other food shortage emergency; or

"(2) if the nonprofit voluntary agency determines that the immediate use of the agricultural commodities for food assistance purposes would be a disincentive to local agricultural production and that the commodities should be held for use at a later time.

"SEC. 210. A nonprofit voluntary agency requesting a nonemergency food assistance agreement under this title shall include in such request a description of the intended uses of any foreign currency proceeds that would be generated with the commodities provided under the agreement.".

(b)(1) It is the sense of Congress that the President is encouraged to invite representatives of nonprofit voluntary agencies participating in programs under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and other concerned nonprofit voluntary agencies, and to designate appropriate executive branch officials to participate in a task force to study the means of providing food assistance under such Act to people with the greatest nutritional need in the recipient countries.

(2) If a task force is established under paragraph (1), the task force should report to Congress by February 15, 1986, on further steps that could be taken to provide food under such Act to such people.

(c)(1) Sections 207, 208, and 209 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after September 30, 1985.

(2) Section 210 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after December 31, 1985.

FOOD FOR DEVELOPMENT PROGRAM

SEC. 125. Section 302(c)(1)(C) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a(c)(1)(C)) is amended by striking out "15" and inserting in lieu thereof "10".

EXTENSION OF PROGRAM

SEC. 126. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended—

(1) by striking out "1985" in the first sentence and inserting in lieu thereof "1989"; and

(2) by striking out "Agriculture and Food Act of 1981" in the second sentence and inserting in lieu thereof "Agriculture, Food, Trade, and Conservation Act of 1985".

COMMODITY DONATIONS ABROAD

SEC. 127. (a) Subsection (b) of section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended to read as follows:

"(b)(1) As used in this subsection, the term 'eligible commodities' means agricultural commodities and the products thereof acquired by the Commodity Credit Corporation through price support operations, that the Secretary determines meet the criteria specified in subsection (a).

"(2) The Secretary may furnish eligible commodities for carrying out title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.), as approved by the Secretary and for such purposes as are approved by the Secretary.

"(3)(A) Commodities may not be made available for disposition under this subsection in quantities that will reduce the quantities of commodities that traditionally are made available through donations to domestic feeding programs or agencies.

"(B) Subject to paragraph (9)(B)(v), sections 103(c) and 401(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c) and 1731(b)) shall apply with respect to commodities furnished under this subsection.

"(C) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that—

"(i) have not traditionally purchased the commodity from the United States; or

"(ii) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

"(4) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to commodities furnished under this subsection.

"(5) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(6) As soon as possible after the beginning of each fiscal year, the Secretary shall estimate and announce the types of eligible commodities, and the amounts thereof, that the Secretary anticipates will become available for distribution under this subsection during such fiscal year.

"(7) To the maximum extent practicable, expedited procedures shall be used in implementing this subsection.

"(8) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) in connection with such commodities, shall be in addition to the level of assistance programmed under such Act and may not be considered expenditures for international affairs and finance.

"(9)(A) Eligible commodities furnished under this subsection may be sold or bartered with the approval of the Secretary solely as follows:

"(i) Sales and barter that are incidental to the donation of the commodities.

"(ii) Sales and barter, the proceeds of which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country or other activities in the importing country that are consistent with providing food assistance to needy people.

"(iii) Sales and barter of commodities donated to intergovernmental organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by such organizations.

"(iv) Sales and barter of commodities used for payments pursuant to paragraph (4).

"(B)(i) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for commodities made available under this subsection may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for the purposes specified in clause (iii).

"(ii) The Secretary shall ensure, to the extent practicable, that such agreements provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the eligible commodities furnished to such agencies and cooperatives under this subsection for such fiscal year.

"(iii)(I) Foreign currency generated under this subparagraph shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program being carried out pursuant to the agreement.

"(II) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects designed to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the nonprofit voluntary agency or cooperative.

"(iv) All foreign currency proceeds generated pursuant to an agreement under this subparagraph shall be expended within 1 year after the end of the period of the agreement.

"(v) Section 103(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c)) shall apply to sales of agricultural commodities made to generate foreign currencies under this subparagraph, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this subparagraph.

"(vi) Foreign currency proceeds generated under this subsection may not be used—

"(I) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(II) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(III) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"(10)(A) In carrying out this subsection, during each fiscal year, the Secretary shall furnish to nonprofit voluntary agencies, cooperatives, and the World Food Program for distribution in developing countries not less than 400,000 metric tons of eligible commodities that are available for distribution under this subsection.

"(B) Subparagraph (A) shall not apply in any fiscal year to the extent that the Secretary determines and reports to Congress (together with the reasons therefor) that—

"(i) there have not been sufficient requests made by nonprofit voluntary agencies, cooperatives, and the World Food Program for commodities under this subsection for uses that would effectively carry out the purposes of title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(ii) a limitation in paragraph (3) prevents the use of commodities pursuant to this paragraph.

"(C) If the quantity of eligible commodities available for distribution under subparagraph (A) for a fiscal year is less than 400,000 metric tons, such subparagraph shall not require the Secretary to purchase additional commodities to satisfy such subparagraph.".

(b) Section 416(b)(9)(A) of the Agricultural Act of 1949 (as added by subsection (a)) shall become effective on October 1, 1985.

FOOD FOR PROGRESS

SEC. 128. (a) Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of law:

"(1)(A) In order to use the food resources of the United States more effectively in support of countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, commodities and the products thereof acquired by the Commodity Credit Corporation that the Secretary determines meet the criteria specified in subsection (a), may be furnished by the Secretary to carry out agreements entered into by the President under paragraph (2).

"(B) Not more than 500,000 metric tons of commodities may be furnished under this subsection in each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.

"(C) The Commodity Credit Corporation may purchase agricultural commodities and the products thereof for use under this subsection if—

"(i) the Commodity Credit Corporation does not hold stocks of such commodities and the products thereof; or

"(ii) Commodity Credit Corporation stocks are insufficient to satisfy commitments made in agreements entered into under this subsection and such commodities and the products thereof are needed to fulfill such commitments.

"(D) No funds of the Commodity Credit Corporation in excess of $30,000,000 (exclusive of the cost of commodities) may be used to carry out this subsection unless authorized in advance in appropriation Acts.

"(2)(A)(i) The President may enter into agreements with developing countries to furnish commodities and the products thereof made available under paragraph (1) to such countries to promote the implementation of private, free enterprise agricultural policies for long-term agricultural development.

"(ii)(I) Such commodities shall be furnished under this subsection on such terms and conditions as the President considers are in the public interest and will promote the objectives of this subsection.

"(II) Agreements may provide for commodities to be furnished on a multiyear basis.

"(B) In determining whether to enter into agreements with countries for the furnishing of commodities under this subsection, the President shall consider whether a potential recipient country—

"(i) is carrying out, or is committed to carry out, policies that promote economic freedom, private, domestic production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities, including policies that may provide for—

"(I) access, on the part of farmers in such country, to private, competitive markets for their products;

"(II) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the domestic needs of the country;

"(III) establishment of market-determined foreign exchange rates;

"(IV) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers;

"(V) access to technologies appropriate to the level of agricultural development in the country; and

"(VI) construction of facilities and distribution systems necessary to handle perishable products; and

"(ii) is able to use the quantity of commodities being considered for donation without disruption of the internal market of the country for domestically produced agricultural commodities and the products thereof.

"(3) An agreement entered into under this subsection shall prohibit the resale or transshipment of the donated agricultural commodities to other countries.

"(4) In entering into agreements with countries for the donation of agricultural commodities and the products thereof under this subsection, the President shall take reasonable precautions to avoid displacement of any sales of United States agricultural commodities and the products thereof that would otherwise be made to such countries.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to agricultural commodities furnished under this subsection.

"(B) The cost of the commodities furnished under this subsection, and the expenses incurred in connection with furnishing such commodities, shall be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and may not be considered expenditures for international affairs and finance.

"(6)(A) The President shall carry out the duties imposed on the President under this subsection through the National Security Advisor in the Executive Office of the President.

"(B) The National Security Advisor, with the approval of the Secretary, may use personnel of the Department of Agriculture in carrying out this subsection.

"(7) Within 120 days after the close of each fiscal year in which an agreement entered into with a country under this subsection is in effect, the President shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of such agreement and the progress being made to implement private, free enterprise agricultural policies for long-term agricultural development in such country.".

(b) The amendment made by this section shall be effective during the period beginning October 1, 1985, and ending September 30, 1989.

SPECIAL ASSISTANT FOR AGRICULTURAL TRADE AND FOOD AID

SEC. 129. (a)(1) The President shall appoint, by and with the advice and consent of the Senate, a Special Assistant to the President for Agricultural Trade and Food Aid (hereafter in this section referred to as the "Special Assistant").

(2) The Special Assistant shall serve in the Executive Office of the President.

(3) As an exercise of the rulemaking power of the Senate, any nomination to the position of Special Assistant shall be—

(A) submitted to the Senate for confirmation; and

(B) referred to the Committee on Agriculture, Nutrition, and Forestry.

(4) The Special Assistant shall—

(A) serve at the pleasure of the President;

(B) be entitled to receive the same allowances as a chief of mission; and

(C) have the rank of Ambassador Extraordinary and Plenipotentiary.

(b) The Special Assistant shall—

(1) assist and advise the President in order to improve and enhance food assistance programs carried out in the United States and foreign countries;

(2) coordinate and streamline the manner in which food assistance programs are carried out by the Department of Agriculture and the Agency for International Development, in order to improve their overall effectiveness;

(3) make recommendations to the President on measures to be taken to increase use of United States agricultural commodities and the products thereof through food assistance programs;

(4) advise the President on agricultural trade;

(5) serve as a member of the Development Coordination Committee;

(6) serve as Chairman of the Food Aid Subcommittee of such Committee; and

(7) issue to departments and agencies of the Federal Government policy guidelines on basic issues of food assistance policy, to the extent necessary to assure the coordination of food assistance programs, consistent with law, and with the advice of such Subcommittee.

(c) The Special Assistant may—

(1) solicit information and advice from private and governmental sources and recommend a plan to the President and Congress on measures that should be taken—

(A) to promote the export of United States agricultural commodities and the products thereof; and

(B) to expand export markets for United States agricultural commodities and the products thereof;

(2) develop and recommend to the President national agricultural policies to foster and promote the United States agricultural industry and to maintain and increase the strength of this vitally important sector of the United States economy; and

(3)(A) appraise the various programs and activities of the Federal Government, as they affect the United States agricultural industry, for the purpose of determining the extent to which such programs and activities are contributing or not contributing to such industry; and

(B) make recommendations to the President and Congress with respect to the effectiveness of such programs and activities in contributing to such industry.

(d) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"Special Assistant for Agricultural Trade and Food Aid.".

SUBTITLE C—EXPORT TRANSPORTATION OF AGRICULTURAL COMMODITIES

FINDINGS AND DECLARATIONS

SEC. 131. (a) The Congress finds and declares—

(1) that a productive and healthy agricultural industry and a strong and active United States maritime industry are vitally important to the economic well-being and national security objectives of our Nation;

(2) that both industries must compete in international markets increasingly dominated by foreign trade barriers and the subsidization practices of foreign governments; and

(3) that increased agricultural exports and the utilization of United States merchant vessels contribute positively to the United States balance of trade and generate employment opportunities in the United States.

(b) It is therefore declared to be the purpose and policy of the Congress in this subtitle—

(1) to enable the Department of Agriculture to plan its export programs effectively, by clarifying the ocean transportation requirements applicable to such programs;

(2) to take immediate and positive steps to promote the growth of the cargo carrying capacity of the United States merchant marine;

(3) to expand international trade in United States agricultural commodities and products and to develop, maintain, and expand markets for United States agricultural exports;

(4) to improve the efficiency of administration of both the commodity purchasing and selling and the ocean transportation activities associated with export programs sponsored by the Department of Agriculture; and

(5) to stimulate and promote both the agricultural and maritime industries of the United States and encourage cooperative efforts by both industries to address their common problems.

EXEMPTION OF CERTAIN AGRICULTURAL EXPORTS FROM THE REQUIREMENTS OF THE CARGO PREFERENCE LAWS

SEC. 132. The requirements of section 901(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)(1)), and the Joint Resolution of March 26, 1934 (46 U.S.C. 1241-1), shall not apply to any export activities of the Secretary of Agriculture or the Commodity Credit Corporation—

(1) under which agricultural commodities or the products thereof acquired by the Commodity Credit Corporation are made available to United States exporters, users, processors, or foreign purchasers for the purpose of developing, maintaining, or expanding export markets for United States agricultural commodities or the products thereof at prevailing world market prices;

(2) under which payments are made available to United States exporters, users, or processors or, except as provided in section 133(b)(6), cash grants are made available to foreign purchasers, for the purpose described in clause (1);

(3) under which commercial credit guarantees are blended with direct credits from the Commodity Credit Corporation to reduce the effective rate of interest on export sales of United States agricultural commodities or the products thereof;

(4) under which credit or credit guarantees for not to exceed 3 years are extended by the Commodity Credit Corporation to finance or guarantee export sales of United States agricultural commodities or the products thereof; or

(5) under which agricultural commodities or the products thereof owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services, but only if such materials, goods,

equipment, or services are of a value at least equivalent to the value of the agricultural commodities or products exchanged or bartered therefor (determined on the basis of prevailing world market prices at the time of the exchange or barter), but nothing in this subsection shall be construed to exempt from the cargo preference provisions referred to in section 132 any requirement otherwise applicable to the materials, goods, equipment, or services imported under any such transaction.

SHIPMENT REQUIREMENTS FOR CERTAIN EXPORTS SPONSORED BY THE DEPARTMENT OF AGRICULTURE

SEC. 133. (a)(1) In addition to the requirement for United States-flag carriage of a percentage of gross tonnage imposed by section 901(b)(1) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)(1)), 25 percent of the gross tonnage of agricultural commodities or the products thereof shipped under the agricultural export programs subject to such section and specified in subsection (b) shall be transported on United States-flag commercial vessels.

(2) In order to achieve an orderly and efficient implementation of the requirement of paragraph (1)—

(A) an additional quantity equal to 10 percent of the gross tonnage referred to in paragraph (1) shall be transported in United States-flag vessels in calendar year 1986;

(B) an additional quantity equal to 20 percent of the gross tonnage shall be transported in such vessels in calendar year 1987; and

(C) an additional quantity equal to 25 percent of the gross tonnage shall be transported in such vessels in calendar year 1988 and in each calendar year thereafter.

(3) In implementing the requirements of paragraph (1), the Secretary of Transportation shall give due consideration to the availability of United States-flag vessels to transport the commodities referred to in such paragraph.

(b) This section shall apply to any export activity of the Commodity Credit Corporation or the Secretary of Agriculture—

(1) carried out under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(2) carried out under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(3) carried out under the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1);

(4) under which agricultural commodities or the products thereof are—

(A) donated through foreign governments or agencies, private or public, including intergovernmental organizations; or

(B) sold for foreign currencies or for dollars on credit terms of more than ten years;

(5) under which agricultural commodities or the products thereof are made available for emergency food relief at less than prevailing world market prices;

(6) under which cash grants are made available to foreign purchasers for the purpose of enabling such purchasers to acquire United States agricultural commodities or the products thereof if the cash grants are in amounts that result in the purchaser (after receipt of such grants) paying less than the prevailing world market price for such commodities; or

(7) under which agricultural commodities owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, other than export activities described in section 132(5).

(c)(1) The requirement for United States-flag transportation imposed by subsection (a) shall be subject to the same terms and conditions as provided in section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)).

(2)(A) In order to carry out effectively the requirements of this subtitle, the Secretary of Transportation shall, to the maximum extent practicable within the requirements of this section and section 901(b) of the Merchant Marine Act, 1936, administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a flexible manner, giving due consideration to historical trading patterns and to divisions in United States international shipping trades between bulk and liner service to particular geographic areas.

(B) The Secretary of Transportation shall also administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a manner which preserves to the greatest extent practicable the mean historical port range share of cargoes subject to United States-flag transportation requirements under this section exported from the Atlantic, Gulf, Pacific, and Great Lakes port ranges. In addition, the Secretary of Transportation, in administering this subsection and section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)), and consistent with such subtitle and section, shall take such steps as may be necessary and practicable to preserve during calendar years 1986, 1987, 1988, and 1989 the percentage share, or metric tonnage of bagged, processed, or fortified commodities, whichever is lower, experienced in calendar year 1984 as determined by the Secretary of Agriculture, of waterborne cargoes exported from Great Lake ports pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.).

(d) As used in subsection (b), the term "export activity" shall not include inspection or weighing activities, other activities carried out for health or safety purposes, or technical assistance provided in the handling of commercial transactions.

(e)(1) The prevailing world market price as to agricultural commodities or the products thereof shall be determined under this subtitle in accordance with procedures established by the Secretary of Agriculture. The Secretary shall prescribe such procedures by regulation, with notice and opportunity for public comment, pursuant to section 553 of title 5, United States Code.

(2) In the event that a determination of the prevailing world market price of any other type of materials, goods, equipment, or service is required in order to determine whether a barter or exchange transaction is subject to subsection (b)(6) or (b)(7), such determination shall be made by the Secretary of Agriculture in consultation with the heads of other appropriate Federal agencies.

MINIMUM TONNAGE

SEC. 134. (a)(1) For fiscal year 1986 and each fiscal year thereafter, the minimum quantity of agricultural commodities that may be exported under programs subject to section 133 shall be the average of the tonnage exported under such programs during the base period defined in subsection (b), discarding the high and low years.

(2) The President may waive the minimum quantity for any fiscal year required under paragraph (1) if he determines and reports to the Congress, together with his reasons, that such quantity cannot be effectively used for the purposes of such programs or, based on a certification by the Secretary of Agriculture, that the commodities are not available for reasons which include the unavailability of funds.

(b) The base period utilized for computing the minimum tonnage quantity referred to in subsection (a) for any fiscal year shall be the five fiscal years beginning with the sixth fiscal year preceding such fiscal year and ending with the second fiscal year preceding such fiscal year.

FINANCING OF SHIPMENT OF AGRICULTURAL COMMODITIES IN UNITED STATES-FLAG VESSELS

SEC. 135. (a) The Secretary of Transportation shall finance any increased ocean freight charges incurred in any fiscal year which result from the application of section 133(a). The amount to be financed by the Secretary shall be an amount of the total freight charges incurred from the application of such section in such fiscal year equal to a fraction of the total ocean freight differential incurred in connection with the export activities specified in such section in such fiscal year, the numerator of such fraction to be equal to the percentage in excess of 50 of the tonnage of agricultural commodities or the products thereof that are shipped on United States-flag vessels, and the denominator of such fraction to be equal to the total percentage of such tonnage so shipped.

(b)(1) If in any fiscal year the total cost of ocean freight and ocean freight differential for which obligations are incurred by the Department of Agriculture and the Commodity Credit Corporation on exports of agricultural commodities and products thereof under the agricultural export programs specified in section 133(b) exceeds 20 percent of the value of such commodities and products and the cost of such ocean freight and ocean freight differential on which obligations are incurred by such Department and Corporation during such year, the Secretary of Transportation shall reimburse the Department of Agriculture and the Commodity Credit Corporation for the amount of such excess. For the purpose of this subsection, commodities shipped from the inventory of the Commodity Credit Corporation shall be valued as provided in section 403(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(b)).

(2)(A) The National Advisory Commission on Agricultural Export Transportation Policy established under section 136 shall include in its final report to the President and the Congress recommendations for any changes in the provisions of paragraph (1) that would help assure that the cost of ocean freight and ocean freight differential incurred by the Department of Agriculture and the Commodity Credit Corporation on the agricultural export programs specified in section 133(b), is not increased above historical levels as a result of the extra demand for United States-flag vessels caused by this subtitle.

(B) After taking into consideration the recommendations of the Commission referred to in subparagraph (A), the President may, by proclamation, provide requirements for the assumption by the Department of Transportation of a portion of the cost of ocean freight and ocean freight differential that would otherwise be incurred by the Department of Agriculture and the Commodity Credit Corporation on a different basis than that set forth in paragraph (1) in order to accomplish the objectives of subpara-

graph (A). The provisions of paragraph (1) shall be inapplicable on and after the effective date of the proclamation.

(c) For the purpose of meeting those expenses required to be assumed under subsections (a) and (b), the Secretary of Transportation shall issue to the Secretary of the Treasury such obligations in such forms and denominations, bearing such maturities and subject to such terms and conditions, as may be prescribed by the Secretary of Transportation with the approval of the Secretary of the Treasury. Such obligations shall be at a rate of interest as determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such obligations during the month preceding the issuance of such obligations of the Secretary of Transportation. The Secretary of the Treasury shall purchase any obligations of the Secretary of Transportation issued under this subsection and, for the purpose of purchasing such obligations, the Secretary of the Treasury may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, after the date of the enactment of this Act and the purposes for which securities may be issued under such chapter are extended to include any purchases of the obligations of the Secretary of Transportation under this subsection. All redemptions and purchases by the Secretary of the Treasury of the obligations of the Secretary of Transportation shall be treated as public-debt transactions of the United States.

(d) There is authorized to be appropriated annually for each fiscal year, commencing with the fiscal year beginning October 1, 1986, an amount sufficient to reimburse the Secretary of Transportation for the costs, including administrative expenses and the principal and interest due on the obligations to the Secretary of the Treasury incurred under this section. Reimbursement of any such costs shall be made with appropriated funds, as provided in this section, rather than through cancellation of notes.

(e) Notwithstanding the provisions of this section, in the event that the Secretary of Transportation is unable to obtain the funds necessary to finance the increased ocean freight charges resulting from the requirements of subsections (a) and (b) and section 133(a), the Secretary of Transportation shall so notify the Congress within 10 working days of the discovery of such insufficiency.

NATIONAL ADVISORY COMMISSION ON AGRICULTURAL EXPORT TRANSPORTATION POLICY

SEC. 136. (a) There is hereby established an advisory commission to be known as the National Advisory Commission on Agricultural Export Transportation Policy (hereafter in this subtitle referred to as the "Commission").

(b)(1) The Commission shall be composed of 16 members.

(2) Eight members of the Commission shall be appointed by the President.

(3) The chairman and ranking minority members of the Senate Committee on Agriculture, Nutrition, and Forestry, of the Subcommittee on Merchant Marine of the Senate Committee on Commerce, Science, and Transportation, of the House Committee on Agriculture, and of the House Committee on Merchant Marine and Fisheries shall serve as members of the Commission.

(4)(A) Four of the members appointed by the President shall be representatives of agricultural producers, cooperatives, merchandisers, and processors of agricultural commodities.

(B) The remaining four members appointed by the President shall be representatives of the United States-flag maritime industry, two of whom shall represent labor and two of whom shall represent management.

(c)(1) The members of the Commission shall elect a Chairman from among its members.

(2) Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

DUTIES OF THE COMMISSION

SEC. 137. (a) It shall be the duty of the Commission to conduct a comprehensive study and review of the ocean transportation of agricultural exports subject to the cargo preference laws referred to in section 132 and to make recommendations to the President and the Congress for improving the efficiency of such transportation on United States-flag vessels in order to reduce the costs incurred by the United States in connection with such transportation. In carrying out such study and review, the Commission shall consider the extent to which any unfair or discriminatory practices of foreign governments increase the cost to the United States of transporting agricultural commodities subject to such cargo preference laws.

(b)(1) The Commission shall submit an interim report to the President and the Congress not later than one year after the date of the enactment of this subtitle and such other interim reports as the Commission considers advisable.

(2) The Commission shall submit a final report containing its findings and recommendations to the President and the Congress not later than two years after the date of the enactment of this subtitle.

(3) Sixty days after the submission of the final report, the Commission shall cease to exist.

(c) The Commission shall include in its reports submitted pursuant to subsection (b) recommendations concerning the feasibility and desirability of achieving the following goals with respect to the ocean transportation of agricultural commodities subject to the cargo preference laws referred to in section 132:

(1) Ensuring that the timing of commodity purchase agreements entered into by the United States in connection with the export of such commodities, and the methods of implementing such agreements, are such as to minimize cost to the United States.

(2) Ensuring that shipments of such commodities are made on the most modern and efficient United States-flag vessels available.

(3) Ensuring that shipments of such commodities are made under the most advantageous terms available, including—

(A) charters for full shiploads;

(B) charters for intermediate or long term;

(C) charters for consecutive voyages and contracts of affreightment; and

(D) adjustment of rates in the event that vessels used for shipments of such commodities also carry cargoes on return voyages.

(4) Reduction and elimination of impediments, including delays in port, to the efficient loading and operation of the vessels employed for shipment of such commodities.

(5) Utilization of open and competitive bidding for the ocean transportation of such commodities.

INFORMATION AND ASSISTANCE TO BE FURNISHED TO THE COMMISSION

SEC. 138. (a) Each department, agency, and instrumentality of the United States, including independent agencies, shall furnish to the Commission, upon request made by the Chairman, such statistical data, reports, and other information as the Commission considers necessary to carry out its functions under this subtitle.

(b) The Secretary of Agriculture and the Secretary of Transportation shall make available to the Commission such staff, personnel, and administrative services as may reasonably be required to carry out the Commission's duties.

COMPENSATION AND TRAVEL AND SUBSISTENCE EXPENSES OF COMMISSION MEMBERS

SEC. 139. Members of the Commission shall serve without compensation in addition to compensation they may otherwise be entitled to receive as employees of the United States or as Members of Congress, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of duties vested in the Commission.

AUTHORIZATION OF APPROPRIATIONS

SEC. 140. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle.

TERMINATION OF SUBTITLE

SEC. 141. The operation of this subtitle shall terminate 90 days after the date on which a notification is made pursuant to section 135(e), except with respect to shipments of agricultural commodities and products subject to contracts entered into before the expiration of such 90-day period, unless within such 90-day period the Secretary of Transportation proclaims that funds are available to finance increased freight charges resulting from the requirements of sections 133(a) and 135 (a) and (b).

EFFECT ON OTHER LAWS

SEC. 142. This Act shall not be construed as modifying in any manner the provisions of section 4(b)(8) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(8)) or chapter 5 of title 5, United States Code.

AVAILABILITY OF VESSELS

SEC. 143. Section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) is amended by inserting the following after the first sentence in subsection (b): "No United States-flag commercial vessel shall be deemed to be available for the transportation of cargoes subject to section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) and the joint resolution of March 26, 1934 (48 Stat. 500; 46 U.S.C. 1241-1) unless such vessel has been certified by the Secretary of the Navy, upon the recommendation of the Chief of Naval Operations, as being necessary to carry out the defense of the United States and its allies.".

Beginning on page 71, strike out line 3 and all that follows through line 18 on page 179 and insert in lieu thereof the following new titles:

TITLE IV—WHEAT

SUBTITLE A

MARKETING QUOTAS

SEC. 401A. Effective only for the 1987 through 1989 crops of wheat, section 332 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332) is amended to read as follows:

"PROCLAMATION OF MARKETING QUOTAS

"SEC. 332. (a) As used in sections 332 through 338:

"(1) The term 'base period' means the 1981 through 1985 crop years for wheat.

"(2) The term 'marketing quota period' means the 1987 through 1989 marketing years for wheat.

"(b)(1) Not later than April 1, 1986, the Secretary shall conduct a poll, by mail ballot, of eligible producers to determine whether such producers favor—

"(A) the proclamation of national marketing quotas for wheat for the marketing quota period; and

"(B) the conduct of a marketing quota referendum for such period.

"(2) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in such poll.

"(3) Not later than 60 days after the conduct of such poll, the Secretary shall proclaim the results of such poll.

"(c)(1) If more than 50 percent of the eligible producers responding to such poll favor the proclamation of such quotas and the conduct of such referendum, the Secretary shall—

"(A) proclaim national marketing quotas for wheat for each marketing year of the marketing quota period not later than June 15 of the calendar year preceding such period; and

"(B) conduct, by mail ballot, such referendum not later than August 1 of the calendar year preceding such period.

"(2) The quantity of the national marketing quota for wheat for any marketing year shall be a quantity of wheat that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, and adequate carryover stocks.

"(d) If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary determines that the national marketing quota should be terminated or adjusted to meet a national emergency or a material change in the demand for wheat, the Secretary shall adjust or terminate the national marketing quota.".

MARKETING QUOTA APPORTIONMENT FACTOR

SEC. 402A. Effective only for the 1987 through 1989 crops of wheat, section 333 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1333) is amended to read as follows:

"MARKETING QUOTA APPORTIONMENT FACTOR

"SEC. 333. (a) The Secretary shall establish a marketing quota apportionment factor for each crop of wheat for which a national marketing quota is proclaimed under section 332.

"(b) The apportionment factor shall be determined by dividing—

"(1) the national marketing quota for such crop of wheat; by

"(2) the average number of bushels of wheat the Secretary determines was produced in the United States during the base period, adjusted to reflect the quantity of wheat that would have been produced during such years except for—

"(A) drought, flood, or other natural disaster, or other conditions beyond the control of producers; and

"(B) participation in any acreage reduction, set-aside, or diversion programs for wheat during such crop years,

as determined by the Secretary.".

FARM MARKETING QUOTAS

SEC. 403A. Effective only for the 1987 through 1989 crops of wheat, section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334) is amended to read as follows:

"FARM MARKETING QUOTAS

"SEC. 334. (a) For each crop of wheat for which a national marketing quota has been proclaimed under section 332, the Secretary shall establish a farm marketing quota for each farm on which wheat was planted for harvest, or considered planted for harvest, during the base period.

"(b) The farm marketing quota shall be equal to the product obtained by multiplying—

"(1) the average number of acres of wheat planted for harvest, or considered planted for harvest, on the farm during the base period; by

"(2) the average yield of wheat planted for harvest, or considered planted for harvest, on the farm during such base period, as determined by the Secretary on such basis as the Secretary determines will provide a fair and equitable yield; by

"(3) the marketing quota apportionment factor.

"(c) For purposes of this section, wheat shall be considered to have been planted for harvest on the farm in any crop year to the extent that the Secretary determines that wheat was not planted for harvest on the farm because—

"(1) of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary; or

"(2) the producer on the farm participated in any acreage reduction, set-aside, or diversion program for wheat during such crop years.

"(d) Farm marketing quotas shall be established by the Secretary under this section by July 15 of the calendar year preceding each marketing year for which a national marketing quota has been proclaimed under section 332.".

MARKETING PENALTIES

SEC. 404A. Effective only for the 1987 through 1989 crops of wheat, section 335 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1335) is amended to read as follows:

"MARKETING PENALTIES

"SEC. 335. (a) The marketing of wheat produced on a farm in excess of a farm marketing quota shall be subject to a penalty at a rate per bushel equal to 75 percent of the national average market price for wheat during the immediately preceding marketing year.

"(b) The penalty provided for in subsection (a) shall be paid—

"(1) in the case of wheat marketed by sale to a person within the United States, by the person who acquired the wheat from the producer, except that an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer;

"(2) in the case of wheat marketed through a warehouseman or agent, by the warehouseman or agent, who may deduct an amount equivalent to the penalty from the price paid to the producer; or

"(3) in the case of wheat marketed directly to any person outside the United States, by the producer.

"(c) If any producer falsely identifies, or fails to certify, the acreage planted to wheat for harvest or fails to account for the disposition of any wheat produced on such planted acreage in accordance with regulations issued by the Secretary—

"(1) a quantity of wheat equal to the product obtained by multiplying—

"(A) the farm program yield, as determined by the Secretary under section 107D(e) of the Agricultural Act of 1949; by

"(B) the planted acreage,

shall be deemed to have been marketed in excess of the farm marketing quota; and

"(2) the penalty provided for in subsection (a) on such quantity of wheat shall be paid by the producer.

"(d) Each producer having an interest in the crop of wheat on any farm for which a penalty is determined shall be jointly and severally liable for the entire amount of the penalty.

"(e) Wheat subject to a farm marketing quota may be carried over by the producer from one marketing year to the succeeding marketing year, and may be marketed without incurring a penalty under this section in the succeeding marketing year, to the extent that—

"(1) the total quantity of wheat available for marketing from the farm in the marketing year from which the wheat is carried over does not exceed the farm marketing quota; or

"(2) the total quantity of wheat available for marketing in the succeeding marketing year (including any quantity of wheat carried over) does not exceed the farm marketing quota for the succeeding marketing year.

"(f) Wheat produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.

"(g)(1) The Secretary shall require collection of the penalty provided for in this section on a proportion of each unit of wheat marketed from the farm equal to the proportion that the wheat available for marketing from the farm in excess of the farm marketing quota is of the total quantity of wheat available for marketing from the farm, if satisfactory proof is not furnished to the Secretary as to the disposition to be made of the excess wheat, in accordance with regulations issued by the Secretary, prior to the marketing of any wheat from the farm.

"(2) All funds collected under this section during a marketing year shall be deposited in a special account established in the Treasury of the United States until the end of the next succeeding marketing year.

"(3) On certification of the Secretary, there shall be paid out of such special account to a person designated by the Secretary the amount by which the penalty collected exceeds that amount of penalty due on wheat marketed in excess of the farm marketing quota for a farm.

"(4) Such special account shall be administered by the Secretary.

"(5) The basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

"(h) Until the amount of the penalty provided by this section is paid, a lien on—

"(1) the wheat with respect to which such penalty is incurred; and

"(2) any subsequent wheat subject to marketing quotas in which the person liable for the payment of such penalty has an interest,

shall be in effect in favor of the United States for the amount of the penalty.

"(i) A person liable for the payment or collection of a penalty on any quantity of wheat shall be liable also for interest thereon from the date the penalty becomes due until the date of payment of such penalty at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasurer of the United States on the date such penalty became due.

"(j)(1) If marketing quotas for wheat are not in effect for any marketing year, all previous marketing quotas applicable to wheat shall be terminated, effective as of the first day of such marketing year.

"(2) Such termination shall not—

"(A) abate any penalty previously incurred by a producer; or

"(B) relieve any buyer of the duty to remit penalties previously collected.".

REFERENDUM

SEC. 405A. Effective only for the 1987 through 1989 crops of wheat, section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended to read as follows:

"REFERENDUM

"SEC. 336. (a) If a national marketing quota for wheat for the marketing quota period is proclaimed, not later than August 1 of the calendar year preceding such period, the Secretary shall conduct, by mail ballot, a referendum of eligible producers to determine whether they favor or oppose marketing quotas for such period.

"(b) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in the referendum.

"(c) Not later than 30 days after the conduct of such referendum, the Secretary shall proclaim the results of such referendum.

"(d) If the Secretary determines that 60 percent or more of the producers voting in the referendum approve marketing quotas, the Secretary shall proclaim that marketing quotas will be in effect for the marketing quota period.".

TRANSFER OF FARM MARKETING QUOTAS

SEC. 406A. Effective only for the 1987 through 1989 crops of wheat, section 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1338) is amended to read as follows:

"TRANSFER OF FARM MARKETING QUOTAS

"SEC. 338. (a) Except as provided in subsection (b), farm marketing quotas shall not be transferable.

"(b) In accordance with regulations prescribed by the Secretary for such purpose—

"(1) the farm marketing quota for a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer; and

"(2) the Secretary may reallocate any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.".

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 407A. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"SEC. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraphs (2) and (3), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2) For any crop of wheat for which marketing quotas are in effect, the loan and purchase level determined under paragraph (1) shall not be less than the higher of—

"(A) 75 percent of the national average cost of production per bushel of wheat, as determined by the Secretary, taking into consideration variable expenses, general farm overhead, taxes, insurance, interest, and capital replacement costs (but excluding residual returns for management and risk); or

"(B) $3.55 per bushel.

"(3)(A) Except as provided in subparagraph (B), for any crop of wheat for which marketing quotas are not in effect, the loan and purchase level determined under paragraph (1) shall—

"(i) in the case of the 1986 crop of wheat, not be less than $3.00 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(B)(i) Except as provided in clause (ii), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for wheat for such marketing year, the Secretary may reduce the loan and purchase level for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for wheat under this subparagraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(4)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (3)(B), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3)(B); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of wheat the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(4).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection.

"(B) Payments for any such crop of wheat shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C) Payments for any such crop for which marketing quotas are in effect shall not exceed an amount equal to the payment rate multiplied by the farm marketing quota.

"(D)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the wheat acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the wheat acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted wheat acreage of the farm that is devoted to con-

serving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of wheat, the Secretary has announced a limitation on the acreage planted to wheat in accordance with subsection (f)(3)(C), and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(E) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(i) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(F) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of—

"(i) the national average cost of production per bushel of wheat, as determined by the Secretary under subsection (a)(2); or

"(ii) $4.65 per bushel.

"(G) For any crop of wheat for which marketing quotas are not in effect, the established price shall not be less than—

"(i) $4.55 per bushel for any portion of the crop (as determined on the basis of the farm program acreage and the farm program payment yield) that does not exceed 20,000 bushels; and

"(ii) $4.00 per bushel for any portion of the crop (so determined) that is more than 20,000 bushels.

"(H) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(I) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33⅓ percent of the average of the established prices for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the average of the established prices for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For any crop of wheat for which marketing quotas are not in effect, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat for which marketing quotas are not in effect. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A)(i) The individual farm program acreage for each crop of wheat for which marketing quotas are not in effect shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(ii) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(iii) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(iv) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(B) For any crop of wheat for which marketing quotas are in effect, the individual farm program acreage shall be the acreage on the farm that the Secretary determines is sufficient to produce the quantity of wheat equal to the farm marketing quota established for the farm under section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334).

"(e)(1) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop

year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of this section, the Secretary may provide for any crop of wheat for which marketing quotas are not in effect either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(D) Not later than July 31 prior to the calendar year in which the crop is harvested, the Secretary may make adjustments in an announcement made under subparagraph (C) if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each wheat-producing farm.

"(B) Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to wheat for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) in the case of the 1986 crop of wheat, hay and grazing; and

"(II) in the case of each of the 1987 through 1989 crops of wheat, grazing.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program, set-aside program, or marketing quotas for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with stand-

ards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

STUDY OF LOAN AND DEFICIENCY PAYMENT RATES FOR WHEAT CLASSES

SEC. 408A. (a) The Secretary of Agriculture shall conduct a study of the feasibility of establishing separate loan rates and deficiency payment rates for (1) hard red winter wheat, (2) soft red winter wheat, (3) hard red spring wheat, (4) white wheat, and (5) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

(b) Not later than 18 months after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 409A. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS

SEC. 410A. (a) Sections 332, 333, 334, 335, 336, and 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332-1336 and 1338) shall not be applicable to the 1986 crop of wheat.

(b) Sections 331, 339, 379b, and 379c of such Act (7 U.S.C. 1331, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF CERTAIN QUOTA PROVISIONS

SEC. 411A. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 412A. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 401B. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"SEC. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2)(A) Except as provided in subparagraph (B), the loan and purchase level determined under paragraph (1) shall—

"(i) in the case of the 1986 crop of wheat, not be less than $3.00 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(B)(i) Except as provided in clause (ii), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for wheat for such marketing year, the Secretary may reduce the loan and purchase level for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for wheat under this subparagraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (2)(B), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (2)(B); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(4) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of wheat the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection.

"(B) Payments for any such crop of wheat shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the wheat acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the wheat acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f)(2)(A)—

"(I) any portion of the permitted wheat acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(iii) Notwithstanding any other provision of this subparagraph, this subparagraph shall not apply in the case of producers who reduce by more than 20 percent the acreage planted to wheat on the farm for harvest from the acreage base under an acreage limitation program described in subsection (f)(2).

"(D) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(i) the lower of—

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) $2.55 in the case of the 1986 crop of wheat; $2.65 in the case of the 1987 crop of wheat; and $2.82 in the case of the 1988 crop of wheat; or

"(ii) the loan level determined for such crop.

"(E)(i) In the case of each of the 1986 through 1988 crops of wheat, the established price applicable to the producers on a farm shall not be less than an amount determined on the basis of the percentage by which the producers reduce the acreage planted to wheat on the farm for harvest from the acreage base for the farm in accordance with an acreage limitation program described in subsection (f)(2), as provided in the following tables:

"In the case of the 1986 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1986 crop of wheat applicable to such producers shall not be less than:
15 percent	$4.20 per bushel
20 percent	$4.38 per bushel
25 percent	$4.60 per bushel
30 percent	$4.85 per bushel
35 percent	$5.15 per bushel
40 percent	$5.50 per bushel.
"In the case of the 1987 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1987 crop of wheat applicable to such producers shall not be less than:
15 percent	$3.95 per bushel
20 percent	$4.15 per bushel
25 percent	$4.35 per bushel
30 percent	$4.60 per bushel
35 percent	$4.85 per bushel
40 percent	$5.20 per bushel.
"In the case of the 1988 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1988 crop of wheat applicable to such producers shall not be less than:
10 percent	$3.80 per bushel
15 percent	$3.95 per bushel
20 percent	$4.15 per bushel
25 percent	$4.35 per bushel
30 percent	$4.55 per bushel.

"(ii) In the case of the 1989 crop of wheat, the established price shall be such level as the Secretary determines to be appropriate taking into consideration the total supply of wheat, demand for wheat, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be less than 85 percent of the established price for the 1985 crop of wheat.

"(F) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(G) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33⅓ percent of the average of the established prices for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the average of the established prices for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses

are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For each of the 1986 through 1989 crops of wheat, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of wheat, the Secretary shall provide for an acreage limitation program as described in paragraph (2); and

"(ii) in the case of the 1989 crop of wheat, the Secretary may not provide for an acreage limitation program as described in paragraph (2).

"(B) The Secretary shall announce any such wheat acreage limitation program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) Not later than July 31 prior to the calendar year in which the crop is harvested, the Secretary may make adjustments in an announcement made under subparagraph (B) if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying the percentage reductions to the acreage base for each wheat-producing farm selected by producers under subsection (c)(1)(E)(i).

"(B) Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to wheat for harvest shall include—

"(I) any reduced acreage and diverted acreage; and

"(II) any acreage that producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) in the case of the 1986 crop of wheat, hay and grazing; and

"(II) in the case of each of the 1987 through 1989 crops of wheat, grazing.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(4)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(5)(A) Any reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(6)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

STUDY OF LOAN AND DEFICIENCY PAYMENT RATES FOR WHEAT CLASSES

SEC. 402B. (a) The Secretary of Agriculture shall conduct a study of the feasibility of establishing separate loan rates and deficiency payment rates for (1) hard red winter wheat, (2) soft red winter wheat, (3) hard red spring wheat, (4) white wheat, and (5) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

(b) Not later than 18 months after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 403B. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. 404B. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. 405B. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 406B. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

TITLE V—FEED GRAINS

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 501A. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"SEC. 105C. Notwithstanding any other provision of law:

"(a)(1)(A) Except as provided in subparagraphs (B) and (C), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) Except as provided in subparagraph (C), the loan and purchase level determined under subparagraph (A) shall—

"(i) in the case of the 1986 crop of corn, not be less than $2.40 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(C)(i) Except as provided in clause (ii), if the Secretary determines that the average price of corn received by producers in any

marketing year is not more than 110 percent of the loan and purchase level for corn for such marketing year, the Secretary may reduce the loan and purchase level for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for corn under this subparagraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(D)(i) The Secretary shall permit a producer to repay a loan made under this paragraph or paragraph (2) for a feed grain crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the higher of—

"(aa) 70 percent of the loan level determined for such crop;

"(bb) if the loan level for a crop was reduced under subparagraph (C), 70 percent of the loan level that would have been in effect but for the reduction under subparagraph (C); or

"(cc) the prevailing world market price for such feed grain, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for feed grains; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(E) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forego obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of such feed grains the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(1)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection.

"(B) Payments for any such crop of feed grains shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of feed grains planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the feed grain acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the feed grain acreage base of the farm determined in accordance with subsection (f)(2)(D) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops, shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the permitted feed grain acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted feed grain acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of feed grains, the Secretary has announced a limitation on the acreage planted to feed grains in accordance with subsection (f)(3)(C), and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(D) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(i) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(E) The established price for corn shall not be less than $3.03 per bushel.

"(F) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(G) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33⅓ percent of the established price for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of this section, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform percentage reduction (not to exceed 15 percent) to the acreage base for each feed grain-producing farm.

"(B) Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to feed grains for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(E)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and

payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 15 percent) of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 502A. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 501B. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"SEC. 105C. Notwithstanding any other provision of law:

"(a)(1)(A) Except as provided in subparagraphs (B) and (C), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) Except as provided in subparagraph (C), the loan and purchase level determined under subparagraph (A) shall—

"(i) in the case of the 1986 crop of corn, not be less than $2.40 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(C)(i) Except as provided in clause (ii), if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 110 percent of the loan and purchase level for corn for such marketing year, the Secretary may reduce the loan and purchase level for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for corn under this subparagraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(D)(i) The Secretary shall permit a producer to repay a loan made under this paragraph or paragraph (2) for a feed grain crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the higher of—

"(aa) 70 percent of the loan level determined for such crop;

"(bb) if the loan level for a crop was reduced under subparagraph (C), 70 percent of the loan level that would have been in effect but for the reduction under subparagraph (C); or

"(cc) the prevailing world market price for such feed grain, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for feed grains; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(E) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forego obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of such feed grains the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(1)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection.

"(B) Payments for any such crop of feed grains shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of feed grains planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the feed grain acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the feed grain acreage base of the farm determined in accordance with subsection (f)(2)(D) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops, shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the permitted feed grain acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted feed grain acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of feed grains, the Secretary has announced a limitation on the acreage planted to feed grains in accordance with subsection (f)(3)(C), and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(D) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(i) the lower of—

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) $2.04 in the case of the 1986 crop of corn; $2.19 in the case of the 1987 crop of corn; and $2.24 in the case of the 1988 crop of corn; or

"(ii) the loan level determined for such crop.

"(E) The established price for corn shall—

"(i) in the case of the 1986 crop, not be less than $3.03 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of corn, demand for corn, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(F) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(G) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33⅓ percent of the established price for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented plant-

ing crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of feed grains, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of feed grains, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform percentage reduction (not to exceed 15 percent) to the acreage base for each feed grain-producing farm.

"(B) Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to feed grains for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(E)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 15 percent) of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 502B. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE VI—COTTON

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

SEC. 601A. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"SEC. 103A. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States a level that is not less than—

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1989 crops of upland cotton, the higher of—

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the

average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 50 cents per pound.

"(2) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) Except as provided in subparagraph (B), the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for cotton (adjusted to United States quality and location), as determined by the Secretary.

"(B) For each of the 1987 through 1989 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of cotton stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing cotton; and

"(iv) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(C)(i) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for cotton.

"(ii) not later than 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of upland cotton the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop (determined under subsection (g) or (i)(2)); by

"(ii) the farm program payment yield (determined under subsection (h)).

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(5).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this subsection.

"(2) Payments for any such crop of upland cotton shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the farm program payment yield for the crop (determined in accordance with subsection (h)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of cotton planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the upland cotton acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the upland cotton acreage base of the farm determined in accordance with subsection (i)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(B) If an acreage limitation program under subsection (i)(2) is in effect for a crop of upland cotton and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the permitted upland cotton acreage of the farm (determined in accordance with subsection (i)(2)(A))—

"(i) any portion of the permitted upland cotton acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(C) If a set-aside program under subsection (i)(3) is in effect for a crop of upland cotton, the Secretary has announced a limitation on the acreage planted to upland cotton in accordance with subsection (i)(3)(C), and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (i)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(4) The payment rate for upland cotton shall be the amount by which the established price per pound for the crop of upland cotton exceeds the higher of—

"(A) the average market price received by producers for upland cotton during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for upland cotton shall not be less than $0.81 per pound.

"(6) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(7) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting to cotton or other nonconserving crops in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on any farm is less than the result of multiplying

75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the cotton acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the cotton acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to the producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1) The Secretary shall establish for each of the 1986 through 1989 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2) The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under subsection (f) if the Secretary determines it necessary based on the latest information. The Secretary shall announce such revised national program acreage as soon as it has been made.

"(3) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(4) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(f) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(g)(1) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(2) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under subsection (i)(2)(C) by at least the percentage recommended by the Secretary in the announcement of the national program acreage.

"(3) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under subsection (i)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(4) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(h)(1) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding 3 years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(i)(1)(A) Notwithstanding any other provision of law, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of upland cotton, in the absence of such a program, would be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such upland cotton acreage limitation program or set-aside program not later than November 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to upland cotton shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each cotton-producing farm.

"(B) Except as provided in subsection (j), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to upland cotton for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be consid-

ered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsections (e), (f), and (g) shall not be applicable to such crop, including any prior announcement that may have been made under such subsections with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans and payments authorized by this section (except as provided in subsection (j)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of upland cotton planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to upland cotton. Such limitation shall be applied on a uniform basis to all cotton-producing farms.

"(ii) The number of acres for each farm permitted to be planted to upland cotton, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(j)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (i); and

"(D) otherwise complies with this section.

"(k)(1) An operator of a farm desiring to participate in the program conducted under subsection (i) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(o) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(p) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(q) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(r) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(s)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill con-

sumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means—

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of—

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period.".

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 602A. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to any of the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603A. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 604A. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

SEC. 605A. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR 1990 CROP OF UPLAND COTTON

SEC. 606A. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1990 crop.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

SEC. 601B. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"SEC. 103A. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States a level that is not less than—

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1989 crops of upland cotton, the higher of—

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 50 cents per pound.

"(2) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) Except as provided in subparagraph (B), the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for cotton (adjusted to United States quality and location), as determined by the Secretary.

"(B) For each of the 1987 through 1989 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of cotton stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing cotton; and

"(iv) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(C)(i) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for cotton.

"(ii) Not later than 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of upland cotton the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop (determined under subsection (g) or (i)(2)); by

"(ii) the farm program payment yield (determined under subsection (h)).

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(5).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this subsection.

"(2) Payments for any such crop of upland cotton shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the farm program payment yield for the crop (determined in accordance with subsection (h)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of cotton planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the upland cotton acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the upland cotton acreage base of the farm determined in accordance with subsection (i)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(B) If an acreage limitation program under subsection (i)(2) is in effect for a crop of upland cotton and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the permitted upland cotton acreage of the farm (determined in accordance with subsection (i)(2)(A))—

"(i) any portion of the permitted upland cotton acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(C) If a set-aside program under subsection (i)(3) is in effect for a crop of upland cotton, the Secretary has announced a limitation on the acreage planted to upland cotton in accordance with subsection (i)(3)(C), and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (i)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(4) The payment rate for upland cotton shall be the amount by which the established price per pound for the crop of upland cotton exceeds the higher of—

"(A) the average market price received by producers for upland cotton during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for upland cotton shall—

"(A) in the case of the 1986 crop, not be less than $0.81 per pound; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of upland cotton, demand for upland cotton, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(7) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting to cotton or other nonconserving crops in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the cotton acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the cotton acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to the producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1) The Secretary shall establish for each of the 1986 through 1989 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2) The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under subsection (f) if the Secretary determines it necessary based on the latest information. The Secretary shall announce such revised national program acreage as soon as it has been made.

"(3) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(4) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(f) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(g)(1) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual

farm program acreages are required to be determined.

"(2) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under subsection (i)(2)(C) by at least the percentage recommended by the Secretary in the announcement of the national program acreage.

"(3) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under subsection (i)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(4) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(h)(1) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding 3 years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

"(2) Notwithstanding paragraph (1)—

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(i)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of upland cotton, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of upland cotton, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of upland cotton, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such upland cotton acreage limitation program or set-aside program not later than November 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to upland cotton shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each cotton-producing farm.

"(B) Except as provided in subsection (j), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to upland cotton for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsections (e), (f), and (g) shall not be applicable to such crop, including any prior announcement that may have been made under such subsections with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans and payments authorized by this section (except as provided in subsection (j)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of upland cotton planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to upland cotton. Such limitation shall be applied on a uniform basis to all cotton-producing farms.

"(ii) The number of acres for each farm permitted to be planted to upland cotton, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to

producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(j)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (i); and

"(D) otherwise complies with this section.

"(k)(1) An operator of a farm desiring to participate in the program conducted under subsection (i) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(o) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(p) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(q) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(r) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(s)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means—

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of—

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period.".

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 602B. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to any of the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603B. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 604B. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

SEC. 605B. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR 1990 CROP OF UPLAND COTTON

SEC. 606B. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1990 crop.

TITLE VII—RICE

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, RICE ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF RICE

SEC. 701A. Effective only for the 1986 through 1989 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"SEC. 101A. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of rice at a level that is not less than—

"(A) in the case of the 1986 crop of rice, $7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops of rice, the higher of—

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) $6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) the prevailing world market price for rice, as determined by the Secretary; or

"(II) the loan level determined for such crop multiplied by—

"(aa) 50 percent for each of the 1986 and 1987 crops;

"(bb) 62 percent for the 1988 crop; and

"(cc) 70 percent for the 1989 crop.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i)(I) As a condition to permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(ii)(I) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this subparagraph in the redemption or marketing of such certificates.

"(II) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(III) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(4) A loan made under this section shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of rice the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(4) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable payment-in-kind certificates, subject to the terms and conditions provided in subsection (a)(3)(C).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of rice in an amount computed as provided in this subsection.

"(2) Payments for any such crop of rice shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the yield established for the farm for the crop (determined in accordance with paragraph (5)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of rice planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant rice or a nonprogram crop for harvest on at least 50 percent of the rice acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the rice acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(B) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the permitted rice acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(i) any portion of the permitted rice acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(C) If a set-aside program under subsection (f)(3) is in effect for a crop of rice, the Secretary has announced a limitation on the acreage planted to rice in accordance with subsection (f)(3)(C), and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(4) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(A) the national average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for rice shall not be less than $11.90 per hundredweight.

"(6) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the 3 preceding years. The actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producers. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(7) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(8) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in paragraph (3), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the yield established for the farm by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines a revision is necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2)(C) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under subsection (f)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(f)(1)(A) Notwithstanding any other provision of law, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of rice, in the absence of such a program, would be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such rice acreage limitation program or set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to rice shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the acreage base for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of rice, the average acreage planted to rice for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of rice, the average acreage planted to rice for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of rice, the average acreage planted to rice for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of rice, the average acreage planted to rice for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to rice for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (e) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 35 percent) of the acreage of rice planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to rice. Such limitation shall be applied on a uniform basis to all rice-producing farms.

"(ii) The number of acres for each farm permitted to be planted to rice, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to allow such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the suppy of agricultural commodities.

"(c)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(i) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(j)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(k) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(l) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(m) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.".

MARKETING LOAN FOR THE 1985 CROP OF RICE

SEC. 702. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i)(I) The Secretary shall permit a producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of—

"(aa) the loan level determined for such crop; or

"(bb) the prevailing world market price for rice, as determined by the Secretary.

"(II) The Secretary shall prescribe by regulation—

"(aa) a formula to define the prevailing world market price for rice; and

"(bb) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(III) A loan made under this subsection shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(ii)(I) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral

for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificates shall be redeemable in cash.

"(V) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this paragraph in the redemption or marketing of such certificates.

"(VI) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(VII) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) The Secretary may, for the 1985 crop of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under this subsection, agree to forgo obtaining such loan or agreement in return for such payments.

"(ii)(I) A payment under this subparagraph shall be computed by multiplying—

"(aa) the loan payment rate; by

"(bb) the quality of rice the producer is eligible to place under loan.

"(II) For purpose of this subparagraph, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(aa) the individual farm program acreage for the crop; by

"(bb) the yield established for the farm.

"(III) For purposes of this subparagraph, the loan payment rate shall be the amount by which—

"(aa) the loan level determined for the 1985 crop; exceeds

"(bb) the level at which a loan may be repaid under subparagraph (B).

"(iii) The Secretary may make all or part of a payment under this subparagraph in the form of payment-in-kind certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) the payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to—

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (b); or

"(ii) any loan deficiency payment received for a crop of rice under subparagraph (C).".

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, RICE ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF RICE

Sec. 701B. Effective only for the 1986 through 1989 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"Sec. 101A. Notwithstanding any other provision of law:

"(a)(1) except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of rice at a level that is not less than—

"(A) in the case of the 1986 crop of rice, $7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops of rice, the higher of—

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) $6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) the prevailing world market price for rice, as determined by the Secretary; or

"(II) the loan level determined for such crop multiplied by—

"(aa) 50 percent for each of the 1986 and 1987 crops;

"(bb) 60 percent for the 1988 crop; and

"(cc) 70 percent for the 1989 crop.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i)(I) As a condition to permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(ii)(I) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this subparagraph in the redemption or marketing of such certificates.

"(II) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(III) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(4) A loan made under this section shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of rice the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(4) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable payment-in-kind certificates, subject to the terms and conditions provided in subsectioin (a)(3)(C).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of rice in an amount computed as provided in this subsection.

"(2) Payments for any such crop of rice shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the yield established for the farm for the crop (determined in accordance with paragraph (5)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of rice planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant rice or a nonprogram crop for harvest on at least 50 percent of the rice acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the rice acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(B) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm actually plant rice or a nonprogram corp for harvest on at least 50 percent of the permitted rice acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(i) any portion of the permitted rice acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses on nonprogram crops shall be considered to be planted to rice.

"(C) If a set-aside program under subsection (f)(3) is in effect for a crop of rice, the Secretary has announced a limitation on the acreage planted to rice in accordance with subsection (f)(3)(C), and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(4) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(A) the national average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for rice shall—

"(A) in the case of the 1986 crop, not be less than $11.90 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of rice, demand for rice, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the 3 preceding years. The actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producers. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(7) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(8) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in paragraph (3), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the yield established for the farm by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines a revision is necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2)(C) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under subsection (f)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(f)(1)(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW—

"(i) in the case of each of the 1986 through 1988 crops of rice, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the

total supply of rice, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of rice, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such rice acreage limitation program or set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to rice shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the acreage base for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of rice, the average acreage planted to rice for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of rice, the average acreage planted to rice for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of rice, the average acreage planted to rice for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of rice, the average acreage planted to rice for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to rice for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (e) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 35 percent) of the acreage of rice planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to rice. Such limitation shall be applied on a uniform basis to all rice-producing farms.

"(ii) The number of acres for each farm permitted to be planted to rice, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(i) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(j)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(k) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(l) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(m) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.".

MARKETING LOAN FOR THE 1985 CROP OF RICE

Sec. 702. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i)(I) The Secretary shall permit a producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of—

"(aa) the loan level determined for such crop; or

"(bb) the prevailing world market price for rice, as determined by the Secretary.

"(II) The Secretary shall prescribe by regulation—

"(aa) a formula to define the prevailing world market price for rice; and

"(bb) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(III) A loan made under this subsection shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(ii)(I) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(V) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this paragraph in the redemption or marketing of such certificates.

"(VI) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(VII) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) The Secretary may, for the 1985 crop of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under this subsection, agree to forgo obtaining such loan or agreement in return for such payments.

"(ii)(I) A payment under this subparagraph shall be computed by multiplying—

"(aa) the loan payment rate; by

"(bb) the quantity of rice the producer is eligible to place under loan.

"(II) For purposes of this subparagraph, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(aa) the individual farm program acreage for the crop; by

"(bb) the yield established for the farm.

"(III) For purposes of this subparagraph, the loan payment rate shall be the amount by which—

"(aa) the loan level determined for the 1985 crop; exceeds

"(bb) the level at which a loan may be repaid under subparagraph (B).

"(iii) The Secretary may make all or part of a payment under ths subparagraph in the form of payment-in-kind certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) The payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to—

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (B); or

"(ii) any loan deficiency payment received for a crop of rice under subparagraph (C).".

On page 208, strike out the comma on line 24 and all that follows through "bushel" on line 25.

On page 210, between lines 9 and 10, insert the following new section:

SOYBEAN PAYMENTS

Sec. 902. Section 201(g)(1) of the Agricultural Act of 1949 (7 U.S.C. 1446(g)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B) Notwithstanding any other provision of law, any producer who redeems soybeans pledged as collateral for 1985-crop loans within 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 shall not be required to pay interest with respect to such loan indebtedness.

"(C)(i)(I) The Secretary shall make available payments as provided in this clause to any producer who has an outstanding price support loan secured by 1985-crop soybeans on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 and who redeems such loan collateral. Payments provided by this subparagraph shall be determined in accordance with subclause (II).

(II) The payments authorized by this subparagraph shall be computed by multiplying the number of acres planted to soybeans for harvest in 1985 by $35.00.

"(ii) The Secretary shall make available payments to producers of the 1985 crop of soybeans who, although eligible to obtain a loan or purchase agreement under subparagraph (A), agree to forgo obtaining such loan or purchase agreement in return for such payments. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iii) The Secretary shall make available payments to producers of the 1985 crop of soybeans who have marketed such crop on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iv) The Secretary may, with respect to any producer, make up to one-seventh of the payments authorized by this subparagraph in the form of in kind payments of soybeans owned by the Commodity Credit Corporation. Such payments shall be valued at $5.02 per bushel.".

On page 212, between lines 6 and 7, insert the following new section:

PREVENTION OF SUGAR LOAN FORFEITURES

Sec. 1002. The President shall use all authorities available to the President, including section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624) and headnote 2 of subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States, as may be necessary to enable the Secretary of Agriculture to operate the sugar program established under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) at no cost to the Federal Government by preventing the accumulation of sugar acquired by the Commodity Credit Corporation.

Beginning on page 228, strike out line 1 and all that follows through line 23 on page 230 and insert in lieu thereof the following new section:

ADVANCE PAYMENTS

Sec. 1308. Effective only for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) is amended to read as follows:

"Sec. 107C. (a)(1) If the Secretary establishes an acreage limitation or set-aside program for any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary may make available advance deficiency payments to producers who agree to participate in such program.

"(2) Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

"(A) Such payments may be made available in the form of—

"(i) cash;

"(ii) commodities owned by he Commodity Credit Corporation and negotiable certificates redeemable in a commodity owned by the Commodity Credit Corporation; or

"(iii) any combination of clauses (i) and (ii).

"(B) If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of—

"(i) such commodities; or

"(ii) such certificates.

"(C) Such a certificate shall be redeemable for a period not to exceed 3 years from the date such certificate is issued.

"(D) The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

"(E) Such payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

"(F) Such payments shall be made available in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount may not exceed an amount determined by multiplying—

"(i) the estimated farm program acreage for the crop; by

"(ii) the farm program payment yield for the crop; by

"(iii) 90 percent of the projected payment rate on the basis of the estimated national weighted average market price received by producers during the first 5 months of the marketing year for the crop,

as determined by the Secretary.

"(G) If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(H) If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this subsection, the producers who received such advance payments shall refund such payments.

"(I) Any refund required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(J) If a producer fails to comply with requirements established under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

"(3) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(4) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(5) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.

"(b) If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 52 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for such payments.".

On page 231, insert between lines 4 and 5 the following new section:

SUNFLOWER PAYMENT PROGRAM

SEC. 1310(a) The Secretary of Agriculture shall make available to producers of the 1985 crop of sunflowers payments computed by multiplying $35.00 by the number of acres planted to sunflowers for the 1985 crop.

(b) The Secretary is authorized to issue such rules and regulations as are necessary to carry out this section.

(c) The Secretary shall make payments available under this section through the Commodity Credit Corporation.

Or page 231, strike out line 5 and insert in lieu thereof the following new section:

DISASTER PAYMENTS FOR 1985 THROUGH 1989 CROPS OF SOYBEANS AND SUGAR

SEC. . Effective only for the 1985 through 1989 crops of soybeans, sugar beets, and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) (as amended by section 1001 of this Act) is further amended by adding at the end thereof the following new subsection:

"(k)(1) If the Secretary determines that the producers of a farm are prevented from planting any portion of the acreage intended for soybeans, sugar beets, or sugarcane to soybeans, sugar beets, sugarcane, or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary may make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to soybeans, sugar beets, or sugarcane for harvest (including any acreage that the producers were prevented from planting to soybeans, sugar beets, sugarcance, or other nonconserving crops in lieu of soybeans, sugar beets, or sugarcane because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 52 percent of the loan and purchase level for the crop.

"(2) If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of soybeans, sugar beets, or sugarcane, that the producers are able to harvest on any farm is less than the result of multiplying 52 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary may make a reduced yield disaster payment to the producers at a rate equal to 52 percent of the loan and purchase level for the crop for the deficiency in production below 60 percent for the crop.

"(3) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.".

On page 231, between lines 5 and 6, insert the following new section:

INCREASE IN ACREAGE LIMITATIONS

SEC. . Notwithstanding any other provision of subtitle B of titles IV, V, VI, and VII, the Secretary of Agriculture may increase the acreage limitation percentages for any of the 1986 through 1988 crops of wheat, feed grains, upland cotton, and rice by not to exceed 5 percent if the Secretary determines that the carryover stocks of wheat, feed grains, upland cotton, or rice, as the case may be, at the end of the crop year for which the determination is being made will exceed annual usage of such commodity by 33 percent or more.

Beginning on page 327, strike out line 21 and all that follows through line 8 on page 328 and insert in lieu thereof the following new subsection:

(c) The Secretary shall enter into contracts with owners and operators of farms and ranches containing eligible erosion-prone land to place in the conservation acreage reserve—

(1) during the 1986 crop year, not less than 5, nor more than 45, million acres;

(2) during the 1986 through 1987 crop years, a total of not less than 15, nor more than 45, million acres;

(3) during the 1986 through 1988 crop years, a total of not less than 25, nor more than 45, million acres;

(4) during the 1986 through 1989 crop years, a total of not less than 35, nor more than 45, million acres; and

(5) during the 1986 through 1990 crop years, a total of not less than 40, nor more than 45, million acres.

On page 331, strike out lines 8 through 19 and insert in lieu thereof the following:

"(c) Not less than 5 million acres of land that is placed in the conservation acreage reserve under this subtitle during the 1986 through 1990 crop years shall be devoted to trees.".

On page 331, line 20, strike out "(e)" and insert in lieu thereof "(d)".

On page 332, line 11, insert "not more than 50 percent of" after "share".

On page 334, strike out lines 14 through 18 and insert in lieu thereof the following:

(d) The Secretary shall provide payment for obligations incurred by the Secretary under a contract entered into under this subtitle as follows:

(1) Any cost-sharing obligation shall be paid as soon as possible after the obligation is incurred.

(2) An annual rental payment obligation shall be paid—

(A) as soon as practicable after October 1 of each calendar year; or

(B) at the discretion of the Secretary, at any time prior to such date during the year for which the obligation is incurred.

(e)(1) Notwithstanding any other provision of law, the annual rental payment under a contract entered into under this subtitle shall be made—

(A) for the first year in which the contract is in effect, in cash; and

(B) for any subsequent year in which the contract is in effect, in the form of in-kind commodities in such amounts as are agreed on and specified in the contract, except that such payment shall be made in cash to the

extent that the use of commodities is limited under paragraph (2).

On page 357, line 1, strike out "(1)".

On page 357, line 3, strike out "$200,000" and insert in lieu thereof "$500,000".

On page 357, line 3, after the period, insert closed quotation marks and a period.

On page 357, strike out lines 4 through 6.

On page 357, between lines 10 and 11, insert the following new subsection:

(d) Section 329 of such Act (7 U.S.C. 1970) is amended to read as follows:

"SEC. 329. (a) The Secretary shall make financial assistance under this subtitle available to any applicant seeking assistance based on production losses if the applicant shows that—

"(1) a single enterprise that constitutes a basic part of the farming, ranching, or acquaculture operation of the applicant has sustained at least a 30 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle; or

"(e) beginning with the 1985 crop of an agricultural commodity, a crop of an agricultural commodity produced by the applicant under an established practice of double cropping has sustained at least a 50 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle.

"(b) Such loans shall be made available based on 80 percent, or such greater percent as the Secretary may determine, of the total calculated actual production loss sustained by the applicant.".

On page 357, line 11, strike out "(d)" and insert in lieu thereof "(e)".

On page 357, line 12, strike out "(e)" and insert in lieu thereof "(f)".

On page 372, line 16, strike out "25" and insert in lieu thereof "20".

HARKIN (AND OTHERS) AMENDMENT NO. 1066

Mr. HARKIN (for himself, Mr. BOREN, Mr. MELCHER, Mr. BURDICK, and Mr. ZORINSKY) proposed an amendment to amendmemt No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions, the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 459, after line 23 insert the following:

TITLE XXI—EFFECTIVE TARGET PRICES

SEC. 2101. Notwithstanding any other provision of law, including this Act, the established prices for the 1986 through 1989 crops of wheat, corn, upland cotton, and rice shall be—

(1) in the case of wheat—

(A) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of—

(i) the national average cost of production per bushel of wheat, as determined by the Secretary; or

(ii) $4.65 per bushel.

(B) For any crop of wheat for which marketing quotas are not in effect, the established price shall not be less than—

(i) $4.55 per bushel for any portion of the crop (as determined on the basis of the farm program acreage and the farm program payment yield) that does not exceed 20,000 bushels; and

(ii) $4.00 per bushel for any portion of the crop (so determined) that is more than 20,000 bushels.

(2) in the case of feed grains—

(A) The established price for corn shall not be less than $3.03 per bushel; and

(B) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

(3) in the case of upland cotton, the established price shall not be less than $0.81 per pound.

(4) in the case of rice, the established price shall not be less than $11.90 per hundredweight.

ABDNOR AMENDMENT NO. 1067

Mr. ABDNOR proposed an amendment which was susequently modified, to amendment No. 939, as amended, proposed by Mr. DOLE to the notion to recommit with instructions the bill S, 1714, supra; as follows:

At the end of the amendment No. 939 (as amended add the following:

On page 459, between lines 18 and 19, insert the following new section:

STUDY OF UNLEADED FUEL IN AGRICULTURAL MACHINERY

SEC. . (a)(1) The Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall jointly conduct a study of the use of fuel containing lead additives, and alternative lubricating additives, in gasoline engines that are—

(A) used in agricultural machinery; and

(B) designed to combust fuel containing such additives.

(2) The study shall analyze the potential for mechanical problems (including but not limited to valve recession) that may be associated with the use of fuels in such engines.

(b)(1) For purposes of the study required under this section, the Administrator of the Environmental Protection Agency and the Secretary of Agriculture are authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information.

(2) The Secretary of Agriculture shall specify the types and items of agricultural machinery to be included in the study required under this section. Such types and items shall be representative of the types and items of agricultural machinery used on farms in the United States.

(3) All testing of engines carried out for purposes of such study shall reflect actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) Not later than January 1, 1987—

(1) the Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall publish the results of the study required under this section; and

(2) the Administrator shall publish in the Federal Register notice of the publication of such study and a summary thereof.

(d)(1) After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator shall—

(A) make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes, including a determination of whether a modification of the regulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes; and

(B) submit to the President and Congress a report containing—

(i) the study;

(ii) a summary of the comments received during the public hearing (including the comments of the Secretary); and

(iii) the findings and recommendations of the Administrator made in accordance with clause (1).

(2) The report shall be transmitted to—

(A) the Committee on Energy and Commerce of the House of Representatives;

(B) the Committee on Environment and Public Works of the Senate;

(C) the Committee on Agriculture of the House of Representatives; and

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(e)(1) Between January 1, 1986, and December 31, 1987, the Administrator shall monitor the actual lead content of leaded gasoline sold in the United States.

(2) The Administrator shall determine the average lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987.

(3) If the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the Administrator shall—

(A) report to Congress; and

(B) publish a notice thereof in the Federal Register.

(f) Until January 1, 1988, no regulation of the Administrator issued under section 211 of the Clean Air Act (42 U.S.C. 7545) regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon.

(f) To carry out this section, there is authorized to be appropriated $1,000,000, to be available without fiscal year limitation.

MELCHER-CHILES AMENDMENT NO. 1068

Mr. MELCHER (for himself and Mr. CHILES) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions to the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

In the engrossment of S. 1714, the enrolling clerk is directed to make the following changes in the bill:

On page 13, line 24, after the subsection (a) designation, insert "(1)".

On page 14—

(1) line 1, renumber paragraph (1) as subparagraph (A);

(2) line 6, renumber paragraph (2) as subparagraph (B);

(3) after line 10, insert a new paragraph as follows:

"(2) In addition to the funds or commodities of the Commodity Credit Corporation used by the Secretary under paragraph (1), at least (A) 300 million bushels of wheat, (B) 250 million bushels of corn, (C) 10 million hundredweight of rice, and (D) 75,000

bales of cotton owned or controlled by the Commodity Credit Corporation shall be used by the Secretary for such export activities to regain for the United States export markets for these commodities that have been lost because of practices described in subsection (b) or because of adverse economic conditions in the importing country that have resulted in decreased purchases of agriculture products from the United States. In using commodities under this paragraph, the Secretary shall give priority to freindly developing countries that because of economic conditions (A) have reduced their purchases of such commodities from the United States, (B) would have difficulty in meeting their needs for such commodities without price reductions or other assistance provided by the Secretary, or (C) both."; and

(4) line 11, strike out "The", and insert in lieu thereof "Except as provided in paragraph (2) of subsection (a) the".

(5) line 18, after the period, insert a new sentence as follows: "The funds and commodities specified in this section shall be in addition to, and not in place of, any minimum amounts of funds and commodities required for export assistance by any other provision of law.".

(6) line 19, strike out "The", and insert in lieu thereof "Except as provided in paragraph (2) of subsection (a), the".

On page 15, line 4, after "Corporation", insert the following ", of which not less than 100,000 metric tons shall be butter and not less than 25,000 metric tons shall be cheese".

On page 85, after line 23, strike out everything through line 23, page 86, and insert in lieu thereof the following:

"(D) If the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f))—".

On page 86, line 24, strike out "(I)", and insert in lieu thereof "(i)".

On page 87—

(1) line 3, strike out "(II)", and insert in lieu thereof "(ii)";

(2) line 6, strike out "(III)", and insert in lieu thereof "(iii)"; and

(3) strike out lines 9 through 25.

On page 92, strike out everything after line 2 through line 10, page 94.

On page 94, line 11, strike out "(B)", and insert in lieu thereof "(d)".

On page 94, after the period at the end of line 16, insert a new sentence as follows: "For any crop of wheat for which marketing quotas are not in effect, the individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under subsection (f).".

On page 95, after line 20, strike out everything through line 6, page 97, and insert in lieu thereof the following:

"(f)(1) Notwithstanding any other provision of this section, the Secretary shall provide for any crop of wheat for which marketing quotas are not in effect an acreage limitation program described in paragraph (2) and an acreage diversion program described in paragraph (3). Except as provided for in subsection (g), the producers on a farm, as a condition of eligibility for loans, purchases, and payments for any crop of wheat, must comply with the terms and conditions of such programs. The Secretary shall announce any such program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) Under an acreage limitation program provided for in paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying a uniform reduction of 23.5 percent to the acreage base for each wheat-producing farm.".

On page 97, line 7, strike out "(C)", and insert in lieu thereof "(B)".

On page 98, line 4, strike out "(D)", and insert in lieu thereof "(C)".

On page 98, after line 16, strike out everything through line 4, page 100, and insert in lieu thereof the following:

"(3) Under an acreage diversion program provided for in paragraph (1), the Secretary shall make crop retirement and conservation payments to any producer of any crop of wheat whose acreage planted to wheat for harvest on the farm for each such crop is reduced so that it does not exceed the wheat acreage base for the farm less an amount equivalent to 7.5 percent of the wheat acreage base in addition to the reduction required under paragraph (2), and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat acreage base under this paragraph. Such payments shall be made in an amount computed by multiplying (i) the diversion payment rate, by (ii) the farm program payment yield for the crop, by (iii) the acreage diverted under this paragraph. The diversion payment rate for the 1986 through 1989 crops of wheat shall be established by the Secretary at not less than $2.70 per bushel.".

On page 104, line 12, after "under", insert "paragraphs (2) and (3) of".

On page 112, after line 2, strike out everything through line 6, page 113, and insert in lieu thereof the following:

"(C) If the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of permitted feed grain acreage of the farm (determined in accordance with subsection (f))—".

On page 113—

(1) line 7, strike out "(I)", and insert in lieu thereof "(i)";

(2) line 11, strike out "(II)", and insert in lieu thereof "(ii)";

(3) line 14, strike out "(III)", and insert in lieu thereof "(iii)"; and

(4) after line 17, strike out everything through line 11, page 114.

On page 118, after line 3, strike out everything through line 12, page 120, and insert in lieu thereof the following:

"(d) The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under subsection (f).".

On page 121, after line 15, strike out everything through line 21, page 122, and insert in lieu thereof the following:

"(f)(1) Notwithstanding any other provision of this section, the Secretary shall provide for each crop of feed grains an acreage limitation program described in paragraph (2) and an acreage diversion program described in paragraph (3). Except as provided for in subsection (g), the producers on a farm, as a condition of eligibility for loans, purchases, and payments on any of the 1986 through 1989 crops of feed grains, must comply with the terms and conditions of such programs. The Secretary shall announce any such program no later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) Under an acreage limitation program provided for in paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform reduction of 17.5 percent to the acreage base for each feed grain producing farm.".

On page 122, line 22, strike out "(C)", and insert in lieu thereof "(B)".

On page 123, line 4, strike out "(D)", and insert in lieu thereof "(C)".

On page 124, after line 13, strike out everything through line 25, page 125, and insert in lieu thereof the following:

"(3) Under an acreage diversion program provided for in paragraph (1), the Secretary shall make crop retirement and conservation payments to any producer of any crop of feed grains whose acreage planted to feed grains for harvest on the farm for each such crop is reduced so that it does not exceed the feed grain acreage base for the farm less an amount equivalent to 7.5 percent of the feed grain acreage base in addition to the reduction required under paragraph (2), and who devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the feed grain acreage base under this paragraph. Such payments shall be made in an amount computed by multiplying (i) the diversion payment rate, by (ii) the farm program payment yield for the crop, by (iii) the acreage diverted under this paragraph. The diversion payment rate for the 1986 through 1989 crops of feed grains shall be established by the Secretary at not less than $1.50 per bushel.".

On page 129, line 13, after "under", insert "paragraphs (2) and (3) of".

On page 219—

(1) line 7, strike out everything beginning with "(a)" through the period at the end of line 19;

(2) line 20, redesignate subsection (b) as subsection (a); and

(3) line 22, redesignate subsection (c) as subsection (b).

On page 220, line 15, redesignate section (d) as subsection (c).

PRESSLER AMENDMENT NO. 1069

Mr. PRESSLER proposed an amendment to the amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions to the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment (No. 939) add the following:

Subtitle C—Agriculture Antitrust

SECTION 1. The Clayton Act (15 U.S.C. 12 *et seq.*) is amended by inserting after Section 4H the following new section:

SEC. 4I. (a) An action under Sections 4, 4A or 4C for damages resulting from any underpayment received on the sale of agricultural products shall not be barred because the person seeking such damages is not a direct seller to the defendant; provided, however, the person seeking such damages must have possessed the agricultural product for feeding or growing purposes for at least 25 days prior to sale.

(b) In any action under Sections 4, 4A or 4C for damages resulting from any under-

payment received on the sale of agricultural products or the sale of products processed thereform, the person seeking such damages shall not recover for any amount of an underpayment that has been passed on the other persons, who themselves are entitled to recover damages for such underpayment under Sections 4, 4A or 4C.

SEC. 2. The amendments made by this Act shall become effective upon the date of the enactment of this Act.

KASTEN AMENDMENT NOS. 1070 THROUGH 1073

(Ordered to lie on the table.)

Mr. KASTEN submitted four amendments intended to be proposed by him to the bill S. 1714, supra; as follows:

AMENDMENT NO. 1070

On page 69, between lines 20 and 21, insert the following new section:

SEC. 207. (a) The Commodity Credit Corporation shall provide surplus stocks of nonfat dry milk of not less than one million pounds annually to individual entities on a bid basis.

(b) The Commodity Credit Corporation may accept bids at lower than the resale price otherwise required by law in order to promote the strengthening of the domestic casein industry.

(c) The Commodity Credit Corporation shall take appropriate action to assure that the nonfat dry milk sold by the Corporation under this section shall be used only for the manufacture of casein.

AMENDMENT NO. 1071

On page 66, line 13, insert "(a)" after the section designation.

On page 66, between lines 16 and 17, insert the following new subsection:

(d) Section 8c(5)(A) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(5)(A), is amended by adding at the end thereof the following new sentence: "The minimum price differential for milk of the highest use classification adjusted under clause (1) of the previous sentence shall be computed on a nationwide basis relative to the distance from Eau Claire, Wisconsin to the point of delivery, and shall not exceed the price differential for milk of the highest use classification set under the Upper Midwest Order or $1.85, whichever is greater."

AMENDMENT NO. 1072

On page 66, line 13, insert "(a)" after the section designation.

On page 66 between lines 16 and 17, insert the following new section:

(b) Section 8c(5)(A) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(5)(A)) is amended by adding at the end thereof the following new sentence: "No order issued under this section shall provide for a use value for powdered or condensed milk used in a reconstituted milk product different from the order price for the condensed or powdered milk so used."

AMENDMENT NO. 1073

On page 69, between lines 20 and 21, insert the following new section:

ADJUSTMENT OF CLASS I MILK DIFFERENTIALS

SEC. . It is the sense of the Senate that any adjustment under section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)) to the price received for class I milk produced under milk marketing orders issued under section 8c of such Act be made only through regulations issued by the Secretary of Agriculture.

DECONCINI (AND OTHERS) AMENDMENT NO. 1074

Mr. DECONCINI (for himself, Mr. BURDICK, Mrs. HAWKINS, Mr. ABDNOR, Mr. EXON, Mr. GRASSLEY, Mr. HOLLINGS, Mr. ANDREWS, Mr. ARMSTRONG, Mr. HELMS, and Mr. TRIBLE) proposed an amendment to amendment No. 939 proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

CONTROLLED SUBSTANCES PRODUCTION CONTROL

SEC. . (a) As used in this section:

(1) The term "controlled substance" has the same meaning given such term in section 102(6) of the Controlled Substances Act (21 U.S.C. 801(6)).

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(b) Notwithstanding any other provision of law, following the date of enactment of this Act, any person who is convicted under Federal or State law of planting, cultivation, growing, or harvesting of a controlled substance in any crop year shall be ineligible for—

(1) as to any commodity produced during that crop year, and the four succeeding crop years, by such person—

(A) any price support or payment made available under the Agricultural Act of 1949 (7 U.S.C 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) for the storage of an agricultural commodity that is—

(A) produced during that crop year, or any of the four succeeding crop years, by such person; and

(B) acquired by the Commodity Credit Corporation.

(c) Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this section, including regulations that—

(1) define the term "person";

(2) govern the determination of persons who shall be ineligible for program benefits under this section; and

(3) protect the interests of tenants and sharecroppers.".

GLENN (AND OTHERS) AMENDMENT NO. 1075

Mr. GLENN (for himself, Mr. BINGAMAN, Mr. NUNN, Mr. HEFLIN, Mr. ZORINSKY, Mr. MELCHER, Mr. FORD, Mr. HELMS, Mr. Abdnor, and Mr. LUGAR) proposed an amendment to amendment No. 939 proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 301, line 2, after the words "Agricultural Products In", insert the words "Domestic and".

On page 301, line 3, insert "(a)" after the section designation.

On page 301, line 7, after the words "products thereof in", insert the words "domestic and".

On page 301, between lines 11 and 12, insert the following new subsection:

"(b)(1) The Secretary of Agriculture shall conduct a research and development program to formulate new uses for farm and forest products. Such program shall include, but not be limited to, research and development of industrial, new, and value-added products.

"(2) To the extent practicable, the Secretary of Agriculture shall carry out the program authorized in this subsection with colleges and universities, private industry, and Federal and State entities through a combination of grants, cooperative agreements, contracts, and interagency agreements.

"(3)(A) There are authorized to be appropriated such sums as are necessary to carry out the program under this subsection.

"(B) In addition, the Secretary may use funds appropriated or made available to the Secretary under provisions of law other than paragraph (A) to carry out the program under this subsection.

"(C) The total amount of funds used by the Secretary to carry out the program under this subsection may not be less than $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, September 30, 1989.

"(4) Funds appropriated under paragraph (3)(A) or made available under paragraph (3)(B) may be transferred among appropriation accounts to carry out the purposes of the program authorized under this subsection.

"(5) Notwithstanding any other provision of law, the Federal share of the cost of each research or development project funded under this subsection may not exceed 50 percent of the cost of such project.".

NUNN AMENDMENT NOS. 1076 AND 1077

Mr. NUNN proposed two amendments to amendment No. 939 proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

AMENDMENT NO. 1076

At the end of the pending amendment at the appropriate place insert the following:

SEC. . The Secretary of Agriculture is authorized and directed to execute and deliver to the Board of Education of Irwin County Georgia, its successors and assigns, a quitclaim deed conveying and releasing unto the said Board of Education of Irwin County, Georgia, its successors and assigns, all right, title, and interest of the United States of America in and to a tract of land, situated in said Irwin County, Georgia, containing 0.303 acres together with improvements in Land Lot Number 39 in the 3rd Land District of Irwin County, Georgia, being more particularly described in a deed dated July 13, 1946, from the United States conveying said land to Irwin County Board of Education, recorded in the land records of the offices of the Clerk of Court for Irwin County, Georgia, in deed book 20, page 117.

AMENDMENT NO. 1077

At the end of the pending amendment, at the appropriate place insert the following:

SEC. . Notwithstanding any other provision of law, fees received by the National Tree Seed Laboratory, administered by the Forest Service, United States Department of Agriculture, for the provision of a tree seed testing service, shall be retained and deposited as a reimbursement to current appropriations used to cover the costs of providing such service.

GRASSLEY AMENDMENT NO. 1078

Mr. GRASSLEY proposed an amendment to amendment No. 939 proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment add the following:

On page 380, strike out lines 15 through 17.

On page 380, line 18, strike out "(5)" and insert in lieu thereof "(4)".

On page 380, line 21, strike out "(6)" and insert in lieu thereof "(5)".

On page 380, line 24, strike out "(7)" and insert in lieu thereof "(6)".

On page 381, line 1, strike out "(8)" and insert in lieu thereof "(7)".

On page 381, line 4, strike out "(9)" and insert in lieu thereof "(8)".

On page 381, line 9, strike out "(10)" and insert in lieu thereof "(9)".

On page 381, line 11, strike out "(11)" and insert in lieu thereof "(10)".

On page 381, line 13, strike out "(12)" and insert in lieu thereof "(11)".

On page 381, line 16, strike out "(13)" and insert in lieu thereof "(12)".

On page 381, line 22, strike out "(14)" and insert in lieu thereof "(13)".

On page 382, line 5, strike out "(15)" and insert in lieu thereof "(14)".

On page 382, line 7, strike out "(16)" and insert in lieu thereof "(15)".

On page 382, line 9, strike out "(17)" and insert in lieu thereof "(16)".

On page 382, line 23, strike out "(18)" and insert in lieu thereof "(17)".

On page 383, line 1 strike out "(19)" and insert in lieu thereof "(18)".

On page 383, lines 16 and 17, strike out "Directors, the Board," and insert in lieu thereof "Board".

On page 384, strike out "submitted" on line 17 and all that follows through "Secretary" on line 22 and insert in lieu thereof "elected in accordance with section 1807".

On page 388, line 2, before the period, insert the following: ", except that the term of a member of the Delegate Body shall continue until the successor of such member, if any, is appointed in accordance with subsection (b)(1)".

On page 388, line 14, strike out "17" and insert in lieu thereof "23".

On page 388, lines 15 and 16, strike out ", from among the members of the Directors,".

On page 388, line 19, strike out ", from among the Directors,".

On page 389, between lines 2 and 3, insert the following new subsection:

(h) The Delegate Body shall—

(1) recommend the rate of assessment prescribed by the initial order and any increase in such rate pursuant to section 1809(b); and

(2) determine the percentage of the aggregate amount of assessments collected in a State that each State association shall receive under section 1809(c)(1).

Beginning on page 389, strike out line 3 and all that follows through line 24 on page 390 and insert in lieu thereof the following new section:

ELECTION OF NOMINEES FOR THE DELEGATE BODY

SEC. 1807. (a)(1) Not later than 30 days after the effective date of the order, the Secretary shall call for the nomination within each State of candidates for appointment as producer members of the initial Delegate Body.

(2) Each State association may nominate producers who are residents of such State to serve as such candidates.

(3)(A) Additional producers who are residents of a State may be nominated as candidates of such State by written petition signed by 100 producers or 5 percent of the pork producers in such State, whichever is less.

(B) The Secretary shall establish and publicize the procedures governing the time and place for filing petitions.

(b)(1) After the Secretary has received the nominations requried under subsection (a) and not later than 60 days after the effective date of the order, the Secretary shall call for an election within each State of persons for appointment as producer members of the initial Delegate Body.

(2) To be eligible to vote in an election held in a State, a person must be a producer who is a resident of such State.

(3)(A) Notice of each such election shall be given by the Secretary—

(i) by publication in a newspaper or newspapers of general circulation in each State, and in pork production and agriculture trade publications, at least 1 week prior to the election; and

(ii) in any other reasonable manner determined by the Secretary.

(2) The notice shall set forth the period of time and places for voting and such other information as the Secretary considers necessary.

(4) Each State shall nominate to the Delegate Body the number of producer members required under section 1806(b)(2)(B).

(5) The producers who receive the highest number of votes in each State shall be nominated for appointment as members of the Delegate Body from such State.

(c)(1) Except as provided in paragraph (3), after the election of the producer members of the initial Delegate Body, the Board shall administer all subsequent nominations and elections of the producer members to be nominated for appointment as members of the Delegate Body, with the assistance of the Secretary and in accordance with subsections (a)(3) and (b).

(2) The Board shall determine the timing of an election referred to in paragraph (1).

(3) To be eligible to vote in such an election in a State, a person must be a person must—

(A) be a producer who is a resident of such State;

(B) have paid all assessments due under section 1809; and

(C) not demanded a refund of an assessment under section 1813.

(d)(1) Prior to the expiration of the term of any producer member of the Delegate Body, the Board shall appoint a nominating committee of producers who are residents of the State represented by such member.

(2) Such committee shall nominate producers of such State as candidates to fill the position for which an election is to be held.

(3) Additional producers who are residents of a State may be nominated to full such positions in accordance with subsection (a)(3).

On page 391, line 3, strike out "an 11" and insert in lieu thereof "a 15".

On page 391, line 4, insert "representing at least 12 states" after "Board".

On page 391, line 5, strike out "persons" and insert in lieu thereof "producers or importers".

On page 391 line 12, before the period, insert the following: ", except that the term of a member of the Board shall continue until the successor of such member, if any, is appointed in accordance with paragraph (2)".

Beginning on page 392, strike out line 23 and all that follows through line 2 on page 393 and insert in lieu thereof the following:

(B) the budgets, plans, or projects for which State associations are to receive funds pursuant to section 1809(c)(1).

On page 394, lines 7 and 8, strike out "Board is established and appointed pursuant to section 1808" and insert in lieu thereof "effective date of the order under section 1805(c) or at such time as the initial Board is appointed pursuant to section 1808, whichever occurs later".

On page 394, line 12, strike out "1802(9)" and insert in lieu thereof "1802(8)".

On page 394, line 15, strike out "1802(9)(B)" and insert in lieu thereof "1802(8)(B)".

On page 395, line 7, strike out "1802(9)" and insert in lieu thereof "1802(8)".

On page 395, line 15, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 395, line 18, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 395, line 22, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 396, lines 14 and 15, strike out "collected" and insert in lieu thereof "attributable to porcine animals produced".

On page 396, line 17, strike out "Board" and insert in lieu thereof "Delegate Body".

On page 397, strike out lines 1 through 16.

On page 397, line 17, strike out "(3)" and insert "(2)".

On page 397, line 19, strike out "paragraphs (1) and (2)" and insert in lieu thereof "paragraph (1)".

On page 398, line 12, before the period, insert "and any expenses incurred for the conduct of elections under section 1807".

On page 399, line 3, insert "or a State association, as the case may be" after "Board".

BUMPERS AMENDMENT NO. 1079

Mr. BUMPERS proposed an amendment to amendment No. 939 proposed by Mr. DOLE to the motion to recom-

mit with instructions the bill S. 1714, supra; as follows:

At the end of the sending amendment, add the following new language:

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. . (a) Congress finds that:

(1) Rice ranks 9th among major domestic field crops in value of production;

(2) Rice accounts for about 5 percent of the value of major field crops produced in the United States;

(3) The value of domestic rice production annually is over $1.5 billion;

(4) Ending stocks for rice have sharply increased since 1980;

(5) The projected 1985-1986 carryover of rice as a percentage of annual use is 62 percent;

(6) Between 1980 and 1983, rice stocks rose and prices fell, pushing rice program costs from less than one-tenth to over nine-tenths of the value of U.S. rice production;

(7) Over the last several years, the percentage of world rice exports from the United States has fallen from a high of 25 percent to 18 percent in 1985;

(8) In the last several years, Thailand has become the largest rice exporter in the world, accounting for 30 percent of the world market primarily through their use of export subsidies;

(9) Thai rice imports into the United States have displaced normal sales of U.S. rice and have increased government costs;

(10) In 1983, the United States imported 33.2 million pounds of rice from Thailand, in 1984 the United States imported 51.3 million pounds of rice (an increase of 53 percent), and in the first six months of 1985, rice imports from Thailand to the United States have already reached 58.3 million pounds; and

(11) The Rice Miller's Association has filed a petition with the Department of Commerce asking that countervailing duties be imposed upon imports of Thai rice into the United States.

(b) Based upon these findings, it is the sense of the Senate that:

(1) Our domestic rice industry is of vital importance and must be protected from unfair foreign competition;

(2) The government of Thailand is unfairly subsidizing the export of rice, and this is adversely affecting the United States domestic rice industry; and

(3) The Secretary of Commerce should give immediate and favorable consideration to the countervailing duty petition filed by the Rice Miller's Association, and should impose appropriate countervailing duties on imports of rice from Thailand.

THURMOND AMENDMENT NO. 1080

Mr. THURMOND proposed an amendment to the amendment No. 939 proposed by Mr. DOLE to the motion to recommit with instructions to the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 383, line 25, insert "such order has been approved by a majority of persons voting in the referendum required under section 1811(a)(1)(A) and" after "if".

Beginning on page 401, strike out line 22 and all that follows through line 2 on page 402 and insert in lieu thereof the following:

SEC. 1811. (a)(1)(A) For the purpose of determining whether an order shall be issued, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

(B) For the purpose of determining whether an order shall be continued, during the period beginning not earlier than 1 year after the issuance of the order and ending not later than 2 years after the issuance of the order, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

On page 402, line 3, insert "issued or" after "be".

On page 410, line 11, strike out "This" and insert in lieu thereof "Except as provided in subsection (c), this".

On page 410, line 16, strike out "The" and insert in lieu thereof "Except as provided in subsection (c), the".

On page 410, between lines 20 and 21, insert the following new subsection:

(c)(1) Notwithstanding any other provision of this subtitle, if a State established, before the date of enactment of this Act and under the laws of such State, a pork and pork products promotion, research, and consumer information program that is funded through pork producer contributions or assessments and operated by an organization recognized by such State as the organization responsible for carrying out such program under the supervision of the State—

(A) such State may elect to continue to operate such State program in lieu of participation in the national pork and pork products promotion, research, and consumer information program established by this subtitle; and

(B) this subtitle shall not be construed to preempt the laws of such State establishing such State program.

(2) Notwithstanding any other provision of this subtitle, if a State elects to continue to operate a State program referred to in paragraph (1), the Board shall—

(A) encourage such State to participate in the national pork and pork products promotion, research, and consumer information program established by this subtitle, on such terms as are mutually agreeable to such State and the Board;

(B) provide such State with any information obtained by the Board concerning any porcine animal produced in such State that is sold or slaughtered for sale in or outside such State; and

(C) remit to such State any assessments collected under section 1809 for each porcine animal produced in such State that is sold or slaughtered for sale in or outside such State.

On page 410, line, 21, strike out "(c)" and insert in lieu thereof "(d)".

HELMS AMENDMENT NO. 1081

Mr. HELMS proposed an amendment to amendment No. 939 proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment add the following:

On page 278, after line 26, insert the following new section:

"OPTIONAL NUTRITION ASSISTANCE GRANT PROGRAM

"SEC. 1444. (a) The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end thereof the following new section:

"OPTIONAL NUTRITION ASSISTANCE GRANTS

"SEC. 21. (a) As used in this section, unless the context requires:

"(1) The term 'Attorney General' means the Attorney General of the United States.

"(2) The term 'Comptroller General' means the Comptroller General of the United States.

"(3) The term 'State' means the fifty States, the District of Columbia, Guam, and Virgin Islands of the United States.

"(b) A State may, subject to the provisions of this section, elect to operate a low income nutrition assistance program in lieu of the food stamp program established under this Act. Any State that elects to operate a low income nutrition assistance program under this section or that elects to resume operation of the food stamp program shall give preliminary notice of such election to the Secretary by April 1 of the fiscal year preceding the fiscal year in which the State wishes such election to take effect, or at such later time as the Secretary deems feasible.

"(c)(1) Except as provided in paragraph (3), the amount of the grant each State shall be eligible to receive under this section in any fiscal year shall be equal to the sum of—

(A) the total dollar value of all benefits issued by the State under this Act and section 8 of the Act of December 31, 1973, (Public Law 93-233; 42 U.S.C. 1382e note) during the fiscal year preceding the fiscal year for which the grant is made, adjusted—

"(i) no less than annually, to reflect changes in the Consumer Price Index for all urban consumers for food at home published by the Bureau of Labor Statistics and unemployment data for the State; and

"(ii) at intervals the Secretary determines appropriate, to reflect the number of individuals in the State living below the poverty line, according to the most recent information available to the Secretary, and such other factors as the Secretary deems appropriate; and

"(B) the funds for administrative costs authorized to be paid to the State agency under section 16(a) (exclusive of amounts the Secretary may permit the State agency to retain) and section 16(g) for that fiscal year.

"(2) The Secretary shall pay to each eligible State, at such times and in such manner as the Secretary may determine, the amount of the grant for which the State is eligible under paragraph (1).

"(3) For the first fiscal year in which a State elects to participate in the low income nutrition assistance program, the Secretary may estblish a grant that is less than the amount the State would be eligible to receive for a full fiscal year.

"(4)(A) If, with respect to any State, the Secretary—

"(i) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this section be made directly to the tribe or organization; and

"(ii) determines that the members of the tribe or tribal organization would be better served if grants to provide benefits under this section were made directly to such tribe or organization,

the Secretary shall reserve, from amounts that would otherwise be paid to the State under this section for the fiscal year, the amount determined under subparagraph (B).

"(B) The Secretary shall reserve for the purpose of subparagraph (A) from sums that would otherwise be paid to the State an amount which bears the same ratio to the payment that would otherwise be made to the State for the fiscal year involved as the population of all eligible Indians for whom a determination has been made under this paragraph bears to the population of all individuals eligible for assistance under this section in the State.

"(C) The sums reserved by the Secretary under this paragraph shall be granted to Indian tribes and tribal organizations on the basis of the relative number of individuals contained in the Indian tribes and tribal organizations for whom a determination has been made under this paragraph.

"(D) To be eligible for a grant under this paragraph in any fiscal year, an Indian tribe or tribal organization must submit to the Secretary a plan for the fiscal year that meets such criteria as the Secretary may prescribe by regulation.

"(d)(1) To be eligible to receive a grant under this section for a fiscal year, each State must submit an application to the Secretary. Each application shall be submitted at such time and in such form as prescribed by the Secretary and shall set forth the plan of the State to provide nutritional assistance to low income households. Each State's plan shall be approved by the Secretary upon the Secretary's determination that the activities described in the plan assist low income households in meeting their food assistance needs.

"(2) As part of the application required by paragraph (1), the chief executive officer of the State shall certify in writing that the State will—

"(A) assess on a regular basis the most appropriate and cost-effective means for meeting the food and nutrition needs of needy persons residing in the State;

"(B) use the funds made available to the State under this section for the purpose of meeting the food and nutrition needs of needy persons residing in the State;

"(C) designate a single State agency that shall be responsible for the administration of the low income nutrition assistance program;

"(D) describe how the program of the State will operate to carry out this section; including—

"(i) a description of the assistance to be provided;

"(ii) a description of the persons who will be eligible under the program; and

"(iii) special assurances that the unique needs and expenses of low income elderly persons will be met through the eligibility criteria developed by the State;

"(E) provide that, in the operation of the nutrition assistance program, there shall be no discrimination on the basis of race, sex, religious creed, national origin, or political belief; and

"(F) provide that fiscal control and fund accounting procedures will be established to ensure the proper disbursal of and accounting for Federal funds paid to the State under this section, including procedures for monitoring the program carried out by the State with the grant funds provided under this section;

"(G) provide for an audit, not less than biennially, of the expenditures by the State of grant funds received under this section; and

"(H) comply with all the requirements of this section.

"(3) The Secretary may not prescribe the manner in which the States comply with paragraph (2). Each State may prescribe, and the Secretary may not limit, standards of or requirements for eligibility for benefits under this section. Such standards or requirements may include a requirement for work or household contribution, or both, as a condition of eligibility for benefits under this section.

"(4) A grant made under this section may not be used by the State, or by any person with whom the State makes arrangements to carry out this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement of a building or other facility.

"(5)(A) The chief executive officer of each State shall prepare and furnish to the Secretary a plan that describes how the State will implement the assurances specified in paragraph (2). The chief executive officer of each State may revise a plan prepared under this subparagraph and shall furnish a copy of the revised plan to the Secretary before it is implemented.

"(6) The Secretary may, on the request of a State, provide technical assistance with respect to programs for the provision of low income nutrition assistance under this section, including technical assistance for the purpose of determining the feasibility of specific plans under consideration by any State.

"(7) The Secretary shall, on the request of a State, make available to the State coupons having a value equal to the nutrition assistance grant for the State as established under subsection (b) or a portion of that grant, as determined by the State. Coupons furnished under this paragraph shall be such as those used in the food stamp program pursuant to section 7(a). When such coupons are used in a low income nutrition assistance program of a State, the Secretary shall establish procedures for the use and redemption of such coupons that are consistent with other sections of this Act.

"(e) Payments made to the States under this section shall be expended to carry out a low income nutrition assistance program only in the fiscal year in which the funds are distributed to the State or the following fiscal year.

"(f) States shall make all records concerning a program operated pursuant to this section available to the Secretary and the Comptroller General for examination and copying, on or off the premises where such records are maintained or stored.

"(g) If the Secretary finds that there is substantial failure by a State to comply with the requirements of this section, regulations issued pursuant to this section, or the plan approved under subsection (d)(1), the Secretary may take the one or more of the following actions:

"(1) terminate payments until the Secretary is satisfied that there is no longer a substantial failure to comply;

"(2) withhold payments until the Secretary is satisfied that there is no longer a substantial failure to comply, at which time the withheld payments may be paid;

"(3) refer the matter to the Attorney General with a request that injunctive relief be sought; and

"(4) refer the matter to the Attorney General with a request that any other appropriate action be commenced.

"(h)(1) States receiving payments under this section shall provide for an audit, not less than biennially, conducted in accordance with the standards of the Comptroller General, of expenditures for the provision of assistance under this section and, within 120 days after the end of each fiscal year in which an audit is conducted, report to the Secretary the findings of such audit. States shall make the audit report available for public inspection.

"(2) Within 120 days after the end of each fiscal year, States shall prepare an activities report comparing actual expenditures with the plan submitted in accordance with subsection (d)(1) of this section. States shall make the activities report available for public inspection.

"(i) Whoever knowingly and willfully embezzels, misapplies, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or financed under this section shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both, but if the value of the funds, assets, or property involved is not over $200, the penalty shall be a fine of not more than $1,000 or imprisonment for not more than one year, or both.".

(b) Section 2 of such Act (7 U.S.C. 2011) is amended by striking out in the last sentence "a food stamp program is" and inserting in lieu thereof "nutrition assistance programs are".

(c) Section 3(n) of such Act (7 U.S.C. 2012(n)) is amended by adding before the period at the end thereof", or an optional nutrition assistance program under section 21 of this Act."

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, November 20, in order to receive testimony during a closed hearing on the nomination of Stanley Sporkin of Maryland, to be U.S. district judge for the District of Columbia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, November 20, in order to receive testimony concerning S. 1655, Unfair Foreign Competition Act of 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Wednesday, November 20, 1985, in order to conduct a business meeting to consider legislative and administrative business pending on their agenda, including the following: Senate Resolution 204, Senate Joint Resolutions 214 and 215, an original resolution reporting a budget waiver for the National Museum Act, proposed amendments to the regulations governing mass mail, Government credit cards for official travel, the display of flags outside a Senator's

personal office, status report on the procurement of a new telephone system of the Senate, and a pilot program to enhance the appearance of Senators suites with home State art and artifacts.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, November 20, 1985, in closed session, to hold a hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, November 20, 1985, in order to receive testimony on the organization and decisionmaking procedures of the Department of Defense and the Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON NUCLEAR PROLIFERATION AND GOVERNMENT PROCESSES

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the Subcommittee on Nuclear Proliferation and Government Processes, of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Wednesday, November 20, 1985, in order to conduct a hearing on the "Nuclear Non-Proliferation Regime: 1985."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

STRATEGIC DEFENSES, ARMS CONTROL AND DETERRENCE

● Mr. MURKOWSKI. Mr. President, the chairman of the Foreign Relations Committee, Senator RICHARD LUGAR, recently addressed the subject of nuclear deterrence in an article, "Reagan's Sound Deterrent Strategy," that was published in the New York Times. Senator LUGAR correctly points out that the strategic defense initiative program should not be traded away at the arms control talks in Geneva, but should be pursued in conjunction with an offensive arms reduction agreement to enhance deterrence and reduce the risk of nuclear war.

Mr. President, Senator LUGAR has established for himself a reputation as a thoughtful Member of this body on the subject of U.S. foreign and national security policy. I believe that this most recent article adds further substance to this well-deserved reputation, and I ask that it be printed in the RECORD.

The article follows:

REAGAN'S SOUND DETERRENT STRATEGY

(By Richard G. Lugar)

WASHINGTON.—President Reagan's latest proposal to the Soviet Union in advance of the summit meeting with Mikhail S. Gorbachev calls for deep, verifiable cuts in offensive weapons and continued research into strategic defensive systems. The President obviously feels we should not trade strategic defense for cuts in offensive weapons and that the two are in fact compatible. He is right.

It has been said the Strategic Defense Initiative threatens the prospect of achieving deep cuts in offensive weapons and that it thus runs counter to our national security. Aside from the fact that this claim represents the Soviet negotiating position, it is fundamentally wrong. A long-term strategic defense program is entirely consistent with a strategy of achieving deep cuts in nuclear weapons, both now and in the future.

The goal of our strategic policy is to deter nuclear war. What improves deterrence improves security. During the past four decades, offensive nuclear weapons have been the means of deterrence. But the growth of nuclear arsenals, particularly in weapons of greater accuracy, has made deterrence less stable.

That instability, due largely to the dramatic growth of heavy, accurate, land-based Soviet missiles, has given the Kremlin an edge it wishes to protect. No wonder the Kremlin flatly rejected previous Carter and Reagan Administration proposals for real reductions in weapons, not just limits in the growth of weapons.

Now, however, Moscow has indicated it is prepared to consider deep cuts in nuclear inventories. Leaving aside for the moment the specific problems with the Soviet offer, it seems reasonable to conclude that it has been made because of, not in spite of, the Strategic Defense Initiative. The Initiative has already achieved its first notable success.

Technological advances of the last decade indicate we are entering into a period in which deterrence will inevitably be based upon a combination of offensive and defensive weapons. The Soviet Union has been active in creating its own ballistic-missile defense system. Our Strategic Defense Initiative research program is therefore not a bargaining chip to be dealt away but an element in a potentially new strategic relationship with the Soviet Union in which defense plays a significant role on both sides.

Furthermore, nuclear arsenals are now sufficiently large and accurate that simple reductions in offensive weapons—even by as much as half—will not necessarily improve deterrence. In fact, depending on how they are counted, they may bring greater instability. For example, in the current Soviet offer, non-land-based American missile forces would be reduced while the Soviet Union would preserve the capability of destroying our land-based forces.

Nothing would enhance deterrence so much as both verifiable, deep reductions in offensive arms and the strengthening of strategic defense. Strategic defense adds a considerable degree of uncertainty to the survivability of offensive weapons, hence rendering them less useful in any first-strike calculation Moscow could make.

On the other hand, the utility of strategic defense weapons would be enhanced if there were deep, verifiable reductions in offensive weapons. Thus, a good arms reduction agreement and strategic defense go hand-in-hand.

The lessons are clear. First, the President is entirely correct in his strong advocacy of strategic defense. Second, we should continue to press the Russians for deep cuts that would result in substantial reductions in their highly accurate land-based intercontinental ballistic missiles. The proper mix of subceilings must be a priority for our arms negotiators.

Finally, to secure agreement on both of these two critical points, both sides must begin realistically to address the sizable problems associated with verification. An agreement must limit warheads, not only delivery systems. It may also involve mobile systems such as the SS-20 or SS-25, cruise missiles and ICBM's. A new, far more intrusive set of measures will be required to provide assurance that an agreement is being honored. This will require the best creative efforts of negotiators and technicians on both sides.

We should continue to pursue the complementary goals of deep cuts in offensive weapons and the Strategic Defense Initiative.●

ORGAN TRANSPLANTS

● Mr. GORE. Mr. President, I would like to commemorate the second anniversary of the LifePage Program for organ transplant candidates which I introduced on November 15, 1983, in conjunction with the National Organ Transplant Act.

The Telocator LifePage Program, sponsored by the Telocator Network of America and its members, offers pagers free of charge to several thousand patients registered for kidney, liver, or heart transplants. Prior to the LifePage plan, patients waiting for a transplant operation normally would be contacted by telephone. This often meant that the patients would stay at home, not wishing to venture out in case they missed the vital telephone call that would change their lives.

Since the program was inaugurated in the United States in November 1983, more than 1,500 pagers have been provided with more than 500 of those in 1985 alone. More than 150 radio common carriers in 46 States now participate in the program by providing free service and pagers to patients living within their coverage area. Motorola, Multitone, NEC, Panasonic, and STC [Standard Telephone Cable in England] are those companies which have donated a substantial portion of the pagers.

Telocator, the Washington, DC, based national trade association representing the paging, mobile telephone, and cellular radiotelephone industry, serves as the national clearinghouse for the LifePage Program. They provide and disseminate such information as instructions for the transplant coordinators, patients, and RCC's; legal release forms; and wallet cards carrying operating and testing instructions in Spanish and English.

When the program was launched early in 1984, information about the program was sent out to all transplant centers. Since that time, Telocator has been working with those responding centers and others that have been encouraged to join by their local RCC. LifePage coordinator, C. Kearney Steele, located in the Telocator national office, matches patients and transplant centers with the appropriate carrier and distributes pagers donated by manufacturers to participating RCC's.

However, despite LifePage's tremendous growth, the program does not yet reach every transplant center or patient in the country. In some areas, there are no RCC's available to provide service.

Because of its success in the United States, LifePage has branched out internationally. In the United Kingdom, British Telecom Radiopaging launched LifePage on March 28, 1984, to mark the introduction of the 250,000 pagers on its system. This landmark makes it the operator of the largest national paging service in the world.

And, the Canadian Radio Common Carriers Associates [RCCA] announced its arm of the LifePage program at Telocator's annual convention in Las Vegas last September.●

CONTAINMENT: A SOVIET VIEW

● Mr. McCLURE. Mr. President, for nearly four decades, the word containment has been synonymous with the preservation of the balance of power between the United States and the Soviet Union.

As most of us know, the blueprint for the containment doctrine was drafted by George Kennan, writing under the pseudonym of "X" in the July 1947 issue of Foreign Affairs. By selectively checking Soviet advances in different geographical political points, Kennan postulated, containment would "* * * promote tendencies which must eventually find their outlet in either the breakup or the gradual mellowing of Soviet power."

Events since that time would appear to give credence to the validity of containment—the Berlin blockade, the Cuban missile crisis, the 1973 Arab-Israeli War, and, most recently, the liberation of Grenada. In each of these instances—through political, military, or diplomatic means—Soviet advances have been kept in check.

But suppose for a moment that containment has not been at all what we have perceived it to be. Instead of being a farsighted offensive strategy by the United States, what if containment were in fact a defensive strategy by the Soviet Union to consolidate the geopolitical gains they have made so far?

That question was posed recently by the distinguished Senator from Wyoming, Mr. WALLOP, in a remarkable speech to the National Defense University. It is, without question, one of the most fascinating and refreshing interpretations of United States-Soviet relations that I have seen in years. In a convincing and realistic way, Senator WALLOP has stood the doctrine of containment completely on its head.

Now that the summit beween President Reagan and General Secretary Gorbachev is underway, it seems that you can't pick up a newspaper, listen to the radio, or turn on the television without being subjected to a barrage of summit analysis.

I would suggest to my colleagues that they turn off the radio, switch off the TV, and spend some time reviewing Senator WALLOP's speech. For anyone who is following the summit, officially or unofficially, I believe his remarks are required reading.

Mr. President, I ask that the entire text of Senator WALLOP's speech be printed in the RECORD.

The text of the speech follows:

ADDRESS TO THE NATIONAL DEFENSE UNIVERSITY—CONTAINMENT: A SOVIET VIEW

I have in my hand an interesting communist document. It seems to be a speech by Boris Ponomarev, Chief of the International Department of the C.P.S.U.'s Central Committee, on the very theme of this conference. It came to me from sensitive sources. Of course, I wondered whether it might be a piece of disinformation. But then I read a paper delivered by a senior CIA analyst at the Naval postgraduate school, which claims that, since the Soviets never willingly part with classified information, anything we get from them that is full of security stamps must be okay. The CIA, as we all know, may not always be right. But it is never wrong. At any rate, I judged that Ponomarev's speech would be useful to this audience if only because it is so different from the rest it is likely to hear that it might provide an interesting contrast.

Comrades: Never in my nearly fifty years in the International Department has a General Secretary of the Party asked me to sum up the lessons we have learned in dealing with the Imperialists. When Comrade Gorbachev asked me to pass my experience on to the new members of the Politburo, as well as to those other younger comrades upon whom the burdens of high office have fallen in recent months, I thought that the time might have come to retire. But Comrade Gorbachev's purpose, he assures me, is not to renew personnel in my Department, but to help us all to aim our actions straight for a long term ahead. To look ahead requires looking closely at where we started and where we are. It is especially necessary for us to look at our situation from the perspective of the very early days because nowadays the Imperialists are drawing up their balance sheet of their policy toward us in the forty years since the Great Patriotic War. It would not be healthy for the Party if we began to think about our situation on their terms.

Some of the Imperialists lay claim to wisdom nowadays because they were "present at the creation." These self-proclaimed sages were involved in their country's basic choices in the late 1940s. Comrades let me begin by suggesting that those years are the wrong vantage point from which to view the fundamental relationship between the two camps in history's greatest struggle. When they spoke of "containment," those "present at the creation" thought they had discovered a brave new principle in the struggle. They did not realize—and still do not—that they were dealing with a principle that the Great Lenin, and Comrade Stalin, had understood and practiced earlier and better than they.

Let me summarize the point, that I will then explain: Any social system can only expect to thrive over the long run in a friendly environment. If neighboring states adopt adversary social systems, they can exert material and moral pressure upon the target ruling class and force it to adapt or die. The struggle to the death between states with different social systems need not be waged by large armies. However, military superiority is of inestimable value in waging political struggle. Thus in 1921 the great Lenin adopted what he called Peaceful Coexistence—a principle of struggle without major war. It befitted our very weak country. Comrade Stalin developed this doctrine as the art of defensiveness, calling it "socialism in one country." The Imperialists adopted this warless method of struggle in 1947-49 and called it "containment." They thought they were going on the offensive—and indeed they were powerful enough to do whatever they wanted. But, in part because of our own example and ability to influence and, in part because of their stupidity, they soon came to view what they were doing in static terms. This prevented them from noticing Comrade Khrushchev's reformulation of peaceful coexistence in *offensive* terms. Then came the 1960s and 70s—decades of triumph for peaceful coexistence. Since then, successions of Imperialist thinkers have tried to reformulate their doctrine of containment, but because objective conditions are so different, their formulations may best be characterized as "capitalism in one country."

Now for a few details. I recall, as a young Bolshevik, listening to a delighted Lenin as he described how the Imperialists, who could have crushed us with their little finger, had refrained from doing so. Peace, for us, meant survival—pure and simple.

We were willing to pay any price, any price at all for peace because we were utterly surrounded by massively superior power. Our victory, he said in November 1920, consists "of having war conditions enabling us to coexist with capitalist powers." He acknowledged that we Communists had not won anywhere but in Russia, and here only tenuously, but he utterly rejected the view that this heralded the collapse of communism.

That view, expressed both by Imperialists and by our own infantile leftists, was premised on the silly notion that we would take on the whole world at once. But, as the great Lenin reminded us all "it is the direct duty of the Socialists who have conquered in one country, *not* to accept battle against the giants of imperialism." He reminded the Ninth All-Russia Congress of Soviets, "We are ready to make the biggest concessions and sacrifices in order to preserve peace, for which we have paid a high price." This was because, as he never ceased to remind us, we were surrounded by enemies, and were always "a hair's breadth from intervention."

If we were to describe Lenin's strategy in modern Imperialist terms, we would say it

was to "contain" the imperialist interventionists by a combination of foreign policy concessions, commercial concessions to some leading capitalists, and by encouragement of left-wing forces in the Bourgeois countries.

Meanwhile of course we built our own organs of control, and the Red Army. Please note well what many failed to see: All elements of that strategy, except the first, are entirely compatible with an *offensive* orientation.

Comrade Stalin was a meticulous disciplined Leninist. He taught me the practical meaning of the Leninist maxims I have just quoted you. How painful were those lessons! I recall my first real meeting with the Vozhd. Our group in the Central Committee was asking him to authorize a major intervention in Spain. We had heard his report to the Seventeenth Congress, state justifiable pride in the good relations established with Capitalist America, Fascist Italy, a shaken France, and even with Germany. These relationships were the fruit of "socialism in one country." Confusion reigned among our enemies. The Red Army was a respectable force for territorial defense. Spain looked so promising for us! Moreover the Spanish war bid fair to energize the forces we had built within the Bourgeois world. I won't bore you with the details. But when Stalin gave us the green light, he reminded me that if and when this adventure exposed the Soviet Union to intravention, we would have to abandon it ruthlessly. We fought valiantly, neutralized or won to our side the great democracies. We nearly won. But, when Chamberlain went to Munich and Hitler's path seemed to turn eastward, it was my unpleasant task to send the Spanish cause to its doom—and quickly. There perished an operation far more admirable than that which we put together for Vietnam thirty years later. I wept. But Stalin was right. We had to prepare the way for our life-saving deal of August 1939.

This was defensive containment! This was the geopolitical equivalent of elastic defense by a first-rate Army! It was the perfect strategy for we, the weak, who were on the way to becoming strong. The key element, both in our moves forward and in our retreat, was our well-calculated intention to do the best we could with the correlation of forces at hand, while building our assets, foreign and domestic, to change the correlation of forces.

After the war we were in great doubt about the correlation of forces. The Red Army was in Vienna. But all of Eastern Europe and Russia itself were full of people who hated us. With the fall of our great enemy, our control of our people had loosened. The Imperialist had the atom bomb.

I recall Comrade Stalin somberly telling us to be prepared for anything. Would the West respect the Yalta bargains? Perhaps they would insist on pushing us back to our own borders. In that case, he was very firm. We could not possibly compel our people, who had suffered so heroically for Holy Mother Russia to fight for socialism in Eastern Europe. We would come back home, solidify our base, ensure Eastern Europe's neutrality by military threat, and start making use of the credit abroad that the war had won for us.

Perhaps the West would send its official agents to Eastern Europe as it sent them to Vienna, to claim its share of Yalta, but no more. Then we would know our task. We would build local cadres eventually to dominate both local politics and to carry our message to the rest of the world. Finally, perhaps the West would leave us a free hand wherever the Red Army stood. This seemed too much to hope for. But we decided to use every month of Western non-interference to build the bases for effective control later on.

Not until 1947-48 did Western policy become clear. I cannot describe to you my comrades, the rejoicing in the Kremlin when the West decided to "contain" us according to Mr. Kennan's formula and when Truman drew the line conceding to us everything we had! Only Stalin himself did not rejoice, pointing out to us that the formula, theoretically, had an offensive component. Moreover, the Kennan formula was backed by military and economic power beyond our dreams. Most important, the Party was a long way from liquidating the Soviet Union's powerful, though latent, bourgeois, religious, and national elements—not to mention the rootless cosmopolitanism of the Jews. All of us, blind with joy, were repeating to ourselves look what the Imperialists could do to us but instead they have decided to "contain us." How serious a threat can they be if their very first act under "containment" is the wholesale abandonment of Eastern Europe? These words of Kennan's we said to ourselves, are merely words that the Imperialists speak to give themselves comfort. Look at what they can actually do, and at what they don't do!" But Stalin looked at things from his own perspective. Had he been in charge of implementing Kennan's containment he surely would have made it into a thoroughgoing, fearsome, strangling thing. He detailed to us how, were he running Western policy, he would starve us, discredit us with our own people, raise and support insurrections, bloody our noses if we stepped beyond our borders, and so on. We were impressed.

Then I recall that Suslov spoke up, "But great Vozhd," he said, "if you were willing to use containment in this way, why would you have chosen it in the first place? Why would you not have challenged Yalta directly, perhaps claiming foul play on our side? It is easy to rouse the masses for a short, violent fight. But it is very difficult to keep complex societies on a steady difficult course for a long time. The Imperialists know that. Do you, great Vozhd, concede the possibility that the Imperialists chose this course not because they judged it the most effective way to struggle with us, but rather because they were unable to muster the intellectual will necessary for anything more explicitly aimed at our undoing? If this is so, and given that this containment is also far more difficult to sustain in the long run than a straightforward, offensive strategy, how will it develop? Can we not expect its static elements to predominate?"

Comrade Stalin smiled indulgently, telling us how he not only conceded the possibility, but how he planned a massive peace campaign to induce the Imperialists to explain their policy to their masses in the most peaceful terms possible, eschewing any ambition to confront the Red Army where it stands. They need but follow the path of least resistance. Simultaneously, he would challenge the Imperialists' own positions in Berlin, in France and Italy, and give the Imperialists a bellyful of defensive victories on their side of the line—victories they would publicly explain in static terms. He concluded that Suslov's logic, as always, was correct, but that it would take many years for the Imperialists to habituate themselves to it. Until then there would still be great danger that some Western leader would seize a crisis as an opportunity to use overwhelming power against us. Never forget that in the normal course of events we will suffer crises. Our occupation of Eastern Europe has the unfortunate effect of making their crises, ours. That's the price of success. Until the Imperialists prove to us that they will not take advantage of our crises and until our relative military situation improves dramatically, we must act as if "containment" presents a terrible threat.

Comrade Stalin, however, had overestimated the Imperialists. In 1956, months before the Hungarian revolt, when the West really proved their impotence, Comrade Khrushchev re-formulated our policy of peaceful coexistence. He boldly asserted that the intervention that Lenin and Stalin had feared was not inevitable. We had managed to avoid it during the period of Capitalists encirclement, and would now have an easier time as we were in the process of breaking out of encirclement.

Moreover, Comrade Khrushchev saw as a concrete possibility that we would actually become militarily stronger than the Imperialists. So, he concluded that, just possibly, the Imperialists passivity, their acceptance of peace, might be made *irreversible*, and they might themselves be encircled, enfeebled, and taken with bare hands. I must say that all of us who had thought Stalin too careful were startled both by the Imperialists' failure to notice our strategic shift toward the offense, and by how comfortably they accepted the final proof that they were unalterably on the defensive. Nothing amused us more than the arguments of these "present at the Creation" in early 1957 about how in the Hungarian Revolution we had finally dropped our masks and destroyed our credibility. Anyone, especially in Europe, objectively had to conclude that, whatever mistake we made, whatever anyone said, we would not be made to pay for them. All glory to Khrushchev, who put his finger where it belonged when he said "If it gives them comfort to say such things, let them talk!" After 1956, life was never the same again. Oh, in human affairs there is a certain time-lag. That is why we were unconcerned by the German S.P.D.'s rejection of Marxism at Bad Bodesberg in 1959. By then the leading American Imperialists were already so worried by the prospect of our first few missiles that they spared no effort to start negotiations with us, over the Europeans' head.

By 1961, Comrades, there was unanimous support in the Politburo for my proposal to build the Berlin wall. It had precisely the effect we judged it would: the Americans showed themselves thoroughly impotent. We showed that the future was ours. The S.P.D. turned on its heels, and started leading much of the European left Eastward again. Peaceful coexistence, our version of containment, had begun to work offensively for us. The Wall not only protects Socialism, it squeezed supporters *out of* the Imperialist camp. Best of all, the "best and the brightest" Imperialist didn't even notice, and continued to say astounding things about how we had suffered a defeat.

Comrade Khrushchev was a bit carried away by that triumph. Our missiles in Cuba would have cut by a decade the time we had to wait to make American military forces vulnerable. You see now how well this threat is constraining and containing the Americans. But this move was too big a shock in 1962. It came too soon and too suddenly. We had to pull back. Nevertheless the Imperialists managed to turn a defen-

sive victory for themselves into a solid gain for us. They felt obliged to give us consolation prizes! They removed their intermediate range missiles from Europe. Fifteen years later they would try to re-introduce them but at what cost! And they gave to the Communist regime in Cuba a guarantee without which it would never have been our spearhead around the world. But their "victory" cost them even more—it cost them what remained of their taste for confrontation. It has been twenty three years, comrades, a full generation since they have been willing to try to frighten us. November 1962 ended the transitional period begun in 1956, in which the most cautious among us might have said the initiative was in the balance. Since then, it seems we could do no wrong.

Our victory in Vietnam was glorious in so many ways. The struggle was for a net gain on our part. It was fought wholly on their ground. They never seriously considered trying to threaten us. They never even dared to say that our partisans in their midst were wrong—on the contrary, they heaped honors on them and dishonor on their own fighters. For a while it seemed they did all this in part because they feared we and the Chinese might mount a huge invasion together, but it continued even after the Chinese sought out an alliance with them against us! No comrades, the best and the brightest, the architects of containment, were happy enough to be contained right off the mainland of Asia. I stress the word happy, because they did not take as a badge of personal shame and failure that shining picture of the helicopter lifting off, as Marines smashed the fingers of those whose "hearts and minds" they had won. They did not leave the halls of power to others untainted by failure. No. Most important for the future, they justified themselves—and their course of action as the only reasonable one!

Beginning in the mid 1970s, we had shown the Imperialists something about how international coalitions for peaceful coexistence are put together. Whereas in the 1950s and 60s the "best and the brightest" drew up a lot of legal documents, gave billions in aid and arms, and then told the recipients to sit tight, we have engaged Cubans, Vietnamese, East Germans, Yemenis, the P.L.O., Bulgarians and others to practice their specialities around the globe. They supply one another, and we make up the losses. We pay for movement. They paid for the one thing the world has never had and will never have: stability. Today we see the results. The world's best fighters in Afghanistan, perhaps the world's best commander, Angola's Savimbi, and in Nicaragua an irregular force three times the size of the one that smashed Somoza, are in the field against us. We have bitten off much, and must digest it. Yet we can do so calmly. High officials of the Reagan Administration, no less, are quitely negotiating for cutting off all aid to Savimbi while Cuban troops remain in Angola, and for a modus vivendi that would exchange the Sandinistas' promises for the dismantling of the Contras. As for Afghanistan, their official policy is to be careful lest we become upset. So in one of the three cases they believe they could win but are afraid to try, while in the other two they are trying to work out the modalities of their defeat.

Perhaps the clearest example of the authors of containment's contemporary state of mind is to be found in the field of strategic weaponry. Now, I realize that during the 1960's and 70's our *Maskirovka* succeeded in confusing the imperialists about our goals in this field. But even the finest *Maskirovka* will only buy time until the existence of armaments of certain kinds of certain qualities makes everything plain. Here is my point: Ever since about 1980, there has been no serious dispute among knowledgeable Americans about our having acquired the necessary equipment for disarming them to the greatest possible extent at the earliest possible stage in a war, and then for protecting ourselves against the few missiles and bombers remaining in their hands. There is no serious argument among them about our building programs. Yet note that nobody among them is proposing any measures to either match or counter any of our programs. In this context, their S.D.I. merits only one sentence: while they research, we build—and they know it!

Arms Control has been as splendid a success as Vietnam. The American arms controllers had a dream that they tried to turn into reality. We encouraged them. They believed they had realized that world. Then they found out that while they dreamed we had built precisely the world they had sought to avoid by entering into arms control in the first place. We did it within *their* treaties, by stretching *their* treaties, and by violating *their* treaties. In other words we let them humor themselves and restrain their fellow countrymen. Comrades! They know this as well as we do! But what have these subjectivist people done about it? They have turned their talents to justifying their previous performance. They now seek another agreement with us, knowing full well that our behaviour and theirs will mirror the past. I ask you, Comrades, who is "containing" whom? And with whose help?

There remains the key question: Why do they go so far as to explain their defeats as victories, even when they know the difference, and when they know that by doing so they are paving the way for even more such victories?

The answer is to be found in our Marxist concept of class. Bourgeois theorists used to attack our view that words are superstructural expressions of a material infrastructure, the highest features of which are social classes. They used to claim that words are the expression of objective truth, that all men are bound to recognize regardless of their material interests. Well, nowadays bourgeois theorists still refuse to recognize the influence of class interests, their thinking retains its idealistic form. But it has lost its idealistic *content*. Few if any leading imperialsts believe that there is an objective truth, an objective good, against which words and actions are to be measured. A variety of notions inherent in idealism, such as honor, shame, much less ratiocination about right and wrong are gone. All that remains is a wholly unbridled individualism. Now, let us consider how this individualism affects those who objectively constitute the ruling class of imperialism. Above all, they do not feel obliged to sacrifice their own rank in the ruling class for the good of the nation, the class, or anything at all. Nor can they find it in themselves to attack any other member of their class for failing to do so. Therefore it is most interesting to observe the bases on which they do attack one another. This leads us back to the origins of containment, and therefore to the origins of the social class—for that is what it is—that has been running their foreign policy of imperialism ever since.

Those "present at the creation" saw themselves as "progressive." They were mostly Democrats, but allowed Republicans to join so long as they had the proper ideas—especially if they controlled lots of money. They defined themselves by keeping a proper social distance from conservative and orthodox religious elements both at home and abroad. Though a fair number wore military uniforms, the class also defined itself by distancing itself from what it regarded as simpleminded militarism, the epitome of which they found in General MacArthur's statement "in war there is no substitute for victory." Containment as Stalin never forgot, and we should always remember, was the moderate alternative for the imperialists at the time. In short, the American foreign policy class' preoccupation at home has always been to defend itself against what it regards as socially inferior anti-Communist elements. How well I recall that as the Vietnam war was raging, and the ruling class' children were turning against it, the American Secretary of State worried publicly that the American public might demand prosecution of the war to victory. I say all of this to explain a simple point: when they struggle against one another, they do it by charging each other with being too much like the people they collectively despise—their unsophisticated, anti-Communist, militarist fellow citizens. Praise and rank have come to be associated with a reputation for getting along with us. As the twig was bent, the tree grew—so the proverb says.

All of this I think, explains their very cohesive, very class-conscious, reaction to the string of defeats that the American foreign policy has suffered for a generation. I read much of their literature, Comrades, and I can assure you that reading it one would never guess that America's influence has suffered the kind of decline normally associated with the loss of a major war. All is well, so theirs is a constant search for newer and better formulas for getting along with us. Above all, they seek new ways of taming the threats to smooth East-West relations promoted by the savages like Reagan, that the American people keep on electing. Doing this requires remarkable mental gymnastics. They lose military superiority? Kissinger blithely declares "what in heaven's name does one do with military superiority?" We violate a treaty? They scurry to refute anyone who says so, because to say so is to blame them for negotiating badly. In sum, Comrades, they have built a personal stake in the continuation of containment, or peaceful coexistence in its positive phase. Their narrow class interest just happens to coincide with our broader class interest.

Let me conclude my remarks with a note of caution. Despite everything I have said, despite the logic of containment, despite the Imperialist ruling class' ignorance and intellectual-moral rootlessness, despite even our next-to overwhelming military position, the future of peaceful coexistence in our sense is fragile. The Imperialist ruling class has let itself follow its narrow class interest—without successful opposition from the outside—largely because America has felt itself safe. One of these days that is going to have to change. I hope we get to choose that day, and that on that day we are prepared to crush any resistance once and for all. If that day comes before we are ready, however, we may lose everything—even now. I do not approve of the contempt that younger-colleagues have expressed of the Americans.

For example, had I been consulted when the decision was made to destroy the Korean airliner, I would have advised against it. Any America President, had he wanted to, could have used our slaughter of

subjectively innocent travelers to literally revolutionarize western foreign policy. How would any of us deal with a *secondary* trade boycott by the United States? I know the counterargument: The fact Reagan did not do it shows the decision was correct. At the risk of sounding more like Stalin than like Khrushchev, I tell you the decision was wrong. Just for example: what if the Congressman who happened to be aboard had been not a disdained Conservative Christian whom none of the ruling class would have in their living rooms, but a Senator Kennedy or a Congressman Fascell, or a Robert MacNamara, or a Henry Kissinger? What is the worth of looking tough, of scoring victories, if these destroy our objective relationship with our objective allies in the enemy camp, or simply get them swept from the field? In the same vein, I worry about our policy in Nicaragua. We may win there all right, and I have been working on Mexico long enough to believe that once we win in Nicaragua, turning Mexico is well within our means. But what will be the effect on the American ruling class? I say go slow in Central America until our ballistic missile defense is stronger. Finally, I suggest flexibility on arms control. This is not the time to rub American arms controllers' faces in the dirt. Those are the faces of our past benefactors—the faces that stand between us and an American anti-missile program that would make us forgot all our jokes about the MX. Let us promise anything we have to in order to give them the credit they need to limit SDI to its present research plan until we all meet again in 1990—Think what the American arms controllers will do with that. Think of what we will have built by 1990?

So, Comrades, with all due caution and respect, I propose a toast to the stewards of containment: may we have them as enemies until we are ready to do with them as we do to the glasses we now raise!●

WALKIE CHARLES, NATIVE ALASKAN

● Mr. STEVENS. Mr. President, last week the Christian Science Monitor ran an article about a young Native Alaskan, Walkie Charles, who is successfully balancing his heritage as a Yupik Eskimo with the demands of being a college student in 20th century America. Walkie's success in both worlds—that of the university and of his native village of Emmonak—and his commitment to sharing what he has learned by developing curricula to be used in village schools throughout bush Alaska, certainly merits recognition. I ask that this article be printed in the RECORD.

The article follows:

[From the Christian Science Monitor, Nov. 15, 1985]

YUPIK ESKIMO WALKIE CHARLES FEELS TUG OF TWO CULTURES—AND ENJOYS THE BEST OF BOTH

(By Brook Larmer)

The story of a white-collar Eskimo is bound to be somewhat paradoxical. But for Walkie Charles, a Yupik Eskimo who recently strode into Boston's Logan Airport in a sport shirt, designer jeans, and chic blue shoes, it seems a paradox made in paradise.

More than 4,000 miles from his home in Emmonak—a tiny fishing village that dots the desolate Yukon River delta of western Alaska—Mr. Charles adjusts to fast-paced Boston with considerable savvy and satisfaction. But the articulate native also speaks passionately about preserving the Yupiks' tribal language and subsistence life style.

For Charles, who will become one of Emmonak's first college graduates next spring, this dual attraction is far from contradictory, In fact, he says the fresh perspective of modern culture makes him value even more the native life—long, arduous days of salmon fishing in the summer, ice fishing in the endless darkness of winter, and the ice breaking that floods the village every June.

"It's amazing that I can be thousands of miles away [from Emmonak] and feel closer than ever," he says. "The more time I spend away from home, the more I learn about it."

It's a sentiment that is heard more often from Alaska's emerging class of white-collar natives, says Steve Grubis, a professor of cross-cultural education at the University of Alaska at Fairbanks, which Charles attends. Educators consider Charles a native success story, because he moves comfortably between native and modern life; he can leave but not abandon his village.

Charles' sentiment also characterizes his close friendship with Andrew Foley, an inquisitive "outsider" from Boston, who—after trekking up to Charles' village two summers ago—persuaded him to return the visit. The unlikely duo met in 1982, when both were students at the University of Alaska at Fairbanks.

"The more I got to know him, the more I saw *me* in him," Charles says, his formal "Walter Cronkite" English matching the stately Victorian décor in the Foleys' home in suburban Brookline.

Charles pauses between bites of a sandwich to explain the irony: "It was eye-opening. Here was someone who could ask me questions about everything that I had always taken for granted."

Mr. Foley's barrage of questions forced Charles to define and defend the ways of his culture, an act that strengthened his sense of Yupik identity. During the long, dark days of an Alaskan winter, Charles recalls, he and Foley—now a student at Amherst College—would spend hours holed up in their dorm rooms discussing life in the outback.

Most often, Charles would talk about the changes that shook Emmonak just as he became old enough to help his father fish and hunt. After the 1968 confirmation of vast oil reserves at Prudhoe Bay and the 1971 Alaskan Native Land Claims Settlement Act, money began gushing into native areas. During the 14 years that followed, native living conditions have "jumped from the Stone Age to the 21st century," says Professor Grubis.

"When I was young," Charles says, "we had no gas, no TV, nothing." Now his family's subsistence life style is cluttered with such novelties as cash, gas, and the "CBS Evening News." When he was young, his father would diversify the family's salmon-centered diet by venturing to inland villages, where he could trade his fish and seal for elk, caribou, even an occasional bear. Now it's just a quick jaunt to the market to supplement the family diet—the canned American way. Modern conveniences have brought their share of inconveniences, including land and hunting regulations—not to mention the disintegration of an indigenous culture.

For many natives, the influx of outside culture ripped apart the family fabric, according to Julie Kitka of the Alaskan Federation of Natives. While elders clung to the Yupik language and subsistence life style, she says, youngsters clamored for a future they saw embodied in the flickering images on their television screens. The native youths' "wavering of inner values," Ms. Kitka explains, has sometimes had tragic consequences, including alcoholism, violence, and a suicide rate that in some native areas is 10 times the national average.

Charles feels fortunate. "Our family is so close-knit," he says. "We're almost like no other family in Emmonak." Except for him—the self-proclaimed "weird one, who wants to cut the cord and experience America"—the family remains in Emmonak. His two younger sisters have stayed there along with his married older brother.

Even though Charles has been away at school for nine months in each of the past 10 years, he says he's more rooted in his family than ever. Last summer, like every summer, Charles stayed at his family's camp 40 miles upriver from Emmonak—not vacationing, but hauling in hordes of salmon, half to sell to Japanese fishing companies and half to sustain the family for the winter.

But this time, things were different. His father, who had always orchestrated the fishing operation, became ill and remained in Emmonak with his mother. Charles and one sister were left alone and filled with trepidation. But as the summer wore on, they found themselves using complex salmon fishing and smoking techniques without thinking—as if they were acting by cultural instinct.

"All the things my father had taught us, they were inside," says Charles. This deep family bond, ironically, has made him more open to the outside world, he says. At first, it made it tough for him to leave. "I had to fight my way out of my family," Charles says. "But I thought there had to be more to life beyond the village."

And it did make his leaving tough for his family to accept. He recalls his mother's reaction when he came home one summer with a backpack full of books that cost $250: "She said, 'Do you know what we could have done with that money?'" Steeped in the oral Yupik tradition, she couldn't understand how a grown man could sit motionless in a corner, staring at a book.

She's still a bit baffled by what exactly he does in college, but she's proud of his success. Charles finds that his traditional upbringing has actually helped him succeed in college and cope with modern culture. That's no surprise to Ray Barnhardt, a professor at the University of Alaska at Fairbanks, who heads several state programs on native education. He sees a rule in Charles' story: "The more rooted people are in their cultural norms, the better able they are to deal with another culture or rapid change."

Many other youngsters in Emmonak have been uprooted not only from the native customs, but also from the Yupik language, says Charles (whose family name was given them by Roman Catholic missionaries). So they speak "village English," a hybrid of English words and Yupik cadences that leaves many unable to speak either language fluently.

For Charles, who laughingly calls himself a "loquacious Eskimo," linguistic sensitivity has been second nature since he was young. His mother and father each spoke in different Yupik dialects—not to mention the "village English" of his peers. By the time the 12-year-old packed his bags for the 1,000-

mile journey to Sitka, which at that time was the location of the state's only native junior high school, he was well prepared to learn American-style English. It seems fitting that Charles is now working on a degree in applied linguistics and elementary education.

In his life and language, Charles relishes being able to glide in and out of Yupik culture. But the problem is that he often feels shut in by both cultures. When he spends too much time within the concrete walls of the university, he says, he feels "so much frustration, because I want to get out and do something" in the wilds. But his aspirations have outgrown Emmonak. Asked if he would eventually settle there, he hesitates: "There's so much more beyond the village. I don't think I could live there. Fairbanks would be the most ideal place."

After graduation, Charles hopes to work in Fairbanks developing curricula for the scores of new schools that have now popped up in the native villages. That combination is a "middle step" that "would give me the freedom to do anything I want," he says. It would give him the freedom to explore the modern culture Foley has exposed him to; it would allow him to remain connected to his Yupik roots. And he can live with that paradox.●

MICHIGAN CITY ENTERPRISE ZONE

● Mr. QUAYLE. Mr. President, in 1985 the State of Indiana designated 4 new enterprise zones for a total of 10 State zones. Indiana is one of only two States which stimulates community involvement in its zones by requiring the formation of an Urban Enterprise Zone Association in each zone. These associations are made up of business, government, and community leaders.

I would like to bring to the attention of my colleagues an article which appeared in Enterprise Zone Notes which is published by HUD, concerning one of Indiana's most successful enterprise zones in Michigan City, IN. The Michigan City Enterprise Zone has demonstrated that business, government, and community leaders can work together effectively and that enterprise zones work and can work to the great benefit of a community.

Mr. President, I ask that the text of this article be printed in the RECORD.

Text of article follows:

AN ENTERPRISING CHAMBER OF COMMERCE

(By: Charles Oberlie, Vice President, Michigan City, Indiana Area Chamber of Commerce)

Michigan City, a small community, is located in northwest Indiana along the shores of Lake Michigan. Its close proximity to Chicago places it in the corridor of growth through northwest Indiana to Detroit. Consequently, it has enjoyed a diverse economy of light and heavy manufactures, office and retail development, and an ever growing tourism industry.

In 1983, due to a national recession, Michigan City (pop. 36,000) suffered from unemployment in excess of 14 percent. In addition, a large older section of the community experienced an 18 percent unemployment rate.

With Michigan City's economic downturn, its government and Chamber of Commerce teamed up to explore the application of the state's Enterprise Zone program to a portion of the community. After they decided to apply for designation, they appointed a committee called the Urban Enterprise Association (UEA) to help guide the application process.

The city prepared a formal application while the Chamber of Commerce obtained financial commitments needed to administer the program from the business community. The Chamber also solicited ideas and goals from the various industrial and business sectors to improve the long range economic development concepts of the community.

In December 1983, the state of Indiana approved Michigan City's application and the Urban Enterprise Association began to evaluate the process for administering the city's new zone.

The Chamber and the city discussed alternatives for the administration of the new zone. The Urban Enterprise Association could function as a separate local government entity but chose not to do so. Since the Association would rely upon private donations from industry, it was felt that city government should not be represented in this form of solicitation.

After examining several other alternatives, the Michigan City Chamber of Commerce was chosen as the program administrator. The Chamber had just completed a three year business and industrial development program which was totally funded through private donations.

The efforts had included the development of a tax abatement program to encourage existing industries to expand and to provide an economic incentive for new industries to locate in the community. The Chamber had helped to develop new financing tools including applications with the state of Indiana for loan guarantees, discount loan programs, and industrial revenue bonds.

The three year effort, inspite of the existing high unemployment rate, had resulted in the expansion of the industrial base with four new industries, creating 225 new jobs, with 635 jobs being retained.

The city had in place an agency that had successfully raised finances for the betterment of the community's economy, had undertaken a marketing program to promote development of the city, and had staff experience in business and governmental relations.

The Chamber accepted responsibility for developing a printed advertising program, a video presentation, brochures, a newsletter featuring Enterprise Zone activities, for representing the Urban Enterprise Association at various trade shows, and for providing a full time employee for the purpose of coordinating activities and necessary services.

In addition, the Chamber staff also developed and implemented a special events calendar in the zone, and initiated a Call on Industry Program to determine the true needs, goals, and problems of the industrial residents of the zone. As a part of the Chamber's agreement, it would provide some $32,000 of inkind services, including clerical support, telephone, space, computer access, office supplies, and executive supervision.

During the first twelve months, the Chamber of Commerce developed two brochres highlighting economic advantages of doing business in the Michigan City Enterprise Zone. One brochure explains advantages to the warehousing and manufacturing industries. The second brochure focuses on office and commercial development.

The Chamber also developed an expanded trade show display booth, which was featured at four industrial shows throughout the midwest. It initiated a media advertising campaign in various trade journals throughout the Midwest. And finally, a newsletter informs the various businesses and industries of activities in the zone. An issue of the newsletter also included the various state required tax forms for the various abatements and tax credits allowed under the state law.

The Enterprise Zone application had created a goal of establishing 400 new industrial job opportunities over three years and selling vacant industrial buildings.

Through various marketing efforts, three existing industries expanded. Two expanded by building new facilities, and the third by acquiring a vacant structure. Two other companies which announced plans to relocate from Michigan City were purchased by out-of-state corportions. In both instances, the new buyers found property inside the Enterprise Zone and retained the existing jobs.

One out-of-state industry located in the Enterprise Zone and bought a vacant structure. Another company consolidated five existing northwest Indiana plants into one vacant structure inside the zone rather than move out-of-state. These seven projects have created 160 new Michigan City jobs, while retaining 70 jobs for the community, and retaining 1000 northwest Indiana jobs.

In 1985, the Chamber has begun to address the second major job goal, that of creating 150 new job opportunities in the area of office employment. It initiated a new marketing effort to encourage construction of office development in the lake front area and will feature the city's work ethic and high quality of life. In response to a trial advertising campaign, one company has already chosen to locate its new facility in the Enterprise Zone.

While the administration of the business and industrial effort by the Chamber of Commerce may not prove practical in every community, it has proven quite successful in Michigan City. Cooperation between the city and the Chamber of Commerce developed thorugh the years for general marketing efforts. Now the city has grown to trust the Chamber for the administration of its full business and industrial development program.●

THE MISSING CHILDREN'S ASSISTANCE ACT AMENDMENTS

● Mr. D'AMATO. Mr. President, I rise today to cosponsor S. 1174, introduced by my good friend, Senator MCCONNELL.

S. 1174 authorizes the Office of Juvenile Justice and Delinquency Prevention to award grants to establish, operate, and expand Missing Children Information Clearinghouses in each State. Federal funds are not to exceed 50 percent of the total cost of each State's program.

One of the greatest weaknesses in many missing children's programs is their failure to work in full conjunction with the FBI's National Crime Information Center. S. 1174 seeks to correct this by requiring such coordina-

tion as a condition of participation in the new grants program.

States also are required to educate children, parents, and social service agencies in the prevention of child abduction and exploitation; provide public information to assist in locating and returning missing children—including the distribution of a monthly bulletin covering missing children—publish a directory of other organizations that provide assistance in locating missing children; establish an in-state toll-free telephone line; and work with the National Center for Missing and Exploited Children.

As a result of legislation passed in the last Congress, the Office of Juvenile Justice and Delinquency Prevention now provides funding for the National Center for Missing and Exploited Children. Ever since it opened on June 13, 1984, the Center has been doing excellent work in educating law enforcement agencies and the general public about the problem of child abuse. Its "Guide for Effective State Laws to Protect Children" is an important source of information for State legislators and other public officials interested in improving our child protection laws.

Unfortunately, much more than education and information is needed. Local and State law enforcement agencies need to be better equipped and trained, and they need to increase their use of the National Crime Information Center to increase the likelihood that children abducted across State lines will be located. It is for this purpose that S. 1174 has been introduced, and it is for this reason that I urge my colleagues to give it their full support.

Mr. President, I urge the adoption of S. 1174 and I ask that a briefing paper on the missing children problem, prepared by the National Center for Missing and Exploited Children this year, be printed in the RECORD.

The material follows:

BACKGROUND INFORMATION ON MISSING CHILDREN MAY 1985

No one is certain of the exact magnitude of the problem of missing children in the United States. While we do understand some of the parameters of the problem, there is much that we do not yet know. For this reason, the Congress of the United States, in October 1984, mandated national incidence studies on the problem of missing children. In the upcoming months, the Office of Juvenile Justice and Delinquency Prevention of the Department of Justice will be conducting these studies.

Some facts are known. The National Crime Information Center, administered by the Federal Bureau of Investigation, maintains a computerized system which can be used by local law enforcement agencies to report cases of missing persons. In 1984, the system received reports of over 212,000 cases of missing children in the United States. However, this does not fully describe the number of cases of missing children because this system is still significantly underutilized by law enforcement agencies and, in addition, many cases remain unreported to official agencies. Thousands of cases of missing children are simply not entered. A total of over 247,000 cases of missing persons (adults included) were reported to this system in 1984. 238,000 records were removed during the same year. Official records entered into this system show evidence of the existence of over 28,000 cases of missing children currently missing as of a particular date.

Some data from local and state agencies does provide important information on the numbers of missing children in the United States. A report prepared by the Illinois Department of Law Enforcement in March 1984, indicated that records from the Chicago Police Department reflected 13,291 persons under the age of 17 reported as missing during 1980. Eight thousand of these records were classified as children who had voluntarily left home. At the end of March 1985, the State Clearinghouse administered by the State of Florida Department of Law Enforcement reported 3,054 cases of children currently listed as missing in that state as of that date.

CHILDREN WHO ARE VOLUNTARILY MISSING

A national statistical survey commissioned by the United States Department of Health and Human Services in 1976 estimated that, at that time, 733,000 children voluntarily left home annually. The Inspector General of the Department of Health and Human Services in October of 1983 made a "conservative" estimate of 1,155,384 runaways or homeless youths annually in the United States. The Inspector General's report concluded with the following two paragraphs:

"Police and juvenile probation respondents consistently advised us that only one in four or one in five runaways/homeless whom they see is ever arrested, detained or officially counted and that many runaways are not reported as missing by their parents. A statistically structured study in California found that only one in six runaways is reported as missing by parents or guardians and that only one in five runaways knows about the availability of runaway shelters. Applied against even the most conservative number of counted youth identified above (558,662), these multipliers of four to six would mean that runaway and homeless youth exceed two million nationally.

"A conservative conclusion is that (a) many runaways and homeless youth are not counted in any official statistics, (b) there never has been a national statistical study of both runaway and homeless youth, (c) this group is notoriously difficult to count and (d) estimates over one million are fully consistent with the judgement of police, school and other officials about the overall number of runaway and homeless youth in the U.S."

The professionals who have had direct experience with these cases have learned that this is certainly an endangered group of children who are often the victims of street crime or exploitation. Unfortunately, many of these children end up as homicide victims. Many children who have voluntarily left home may be fleeing from physical, sexual, or emotional abuse. Recent studies by the Louisville-Jefferson County, Kentucky Missing and Exploited Child Unit have shown that up to eleven percent of the children who have voluntarily left home end up as victims of criminal or sexual exploitation during their time away from home. By all indications, this is a large population of children who are most certainly at risk.

PARENTAL KIDNAPPING

Estimates from various organizations of the number of children who are the victims of non-custodial parental kidnapping vary from 25,000 per year up to estimates and surveys which indicate that the incidence of this problem may be as high as half a million cases each year or more. A preliminary survey directed to estimate the national incidence of parental child-snatching was reported in the Journal of Marriage and the Family in August of 1984. That study, conducted by the University of Rhode Island and Lou Harris and Associates, estimated 459,000 to 751,000 incidents of child snatching each year.

Interviews with officials in the Santa Clara County, California district attorney's office indicate an estimated 1,000 inquiries a year from parents who suspect that this crime may have been committed in that jurisdiction.

No one knows the true parameters of this part of the problem of missing children because there currently exists no effective record keeping system to determine the extent of the problem. Experience has taught us that this too is an endangered group of children who are often exposed to neglect, emotional trauma or physical abuse.

ABDUCTIONS OR FALSE IMPRISONMENT OF CHILDREN BY NONFAMILY MEMBERS

Estimates of the number of children who are abducted or falsely imprisoned by an unknown individual or non-family members each year vary greatly. Some estimates place this number at from four to seven thousand, while others indicate that this may be happening to as many as 20,000 children each year and even higher. One estimate by the United States Department of Justice has indicated that this may be happening to as many as 5,000 children each year (Attorney General, June 1984).

One of the critical difficulties in establishing effective statistics in regard to this particular kind of abduction has to do with legal, statutory and practical interpretations of abduction and false imprisonment. One common misunderstanding occurs because many individuals and official organizations anticipate that most children who are abducted by unknown individuals or non-family members are gone for a substantial period of time, sometimes forever. The reality is that there are thousands of children in this country who are kidnapped or falsely imprisoned each year by non-family members or unknown individuals and yet they only remain missing for a number of minutes or hours. This situation often involves the kidnapping or false imprisonment of a child for sexual abuse or exploitation. In legal, statutory and practical terms, these children are missing and are the victims of abduction or false imprisonment by non-family members. These cases are typically recorded as sexual offenses rather than as abductions.

There are at least three other populations of missing children who are in fact the victims of abductions or false imprisonment by non-family members but whose cases are never recorded as such. One group is the cases of children who are classified as voluntarily missing or labeled as "runaways" simply because of the age of the child. Often, the circumstances discovered later indicate that these children were the victims of abductions or homicides. Another

population of abducted missing children are those who are classified as voluntarily missing simply because of an absence of facts upon which to conclude that the child is a victim of foul play or abduction. Unfortunately, many of these children are victims of abduction or exploitation or even murder, but because of a lack of evidence indicating an abduction, these cases are recorded a "runaways." Another group of cases that are rarely included in the abduction category are those situations where the child has voluntarily left his or her home and yet ends up as a victim of abduction or murder.

When we finally apply proper legal, statutory and practical interpretations to this part of the problem of missing children, we will certainly learn that this is a targedy that effects many thousands in this country each year.

THE LINK BETWEEN MISSING AND EXPLOITED CHILDREN

Recent studies conducted by The Missing and Exploited Child Unit in Louisville, Kentucky have shown that as many as 85% of the children who have been criminally or sexually exploited were in fact missing at the time of the act of exploitation. The condition of being "missing" increases the probability of child victimization.

THE DEFINITION OF "MISSING CHILDREN"

Finally, it is important to note that the United States Congress and the legislatures of several states have recently defined the concept of missing children. Typically, that definition includes those individuals who are under the age of emancipation (typically eighteen) and whose whereabouts are unknown to their parent, guardian or legal custodian. In October of 1984, the United States Congress defined the term "missing children" to include any individual under eighteen whose whereabouts is unknown to the individual's legal custodian if, either the circumstances indicate that the child may possibly have been abducted or the circumstances indicate that the child is likely to be abused or sexually exploited.●

THE HAYM SALOMON MEMORIAL ACT

● Mr. MOYNIHAN. Mr. President, I would like to speak words of tribute today to Haym Salomon, and to voice my support for the Haym Salomon Memorial Act, S. 1480. This bill would honor perhaps our Nation's greatest Jewish American patriot, Haym Salomon, by permitting friends of Haym Salomon to erect a statue in his honor on the Capitol Grounds and a monument on Federal lands in the District of Columbia.

Haym Salomon was Polish born and emigrated to America in 1772; right away he began working for American independence. Twice he was arrested by the British, first as a spy in 1776, and again 2 years later for plotting to burn the King's fleet and destroy British warehouses in New York. Condemned to death, Haym Salomon escaped prison and fled to Philadelphia, where he became a prominent broker and an important force in the effort to raise the funds to finance the War of Independence. He then took on responsibility as paymaster for the French forces in America, in which most of the financial support from France and Holland passed through his hands. From his own pocket he advanced more than $658,000 to the Superintendant of Congress—a princely sum in the eighteenth century—to help shore up the young Republic's deteriorating finances. Neither he nor his ancestors were ever repaid, and Haym Salomon died penniless in 1785. Patriotism was his reward.

Two hundred years later, this Congress can repay a debt to a great American patriot, by permitting the American Jewish Patriots and Friends of Haym Salomon to erect a statue in his honor on the Capitol Grounds, and a monument on Federal lands in the District of Columbia.

Mr. President, I am honored to be a cosponsor of this legislation. I urge my collegues to join in this most fiting tribute to a great Jewish patriot, Hyam Salomon.●

THE ECONOMIC EQUITY ACT

● Mr. D'AMATO. Mr. President, I am pleased to rise today to again become a cosponsor of S. 1169, the Economic Equity Act, a revised version of legislation I cosponsored in the 98th Congress.

The American free enterprise system is working for millions more women than it ever has before. It offers the best economic and career opportunities of any system in the world. Unfortunately, these opportunities are not yet available to all. Where most people see a bright career path, million still see roadblocks. That is not right. That is not the American way.

Last year, we took several important steps to make the system work better for more people. We strengthened the child support enforcement laws, reauthorized a strong Head Start Program, and passed the provisions of the Economic Equity Act clarifying the eligibility of nonprofit child care facilities for tax exempt status and allowing alimony to be treated as income for the purpose of Individual Retirement Accounts [IRA's].

We also enacted into law the Retirement Equity Act (Public Law 98-397), which improves our pension laws in seven important ways. This new law:

First, lowers to 21 the minimum age for participation in private pension plans, and the age at which entitlement to receive benefits (vesting) begins to accrue;

Second, allows employees to leave their jobs for up to 5 years without losing time credited for pension participation and vesting;

Third, makes it possible for employees to earn pension credits when they take maternity or paternity leave;

Fourth, requires annuity pension plans to pay married persons a two-person annuity while both spouses survive, and a survivor annuity after one spouse dies, unless both parties sign a waiver;

Fifth, enables a surviving spouse to receive pension benefits if a wage earner dies before retirement age, but after reaching age 45 with 10 years on the job;

Sixth, provides that pension benefits may be assigned to an ex-spouse in case of divorce; and

Seventh, protects employees with accrued retirement benefits from loss of benefits when an employer terminates or changes a pension plan.

S. 1169 builds on these reforms. Although most of the provisions of this "new " Economic Equity Act are written specifically to encourage economic equity for women, it also contains numerous sections to provide a more secure future for our Nation's retired persons. Most important of all, by passing this legislation, Congress will benefit American society as a whole.

By 1990, wives will contribute 40 percent of total American family income, compared to 25 percent today. The number of families in which both spouses work outside the home is growing dramatically. Husband-wife households with only one working spouse will account for only 14 percent of all households by 1990, compared to 43 percent in 1960.

Today, 44 percent of all employed persons are women. Fifty percent of women with preschool children, 64 percent of women with school age children, and 70 percent of women between the ages of 20 and 29, are in the labor force. More than half of all adult women are in the work force, and their numbers are growing.

The opportunities available to women have been increasing in many ways. Since 1972, the number of women enrolled in college has increased 65 percent. A majority of today's college students are women. The number of women doctors has increased six times, the number of women lawyers 15 times, and the number of women engineers 20 times, since 1970.

I commend Senator DURENBERGER for developing a comprehensive legislative package that both encourages continuation of these developments and recognizes that millions of women remain economically vulnerable. Despite their advances, women still earn only about 58 percent of what men earn. Even young women college graduates earn only about 64 percent of what their male counterparts earn. One in three families headed by a woman is below the poverty level. Ninety percent of custodial parents (those who through divorce, separation, or being widowed, have custody of their children) are female. Women have longer life expectancies than men. Widowed older women are especially vulnerable to the risk of falling into poverty.

S. 1169 responds to these facts of economic life by focusing on five key areas:

First, providing retirement security for women as workers and as divorced or surviving spouses;

Second, making quality dependent care available to all working families;

Third, ending discrimination in insurance on the basis of race, color, religion, national origin, or sex;

Fourth, providing equal employment opportunity and pay equity for women; and

Fifth, treating women more equitably under the tax laws.

Mr. President, for a complete explanation of the many provisions of this bill, I refer my colleagues to the excellent statement made on May 20, 1985 by Senator DURENBERGER. The following is a briefer summary of several of the key provisions of S. 1169.

TITLE I—RETIREMENT SECURITY

The Economic Equity Act reduces from 10 years to 5 the period of service a person must complete in order to earn a full, nonforfeitable right to pension benefits. S. 1169 also requires pension plans tied to Social Security to provide benefits in addition to the amounts paid by Social Security. This guarantees that even the lowest paid workers under such plans will not be left completely dependent on Social Security. Title I also contains a provision that amends the Social Security Act to provide disabled widows and widowers full benefits without regard to age, and without regard to any previous reduction in their benefits.

TITLE II—DEPENDENT CARE

This section increases the authorization for several child care programs, including child abuse prevention, promotion of cost-effective alternatives to institutionalization, and child care training.

To expand the availability of child care, I have introduced two other pieces of legislation. S. 912 increases the dependent care tax credit for persons who pay employment-related child and dependent care expenses. This is a response to the growing need for child care due to the increasing number of families in which both parents work, or in which there is only a single parent who works.

Wherever possible, we need to encourage employers to provide day care facilities at the work place. S. 1125, the On-Site Day Care Privatization Act, which I introduced on May 14, addresses this issue. It extends a 15 percent tax credit to businesses for the startup and first year costs of the onsite child care facilities they establish. In the second year, the employer would receive a 10 percent tax credit for the facility's employment expenses.

TITLE III—NON-DISCRIMINATION IN PENSIONS AND INSURANCE

This title prohibits discrimination based on race, color, religion, sex, or national origin in pension plans and insurance contracts. There is no requirement that this provision be applied retroactively. Current beneficiaries would be ensured equal benefits only when payment begins. Insurers are permitted to equalize benefits in their own way.

TITLE IV—EMPLOYMENT

This title establishes a commission on compensation equity to determine whether Federal jobs are appropriately classified, graded, and paid, and whether the wage-setting practices in executive agencies are in compliance with laws against sex-based wage discrimination. The other purpose is to determine whether there are occupations where the rates of pay for positions held predominantly by female employees are lower than the rates payable for positions held predominantly by male employees even when the work performed involves equivalent skills, effort, responsibilities, qualifications, and working conditions.

A great variety of viewpoints will be represented on the Commission. Two members will be appointed by the President, and one each by the Senate majority and minority leaders, and by the Speaker and minority leader of the House of Representatives. Three will be appointed by the labor organizations representing Federal employees.

The Commission's report is to conclude with recommendations for correcting the discriminatory wage practices it claims to have identified. The extent to which these conclusions would be accepted would be left to negotiation between the Federal Government and its employees, and the legislative process.

This bill makes it clear that our laws against discrimination also apply to business credit transactions. The provision has been introduced as a separate bill, S. 1486, by our distinguished majority leader, Senator DOLE, and I am proud to be an original cosponsor of that bill as well.

Title IV of the Economic Equity Act also helps young mothers achieve greater self-sufficiency, complete their education and find employment by providing child care, employment training, job placement, and academic and vocational education.

TITLE V—TAX REFORM

Although action on the President's tax reform proposals has received more attention than this part of the Economic Equity Act, the following sections of S. 1169 are also deserving of our support:

First, raising the zero bracket amount for single heads-of-households to that of married couples filing jointly;

Second, indexing the earned income tax credit, and raising it to 16 percent of the first $5,000 of earned income;

Third, expanding and indexing the dependent care tax credit;

Fourth, increasing the allowable IRA contribution for a nonworking spouse by basing it on the working spouse's income. The allowable contribution for a joint return with a nonworking spouse would be increased to $4,000 by 1992; and

Fifth, disallowing the business deduction for entertainment and travel-related lodging when such activities takes place in a private club that discriminates on the basis of race, color, religion, sex, or national origin.

The Economic Equity Act is an attempt to provide the fuller opportunities to participate and share in our Nation's growth and prosperity that all Americans seek. I urge my colleagues to support this bill.

REGARDING THE CRISIS ON MAIN STREET

● Mr. DURENBERGER. Mr. President, we have heard so much about the details of the agricultural crisis during debate on this bill that we risk losing our perspective on the broader issues it touches upon.

Today, I want to call the attention of my colleagues to the crisis behind the front lines, a crisis which I submit will only grow worse unless it is addressed. That is the crisis facing rural communities, rural businesses, and rural local governments whose economies rely primarily on a single form of economic activity. Whether the economic base is agriculture, mining, forestry, manufacturing, or tourism, all are a part of this emerging crisis.

Mr. President, people throughout rural America are concerned, even fearful of what the future holds for them in the way of economic opportunity and economic progress. I ask that an article from the New York Times be printed in the RECORD at this point.

The article follows:

[From the New York Times, Oct. 14, 1985]

FARMS' CRISIS ENDANGERING RURAL TOWNS

(By William Robbins)

LENOX, IOWA, October 9.—As small farmers struggle against a continuing economic crisis, the rural towns that dot the Middle West are trying to keep going themselves.

The towns appear to be losing people, and with them the taxes that they and their businesses paid. For the people left behind, the government services that have helped to nourish the country way of life are being eroded.

Schools have closed in such places as Lebanon and Ebson, in Kansas, both with populations that have dropped below 500. Sheriff Randy Yeager of Howard County, Mo., closed the local jail. In Marshall County, Iowa, Sheriff Derald Gonzales has laid off half his force of eight deputies, at a time when part of his work, foreclosure sales of mortgaged farms, is increasing.

BACK TO DIRT ROADS

Here in Taylor County, where the delinquency rate of 12.98 percent on property taxes this year is nearly doubled the 6.6 percent rate in 1984, health services face cutbacks, and the county's gravel roads "will have to go back to dirt," says Floyd Jobe, chairman of the county's Board of Supervisors.

The services in Iowa towns are taking a double blow, with state financial support declining along with local tax revenue. Gov. Terry E. Branstad recently imposed a $94 million cut, or 3.85 percent, in state expenditures across the board, including financial support for local services like schools and health care. Other states in the Middle West, including Nebraska and Kansas, are also seeing revenue fall short of projections.

The population loss that is partly behind these troubles is evident in such places as Lenox. In this town of about 1,380 people, "for sale" signs dot the principal residential street. In nearby Ringold County, Sheriff Lyle Minnick said, "A lot of our young people are just taking off, moving to places like Arizona and Texas where they think they may find work.

Although there are "no nice, neat data to document what you are seeing," said Calvin Beale, the Agriculture Department's principal population specialist in Washington, "I readily agree with what I am hearing from a variety of sources. We are seeing a renewal of the period of loss that was interrupted in the 1970's. It's not new, in the sense that we underwent a decline before that, but in the 1970's a stabilization set in."

BUSINESS DECLINE TRACED

Kenneth Stone, an economist at Iowa State University, has traced the effects that farmers' problems have on localities through local sales tax collections. Some of the Iowa businesses suffering most, he said, are the most patronized by farmers and thus most likely to be situated in smaller towns.

The 161 towns in Iowa with a population of 500 to 1,000 showed an average business decline of 10 percent last year, about half as much as they lost in the previous seven years. But those hardest hit of all, Mr. Stone said, are the 250 Iowa towns with populations below 500, which last year showed a business decline of 14 percent.

"The greatest tragedy is that the young people are not sticking around, and a lot of our small towns are left with disproportionate numbers of the elderly," he said. "They are at the point where they need more of those very services that are being cut."

In a little cafe that serves just such a town, New Market, which has a population of a little over 500, Mr. Jobe, the chairman of Taylor County's supervisors, spoke of what small towns were dealing with. It was early morning, and the cafe was serving a mostly elderly clientele, with most of the patrons were ordering nothing but coffee.

CLOSING OF STORES

"I don't see how they stay open," said Mr. Jobe. "We already lost our lumber yard, and we almost lost our grocery store."

The store, he explained, closed two months ago but was later reopened as a cooperative venture of farmers and townspeople.

"I don't know what a lot of the old people here would have done if we had lost that," he said. "The nearest other store is seven miles away."

In nearby Bedford, the county seat, a fine old Georgian courthouse where few footfalls are heard looks onto streets where little traffic moves.

On the ground floor, Ann Maher, the public health administrator, spoke with grimness.

"I am one of the victims," she said. She and her husband lost their own farm two years ago. Then, this past summer, her entire staff was compelled for budgetary reasons to work part time for more than a month, and several are still working on a reduced schedule.

Meanwhile, Mrs. Maher said, service needs are greater than ever. "A lot of our people have had to drop health insurance," she said. "They couldn't pay the premiums."

TROUBLES IN PAYING TAXES

The reason for her shortened schedules were evident upstairs, in the records of Wanda Campbell, the county treasurer, and Carol Noer, the auditor. "We have more and more who just can't pay their taxes," said Mrs. Campbell, citing the delinquency rate of 12.98 percent.

Mrs. Noer said, "This is the first year we are really going to feel it," adding, "But I know it's going to get a lot tougher before it gets any better."

Mrs. Noer is able to maintain a small surplus in the county budget as a cushion against severe emergencies. But the cushion was made possible in part * * *.

That assessment is supported by studies of Census Bureau data on towns in the Plains with populations below 2,500. The studies, by Glenn Fuguitt, professor of rural sociology at the University of Wisconsin, showed declines in the two decades preceding 1970, with a 3.6 percent average drop for these towns in the 1950's and a 1.8 percent average in the 1960's.

But in the 1970's Professor Fuguitt found a sharp change for the Plains states: the Dakotas, Kansas, Nebraska, Missouri, Iowa and Minnesota. The same small Plains towns showed population gains averaging 6.7 percent for the decade.

Although no data are available for small towns since 1980, Professor Fuguitt said in an interview, "I wouldn't doubt the eyeball evidence that another change is occurring."

RURAL COUNTIES' GROWTH SLOWS

One reason for his view, he said, is evidence of a changing trend in some Census Bureau data on the population of counties.

Counties outside major metropolitan areas, which tend to be more rural in character and to contain a large proportion of the states' small towns, lost population in the 1960's and then gained population in the 1970's at an average rate of 4.7 percent.

But from 1980 to 1983 the growth rate of the rural counties slowed to 1.6 percent, substantially below the 6.5 percent rate of the metropolitan counties.

The population growth in the 1970's was accompanied by a shift in the farm economy. After decades of lackluster performance, the 1970's brought booming sales. The stimulus was soaring exports that resulted partly from the opening of the Soviet market to American crops, partly from demand generated by healthy European economies, partly from the food needs of less-developed countries and partly from a devalued dollar.

ADJUSTING TO "ECONOMIC REALITIES"

The farm boom, however, inflated land values and left farmers burdened with heavy debts when the 1980's brought gloomier times: declining prices and exports, rising surpluses of farm products and soaring interest rates.

When Governor Branstad, a Republican, announced the spending cuts he was imposing on Iowa agencies last month, he said, "What we are doing in state government is not different from what individuals, families, farmers and businesses have had to do—pare back and adjust to the economic realities of today."

His action was criticized by Democratic opponents as worsening localities' problems. But the State Comptroller, William Krahl, said in an interview that revenue shortages made the move necessary.

For local services that get state support, he said, the cutbacks mean "reducing payments for nursing homes, nurses and doctors—all medical providers."

"A lot of this is directly related to farm people," Mr. Krahl said, with farm families buying less, leading to lower revenue the sales tax.●

Mr. DURENBERGER. What these stories tell us, what farmers, rural businessmen, and local government officials have been telling me all year, is that the economic fabric of rural America is being stretched to its limits by what is happening to this Nation's farmers.

I think it is safe to say that we're in danger of becoming a nation of two economies. Despite this administration's assertion that "the condition of rural America is basically sound," rural areas have not participated fully in the economic recovery. Unemployment is greater; income is lower; people are leaving.

Minnesota is no exception to what is happening around the country. As the farm economy declines, rural communities decline and we risk losing a way of life known and celebrated as truly American. I ask that a story from a Minnesota paper be included in the RECORD at this point.

The article follows:

[From the Worthington Daily Globe, July 1, 1985]

FARM EARNINGS PLUMMET 62 PERCENT IN STATE IN 1984

MINNEAPOLIS.—Triggered by a decline in crop prices, net farm earnings in Minnesota plummeted 62 percent last year to their lowest level in more than a decade, according to computerized records kept by a group of 1,668 farmers.

The average farmer among that group reported 1984 net pretax income of $6,046, down exactly $10,000 from 1983.

The figure was the lowest in the 13 years that the Minneapolis Star and Tribune has calculated a state average earnings figure from reports compiled from farmers enrolled in adult farm-management programs in six regions of the state.

Last year marked the fourth straight year of reduced earnings for farmers following the boom years of the 1970s, when burgeoning world demand for U.S. grain produced hefty incomes for farmers.

Although last year's earnings were the lowest since statewide records have been calculated, a sharper percentage drop in earnings occurred at the start of the current financial troubles. Earnings plunged from $32,295 in 1980, another year when drought struck, to $8,043 in 1981, a 75 percent drop.

There is some annual turnover in the farmers participating in the surveyed programs from year to year, but program leaders consider their financial performance to be fairly representative of full-time farmers. The program is sponsored by the University of Minnesota, the state Board of Vocational Technical Education and local schools.

A major reason for last year's earnings decline was the slide in crop prices from 1983, when the federal government's massive land-idling program and a drought in much of the Corn Belt tightened supplies of major crops, thereby raising crop prices that year.

For the past four years, participating farmers have reported average annual earnings of $11,093, compared with an annual average of $27,065 for 1977 through 1980.

The earnings figure represents the farmer's return on family labor and capital, or the gap between receipts and expenses, after adjustment for changes in asset value. Out of last year's average income of $6,046, the farmer theoretically must pay living expenses, income taxes and principal on his debt.

Mr. DURENBERGER. Mr. President, we cannot forget that behind the headlines, behind the statistics are people. People who only want to farm their family farm. People who only want to run a small family business. People who want to raise their families in the community where they, their parents, grandparents and generations before them, were raised. They are the ones who are hurting, losing a way of life and facing an uncertain future. The following stories tell this tale more aptly than I and I ask they appear in the RECORD.

The articles follow:

[American Medical News—Oct. 18, 1985]

FARMERS' HEALTH JEOPARDIZED BY STRESS

The first time, farmer Charley Bouldin was sure that he was dying. His heart started pounding, his breathing became rapid, and hot flashes came over his body like an electrical shock. He was sitting alone in the milking parlor, up at 3 a.m., after working until 9 the night before, and was struggling with an ornery cow.

"I thought I had a heart attack. I thought really and truly that I was dying," recalls the Siler City, N.C., farmer. An ambulance rushed Bouldin to nearby Chapel Hill Medical Center, but physicians could find nothing wrong.

Bouldin's health deteriorated over the next several months, following a similar decline in the finances of his family farm. There were continued bouts of hot flashes, hyperventilation, and a loud ringing in his ears that sounded like "a million crickets hollering," mystifying physicians in the area's three top hospitals. Yet Bouldin kept trying to make ends meet, working long days and nights to fend off efforts by the Farmers Home Administration (FHA) urging him to sell out.

In desperation, he filed for bankruptcy and turned the farm over to experts for reorganization. His symptoms suddenly eased.

"Immediately—the next day—I felt better," recalls the soft-spoken Bouldin, with hesitancy, as if it is still too good to be true. "Things just lifted off my shoulders."

He is not yet free and clear: His Holstein farm is still on unstable financial footing, and minor health problems surface occasionally. But by late autumn, thanks to the help of local financial experts, Bouldin expects the farm to be pulled out of bankruptcy. He has hired farm help, cut back his hours, and gained a new perspective on his health. Thinking back, Bouldin says: "Now I know that nerves can kill you. If things had kept up, I don't believe I would have lived."

Across the country, family practitioners and psychiatrists are reporting unprecedented levels of stress-related problems in farmers and their families. Bumper crops, falling prices, collapsing sales abroad, and a severe credit crunch have created almost overwhelming economic adversity. The nation's is experiencing the most farm foreclosures since the Great Depression; in some states, such as Nebraska, land values have fallen 50% in three years.

A Des Moines veterinarian, only half jokingly, reports that he is seeing an epidemic of broken ribs in dogs. Crisis centers say they are getting an increased number of cases of troubled marriages, battered wives, and alcohol abuse. A Nebraska clinic says there have been an unusual number of "accidental deaths"—farmers run over by trucks left in gear, crushed by turned-over tractors, or suffocated by fumes in silos.

"There has been a definite increase in the amount of stress, as a result of their economic problems," says Michael Wood, MD, a psychiatrist at Wisconsin's Marshfield Clinic, located deep in the heart of dairy country. "We are seeing increases in incidence of anxiety disorders, depression, and other affective disorders."

Problems usually are first detected in the schools, where teachers note disturbed and inattentive children. Then, wives may seek help, frightened by alcohol abuse, increasing violence, and marital tension. At the root of the problem; Dr. Wood says, is a depressed and frustrated farmer.

"It's easier to kill yourself than admit failure," says Burnell Pohlman of Nebraska's rural Norfolk Regional Mental Health Center. Many farms in this remote western corner of the state are "century farms"—in the family for more than 100 years—and farmers blame themselves for not being able to make ends meet.

"They think how their parents and grandparents survived the Depression, and there is tremendous self-incrimination," Pohlman says. They think, "If they did it, why can't I?"

Bouldin, for instance, simply refused to let go. He had inherited the 400-acre dairy farm from his father, raised his four daughters there, and his 80-year-old mother still lived on the property. Yet the FHA persisted in urging him to sell out, "giving me a hard time," he says. None of the city physicians understood how he felt, he complains. "I kept thinking: 'If I can just hang in here as long as Mother lives. . . .' I was dreaming about it, having nightmares. . . . I just got burnt out. It caught up with me."

Some farmers have taken jobs in towns, working for near-minimum wage to hang on. One counselor describes a patient who worked in a grain elevator all day, washed dishes in a cafe from 10 p.m. until 2 a.m., and farmed in between: a 20-hour day. He was hospitalized recently for a perforated ulcer. Says Pete Brent, a bankrupt farmer who now works as a counselor at Prairie Fire Rural Action in Des Moines: "In the city, if you lose your job, you just go home. Out here, living on the land while you lose it—it haunts you."

In the non-stop grind of daily responsibilities, it is easy for farmers to lose perspective, psychiatrists agree. One of Dr. Wood's patients, a young dairy farmer in his early 30s, had not been off the farm overnight for six years. Bouldin's last vacation was a trip to Nashville, Tenn., to the Grand Ole Opry—in 1969.

At least a half-dozen states—including Iowa, Nebraska, and Illinois—have opened taxpayer-funded hot lines. The Des-Moines based hot line Rural Concern has logged 5,721 calls since February. In Pittsboro, N.C., Farm Survival Hotline has attracted almost 2,000 calls in three years. The Prairie Fire Rural Action hot line receives 25 to 30 calls a day, up from 15 a day several years ago.

Mental health clinics in rural Kansas have asked clergymen and bankers to refer any farmers who seem especially troubled or suicidal. Extension service counselors, such as Rural Route in Urbana, Ill., also make referrals to mental health specialists. In North Carolina, state officials have proposed a 12-point plan to set up crisis counselors and advisers in selected counties, help farmers find free legal aid, and promote public awareness of the farmer's plight.

Overflow crowds have attended workshops in stress management at local churches, such as those sponsored by the Prairie View Mental Health Center in the wheat- and corn-growing region of central Kansas. "It's really difficult for farmers to ask for help. In a group situation, they don't feel so singled out. They can stay anonymous," says Prairie View psychiatrist Frances Campbell, MD.

The National Farm Medicine Center has distributed a series of 90-second radio spots on health, safety, and stress management to the National Assn. of Farm Broadcasters for airing on their 250 or so member stations. The Wisconsin-based research foundation also is assembling TV spots—featuring psychiatrists with expertise in farmers' problems—for airing early next year.

Mental health experts who treat farmers point to a typical pattern of response:

Denial.—At first, farmers go into town and pretend everything is fine. "We're proud people," says counselor Brent, who himself lost his farm. "There are a lot of folks denying there is a problem—that land values are dropping, machine values are dropping, interest rates are high, and they can no longer earn an income."

Depression, anger, and frustration.—In some cases, farmers fight with their families and drink too much, which escalates to physical abuse. Sleep loss and appetite loss also are common. "You start waking up at 3 in the morning to play with numbers, seeing what you can figure out," Brent says.

Withdrawal.—"You start to feel numb. You just don't give a damn anymore," Brent says. Many farmers—blaming their family, the government, and eventually all of society for their problems—"feel the rug pulled out from under them, and avoid other people," Dr. Campbell says. They stop going to church, having coffee with friends, and making trips into town. They can avoid creditors—but they also lose the emotional support system that, throughout history, farmers have relied on.

Paranoia.—Some farmers become highly suspicious and fear that any public admission of a problem will send banks and insurance companies flocking like vultures. This may not be unrealistic: In Nebraska, where insurance companies have been seizing 60,000- and 70,000-acre farms, "speaking up takes real guts," Pohlman notes. In extreme cases, radical farmers have banded together in self-styled vigilante groups, such as the

Posse Comitatus. "If you invade their space or their privacy, you get shot," Pohlman says.

Physical ailments.—Family practitioners say they are prescribing large volumes of Maalox and Tagament for ulcer and stomach upset. Wives come in with stress-induced back pain. Bouldin says his blood pressure skyrocketed when his physician asked him about the farm; this was the first clue, he says, that his problem could be stress-related. Three of Bouldin's friends, also facing bankruptcy and reorganization, recently died of heart attacks.

Loss of decision-making abilities.—Some financially strapped farmers act impulsively, buying expensive cattle or equipment, or dashing off across the country in a new van, with no money. "It's the attitude, 'What the heck, things are so bad I may as well do it anyway,'" Pohlman says. "Stress makes people do dumb things." Others simply can't afford the counsel of a lawyer or accountant, and they make poor judgments. Once a farmer loses the ability to wisely manage his farm, the financial problems snowball, psychiatrists say.

Despair.—One patient was $200,000 in debt with only $50,000 in equity. Yet he was buying a huge life insurance policy—paying premiums of more than $700 a month—so that his family could cash in on his "accidental death." Says one counselor: "their sense of complete failure is real hard to handle."

"We don't get the manic depressives or schizophrenics," Pohlman says. "These are situational stresses." Dr. Wood agrees: "We aren't seeing the serious psychotic disorders."

Farmers are often reticent to seek help, psychiatrists admit. They are independent and often deny emotional upset. Moreover, psychiatric disturbances still carry a stigma of psychotic, unamanageable behavior. Farmers are unused to thinking in psychologic terms. They are rarely introspective.

"They are pragmatists. That's what has also worked for their day-to-day problems. They need to be taught a little psychologic introspection, a sanction that its OK to have sensitive feelings," Dr. Wood says. Adds Dr. Campbell, with a sigh: "It takes patience."

The first step, therapists agree, is getting the patient to admit there is a problem. Then he must be urged to get his bookkeeping in order: One patient had postponed filing an income tax for six years so that he could continue to avoid facing his tremendous debts.

It is important to get the farmers in counseling, "just to keep them alive," one counselor says. Brent stresses the emotional, not merely financial, role that a farmer plays in the family. "I remind them, 'What the hell do your grandkids care about how much money you make? What they want is a lap to sit on.'"

It helps to get involved—whether in the church, farm organizations, or local politics. When Brent lost his farm, for instance, he became involved in crisis counseling, first as a volunteer and then as a paid staff member. At an emotionally vulnerable time in his life, this involvement forced him to shift attention away from his own problems and instead help others with the same plight.

Dr. Wood teaches "stress management"—finding time to relax, change routines, take vacations, and spend more time with families and friends. He urges farmers to improve their diet and to watch for drug and alcohol dependency.

With their problems in perspective, farmers then can review other options. For some men, it may mean moving to Houston, Oklahoma City, or even overseas to find jobs. For others, it may mean retraining or continued education.

In some cases, it is possible to switch to crops that provide better cash flow, such as pickles, popcorn, mushrooms, or certain vegetables—"anything to put bread on the table," one social worker says. Farmers may need to renegotiate their loans, get lease buy-backs from lenders, or put the farm on the auction block.

Above all, it is important to ease the tremendous feelings of guilt, self-incrimination, and failure, therapists agree. "I tell them: 'You didn't cause this problem. It was caused by a whole series of events you have no control over: the national deficit, trade imbalance, interest rates, the market, the weather. You're at the mercy of a whole lot of outside things,'" Pohlman says.

"It may be necessary for him to think of the farm, conceptually, as a death," Pohlman adds. "You help him admit that the farming enterprise, for the last 100 years, is dead." The farmer is given the chance to mourn his loss, "bury it" emotionally, and then move on.

With help, most farmers will pull themselves out of a psychological quagmire. Psychiatrists agree that the same hardworking, conscientious, and self-sufficient trails that make a person a good farmer make him a good patient; with guidance, farmers can learn to relax, restructure their day, and spend more time with their families.

"Most farmers are pretty stable people," Brent says. "But when it seems like there's no way out, suicide looks pretty attractive. There's only so much stress one man can take."

County Wants to Know How, Which Farmers, To Help

(By Sherry Crawford)

Mankato.—How many seriously-distressed farmers are there in Blue Earth County, and how can county officials better help them to avoid foreclosure?

Those questions were at the heart of a discussion Tuesday among county officials and the Blue Earth County Board. The board asked that figures be gathered showing how many Blue Earth County farmers are still alive but struggling, and agreed to form a committee to come up with some training or financial help for those farmers.

Sandy Oppegard, executive director of the Southcentral Private Industry Council (PIC), and Randy Gilbreath, who handles the county's Job Training Partnership Act (JTPA) program, were joined Tuesday by Dennis McCoy, human services administrative director, and personnel director Ed Kunkel in suggesting that the county reexamine its programs to find long- and short-term help for distressed farmers.

Current programs have income eligibility restrictions that preclude farmers who are considered hanging on but in danger of losing the struggle. Those farmers are grouped in the 40 percent debt-to-asset category, Oppegard said. The farmers in the 70 percent debt-to-asset category are either going through foreclosure or it is imminent.

Oppegard, who works closely with the JTPA program, told the board that PIC sought $270,000 from a federal dislocated worker program but their request was one of three by groups seeking help for Minnesota farmers. The governor's committee deciding allocation of the funds set aside only $350,000 for the three groups, Oppegard explained. That left only $118,748 for the six counties served by Southcentral PIC: Blue Earth, Faribault, Nicollet, Le Sueur, Waseca and Sibley. The allocation was determined by severity of need, number of farms and other information, she said.

Part of the problem, she added, is that there are no statistics for the county area that show how many farmers are in the 40 percent debt-to-asset area. There are figures for those who have foreclosed. But the county needs to find out how it can help those still hanging on.

Another obstacle to getting help, Oppegard said, is that "there aren't very many people in the metropolitan area who really think there is a problem on the farm."

State funding efforts are focusing on northeastern Minnesota, which has already reached crisis. That area alone received $650,000 of the $900,000 available for Minnesota displaced workers, Oppegard said.

She forecasts the same plight for the southern Minnesota farm unless the state starts seeing the need here. That was part of the reason for Oppegard, Gilreath, McCoy and Kunkel telling the board that data must be gathered to make that case.

"We've got to get people to recognize these things," Oppegard said. "Eventually it's going to hit small businesses, Mankato and the Twin Cities and then people are going to wake up, when it's too late."

The board agreed Tuesday that area bankers and Production Credit Association (PCA) officials should be contacted to get an idea of how the area agriculture community is faring. Those people will be drawn into the effort to form a committee that collects figures and evaluates how to improve programs to help those farmers before it's too late.

Oppegard said she, Gilreath, McCoy and Kunkel will give the county an outline of what existing resources and programs can offer within a couple days.

Family Sees Farm Slip Away

(By Debra Olson)

Paynesville.—Many thoughts run through Warren Nehring's mind as he jogs along on his John Deere combine, harvesting his corn crop—a job he has done each fall for more than two decades.

He is proud of the neat brown house and the two blue silos poking skyward in the distance. He likes the feeling of the steering wheel in his hands as he guides the machine through the golden rows of corn.

This crop could be his best ever.

It also could be his last.

The 45-year-old farmer who once tilled more than 1,000 acres and was a millionaire—at least on paper—is losing the farm that his great-grandfather John, a German immigrant, settled more than 100 years ago.

The insurance company that now owns the farm sent Nehring an eviction notice two weeks ago.

"I didn't think it would ever come to that," Nehring said one afternoon last week while taking a break from his chores. "Right now, we're living here on a wing and a prayer."

As he tells his story, the compact man with intense blue eyes and graying hair and mustache recites a familiar litany of skyrocketing land values, booming export markets and easy credit in the 1970s. Those times were followed by falling prices, rising costs, high interest rates and grain embargoes.

Nehring and his wife, Sandy, began farming in 1963 and beef cows and a few sows on the 240-acre home farm he brought from his father. In 1972, he bought a neighboring 180-acre farm. And in 1974—the year he was named Stearns County's Outstanding Young Farmer—he added another 180 acres.

A year later, he tore down the house that his great-grandfather had built, the house that his grandfather and father had expanded. He built a new split level. He replaced the old granary and hog and chicken barns with new silos and hog barns.

In 1978 when his son, Brent,was 14, Nehring expanded his hog operation. "I wanted to have a good base when he got out of high school so we could do this thing together," Nehring said.

He had to refinance the land to do it.

But hog prices, he said, started fluctuating wildly. The first year, he lost $100,000 because of hail damage and low hog prices. He had to refinance his second farm at high interest rates.

In 1983, First Bank Paynesville called in a $400,000 note. Nehring sold his machinery and grain to pay it off.

In August 1984, John Hancock Insurance Co. foreclosed on his land and the farm was sold at auction on the steps of the Stearns County Courthouse. Nehring had a year to buy back the farm. That year was up in July.

Now he rents his land and house from the insurance company and is working on a deal to buy back the farm with a Farmers Home Administration loan.

He feeds hogs for a Wheaton hog farmer and combines neighbors' grain to help make ends meet while he waits for an answer from the insurance company.

But Nehring said he isn't moving—"eviction notice or not."

"If you walk away from a big debt, you'll be taxed for it," he said. "And if your income is gone, how are you going to pay it? The IRS will get you.

"If I have to nail the door shut it will be nailed shut. I'm going to sit here and they'll have to break the door down and literally carry us away."

Does he ever wonder what his grandfather and great-grandfather would think about his losing the farm?

"They probably think I failed them—that maybe my ideas weren't the greatest—that I'm the one fouling it up," he said.

His father, grandfather and great-grandfather, Nehring said, were conservative farmers. "I'm conservative too, but I guess I don't mind taking a gamble."

He said he hasn't talked to his father about losing the farm. "I didn't want to involve him in my problems," he said.

The father of four said he would "do it all again. I wouldn't change a thing. I don't feel guilty about anything. I think the government lead us astray," he said, ticking off grain embargoes and government urgings to plant more in the boom export years.

He has tried to make sense of his 22 years in farming and his recent struggles by writing a 20-page paper he calls "The Rise and Fall of a Farm."

"I sat down and tried to figure out where things went wrong. It came down to marketing," he said. "We figured out how to do everything, but we didn't figure out how to market and we didn't have any help.

"I thought if you worked hard, put a lot of hours in and tried to do things right, you'd come out on top. That's why I did what I did."

Donald Nehring won't fault his son for the way he operated the family farm and the steps he has taken to try to keep it. "It's tough, I know that," he said. "He's trying. He could have made it if the economy had stayed up."

But the elder Nehring said today's young farmers "don't farm like we did. It's a different generation. They spend more money and buy more things than we did."

His father, he said, nursed the farm through the Depression by "farming it pretty tight like I did. He got along with it until it improved."

The thought of losing that farm, "worries me something terrible," he said. "I feel pretty bad. I don't like it, but there's nothing I can do."

"Im sure my dad felt good about passing the farm on to me," Warren Nehring said. "I wanted to do the same thing. . . . I just wanted to pass it on."

Brent Nehring, 22, never thought of being anything but a farmer. He would like his twin daughters to be the sixth generation of Nehrings to grow up on the family farm.

"I think it's a darn shame something like this is happening," he said. "Farmers just got caught up in the times. Something they were told was supposed to be good, 10 years later turned out to be a disaster."

If the family loses the farm, he said he will continue his liquid manure hauling business.

"There are other farms," he said. "It wouldn't be the end of the world. The farm has a certain amount of sentimental value because it's been in the family so long. But that doesn't make the payments."

"I guess we'll find out in the next couple of months if it will all go down the drain," Warren Nehring said.

"If the sheriff does pull us off here . . . there are other farms," he said. "I'm going to survive. If I have to start over where I started in 1963, I'll do it."

But he said he tries not to think about having to leave.

"You have a lot of time and effort in it. You're always trying to upgrade the land and be more productive. I guess I would miss that . . . and the land. But you have to realize these things are all material. There are other ways and other opportunities.

"I think positive that things are going to work out," Nehring said, "but I guess a guy wouldn't know his true feelings until you make that last trip down the road."

TOP KENYON AREA FARMER FACES TOUGH FINANCIAL PROBLEMS

KENYON.—For a farmer who last January was named one of Goodhue County's two Outstanding Citizens of the Year but now is facing financial ruin, 47-year-old Paul Voxland was in a composed mood this morning. He was drinking coffee and eating toast in his farm kitchen while assigning his young sons to their chores.

He greeted a visitor with a smile. It was not a bitter smile despite his problems. Recently the Faribault office of the Production Credit Association (PCA) gave Voxland and his wife, Margaret, until April to find new financing for a $230,000 debt that slipped into default this year.

The story broke this morning, sending shock waves through the Goodhue County town of Kenyon, where several generations of the Voxland family have shopped and attended school. Now, the Voxlands, who own a 313-acre farm in Holden Township seven miles northwest of here and rent an additional 160 acres from a neighbor, are in a financial morass. They face a threat that their 120-sow operation, their 40-cow dairy herd and their machinery will be repossessed should they fail to meet their obligations by April.

But Voxland's mood this morning was buoyant.

"We're not finished yet," he said. "This is just the beginning. We're working toward finding a solution to our problems."

His wife, Margaret, was standing nearby. She was more emphatic.

"It's been a nightmare," she said quietly.

Adding to the Voxlands' woes was a notice from the Farmers Home Administration that their initial loan applications had been rejected.

The Voxlands have consistently been ranked among the state's most successful farmers. In 1979 they were featured in a Minneapolis Tribune Picture Magazine, the lengthy article being liberally illustrated with color pictures. In January Goodhue County's newspaper editors chose Voxland as their Citizen of the Year, an annual designation. In 1984 he won the statewide "no-till" corn yield contest sponsored by the National Corn Growers Association. In addition, he serves on the Goodhue County Soil and Water Conservation District board, the county extension board and is a former member of Minnesota Pork Producers Association board.

Neighbor and fellow farmer, IR state Rep. Steve Sviggum, called the Voxlands "good folks, good farmers, hard-working, progressive, honest."

"Paul and Margaret are examples of the kind of citizens we all want for neighbors and for friends," said Mervin Freeman, an area agriculture extension agent in Rochester.

The 47-year-old Voxland says he is not without hope, even though this could be the last fall he harvests his fields. There are winter hog sales to live on and a FmHA appeals process to pursue. "A farmer always looks for a better day," he said.

Voxland said he is angry at the PCA, a lender he claims showed little mercy when trouble struck his operation. He said he is frustrated that his farming skill hasn't been enough to ward off hard times.

Voxland's 24-year-old son, Matthew, said he is mad at the prospect of being pushed out of the only career he ever wanted. He may have to take another job, but said it would be only a detour on the way back to farming.

Margaret, an obstetrical nurse at a Faribault hospital took a second job last week at a Cannon Falls bakery to help makes ends meet. Mathew's wife, JoEllen, also holds two jobs, clerk in a Cannon Falls clothing store and waitress in a restaurant near the Voxland farm.

"Pork has been bad for five years and all of a sudden this year dairy starts getting bad, too," Paul Voxland said. "You start losing your cash flow through no fault of your own. And then when there's a way out, when there are things they could do to help, your lender doesn't want to help you anymore."

Mr. DURENBERGER. For many in this body, the focus of the farm bill is how much we were willing to pay as a nation to restore the backbone of rural America. If it were that easy I would not be down here everyday. If it were that easy I would not have submitted an amendment to establish a National Advisory Commission on Rural America to study the problems

which have already surfaced across rural America and the emerging crisis they foreshadow.

We cannot assume that if we address the farm income question satisfactorily, we have taken care of rural America. We must do that, yes. But we must do more.●

OIL IMPORT FEE

● Mr. BINGAMAN. Mr. President, last week my distinguished colleague from Colorado, Senator HART, reminded us of how important energy security is to this country and how we have come to take it for granted. I applaud his continuing efforts to bring the issue to the Senate's attention.

INDUSTRY INDICATORS

The United States has enjoyed a period of relative energy stability largely because of drilling and exploration between 1973 and 1982, and successful conservation efforts. However, the domestic oil industry today is faced with over-supply, falling prices, and increased competition from lower-priced imports of crude and petroleum products. The industry also faces the uncertainty of proposed changes in our tax laws.

These factors are undercutting our exploration and production efforts in the United States. Since 1981 nearly 346,000 jobs have been lost in the oil and gas industry. Although almost 82,000 wells were drilled in 1984, the second highest annual total in the Nation's history, the rig count and other indicators point to a significantly lower number in 1985. The Hughes weekly rig count, which serves as a predictor of industry activity, dropped to 1,910 in early April, down from a 1984 peak of 2,787, and down from its alltime high of 4,530 in December 1981. Just as the industry responded to the need for more drilling in the 1970's and early 1980's over-supply and weak prices are now forcing the industry to cut-back it activity.

ENERGY SECURITY

Falling prices threaten national security if allowed to drop too low. This impact could take several forms: Reduced stripper oil production; the end of Alaskan exploration, reduced OCS exploration, and reduced natural gas demand. These factors serve only to leave U.S. oil in the ground and to threaten another domestic industry.

The inevitable result of reduced exploration and production efforts in the U.S. industry will be a return to foreign dependence. In only 1 year since 1970 has the Nation found as much oil as it produced. That was in 1980, and since then domestic reserves have declined to 27.8 billion barrels, the lowest level since 1951. U.S. production amounts to about 3.2 billion barrels a year, and exploration replaces only about 2.8 billion. Without a continuing exploration effort, U.S. reserves would theoretically last only 9.2 years. As the rate of drilling drops as a result lower oil prices, the shrinkage of these reserves would accelerate. That will make the United States more dependent of foreign sources of oil. Without any exploratory program, the Nation's reserves could drop by half by 1990, with production likely to drop as well.

In 1984, with production at 8.8 million barrels of oil and 1.7 million barrels of condensation, the United States supplied 66 percent of its liquid petroleum requirements. Another 5.4 million barrels per day of crude oil and refined products were imported. Energy imports cost the United States $51.7 billion in 1984, an amount equal to almost half of the Nation's balance of trade deficit.

Although dependence on foreign oil is approximately a third less than the 46.5-percent high reached in 1977, a drop in oil prices would quickly reverse this trend. A price drop would both undermine our conservation efforts and allow cheaper foreign oil to push U.S. oil out of the market. The average Saudi well produces 8,600 barrels per day; the average U.S. well only 13 barrels per day. Moreover, the oversupply of oil in some of the exporting nations means they could provide additional output on short notice. There will always be cheaper sources of oil overseas. But foreign dependence carries the price of vulnerability.

As the United States faces reduced drilling and production, lower refinery capacity, increased imports of crude and product, our vulnerability to disruption increases. The strategic petroleum reserve's 462 million barrel stockpile represents only a 3-month substitution for imports, in the admittedly unlikely event that all imports were cut off. More pertinently, there are serious concerns over how quickly the oil in the reserve could be withdrawn and distributed. The reserve would undoubtedly be very valuable in a shortage. But it represents a finite, short-term supply. In the event of a serious, long-term shortage, it would take years for the domestic oil industry to gear up to reverse a decline in drilling, production, and reserves.

IMPORT FEE

Clearly, the Nation would benefit most from long-term stability in the oil market, which would in turn ensure the preservation of a strong, constant level of drilling in this country.

Senator HART proposed a $10 per barrel oil import fee to stem the tide of growing imports and to raise needed revenues. I voted for Senator HART's amendment to the Compact of Free Association because I share his concern for our energy security. However, I think there are other approaches to this problem that should be explored.

I am considering introducing legislation for a standby oil import license fee. This would establish a floor for domestic oil prices. It would be applied on a value-adjusted basis to imports of refined products in order to prevent importation of these products to circumvent the crude oil fee. By limiting the amount that prices could fall, such a fee would remove much of the uncertainty that clouds the present domestic industry investment climate. The fee would be set high enough to drive a strong exploration and production program for the country, yet low enough so that consumers would realize a further drop in product prices before the fee was implemented.

A fee would help ensure that production from relatively high-cost low-volume "stripper wells," and from areas like Alaska and deep offshore, is not squeezed out of the market by cheaper, unreliable sources of foreign oil. Furthermore, establishment of a fee would ensure that foreign producers pay a fair tax on oil that flowed into the United States as a result of foreign dependence.

If enacted, an oil license fee would prevent the United States from returning to dependency on foreign sources of energy. It would enable the domestic industry to remain a viable source of energy in the future. And it would preserve governmental tax revenues in the event of a fall in world oil prices, and end the tax subsidization of imported oil.

We must end the complacency that currently clouds our energy future. I look forward to working toward this goal.●

SDI

Mr. SIMON. Mr. President, last month the group Scientists Campaign Against Star Wars announced the preliminary results from their petition drive. The signatures they collected included both faculty and graduate students, who have pledged not to accept any SDI money in the belief that SDI is a dangerous and ill-conceived program.

The group's work is not finished, but the early results cannot be dismissed. In a few weeks, more than 1,300 faculty and senior research staff across the country signed the petition. A similar number of graduate students and junior staff also signed. These numbers now stand at 2,100 senior faculty and 1,600 graduate students and junior staff. In the top 14 physics departments, in which reside many of the Nation's Nobel laureates and leading scientific and technical minds, more than 55 percent of the faculty have pledged not to work for the SDI. I am told that this number is growing and may soon reach two-thirds of this important body of professionals. A majority of physicists in 29 of the best

physics departments have also vowed not to work for SDI.

We ought to listen to the majority of our best scientific minds on an issue so technical and complicated in nature. Many of us in this Chamber understand the policy and strategy issues at stake; these are difficult but not impossible to comprehend. But the scientific and engineering questions are beyond most of the American people. Their views must be sought, and their expertise heeded.

Mr. President, I ask that the following remarks be printed in the RECORD: Remarks by John Kojut, professor of physics at the University of Illinois; statement by Prof. John Bardeen, two-time winner of the Nobel Prize in Physics; statement by Prof. Zellman Warhaft, Cornell University; and a list of some of the outstanding signers of the petition.

The remarks follow:

SUMMARY OF REMARKS BY JOHN KOGUT, PROFESSOR OF PHYSICS, AT THE UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

For the first time, scientists at leading American physics departments have cast a landslide vote against the star wars program.

In the opening weeks of an unprecedented nationwide petition drive, these experts have sent President Reagan a loud, clear message: we won't accept funds from the star wars program. It is a quack cure for nuclear war. At least 54 percent of the faculty at the nation's top 14 physics departments have pledged to reject such funds, and the number is rapidly growing.

Our reasons are twofold. First, the star wars defense system is simply unworkable for its advertised purpose. Second, the star wars system would destabilize the nuclear arms race and risk triggering the holocaust it is advertised to prevent.

That's why American scientists have put their feet down and said no to star wars—a technological Pandora's Box that could spend this country into oblivion and waste a generation of researchers on a quixotic project, while increasing the greatest threat to the security of the American public, nuclear holocaust.

Our historic show of resistance began last Spring. At that time, physicists at two major universities—the University of Illinois at Urbana-Champaign and Cornell University—independently began circulating pledges to refuse to solicit or accept money from the Strategic Defense Initiative Organization. As soon as the fall semester started, copies of the petition quickly spread to other campuses.

The first results of the nationwide petition drive are now in. At 9 of the top 14 physics departments, the pledge has been circulating for at least several weeks. Already 65 percent of the faculty from those 9 top departments have signed the pledge. Circulation at the other five top departments started this week. (See the special update sheet for details, contacts and last-minute returns.)

Already, more than 1,200 faculty and senior researchers have signed this pledge—and that number is growing rapidly.

Two years ago, President Reagan called upon American scientists to build a defense system to render nuclear weapons impotent and obsolete. Today we're giving him our reply: Mr. President, it simply won't work. The answer to nuclear war lies not on the drafting table but on the negotiations table—in peace talks with Mr. Gorbachev.

We have three major technical objections to Star Wars.

First, hair-trigger laser and particle-beam weapons would have to be managed by computers of unimaginable reliability. The public, which is accustomed to glowing accounts of computer marvels, may not realize that the star wars computer would have to be truly miraculous. It would require 10 million lines of computer code, which could not be reliably tested except during an actual nuclear conflict. Any computer expert can testify that no computer program, even one 10,000 times smaller, runs correctly the first time. Yet the Star Wars system would have to work correctly the first time—it wouldn't have a second chance to prevent the destruction of the North American continent.

We do not exaggerate when we say that the system would require a mountain of computers, weapons and software that would put Rube Goldberg to shame. Yet if this vast system failed to destroy even a small percentage of incoming ICBMs, then the United States would be reduced to radioactive ashes.

Second, Star Wars would provide no defense against cruise missiles and submarine-launched missiles flying at low altitude. Yet these weapons too could destroy our population.

Third, Star Wars would have to operate against offensive systems with gigantic overkill capacities which can be readily expanded. Multiple warhead missiles and decoys place absurd demands on a defensive system. In a full scale attack, even at current levels, 10,000 warheads would be launched and they could be augmented with 100,000 decoys at little cost. One or two hundred warheads, i.e. 1 or 2 percent, would destroy the United States as a functioning society. It is absurd to gamble our existence on the perfect functioning of exotic, unreliable technological fantasy weapons.

Because claims that Star Wars would render nuclear weapons "impotent and obsolete" are a transparent fraud, we must look at what the program actually will do—and there we find grave danger.

First, Star Wars would violate the ABM treaty of 1972 and accelerate the offensive and defensive arms race. The weapons it produces, useless to defend people against a first strike, will include antisatellite devices and weapons to disrupt command, control and communications. As observed by the Congressional Office of Technology Assessment, such weapons would be useful only if the United States attacked first.

Second, Star Wars would be an economic boondoggle of the first order. Deployment of the system has been estimated to cost one or two trillion dollars. Each American household would have to contribute over $10,000 towards its completion. Since recent ICBM systems have cost $200 billion, the Star Wars program would cost the taxpayer about 10 times as much to shoot down a missile (or try to!) as it would cost to launch—an invitation to the Soviets to massively expand their offensive arsenal. The program would tie up scarce scientific and engineering talent at a time when it is needed to maintain American competitiveness in the world economy.

Hence, we scientists have agreed that Star Wars must be stopped. By publically pledging to turn down the largest source of easy money that science has ever seen, during a period when science funding is not lavish, we hope to prevent a major step towards a nuclear catastrophe. We call on Congress to eliminate this deadly program from the Federal government.

Our movement is an unprecedented reaction to an unprecedented threat. Hence we plan to continue circulating the pledge at physics departments across the nation. This coming Spring, we will release additional results of the petition drive to coincide with the congressional debate on Star Wars.

We call on the nation's engineers, computer scientists and chemists to join us in this movement. Some of them already have. The drive is also attracting support from graduate students, who face the prospect of a job market increasingly oriented toward Star Wars weapons research. In fact, more than 1,100 graduate students and junior researchers nationwide have signed our petition.

THE STRATEGIC DEFENSE INITIATIVE: "STAR WARS"

Articles have been appearing in the technical press in recent months [1] that raise serious questions about the feasibility of a defense that will make strategic nuclear weapons "impotent and obsolete" as envisaged in President Reagan's speech of March 23, 1983. Before embarking on a greatly expanded program of research and development that likely will be irreversible, I hope that Congress will establish hearings so that the arguments pro and con and the description of what is contemplated can become better known to both the Congress and the general public. The program has not been subject to the scrutiny one would expect of a major new initiative.

President Reagan prepared his speech with no prior consultation either with technical experts in the Pentagon concerned with research in the area or with his own Science Advisor, Jay Keyworth. I was a member of the White House Science Council at the time. Although we met only a few days before the speech was given, and had a panel looking into some of the technology, we were not consulted. We met on a Friday and left for home. Keyworth first heard about the planned speech late that afternoon and sent telegrams to some of the Council members involved to return to Washington on Saturday. With the speech scheduled for the following Wednesday, there was no time to make more than minor changes.

While Keyworth has since been a supporter of the program, there are few scientists either within or without the administration who feel that Reagan's dream of protecting cities and making nuclear weapons obsolete is feasible in the forseeable future. The Pentagon wants to protect missile sites (particularly the MX missile) with protection of cities a distant goal. The national weapons laboratories (Los Alamos and Livermore) would have an exciting new project with unlimited funding. The aerospace industry would have a new lucrative program. So, in spite of the doubts, there is no lack of supporters.

While the Strategic Defense initiative is supposed to be a research program, the projected funds are larger than the entire amount spent by the government for all non-military research, including the National Science Foundation (the main supporter of university research) and the National In-

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[1] e.g. IEEE Spectrum, September, 1985; Physics Today, June, 1985.

stitutes of Health. At a time when our civilian economy needs all the help it can get to remain competitive in world markets, the best scientific and technical brains in the country may be drawn off to work on a project of dubious feasibility.

Perhaps the country can afford the 30 billion dollar gamble against long odds in monetary terms, but not in the diversion of the top talent of scientific manpower to nonproductive ends. The Apollo program in the early sixties was a great technical achievement, but the cost was far greater than the dollars spent. It was during the sixties that the aerospace industry expanded rapidly to meet military and space needs and drew the scarce top technical talent from both the United States and Western Europe. Consumer-based industries could not compete for talent, leaving Japan to establish a lead in the civilian electronics market and in other areas. Since then, the lead has expanded. The aerospace industry grew larger than could be sustained in the long run. Within a decade engineers with training ill-suited for consumer products were being laid off.

The projected 25-30 billion dollars for the initial research phase of the SDI would make a similar large perturbation on research and development in this country. Before embarking on the program, Congress should make a careful study of the costs, the risks involved, and the potential benefits.

JOHN BARDEEN.

BIOGRAPHICAL NOTE CONCERNING JOHN BARDEEN

John Bardeen is Professor Emeritus of Physics and Electrical Engineering at the University of Illinois at Urbana-Champaign. He twice received the Nobel Prize in Physics, in 1956 and 1972, for inventing the transistor and discovering the theory of superconductivity. Professor Bardeen is a member of the National Academy of Sciences and of the National Academy of Engineering, as well as being a Fellow and past President of the American Physical Society. Among the honors he has received are:

The Medal of Freedom; the National Medal of Science; election to the National Inventors Hall of Fame; the Buckley Prize of the American Physical Society; the Medal of Honor of the Institute of Electrical and Electronics Engineers; the Fritz London Award; the Founder's Award, National Academy of Engineering; the Washington Award of the Western Society of Engineers; foreign membership in the Royal Society of Great Britain; foreign membership in the Indian National Science Academy; foreign membership in the Japan Academy; foreign membership in the Academy of Sciences, USSR; foreign membership in the institute of Electronics and Telecommunications, India; honorary life membership Phi Kappa Phi.

STATEMENT FROM PROFESSOR ZELLMAN WARHAFT, SCHOOL OF MECHANICAL AND AEROSPACE ENGINEERING, CORNELL UNIVERSITY, ITHACA, N.Y.

As of October 18th, 1985, 128 out of a total of 253 faculty members in physics, astronomy, chemistry and engineering at Cornell have signed the pledge ". . . neither to accept S.D.I. support nor work on projects funded by S.D.I. . . ." This represents 50% of the relevant faculty and includes Nobel laureates Hans Bethe and Ronald Hoffmann, and astronomer Carl Sagan. 555 research staff and graduate students have also signed the petition.

Such a petition is unprecedented. Never before have physical scientists and engineers taken such a stand on a public policy issue. It is a watershed in the history of modern technology. In particular, 76 engineering professors at Cornell in the fields of electrical engineering, mechanical engineering, chemical engineering, computer science, materials science, and theoretical and applied mechanics have signed the petition. Engineers in the past have been specially conservative concerning public policy issues. The engineers role in SDI is crucial in such areas as laser technology, advanced materials, atmospheric physics and propulsion systems.

Major reasons for signing the petition are:

(1) The project is technically unfeasible both in terms of hardware and computer software.

(2) It will cause a massive build-up of arms and thus be destabilizing in terms of the arms race.

(3) It can be counteracted by means of cheap space mines using existing technology and by fast-burn ICBM's. Moreover it does not protect against Cruise Missiles or other methods of nuclear weapons deployment.

(4) There is concern about initially unclassified projects becoming classified as research progresses. Cornell does not accept classified research money.

Many engineers and physicists who have signed the petition accept money from other DOD departments. By signing this petition they are making a clear statement against this particular project. Furthermore, they are signing at personal cost to their research projects. Civilian research money, e.g. NSF, is either remaining static or even on the decline while defense R&D money has increased from 43% of the total R&D government funding in 1980 to 70% in 1985. This is seen by many as the domination of defense-oriented research at the expense of important research in other areas. Both the goal-oriented aspect of SDI money as well as the increasing reliance on single sources (defense) money is seen as a threat to academic independence by many researchers.

Recently, advocates of SDI have suggested that even if the project does not work there will be significant spin-off to the society. Why, then, does the government not fund potentially important projects such as advanced electronics, advanced materials and software research directly rather than putting them under the umbrella of a mission-oriented, destabilizing project like SDI? It is noteworhy that Japan spends less than 1% of its total government R&D budget on defense.

Finally, the unprecedented role of engineers and scientists in signing the petition is of immense significance. Any complex project (the Manhattan Project and the Apollo Project come to mind) must have the single-minded attention of the cream of its technological community for it to be a success. Today we are stating that this community is strongly divided.

OUTSTANDING SIGNERS OF THE PETITION

Below is an incomplete list of some of the better-known signers of the petition.

PHYSICISTS

John Bardeen (U. of Illinois at Urbana-Champaign): winner of two Nobel Prizes.

Hans Bethe (Cornell): Nobel laureate.

Phillip W. Anderson (Princeton): Nobel laureate.

Steven Weinberg (University of Texas at Austin): Nobel laureate.

Sheldon Glashow (Harvard): Nobel laureate.

Edward Purcell (Harvard): Nobel laureate.

Val Fitch (Princeton): Nobel laureate and president-elect of the American Physical Society.

Jim Cronin (U. of Chicago): Nobel laureate.

Subrahmanyan Chandrasekar (U. of Chicago): Nobel laureate.

Owen Chamberlain (Univ. of Calif. at Berkeley): Nobel laureate.

Leo Kadanoff (U. of Chicago): winner of Wolff Prize (this prize is awarded by Israeli Knesset for scientific research; it is widely regarded as a precursor to the Nobel Prize); also a MacArthur Professor.

Anthony Leggett (U. of Illinois at Urbana-Champaign): MacArthur Professor.

Larry Smarr (U. of Illinois at Urbana-Champaign): Director, National Center for Supercomputing Applications.

David Lazarus (U. of Illinois at Urbana-Champaign): Editor-in-chief of American Physical Society.

Edward Witten (Princeton): MacArthur fellow.

Frank Wilczek (Univ. of California at Santa Barbara, Institute for Theoretical Physics): MacArthur fellow.

CHEMISTS

Linus Pauling (Big Sur, CA.): winner of two Nobel Prizes.

Ronald Hoffman (Cornell): Nobel laureate.

S. I. Weissman (Washington University in St. Louis): Manhattan Project group leader, member of National Academy of Sciences.

Arthur Wahl (Washington University in St. Louis): co-discoverer of plutonium.

Peter Wolynes (U. of Illinois at Urbana-Champaign): winner of Pure Chemistry Award from American Chemical Society, 1985.

THE 2D OF THE 222D FIELD ARTILLERY BATTALION

● Mr. GARN. Mr. President, I would like to offer my congratulations today to the 2d of the 222d Field Artillery Battalion, located in Cedar City, UT, for receiving the Walter T. Kerwin, Jr., Readiness Award. The readiness trophy is awarded annually to the most combat ready unit of the National Guard in the Nation.

The Kerwin Award is awarded according to the size of the squadron and the status of the unit based on its last evaluation. The 2d of the 222d was selected above all other National Guard units, by a board, held at forces command, consisting of a general officer and six colonels. This unit was selected for its outstanding combat readiness and the manner in which it met its post mobilization requirements.

This unit has demonstrated its outstanding capabilities in several ways. It received four times, the Milton A. Reckord Trophy, which is a prerequisite for the Kerwin Award. This trophy is awarded for the most outstanding battalion size unit in the 6th U.S. Army area. The unit also received

the No. 1 Community Support Award for the Nation in 1973, along with the National Guard Bureau Meritorious Service Award.

The 2d of the 222d Field Artillery Battalion has a long history of service. It is an outgrowth of the Nauvoo Legion, which was organized on February 3, 1984, in the State of Illinois. Services rendered by this unit include involvement in the Mexican War, the Civil War, World War I, World War II, and the Korean war, for which it received the Presidential Unit Citation.

This battalion also has a very noteworthy heritage. There are numerous instances where father and son, brothers, cousins, and uncles are serving side by side. In fact, it is not uncommon for a unit to be commanded by a son, with the father as first sergeant and the brother as unit clerk. The battalion credits much of its success to the close family ties which exist in each battery.

Today the unit consists of 24 officers, 2 warrant officers, and 564 enlisted individuals. The unit is commanded by Lt. Col. Randy J. Ence.

I am proud and honored to have such an outstanding National Guard unit in the State of Utah. I am sure my colleagues will join me in commending Lt. Col. Randy J. Ence, and the members of the 2d of the 222d Field Artillery Battalion for their exemplary service to our country.●

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR THURSDAY

RECESS UNTIL 9:30 A.M.

Mr. SIMPSON. Mr. President, this material has been cleared with the minority leader. Therefore, I ask unanimous consent that once the Senate completes its business today, it stand in recess until 9:30 a.m. on Thursday, November 21, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. SIMPSON. Mr. President, following the two leaders under the standing order, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond 10 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. SIMPSON. Mr. President, following morning business, the Senate will resume consideration of S. 1714, the farm bill. Votes are expected throughout the day and into the evening.

It is the majority leader's intention to very diligently try to complete action on the farm bill prior to the joint session scheduled for 9 p.m. tomorrow. I believe the majority leader has also indicated what the schedule may be if we do not complete that activity.

Mr. President, for the benefit of our colleagues, tomorrow night we have the address to the joint session of Congress by the President of the United States. Therefore, we will assemble in the Senate Chamber at 8:45 p.m. tomorrow and leave at 8:55 p.m., to arrive at the House Chamber at 9 and be seated for the President's address, which will begin at approximately 9:20 p.m.

APPOINTMENT OF ESCORT COMMITTEE

Mr. SIMPSON. Mr. President, I ask unanimous consent that the President of the Senate be authorized to appoint a committee on the part of the Senate to join with a like committee on the part of the House of Representatives to escort the President of the United States into the House Chamber for the joint session to be held Thursday, November 21, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. SIMPSON. Mr. President, there being no further business, pursuant to the previous order, I move the Senate stand in recess until 9:30 a.m. tomorrow.

The motion was agreed to; and, at 11:32 p.m., the Senate recessed until tomorrow, Thursday, November 21, 1985, at 9:30 a.m.

EXTENSIONS OF REMARKS

BACON CRUSTY BUT BIG HEARTED

HON. GEORGE (BUDDY) DARDEN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DARDEN. Mr. Speaker, Georgia's Seventh District lost a distinguished citizen recently with the death of Arthur T. Bacon, mayor of the city of Smyrna.

I had the honor of serving Mayor Bacon first as district attorney of Cobb County, then as a member of the Georgia House of Representatives and, finally, in the U.S. House of Representatives.

Mayor Bacon truly was an outstanding community leader, serving three terms as mayor of Smyrna, two terms on the Smyrna City Council and several years on the Cobb County Zoning Board. In each office, he worked tirelessly to benefit the people he served.

And, as one of Mayor Bacon's friends said just after his death, "He didn't change for anybody * * * Arthur was just Arthur."

To better acquaint Members of the House of Representatives with the spirit and personality of Mayor Bacon, I would like to submit two articles from the Marietta Daily Journal.

BACON CRUSTY BUT BIG-HEARTED

(Editor's Note: The following remembrance of Smyrna Mayor Arthur Bacon was written by Marietta Daily Journal Associate Editor Bill Kinney, who attended Marietta High School with Bacon in the late 1930's.)

The girls at Marietta High School called Arthur Bacon "Shirley" because he had pretty, curly blond hair like child star Shirley Temple.

The boys addressed him as "Mr. Arthur" because at 22, he was the oldest senior on campus and could handle us all.

Arthur lettered in four sports and in 1939 was named by the student body as "Mr. M.H.S."

Marietta then was the only high school in the county having a football team, and Arthur's $10 monthly tuition—charged students living outside Marietta—was paid by "Friends Of The Blue Devils." Clothier Johnny Walker and shoe store owner Luther Coggins dressed Arthur and other gridders free.

Smyrnans of that era who played on Marietta athletic teams were Max Parnell, Bill Reed, David Settle, Bill Lemmon and Albert Brawner. They rode the trolley or hitchhiked from Smyrna.

Like many other depression time boys, Bacon enlisted in the Marietta National Guard unit. A private drew $17 for the twice monthly drills. That was a lot of bread in the late '30s.

Arthur went from Marietta High to Oglethorpe College on a football scholarship. Shortly afterward, Hitler invaded Poland and Arthur's 214th Coast Artillery Unit (anti-aircraft) was shipped off to Camp Stewart, near Hinesville.

Bacon amassed a fine war record, being decorated and getting a battlefield commission in Battle of the Bulge while serving with the 78th Infantry Division. Bacon was taken prisoner one day, then helped imprison his captors the next.

Directing fire from an observation post on a column of German tanks, Bacon's outfit suddenly was surrounded by enemy troops, disarmed and imprisoned in a big pillbox.

When the battle tide switched the next morning, Bacon and his captain, Alvin Murphy, who spoke German, persuaded the Nazis that all would be killed in the pillbox if the Germans didn't surrender to them. So the entire company of Germans then capitulated.

Several weeks later, Bacon was decorated and promoted from staff sergeant to second lieutenant.

Bacon was wounded in action three times. On once occasion, he was sent to Paris for rest and relaxation. Knowing fellow Smyrnan Capt. James Pressley was there, Bacon set out to find him one night.

Noting a staff car with his old anti-aircraft symbol on the side, Arthur hailed it, stuck his head in the window and nearly rubbed noses with an angry colonel.

Using the same persuasion that later got him elected to public office five times, Bacon got the colonel to put him in touch with Pressley.

At war's end, Bacon married Dorothy Moseley, an Army nurse. Being a first lieutenant, she outranked Bacon. It wasn't until Bacon was recalled in 1950 and promoted to captain during the Korean War that he finally outranked his wife.

Bacon's good wife, to whom he was loyal and devoted, nobly lectured Arthur for years about smoking, tippling and swearing—all to no avail.

Dorothy blames me for getting Arthur into the 1976 mayor's race. Bacon invited me to come by his house to see his flourishing vegetable garden and his bees.

"This garden about stands between us and starving," allowed Bacon, adding jokingly, "I'm too proud to take welfare and too scared to steal." This was at the height of the real estate crunch and Bacon's firm wasn't moving much property.

"Get into politics again and run for mayor," I said tongue in cheek. "I'll put in my column you're thinking about running." When the column appeared, Bacon's phones started ringing and he decided to run, much to his wife's chagrin.

When Bacon ran again for mayor in 1981 after a self-imposed four year layoff, he faced a tough foe. Arthur engaged public relations expert Parks Rusk to run his campaign.

Election day, a worried Rusk asked me to accompany him on a visit to Arthur's headquarters in mid-afternoon. "Where's Arthur?" Rusk asked an aide. "In the back room," the aide replied, pointing out a closed door.

Expecting to find Bacon mapping last-minute vote-getting strategy, upon entering we found Arthur sound asleep in a big rocker!

Every time Bacon ran, parties unknown got out rap sheets against him, usually charging Bacon changed jobs a lot, wasn't an articulate speaker or proper dresser. Those digs didn't bother Arthur.

The one that did was the cut that while American Legion manager, he wasn't good at tending bar. "Hell, how does that fellow know?" snorted Arthur. "I've never poured him a drink."

"There isn't anything I've every done that I'm ashamed of," he replied. "There isn't anything I've done that most folks in Smyrna don't already know about."

That kind of simple honesty marked the man.

Arthur was a crusty individual, but underneath that veneer was a colorful, friendly, big-hearted man who would do anything for you. As mayor, he'd listen to you.

When St. Peter greeted Arthur at the Pearly Gates Saturday night, Arthur probably stuck out one of his over-sized hands, smiled and exclaimed: "Damm glad to meet you Pete."

SMYRNA BURIES BACON

(By Salynn Boyles)

Shortly before his death Arthur Bacon left his pastor instructions on how his funeral was to be conducted—he wanted it kept short.

"He instructed me that when the last person walked in and was seated on the front pew the people in the last pew should start getting up to leave," the Rev. Al Turnell told the standing-room-only crowd packed into the Smyrna First United Methodist Church.

Under a gray sky and light rain, about 1,300 local dignitaries, friends and family members gathered Monday afternoon to say goodbye to Mayor Arthur Tripplett Bacon—a man who lived in and served the city of Smyrna for the greater part of his life.

Bacon died Saturday night at Kennestone Hospital after a seven-month battle with lung cancer. He was 68.

The service, held to just under 40 minutes, included references to Bacon's caustic wit and unpretentious style.

"Arthur was one of those people for whom we shall keep tears in our eyes and a smile on our lips long past today," Turnell said.

Arthur Bacon was always Arthur Bacon, Turnell told the mayor's friends, whether he was talking to a preacher or a fishing buddy.

"We ministers go through much of our life being held out by people," Turnell said. "Often times when we enter a room we can hear people say, 'watch it boys here comes the preacher'—not Arthur Bacon. I thank him for letting me, his pastor, into his life where he really lived."

Turnell hailed Bacon as a great civic leader who dealt as effectively with the upper echelon as the common man.

"He belonged to this community in a unique way," Turnell said of the man who served three terms as mayor from 1976–78 and from 1982 until he died. Bacon also served on the Smyrna City Council from 1970 until 1973 and was on the county plan-

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

ning and zoning board for four years in the early 1970s. At the time of his death, he owned a real estate firm with partner Bill Moore of Smyrna.

"He was a leader who knew how to lead in simple ways, powerful ways and honest ways."

Past and present members of the Smyrna City Council and other Smyrna officials sat opposite family members in the front pews during the service.

Bacon's wife Dorothy was surrounded by sons Max and David, daughters Jenny Ruth Black and Linda Keeny, and other family members.

Local dignitaries present included state Reps. Bill Atkins, Steve Thompson, Johnny Isakson, and Frank Johnson, state Sen. Jim Tolleson, Cobb commission Chairman Earl Smith, county manager Jim Miller, and Marietta Mayor-elect Vicki Chastain.

Close to 30 wreaths lined the sanctuary of the church leading to the flag-draped casket. As the casket was carried from the church by Bacon's nephews, the organist played "The Battle Hymn of the Republic" and "America the Beautiful," favorites of the World War II veteran who participated in the Battle of the Bulge and the D-Day Invasion. Members of the American Legion Post 160 saluted as the casket was carried from the church.

Before the trip to New Smyrna Cemetery where Bacon was to be buried, the funeral procession made one last pass through downtown Smyrna—past City Hall on Bank Street and the late mayor's home one block away. The ladders of two fire trucks were extended and crossed to form an arch over Bank Street in front of City Hall.

Friends echoed Turnell's words Monday, remembering Bacon as a man of unfailing humor who never put on airs.

"He was sometimes wrong, but never in doubt," said 7th District Congressman Buddy Darden, who was in Washington and unable to attend the funeral.

"Arthur was just Arthur," said lifelong friend James Pressley, who met Bacon when he was 7 years old. "He didn't change for anybody. I'll miss him."

"You always knew where you stood with him," said Atkins, R-Smyrna, who ran a Smyrna pharmacy which served as the hangout for local leaders until it closed 12 years ago.

"Up until a few years ago he liked to cuss Republicans," Atkins said. "He used to tell me, 'You're all right, Bill, but you're a damned Republican.' "

Smyrna city clerk Willouise Spivey, who worked with Bacon for 10 years, expressed a sadness echoed by many Monday over the loss of a good friend.

"It will seem really odd and lonesome around here knowing he won't be in," she said.

DEATH PROMPTS INQUIRY INTO WAIT AT HOSPITAL

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. CLAY. Mr. Speaker, quality health care for indigents in St. Louis is a glorified myth. Patients are being turned away for inability to pay by the Regional Medical Center. At least one person, possibly others, have died as a result of St. Louis Regional Hospital's derelict policy which makes emergency patients wait an unreasonable amount of time for medical treatment.

As the representative of the congressional district where this unconscionable scheme is unfolding, I am appalled that such a travesty is permitted.

An article from the November 18, 1985, St. Louis Post Dispatch is attached for your consideration:

[From the St. Louis Post-Dispatch, Nov. 18, 1985]

DEATH PROMPTS INQUIRY INTO WAIT AT HOSPITAL

(By Bill Smith)

Officials at St. Louis Regional Medical Center are investigating the death of a man whose brother and a friend say waited at the hospital for 90 minutes without treatment.

The victim, Ivory "Ike" Herron, 20, of 1600 South 14th Street, died of a ruptured appendix at 3:07 p.m. Friday at The University Hospital, 1325 South Grand Boulevard, a hospital spokesman said.

The hospital spokesman, Joseph Unger, said that Herron's heart had stopped, and that he was not breathing when he was taken by ambulance to the hospital.

Herron died about 12 hours after he left St. Louis Regional Medical Center. Herron's brother said he and a friend had taken the sick man to the center after complaints of stomach pains, the brother said.

"We feel pretty confident the system was working, but we're going to kick it around tomorrow and make sure nothing went wrong," said Christopher Ronnau, the director of the emergency room at the regional center.

Ronnau said Sunday that he intended to meet today with the head nurse at the center. He also intends to meet with the nurse who was in charge of the emergency room last Thursday night and Friday morning.

But Ronnau said, "I don't know what else we could have done."

Herron's brother, Kyle, 18, said that he and a friend, Darryl Murray, had taken Ivory Herron to the regional center about 1 a.m. Friday, where they told a receptionist that Herron was suffering from "intestinal flu."

"We took Ivory to the front desk," Kyle Herron said. "We put him in a wheelchair because he couldn't walk; he was going blind."

Kyle Herron said that neither he nor Murray had alerted the hospital staff to Ivory Herron's acute pain.

Another friend, James Weaver, said that he had taken Ivory Herron home from the hospital about 2:30 a.m.

Ivory Herron "said he just couldn't take it any more," Weaver said. "He really needed to lie down from the pain."

An ambulance was dispatched to Herron's home at 11 a.m. Friday when it appeared that his condition had worsened.

Kyle Herron defended his decision not to notify hospital officials of the severity of his brother's condition. "Anybody could tell my brother was sick," he said. "They just took my name and told us to go sit in the waiting room.

"They should have been more aware. The hospital should have done more for him. I'm not a doctor. I don't know. I only go by what they say, and I didn't want to get into trouble with the guards."

Ronnau said the regional center had continued an emergency room "triage" program that had been started about a year ago at City Hospital.

Under the system, he said, a patient comes into the emergency room and is guided immediately to a triage nurse who gives the patient a number and directs him to a nearby chair.

Patients are called in order of their arrival, unless there is an indication that a patient may have a more severe problem, Ronnau said. If there was an indication of a serious illness such as chest pains, that patient would get treatment before the others, he said.

When a patient's number is called, the nurse gives him a first examination and sends him to another room, where a hospital worker takes personal information. The patient is then treated by a physician, Ronnau said.

Ronnau said most emergency room patients were seen by a nurse within 10 minutes of their arrival at the hospital.

AFL–CIO REQUESTS EPA TO REGULATE ASBESTOS

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. FLORIO. Mr. Speaker, I would like to direct the attention of my colleagues to an important letter I received which underscores the need for promulgating regulations on cancer-causing asbestos. The letter, from the international president of the Service Employees International Union [SEIU], John J. Sweeney, reiterates the fact that millions of workers are risking their health through daily exposure to asbestos in schools, hospitals, office buildings and other public and commercial buildings. Mr. Sweeney's letter transmits an important resolution approved by the AFL–CIO at their October 1985 convention in support of regulating asbestos.

Mr. Speaker, we know that exposure to asbestos has been linked to asbestosis and lung cancer. We know that 8,000 to 10,000 workers are dying of asbestos-related diseases every year. We know that over one-third of the Nation's 100,000 schools and 733,000 other public and commercial buildings pose some type of asbestos hazard. Despite this, the Environmental Protection Agency [EPA] has failed to issue regulations that define when an asbestos hazard exists and direct that abatement procedures occur in a safe and complete manner. EPA's 1982 regulations simply required that inspections for asbestos in schools occur but set no further guidelines and produced confusion and danger.

As chairman of the House Subcommittee on Commerce, Transportation and Tourism, I have chaired a number of hearings investigating the inadequacy of EPA's asbestos program. I am impressed by the wide array of support voiced by various organizations for promulgating regulations and especially by the support of the SEIU and the AFL–CIO. I was pleased to see that one of the resolutions passed by the AFL–CIO at their 16th convention in Anaheim,

CA, expressed support for asbestos regulations and for further funding of school asbestos abatement programs through the Asbestos Hazard Abatement Act of 1984. I am pleased to insert Mr. Sweeney's letter and the AFL–CIO resolution:

SERVICE EMPLOYEES
INTERNATIONAL UNION, AFL–CIO, CLC,
Washington, DC, November 18, 1985.

Hon. JAMES J. FLORIO,
Chairman, Subcommittee on Commerce, Transportation, and Tourism, Committee on Energy, U.S. House of Representatives, Washington, DC.

DEAR MR. FLORIO: The Service Employees International Union continues to be deeply appreciative of your efforts to protect our members and all of our nation's citizens from the hazards posed by asbestos in schools and other public and commercial buildings.

Because of your interest and involvement in this issue, I thought you would like to review the enclosed resolution recently adopted at the AFL–CIO convention.

The resolution specifically calls upon the Environmental Protection Agency to issue the regulations that we have requested in our October 1983 petition and subsequent lawsuit; regulations that would require that asbestos in hazardous condition be abated, and that abatement occur in a safe and complete manner. In the absence of EPA action, this resolution urges the U.S. Congress to consider the same protections through legislation.

We look forward to continuing to work with you and your fine staff to achieve our mutual goal of reducing the threat posed by asbestos in buildings.

Sincerely,

JOHN J. SWEENEY,
International President.

RESOLUTION NO. 204, ADOPTED AT 16TH AFL–CIO CONVENTION, ANAHEIM, CA, OCTOBER 1985

ASBESTOS IN SCHOOLS AND OTHER PUBLIC AND COMMERCIAL BUILDINGS

Exposure to asbestos in buildings may be the leading long-term occupational health risk facing millions of workers in schools, hospitals, office buildings, and other public and commercial buildings.

Evidence that asbestos could cause asbestosis and lung cancer was noted as early as the 1930's, and mesothelioma tumors linked to asbestos exposure in 1943. From "industrial type" exposures alone, it is estimated that eight to ten thousand workers are currently dying from asbestos-related disease every year. Yet, starting in 1946, after the health effects of tons of asbestos was used in the construction of schools and other buildings for fireproofing, insulation and decoration.

Scientists have confirmed the grave danger posed from peak air concentrations of asbestos present in buildings. When asbestos-containing materials are disturbed by normal air currents and building vibrations, combined with asbestos deterioration caused by age, millions of invisible fibers are released into the air. During maintenance, renovation, construction or demolition work, air concentrations of asbestos fibers can go much higher.

A regulation was promulgated by EPA in 1982 requiring inspection for asbestos in schools—but there are still no companion regulations that define when an asbestos in buildings hazard exists, require that abatement occur, nor require that when abatement does occur that it occur in a safe and complete manner, as outlined in a lawsuit filed against the Environmental Protection Agency by the Service Employees International Union.

Recent surveys by EPA confirm that friable asbestos hazards in buildings are much more widespread than originally thought—now estimated to involve a third of the nation's 100,000 schools and 733,000 other public and commercial buildings.

Recent evidence obtained by SEIU through their EPA lawsuit and made public through a series of Congressional Hearings indicate that the EPA asbestos program may actually be increasing the risk to workers and the public by advocating abatement, but failing to issue regulations to prevent widespread instances of haphazard abatement activities that are actually making the situation worse.

Asbestos hazards can be very expensive to control, with school boards and other local authorities unable to finance needed abatement activities. Congress has passed the Asbestos School Hazard Abatement Act of 1984 and has thus far appropriated $105 million of this $600 million grant and loan program.

Many state governments have acted on their own to enact and continue to consider state regulations and legislation to require abatement, certification of abatement contractors and provide funds.

The AFL–CIO calls upon the Environmental Protection Agency to issue regulations, and in the absence of EPA action urges the U.S. Congress to consider legislation, applying to all public and commercial buildings, that requires inspection, defines hazardous asbestos situations, and requires that such situations be abated in a safe and complete manner.

We also urge the Congress to continue to appropriate monies annually to provide grants and loans to schools through the Asbestos School Hazard Abatement Act of 1984.

We further encourage state governments to continue to enact their own regulations and legislaiton to require inspection and abatement of asbestos hazards in all buildings, certification of abatement contractors and provide adequate funds for such activities.

NEW WELFARE STRATEGIES

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, November 20, 1985, into the CONGRESSIONAL RECORD:

NEW WELFARE STRATEGIES

Ask a Hoosier what he or she would like to see in a welfare program, and the answer will be a program to get welfare recipients off the relief rolls and into paying jobs. New "workfare" programs are raising hopes we can do just that.

The idea of requiring welfare recipients to work for the support they get has been around for at least 50 years. Until recently, however, support for the ideas was limited. Critics of workfare charged that making welfare recipients do public service work for their benefits is punitive and amounts to little more than "make work" that puts welfare recipients in dead-end jobs without giving them the skills they need to break their dependence on welfare. Now, however, most policy makers embrace the idea that welfare recipients want to work and that government's goal should be to help them to do so. The focus of the debate has shifted from "should we have work programs?" to "how do we make them most effective?"

Since 1981, when Congress gave states the option to set up workfare programs in which recipients "pay back" benefits by doing public service jobs, about half the states have done so. Other states have voluntary programs that focus less on working in exchange for benefits and more on long-term employment. In some states, for example, adults without young children who apply for welfare must enter employment training, seek private sector jobs, or work for the government as a condition for receiving support. Many officials also favor a variety of approaches instead of forcing all individuals into public or nonprofit-sector jobs. Increasingly, states provide remedial education, vocational training, child care, and coaching in job hunting skills.

In most states, workfare programs are still experimental and are limited to a few counties and to small subgroups of those eligible, largely because of financial, administrative or geographical limits. Because the programs are so new and differ so widely, it is difficult to draw general conclusions. Some early results from the new programs are promising. For example, about 60% of unemployed fathers participate in West Virginia's new program. In some areas, participation is as high as 80%. More important, about 80% of the participants thought the requirement that they pay back their benefits was fair and felt that the jobs they were doing were important. Other states, such as New York and California, report similar successes.

Workfare still has problems. Some claim that even the new programs do not sufficiently emphasize job training and, as a consequence, will not move welfare recipients into the regular work force. Because we already have a large number of unemployed people, and because so many people on welfare have had little or no work experience, it is hard to put participants in paying jobs.

Many adults are also exempt from participation. For example, in many states parents with pre-schoolers are exempt from the work requirement because of day care costs. These parents may lose useful experience and training. Also, some workers who travel considerable distances to their workplaces are sometimes exempt because of the cost of transportation.

Local government employees contend that programs requiring welfare recipients to work in public jobs threaten their jobs. They fear that local governments will use workfare as a cheap alternative to hiring regular employees for low-skilled jobs, replacing the permanent work force and shifting employed individuals into unemployment.

Work programs are also expensive. The administrative costs of the program exceed the savings in some states. Some welfare directors think it is cheaper and easier to give people checks and let them go home. When all the costs and benefits are examined, there are many who say that workfare is not such a great idea.

The President wants to require all able-bodied welfare recipients to work. I like the idea of setting standards for those who receive aid. For example, in return for support, adult welfare recipients should work

and perhaps meet other minimum standards of conduct. My feeling is that we should let states experiment to find programs that are cost-effective and improve the employment prospects of the participants over the long haul. Because of the variety of people in the program and differing conditions in each state, no single approach can be expected to work in every state. States need significant flexibility to determine how their work programs should be structured, what percentage of those eligible for welfare should be required to participate, and how much money meaningful programs require and where the money will come from.

Adding a new work element to the welfare program is an important step forward, but it is not a magic alternative to the welfare state. It seems to me that programs being developed in several states are promising and deserve our support, but they are only one component in an array of work-related programs that a state could have to address their problems. It will take some time to find out if large scale programs are feasible and whether participants in the programs get jobs in the private sector. There is still a lot to be learned about the idea, and it is important for all of us to keep an open mind.

For now, states seem committed to the idea of a welfare system that reduces long-term dependence on government benefits. State officials are optimistic about the increased self-esteem, independence and greater public confidence in the welfare system the new programs could bring. The real test of success is the number of people who move permanently off welfare into the workforce. If the new programs reduce the number of people receiving welfare, we can direct some of the resources to those who are unable to work. That would be both good government and good politics.

CIA DIRECTOR, SEISMOLOGIST, SAY CTB VERIFIABLE

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. MARKEY. Mr. Speaker, in testimony before the arms control and disarmament panel of the House Armed Services Committee, William Colby, Director of Central Intelligence during the Nixon and Ford administrations, and Dr. Lynn Sykes, a member of the U.S. delegation that negotiated the Threshold Test Ban Treaty in 1974, both testified to the verifiability of a comprehensive ban on nuclear testing. I would like to bring Mr. Colby's statement, and a summary of Dr. Sykes' statement to the attention of my colleagues.

The statements follow:

TESTIMONY OF WILLIAM E. COLBY, DIRECTOR OF CENTRAL INTELLIGENCE (1973-76) NOVEMBER 20, 1985

Madam Chairman. Thank you for this opportunity to present my views on arms control and its implications for our defense and national security. I will offer in my opening statement only a short summary of my views and will try to be responsive to any questions or on any subjects you might raise.

My position is very simple. The nuclear arms race itself is increasingly dangerous to the security and safety of our nation. The new weapons being developed pose new and more volatile threats of devastation while the resources they command divert our attention and efforts from other matters which can adversely affect our safety and well being, from the massive budget deficit with its implications for our economy and trade to the Latin debt with its potential for demogogy and turmoil immediately South of us.

The best way to stop the arms race is simply to stop it. It is of course true that the existing levels of these dread weapons can destroy all of us many times over, but a freeze in the race would give at least the opportunity to undertake the difficult negotiations which could lead to their reduction. A ban on further testing would also arrest the process of developing new forms of these weapons and release that pressure from negotiations for reduction of the present levels.

Arms control negotiations suffer three burdens. It is difficult to design steps on the two sides which are equivalent reductions in themselves or which produce equivalent balances of remaining weapons, in view of the different ways in which the two sides have structured their forces. The ideological and national differences of the two sides produce statements and actions in the negotiating and other forums which raise questions whether agreements can or should be reached between them. And the United States is quite properly insistent that any agreements with the secretive Soviet Union be fully verifiable.

Difficult as these may be, they can be overcome with will and intelligence. The Soviets have made very substantial offers in recent months indicating a desire for a mutual ending of the arms race, which is of course very much in their interest, as it is in ours. The small print in these offers is frequently loaded or unbalanced, but these details could be negotiated into acceptable balance if the offers were prosecuted seriously rather than rejected immediately.

There is little hope of resolving the fundamental differences between the two societies, but a formula of equal restraints and equivalent reductions would assist in the process of adjusting to the other's coexistence on the Earth, and mutually limiting both's ability to destroy it and itself.

And these agreements can be made verifiable. The sweep of our intelligence capabilities today will monitor Soviet military activities whether there is an agreement between us or not, because we must do so. And we do a very good job, as many Members know from their classified briefings. We have not experienced a strategic surprise from Soviet weaponry since Sputnik in 1957, but rather benefit from literally years of warning about some potentially dangerous development such as the Krasnoyarsk radar. The difference with an agreement is that we can communicate about a new development and in many cases obtain a change in Soviet behavior or clarification that a suspected activity is in fact not a violation. And an agreement offers the possibility of cooperative actions by the Soviets such as exchange of data, black boxes or other technological sensors and even inspection visits. The main requirement is that we keep in mind that verification is not an element of a legal process, but that its object is to protect our country against strategic surprise. It is quite clear that our intelligence capabilities will point out any significant threat, whatever the chance that some marginal variation may not be immediately identified.

The Soviet Union will never be easy to negotiate with, Madam Chairman, but patience and resolve to end the arms race and reduce the present nuclear threat can be accomplished. This will not end the Soviet-American contest and tensions, but it could limit them to arenas less devastating to us all.

TESTIMONY BY LYNN R. SYKES BEFORE SPECIAL PANEL ON ARMS CONTROL AND DISARMANENT, COMMITTEE ON ARMED SERVICES U.S. HOUSE OF REPRESENTATIVES, NOVEMBER 20, 1985

INTRODUCTION AND CONCLUSIONS

Chairman Byron, members of the committee, I address you today as a scientist who has been involved in the detection and identification of the testing of nuclear weapons for the past 24 years. I am the Higgins Professor of Geological Sciences at Columbia University. I was a member of the U.S. delegation that negotiated the Threshold Test Ban Treaty with the Soviet Union in 1974. I have been a member of several U.S. Government panels that have examined questions of verification of atomic testing. I am presently a member of a scientific panel for the Department of Defense that examines methodology for estimating the yields of Soviet explosions. I am member of the U.S. National Academy of Sciences and the American Academy of Arts and Sciences. Seismology, my main field of expertise, provides the main tools for verification of a Comprehensive Test Ban Treaty, for ascertaining if the Soviet Union has complied with the 150 kiloton limit set by the Threshold Test Ban Treaty and for making accurate estimates of the sizes of Soviet atomic tests and of weapons emplaced on Soviet strategic systems.

Let me first give you a statement of the major points I wish to make in my testimony:

1. A Comprehensive Test Ban Treaty (CTBT) is verifiable with high confidence down to explosions of very small size. The lower limit of reliable identification can be reduced to about 1 kiloton with a combination of seismic listening posts within the U.S.S.R. and other national technical means such as satellite photography. Recent advances in seismology ensure that attempts to detonate clandestine explosions under a CTBT will be even easier to detect than was thought only a few years ago.

2. An alternative to a Comprehensive Treaty is a Low-Yield Threshold Test Ban Treaty with a threshold limitation of about one or a few kilotons. A Low-Yield Threshold Treaty or a CTBT would drastically curtail the testing and development of a so-called third generation of new atomic weapons.

3. There is now near scientific unanimity on the methodology of correctly estimating the sizes or yields of Soviet explosions. When this methodology is employed, it is evident that the Soviet Union has not violated the 150 kiloton limit of the Threshold Test Ban Treaty. Both the U.S.S.R. and the United States have tested repeatedly near that limit since the treaty entered into force in 1976.

4. It is in our national interest that the Soviet Union not test very large nuclear weapons and thence emplace more lighter-weight weapons on their large intercontinental missiles. The Threshold Treaty and Salt II have constrained the number of intercontinental missiles deployed by the U.S.S.R. and the sizes of the nuclear weap-

ons carried by those systems. In the absence of such restraints, the U.S.S.R. would probably have an asymmetrical advantage in that it could conduct very large underground tests easier than the United States and deploy weapons of either greater yield or greater numbers on their large ICBMs.

5. Both the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET) can be verified with high confidence. U.S. ratification of both of those treaties would constrain the U.S.S.R. by treaty from conducting large nuclear weapons tests.

6. Seismic data now provide accurate estimates of the sizes of large Soviet weapons tests that were conducted in the ten years prior to the Threshold Treaty. The sizes of those tests can be used to estimate the yields of nuclear weapons that were emplaced on Soviet strategic systems in the late 1970's. Those yields are lower than many other published estimates. Hence, the total megatonnage of U.S.S.R. strategic systems does not appear to be much larger than that for U.S. systems as has often been claimed.

7. The main impediments to a Comprehensive Treaty or a Low-Yield Threshold Treaty are neither scientific nor technical but rest on the notion that the security of the United States is best enhanced by continued testing and development of new atomic weapons.

ALL LENIN'S CHILDREN AT THE TOP OF THE SOVIET HIERARCHY

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. COURTER. Mr. Speaker, those in the West who are dazzled by the smooth, unthreatening media performances of Mikhail Gorbachev and the new telegenic Soviet elites would do well to read the following column by George Will. Mr. Will's message is that, for all their new charm, the nomenklatura still worship the incendiary philosophy of V.I. Lenin, the founder of the modern Soviet state and one of the foremost practitioners of state-sponsored terror. Of course, the most graphic and macabre manifestation of this personality cult may be found reposing serenely in the granite tomb in Red Square, but Mrs. Gorbachev's plans to trace Lenin's footsteps through Geneva are further evidence that the modern Soviet leadership still looks to Lenin for spiritual renewal and political guidance. I commend Mr. Will's column to the attention of my colleagues.

ALL LENIN'S CHILDREN

(By George F. Will)

GENEVA.—In a century of steel and war, Switzerland has made industries of chocolate and the pursuit of peace. Above-the-fray Switzerland thinks of itself as unoffending. But it has much to answer for. It was Lenin's haven until Germany sent him in a sealed train to Russia to ignite the revolution that would take Russia out of the war. Germany used Lenin (in Churchill's phrase) "like a typhoid bacillus." It found the disease in squeaky-clean Switzerland.

While in London, Mrs. Gorbachev vetoed a visit to Marx's grave in Hightower Cemetery, preferring to visit the crown jewels in the Tower. But she will go as a pilgrim to Lenin's Geneva haunts. She will be celebrating the man who vowed to purge Russia of "harmful insects" and ordered "shooting on the spot one out of every 10 found idling." He pioneered modern genocide by ignoring individual guilt, enforcing collective guilt against "class enemies," a.k.a. "harmful insects."

The Gorbachev family's division of labor is between theory and practice. She is a university lecturer in "Marxist-Leninist philosophy," which is an oxymoron. He is concerned with practice. While she is genuflecting at Geneva's 10 Rue du Foyer, where Lenin lived with Krupskaya, he will, we are asked to believe, be seeking world tranquility, to enable him to build communism in one country.

The theory, advanced by many Western intellectuals, is that the Soviet elite does not mean what it says when it says, as it constantly does, that it embraces Lenin. He did not believe there could be communism in just one country. He said: "As long as capitalism and socialism exist, we cannot live in peace. In the end, one or the other will triumph." However, there never is a shortage of Westerners eager to assure the West that Soviet leaders do not mean the menacing things they say, that what they really mean is . . .

Today's theory is that Gorbachev wants a respite from the arms race, and especially from one involving technologically exotic defense systems, so he can "solve his economic problems." But it is absurd to say that military spending is causing the regime's economic problems. Military spending is the regime's raison d'être. The regime has never given priority to the comforts of the masses. It has never made a serious effort to provide a Cuisinart in every apartment, or even a separate apartment for every family.

Yet the West's wishful thinkers insist: Gorbachev wants to build communism. Which means . . . what?

In "Travesties," Tom Stoppard's antic play that turns on the fact that Lenin, James Joyce and the Dada artist Tristan Tzara were in Zurich during 1917-18, a character is told that a "social revolution" has erupted in Russia. He asks: "A social revolution? Unaccompanied women smoking at the opera, that sort of thing?" He is told: "Not precisely, sir."

Even communists have had trouble saying precisely, or even vaguely, what communism is supposed to be. Lenin said, with nice concision: "Communism is Soviet power plus electrification of the whole country." If Lenin was right, communism has come to Russia. Is Leninism right? Ask Mrs. Gorbachev, who teaches the stuff.

Lenin liked electrification but loved terror, and said: First things first. Trotsky said: "We shall not enter into the kingdom of socialism in white gloves on a polished floor." Lenin said you do not make an omelet without breaking eggs. He established an egg-breaker: Cheka, the secret police. By 1919, Cheka was killing 1,000 persons a month for political offenses. In the preceding 80 years, the number of executions in the Russian empire had averaged 17 a year.

When the first lady of the Soviet state makes pilgrimages to places made sacred by association with Lenin, she reaffirms the iconographic role of the man who unified the theory and practice of mass murder. She is not a peasant; she is what passes for a philosopher in a society where the humanities are illegal. She knows what Lenin said and did, and what she is doing. Let us do her and her husband the honor of taking them seriously when they say they take Lenin seriously, even reverently.

In 1907 Lenin wrote to his mother from Geneva, saying he was weary but was getting a "wonderful rest" in restful Switzerland: "No people and nothing to do is the best thing for me." Indeed. But by March 1908, he had his pep back. He told a Geneva meeting that during the Paris Commune, the proletariat was guilty of "excessive magnanimity. . . . It should have exterminated its enemies." His placid Swiss listeners probably murmured, "Well, of course, by 'exterminated' he really just means . . ."

We know what he meant. And we know what Soviet leaders mean when they say they are Lenin's children.

WILLIAM RASPBERRY ON SCHOOL VOUCHERS: WHY NOT TRY THEM?

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. KEMP. Mr. Speaker, I rise today to bring the attention of my colleagues to an excellent column by William Raspberry, which appeared in the Washington Post on November 15, 1985. I join Mr. Raspberry in praising the initiative of Secretary of Education William Bennett in developing this expansion of educational choice to those families who otherwise could not afford to take advantage of the full range of learning opportunities for their children. Chapter 1 vouchers could be one of many tools, like the magnet schools that have been so successful in my hometown of Buffalo, NY, to promote excellence in our schools, quality education for children, and participation and choice for parents.

I commend this article by an outstanding journalist whose commitment to the quality of life for our inner city residents throughout America to my colleagues.

SCHOOL VOUCHERS: WHY NOT TRY THEM?

(By William Raspberry)

Residents of low-income, inner-city neighborhoods have a right to be suspicious when a Reagan administration official approaches with, "Look, kid, I'm going to do you a favor."

Still, it might be worthwhile to take a second look before dismissing the latest proposal as just another attempt to use the poor to help the rich.

Education Secretary William Bennett is urging federal legislation to "voucherize" special school aid for disadvantaged children, allowing them to purchase remedial math and reading help from the public or private schools of their choice.

On the one hand, the proposal is an obvious camel's nose that could eventually lead to the full-scale transformation of public-school expenditures into educational vouchers. There is widespread fear that such a shift would destroy the public schools with-

out any guarantee that the children most in need of improved education would get it.

But on the other hand, the proposal does address a real problem. Parochial-school students with special needs used to be taught by special-education teachers from the public schools on a part-time or after-hours basis. But the Supreme Court has ruled such use of public schoolteachers unconstitutional. Under that ruling, parochial-school students in need of special help must now be walked or bused to neutral sites.

The Bennett plan, which he has been promoting for several months, would transform the approximately $3 billion currently being spent under the Chapter 1 program into vouchers worth about $600 for each of the 4.8 million disadvantaged children in the program. As Bennett explains it, the vouchers would be redeemable for educational services, in much the same way that food stamps are redeemable, at schools of the parents' choice—at least in those school districts that, unlike Washington, have open enrollment policies.

The objections are obvious: the threat to public schools, constitutional questions, the fear that it constitutes a sneaky approach to public funding of religious schools.

But the proposal might also provide a relatively risk-free and inexpensive way of answering some questions that a lot of us have been worrying about. For instance, would a few hundred extra dollars tempt the parents of poor children to abandon their neighborhood public schools for distant or nonpublic classrooms—the fear that's always raised by voucher or tuition tax credit proposals? Would the federal regulation accompanying the vouchers lead private school operators to reject them? (The most carefully written control in the Bennett proposal is designed to prevent racial discrimination.)

The most intriguing questions have to do with the practical implications of "choice." Right now, all we have are inconsistent guesses. For example, the key argument against a Norfolk-style desegregation arrangement (under the Norfolk plan, any child can transfer, with transportation provided, from a school in which his race is in the majority to any school in which it is a minority) is that it is nothing more than a way to avoid desegregation, since the expectation is that very few children would take advantage of the option.

The Bennett plan is opposed (by some of the same people) on the ground that so many children would opt out of their neighborhood schools as to threaten their continued existence.

The fact is, we don't know which would happen. How dangerous would it be to use this limited proposal to find out?

GILMAN LAUDS CIVIL AIR PATROL ANTISMUGGLING EFFORTS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. GILMAN. Mr. Speaker, last week another union was formed which will assist in our war against narcotics smugglers. The U.S. Customs Service, the U.S. Air Force and the Civil Air Patrol have signed an agreement allowing 6,000 CAP aircraft to assist our Customs Service in its efforts to interdict known and suspected drug smugglers.

This important partnership was first suggested by the CAP last summer, and will afford its 68,000 members the opportunity of participating in efforts to spot possible drug smuggling vessels offshore, searching for possible remote landing sites, and patrolling known air smuggling corridors. Though the Civil Air Patrol pilots will not participate in actual pursuits, these many thousands of extra hands and eyes will be of great assistance in our Federal efforts to block and erode the avenues utilized by narco-traffickers.

Mr. Speaker, as ranking minority member of the Select Committee on Narcotics, I commend these fine agencies for their commitment in this important endeavor, and ask that the memorandum of understanding between the Customs Service and the Civil Air Patrol be printed in full at this point in the CONGRESSIONAL RECORD for review by my colleagues. Let us hope that this spirit of cooperation yields the results we hope it will, and that the supply side of the serious drug problem confronting our Nation will be drastically reduced.

AGREEMENT AMONG THE CIVIL AIR PATROL, U.S. CUSTOMS SERVICE, AND U.S. AIR FORCE

A. PURPOSE.

The purpose of this Agreement is to define and establish procedures and practices for cooperation between the U.S. Customs Service of the Department of the Treasury, the Civil Air Patrol (CAP), and the U.S. Air Force (USAF).

B. MISSION DEFINITION

Civil Air Patrol agrees to provide aircraft and aircrews to assist the U.S. Customs Service by participating in surveillance flights to detect illegal drug activity long the boundaries of the United States. All CAP missions under this Agreement are directed USAF reimbursable missions during which CAP and its members are considered instrumentalities of the United States under 10 U.S.C. 9441. The USAF will issue mission numbers to effect that status as appropriate.

C. LIMITATIONS

Missions pursuant to this Agreement are limited as follows:

1. Assistance is restricted to aircraft patrol and surveillance missions and supporting base communications. CAP ground teams will not participate in this mission.

2. Excluding en route legs, missions will be flown in daylight, visual meteorological conditions (VMC) only.

3. CAP members may not be deputized and no weapons of any nature may be possessed or used by CAP members while supporting this mission.

4. CAP members may not physically participate in arrest or detention procedures.

5. CAP members who participate in these missions must be briefed by U.S. Customs Service or designated CAP personnel on the nature (including dangers) of the mission and the responsibilities and retrictions for carrying out the mission. Each CAP participant must have signed the "Statment of Understanding" (attachment 1) indicating he/she understands and accepts the mission.

6. U.S. Customs Service personnel are authorized to fly onboard CAP aircraft pursuant to this Agreement but only upon the approval of the Customs East or West Coordinator.

7. Support is provided only "if available" as determined by the local CAP Unit Commander. Actual emergency services missions have priority over missions flown pursuant to this Agreement.

D. COMMAND AND CONTROL

Command and control of CAP resources remains within the CAP at all times. Flight operations will be conducted in accordance with CAP directives. Any party to this Agreement may suspend a mission or missions in the event unsafe operational conditions exist.

E. COORDINATION

Supporting CAP forces shall be identified/established by the CAP in coordination with the Customs Service.

Air Force mission numbers will be issued to Customs on a monthly basis. Customs must approve the use of CAP resources and assign mission numbers before any mission is launched. The assignment of the AF mission number to the CAP commits the Customs Service to reimbursement for expenses as stipulated in Section F below. CAP shall be responsible for reporting to Customs the total flying hours expended against each mission number.

F. REIMBURSEMENT

The Customs Service will provide funding for expenses associated with this mission as outlined below:

1. Customs shall reimburse the USAF for the following in support of the Customs mission: a. Fuel and oil (aviation and mogas); b. Communications (long distance phone calls); c. Limited aircraft maintenance in accordance with the schedule outlined in CAPR 173.3.

The USAF will reimburse CAP for the above items. Requests for reimbursement will follow CAPR 173-3 procedures. A copy of each CAP Form 108 shall be sent to Customs by the USAF-CAP Liaison Office.

2. Customs shall reimburse the USAF for any Federal Employee Compensation Act payments made to CAP members or survivors of members, killed or injured while flying directed, Air Force missions on behalf of Customs pursuant to this Agreement.

3. Should the USAF portion of CAP's liability insurance be increased because of Customs related CAP missions carried out pursuant to this Agreement, Customs shall reimburse the USAF for U.S Customs portion of the increased amount based on the number of dedicated Customs flight hours.

4. The Customs Service agrees to reimburse the USAF for the above-listed expenses upon receipt of billings supported by appropriate documentation.

5. Travel and per diem expenses for CAP personnel required to travel and remain away from home in excess of 24 hours are reimbursable by Customs Service. CAP personnel shall submit travel and per diem claims, using U.S. Government SF-1012, to Customs for payment. Payment shall be made in accordance with Federal Travel Regulations.

G. EFFECTIVE DATE

This Agreement shall be effective from the date it has been executed by representatives of all three parties. Any party may terminate this Agreement upon presentation of a written notice to the other parties. The provisions of this Agreement may be amended at any time upon mutual agreement of the three parties.

JOHN T. MASSINGALE, Jr.,

Colonel, USAF, Commander, CAP-USAF.
WILLIAM B. CASS,
Brigadier General, CAP, National Commander.
WILLIAM VON RAAB,
Commissioner of Customs, U.S. Customs Service.

[Attachment 1]

STATEMENT OF UNDERSTANDING

Pursuant to the "Agreement Among the Civil Air Patrol, U.S. Customs Service, and U.S. Air Force", dated 1985, I may be asked to assist the U.S. Customs Service by patrolling in aircraft to detect illegal drug activity and reporting such activity. I understand the dangers which may result from these patrol flights, which might put me in close proximity to armed drug smugglers. However, I agree that I will neither possess nor use any weapons while on a Customs Service mission, nor will I physically participate in arrest or detention procedures.

Due to the sensitive nature of this mission, a security investigation of participating CAP members may be required.

TWIN PLANTS ARE A BOOM TO THE UNITED STATES-MEXICO BORDER ECONOMY

HON. RONALD D. COLEMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. COLEMAN of Texas. Mr. Speaker, a recent article in the respected Wall Street Journal accurately described the growing success of "twin plants," or maquiladoras, as they are called in United States-Mexico border communities.

Although there is no specific "twin plant law," these manufacturing operations flourish because of combined effects of various tariff items and regulations of both Governments. Components are shipped into Mexico duty-free, assembled at the twin plants, and then shipped back into the United States, paying duty only on the value added to the product during the assembly operation.

Mr. Speaker, twin plants continue to play an important role in the development of the interdependent economies on both sides of the United States-Mexico border. In the 16th Congressional District of Texas, for example, they provide a growing number of jobs in El Paso, TX, as well as in the Ciudad Juarez, Mexico area. I would like to recommend this article to my colleagues as a good opportunity to learn more about the twin plants and how they contribute to our border economy.

The article follows:

MEXICAN FACTORIES ALONG THE U.S. BORDER SUCCEED DESPITE CRITICISM ON BOTH SIDES

(By Mary Williams Walsh)

CIUDAD JUAREZ, MEXICO.—U.S. labor unions say the factories springing up in this border town across the Rio Grande from El Paso, Texas, are stealing American jobs. Feminists say they exploit women. Mexican policy makers worry they represent another form of dependence on the U.S. economy. Managers are so sick of what they consider bad press they seldom let reporters come near.

Still, there is considerable excitement about the assembly-plant boom here and in other cities on the U.S.-Mexico border. Despite the criticism, the maquiladora industry, as the Mexicans call it, has blossomed during Mexico's economic crisis until it vies with tourism as the nation's No. 2 hard-currency earner, after oil.

"Over the past couple of years, it's the only industry that has been growing," says maquiladora promoter John Christman. "If I look out over the next four years, it will probably be the only industry that will grow."

UNSKILLED LABOR

Maquiladoras are light-assembly factories with the big, flat look of airport hangars. They are filled with tables and machines and people—mostly young, unskilled women. Many of the assembly plants are U.S.-owned. They import components duty-free from supplier nations, assemble them, and ship the finished product out of Mexico, paying duty only on the value added. The idea evolved in the mid-1960s, after the U.S. phased out its *bracero* farm-worker program and left thousands of unemployed field hands languishing on the border.

"Offshore assembly plants," as the maquiladoras also are known, were acceptable back then. Mexican workers got jobs, and managers from north of the border calculated savings at about $3,000 annually for each worker, compared with the cost of U.S. labor.

But Mexico's economic turmoil of the 1960s turned a good deal into an irresistable one. The peso has fallen catastrophically since 1982, when the average Mexican maquiladora worker earned the equivalent of $2.09 an hour. Today, even after several minimum-wage hikes, the average is $1.10. Plants' per-worker saving now is said to be at least $15,000 a year.

That's why feminists and unionists oppose the plants. It's also why the number of maquiladoras has grown 27% in the past two years, and why the number of manufacturing jobs in border towns has grown 47%. (The rest of Mexican industry was reporting near zero growth this year, at least until September's earthquakes ironically breathed some life into construction concerns.)

It's also why the government can earn so much foreign exchange—probably $1.5 billion this year—from the plants: It plays the spread between the fast-falling free-market peso and the controlled-rate peso the maquiladoras must do business with.

Still, it's one thing for the maquiladoras to be booming in the country's northern reaches and enriching the national treasury, but it's quite another thing for them to help pull the nation's industrial base into the 1980s. Yet that is what some enthusiasts say they should be able to do.

SERVICING THE DEBT

Mexico needs to overhaul its economic-development strategy if it is to pay back its foreign debt. With oil prices falling, it must open up its economy, after decades of protection and isolation, and create a non-oil export sector. And it needs to create 800,000 new jobs each year if it is to employ its youth.

It will take a long time to meet those goals. But maquiladora promoters say they, more than anyone else, are speeding the process. While opponents grumble about exploitation and lost U.S. jobs, the people behind the maquiladora movement boast that their projects constitute an industrial revolution.

"The maquiladora industry is bringing Mexico into the 20th century," says Aureliano Gonzalez Baz, a lawyer here who works extensively with the assembly plants.

The idea is to coax Mexican manufacturers to sell raw materials to the maquiladoras. That would mean the assembly plants would rely on more than just cheap labor, and it would be a way for domestic industry to enter the international marketplace. Mexican suppliers would become more aggressive, it is said, and develop what Mr. Gonzalez Baz calls an "export consciousness." It's an appealing strategy—but it hasn't gotten very far.

The problem is that Mexican industry grew up after World War II around "import substitution" in which the government protected companies that produced goods otherwise unavailable in Mexico. The model worked for decades—the nation's growth was routinely called "the Mexican miracle"—but the protection ultimately led to inefficiencies and a reluctance to sell anywhere outside the sure-fire Mexican market.

Now there is a consensus that the nation needs a new development model, but there is ambivalence about whether the maquiladoras can be its backbone and, if so, how the government should promote them. The current government has put aside much of the reticence its predecessors felt toward maquiladoras. It has simplified paperwork and eased operating rules. But policy-makers still think it's risky to the Mexico too closely to the U.S. business cycle, and they aren't comfortable basing industrial growth on cheap labor.

PRIVATE SECTOR'S CONCERN

And the skittish Mexican private sector worries that, as the government warms up to maquiladoras, it will crush them in its embrace. Business people, especially those here in the fiercely independent north, have never trusted government intervention in economic affairs. They say, half joking, that the maquiladoras are only booming because the government didn't notice them when they were small and spared them from heavy regulation.

There are rumors here on the border that the government will start requiring maquiladoras to buy a percentage of their components locally, to help spread the northern "industrial revolution" throughout the economy.

Last year, the Mexican Commerce Ministry took a step in that direction, offering maquiladoras the right to sell their products in Mexico if they use some Mexican raw materials.

MR. MAHON WENT BACK TO TEXAS FOR HIS REMAINING YEARS

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. FROST. Mr. Speaker, as I entered the Halls of Congress in 1979, I knew that the Texas delegation in the House of Representatives had just lost the influence of two

of its senior members—Bob Poage of Waco and George Mahon of Lubbock.

Today, Texans are joined by the rest of the Nation in sadness, as George H. Mahon passed away yesterday after an apparent heart attack. He has lived a very full 85 years.

George H. Mahon was a powerful man in Congress. He chaired the Appropriations Committee until his retirement from the House, yet he was "a neighbor next door" in every respect. He was a 44-year veteran of House service; yet, he was as accommodating to the newest freshman as one could desire.

In today's Washington Post, Ed Bruske's remembrance of Mr. Mahon pictures him well. I insert this column, today, in memory of a very fine gentleman, George H. Mahon of Texas.

[From the Washington Post, Nov. 20, 1985]

EX-APPROPRIATIONS CHIEF GEORGE H. MAHON DIES

(By Ed Bruske)

George H. Mahon, a Texas Democrat who presided over many of the nation's great defense spending debates during 14 years as chairman of the powerful House Appropriations Committee, died yesterday at a hospital in San Angelo, Tex., after an apparent heart attack. He was 85.

The son of a poor cotton farmer, Mr. Mahon represented the 19th congressional district near Abilene for 44 years before retiring in 1978. He was widely respected by members of both parties for his even temperament and judicious spending policies.

In recent years, Mr. Mahon had suffered increasingly from severe arthritis and Parkinson's Disease. He underwent surgery last week near his home in Loraine to have an artificial joint implanted in his knee.

He was one of nine children and picked cotton as a boy, but he worked his way through college and law school and became the local county attorney and district attorney for the 32nd judicial district in Texas.

With West Texas locked in the grip of the Great Depression, Mr. Mahon was elected the first representative from the newly created 19th district in 1934. He identified strongly with the Roosevelt administration's New Deal, which was then promising to bring electricity for the first time to some impoverished areas of the state.

Another Texan who came from a similar background—and was a lowly Hill staffer when Mr. Mahon arrived in Washington—would rise faster and higher in the political hierarchy. But while Lyndon Johnson was maneuvering to become party leader, Mr. Mahon was building a reputation for steadfastness unmarked by great personal ambition.

His selection as chairman of the Appropriations Committee in 1964 made him one of the most powerful members of the House. Still, he shunned the trappings of power and walked the halls of Congress a virtual portrait of the rough-hewn Texas traditionalist.

A devout and abstemious Methodist, he preferred playing golf to the politics of running for office and could sometimes be heard singing hymns while walking the fairways. He rented an apartment while in Washington, believing that a house purchase would be too pretentious.

In the 1970s, Mr. Mahon locked horns with Pentagon officials over the best use of defense funds. He played a leading role in votes leading to compromise on B1 bomber spending and staunchly resisted efforts by liberal Democrats to make public the size of the budgets of intelligence agencies, including the Central Intelligence Agency.

When he left Washington, Mr. Mahon returned to his home in Loraine, where he spent most of his time organizing his personal papers and overseeing the cotton crop on a 400-acre farm he owned nearby.

Survivors include his wife, Helen; a daughter, Daphne Mahon Holt, and three grandchildren.

A TRIBUTE TO RABBI JACOB AND MARJORIE PRESSMAN

HON. MEL LEVINE

OF CALIFORNIA

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. WAXMAN. Mr. Speaker, we would like to ask you and our distinguished colleagues to join us in saluting two outstanding Los Angeles leaders, Rabbi Jacob and Marjorie Pressman.

On December 9, 1985, a gala banquet will be held to mark Rabbi Jacob Pressman's retirement as spiritual leader of Temple Beth Am. Rabbi Pressman has held the pulpit of this distinguished congregation for 35 years. During that period, Rabbi Pressman built Temple Beth Am into one of the largest and most dynamic conservative temples in the United States.

Rabbi Pressman has been a leader in numerous projects. Yet, his work has never lacked focus. His first concern has always been with our youth. He established and actively guided the Herzl Schools and the Beth Am Academy. He served not only the Jewish community but the larger community as well by establishing the Beverly Hills Maple Center—a guidance center designed to help young people and their families.

Rabbi Pressman's influence has been felt far beyond the Los Angeles and Beverly Hills communities. In Israel, Rabbi Jacob Pressman is revered as one of Israel's staunchest, most articulate, and most effective friends in the entire American rabbinate. Under Rabbi Pressman's dynamic leadership, Temple Beth Am has risen to the No. 1 position nationally in support of State of Israel bonds.

Despite the enormous burdens of guiding a huge congregation, Rabbi Pressman has served in leadership positions in virtually every rabbinical organization—from the local board of Rabbis of southern California to the National Rabbinical Assembly.

Marjorie Pressman has amazingly carried the considerable burdens of "first lady" of Temple Beth Am and also vigorously and successfully pursued many interests of her own.

This remarkable woman used her talents as an administrator and an organizer to bring together a multifaceted event at Temple Beth Am called Israel Expo West. Attendance topped 50,000.

The same talents Mrs. Pressman brought to her temple and Jewish community activities, she has now brought to the world of commerce and enterprise. Mrs. Pressman may be the only rebbitzen—Rabbi's wife—to serve as a vice president and director of a savings and loan. Mrs. Pressman holds those positions with Unity Savings & Loan Association which she helped found.

Such diverse organizations as the American Youth Symphony, the Women's League for Conservative Judiasm, Hadassah, and the Beverly Hills Theatre Guild have benefited from the energy and talent of this remarkable woman.

The Pressmans are the proud parents of two sons and a daughter, and three grandchildren.

Mr. Speaker, we ask that you and our colleagues join us in expressing praise and gratitude to Rabbi and Mrs. Pressman on the occassion of his retirement. We further ask that the leadership and Members of the House of Representatives join us in wishing these extraordinary Americans good health and many years of continued contributions to our community and our Nation.

HOUSE MUST PASS STRONG SUPERFUND BILL

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. MINETA. Mr. Speaker, the most important piece of environmental legislation which will be considered by the 99th Congress is the reauthorization of the Superfund Program. Five years into the program, the Environmental Protection Agency's progress in cleaning up toxic waste dumps is nothing less than scandalous and communities across the country which must live with these toxic time bombs are demanding strong and decisive action to revitalize this troubled program.

Last year, we passed by an overwhelming margin a strong and effective Superfund bill. This year, we must take action just as strong. The Superfund bill recently reported unanimously by the Public Works and Transportation Committee, under the effective leadership of Representatives HOWARD, ROE, SNYDER, and STANGELAND, represents the kind of legislation we need to make Superfund work.

The Los Angeles Times recently commented on the need for strong and decisive action by the House on Superfund and I commend this incisive editorial to my colleagues' attention.

[From the Los Angeles Times, Nov. 7, 1985]

NO LEGISLATIVE DUMPING

Too many people live near too much toxic waste in this country for there to be so little congressional pressure to get a real cleanup under way. With lobbyists pulling members in different directions on a new Superfund bill and ways to finance it, the leadership, particularly in the House, must take a strong hand. The House Rules Committee is the best place to show willpower.

The committee acts as a gatekeeper, deciding when bills are debated and under what rules. It has the opportunity to influence the substance of House debate as well, because it is being asked to set the terms on which a decision will be made between two Superfund bills from two House committees. The Rules Committee should send the tough new Superfund bill written by the House Public Works and Transportation Committee to the floor and delay action on a weaker bill from the House Energy Committee.

Choosing which bill to debate is not an arcane matter of interest only to legislative analysts. Choosing the Public Works bill would allow the House to talk about a measure containing standards that would encourage permanent cleanups and deadlines for starting those cleanup actions. The Energy Committee bill's first real deadline is 1991, and that's too long to wait.

It is important that the House debate start with the strongest bill possible. With any bill there will be heated discussion between the forces, including the Reagan Administration, that want to see Superfund money still drawn largely from oil and chemical companies, and those, including the oil and chemical companies, that want a broader-based tax. Ultimately the consumer pays any manufacturers' tax, but, since many companies help create wastes, it only seems fair to spread the cost of the Superfund. The House will be considering alternatives to what is in effect a value-added tax; the Senate has already passed it. And there is a considerable burden to share. The House wants $10 billion over five years, and the Senate-passed measure calls for $7.5 billion.

Several months ago it looked as though any hope of a tough Superfund had been dumped for this year. Then the Public Works Committee action rejuvenated the environmental forces. But the Superfund's taxing authority ran out on Sept. 30, and the Environmental Protection Administration says that it has enough money to continue the program, at reduced levels until mid-November.

The House should get tough with toxics, and get tough quickly. The House leadership should encourage the Rules Committee to send the better bill to the floor and let people see who cares about the environment and who doesn't. But it shouldn't act just for expediency's sake. No bill is better than a bad bill that would slow the pace for five more years. If it isn't going to act decisively, it should do nothing at all until next year, when election jitters may make lawmakers more responsive to all those people living near dumps with the toxic jitters.

AMERICA BLUNDERED IN CUBA, COULD REPEAT ERROR IN NICARAGUA

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. COUGHLIN. Mr. Speaker, I would like to take this opportunity to call attention to an editorial in the Daily Intelligencer/Montgomery County Record, "America Blundered in Cuba, Could Repeat Error in Nicaragua," drawing similarities between the two Latin American nations.

"Americans' short memories and capacity for deception are among totalitarianism's most effective allies," begins this wise editorial. The article explains why Nicaragua may not honor any agreements with the United States.

The October 1962 missile crisis was resolved by an agreement between President Kennedy and Soviet leader Khrushchev. Kennedy believed he had won an agreement that Cuba would not export subversion as well as a commitment that the Soviet Union would remove the missiles, according to the article.

But Cuban leader Fidel Castro has, in fact, been exporting subversion, especially in Latin America. Supporters of an agreement with Nicaragua, the editorial states, "Must explain why Nicaragua will be more likely to keep an agreement than the Government of Cuba."

The editorial, which was based on a newly released monograph from former U.S. Representative to the United Nations Jeane Kirkpatrick, follows:

[From the Daily Intelligencer/Montgomery County Record, Oct. 16, 1985]

AMERICA BLUNDERED IN CUBA, COULD REPEAT ERROR IN NICARAGUA

Americans' short memories and capacity for deception are among totalitarianism's most effective allies.

Before Fidel Castro seized control of Cuba, the American people were fooled by lying propaganda into thinking that Castro was a "small-d democrat" and not a communist.

Otherwise there would have been a national uproar and demand for action to prevent entrenchment of a communist dictatorship allied with the Soviet bloc 90 miles from U.S. shores.

Castro's emergence from his false colors alienated his "small-d democrat" supporters who fled, beginning the exodus of nearly 1 million Cubans, approximately a tenth of the population, from the island nation.

Presently the Soviet Union secretly introduced nuclear missiles into Cuba. This led to the October 1962 confrontation that brought the world to the brink of disaster.

The crisis ended with the Kennedy-Khrushchev pact. Of this pact, former U.S. representative to the United Nations Jeane Kirkpatrick says in a newly released monograph:

"President Kennedy believed he had won a commitment that Cuba would not export subversion and revolution as well as a commitment that the Soviet Union would not install offensive weapons—or attempt to use Cuba as a forward base for Soviet military power.

"In exchange the U.S. agreed not to invade Cuba . . . (and) in effect . . . became the guarantor of Cuba's communist government . . . Since suggestions of such a deal have been heard for Nicaragua, it is appropriate to consider how the Kennedy-Khrushchev agreement . . . has worked out 23 years later."

Castro's Cuba has been exporting revolution—agitprop agents, propaganda, spies, undercover military advisers and enormous tonnages of Communist-bloc arms—to Nicaragua, to the Salvadoran guerrilla armies, to other revolutionary movements in Central and South America.

In other words, Castro has violated the Kennedy-Khrushchev pact flagrantly and repeatedly and is violating it today.

Anyone who argues that the United States should enter into an agreement guaranteeing the Nicaraguan government "must first explain why the Kennedy-Khrushchev agreement was in the interests of the U.S. . . . or the Cuban people," Kirkpatrick writes in her study titled The Kennedy-Khrushchev Pact and the Sandinistas, part of a series published by the Cuban-American National Foundation.

Promoters of such an agreement "must explain why Nicaragua will be more likely to keep an agreement than the government of Cuba."

GENDER GAFFE

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mrs. KENNELLY. Mr. Speaker, whenever I have heard people talking about "women's issues," I have always wondered: are there "men's issues" as well? The other day, White House Chief of Staff Donald Regan was kind enough to answer that question for me and for millions of other women. Yes, he told us, there are men's issues; in his words, they are "throw-weights * * * what is happening in Afghanistan * * * what is happening in human rights." Women just wouldn't understand these, he said; what we really care about is "the human-interest stuff."

Mr. Regan, of course, is right—though not in the way he meant. Women are deeply interested in the human-interest stuff: the fate of dissidents in the Soviet Union, the future of nations like Afghanistan that are struggling for their independence, and the most human interest of all, the survival of the human race in a nuclear age. We are not only interested, in fact; we have made it our business to understand it. There are women in this country who can toss around throw-weights with Mr. Regan any day of the week; who know the difference between SLCM's and GLCM's; who have mastered the ins and outs of nuclear theory.

In fact, because so many of us understand so well, we have become leaders in the freeze movement. Our voices have been raised as loudly as men's in the call to end this nuclear madness. And we will continue to work for peace, despite Mr. Regan's efforts to divert us with tea parties.

Yesterday's Washington Post contained a fine editorial on this subject, and I would like to insert it in the RECORD at this time:

GENDER GAFFE

It's a good thing the White House has sent Mrs. Reagan along with the president to the summit. If she weren't there having tea with Mrs. Gorbachev, taking a boat ride with a group of children and visiting a drug treatment center, half of all Americans wouldn't bother to follow what's going on in Geneva at all. It's women, of course; they simply can't comprehend what the issues are or what's at stake. We know this because Donald Regan, the White House chief of staff, told us so. Poll your readers, he said; they'll agree.

It seems that women, according to Mr. Regan, don't "understand throw-weights or what is happening in Afghanistan, or what is happening in human rights." They'd rather read "the human interest stuff." That probably explains why the British haven't been included in the conference. How could the prime minister even follow the debate? She'd probably be sneaking away to listen to an alpenhorn concert just when the going got rough on SDI.

To be fair, Mr. Regan did backtrack a mite in giving this assessment to the press, conceding on second thought that "some women will [understand]." But we'd be willing to bet that this modification came after he noticed any of the following immediate reactions from those who heard his initial opinion: 1) jaws dropped and he was asked to repeat his statement; 2) the reporter began to smile and scribble furiously; 3) he caught a muttered expletive from the aide who was going to have to explain, defend or disavow the remark later.

Mr. Regan should stop worrying. Women are clever. They've mastered vacuum cleaners and washing machines, and some can even figure out the family phone bills. It shouldn't take long for them to catch up on technically difficult questions such as human rights or the military conquest of a smaller, weaker nation. As for Tridents, Pershings, cruise missiles and SS-25s, others have been able to absorb this information even to the point of being able to hold an opinion. It is said that Mr. Regan himself, not previously known as a weapons expert, received intensive tutoring in preparation for the summit meeting, coaching so thorough that he was known in some circles as the Eliza Doolittle of arms control. If he can learn, surely there's hope for a few women.

GOVERNMENT AGENCIES CIRCUMVENTING CARGO PREFERENCE ACT OF 1904

HON. W. J. (BILLY) TAUZIN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. TAUZIN. Mr. Speaker, Rainbow Navigation, a small American-flag shipping company, has been under steady attack by the U.S. State Department and Department of Defense. They are attempting to deprive Rainbow of its right to carry military trade between Iceland and the United States. These Government agencies are trying by various means to circumvent the Cargo Preference Act of 1904 which directs the U.S. Government to use U.S.-flag carriers, if available, to transport Department of Defense cargo.

Rainbow Navigation, which operates the only U.S.-flag vessel in this service, entered the trade in 1984 with the same rates as those of the Icelandic carriers who had monopolized this trade. At no time during the period that Rainbow has carried these supplies was any objection made by the U.S. Government that its rates and performance were other than satisfactory. In fact, Rainbow's customized service to a port nearer the base than that served by the Icelandic carriers has saved our military approximately $700,000 per year.

Rainbow is fully sensitive to the security importance of good relations between Iceland and the United States and has made every good faith offer possible to cooperate with our Government in preserving these relations. Nevertheless, on August 8, 1985, the Military Sealift Command issued an unsigned, undated Request for Proposals which specifically stated it would open the bidding for military cargoes between Iceland and the United States to foreign-flag vessels. Secretary of the Navy John Lehman attempted to justify this RFP by declaring Rainbow Navigation's rates to be excessive or otherwise unreasonable. At the same time, the U.S. military began diverting westbound military cargo to military aircraft thus beginning an economic squeeze of Rainbow to drive it out of business.

Subsequently, Rainbow filed suit in the U.S. District Court for the District of Columbia for declaratory and injunctive relief, alleging that the actions of Secretary Lehman, the Military Sealift Command, and others were contrary to the 1904 Cargo Preference Act, the procurement statute and regulations. On October 15, 1985, Judge Harold Greene ruled for Rainbow and upheld the Military Cargo Preference Act and Rainbow's right to serve this trade. The court ordered the defendants to withdraw the requests for proposals calling for foreign-flag vessels.

The problem of cargo diversion against Rainbow Navigation still persists, despite the clear decision to date in the district court. If the U.S. Government is allowed to continue its unwarranted interference in private enterprise, they will succeed in the destruction of an American company and the displacement of its U.S. citizen employees in favor of a foreign company. The judge's opinion states that a straightforward reading of the 1904 act and an examination of its legal history "support the conclusion that geopolitical or foreign affairs considerations are not permissible factors for displacing U.S. vessels from the military cargo trade."

It is evident that the U.S. military is determined to drive Rainbow out, whether directly or indirectly. Once Rainbow is bankrupted, the military will be able to stop its diversion to military airfreight and allow the Icelandic companies to resume their monopoly of this trade. The judge's interpretation of the act makes it clear that the act was intended to preserve this trade for U.S. vessels so long as their rates are reasonable. The military must not be allowed to use this backdoor approach to circumvent this clear congressional mandate.

TERRORISM MUST STOP

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. FEIGHAN. Mr. Speaker, Americans and their property have been targets of more than 40 percent of worldwide terrorist attacks in recent years. During the most ambitious act of high-seas piracy in a quarter century—the caputre of the *Achille Lauro* by terrorists—Leon Klinghoffer, 69, a partially paralyzed New York appliance shop owner who made the trip as a 36th wedding anniversary present to his wife, was brutally slain. He was shot in the forehead and tossed over the side while still in his wheelchair. His wife, beaten in the face with a submachine gun, was told she would be the next to die.

Another victim of terrorism was Alex Odeh of Santa Ana, 41, an American citizen born in a village on the Palestinian West Bank. The west coast director of the American-Arab Anti-Discrimination Committee [ADC], Mr. Odeh was killed when a bomb exploded as he opened his office door to go to work. Mr. Klinghoffer was an innocent, incidental figure picked out for brutal murder simply because he was an American; Mr. Odeh was evidently an intended victim, killed or assassinated by a person or persons who wanted him dead. Regardless of the reasons, both men were victims of heinous and barbaric acts.

Mr. Speaker, terrorist incidents are growing at an average annual rate of about 12 to 15 percent. The trend seems to be bloodier incidents with more fatalities. Americans will probably remain the No. 1 target of international terrorism. Although most Western nations have become more effective in combating terrorism, it will still persist as a mode of political expression and surrogate warfare. In the 1980's, hundreds of Americans have been killed by terrorists. In this country, we are inclined toward rhetoric that implies an ulitmate victory over terrorism; we are out to defeat terrorism. But terrorism is a chronic condition; we can only try to contain it and eliminate opportunities for terrorists to attack. We should never have to learn to live with terrorism. We must vigorously pursue, apprehend, and punish these malicious purveyors of hatred so that no more innocent Leon Klinghoffer's or Alex Odeh's will lose their lives.

FREEZE THE DECREASE ON FEDERAL BLUE COLLAR PAY IN SOUTHERN ARIZONA

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. KOLBE. Mr. Speaker, I rise today to call attention to a very serious situation that affects over 800 of my constituents in southern Arizona. Under prevailing wage laws, private sector wage surveys are performed annually to determine Federal employee blue-collar pay rates in specific wage areas. As a result of the most recent survey performed in the "Tucson Wage Area" during 1985, the eight lowest wage grade levels face extraordinary pay cuts. These workers, who earn between $15,000 and $20,000 per year, are facing as much as a 15-percent pay cut—over $2,500 per year

eliminated from their pay checks in one quick slice. The blame for this situation is placed on the loss of over 600 blue-collar jobs in the copper industry in my district. The absence of these jobs, which amounts to almost 30 percent of the entire sample, has severely skewed the results of this survey downward. Currently, there are no provisions to mitigate the short-term impact of this cut on these people—thus many are facing the loss of their homes and property because they won't be able to meet their financial obligations.

Let me stress here for a moment that this is not a matter of deficit reduction—this is a matter of a flaw in the system. No one could anticipate the possibility that such a devastating cut in pay could result from a private sector wage survey. These are hard working people who don't have much to begin with. The wage cuts they face threaten to rob them of what they do have in abundance—their dignity and pride. In the words of one of my constituents, "the less we have, the more we lose."

An amendment has been added to the budget reconciliation package in the other body which would freeze the pending pay cut for these 800 Federal blue-collar workers in southern Arizona for the balance of fiscal year 1986. This amendment will not eliminate the pay cut, but it will allow them to adjust and prepare for its impact. In addition, preliminary estimates indicate that these same employees will most likely receive a wage schedule increase next year. The combined effect of this year's decrease, and next year's increase—will still be a net decrease, but one which will be far less severe.

The prevailing wage system has been fair and effective in the past, and no one would like to see this system eliminated. But this situation in southern Arizona is, by all accounts, an aberration that is so severe that some means of relief is necessary.

The conference committee on budget reconciliation will address a multitude of issues both great and small. I ask that when they encounter this section, that they retain the provision to freeze the decrease on Federal-blue collar pay in southern Arizona.

FOOD FOR THE MIND AND SOUL: AN INTERVIEW WITH ARCHBISHOP MAHONY

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. STARK. Mr. Speaker, I would like to include in the RECORD an extremely thoughtful and thought-provoking interview with the new archbishop of Los Angeles, Roger Mahony.

I don't agree with everything he says, but I found his comments profoundly thoughtful—and hope that this interview from the November 17 issue of Los Angeles Times Magazine can be widely read. It would be an infinitely better world if we could all communicate with the grace and wisdom displayed by the archbishop.

The interview follows:

THE ARCHBISHOP SPEAKS OUT—"FAITH ISN'T FAITH IF YOU'VE GOT THE ANSWER ON A VIDEOCASSETTE"

(By Robert Scheer and Tim Rutten)

Q: What are the key social issues at the top of your agenda?

A: The question of the homeless. The question of refugees. There are 350,000 refugees here from El Salvador alone. Then there is the whole question of the continuing arms race, particularly since our country is such an extraordinary leader in the development of armaments.

Q: Not long ago, a bishop in Texas took the position that Catholics should not work in the defense industry. There's probably no bishop in the country who has more defense plants in his diocese than you. Have you given any thought to taking such a position?

A: The bishop of the very small diocese of Amarillo, TX, happened to have a major nuclear-weapons assembly plant located there. He really wasn't encouraging people to leave that work. He was encouraging Catholics who were employed there to re-examine their consciences. Should they be basing their livelihoods upon a plant whose sole purpose is the assembly of nuclear bombs?

He appealed to them to start thinking and praying about that and set up a fund, whereby the diocese would help them in retraining and relocating, if they would come to their personal conscience conclusion that . . . "Hey, I don't think I should be in this."

I admire him for doing that. Now, whether that is something we'd want to do here, I'm really not certain. We have a large military-industrial base here, about $15 billion a year, producing all forms of armament. I'm not so certain that we're at the point here of peace education to be able to suggest that. Maybe in the future we will be.

Q: You speak of a Christian obligation to oppose the arms race. Yet others, including some evangelical Christians, claim that the Bible's Armageddon prophecies foretell a nuclear holocaust preceding the Second Coming. How do you view that?

A: It's sad that people would seriously propose that for belief. I could take any event in our time, good or bad, and find something in Scripture that would support it, deny it, oppose it or whatever. For example, I could find Scripture passages that would portray a Bruce Springsteen concert as the moment before the Second Coming of Jesus. I think it's terribly deceptive to use theatrics and manipulation to play games with the Scriptures and with peoples' lives. I don't have a whole lot of patience with that kind of thing. But we see it all the time.

Q: But it seems to have a great deal of appeal to people.

A: Yes, it does, and I think it's part of people's inner need for signs and wonders. For example, if tomorrow morning I announced to the press that I had seen a vision on the garage door of the cathedral, we'd have 10,000 people out there within an hour or two. We'd have buses coming in from all over the West. There's that inner craving for visible signs and wonders, but Jesus calls us as Christians to a life of faith. And faith isn't faith if you've got the answer on a videocassette.

When I was bishop of Stockton, we had a "weeping Madonna" in a mission church. People were literally coming by the busloads from Oregon, Arizona, all throughout California. Of course, the whole thing was a hoax and we caught the people who did it and that was it. But there's a craving for some visible contact with the invisible. I think that's what some of these preachers do with Scripture passages: they try to create an aura of the invisible event about to happen in the visible moment. But to say that God helped develop nuclear arms so that we could blow the world to smithereens to fit a small passage of the Book of Revelation is preposterous. And that people would believe it, I find even more preposterous.

Q: The bishops' forthcoming pastoral on the economy has, if anything, been even more controversial than the pastoral letter on the nuclear arms race. Can you tell us something more about it?

A: I think the economic pastoral—and I intend to use it strongly in this diocese—is a great tool to use with our Catholic financial and business leaders. In speaking to them, I've already raised the letter's moral principles for economic life and I've gotten some very positive comments afterward.

Q: What are those principles?

A: The common good demands justice for all. And the obligation to provide justice for all means that the poor have the single most urgent claim on the conscience of the nation. The investment of wealth, talent and human energy should be specially directed to benefit those who are poor or economically insecure.

Q: Is the pastoral, as some have charged, hostile to capitalism?

A: No, but it recognizes the reality that our system is not working adequately or we wouldn't have 35 million people living below the poverty line. Any system that leaves that enormous number of people out on the fringes is not morally acceptable.

Q: This puts you in disagreement with the television evangelical ministers—who have come to be symbolized by Moral Majority leader Jerry Falwell—who justify the existing system as God-given. Are you concerned about that?

A: I think your position on social issues ought to begin with your interpretation of the Gospel—and not the other way around. It's dangerous to begin with the assumption that you're trying to be friends with a certain group, and then to mold your evangelism after the ideology of that group.

Q: Do you think that's what Falwell is doing?

A: Sure. I've seen some of those people on television. We had one of them in Fresno, when I was there at the height of the farm labor troubles in the 1960s. I happened to be sitting next to him at a prayer breakfast, and we were having a lot of turmoil in our own parishes because of conflict between Catholic growers and workers. So, I asked him whether he had similar difficulties in his church. He looked at me and said, "Of course not. I never preach on anything that would make the collection go down."

I think that is the philosophy behind a lot of these popular religious beliefs. I find the whole thing terribly shallow, and I guess I'm surprised that people get taken in. But that's why people buy lottery tickets.

Q: Are you concerned at all about the intrusion of such religious groups into national politics, particularly into the internal workings of the Republican Party?

A: That's nothing new. Over the years in our own church we've had certain priests and bishops who espouse a particular political party's message and then back it up with Scripture. But now the bishops—particularly in our pastorals on nuclear weapons and

the economy—are trying to tell our people that we really need to adopt a different perspective, one that begins not with politics but with the Gospel.

Q: But couldn't someone like Falwell say: "You bishops took a political position when you criticized the Reagan Administration's approach to the arms race. Why shouldn't I do the same and defend his foreign policy?"

A: Because the survival of the human race and of the planet is not a military or political issue. It's more a moral and ethical issue. Therefore, we have no hesitation in raising up the moral and ethical dimensions inherent in these kinds of things. Obviously, politicians will say that the bishops have no right to say these things—unless, of course, we happen to take a position with which they agree. Then they think we are moral leaders of great courage.

Q: Secretary of Defense Caspar Weinberger and others recently have hinted that the Reagan Administration may abandon arms-control negotiations with the Soviets in favor of "Star Wars" defensive weapons, which they argue constitute a moral alternative to the current system of deterrence. As someone who was influential in drafting the bishops' pastoral letter on nuclear war, how would you regard such a step?

A: Speaking as a Catholic bishop, that's so unacceptable that there isn't even any room in our pastoral letter that will allow for anything like that. If you recall, our conditioned moral acceptance of limited deterrence is rooted totally in the presumption that negotiations to end the arms race are proceeding. Pope John Paul II said the same thing in his statement a couple of years ago to the U.N. disarmament conference. Deterrence has legitimacy in the strictest, narrowest sense only while concrete, positive, constructive steps are being taken to eliminate the arms. Abandoning negotiations would, in my opinion, say that there's no longer any legitimate moral basis for deterrence. All these systems simply trigger a response system. They always have. If we want to get rid of the threat of nuclear weapons, then we need to get rid of nuclear weapons. The threat is only going to go away when there aren't any left.

Q: President Reagan has often described the Soviets as "Godless" communist enemies and talked about how we can't trust them. Your message seems different.

A: We're looking at the world in a long historical context in which Russia was very much a Christian country. There still is a very strong Christian subculture there. I guess what we're saying is that we are people of faith, who believe that the grace of God is much stronger than atheism or communism or anything else. I think the Catholic Church is an example of a worldwide group that makes great efforts to work with all kinds of regimes—not because we approve of what they do or say, but because we believe that the people there deserve the kind of support that we can provide.

Q: Aren't you also saying that it's possible to conclude with these communists a nuclear-arms agreement that would be worth something?

A: Well, of course. I find it a bit ironic that we can conclude complicated agreements with the Russians that call for selling them millions of tons of wheat and everything works out without any problem. We seem to be able to deal with them when it is to our economic advantage. Our relationship with China is an excellent example of what I mean. Over the past 25 years. I have heard political leaders in this country—very prominent people—decry China as the Red Monster and the Red Dragon. But I find it curious that one day some years later these leaders are in the Great Hall of the People toasting the leadership of the Great Red Dragon. It's a curious thing; we've worked out all kinds of economic arrangements and the Great Red Dragon is now the friendly People's Republic of China. Our leaders present and past have said dramatically divisive and sharp things about governments and then have turned around and negotiated understandings and agreements with them. I think that to the extent that we can do that, we need to do it. The church encourages all those events.

Q: Whatever your differences with these leaders about foreign policy, you seem to have found a common ground on the abortion issue.

A: But what some government leaders and some of our own people fail to understand is that the bishops' opposition to abortion is part of our concern for a whole spectrum of life issues. It's incongruous to have a group of people who are adamantly pro-life and anti-abortion on one day, and the next day are out at a big pro-death penalty rally.

Q: Will you be speaking out against the death penalty, now that we're moving here in California toward executions as more prisoners on Death Row exhaust their appeals?

A: Yes, two or three weeks ago the California bishops issued a statement. Basically, we are saying that we understand the fear of people who confront increasing crime. But we then go on to point out that meeting violence with violence is not Christian and, in fact, is totally ineffective. By restoring to vengeance we simply compound the problem. The other issue is the whole question of fairness, and the morality of the death penalty being applied equally and fairly, which it's simply not. If you just take a look at the basic statistics of who kills whom, who gets arrested, who gets convicted and who ends up on Death Row, it's obviously discriminatory. Murders are committed across the general population in pretty much equal numbers according to racial and ethnic background. But members of minority groups end up on Death Row in totally disproportionate numbers.

Q: Do you see any contradiction between the Reagan Administration's sensitivity to the rights of the fetus and what critics claim is an indifference to poor children once they are born?

A: The Catholic Church's response to this is very clear. We find it inconsistent when the President or Congress decides to be very concerned about life in the womb, but then turns right around and eliminates a lot of very essential programs for the maintenance of the dignity of human life, whether that be through job training, health care or school lunches. It is unacceptable that we cut back on those essential human services at the same time we're pouring billions into an arms race that is foolish, that doesn't bring any security or peace and just brings worse problems.

Q: Your definition of pro-life, then, goes far beyond abortion.

A: Sure. It includes respect and care for the handicapped, an end to the nuclear-arms race, just distribution of resources worldwide and a number of other things. All of those things are always presented by us in a package. Now, no matter what you do, you're always going to get a small group of people who see respect for life as a much more narrow, restricted thing. Take, for example, the group that decides to bomb abortion centers. That's a tragedy because it totally contradicts what they say are their ideals. They're trying to do away with the violence in the womb through violence outside the womb.

Q: It's often a shrill debate between women who say, "I want to control my body," and other people who say, "You're a murderess." Do you feel there's something unfortunate about the way this debate has been framed?

A: Obviously. There is nothing more emotional, particularly for a woman, than the whole reproductive question. I think that's hard for us men to realize and I think we have been terribly slow to understand it. I think we need to find new ways to discuss this without the shrill argument; I think you're right. For example, our concern as Catholics is the preservation and dignity of each human life from the time of conception to natural death. As a pro-life person, I have great respect for women and their concerns. And I think there are many women who are pro-choice and see our concern for life. But the minute we lose the common understanding of who or what the fetus is, then we don't have a common platform upon which to speak. If some people truly believe that the fetus is not a living human person in any form whatsoever, then there's no way they can understand our efforts to protect the dignity of that human being. It's simply a chasm, and how we begin to bridge it I don't know.

Q: If the discussion was focused on birth control as opposed to abortion, would we be subject to the same kind of acrimonious debate?

A: No, I don't think so. I saw a Planned Parenthood ad in the paper saying in big headlines: This is a way to end abortion—family planning services. In a sense that's what they're trying to do, and within the moral confines of our own church I would not have any problem with that. My difficulty might be with their not giving some values to go along with techniques. I think it shortchanges our young people to simply give them the mechanics of sex and the techniques of birth control without giving them any kind of broader value system or responsibility for their own sexuality.

Q: You're not for any laws that would prevent people from using birth control?

A: No. If you have family planning clinics run by the city or state we insist that the method we advocate, natural family planning, be part of the service offered and that it be offered in an unprejudiced way. We don't want the nurse saying, "Well, there are 10 methods of birth control available and this last one, natural family planning, is a disaster, don't try it.

There have been some dialogues between the Catholic Church and Planned Parenthood around the country, and that has been the emphasis—that rather than yelling and screaming at each other about abortion, let's deal with this. I think people who are in favor of abortion also agree that abortion is not the best thing for the people.

Q (Scheer): I have a distinct memory of growing up Jewish in the Bronx and being challenged by some Italian and Irish Catholic kids who claimed that the Jews had killed Christ, which was the basis of their anti-Semitism. Then, as I recall, Pope John made a statement about this which seemed to change the atmosphere. How do you view this history?

A: We have a marvelous dialogue with the Jewish community here. In fact, my prob-

lem is trying to get to meet them all. I'm getting all kinds of letters from rabbis and groups. We have the largest Jewish community outside New York and I'm looking forward to working with them. Going back to the first part of your question, what Pope John XXIII initially did was to drop from the Good Friday service a prayer for the "perfidious" Jews who supposedly crucified Jesus. That sort of sentiment was the heart of the problem. Today, of course, we pray for our Jewish brothers and sisters without attaching some stigma to them. Actually, the Roman soldiers, not the Jews, crucified Jesus.

Q: But a great deal of anti-Semitism came out of this, and Catholic anti-Semitism was a strong force in Eastern Europe, Spain and elsewhere. Do you see any persistence of this?

A: I suspect that a lot of anti-Semitism really didn't have its roots in the Crucifixion narrative, but in political issues. I think people just dragged out the Crucifixion scene to support some other bias or prejudice. After all, it's illogical to say that the Jewish people are "perfidious" when, as we know, Peter, the other Apostles and all of the people who established the Catholic Church, as well as its early members, were all Jews.

Q: Earlier, you mentioned Central America and the large number of refugees here. Some Catholic Church leaders are providing a refuge for people who cannot get political asylum from this government. Do you support that position?

A: We have always provided refuge for people who didn't have a place to stay. We've tried always to welcome refugees, undocumented peoples, all peoples who need housing, clothing, food. We never ask questions about where they came from; we never ask to see their residency card.

Q: What do you think of the Administration's refusal to grant political-refugee status to the Salvadorans?

A: I think the United States government must grant extended voluntary departure status to all peoples from Central America, period. I don't think there's any question about that. People normally don't flee their country, their homes, their families just for adventure's sake. So, the presumption, I'm convinced, is always on the side of the refugee. That's why we have in this country a legal status called extended voluntary departure. It allows us to accept people until the problem is resolved back in their home country. I think there's an absolute moral imperative to do that.

Q: Congress currently is considering legislation to alter the immigration laws along the lines first proposed in the Simpson-Mazzoli bill, which would have legalized the status of some undocumented immigrants here, while tightening entrance requirements for others and imposing sanctions on employers who hire undocumented workers. Do you have a position on that?

A. We are against a number of the new bill's provisions. We're totally against the whole guest-worker thing; that's a revitalization of the old, bankrupt Bracero program, which we fought against in the 1960s. That's simply unacceptable. We're really opposed to employer sanctions because we don't think there's any way you can build in enough guarantees to prevent foreign-looking or sounding people from being discriminated against. We saw that last year when Simpson-Mazzoli was being debated. We had companies in the Silicon Valley that were already turning away people because they thought this thing had been passed and they were afraid of getting caught up with the government. They told workers, "You don't look American; therefore, we don't have a job for you." So we know that's what's going to happen and I think that could be just treacherous.

Q: In some places, Catholic schools have been used as a means to escape integration of the public schools. Are you concerned about that, especially since school integration is once again an issue here in Los Angeles?

A: Our schools are very popular with a lot of people for the wrong reasons. But our schools do not exist so that Johnny and Mary can get a better college entrance exam score, get a good job and make millions of dollars for Mommy and Daddy. That is not the reason we have our schools. Our schools exist for far more lofty reasons than that. And I intend to make efforts at restating that goal and to work toward it. And, by the way, all of our school principals and pastors are very much in favor of that.

I'm not sure what the issues are in Los Angeles, since I've just come here. But obviously, I will be very concerned about any steps that would tend to move us away from integration. With the diversity of peoples in our community we simply cannot allow anything except a forward, positive, constructive integration of all of us, as one community. Even to hint at going backward would be just tragic.

TRIBUTE TO MR. REAGAN AND MR. GORBACHEV

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. PURSELL. Mr. Speaker, like many Americans this morning, I was pleased to read about the productive start to the summit talks in Geneva. Reports of extended personal discussions between President Reagan and General Secretary Gorbachev indeed are good news.

The importance of the relationship between these two national leaders cannot be underestimated. Only by breaking down some of the barriers between our countries can we actively pursue serious negotiations on arms reduction. It would appear both of these leaders are approaching the summit with the types of attitudes needed to engage in negotiation and compromise.

If the initial meetings are any indication, I believe we can wait with anticipation for important agreements to come from this historic meeting.

But more importantly, this warm start to the talks is conducive to creating an atmosphere of friendship and mutual understanding between our nations. This atmosphere could be as significant an accomplishment as an Arms Reduction Treaty.

I strongly support the President's desire to open the doors between our two nations. Cultural, educational, athletic, and recreational exchanges between our peoples will ease the tensions between our countries, and hopefully, help us to avoid the horror of nuclear war. It's much harder to strike out against a friend than an enemy.

Mr. Speaker, I urge my colleagues to join with me this morning in congratulating Mr. Reagan and Mr. Gorbachev for a fine start and hope they will return to their respective homes with an understanding which allows all people to breathe a little easier.

LEGISLATION TO HELP FARM CREDIT SYSTEM

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DE LA GARZA. Mr. Speaker, I am today introducing, with Representatives ED JONES, of Tennessee, EDWARD R. MADIGAN, of Illinois, and TOM COLEMAN, of Missouri, legislation designed to help the farmer-owned cooperative Farm Credit System surmount current economic problems and protect its long-term stability.

Hearings on this legislation will be held Nov. 21 by the Subcommittee on Conservation, Credit, and Rural Development which has already held 4 days of broad-ranging hearings on farm credit problems and potential solutions.

This bill is being introduced by a bipartisan group including myself as chairman of the Agriculture Committee, Mr. JONES as chairman of the subcommittee, Mr. MADIGAN as ranking minority member of the full committee and Mr. COLEMAN as ranking minority member of the subcommittee.

Because of the importance of this legislation, and because I know many of our House colleagues will want early information on its contents, I am appending to this statement a brief summary of the bill.

The bill is built around three major features which would:

First, give the Farm Credit System [FCS] broader authority to use its own resources to shore up weak System units.

Second, reshape the Farm Credit Administration [FCA], an independent Federal agency, to make it a stronger, arm's-length regulator of the System.

Third, provide that if the Farm Credit Administration certifies that the System needs financial aid and has made the maximum practicable effort to deal with financial stress, the Secretary of the Treasury would have discretionary power to backstop the System's finances by purchasing obligations of a System unit called the Farm Credit System Capital Corporation in amounts determined by the Secretary.

Major provisions of the bill include:

I—SYSTEM SELF-HELP

This portion of the bill is designed to enable the System to assist troubled individual institutions by more effectively marshaling the resources of its network of Federal land banks, Federal intermediate credit banks and banks for cooperatives. To accomplish this, the bill requires the creation of a new FCS institution to be called the Farm Credit System Capital Corporation.

The FCS–CC would:

Provide a central source of financial assistance to individual FCS institutions. This could take the form of stock purchases, loans or contributions (made in accordance with Farm Credit Administration regulations) where a local unit could not operate without aid.

Serve as a System-wide 'warehouse' to which System institutions could sell acquired properties and loans on which farmers had not made payments. The FCS–CC could hold, restructure and administer the loans, and it could refinance, reamortize or otherwise adjust debts for borrowers on any such purchased loans, or eventually liquidate loans if necessary. The FCS–CC could require a troubled unit to sell nonperforming loans to the corporation before receiving financial assistance.

Assist FCS institutions in restructuring or refinancing loans of their member-borrowers, or participate with those institutions in holding nonperforming loans at the local level.

To finance its activities, the FCS–CC could:

Draw funds from other System institutions by steps including required stock purchases or assessments under guidelines set by the Farm Credit Administration. The power to draw on resources of other System units would be limited by provisions stating that (a) the FCS–CC could not require other units to dip into the stock held by their member-borrowers as a contribution to the new central aid fund, and (b) the FCS–CC's levies could not reach a point at which the financial viability of local institutions would be imperiled, or at which local institutions would be left unable to make credit available to borrowers on reasonable terms.

Receive and administer aid coming from outside the System.

The bill includes safeguards designed to assure that the FCS–CC's powers could not be used in a way that would allow the corporation to develop into a primary, nationwide supplier of credit for farmers, ranchers, and cooperatives. The corporation's powers would be limited to those laid down in the bill.

Other provisions affecting the FCS–CC include:

The corporation could join with other System institutions in issuing System-wide securities. It would be jointly liable with other System units for any principal or interest payments which an individual System bank could not make. And it could borrow money on its own responsibility.

The FCS–CC would be run by a five-member Board of Directors appointed by the Chairman of the FCA. Three members would be selected from the elected members of Farm Credit District Boards, and the remaining two would come from outside the System.

II—STRONGER INDEPENDENT REGULATION

The Farm Credit Administration [FCA], an existing Federal agency which supervises FCS activities, would be reorganized and strengthened. The FCA would abandon past practices which amount to day-to-day participation in management of System activities and would become an arm's-length regulator like other similar Federal agencies. It would have new powers including authority to issue cease-and-desist orders to System institutions and power to issue regulations to insure that borrowers get full information about their loans.

At present, the FCA is directed by a part-time Board which chooses a full-time Governor to run the Agency. Under the new organization, however:

The Agency would be operated by a full-time, five-member Presidentially-appointed Board serving 6-year staggered terms, with one of the Board members named by the President as chairman. The chairman would be the chief executive officer of the FCA and could name members of the former part-time Farm Credit Board to one or more new advisory committees.

Powers and responsibilities of the reshaped FCA would include:

Providing for regular examinations of System institutions by FCA examiners—a function handled in the past by the System itself.

Requiring each System institution to publish annual reports on its financial condition audited by an independent public accountant.

Issuing cease-and-desist orders to System institutions if the FCA finds any engaging or about to engage in unsafe or unsound practices or violating FCA regulations. FCA would have authority where necessary to issue temporary orders designed to immediately halt unsafe practices. Temporary orders would take effect immediately and remain in effect, unless suspended or limited by a court, while proceedings on permanent orders were underway.

Setting minimum capital levels which must be maintained by all System institutions, and providing that failure to maintain these levels would be an unsafe practice.

Appointing a conservator or receiver for any System institution in cases where the unit is insolvent or where its survival is threatened by unsafe or unsound practices, or where a final cease-and-desist order has been violated. Such action would be subject to court review.

Approving the issuance of System securities, including setting standards or criteria for interest rates paid on these securities. Similarly, the FCA could set standards or criteria for interest rates paid by System borrowers.

Regulating the preparation by System institutions of reports to both stockholders and investors of information on the financial condition and operations of the institutions.

FCA powers aimed at borrower protection would include:

Power to require System institutions to disclose to borrowers, in the case of variable rate loans, the amount or frequency of permissible rate changes and factors to be used in determining changes.

Power to require that borrowers be given written notice of action on loan applications including explanations of any denials, power to require that borrowers who are turned down be given the right to appeal, and power to require written notice of actions by System institutions to retire or cancel borrower stock.

Power to require that System institutions provide borrower-stockholders, on request, with copies of documents relating to their loans.

III—ADDITIONAL FEDERAL BACKUP

To protect the stability of the Farm Credit System if weakness in the farm economy stretches its own resources to the danger point, the bill provides a mechanism for discretionary backstop aid from the Federal Government. Under this section of the bill, the Farm Credit System would be given treatment similar to that already provided by law for other federally chartered financial institutions.

Here is how the new FCS assistance authority would operate:

First, the Farm Credit Administration would have to certify that the System needs financial assistance and has committed its own available capital surplus and reserves to the point where a further drain on System resources would probably leave its institutions unable to serve their borrowers on reasonable terms.

Following this FCA certification, the Secretary of the Treasury would have authority, at his own discretion, to buy any obligations issued by the Farm Credit System Capital Corporation and to provide terms for repayment of the assistance. The wording of the bill leaves final determination of the amount of any such aid to the Secretary following his consultations with credit officials.

When the FCA makes a certification that aid is needed, the notice will go to Congress as well as to the Secretary of the Treasury. The Secretary would have 45 days to announce whether he would use his discretionary power to provide aid.

BETHESDA DIPLOMAT BEATS ODDS

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. BARNES. Mr. Speaker, I wish to share with my colleagues an article from the Montgomery Journal about my constituent and good friend, Richard Schifter.

The article celebrates the fact that Dick Schifter has risen from being a refugee from Nazism to become Assistant Secretary of State for Human Rights and Humanitarian Affairs. In that position, Dick will have what I view as one of the most important foreign policy responsibilities our Government has to offer: That of working throughout the world to protect people from abuse by their government. In my travels throughout Latin America as chairman of the Subcommittee on Western Hemisphere Affairs, I have discovered how important defending human rights is in gaining influence and friendship for the

United States. So I think this is an enormously important position, and I am just delighted that the President has seen fit to entrust Dick Schifter with this responsibility.

As the article makes clear, Dick's whole life has been a preparation for the job he now holds. From his experience under the Nazis in Austria, to his support for school desegregation as a member and president of the Maryland School Board, to his service as U.S. representative to the United Nations Human Rights Commission, Dick Schifter has demonstrated his commitment to human rights. As one who has benefited from working with him in Maryland, I am pleased to congratulate Dick on his appointment to this important position. I look forward to working closely with him in the cause of human rights.

The article follows:

[From the Montgomery (MD) Journal, Nov. 19, 1985]

BETHESDA DIPLOMAT BEAT ODDS—FROM NAZI PERSECUTION TO COUNTY POLITICS TO STATE DEPT.

(By Jaleh Hagigh)

Richard Schifter was 15 when he boarded a train in Vienna, leaving behind his parents and homeland to escape death in a Nazi concentration camp.

It was 1938. Schifter was fleeing Austria and the anti-Semitism that brought segregation to his country.

For nine months, he had seen the Nazi ugliness. Once he watched as his parents were arrested for no apparent reason.

"I spent a whole day standing in front of a jail where my parents had been incarcerated trying to get them out," Schifter said.

He left for America to live his dream of being a diplomat, something he was told a Jew could never be in Europe.

Now he looks back with pride, knowing he beat the odds. At 62, Schifter is the new U.S. assistant secretary of state for human rights and humanitarian affairs. That makes the Bethesda resident the chief U.S. diplomat in charge of protecting the human rights of all people.

"That's what the United States is all about," said Schifter, whose personal history gives him a special understanding of human rights violations.

While Schifter escaped death in a concentration camp, his parents did not.

"I know what it means to have persons close to you killed," he said quietly. "I know what (discrimination) is all about. I know what it means to be discriminated against on the grounds of ancestry."

The role of diplomat is not strange to Schifter. Since 1983, he has been the U.S. representative on the United Nation's Human Rights Commission. During 1984-85 he also was deputy U.S. representative to the U.N. Security Council. He was confirmed by the Senate in his new human rights post Oct. 31.

But his role in national and international affairs has not kept him away from issues closer to home.

For the past two decades, Schifter was a sculptor of Democratic Party policy in Montgomery County. An attorney, he is also known for his work in handicapped education.

In 1955, he began working in the party trenches as precinct worker and rose to chairman of the county's Democratic Central Committee in 1966, a post he held until 1970.

During the 1960s, Schfiter also served on the Maryland State Board of Education and was remembered for supporting school desegregation. He served on the board for 20 years, four of those as president.

Schifter was a strong supporter of quality education for the handicapped. He was on the Board of Visitors of the Maryland School for the Deaf, chairman of the Commission for the Funding of the Education of Handicapped Children and chairman of the Maryland Values Education Commission.

Because of the suffering he saw growing up, friends and colleagues say it is apropos that he be in a position protecting human rights.

"There's no question about his commitment to human rights," said state Del. Lucille Maurer, D-Silver Spring, who served on the county Board of Education while Schifter was president of the state board.

"I think he's an extremely bright, able, articulate, sensitive person whose sense of value would be very appropriate and valuable in his new role," said state Del. Donald Robertson, D-Montgomery, majority leader of the House of Delegates.

"He brings experience that is based on how one works in politics and how one develops alliances in coalitions and makes those necessary accommodations," said Saul Stern, a friend and political colleague of Schifter for 30 years. "He's result-oriented with human rights values. Ronald Reagan has made a superior appointment."

"He understood what being an underdog was and what being powerless was," said County Council member Esther Gelman. She said he's a man "dedicated to ending human suffering."

Schifter is also a man of contrast. Though quiet and not outwardly aggressive, he is most effective working behind the scenes and as a mediator.

Another contrast: Schifter is a liberal Democrat in one of the most conservative administrations in decades.

In a recent interview at the State Department, Schifter said that is not a problem and that he wholeheartedly supports Reagan's record on human rights, as well as his defense and foreign policies.

While not revealing his agenda as assistant secretary, Schifter said he will concentrate on the problem of torture in the world.

One thing he brings to the State Department from his years in Montgomery County politics is being able to work with people and knowing who's on your side and who's not, Schifter says. The latter, he said, proved to be crucial at the United Nations.

His colleagues have other thoughts about Schifter's years in Montgomery County politics. They credit Schifter with building a strong party through a strong precinct organization.

"Dick opened up the democratic process very broadly in Montgomery County. He fought for keeping the process open and keeping it strong," said Stern.

"The party grew and flourished because he involved people and pulled them in. He was a man of great principle who encouraged open debate."

Schifter is also credited with opening the door to women interested in politics in the 1960s.

Del. Marilyn Goldwater, D-Bethesda, is a Schifter protege. She met Schifter in 1964 when he was working in a local precinct. "He brought new blood to the party," she said.

"I wish it (his appointment) were with a Democratic administration, but the fact of the matter is we have a Republican administration. The President could not have picked a better person."

Gelman called Schifter "The most decent, hard-working man God ever made."

"His whole life has been one of making democracy work for those who cannot protect themselves. He brought the winning philosophy to the Democratic Party in Montgomery County."

Schifter said his philosophy of government is simply keeping democracy strong and government out of where it does not belong.

Gelman put it more eloquently, "the more you share power, the more power you have."

CONGRESSIONAL SALUTE TO THE HONORABLE ROSARIO F. LOMAURO, ESQ., OF NEW JERSEY, 1985 "MAN OF THE YEAR," ST. BARTOLOMEO SOCIETY OF PASSAIC

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. ROE. Mr. Speaker, on Saturday, November 23 district and State of New Jersey will join with the members of the St. Bartolomeo Society of Passaic, NJ, in honoring a distinguished citizen, outstanding community leader, and good friend, the Honorable Rosario F. Lomauro, Esq., of Clifton, NJ, whose standards of excellence throughout his lifetime have earned him the highly prestigious citation of merit award of the St. Bartolomeo Society—the Man of the Year. I know that you and our colleagues here in the Congress will want to join with me in extending our warmest greetings and felicitations to him, his good wife, Columbia, daughters: Mrs. Frances Primm of Charlotte, NC, Mrs. Theresa Jones of Independence, KS, and Mrs. Lorraine Pekarsky of Clifton, NJ; sons-in-law, and grandchildren upon this milestone of achievement in their family endeavors.

Mr. Speaker, our Man of the Year, Rosario, was born in Passaic, NJ, on July 5, 1911, the son of Francesca Maggi and Frank R. Lomauro. He attended local schools and upon his graduation from high school attended Fordham University where he attained his B.A. degree. In 1935 he received his law degree from Fordham Law School and was admitted to the practice of law on September 23, 1936. In his outstanding service as practicing attorney for the past half century, he has truly enriched the quality of life in our community, State, and Nation. Mrs. Ninetta Corradino, president of the St. Bartolomeo Society, poignantly brought into sharp focus the magnificence of the contribution that he has made to the public good in her announcement that Rosario Lomauro was selected Man of the Year by the society's membership because of his many years of service to the community and for his dedicated concern for his fellowman.

Mr. Speaker, Attorney Lomauro's personal commitment to the economic, social and cultural enhancement of our community has been a way of life for him. His quickness and accuracy of judgment, keenness of insight and professional expertise have enabled him to achieve success in his career pursuits. He has been an active participant in many civic and community improvement programs. He is a member of the Passaic County Bar Association and the Passaic County Republican League. He served as a member of the Passaic Board of Adjustment and was assistant to the Passaic County Counsel. On numerous occasions he was called on to serve as acting judge of the Passaic Magistrate's Court.

During World War II he served our people and our country with distinction. In March 1942 he entered military service and following his enlistment was assigned as a courts martial clerk in the judge advocate's office. In March 1944 he was assigned to an Italian service unit as an interpreter. In 1945 his duties included assignments with the provost marshal general's office and later in the year and until his discharge in 1946 he served as a member of the Security Intelligence Corps.

Upon his honorable discharge from the U.S. Army, in addition to returning to his legal profession, he became highly involved in veterans' affairs. He was appointed manager of veterans housing in Passaic directing this most important program for the people of the city of Passaic for 17 years. He also served as judge advocate of American Legion Post 200.

In the political arena, he was a candidate for the New Jersey State Assembly on the Republican slate and has also served as city leader. He has attained the greatest respect and deepest appreciation from a grateful community for his compassion, dedication and untiring efforts in service to his fellowman.

Mr. Lomauro was one of the founders of the Passaic Chapter of UNICO National, serving as president, and was instrumental in establishing the chapter's scholarship program as well as several philanthropic projects. He was also president of another highly prestigious Italian-American organization, the Geraci Citizens League, whose roots stem from the Sicilian village of Geraci Siculo and whose membership includes many prominent citizens not only in the Passaic County area but throughout America. It is important to note that the Geraci Citizens League was founded in Passaic, NJ, in 1930 by a group of citizens from the mountain village of Geraci Siculo and Rosario's father and uncles were among the league's founders. Suffice it to say that the Geraci League is dedicated in their objectives to share not only the treasures of annual family reunions as they count their blessings but the solace and comfort of family togetherness in thanksgiving to God and to America and to the land of their ancestry.

Mr. Speaker, it is indeed appropriate that we reflect on the deeds and achievements of our people who have contributed to the quality of life and way of life here in America. Rosario's personal commitment, richness of wisdom, warmth of friendship and sincerity of purpose in everything he sets out to do is applauded by all of us. We do indeed salute an esteemed lawyer and great American—the Honorable Rosario F. Lomauro, Esq.—1985 Man of the Year of the St. Bartolomeo Society of Passaic, NJ.

SOVIET "OPEN DOORS" CLOSED TO JEWS

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. COURTER. Mr. Speaker, yesterday, while Mikhail Gorbachev was telling Jesse Jackson that "the so-called problem of the Jews in the Soviet Union does not exist," and Soviet policy is one of "open doors", Soviet policemen at Geneva's Aeroflot airlines office were tearing down pictures of persecuted Soviet Jews which activists has posted on the windows, and locking the doors for the remainder of the week.

Jews find it as hard to tell their story to the Soviet authorities in Geneva as they do in the U.S.S.R. Tens of thousands of them have already knocked at the Kremlin's "open doors", asking for nothing more than their God-given right to leave. But only about 100 get to do so each month. And persecution of the others who have dared to apply is so commonplace that it has long been an international scandal.

Given these facts, it was particularly ironic, if not obscene, that in the midst of Jackson's questions about Soviet Jews, Gorbachev made reference to "Hitlerite literature." This was apparently a new echo of one of the oldest Soviet propaganda themes—that Jewish culture is racist and subversive, inside and outside of the Soviet Union. That, of course, is a lie. But it well serves Marxist-Leninist ideology, which requires the continued presence of domestic enemies, be they bourgeois, rightist, intellectual, or Jewish, to justify the continuation of the party's minority rule and the continued deferment of the social and political freedom that communism has always promised.

THE 67TH ANNIVERSARY OF LATVIAN INDEPENDENCE

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DORNAN of California. Mr. Speaker, November 18 marked the celebration of the proclamation of a free and independent Republic of Latvia 67 years ago. Today, I join my colleagues in an expression of celebration and concern.

On this day, we pay tribute to our Latvian friends and reaffirm our support for their exiled government. Like the Estonians and Lithuanians, millions of Latvians now live under the yoke of foreign subjugation—their very nationhood stolen from them by the evil designs of the Soviet empire. The courageous effort of the Latvian people to maintain their national identity and patriotism should be an inspiration to all peace-loving societies of the free world. They are an important link between freedom fighting movements around the world.

Shortly after World War I, the Latvian Republic was created and had every reason to be confident about their future development and prosperity as a nation. The Latvian Republic was created on the same principles that are the foundation of the U.S. Government: A devotion to representative government under a President, a legislative body, supported by freely organized political parties.

However, like so many small countries of Eastern and Central Europe, Latvia fell victim to the forces of totalitarianism from both the Soviet Union and Nazi Germany. The capitulation of the Germans in 1945 brought no relief to the beleaguered Latvian people. The Soviet Union brutally swallowed up this nation shortly after the collapse of the Nazi war machine. Latvian fears of the Soviet army were fully justified as Soviet artillery and air raids lost no time in conducting a brutal invasion. The Soviets today persist in their attempts to destroy their tenacious culture and heritage.

Let me say that it was never the intention of the Helsinki accords to consign the people of Latvia and its neighbors to the cemetery of forgotten peoples. Since the Soviets will continue to argue their convoluted interpretation of these accords, we, in Congress, must be steadfast in our resolve to bring this theme to the attention of the world: That the nation of Latvia should be independent and free. We must also take advantage of every opportunity to remind the Soviets that national rights of language, worship, and political preference are an integral part of the Helsinki accords.

I salute the people of Latvia on the 67th anniversary of independence of their great nation. My only hope is that in the near future we will be able to celebrate this day in a truly free republic.

THE 25TH ANNIVERSARY OF THE KALAMAZOO NATURE CENTER

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. WOLPE. Mr. Speaker, I rise to pay special tribute to the Kalamazoo Nature Center on the occasion of its 25th anniversary.

In 1960 the owner of Cooper's Glen—a natural wooded area 5 miles north of Kalamazoo—prepared for the commercial removal of gravel from the site. To stop the ecological damage to this beautiful, natural site and as a means of fulfilling a desire to create an environmental education facility,

Dr. Lewis and Jean Batts and their friends purchased the glen and established the Kalamazoo Nature Center.

Today the Kalamazoo Nature Center—a nonprofit scientific, environmental education and land-conservancy institution—provides a unique opportunity to observe, study, and enjoy our natural environment. The nature center offers a wide range of programs designed to assist in understanding our dependence upon our natural environment. The educational programs include interpretive trail walks; an arboretum and botanical garden; and a wide range of classes—from preschool to adult education. The center also serves as a location for family activities, summer camps and the demonstration of alternative and appropriate energy and agriculture technologies.

Throughout the 25 years of the Kalamazoo Nature Center's existence, Lewis and Jean Batts—with the help of a dedicated staff—have guided the center in attaining its goal of providing residents of the Kalamazoo area with a better understanding of our natural surroundings and the need for the wise management of our natural resources. Without their hard work the center would not have grown to be the nationally recognized environmental education facility that it is today. Though the center has received State and Federal assistance to carry out specific programs and research, its ongoing source of support has come from its many generous members who have contributed both time and financial support.

I am proud to represent the area in which the Kalamazoo Nature Center is located and to be associated with those who have given so much of themselves to preserve our natural heritage for future generations. The 25th anniversary of the Kalamazoo Nature Center is indeed a time for celebration.

NEW YORK CITY: NEITHER GOOD TIME CHARLIE NOR HARD HEARTED HANNAH

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. GREEN. Mr. Speaker, earlier this week in the other body, the senior Senator from Wisconsin had some thoughts to offer about my city, New York, and its recovery from a financial crisis. The Senator properly praised the city for its hard work in that recovery.

But the good Senator erred in his evaluation of why New York entered the crisis, saying that the city had acted as a good time Charlie in spending its resources. I must correct that misconception. Yes, the Big Apple can be a fun town for its residents and visitors, but it was not on the brink of bankruptcy because of social balls, party balloons, and Bacchanalian rites.

I would not want to damage New York's reputation as a tough town, but the fact is that it was the city's soft-heartedness that, in part, got it into trouble. The Statue of Liberty and Ellis Island, both of which are in my congressional district, are symbol and substance of the city's as well as the Nation's willingness to open its arms to those in need. The Lower East Side, also part of my district, has been the first home of countless immigrants.

Added to those arriving from other countries have been those coming from other States. Changes in agriculture, for example, drove many poor people from rural areas and many came to New York where, under the decision of the U.S. Supreme Court, they were immediately entitled for all forms of public assistance—in the form of housing, education, health care, and other life's necessities. That costs money. New York could not send a bill to the newcomer's home State.

New York also has had its own needy residents, who also require public programs. And it has had the myriad of across-the-board services such as transportation, police, and sanitation, senior citizen and day care centers, agencies to guard the environment, assure safe building construction and more.

This is not "profligacy" as the Senator alleges, it is decency. If New York had a problem in these areas it was that it wanted too much to protect and enhance the quality of life. We in New York have had to pay for misjudgments of the past, by reducing the level of many public services. But we have not, and will not, abandon our tradition of caring for new and old residents, for the poor and elderly. We will continue to be generous, perhaps to a fault, as we would rather be considered a good time Charlie than hard hearted Hannah.

THE FIRST PILLAR OF SOUND MONEY

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DANNEMEYER. Mr. Speaker, continuing this series on sound money, the first pillar addresses the gold standard, that archaic artifice which has allegedly outlived its usefulness but without which we cannot function. Professor Fekete's reasoning is granitic, his imagery vivid, and his message crystalline.

THE FIRST PILLAR OF SOUND MONEY AND CREDIT: THE PRINCIPLE OF THE GOLD STANDARD

(By Antal E. Fekete)

A CHINESE TALE

Once upon a time the standard of measuring length, the foot, was defined in China as the length of the foot of the emperor. A change of the standard occurred upon the death of the old emperor, as a proclamation heralding the length of the foot of the new emperor was made. Later emperors found to their surprise that they did not have to die in order to bring about a change of the standard. Imperial pleasure could proclaim a change in imperial footage at any time.

The ropemakers of the Celestial Empire learned to live with this capricious and whimsical system. They withheld production when they suspected that a shrinkage of the imperial foot was imminent. One day the ropemakers became even smarter. They formed a lobby in the Celestial Court, to persuade the Son of Heaven to have his toes amputated in order to make the imperial foot even shorter. This was thought to have a salutary effect on the ropemaking business. When, however, the people of the Celestial Empire found out what was afoot at their expense, they rose in anger, beheaded the emperor, and made the new emperor declare the length of a platinum rod as the official standard. It was thought that platinum was impervious to changes inspired by minority pressure groups.

HOW TO REPLENISH WATER IN NEW YORK CITY'S WATER RESERVOIR

Changing the standard of value, or the devaluation of a currency, is like the amputation of one's arm or leg; it is a great misfortune. Informed people do not engage in either sort of amputation unless it is unavoidable.

The most basic characteristic of any good standard of measurement is that of fixity. And, apparently, a nation has no standard of measurement more important than its standard monetary unit, since its money reaches and affects virtually every activity of all its people both in domestic and in foreign trade.

There is nowadays respect for such standards of measurement as the foot, gallon, pound, and so on. We pride ourselves on being infinitely more scientific than the Celestial Empire of old, as we define the unit of length in terms of the wavelength of the orange color in the light spectrum. If the water reservoir of New York City is depleted, say, by one half, the Congress could conceivably change the definition of the gallon to one half of the original, in an effort to forestall panic among city dwellers. The easiest way to restore the number of gallons in the city's water reservoir is to cut the size of the gallon in half. But the Congress knows that such tampering would be unscientific. Changing the definition of the gallon would do nothing to restore the original amount of water in the reservoir, while it would encourage further waste of water when greater economy is called for. The Congress knows that people would see through the mischief and would react unfavorably to the face. Therefore, politicians must find a more scientific way of coping with water shortages.

WHEN THE BEST IS THE WORST, AND THE WORST BEST

When it comes to the standard of monetary value, which also serves as the standard of deferred payments such as pensions and life insurance, a peculiar confusion and inconsistency reveals itself. As national profligacy depletes the reservoir of wealth in the country, the Congress has found it expedient to resort to tampering with the standard gallon measuring the quantity of wealth in the nation's reservoirs: the Congress reduced the value of the monetary standard, the dollar, in order to conceal the alarming news from its constituents. And in 1971 the Congress abolished the standard altogether, when it abdicated its Contitutional responsibility by allowing the dollar to float.

Today the length of the foot of the incumbent Chairman of the Federal Reserve Board is the effective standard, and it is up to him and to his colleagues on the Open Market Committee to say what this length is. The amazing thing is that we accept the

alteration of the definition of the dollar when the things it is supposed to measure do not conform to wishful thinking, although we would not accept the alteration of the definition of the gallon motivated by the same considerations. The explanation of this irrationality cannot apparently be compressed sufficiently for inclusion here. As though struck with a fever or some sort of madness, government officials and powerful groups of industrial and agricultural leaders took the position that a country with weak currency had an advantage over a country with a strong one, and that it was necessary to pull the strong currency down to the level of the weak. The worst currency was really the best, and the best currency really the worst.

HOW TO GIVE AWAY WEALTH

In our wild embracing of this madness, we never settled down to state clearly just what precisely the target of currency depreciation or "goodness" in money was. The secret of that mystery was ostensibly in the hand of the currency manipulators who performed as though they had a hot line to Heaven. They never could bring themselves to face the logic of their basic position that, if a depreciated currency is better for our country than one based on a fixed monetary standard, the best currency would be the one having no value at all, and the country would gain most which simply gave away its goods and services. The extent to which we are still afflicted by this phantasmagoria, prevalent in Washington, that a nation can maintain prosperity and increase its standard of living by giving away its wealth should be apparent to all mature people, after the conspiracy against the dollar by the Group of Five was revealed at the Plaza on September 22, 1985.

THE PROPER MONETARY STANDARD

The typical currency system has various kinds of moneys in circulation, and it is the proper function of the monetary standard to keep the value of each unit of each kind of money equal to that of each unit of every other kind of money in the system. A standard monetary unit should be something which itself has value. It cannot be an abstraction, a legal fiction. It cannot be a promise to pay, let alone an irredeemable promise. It must be material property commanding the most universal acceptability. To serve its purpose best, it should have a relatively high value in small bulk; it must be permanent, resistant to tarnish; it must be homogeneous, divisible without loss of value; and it must be readily recognizable. For these reasons gold has evolved, over thousands of years, as the material of which the monetary standard is made. In fact, for over one hundred years gold has been exclusively used for this purpose.

THE FATE OF A GOVERNMENT PROPHECY

The value of gold is not derived from the monetary applications of gold. Back in 1967 government economists prophesized that if the U.S. Treasury stopped bidding for gold, the dollar price of gold would drop, perhaps by as much as 50%. On March 15, 1968, the U.S. Treasury and the cartel of central banks known as the Gold Pool withdrew their longstanding offer to buy unlimited quantities of gold—and the rest is history. Refusing to fall, the dollar price of gold started rising immediately, and has followed a checkered path upwards ever since. The government economists were wrong. The monetary econimists who maintained that a dollar is a promise to pay a fixed amount of gold on demand, and that the repudiation of that promise cannot possibly enhance its value, were right. Since March 15, 1968, the dollar has lost almost 90% of its gold value—and a commensurate amount of its purchasing power.

THE MARGINAL UTILITY OF GOLD

The most important quality of gold as monetary metal is its universal acceptability. In technical economic language, the marginal utility of gold is constant, in contrast with that of any other good which all have more of less declining marginal utilities. In other words, the acceptability of gold in exchange for goods and services does not depend on the amount of gold possessed by the parties to the exchange.

This property of gold is intimately related to another. Contrary to folklore, gold is not scarce. Gold is the only commodity that can be offered in unlimited quantities in exchange for goods and services across all national boundaries, without apparently harming its exchange value. Moreover, gold is the only asset that individuals and governments will carry in the balance sheet without any promise of return to capital. Gold is the only asset that can balance a liability without being at the same time a liability of someone else. It is the only financial asset that can survive the consolidation of the balance sheets of any combination of individuals or governments.

THE MOST ABUNDANT COMMODITY ON EARTH

Economics accounts for this anomalous behavior of gold, not by appealing to psychology, or to human weaknesses such as vanity or superstition, but by appealing to logic. Even if we regard the choice of gold as monetary standard as a historical accident, by now gold is so firmly entrenched that its replacement is virtually unthinkable. Almost all the gold that has been produced since the dawn of history is still available in marketable form; the same simply cannot be said of other commodities: they all disappear in consumption. The ratio of stocks of gold to annual production flows is a high multiple, estimated to be between 80 and 100. For other goods, the ratio of stocks to flows is a small fraction, e.g., ⅓ for copper. The latter is an interesting example because copper, like gold, also has a long and rich history including its history of monetary applicatons. Yet, if copper stocks were to double overnight, raising the stock/flow ratio to ⅔, then the price of copper would collapse and all but the most efficient producers of copper would be ruined. No matter how many marginal applications for copper we may find, the marginal utility of copper would be testing zero, i.e., copper would be a "free" good like drinking water. By contrast, if the world's gold stocks were to double overnight and the stock/flow ratio of gold went from 100 to 200, hardly anybody would take notice. Gold producers would continue to prosper. The increase in the ratio would be looked upon as another confirmation of the supreme confidence individuals and governments have in gold as a store of value.

In these terms, gold is the most abundant commodity known to and produced by man. Gold does not owe its value to its alleged scarcity. On the contrary, gold owes its value to the fact that, in spite of its abundance and steady increase of abundance, gold continues to be in universal demand, and it continues to be acceptable in unlimited quantities. No other asset can match the record of gold in this regard. No other commodity can withstand the wear and tear the monetary standing is constantly exposed to. Like the Chinese platinum rod, gold may not be a perfect standard, but it is the only conceivable monetary standard we have.

DEFICIT ACTION NOW

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. SEIBERLING. Mr. Speaker, I am today introducing legislation to gradually increase the Federal excise tax on gasoline, earmarking the resulting revenue for deficit reduction. Such action to reduce the deficit is needed now.

The need for prompt action to reduce the deficit is clear. Unfortunately, the constraints on the Congress have left us with very little room to maneuver. The President is adamant that his $2 trillion defense buildup continue unabated. Many Democrats, recalling the bitter results of the precipitous rewriting of Federal domestic programs under the Gramm-Latta reconciliation bill, are understandably wary of the Gramm-Rudman bill, which would abdicate congressional responsibility in budget cutting, and would give the President broad powers to slash domestic human needs programs which have already been cut and cut again.

The President is also adamant that the Congress not raise taxes to help with the deficit reduction battle. Yet the 1981 supply-side tax cut which the President and his allies pushed through Congress has contributed directly to the loss of hundreds of billions of Federal revenues in loopholes and corporate giveaways. Indeed, in a recent survey of 275 major U.S. corporations, fully 129 paid no income tax at all, and some even received a tax rebate, in at least one of the years from 1981 to 1984. Of this group of 129 tax winners, 74 companies had at least 2 years of paying nothing, 26 had at least 3 years of paying nothing, and 9, including Boeing, ITT, General Dynamics, Grumman, and Lockheed, successfully eliminated their taxes or received tax rebates in each of the 4 years from 1981 to 1984. In 1984 alone, 40 of the 275 highly profitable companies surveyed paid no Federal income tax. In fact, despite profits totaling $10 billion, these 40 companies received net Federal tax rebates of $657 million.

The supply-side tax cuts were, of course, supposed to foster a boom in capital investments which would lead to a general economic revitalization and a greatly expanded economy, which would in turn lead to sufficient increases in the tax base to completely offset the 1981 cuts. Of course, this had not happened. Despite a surge in capital investment in 1984, over the Reagan first term, business investment in plants and equipment ended up averaging 3 percent growth per year, 50 percent less than the average annual rate over the Carter years.

Since the overriding issue facing the country is the deficit, logic would suggest

that the prudent course of action on taxes would be to concentrate on a tax bill providing relief to low- and middle-income taxpayers and ending the unfair and revenue-losing tax loopholes that enable profitable corporations and wealthy individuals to pay little or no Federal income tax. We could thus begin to regain some of the revenue we have lost over the past few years. Unfortunately, the President continues to insist that he will settle for nothing less than a tax bill which is revenue neutral. Thus, while we reel under the burden of a $200 billion deficit, we have the nearly incomprehensible sight of the President complaining about the retention of the current Federal excise tax on cigarettes. The revenue-neutral shibboleth is forcing the Ways and Means Committee to jump through hoops to produce a bill which doesn't gain any revenue, and which doesn't lose any. Meanwhile, we are being backed into a corner on spending cuts.

With all this in mind, I am today introducing, with my colleagues, Mr. MOODY and Mr. BEILENSON, legislation to add a deficit reduction tax to the current 9 cents per gallon Federal tax on gasoline. Our bill would add a 10 cents per gallon surtax to gasoline each year from 1986 to 1990. In other words, the surtax would be 10 cents in 1986, 20 cents in 1987, 30 cents in 1988, 40 cents in 1989, and 50 cents per gallon in 1990. In 1991, the surtax would be automatically cut back to 10 cents per gallon, unless the Congressional Budget Office projects a deficit in 1991. If such a deficit is projected, the surtax would be dropped to a level sufficient to zero out the deficit. Every penny in Federal gasoline taxes produces an estimated billion dollars in revenue. Thus, our bill would generate a cumulative total of some $150 billion in additional Federal revenue from 1986 to 1990. All the proceeds would be earmarked for deficit reduction, not for the highway trust fund.

Enactment of such a tax would also encourage fuel conservation, itself an important national goal. By putting the public on notice that the excise tax on gasoline will go up, the Government would send a clear message encouraging consumers to conserve fuel, and to auto manufacturers to produce the most fuel-efficient autos possible. The probable resultant decline in gasoline consumption in the midst of a world oil glut would tend to push gasoline prices down further, or compel producers to absorb much of the excise tax increase themselves, instead of passing it on to consumers. In either case, there is strong reason to believe that consumers will not end up paying the full cost of the tax increase at the gas pump.

The bill would impose the deficit reduction surtax on gasohol. However, since gasohol is 10-percent alcohol and 90-percent gasoline, and the surtax would be imposed on the gasoline used to produce gasohol, gasohol users would pay 10 percent less of the surtax than users of straight gasoline. The favorable treatment of gasohol would encourage its use, thus contributing further to fuel conservation.

Mr. Speaker, no one suggests that a tax increase, even a user tax such as we are proposing, will be popular. But what are the alternatives? The Nation's poor have already borne the brunt of our feeble efforts at deficit reduction. The Gramm-Rudman meat ax would worsen their lot while gutting the programs that serve middle-income people, as well as those that are crucial to the future health and well-being of the entire Nation.

The bill we are introducing today, coupled with balanced efforts to reduce Federal spending, will allow us to make regular reductions in the deficit and ultimately balance the budget, while maintaining our historic commitment to those in this country who need help the most. I urge my colleagues to join Messrs. MOODY and BEILENSON and me in support of this effort.

THE SPORTS VIOLENCE ARBITRATION ACT OF 1985

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DASCHLE. Mr. Speaker, earlier this year I reintroduced H.R. 2151, the Sports Violence Arbitration Act of 1985, a bill intended to deter and punish acts of excessively violent comportment that continues to plague professional sports.

This bill is not an assault on the physical component of professional sports; simple aggressive address has always been, and should forever be, a part of our pastimes. What this bill does attack is the ever increasing violent conduct that now flourishes in professional sports. With basketball players flagrantly throwing elbows and baseball players intentionally hitting batters, excessive violence has become an issue in what the casual fan would deem "noncontact" sports. As the pressures to succeed become stronger, the possibility of violent conduct during the game increases.

Without question, excessive violence in professional sports has become a serious problem in the United States. Examples of this problem are prevalent, repeated every season in every professional sport:

October 28, 1979—Steve Luke of the Green Bay Packers throws a forearm into the face of the Miami Dolphins running back Norm Bulaich, breaking his jaw, splintering the bones around one eye and ending his football career.

December 9, 1977—Rudy Tomjanovich of the Houston Rockets is hit by Kermit Washington of the Los Angeles Lakers, the blow leaves Tomjanovich with a broken jaw and fractured skull and nose.

And recently, Chris Nilan of the Montreal Canadians, suddenly and without provocation, shoved the butt end of his stick into the mouth of Boston Bruins player, Rick Middleton. Fortunately, Middleton suffers only broken bridgework and stitches. In a recent season, 1,638 National Football League players missed two or more games with "serious injuries," and studies have shown that football is so physically debilitating that a pro's life span is significantly shorter than that of most males.

It is also clear that the public is very concerned with the problem of excessive violence in professional sports. According to an April 1983 poll taken by Louis Harris and Associates, Inc., 49 percent of those polled believed sports in general are too violent; 69 percent thought violence is a serious problem in football; and 79 percent believed hockey has a major violence problem. Mr. Harris stated that the level of concern about violence cut across the board in terms of age, sex, and economic status, and warned the NFL commissioner that fans are very worried about what is happening to football.

However, the major professional sports leagues have been both inconsistent and ineffective in disciplining players and clubs in order to preclude them from participating in excessively violent conduct. The relatively indulgent penalties, if imposed at all by the league hierarchy, have had little effect in deterring this type of conduct. For instance, throughout its 66-year history, the NFL has suspended only two players for excessively violent conduct.

Although the National Hockey League has made efforts to decrease the number of abuses, brawling is still rampant in the league. The NHL, after reviewing films of the Nilan-Middleton incident, suspended Nilan for eight games. This has become a standard penalty for such violations in the NHL, "It's your basic eight," was Middleton's response when told of the suspension. It is this type of rejoinder to serious violations that best illustrate the ineffectiveness of the controlling members of professional sports.

Nevertheless, I believe that the major sports leagues can best act as policemen of their own games, with very little Government intervention, provided they are given the incentive to establish an effective deterrent system. This bill is a distinct departure from previous legislation, which endeavored to make excessively violent conduct in the sports arenas a criminal act.

The Sports Violence Arbitration Act requires that all major professional sports leagues establish an arbitration panel that would have the power to force clubs and players to pay the costs of their excessively violent conduct.

The Sports Violence Act defines excessive violent conduct to mean physical force or contact that creates a risk of injury and is unnecessary for effective participation in the sport; is intended to injure; or, is intended to create a threat of injury. I believe this definition sets a clear and definite standard which will allow a neutral arbitration panel established by the major professional sports leagues to determine on a case-by-case basis what constitutes punishable violent conduct, as distinguished from the types of physical contacts which are a normal part of any physical or rugged sport.

The arbitration panel would hold a club financially liable for the excessively violent

conduct of its players. The club could be required by the arbitration panel to pay the salary of a player injured by excessively violent conduct during the period of the injury, pay the injured player's medical expenses, pay the injured player compensatory damages if the player could not perform in the future, relinquish a draft choice or pay damages to compensate the injured player's club for loss of the player's services, and pay a fine for failure to properly supervise the conduct of its players.

Further, the player who engages in excessively violent conduct could be required by the panel to pay substantial fines and suffer suspension without pay. The severity of both penalties would be determined at the arbitration panel's discretion depending on the nature and result of the conduct.

A grievance procedure complete with an evidentiary hearing and decision would be the vehicle for imposing disciplinary sanctions on clubs and players.

Additionally, while the bill applies only to professional sports, an effective change in the style of play at the professional level will have a positive influence on the conduct of the young athletes of America.

The concept of an arbitration system, which is the basis of this bill, was developed by attorneys Chris J. Carlsen of Sioux Falls, SD, and Matthew S. Walker of San Diego, CA, for their law review article entitled: "The Sports Court: A Private System To Deter Violence in Professional Sports." The article, written while they were law students at the University of Southern California, was published in the Southern California Law Review: volume 55, No. 2, January 1982. Mr. Carlsen's and Mr. Walker's assistance in drafting the bill is greatly appreciated.

NEW THREATS TO FAMILY PLANNING

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. GARCIA. Mr. Speaker, recently, there has been much debate about an amendment which may be offered by my good friend from New York, Mr. KEMP, to the fiscal year 1986 Labor-HHS appropriations bill when it is considered by the full Appropriations Committee. His proposed amendment would restrict Planned Parenthood affiliates around the country from receiving Federal Planned Parenthood funds if the option of abortion is presented to patients who seek family planning counseling.

While I have worked with my good friend, Mr. KEMP, on a number of other legislative initiatives, I strongly oppose his proposed restriction on Family Planning Services.

The following October 30, 1985, Washington Post editorial reflects my views on this issue. I urge my colleagues to review the following editorial comment.

NEW THREATS TO FAMILY PLANNING

Opponents of family planning programs, flushed with success in disrupting programs in developing countries, have turned their attack on domestic programs. Again their strategy is to label a vote in favor of family planning a vote in favor of abortion. In fact, the programs in question do not involve abortion. But since only the bravest congressmen are willing to run the risk of being associated, however unfairly, with a "pro-abortion" vote, this strategy has been successful in diluting the solid majority support that family planning programs actually enjoy.

No federally supported family planning clinic provides or recommends abortions—a fact recently reconfirmed by the General Accounting Office after a congressionally authorized review. But this finding does not satisfy groups such as the American Life League that oppose most widely used methods of contraception and which insist that "in practice they [the clinics] encourage abortion." They are promoting an amendment, sponsored by Sen. Orrin Hatch and Rep. Jack Kemp, denying federal aid to any group that informs pregnant women that abortion is a legal option or that, in a separate facility and with nongovernment funds, performs abortions.

Family planning agencies, which include state and local health departments and hospitals as well as clinics run by nonprofit groups, say they could not accept money on these terms. To do so, they say, would be to violate medical ethics by withholding relevant information from a patient. Some also question the constitutionality of such a prohibition on the free flow of information. Moreover, denying funds to agencies that, independently, perform abortions would deny funds not only to the many Planned Parenthood Federation and other independent clinics—a favorite target of the Far Right—but also to many state hospitals and clinics, some of which are under court order to order to provide abortion services to low-income women.

It would be an unforgivable act of political cowardice if Congress, out of fear that its action would be misrepresented, were to disrupt the carefully built network of family planning services—a network that actually prevents hundreds of thousands of abortions every year. While many people in this country have serious misgivings about abortion under various circumstances, the great majority support family planning for themselves and for others. Congress needs to start giving this subject the serious attention it deserves instead of running for cover every time someone whispers "abortion."

"HOW TO START A REVOLUTION WITHOUT REALLY TRYING": TOM BETHELL ON LAND REFORM

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. KEMP. Mr. Speaker, Tom Bethell has written an excellent article in National Review which reviews the major experiences with land reform throughout the world—many of which were carried on under U.S. guidance and with our financial support. I have found his analysis trenchant and incisive, and I commend his article to my colleagues.

The article follows:

HOW TO START A REVOLUTION WITHOUT REALLY TRYING

"If the law itself commits the act that it is supposed to suppress, I say this is still plunder and, as far as society is concerned, plunder of an ever graver kind,"—Frédéric Bastiat, "The Law" (1850)

In a recent article (*NR*, Aug. 23) I pointed out that the international debt crisis would not soon go away, because the indebted countries have been unable to create property rights, which are indispensable if new wealth is to be created. And without new wealth, debts cannot be repaid. Moreover, I suggested, certain American elites have sometimes worked to obstruct the emergence of property rights abroad, whether or not they knew they were doing so.

Property rights depend on the rule of law: the establishment and acceptance of the idea that the law must apply to all, including (especially) those who administer it; and that there exist human rights of ownership and exchange, the security of which it is the duty of governments to protect. Today, the central problem of economic philosophy is simply this: How is the rule of law to be established in those countries—the great majority—that do not enjoy it? Not only has this not been answered in contemporary economic discourse. It has scarcely been asked. For example, Professor P.T. Bauer of the London School of Economics (now Lord Bauer), perhaps the leading critic of mainstream "development" economics, does not raise the question of property rights and how they are to be established in undeveloped countries.

Let us now embark on a brief excursion, beginning with the Philippines. Citing a Communist threat, Ferdinand Marcos imposed martial law there in September 1972. Political opposition and press freedom were curtailed. And land reform was instituted. This, Marcos said, "would eliminate landlordism in the Philippines and give land to the tillers everywhere in the country." Marcos had simply seized the power to expropriate rural property, with the added provision that the tillers, or renters, of the land were in some cases declared to be its new "owners."

The *New York Times* reacted to Marcos's martial law with telltale ambivalence. It was predictably concerned about the "repression of civil liberties" and the "suspension of democratic institutions." But it relished the "genuine reform" of expropriation, which deserved "open encouragement." This might take the form of "generous economic assistance for programs to help the majority of Filipinos." (The welfare state should be extended to the Philippines, in short.)

LAND TO THE TILLERS!

The truth was that Marcos deserved condemnation on all counts. But the *Times* saw partial merit in his version of martial law: Freedom of speech was a civil liberty; the security of ownership was not. The *Times* here made explicit what we all know: The claims of property are often suspect to educated elites. Even though we may enjoy the security of property and take it for granted in our own lives, its general advocacy and application are intensely controversial. Explicit support of the security of property by the economics profession would entail a repudiation of the statist ideology by which it has been guided for fifty years, and such a

change is too painful to contemplate, no matter what the evidence may be.

A year later, in October 1973, embarrassing details about the Philippine land reform were published by the New York Times. The reform was facing a "major roadblock." Tens of thousands of middle-class smallholders were unexpectedly scheduled for expropriation. Half the plots eligible for plunder were 25 acres or less. They were owned, Tillman Durdin reported, "by businessmen, retired military officers, teachers, and other professionals who have put their savings into small rural properties that they have regarded as providing basic security for themselves and their heirs. Tenants cultivate their lands while they live in towns and collect as rent their share of what the tenants make."

The Secretary of Agrarian Reform was quoted as saying: "These are the very people, a part of the middle class, whose support the president needs. They will be very bitter if they have to give up their lands."

Oh dear, somebody had goofed. Marcos had been persuaded that ownership was the great bulwark against Communism. Therefore, if you took land from "absentee landlords" and gave it to the tillers, ownership would increase and Communism would find no foothold. But the absentee landlords turned out to be teachers—Marcos's own bureaucrats!—who had bought a little land as a form of pension plan: something literally to live on after retirement. And now Marcos wanted to seize it from them. Adding insult to injury, the New York Times (its editorial writers secure in Scarsdale) had given its blessing.

Much of this planned plunder was forstalled. Nevertheless, Marcos weakened his own country with land reform, which provided him with the rationale for seizing the property of political opponents (including the largest steel mill in the country), thereby contributing to a general insecurity. Furthermore, when the rule of law is subverted, corruption invariably takes its place. If a landowner's property was unexpectedly not taken, then his neighbors would suspect him of buying off the Agrarian Reform surveyors even if he had not.

New owners cannot possibly feel secure in such a climate of mounting despotism. This key defect of land reform has been pointed out by the anthropologist Grace Goodell, now at Johns Hopkins's School for Advanced International Studies. Miss Goodell did her field work in Iran, where in the 1960s the Shah had unwisely taken American and World Bank advice, imposed a draconian land reform, expropriated the mullahs, "rewarded" the peasants with the stolen land, and in the end, as we know, paid the penalty himself.

"If the Shah can take all this land away from the landlords to give to us," Iranian peasants said to Miss Goodell, "how much easier it will be for him to take it away from us some day."

This happened, and it didn't take long. Persuaded that American agribusiness concerns knew more about working the land than his own Iranians, the Shah soon stripped the peasants of their short-lived holdings. Miss Goodell, whose book about Iran, The Elementary Structure of Political Life, will be published by Oxford University Press next year, regards land reform as "the state's Trojan horse for its own penetration and domination of the countryside." But, as the Shah found, it is a dangerous weapon, creating an embittered and perhaps revolutionary middle class that sees itself, probably correctly, as having been wrongfully dispossessed. In much the same way, Ngo Dinh Diem and Nguyen Van Thieu destabilized South Vietnam with American-backed land reforms in the early and late 1960s.

TILLERS AT THE TILL

The Philippines fiasco was largely financed by the World Bank, which shelled out at least $50 million to the Marcos government (which of course could use the money to reward political allies). The U.S. Agency for International Development (AID) was also involved in a small way, spending about $2 million on various studies and surveys. But AID soon withdrew, apparently having recognized its dangerous features. By 1975 the proposed new "owners" were downgraded to "leaseholders" in AID documents, leaving the Philippines middle class, one may guess, more secure and less rebellious.

Roy Prosterman, the land-reform expert from the University of Washington Law School, testified in 1975 before the Senate Subcommittee on Foreign Assistance that he had been "very close to the processes of development of the land reform there [the Phillippines], and I have been very disappointed to see the failure of the Philippines land-reform program. It was initiated as a program to transfer land ownership to a million families of tenant farmers, and with respect to that goal they have achieved only 1 per cent of what was intended over a thirty-month period."

Prosterman was also an architect of President Thieu's 1969 land reform in South Vietnam ("successful in achieving its immediate objectives," Prosterman wrote in the Summer 1981 issue of International Security), and he also played a major advisory role a decade later in the land-to-the-tiller phase of the Salvadoran land reform that was established (with the close cooperation of U.S. Ambassador Robert White) in the final year of the Carter Administration. Subsequently, President Reagan's political appointees to AID have been surprised to find that the most unpopular and destabilizing feature of the Philippines reform was repeated in El Salvador: Land was eligible for expropriations on the grounds that is owners were absent, but these turned out in many cases to be middle-class professionals in San Salvador, not millionaries in Miami. Many of these people soon found that, instead of a patch of land to retire to, they had worthless bonds stamped by the El Salvador Institute for Agrarian Transformation. Later the State Department (in two separate reports) concluded that there was a connection between this injustice and what came to be called "rightwing death squads."

In some cases, AID and State Department officials were dismayed to find, "absentee landlords" turned out to be widows, orphans, and yes, *handicapped persons,* whose crippled or aged condition prevented them from tilling the soil themselves, but who had enterprisingly found others to rent the land from them. No matter! Expropriate the expropriators! In some of the more pathetic cases, apparently, the intended beneficiaries refused to accept the land. (In Sri Lanka this error was also made, and again many tillers refused to accept plundered land.)

It turned out that the new owners could not sell their land for thirty years. This was intended to prevent them from selling it back to those from whom it had been taken. The effect was to weaken property rights considerably, because those who cannot realize the value of what they own cannot really be said to own it, and will certainly be deterred from improving it. (Consider what would happen to the building stock in the United States if no one could sell houses for thirty years.) Moreover, the new owners weren't allowed to rent out "their" land either, because if they did they would become . . . absentee landlords! And subject to expropriation in turn. This destructive and tyrannical provision, also a feature of life in rural Mexico, effectively returns a country to serfdom. Consider the effect on industry if the owners of buildings were not allowed to rent them out.

In Phase I of the Salvadoran land reform, all farms larger than 1,235 acres were expropriated, and those who had worked the fields were told that they *collectively* owned the land. But each individual could not sell his share nor could the collective as a whole sell the property. Rather than "extending" property rights, such edicts destroy them completely. They also destroy the incentive to work, because the individual who multiplies his effort can only marginally increase his reward, if indeed he can increase it at all. This "reform" repeated in El Salvador the collectivist system imposed by the Cardenas administration in Mexico in 1934, when a sizable percentage of Mexican farmland was "reformed" into the *ejido* system—one that denied the peasants the right to sell their share of the land (an error that remains uncorrected to this day).

A POLITICAL TOOL

The AID Administrator, Peter McPherson, has in recent months publicly criticized this provision of the law and has tried to get President Duarte to change it, so far without success. Duarte is far more wedded to socialist principles than is generally realized, and he is most unlikely to comply. In addition, a collectivized farm is a convenient political tool, useful for granting favors or withholding them. Nor will Duarte feel the economic pinch that might encourage him to change so long as he is cushioned by U.S. dollars—one of P.T. Bauer's favorite arguments against foreign aid.

Fiscal 1986 U.S. aid for El Salvador is $483 million—including $46 million in food aid to make up for the sharp agricultural decline that has set in since land reform was implemented in 1980. The foreign-aid request for the Philippines this year is $279 million, including $35 million in food aid. Two countries that do not receive U.S. aid, incidentally, even though they are eligible for it, are Mexico and Nigeria. They are, one AID official said, in the "Too Proud to Accept" category. One wishes for the sake of P. T. Bauer that they were doing better economically. Both, alas, are basket cases. At the same time neither enjoys anything remotely resembling the rule of law. So far are we from grasping this issue that when, a month after the earthquake, the Mexican strongman Miguel de la Madrid expropriated seven thousand private buildings on 625 acres of Mexico City land, two Wall Street Journal reporters (Steve Frazier and Mary Williams Walsh) adjudged the expropriation decree to be among de la Madrid's "short-term successes." Due process at home and socialism abroad—that is the unstated and probably unconscious prescription of so many university-educated Americans.

(The Wall Street Journal assigned nine reporters to its six-part, post-earthquake "Nation in Jeopardy" series, and between them they covered several square yards of newsprint, reporting many interesting facts but not one touching on the underlying

cause of the Mexican problem: the insecurity of property, which is continually exposed to the threat of expropriation. This is really what is meant by those who say, usually approvingly, that the Mexican revolution is "still continuing." Indeed it is.)

Foreign eligibility for U.S. aid is determined by GNP-per-captia statistics compiled by the World Bank. When they lose their eligibility, successful countries are said to "graduate." Three countries that graduated years ago are Japan, South Korea, and Taiwan. They are of great interest and importance because they all experienced land reform of a sort and they are repeatedly cited in the land-reform literature as great success stories, proving that land reform really does work. And critics of land reform must concede that economic progress in these countries has been perhaps unrivaled anywhere since World War II. What did this success have to do with land reform?

Again, the great problem with land reform is this: The government that imposes it enlarges its own power over citizens' lives. However well intended, this represents a step away from the rule of law. A ruler who can change the pattern of ownership with the stroke of a pen is more tyrant than lawgiver. If he can do it once, he can do it again. No property is then secure, as we saw in Iran, as we see today in Mexico, and of course in the Communist countries.

Land reform was imposed in Japan by decree of General Douglas MacArthur in December 1945—along with a new constitution and elections. The Japanese were not merely defeated, they were willing to accept "the American way" as the price of defeat. They could surely see that MacArthur was not seizing power for himself. He was not establishing a tyranny for his own benefit, but was intervening under circumstances that would not be repeated. Whereas Marcos, Duarte, and the Shah went some way toward undermining the rule of law in their countries, MacArthur imposed it on Japan. The Japanese accepted it, no doubt because they could see that the new system was designed to obstruct the arbitrary exercise of power, so that the future was likely to be more secure, thus encouraging the people to go about their business in a spirit of hopefulness. Furthermore, the system had evidently served the Americans well enough to defeat the hitherto invincible Japanese.

PEASANTS FOREVER

It was the same in South Korea, formerly a Japanese colony, with about 15 percent of its land owned by Japanese. (And these really were the archetypal absentee landlords.) Again, the Americans arrived, imposed elections and a new constitution, and restored the Japanese-held lands to Koreans. The Koreans for their part had no reason to believe the victorious Americans were seeking personal or political gain, and so they could anticipate that this external intervention would not be repeated.

Likewise in Taiwan. After the Chinese Communist victory in 1949, General Chiang Kai-shek's remnant retreated to Formosa under U.S. auspices and there a Joint (U.S.-China) Commission on Rural Reconstruction imposed the new property arrangement on the old Formosan aristocracy. This "defeat" was likewise accepted by the Formosans, and the rule of law established.

None of this would have worked if the Americans had attempted to establish collective farms, as in El Salvador. In all three countries property rights were assigned individually, titles were issued, and these titles were fully transferable. (In Japan there was a ten-year delay before titles could be transferred.) Owners, that is, could sell their land to others who in turn could do what they liked with it. In Taiwan today, land is rapidly being converted from agricultural to more highly valued industrial use. Land-reform zealots are usually opposed to such permissiveness because, they believe, it will "dispossess" the peasants. One can only reply that where there are doctrinaire land-reformers there will always be peasants. Where there are property rights, peasantry will soon disappear.

How odd that the great guru of land reform, Wolf Ladejinsky, a Ukrainian immigrant to the U.S. who worked for ten years at the Department of Agriculture before joining MacArthur's staff in 1945, never understood why land reform had worked in Japan. In later years he traipsed disconsolately about Asia, conducting unsuccessful agrarian experiments in different countries, becoming (it seemed) increasingly disgruntled and radical. Shortly before his death he told a World Bank seminar: "If we are to wait until the peasantry of India—or for that matter a number of other Asian countries—decide to take the law into their own hands and fight for an out-and-out radical agrarian revolution, I think we would have to wait for a long, long time."

But the Japanese peasants didn't take the law into their own hands. The law was given to them.

A CONGRESSIONAL TRIBUTE TO THE SENIOR CARE ACTION NETWORK (SCAN)

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. ANDERSON. Mr. Speaker, I rise to pay tribute to the Senior Care Action Network, or SCAN, which is a nonprofit organization dedicated to improving the quality of life for older people in the Long Beach, CA, area.

SCAN was formed in 1977 with a commitment to keeping seniors healthy and happy, preferably in their homes. With health care costs continuing to rise much faster than inflation, SCAN has developed a number of innovative programs that provide quality care for seniors while avoiding premature or unnecessary nursing home care.

For example, SCAN was selected by the Health Care Financing Administration for one of four demonstration projects to determine the viability of the social/health maintenance organization [social HMO] for both seniors and taxpayers. In addition to the usual medical and acute hospital care, seniors are provided long-term health and social services on an as-needed basis. By reducing the number of premature or unnecessary nursing home placements, the social HMO is expected to show that seniors can have more desirable, quality health care at a reduced cost to the taxpayer.

In addition to the SCAN health plan, SCAN has developed other programs to meet the health and social service needs of senior citizens in my district. The Multipurpose Senior Service Program saves the State of California's Medi-Cal Program time and money by arranging alternative in-home services to seniors on an individual basis. Project YES [Youth Elderly Services] has used over 100 high school students for support and escort services to provide in-home care for seniors and vocational experience for youths. Access escort transportation provides mobility to seniors who are unable to use public transportation.

SCAN programs show that with public and private support, essential service can be made available to seniors, while avoiding costly stays in institutions.

My wife, Lee, joins me in commending SCAN for all the work it has done, and we hope for continued success in the future.

FEMA's AUTHORITY

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. MARKEY. Mr. Speaker, I would just like to state for the record that as Chairman of the Energy Conservation and Power Subcommittee, I do not agree with the report language in the conference report on H.R. 3038 regarding the Federal Emergency Management Agency as printed in the November 13, 1985 CONGRESSIONAL RECORD. It is significant to note that the subcommittee which I chair and the full Energy & Commerce Committee also considered the matter of offsite emergency planning for nuclear power plants and chose not to enact or otherwise suggest any new authority or responsibilities.

The conference report implies that FEMA should presume that State and local governments will participate in emergency planning even when those governmental agencies have stated to the contrary. This is an insult to all State and local governments. We should be asking ourselves what are the concerns of these governmental entities rather than suggesting that the Federal Government should simply override their legitimate authority in these matters. The fact is that public health and safety can only be protected if these local governmental entities participate fully in the planning and the preparedness process.

Furthermore, the conference report implies that State and local government refusal to participate in emergency planning is necessarily arbitrary. This is clearly an erroneous supposition. Indeed, there is only one case where both a State and local government are currently refusing to participate in the emergency planning process. In that case, Shoreham, the State and local governments have devoted significant resources to study the issue and make and informed decision. Suffolk County, for example, hired nationally recognized experts to complete a half-million-dollar report and numerous public hearings were held.

The committee report might be read by some to suggest that as a "last resort" FEMA should preempt State and local gov-

ernment authority. Under current law and regulations only State and local governments are empowered to implement an emergency prepardness plan. Even the Director of FEMA has acknowledged in a letter to the National Governors Association that his Agency does not have the "authority" to implement a nuclear powerplant emergency plan. Report language simply does not confer any new authority to FEMA. I might add that any involvement by FEMA in actually implementing an emergency plan would raise serious conflict of interest questions since FEMA is in the position of independently evaluating emergency plans for the Nuclear Regulatory Commission.

Significantly, the Director of FEMA has also repeatedly stated that FEMA should not have the power to implement an emergency plan as a last resort because it could not adequately protect public health and safety. There are significant safety questions involved here and I do not think that Congress should be suggesting that FEMA (or other Federal agencies) should take actions which FEMA—the Nation's experts on emergency planning—have identified as being problematic from a safety perspective.

On a policy level, the President and the Secretary of Energy have made it clear that this administration does not support the imposition of Federal authority over the objections of a State and local government in this arena. I don't believe the Congress does either. And, if Congress wished to consider this matter, then the appropriate manner would be through a separate legislation, a process that would entail public hearings and debate among members. Significantly, Congress has not done this. Further, the likely policy ramification of Federal preemption in this area would be to encourage State and local governments with a financial incentive to refuse to participate in emergency planning measures since they would be led to believe that the Federal Government is offering bailouts.

Some have actually cited conference report language as a basis for FEMA to conduct an exercise of a utility emergency plan without the participation of the relevant State and local governments. Report language confers no new authority. Furthermore, since FEMA has testified before Congress that a utility does not have the legal authority to implement an emergency plan and has further testified that any plan that does not include the full participation of both a State and local government is necessarily deficient, any such exercise would be ill advised and a waste of Federal resources. On this particular issue, FEMA has written to the Nuclear Regulatory Commission that an exercise exclusive of State and local participation could not lead to a finding of "reasonable assurance" that the plan can and will protect the public. Hence, any such exercise would not appear in keeping with FEMA's established purpose of holding an exercise in order to make findings. In the particular case being discussed, it has further been determined by both the courts and the NRC's own licensing boards that the utility emergency plan is without legal authority. FEMA should be on notice that many Members of Congress would strongly object to holding a test of an emergency plan known to be devoid of legal authority.

Clearly then, whether this issue is looked at from a legal, safety or policy perspective, FEMA should not be considered as a last resort to implement or test emergency plans for commercial nuclear powerplants when State and local governments decide not to participate in the planning process.

Any effort by FEMA to act in such a manner and to usurp the legitimate authority and responsibility of local and State governments will be vigorously challenged. As chairman of an authorizing subcommittee, I take particular exception to any implication that mere report language in an appropriations bill could in any way be construed as constituting new authority. This report language reflects only the wishful thinking of some Members of Congress. While I support the overall bill, I do not support those wishes and it should be clearly understood that no new authority has been enacted by the Congress.

A TRIBUTE TO EDMUND CHRISTIAN DOGGETT

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. STUMP. Mr. Speaker, it is my privilege to pay tribute to a fine gentleman, and bring to the attention of my colleagues in the U.S. Congress the retirement of one of Capitol Hill's finest, Officer Ed Christian Doggett. I am pleased to join his family, friends, and the Capitol Police in saluting him on the occasion of his retirement from Government service. Ed Doggett first began his Government service in the U.S. Army, where he served with distinction for more than 23 years. A decorated veteran, Ed Doggett saw combat action in two wars, Korea and Vietnam. His many awards and decorations include two bronze stars. Serving as a member of the elite Army Special Forces, Ed parachuted behind enemy lines on more than one occasion in the successful prosecution of U.S. military objectives. Ed Doggett completed his military service in 1972 after his last duty assignment with the 116th Military Intelligence Group in Washington, DC.

Mr. Doggett received his appointment with the Capitol Police in 1972, was assigned to the C–3 detail, and assigned to the U.S. Capitol. Ed performed his duties as an officer with the same diligence, dedication, and integrity which was a hallmark of his military career.

Upon retirement, one of the most satisfying accomplishments of any individual is to know that he has performed his duties well, faithfully, and responsibly to the best of his abilities. Based on his outstanding record and exceptional service in the U.S. Army and his 14 years of service on the Capitol Police, Edmund Christian Doggett can be confident that our Nation has noticed and greatly appreciates his contribution. From the members and the staff of the House Permanent Select Committee on Intelligence, we wish you well, and want you to know that your conscientious and courteous demeanor during the fulfillment of your security duties for the committee have been appreciated.

I know that Ed and his wife look forward to some relaxation in their retirement home in North Carolina. North Carolina will be proud to receive a fine American such as Ed C. Doggett.

CAMPAIGN FINANCE REFORM ACT OF 1985

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. SYNAR. Mr. Speaker, today I am pleased to join my colleagues JIM LEACH, PAT WILLIAMS, and BERYL ANTHONY in introducing the Campaign Finance Reform Act of 1985. Our bill is identical to legislation introduced in the other body by my fellow Oklahoman, Senator DAVID BOREN. Joining Senator BOREN as original cosponsors are Senators GOLDWATER, RUDMAN, KASSEBAUM, LEVIN, and HART. This impressive bipartisan lineup offers new hope that Congress is ready to bring back the ordinary voter to elections by limiting the influence of special interest groups.

I have long been concerned about the effect of PAC's on the legislative process. During the last Congress, Senator BOREN and I joined forces to introduce legislation very similar to what we are proposing today. Because of our increased interest in campaign finance reforms, we are renewing our efforts now.

With each passing election, the need for our legislation is more dramatically demonstrated. For example, a Democratic study group analysis of campaign funding trends over the past decade shows congressional candidates are relying more on PAC contributions and less on individual contributions. In fact, the report indicates that individual contributions have dropped from 73 percent of total receipts in 1974 to less than half in 1984. At the same time contributions from PAC's have continued to rise. In the last election 41 percent of the incumbents in the House running for reelection received over half of their campaign funds from PAC's.

It's not surprising that individual contributions are decreasing. The small contributor has little incentive to make a donation knowing that he must compete for influence with a PAC which can contribute as much as $5,000 per candidate. Members of Congress, on the other hand, have no incentive to pursue smaller contributions knowing that an event sponsored by a PAC can raise more money in one evening than several events sponsored by individual contributors.

It alarms me that more and more individuals feel their small contributions do not make a difference or their individual opinions don't matter. This runs contrary to everything our Founding Fathers meant when they created a government "of the people, by the people, and for the people." I don't pretend to believe that reducing the role of PAC's in Government is the only way to increase the role of individuals in the legislative process, but it is certainly a step in the right direction.

The approach taken in the legislation we're introducing today is a simple one. Our bill increases the amount individuals can contribute, reduces the amount a candidate can accept from PAC's and limits the amount a PAC can contribute to a candidate. Our bill also addresses the growing abuses involving independent expenditures to candidates without infringing on the rights of these groups to support the candidate of their choice.

Under our proposal, the cap on individual contributions will be raised from $1,000 to $1,500. The cap on contributions that a candidate can accept from a PAC would be reduced from $5,000 per election—$10,000 maximum—to $3,000—$6,000. House candidates could only accept $100,000 from PAC's in each election cycle, but could receive an additional $25,000 in PAC money in the event of a runoff election.

The amounts Senate candidates could receive would be based on a formula allowing $35,000 in PAC contributions for each congressional district in the State. Senate candidates faced with a runoff could receive an additional $25,000 in PAC contributions.

Our bill also closes the current loophole for conduit contributions through PAC's by requiring the candidate to count such contributions toward limits for PAC's. It also requires a disclaimer for PAC's that make media or material advertisement, not authorized by a candidate in a Federal election, to disclose that such advertisement is "authorized and paid for by" the committee and that "its presentation is not subject to any campaign law contribution limits." Additionally, candidates who are the subject of such ads would be provided "equal time" from broadcasting stations.

I believe this bill is a reasoned approach. PAC's are still permitted to make contributions under this legislation and therefore the rights of individuals to join together and exercise their freedom of expression has not been compromised. At the same time, individuals have an opportunity for an increased role in the political process; something our Founding Fathers would applaud.

IN SUPPORT OF HOUSE JOINT RESOLUTION 428

HON. ROBIN TALLON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 12, 1985

Mr. TALLON. Mr. Speaker, I am pleased that the House of Representatives has passed Senate Joint Resolution 228, barring the sale of any weapons to Jordan until March 1, 1986, unless direct and meaningful negotiations between Israel and Jordan are underway. It is important to note that this resolution does not preclude any future action by the Congress which would outright disapprove of the Jordanian arms sale.

The peace process in the Middle East has been at a delicate stage for the past several months. It is not the appropriate time for a major arms sale to Jordan which could significantly impact Jordan's ability to defend itself.

Furthermore, arms sales seldom advance the peace process. The Camp David accords were achieved without a major arms sale to Egypt. For 35 years, the selling of sophisticated weapons have failed to bring peace to the Middle East. I believe that the administration's proposed sale of arms to Jordan would simply escalate the Middle East arms race.

Therefore, Mr. Speaker, I urge my colleagues to go beyond Senate Joint Resolution 228 and join me in cosponsoring House Joint Resolution 428, which prohibits the sale of advanced arms to Jordan before Jordan and Israel engage in direct negotiations.

MERCHANT SHIP REVOLVING FUND

HON. JOHN R. McKERNAN, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. MCKERNAN. Mr. Speaker, today, along with my colleague Mr. FOGLIETTA and several other Members concerned about the condition of the U.S. merchant marine, I am introducing legislation which would establish a merchant ship revolving fund within the Department of Defense. This fund is intended to help finance the construction of militarily useful merchant vessels which would allow our declining merchant fleet to expand and modernize while, at the same time, provide the much needed modern seagoing assets for our national security objectives.

Funding for this Build and Charter Program would be drawn from an existing pool of unobligated Navy shipbuilding funds and would be replenished by the sale or charter of these vessels to the private commercial sector. The fund would be administered by the Secretary of the Navy and the shipbuilding contracts would be awarded in accordance with standard Navy competitive procedures.

My colleagues and I are introducing this legislation today for three critical reasons. First, over the past 30 years, the American merchant marine has declined in numbers and capability from more than 2,400 vessels to less than 400 today. Our merchant fleet is now ranked 11th overall in size and carries less than 2 percent of our own international commerce. The United States is an island nation wholly dependent upon seaborne trade. To be an international economic power, we must be a maritime power which operates a large modern and competitive fleet under its own flag.

Second, the U.S. shipbuilding industrial base has declined in both numbers of shipyards and shipyard work force. In the latter case, some 30,000 shipyard workers have lost their jobs over the last several years. The domestic shipbuilding and ship repair industry is an absolutely essential element in the national security plans of this Nation. During a national mobilization, our shipyard base must perform a wide variety of tasks, including the breakout of the Ready Reserve and National Defense Reserve Fleets, the conversion of merchant vessels for military use, the acceleration of existing new construction and repair work, the repair of battle-damaged vessels, and the construction of new military and commercial ships for service. The tasks to be done are formidable and must be performed under existing time constraints. The requirements for physical assets and skilled workers on mobilization day, as established by the Department of Defense, are currently below targets and expected to decline unless the process can be reversed by some form of shipbuilding program.

Finally, Mr. Speaker, the national security objectives of strategic sealift may not be met if the current decline in military sealift assets continues. In their military posture statement for fiscal year 1986, the Joint Chiefs of Staff state:

The ability to deploy and reinforce U.S. forces in support of overseas interests and ensure the uninterrupted flow of strategic materials is an essential element in U.S. military power. In any major overseas deployment, sealift will deliver about 95 percent of all dry cargo and 99 percent of all petroleum products. Ships from the U.S. merchant marine represent the largest domestic source of sealift . . . however, U.S. sealift assets available for deployment requirements continue to decline . . . because of the decline in the U.S. merchant marine . . .

This decline in the merchant fleet is so critical that Secretary of Defense Caspar Weinberger, in a letter to Secretary of Transportation Elizabeth Dole last year, stated:

. . . the decline of the U.S. maritime industries over the past several years has generated significant interest in the merchant marine's capability to support the President's national security objectives. . . . The decline in U.S.-flag commercial shipping capable of carrying military unit equipment is of particular concern to DOD. We are doing much to fix the problem: however, your latest projections of shipping trends indicate a good part of the potential gains may be eroded by accelerated commercial developments. Thus, even assuming that the entire U.S. merchant marine is made available to support military requirements, we may not be able to meet DOD's limited policy objectives.

Today, in general mobilization in support of U.S. forces abroad, U.S. military planners could count on some 250 general cargo ships from the private commercial

sector, some 60 vessels in the Ready Reserve Fleet, and perhaps as many as 150 World War II general cargo vessels. If, as some planners in the DOD contend, we can count on some 400 vessels from our allies and a few foreign-flagged, U.S.-owned ships, we would come close to a 900-ship force. However, while this seems a significant number, it must be pointed out that during the height of the Korean war, the U.S. fleet numbered 1,100 vessels. In addition, the requisition of our entire commercial fleet for military purposes would leave our economic trade in the hands of foreign-owned, flagged, and crewed ships. This, I believe, would be as dangerous to our security as the lack of military support ships.

Our proposal for a Build and Charter Shipbuilding Program is not new. In fact, this concept is fashioned along the lines of the very successful Mariner Program of the 1950's. I believe that a revival of this type of program will help augment essential sealift assets, add tonnage for sealift, efficiently employ ships in the commercial trade, provide seagoing employment opportunities, and halt the decline in the shipyard mobilization base. This program would give the Secretary of the Navy the flexibility to determine the appropriate vessel designs for build and charter to meet both the military and commercial requirements of our mobilization planners.

Mr. Speaker, the concept I have outlined today has been addressed in the Senate and enjoys broad support of the three elements of our maritime industry; the owner/operators, maritime labor, and shipbuilders. I believe that it presents one way to address the growing problems in our maritime industry and will help ensure our national security requirements. I urge my colleagues to consider this legislation carefully.

A TRIBUTE TO JUDGE DWIGHT McKAY

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. RUSSO. Mr. Speaker, it has been said that in life we shall find some men that are great, and some men that are good, but very few men that are both great and good. Today I would like to pay tribute to a man who is both. Judge Dwight McKay of the circuit court of Cook County is retiring after 20 years on the bench. I am pleased to have the opportunity to praise this outstanding trial judge and as wise and honorable man as Judge McKay and to share with you just a few highlights of his distinguished career.

As a prosecutor in Chicago before coming to Congress, I worked before Judge McKay and saw his skill first hand. He is acknowledged as the dean of trial judges in the 6th Municipal District, and he will long be remembered for his outstanding attributes of integrity, fairness and humor, and for his innovative sentencing schemes, one of which received international recognition. A 1939 graduate of the University of Chicago College of Law, Judge McKay was appointed to the bench in January 1966.

Long before this date, however, he was fighting for justice. First Lieutenant McKay entered the Army in 1942. He was with General Patton and others of our country's brave young men who landed in North Africa in 1942. He fought in the invasion of Sicily with Patton in 1943 and landed at Normandy on D-day. He was wounded that same day and evacuated to England for medical treatment but returned to combat and fought in the Battle of the Bulge. In the final days of the war he served as investigator for the War Crimes Commission.

This courageous man was awarded the Silver Star, the Purple Heart, and various campaign ribbons for battles in which he fought. Such honor, well deserved, might be the pinnacle for many. But for a man like Judge McKay, there were other battles to be won and more service to his country—this time within the Nation's judicial system. And we can all be grateful that Judge McKay moved to the arena where we greatly need gifted and courageous people to deal daily with the intricacies and demands involved in maintaining and improving our courts.

His family is justly proud of Judge McKay—his wife Thelma, affectionately known as "The War Department," his daughter Mary McKay Dunn and granddaughter Colleen Murphy Dunn. I have no doubt that they and his colleagues and friends, who will gather December 4 for his retirement party, will provide many words of praise, and some good kidding for the judge. He'll deserve all the praise and well wishes he receives and I know my colleagues join with me in paying tribute to an outstanding jurist and citizen.

CHOON YOP KIM COMPLETES CONGRESSIONAL FELLOWSHIP

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DYMALLY. Mr. Speaker, shortly after I became a Member of Congress and a member of the Foreign Affairs Committee I had occasion to visit Korea. During that visit I was asked by the Secretary General of the National Assembly if I might be interested in hosting a fellowship program for staff members of the Korean National Assembly. I indicated my interest in such an arrangement, and the first fellow came to work in my office in the fall of 1981. Since that time a number of outstanding national assembly staff members have served fellowships varying from 4 to 6 months in my office.

Mr. Choon Yop Kim, our current fellow, will soon be completing his fellowship by spending a week working in my district office. This program, and the fine men who have won fellowships have been of great benefit to my staff and to me because they have offered us an opportunity to learn about another social and political system. Moreover, they have helped us to see ourselves through fresh eyes. I think it important as our world shrinks through the miracles of rapid transoceanic travel and communication to begin to see ourselves as others see us, and to have personal contact with other citizens of the world. Through the fellowship, we have discovered how different one culture can be from another. At the same time, we have discovered the elements of our common humanity. Both discoveries have been valuable because, together, they have made us more understanding human beings.

Choon Yop Kim, like his distinguished predecessors, has become a coworker and a good friend to me and my staff during his stay with us. As a member of the Asia and Pacific Subcommittee of the Foreign Affairs Committee, I have visited Korea several times since my initial visit, and the fellows have been like a family to me there. Choon Yop is a welcome addition to that family. On my next visit, I look forward to meeting his wife who is a pharmacist and his two little daughters, all of whom he has missed very much during his fellowship. We have learned from Choon Yop as well as from his predecessors the primacy of family relations in Korea. We in America share that sense of family, and this commonality has increased the sense of friendship between Choon Yop and ourselves.

In Korea, Choon Yop is staff member of the national assembly equivalent of the Congressional Research Service. He has taken time during his fellowship to acquaint himself with the services of the Congressional Research Service. Before joining the National Assembly Legislative Research Bureau, Choon Yop served as a staff member of the National Assembly Finance Committee. He has also been interested in studying the role of staff members in the legislative process. He intends to write a paper on this topic. It is one that should be of interest not only to members of the national assembly but to Members of Congress as well.

Perhaps the most exciting work Choon Yop has done over the past several months, from my point of view at least, is that he has carried out the research that may make it possible to extend the congressional fellowship from 4 months to a year with half of that time spent on the House side and half spent on the Senate side. I am enthusiastic about Choon Yop's efforts in this area and wish him success. I think the other body could profit from such contact as much as I know we have on our side of Capitol Hill.

We feel a good deal of sadness at having to say goodby to our friend and coworker Choon Yop. But we know how much his family wants him to return to Korea. I think rather than say goodbye we should say bon voyage, and good fortune until we meet again.

URGING FERC TO WITHDRAW PROPOSAL ON BLOCK BILLING

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. FIELDS. Mr. Speaker, today I introduced, with my colleague, Mr. LOEFFLER, a resolution urging the Federal Energy Regulatory Commission [FERC] to withdraw its proposed rule on block billing of natural gas.

On May 30, 1985, the FERC issued a proposed rule to provide for the nondiscriminatory transportation of natural gas by natural gas pipelines. The proposed rule also required pipelines to institute block billing of gas costs to its customers.

Currently, a majority of gas moved through pipelines is owned and marketed by the pipeline. But, a growing percentage of gas is moving by contract carriage. Under contract carriage, an end-user contracts to buy gas directly from a natural gas producer. The pipeline transports the gas from the seller to the buyer; the pipeline never owns the gas but is paid a fee for carrying the gas in its system.

In the early 1980's the FERC endorsed the contract carriage of gas and established rules which facilitated limited contract carriage. However, a recent court decision found the FERC's rules to be discriminatory since all customers of natural gas were not eligible for contract carriage under the rules.

The FERC responded with its May 30 notice of proposed rulemaking and its October 9 final rule, order 436, to provide for nondiscriminatory transportation of natural gas. I applaud the FERC's efforts on nondiscriminatory transportation. But, I remain strongly opposed to the block billing provision included in the original notice of proposed rulemaking.

Block billing requires that a pipeline bill its customers in separate blocks for old, price-controlled gas and new gas. Responding to intense criticism, the FERC did not include block billing in its final rule. Instead, the FERC issued a revised proposed rule on block billing and requested additional comments.

Approximately 50 percent of natural gas remains price controlled under the Natural Gas Policy Act of 1978. The FERC correctly perceived that the current half-slave, half-free market creates price distortions and gives pipelines with access to low-cost, controlled gas a competitive advantage over less fortunate pipelines with lesser access to low-cost gas.

In an attempt to correct these problems, the FERC proposed that old and new gas be billed in separate blocks with only historic pipeline customers eligible to receive old, price-controlled gas. The FERC reasoned that block billing would bring market sensitivity to new gas prices and limit predatory competition by pipelines with large cushions of old gas.

While well intentioned, the block billing concept is fundamentally flawed. Currently, pipelines practice rolled-in pricing of natural gas. That is, the cost of all gas purchased by the pipeline is averaged and the customer is billed according to the average gas cost. The FERC rule would replace rolled-in pricing with block billing.

Block billing is fundamentally flawed because it falsely assumes the market sensitivity can be obtained in a 50 percent price-controlled market by further regulation.

If block billing is retained, the results will be: Decreased exploration and drilling, endangering the future supplies of gas to residential and industrial consumers and increasingly arbitrary regionally diverse gas costs to consumers.

Block billing will result in decreased future supplies because prices for old gas will be maintained at below market and below replacement cost at the same time new gas prices will be pressured downward. Consequently, less capital will be available for drilling and exploration.

Currently, natural gas supply exceeds demand and a gas bubble exists. But, the gas bubble is not a long-term phenomenon. Already, the United States is consuming more natural gas than reserve gas is being replenished. Proved reserves of natural gas have dropped to the lowest level in 9 years, declining 3 trillion cubic feet in 1984 alone.

Second, block billing will result in arbitrary gas price disparities. Under block billing, any new gas customer served by a pipeline will not be eligible for old, low-cost gas. Therefore, historic gas customers will receive a subsidy at the expense of new gas customers.

Further, the FERC cannot assure which customers will benefit from block billing. Ultimately, State public utility commissions must determine how old gas will be allocated. The FERC has no jurisdiction over State commissions. As a result, identical customers in different parts of the country will pay different prices for natural gas.

State utility commissions will be tempted to allocate all old gas to residential consumers, greatly increasing the cost of gas to industrial users. Fuel-intensive plants might be forced to lay off workers or even close plants.

The FERC's desire to make natural gas more market sensitive is commendable. But, regulations cannot bring market sensitivity, only further distortions. The only true way to gain market sensitivity in natural gas is to allow all gas prices, including old gas prices to be set by the free market, not Government regulation.

I urge my colleagues to join us in cosponsoring this resolution urging the FERC to withdraw its proposed rule on block billing.

A MEMORIAL TO ROBERT R. DISBRO

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. STOKES. Mr. Speaker, I would like to take this opportunity to note the passing of my good friend—attorney Robert R. Disbro of Cleveland, OH. With his death, his clients have lost a dedicated legal advocate and his colleagues in the legal profession have lost a distinguished role model.

Robert Disbro was one of the most talented attorneys I have ever worked with. More importantly, he was one of the finest human beings I have ever known. I extend my heartfelt condolences to his lovely wife, Rosalyn and family.

Mr. Speaker, Robert Disbro was a practicing attorney in the city of Cleveland for over 30 years. He was the principal partner of Disbro and Associates. He specialized in personal injury cases.

The professional manner in which he approached his cases along with the energy he gave to them earned Robert Disbro the respect and admiration of not only his clients but also his legal colleagues.

Law was Robert Disbro's primary interest. Not only did he work hard at being an outstanding attorney in the courtroom but he also worked untiringly in legal organizations. He was a founding member and past president of the Ohio Academy of Trial Lawyers.

Robert Disbro, formerly served as the president of the Cuyahoga County Bar Association. In his capacity as the poet laureate of the bar association, each year everyone delighted in reading his annual poetic tribute to outstanding court employees at the association's recognition luncheon.

Robert Disbro was an activist with legal groups outside of Cleveland, as well. He had the distinction of being a founding member of the Trial Lawyers for Public Justice headquartered here in Washington. He was also a trustee of the American Trial Lawyers Association and a member of the Board of the Ohio State Bar Association.

His exemplary service within these professional organizations served as a perfect compliment for his successful legal practice. As a result, Robert Disbro was revered and respected by attorneys and judges across the Nation.

Mr. Speaker, I had the good fortune of working with Robert Disbro during my days as a criminal trial lawyer in Cleveland. Robert Disbro was one of the finest attorneys in the city of Cleveland. All of the practicing attorneys in Cleveland, at that time, had great admiration for him. I was especially moved by his compassion for his clients and his determination to give each client the best legal counsel available. In this respect, Robert Disbro set the standard for trial attorneys. His reward was the confidence of his clients and the respect of his colleagues.

In addition to his legal career and affiliations, Robert Disbro held membership in a host of community groups and associations in the Cleveland metropolitan area. He was the recipient of numerous honors and citations.

In the midst of his exhaustive list of obligations with his law practice and community organizations, Robert Disbro found the time to work with my political campaigns. Not only was he a contributor, but he also served as an adviser to me on many issues.

Mr. Speaker, the city of Cleveland and the legal system in the Cleveland area have lost a giant of a man in the passing of Robert R. Disbro. He made an indelible mark on my life and on the lives of many Clevelanders.

On behalf of my family and constituents, I extend my heartfelt condolences to the family of my friend—Robert R. Disbro. At this time, Mr. Speaker, I would like to insert in the RECORD the obituary which appeared in the Cleveland Plain Dealer today on Robert R. Disbro.

ROBERT R. DISBRO, WAS LAWYER

Services for Cleveland trial lawyer Robert R. Disbro, 61, will be Friday at 10 a.m. at the Golubski-Deliberato funeral home, Garfield Blvd. and Turney Rd., Garfield Heights.

Mr. Disbro died Monday at his home in Pepper Pike. He had severe diabetes and was at home because he had not been feeling well. The coroner will rule on the cause of death.

Mr. Disbro was principal partner of Disbro & Associates. he specialized in personal injury cases and was a founder and past president of the Ohio Academy of Trial Lawyers. He was also a former president of the Cuyahoga County Bar Association and as its poet laureate the last several years wrote the annual poetical tribute to court employees.

He was a founding member of Trial Lawyers for Public Justice, a public interest law firm in Washington, D.C. He was a trustee of the American Trial Lawyers Association and on the board of the Ohio State Bar Association.

Mr. Disbro lost his right arm on his 21st birthday when his Army jeep hit a land mine in Germany in World War II. After he came home, he helped found Possibilities Unlimited, an organization for the handicapped, and was its first president.

"It's not what you've lost that counts," he said, "it's what you've got left that counts."

He was born in Garfield Heights and was a pitcher on the Garfield Heights High School baseball team. After the war he was graduated from Adelbert College of Western Reserve University and in 1950 from the WRU law school.

He joined the law firm of Howard M. Metzenbaum & Associates and later became a partner in Sindell Sindell Bourne Disbro & Marcus. In 1961 he formed a partnership with Jerome Ellerin, but dissolved it in 1981 to form Disbro & Associates.

Surviving are his wife, Rosalyn F., a staff assistant in the Cleveland office of Sen. Metzenbaum; son, Terry R.; and daughter, Cherie A.

THE UNITED STATES NEEDS A TRADE POLICY

HON. ROBIN TALLON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. TALLON. Mr. Speaker, there is currently a war of words on American trade policy taking place in Washington. On one side are the free traders; on the other side are the protectionists. They are both creating a great deal of noise; but unfortunately, both are defending a myth.

They argue textbook theories and ancient history without regard to the real economic world marketplace.

As a result, the United States has no rational trade policy that might reduce our $150 billion trade deficit and enable us to compete in new and constantly changing world trade.

First, to dispell the myth: Pure free trade does not exist now and never had. Neither does its ideological opposite, pure protectionism.

To look at the real world:

At least half of world trade is affected by some sort of protectionsim—tariffs, quotas, subsidies, or other measures that distort trade by preventing its free flow.

Fully 40 percent of the world trade is not between countries but between branches of multinational companies.

Almost every nation except the United States has a trade policy, and makes it part of its overall foreign policy.

In view of these practical realities, the administration's blind faith in free trade is ridiculous. Yet, the other side, protectionists take a meat ax approach by proposing a blanket 25 percent tariff, as though all imports are equal and all countries deserve the same treatment.

The free trade theory stems from an idea of comparative advantage formulated almost 200 years ago. Under this theory, each nation has certain products it can make cheaper than other nations.

Thus, a nation should sell what it makes best and buy abroad what other nations make better. In the perfect scheme, each nation uses its comparative advantage to its own profit.

But with today's technology and communications systems, modern factories can be built around the world, taking advantage of the lowest wages, while being directed by headquarters in New York.

Therefore, comparative advantage is no longer a natural occurrence, but can be created by any country or multinational corporations willing to go to the trouble. This is the biggest cloud on the U.S. trade horizon.

Some of our problems will disappear as the dollar weakens, but the threat of low wage competition will continue. There is nothing inherently unfair about this. No simple, single measure aimed at fair trade will work here.

This is why we need a full fledged trade policy, based on world realities. Our Government policies on taxes, industry and investment must be shaped to promote trade and expand industry and jobs.

Does this imply some protectionism? Yes, but aren't our industries, jobs, communities, our standard of living worth protecting? In economic defense, like military defense, the question is not whether, but how.

We have an arsenal of offensive and defensive weapons—duties, quotas, subsidies, tax incentives, bilateral agreements. The key is a set of rational, practical trade policies using what works best in specific situations.

A trade policy for our Nation is long overdue. It is time to jettison the myths and start dealing with the real world. If protectionism offends the ear, we can call it "managed trade" or "organized free trade" or some other fancy name. At this stage, what we call it is less important than whether we do it.

LAKE ANDES-WAGNER PROJECT IS OF MAJOR IMPORTANCE TO SOUTH DAKOTA

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DASCHLE. Mr. Speaker, the Lake Andes-Wagner Irrigation project in south central South Dakota is a project of major importance to my State. The House Interior Water and Power Resources Subcommittee conducted hearings in Wagner, SD, on October 25, 1985, to gather facts on the project. I am hopeful that the information they gathered in South Dakota will allow them to consider my bill H.R. 584 to authorize the Lake Andes-Wagner project as soon as possible.

My fellow South Dakotans share a Congress goal to cut unnecessary spending and to eliminate the Federal budget deficit. But we also understand that when the pressure to cut Federal spending is high, many lawmakers become shortsighted and are tempted to thoughtlessly reject anything new and innovative, sometimes at the expense of the long-term interest of the country. I urge the House to consider the lasting benefits of this model project, which will pay for itself and give back total benefits many times its cost. I firmly believe that we can cut the fat from Federal programs and still have the ability to finance essential projects like this one whose enduring merit is so evident.

If anyone questions whether the Federal Government can afford to fund this project during a time of fiscal restraint, they should consider the cost of drought. According to one estimate, the value of South Dakota production was reduced by nearly $3 million between 1976 and 1982 as a result of drought. Add the value of Federal disaster assistance provided to drought victims and the economic expense of drought is better understood.

South Dakota is not asking for a handout or special treatment from the Federal Government. We ask only that the Federal

Government begin to fulfill a longstanding commitment established in 1944 with the passage of the Flood Control Act and the Pick-Sloan Missouri River Basin Program. The four goals of this comprehensive legislation were improved flood control, hydroelectric power production, enhanced navigational capacity, and irrigation development.

To accomplish these objectives, between 1946 and 1968 five main stem dams and reservoirs were constructed on the Missouri River, four of which are located in this State. As a direct consequence of these dams, more than 520,000 acres of prime agricultural lands were flooded, and removed from production forever. The authors of the Pick-Sloan plan, however, had the foresight to provide fair compensation for this permanent loss, envisioning irrigation development for more than 960,000 acres of land.

We are all aware of the monumental achievements of the Pick-Sloan plan. Increased navigational capacity has allowed a tenfold increase in annual commercial tonnage. Billions of dollars in flood revenues have been realized due to the 2100 megawatts of hydroelectric generating capacity of the main stem dams. In three of the four Pick-Sloan objectives, the programs can be considered an unqualified success.

Missing from this list of impressive accomplishments, however, is the promised irrigation development in the upper reaches of the Missouri River Valley. South Dakota, who sacrificed the most in achieving these successes, has received only 2 percent of the irrigation development owed to her, and ranks next to last in terms of total irrigated acreage. The Federal Government seems to have ignored its commitment to irrigation development in South Dakota, the last piece of the Pick-Sloan plan.

Neither I nor the people of South Dakota have forgotten the commitment made 41 years ago by the Federal Government. We are hopeful that the authorization of this worthy project will be the first small step toward fulfilling that obligation at long last.

Two decades ago similar hearings were held in Wagner, on a very different version of the Lake Andes-Wagner project then we have before us today. At that time, the citizens of Charles Mix County objected to the lack of sensitivity given to wildlife preservation concerns. Learning an important lesson, the project sponsors have now formulated a very different plan.

After exhaustive planning and study with input from all locally and nationally affected individuals, the project sponsors have formulated one of the very finest Bureau of Reclamation projects in the country. In the planning process, State and local sponsors have probably contributed more to the financing of the preliminary planning reports than any other project in the Nation. That is a clear indication of the strong commitment of the people of South Dakota to the Lake Andes-Wagner project.

Environmental concerns of yesteryear have been adequately addressed, with thousands of acres set aside to compensate for losses of wildlife habitat. Some 1,320 acres of wetlands, 175 acres of woodlands, and 2,180 acres of grasslands will be enhanced as a part of this model project, all at the expense of the project beneficiaries. Charles Mix County is known as one of the finest hunting and fishing areas anywhere in the country. Its residents are extremely interested in maintaining and enhancing the abundant fish and wildlife populations. To do that, landowners have indicated a willingness to share costs with the Federal Government to replace deteriorated shelterbelts and establish new ones. In addition, they are working in cooperation with the South Dakota Department of Games, Fish, and Parks on a 50-acre fish impoundment pond to stock area bodies of water with northern pike, walleye, white crappie, small mouth bass, and blue gill. The Lake Andes-Wagner project sponsors have not hidden from environmental concerns raised in the planning stages. They have addressed those concerns and have devised a plan that preserves the delicate environmental balance of the project area.

To see an example of the economic impact irrigation can have on an area, one need only travel a few miles north of Wagner to the Grassrope Irrigation project. This summer, in the midst of one of the worst droughts since the Dust Bowl years, the Grassrope project area looked like a lush oasis surrounded by a desert. Since its construction in 1976, Grassrope's profits have steadily increased, providing $405,000 last year, at a time when scores of other producers in the area were going out of business.

We are not so naive as to believe irrigation development is the panacea for problems down on the farm. However, we do know irrigation development can inject badly needed stability into what is currently a very volatile business.

The argument has been made that the Federal Government should not be in the business of providing funding for the production of commodities currently in surplus. But this viewpoint ignores the fact that a large percentage of the feed grains produced in this area do not show up on the market; they stay on the farm to feed livestock, a commodity that is not in surplus. It also ignores the undeniable fact that irrigation allows the producer to get away from the continued production of surplus products by creating the capability to grow specialty crops like potatoes, sweet corn, peas, celery, and other products which are not over abundant in the market. Diversification of crops is one of the keys to an economic recovery in the agricultural sector, and irrigation development will pave the way for such diversification.

Other, less direct benefits will result from the construction of the Lake Andes-Wagner project. Several community groups are currently working on proposals to establish a frozen food processing plant for potatoes, sweet corn, peas and a Bird packaging plant in anticipation of the availability of those specialty products with the arrival of the irrigation project.

Local support of a project is sometimes an issue in irrigation. The Lake Andes-Wagner project has been initiated and nutured by local people themselves. When concerns have been raised, the project sponsors have bent over backwards to address them. Because of the high degree of local involvement, local support for the project is widespread and strong.

I strongly urge my colleagues to carefully study the Lake Andes-Wagner Irrigation project and authorize the project as soon as possible.

ROBERT WATKINS HONORED

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mrs. KENNELLY. Mr. Speaker, I would like to bring to the attention of my colleagues, on the occasion of his retirement, an individual who has a record of service, dedication, and commitment to me and to his many friends and coworkers.

Robert Watkins has been in the human services field for nearly 35 years, having served as assistant executive director for youth counseling for the Independent Social Center of Hartford; social worker for the State of Connecticut Welfare Department; director of tenant selection for the Hartford Housing Authority; coordinator of the Bloomfield Community Development Action Plan and, most recently, director of social services for the town of Bloomfield. In the latter role he was instrumental in establishing the Bloomfield Early Learning Day Care Center, Meals-on-Wheels Program, Nutrition Program for Senior Citizens, Bloomfield Inter-Agency Communication Council, Drum Beat news column, Bloomfield Midget Football League, and the State of Connecticut WIN Program. He has also authored proposals resulting in additional State and Federal funding for the town.

He has contributed further through membership and leadership on diverse professional boards and commissions, and merited special recognition by Who's Who Among Human Services Professionals.

It is an understatement to say that he will be missed, both for his professional approach to the planning and management of Bloomfield's Social Services Department, and, more important, for his outstanding dedication, expressed in time, talent, and hard work, to his community.

Bob Watkins will be honored by his friends at a retirement dinner on November 20. Mr. Speaker, I ask that my colleagues join in adding our congratulations to Mr. Watkins on his years of service, and our best wishes on his retirement.

LIGHTS ON FOR PEACE

HON. LES AuCOIN
OF OREGON
IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. AuCOIN. Mr. Speaker, while President Reagan and General Secretary Gorbachev have been meeting in Geneva, Americans of every faith and political persuasion have joined to symbolize their hopes for progress on arms control during the summit by lighting porchlights and candles throughout the night.

By joining together, in this vigil of lights, tens of millions of Americans transcend themselves to reach for something that has been sought by mankind for time eternal—the right to live free from the threat of war. And in turn, these millions of Americans hope that this yearning will produce an act of inspiration on the part of the summit participants, so that they too will transcend themselves by laying aside whatever biases and antagonisms which might prevent them from doing something truly historic at Geneva.

Within the last few weeks, more than 250 mayors across the Nation, from Astoria, OR, to St. Petersburg Beach, FL, have informed me that they invited citizens to light porchlights and other lights from dusk to dawn during the summit meetings November 19 and 20 to show their desire for peace. So have the Governors of 22 States, from Oregon to Vermont. Likewise, several score organizations, from the Federation of American Scientists to the American Association of University Women to the Boy Scouts of America.

But it was the religious community which originated and gave wings to the campaign called Lights on for Peace. The brainchild of Ecumenical Ministries of Oregon, the porchlight campaign was endorsed by the World Council of Churches, the National Council of Churches, the Synagogue Council of America, the United States Catholic Conference, and a host of denominations and other religious organizations of every creed. Vigils, candlelight processions, and prayer services for a successful summit have been held in many places.

Speaking of the Geneva summit, president of Ecumenical Ministries of Oregon the Right Reverend Rustin Kimsey said:

For the future hope of mankind, this could be one of the most important meetings ever to take place.

Rev. Arie Brower, general secretary of the National Council of Churches, said:

Members will be praying, as will Christians in the Soviet Union, that our leaders in Geneva find a roadway to peace.

Rabbi Henry D. Michelman, executive vice president of the Synagogue Council of America, characterized the porchlight campaign in terms of the Jewish tradition:

The kindling of lights often signifies the sacred purpose of human endeavor. The summit talks are of religious concern because ultimately the fate of all humankind is at stake. It is our hope and prayer that these negotiations will lead to peace and accord in our troubled world.

Bishop James Malone, President of the United States Catholic Conference, said "Lights on for Peace" expressed "essential hope for a reversal of the nuclear arms race." He urged world leaders to "make this hope a reality. Let the summit conference mark a turning away from destruction toward peace and justice."

A diversity of opinion about nuclear arms and United States-Soviet relations can be found among the groups making up this unique coalition. Nevertheless they are united by more than a longing for peace. Their statements demonstrate a consensus on certain facts about the nuclear buildup that to me are a sign of growing awareness of its elements. Here are some representative findings included in nearly all the proclamations:

First, the United States and the Soviet Union among all nations lead in the development and accumulation of weapons with the ability to devastate and possibly end huamn life on earth.

Second, the increased speed and accuracy of nuclear weapons on both sides will greatly increase the danger that nuclear war will occur.

Third, scientific evidence suggests that the detonation of even a small proportion of the nuclear weapons already in existence could result in dramatic climatic changes which likely would end human life.

And nearly all also include the following statements expressing the hopes and desires of supporters of the porchlight campaign:

First, people around the world desire to work, raise children build communities, and pursue a quality of life free from the threat of war.

Second, it is the deepest hope of all citizens that President Reagan and General Secretary Gorbachev will heed such desire by reaching an understanding on an arms control agreement which significantly cuts nuclear stockpiles and makes strides toward halting the arms race between the United States and the Soviet Union.

Candles will soon burn out, and porchlights will be turned off as the leaders of our nations head home from Geneva. But the expectation of people everywhere that together we can and we must do a better job of making the world a safer place for all of us has been rekindled and will continue to blaze. My hope is that with "Lights on for Peace" this expectation will confront the world's leaders in a new and vivid way, and that soon we shall see actions which match the urgency of our situation.

Twenty-six years ago, Dwight David Eisenhower reflected on war in the nuclear age. He said:

I like to think that people in the long run are going to do more to promote peace than are governments. Indeed, I think that people want peace so much that one of these days governments had better get out of their way and let them have it.

If President Eisenhower is right, and I think he is, then the lights shining tonight are a significant step in the people's movement for peace. The organizations, cities, and Governors supporting this endeavor are listed below:

ORGANIZATIONS

National Council of Churches, World Council of Churches, United States Catholic Conference, Rabbinical Assembly of America, Synagogue Council of America, Ecumenical Ministries of Oregon, Federation of American Scientists, Boy Scouts of America, Gray Panthers, World Peace Makers, Institute for Security & Cooperation in Outer Space, Jesuit Soc. Ministries, American Association of University Women, National Congress of American Indians, Council for a Livable World, Fellowship of Reconciliation, Unitarian Universalists Association of Churches, Reformed Church in America, Friends of the Earth, American Baptist Churches, Coalition for a New Foreign & Military Policy, Episcopal Church Center, SANE, Friends Committee on National Legislation, United Church of Christ, Pax Christi U.S.A., Church Women United, FREEZE, United Synagogues of America, B'nai B'rith Youth Organization, Americans for Democratic Action, Women's Int'l. League for Peace and Freedom, Women's Action for Nuclear Disarmament, National Committee for an Effective Congress, Physicians for Social Responsibility, Psychologists for Social Responsibility, Jewish Peace Fellowship, St. Mary's College, Sisters of St. Joseph of Carondelet, United Synagogue Youth, Union of American Hebrew Congregations, Zero Population Growth, Wilderness Society.

GOVERNORS

Vic Atiyeh (OR.), George Nigh (OK.), Joe Frank Harris (GA.), Bruce Babbit (AR.), Toney Anaya (N.M.), Richard Riley (S.C.), Anthony S. Earl (WI.), Michael Dukakis (MA.), Jim Blanchard (MI.), Ed Herschler (WY.), Ed DiPrete (R.I.), George Wallace (AL.), Joseph Brennan (Maine), Bob Graham (Florida), Martha Layne Collins (Kentucky), Booth Gardner (Washington), Madeleine Kunin (Vermont), Bill Clinton (Arkansas), Mark White (Texas), Bill Sheffield (Alaska), Mario Cuomo (New York), Terry Branstad (Iowa).

CITIES AND COUNTIES

Alaska—Jasper, Anchorage.
Alabama—Sylacauga, Oxford.
Arizona—Mesa, Jacksonville, Pearia, Tolleson.
California—San Francisco, Palm Springs, Hayward, Fontana, Modesto, San Bernadino, Campbell, Covina, Brea, Culver City, El Monte, Rosemead, Cypress, Gardena, Richmond, Ceres, Corona, Norco, Lemon Grove, Richmond, Rialto, Selma, Walnut Creek, Santa Monica, Woodland, Norwalk, Commerce, Sacramento, Paradise, Carson, Newark, Huntington Park, Seal Beach, San Juan Capistrano, Westminster, Anaheim, La Mesa, Garden Grove, Newark, West Covina, Alhambra, Freemont, Oakland, Modesto.
Colorado—Fort Collins.
Connecticut—Ansonia, Winchester, Hamden.
Delaware—Newark, Smyrnar.
Florida—St. Petersburg Beach, Daytona Beach, Winter Springs, Temple Terrace, South Daytona, Port Orange, Davie, Gulf Port, Fort Pierce, Port St. Lucie, Ocala, North Miami Beach.
Georgia—Montazuma, Brunswick.
Illinois—Bloomingdale, Glenwood, Wheeling, Evergreen Park, La Salle, Gurnee, Wood River, Rock Island, Zion, Hillside, Wood Dale, Salem, Strenton.

Indiana—Beech Grove, Salem, Merrillville, Mishawaka, Marion.
Iowa—Council Bluffs, Sioux Center.
Kansas—Hutchinson.
Kentucky—Paducah, Owensboro.
Louisiana—Thibodaux, Lake Charles.
Massachusetts—Peabody, Chicopee, Worcester, Fairhaven, Amherst, Pittsfield.
Michigan—East Lansing, Oak Park, Adrian, Lapeer, Inkster, Troy, Novi, Wyandotte, Westland, Harper Woods, Ferndale.
Minnesota—Hastings, International Falls, Mankato, Roseville, Brooklyn Center, Shakopee.
Missouri—Independence, Florissant, Bridgeton, Springfield, St. Peters, Grandview.
Montana—Billings.
Nebraska—North Platte.
New Jersey—Somerville, Jackson, Hamilton Township, Irvington, Lawrenceville, East Orange, Cherry Hill, Middlesex, Clifton, Township of Howell, Hillsdale, Cherry Hill.
New Hampshire—Concord.
New York—Buffalo, Utica, Troy, East Rockaway, North Tonawanda.
Nevada—South Lake Tahoe, Reno.
North Carolina—Asheboro, Hope Mills, Wilmington, Hickory.
Ohio—Trotwood, Miamisburgh, North Royalton, South Euclid, Xenia, Sheffield Lake, Oakwood, North Canton, Willowick, Fairfield, Westerville, Amherst, Sidney, Circleville, Upper Arlington.
Oklahoma—Shawnee.
Oregon—Portland, Beaverton, Astoria, Heppner, Salem, Newberg, Pendleton, Donald, Depoe Bay, Woodburn, Coos Bay, Seaside, Canby, Pendleton, Lincoln City, North Plains, Springfield, Sheridan, Lake Oswego, Coquille, Cottage Grove, Toledo, Wilsonville, St. Helens, Fairview, Keizer, Wilsonville, Corvallis, Umatilla County, Crook County, Klamath County, Coos County, Gladstone, Forest Grove, Silverton, Irrigon, Oregon City, Sandy, Central Point, Clatsop, Baker, Hepner, Dunes City.
Pennsylvania—Lower Burrell, Wilkes-Barre, Monroeville, Middletown, Bloomsburg, Ross Township, New Kensington.
Rhode Island—Bristol, Westerly.
South Carolina—Greer, North Myrtle Beach, Lancaster.
Texas—Grand Prairie, Kerrville, Gainesville.
Virginia—Suffolk.
Washington—Longview, Kelso, Tacoma, Edmonds.
West Virginia—Ravenswood.
Wisconsin—Milwaukee, Neenah, Brookfield, Green Bay, La Crosse, Manitowoc.
Wyoming—Sheridan.

MADCAPPED SCIENTISTS REFUTED

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DORNAN of California. Mr. Speaker, the President's Strategic Defense Initiative [SDI] Program has been much maligned by groups, such as the Union of Concerned Scientists and the Federation of American Scientists, which claim to represent the collective opinion of America's scientific intellectual elite. But as Dr. Robert Jastrow, founder of NASA's Goddard Space Center and author of the excellent book, "How To Make Nuclear Weapons Obsolete," has observed, most of these "scientists" have little or no background in the field of space, military strategy, or deterrence. Rather, these MADcapped scientists are hard-lined liberals who believe that it is somehow immoral to defend ourselves from nuclear attack. These MADcapped fear merchants think peace is best served by holding the world population centers hostage to nuclear annihilation which is the basic assumption behind the theory of mutually assured destruction—or as it is appropriately called, MAD.

I believe that the strategic defense initiative offers the United States and our allies the best hope of securing peace in our lifetime by defending ourselves against the threat of nuclear-tipped ballistic missiles. If we hope to stem, once and for all, the proliferation of nuclear weapons we must develop defensive systems which will make destabilizing offensive weapons obsolete. Initial research has already proved the technical and theoretical feasibility of SDI, but further research is essential if this seminal research is to be translated into meaningful developmental programs. The tens of thousands of scientists who are working, day to day, on the SDI Program also believe that the "Peace Shield" will be effective. But more to the point, so do the Soviet scientists who labor in near anonymity, shielded behind the iron curtain of Communist secrecy who also believe a strategic defense against nuclear-tipped ballistic missiles is possible.

Mr. Speaker, I submit for the RECORD a letter written to President Reagan by 12 former Soviet scientists. These men, who from their own firsthand experience within the Soviet Union, tell us that the Soviet scientific community believes effective strategic defense is not only possible, but is part of a larger, global strategy against the non-Communist world. They share our concern for peace and understanding and argue that the "Peace Shield" will accomplish these goals. I encourage all my colleagues to read this letter. Their observations of Soviet defense programs and their timely recommendations are truly insightful.

AN OPEN LETTER TO RONALD REAGAN ON THE SUMMIT FROM FORMER SOVIET SCIENTISTS

DEAR PRESIDENT REAGAN: On the eve of the Geneva Summit, we feel the need to tell you of something of great concern to us. We admire you as a man of great integrity, insight, and good will. But, we are concerned about the growing pressures on you to make vital concessions to the Soviet Union on the Strategic Defense Initiative in order to achieve an agreement providing the short-lived illusion of peace—concessions that could endanger America's security and the long run prospects for continued world peace.

We believe that your quest for strategic defense combined with mutual reductions in offensive nuclear weapons offers the American and the Russian people, and all the peoples of the world, the greatest hope for a stable and enduring world peace in our lifetimes.

When we were scientists in the Soviet Union, we belonged to a privileged part of the Soviet society. We had the opportunity to observe the Soviet ruling elite, its way of looking at the world and its view of the Soviet-American rivalry in particular, and to learn of many of its programs and intentions.

We can say unequivocally that the Soviet party elite honestly believes no genuine coexistence between socialism and capitalism is possible. Despite all the talk about peaceful coexistence and detente, the Soviet ruling elite is convinced that one of the two superpowers is destined to dominate the other and makes every effort to ensure that it will be the Soviet Union.

Consequently, the structure of Soviet society is designed to best contribute to the ultimate worldwide victory of the Soviet communist system. We know that the Soviet leadership spends enormous resources, in fact, all it can, to surpass the United States in the military field because it believes overwhelming military superiority will be a decisive factor in the victory of communism.

We have witnessed that not only the best scientific research and technology is channeled into the military spheres, but in fact, all the finest achievements of Soviet economies, culture, and even sports are automatically requisitioned for the "defense of the Motherland"—a euphemism for the promotion of the final victory of communism. Only then, the ruling Party elite thinks, will its power be finally secured.

From our own experience and understanding we want to tell you, even though Soviet leader Gorbachev may deny it, that:

1. The Soviet scientific community and government leaders believe that effective strategic defenses are technically possible and doable;

2. The Soviet Union has been intensely working on its own version of the Strategic Defense Initiative since the 1960s, and puts much more of its efforts and resources into "Star Wars" program than does the U.S.

3. Development and deployment of Soviet strategic defense is intended as a part of the Soviet Union's global offensive strategy against the non-Communist World, which seeks coercion to usher in the final historical era of world-wide communism and "peace" maintained by Soviet military power.

4. The Soviet Communist leaders can be expected to continue working on their "Star Wars" system, either overtly or covertly and with high priority, no matter what they say or what they sign, or what the U.S. does.

5. Soviet Communist morality and the history of Soviet behavior teaches us that the Soviet leaders do not consider it immoral to cheat or deceive their "mortal enemies"—and, unfortunately, Mr. President, they consider the U.S. their Number One Enemy. Therefore they will break any international agreements the moment it serves their interest to do so, as they have done many times before. As a result, everything in agreements must be strictly verifiable.

As former Soviet citizens we love the country of our birth as much as we love the country of our choice. We want for all the millions of our former countrymen a future of peace and eventually, freedom. The Strategic Defense Shield will, we believe, help achieve these goals by discouraging the Soviet leaders from using nuclear blackmail to gain their ends, and instead encourage them to turn inward and begin addressing the needs of the Russian and other peoples subjugated by them.

As scientists, we strongly advocate *true* coexistence and understanding among nations

as the only ultimate guarantee of a secure future for humankind. But for that to occur, the Soviet leadership will first have to establish a genuine coexistence with Soviet intellectuals and scientists, renounce its mission of spreading communism throughout the world, and open Soviet society to non-communist ideas and influences. Only such steps can produce confidence that the Soviet elite's supposedly peaceful intentions are authentic.

Finally, you can take critically important steps to preserve world peace at Geneva if you:

1. Do not hurry to reach an agreement for agreement's sake;
2. Do not yield on development of the Strategic Defense Peace Shield;
3. Do not give the Kremlin leadership a veto on the Peace Shield's deployment;
4. Constantly remain aware of the messianic character of the true nature, aims, and motivations of the Soviet leaders with whom you will be negotiating; and
5. Do hold fast to your commitment to liberating the world from being held hostage to the threat of nuclear holocaust.

Sincerely,

Dr, Joseph Goldman, Dept. of Physics, American University; Dr, Alexander Kastalsky, Electronics, N.J.; Dr. Vladimir Kresin, Physics, Lawrence Berkeley Lab; Dmitry Mikheyev, Physics, Virginia; Dr. Artem Kulakov, Physics, Stanford; Dr. Semyon Friedman, Chemical Engineering, Johns Hopkins; Dr. Alex Borsh, Materials Science, Palo Alto, Calif.; Yuri Tuvim, Mechanical Engineering, Boston; Dr. Serge Luryi, Physics, N.J.; Dr. Athraim Suhir, Mechanical Engineering, N.J.; Dr. Igor Levin, Computer Science, Washington, D.C.; Dr. Vladimir Ozernoy, Cybernetics Engineering, Cal. State-Hayward.

SHORE UP! CELEBRATES 20 YEARS OF COMMUNITY SERVICE ON MARYLAND'S LOWER AND MID-SHORE

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. DYSON. Mr. Speaker, I would like to bring to the attention of my colleagues the outstanding accomplishments of SHORE UP! Inc., a Salisbury-based community action agency that will celebrate 20 years of proud service on November 23, 1985.

For untold thousands of Marylanders, SHORE UP! has long been a source of hope and inspiration. Through the determination and dedication of its membership, SHORE UP! has made a profound contribution to the quality of life in Maryland's First Congressional District.

In many ways, SHORE UP! exemplifies the spirit of compassion and giving that has made our Nation great. SHORE UP! reaches out to the less fortunate among us simply because it is the right thing to do. Because of SHORE UP! many who once knew only despair are alight with new direction and purpose.

I believe I speak for all Marylanders in thanking SHORE UP! for its selfless service to our States most precious resource—its people.

And now, Mr. Speaker, I would like to share with my colleagues in Congress SHORE UP! Inc.'s, Report of Special Achievements for the 20th Anniversary Year.

The report follows.

REPORT OF SPECIAL ACHIEVEMENTS FOR 20TH ANNIVERSARY

SHORE UP! Inc. the Salisbury-based community action agency operating projects in the Mid-Shore counties of Kent, Queen Anne's and Talbot and the Lower-Shore counties of Dorchester, Somerset, Wicomico and Worcester, celebrates 20 years of community service this year.

Founded in Worcester County in October, 1965, its first services were for migrant and seasonal farmworkers' children and unemployed youth. In the program year which ended September 30, 1985, twenty projects serving disadvantaged individuals from age 3 to 100 years were in operation.

Each year SHORE UP! assesses the needs of low-income families and individuals in targeted areas, expanding existing projects or adding new ones to meet those needs. SHORE UP! brings $6,000,000 into the economy each year, providing direct services to approximately 16,000 low income families in its service area and employing up to three hundred fifty staff members and volunteers.

Recent achievements include being awarded the Annual Community Resource Development Community Service Award by the Maryland Cooperative Extension Service, University of Maryland.

Following are programmatic achievements during the past program year: The Government Surplus Food Distribution Project was accomplished at little or no cost to the Somerset and Wicomico County governments through the use of businesses, civic and church groups, agency staff and residents in both counties, all of whom volunteered use of equipment and their personal services to make it possible. The demonstrated community support speaks highly of this agency's operation. 14,800 low-income households received the commodities through these efforts.

Children and Family Services were provided to families in Wicomico and Worcester Counties on Maryland's Lower Eastern Shore as well as three Mid-Shore Counties of Kent, Queen Anne's and Talbot. 497 Children were enrolled and served through Head Start Projects operated by SHORE UP!, Inc. 328 of those children were in Wicomico and Worcester Counties, 169 were in Kent, Queen Anne's and Talbot.

An administrative office for Community and Economic Development was established which accounted for growth in our Medical Transportation services for Somerset, Wicomico and Worcester Counties. Additional drivers and vehicles, along with radio-dispatching of the fleet, accounted for a growth from 1,420 individuals transported in 82-83 to 1,952 in 83-84, and still growing. Self-Help Housing became a reality through housing development efforts of this office and Housing Counseling referrals were made for 228 families.

Senior Opportunities & Services excelled in agricultural gleaning activities as part of its senior nutrition efforts and gained national recognition in so-doing. Wicomico County's Senior Center Advisory Council raised sufficient funding and volunteer dentist services to open a low-cost dental clinic. Adult Medical Day Care reached maximum center capacity at the two centers operating in Salisbury, Wicomico County. Two additional centers will be opened in Somerset County during program year 1985-86.

The Division of Energy Services added Fuel Fund referral activities, in cooperation with Chesapeake Utilities and DP&L/Salvation Army, serving 30 customers in addition to 4,708 families served by its Maryland Energy Assistance Project. Weatherization completed weatherizing 596 homes and installed 116 Low Cost/No Cost Energy Conservation Kits.

The Training & Employment Division had an unprecedented record in training and job placement for all its projects. The newer projects are Displaced Homemakers Project Renaissance and Older Workers Training/Mature Adult Development. Each addresses the training and employmemt needs of age groups which were not being helped before. Displaced Homemakers reaches men and women age 35 or over, Older Workers Training reaches men and women age 55 or over. The Youth Employment Project continued to excell in job placement and retention with all goals exceeded.

AWESOME BILL FROM DAWSONVILLE

HON. ED JENKINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. JENKINS. Mr. Speaker, when Bill Elliott's red Ford crossed the finish line Sunday, November 17, at Riverside, CA, he didn't take the checkered flag, but the banner he carried represented much more. Bill Elliott and his family have carried a banner of perseverance for years on the NASCAR circuit. In the north Georgia hills from which the Elliotts hail, we call it stick-to-itiviness.

Stick-to-itivness means putting in long hours and hard work toward a goal, long after most people would have abandoned hope. But giving up because of hard work and long hours is not the way of mountain folk like the Elliotts. And the whole family went for this goal.

Bill Elliott's 31st finish at Riverside Sunday left him a little short of the Winston Cup goal, but not under the winningest record in NASCAR history, both in the number of races and in the amount of money. He drove to victory in 11 races and took in a season purse of $2 million plus. He collected $1 million by capturing 3 of 4 designated races on the Winston tour. His Winston million in September combined with his earnings up to that point doubled the previous record for a single year set in 1984.

You can spread that $2 million out over 12 years since an 18-year-old, red-haired racing fan stood in the infield of the Atlanta International Raceway and dreamed of being one of those drivers on the track. You can spread that $2 million over 6 years of working in the garage of Papa George Elliott's Ford dealership in Dahlonega with brothers Ernie and Dan, trying to put together a competitive NASCAR car without a sponsor. You can spread that $2 million

over the long, lonely roads back home to Dawsonville where only a handful of fans knew if you even finished the race.

The ingenuity coupled with long hours of hard work produced the fastest running car on the circuit with skillful, steady hands on the wheel. The car and driver earned respect on the NASCAR circuit for Awesome Bill from Dawsonville, his father, George and his mother, Mildred, his brothers, Ernie and Dan, and his wife, Martha. Today, I salute the Elliott family for sticking to it with that good old mountain ingenuity and perseverance.

ELECTION OF LAURENCE W. JACKSON AS PRESIDENT OF APTA

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. ANDERSON. Mr. Speaker, I am proud to announce to our colleagues that Laurence W. Jackson of Long Beach, CA, has been elected president of the American Public Transit Association. Mr. Jackson is the youngest president ever elected by APTA.

In addition to his responsibilities at APTA, Mr. Jackson serves as president and general manager of the Long Beach Transportation Co., where he has previously held the positions of operations director, planning and marketing director, and manager of grants and intergovernmental relations.

Larry Jackson is a dynamic leader who brings to APTA not only professional experience but a determination to continually improve public transportation. This commitment has been demonstrated in his service as a member of APTA's Executive Committee, secretary-treasurer, board of directors, and regional director. Larry has also served on the executive board and as vice chairman of the California Association of Public Owned Transit Systems; as chairman of the Los Angeles Regional Transit Advisory Committee; and as a member of the Transportation Research Board, the American Economic Association, and the Institute of Transportation Engineers.

Before beginning his distinguished career in transportation, Larry served in the U.S. Marine Corps after attending Michigan State University, where he graduated with a bachelor's degree in economics and a master's degree in finance.

I have known Larry for a number of years and have worked with him in addressing transportation concerns in Long Beach and southern California. From Larry's experience in Long Beach, he knows how important a sound public transit system is to the economic well-being of a community; that the two are inextricably intertwined. And he knows that the Federal Government plays a key role in building and maintaining local transit.

Now I can look forward to working with Larry to help improve public transit nationally.

Larry's term as president of APTA comes at a critical time. He will surely be asked to make many important decisions that will affect transportation in this country for years to come. I am confident that Larry's leadership at APTA will make less difficult the challenges facing those of us who continue to believe that public transit is critical to the vitality of our Nation's economy.

So, Mr. Speaker, I am pleased, and all transit advocates should be equally delighted, that Larry Jackson is at the helm of the American Public Transit Association.

H.R. 3739—TO REDUCE TARIFF ON SHEET-FED PRESSES FROM GERMAN DEMOCRATIC REPUBLIC

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. FRENZEL. Mr. Speaker, today I have introduced H.R. 3797, which will reduce the tariff on large sheet-fed printing presses from the German Democratic Republic. Currently such equipment is available from the German Democratic Republic at the column 2—non-MFN—rate of 25 percent ad valorem. My bill would reduce the tariff to 10 percent versus a 3.3-percent MFN rate.

There is no U.S. production of the large sheet-fed presses. Most imports come from Japan, Great Britain, and Italy, all at the low MFN tariff rates. Users of that equipment in the United States say that the German Democratic Republic manufacture a superior piece of equipment, but it is difficult to justify importation due to the tariff. Cutting the tariff to 10 percent would help United States companies compete with users of the Japanese and European presses, yet would still provide a tariff preference for our allies.

MEMORIAL FOR MEMBERS OF THE NEWS MEDIA WHO HAVE DIED COVERING WARS AND OTHER ARMED CONFLICTS

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Ms. OAKAR. Mr. Speaker, since the shot heard around the world, the American news media has kept this Nation informed. Through the bloodiest dirtiest battlefields, the war correspondents have trudged to bring us an accurate picture of what has transpired there. They are the forgotten soldiers, whose thankless job it is to report news both good and bad. News of bloodshed and death tolls, of victories and defeats, of heroics and atrocities. The journalists bear witness to all the contradictions of war.

The war correspondent is one of the bravest soldiers. Armed only with pen, camera, and recorder, the war reporter ventures into the hottest battle, not for him or herself, but for the American people. It is the public's right to know that sends the journalist into the midst of live crossfire, and honor should be bestowed for this sacrifice as much as for the military soldier.

The public must be made aware of those in the media who have lost their lives while in pursuit of obtaining the truth. By honoring those who have fallen, public attention will be drawn to the great impact these reporters have made, and future reporters will make, on any armed conflict.

The news media is the flagbearer of democracy, a symbol of this country's democratic ideology. A war correspondent is a watchdog on Government when the Government bears the most watching—during times of military conflict.

We are often too quick to condemn the news media for the messages they bring. In times of war, we tend to cast the media as a pack of hounds hovering over the carcass of bad news. Yet, we tend to forget that it is our demand for accurate information which sends the war correspondent into the fray. Their response to our demand has often cost them their lives, and for this sacrifice the news media should be recognized.

Mr. Speaker, this bill only asks that we honor those who have given their lives in order that we might know the truth. To me, such a memorial is long overdue.

Mr. Speaker, journalists have time and time again displayed courage and valor in the battlefield. Many emerged from the wars they have covered physically as well as mentally scarred. These reporters and cameramen deserve the recognition that their efforts and sacrifices and those of their dead colleagues will not go unnoticed. A memorial such as the one I have proposed would fulfill that need.

Most recently, two journalists have been slain while covering armed conflicts. On September 9, 1985, Neil Davis, one of the world's premier combat cameramen died in an uprising in Thailand. The Australian was on assignment for NBC at the time and literally filmed his own death as rebel tanks opened fire on a loyalist radio station.

The Afghanistan-Soviet conflict has claimed the lives of three journalists. Charles Thornton, a medical reporter for the Arizona Republic, was the first American newsman killed. He was shot on September 19, 1985, during a Soviet helicopter ambush while researching a story on volunteer doctors in the Afghan wilderness.

In Vietnam, three American reporters, Charles Mohr, David Greenway, and Alvin Webb, rescued a dying marine while under enemy fire. Greenway was wounded and all three received the bronze star for their efforts.

During the Korean war, Marguerite Higgins overcame a ban on women at the battlefront and endured incredible hardships at the front line. She helped to save the lives of many seriously injured soldiers after a particularly heavy enemy attack, when she voluntarily administered plasma to the wounded. This is only one example

of her many acts of heroism during her coverage of World War II, the Korean war, and Vietnam. She died at the age of 45 from a tropical disease she contracted in Vietnam.

The most famous of war correspondents died a hero's death in the Pacific during World War II. Ernie Pyle covered the war as realistically as he could—from the infantryman's point of view. He set the standard for war reporting for generations to come before a bullet ended his life on the Island of Ie-Jima, April 16, 1945.

Floyd Gibbons lost his eye in a brave attempt to rescue a wounded officer while under enemy fire, as he was covering the German effort to capture Paris during World War I. He was awarded the croix de guerre for his heroism and also elected to the French legion of honor.

These are only a few of the many members of the news media who have died, suffered terrible wounds, and behaved heroically while covering armed conflict. Many more have perished and we list them below. This list may be incomplete:

SOUTHEAST ASIA

Larry Burrows, Life Magazine.
Robert Cappa, Life Magazine.
Sam Castan, Look Magazine.
Dickie Chapelle, Freelance.
Charles Eggleston, UPI.
Robert J. Ellison, Freelance.
Fred Frosh, UPI.
Ronald D. Gallagher, Freelance.
Bernard Kolenberg, AP.
Gerald Miller, CBS.
Oliver Noonan, AP.
Kent Potter, UPI.
Jerry Rose, Freelance.
Philippa Schuyler, Manchester (NH) Union Leader.
George Syvertson, CBS.
Pieter Ronald Van Thirl, Freelance.

KOREA

Frank Emery, International News Service.
Wilson Fiedler, Time & Life.
Albert Hinton, Norfolk (VA) Journal & Guide.
Ken Inouye, Telenews.
William R. Moore, AP.
Ray Richards, International News Service.
Charles Rosecrans, International News Photo.
James O. Supple, Chicago Sun-Times.

WORLD WAR II

John J. Andrew, United Press.
Ralph Barnes, New York Herald Tribune.
Robert Bellaire, Colliers Magazine.
Asahel Bush, AP.
John R. Cashman, International News Service.
William Chickering, Time-Life.
Raymond Clapper, Scripps-Howard.
Harry Crockett, AP.
Frank J. Cuhel, Mutual Broadcasting System.
Byron Darnton, New York Times.
Harold Denny, New York Times.
Frederick Faust (Max Brand), Harpers.
John F. Frankish, UP.
Stanley Gunn, Ft. Worth Star-Telegram.
Dewitt Hancock, AP.
George Bede Irvin, AP.
Melville Jacoby, Time-Life.
Harold Kulick, Popular Science Monthly.
Lucien A. Labaudt, Life Magazine.
David Lardner, New Yorker Magazine.
Ben Miller, Baltimore Sun.
Webb Miller, UP
Joseph Morton, AP.
Frederick C. Painton, Readers Digest.
Damien Parer, Paramount News.
Harry L. Percy, UP.
Robert P. Post, New York Times.
Frank Prist, Acme News Pictures.
Ernest T. Pyle, Scripps-Howard newspaper Alliance.
Ben Robertson, New York Herald Tribune.
William T. Shenkel, Newsweek Magazine.
Jack Singer, International News Service.
Brydon Taves, UP.
John B. Terry, Chicago Daily News.
Carl Thus Gaard, Acme News Pictures.
Tom Treanor, Los Angeles Times.

JOHN J. SPARKMAN OF ALABAMA

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. FASCELL. Mr. Speaker, I want to join my colleagues in honoring the memory of a distinguished Alabamian and a great American, John J. Sparkman, who died of a heart attack on November 16 at the age of 85.

To those who remember the 1952 election, John Sparkman will be remembered as Adlai Stevenson's Vice Presidential running mate. I will remember him primarily as a member of the Senate Foreign Relations Committee, the counterpart to the committee I chair, and eventually as its chairman. During my House career, in fact, I spent many hours with Senator Sparkman in conference and always found him to be a man of warmth, reason, fairness, and understanding. While we did not always agree on every issue, John Sparkman believed, as I do, in a bipartisan foreign policy—and he was faithful to that principle until his retirement in 1978.

It is interesting to note that John Sparkman was elected six times to the House and six times to the Senate. He also served longer in the Senate than any other person from the State of Alabama. That says something about how he was regarded by the people he served—with dedication and great ability.

To Senator Sparkman's beloved widow, Ivo, his daughter, Julia Ann Shepard, and grandson, Tazewell T. Shepard, I extend my deepest sympathy.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, November 21, 1985, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 22

9:00 a.m.
Finance
To hold hearings on the nomination of Francis A. Keating, II, of Oklahoma, to be an Assistant Secretary of the Treasury.
SD-215

10:00 a.m.
* Finance
Savings, Pensions and Investment Policy Subcommittee
To hold hearings on S. 1250, to extend the targeted jobs income tax credit for 5 years.
SD-215

Judiciary
To hold hearings on the nominations of Sidney A. Fitzwater, to be U.S. district judge for the northern district of Texas, Alan B. Johnson, to be U.S. district judge for the district of Wyoming, Albert I. Moon, Jr., to be U.S. district judge for the district of Hawaii, George H. Revercomb, of Virginia, to be U.S. district judge for the District of Columbia, and Jefferson B. Sessions III, to be U.S. district judge for the southern district of Alabama.
SD-226

DECEMBER 3

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on S. 812, to authorize the President to restrict the export or transfer of money or other financial assets to countries subject to national security export controls.
SD-538

Energy and Natural Resources
To hold hearings on S.J. Res. 192, to authorize financial assistance for the Northern Mariana Islands, and S. 1441, to provide for a plan to govern the use and/or disposal of Federal lands by Guam.
SD-366

10:00 a.m.
Armed Services
To hear and consider the nomination of Russell A. Rourke, of Maryland, to be Secretary of the Air Force, and to consider routine military nominations.
SD-138

Environment and Public Works
To hold oversight hearings on the Acid Rain Precipitation Assessment Program.
SD-406

Judiciary
Administrative Practice and Procedure Subcommittee
To hold hearings on proposed legislation authorizing funds for the Administrative Conference of the United States.
SD-226

Labor and Human Resources
Children, Family, Drugs, and Alcoholism Subcommittee
To hold hearings on the issues of childcare, focusing on education, job training and the labor market.
SD-430

DECEMBER 4

9:30 a.m.
Energy and Natural Resources
To hold hearings on the nominations of Ralph W. Tarr, of Virginia, to be Solicitor of the Department of the Interior, Gerald R. Riso, of New York, to be Assistant Secretary of the Interior for Policy, Budget and Administration, and J. Steven Griles, of Virginia, to be Assistant Secretary of the Interior for Land and Minerals Management.
SD-366

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Labor and Human Resources
To hold hearings on the impact of space technology on human resources.
SD-430

DECEMBER 5

9:30 a.m.
Office of Technology Assessment
The Board, to meet to discuss pending business.
EF-100, Capitol

10:00 a.m.
Energy and Natural Resources
To hold hearings on the nominations of Donna R. Fitzpatrick, of the District of Columbia, to be an Assistant Secretary of Energy (Conservation and Renewable Energy), and Mary L. Walker, of Maryland, to be an Assistant Secretary of Energy (Environment, Safety and Health).
SD-366

DECEMBER 6

9:15 a.m.
Finance
Health Subcommittee
To hold hearings to review possible reforms in the Federal supplementary medical insurance program (Medicare Part B) payments for physicians' services.
SD-215

9:30 a.m.
Joint Economic
To hold hearings on the employment/unemployment situation for November.
room to be announced

DECEMBER 10

10:00 a.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 1785, to amend the Garrison diversion project in North Dakota.
SD-366

Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold oversight hearings on environmental effects of global atmospheric warmings.
SD-406

10:30 a.m.
Labor and Human Resources
To hold hearings on the nomination of Jeffrey I. Zuckerman, of Maryland, to be General Counsel of the Equal Employment Opportunity Commission.
SD-430

DECEMBER 11

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Veterans' Affairs
To resume hearings on issues related to veterans exposed to ionizing radiation.
SR-418

DECEMBER 12

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

CANCELLATIONS

NOVEMBER 21

4:00 p.m.
Select on Intelligence
Closed briefing on worldwide intelligence matters.
SH-219

NOVEMBER 27

9:30 a.m.
Select on Intelligence
To hold closed hearings on intelligence matters.
SH-219

DECEMBER 5

10:00 a.m.
Environment and Public Works
To hold hearings to review the health, soil, and forest effects of acid precipitation.
SD-406